Reporting Criteria for Novartis in Society Integrated Report 2024

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Introduction

This document provides detailed information on environmental, social and governance (ESG) performance indicators disclosed in the Novartis in Society Integrated Report 2024 (NiS), including definitions, methodology, assumptions, scope and any exclusions.

Basis for reporting

This document provides definitions and methodologies for key ESG performance indicators in the NiS. Our annual reporting period is from January 1, 2024, to December 31, 2024.

We continue to monitor, assess and update our ESG performance indicator definitions and methodologies in line with the evolving non-financial regulatory reporting requirements. The definitions and methodologies contained within this document are based on 2024 requirements. It is prepared in accordance with Art. 964b of the Swiss Code of Obligations, including the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) as required by the Swiss Ordinance on Climate Disclosures. In addition, it has been prepared in alignment with the Integrated Reporting Framework, and with reference to the Global Reporting Initiative (GRI).

Unless otherwise stated, ESG performance indicators follow the same reporting boundaries as the consolidated financial statements presented in the Annual Report 2024. Our ESG reporting boundary for ESG data collection is updated for business acquisitions and divestments. In 2024, the acquisitions of Calypso, IFM Due, Morphosys, Mariana Oncology and Kate Therapeutics have entered the reporting boundaries and Abadia Retuerta, a Novartis owned winery and hotel business, has been included. The divested business of Molecular Imagining was removed from the reporting boundaries. The operational integration or separation of ESG performance indicators follow the defined timelines on a case-by case basis. These changes are deemed not having a material impact on the overall reporting and therefore restatements were not required.

Unless otherwise stated, performance indicators and their comparative years exclude former Sandoz business which was spun-off on October 4, 2023. Assumptions for the data separation are outlined in Appendix 1.

General principles

Reporting frequency

We publicly report annually on material topics in the Novartis in Society Integrated Report, in accordance with applicable regulation. We internally gather ESG data on a monthly, quarterly, or annual basis, depending on the performance indicator. Unless otherwise stated, the indicators disclosed represent full-year actual data for the reporting period.

Additional ESG-related information and performance indicators are disclosed on an ad-hoc basis throughout the year on the Novartis ESG Index on our corporate website to address other audiences' information needs. These are updated at least annually.

Data sources and systems

We have established procedures for gathering, collecting, and aggregating data for ESG performance indicators. Data sources and systems for each ESG performance indicator are outlined in this document. We continue to strengthen our ESG data processes, procedures and systems, as well as governance over ESG data, to improve the quality of our data and to meet evolving regulatory requirements.

Estimates, judgements, and corrections

We aim to maintain data accuracy across all ESG indicators. Unless stated otherwise, environmental data for 2024 is based on actual January-September data, plus estimates for October-December. The fourth-quarter estimates will be updated with actual data during the subsequent year, and twelve-month actual data will be published as comparative figures in our 2025 report. Any material differences between 9-months actuals plus 3-months estimates and 12-months actuals of environmental indicators will be clearly indicated in the subsequent year's disclosures.

The materiality of a misstatement is assessed for each performance indicator category and is based on management judgment of what we believe would impact the decision of the users of our ESG data. If an error or correction is found after disclosure of our annual report, and if it is deemed material, the respective data will be restated and clearly indicated in the subsequent year's report, with the impact on the baseline figure assessed and adjusted if necessary.

Assurance

Independent limited assurance is provided by KPMG AG for the current reporting period 2024 on the performance indicators as outlined in the independent practitioner's limited assurance report on selected Sustainability Information of Novartis AG. The limited assurance engagement is conducted in accordance with International Standards on Assurance Engagements ISAE 3000 (Revised) (ISAE 3000 Revised)) and with International Standard on Assurance Engagements 3410 Assurance Engagements on Greenhouse Gas Statements (ISAE 3410) and is published as part of the Novartis in Society Integrated Report 2024.

ESG quantitative indicators – definitions, methodologies and assumptions

Access to medicines

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
Submissions • Submissions (US, EU, Japan, China)	Includes *submissions* of small molecules or biologics that contain active moieties that were not previously approved, or that have new fixed-dose combinations of existing active pharmaceutical ingredients (API), new target indications defined as a new disease, new line of treatment (e.g., first line vs. second line) or extended patient population (e.g., pediatric) in the *US, EU, Japan* or *China*. Unit of measure: number of submissions in the US, EU, Japan or China during the reporting period	Data collected via Regulatory Affairs' monthly dashboards (internal) and the submission/approval tracker (based on Health Authority letters).	Excludes submissions outside the US, EU, Japan and China. Excludes submissions for new route of administration or formulation to improve convenience for patients (e.g., vial to autoinjector) or diagnostics agents.
Approvals • Approvals (US, EU, Japan, China)	Includes *approvals* of small molecules or biologics that contain active moieties that were not previously approved, or fixed-dose combinations of existing APIs, new target indications defined as a new disease, new line of treatment (e.g., first line vs. second line) or extended patient population (e.g., pediatric) in the *US, EU, Japan* or *China.* Unit of measure: number of approvals in the US, EU, Japan or China during the reporting period	Data collected via Regulatory Affairs' monthly dashboards (internal) and the submission/approval tracker (based on Health Authority letters).	Excludes approval outside the US, EU, Japan and China. Excludes approvals for new route of administration or formulation to improve convenience for patients (e.g., vial to autoinjector) or diagnostic agents.
New molecular entity (NME) approvals	Defines first approval of small molecules or biologics that contain active moieties that were not previously approved. In the EU, it also includes new fixed-dose combinations of existing APIs. Unit of measure: number of NME approvals during the reporting period	Data collected via Regulatory Affairs' monthly dashboards (internal) and the submission/approval tracker (based on Health Authority letters).	Excludes approvals of fixed-dose combinations of existing APIs outside the European Union.
Access to medicine • Global access strategy for all new medicines launched	The number of new medicines launched that have a global access strategy, i.e., a summary document that is intended to succinctly convey the overall access situation analysis and core strategies for a new innovative medicine in a	New launches during the year are identified based on planned regulatory submissions and approvals (FDA/EMA), and in market launch milestones.	Global access strategy includes new innovative medicines (new molecular entity) launched during the reporting period and covers

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
	specified indication. A global access strategy provides the strategic direction necessary to deliver on an asset's value proposition and optimize patient access from reimbursement and health care decision at the time of launch and beyond (incl. consideration of the Novartis Access Principles). Unit of measure: number of new innovative medicines launched that have a global access strategy as a percentage of all innovative medicines launched during the reporting period	Access strategies are approved by the Value & Access leadership team.	both developed and developing markets. Advanced therapy platforms such as our radioligand or cell and gene therapies as well as new indications of existing medicines are excluded.
Patients reached • Patients reached	*Patients reached* in the reporting period refers to patients who received Novartis treatments. Unit of measure: number of patients reached via third-party sales during the reporting period in millions	Patients reached is calculated based on treatments delivered (volumes sold via third-party sales) and the following elements: daily treatment doses, treatment duration and treatment compliance rate. The methodology does not take into account the theoretical possibility that an individual patient may be treated for different diseases with more than one Novartis product. The daily treatment dose, treatment duration and treatment compliance rate are based on global assumptions defined by the Novartis Strategy & Growth function.	Incorporates all brands reported through our sales and inventory reporting system. Exclusions are: • Contract manufacturing organization and contract manufacturing Sandoz brands • Radioligand therapy brands (e.g., Pluvicto, Lutathera). • Volumes for patients reached through donations, patient support programs, access foundations and samples.

People

Note: The reporting boundary for people indicators is updated for companies acquired in 2024, except for the mean pay gap, recruitment without using historic salary data and learning hours performance indicators.

