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NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. IN PARTICULAR, ANY SECURITIES TO BE ISSUED HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OF AMERICA OR OTHER JURISDICTION AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES, UNITED KINGDOM OR ANY OTHER JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF SUCH JURISDICTION. YOU ARE NOT AUTHORISED TO AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED PROSPECTUS, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH PROSPECTUS IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT AND THE ATTACHED PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OF AMERICA OR APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: By accessing the attached document you reconfirm your representation to Novartis Finance S.A. (the "**Issuer**"), Novartis AG (the "**Guarantor**"), Barclays Bank PLC, HSBC Bank plc, J.P. Morgan Securities plc and Société Générale (the "**Joint Lead Managers**") and BNP Paribas, Credit Suisse Securities (Europe) Limited, Deutsche Bank Aktiengesellschaft and Mizuho Securities Europe GmbH (the "**Co-Managers**"), and together with the Joint Lead Managers the "**Managers**") that (1) you are outside the United States of America, as defined in Regulation S under the U.S. Securities Act, not acting on behalf of a person within the United States of America and, to the extent you purchase the securities described in the attached Prospectus, you will be doing so pursuant to Regulation S under the Securities Act, that (2) the electronic mail (or e-mail) address to which the attached Prospectus has been delivered is not located in the United States of America, its territories and possessions, any State of the United States or the District of Columbia (where "possessions" include Puerto Rico, the US Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), and that (3) you consent to delivery of the attached Prospectus and any amendments or supplements thereto by electronic transmission.

The attached Prospectus has been made available to you in electronic form. You are reminded that documents transmitted via electronic means may be altered or changed during the process of transmission and consequently none of the Issuer, the Guarantor, the Managers and their respective affiliates, directors, officers, employees, representatives and agents or any other person controlling the Issuer, the Guarantor, the Managers or any of their respective affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. If permitted by law, we will provide a hard copy version to you upon your request.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. No action has been or will be taken in any jurisdiction by the Issuer, the Guarantor or the Managers that would or is intended to permit a public offering of the securities, or possession or distribution of the prospectus (in preliminary, proof or final form) or any other offering or publicity material relating to the securities, in any country or jurisdiction where action for that purpose is required. If a jurisdiction requires that the offering be made by a licensed broker or dealer and any of the Managers or any affiliate of the Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Manager or such affiliate on behalf of the Issuer in such jurisdiction.

For other sales restrictions, including in relation to the Member States of the European Economic Area and the United Kingdom, see pages i-iii of the Prospectus. You are reminded that you have accessed the attached Prospectus on the basis that you are a person into whose possession this Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this document, electronically or otherwise, to any other person. If you have gained access to this document contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

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Novartis Finance S.A.
Luxembourg, Grand Duchy of Luxembourg

EUR 1,850,000,000 0.000% Sustainability-Linked Notes due 2028

unconditionally and irrevocably guaranteed by

Novartis AG

Basel, Switzerland

This final listing prospectus (the "**Prospectus**") relates to (i) the offering (the "**Offering**") of EUR 1,850,000,000 0.000% Sustainability-Linked Notes due 2028 (the "**Notes**" and each, a "**Note**") to be issued by Novartis Finance S.A. (the "**Issuer**"), guaranteed by Novartis AG (the "**Guarantor**", and together with its subsidiaries, the "**Novartis Group**" or the "**Group**"), and (ii) the listing of the Notes in accordance with the Standard for Bonds on SIX Swiss Exchange Ltd ("**SIX Swiss Exchange**").

Issuer's Name and registered office: Novartis Finance S.A., 20, rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg.

Issue Price: The Joint Lead Managers (as defined below) and the Co-Managers (as defined below, and together with the Joint Lead Managers the "**Managers**") have agreed to subscribe for the Notes on the Issue Date (as defined below) at the price of 99.354% of their aggregate principal amount (before commissions and expenses).

Issue Date: 23 September 2020 (the "**Issue Date**").

Price for Placement: The placement price of the Notes will be fixed in accordance with supply and demand.

Rate of Interest: 0.000% *per annum*, payable annually in arrear, on 23 September of each year (each an "**Interest Payment Date**"), commencing on 23 September 2021, subject to adjustment as described in Condition 5.2.

Interest Rate Adjustment As described in Condition 5.2, commencing with the first Interest Payment Date after 31 December 2025 and for each Interest Payment Date thereafter, the Rate of Interest for the purpose of determining the amount of interest payable on such Interest Payment Date will increase by 0.25% per annum to a total of 0.250% per annum if the Guarantor and its consolidated subsidiaries fail to achieve one or both of the 2025 Patient Access Targets (as defined in Condition 5.2).

Redemption: Final redemption on 23 September 2028 (the "**Maturity Date**"), at par.

Early Redemption: The Issuer may redeem some or all of the Notes (i) at any time after the publication of the ESG Report (as defined in Condition 5.3) for the year ending 31 December 2025 and prior to 23 June 2028 (the "**Par Call Date**"), at the redemption price determined in the manner described in Condition 7.3(i) of the terms and conditions of the Notes (the "**Terms and Conditions of the Notes**" and each condition, a "**Condition**") set forth in this Prospectus, and (ii) on and after the Par Call Date, at their principal amount plus accrued and unpaid interest. In accordance with Condition 7.2 of the Terms and Conditions of the Notes, the Issuer may also redeem Notes before their stated maturity at a price equal to 100% of their principal amount plus accrued interest to the redemption date in the event of certain changes in withholding taxes applicable to payments on the Notes in Switzerland, Luxembourg or any other Relevant Jurisdiction (as defined in Condition 8).

Reopening: The Issuer reserves the right to reopen this issue through the issuance of further, fungible tranches.

Assurances: *Pari passu* clause, negative pledge clause, cross-acceleration clause, as further described in the Terms and Conditions of the Notes.

Form of Notes: The Notes will be in bearer form and will initially be represented by a temporary global note (the "**Temporary Global Note**"), without interest coupons, which will be deposited on or around the Issue Date with Euroclear Bank SA/NV as common safekeeper. The Temporary Global Note will be exchangeable, in whole or in part, for interests in a permanent global note (the "**Permanent Global Note**", and together with the Temporary Global Note, the "**Global Notes**" and each a "**Global Note**"). The Permanent Global Note will not be exchangeable for Notes in definitive form, except in certain limited circumstances as described in this Prospectus.

Status:	The Notes constitute direct, unconditional and unsubordinated obligations of the Issuer ranking <i>pari passu</i> amongst themselves and, subject to the negative pledge clause, with all other unsecured and unsubordinated obligations of the Issuer.
Denomination:	EUR 100,000 and integral multiples of EUR 1,000 in excess thereof. No Notes in definitive form will be issued with a denomination above EUR 199,000.
Currency:	EUR
Guarantee:	Unconditional, unsubordinated and irrevocable by the Guarantor.
Use of Proceeds	For the Group's general corporate purposes, which may include the refinancing of existing indebtedness.
Governing Law and Jurisdiction:	The Notes and the Guarantee are governed by and construed in accordance with English law. Place of jurisdiction for the Notes, the Guarantee and all related contractual documentation shall be England.
Selling Restrictions:	Not for distribution in the United States of America or to United States Persons. No sales to retail investors in the European Economic Area ("EEA") or in the United Kingdom (no PRIIPs key information document (KID) has been prepared as Notes not available to retail investors in the EEA or in the United Kingdom). Further restrictions apply, in particular in the United Kingdom and in the Grand Duchy of Luxembourg.
MIFID II Product Governance:	Manufacturer target market is eligible counterparties and professional clients only (all distribution channels)
Listing / Trading:	It is expected that the Notes will be provisionally admitted to trading on SIX Swiss Exchange on or around 23 September 2020. Application will be made for the Notes to be listed in accordance with the Standard for Bonds on SIX Swiss Exchange. The last day of trading for the Notes on SIX Swiss Exchange is expected to be 20 September 2028.
Joint Lead Managers:	Barclays Bank PLC, HSBC Bank plc, J.P. Morgan Securities plc and Société Générale.
Co-Managers:	BNP Paribas, Credit Suisse Securities (Europe) Limited, Deutsche Bank Aktiengesellschaft and Mizuho Securities Europe GmbH.
Sustainability-Linked Structuring Agent to the Issuer and the Guarantor:	J.P. Morgan Securities plc.
Security Number / ISIN / Common Code:	57166323 / XS2235996217 / 223599621.
Rating:	The Notes have been assigned a rating of AA- by S&P Global Ratings and A1 by Moody's Investors Service, Inc.

SALES RESTRICTIONS AND TARGET MARKET ASSESSMENT FOR THE PURPOSE OF MIFID II PRODUCT GOVERNANCE REGIME

MIFID II product governance / Professional investors and ECPs only target market

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

United States of America and United States Persons

Each Manager understands that the Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States or to, or for the account or benefit of, United States of America (the "**United States**" or the "**U.S.**") persons (except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act).

Each of the Managers has also represented, warranted and agreed that it has not offered or sold, and will not offer or sell, any Notes constituting part of their allotment within the United States or to or for the account or benefit of United States persons except in accordance with Rule 903 of Regulation S under the Securities Act ("**Regulation S**").

Each Manager has also represented, warranted and agreed that it has only offered and sold the Notes, and will only offer and sell the Notes (i) as part of its distribution at any time, and (ii) otherwise until forty (40) days after the later of the commencement of the offering and the Issue Date (the "**Distribution Compliance Period**"), in accordance with Rule 903 of Regulation S. Each Manager has agreed that, at or prior to confirmation of the sale of any Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the Distribution Compliance Period a confirmation or notice to substantially the following effect:

"The Securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time, or (ii) otherwise until forty (40) days after the later of the commencement of the offering and the Issue Date, except in either case in accordance with Regulation S (or Rule 144A if available) under the Securities Act ("**Regulation S**"). Terms used above have the meanings given to them by Regulation S."

Each Manager has represented and agreed that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any selling efforts directed to the United States with respect to the Notes.

Terms used in this section have the meanings given to them by Regulation S.

European Economic Area and United Kingdom

Each Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA or in the United Kingdom. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

United Kingdom

This Prospectus is for distribution only to persons who (i) have professional experience in matters relating to investments and who qualify as investment professionals within the meaning of Article 19(5)

of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “**Financial Promotion Order**”), (ii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc.”) of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (as amended, the “**FSMA**”)) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). This Prospectus is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Prospectus relates is available only to relevant persons and will be engaged in only with relevant persons.

Each Manager has represented and agreed that: (i) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and (ii) it has only communicated or caused to be communicated and it will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor.

Grand Duchy of Luxembourg

Each Manager has represented and agreed that this Prospectus has not been approved by and will not be submitted for approval to the Luxembourg Financial Sector Supervisory Authority (*Commission de Surveillance du Secteur Financier*) for purposes of public offering or sale in the Grand Duchy of Luxembourg; accordingly, the Notes may not be offered or sold to the public in the Grand Duchy of Luxembourg, directly or indirectly, and, neither this Prospectus nor any other offering circular, prospectus, form of application, advertisement or other material may be distributed, or otherwise made available in, or from or published in, the Grand Duchy of Luxembourg, except in circumstances where the offer benefits from an exemption to or constitutes a transaction otherwise not subject to the requirements to publish a prospectus, in accordance with Regulation (EU) 2017/1129 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and the Luxembourg law of 16 July 2019 on prospectuses for securities.

Singapore

Each Manager has represented and agreed that this Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the “**SFA**”). Accordingly, each underwriter has also represented, warranted and agreed that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), or to any person arising from an offer referred to in Section 275(1A), or Section 276(4)(i)(B) of the SFA; (2) where no consideration is or will be given for the transfer; (3) where the transfer is by operation of law; (4) as specified in Section 276(7) of the SFA; or (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Singapore SFA Product Classification — In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "CMP Regulations 2018"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

General

Neither the Issuer nor any of the Managers have represented that the Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale. The distribution or possession of this Prospectus and the offering, sale, purchase or delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer to inform themselves about and to observe any such restrictions, in all cases at their own expense.

This Prospectus does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation and no action is being taken in any jurisdiction that would permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction where action for that purpose is required.

FORWARD-LOOKING STATEMENTS

This Prospectus contains various statements that are, or may be deemed to be, forward-looking statements. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the words "aims", "believes", "estimates", "anticipates", "expects", "targets", "intends", "may", "will", "plans", "continue" or "should" or, in each case, their negative or other variations or comparable terminology or by discussions of strategies, plans, objectives, targets, goals, future events or intentions.

These forward-looking statements include matters that are not historical facts or which may not otherwise be provable by reference to past events. They appear in a number of places throughout this Prospectus and are based on assumptions regarding the Issuer's and/or the Guarantor's present and future business strategies and the environment in which they operate and will operate in the future. They include statements regarding the Issuer's and/or the Guarantor's intentions, beliefs or current expectations concerning, among other things, the Issuer's and/or the Guarantor's results of operations, financial conditions, liquidity, prospects, growth, strategies and dividend policy and also the industry and the economic environment in which they operate. By their nature, forward-looking statements involve significant known and unknown risks and uncertainties because they relate to events and/or depend on circumstances that may or may not occur in the future. Prospective investors should not rely on these forward-looking statements. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those set forth in the forward-looking statements. Forward-looking statements are not guarantees of future performance.

Any forward-looking statements are only made as of the date of this Prospectus and the Issuer and the Guarantor do not intend, and do not assume any obligation, to update any forward-looking statements contained in this Prospectus, except as required by Swiss law or applicable stock exchange regulations.

Many factors may cause the Issuer's and/or the Guarantor's results of operations, financial condition, liquidity, dividend policy and the development of the markets in which they operate to differ materially from those expressed or implied by the forward-looking statements contained in this Prospectus and thereby adversely affect the achievement of the Issuer's and/or the Guarantor's financial targets.

INFORMATION INCORPORATED BY REFERENCE AND NOTICE TO INVESTORS

The following documents of the Guarantor, which may be found on <https://www.novartis.com/investors/financial-data>, shall be deemed to be incorporated in, and to form part of, this Prospectus:

- (i) Audited Consolidated Financial Statements of the Guarantor as of and for the year ended 31 December 2019 and the Statutory Auditor's Report thereon;
- (ii) Unaudited Condensed Consolidated Interim Financial Report of the Guarantor as of and for the three months and six months period ended 30 June 2020;
- (iii) Annual Report on Form 20-F of the Guarantor for the year ended 31 December 2019 (the "**Form 20-F**") as filed with the U.S. Securities and Exchange Commission (the "**SEC**") on 29 January 2020;
- (iv) All reports on Form 6-K filed with or furnished to the SEC by the Guarantor subsequent to the filing of the Form 20-F until and including the date of this Prospectus; and
- (v) Audited Statutory Financial Statements of the Guarantor as of and for the year ended 31 December 2019 and the Statutory Auditor's Report thereon.

Save as explicitly set forth herein, information on the Guarantor's website, any website directly or indirectly linked to the Guarantor's website or any other website mentioned in this Prospectus does not constitute in any way part of this Prospectus and is not incorporated by reference into this Prospectus, and investors should not rely on it in making their decision to invest in the Notes.

The financial institutions involved in the issuance and offering of the Notes are banks, which directly or indirectly have participated, or may participate, in financing transactions or other banking business with the Issuer or the Group, which are not disclosed herein.

Investors are advised to familiarise themselves with the entire content of this Prospectus.

None of the Managers or any of their respective affiliates have authorised the whole or any part of this Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Prospectus. Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer or the Guarantor since the date of this Prospectus.

In this Prospectus, unless otherwise specified, references to "EUR" or "euro" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended. Unless otherwise specified in this Prospectus, "CHF" means Swiss francs, the lawful currency of Switzerland and "USD" means U.S. Dollars, the lawful currency of the United States.

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RISK FACTORS

You should consider carefully, among other things and in light of your financial circumstances and investment objectives, all the information of this Prospectus and, in particular, the specific risk factors set out below, before making an investment decision with respect to the Notes. The risks described below may not be the only risks to which the Issuer, the Guarantor, the Group and/or the holders of the Notes (the "Noteholders" and, each individually, a "Noteholder") are exposed. Additional risks not presently known or currently deemed immaterial, may also impair our business, results of operations and financial condition. The realisation of one or more of these risks could individually or together with other circumstances adversely affect the business, results of operations and financial condition of the Issuer, the Guarantor or the Group. In addition, each of the risks set out below could adversely affect the trading price of the Notes and you may lose part or all of your investment. This Prospectus also contains forward-looking statements that involve risks and uncertainties. The Group's actual results could differ materially from those anticipated in such forward-looking statements as a result of certain factors, including the risks we face that are described below and elsewhere in this Prospectus. The selected sequence of the risk factors mentioned below represents neither a statement about the probability of the risks' realisation nor an assessment of the extent of the economic effects or the importance of the risks.

Investment decisions should not be made solely on the basis of the risk warnings set out in the Prospectus since such information cannot serve as a substitute for individual advice and information which is tailored to the requirements, objectives, experience, knowledge and circumstances of each prospective investor individually.

Only prospective investors who are fully aware of the risks associated with the investment in the Notes and who are financially able to bear any losses that may arise, should consider engaging in transactions of this type.

Risks related to the Group and its Business

For information about the risks related to the Group and its business, please refer to section 3.D on page 11 et seqq. of Form 20-F as incorporated by reference into this Prospectus (see "Information Incorporated by Reference and Notice to Investors").

Risks related to Luxembourg bankruptcy laws

The Issuer is established under the laws of Luxembourg. Consequently, in the event of a bankruptcy or insolvency of the Issuer, insolvency proceedings may be based on and governed by the insolvency laws of Luxembourg. The insolvency laws of Luxembourg may be less favourable to the interests of Noteholders as creditors than the bankruptcy laws of another jurisdiction with which Noteholders may be familiar, in particular with respect to priority creditors, ability to obtain post-petition interest and the duration of the insolvency proceedings. The application of these laws, and any conflict between them, may limit the ability of Noteholders to recover payments due on the Notes to an extent exceeding the limitations arising under other insolvency laws.

Risks related to the Notes

Complexity of the Notes as financial instrument

The Notes are financial instruments that may not be suitable for all investors. Each prospective investor should (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus; (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of the investor's particular financial situation, an investment in the Notes and the impact the Notes will have on the investor's overall investment portfolio; (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes and (iv) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic (for example, interest rate) and

other factors that may affect the investor's investment and the investor's ability to bear the applicable risks.

Before investing in the Notes, each prospective investor should have understood the Terms and Conditions of the Notes and be familiar with them and the content of this Prospectus.

The Notes may not be a suitable investment for all investors seeking exposure to assets with sustainability characteristics

Although the Notes are issued as sustainability-linked notes, with the interest rate relating to the Notes being subject to an upward adjustment in the event the Guarantor and its consolidated subsidiaries fail to achieve one or both of the 2025 Patient Access Targets (as defined in the Terms and Conditions of the Notes), the Notes may not satisfy an investor's requirements or any future legal, quasi legal or other standards for investment in assets with sustainability characteristics. In particular, the Notes are not being marketed as "social bonds" or "sustainability bonds" as the net proceeds of the issue of the Notes will be used for the Group's general corporate purposes, which may include the refinancing of existing indebtedness. Neither the Issuer nor the Guarantor commits to (i) allocate the net proceeds specifically to projects or business activities meeting sustainability criteria or (ii) be subject to any other limitations or requirements that may be associated with social bonds or sustainability bonds in any particular market.

