

Novartis AG

To the holders of American Depositary  
Receipts (ADRs) of Novartis AG

# Notice of Annual General Meeting

JPMorgan Chase Bank, N.A., the ADS depository (the “Depository” or “JP Morgan”), has been notified that the Annual General Meeting of Novartis AG will be held in Basel, Switzerland on Tuesday, March 2, 2021, at 14:00 CET.

If you wish to have the Depository vote the Novartis shares underlying your ADRs on the agenda items listed below, please direct the Depository by executing the proxy materials in time.

Basel, January 26, 2021

# Agenda

## 1 Approval of the Operating and Financial Review of Novartis AG, the Financial Statements of Novartis AG and the Group Consolidated Financial Statements for the 2020 Financial Year

The Board of Directors proposes approval of the operating and financial review of Novartis AG, the financial statements of Novartis AG and the Group consolidated financial statements for the 2020 financial year.

## 2 Discharge from Liability of the Members of the Board of Directors and the Executive Committee

The Board of Directors proposes to discharge its members and the members of the Executive Committee for the 2020 financial year.

## 3 Appropriation of Available Earnings of Novartis AG as per Balance Sheet and Declaration of Dividend for 2020

Balance brought forward	CHF	16 968 847 688
2020 net income of Novartis AG	CHF	8 867 439 410
Available earnings as per balance sheet	CHF	<u>25 836 287 098</u>

The Board of Directors proposes appropriation of the available earnings as per balance sheet as follows:

Gross dividend (before taxes and duties) of CHF 3.00 per dividend-bearing share* of CHF 0.50 nominal value	CHF	<u>-7 064 503 542</u>
Balance to be carried forward	CHF	<u>18 771 783 556</u>

\* No dividend will be declared on treasury shares held by Novartis AG or its fully owned subsidiaries.

If this proposal is approved, the dividend will be paid as from March 8, 2021. The last trading day with entitlement to receive the dividend is March 3, 2021. As from March 4, 2021 the shares will be traded ex-dividend.

## 4 Reduction of Share Capital

The Annual General Meeting held on February 28, 2019 authorized the Board of Directors to repurchase up to a maximum of CHF 10 billion worth of shares until the Annual General Meeting 2022 under an eighth share repurchase program, replacing the previous (seventh) program.

In 2019, 60 313 900 shares (thereof 59 483 900 under the eighth and 830 000 under the seventh share repurchase program) were repurchased. In 2020, these shares were cancelled in accordance with the resolution of the General Meeting held on February 28, 2020.

In 2020, 32 640 000 additional shares were repurchased under the eighth share repurchase program via the second trading line on SIX Swiss Exchange. These shares are also to be cancelled and the share capital reduced accordingly. PricewaterhouseCoopers AG, the statutory auditor of Novartis AG, has confirmed in a special report prepared for the Annual General Meeting that, from today's perspective, the claims of creditors remain fully covered even after the proposed reduction in share capital.

The Board of Directors proposes:

(i) to state in accordance with the special report of PricewaterhouseCoopers AG that, from today's perspective, the claims of creditors are fully covered even after the proposed reduction of the share capital;

(ii) to reduce the share capital by CHF 16 320 000 (from CHF 1 233 530 460 to CHF 1 217 210 460) through cancellation of 32 640 000 own shares repurchased in 2020;

(iii) to amend Article 4 paragraph 1 of the Articles of Incorporation to read as follows:

The share capital of the Company is CHF 1 217 210 460, fully paid-in and divided into 2 434 420 920 registered shares. Each share has a nominal value of CHF 0.50.

## **5 Further Share Repurchases**

The Board of Directors proposes that shareholders authorize the Board of Directors to repurchase shares as deemed appropriate from time to time up to a maximum of CHF 10 billion between the Annual General Meeting 2021 and the Annual General Meeting 2024. Any shares repurchased under this authority are to be cancelled and the corresponding share capital reductions will then be submitted to the shareholders for approval. The repurchased shares will therefore not fall within the scope of the 10% limit on a company's own shares pursuant to Art. 659 of the Swiss Code of Obligations.