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
Headcount	*Headcount* reflects the total number of own employees on Novartis payroll at year end. Unit of measure: headcount at the end of the reporting period	Data is collected through the central HR system FirstPort, complemented by manual inputs for newly acquired companies.	All employees that are on the payroll of a Novartis legal entity that is within the Novartis financial consolidation boundary are in scope. This does not include the Board of Directors, any Foundation Board members or employees on unpaid leave.
Full-time equivalent positions	*Full-time equivalent positions* adjust own headcount to account for employees contracted for less than 100% of standard contracted working hours and is the ratio between the employee contracted target working hours and the legal entity target working hours which employs the employee. It is a unit that indicates the workload of an employee in a way that makes workloads comparable. Unit of measure: number of FTE at the end of the reporting period	Data is collected via the various payroll systems and central database OneFTE. This database uses the central HR system HRCore as a data source, complemented by manual inputs for newly acquired companies and is used to report FTEs for the purpose of financial reporting.	All employees that are on the payroll at a Novartis legal entity that is within the Novartis financial consolidation boundary are in scope. This does not include the Board of Directors, any Foundation Board members or employees on unpaid leave.
Turnover • Overall • Voluntary	Share of employees leaving Novartis during the reporting period. We distinguish between *voluntary* turnover and *non-voluntary* turnover (including redundancies, divestments, retirements, and deaths). Unit of measure: percentage of overall employees leaving Novartis and on a voluntary basis during the reporting period	The rate of turnover is measured as the number of employees who left Novartis during the reporting period divided by the average number of employees (13 months average).	The calculation includes only permanent employees.
Annual average learning hours per employee	*Annual average learning hours* completed by Novartis internal employees. Unit of measure: average number of internal learning hours completed by employees during the reporting period	Average learning hours during the reporting year is calculated as the sum of the number of learning hours completed during a month divided by the	Data related to external training is only captured manually by employees in the central

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
		total number employees (headcount) at the end of each month. Data is collected via the central Up4Growth/ Match Learn system into the learning dashboard and updated monthly. For learning taken internally through our Up4Growth/ Match Learn or other learning platforms, the completed learning hours are captured automatically.	Up4Growth/ Match Learn system and is excluded for this indicator.
Employees represented by an employee representative body or covered by a collective bargaining agreement	*Employees represented by an employee representative body or covered by a collective bargaining agreement* as a percentage of total employees at non-management level. Unit of measure: percentage of non-management employees represented by an employee representative body or covered by a collective bargaining agreement at the end of the reporting period	Data collected by means of a survey issued to the local People & Organization function, with answers submitted to the central employee relations team for consolidation. Cut-off date for employee data collection was as per September 30, 2024.	It includes only employees at a non-management level (as defined by the Novartis hierarchy bands). Includes employees represented by all statutory employee representative bodies or collective bargaining agreements and by the Novartis European Works Council (covering the 27 EU member states, Switzerland, Norway and the UK).
Gender representation • Board of Directors	The Novartis *Board of Directors* as elected at the Annual General Meeting of Novartis AG on March 5, 2024. Unit of measure: female/male percentage over total number of members of the Novartis Board of Directors at the end of the reporting period		
• Executive Committee	The *Executive Committee* as disclosed in the Novartis Annual Report 2024, in the Novartis in Society Report 2024 and on the Novartis corporate website. Unit of measure: female/male percentage over total number of members of the Executive Committee of Novartis at the end of the reporting period		

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
• Top management	*Top management* is comprised of the most senior managers at Novartis. Unit of measure: female/male percentage over total Top Management at the end of the reporting period	Top management level is defined by the Novartis hierarchy levels and is maintained in the central HR system FirstPort.	Top management includes the Executive Committee but excludes the Board of Directors.
• Overall management	*Overall management* represents all positions with managerial responsibilities. Unit of measure: female/male percentage of employees at a management level over total headcount at the end of the reporting period	Overall management level is defined by the Novartis hierarchy levels and is maintained in the central HR system FirstPort.	Includes all Novartis management levels but excludes the Board of Directors.
• Overall Headcount	Gender diversity is reported as the percentage split by gender between females and males. Unit of measure: female/male percentage over total headcount at the end of the reporting period	Gender information is collected during the employee's onboarding process and is maintained in the central HR system FirstPort. This applies to all gender representation indicators.	The female/male gender representation percentage in the various categories does not include employees preferring not to disclose their gender ("unknown"). This applies to all gender representation indicators.
Pay equity (EPIC) • Employees covered by regular pay equity study for base pay	Number of employees is equal to headcount as outlined in the section "Headcount" in this document. Unit of measure: employees employed in a legal entity in which a regular pay equity study was conducted as a percentage of total headcount at the end of the reporting period	Employee data is collected through the central HR system FirstPort. Legal entities in which a regular pay equity study was performed by the Rewards People Insights team or external legal counsel (in the US and Canada) manually tracked by the central Rewards People Insights team. Once a legal entity in a country has completed the pay equity study, the corresponding total number of employees in that legal entity is added to the progress calculation and updated for each reporting period.	Pay equity studies performed by a country due to a legal requirement are not considered toward the progress of the EPIC pledge. Pay equity studies performed by external legal counsel in the US and Canada are included. All employees in a legal entity at the end of the reporting period are counted toward the progress of the indicator irrespective of their contract type or date of joining, with the exception of employees with no assigned work country. In scope are all active regular Novartis employees across all

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			geographies with a permanent contract in GJFA Levels 1 to 8. Excluded are employees on Levels 9 & 10, employees on legacy conditions, inpats, expats, and interns.
• Mean pay gap	*Mean pay gap* is defined as the difference in pay between men and women using the unadjusted pay gap, which considers the relative positioning of male vs. female salary levels in aggregate and is driven by different gender representations across the organization, as well as different earnings. Unit of measure: mean pay gap between males and females as a percentage of average mean salary as at the end of the previous reporting period	The Annual Base Salary (converted to 100% for employees contracted for less than 100%) as reflected in our central HR system FirstPort at the end of the previous reporting period is used as a basis for the calculation of the mean pay gap. This data is complemented with supplemental information from the Global Mobility and the Executive Compensation team for expats, inpats or employees at an executive level. The following formula is applied: (average male pay minus average female pay) divided by average male pay	While all active regular internal Novartis employees across all geographies including inpats, expats and Top Management are in scope for this indicator, it excludes employees not on a Novartis Global Job Family band/ level (e.g., interns). Employees who choose not to disclose their gender are not in scope. Countries with foreign exchange rates that would distort the overall results (e.g., Venezuela) are excluded.
• Recruitment without using historical salary data	To help address unconscious bias that can lead to unfair pay disparities, we remove historic salary data when preparing offers related to the recruitment of individuals for permanent positions that have gone through a competitive hiring process. Unit of measure: externally and/or internally published vacancies filled during the reporting period in countries that have removed historical salaries from the offering process as a percentage of total and/or internally published vacancies filled during the reporting period	Countries in which the historical data has been removed from the offering process were tracked manually until the implementation of our new Workday central HR system, which was completed on April 8, 2024. All hires before the implementation of Workday were processed using either the global “Offer to contract” tool or local tools that have removed any reference to historic salaries by end of 2023. In the absence of data on the use of historical salary data, we take vacancies filled through our recruitment platform as a proxy, noting some hirings are made directly without using the recruitment platform.	Vacancies filled by competitively recruited candidates during the reporting period are counted towards this indicator. Offers for internal non-competitively recruited positions, temporary positions or positions in countries where a legal requirement exists to not offer a lower salary than the applicant’s previous salary, are excluded from this indicator.

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• Employees with base pay transparency to external benchmarks	Pay transparency is achieved through the issuance of the annual compensation statements to employees provided in Q1 of the subsequent year. The data provided shows the relative position of an employee's salary compared with an external role-specific benchmark and/or an internal peer group. We measure the number of employees for whom we have completed system implementation of pay transparency and who will receive a compensation statement with transparency to external and /or internal benchmarks in Q1 of the subsequent year where possible. Unit of measure: headcount in legal entities where transparency with external salary benchmarks has been implemented as a percentage of total headcount at the end of the reporting period	Employee data is collected through the central HR system HRCore (FirstPort) at the end of each reporting period. Legal entities in which pay transparency (showing each employee's Annual Base Salary (ABS) vs. external and/or internal benchmarks) was implemented are manually tracked by the central Rewards team. Once a legal entity in a country has completed the implementation, the corresponding total number of employees in that legal entity is added to the progress calculation and updated for each reporting period. At the end of the reporting period, a list of activated legal entities is validated.	In scope are all active regular internal Novartis employees across all geographies in GJFA Levels 1 to 10, including inpats and expats. Excluded are interns with no GJFA code. Even in legal entities where pay transparency has been implemented, some individual employees may not experience pay transparency for the following reasons: • not on a Novartis Global Job Family band/level (e.g., interns) • small cohort size causing data privacy issues • no external data availability local laws, legal requirements or union agreements preventing pay transparency
Health and safety • Lost-time injury and illness rate	An *injury* is an instantaneous, unexpected bodily defect partly caused by external factors (e.g., cuts and burns, slips, trips, and falls). For our purposes, the term is synonymous with 'accidents'. An *illness* is an abnormal health condition or disorder, other than those caused by injuries. A *lost-time injury or illness* is one that results in the individual involved being absent from work for the next scheduled shift or for at least one full working day. We disclose the *lost-time injury and illness rate* by contract type: • Novartis employees • Third-party personnel	Data is collected through our internal health, safety and environment system Enablon. The GRI 403 standard is applied, which is using the 200,000 hours worked to calculate the rate. Standard working hours per month are collected through our central HR system HRCore and interfaced to Enablon via a mapping table between legal entities (HR view) and Enablon (HSE reporting units view). The rate is calculated by the number of work-related cases of injury or illness with lost time divided by the number of hours worked by Novartis employees or third-party personnel multiplied by 200,000.	Working hours exclude overtime and vacation/public holiday benefits, which largely off-set each-other and include time worked from home. Aggravations of previously incurred or existing illnesses are considered as separate (new) cases, if work-related. •

