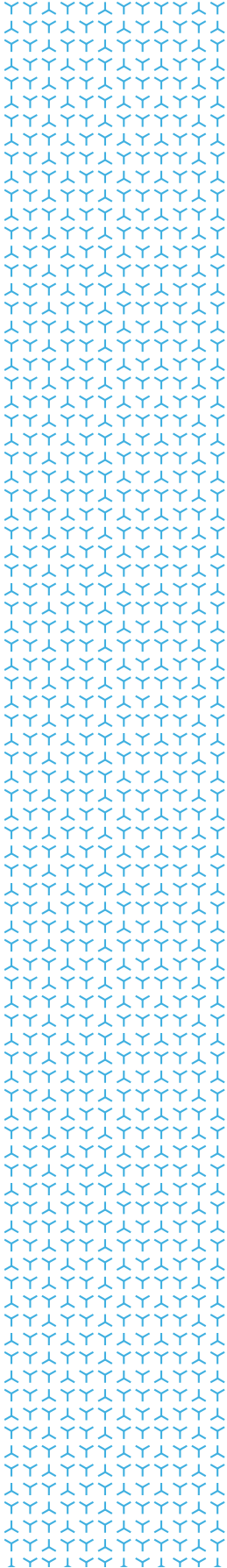


Shareholder Information



Compensation Votes

at the 2023 Annual General Meeting

Item 7 of the Agenda
(The original German text is binding)

Dear Shareholder,

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

As we work at Novartis to reimagine medicine, our unwavering focus on our strategy and purpose enabled us to continue to create value for patients, healthcare professionals, healthcare systems, employees, shareholders, and society.

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

As in prior years and in line with the Swiss Ordinance against Excessive Compensation in Listed Companies and our Articles of Incorporation, we are asking shareholders at the 2023 Annual General Meeting (AGM) to cast separate binding votes on the maximum aggregate amount of compensation for the Board of Directors and the maximum aggregate amount of compensation for the Executive Committee, and an advisory (non-binding) vote on our 2022 Compensation Report as described in this brochure.

Vote 7.1: Binding Vote on the Maximum Aggregate Amount of Compensation for the Board of Directors from the 2023 Annual General Meeting to the 2024 Annual General Meeting

The Board of Directors proposes approval of a maximum aggregate amount of compensation for the Board of Directors of CHF 8 750 000, covering the period from the 2023 Annual General Meeting to the 2024 Annual General Meeting.

Vote 7.2: Binding Vote on the Maximum Aggregate Amount of Compensation for the Executive Committee for the 2024 Financial Year

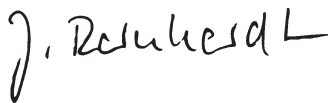
The Board of Directors proposes approval of a maximum aggregate amount of compensation for the Executive Committee of CHF 90 000 000 to be paid, promised or granted during, or in respect of, the 2024 financial year.

Vote 7.3: Advisory Vote on the 2022 Compensation Report

The Board of Directors proposes endorsement of the 2022 Compensation Report (advisory vote).

This brochure provides information on the three compensation-related votes. Further details regarding the compensation systems for our Board and Executive Committee members are set out in the 2022 Annual Report.

On behalf of the Novartis Board of Directors,



Joerg Reinhardt
Board Chair



Simon Moroney
Compensation Committee Chair

Vote 7.1

Binding Vote on the Maximum Aggregate Amount of Compensation for the Board of Directors from the 2023 Annual General Meeting to the 2024 Annual General Meeting, i.e. CHF 8 750 000

The Board Chair and other Board member annual fee rates remain unchanged since the prior year.

Board members receive only fixed compensation. They receive no variable or performance-based compensation, no share options and no additional fees for attending meetings.

Board members do not receive any company pension, insurance or other benefits. Fees paid are at least 50% in Novartis shares (up to 100% at the option of each Board member) and the remainder is paid in cash. All fees reflect our governance structure and the responsibilities of the Board, in accordance with applicable laws and our own regulations. Our benchmarking review confirms that aggregate Board compensation aligns with the current levels of other large Swiss companies. No changes are therefore proposed to the Board fee structure or quantum.

Board member annual fees payable for the period from the 2023 AGM to the 2024 AGM

CHF 000s	Fees for period from the 2023 AGM to the 2024 AGM
Board Chair	3 800
Board membership	280
Vice-Chair	50
Lead Independent Director	20
Chair of the Audit and Compliance Committee ¹	130
Chair of the Compensation Committee ¹	90
Chair of other committees ^{1,2}	70
Membership of the Audit and Compliance Committee ¹	70
Membership of the other committees ^{1,3}	40

¹ Additional committee fees for functions of Board members in committees, i.e. chairpersonship/membership (not applicable for the Board Chair)

² Applies to the Governance, Sustainability and Nomination Committee; the Science and Technology Committee; and the Risk Committee. The Board Chair receives no additional committee fees for chairing the Science and Technology Committee.