In addition, any interest rate adjustment in respect of the Notes as contemplated by Condition 5.2 will depend on the Group achieving, or failing to achieve, the 2025 Patient Access Targets, which may be inconsistent with or insufficient to satisfy investor requirements or expectations (or other definitions relevant to access to medicines and/or sustainability generally, including with regard to United Nations Sustainable Development Goal 3 (Ensure healthy lives and promote well-being for all at all ages)). Prospective investors in the Notes should have regard to the information set out herein and must determine for themselves the relevance of such information for the purpose of any investment in the Notes, together with any other investigation such investor deems necessary.

The Group's 2025 Patient Access Targets are aimed at significantly increasing its Strategic Innovative Therapies Patient Reach as well as its Flagship Programs Patient Reach (as defined in Condition 5.2), in each case, by 2025. The Group's 2025 Patient Access Targets are therefore uniquely tailored to the Group's business, operations and capabilities, and they do not easily lend themselves to benchmarking against similar sustainability performance targets, and the related performance, of other issuers. Furthermore, as there is currently no generally accepted definition (legal, regulatory or otherwise) of, nor market consensus as to what criteria a particular financial instrument must meet to qualify as, "social", "sustainable" or "sustainability-linked" (and, in addition, the requirements of any such label may evolve from time to time), no assurance is or can be given to investors by the Issuer, the Guarantor, any other member of the Group, the Managers, any second party opinion providers or the External Verifier that the Notes will meet any or all investor expectations regarding the Notes or the Group's 2025 Patient Access Targets qualifying as "social", "sustainable" or "sustainability-linked" or that any adverse social and/or other impacts will not occur in connection with the Group striving to achieve the 2025 Patient Access Targets or the use of the net proceeds from the offering of Notes.

In addition, no assurance or representation is given by the Issuer, the Guarantor, any other member of the Group, the Managers, the second party opinion providers or the External Verifier as to the suitability or reliability for any purpose whatsoever of any opinion, report or certification of any third party in connection with the offering of the Notes or the 2025 Patient Access Targets to fulfill any social, sustainability, sustainability-linked and/or other criteria. Any such opinion, report or certification is not, nor shall it be deemed to be, incorporated in and/or form part of this Prospectus.

Moreover, the second party opinion providers and providers of similar opinions and certifications are not currently subject to any specific regulatory or other regime or oversight. Any such opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer, the Guarantor, any member of the Group, the Managers, any second party opinion providers, the External Verifier or any other person to buy, sell or hold Notes. Noteholders have no recourse against the Issuer, the Guarantor, any of the Managers or the provider of any such opinion or certification for the contents of any such opinion or certification, which is only current as at the date it was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in the Notes. Any withdrawal of any such opinion or certification or any such opinion or certification

attesting that the Group is not complying in whole or in part with any matters for which such opinion or certification is opining on or certifying on may have a material adverse effect on the value of the Notes and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

Although the Group intends to significantly increase its Strategic Innovative Therapies Patient Reach as well as its Flagship Programs Patient Reach, there can be no assurance of the extent to which it will be successful in doing so, that it may not decide to exit one or more particular Flagship Programs or that any future investments it makes in furtherance of the 2025 Patient Access Targets will meet investor expectations or any binding or non-binding legal standards regarding sustainability performance, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact. Although a failure to achieve one or both of the 2025 Patient Access Targets will give rise to an upward adjustment of the interest rate relating to the Notes as described in Condition 5.2, any such failure will not be an Event of Default under the Notes nor will the Issuer be required to repurchase or redeem any Notes in such circumstances.

The Group's efforts in achieving the 2025 Patient Access Targets may further become controversial or be criticised by activist groups or other stakeholders.

Achieving the 2025 Patient Access Targets or any similar sustainability performance targets will require the Group to expend significant resources, while failure by the Group to achieve any such targets would result in increased interest payments and could expose the Group to reputational risks

As described in section "The Group's 2025 Patient Access Targets" on page 12 of this Prospectus, achieving the 2025 Patient Access Targets will require the Group to increase its Strategic Innovative Therapies Patient Reach by at least 200% and to increase its Flagship Programs Patient Reach by at least 50% by 2025, in each case compared to 2019. As a result, achieving the 2025 Patient Access Targets or any similar sustainability performance targets the Group may choose to include in future financings or other arrangements will require the Group to expend significant resources.

In addition, a failure by the Group to achieve either the 2025 Strategic Innovative Therapies Patient Reach Target or the 2025 Flagship Programs Patient Reach Target or any such similar sustainability performance targets the Group may choose to include in any future financings would not only result in increased interest payments under the Notes or other relevant financing arrangements, but could also harm the Group's reputation, the consequences of which could, in each case, have a material adverse effect on the Group, its business prospects, its financial condition or its results of operations.

The Group's ability to achieve the 2025 Patient Access Targets depends on a number of factors outside the Group's control

The Group's ability to achieve the 2025 Patient Access Targets is directly linked to its ability to increase its sales volume of Strategic Innovative Therapies and the reach of its Flagship Program therapies in LMICs (as defined in Condition 5.2). The ability to commercialise and/or distribute the relevant therapies in such countries, in turn, depends on a number of factors outside the Group's control, including local pricing and reimbursement policies, local health systems, the general regulatory and commercial success of key therapies, supply continuity, political and economic stability, the performance of certain outsourced functions by third parties as well as other factors.

Pricing and reimbursement

Around the world, governments and payers continue to struggle with rising healthcare costs as aging populations contribute to increased prevalence of chronic diseases. There have also been examples of significant controversies about prices for pharmaceuticals that some politicians and members of the public have considered excessive. These factors have intensified the pressures the Group faces regarding the prices it charges for its products, and its ability to establish satisfactory rates of reimbursement for its products by governments, insurers and other payers.

The Group expects this scrutiny to continue in 2020 and the following years, as governments and insurers around the world strive to reduce healthcare costs through steps such as restricting access to higher-priced new medicines, increasing coinsurance or copays owed by patients for medicines, increasing the use of generics, and imposing price cuts. In this environment, the Group believes it will

become increasingly important to be able to clearly demonstrate the value its innovative therapies can bring to the healthcare system.

Regulatory success of key products

In order to be able to significantly increase its Strategic Innovative Therapies Patient Reach as well as its Flagship Programs Patient Reach, the Group relies on its Strategic Innovative Therapies and its Flagship Program therapies receiving necessary approvals by the relevant local regulatory authorities in LMICs. Obtaining any such regulatory approvals may require the Group to spend significant time, money and other resources. The failure to receive key approvals or any significant delays in receiving such approvals could significantly adversely impact patient reach of the Group's therapies.

Commercial success of key products

The patient reach of the Group's Strategic Innovative Therapies could be significantly negatively impacted by a number of factors, including new competing therapies, changes in doctors' prescribing habits, pricing pressure, manufacturing issues and/or loss of intellectual property protection. In addition, the patient reach of the Group's Strategic Innovative Therapies could be significantly impacted by the timing and rate of commercial acceptance of new products.

Supply continuity

The manufacture of the Group's products is highly regulated and relies on technically complex processes and, in some cases, highly specialised raw materials. Deviations, difficulties or delays in production, or failure to obtain specialised raw materials, have in the past resulted in some of the following, and may in the future result in, shut-downs, work stoppages, approval delays, voluntary market withdrawals, product recalls, penalties, supply disruptions or shortages, increased costs, product liability or reputational harm.

Whether the Group's products and the related raw materials are manufactured at its own dedicated manufacturing facilities or by third parties, the Group must ensure that all manufacturing processes comply with current Good Manufacturing Practices (cGMP) and other applicable regulations. Any significant failure by the Group or its third party suppliers to comply with these requirements or health authorities' expectations may cause the Group to shut down production facilities or production lines, either voluntarily or by order of a government health authority.

Political and economic instability

Unpredictable political conditions currently exist in various parts of the world, including a backlash in certain areas against free trade, anti-immigrant sentiment, anti-corporatist sentiment, social unrest, fears of terrorism, and the risk of direct conflicts between nations. In addition, significant conflicts continue in certain parts of the world. Collectively, such unstable conditions could, among other things, disturb the international flow of goods and increase the costs and difficulties of international transactions, which could significantly impact time to market and our ability to supply our products, including the Group's Strategic Innovative Therapies and/or its Flagship Program therapies to patients in an un-disrupted fashion, and further erode reimbursement levels for the Group's Strategic Innovative Therapies, thereby potentially reducing patient reach.

The Group's ability to achieve the 2025 Patient Access Targets may further be impacted by economic and financial conditions directly affecting consumers. Given the requirements in certain countries that patients directly pay an increasingly large portion of their own healthcare costs, there is a risk that consumers may cut back on prescription drugs to help cope with rising costs.

Reliance on outsourcing to third parties

For business reasons, the Group further outsources the performance of certain key business functions to third parties, and invests a significant amount of effort and resources into doing so, including to manage and oversee such third parties.

Such outsourced functions can include manufacturing operations, warehousing and distribution activities, marketing activities, and others. The Group may particularly rely on third parties in developing countries, including for the sales, marketing and distribution of its products, and to obtain the intermediate and raw materials used in the manufacture of its products. Some of these third parties do not have internal compliance resources comparable to those within the Group. The reliance on third parties therefore poses certain risks that may prevent the Group from achieving the 2025 Patient Access Targets.

The Strategic Innovative Therapies Patient Reach figures and Flagship Programs Patient Reach figures determined and published in accordance with the Terms and Conditions of the Notes may not be comparable to similar measures used by our competitors or other organisations and may not reflect the actual numbers of patients reached in any particular period

The Issuer and the Guarantor have set themselves the 2025 Patient Access Targets based on certain patient reach measures for which no standard definitions exist. As a result, the relevant measures may not be comparable to similarly titled measures used by some of the Group's competitors or other organisations, and the External Verifier will only provide limited assurance on the Strategic Innovative Therapies Patient Reach and Flagship Programs Patient Reach figures.

The determination of the relevant Strategic Innovative Therapies Patient Reach figures and Flagship Programs Patient Reach figures is not based on published statistical data or information obtained from independent third parties, but requires the responsible officers of the Guarantor or its subsidiaries to make numerous assumptions and estimates which such officers deem reasonable. In addition, subject to certain conditions set forth in Condition 5.2, the Terms and Conditions of the Notes give the Guarantor the option to adjust the underlying Annual Product Sales Volumes used to calculate Patient Reach by adding back certain lost product sales volumes due to (directly or indirectly) the impact of certain force majeure events or other extraordinary, exceptional, one-time or unusual events or circumstances. Uncertainties about the underlying assumptions and estimates or any potential addbacks could result in the relevant Strategic Innovative Therapies Patient Reach figures and/or Flagship Programs Patient Reach figures, which will be used to determine whether or not the Guarantor and its consolidated subsidiaries have achieved the 2025 Patient Access Targets, to deviate significantly from the actual number of patients reached in any particular period. Furthermore, the Terms and Conditions give the Guarantor a level of discretion in designating certain of its therapies as "Strategic Innovative Therapies".

Strategic Innovative Therapies Patient Reach and Flagship Programs Patient Reach, each as defined in the Terms and Conditions of the Notes, are intended to approximate actual patient reach for the relevant categories of therapies. However, in addition to the reliance on assumptions and estimates, the underlying methodology used in the relevant definitions has certain known limitations that will likely cause the relevant measures as determined in accordance with the Terms and Conditions of the Notes to deviate from the actual number of patients reached in any particular period. For example, the use of annual product sales volume data assumes that all relevant product has reached the patient and therefore does not account for the fact that at least some level of inventory is normally being held by pharmacies, hospitals, distributors, governmental agencies or others. For newly launched therapies, in particular, this limitation is likely to result in patient reach for the relevant therapies to be overstated during the first year of launch of the therapy due to initial stocking of the relevant therapies. In addition, use of annual product sales volume data for a particular country assumes that all product is used in the relevant country and does not account for the existence of parallel trade, i.e. the possibility that product is on-sold into a different country. As a result, even though the Group may have sold a particular volume of a particular Strategic Innovative Therapy into an LMIC, a portion of that volume may be on-sold to, and used by patients in, other countries that may or may not be LMICs. Furthermore, as a matter of practicability and to facilitate comparability and consistency across a particular year, certain assumptions (e.g. with regard to Volume Per Patient) will normally only be updated once a year, subject to certain additional adjustment with regard to newly launched therapies that have been on the market in a particular country for less than a year. Moreover, certain of the therapies commercialized by the Guarantor or its consolidated group entities may be approved for the treatment of multiple different diseases. In those instances, the responsible officers of the Guarantor or its subsidiaries may be required to split and allocate appropriate portions of the annual product sales volumes of the relevant therapies to the relevant Flagship Program and/or Strategic Innovative Therapy, based on certain assumptions, estimates and other factors which such officers deem reasonable. Finally, except for certain therapies that are known to be used in combination, in applying the methodology used for determining patient reach for purposes of the Terms and Conditions of the Notes, the Guarantor is unable to account for any individual patients that use more than one therapy.

The market price of Notes might be adversely affected by movements in market interest rates

Investment in the Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Notes, this will adversely affect the market price of the Notes.

A liquid market for the Notes may fail to develop

The Notes will be a new issue of securities for which there is no established trading market. The liquidity of any market will depend upon the number of Noteholders, the market for similar securities, the interest of securities dealers in engaging in market-making activities with respect to the Notes and other factors. Although the Notes are expected to be listed on SIX Swiss Exchange, no assurance can be given that a liquid trading market will develop and be maintained for the Notes. Under certain circumstances, Noteholders may not be able to sell their Notes at the offer price, a higher price or at all.

The market for and price of the Notes may be volatile

The trading prices of the Notes may be subject to fluctuations in response to numerous factors including, but not limited to, variations in the periodic operating results of the Group, changes in investor perceptions of the Group, the depth and liquidity of the market for the Notes and changes in actual or anticipated global or regional economic conditions and interest rate fluctuations. In addition, the global securities markets have from time to time experienced price and volume fluctuations.

Developments in and changes to securities analyst recommendations regarding the markets in which the Group is active may also influence and introduce volatility to the price of the Notes in the market. Any such broad market fluctuations may adversely affect the trading price of the Notes.

The Issuer and/or the Group can incur additional debt

The Terms and Conditions of the Notes do not limit the amount of additional indebtedness that the Issuer, the Guarantor and/or the Group can create, incur, assume or guarantee, and therefore, the Issuer, the Guarantor and/or the Group may create, incur, assume or guarantee additional indebtedness and such debt may rank equally with the Notes or may be privileged, either by virtue of securities granted or by way of structural subordination of the Notes.

In particular, the Issuer may from time to time, without the consent of the Noteholders, create and issue further notes having the same terms and conditions in all respects as the Notes being offered hereby, except for the issue date, the issue price and the first payment of interest thereon. To the extent that the Issuer issues further notes forming a single series with the Notes, the existing Noteholders share of the Notes (for example, for voting purposes) will be diluted.

In addition, the Issuer may from time to time, without the consent of the Noteholders, issue additional debt, and the Guarantor may among other things issue additional guarantees.

The Issuer relies on the Guarantor

The Issuer is a finance entity and relies on the credit of the Guarantor. Therefore, the credit ratings assigned to the Notes are based primarily on the financial strength of the Guarantor and may not reflect the potential impact of all risks related to structure and other factors on the value of the Notes. Accordingly, the assets of the Issuer should not be primarily relied upon by prospective investors in making an investment decision to purchase the Notes. Rather, any investment decision to purchase the Notes should be based primarily on the financial strength of the Guarantor.

The right to receive payments under the Guarantee is structurally subordinated to the liabilities of the Guarantor's subsidiaries

The Guarantor is organised as a holding company, and substantially all of its operations are carried on through subsidiaries. The ability of the Guarantor to meet its financial obligations is dependent upon the availability of cash flows from its domestic and foreign subsidiaries and affiliated companies through dividends, intercompany advances, management fees and other payments.

The Notes are obligations of the Issuer and are guaranteed exclusively by the Guarantor. The subsidiaries of the Guarantor are separate and distinct legal entities, and have no obligations to pay any amounts due on the Guarantee or to provide the Issuer with funds for its payment obligations. The Guarantor's right to receive any assets of any of the subsidiaries, as an equity holder of such subsidiaries, upon their liquidation or reorganisation, and therefore the right of the Noteholders to participate in those assets through the Guarantee, will be effectively subordinated to the claims of that subsidiary's creditors. The Guarantee does not restrict the ability of the Guarantor's subsidiaries to incur additional indebtedness or other liabilities. Even if the Guarantor were a creditor of any of its subsidiaries,

its rights as a creditor would be subordinated to any security interest over the assets of its subsidiaries and any indebtedness of its subsidiaries senior to that held by the Guarantor.

The Notes will rank below any secured debt of the Issuer and the Guarantee will rank below the secured debt of the Guarantor

The Notes constitute unsecured obligations of the Issuer, will rank equal in right of payment to all other existing and future unsecured and unsubordinated indebtedness of the Issuer and, subject to the negative pledge described in the Terms and Conditions of the Notes, the Notes will be subordinated to all existing and future secured indebtedness of the Issuer to the extent of the assets securing that indebtedness. The Guarantee by the Guarantor will, subject to the negative pledge, be subordinated to all existing and future secured indebtedness of the Guarantor to the extent of the assets securing that indebtedness. If the Issuer or the Guarantor incurs additional indebtedness and secures such indebtedness with its assets, the Noteholders' right to receive payments under the Notes and the Guarantee will be subordinated to the rights of the holders of such future secured indebtedness (subject to the negative pledge). As of the date of this Prospectus, neither the Guarantor nor the Issuer has any secured indebtedness.

The right to receive payments under the Guarantee of the Guarantor may be adversely affected by Swiss bankruptcy laws

The Guarantor is incorporated under the laws of Switzerland. Accordingly, bankruptcy proceedings with respect to the Guarantor are likely to proceed under, and to be governed primarily by, Swiss bankruptcy law. These provisions afford debtors and unsecured creditors only limited protection from the claims of secured creditors and it may not be possible for the Issuer or other unsecured creditors to prevent or delay the secured creditors from enforcing their security to repay the debts due to them under the terms that such security was granted.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each prospective investor should consult its legal advisers to determine whether and to what extent (i) the Notes are lawful investments for it, (ii) the Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes.

Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

The Notes are subject to optional redemption by the Issuer

The Issuer may redeem the Notes at its option at any time and from time to time after the publication of the ESG Report (as defined in Condition 5.3) for the year ending 31 December 2025, including at the principal amount of the Notes on or after the Par Call Date (as defined in the Terms and Conditions). See Condition 7.2 "Redemption for Taxation Reasons" and Condition 7.3 "Redemption at the option of the Issuer" of the Terms and Conditions of the Notes. The optional redemption features may limit the market value of the Notes. During any period when the Issuer may elect to redeem Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed.