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	Unit of measure: rate of hours lost from injury and illness per 200 000 hours worked for Novartis employees or third-party personnel		
• Total recordable case rate	A *recordable case* includes any work-related injury and work-related illness, that involves any of the following: medical treatment beyond first aid, restriction of duty, job transfer, loss of consciousness, lost time, or a fatality. We disclose the *recordable case rate* by contract type: • Novartis employees • Third-party personnel Unit of measure: total recordable case rate per 200 000 hours worked for Novartis employees or third-party personnel	The data collection methodology and source system are the same as described for Lost-time injury and illness rate. The rate is calculated by the total number of work-related recordable cases divided by the number of hours worked by Novartis employees and third-party personnel multiplied by 200,000.	
• Fatalities	*Fatality* represents a work-related injury or illness leading to death and is disclosed by contract type: • Novartis employees • Third-party personnel • Contractors Unit of measure: number of fatalities during the reporting period by contract type	Data is collected through our internal health, safety and environment system Enablon.	
• Employees covered by an internally validated HSE system (%)	This indicator is defined and measured as the share of Full Time Equivalents (FTEs) working on Novartis sites for which the internal HSE system is in place and participated in the internal controls and validation process. Unit of measure: FTEs covered by a validated internal Health Safety and Environment (HSE) system as a percentage of total FTEs at the end of the reporting period	Data is collected through our internal health, safety and environment system Enablon and the One Novartis Controls (ONCE) register. Number of FTEs follows the data collection process and methodology as described for Full-time equivalent positions and interfaced to Enablon via a mapping table between legal entities (HR view) and Enablon (HSE reporting units view).	

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Employee and gender representation by age • Employees aged ≤ 30 • Employees aged 31 – 50 • Employees aged > 50	We distinguish between the following age groups, with employees having completed the age group within the reporting period: • Employees aged up to and equal to 30 • Employees aged between 31 and 50 • Employees aged above 50 Unit of measure: headcount by age group and in percentage at the end of the reporting period for males and females	Age-related information is collected during the employee's onboarding process and is maintained in the central HR system FirstPort.	
Gender representation by contract type (female / male) • Permanent • Temporary	We distinguish between the following contract types: • Permanent - working contract with no end date • Temporary - working contracts with an end date Unit of measure: headcount by contract type at the end of the reporting period for females and males	Contract data is collected during the employees' onboarding process and is maintained in the central HR system FirstPort.	The female/male gender representation percentage in the various categories does not include employees preferring not to disclose their gender ("unknown").
Employee representation by region, by contract type (permanent / temporary) • US • Canada and Latin America • Europe • Asia / Africa / Australasia	Employees are attributed to geographical regions according to their primary workplace as stated in their working contract. We distinguish between the following geographical regions: • United States • Canada and Latin America • Europe • Asia, Africa and Australasia Unit of measure: headcount by contract type and region at the end of the reporting period	Data is collected through the central HR system FirstPort and is aligned to the 20-F region classification.	Each region also includes employees who undertake global or corporate roles located outside Switzerland.

Environmental sustainability

Unless stated otherwise, for environmental indicators, data for 2024 is based on actual January-September data, plus estimates for October-December. During the following year, the fourth quarter estimates are updated with actual ESG data. This twelve months actual updated data is published as the comparative figures in the following reporting period.

The reporting boundary for energy use, Scope 1 and 2 emissions, other air emissions, water use and waste is defined as where Novartis has operational control as outlined in the Greenhouse Gas Protocol.

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
Supplier emissions covered by contracts that include environmental criteria (%)	Novartis formalizes its environmental sustainability (ES) expectations toward its suppliers through the incorporation of ES criteria into supplier contracts. ES criteria are included through either an ES Criteria Annex or Third-Party Code (TPC latest version), which is part of the standard Novartis terms and conditions. Priority suppliers (i.e. those that collectively are responsible for the majority of supplier emissions) are required to include the Environmental Sustainability (ES) Criteria Annex or be granted an equivalency status or exception, including the use of TPC (latest version). All other suppliers are required to adhere to the ES criteria by accepting the TPC (latest version). The share of Novartis suppliers that have signed the ES criteria (ES Criteria Annex or TPC latest version) is defined as their share of supplier related Novartis Scope 3 emissions in the previous reporting period. Unit of measure: Scope 3 emissions allocated to suppliers having agreed to the ES criteria as a percentage of total supplier related Scope 3 emissions at the end of the previous reporting period	Priority suppliers responsible for the majority of supplier-related Scope 3 emissions are identified using the emissions reported for the previous reporting period. Evidence that priority suppliers have accepted the ES criteria is monitored via a SharePoint-enabled tracker managed by the ES team and is also being implemented in the procurement system (Ariba). Evidence that such acceptance has been done through granting equivalency status, or an exception is demonstrated using the ES Committee exception list. Evidence that remaining suppliers have accepted the ES criteria via the TPC (latest version) is from adherence to the procurement process (e.g., via documentation, training), and sampling. The emissions allocated to a given supplier are based on the emissions calculated for that supplier in Scope 3 categories applicable to their respective activity. The methods of calculation of Scope 3 categories are aligned with the GHG Protocol (refer also to the section below on Scope 3).	The contribution towards this indicator from new suppliers in FY24 is not considered as the indicator is calculated using supplier-related emissions from the previous reporting period. All suppliers having a supplier related scope 3 emission category (categories 1-6) are included.
Energy use • Energy use – on site and purchased	*Energy used* that is either *generated on site or purchased,* is measured as the consumption of power, steam, heat, cooling and fuel (including natural gas, biomass, petrol, diesel and coal etc.).	Energy use is based on meter readings and invoices, including stock counts (e.g., for diesel oil, wood etc.) and reported through our internal health, safety and environment system Enablon.	De minimis criteria have been established for locations (excluding manufacturing sites, R&D labs, Novartis Capability Centers NOCCs) that do not

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
	Unit of measure: energy use generated on site and purchased during the reporting period in million GJ	The amount of Energy use is reported through Enablon and represents nine months actuals, plus the estimation for the fourth quarter based on foreseen activity and the prior year's operating experiences.	contribute to more than 0.2% of the Novartis energy consumption or have fewer than 1,500 FTEs. List of sites considered de minimis are reviewed annually. Energy use for de minimis sites is estimated by multiplying the site's total number of FTEs (Novartis and third-party workforce) by the average electricity use. The average use has been calculated using primary data from similar Novartis office locations. The amount of energy use represents the net amount after deducting any energy sold to tenants where applicable.
• Purchased renewable energy	*Purchased renewable energy* (electricity and thermal energy (e.g. steam, hot and chilled water)) is part of total energy use. Novartis has aligned with definitions used by the global initiative RE100 as to what constitutes renewable electricity (i.e., electricity generated from wind, solar, geothermal, sustainably sourced biomass (including biogas) and sustainable hydropower). In certain sites we are partially or 100% purchasing renewable forms of thermal energy. Unit of measure: purchased renewable energy during the reporting period in million GJ	Novartis has aligned with RE100 on the five recognized procurement types for renewable electricity. For a site to be reported as using renewable electricity, supporting evidence (e.g., EACs) that meets the RE100 criteria must be in place unless exceptions are required due to market constraints in certain geographies. For sites to be reporting renewable purchased thermal energy (steam, hot or chilled water etc.), evidence or confirmation from suppliers/ third parties are required to be in place confirming details of renewable energy.	In situations where Novartis does not procure electricity directly from the supplier (e.g., from a landlord), evidence is requested that demonstrates that the electricity is renewable (e.g., retail supply contracts and supporting renewable energy certificates). The amount disclosed represents the purchased renewable energy that is applied to Novartis own energy use. Actual purchases may be higher. Where details are not available to confirm alignment with RE100, the energy purchased is not reported as purchased renewable energy.

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
• Renewable energy generated on site	*Renewable energy generated on* site is part of total energy use. Novartis has aligned with definitions used by the global initiative RE100 as to what constitutes renewable electricity (i.e., electricity generated from wind, solar, geothermal, sustainably sourced biomass and sustainable hydropower). This also constitutes generation of steam/ hot water etc. from renewable sources (e.g. biomass). Unit of measure: energy generated on site using renewable sources during the reporting period in million GJ	We assume that Novartis consumes all the renewable electricity generated on site itself.	
Greenhouse Gas (GHG) Emissions • Scope 1 emissions	*Scope 1* GHG emissions are comprised of direct greenhouse gas emissions in carbon dioxide equivalent (CO_2e) emissions from sources that are owned or controlled by Novartis and are presented as the sum of CO_2e emissions from: • *Combustion & process* • *Aircraft (jet engines) and internal combustion engine vehicles (ICE)* Unit of measure: Scope 1 GHG emissions in total and by respective category during the reporting period in thousand metric tons of CO_2 equivalents	Novartis follows the Greenhouse Gas Protocol for accounting of Scope 1 emissions unless adjustments are needed to comply with regulatory requirements. The amount of Scope 1 emissions is reported through our internal health, safety and environment system Enablon and represents nine months actuals, plus the estimation for the fourth quarter based on foreseen activity and the prior year's operating experiences. Scope 1 emissions data from *combustion* is calculated by multiplying the quantity of fuel used (collected from purchase and consumption logs and/or supplier invoices) by the respective emission factor. Novartis uses emission factors that have been published by the UK Department for Environment Food & Rural Affairs (DEFRA). For our 2024 reporting, we have used factors published by DEFRA in June 2023. DEFRA factors are used unless more accurate local factors are available from suppliers or there are regulatory requirements to use other factors. Scope 1 emissions from *processes* are based on specific local approaches e.g. mass balance calculations at certain sites.	All sites where Novartis has operational control and generates Scope 1 emissions are included with no exclusions. Scope 1 emissions as disclosed represent the gross amount without considering any offsets. Starting in 2024, we have applied a business mileage factor on our fleet emissions to ensure emissions arising from personal use of Novartis owned or leased ICE vehicles by employees is not accounted for in Scope 1 emissions.