## **6 Votes on Compensation for the Members of the Board of Directors and the Executive Committee**

Further information on the compensation can be found in the attached brochure "Compensation Votes at the 2021 Annual General Meeting" and in the 2020 Compensation Report, available at <https://www.novartis.com/annualreport2020>.

### **6.1 Binding Vote on the Maximum Aggregate Amount of Compensation for the Board of Directors from the 2021 Annual General Meeting to the 2022 Annual General Meeting**

The Board of Directors proposes approval of a maximum aggregate amount of compensation for the Board of Directors of CHF 8 600 000, covering the period from the 2021 Annual General Meeting to the 2022 Annual General Meeting.

### **6.2 Binding Vote on the Maximum Aggregate Amount of Compensation for the Executive Committee for the Financial Year 2022**

The Board of Directors proposes approval of a maximum aggregate amount of compensation for the Executive Committee of CHF 91 000 000 to be paid, promised or granted during, or in respect of, the financial year 2022.

### **6.3 Advisory Vote on the 2020 Compensation Report**

The Board of Directors proposes endorsement of the 2020 Compensation Report (advisory vote).

## **7 Re-elections of the Chairman and the Members of the Board of Directors**

Following his appointment as dean of the Harvard Business School as of January 1, 2021, Srikant Datar has decided not to seek another term of office. The Board of Directors and the Executive Committee of Novartis thank Srikant Datar for many years of distinguished services on the Board of Directors.

The Board of Directors proposes the re-election of the current members of the Board of Directors (incl. the Chairman), with the exception of Srikant Datar, each until the end of the next Annual General Meeting.

Information on the professional backgrounds of the current members of the Board of Directors can be found in the Annual Report, available at <https://www.novartis.com/annualreport2020>.

### **7.1 Re-election of Joerg Reinhardt as Member and Chairman**

### **7.2 Re-election of Nancy C. Andrews**

### **7.3 Re-election of Ton Buechner**

### **7.4 Re-election of Patrice Bula**

### **7.5 Re-election of Elizabeth Doherty**

### **7.6 Re-election of Ann Fudge**

### **7.7 Re-election of Bridgette Heller**

- 7.8 Re-election of Frans van Houten**
- 7.9 Re-election of Simon Moroney**
- 7.10 Re-election of Andreas von Planta**
- 7.11 Re-election of Charles L. Sawyers**
- 7.12 Re-election of Enrico Vanni**
- 7.13 Re-election of William T. Winters**

**8 Re-elections to the Compensation Committee, Election of one new Member to the Compensation Committee**

The Board of Directors proposes the re-election of Patrice Bula, Bridgette Heller, Enrico Vanni and William T. Winters as well as the election of Simon Moroney as members of the Compensation Committee, each until the end of the next Annual General Meeting. The Board of Directors intends to designate Simon Moroney as Chairman of the Compensation Committee, subject to his election as a member of the Compensation Committee.

- 8.1 Re-election of Patrice Bula**
- 8.2 Re-election of Bridgette Heller**
- 8.3 Re-election of Enrico Vanni**
- 8.4 Re-election of William T. Winters**
- 8.5 Election of Simon Moroney**

**9 Re-election of the Statutory Auditor**

The Board of Directors proposes the re-election of PricewaterhouseCoopers AG as auditor for the financial year starting on January 1, 2021.

**10 Re-election of the Independent Proxy**

The Board of Directors proposes the re-election of lic. iur. Peter Andreas Zahn, Attorney at Law, Basel, as Independent Proxy until the end of the next Annual General Meeting.

**11 Amendment to Article 20 Paragraph 3 of the Articles of Incorporation**

The Board of Directors proposes to introduce a term limit of twelve years for members of the Board of Directors, replacing the current age limit of seventy years. Under this new rule, the Board of Directors may still, under special circumstances and if deemed in the best interests of the Company, recommend exceptions to the term limit to the General Meeting of Shareholders.