Modification, waivers and substitution

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. As a result, decisions might be taken by the Noteholders that are contrary to the preferences of any particular Noteholder. The Terms and Conditions of the Notes also provide that the Fiscal Agent may, without the consent of Noteholders, agree to any modification of any of the Terms and Conditions of the Notes or any of the provisions of the Agency Agreement either (i) for the purpose of curing any ambiguity or of curing, correcting or supplementing any manifest or proven error or any other defective provision contained therein or (ii) in any other manner which is not materially prejudicial to the interests of the Noteholders.

Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, Noteholders will have to rely on their procedures for transfer, payment and communication with the Issuer and/or the Guarantor

The Notes will be represented by the Global Notes except in certain limited circumstances described in the Permanent Global Note. The Global Notes will be deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described in the Permanent Global Note, Noteholders will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by the Global Notes, Noteholders will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg and their respective participants.

The Issuer and the Guarantor will discharge their payment obligations under the Notes by making payments to the common safekeeper for Euroclear and Clearstream, Luxembourg for distribution to their accountholders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer and the Guarantor have no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes will not have a direct right under the Global Notes to take enforcement action against the Issuer or the Guarantor in the event of a default under the Notes but will have to rely upon their rights under the Deed of Covenant.

Minimum Denomination

The Terms and Conditions of the Notes provide that Notes will be issued with a minimum denomination of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof. As the Notes are traded in clearing systems, it is possible that the clearing systems may process trades which could result in amounts being held in denominations smaller than EUR 100,000. If definitive Notes are required to be issued in relation to such Notes in accordance with the provisions of the terms of the relevant Global Notes, a Noteholder who does not have a minimum denomination of EUR 100,000 in his account with the relevant clearing system at the relevant time may not receive all of his entitlement in the form of definitive Notes unless and until such time as his holding amounts to the minimum denomination.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the euro would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Credit ratings may not reflect all risks

The Notes have been assigned a rating of AA- by S&P Global Ratings and A1 by Moody's Investors Service, Inc. Such ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold the Notes and may be revised or withdrawn by the rating agency at any time.

Enforcement claims or court judgments against the Guarantor must be converted into Swiss francs

Enforcement claims, including for court judgments, against the Guarantor under Swiss debt collection or bankruptcy proceedings may only be made in Swiss francs and any foreign currency amounts must accordingly be converted into Swiss francs. With respect to enforcing creditors, any such foreign currency amounts will be converted at the exchange rate prevailing on (i) the date of instituting the enforcement proceedings (*Betriebsbegehren*) or (ii) the date on which any amounts claimed first became due and payable (*Fälligkeit*), whichever date is more favourable for the creditors. With respect to non-enforcing creditors, foreign currency amounts will be converted at the exchange rate prevailing at the time of the adjudication of bankruptcy (*Konkurseröffnung*).

Changes in Law

The Terms and Conditions of the Notes are governed and construed in accordance with English law in effect as at the date of this Prospectus. Such laws and the interpretation thereof have been and are subject to change. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Prospectus nor can any assurance be given as to whether any such change would adversely affect the ability of the Issuer (or the Guarantor) to make payments under the Notes.

Payment of additional amounts for Swiss Federal Withholding Tax

According to the practice of the Swiss Federal Tax Administration as confirmed towards the Guarantor, payments of principal and interest (and discount or premium, if any) in respect of the Notes by the Issuer or the Guarantor are not subject to Swiss Federal Withholding Tax (*Verrechnungssteuer*) as long as (i) the Issuer has its domicile, place of effective management and tax domicile for the purposes of the Swiss Federal Withholding Tax outside Switzerland and (ii) the aggregate amount of proceeds from the issuance of all future debt instruments issued by a non-Swiss member of the Group with the parental guarantee of a Swiss member of the Group (including the Notes) that is being applied by any member of the Group in Switzerland does not exceed the aggregate equity of the non-Swiss members of the Group.

Should the Issuer not be in a position to comply with the afore-mentioned conditions, the Issuer or the Guarantor may be obliged to withhold Swiss Federal Withholding Tax on interest (and discount or premium, if any) payable by the Issuer. If the Issuer, a Guarantor, any Agent or any other person is required to make any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatever nature in respect of any payment in respect of the Notes, including the Swiss Federal Withholding Tax, then the Issuer, a Guarantor, any Agent or that other person shall make such payment after such withholding or deduction has been made and will account to the relevant authorities for the amount so required to be withheld or deducted.

Subject to certain exceptions, the Issuer or (as the case may be) the Guarantor will pay such additional amounts as may be necessary in order that the net payment received by each Noteholder, after withholding for any taxes imposed by tax authorities in Switzerland upon payments made by or on behalf of the Issuer in respect of the Notes, including the Swiss Federal Withholding Tax, will equal the amount which would have been received in the absence of any such withholding taxes, subject to certain conditions.

However, prospective Noteholders should be aware that such obligation to pay additional amounts in respect of the Notes, as applicable, may contravene Swiss legislation and be null and void.

Potential changes in Swiss federal withholding tax legislation could adversely affect payments of interest to Swiss-based Noteholders

On 4 November 2015, the Swiss Federal Council announced that it had mandated the Swiss Federal Finance Department to appoint a group of experts to prepare a proposal for a reform of the Swiss federal withholding tax system. The proposal is expected to, among other things, replace the current debtor-based regime applicable to interest payments with a paying agent-based regime for Swiss federal withholding tax.

On 3 April 2020, the Swiss Federal Council submitted the reform proposal to the consultations procedure. The reform proposal replaces the current debtor-based regime applicable to interest

payments with a paying agent-based regime for Swiss federal withholding tax. This paying agent-based regime (i) subjects all interest payments made by paying agents in Switzerland to individuals resident in Switzerland to Swiss federal withholding tax and (ii) exempts from Swiss federal withholding tax interest payments to all other persons, including to Swiss domiciled legal entities and foreign investors. Accordingly, the Swiss federal withholding tax is also imposed on interest payments on foreign notes. If the reform proposal is approved, a Swiss paying agent would have to levy and pay Swiss federal withholding tax on interest payments and the like of domestic and foreign notes, provided that the beneficiary is an individual resident in Switzerland. Swiss-based financial institutions holding notes in depository accounts, Swiss-based issuers (provided no financial institution holds the notes), Swiss-based portfolio managers and trustees and other Swiss-based payors may qualify as a paying agent. The proposal specifies that change to a paying-agent based regime is voluntary in respect of Swiss notes and obligatory for foreign notes. The Notes should qualify as foreign notes for the purpose of the proposed regime.

The consultations procedure was open until 10 July 2020. The parliamentary debates are not expected before 2021 and entry into force, if adopted, is not expected before 2022. The exact measures of the proposed reform may be changed as the result of the consultations procedure and / or the parliamentary debates.

If the new paying agent-based regime were to be enacted as proposed and were to result in the deduction or withholding of Swiss federal withholding tax on any interest payments (and discount or premium, if any) in respect of a Note, the Noteholders would not be entitled to receive any additional amounts as a result of such deduction or withholding under the Terms and Conditions of the Notes.

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (each, other than Estonia, a "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective Noteholders are advised to seek their own professional advice in relation to the FTT.

Withholding tax on interest in Luxembourg

Further to the law of 25 November 2014, as of 1 January 2015 all interest and interest-assimilated payments made or ascribed by a Luxembourg paying agent to or for the immediate benefit of individuals resident in another Member State within the scope of the EU Council Directive 2003/48/EC are subject to the automatic exchange of information between Luxembourg and the relevant Member States.

US Foreign Account Tax Compliance Withholding

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, and US Treasury regulations promulgated thereunder (together "**FATCA**") impose a reporting regime and potentially a 30% withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "**foreign financial institution**", or "**FFI**" (as defined by FATCA)) that does not become a "Participating FFI" by entering into an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed

compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not comply with information requests by the Issuer or other payors (a "**Recalcitrant Holder**").

FATCA implementation is being phased in from 1 July 2014 for payments from sources within the United States and is currently proposed to apply to "foreign passthru payments" (a term not yet defined) made by an FFI to a non-participating FFI or Recalcitrant Holder no earlier than the date that is two years after the date of publication in the U.S. Federal Register of final regulations defining the term "foreign passthru payment".

The United States and a number of other jurisdictions announced their intention to enter into intergovernmental agreements to facilitate the implementation of FATCA (each, an "**IGA**"). Pursuant to FATCA and the "Model 1" IGA released by the United States, an FFI in a Model 1 IGA jurisdiction treated as a "Reporting FI" would generally not be subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction generally should not be required to withhold under FATCA or an IGA (any such withholding being a "**FATCA Withholding**") from payments it makes. Under the Model 1 IGA, a Reporting FI would still be required to collect and report certain information in respect of its account holders and investors to its home government. The United States and the Luxembourg have entered into an agreement (the "**US-Luxembourg IGA**") based largely on the Model 1 IGA. Therefore, the Issuer may be required to collect certain information or documentation from investors and report certain investors (and related information) to the Luxembourg tax authority.

Subject to complying with Luxembourg law implementing the US-Luxembourg IGA, the Issuer is currently not expected to suffer any FATCA Withholding. Although the Issuer will attempt to satisfy any obligations imposed on it to avoid the imposition of FATCA Withholding, no assurance can be given that the Issuer will be able to satisfy these obligations. Further, the Issuer is not expected to be required to make any FATCA Withholding from the payments it makes. There can be no assurance, however, that the Issuer would not in the future be required to deduct FATCA Withholding from future payments. Accordingly, the Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if, among others, (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

If a FATCA Withholding were to be made from interest, principal or other payments made in respect of the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the Terms and Conditions of the Notes, be required to pay any additional amounts as a result of the FATCA Withholding. As a result, investors may receive less interest or principal than expected.

Whilst the Notes are in global form and held within the clearing systems, in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the clearing systems. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA Withholding. It may also affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA Withholding. Investors should choose the custodians or intermediaries with care (to ensure that each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms and/or other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA Withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. Any obligation of the Issuer under the Notes would be discharged once it has made payment to, or to the order of, the common depository or common safekeeper for the clearing systems (as bearer holder of the Notes) and the Issuer would therefore have no responsibility for any amount thereafter transmitted through the clearing systems and custodians or intermediaries.

THE ABOVE DESCRIPTION IS BASED IN PART ON REGULATIONS, OFFICIAL GUIDANCE AND IGAS, ALL OF WHICH ARE SUBJECT TO CHANGE OR MAY BE IMPLEMENTED IN A MATERIALLY DIFFERENT FORM. NOTHING IN THIS SECTION CONSTITUTES OR PURPORTS TO CONSTITUTE TAX ADVICE AND NOTEHOLDERS ARE NOT ENTITLED TO RELY ON ANY PROVISION SET OUT IN THIS SECTION FOR THE PURPOSES OF MAKING ANY INVESTMENT DECISION, TAX DECISION OR OTHERWISE. EACH INVESTOR SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF THE FATCA PROVISIONS AND TO LEARN HOW THIS LEGISLATION MIGHT AFFECT IT IN ITS PARTICULAR CIRCUMSTANCE.

THE GROUP'S 2025 PATIENT ACCESS TARGETS

As a global medicines company, the Group embraces the challenge of benefiting society by helping to ensure its innovative treatments benefit more people who need them, no matter where they live. The Group has identified access to affordable healthcare for everyone as the largest unmet medical need for society globally, and the Group believes that this is the area where it can have the biggest positive impact.

The Guarantor believes that the Group's medicines reach nearly 800 million people worldwide each year, but that the underlying need is still far greater. According to the World Health Organization (WHO), around 2 billion people lack access to quality medicine and healthcare, with affordability being a key challenge and around 100 million people estimated to be impoverished through medical expenses each year.

In line with one of the Group's strategic priorities of "building trust with society", the Group therefore strives to continuously challenge itself to further expand access to its medical innovations and to go beyond mere global pricing strategies, which may have only a limited impact on actual patient access as a result of local taxes, markups and distribution costs. In particular, the Group strives to continuously expand access to its portfolio of therapies, including emerging medical breakthroughs, for example, through innovative financing solutions and distribution mechanisms.

Where possible, the Group further strives to embed its strategic priority of building trust with society in the various operational aspects of its business. Through issuing the Notes, the Group intends to establish a direct link between its funding strategy and cost of capital and its progress toward achieving its 2025 Patient Access Targets (as defined in Condition 5.2), all as part of the Group's wider ambition to have a positive impact on society.

As described in more detail below, the Group believes that its 2025 Patient Access Targets are not only at the core of its business and aligned with the UN Sustainable Development Goals (SDGs), in particular SDG 3, but that both the 2025 Patient Access Targets themselves and the timeline for achieving them by 2025 are ambitious.

Improving Access to Innovative Therapies in Low Income and Lower-Middle Income Countries

The Group has a long track record in delivering novel access-to-medicine programs.

A holistic approach to market access in LMICs

The Group has introduced specific requirements in its drug development processes to challenge the relevant teams to explore how the Group can increase its positive health impact in low income and lower-middle income countries ("LMICs") in terms of affordability, health system strengthening, and adaptive research and development (R&D). In addition, the Group seeks to develop access strategies for all its medicines preparing for launch to expand their patient reach across all economies, i.e. including LMICs.

To keep the Group focused on striving to further increase its positive impact on society, even members of the Group's Executive Committee as well as other senior leaders are held accountable for ensuring the Group progress towards the group's patient access goals through the inclusion of certain access indicators in their annual objectives.

Developing effective affordability strategies

The Group strives to make its medicines available to the patients who need them, and to pricing its new medicines responsibly based on the value they deliver to patients, healthcare systems and society.

The Group believes that it is important to accelerate society's shift to value-based healthcare, i.e. that medicines should be priced and paid for based on four key outcomes the relevant medicines can deliver: (i) clinical benefit, (ii) additional patient benefit (e.g., in terms of quality of life), (iii) the benefits they offer to the healthcare system and (iv) the benefits they offer to society as a whole. The Group believes this approach could help focus all stakeholders on delivering the best possible outcomes while also helping systems become efficient and sustainable.

In addition, to help improve the affordability of its medicines, the Group takes local affordability and economic realities into account. Globally, based on information from the World Bank, the World Cancer Research Fund, Globocan, the United States Centers for Disease Control and Prevention and IQVIA,

the Group estimates that innovative therapies reach less than 10% of patients that could benefit from them within five years after launch, and less than 1% of patients that could potentially benefit from them in emerging markets. The Group strives to close these gaps by implementing a differentiated pricing approach, including tiered pricing models, innovative business models and solutions to disease management, local brand strategies and off-patent solutions.

Expanding use of emerging market brands

In LMICs, the Group has introduced more affordable local brands of many of its innovative therapies. As of the date of this Prospectus, the Group has over 100 local brands established across more than 50 LMICs for some of its most advanced medicines, including 17 local brands for its innovative oncology therapies and 85 local brands for other innovative therapies. The Group estimates that it reaches more than 300 000 patients annually through these local brands. In 2019, the Group launched more than 10 new local brands, including four for innovative oncology therapies, improving affordability by lowering the out-of-pocket burden for patients in the relevant countries.

In addition, the Group's Executive Committee has put in place an access mandate that requires every new launch from 2020 to have an Access / Emerging Market Brand strategy.

By systematically integrating access considerations into its launch processes, the Group believes it has been successful in reducing the launch time lag for its innovative therapies between developed and developing markets.

Lowering distribution costs

Even when medicines are available in LMICs, many patients may not have access due to a lack of funding for public healthcare delivery and the strong dependence on out-of-pocket expenditure. According to the WHO, markups in the distribution chain can inflate prices paid at the pharmacy by as much as 400%. The Group therefore seeks to leverage technology to better understand and address these challenges.

In particular, the Group is exploring innovative distribution models that incorporate e-commerce and online pharmacies to lower distribution costs. These models leverage existing partners with e-pharmacy capabilities to help enable direct distribution to patients and apply market pressure to reduce markups.

Strengthening health systems

Strengthening health systems is a key pillar of the Group's Access Principles, and the Group actively seeks opportunities to reduce local barriers to healthcare delivery, working in collaboration with governments and other partners to support quality patient care in areas where the Group can have the greatest impact. The Group believes in delivering sustainable solutions through effective collaboration among public and private partners with diverse capabilities.

Addressing Key Global Health Challenges – The Novartis Flagship Programs

In addition to continuously challenging itself to generally expand access to its portfolio of therapies, the Group has identified a number of key global health challenges where it can have a particularly positive impact given the detrimental impact of the relevant diseases on affected communities, namely malaria, leprosy, sickle cell disease and Chagas cardiomyopathy. While the impact of non-communicable diseases is growing globally, infectious diseases have continued to devastate developing countries and hinder economic growth, especially in Sub-Saharan Africa. Drug-resistant malaria threatens to undo decades of progress. Altogether, neglected tropical diseases, including leprosy and Chagas disease, are believed to affect more than 1 billion people and cause tremendous suffering. Many of these diseases are preventable and treatable conditions. However, weak healthcare systems in low-income countries prevent timely diagnosis and treatment. According to data published by the WHO and other published third party information, malaria accounted for more than 400 000 deaths worldwide in 2018, and children under the age of five are among the most affected by this disease and by preventable complications from genetic diseases such as sickle cell disease, the single most important genetic cause of childhood mortality globally.

The Group has a long track record in tackling infectious and neglected tropical diseases, and the Group continues to play a significant role in global movements to end leprosy and malaria. With the transformation of its new Global Health & Corporate Responsibility (GH&CR) organization in 2019, the Group consolidated its decades-long efforts in the fight against leprosy and malaria, together with its

newly initiated efforts in sickle cell disease and Chagas cardiomyopathy, into four flagship program areas.

Across these programs, the Group is aligning its related efforts with the Novartis Access Principles to adopt an integrated end-to-end approach to disease management, leveraging research and development (R&D) to address unmet needs, improving affordability through novel pricing and business models, and strengthening health systems.

The Group's current Flagship Programs therapies are (i) Coartem (including its adult and paediatric formulation) for malaria, (ii) the rifampicin, dapson and clofazimine multi-drug therapy for leprosy and (iii) Hydroxyurea and Adakveo for sickle cell disease. In addition, the Group is currently researching the possibility to use Entresto as a potential treatment for Chagas cardiomyopathy.

New Novartis Sub-Saharan Africa Strategy driving increase in patient reach

In November 2019, the Group announced a new strategy to broaden the patient reach and availability of its portfolio of medicines in Sub-Saharan Africa, which the Group expects will have a positive impact on its Flagship Programs Patient Reach. As part of this new strategy, the Group intends to change its focus in Sub-Saharan Africa from financial metrics, such as sales performance and profits, to metrics that drive access to medicines and strengthen health systems in the region. As part of the new strategy, the Group has established a new organizational unit to bring together the expertise and portfolios of the Group's Sandoz Division, the Novartis Pharmaceuticals and Oncology business units comprising the Group's Innovative Medicines Division and Novartis Social Business.