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		Whenever possible, Scope 1 data for ICE *vehicles* is reported by multiplying the quantity of fuel used (collected through fuel consumption mileage reports supplied to Novartis by fleet management companies) by the standard emission factor for the respective fuels using the DEFRA emission factors mentioned above. In case fuel consumption data is not available, an estimate is made using an average distance driven per year for a medium sized car applying the emission factor for unknown fuel published by the DEFRA in 2023.	
• Scope 2 emissions	*Scope 2* GHG emissions are comprised of greenhouse gas emissions in carbon dioxide equivalent (CO_2e) emissions from purchased or acquired electricity (including for charging battery electric vehicles), cooling, heat, hot water and steam, and are presented as the emissions generated from energy purchased: • *Market-based* • *Location-based* Unit of measure: Scope 2 GHG emissions market- or location-based during the reporting period in thousand metric tons of CO_2 equivalents	Refer to indicator "Energy use – on site and purchased" for the data source and collection methodology. Novartis follows the Greenhouse Gas Protocol for the accounting of Scope 2 emissions unless adjustments are needed to comply with regulatory requirements. The amount of Scope 2 emissions is reported through our internal health, safety and environment system Enablon and represents nine months actuals, plus the estimation for the fourth quarter based on foreseen activity and the prior year's operating experiences. *Scope 2 market-based*: total electricity used adjusted for renewable electricity used is multiplied by supplier-specific emission factors. For electricity, the emission factors were obtained from a mix of analysis undertaken by Accenture in 2021 and Schneider in 2022 based on the latest available supplier data. If market-based emission factors are not available, location-based emission factors (LBEFs) are used. The LBEFs used are published by the International Energy Agency (IEA) for all countries. Latest	All sites where Novartis has operational control and generates Scope 2 emissions are included with no exclusions. Scope 2 emissions as disclosed represent the gross amount without considering any offsets. Starting in 2024, we have applied a business mileage factor on our fleet emissions to ensure emissions arising from personal use of Novartis owned or leased battery electric vehicles by employees is not accounted for in Scope 2 emissions.

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
		available actual emission factor data published by the IEA are used (for 2024 reporting IEA published 2021 actuals). Aside from electricity, other forms of purchased energy are multiplied by supplier specific factors where available. If the supplier specific factors/ details of fuel used by suppliers are not available, we use the emission factors for district heating provided by DEFRA. *Scope 2 location-based*: total electricity used is multiplied by location-based emission factors. For purchase of other forms of energy (steam, hot or cold water etc.) the methodology is similar to the market-based method used. Electricity consumption of battery electric vehicles (BEV) also contributes towards Scope 2 emissions. To account for emissions from charging of such BEVs via public charging infrastructure/ home charging, LBEFs is used (estimates are based on average distance travelled and average mileage factor). Such electricity consumption is also adjusted for renewable electricity.	
• Total Scope 1 and Scope 2 emissions (from energy)	Emissions from process sources and refrigerants are excluded from Total Scope 1 emissions to arrive at Scope 1 emissions from energy. Scope 1 emissions from energy and Scope 2 emissions (market-based) are subsequently combined to arrive at Total Scope 1 and Scope 2 emissions from energy. Unit of measure: total Scope 1 and Scope 2 emissions (from energy) during the reporting period in thousand metric tons of CO_2 equivalents	See Scope 1 and Scope 2 emissions (market based).	Scope 1 and Scope 2 emissions from Abadia Retuerta, a hotel and winery business owned by Novartis, and a biomass boiler operated at only one of our manufacturing sites are excluded from this definition in line with our target reporting boundary.
• Total Scope 1 and Scope 2 emissions (SBTi)	Emissions from refrigerants are subtracted from total Scope 1 emissions in line with our target reporting boundary validated by the SBTi	Same as the processes described for Scope 1 and Scope 2 emissions (market based).	The following exclusions have been approved by the SBTi in line

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
	Scope 1 emissions without emissions from refrigerants and Scope 2 emissions (market-based) are subsequently combined to arrive at total Scope 1 and Scope 2 emissions (SBTi) in line with our target reporting boundary validated by the SBTi. Unit of measure: total Scope 1 and Scope 2 emissions (SBTi) during the reporting period in thousand metric tons of CO_2 equivalents		with SBTi Corporate Net-zero standard: • Emissions from Abadia Retuerta, a hotel and winery business owned by Novartis • Emissions from refrigerants • Emissions from a biomass boiler operated at only one of our manufacturing sites
Greenhouse Gas emissions intensity • Scope 1 and Scope 2 per million USD sales	Emission intensity is calculated as GHG emissions of Scope 1 plus market-based Scope 2 in relation to *Sales.* Unit of measure: GHG emissions (Scope 1 and Scope 2) per million USD sales during the reporting period	The intensity indicator is calculated based on indicators already described: Denominator Refer to Scope 1 and Scope 2 Nominator For Scope 1 and Scope 2 per million USD sales, refer to Novartis consolidated financial statements for sales data	Offsets are not deducted from Scope 1 and Scope 2 to calculate the intensities.
• Scope 3 emissions	*Scope 3* GHG emissions are comprised of greenhouse gas emissions in carbon dioxide equivalent (CO_2e) emissions across the value chain of Novartis, and may be presented in the following categories, depending on the annual review of their respective relevance, in accordance with the GHG Protocol principles: • *Purchased goods & services* • *Capital goods* • *Fuel and energy related activities* • *Upstream transportation and distribution* • *Waste generated in operations* • *Business travel* • *Employee commuting* • *Upstream leased assets* • *Downstream transportation and distribution* • *Processing of sold products* • *Use of sold products*	Novartis follows guidance for the calculation of Scope 3 emissions from the GHG Protocol and PSCI (Pharmaceutical Supply Chain Initiative). We present the information aligned with the GHG Protocol's categories. The amount of Scope 3 emissions for the reporting year is based on nine months actuals plus the estimation for the fourth quarter based on foreseen activity and prior year's operating experiences. Exceptions are category 1 (purchased goods & services) and category 2 (capital goods) which are calculated on 11 months actuals plus estimation for month 12 and category 6 business travel being based on 12 months actual data. A mix of different calculation methods is used based on the availability of the relevant data:	Scope 3 emissions represent the total gross amount calculated in line with the GHG Protocol across all categories without considering any offsets. The relevance to Novartis of each category is assessed on an annual basis: • some categories may be considered not relevant in line with the GHG Protocol but are calculated in line with the SBTI's Novartis Net-Zero target validation process. • relevant categories not separately disclosed are considered to contribute only

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
	• *End-of-life treatment of sold products* • *Downstream leased assets* • *Franchises* • *Investments* Unit of measure: total Scope 3 GHG emissions and breakdown by respective categories during the reporting period in thousand metric tons of CO_2 equivalents	• primary (primary activity) Emissions/product carbon intensities received as primary data from suppliers as reported in the public reporting platform or declared as complying with recognized accounting standards. • secondary (secondary databases) • proxy data (e.g., Novartis spend defined via multiple categories such as Commodity Code Level 3 and country) Many calculations use a hybrid approach that combines all types of data to achieve the highest possible reliability. For three categories (purchased goods and services, capital goods, and business travel), we engage with external partners (WifOR Institute and Thrust Carbon) for provision of data. Novartis reviews calculation methods on an annual basis to leverage developments in higher quality data availability, and to continuously improve data reliability.	minimally to the overall Novartis Scope 3 emissions

Category 1 Scope 3 Purchased goods and services:
All upstream (cradle-to-gate) emissions related to the purchase of non-capital goods and services.

Category 2 Scope 3 Capital goods:
All upstream (cradle-to-gate) emissions related to purchased capital goods such as machinery, equipment etc.

Category 3 Scope 3 Fuel and energy related activities:
All upstream (cradle-to-gate) emissions related to purchased primary and secondary energy and transportation & distribution (T&D) losses related to the secondary energy.

