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# Impact & Health Equity

Novartis 10<sup>th</sup> annual ESG investor event

November 13, 2023







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# Key highlights

**Vas Narasimhan**

Chief Executive Officer







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# Equitable access to innovative medicines

**Lutz Hegemann**

President, Global Health & Sustainability







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# Agenda

## Equitable access to innovative medicines



**Lutz Hegemann**  
President Global Health & Sustainability

## Innovation for Global Health to drive impact in neglected tropical diseases

Drug discovery for Global Health



**Thierry Diagana**  
Head Global Health Research

Linking development with access



**Sujata Vaidyanathan**  
Head Global Health Development Unit

## Evolving ESG reporting landscape



**Paul Penepent**  
Head Finance Reporting & Accounting





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# Focusing on innovation and access to medicines to create value for the company while mitigating risks

Focus of today's session

## Value creation

### Innovation and access to medicines

Future-proof pipeline addressing unmet medical and societal needs

Broad access to our medicines, including underserved populations

Dedicated Global Health unit

### Human capital

Diversity, Equity & Inclusion

Culture

Talent

## Risk mitigation

### Environmental sustainability

Climate

Water

Waste

### Ethical standards

Ethics

Compliance

Human rights

### Enablers

Governance, transparency, non-financial reporting

Management systems & tools

## Right thing to do

Reaching more patients with innovative medicines

Creating sustainable social and economic impact

Building trust with society





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# Creating impact by fulfilling unmet medical need through delivering innovative, quality medicines to as many people as possible

**>250 million patients**  
reached with innovative medicines (2022)

**~130 pipeline projects**  
further expanding patient reach

**First gene, siRNA and radioligand therapies**  
(at scale), fulfilling unmet medical need

**~40 new drug approvals**  
over the last 20 years,  
delivering innovative medicines

Recent innovation highlights:

<b>Kisqali<sup>®</sup></b>	NATALEE eBC
<b>Scemblix<sup>®</sup></b>	CML
<b>Pluvicto<sup>®</sup></b>	Prostate cancer
<b>iptacopan</b>	PNH and C3G







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**Equitable access to innovative medicines**

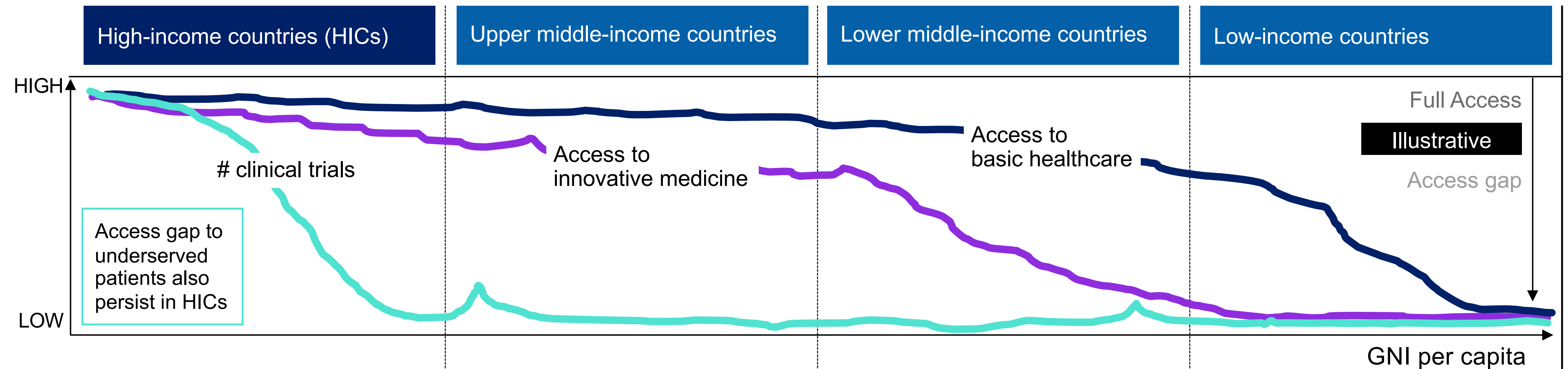
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# Innovation and access to medicines is required to address the R&D and access gaps irrespective of a country's income

Illustrative: schematic representation of access challenges across different country income groups<sup>1</sup>



**Healthcare coverage**

<b>Universal healthcare</b>	Full access	Mostly established access	Significant access gaps	Large access gap
<b>Innovative Medicine</b>	Mostly full access	Delays and access gaps	Severe access gap	No access

1. Source: BCG analysis 2023.





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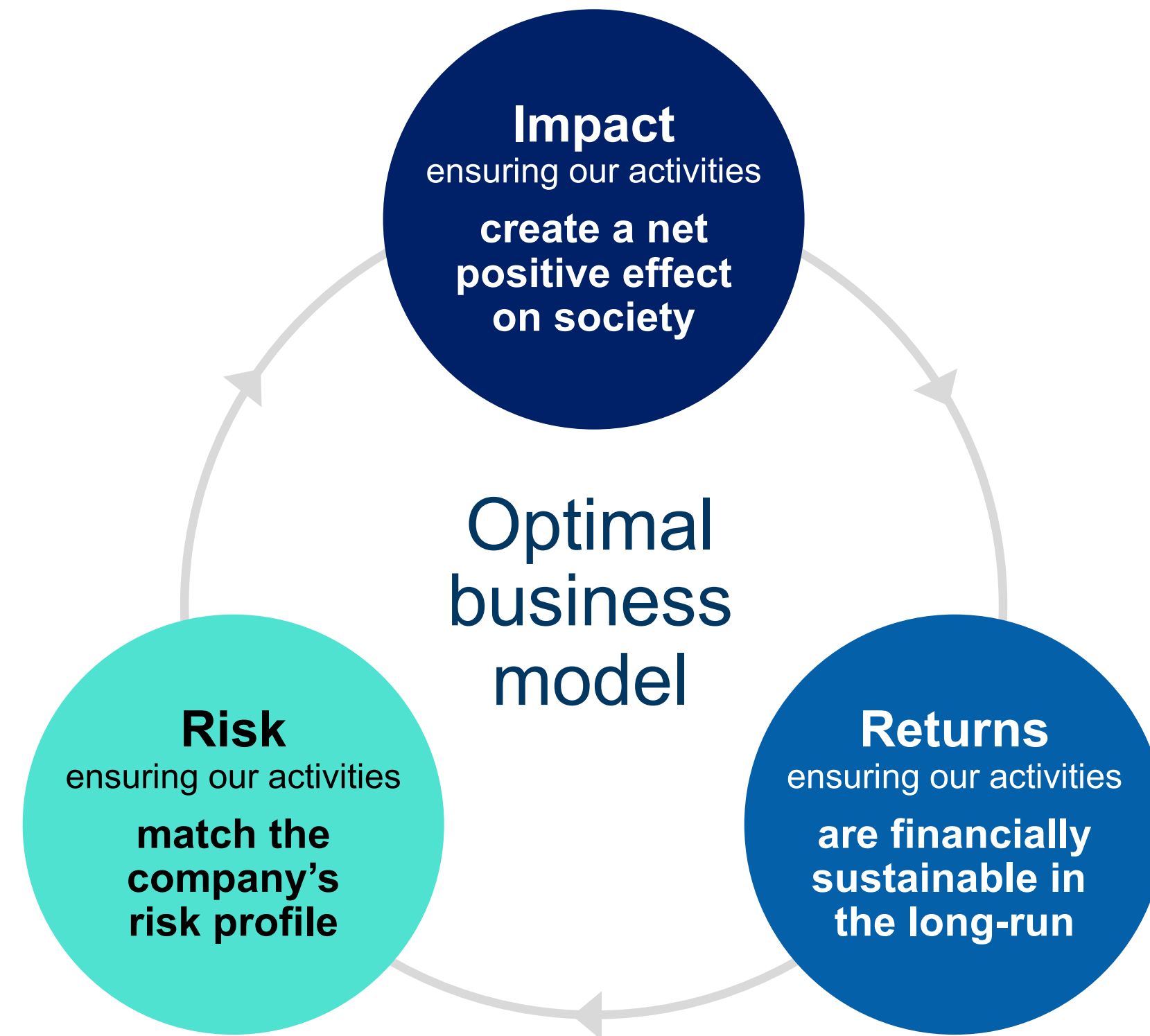
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# For Novartis, ESG is a framework to manage business risks whilst also delivering impact which creates value for our stakeholders



**ESG** is a framework to incorporate environmental, social and governance factors into business activities.  
**What we must do as a baseline to manage material risks.**



**IMPACT** is change in wellbeing beyond what would have happened otherwise and must be measurable.  
**Where we can create value for stakeholders.**



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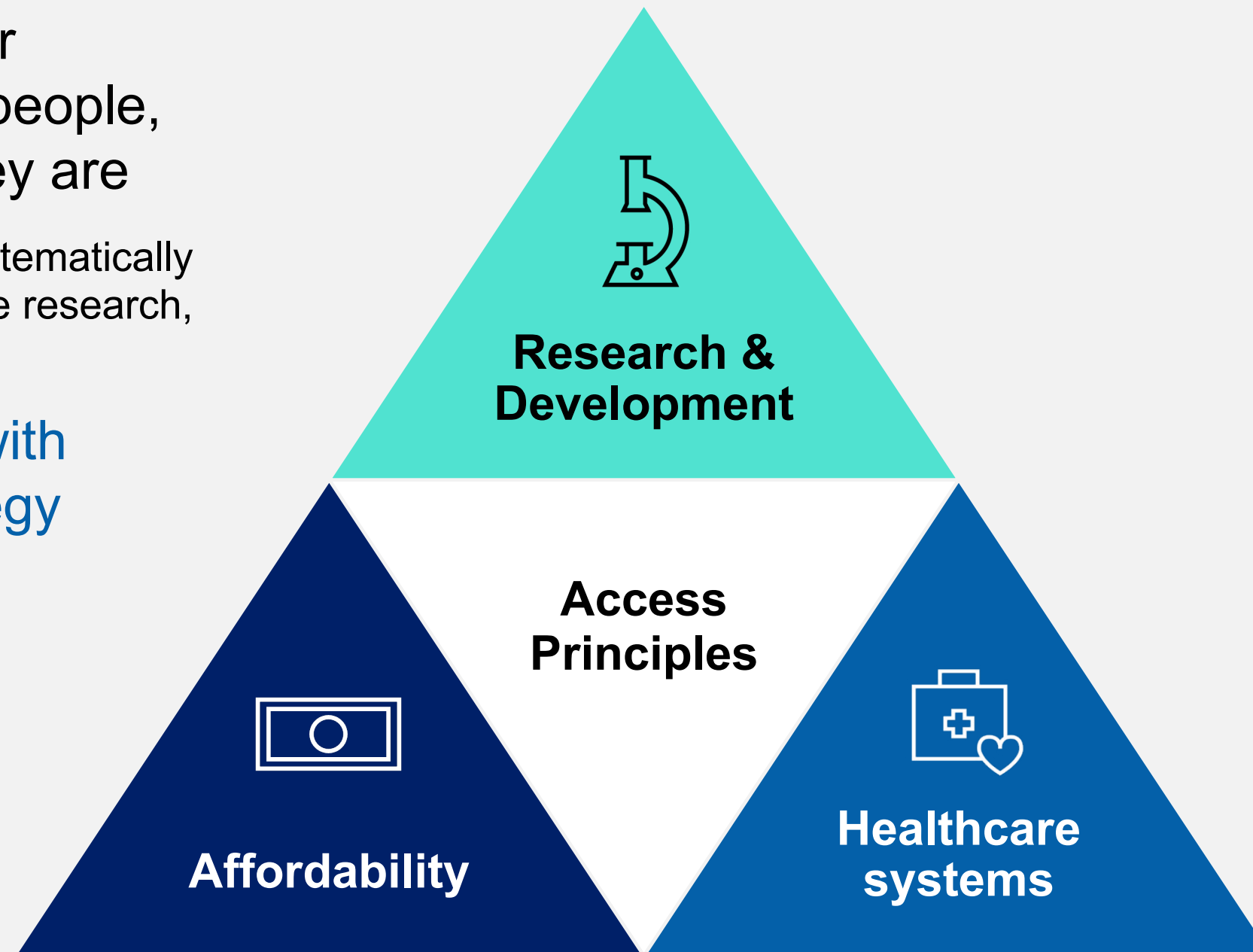
Conclusion