This proposed amendment supports our commitment to refresh the Board on an ongoing basis and it will apply for all future re-elections. It also follows international best practice, which increasingly asks for an overall tenure of no more than 12 years.

Accordingly, the Board of Directors proposes to replace Article 20 paragraph 3 of the Articles of Incorporation of Novartis AG with the following wording:

<p>A member shall not serve on the Board for more than 12 years. The Board of Directors may, under certain circumstances and if deemed in the best interests of the Company, recommend exceptions to this rule to the General Meeting of Shareholders.</p>
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# Compensation Votes

at the 2021 Annual General Meeting

Item 6 of the Agenda  
(The original German text is binding)

## Dear Shareholder,

As a leading global medicines company, we use innovative science and digital technologies to create transformative treatments in areas of great medical need. Our purpose as a company is to reimagine medicine to improve and extend people's lives. We foster a company culture that is curious, inspired, and unbossed. We believe these elements drive continued innovation and will support the creation of value over the long term for our company, society and to you as a shareholder.

During 2020, we progressed the implementation of our strategy to become a leading focused medicines company, powered by advanced therapy platforms and data science.

From a compensation perspective, we continued to engage with shareholders and proxy advisors to gather feedback on the compensation system for the Executive Committee, and as well as our disclosure practices in the Compensation Report. We would like to thank you for the constructive dialogue.

As in prior years and in line with the Swiss Ordinance against Excessive Compensation in Listed Companies and our Articles of Incorporation, we are asking shareholders at the 2021 Annual General Meeting (AGM) to cast separate binding votes on two aggregate amounts of compensation, and an advisory (non-binding) vote on our 2020 Compensation Report as described in this brochure.

### **Vote 6.1: Binding Vote on the Maximum Aggregate Amount of Compensation for the Board of Directors from the 2021 Annual General Meeting to the 2022 Annual General Meeting**

The Board of Directors proposes approval of a maximum aggregate amount of compensation for the Board of Directors of CHF 8 600 000, covering the period from the 2021 Annual General Meeting to the 2022 Annual General Meeting.

### **Vote 6.2: Binding Vote on the Maximum Aggregate Amount of Compensation for the Executive Committee for the Financial Year 2022**

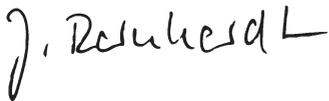
The Board of Directors proposes approval of a maximum aggregate amount of compensation for the Executive Committee of CHF 91 000 000 to be paid, promised or granted during, or in respect of, the financial year 2022.

### **Vote 6.3: Advisory Vote on the 2020 Compensation Report**

The Board of Directors proposes endorsement of the 2020 Compensation Report (advisory vote).

This brochure provides information on the three compensation-related votes. Further details regarding the compensation systems for our Board and Executive Committee members are set out in the 2020 Annual Report.

On behalf of the Novartis Board of Directors,



**Joerg Reinhardt**  
Chairman, Board of Directors



**Enrico Vanni**  
Vice Chairman, Board of Directors  
Chairman, Compensation Committee

## Vote 6.1

Binding Vote on the Maximum Aggregate Amount of Compensation for the Board of Directors from the 2021 Annual General Meeting to the 2022 Annual General Meeting, i.e. CHF 8 600 000

The Chairman of the Board and other Board member fee rates remain unchanged since the prior year. Fees reflect our governance structure and the responsibilities of the Board, in accordance with applicable laws and our own regulations. Aggregate Board compensation aligns with the current levels of other large Swiss companies.

Board members receive only fixed compensation. They receive no variable or performance-based compensation, no share options and no additional fees for attending meetings. Members do not receive any company pension, insurance or other benefits. Fees paid are at least 50% in Novartis shares (up to 100% at the option of each Board member) and the remainder is paid in cash.