Category 4 Scope 3 Upstream transportation and distribution:
Scope 1 and Scope 2 emissions of transportation and distribution service providers that occur during the use of vehicles and facilities for transportation and warehousing services purchased by Novartis, as well as upstream emissions of the respective energy. This category covers all services that are directly procured and paid for by Novartis.

Category 5 Scope 3 Waste generated in operations:
Scope 1 and Scope 2 emissions of waste management suppliers that occur during the disposal or treatment of all types of hazardous and non-hazardous waste produced by Novartis.

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions

Category 6 Scope 3 Business travel:
Scope 1 and Scope 2 emissions of transportation carriers and hotel operators that occur during business travel by Novartis employees while using aircraft, rental vehicles, train, and hotel accommodation. Radiative forcing for air travel is also considered. Furthermore, this category covers business travel arranged and paid by Novartis for any other person travelling for Novartis based on contractual arrangements. It does not include employee commuting.

Category 7 Scope 3 Employee commuting
Scope 1 and Scope 2 emissions that occur during the use of vehicles for commuting purposes by Novartis employees (private and public transport not reported as Scope 1). This category also covers homeworking emissions related to the use of computers and the heating & cooling of Novartis employees' home offices.

Category 8 Scope 3 Upstream leased assets:
Scope 1 and Scope 2 type of emissions that occur during the operation of any leased assets by Novartis that are not included in Scope 1 and Scope 2 emissions of Novartis.

Category 9 Scope 3 Downstream transportation and distribution:
Scope 1 and Scope 2 emissions of transportation and distribution service providers and retailers that occur during the use of vehicles and facilities, for transportation and warehousing services purchased by Novartis customers (direct and indirect), as well as upstream emissions of the respective energy.

Category 10 Scope 3 Processing of sold products:
Scope 1 and Scope 2 emissions of downstream companies (customers) that occur during the processing of products sold to those companies by Novartis.

Category 11 Scope 3 Use of sold products:
Direct emissions during the use-phase of sold products over their expected lifetime (e.g., Scope 1 and Scope 2 emissions that occur during the direct use of the product by the end users) or release of GHG from a product during its use.

Category 12 Scope 3 End-of-life treatment of sold products:
Scope 1 and Scope 2 emissions of waste management companies that occur during the disposal or treatment of products sold by Novartis.

Category 13 Scope 3 Downstream leased assets:
Scope 1 and Scope 2 emissions of entities leasing assets from Novartis that occur during the operation of such leased assets.

Category 14 Scope 3 Franchises:
Scope 1 and Scope 2 emissions of franchisees that occur during the operation of franchises.

Category 15 Scope 3 Investments:
Scope 1 and Scope 2 type of emissions of investees that occur during the operation of assets related to the respective investments, and that are not included in the investee's own Scope 1 and Scope 2.

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
Total Scope 3 emissions (SBTi)	Scope 3 GHG emissions (SBTi) follows the same definition as total Scope 3 emissions subtracting SBTi validated specific exclusions from the target reporting boundary. *Unit of measure: total Scope 3 GHG emissions (SBTi) during the reporting period in thousand metric tons of CO2 equivalents*	Same as the processes described for Scope 3 emissions.	Scope 3 emissions (SBTi) follow the same assumptions, scope and exclusions as total Scope 3 emissions. Additionally, SBTi has validated specific exclusions from Scope 3 emissions from the target reporting boundary in the categories of: • *Cat. 3: Fuel and energy related activities (partial)* • *Cat. 9: Downstream transportation and distribution (partial)* • *Cat. 10: Processing of sold products (full)* • *Cat. 13: Downstream leased assets (full)* • *Cat. 15: Investments (full)*
Volatile organic compounds (VOCs)	Amount of halogenated and non-halogenated *volatile organic compounds (VOCs)* that are used and emitted into the air by Novartis (typically manufacturing and research facilities) in metric tons. • Halogenated VOC is one into which a halogen (e.g., fluorine, chlorine, bromine and/or iodine) has been attached • Non-halogenated VOC (not containing a halogen). Unit of measure: VOCs in total and by category emitted into the air in metric tons during the reporting period	Emissions of VOCs are estimated using a mass balance approach. VOCs that cannot be accounted for based on production and consumption information (e.g., stock counts, invoices and consumption logs) are assumed to be released to the environment and are reported. The amount of VOC emissions is reported through our internal health, safety and environment system Enablon and represents nine months of actual data plus the estimation for the fourth quarter based on foreseen activity and the prior year's operating experience. In some instances, such numbers are required for regulatory disclosures and determined by regulators/ third party agencies. In case where such numbers are not available from regulators/ third party agencies, prior year results are used as	All sites where Novartis has operational control and use VOCs are included, with no exclusions.

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
		an estimate and restated with actual data as per the defined reporting process of Novartis.	
Water quality • Manufacturing sites meeting water quality standards	Novartis follows a risk-based approach to manage active pharmaceutical ingredients (APIs) in wastewater from its manufacturing sites. A water quality maturity ladder is used, based on industry best practice published by the Pharmaceutical Supply Chain Initiative (PSCI). Novartis considers that a manufacturing site satisfies its water quality standard if it meets all three levels of the water quality maturity ladder: 1) training and legal compliance 2) quantification and risk assessment 3) PEC/PNEC<1* *) "Predicted environmental concentration" and "Predicted no effect concentration" A *manufacturing site* is a Novartis-owned site dedicated to the production of medicines. See also the indicator "number of manufacturing sites". Unit of measure: manufacturing sites that meet all three levels of the maturity ladder as a percentage of total manufacturing sites at the end of the reporting period	Each Novartis manufacturing site has assigned a Single Point of Contact (SPOC) for this indicator. The SPOC is responsible for managing their site's compliance with the Novartis water quality standard. Compliance is reported via our internal health, safety and environment system Enablon and HSE /Environmental Sustainability Operations are responsible for verifying compliance.	Manufacturing sites not having any API discharge are deemed low risk and are assumed to meet the water quality standards. These are included in the calculation. For all cell and gene therapy and radioligand therapy sites, water quality (PiE) effluent risk assessments are not applicable due to the absence of API handling and/or process wastewater discharge at these sites. Sites solely handling antibodies (large molecules) are exempted from performing effluent risk assessments, as the nature of the drug substance is biodegradable and poses negligible risk to the environment.
• High-risk suppliers meeting water quality standards	Novartis has developed a risk-based approach to manage active pharmaceutical ingredients (APIs) in wastewater from its supplier manufacturing sites. For the purposes of this indicator, the term 'suppliers' within the indicator title reflects supplier manufacturing sites. The same water quality maturity ladder is used as described in the 'Manufacturing sites meeting water quality standards' indicator. Unit of measure: high-risk supplier manufacturing sites that meet water quality standards as a percentage of total high-risk supplier manufacturing sites assessed against water quality standards at the end of the reporting period	Each supplier in scope has a contractual obligation to report progress against this target as part of the Novartis External Partner Risk Management (EPRM) program. Evidence of compliance is collected on a dedicated SharePoint database. HSE/ Environmental Sustainability Operations are responsible for verifying compliance.	The list of high-risk supplier manufacturing sites defined during 2021 containing 147 supplier manufacturing sites. The list has been updated to only 39 supplier manufacturing sites (post Sandoz spin-off & other exits) in 2024.

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
Water • Water withdrawals • Water discharged • Water consumption	Water is defined as fresh water, such as drinking water, ground water, rainwater and water of natural water bodies (excluding sea water). *Water withdrawal* from all sources includes surface water, ground water, third-party water and water collected from rain. It also includes contact water and non-contact water (typically used for cooling). Unit of measure: water withdrawn during the reporting period in million cubic meters *Water discharged* means water leaving any Novartis premises, including water directly discharged *directly to surface water* (non-contact water), and *via treatment*. Unit of measure: water discharged in total and by destinations non-contact water discharged directly to surface water or discharged via treatment during the reporting period in million cubic meters *Water consumed* encompasses water that is lost via evaporation from cooling or heating systems, or output included as product ingredients or other sources. This water can be sourced from surface water, ground water, third-party supplies, or collected from rain. The definition follows the new GRI water standards. Unit of measure: water consumed during the reporting period in million cubic meters *For 2025 Target: Water consumed* additionally encompasses water that is discharged through on-site or off-site treatment processes and water lost. Unit of measure: water consumed (for 2025 target) during the reporting period in million cubic meters	Water withdrawal, discharges and consumption are measured using water meter data or invoices and are reported through our internal health, safety and environment system Enablon. The amount of water reported represents nine months actuals plus the estimation for the fourth quarter based on foreseen activity and the prior year's operating experiences.	De minimis criteria have been established for locations (excluding manufacturing sites, R&D labs, NOCCs) that do not contribute to more than 0.2% of the Novartis energy consumption or have fewer than 1,500 FTEs. The list of sites considered de minimis is reviewed annually. Water for de minimis sites is estimated by multiplying the site's total number of FTEs (made up of Novartis and third- party workforce) by average water use. The average water use per FTE is calculated using primary data from similar Novartis locations.
Packaging • Sites that have eliminated PVC in packaging	Novartis seeks to eliminate *polyvinyl chloride* (PVC) in its product packaging (secondary and tertiary packaging) at all its packaging sites where Novartis has operational control.	Each product packaging site has assigned a Single Point of Contact (SPOC) for this indicator. The SPOC is responsible for identifying PVC in secondary and tertiary packaging at their site,	All product packaging sites where Novartis has operational control have been included in the assessment except for sites that