The mandate of this new Sub-Saharan Africa unit is to maximize patient reach across the full income pyramid by focusing on tiered pricing models, competitiveness in tenders and scaling social business models as well as affordability strategies. The Group further intends to increase its clinical trial capabilities and accelerate regulatory and administrative processes in the region to shorten the time between the development, approval and ultimately access to new medicines for patients across Sub-Saharan Africa.

Novartis has a long track record of helping to improve healthcare across Africa. This includes efforts to address health challenges posed by communicable diseases such as malaria and leprosy as well as non-communicable diseases such as sickle cell disease (SCD), cardiovascular disease and cancer.

Expanding reach with malaria treatments

The Group has a long-standing commitment to combatting and treating malaria. As of the date of this Prospectus, the Group has delivered more than 900 million treatment courses of its antimalarial therapy Coartem. In collaboration with the Medicines for Malaria Venture, the Group is working to develop a new formulation of Coartem for infants weighing less than 5 kilograms, one of the most vulnerable groups affected by the disease and for whom there is currently no approved treatment.

The Group leads two of the most advanced malaria development programs worldwide, featuring compounds that employ new mechanisms of action and activity against resistant strains of the disease. With scientific and financial support from the Medicines for Malaria Venture in collaboration with the Bill & Melinda Gates Foundation, the Group is conducting a Phase II efficacy and safety study of KAF156 (ganaplacide) in combination with a new once-daily formulation of lumefantrine.

In addition, the Group is running a Phase II dose escalation study of KAE609 (cipargamin) in collaboration with the Medicines for Malaria Venture and with financial and technical support from the Wellcome Trust to better understand its safety and efficacy profile.

If successfully developed, these compounds would represent the cutting edge of next-generation antimalarials beyond ACTs and provide new options to treat the disease. The Group is underwriting these trials with a commitment of more than USD 100 million through 2023.

A holistic approach to sickle cell disease treatment: the Novartis Africa sickle cell disease program

The Group has been committed to understanding sickle cell disease and working toward treatment for more than 40 years. At the World Economic Forum in January 2019, the Group announced a five-year agreement with the Ministry of Health of Ghana, Ghana Health Service and the Sickle Cell Foundation of Ghana to adopt a holistic approach to tackling the diagnosis and treatment of sickle cell disease. The goal of this partnership is to improve and extend the lives of people with sickle cell disease by taking a comprehensive approach to screening and diagnosis, treatment and disease management, and training and education, and by elevating basic and clinical research capabilities. Specifically, the partners aim

to collaborate on field testing and implementation of sickle cell disease treatment guidelines, the establishment of centres of excellence across regions, and the implementation of newborn screening at these centres. The partners also plan to make accessible treatment options available in line with the global standards of care, and use digital technologies to monitor and evaluate patient registration, report real-time data, and help ensure the safe large-scale rollout of treatment.

In parallel, the Group is working with Zipline, a US-based automated logistics company, to make hydroxyurea treatments widely available, especially in rural areas. Zipline is already operating two distribution centres in Ghana, with plans to open two more in the near future. The Group's goal is to establish a comprehensive model in Ghana that can be used to expand access to sickle cell disease medicines and improve patient outcomes in other countries in Sub-Saharan Africa, with a target to reach 10 countries by 2022.

Potential new therapy for Chagas cardiomyopathy

According to The Global Chagas Disease Coalition, Chagas disease affects approximately 6 million people, mainly in Latin America, and less than 1% of affected individuals receive proper treatment. The Group believes that current tools to fight the disease are outdated and inadequate and has been working with the World Heart Federation since 2018 to develop an end-to-end roadmap to help address this global health challenge. The roadmap explores the patient journey from diagnosis to treatment, with the aim of providing actionable recommendations for policymakers and healthcare professionals toward an end-to-end approach to patient care.

In December 2019, the Group launched a new clinical study, PARACHUTE-HF, with the goal of expanding the options available to treat Chagas-related heart disease. A first of its kind in this population, this study will assess the efficacy and safety of Entresto (sacubitril/valsartan) in people with chronic Chagas cardiomyopathy, which accounts for the majority of deaths and disability among individuals affected by the disease, and will further explore potential disease biomarkers.

In addition, the Group is already working with stakeholders in endemic countries to co-develop tailored access-to-medicine programs and health system strengthening strategies. The Group believes this end-to-end approach will help improve disease diagnosis and management as well as the delivery of care, helping ensure lower-income patients suffering from chronic Chagas-related heart disease can benefit from the best available treatment and care.

AI-based health systems strengthening approach to improve leprosy diagnosis

For over 30 years, the Group and the Novartis Foundation have been working with partners around the world to help eliminate leprosy. As a result of these efforts and other factors, the global disease burden has been reduced by 99% since the introduction of multidrug therapy in 1981. The Group has contributed to this effort by donating leprosy multidrug therapy through the World Health Organization (WHO) since 2000, helping treat more than 7 million patients worldwide. The Novartis Foundation is a founding member of the Global Partnership for Zero Leprosy, established in 2018 to help interrupt transmission and achieve zero new leprosy cases.

In addition, the Novartis Foundation and Microsoft have entered into a strategic alliance to develop an AI-enabled digital health tool to aid in the early detection of leprosy. The vision of this initiative is to accelerate leprosy detection, thus enabling earlier care and preventing patients from developing nerve damage or transmitting the infection to others. Microsoft and the Novartis Foundation are collaborating with local investigators from the Oswaldo Cruz Foundation (Fiocruz) in Brazil, with support from Novartis in India. The Group developed a protocol to collect, examine and process anonymised leprosy skin lesion images. The relevant data is currently being used to try to train an AI algorithm to make an accurate diagnosis of whether the disease is present or not, with the goal of making the imagery and AI code publicly accessible at a later stage to empower leprosy scientists to accelerate research in this field and improve patient outcomes.

Rationale for 2025 Patient Access Targets

As described above, the Group has identified access to affordable healthcare for everyone as the largest unmet medical need for society globally, and the Group believes that this is the area where it can have the biggest positive impact as a global medicines company. In addition to its continuing efforts to expand access to its medical innovations, the Group has identified a number of key global health challenges where it can have a particularly positive impact given the Group's particular capabilities and the

detrimental impact of the relevant diseases on affected communities, namely malaria, leprosy, sickle cell disease and Chagas cardiomyopathy.

Expanding Strategic Innovative Therapies Patient Reach and Flagship Programs Patient Reach, each as defined in Condition 5.2, is at the core of the Group's business and is aligned with its strategic priority of building trust with society and its purpose of reimagining medicine to improve and extend people's lives. The number of patients reached represents a fundamental metric that allows the Group to track its progress both with regard to its Flagship Programs as well as with regard to expanding access to its medical innovations more generally. The Group has therefore created structures and methodologies designed to systematically and regularly monitor the number of patients reached across its commercial operations, in line with the Group's access priorities with regard to Strategic Innovative Therapies Patient Reach and Flagship Programs Patient Reach. The relevant information is regularly reported to and monitored by the Group's Executive Committee.

The following table shows the Group's Strategic Innovative Therapies Patient Reach and Flagship Programs Patient Reach for the years ended 31 December 2017, 2018 and 2019:

	Year ended 31 December		
	2017	2018	2019
Strategic Innovative Therapies Patient Reach .	238,021	382,714	547,664
Flagship Programs Patient Reach.....	39,589,335	28,509,151	15,069,483

The Group's Strategic Innovative Therapies Patient Reach has been gradually increasing in recent years, from 238,021 in 2017, to 382,714 in 2018 and 547,664 in 2019. The Group's Flagship Program Patient Reach, on the other hand, has significantly decreased in recent years, from 39,589,335 in 2017, to 28,509,151 in 2018 and 15,069,483 in 2019. This significant decrease in the Group's Flagship Programs Patient Reach between 2017 and 2019 was primarily due to (i) pricing challenges and generic competition for malaria therapies and (ii) a significant reduction in leprosy disease prevalence, with Novartis (in partnership with the WHO) having provided leprosy treatments for over 7 million patients since 2000. Using the 2019 figures for the Group's Strategic Innovative Therapies Patient Reach and Flagship Programs Patient Reach as relevant baselines, the Group's 2025 Strategic Innovative Therapies Patient Reach Target and 2025 Flagship Programs Patient Reach Target of 1.64 million patients and 22.60 million patients, respectively, for the year ending 31 December 2025 would, if achieved, represent increases by at least 200% and 50%, respectively, over the relevant baseline.

Second Party Opinions and External Verification

In connection with the offering of the Notes, the Group has obtained (i) two second party opinions from the independent Access to Medicine Foundation and Sustanalytics, respectively, and (ii) a limited assurance report with regard to the Strategic Innovative Therapies Patient Reach and the Flagship Programs Patient Reach during the year ended 31 December 2019. Such second party opinions and limited assurance report are accessible through the Group's website at <https://www.novartis.com/investors/financial-data/fixed-income-securities>. **However any information on, or accessible through, our website and the information in such opinions or report or any past or future ESG Reports (as defined in Condition 5.2) is not part of this Prospectus and should not be relied upon in connection with making any investment decision with respect to the Notes.**

Furthermore, as there is currently no generally accepted definition (legal, regulatory or otherwise) of, nor market consensus as to what criteria a particular financial instrument must meet to qualify as, "social", "sustainable" or "sustainability-linked" (and, in addition, the requirements of any such label may evolve from time to time), no assurance is or can be given to investors by the Issuer, the Guarantor, any other member of the Group, the Managers, the second party opinion providers or the External Verifier that the Notes will meet any or all investor expectations regarding the Notes or the Group's 2025 Patient Access Targets qualifying as "social" "sustainable" or "sustainability-linked" or that any adverse social and/or other impacts will not occur in connection with the Group striving to achieve the 2025 Patient Access Targets or the use of the net proceeds from the offering of Notes. **In addition, no assurance or representation is given by the Issuer, the Guarantor, any other member of the Group, the Managers, second party opinion providers or the External Verifier as to the suitability or**

reliability for any purpose whatsoever of any opinion, report or certification of any third party in connection with the offering of the Notes or the 2025 Patient Access Targets to fulfill any social, sustainability, sustainability-linked and/or other criteria. Any such opinion, report or certification is not, nor shall it be deemed to be, incorporated in and/or form part of this Prospectus.

GENERAL INFORMATION ABOUT THE NOTES

Authorisation

Pursuant to resolutions of the directors of the Issuer dated 3 September 2020 and of the Guarantor dated 24-26 August 2020, and a Subscription Agreement expected to be dated on or around 21 September 2020, between the Issuer, the Guarantor and the Managers, the Issuer has decided to issue, and the Managers have jointly and severally agreed to subscribe for, the Notes at an issue price of 99.354% of their aggregate principal amount (before commissions and expenses).

Use of Net Proceeds

The net proceeds of the issue of the Notes, which will amount to EUR 1,833,424,000 after deduction of commissions and expenses incurred in connection with the issue of the Notes, will be used for the Group's general corporate purposes, which may include the refinancing of existing indebtedness.

None of the Managers shall have any responsibility for, or be obliged to concern itself with, the application of the net proceeds of the Notes.

Representation

In accordance with article 58a of the Listing Rules of SIX Swiss Exchange (the "**Listing Rules**"), Bär & Karrer AG has been appointed by the Issuer as representative to lodge the listing application for the Notes with SIX Swiss Exchange (the "**Listing Agent**").

Prospectus

This Prospectus is available in the English language only and provides information about the Issuer, the Guarantor and the Notes.

This Prospectus is prepared in compliance with art. 1156 in conjunction with art. 652a of the Swiss Code of Obligations (as such articles were in effect immediately prior to the entry into force of the Swiss Financial Services Act) in accordance with art. 109 of the Swiss Financial Services Ordinance and the listing rules of SIX Exchange Regulation in their version dated 8 November 2019.

No person has been authorised to give any information or make any representation in connection with the offering of the Notes other than as stated herein and any other information or representation if given or made should not be relied upon as having been authorised by the Issuer, the Guarantor or the Managers. Neither the delivery of this Prospectus, nor the issue of the Notes nor any sale thereof shall, in any circumstances, create any implication that there has been no material adverse change in the affairs of the Issuer or the Guarantor since the date hereof.

Documents Available

Copies of this Prospectus, any supplements hereto and the documents incorporated by reference herein are available free of charge at Société Générale, Paris, Zurich branch, Talacker 50, P.O. Box, 8021 Zurich, Switzerland (telephone number: +41 (0) 58 272 34 17). The information incorporated by reference may also be found on <https://www.novartis.com/investors/financial-data>.

Save as explicitly set forth herein, information on the Guarantor's website, any website directly or indirectly linked to the Guarantor's website or any other website mentioned in this Prospectus does not constitute in any way part of this Prospectus and is not incorporated by reference into this Prospectus, and investors should not rely on it in making their decision to invest in the Notes.

Swiss Federal Withholding Tax

Payments in respect of the Notes are not expected to be subject to Swiss federal withholding tax. For further information, please refer to the section titled "Taxation in Switzerland" beginning on page 30.

Notices

All notices to the Noteholders will be valid if published in a leading English language daily newspaper published in London or such other English language daily newspaper with general circulation in Europe as the Issuer may decide. It is expected that publication will normally be made in the *Financial Times*. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed (currently, SIX Swiss Exchange requires all notices in relation to the Notes to be published in electronic form on the website of SIX Swiss Exchange under the section titled "Official Notices" (under the address https://www.six-swiss-exchange.com/shares/companies/official_notices/search_en.html) or otherwise in accordance with the regulations of SIX Swiss Exchange). Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

Notwithstanding the above requirements relating to notices to Noteholders, for so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Noteholders may, instead, be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relative Accountholders provided that, so long as the Notes are listed on any stock exchange, the notices are duly published in a manner which complies with the rules and regulations of any such stock exchange on which the Notes are for the time being listed. Any such notice shall be deemed to have been given to the Noteholders on the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

Agents

Société Générale, Paris, Zurich Branch will serve as Swiss Paying Agent and Deutsche Bank AG, London Branch will serve as Fiscal Agent and as Principal Paying Agent.

Legend

The Notes and any Coupons appertaining thereto will bear a legend to the following effect: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."

GENERAL INFORMATION ABOUT THE ISSUER

Name, Legal Form, Legislation, Incorporation, Register and Duration

Novartis Finance S.A. is a public limited liability company (*société anonyme*) organised under the laws of Luxembourg. It was incorporated on 25 July 2008 for an unlimited duration. Novartis Finance S.A. was first registered with the Luxembourg trade and companies register on 29 August 2008. Its registration number is B 141096.

Registered Office

The registered office of the Issuer is at 20, rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg.

Purpose

In accordance with article 3 of the Issuer's articles of incorporation, the Issuer's principal purpose is the acquisition of participations, in Luxembourg or abroad, in any companies or enterprises in any form whatsoever and the management of such participations. The Issuer may in particular acquire by subscription, purchase and exchange or in any other manner any stock, shares and other participation securities, bonds, debentures, certificates of deposit and other debt instruments and more generally, any securities and financial instruments issued by any public or private entity. It may participate in the creation, development, management and control of any company or enterprise.

Furthermore, the Issuer may borrow in any form. It may issue bonds, notes and any kind of promissory notes, and any kind of debt and equity securities. The Issuer may lend funds including, without limitation, the proceeds of any borrowings, to its subsidiaries, affiliated companies and any other companies. It may also grant loans to affiliated companies and to any other corporation in which it takes direct or indirect interest. The Issuer may also give guarantees and pledge, transfer, encumber or otherwise create and grant security over all or some of its assets to guarantee its own obligations and those of any other company, and, generally, for its own benefit and that of any other company or person.

Fiscal Year

The Issuer's financial year begins on 1 January and ends on 31 December of each calendar year.

Notices

In accordance with the Issuer's articles of incorporation, notices and communications are made or waived in writing by telegram, telefax, e-mail or by any other means of electronic communication.

Group Structure

The Issuer is an indirect wholly owned subsidiary of the Guarantor.

Board of Directors

The following table sets forth the name, function and committee membership of each member of the Issuer's board of directors on the date of this Prospectus:

Name	Function	Address
Urs Gfeller	Class B Director	Lichtstrasse 35, 4056 Basel, Switzerland
Daniel Weiss	Class B Director	Lichtstrasse 35, 4056 Basel, Switzerland
Roman Schwarzenberger	Class A Director	20, rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg
Markus Emmert	Class A Director	20, rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg
Marc Buhlig	Class A Director	20, rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg

Management

The Issuer is managed by the directors referred to above.

External Auditors

PricewaterhouseCoopers, Société coopérative, 2, rue Gerhard Mercator, L-2182 Luxembourg, Grand Duchy of Luxembourg.

Principal Business Activities

The Issuer's principal business activity is financing activities for the Group.

Court, Arbitration and Administrative Proceedings

The Issuer is not involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened in writing of which the Issuer is aware) which may have material effects on the financial position or profitability of the Issuer.

Capital Structure

As at the date of this Prospectus, the Issuer's share capital amounts to USD 100,000 divided into 1,000 fully paid registered shares, with a par value of USD 100 each.

Outstanding Conversion and Option Rights and Notes

As at the date of this Prospectus, the Issuer has the following notes outstanding:

- EUR 600,000,000 0.750% Notes due 2021 (guaranteed by Novartis AG);
- EUR 1,250,000,000 0.000% Notes due 2021 (guaranteed by Novartis AG);
- EUR 750,000,000 0.500% Notes due 2023 (guaranteed by Novartis AG);
- EUR 1,250,000,000 0.125% Notes due 2023 (guaranteed by Novartis AG);
- EUR 600,000,000 1.625% Notes due 2026 (guaranteed by Novartis AG);
- EUR 600,000,000 1.125% Notes due 2027 (guaranteed by Novartis AG);
- EUR 500,000,000 0.625% Notes due 2028 (guaranteed by Novartis AG);
- EUR 750,000,000 1.375% Notes due 2030 (guaranteed by Novartis AG); and
- EUR 750,000,000 1.700% Notes due 2038 (guaranteed by Novartis AG).

The Issuer does not have any conversion or option rights outstanding at the date of this Prospectus.

Own Equity Securities

As at the date of this Prospectus, the Issuer does not hold own shares.

Dividend History

The Issuer has not paid any dividends in the past five years.

Recent Developments

Please refer to the reports on Form 6-K filed with or furnished to the SEC by the Guarantor subsequent to the filing of the Form 20-F until and including the date of this Prospectus as referred to in section "Information Incorporated by Reference and Notice to Investors" on page v of this Prospectus.

Rating

The Issuer has not been rated.

No Material Adverse Changes

There has been no material adverse change in the assets and liabilities, financial position or profits and losses of the Issuer since 31 December 2019.

GENERAL INFORMATION ABOUT THE GUARANTOR

Name, Legal Form, Legislation, Incorporation, Register and Duration

The Guarantor was incorporated on 29 February 1996 under the laws of Switzerland as a stock corporation (*Aktiengesellschaft*) pursuant to articles 620 et seqq. of the Swiss Code of Obligations of 30 March 1911, as amended, with an indefinite duration. It was first registered with the Commercial Register of the Canton of Basel-Stadt, Switzerland on 1 March 1996. Its registration number is CHE-103.867.266.