# Novartis Access Principles are designed to drive impact<sup>1</sup>

Bringing more of our medicines to more people, no matter where they are

For all new medicines, systematically integrate access in how we research, develop, deliver globally

100% of launches with global access strategy



## Selected examples

### R&D

Trial diversity strategy

Adaptive development: Modification of medicines for vulnerable populations

### Affordability

Tiered pricing framework (EMBs)

Sub-Saharan Africa: Shift from margin to impact focus

ATOM: 1<sup>st</sup> company to contribute an innovative medicine<sup>2</sup>

### Healthcare systems

One Novartis Health System Strengthening framework

US Foundation made disparities of care a priority

1. Impact is change in wellbeing beyond what would have happened otherwise and must be measurable.

2. ATOM – Access to Oncology Medicines. Novartis granted a “freedom to operate” license ahead of patent expiry in multiple LMICs for nilotinib in chronic myeloid leukemia.





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# Example 1: A long-term approach to chronic myeloid leukemia in Ethiopia



## Commitment

Since 2004, we have been donating first line treatments for CML through the Glivec® International Patient Assistance Program, in partnership with the Max Foundation.

## Impact

2,000 patients on program as of 2023. As the median age of CML patients in Ethiopia is ~38 years (below global average), outcomes from this program translate to sustained socio-economic impact.

Catalyzed development of healthcare provider capabilities; e.g. number of hematologists has grown from 3 to 30 since 2004.

## Sustainability

Government of Ethiopia is now financing second line treatments for CML patients who progress or are resistant to Glivec®, with 160 patients benefitting from access to Tasigna®.



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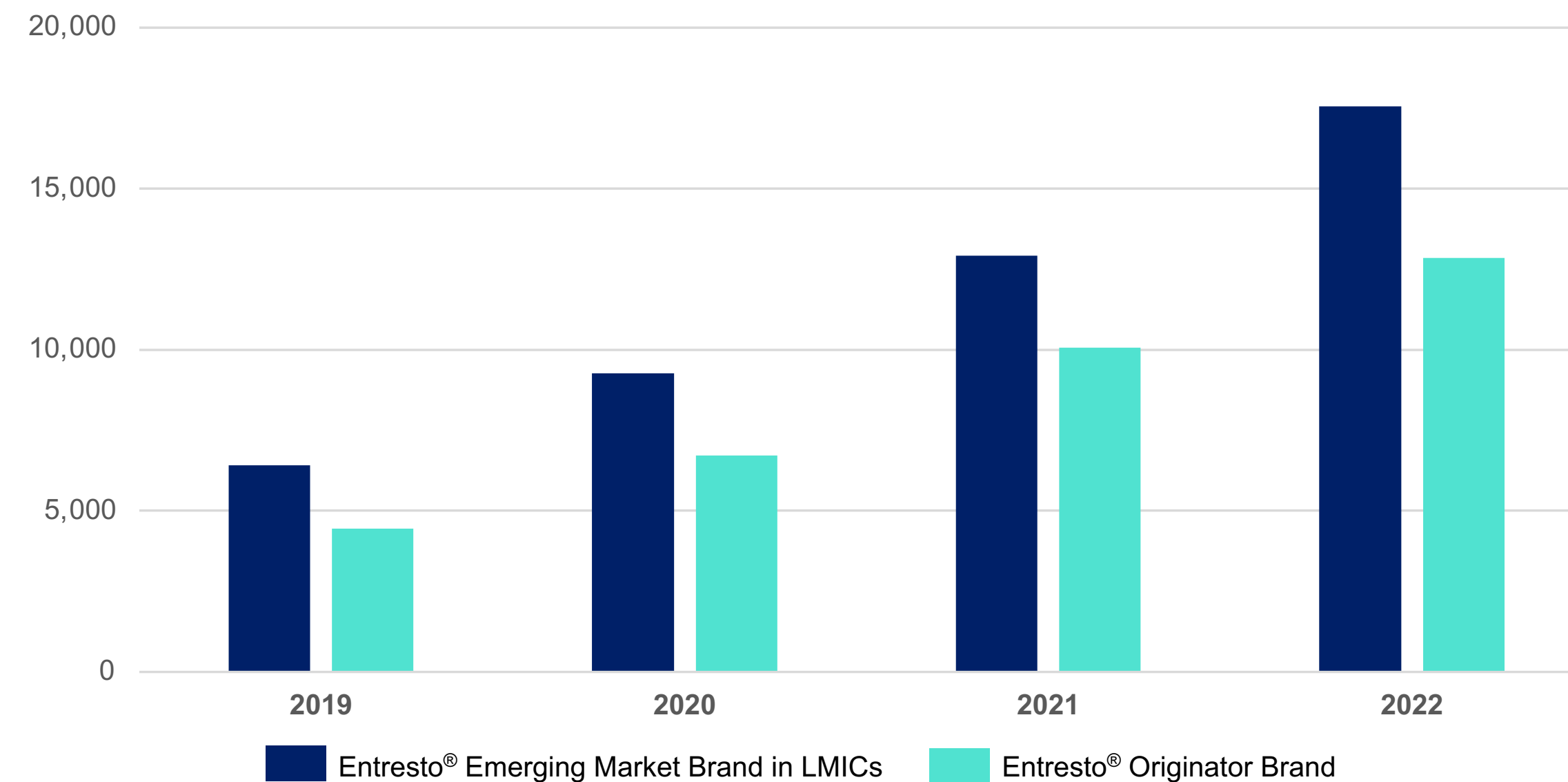
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# Example 2: Significantly increasing impact<sup>1</sup> in cardiovascular disease through Entresto<sup>®</sup> emerging market brands

## Quality-adjusted life years gained per year through Entresto<sup>®</sup> in LMICs<sup>2</sup>



### Access Principles

Helped us broaden our coverage and deepen our impact. Launched in **69 LMICs**<sup>3</sup>; first LMIC launch: 2 months after EU launch<sup>4</sup>

### Affordability

Entresto<sup>®</sup> emerging market brand launched in 43 countries; generated an additional **17,000** quality-adjusted life years in 2022 vs. >6,000 in 2019

### Health System Strengthening

Improving CVD management, detection and prevention through partnerships as well as activities of Novartis Foundation<sup>5</sup>

### R&D

Running a Ph4 trial in Chagas disease (neglected tropical disease) - related cardiomyopathy

1. Change in wellbeing beyond what would have happened otherwise, measurable. 2. King et al Cost-Effectiveness of Sacubitril-Valsartan vs. Enalapril in HFREF. JACC Heart Fail. 2016 May. QALY based on patients reached x difference in QALY gained vs. SoC (as per Seddik et al The Social Impact of Novartis Products, Aug 2018). LMICs/Emerging markets: same definition applied as for Sustainability Linked Bond. 3. 43 LMICs with EMB (incl. Cameroon, Zimbabwe, Ethiopia, Ghana, Indonesia, Kenya, Sri Lanka, Morocco, India, Nigeria, Philippines, Sudan); 26 LMICs with Originator Brand (incl. Rwanda, Venezuela, Egypt, Malaysia). 4. Entresto<sup>®</sup> Launched in Malaysia 2 mos after EU; EMB launched in India 12 mos after EU. 5. Non-profit focused on urban heart health equity, leveraging data/ AI for prevention.





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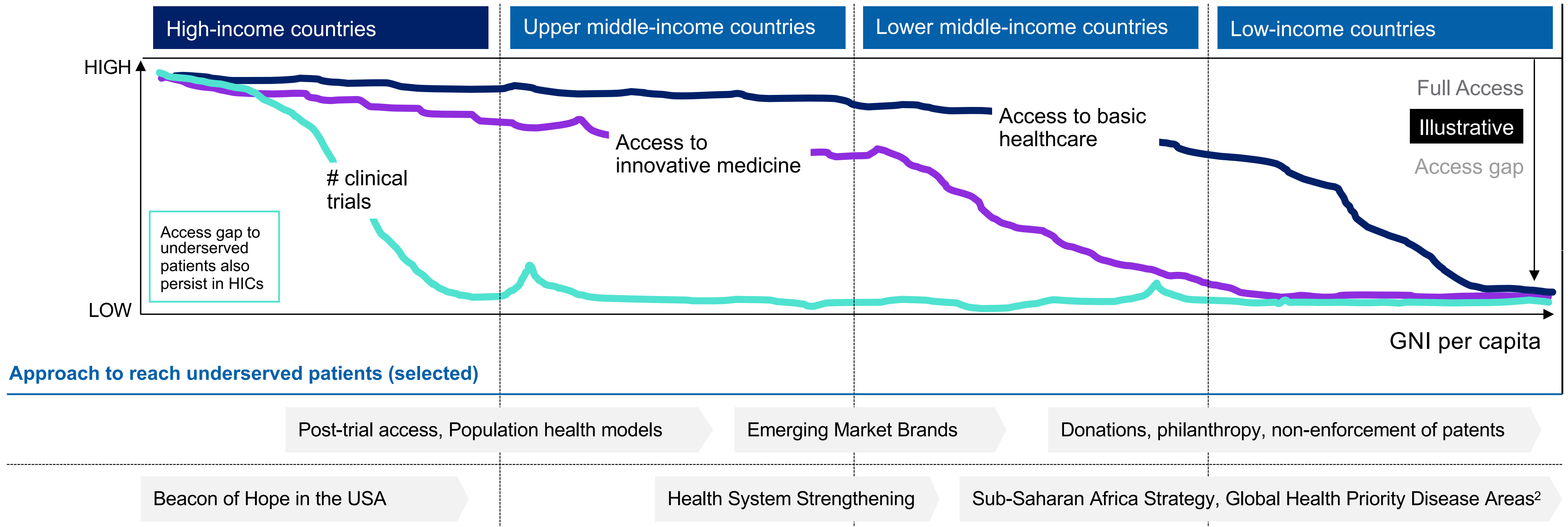
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# Core business and Global Health approaches are complementary across portfolio, geographies and income brackets

Illustrative: global schematic representation of access challenges across different country income groups<sup>1</sup>



ATOM – Access to Oncology Medicines. 1. Source: BCG analysis 2023. 2. Malaria, Sickle Cell Disease, Leprosy, Chagas disease.