### Board member annual fees payable from the period from the 2021 AGM to the 2022 AGM

CHF 000s	Fees for period from the 2021 AGM to the 2022 AGM
Chairman of the Board	3 800
Board membership	280
Vice Chairman / Lead Independent Director <sup>1</sup>	50
Chair of the Audit and Compliance Committee <sup>2</sup>	130
Chair of the Compensation Committee <sup>2</sup>	90
Chair of other committees <sup>2,3</sup>	70
Membership of the Audit and Compliance Committee <sup>2</sup>	70
Membership of the other committees <sup>2,4</sup>	40

<sup>1</sup> The Lead Independent Director Role is currently combined with the Vice Chairman role, and no additional compensation will be paid.

<sup>2</sup> Additional committee fees for functions of Board members in committees, i.e. chairmanship/membership (not applicable for the Chairman)

<sup>3</sup> Applies to the Governance, Nomination and Corporate Responsibilities Committee; the Science and Technology Committee; and the Risk Committee. The Chairman receives no additional committee fees for chairing the Science and Technology Committee.

<sup>4</sup> Applies to the Compensation Committee; the Governance, Nomination and Corporate Responsibilities Committee; the Science and Technology Committee; and the Risk Committee

## Amount requested for the period from the 2021 AGM to the 2022 AGM

The amount shown in the table below assumes that all proposed Board members (and Compensation Committee members) will be elected at the 2021 AGM. The total compensation amount requested is lower than the prior term due to a reduction from 14 to 13 members.

CHF	Approved for: 2020 AGM – 2021 AGM	Requested for: 2021 AGM – 2022 AGM
Chairman of the Board	3 805 000	3 805 000
Other Board members	5 195 000	4 795 000 <sup>1</sup>
<b>Total amount of compensation for the members of the Novartis Board of Directors</b>	<b>9 000 000</b>	<b>8 600 000<sup>2</sup></b>

<sup>1</sup> The amount will be payable in accordance with the fees for Board membership and the fees for committee chair and membership roles, as detailed on page 4.

<sup>2</sup> The total includes an estimated amount of CHF 26 118 mandatory employer contributions for all Board members payable by Novartis to Swiss governmental social security systems. This amount is out of estimated total employer contributions of approximately CHF 430 023, and provides a right to the maximum future insured government pension benefit for the Board member. These estimates exclude potential changes to governmental social security rates.

The total compensation earned by the Board from the 2020 AGM to the 2021 AGM is CHF 8 837 696 which is below the CHF 9 000 000 approved by shareholders at the 2020 AGM.

## Vote 6.2

### Binding Vote on the Maximum Aggregate Amount of Compensation for the Executive Committee for the Financial Year 2022, i.e. CHF 91 000 000

The Executive Committee (ECN) compensation system enables us to succeed in our mission and retain the best global talent. It is aligned with our business strategy and shareholders' interests, and it supports our aspiration to be one of the world's most successful healthcare companies.

#### The ECN compensation system

	Fixed pay and benefits		Variable pay – performance-related	
	Annual base salary	Pension and other benefits	Annual Incentive	Long-Term Incentive awards
<b>Purpose</b>	Reflects responsibilities, experience and skill sets	Tailored to local market practices / regulations	Rewards for performance against key short-term targets and Values and Behaviors <sup>2</sup>	Rewards long-term shareholder value creation and innovation in line with our strategic priorities
<b>Form of payment</b>	Cash	Country / individual specific and aligned with other employees	50% cash 50% equity <sup>1</sup> deferred for three years	Equity
<b>Performance cycle</b>	-	-	One year	Three years
<b>Performance measures</b>	-	-	Individual balanced scorecard, including financial targets (60% weighting) and strategic objectives aligned to the five strategic pillars (40% weighting): innovation, operational excellence, data and digital, people and culture and building trust with society <sup>2</sup>	Four equally weighted performance measures (25% weighting each): <ul style="list-style-type: none"> <li>• Net sales growth (CAGR<sup>3</sup>)</li> <li>• Core operating income growth (CAGR<sup>3</sup>)</li> <li>• Long-term innovation</li> <li>• Relative TSR vs. global sector peers<sup>4</sup></li> </ul>

<sup>1</sup> Executive Committee members may elect to receive up to 100% of their Annual Incentive in equity instead of cash.