Registered Office

The registered office of the Guarantor is at Lichtstrasse 35, 4056 Basel, Switzerland.

Group Structure

The Guarantor is organised as a holding company which owns, directly or indirectly, all significant operating companies of the Novartis Group.

Purpose

In accordance with article 2 of the Guarantor's articles of incorporation (*Statuten*), its principal purpose is to hold interests in enterprises in the area of health care or nutrition. It may also hold interests in enterprises in the areas of biology, chemistry, physics, information technology or related areas. The Guarantor may acquire, mortgage, liquidate or sell real estate and intellectual property rights in Switzerland or abroad. In pursuing its purpose, the Guarantor strives to create sustainable value.

Fiscal Year

In accordance with the Guarantor's articles of incorporation, the Guarantor's financial year begins on 1 January and ends on 31 December of each calendar year.

Notices

In accordance with the Guarantor's articles of incorporation, notices from the Guarantor to its shareholders are validly made by publication in the Swiss Official Gazette of Commerce (*Schweizerisches Handelsamtsblatt*) or, in particular cases, by such other means of publication as the Guarantor's board of directors may designate.

Board of Directors

The following table sets forth the name, function and committee membership of each member of the Guarantor's board of directors on the date of this Prospectus:

Name	Function	Committee Memberships
Joerg Reinhardt, Ph.D.	Chairman	Science & Technology Committee (Chair)
Enrico Vanni, Ph. D.	Vice Chairman	Audit and Compliance Committee; Compensation Committee (Chair); Governance, Nomination and Corporate Responsibilities Committee
Nancy Andrews, M.D., Ph.D.	Member	Science & Technology Committee; Risk Committee
Ton Buechner	Member	Audit and Compliance Committee; Risk Committee
Patrice Bula	Member	Compensation Committee
Srikant Datar, Ph.D.	Member	Audit and Compliance Committee; Compensation Committee; Risk Committee (Chair)
Elizabeth (Liz) Doherty	Member	Audit and Compliance Committee (Chair); Risk Committee
Ann Fudge	Member	Governance, Nomination and Corporate Responsibilities Committee; Science & Technology Committee
Bridgette Heller	Member	Compensation Committee
Frans van Houten	Member	Science & Technology Committee
Simon Moroney	Member	Science & Technology Committee
Andreas von Planta, Ph.D.	Member	Audit and Compliance Committee; Governance, Nomination and Corporate Responsibilities Committee (Chair); Risk Committee
Charles L. Sawyers, M.D.	Member	Governance, Nomination and Corporate Responsibilities Committee; Science & Technology Committee
William T. Winters	Member	Compensation Committee; Governance, Nomination and Corporate Responsibilities Committee.

The business address for each member of the Guarantor's board of directors is Lichtstrasse 35, 4056 Basel, Switzerland.

Management

The following table sets forth the name and principal position of each member of the Guarantor's Executive Committee as at the date of this Prospectus.

Name	Position
Vasant (Vas) Narasimhan, M.D.	Chief Executive Officer of Novartis
Steven Baert	Chief People & Organization Officer of Novartis
Bertrand Bodson	Chief Digital Officer of Novartis
James (Jay) Bradner, M.D.	President of Novartis Institutes for BioMedical Research (NIBR)
Harry Kirsch	Chief Financial Officer of Novartis
Shannon Thyme Klinger	Chief Legal Officer of Novartis
Steffen Lang, Ph.D.	Global Head of Novartis Technical Operations (NTO)
Klaus Moosmayer, Ph.D.	Chief Ethics, Risk & Compliance Officer of Novartis
Richard Saynor	Chief Executive Officer of Sandoz
Susanne Schaffert, Ph.D.	President of Novartis Oncology
John Tsai, M.D.	Head of Global Drug Development and Chief Medical Officer for Novartis
Marie-France Tschudin	President of Novartis Pharmaceuticals
Robert Weltevreden	Head of Novartis Business Services (NBS)

The business address for each member of the Guarantor's Executive Committee is Lichtstrasse 35, 4056 Basel, Switzerland.

External Auditors

PricewaterhouseCoopers AG, St. Jakobs-Strasse 25, 4002 Basel, Switzerland.

Principal Business Activities

The Group's purpose is to reimagine medicine to improve and extend people's lives. The Group uses innovative science and technology to address some of society's most challenging healthcare issues. The Group discovers and develops breakthrough treatments and finds new ways to deliver them to as many people as possible. The Group also aims to reward those who invest their money, time and ideas in the Group. The Group's vision is to be a trusted leader in changing the practice of medicine. The Group's strategy is to build a leading, focused medicines company powered by advanced therapy platforms and data science. As the Group implements its strategy, the Group has five priorities to shape its future and help it continue to create value for its company, its shareholders and society: unleash the power of its people; deliver transformative innovation; embrace operational excellence; go big on data and digital; and build trust with society.

Court, Arbitration and Administrative Proceedings

Save as disclosed in this Prospectus or the documents incorporated herein by reference, the Guarantor is not involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened in writing of which the Guarantor is aware) which may have material effects on the financial position or profitability of the Guarantor.

Capital Structure

As at the date of this Prospectus, the Guarantor's share capital amounts to CHF 1,233,530,460.00 divided into 2,467,060,920 shares. The shares are registered shares (*Namenaktien*), with a par value of CHF 0.50 each. The shares are fully paid and non-assessable and rank *pari passu* with each other. As at the date of this Prospectus, the Guarantor does not have any authorised or conditional share capital.

Own Equity Securities

As at 30 June 2020, the Guarantor held a total of 75,092,313 own shares (including shares held by other companies in which the Guarantor holds more than 50% of the voting rights).

Dividend History

The Guarantor's shareholders approved cash dividends per share to holders of registered shares for the past five years as follows:

Business Year	2019	2018	2017	2016	2015
Cash dividend per share in CHF ¹	2.95	2.85	2.80	2.75	2.70

¹ Cash dividends per share relate to earnings in the respective years, which are paid in the following year.

Recent Developments

Please refer to the reports on Form 6-K filed with or furnished to the SEC by the Guarantor subsequent to the filing of the Form 20-F until and including the date of this Prospectus as referred to in section "Information Incorporated by Reference and Notice to Investors" on page v of this Prospectus.

Rating

The Guarantor's long term ratings are AA- (outlook: stable) from S&P Global Ratings and A1 (outlook: stable) from Moody's Investors Service, Inc.

No Material Adverse Changes

There has been no material adverse change in the assets and liabilities, financial position or profits and losses of the Guarantor or the Group since 31 December 2019.

RESPONSIBILITY STATEMENT

The Issuer and the Guarantor accept responsibility for all information contained in this Prospectus and have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts, the omission of which would make any statement herein misleading, whether of fact or opinion.

Basel, 21 September 2020

Novartis Finance S.A.

Name: Daniel Weiss
Title: Authorised Signatory

Name: Urs Gfeller
Title: Authorised Signatory

Basel, 21 September 2020

Novartis AG

Name: Harry Kirsch
Title: Authorised Signatory

Name: Shannon Thyme Klinger
Title: Authorised Signatory

TAXATION IN LUXEMBOURG

The following summarizes certain important Luxembourg taxation principles that may be relevant to you if you invest in, hold or dispose of the Notes. Unless otherwise indicated, all information contained in this section is based on laws, regulations, practice and decisions in effect in Luxembourg at the date of this Prospectus. Any changes could apply retroactively and could affect the continued validity of this summary.

This summary does not purport to be a comprehensive description of all potential Luxembourg tax considerations that may be relevant to a decision to invest in, own or dispose of the Notes and is not intended as tax advice to any particular investor. This information also does not take into account the specific circumstances of particular investors. Prospective investors in the Notes, should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

This overview assumes that each transaction with respect to the Notes is at arm's length.

Where in this summary English terms and expressions are used to refer to Luxembourg concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Luxembourg concepts under Luxembourg tax law.

The summary in this Luxembourg taxation paragraph does not address the Luxembourg tax consequences for a holder of Notes who:

- (i) is an investor as defined in a specific law (such as the law of 11 May 2007 on family estate management companies, as amended, the law of 17 December 2010 on undertakings for collective investment, as amended, the law of 13 February 2007 on specialised investment funds, as amended, the law of 23 July 2016 on reserved alternative investment funds, the law of 22 March 2004 on securitisation, as amended, the law of 15 June 2004 on venture capital vehicles, as amended and the law of 13 July 2005 on pension saving companies and associations);*
- (ii) is, although in principle subject to Luxembourg tax, in whole or in part, specifically exempt from tax;*
- (iii) owns Notes in connection with a membership of a management board or a supervisory board, an employment relationship, a deemed employment relationship or management role; or*
- (iv) has a substantial interest in the Issuer or a deemed substantial interest in the Issuer for Luxembourg tax purposes. Generally, a person holds a substantial interest if such person owns or is deemed to own, directly or indirectly, more than 10% of the shares or interest in an entity.*

Withholding Tax

(i) Non-resident holders of the Notes

Under Luxembourg general tax laws, payments of interest (including accrued but unpaid interest) and principal made to non-residents of Luxembourg in the context of the holding, disposal, redemption or repurchase of the Notes which are not profit-sharing and which do not entitle the Noteholder, on top of a fixed interest coupon, to a supplementary interest coupon varying based on the profits distributed by the debtor, will not be subject to any Luxembourg withholding tax.

(ii) Resident holders of the Notes

Under the law of 23 December 2005 as amended (the "**23 December 2005 Law**"), payments of interest or similar income made or ascribed by a Luxembourg paying agent to or for the benefit of certain individual beneficial owners who are residents of Luxembourg will be subject to a withholding tax of 20% (the "**20% Withholding Tax**").

Pursuant to the 23 December 2005 Law, Luxembourg resident individuals acting in the course of the management of their private wealth can opt to self-declare and pay a 20% tax (the "**20% Self-Declared Tax**") on interest payments made on or after 31 December 2007 by paying agents located in an EU Member State other than Luxembourg or a Member State of the European Economic Area other than an EU Member State.

The 20% Withholding Tax or the 20% Self-Declared Tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his or her private wealth. Responsibility for the payment of tax in application of the 23 December 2005 Law is assumed by the Luxembourg paying agent (in the case of the 20% Withholding Tax) and by the Luxembourg resident holder of the Notes (in the case of the 20% Self-Declared Tax).

Taxes on Income and Capital Gains

Non-resident Noteholders

Non-resident Noteholders, not having a permanent establishment or a permanent representative, to which the Notes or income thereon are attributable, are not subject to Luxembourg income taxes on interest accrued or received, redemption premiums or issue discounts, under the Notes or on capital gains realised on the disposal or redemption of the Notes.

Resident Noteholders

Individuals. A resident individual acting in the course of the management of a professional or business undertaking must include any benefits derived or deemed to be derived from or in connection with Notes, such as interest accrued or received, any redemption premium or issue discount, as well as any gain realized on the sale or disposal in any form whatsoever, of the Notes, in its taxable income for Luxembourg income tax purposes.

A resident Noteholder, acting in the course of the management of his or her private wealth, is subject to Luxembourg income tax in respect of interest or similar income received (such as premiums or issue discounts) under the Notes, except if tax is levied on such payments in accordance with the 23 December 2005 Law.

A gain realised by an individual Noteholder, acting in the course of the management of his or her private wealth, upon the sale or disposal, in any form whatsoever, of Notes is not subject to Luxembourg income tax, provided this sale or disposal took place more than six months after the Notes were acquired. However, any portion of such gain corresponding to accrued but unpaid interest income is subject to Luxembourg income tax, except if tax is levied on such interest in accordance with the 23 December 2005 Law.

Corporations. A corporate resident Noteholder must include any benefits derived or deemed to be derived from or in connection with Notes, such as interest accrued or received, any redemption premium or issue discount, as well as any gain realised on the sale or disposal, in any form whatsoever, of the Notes, in its taxable income for Luxembourg income tax purposes.

Net Wealth Tax

Corporate Noteholders resident in Luxembourg and non-resident corporate Noteholders that maintain a permanent establishment or permanent representative in Luxembourg to which or to whom such Notes are attributable are subject to annual net wealth tax on their unitary value (i.e., non-exempt assets minus liabilities and certain provisions as valued according to valuation rules), levied at a rate of 0.5% if the unitary value does not exceed €500,000,000 and 0.05% on the portion of the unitary value that exceeds €500,000,000, in respect of the Notes.

A corporate resident Noteholder will further be subject to a minimum net wealth tax that ranges between €535 and €32,100.

Individuals are not subject to Luxembourg net wealth tax.

Inheritance and Gift Tax

Where Notes are transferred for non-consideration:

- (i) no Luxembourg inheritance tax is levied on the transfer of the Notes upon the death of a holder of Notes in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes;
- (ii) by way of gift, Luxembourg gift tax will be levied in the event that the gift is made pursuant to a notarial deed signed before a Luxembourg notary or is registered in Luxembourg.

Other Taxes and Duties

It is not compulsory that the Notes be filed, recorded or enrolled with any court or other authority in Luxembourg. No registration tax, transfer tax, capital tax, stamp duty or any other similar documentary tax or duty is due in respect of or in connection with the issue of Notes, the performance by the Company of its obligations under Notes, or the transfer of Notes.

A fixed or *ad valorem* registration duty in Luxembourg may however apply (i) upon voluntary registration (*présentation à l'enregistrement*) of the Notes before the Registration and Estates Department (*Administration de l'enregistrement, des domaines et de la TVA*) in Luxembourg, or (ii) if the Notes are (a) enclosed to a compulsory registrable deed under Luxembourg law (*acte obligatoirement enregistrable*) or (b) deposited with the official records of a notary (*déposé au rang des minutes d'un notaire*).

Value added tax

No Luxembourg value added tax is levied with respect to (i) any payment made in consideration of the issuance of the Notes, (ii) any payment of interest, (iii) any repayment of principal or upon redemption, and (iv) any transfer of the Notes. Luxembourg value added tax may, however, be payable in respect of fees charged for certain services rendered to the Issuer, if for Luxembourg value added tax purposes such services are rendered, or are deemed to be rendered in Luxembourg and an exemption from value added tax does not apply with respect to such services.

Foreign Account Tax Compliance Act

To implement FATCA in Luxembourg, Luxembourg entered into a so-called Model 1 Intergovernmental Agreement (the "Luxembourg IGA") with the United States, and a memorandum of understanding in respect thereof, on 28 March 2014. The Luxembourg IGA was implemented in Luxembourg domestic law by the law of 24 July 2015 (the "Luxembourg FATCA Law"). The Luxembourg IGA and the Luxembourg FATCA Law may impose obligations on the Issuer and the Noteholders, if the Issuer is considered as a Reporting Financial Institution (e.g. an Investment Entity) under FATCA, so that the latter could be required to conduct due diligence and obtain (among other things) information or documentation, including self-certification forms, a global intermediary identification number, if applicable, or any other valid evidence of an investor's FATCA registration with the IRS or a corresponding exemption, in order to fulfil its own legal obligations.

Common Reporting Standard

The Organisation for Economic Co-operation and Development has developed a new global standard for the automatic exchange of financial information between tax authorities (the "CRS"). Luxembourg is a signatory jurisdiction to the CRS and has conducted its first exchange of information with tax authorities of other signatory jurisdictions in September 2017, as regards reportable financial information gathered in relation to fiscal year 2016. The CRS has been implemented in Luxembourg via the law dated 18 December 2015 concerning the automatic exchange of information on financial accounts and tax matters and implementing the EU Directive 2014/107/EU.

The regulations may impose obligations on the Issuer and the Noteholders, if the Issuer is considered as a Reporting Financial Institution (e.g. an Investment Entity) under the CRS, so that the latter could be required to conduct due diligence and obtain (among other things) confirmation of the tax residency, tax identification number and CRS classification of Noteholders in order to fulfil its own legal obligations.

TAXATION IN SWITZERLAND

The following discussion of taxation is only a summary of certain tax implications currently in force under the laws of Switzerland as they may affect investors in the Notes. It applies only to persons who are beneficial owners of the Notes and may not apply to certain classes of persons. The summary contains general information only; it is not exhaustive and does not constitute legal or tax advice and is based on taxation law and practice at the date of this Prospectus.

Potential investors in Notes should be aware that tax law and interpretation, as well as the level and bases of taxation, may change from those described and that changes may alter the benefits of an investment in, holding or disposing of, Notes. The Issuer makes no representations as to the completeness of the information and assumes no liability of whatsoever nature for the tax implications for investors in Notes.

Potential investors in Notes are advised to consult their own professional advisers on the implications of making an investment in, holding or disposing of, Notes under the laws of the jurisdictions in which they are liable to taxation and in light of their particular circumstances.

Swiss Federal Withholding Tax

According to the practice of the Swiss Federal Tax Administration as confirmed towards the Guarantor, payments of principal and interest (and discount or premium, if any) in respect of the Notes by the Issuer or the Guarantor are not subject to Swiss Federal Withholding Tax (*Verrechnungssteuer*) as long as (i) the Issuer has its domicile, place of effective management and tax domicile for the purposes of the Swiss Federal Withholding Tax outside Switzerland and (ii) the aggregate amount of proceeds from the issuance of all future debt instruments issued by a non-Swiss member of the Group with the parental guarantee of a Swiss member of the Group (including the Notes) that is being applied by any member of the Group in Switzerland does not exceed the aggregate equity of the non-Swiss members of the Group.

On 26 June 2019, the Swiss Federal Council announced that it will publish a draft on the reform of the Swiss federal withholding tax system in the autumn of 2019. On 3 April 2020, the Swiss Federal Council submitted the reform proposal to the consultations procedure. The reform proposal replaces the current debtor-based regime applicable to interest payments with a paying agent-based regime for Swiss federal withholding tax. This paying agent-based regime (i) subjects all interest payments made by paying agents in Switzerland to individuals resident in Switzerland to Swiss federal withholding tax and (ii) exempts from Swiss federal withholding tax interest payments to all other persons, including to Swiss domiciled legal entities and foreign investors. Accordingly, the Swiss withholding tax is also imposed on interest payments on foreign notes. If the reform proposal is approved, a Swiss paying agent would have to levy and pay Swiss withholding tax on interest payments and the like of domestic and foreign notes, provided that the beneficiary is an individual resident in Switzerland. Swiss-based financial institutions holding notes in depository accounts, Swiss-based issuers (provided no financial institution holds the notes), Swiss-based portfolio managers and trustees and other Swiss-based payors may qualify as a paying agent. The proposal specifies that change to a paying-agent based regime is voluntary in respect of Swiss notes and obligatory for foreign notes. The Notes should qualify as foreign notes for the purpose of the proposed regime.

The consultations procedure was open until 10 July 2020. The parliamentary debates are not expected before 2021 and entry into force, if adopted, is not expected before 2022. The exact measures of the proposed reform may be changed as the result of the consultations procedure and / or the parliamentary debates.