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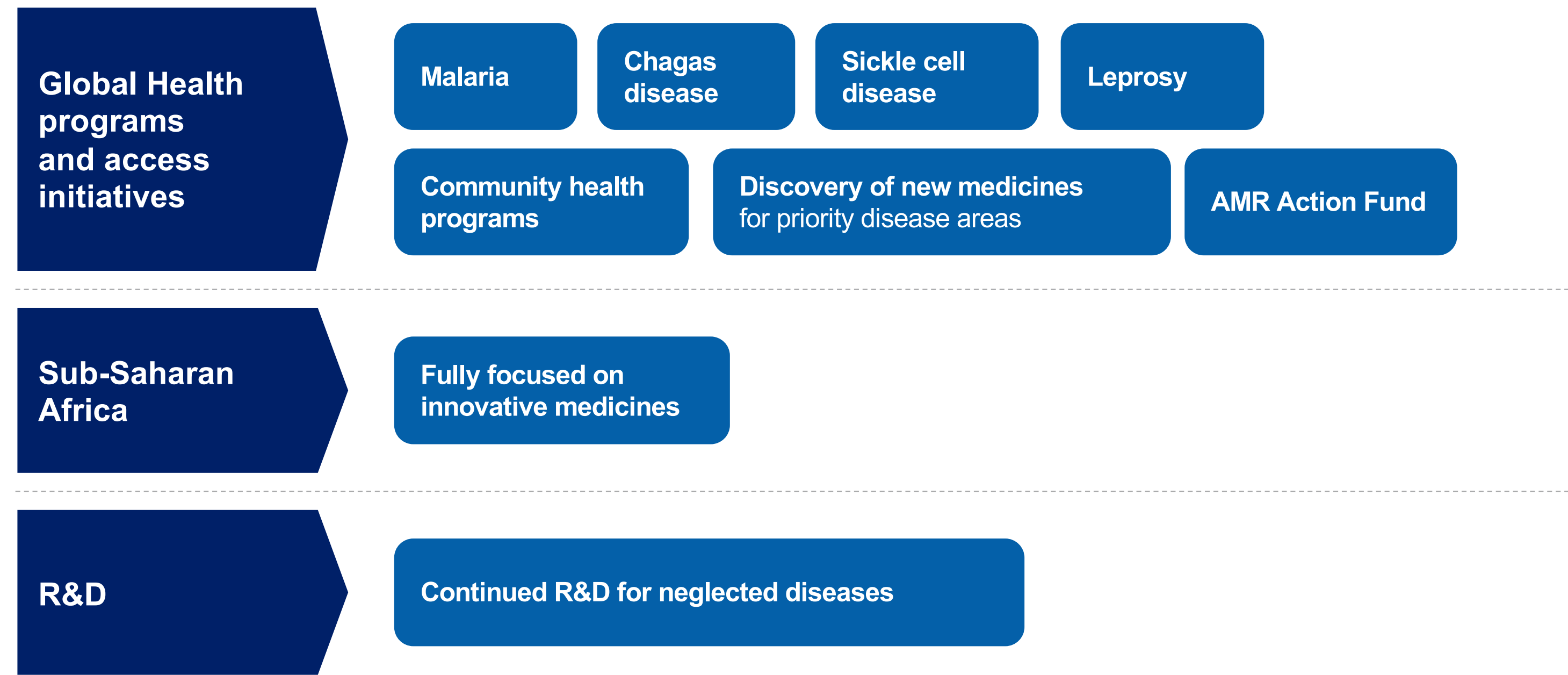
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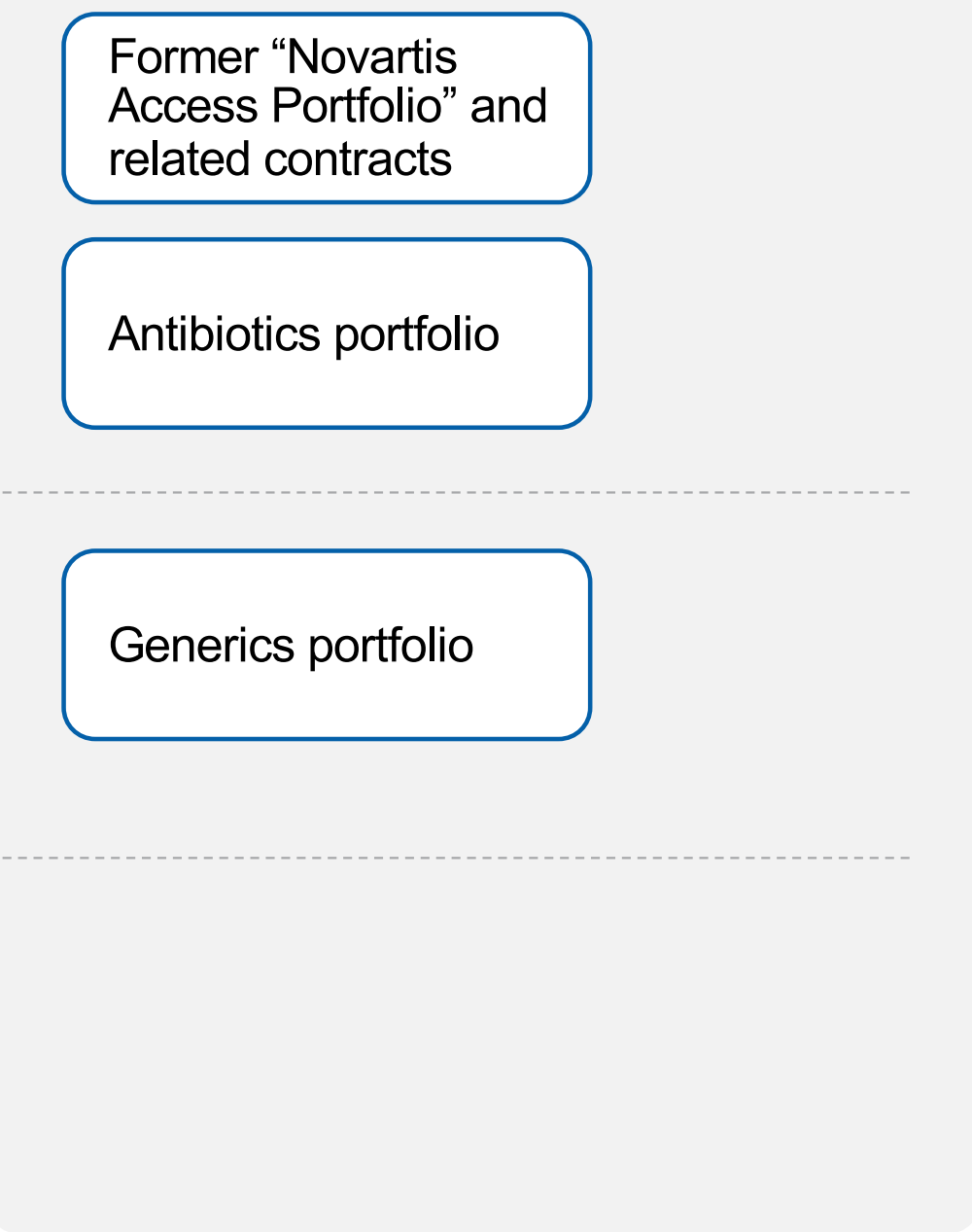
Conclusion

# The vast majority of Novartis Global Health programs have remained in Novartis after the Sandoz spin-off

## Remains with Novartis



## Transferred to Sandoz



AMR – Antimicrobial resistance. NCDs – Non-communicable diseases.





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# Innovation for Global Health to drive impact in neglected tropical diseases



## Thierry Diagana

Head Global Health Research

**Drug discovery for Global Health**



## Sujata Vaidyanathan

Head Global Health Development Unit

**Linking development with access**







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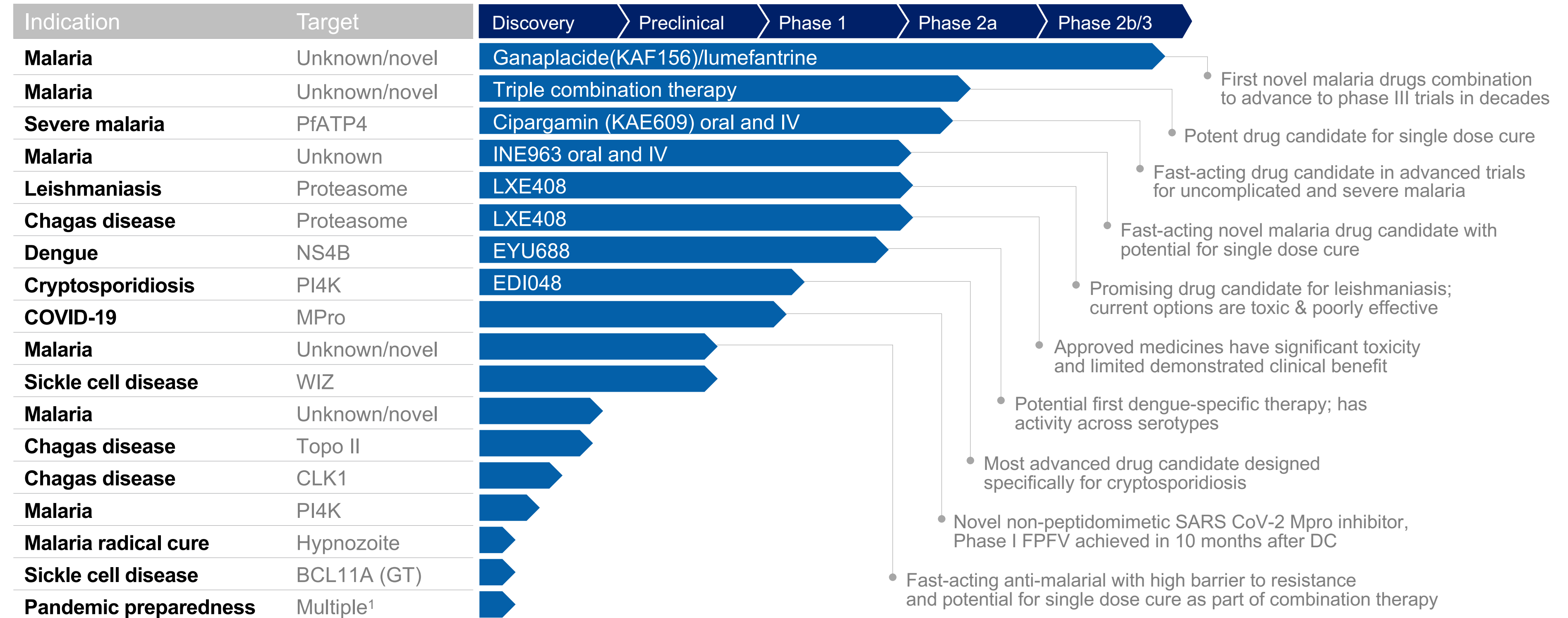
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# One of the most extensive pipelines in Global Health with 7 new chemical entities currently in human trials across 6 disease areas



GT – In vivo gene therapy. 1. Viruses with epidemic or pandemic potential: flaviviruses, henipaviruses, coronaviruses.