<sup>2</sup> The Novartis Values and Behaviors are also a key component of the Annual Incentive and are embedded in our culture. As such, members of the Executive Committee are expected to demonstrate these to the highest standard.

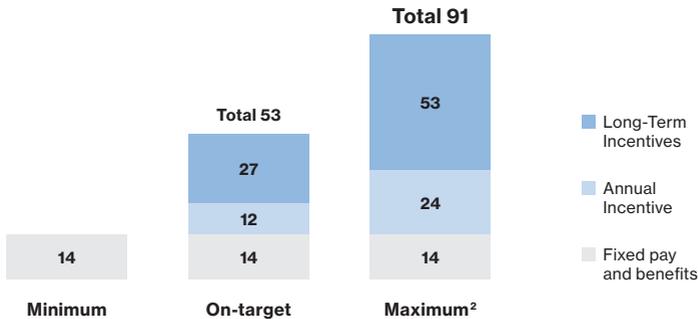
<sup>3</sup> CAGR = compound annual growth rate

<sup>4</sup> The selected peer group for relative TSR consists of 15 companies consistent with our global healthcare peer group, as follows: AbbVie, Amgen, AstraZeneca, Biogen, Bristol-Myers Squibb, Eli Lilly & Co., Gilead Sciences, GlaxoSmithKline, Johnson & Johnson, Merck & Co., Novartis, Novo Nordisk, Pfizer, Roche and Sanofi.

## Proposed total maximum compensation to be paid, promised or granted the Executive Committee for the next financial year, i.e. 2022

The table below presents a breakdown of the expected minimum, target and maximum 2022 total compensation for the 12 expected members of the Executive Committee. This is a decrease compared to 2021 due to a reduction from 13 to 12 Executive Committee members.

(in CHF million, rounded)<sup>1</sup>



<sup>1</sup> One member is to be paid in USD. The exchange rate used is CHF 1.00 = USD 1.065, and the proposed amount excludes any currency exchange rate fluctuation between the time of the release of this brochure and December 31, 2022. The on-target and maximum amounts also exclude any share price evolution and dividend equivalents earned over the three-year performance cycle.

<sup>2</sup> The proposed total maximum compensation amount includes service costs of pension and other benefits such as a company car, tax and financial planning services, as well as international assignment benefits where applicable in accordance with standard company policies. It also includes an amount of approximately CHF 67 927 for estimated mandatory employer contributions for all Executive Committee members payable by Novartis to governmental social security systems. This amount is out of an estimated total employer contributions of approximately CHF 6 088 770, and provides a right to the maximum future insured government pension benefit for the Executive Committee member.

**Minimum:** Only fixed pay and benefits are payable. Variable compensation is not payable, assuming none of the performance criteria have been met.

**On-target:** Fixed pay and benefits together with variable compensation at 100% of target for both the Annual Incentive and Long-Term Incentive, assuming all members of the Executive Committee have met their performance targets on each incentive plan.

**Maximum:** The “maximum” amount assumes that all performance targets for both the Annual Incentive and Long-Term Incentive are at the maximum of 200%. The maximum payout at 200% of target for all Executive Committee members on an aggregated basis has never occurred at Novartis.