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
	Unit of measure: product packaging sites in scope that have eliminated PVC in secondary and tertiary packaging as a percentage of total number of product packaging sites in scope at the end of the reporting period	developing a plan for its elimination, and reporting progress against this plan to the Global Packaging Team (GPT). The HSE/ Environmental Sustainability Operations are responsible for verifying that PVC has been eliminated from secondary and tertiary packaging following consultation with the GPT.	have been announced to leave the Novartis network. Bulk packaging sites are excluded. These are sites involved in packaging of intermediate products and/or API raw materials and not involved in final product packaging. External and contract manufacturers are excluded from this indicator. Products still under development and not yet commercially approved are excluded.
Operational Waste • Waste generated • Waste recycled • Waste not recycled	*Waste generated* is categorized as: • *Non-hazardous waste* • *Hazardous waste* Unit of measure: hazardous and non-hazardous waste generated during the reporting period in thousand metric tons Waste is further categorized as *recycled* and *not recycled.* *Waste recycled* is presented as: • *Non-hazardous waste recycled* • *Hazardous waste recycled* Unit of measure: non-hazardous and hazardous waste recycled during the reporting period in thousand metric tons *Waste not recycled* is presented as: • *Non-hazardous waste not recycled* • *Hazardous waste not recycled* Each category of waste not recycled is further split into the respective disposal routes: *incineration, landfill* or *other disposal options.*	Waste is measured using weighing scales, estimates and/or invoice information and is reported through our internal health, safety and environment system Enablon. The amount of waste reported represents nine months actuals plus the estimation for the fourth quarter based on foreseen activity and the prior year's operating experiences.	Excludes non-operational waste (e.g., debris from construction projects). Excludes effluents (treated or untreated wastewater), which is reported under "Water". De minimis criteria have been established for locations (excluding manufacturing sites, R&D labs, NOCCs) that do not contribute to more than 0.2% of the Novartis energy consumption or have fewer than 1,500 FTEs. The list of sites considered de minimis is reviewed annually. Waste for de minimis sites is estimated by multiplying the site's total number of FTEs (made up of Novartis and third party-workforce) by an average of waste generation amount per FTE

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
	Unit of measure: non-hazardous and hazardous waste not recycled during the reporting period by the respective disposal route in thousand metric tons		using primary data from similar Novartis sites.
Climate change • CAPEX deployed towards environmental sustainability	Capital expenditures (CAPEX) projects dedicated towards Novartis environmental sustainability targets typically contain investments in sustainable infrastructure (e.g. heat pumps, woodfired boilers, water and waste management etc.) Unit of measure: CAPEX amount incurred toward environmental sustainability during the reporting period in million USD	For identified and approved projects focused on environmental sustainability as main purpose, capital appropriation requests (CARs) are prepared applying Novartis CAR guidelines and financial data for each project. Capex related to real estate projects or related to manufacturing sites are captured and tracked in the respective financial systems.	Includes environmental sustainability projects, supply chain optimization, carbon offsetting, waste management and recycling etc. Includes only projects with environmental sustainability as their main purpose. Excludes other projects where environmental sustainability is not the main focus (e.g. normal maintenance, infrastructure replacement at the end of life).
• Assets exposed to physical risks (USD and %)	Physical climate risks refer to potential estimated financial losses of assets (property, plant & equipment – PP&E) and inventories in the event of physical climate risk hazards under the high emission scenario (Shared socio-economic pathways SSP5-8.5) of the Intergovernmental Panel on Climate Change (IPCC) in 2050. Units of measure: Value: • Assets exposed to physical climate risks at the end of the prior reporting period (in million USD) • Inventory exposed to physical climate risks at the end of the prior reporting period (in million USD) In percent (%) • Percentage of assets exposed to physical climate risk in relation to total property, plant and equipment reported in the consolidated financial statements at the end of the prior reporting period (see note 10). • Percentage of inventories exposed to physical climate risk over total inventory value reported in the consolidated financial statements at the end of the prior reporting period.	Assets and inventory value at potential physical climate risk is estimated in a three-step approach using a third-party climate data model applied to Novartis provided data input (operating site's geo-location coordinates and asset/inventory values). 1. Physical climate risks hazards material to Novartis are identified (e.g. flooding, drought, cyclones, etc.) and each Novartis operating site screened for vulnerability against these material physical climate risks hazards • across three different socio-economic pathway (SSPs) emissions scenarios • four time horizons (2025,2030,2040,2050). Operating sites identified as 'high' or 'very high' risk in 2050 under a worst-case SSP5-8.5 emissions scenario are taken into the model.	Sites (geo-locations) of third-party partners temporarily holding Novartis stock for further processing are not included in the analysis. Assets (property, plant and equipment) at Novartis office sites that are leased and de-minimis sites are excluded. Intangible assets and any other assets other than PP&E (excluding freehold land) and inventories (excluding goods in transit and re-devaluation) are excluded. Operating sites showing no or very limited vulnerability across all scenarios and time horizons are excluded from the model.

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
		2. A damage function by climate risk hazard is applied to estimate potential financial losses • Assets are based on the site-specific net book value at the end of the prior reporting period. • Inventory values are based on cTPC where available (consolidated total production cost) by warehouse location at the end of the prior reporting period. 3. Potential financial losses of asset value / inventories caused by physical climate risk hazards are summed up for the 2050 time horizon in an SSP5-8.5 scenario.	
• Supply chain facing physical risks (%)	Defines the share of procurement spend with material suppliers exposed to physical climate risk over the total procurement spend. Includes spend with suppliers defined as material to Novartis from an economic point of view and that were assessed as having a significant physical climate risk ('medium', 'high' or 'very high' exposure to physical climate hazards). Units of measure: percentage of supply chain spend at physical climate risk over the total procurement spend in million USD during the prior reporting period	Total procurement spend for the prior reporting period is collected via the PRIUS internal spend database. The following criteria were applied to identify supply chain spend at physical climate risk: • Thresholds: manufacturing suppliers spend over USD 50 000 and non-manufacturing suppliers spend of at least USD 100 000 and showing a high asset tangibility (i.e., a sector's dependence on physical assets) and low substitutability (existence of alternative suppliers to purchase a particular good or service) • Suppliers were assessed for climate risks using ND-GAIN data (2023). OECD (2021) data on asset tangibility was used to gauge sector vulnerability. Country and sector risk scores were combined to produce a final score from 1 to 25, categorized from 'very low' (score <3) to 'very high' (score >15).	No exclusions.

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
		• Suppliers with 'high' and 'very high' risk and spend above USD 100 000 and suppliers with 'medium risk' but high asset tangibility were shortlisted and their respective spend put into relation of total procurement spend.	
• Internal carbon price	We follow the definition of an *internal carbon price* by the Taskforce on Climate-related Financial Disclosures: "An internal carbon price is a monetary value on greenhouse gas emissions an organization uses internally to guide its decision-making process." Novartis applies the internal carbon price as a shadow price, following the World Bank definition: "Shadow pricing assigns a theoretical price per unit of emissions, which is then factored into the organization's decision-making processes." Unit of measure: USD amount per thousand metric tons of CO_2 equivalents	Price applied for 2024: 100 USD/t CO_2e (carbon dioxide equivalents). Factors considered to determine the internal carbon price include the carbon prices of compliance and voluntary carbon markets, external guidance from relevant institutions (e.g., UN Global Compact, High-level Commission on Carbon Prices), and benchmarking against peers. The internal carbon price is formally reviewed annually from 2024 onwards.	