If the new paying agent-based regime were to be enacted as proposed and were to result in the deduction or withholding of Swiss federal withholding tax on any interest payments (and discount or premium, if any) in respect of a Note the Noteholders would not be entitled to receive any additional amounts as a result of such deduction or withholding under the Terms and Conditions of the Notes.

Swiss Federal Stamp Duty

The issue of the Notes to their initial holders will not be subject to Swiss federal stamp duty on the dealing in securities (*Umsatzabgabe*) (primary market). Secondary market dealings in the Notes where

a bank or another securities dealer (as defined in the Swiss Federal Stamp Duty Act) in Switzerland or Liechtenstein is a party to, or acts as an intermediary in connection with, the transaction may be subject to Swiss federal stamp duty on the dealing in securities at a rate of up to 0.3% of the consideration paid for the Notes.

Income Taxation on Principal or Interest

(i) *Notes held by non-Swiss holders*

A holder of a Note who is not resident in Switzerland and who during the taxation year has not engaged in a trade or business carried on through a permanent establishment or fixed place of business in Switzerland will, in respect of payments of interest on, and repayment of principal of, the Notes, and gain realised on the sale or redemption of Notes, not be subject to income tax in Switzerland. See "Swiss Federal Withholding Tax" above for a summary on the deduction of Swiss federal withholding tax on payments of interest on the Notes.

(ii) *Notes held by Swiss resident holders as private assets*

An individual who resides in Switzerland and holds the Notes as private assets is required to include all payments of interest (in the form of periodic interest payments (coupon) on the Notes or one time interest payment (i.e., the difference between the Issue Price (with issuing discount) and redemption of the Notes at par)) received on such Notes in his or her personal income tax return for the relevant tax period and will be taxed on the net taxable income for such tax period at the then prevailing tax rates.

The Notes qualify as bonds with predominant one-time interest payments.

An individual who resides in Switzerland and holds the Notes as private assets who sells or otherwise disposes of the Notes is required to include any gains upon sale or other disposition, including capital gains, realized on the Notes in his or her personal income tax return for the relevant tax period and will be taxed on the net taxable income for such tax period at the then prevailing tax rates.

See "Notes held as Swiss business assets" below for a summary on the tax treatment of individuals classified as "professional securities dealers".

(iii) *Notes held as Swiss business assets*

Swiss resident corporate taxpayers, corporate taxpayers residing abroad holding Notes as part of a permanent establishment or fixed place of business situated in Switzerland, and individuals who hold Notes as part of a business situated in Switzerland are required to recognise payments of interest on, and any capital gain or loss realised on the sale or other disposal respectively redemption of, such Notes in their income statement for the relevant tax period and will be taxed on any net taxable earnings for such tax period at the then prevailing tax rates. The same taxation treatment also applies to Swiss resident individuals who, for Swiss income tax purposes, are classified as "professional securities dealers" for reasons of, inter alia, frequent dealings or leveraged transactions in securities.

Automatic exchange of information

Switzerland has concluded a multilateral agreement with the EU on the international automatic exchange of information ("**AEOI**") in tax matters, which applies to all EU member states. In addition, Switzerland has concluded the multilateral competent authority agreement on the automatic exchange of financial account information ("**MCAA**"), and based on the MCAA, a number of bilateral AEOI agreements with other countries. Based on such agreements and the implementing laws of Switzerland, Switzerland collects and exchanges data in respect of financial assets, including Notes, as the case may be, held in, and income derived thereon and credited to, accounts or deposits with a paying agent in Switzerland for the benefit of individuals resident in a EU member state or in another treaty state. An up-to-date list of the AEOI agreements to which Switzerland is a party that are in effect, or signed but not yet in effect, can be found on the website of the State Secretariat for International Financial Matters (SIF). Prospective purchasers of the Notes should consult their advisors concerning the impact of the AEOI.

TERMS AND CONDITIONS OF THE NOTES

The EUR 1,850,000,000 0.000% Sustainability-Linked Notes due 2028 (the "**Notes**", which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 15 (*Further Issues*) and forming a single series with the Notes) of Novartis Finance S.A. (the "**Issuer**") are issued subject to an Agency Agreement dated 23 September 2020 (such agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") made between the Issuer, Novartis AG as guarantor (the "**Guarantor**"), Deutsche Bank AG, London Branch as fiscal agent and principal paying agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes), Société Générale, Paris, Zurich Branch as Swiss paying agent (the "**Swiss Paying Agent**", which expression includes any successor Swiss paying agent appointed from time to time in connection with the Notes) and the other initial paying agents named in the Agency Agreement (together with the Fiscal Agent, the "**Paying Agents**"). The holders of the Notes (the "**Noteholders**") and the holders of the interest coupons appertaining to the Notes (the "**Couponholders**" and the "**Coupons**") are entitled to the benefit of a Deed of Covenant (the "**Deed of Covenant**") dated 23 September 2020 and made by the Issuer. The original of the Deed of Covenant is held by the Fiscal Agent on behalf of the Noteholders and Couponholders at its specified office.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Agency Agreement. Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours by the Noteholders and Couponholders at the specified office of each of the Paying Agents. The Noteholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Deed of Covenant applicable to them and are deemed to have notice of all the provisions of the Agency Agreement applicable to them. References in these Conditions to the Fiscal Agent and the Paying Agents shall include any successor appointed under the Agency Agreement.

1. FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

The Notes are in bearer form, serially numbered, in the denominations of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof. Notes of one denomination may not be exchanged for Notes of any other denomination. No Notes in definitive form will be issued with a denomination above EUR 199,000.

1.2 Title

Title to the Notes and to the Coupons will pass by delivery.

1.3 Holder Absolute Owner

The Issuer, the Guarantor and any Paying Agent may (to the fullest extent permitted by applicable laws) deem and treat the bearer of any Note or Coupon as the absolute owner for all purposes (whether or not the Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Note or Coupon or any notice of previous loss or theft of the Note or Coupon).

2. STATUS OF THE NOTES

The Notes and the Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and (subject as provided above) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding present and future unsecured and unsubordinated obligations of the Issuer but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

3. **GUARANTEE**

3.1 Guarantee

The Guarantor has, under a deed of guarantee (the "**Guarantee**") dated 23 September 2020, unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes and the Coupons as and when the same become due and payable.

3.2 Status of the Guarantee

The obligations of the Guarantor under the Guarantee constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Guarantor and (subject as provided above) rank and will rank *pari passu* with all other outstanding present and future unsecured and unsubordinated obligations of the Guarantor but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights. The original of the Guarantee is held by the Fiscal Agent on behalf of, and copies are available for inspection by, the Noteholders and Couponholders at its specified office.

4. **NEGATIVE PLEDGE**

4.1 Negative Pledge

So long as any Note remains outstanding (as defined in the Agency Agreement), neither the Issuer nor the Guarantor will create or have outstanding any mortgage, pledge, lien, charge or other security interest (each a "**Security Interest**") upon the whole or any part of its assets, present or future (including any uncalled capital) to secure any existing or future Relevant Indebtedness (or to secure any guarantee or indemnity in respect thereof) unless the Issuer or, as the case may be, the Guarantor, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

- (i) all amounts payable by it under the Notes and the Coupons are secured by the Security Interest equally and rateably with such Relevant Indebtedness; or
- (ii) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided as is approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

Notwithstanding the foregoing, the provisions of this Condition 4 do not, and will not, apply to:

- (a) any Security Interest arising by operation of law; and
- (b) Security Interests on the assets of any person existing at the time such person is merged with or into or consolidated with the Guarantor.

4.2 Interpretation

For the purposes of this Condition 4:

"**assets**" means the assets of the Issuer and the Guarantor, respectively, and does not include the assets of their respective subsidiaries; and

"**Relevant Indebtedness**" means any indebtedness in the form of, or represented or evidenced by, bonds, debentures, notes or other securities which are or are capable of being quoted, listed or traded on any stock exchange or in any securities market or over-the-counter market.

5. INTEREST

5.1 Interest Rate and Interest Payment Dates

Subject to any adjustment in accordance with Condition 5.2, (a) the Notes bear interest from and including 23 September 2020 (the "**Issue Date**") at the rate of 0.000 per cent. per annum (the "**Rate of Interest**"), payable annually in arrear on 23 September (each an "**Interest Payment Date**"), commencing on 23 September 2021, and (b) the amount of interest payable on each Interest Payment Date shall be EUR 0.00 per EUR 1,000 of outstanding principal amount of the Notes (the "**Calculation Amount**").

5.2 Interest Rate Adjustment Upon Occurrence of Trigger Event

Upon the occurrence of a Trigger Event, commencing with the first Interest Payment Date after 31 December 2025 and for each Interest Payment Date thereafter, (a) the Rate of Interest for the purpose of determining the amount of interest payable on such Interest Payment Date shall increase by 0.250 per cent. per annum to a total of 0.250 per cent. per annum, and (b) the amount of interest payable per Calculation Amount per annum shall increase by EUR 2.50 to a total of EUR 2.50. If a Trigger Event has occurred, the Issuer shall give notice of such Trigger Event and the related increase in the Rate of Interest to the Noteholders in accordance with Condition 12 as soon as reasonably practicable following the publication of the ESG Report for the year ending on 31 December 2025 in accordance with Condition 5.3.

For the purpose of these Conditions:

"2025 Flagship Programs Patient Reach Target" means Flagship Programs Patient Reach of at least 22,604,224 patients during the year ending on 31 December 2025.

"2025 Patient Access Targets" means the 2025 Flagship Programs Patient Reach Target and the 2025 Strategic Innovative Therapies Patient Reach Target.

"2025 Strategic Innovative Therapies Patient Reach Target" means Strategic Innovative Therapies Patient Reach of at least 1,642,992 patients during the year ending on 31 December 2025.

"Annual Product Sales Volume" means, with regard to any Flagship Program or Strategic Innovative Therapy and any particular country, (a) the annual product sales volume (in units and by country) for the relevant Flagship Program or Strategic Innovative Therapy in any given country in the relevant year, *plus* (b) at the Guarantor's option, any lost product sales volumes in the relevant year due to (directly or indirectly) the impact of any *force majeure* events or other extraordinary, exceptional, one-time or unusual events or circumstances, including, without limitation, any natural disasters, disease, pandemic, acts of war, armed conflict, political or social unrest, terrorist activities, trade conflicts or embargoes, labour disputes, work stoppages, disruption or failure of electricity, communications or transportation systems, supply disruptions or shortages, disruption of international trade or any business, facility or property disruptions or shutdowns, in each case of clause (a) and (b) as determined in good faith by one or more responsible officers of the Guarantor or its consolidated subsidiaries; *provided* that (i) any lost product sales volumes added back pursuant to clause (b) must not exceed 20% of the aggregate Annual Product Sales Volume with regard to all Flagship Programs or all Strategic Innovative Therapies, as applicable, in any given year after giving effect to any addbacks permitted by clause (b) and (ii) any such lost product sales volumes must be reasonably identifiable and factually supportable.

"External Verifier" means any independent accounting or appraisal firm or investment bank or other independent expert of internationally recognised standing appointed by the Guarantor, in each case with the expertise necessary to perform the functions required to be performed by the External Verifier under these Conditions, as determined in good faith by one or more responsible officers of the Guarantor or its consolidated subsidiaries.

"Flagship Programs" means (a) the therapies made available by the Guarantor or its consolidated group entities for the treatment of malaria, leprosy, sickle cell disease and/or

Chagas cardiomyopathy, including Coartem (including its adult and paediatric formulation), the rifampicin, dapson and clofazimine multi-drug therapy, Hydroxyurea and Adakveo, and/or (b) any other therapy of the Guarantor or its consolidated group entities that is approved for the treatment of malaria, leprosy, sickle cell disease or Chagas cardiomyopathy, in each case as certified by one or more responsible officers of the Guarantor to the External Verifier.

"Flagship Programs Patient Reach" means, with regard to any year, aggregate Patient Reach in LMICs with Flagship Programs during the relevant year, in each case as determined in good faith by one or more responsible officers of the Guarantor or its consolidated subsidiaries, subject to limited assurance provided by the External Verifier and published by the Guarantor in accordance with Condition 5.3.

"LMICs" means, for any year, the countries and territories which are included in **Annex A** to these Conditions.

"Patient Reach" with regard to each Flagship Program or Strategic Innovative Therapy means the number of patients reached with each such therapies in any year and any particular country, calculated by dividing (a) the relevant Annual Product Sales Volume by (b) the relevant Volume Per Patient, in each case as determined in good faith by one or more responsible officers of the Guarantor or its consolidated subsidiaries.

"Strategic Innovative Therapies" means, with regard to any period, any non-generic therapies commercialised by the Guarantor's "Innovative Medicines" division (or any successor division) that are approved as "Strategic Innovative Therapies" by a competent member of the Executive Committee of the Guarantor from time to time, acting in good faith, based on factors such as patient impact, commercial viability, innovative standing and other factors which the relevant member of the Executive Committee of the Guarantor, acting reasonably, may deem appropriate, in each case as certified by one or more responsible officers of the Guarantor to the External Verifier.

"Strategic Innovative Therapies Patient Reach" means aggregate Patient Reach in LMICs with Strategic Innovative Therapies during the relevant year, in each case as determined in good faith by one or more responsible officers of the Guarantor or its consolidated subsidiaries, subject to limited assurance provided by the External Verifier and published by the Guarantor in accordance with Condition 5.3.

"Trigger Event" means the failure by the Guarantor and its consolidated subsidiaries to achieve one or both of the 2025 Patient Access Targets.

"Volume Per Patient" with regard to any Flagship Program or Strategic Innovative Therapy and any particular country, means an assumed standard number of units of the relevant therapy used by the average patient in any year, in each case as determined in good faith by one or more responsible officers of the Guarantor or its consolidated subsidiaries with regard to the relevant period or periods, based on relevant assumptions, including with regard to patient compliance rate with recommended treatment regimes, average daily doses per patient, recommended and/or average days of therapy, and other factors which such officer(s), acting reasonably, may deem appropriate; *provided* that the Volume Per Patient for a particular therapy may differ from country to country based on local particularities if deemed appropriate in the good faith judgment of the relevant officer(s) making the relevant determinations and assumptions.

5.3 Reporting of Patient Reach

For each year ending on 31 December 2020, 2021, 2022, 2023, 2024 and 2025 the Guarantor will publish on its website an ESG report or other document (each such report or other document, an **"ESG Report"**), which shall disclose (i) the Strategic Innovative Therapies Patient Reach and (ii) the Flagship Programs Patient Reach, in each case with regard to the relevant year and as determined in good faith by one or more responsible officers of the Guarantor or its consolidated subsidiaries in accordance with these Conditions. Each such ESG Report shall include or be accompanied by a limited assurance report issued by the External Verifier (a

"**Limited Assurance Report**") over the Strategic Innovative Therapies Patient Reach and the Flagship Programs Patient Reach, as disclosed in the relevant ESG Report. Each ESG Report and related Limited Assurance Report will be published no later than the date of publication of the Guarantor's audited consolidated financial statements for the relevant year and the statutory auditor's report thereon; *provided* that to the extent the Guarantor determines in good faith that additional time will be required to complete the relevant ESG Report and/or related Limited Assurance Report, then such ESG Report and related Limited Assurance Report shall be published as soon as reasonably practicable, but in no event later than 60 days after the date of publication of the relevant statutory auditor's report.

5.4 Interest Accrual

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Notes has been received by the Fiscal Agent and notice to that effect has been given to the Noteholders in accordance with Condition 12.

5.5 Calculation of Broken Interest

If interest is required to be paid in respect of a Note on any date other than an Interest Payment Date, it shall be calculated by applying the relevant Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest cent, with 0.5 cents being rounded upwards and multiplying such rounded figure by a fraction equal to the denomination of such Note divided by the relevant Calculation Amount, where "**Day Count Fraction**" means, for these purposes, (a) the actual number of days in the period from and including the most recent Interest Payment Date (or, if none, the Issue Date) (the "**Accrual Date**") to but excluding the date on which the relevant payment falls due divided by (b) the actual number of days from and including the Accrual Date to but excluding the next following Interest Payment Date.

6. PAYMENTS

6.1 Payments in respect of Notes

Payments of principal, premium (if any) and interest in respect of each Note will be made against presentation and surrender (or, in the case of partial payment only, endorsement) of the Note, except that payments of interest due on an Interest Payment Date will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Coupon, in each case at the specified office outside the United States of any of the Paying Agents.

6.2 Method of Payment

Payments will be made by credit or transfer to a euro account specified by the payee with a bank in a city in which banks have access to the TARGET System. For the purposes of these Conditions, "**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) payment system.

6.3 Missing Unmatured Coupons

Each Note should be presented for payment together with all relative unmatured Coupons, failing which the full amount of any relative missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the full amount of the missing unmatured Coupon which the amount so paid bears to the total amount due) will be deducted from the amount due for payment. Each amount so deducted will be paid in the manner mentioned above

against presentation and surrender (or, in the case of part payment only, endorsement) of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8.2) in respect of the relevant Note (whether or not the Coupon would otherwise have become void pursuant to Condition 9) or, if later, five years after the date on which the Coupon would have become due, but not thereafter.

6.4 Payments subject to Applicable Laws

Payments in respect of principal and interest on Notes are subject in all cases to (a) any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 8 and (b) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof ("**FATCA**"), or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto.

6.5 Payment only on a Presentation Date

A holder shall be entitled to present a Note or Coupon for payment only on a Presentation Date and shall not, except as provided in Condition 5, be entitled to any further interest or other payment if a Presentation Date is after the due date.

"**Presentation Date**" means a day which (subject to Condition 9):

- (a) is or falls after the relevant due date;
- (b) is a Business Day in the place of the specified office of the Paying Agent at which the Note or Coupon is presented for payment; and
- (c) in the case of payment by credit or transfer to a euro account as referred to above, is a TARGET2 Settlement Day.

In this Condition, "**Business Day**" means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that place and "**TARGET2 Settlement Day**" means any day on which the TARGET System is open.

6.6 Initial Paying Agents

The names of the initial Paying Agents and their initial specified offices are set out at the end of these Conditions. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that the Issuer undertakes that:

- (a) there will at all times be a Fiscal Agent;
- (b) there will at all times be a Paying Agent (which may be the Fiscal Agent); and
- (c) so long as the Notes are listed on the SIX Swiss Exchange and so long as and to the extent that the rules and regulations of the SIX Swiss Exchange so require, there will be a Swiss Paying Agent.

Notice of any termination or appointment and of any changes in specified offices shall be given to the Noteholders promptly by the Issuer in accordance with Condition 12.

7. REDEMPTION AND PURCHASE

7.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on 23 September 2028 (the "**Maturity Date**"), subject as provided in Condition 6.