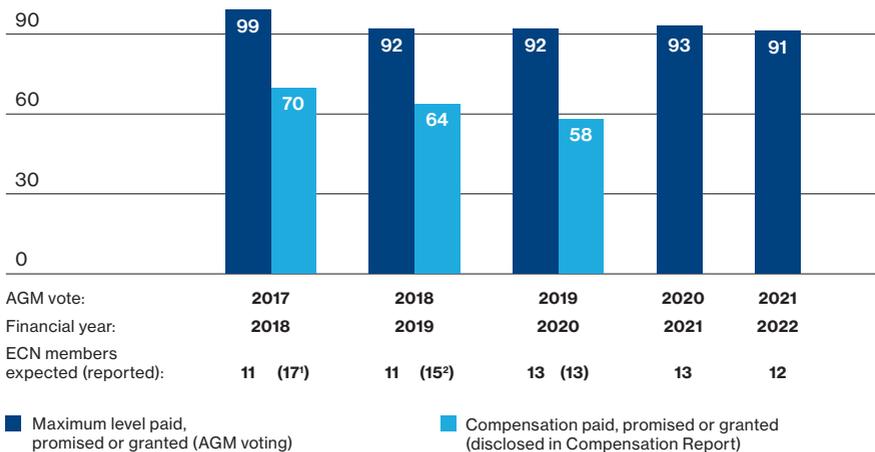
The value of Long-Term Incentive awards is determined at the time the shares are granted (the number of shares is determined by dividing the value at grant by the share price on the grant date). This excludes any share price evolution over the vesting period and any dividends that are paid each year on shares or dividend equivalents that accrue during the vesting period of the Long-Term Incentive awards.

## Evolution of Executive Committee compensation

The chart below shows the maximum amounts approved by shareholders from the 2017 AGM to the 2020 AGM, and to be approved at the 2021 AGM. In addition, it shows for comparison purposes the compensation paid, promised or granted to the members of the Executive Committee for the 2018 to 2020 financial years.

### Evolution of ECN compensation chart

(in CHF million, rounded)



<sup>1</sup> Includes 13 active Executive Committee members and 4 members who stepped down during 2018.

<sup>2</sup> Includes 13 active Executive Committee members and 2 members who stepped down during 2019.

## Vote 6.3

### **Advisory Vote on the 2020 Compensation Report**

The purpose of the Compensation Report is to inform shareholders about our Board and Executive Committee compensation systems, policies and practices, as well as the compensation paid to members of the Board and the Executive Committee. The advisory vote gives shareholders the opportunity to express their views on the Board and Executive Committee compensation programs and systems as well as compensation disclosures and decisions, outlined in the 2020 Compensation Report.

Feedback from shareholders prior to our last AGM and, more recently, towards the end of 2020 suggested that shareholders were in agreement that our current compensation system is aligned with the Company's purpose, strategy and culture. No changes are therefore proposed for 2021.

During 2020, Novartis navigated the pandemic well. We increased our focus on associates' health and well-being by implementing a number of support programs, including additional paid leave, childcare assistance during school closures, a one-time payment for home office setup, a new flexible working scheme within the country of employment, and a one-time payment to associates and external contractors required to work on site (i.e., in our laboratories or our manufacturing units). No government assistance (e.g., subsidies, furloughs) was sought by the Company, and no COVID-19-related associate redundancies were made. Through these actions, we were able to minimize the disruption to our business operations and consequently were in a position to commit to making no changes to our dividend policy for 2021.

To help tackle the issues caused by the pandemic directly, Novartis made a number of commitments, collaborating with healthcare peers and other organizations on anti-COVID-19 programs, including the roll out of treatments to the developing world. More information on Novartis response efforts can be found in our Novartis in Society ESG Report 2020.

Two of the five strategic objectives in the CEO's Annual Incentive balanced scorecard relate to Environmental, Social and Governance (ESG) matters: "people and culture" and "building trust with society". We continue to integrate ESG, a priority for the Novartis Board of Directors and the Executive Committee, across our operations. Some particular achievements in 2020 included:

- Setting ambitious long-term environmental targets for our entire supply chain
- Increasing our patient reach in lower-middle income countries with emerging market brands and flagship programs (i.e., Chagas disease, leprosy, malaria and sickle cell disease)
- Continuing to make great progress on our Diversity and Inclusion strategy related to gender balance, LGBTI equity, disability equity and racial/ethnicity
- Issuing a sustainability-linked bond, the first of its kind in the healthcare industry
- Launching our new Code of Ethics

Significant upgrades from ESG rating agencies such as MSCI and Sustainalytics in the latest reporting season were based on closing compliance-related allegations, strong governance, including extensive ethics policies, leading programs to expand access to healthcare for low-income populations, and a comprehensive employee engagement strategy relative to peers.