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# Novartis is proud of our long-term commitment to Global Health R&D which creates value for all our stakeholders

## Value creation

Innovation for Global Health aims to drive **impact** in neglected tropical diseases

Novel drugs for tropical diseases are eligible for **PRV**, a **financial incentive** and **external validation** of the unmet need<sup>1</sup>

## Risk mitigation

As the global population grew from 7 to 8bn, **~70%** of the added population was in LICs and LMICs... when the population rises from 8 to 9bn, **~90%** of the growth will take place in LICs and LMICs<sup>2</sup>

Novartis assesses impacts of changing disease burdens: Novartis portfolio covers disease areas that could be most impacted by **climate change**, incl. cardiovascular, NSCLC, **malaria**, **dengue**<sup>3</sup>

## Right thing to do

Underserved patients are severely impacted by diseases for which traditional **market incentives to conduct R&D do not exist**

Novel Global Health therapies can change the course of some of humanity's most **longstanding unsolved health challenges**

1. 6 candidates in our Global Health pipeline eligible for PRVs; 2 PRVs already received by Novartis. FDA and Cosmetic Act, section 524, authorizes FDA to award Priority Review Vouchers (PRVs) to sponsors of approved medicines to treat certain tropical diseases [Tropical Disease Priority Review Voucher Program | FDA](#). 2. <https://www.un.org/development/desa/dpad/publication/un-desa-policy-brief-no-140-a-world-of-8-billion/>. 3. Internal analysis of scientific literature.



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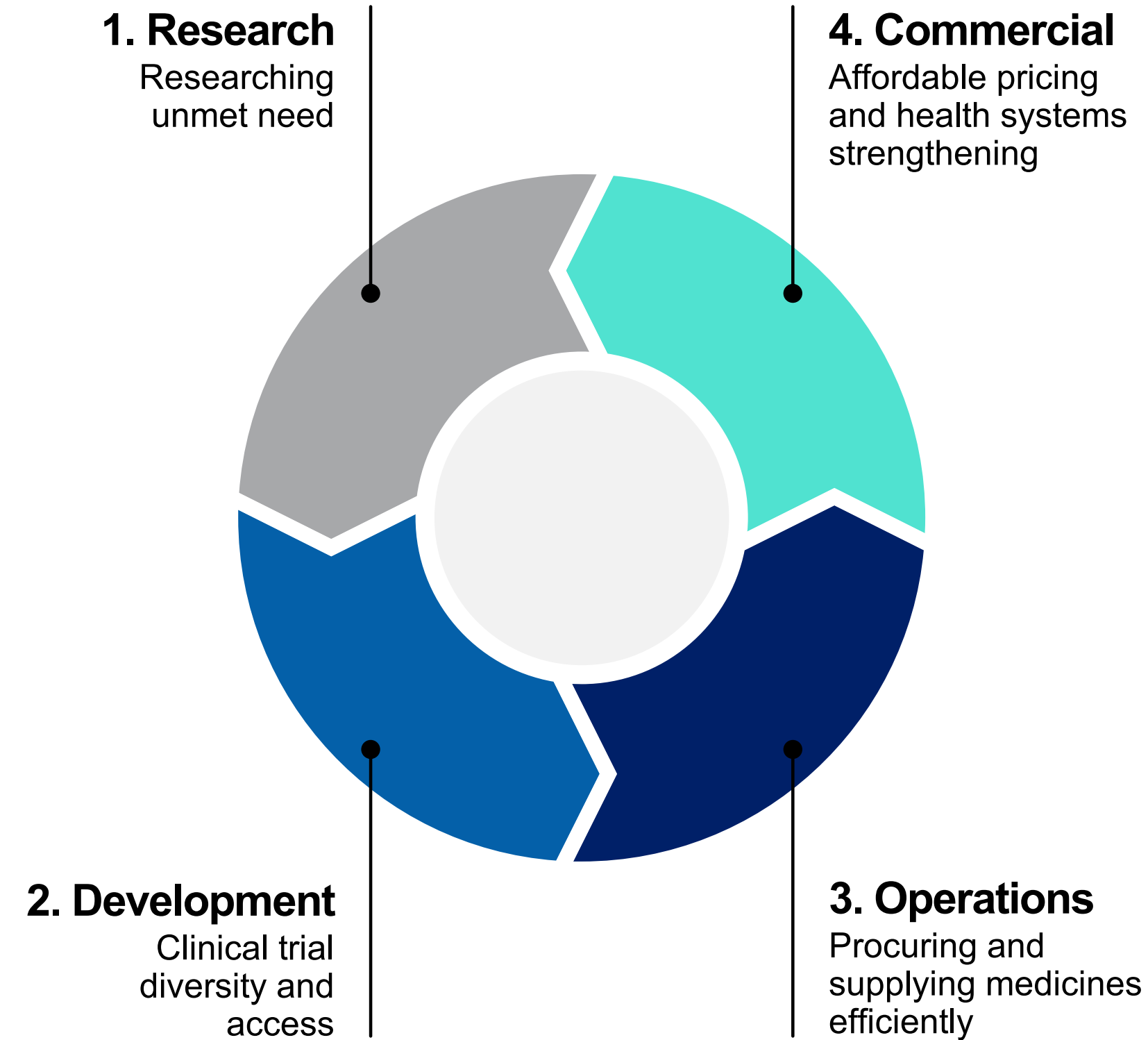
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# We leverage Novartis core research and development competencies for Global Health



## Disease-focused innovation for Global Health

We apply scientific expertise and advanced technology platforms to discover and develop medicines that target disease areas where we can transform lives

### Platforms

#### Biology and lead discovery

High throughput assay and screening capacity

#### Pharmacology

Small and large animal models

#### Medicinal chemistry

Chemical optimization and chemical biology

#### Artificial intelligence and machine learning

Internal multitask prediction models

#### Structural & biophysical chemistry

X-ray structure, biophysics, mass spectrometry

#### Trial capabilities

Early and late stage





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# We prioritize our portfolio, beginning with the identification of Global Health challenges identified by the World Health Organization

## 2 billion

patients do not get medicines they need<sup>1</sup>

## More than a billion people

suffer from neglected infections each year (parasitic, viral, and bacterial), largely in “tropical” regions<sup>2</sup>

## Underserved patients

living predominantly in lower income countries

## Triple burden of disease in LMICs:

neglected communicable diseases, non-communicable diseases on the rise, epidemics and pandemics

## Unmet therapeutic needs

There are no treatments, or current medicines are suboptimal, for many priority health challenges identified by the World Health Organization

### Examples:

#### Emerging drug resistance

Malaria

#### Toxic or poorly effective available therapies

Chagas disease

Leishmaniasis

Parasitic diarrhea (cryptosporidiosis)

#### No approved therapies

Dengue fever

Viral pathogens with epidemic or pandemic potential

1. Access to Medicine Foundation. 2. World Health Organization.



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# In malaria, our pipeline is designed to maintain the progress achieved and support efforts for disease elimination

## Novartis introduced Coartem, the 1st artemisinin-based combination therapy (ACTs), in 1999

ACTs were designated as first-line therapy for malaria by WHO in 2001

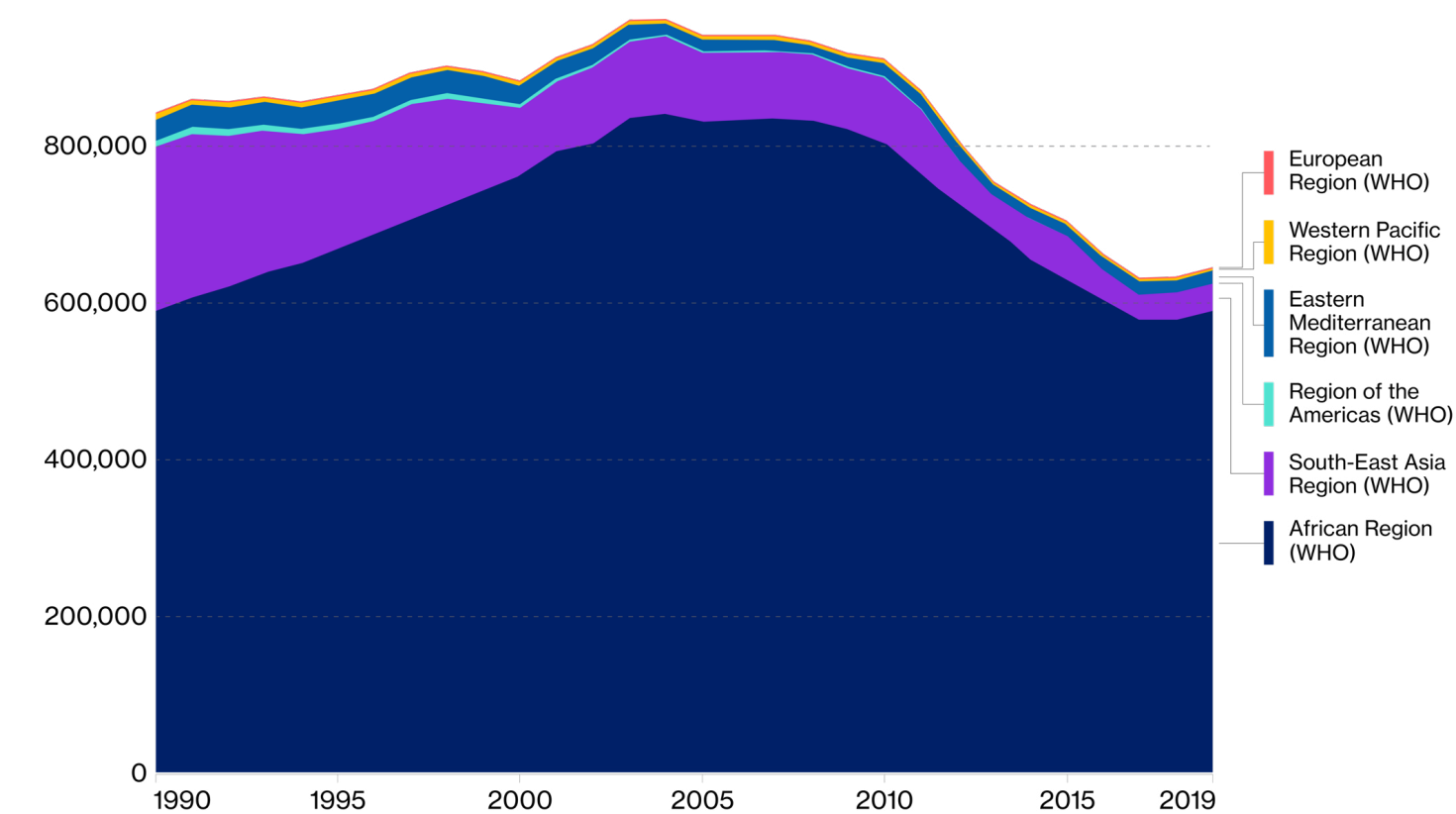
More than a billion doses of Coartem have been distributed



## ACTs, along with indoor residual spraying and use of bednets, have led to substantial reduction in malaria deaths<sup>1,2</sup>

Progress is fragile and could reverse

Annual Malaria deaths by world region 1990-2019



## Our pipeline addresses unmet needs for malaria control and elimination

Novel medicines to address emerging drug resistance

Simplified dosing regimens

Improved treatments for severe malaria

Improved formulations for infants

Novel medicines to address the dormant (*Plasmodium vivax*) form of malaria

1. Nature, "The effect of malaria control on *Plasmodium falciparum* in Africa between 2000 and 2015" (2015) 526; 207. 2. <https://ourworldindata.org/grapher/malaria-deaths-by-region>.