7.2 Redemption for Taxation Reasons

If:

- (a) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 8), or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after 16 September 2020, on the next Interest Payment Date either (i) the Issuer would be required to pay additional amounts as provided or referred to in Condition 8 or (ii) the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts; and
- (b) the requirement cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it,

the Issuer may at its option, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 12 (which notice shall be irrevocable), redeem all the Notes, but not some only, at any time at their principal amount, together with interest accrued to (but excluding) the date of redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition 7.2, the Issuer shall deliver to the Fiscal Agent a certificate signed by one authorised signatory of the Issuer or, as the case may be, the Guarantor stating that the requirement referred to in subparagraph (a) above will apply on the next Interest Payment Date and cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it and an opinion of independent legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor has or will become obliged to pay such additional amounts as a result of the change or amendment.

7.3 Redemption at the option of the Issuer

The Issuer may, having:

- (a) given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 12; and
- (b) notified the Fiscal Agent prior to the provision of the notice referred to in subparagraph (a) above;

(which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes specified in such notice on the date fixed for redemption specified in such notice), redeem the Notes at any time after the publication of the ESG Report (as defined in Condition 5.3) for the year ending 31 December 2025 and prior to the Maturity Date (each an "**Optional Redemption Date**"), in whole or, subject as provided below, in part, at the applicable Optional Redemption Price in respect of each Note specified in such notice as aforesaid.

The "**Optional Redemption Price**" in respect of each Note shall, in relation to any Optional Redemption Date falling at any time:

- (i) prior to 23 June 2028 (the "**Par Call Date**"), be calculated by the Calculation Agent and be equal to the greater of the following amounts:
- (A) 100 per cent. of the principal amount of such Note being redeemed on the Optional Redemption Date; and
 - (B) the sum of the present values of the remaining scheduled payments of principal and interest on such Note being redeemed that would be due if the Notes matured on the Par Call Date (exclusive of interest accrued to the date of redemption), discounted to the Optional Redemption Date on an annual basis (assuming the actual number of days in a 365- or 366-day year) at the Comparable Government Bond Rate plus 15 basis points,
- in each case of (A) or (B), plus accrued and unpaid interest (if any) on the principal amount being redeemed to (but excluding) the Optional Redemption Date; and
- (ii) on and after the Par Call Date, be equal to 100 per cent. of the principal amount of such Note being redeemed on the relevant Optional Redemption Date, plus accrued and unpaid interest (if any) thereon to (but excluding) the Optional Redemption Date.

For the purpose of these Conditions:

"Calculation Agent" means an independent investment banking or commercial banking institution of international standing appointed by the Issuer.

"Comparable Government Bond" means (i) DBR 0.25% Aug-28, or (ii) if, at 11.00 a.m. Central European time (CET) on the third London business day preceding the Optional Redemption Date, such obligation is no longer outstanding, such other European government security or securities selected by one of the Reference Government Bond Dealers appointed by the Issuer as having an actual or interpolated maturity comparable with the remaining term of the Notes that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of euro-denominated corporate debt securities of a comparable maturity to the remaining term of the Notes (assuming the Notes to be redeemed matured on the Par Call Date).

"Comparable Government Bond Price" means, with respect to any Optional Redemption Date, (A) the arithmetic average of the Reference Government Bond Dealer Quotations for such Optional Redemption Date, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (B) if the Calculation Agent obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations.

The **"Comparable Government Bond Rate"** will be determined on the third London business day preceding the Optional Redemption Date and means, with respect to any Optional Redemption Date, the rate per annum equal to the yield to maturity calculated in accordance with customary financial practice in pricing new issues of comparable corporate debt securities paying interest on an annual basis (assuming the actual number of days in a 365- or 366-day year) of the applicable Comparable Government Bond, assuming a price for the applicable Comparable Government Bond (expressed as a percentage of its principal amount) equal to the applicable Comparable Government Bond Price for such Optional Redemption Date.

"Reference Government Bond Dealer" means each of five banks selected by the Issuer, or its affiliates, which are (A) primary European government securities dealers, and their respective successors, or (B) market makers in pricing corporate bond issues.

"Reference Government Bond Dealer Quotations" means, with respect to each Reference Government Bond Dealer and any Optional Redemption Date, the arithmetic average, as determined by the Calculation Agent, of the bid and offered prices for the applicable Comparable Government Bond (expressed in each case as a percentage of its nominal amount) at 11:00 a.m. Central European Time (CET) on the third London business day preceding such Optional Redemption Date quoted in writing to the Calculation Agent by such Reference Government Bond Dealer.

In the case of a partial redemption, the Notes to be redeemed (the "**Redeemed Notes**") shall be selected by the drawing of lots, in such place as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate, subject to compliance with applicable law and the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation upon the Issuer giving not less than 30 nor more than 60 days notice to the Noteholders before the Optional Redemption Date. Each notice to the Noteholders shall specify the serial numbers of the Redeemed Notes.

7.4 Purchases

The Issuer, the Guarantor or any of the Guarantor's other Subsidiaries (as defined below) may at any time purchase Notes (provided that all unmatured Coupons appertaining to the Notes are purchased with the Notes) in any manner and at any price. Such Notes may be held, reissued or resold or, at the option of the Issuer, surrendered to the Fiscal Agent for cancellation.

For the purposes of this Condition 7.4:

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality; and

"**Subsidiary**" means, in relation to any Person (the "**first Person**") at any particular time, any other Person (the "**second Person**"):

- (i) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (ii) whose financial statements are, in accordance with applicable law and/or generally accepted accounting principles, consolidated with those of the first Person.

7.5 Cancellations

All Notes which are (a) redeemed or (b) purchased by or on behalf of the Issuer, the Guarantor or any of the Guarantor's other Subsidiaries and surrendered for cancellation will, in each case, forthwith be cancelled, together with all relative unmatured Coupons attached to, or surrendered with, the Notes, and accordingly may not be reissued or resold.

7.6 Notices Final

Upon the expiry of any notice as is referred to in Condition 7.2 and Condition 7.3, the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such Condition.

8. TAXATION

8.1 Payment without Withholding

All payments of principal, premium and interest in respect of the Notes and the Coupons by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any of the Relevant Jurisdictions, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer or (as the case may be) the Guarantor shall pay such additional amounts ("**Additional Amounts**") as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable in respect of any Note or Coupon presented for payment:

- (i) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note or Coupon; or
- (ii) where such withholding or deduction is imposed on a payment and is required to be made pursuant to laws enacted by Switzerland providing for the taxation of payments changing the Swiss federal withholding tax system from an issuer-based system to a paying agent-based system pursuant to which a person in Switzerland other than the Issuer or the Guarantor, as the case may be, is required to withhold tax on any interest payments; or
- (iii) where such withholding or deduction is imposed on a payment to, or for the benefit of, an individual resident in Luxembourg pursuant to the amended Luxembourg law of 23 December 2005; or
- (iv) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union; or
- (v) by or on behalf of a holder who could lawfully avoid (but has not so avoided) such withholding or deduction by (a) complying with, or procuring that any third party complies with, any statutory requirement or (b) making, or procuring that any third party makes, a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Note or Coupon is presented for payment; or
- (vi) more than 30 days after the Relevant Date except to the extent that the holder of such Note or Coupon would have been entitled to such Additional Amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days.

Notwithstanding any other provision of these Conditions, in no event will the Issuer, the Guarantor or any other party be required to pay any additional amounts in respect of the Notes or, as the case may be, the Coupons for, or on account of, any withholding or deduction required pursuant to FATCA (including pursuant to any agreement described in Section 1471(b) of the Code) or any law implementing an intergovernmental approach to FATCA.

8.2 Interpretation

In these Conditions:

- (a) "**Relevant Date**" means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Fiscal Agent on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 12; and
- (b) "**Relevant Jurisdiction**" means Luxembourg or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by the Issuer) or Switzerland or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by the Guarantor) or, in either case, any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer or the Guarantor, as the case may be, becomes subject in respect of payments made by it of principal, premium and interest on the Notes and Coupons.

8.3 Additional Amounts

Any reference in these Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition.

9. PRESCRIPTION

Notes and Coupons will become void unless presented for payment within periods of 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the Notes or, as the case may be, the Coupons, subject to the provisions of Condition 6.

10. EVENTS OF DEFAULT

10.1 Events of Default

The holder of any Note may give notice to the Issuer that the Note is, and it shall accordingly forthwith become, immediately due and repayable at its principal amount, together with interest accrued to the date of repayment, if any of the following events ("**Events of Default**") shall have occurred and be continuing:

- (a) *Non-payment*: if the Issuer or the Guarantor is in default for a period of more than 10 days in the payment of any principal in respect of the Notes or more than 21 days in the payment of interest in respect of the Notes; or
- (b) *Breach of other obligations*: if the Issuer or the Guarantor fails to perform or observe any of its obligations under these Conditions or the Guarantee and (except in any case where the failure is incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 90 days following the service by holders of at least one-quarter in principal amount of the Notes then outstanding of written notice on the Issuer and the Guarantor specifying such failure and requiring the same to be remedied and stating that such notice is a notice pursuant to this Condition 10.1(b); or
- (c) *Cross-acceleration of Issuer or Guarantor*: (i) any Indebtedness of, or guaranteed by, the Issuer or the Guarantor is not paid at its stated maturity or (as the case may be) within any originally applicable grace period, or (ii) any such Indebtedness, or guarantee, of the Issuer or the Guarantor (as the case may be) becomes due and payable prior to its stated maturity by reason of an event of default, provided that (x) the amount of Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above individually or in the aggregate exceeds U.S. \$350,000,000 (or its equivalent in any other currency or currencies) and (y) there shall not be deemed to be a default (A) where the Issuer or the Guarantor in good faith claims a right of set-off or otherwise contests its obligations to pay or (B) if such acceleration is annulled or such payment or repayment is made within 10 days after service by holders of at least one-quarter in principal amount of the Notes then outstanding of written notice on the Issuer and the Guarantor specifying such failure and requiring the same to be remedied and stating that such notice is a notice pursuant to this Condition 10.1(c); or
- (d) *Security enforced*: an encumbrancer or a receiver or a person with similar functions appointed for execution (in Switzerland a *Liquidator* or *Konkursverwalter*) takes possession of the whole or any substantial part of the assets or undertaking of the Issuer or the Guarantor or a distress, execution or other process being levied or enforced upon or sued out against a substantial part of the property or assets of the Issuer or the Guarantor and not being paid, discharged, removed or stayed within 30 days; or
- (e) *Ceasing business*: the Issuer or the Guarantor stops payment or ceases to carry on all or substantially all of its business (except, in each case, (i) in circumstances previously approved by an Extraordinary Resolution of the Noteholders or (ii) as a result of, or in connection with, a Permitted Merger); or
- (f) *Insolvency of the Issuer*: the Issuer becomes bankrupt or insolvent or enters into a moratorium or makes a general assignment for the benefit of its creditors; or
- (g) *Insolvency of the Guarantor*: the Guarantor becomes bankrupt or insolvent (or is obliged to notify the court of its financial situation in accordance with Article 725 (2) of the Swiss Code of Obligations) or enters into a provisional or definitive moratorium (*provisorische*

or *definitive Nachlassstundung*) or makes a general arrangement with its creditors (*Nachlassvertrag*); or

- (h) *Winding up, etc.*: an order is made or effective resolution is passed for the winding-up or dissolution of the Issuer or the Guarantor, except a winding-up or dissolution, (i) the terms of which have previously been approved by an Extraordinary Resolution of the Noteholders or (ii) which results from, or occurs in connection with, a Permitted Merger; or
- (i) *Guarantee of the Notes not in force*: if the Guarantee ceases to be, or is claimed by the Guarantor not to be, in full force and effect.

10.2 Interpretation

For the purposes of Condition 10.1:

"Default" means any event that is, or after notice or passage of time or both would be, an Event of Default;

"Indebtedness" means any indebtedness for monies borrowed or raised including, without limitation, any debenture, note, bond or like security;

"Permitted Merger" means the Guarantor consolidating with, merging with or into, or selling, leasing, conveying or otherwise disposing of all or substantially all of its property and assets to (as an entirety or substantially as an entirety in one transaction or a series of related transactions), any Person (other than with, or into, the Issuer) or permitting any Person to merge with, or into, the Guarantor in circumstances where:

- (a) either (i) the Guarantor shall be the continuing Person or (ii) the Person (if other than the Guarantor) formed by such consolidation or into which the Guarantor is merged or that acquired or leased such property and assets of the Guarantor shall expressly assume, by a supplemental deed, executed and delivered to the Issuer and to the Fiscal Agent, all of the obligations of the Guarantor under these Conditions and the Guarantee;
- (b) the continuing Person is organised and validly existing under the laws of Switzerland or is organised and validly existing under the laws of a jurisdiction that is a member country of the Organisation for Economic Co-operation and Development (or any successor thereto) and, if such continuing Person is not organised and validly existing under the laws of Switzerland, such continuing Person shall agree in such supplemental deed to be bound by a covenant comparable to the provisions of Condition 8.1 with respect to taxes imposed in the continuing Person's jurisdiction of organisation, and such continuing Person shall benefit from a redemption right comparable to that set out in Condition 7.2 in the event of changes in taxes in such jurisdiction after the date of such consolidation, merger or sale;
- (c) the Guarantor shall have delivered to the Fiscal Agent a certificate signed by one authorised signatory of the Guarantor, and, if the Guarantor shall not be the continuing Person, an opinion of independent legal counsel of recognised standing, in each case, stating that all conditions precedent set out in this definition of Permitted Merger relating to such consolidation, merger or transfer have been complied with, and that such supplemental deed constitutes the legal, valid and binding obligation of the Guarantor or such successor enforceable against such Person in accordance with its terms, subject to customary exceptions; and
- (d) the Guarantor shall have delivered to the Fiscal Agent a certificate signed by one authorised signatory to the effect that immediately after giving effect to such transaction as aforesaid, no Default or Event of Default shall have occurred and be continuing;

and **"Person"** means an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity or organisation, including a government or political subdivision or an agency or instrumentality thereof.

11. REPLACEMENT OF NOTES AND COUPONS

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Fiscal Agent, upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

12. NOTICES

Notices to the Noteholders

All notices to the Noteholders will be valid if published in a leading English language daily newspaper published in London or such other English language daily newspaper with general circulation in Europe as the Issuer may decide. It is expected that publication will normally be made in the *Financial Times*. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

13. MEETINGS OF NOTEHOLDERS AND MODIFICATION

13.1 Meetings of Noteholders

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of any of these Conditions or the Guarantee or any of the provisions of the Agency Agreement. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons present whatever the principal amount of the Notes held or represented by them, except that at any meeting the business of which includes the modification of certain of these Conditions and certain other matters specified in the Agency Agreement the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, of the principal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting, and on all Couponholders.

13.2 Modification

The Fiscal Agent may agree, without the consent of the Noteholders or Couponholders, to any modification of any of these Conditions or any of the provisions of the Agency Agreement either (i) for the purpose of curing any ambiguity or of curing, correcting or supplementing any manifest or proven error or any other defective provision contained herein or therein or (ii) in any other manner which is not materially prejudicial to the interests of the Noteholders. Any modification shall be binding on the Noteholders and the Couponholders and, unless the Fiscal Agent agrees otherwise, any modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 12.

14. SUBSTITUTION

14.1 Conditions Precedent to Substitution

The Issuer (or any previous substitute under this Condition) may, without the consent of the Noteholders, be replaced and substituted by the Guarantor or any of its other wholly-owned subsidiaries as principal debtor (the "**Substituted Debtor**") in respect of the Notes provided that:

- (a) a deed poll in or substantially in the form scheduled to the Agency Agreement and such other documents (if any) shall be executed by the Substituted Debtor as may be necessary to give full effect to the substitution (together the "**Documents**") and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favour of each Noteholder to be bound by the Conditions of the Notes and the provisions of the Agency Agreement and the Deed of Covenant as fully as if the Substituted Debtor had been named in the Notes and the Agency Agreement and the Deed of Covenant as the principal debtor in respect of the Notes in place of the Issuer (or any previous substitute) and pursuant to which the Guarantor (if the Guarantor is not the Substituted Debtor) shall irrevocably and unconditionally guarantee in favour of each Noteholder the payment of all sums payable by the Substituted Debtor as such principal debtor substantially in the form of the guarantee contained in the deed poll;
- (b) without prejudice to the generality of paragraph 14.1(a), where the Substituted Debtor is incorporated, domiciled or resident for taxation purposes in a territory other than Luxembourg, the Documents shall contain a covenant by the Substituted Debtor and/or such other provisions as may be necessary to ensure that each Noteholder has the benefit of a covenant in terms corresponding to the provisions of Condition 8 with the substitution for the references to Luxembourg of references to the territory or territories in which the Substituted Debtor is incorporated, domiciled and/or resident for taxation purposes;
- (c) the Documents shall contain a warranty and representation by the Substituted Debtor and (if the Guarantor is not the Substituted Debtor) the Guarantor (i) that each of the Substituted Debtor and (if the Guarantor is not the Substituted Debtor) the Guarantor has obtained all necessary governmental and regulatory approvals and consents for such substitution and (if the Guarantor is not the Substituted Debtor) for the giving by the Guarantor of a guarantee in respect of the obligations of the Substituted Debtor and for the performance by each of the Substituted Debtor and (if the Guarantor is not the Substituted Debtor) the Guarantor of its obligations under the Documents and that all such approvals and consents are in full force and effect and (ii) that the obligations assumed by each of the Substituted Debtor and (if the Guarantor is not the Substituted Debtor) the Guarantor under the Documents are all legal, valid and binding in accordance with their respective terms;
- (d) each stock exchange on which the Notes are listed shall have confirmed that following the proposed substitution of the Substituted Debtor the Notes will continue to be listed on such stock exchange;
- (e) the Substituted Debtor shall have delivered to the Fiscal Agent or procured the delivery to the Fiscal Agent of a legal opinion from a leading firm established in the jurisdiction of incorporation of the Substituted Debtor to the effect that the Documents constitute legal, valid and binding obligations of the Substituted Debtor, such opinion to be dated not more than seven days prior to the date of the substitution of the Substituted Debtor for the Issuer and to be available for inspection by Noteholders at the specified office of the Fiscal Agent;
- (f) the Guarantor (if the Guarantor is not the Substituted Debtor) shall have delivered to the Fiscal Agent or procured the delivery to the Fiscal Agent of a legal opinion from a leading firm of Swiss lawyers to the effect that the Documents (including the guarantee given by the Guarantor in respect of the Substituted Debtor) to which it is party constitute legal, valid and binding obligations of the Guarantor, such opinion to be dated not more than seven days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Noteholders at the specified office of the Fiscal Agent;
- (g) the Guarantor (if the Guarantor is not the Substituted Debtor) shall have delivered to the Fiscal Agent or procured the delivery to the Fiscal Agent of a legal opinion from a leading firm of English lawyers to the effect that the Documents (including the guarantee given by the Guarantor in respect of the Substituted Debtor) constitute legal, valid and binding obligations of the parties thereto under English law, such opinion to be dated

not more than seven days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Noteholders at the specified office of the Fiscal Agent; and

- (h) if the Substituted Debtor is not incorporated in England, the Substituted Debtor shall have appointed the process agent appointed by the Issuer as described in Condition 16 or another person with an office in England as its agent in England to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the Notes.