Targets for the strategic as well as financial measures were set at the start of the year, and the Compensation Committee determined that it would not adjust or apply upwards discretion to reflect the negative impact of the pandemic or settlements of legacy legal cases. Similarly, the Board determined that no adjustments were required to the incentive payouts.

More details on these achievements can be found in the CEO Balanced Scorecard of our 2020 Compensation Report. The Report follows a similar structure to that of the prior year, which received strong support from shareholders at the 2020 AGM.

**We reimagine medicine to improve and extend people’s lives.**

We use innovative science and technology to address some of society’s most challenging healthcare issues. We discover and develop breakthrough treatments and find new ways to deliver them to as many people as possible. We also aim to reward those who invest their money, time and ideas in our company.

## **ADR Voting**

Article 5 of the Novartis Articles of Incorporation states that no person (legal or natural) shall be registered with the right to vote more than 2% of the registered share capital (held in the form of shares, ADRs or a combination of both). For purposes herein, "ADR" means an American Depositary Share, each representing one ordinary equity share of Novartis AG and evidenced by an American Depositary Receipt.

As of January 26, 2021, Novartis had a total of 2,467,060,920 shares registered in the commercial register of Basel-Stadt, Switzerland. Each ADR corresponds to one Novartis share. If your total holding (including without limitation holding through nominees) exceeds 2% of the registered share capital (i.e. 49,341,218 Novartis shares, ADRs or a combination of both), those Novartis shares and ADRs exceeding 2% of Novartis' registered share capital will have no voting rights, unless you obtain prior individual exemption from the Board of Directors of Novartis.

## **Registered Holders**

If you are a registered holder of ADRs and properly sign, date and submit voting instructions for your Novartis ADRs, JPMorgan will provide your name, address and ADR holdings to Novartis.

## **Beneficial Holders**

Article 5 of the Novartis Articles of Incorporation limits the registration of nominees with the right to vote to 0.5% of the registered share capital. Shareholders holding more than 0.5% (up to 2%) of the registered share capital through a nominee may only vote if the nominee discloses the name, address and the number of shares held by such shareholders.

If you submit voting instructions to your broker, bank or other nominee whose total holding exceeds 0.5% of the registered share capital (i.e. 12,335,304 Novartis shares, ADRs or a combination of both), you will be authorizing them to disclose your name, address and the number of ADRs you hold to JPMorgan and Novartis.

## **Voting Instructions for ADR Holders**

JPMorgan reminds all eligible ADR holders that the deadline to submit voting instructions is included on the Voting Instruction Card received. Such ADR holders have the choice of either providing specific voting instructions for each agenda item or doing nothing. Those who do nothing will be deemed to have instructed JPMorgan to give a discretionary proxy to an uninstructed independent designee. Such designee has to be a shareholder of Novartis.

**For further information, please see the Questions and Answers section of this document.**

## **Disclosure**

By voting through the Internet, by telephone, or by signing and returning the Voting Instruction Card, you are:

- Certifying that you were an ADR holder on January 22, 2021;
- Certifying that you, as a single person (legal or natural), do not directly or indirectly own more than 2% of Novartis AG's registered share capital (Novartis shares, ADRs or a combination of both);
- Instructing JPMorgan to vote the Novartis registered shares underlying your ADRs in the manner indicated; and
- Authorizing the disclosure to JPMorgan and Novartis of your name, address and number of ADRs held as a registered ADR holder, or as a beneficial ADR holder whose broker, bank or other nominee's total holdings exceed 0.5% of the Novartis registered share capital.