Ethics

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
Code of Ethics • Employees trained and certified	Active Novartis employees are trained and certified on the Novartis Code of Ethics once per reporting period. This is a mandatory global training delivered through an e-learning module solution, which includes a test and certification. Unit of measure: percentage of active Novartis employees who have completed Novartis Code of Ethics training over total active Novartis employees registered for the training during the reporting period	The Training is initiated and conducted once per reporting period including all new joiners after the initiation date. Data is collected via the central Up4Growth system.	All active, internal employees and selected categories of contingent workers[1] (excluding third-party workforce and contractors) with a Novartis email address are registered for the Code of Ethics e-learning except for approximately 1% of employees in countries or legal entities not yet integrated into Novartis systems. These employees, who undergo a separate hard-copy training outside of Up4Growth, are not included in the Code of Ethics indicator. [1] Contingent worker means an external contractor who is temporarily retained through a temporary staff agency and supervised day-to-day by a Novartis employee
Grievance indicators: SpeakUp Office • Total allegations	An *allegation* is a claim or assertion of a potential misconduct. One case can comprise several allegations. Unit of measure: number of allegations related to misconduct cases as assessed by the SpeakUp office during the reporting period	Download from Global Case Management System (owned by the SpeakUp Office), applying the selection criteria defined for this indicator.	Allegations related to lower-risk and higher-risk misconduct cases are counted towards this indicator.
• Higher-risk allegations • Higher-risk allegations substantiated	*Higher-risk allegations* refer to potential misconduct by a senior leader or manager, and/or with potential disruptive reputational impact/significant financial impact, and/or related to sexual harassment, discrimination or retaliation. Unit of measure: number of allegations related to higher-risk misconduct cases as assessed by the SpeakUp office during the reporting period Unit of measure: number of substantiated allegations related to higher-risk misconduct cases closed during the reporting period	Download from Global Case Management System (owned by the SpeakUp Office), applying the selection criteria defined for this indicator.	Only allegations related to higher-risk misconduct cases are included in this indicator. Allegations that, as per the risk assessment, are classified as higher risk but are not backed up by sufficient evidence or meeting the criteria for misconduct cannot be investigated and are excluded.

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
	We disclose allegations in the following categories: • *Discrimination, sexual harassment and other employee relations* • *Human and labor rights* • *Bribery and kickbacks* • *IT* • *Data privacy* Unit of measure: number of substantiated allegations related to higher-risk misconduct cases closed during the reporting period in total and, by select allegation category		Allegations substantiated may include allegations raised in previous years, for which the investigation was concluded during the reporting period.

Animal welfare

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
Animals involved in research	Number of *animals involved* to support internally conducted studies, calculated as the sum of animals in our facilities at the beginning of the year, in addition to animals internally bred and purchased throughout the reporting period. Unit of measure: number of animals involved in research during the reporting period.	Number of living vertebrates engaged in any research setting is collected throughout the calendar year based on manual animal counts and database information such as animals bred or purchased.	Includes animals in Novartis facilities involved to support internally conducted studies. Excludes animals involved to support studies conducted by third parties on behalf of Novartis at third party locations.

Supply chain

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
Actions taken • Remediation actions with suppliers	Following the outcome of audits and risk assessments of suppliers, *remediation actions with suppliers* may be required and agreed upon. New suppliers as well as existing suppliers providing new products, services and sites are subject to risk assessments. Remediation actions can cover the following risk areas: animal welfare; health/safety and environment; information security and data privacy; labor rights, business continuity management, raw material certification, substances of concern in products etc. Unit of measure: total number of remediation actions with suppliers created during the reporting period	Total number of identified remediation actions with suppliers is recorded and aggregated in internal tracking database SNOW under the External Partner Risk Management system (EPRM).	New or existing suppliers of new products, services and sites are subject to a risk assessment, which includes human and labor rights. Assessments expire after 36 months and are subsequently retriggered. Excludes Anti Bribery risk area.
Human and labor rights • Human and labor rights remediation actions	Supplier-related *human and labor rights remediation actions* are defined as the number of identified and agreed actions with suppliers during a human and labor rights assessment. We classify these actions primarily based on the labor rights clauses in the Novartis Third Party Code which include: prohibition of child labor and protection for young workers; freely chosen employment; non-discrimination; prohibition of harassment/harsh or inhumane treatment; fair contracting/regular employment; wages and benefits; working hours and excessive overtime; freedom of association and right of collective bargaining; and general labor rights management systems. Unit of measure: total number of remediation actions with suppliers related to human and labor rights created during the reporting period	Human and labor rights vendor risks assessments (VRA) are initiated through the same process as the External Partner Risk Management process. Each VRA is handed over to the human rights team for analysis and assessment. Each analysis can result in no action (if no non-compliance is identified) or various vendor risk tasks (VRT) in nine categories representing a confirmed non-compliance risk. Against each VRT, a remediation action is defined including a due date for remediation. The cases are documented in our internal tracking platform SNOW. Additionally, standalone cases are included (e.g. remediation actions generated from worker voice survey).	New or existing suppliers of new products, services and sites are subject to a risk assessment, which includes human and labor rights. Assessments expire after 36 months and are subsequently retriggered.

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
• Human and labor rights remediation actions overdue (%)	Human and labor rights remediation actions overdue are defined as remediation actions with a due date in the current or previous reporting period but have not been closed by the end of the current reporting period. Unit of measure: total number of overdue human and labor rights remediation actions, regardless of creation date, at end of reporting period over the total number of open remediation actions regardless of creation date and the total number of closed remediation actions in reporting period regardless of their creation date	The indicator is calculated taking into account: • Number of remediation actions that were raised during the reporting period • Open remediation actions from the previous reporting periods Remediation actions closed in the reporting period.	

Product quality and patient health and safety

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
GxP audits • Total GxP audits	GxP audits represent audits conducted by Novartis quality auditors at facilities owned (internal) by Novartis or at GxP suppliers to Novartis (external). GxP stands for “Good x Practice” with the “x” representing the respective guidelines and regulations (e.g., GMP – Good Manufacturing Practice). Unit of measure: number of completed GxP audits during the reporting period	Data is collected via the internal databases 1QEM.	Includes Novartis quality GxP audits completed during the reporting period. Excludes any other type of audits such as financial or compliance audits.
Regulatory authorities • Total inspections	*Inspections* are completed by various health authorities. Unit of measure: number of completed inspections during the reporting period	Data is collected as soon as feasible via the internal database 1QEM.	Includes all inspections completed by various health authorities at facilities owned by Novartis during the reporting period.
• Inspections found to be acceptable (%)	*Inspections found to be acceptable* are all inspection outcomes where there are no critical observations that have a negative impact on the rights, safety or well-being of subjects or patients, or the identity, strength, quality or purity of the manufactured product, or the integrity of data. This	Data is collected as soon as feasible via the internal database 1QEM.	

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
	includes internally defined outcome classifications of Satisfactory, Good, Needs Improvement, and Not Applicable. An acceptable inspection outcome allows Novartis to continue operating while remediating the findings (if any). Unacceptable inspections are defined as having an unsatisfactory outcome. Unit of measure: percentage of completed inspections found to be acceptable in percent of total inspections completed during the reporting period		
Recalls • Total recalls	A *recall* can be triggered by various stakeholders and is classified according to the risk of the defected product to the patient: • *Class I recall* – there is a reasonable probability that the use of, or exposure to, a defective product may cause serious adverse health consequences or death. • *Class II recall* – use of, or exposure to, a defective product may cause temporary or medically reversible health consequences; the probability of serious health consequences is remote. Unit of measure: number of recalls and recalls by recall classes I and II during the reporting period	Recalls are counted at each time Novartis takes the decision to initiate a recall. Data is collected via the internal databases 1QEM.	Recalls include any type of Novartis product recalls (mandatory, requested or voluntary) and cover approved medicines and investigational treatments undergoing clinical trials. A recall can cover various countries.

Political engagement

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
Political contributions • Global political contributions	Political contributions include monetary and non-monetary support for political parties, elected representatives or candidates seeking public office. Political contributions can also be made indirectly through support given to an intermediary organization, such as a think tank or trade association linked to or supporting particular political parties or causes. We distinguish contributions for the US (*Corporate* and Political Action Committee (*PAC*)), *Switzerland, Australia, and Japan*. The Novartis Political Action Committee (US PAC) is a voluntary and nonpartisan organization composed of eligible Novartis employees, board members and stockholders in compliance with federal and state laws. It receives funds from its members to contribute to the election of qualified candidates for public office. Unit of measure: amount expensed for political contributions during the reporting period in thousand USD globally (total) and by country	Political contributions are subject to a thorough due diligence process, local legal requirements review and are approved in advance by the relevant Novartis Country President, or his/her designee or delegate in Public Affairs. Twice a year, Global Public Affairs (GPA) collects political contributions data from country heads of Public Affairs. GPA collects 9-month and 12-month data. Country data is compared with two data sources: • Data from the financial reporting system FCRS • Where possible, data from the compliance platform “BeSure” Any discrepancy between figures and/or information is addressed jointly between GPA, country heads of Public Affairs and country FRA business partners. For the US PAC, US Public Affairs maintains an overview of the fund and discloses the amount disbursed to Global Public Affairs on an annual basis.	Currently, Novartis only makes political contributions in the following markets: the US, Switzerland, Australia, and Japan. Novartis PAC only uses voluntary funds received from eligible employees of Novartis to make political contributions. Members eligible to contribute to Novartis PAC are employees who are either US citizens or holders of permanent resident cards.
Memberships in trade associations • Global memberships in trade associations	Novartis is a member of external groups representing various stakeholders, including trade and industry bodies. Some of the trade associations may lobby on behalf of Novartis. This indicator captures the specific amount expensed for the memberships. A global membership is a membership in a trade association that acts globally or regionally, whereas local trade associations act within the national boundary where they are registered.	The financial reporting system FCRS is the data source that reports the locally processed expenditures. Global Public Affairs maintains an overview of budgeted membership fees on an annual basis, provided by local public affairs teams. GPA collects 9-month and 12-month membership data from the FCRS. This data is cross-referenced with membership data provided by country and regional public affairs	The amount disclosed for global memberships in trade associations is a total of global, regional and local memberships.