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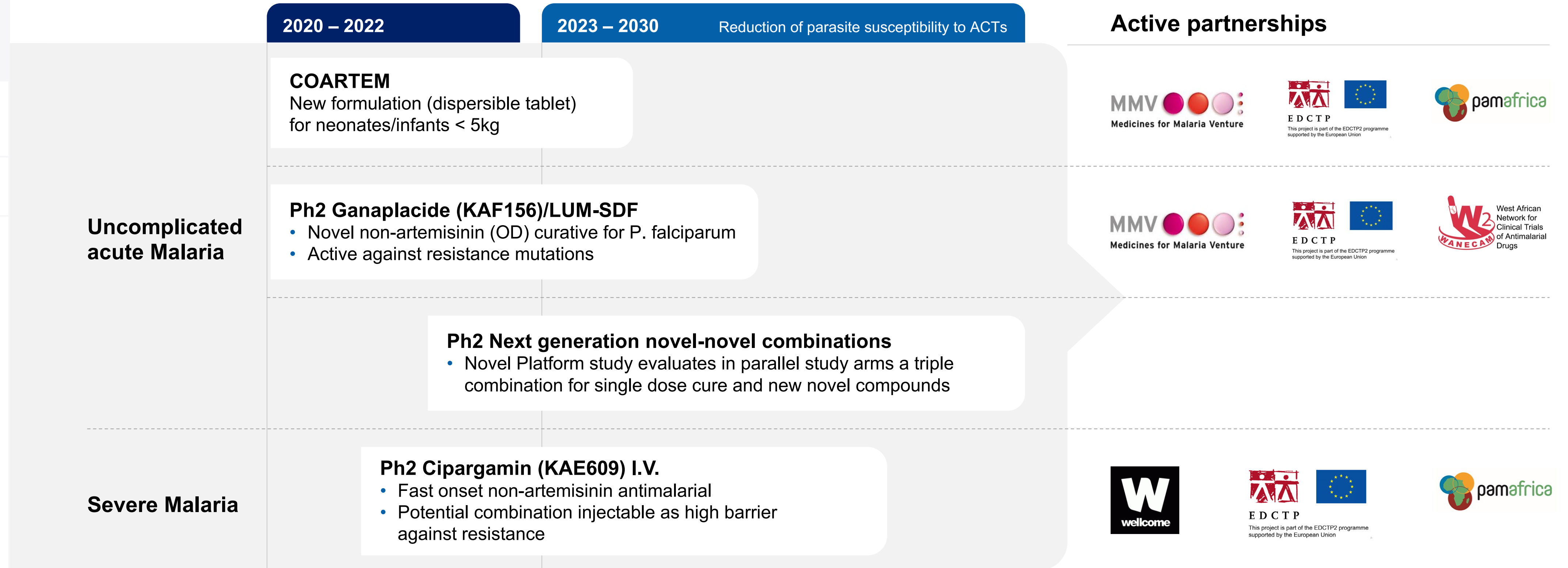
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# Our malaria development programs address unmet needs including emergence of resistance, supported by our partners





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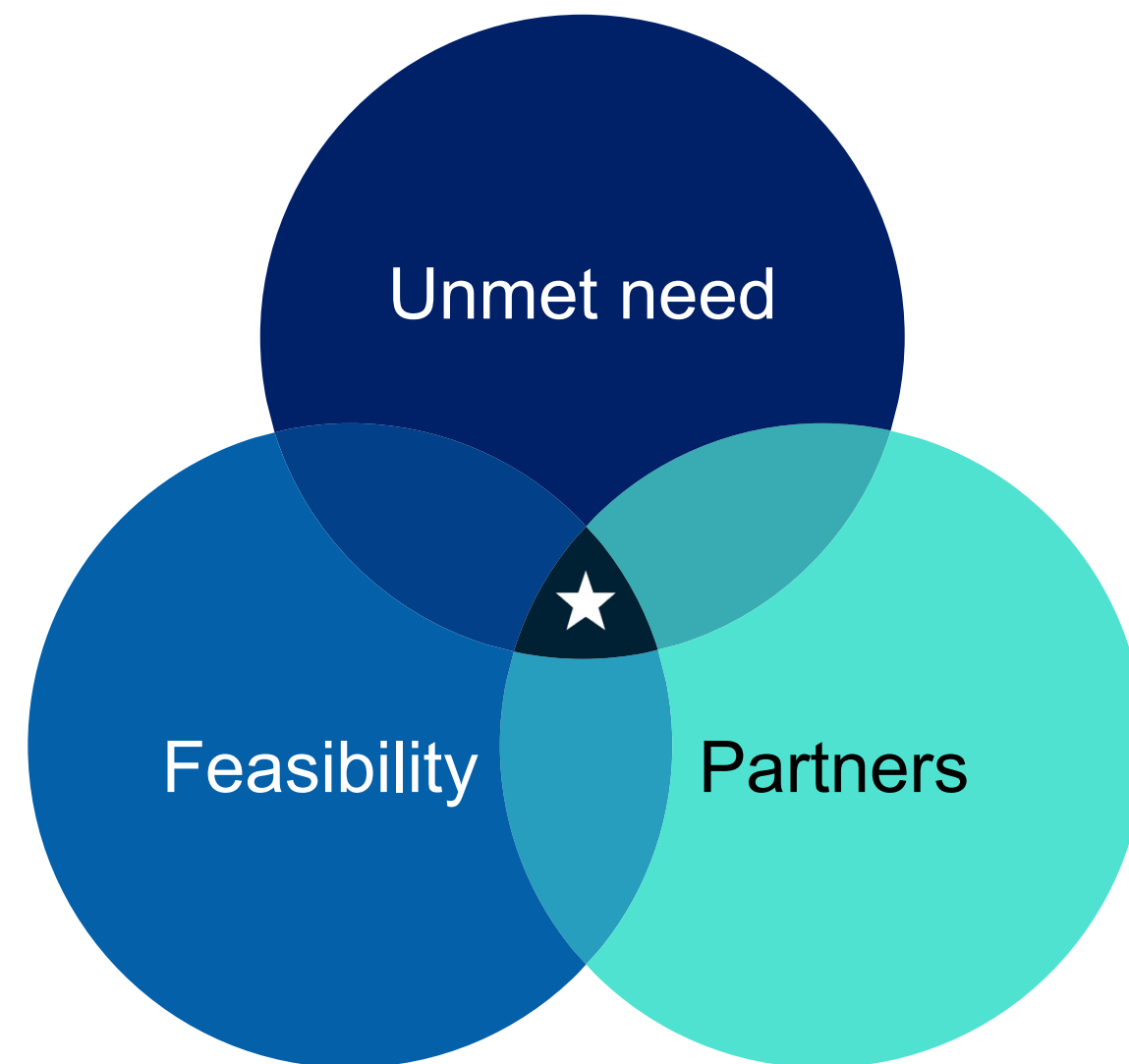
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# We then identify areas where we can deliver impact at regional or global scales

## Prioritization based on

Our greatest impact is in areas of unmet need, scientific feasibility, and enabling partnerships



## Example: Dengue

- Nearly half of the world’s population is now at risk, with 100-400m infections/year<sup>1</sup>
- Severe disease can cause death<sup>1</sup>
- Novartis drug candidate, **EYU688**, is expected to be soon in Ph2 trials

### Unmet need

There is no approved direct-acting dengue antiviral medicine

### Feasibility

Novartis discovered a pan-serotype inhibitor of the dengue virus nonstructural protein 4B (NS4B) that shows strong potency against all four serotypes of dengue virus in pre-clinical models<sup>2</sup>

### Partners

Welcome partnered in **research efforts** for EYU688 and current novel discovery work involves **collaboration** with US National Institutes of Health

1. <https://www.who.int/news-room/fact-sheets/detail/dengue-and-severe-dengue-models>. Science Translational Medicine (2021) 13;579:eabb2181.

2. Moquin S, et al. "NITD-688, a pan-serotype inhibitor of the dengue virus NS4B protein, shows favorable pharmacokinetics and efficacy in preclinical animal models." Science Translational Medicine (2021) 13;579:eabb2181.