³ Applies to the Compensation Committee; the Governance, Sustainability and Nomination Committee; the Science and Technology Committee; and the Risk Committee

Amount requested for the period from the 2023 AGM to the 2024 AGM

The amount shown in the table below assumes that all proposed Board members (and Compensation Committee members) will be elected at the 2023 AGM. The total compensation amount is slightly higher than the amount requested in the previous term due to changes in the committees' memberships.

CHF	Approved for: 2022 AGM – 2023 AGM	Requested for: 2023 AGM – 2024 AGM
Board Chair	3 805 000	3 805 000
Other Board members	4 795 000	4 945 000 ¹
Total amount of compensation for the members of the Novartis Board of Directors	8 600 000	8 750 000²

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

² The total includes an estimated amount of CHF 32 919 mandatory employer contributions for all Board members payable by Novartis to Swiss governmental social security systems. This amount is part of estimated total employer contributions of approximately CHF 453 083 which is not included above, and provides a right to the maximum future insured government pension benefit for the Board member. These estimates exclude potential changes to governmental social security rates.

The total compensation earned by the Board from the 2022 AGM to the 2023 AGM is CHF 8 519 779 which is below the CHF 8 600 000 approved by shareholders at the 2022 AGM.

Vote 7.2

Binding Vote on the Maximum Aggregate Amount of Compensation for the Executive Committee for the 2024 Financial Year, i.e. CHF 90 000 000

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

The ECN compensation system

	Fixed pay and benefits		Variable pay – performance-related	
	Annual base salary	Pension and other benefits	Annual Incentive	Long-Term Incentive awards
Purpose	Reflects responsibilities, experience and skill sets	Tailored to local market practices / regulations	Rewards for performance against key short-term targets and Values and Behaviors ²	Rewards long-term shareholder value creation and innovation in line with our strategic priorities
Form of payment	Cash	Country / individual specific and aligned with other employees	50% cash 50% equity ¹ deferred for three years	Equity
Performance cycle	–	–	One year	Three years
Performance measures	–	–	Individual balanced score-card, including financial targets (60% weighting) ³ and strategic objectives (40% weighting) aligned with our transformation to become a pure-play Innovative Medicines company: Strategy, Growth / Launches, Innovation, Operational excellence, Build trust with society	Four equally weighted performance measures (25% weighting each): <ul style="list-style-type: none"> • Net sales growth (CAGR⁴) • Core operating income growth (CAGR⁴) • Long-term innovation • Relative TSR vs. global sector peers⁵

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

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

³ Financial Measures are Group Net Sales (40%), Group Operating Income (30%) and Group Free Cash Flow (30%). Share of Peers has been removed effective from 2023, see Item 7.3 for more detail.

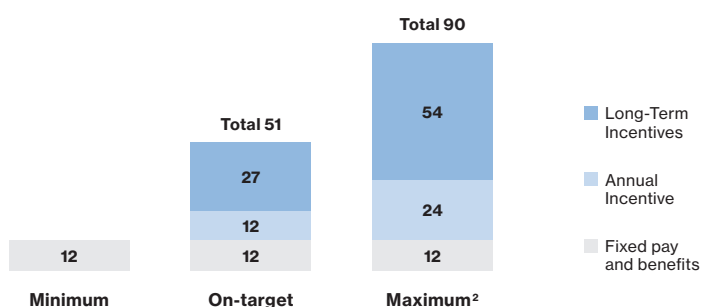
⁴ CAGR = compound annual growth rate

⁵ The selected peer group for relative TSR (total shareholder return) consists of 15 companies (including Novartis) consistent with our global healthcare peer group, as follows: AbbVie, Amgen, AstraZeneca, Biogen, Bristol-Myers Squibb, Eli Lilly & Co., Gilead Sciences, GlaxoSmithKline, Johnson & Johnson, Merck & Co., Novartis, Novo Nordisk, Pfizer, Roche and Sanofi.

Proposed total maximum compensation to be paid, promised or granted to the Executive Committee for the next financial year, i.e. 2024

The table below presents a breakdown of the expected minimum, target and maximum 2024 total compensation for the members of the Executive Committee, based on the current composition. This is a reduction from the amount requested last year.

(in CHF million, rounded)¹



¹ Two members are to be paid in USD. The exchange rate used is CHF 1.00 = USD 1.047, and the proposed amount excludes any currency exchange rate fluctuation between the time of the release of this brochure and December 31, 2024. The on-target and maximum amounts also exclude any share price evolution and dividend equivalents earned over the three-year performance cycle.

² The proposed total maximum compensation amount includes service costs of pension and other benefits such as a company car, tax and financial planning services, as well as international assignment benefits where applicable in accordance with standard company policies. It also includes an amount of approximately CHF 71 708 for estimated mandatory employer contributions for all Executive Committee members payable by Novartis to governmental social security systems. This amount is part of an estimated total employer contributions of approximately CHF 3 937 537 which is not included above, and provides a right to the maximum future insured government pension benefit for the Executive Committee member.