14.2 Assumption by Substitute Debtor

Upon execution of the Documents as referred to in Condition 14.1 and satisfaction of the other conditions precedent referred to in Condition 14.1, the Substituted Debtor shall be deemed to be named in the Notes as the principal debtor in place of the Issuer (or of any previous substitute under these provisions) and the Notes shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Documents shall operate to release the Issuer as issuer (or such previous substitute as aforesaid) from all of its obligations as principal debtor in respect of the Notes.

14.3 Deposit of Documents

The Documents shall be deposited with and held by the Fiscal Agent for so long as any Note remains outstanding and for so long as any claim made against the Substituted Debtor or (if the Guarantor is not the Substituted Debtor) the Guarantor by any Noteholder in relation to the Notes or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Debtor and (if the Guarantor is not the Substituted Debtor) the Guarantor shall acknowledge in the Documents the right of every Noteholder to production of the Documents for the enforcement of any of the Notes or the Documents.

14.4 Notice of Substitution

Not less than 15 days after execution of the Documents, the Substituted Debtor shall give notice thereof to the Noteholders in accordance with Condition 12.

15. FURTHER ISSUES

The Issuer may from time to time, without the consent of the Noteholders or Couponholders, create and issue further notes, having terms and conditions the same as those of the Notes, or the same except for the date and amount of the first payment of interest, which may be consolidated and form a single series with the outstanding Notes.

16. GOVERNING LAW AND SUBMISSION TO JURISDICTION

16.1 Governing Law

The Agency Agreement, the Guarantee, the Deed of Covenant, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Guarantee, the Deed of Covenant, the Notes and the Coupons are governed by, and will be construed in accordance with English law.

For the avoidance of doubt, Articles 470-1 to 470-19 (inclusive) of the Luxembourg law of 10 August 1915 on commercial companies, as amended, shall be expressly excluded from, and not apply to, these Conditions and the Notes.

16.2 Jurisdiction of English Courts

The Issuer and the Guarantor have irrevocably agreed for the benefit of the Noteholders and the Couponholders that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes or the Coupons and accordingly have submitted to the exclusive jurisdiction of the English courts. The Issuer and the Guarantor

waive any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum.

The Noteholders and the Couponholders may take any suit, action or proceeding arising out of or in connection with the Notes or the Coupons respectively (together referred to as "**Proceedings**") against the Issuer or the Guarantor in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

16.3 Appointment of Process Agent

The Issuer hereby irrevocably and unconditionally appoints Law Debenture Corporate Services Limited, whose registered office is at Fifth Floor, 100 Wood Street, London EC2V 7EX at its registered office for the time being as its agent for service of process in England in respect of any Proceedings and undertakes that in the event of such agent ceasing so to act it will appoint another person as its agent for that purpose.

16.4 Other Documents

Each of the Issuer and the Guarantor has in the Agency Agreement, the Issuer has in the Deed of Covenant and the Guarantor has in the Guarantee submitted to the jurisdiction of the English courts and appointed an agent in England for service of process, in terms substantially similar to those set out above.

17. **RIGHTS OF THIRD PARTIES**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

Annex A

List of Low and Middle Income Countries and Territories

1. Afghanistan	52. Fiji	103. Nigeria
2. Algeria	53. French Guyana	104. North Macedonia
3. Angola	54. Gabon	105. Pakistan
4. Anguila	55. Gambia	106. Palestine
5. Antigua and Barbuda	56. Georgia	107. Panama
6. Argentina	57. Ghana	108. Papua New Guinea
7. Armenia	58. Grenada	109. Paraguay
8. Aruba	59. Guadeloupe	110. Peru
9. Azerbaijan	60. Guatemala	111. Philippines
10. Bahamas, the	61. Guinea	112. Puerto Rico
11. Bangladesh	62. Guinea-Bissau	113. Russia
12. Barbados	63. Guyana	114. Rwanda
13. Belarus	64. Haiti	115. Saint Kitts and Nevis
14. Belize	65. Honduras	116. Saint Lucia
15. Benin	66. India	117. Saint Martin
16. Bermuda	67. Indonesia	118. Saint Vincent and the Grenadines
17. Bhutan	68. Iran	119. Samoa
18. Bolivia	69. Ivory Coast	120. São Tomé and Príncipe
19. Bosnia-Herzegovina	70. Jamaica	121. Senegal
20. Botswana	71. Jordan	122. Seychelles
21. Brazil	72. Kazakhstan	123. Sierra Leone
22. British Virgin Island	73. Kenya	124. Solomon Islands
23. Brunei Darussalam	74. Kiribati	125. Somalia
24. Burkina Faso	75. Kosovo	126. South Africa
25. Burundi	76. Kyrgyzstan	127. South Sudan
26. Cabo Verde	77. Lao P.D.R.	128. Sri Lanka
27. Cambodia	78. Lebanon	129. Sudan
28. Cameroon	79. Lesotho	130. Suriname
29. Cayman Islands	80. Liberia	131. Syria
30. Central African Republic	81. Libya	132. Tajikistan
31. Chad	82. Madagascar	133. Tanzania
32. Chile	83. Malawi	134. Thailand
33. China, People's Republic of ¹	84. Malaysia	135. Timor-Leste
34. Colombia	85. Maldives	136. Togo
35. Comoros	86. Mali	137. Tonga
36. Congo Republic	87. Marshall Islands	138. Trinidad and Tobago
37. Costa Rica	88. Mauritania	139. Tunisia
38. Cuba	89. Mauritius	140. Turkey
39. Curacao	90. Mexico	141. Turkmenistan
40. Djibouti	91. Micronesia, Fed. States of	142. Tuvalu
41. Dominica	92. Moldova	143. Uganda
42. Dominican Republic	93. Mongolia	144. Ukraine
43. Dr Congo	94. Montserrat	145. Uruguay
44. Dutch Antilles	95. Morocco	146. Uzbekistan
45. Ecuador	96. Mozambique	147. Vanuatu
46. Egypt	97. Myanmar	148. Venezuela
47. El Salvador	98. Namibia	149. Vietnam
48. Equatorial Guinea	99. Nauru	150. Yemen
49. Eritrea	100. Nepal	151. Zambia
50. Eswatini	101. Nicaragua	152. Zimbabwe
51. Ethiopia	102. Niger	

¹ Only with regard to Strategic Innovative Medicines commercialized by the Group's Oncology business unit.

THE GUARANTEE

"GUARANTEE OF NOVARTIS AG

THIS GUARANTEE is given on 23 September 2020 by NOVARTIS AG (the "**Guarantor**").

WHEREAS:

- (A) The Guarantor has agreed to guarantee the obligations of NOVARTIS FINANCE S.A. (the "**Issuer**") under the EUR 1,850,000,000 0.000% Sustainability-Linked Notes due 2028 (the "**Notes**") to be issued by the Issuer pursuant to an Agency Agreement (the "**Agency Agreement**") dated 23 September 2020 between, inter alios, the Issuer, the Guarantor and Deutsche Bank AG, London Branch as Fiscal Agent (the "**Fiscal Agent**").
- (B) Terms defined in the Conditions of the Notes (the "**Conditions**") and in the Agency Agreement and not otherwise defined in this Guarantee shall have the same meaning when used in this Guarantee.

NOW THIS DEED WITNESSETH as follows:

1. The Guarantor hereby unconditionally and irrevocably guarantees to each Noteholder and Couponholder from time to time (each a "**Beneficiary**") the due and punctual payment of all sums expressed to be payable by the Issuer under the Notes or Coupons, as and when the same becomes due and payable, whether at maturity, upon early redemption, upon acceleration or otherwise, according to the terms of the Notes and Coupons. In case of the failure of the Issuer to pay any such sum as and when the same shall become due and payable, the Guarantor hereby agrees to cause such payment to be made as and when the same becomes due and payable, whether at maturity, upon early redemption, upon acceleration or otherwise, as if such payment were made by the Issuer.
2. The Guarantor agrees, as an independent primary obligation, that it shall pay to each Beneficiary on demand sums sufficient to indemnify the Beneficiaries against any liability sustained by them by reason of the non-payment as and when the same shall become due and payable of any sum expressed to be payable by the Issuer under the Notes or Coupons, whether by reason of any of the obligations expressed to be assumed by the Issuer in the Notes or Coupons being or becoming void, voidable or unenforceable for any reason, whether or not known to such Beneficiaries or for any other reason whatsoever.
3. The Guarantor covenants in favour of each Beneficiary that it will duly perform and comply with the obligations expressed to be undertaken by it in the Conditions.
4. If the Issuer defaults in the payment of any sum expressed to be payable by the Issuer under the Notes or Coupons as and when the same shall become due and payable, the Guarantor shall forthwith unconditionally pay or procure to be paid to or to the order of the Beneficiaries in London in Euro on the same day, freely transferable funds the amount in respect of which such default has been made; provided that every payment of such amount made by the Guarantor to the Fiscal Agent in the manner provided in the Agency Agreement shall be deemed to cure pro tanto such default by the Issuer and shall be deemed for the purposes of this Deed to have been paid to or for the account of the each relevant Beneficiary except to the extent that there is failure in the subsequent payment of such amount to the Noteholders and Couponholders in accordance with the Conditions, and everything so paid by the Guarantor in accordance with the Agency Agreement shall have the same effect as if it had been paid thereunder by the Issuer.
5. The Guarantor agrees that its obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of any Note or Coupon and shall not be affected by:
 - (a) any change in or amendment to this Deed, any Note or Coupon, including any amendment, novation, supplement, extension (whether of maturity or otherwise) or

restatement (in each case, however fundamental and of whatsoever nature) or replacement, waiver or release of, any obligation of the Issuer under or in respect of this Deed, any Note or Coupon or any security or other guarantee or indemnity in respect thereof including without limitation and any extension of or any increase of the obligations of the Issuer in respect of any Note or Coupon or the addition of any new obligations for the Issuer under the Notes and Coupons or this Deed;

- (b) the absence of any action to enforce the same;
 - (c) any waiver or consent by any Beneficiary with respect to any provision of the Notes or Coupons;
 - (d) any judgment obtained against the Issuer or any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defence of a guarantor.
6. The Guarantor waives diligence, presentment, demand of payment, filing of claims with a court in the event of merger or bankruptcy of the Issuer, any right to require a proceeding first against the Issuer, protest or notice with respect to any Note or the indebtedness evidenced thereby and all demands whatsoever. The Guarantor agrees that the guarantee and indemnity contained in this Deed is a continuing guarantee and indemnity and shall remain in full force and effect until all amounts due as principal, interest or otherwise in respect of the Notes or Coupons or under the Notes or Coupons shall have been paid in full and that the Guarantor shall not be discharged by anything other than a complete performance of the obligations contained in the Notes and Coupons.
7. The Guarantor shall be subrogated to all rights of the Beneficiaries against the Issuer in respect of any amounts paid by such Guarantor pursuant hereto; provided that the Guarantor shall not without the consent of the relevant Beneficiary be entitled to enforce, or to receive any payments arising out of or based upon or prove in any insolvency or winding up of the Issuer in respect of, such right of subrogation until such time as the principal of and interest on all outstanding Notes and Coupons and all other amounts due under the Notes and Coupons have been paid in full. Furthermore, until such time as aforesaid the Guarantor shall not take any security or counter-indemnity from such Issuer in respect of the Guarantor's obligations under this Deed.
8. If any payment received by the Fiscal Agent pursuant to the provisions of the Notes, Coupons or the Conditions shall, on the subsequent bankruptcy, insolvency, corporate reorganisation or other similar event affecting the Issuer, be avoided, reduced, invalidated or set aside under any laws relating to bankruptcy, insolvency, corporate reorganisation or other similar events, such payment shall not be considered as discharging or diminishing the liability of the Guarantor whether as guarantor, principal debtor or indemnifier and the guarantee and indemnity contained in this Deed shall continue to apply as if such payment had at all times remained owing by the Issuer and the Guarantor shall indemnify and keep indemnified the Beneficiaries on the terms of the guarantee and indemnity contained in this Deed.
9. The Guarantor undertakes that its obligations hereunder will at all times (but subject to the Conditions) rank at least *pari passu* with all other outstanding present and future unsecured and unsubordinated obligations of the Guarantor but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.
10. Any amount received or recovered by a Beneficiary from the Guarantor in respect of any sum payable by the Issuer under the Notes or Coupons may be placed in a suspense account and kept there for so long as the relevant Beneficiary thinks fit.
11. The Deed shall take effect as a Deed Poll for the benefit of the Beneficiaries.
12. Other than the Beneficiaries, a person who is not a party to this Deed has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Deed, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

13. This Deed shall enure for the benefit of the Beneficiaries and shall be deposited with and held by the Fiscal Agent.
14. This Deed and any non-contractual obligations arising out of or in connection with it shall be governed by, and shall be construed in accordance with, the laws of England.
15.
 - (a) Subject to paragraph 15(c), the Guarantor irrevocably agrees for the benefit of the Beneficiaries that the courts of England are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Deed (including any dispute relating to any non-contractual obligations arising out of or in connection with this Deed) and accordingly submit to the exclusive jurisdiction of the English Courts.
 - (b) The Guarantor waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum.
 - (c) The Beneficiaries may take any suit, action or proceeding arising out of or in connection with this Deed (together referred to as "**Proceedings**") (including any Proceedings relating to any non-contractual obligations arising out of or in connection with this Deed) against the Guarantor in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.
 - (d) The Guarantor appoints Law Debenture Corporate Services Limited, whose registered office is at Fifth Floor, 100 Wood Street, London EC2V 7EX, to accept service of process on its behalf. If such person shall cease to have an office in London, the Guarantor shall appoint another person with an office in London to accept service. The Guarantor will procure that, so long as any of the Notes remains outstanding, a person with an office in London shall be appointed to accept service.
 - (e) Nothing in this Deed shall affect the right to serve process in any other manner permitted by law.

IN WITNESS whereof this Deed has been entered into as a deed by the Guarantor."

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

The following is a summary of the provisions which will apply to, and in some cases modify, the Terms and Conditions of the Notes while the Notes are represented by the Global Notes.

1. Form of Global Note

The Notes will be issued in new global note ("**NGN**") form. On 13 June 2006 the European Central Bank (the "**ECB**") announced that Notes in NGN form are in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the central banking system for the euro (the "**Eurosystem**"), provided that certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

The Notes are intended to be held in a manner which would allow Eurosystem eligibility. This simply means, however, that the Notes are intended upon issue to be deposited with one of the International Central Securities Depositories (the "**ICSDs**") as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.

2. Exchange

The Temporary Global Note will be exchangeable in whole or in part for interests in the Permanent Global Note not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

The Permanent Global Note will be exchangeable in whole but not in part (free of charge to the holder) for definitive Notes only:

- a) upon the happening of any of the events defined in the Terms and Conditions of the Notes as "Events of Default";
- b) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no successor clearing system is available; or
- c) if the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes in definitive form.

Thereupon (in the case of (a) and (b) above) the holder of the Permanent Global Note (acting on the instructions of one or more of the Accountholders (as defined below)) may give notice to the Issuer and (in the case of (c) above) the Issuer may give notice to the Fiscal Agent, of its intention to exchange the Permanent Global Note for definitive Notes on or after the Exchange Date. For these purposes, "**Exchange Date**" means a day specified in the notice requiring exchange falling not less than 60 days after that on which such notice is given and being a day on which banks are open for general business in the place in which the specified office of the Fiscal Agent is located and, except in the case of exchange pursuant to (b) above, in the place in which the relevant clearing system is located.

On or after the Exchange Date the holder of the Permanent Global Note may or, in the case of (c) above, shall surrender the Permanent Global Note to or to the order of the Fiscal Agent. In exchange for the Permanent Global Note the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of definitive Notes (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Note) and security printed in accordance with any applicable legal and stock exchange requirements. On exchange of the Permanent Global Note,

the Issuer will procure that it is cancelled and, if the holder so requests, returned to the holder together with any relevant definitive Notes.

If:

- a) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has surrendered this Global Note to or to the order of the Fiscal Agent, in accordance with, and subject to the requirements of, the Permanent Global Note; or
- b) the Permanent Global Note (or any part thereof) has become due and payable in accordance with the Conditions or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note and the Conditions on the due date for payment,

then this Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a)) or at 5.00 p.m. (London time) on such due date (in the case of (b)) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under a deed of covenant dated 23 September 2020 (the "**Deed of Covenant**") executed by the Issuer). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg as being entitled to an interest in the Permanent Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or (as the case may be) Clearstream, Luxembourg.

3. Payments

On and after 2 November 2020, no payment will be made on the Temporary Global Note unless exchange for an interest in the Permanent Global Note is improperly withheld or refused. Payments of principal and interest in respect of Notes represented by a Global Note will, subject as set out below, be made to the bearer of such Global Note and, if no further payment falls to be made in respect of the Notes, against surrender of such Global Note to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purposes. The Issuer shall procure that the amount so paid shall be entered pro rata in the records of Euroclear and Clearstream, Luxembourg and the principal amount of the Notes recorded in the records of Euroclear and Clearstream, Luxembourg and represented by such Global Note will be reduced accordingly. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of Euroclear and Clearstream, Luxembourg shall not affect such discharge.

4. Notices

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relative Accountholders rather than by publication as required by Condition 12 of the Terms and Conditions of the Notes provided that, so long as the Notes are listed on any stock exchange, the Notes are duly published in a manner which complies with the rules and regulations of any such stock exchange on which the Notes are for the time being listed. Any such notice shall be deemed to have been given to the Noteholders on the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

5. Accountholders

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (each an "**Accountholder**") (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any

person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such principal amount of such Notes for all purposes (including but not limited to, any quorum requirements of, or the right to demand a poll at, meetings of the Noteholders and giving notice to the Issuer pursuant to Condition 10 of the Terms and Conditions of the Notes) other than with respect to the payment of principal, premium (if any) and interest on such principal amount of such Notes, the right to which shall be vested, as against the Issuer, solely in the bearer of the relevant Global Note in accordance with and subject to its terms. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the bearer of the relevant Global Note.

6. Prescription

Claims against the Issuer and the Guarantor in respect of principal or premium (if any) and interest on the Notes represented by a Global Note will be prescribed after 10 years (in the case of principal and premium (if any)) and five years (in the case of interest) from the Relevant Date (as defined in Condition 8.2 of the Terms and Conditions of the Notes).

7. Partial exercise of Call Option

For so long as all of the Notes are represented by a Global Note and a Global Note is held on behalf of Euroclear and/or Clearstream, Luxembourg, no selection of Notes to be redeemed will be required under Condition 7.3 of the Terms and Conditions of the Notes in the event that the Issuer exercises its option pursuant to Condition 7.3 of the Terms and Conditions of the Notes in respect of less than the aggregate principal amount of the Notes outstanding at such time. In such event, the standard procedures of Euroclear and/or Clearstream, Luxembourg shall operate to determine which interests in the Global Note are to be subject to such option.

8. Payments on Business Days

In the case of all payments made in respect of the Temporary Global Note and the Permanent Global Note "**Business Day**" means any day on which the TARGET System is open.

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