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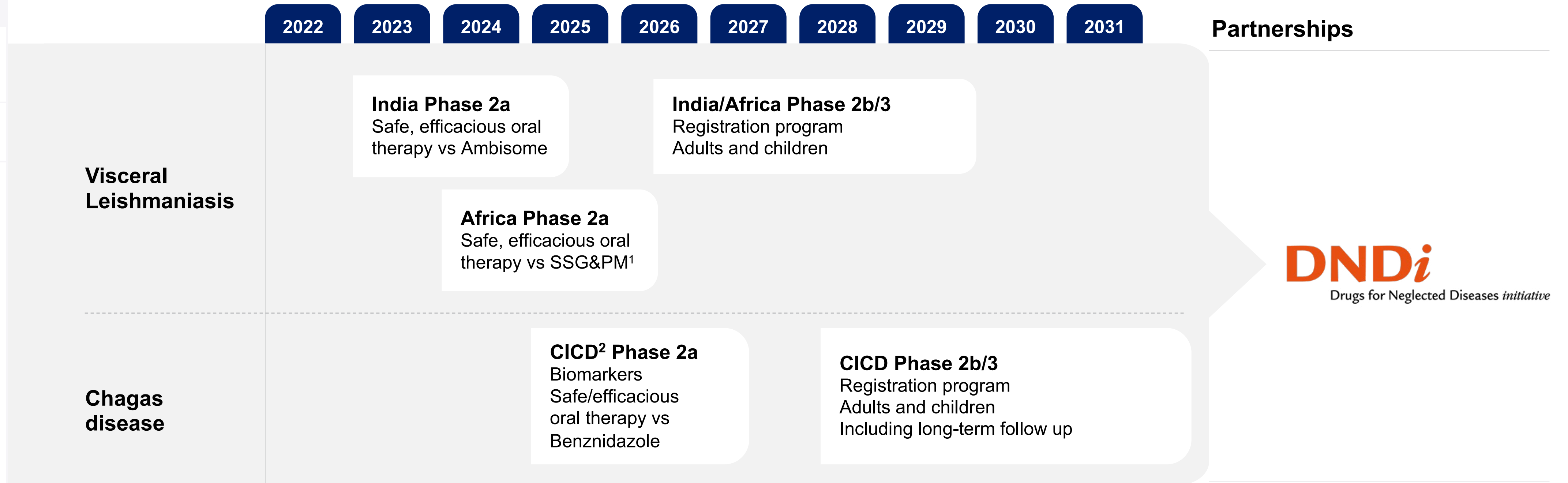
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# Novartis and DNDi are collaborating on the development of LXE408 in kinetoplastid disease and preparing for access

## LXE408 oral, first-in-class inhibitor of the kinetoplastid proteasome



1. SSG&PM: Sodium Stibogluconate & paramomycin. 2. CICD: Chronic Indeterminate Chagas disease.



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# Importantly, diseases in our Global Health portfolio are assuming increased relevance due to climate change

## Rising temperatures may increase climactic suitability of malaria, dengue and other diseases<sup>1</sup>

Emerging evidence that climate change may influence the tropical disease burden



### Dengue

Millions of people may be threatened with new exposure to dengue over the next century<sup>1</sup>

Locally acquired dengue infections have increased in parts of Europe<sup>2</sup>



### Malaria

Transmitted locally in southern US for the first time in decades<sup>3</sup>

>5bn people could be at risk for malaria by 2040 due to climate and population growth<sup>5</sup>

Conducted life-cycle assessment of environmental impact of Coartem<sup>®</sup>



### Viral threats

Climate change expected to substantially increase cross-species virus transmission<sup>4</sup>



Planetary warming is expected to alter breeding habitats and viability of insect vectors and to influence animal reservoirs of disease

1. Plos NTD 2019. 2. European Surveillance 2022. 3. <https://emergency.cdc.gov/han/2023/han00496.asp>. 4. Nature 2022 Vol 607. 5. "Where Malaria is Spreading", Washington Post, October 23, 2023.





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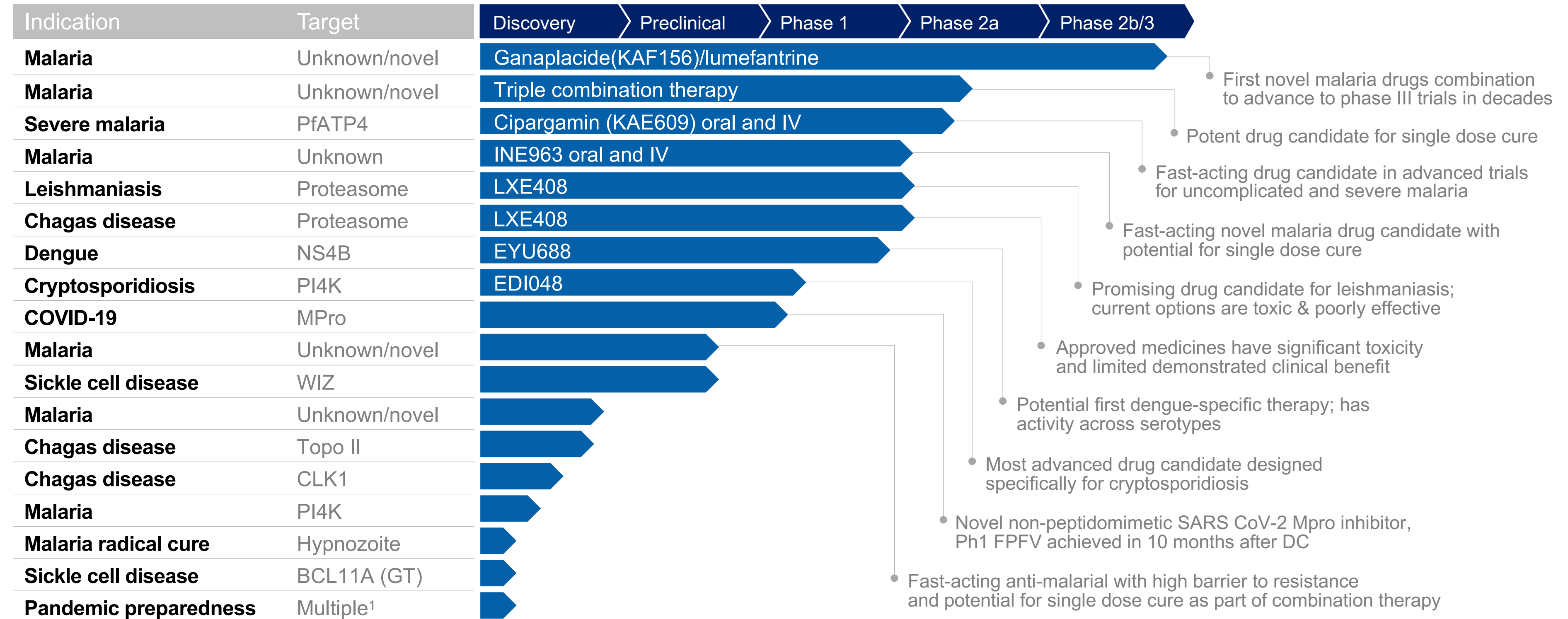
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# One of the most extensive pipelines in Global Health with 7 new chemical entities currently in human trials across 6 disease areas



DC – development Candidate nomination. FPFV – First patient, first visit / trial initiation. GT – In vivo gene therapy. 1. Viruses with epidemic or pandemic potential: flaviviruses, henipaviruses, coronaviruses.



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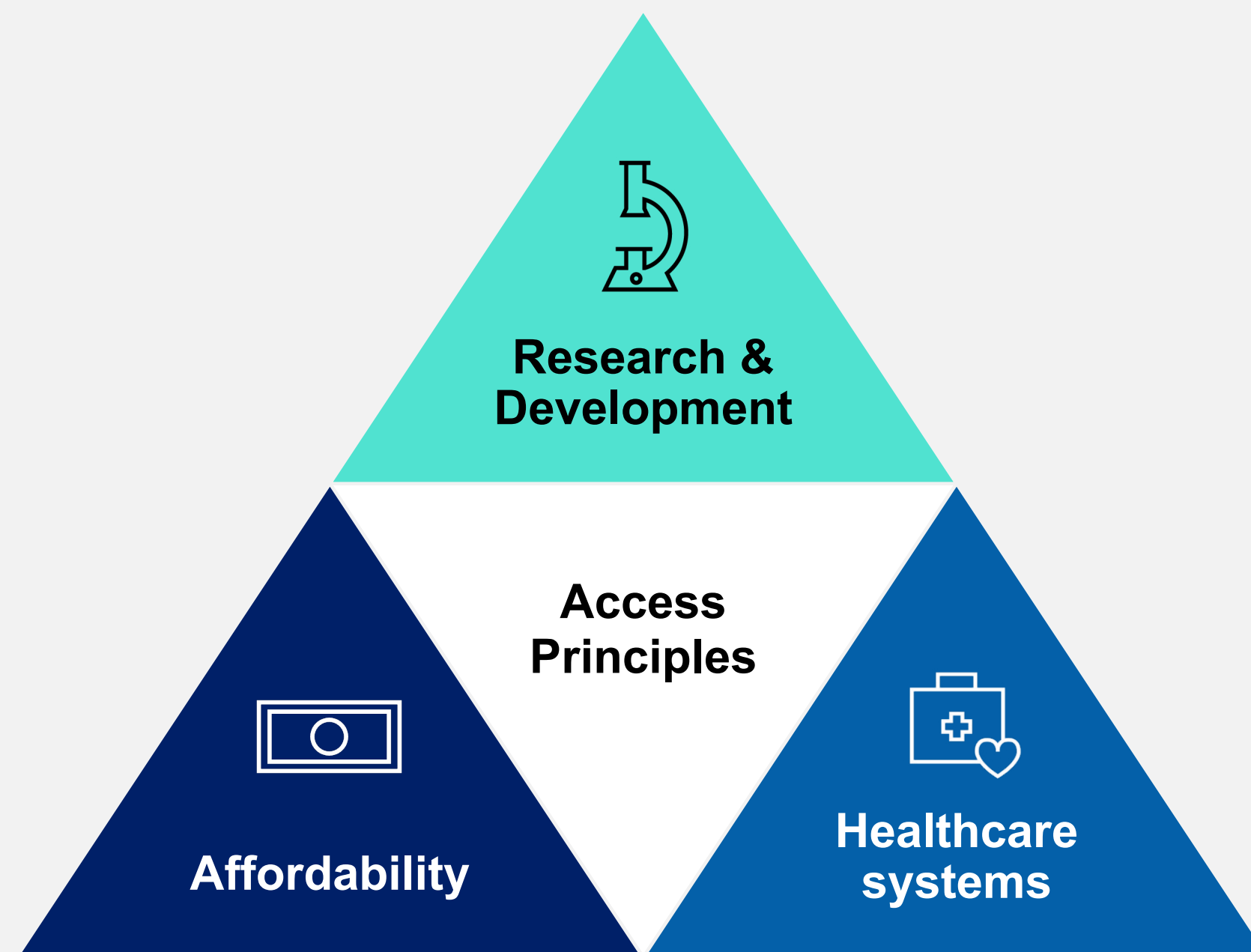
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# We use Novartis Access Principles to link clinical development and access



## Planning early for access

Drug development discipline across the life cycle

## Clinical trial diversity

Ensuring representative trials

## External partnerships





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# Early access planning, trial diversity and partnerships are critical success factors in advancing health equity

## Value creation

Bring innovation **faster** and to **more patients** in HICs and LMICs

Improve **medical research**

Contribute to strengthening healthcare systems

## Risk mitigation

To ensure medical needs of underserved patients are **not overlooked**

Ensure trial participants represent a diverse patient population to assess **safety and efficacy** of our medicines