**PLEASE NOTE THAT YOUR VOTING INSTRUCTIONS WILL NOT BE PROCESSED IF YOU DO NOT SIGN (IF APPLICABLE) OR COMPLETE ALL REQUIRED INFORMATION, INCLUDING YOUR NAME, ADDRESS AND ADR HOLDINGS.**

## Frequently Asked Questions

**Q: Which ADR holders are entitled to direct JPMorgan to vote?**

A: Holders of Novartis ADRs on the ADR record date for voting rights (referred to as “Record Date”) of January 22, 2021, will receive the proxy material and are entitled to direct JPMorgan, as the ADS depository, to vote.

**Q: Can I attend the Annual General Meeting in person?**

A: ADR holders may not attend Annual General Meetings of Novartis AG in person. ADR holders may give voting instructions to JPMorgan by mailing a Voting Instruction Card, through the Internet or on the telephone.

**Q: What happens if I do nothing and do not provide any voting instructions?**

A: If you do not provide voting instructions, you will be deemed to have instructed JPMorgan, as the ADS depository, to give a discretionary proxy to an uninstructed independent, who has to be a shareholder of Novartis. Such designee will vote any unvoted shares underlying the ADRs.

**Q: Why does Novartis need my personal information for me to give voting instructions?**

A: Novartis needs the name, address and number of ADRs held from registered ADR holders and from beneficial ADR holders when your broker, bank or other nominee’s total holdings exceed 0.5% of Novartis’ registered share capital to ensure compliance with the requirements of Article 5 of Novartis’ Articles of Incorporation.

**Q: Will my vote be counted at the Annual General Meeting?**

A: If you have mailed your properly completed and signed Voting Instruction Card so that it is received before the voting deadline as noted on your Voting Instruction Card, or if you have properly submitted your vote by telephone or the Internet by the deadline for those voting methods as noted on your Voting Instruction Card, and, if required, you have authorized your financial institution (bank or broker) to disclose your name, address and the number of ADRs you hold as a registered ADR holder and/or as a beneficial ADR holder when your broker, bank or other nominee holdings exceed 0.5% of Novartis’ registered share capital (see “Beneficial Holders” on the previous page), JPMorgan will exercise the voting rights of the registered Novartis shares underlying your ADRs in the manner you have instructed, subject to the 2% limit of the registered share capital of Article 5 of the Novartis Articles of Incorporation (see “ADR Voting” on the previous page).

**Q: Am I restricted in trading my ADRs if I register my ADRs?**

A: Neither the registration of ADRs with JPMorgan (in case of registered ADRs) nor the disclosure of your name, address and ADR holding to Novartis affects the transferability of your ADRs. No trading restriction on ADRs is imposed by JPMorgan or Novartis. ADR holders may, therefore, purchase or sell their ADRs at any time, including prior to a general meeting, regardless of the Record Date. The Record Date serves only to determine the right to direct JPMorgan to vote at Novartis’ Annual General Meeting.

**Q: Can I vote on additional and/or new motions presented by shareholders at the Annual General Meeting?**

A: Agenda Item 12 of your Voting Instruction Card allows you to vote on alternative motions under the agenda items published in the Notice of Annual General Meeting and/or motions relating to additional agenda items according to Article 700 paragraph 3 of the Swiss Code of Obligations proposed at the Annual General Meeting as follows:

Mark the FOR Box to vote according to the motions of the Board of Directors. Mark the AGAINST Box to vote against any alternative/new motion. Mark the ABSTAIN Box to abstain from voting.

If no instruction on Agenda Item 12 is received from an ADR holder, such holder will be deemed to have instructed JPMorgan, through its Nominee or Nominees, to give a discretionary proxy to an uninstructed independent designee. Such designee has to be a shareholder of Novartis.

**Q: How can I get additional information about the ADR voting process and the Annual General Meeting?**

A: If you are a registered ADR holder and have any questions about the ADR voting process or Novartis’ Annual General Meeting, please call JPMorgan at (877) 816-5333. Beneficial holders should contact their Bank/Broker for further details regarding the Annual General Meeting.