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

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

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

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

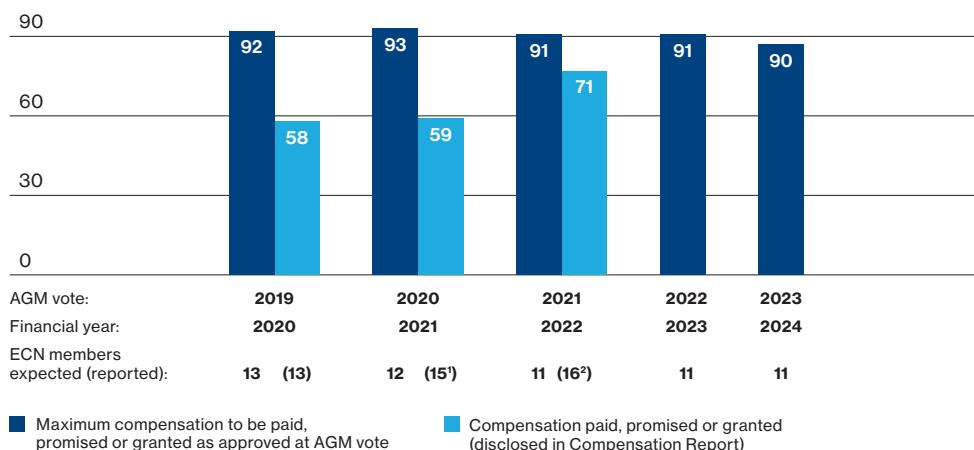
Evolution of Executive Committee compensation

The proposed total maximum compensation to be paid, promised or granted to the members of the Executive Committee for 2024 is CHF 90 million.

The chart below shows the maximum amounts approved by shareholders from the 2019 AGM to the 2022 AGM, and to be approved at the 2023 AGM. In addition, it shows for comparison purposes the compensation paid, promised or granted to the members of the Executive Committee for the 2020 to 2022 financial years. The increase for compensation paid, promised or granted for 2022 compared to that of 2021 is driven mainly by the change in members of the Executive Committee during 2022. Compensation paid, promised or granted for 2022 for active Executive Committee members (11 active members vs. 12 in 2021) was CHF 49 852 130, which is a reduction of 3.3% from 2021.

Evolution of ECN compensation chart

(in CHF million, rounded)



¹ Includes 12 active Executive Committee members and 3 members who left or resigned during 2021.

² Includes 11 active Executive Committee members, 4 members who left or resigned during 2022, and 1 member who stepped down due to planned Sandoz spin-off in second half of 2023, which is subject to approval of the Novartis AG Board of Directors and shareholders.

Vote 7.3

Advisory Vote on the 2022 Compensation Report

The purpose of the Compensation Report is to inform shareholders of our Board and Executive Committee compensation systems, policies and practices, as well as the compensation paid to members of the Board and the Executive Committee. The advisory vote gives shareholders the opportunity to express their views on the Board and Executive Committee compensation programs and systems as well as compensation disclosures and decisions, outlined in the 2022 Compensation Report.

Our 2022 Compensation Report follows a similar format and structure to our 2021 Compensation Report which received strong support from shareholders at the 2022 AGM.

During the year, we reviewed our Executive Committee compensation system, with a view to simplifying and increasing the transparency of our performance assessment measures and strengthening our focus on key strategic priorities, while also considering developments in compensation best practices.

Effective from the 2022-2024 cycle of the Long-Term Performance Plan, we strengthened the assessment of research and early development performance under the Innovation metrics (which comprise both research and clinical development targets). This innovation measure will take into account the expected Net Present Value (eNPV) of programs transitioning to late-stage clinical development instead of being linked to early-stage development milestones, thus focusing on activities that create long-term value.

Effective from the year 2023, we will remove “Share of Peers” as a financial performance measure from the Annual Incentive plan. The weights of the three remaining Group financial measures, Net Sales, Operating Income and Free Cash Flow, will be 40%, 30% and 30% respectively. In addition, we will fold division specific financial targets, where applicable, into individual strategic objectives (40% weighting) in the balanced scorecards of the related Executive Committee member. Financial performance of all Executive Committee members will be evaluated, with a 60% weighting, against the performance of Group financial measures mentioned above.

Following the reform of Swiss corporate law that has come into effect from January 1, 2023, there will be some minor changes to compensation design and disclosure in the 2023 Compensation Report. These changes will require adjustments of the Articles of Incorporation of Novartis, subject to the approval by the Novartis shareholders at the 2023 Annual General Meeting. For more details, please see “Explanations of the Board of Directors on the amendment of the Articles of Incorporation”.

We reimagine medicine to improve and extend people's lives.

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