To address complex access-to-medicine barriers

To comply with new **regulations**

## Right thing to do

**Scientifically sound**

**Social responsibility**

Sustainability of the program



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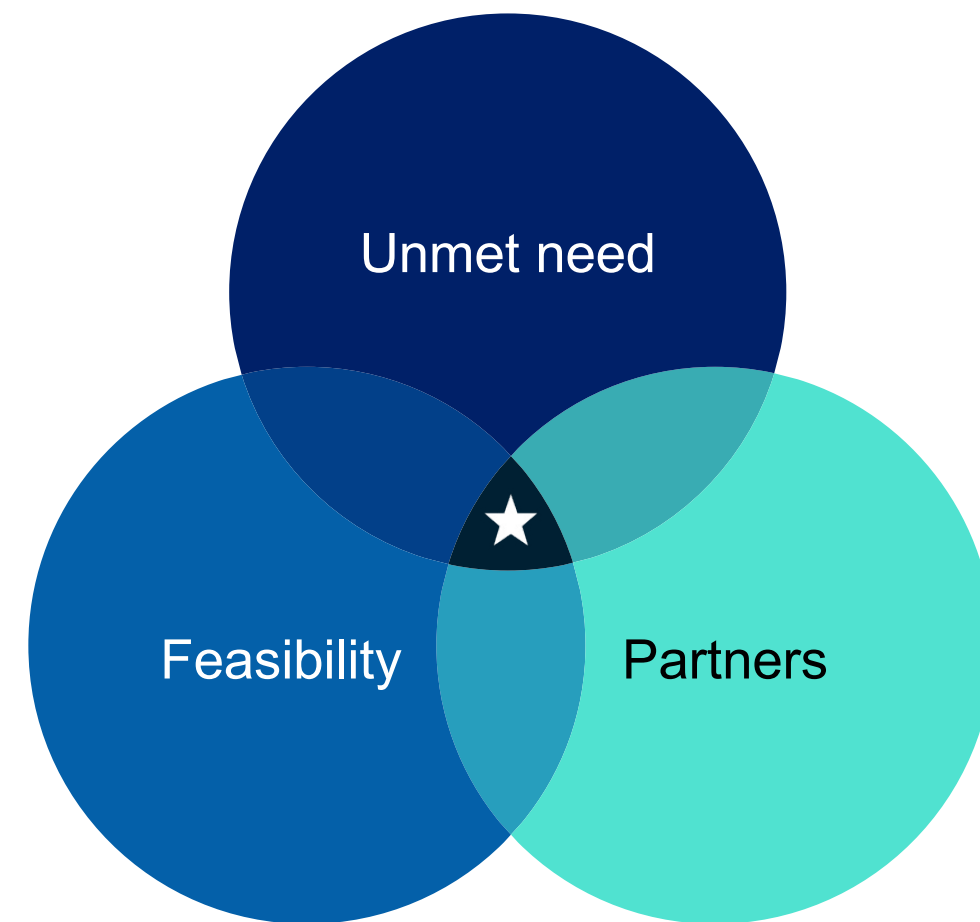
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# Adaptive development further increases the impact of our medicines

## Example 1: Sacubitril/valsartan (Entresto®) for potential use in Chagas disease

**Adaptive R&D:** Adapting existing medicines via R&D; such as new formulations, new fixed-dose combinations, repurposing for additional indications, or developing for a new target age group, e.g. children.



### Chagas disease

A neglected tropical disease (NTD) caused by a parasite (*T.cruzi*), recognized by WHO as one of the 10 priority NTDs

~30% of infected individuals exhibit evidence of chronic cardiomyopathy, a leading cause of death in Chagas disease patients: ~10k deaths per year<sup>1</sup>

### Unmet need

Heart failure caused by Chagas disease has unique characteristics, higher mortality rates and no evidence-based treatment

### Feasibility

Additional study to demonstrate **Entresto®** superiority over SoC in Chagas disease (Argentina, Brazil, Colombia, Mexico)

Recruitment completed with 900 patients enrolled

### Partners

Working with partners<sup>2</sup> to increase **disease awareness**, foster synergies in **controlling the disease** and promoting access to **diagnosis and treatment**

SoC – Standard of care. 1. Source: WHO. 2. Global Chagas Disease Coalition, The World Heart Federation and the Inter-American Society of Cardiology, Barcelona Institute for Global Health in Bolivia.





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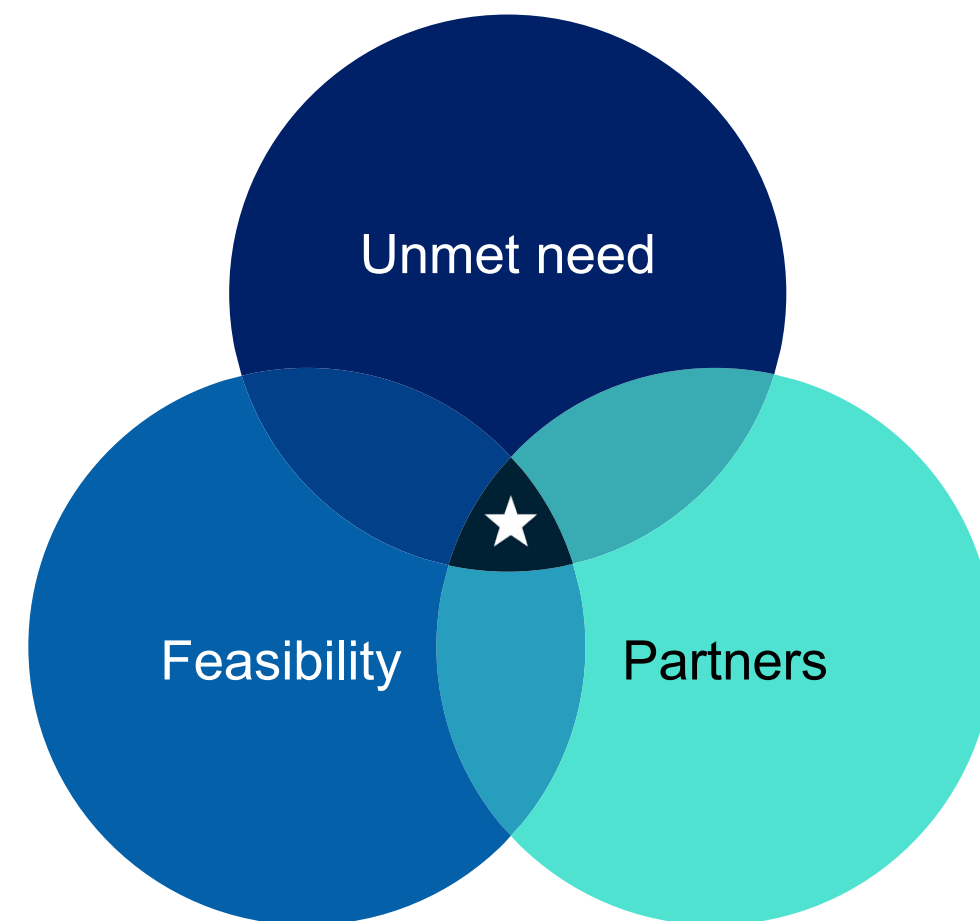
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# Adaptive development further increases the impact of our medicines

## Example 2: Hydroxyurea in sickle cell disease (SCD)



Globally, the number of people living with **SCD** increased from ~5.5m in 2000 to almost 8m in 2021 representing >40% increase<sup>1</sup>

1,000 children in Africa are born with SCD every day, up to half will die before they reach five years of age<sup>2</sup>

**Hydroxyurea** is proven to decrease mortality from sickle cell disease<sup>3</sup>

### Unmet need

Access to a children-tailored formulation has been severely lacking in Africa, which impairs compliance with potentially life-saving medicine

### Feasibility

Novartis developed a film coated tablet that is dissolvable in water for administration to young children  
  
The naturally bitter taste of the active pharmaceutical ingredient was masked with a flavored sweetener

### Partners

Ghana was the first country to approve the formulation in 2022  
  
It has since been approved in 4 other African countries and registration is pending in more

SoC – Standard of care. 1. Source: Lancet Haematology 2023. 2. American Journal of Preventative Medicine 2011. 3. New England Journal of Medicine 2019.



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# Addressing barriers to ensure people from diverse backgrounds join clinical trials

## Trial participants should represent the patients that will use the medical products

However...

**52%** of US trials occur in **1.5%** of the zip codes<sup>1</sup>. A person's zip code can have a significant impact on life expectancy

**39%** of US population comprise of racial / ethnic minorities, but only account for **2% to 16%** of clinical trial participants<sup>2</sup>

**Rootcauses: mistrust and bias**

## Beacon of Hope

Co-create effective, measurable solutions for health equity



Novartis initiated and leads, \$50m contribution

10-year collaboration

26 Historically Black Colleges/Universities and expanding members

1200 scholarships over 10 years, mentorship and internship

Supporting establishment of digitally enabled **clinical trial Centers of Excellence**

Supporting research in health inequity, impact of environment on health



## Innovative Health Initiative



Ensure equitable representation of underserved populations in clinical research

Novartis is lead partner with in-kind contribution of €7.5M

Agree on a common definition of underserved, understand culture-specific barriers

Build sustainable infrastructure to improve recruitment/retention of underserved patients

**Metric: 100% of US Phase 3 studies have evaluated D&I principles<sup>3</sup> in feasibility planning**

Source: 1. [Clinical Trial Diversification Better Practices](#). Trans Celerate. 2. [USC researchers rise to the challenge of improving diversity in clinical trials](#). 3. D&I principles: Race/ethnicity/gender epidemiology variances for the indication are considered during feasibility planning and trial recruitment.





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# Innovation for Global Health to drive impact in neglected tropical diseases

1  
**Long-term commitment** to Global Health and underserved population

2  
One of the **most extensive** and **innovative** Global Health pipelines

3  
Global Health (R&D) **creates value** across our stakeholders by driving impact in neglected tropical disease

4  
Longstanding **partnerships** with philanthropies and other major stakeholders to catalyze R&D efforts

5  
Critical success factors to **advance health equity** include early access planning, trial diversity and partnerships





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# Evolving ESG reporting landscape



**Paul Penepent**  
Head Finance Reporting & Accounting







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# Our objectives and philosophy for non-financial reporting

## External environment

ESG reporting environment evolving at varying pace and with different requirements across the markets in which we operate

### Drivers

1. Maturing regulatory requirements
2. The need for confidence and reliability over data to facilitate tracking against public commitments
3. Investor, customer and employee expectations continues to increase
4. Preparing for reasonable assurance

## Novartis

Continue to advance our ESG reporting, preparing for a future convergence of financial and non-financial reporting in line with regulations

Non-financial reporting goes beyond our disclosures, allowing us to build trust with society and drive long term, sustainable value

Continued focus and investment into our ESG reporting capabilities, underpinned by a structured reporting operating model, positions us well to meet these existing and emerging requirements







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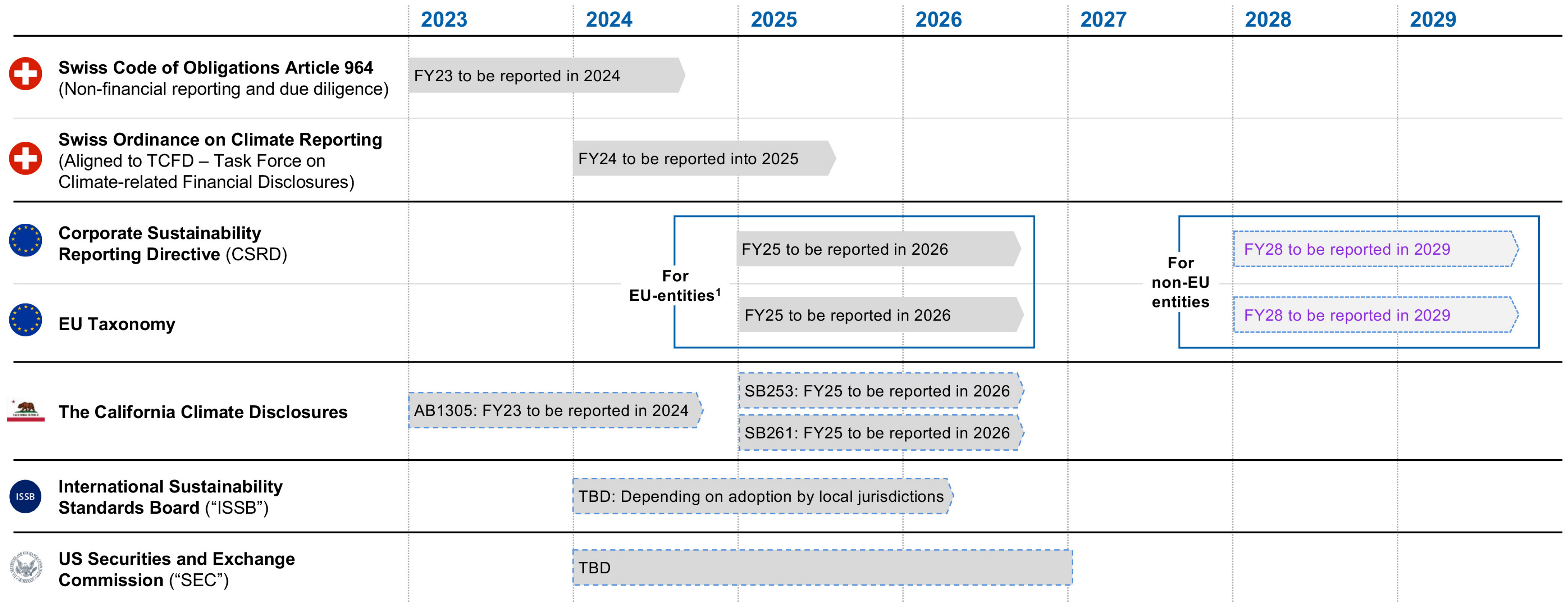
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# The ESG reporting landscape

There are significant upcoming ESG reporting regulations which are expected to impact Novartis integrated report and assurance requirements



1. >250 employees, EUR 40m turnover, EUR 20m assets.





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# Novartis is successfully preparing for emerging requirements

We are well positioned to meet existing and emerging requirements in this rapidly evolving, and complex regulatory landscape

Regulations and standards	Effective from	Implications and Novartis status	
 <b>Swiss Code of Obligations Article 964</b>	FY 2023	<ul style="list-style-type: none"> <li>Novartis Integrated Report 2023 for the first time subject to a shareholder vote at AGM 2024</li> <li>Due diligence and reporting on child labor and conflict minerals</li> </ul>	✓ On track
 <b>Swiss Ordinance on Climate Reporting</b>	FY 2024	<ul style="list-style-type: none"> <li>Disclosures on climate-related risks / opportunities, financial impacts</li> <li>TCFD-ready disclosure, 2023 will be 4<sup>th</sup> year we have disclosed</li> </ul>	✓ On track
 <b>Corporate Sustainability Reporting Directive (CSRD)</b> (legislation) using <b>ESRS</b> (standards)	FY 2025	<ul style="list-style-type: none"> <li>Disclosures across 2 cross-cutting and 10 topic standards – subject to materiality</li> <li>Initially 'limited', later 'reasonable' assurance</li> <li>Sector-specific standards expected in a few years</li> </ul>	✓ On track
 <b>EU Taxonomy</b>	FY 2025	<ul style="list-style-type: none"> <li>Disclosure of sustainable ('green') share of eligible and aligned revenue, CAPEX, and OPEX</li> </ul>	✓ On track
 <b>The California Climate Disclosures</b>	FY2025	<ul style="list-style-type: none"> <li>SB253: require carbon emissions reporting, 3<sup>rd</sup> party assurance</li> <li>SB261: climate risk report aligned to TCFD-framework</li> <li>AB1305: disclosure requirements over carbon or GHG emission reduction claims</li> </ul>	✓ Emerging
 <b>International Sustainability Standards Board ("ISSB")</b>	FY 2024	<ul style="list-style-type: none"> <li>Investor-focused standards, designed to form global baseline for sustainability reporting</li> <li>Financially material topics to be disclosed for investors (S1)</li> <li>Additional detail for climate disclosures, building on TCFD (S2)</li> </ul>	Monitoring
 <b>US Securities and Exchange Commission ("SEC") Climate Proposal</b>	TBD	<ul style="list-style-type: none"> <li>TBD – ongoing uncertainty regarding final rules and timelines</li> </ul>	Monitoring



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# ESG reporting at Novartis

We continue to articulate our sustainability journey, communicating our progress and performance to our stakeholders and ensuring we comply with regulatory requirements applicable to our company

## Our focus continues to be

Preparing for additional **regulatory requirements** and the future **alignment of ESG and financial reporting**

Preparing for **future assurance requirements**, planning our transition from limited to reasonable assurance

Conducting regular **materiality assessments** to monitor and manage our most material risks and opportunities

Continuing to explore our **measurement of 'impact'** in line with the Value Balancing Alliance and International Foundation of Value Impact

Continuous assessments of quantitative and qualitative metrics to further enhance and articulate our sustainability position

Continuing to focus and invest in our ESG reporting operating model to **drive further improvements** and stay at the forefront of ESG reporting





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# Conclusion

**Lutz Hegemann**

President, Global Health & Sustainability





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# We still have a long way to go in reaching our ambitious long-term targets, but we are making progress; plans and commitments on track...

## Progress of selected targets

On-Track  Achieved

ESG Pillar	Long-term public target	2023 target	Q2/Q3 progress
<b>Innovation &amp; Access</b>	<b>+200% patient reach</b> in LMICs with Strategic Innovative Therapies by 2025 <sup>1</sup> (1.6mn) - bond target	1.1m	1.5mn <input checked="" type="checkbox"/>
	<b>+50% patient reach</b> with Global Health flagship programs <sup>2</sup> by 2025 <sup>1</sup> - bond target	22.6m	18.5m <input checked="" type="checkbox"/>
	<b>100% of new launches</b> have a global access strategy	100% of pre-defined launches	On track <input checked="" type="checkbox"/>
<b>Human Capital*</b>	<b>Gender balance</b> in management by 2023 - EPIC pledge	48-52%	48% <sup>3</sup> <input checked="" type="checkbox"/>
	100% of recruitment <b>no longer asking for historical salary</b> by 2023 - EPIC Pledge	100%	92% <input checked="" type="checkbox"/>
<b>Environmental Sustainability**</b>	<b>Carbon neutral</b> (scope 1 and 2 emissions) by 2025	-60% (scope 1 and 2) <sup>4</sup>	-56% <input checked="" type="checkbox"/>
	<b>Carbon neutral</b> (scope 1, 2, 3 emissions) by 2030; <b>Net Zero</b> by 2040	>55% of scope 3 emissions covered with ES criteria in suppliers' contracts	>54% of scope 3 emissions covered <input checked="" type="checkbox"/>
	<b>Waste disposal</b> reduced by 50% by 2025 <sup>4</sup>	>60% <sup>4</sup>	64% <input checked="" type="checkbox"/>
	Plastic neutral by 2030; <b>eliminate PVC in packaging</b> <sup>5</sup> by 2025 <sup>4</sup>	-90% <sup>4</sup>	-90% <input checked="" type="checkbox"/>
	<b>Water consumption</b> reduced by half in our operations by 2025 <sup>4</sup>	-45% <sup>4</sup>	-46% <input checked="" type="checkbox"/>
	<b>Water neutral</b> by 2030	Top 25% sites taking actions <sup>6</sup>	On track <input checked="" type="checkbox"/>

\*Renewed EPIC pledge from 2024; existing EPIC targets until 2023. \*\*Q2 data. EPIC – Equal Pay International Coalition. ES – Environmental Sustainability. LMIC - Low-income and lower-middle income countries. 1. vs. 2019 baseline; target linked to sustainability-linked bond. 2. Malaria, Leprosy, Chagas disease, Sickle Cell Disease. 3. Reflects post-Sandoz spin. 4. vs. 2016 baseline. 5. Defined as secondary and tertiary packaging; primary packaging when feasible. 6. High water risk locations identified based on operational risk assessment performed in accordance with WWF Water Risk Filter Tool.





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# ...which is reflected by consistent industry-leading performance across priority ESG ratings

Priority rating	Updated	Scores <sup>1</sup>		Status	Industry perspective
		Current	Previous <sup>2</sup>		
<b>MSCI</b>	Jul 2023	AA	AA	<b>Leaders</b> group	One peer with AAA, two peers with AA <sup>3</sup>
<b>Sustainalytics*</b>	Sep 2023	16.2	16.9	<b>Leaders</b> group	Low risk category
<b>ISS ESG</b>	Jul 2023	B	B	<b>Industry leader</b> group	2/522
<b>Access to Medicine Index</b>	Nov 2022	3.87	4.18	<b>Leadership group</b> since 10 years	4/20
<b>CDP Climate Change</b>	Dec 2022	A	B	<b>Double A</b> List (Leadership)	One peer with double A List <sup>3</sup>
<b>CDP Water Security</b>	Dec 2022	A	A-		

1. Score ranges - ATMI: 1 to 5; CDP: D- to A; ISS ESG: D- to A+; MSCI: CCC to AAA; Sustainalytics ESG Risk Rating: 0 (Negligible risk) to 40+ (Severe risk). 2. ATMI is being published every other year. 3. Based on the peer group of 14 global healthcare companies as listed in Novartis Annual Report. \*Copyright Morningstar Sustainalytics. All rights reserved. Publication contains information developed by Sustainalytics (www.sustainalytics.com). Their use is subject to conditions available at <https://www.sustainalytics.com/legal-disclaimers>.



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# Conclusion

**1**  
Focusing on **innovation and access** to medicines to create value for the company while mitigating risks

**2**  
Creating **impact** by fulfilling unmet medical need through delivering innovative, quality medicines to **as many people as possible**

**3**  
Our **Access Principles** are designed to drive impact e.g. significantly increasing impact in CVD through Entresto® emerging market brand

**4**  
Novartis has one of the **most extensive pipeline in Global Health** with 7 new chemical entities currently in human trials across 6 disease areas

**5**  
**Long-term commitment, partnerships**, early access planning, trial diversity are critical success factors in Global Health

**6**  
**Well positioned** to meet existing/emerging ESG reporting requirements in this complex **regulatory landscape**





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# QA panel

## Klaus Moosmayer

Chief Ethics, Risk & Compliance Officer



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## Thierry Diagana

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## Sujata Vaidyanathan

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