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
	Unit of measure: amount expensed for memberships in trade associations during the reporting period in thousand USD	teams, as well as with BeSure data, to ensure consistency.	

Business model

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
Manufacturing and operating sites • Operating sites	Number of operating sites represents the worldwide number of sites where Novartis has a physical presence. Novartis defines an operating site by its municipality or district. One operating site can include multiple locations within the same municipality. Unit of measure: count of operating sites based on unique site code at the end of the reporting period.	An operating site can be identified by its unique site code consisting of the country's 2-letter ISO code and a 2-letter code representing the municipality. Data is retrieved from Sequentra, a property management database (managed by a third-party partner) used to manage all properties excluding manufacturing sites. A property can be owned or leased. Manufacturing sites are added as per the definition below. Co-located manufacturing sites, offices or laboratories based on a shared unique site code are counted as one operating site.	Properties considered as operating sites include offices, laboratories and auxiliary properties. The indicator excludes properties that are classified as land only or are used for leisure (such as sports facilities).
• Manufacturing sites	Number of manufacturing sites represents the count of all Novartis sites approved for commercial supply of Novartis product portfolio. Novartis defines a manufacturing site as a single entity managed through the established and single management structure in the same location or a different location in proximity. Unit of measure: number of manufacturing sites at the end of the reporting period	The indicator is based on the data collected through our internal health, safety and environment system Enablon and signed list of sites following established management structure Number of manufacturing sites is collected through Enablon applying the defined exclusions and reconciled with the established management structure.	All Novartis physical sites active for commercial supply of our product portfolio excluding: • Sites where production has ceased • Sites where production of first commercial supply is yet to occur • Sites used only for warehousing • Development Labs no active commercial production

ESG Category ESG Indicator	Definition	Methodology, calculation, data collection	Assumptions, scope and exclusions
Countries with products sold	Countries with products sold refers to countries with third-party sales of Novartis medicine. Unit of measure: number of countries where Novartis has sold medicines during the reporting period	Extracted from the financial reporting system FCRS.	Includes countries with continuing operations and third-party sales above USD 1m in the reporting year. Excludes certain overseas departments or administrative districts.

Appendix 1: Sandoz spin-off – methodologies to carve out Sandoz data

Each performance indicator was analyzed to identify an appropriate methodology to separate the underlying data between Sandoz and Novartis in the most accurate way possible. The below list shows how the 2022 and 2023 comparative figures to the 2024 Novartis in Society Integrated report were compiled and calculated.

Access to medicine

ESG Category / ESG Indicator	Restatement 2022 and Q3 2023 YTD	Methodology applied for carve-out	Assumptions, scope and exclusions
• Submissions and approvals	Not applicable as only related to approvals for Novartis products	n/a	
• New molecular entity (NME) approvals	Not applicable as only related to approvals for Novartis products	n/a	

People

It is not possible to recreate a meaningful data separation in the past due to employees moving roles and employees working in shared service functions and roles at the headquarters of Novartis. For this reason, all indicators related to or using employees as an underlying data input have not been restated for the comparative year 2022 and Sandoz employees remain included.

ESG Category / ESG Indicator	Restatement 2022 and Q3 2023 YTD	Methodology applied for carve-out	Assumptions, scope and exclusions
• Headcount and FTE • Turnover	Comparative figures of people-related indicators are not restated for 2022, and Sandoz employees remain included. Data disclosed for 2023 excludes Sandoz employees.	Separation as per employees transferring to or already employed by a legal entity transferring to Sandoz as per the legal entity transfer list.	Employees still employed by a Novartis legal entity in a delayed market remain included for 2023.
• Annual average learning hours per employee	Comparative figures of people-related indicators are not restated, and Sandoz employees remain included for 2022. Data disclosed for 2023 includes Sandoz employees until August and excludes Sandoz employees thereafter.	Separation as per employees transferring to or already employed by a legal entity transferring to Sandoz as per the legal entity transfer list.	Employees still employed by a Novartis legal entity in a delayed market remain included for 2023.
• Employee representative body re-presentation	Comparative figures are not restated, and Sandoz employees remain included in the indicator disclosed for 2022. Data disclosed for 2023 excludes Sandoz employees.	Separation as per employees transferring to or already employed by a legal entity transferring to Sandoz as per the legal entity	Employees still employed by a Novartis legal entity in a delayed market remain included for 2023.

ESG Category / ESG Indicator	Restatement 2022 and Q3 2023 YTD	Methodology applied for carve-out	Assumptions, scope and exclusions
		transfer list as the underlying information source to calculate this indicator.	
• Pay equity	Comparative figures of people-related indicators are not restated, and Sandoz employees remain included for 2022. Data disclosed for 2023 excludes Sandoz employees.	Separation as per employees transferring to or already employed by a legal entity transferring to Sandoz as per the legal entity transfer list.	Employees still employed by a Novartis legal entity in a delayed market remain included for 2023.
• Recruitment without using historical salary data	Comparative figures of people-related indicators are not restated, and recruitments made for Sandoz vacancies remain included for 2022. Vacancies filled for a role in a Sandoz legal entity have been excluded from the 2023 indicator calculation.	Separation as per the legal entity transfer list.	
• Health and safety	Comparative figures of people-related indicators are not restated, and Sandoz employees remain included for 2022. Data disclosed for 2023 excludes injuries/illness cases or fatalities related to Sandoz employees.	Separation as per employees transferring to or already employed by a legal entity transferring to Sandoz as per the site transfer list.	Employees still employed by a Novartis legal entity in a delayed market remain included for 2023.
• Gender representation • Gender representation in management • Gender representation by contract type • Employee and gender representation by age	Comparative figures of people-related indicators are not restated, and Sandoz employees remain included for 2022. Data disclosed for 2023 excludes Sandoz employees.	Separation as per employees transferring to or already employed by a legal entity transferring to Sandoz as per the legal entity transfer list.	Employees still employed by a Novartis legal entity in a delayed market remain included for 2023.
• Employee representation by region and contract type	Comparative figures of people-related indicators are not restated, and Sandoz employees remain included for 2022. Data disclosed for 2023 excludes Sandoz employees.	Separation as per employees transferring to or already employed by a legal entity transferring to Sandoz as per the legal entity transfer list.	Employees still employed by a Novartis legal entity in a delayed market remain included for 2023.

Environmental sustainability

ESG Category / ESG Indicator	Restatement 2022 and Q3 2023 YTD	Methodology applied for carve-out	Assumptions, scope and exclusions
• Supplier contracts including environmental criteria	Comparative figures exclude suppliers that supplied goods or services exclusively to Sandoz entities.	Separation according to the entity to which the respective supplier provided goods or services. Entities per legal entities transfer list and supplier contracts transferred to Sandoz.	
• Energy use • Greenhouse Gas emissions • Greenhouse Gas emissions intensity • Volatile organic compounds (VOCs)	Comparative figures exclude data related to sites transferred to Sandoz.	Separation according to sites transferred to Sandoz as per the site transfer list. The emissions related to passenger cars for Scope 1 were separated based on FTE's.	For shared sites that produced for Sandoz and Novartis, the data is split using a percentage defined for each individual indicator. The same applies for other types of sites e.g., offices or labs.
• Water quality	Manufacturing sites: comparative figures exclude manufacturing sites that have been transferred to Sandoz. Suppliers: comparative figures data exclude suppliers that supplied goods or services exclusively to Sandoz entities.	Separation according to sites transferred to Sandoz as per the site transfer list.	Shared sites that produced for Sandoz and Novartis are counted for both Sandoz and Novartis.
• Water use	Comparative figures exclude water use related to sites transferred to Sandoz.	Separation according to sites transferred to Sandoz as per the site transfer list.	For shared sites that produced for Sandoz and Novartis, the data is split using a percentage defined for each individual indicator. The same applies for other types of sites e.g., offices or labs.
• Elimination of PVC in packaging	Comparative figures exclude manufacturing sites that have been transferred to Sandoz.	Separation according to manufacturing sites transferred to Sandoz as per the site transfer list.	
• Waste	Comparative figures exclude waste related to sites transferred to Sandoz.	Separation according to sites transferred to Sandoz as per the site transfer list.	For shared sites that produced for Sandoz and Novartis, the data is split using a percentage defined for each individual indicator. The same applies for other types of sites e.g., offices or labs.

Ethics

ESG Category / ESG Indicator	Restatement 2022 and Q3 2023 YTD	Methodology applied for carve-out	Assumptions, scope and exclusions
• Code of Ethics	Comparative 2022 figures for the Code of Ethics training are not restated, as the underlying driver of this indicator is the employee, in line with all other people-related indicators. Data disclosed for 2023 excludes Sandoz employees.	Separation as per employees transferring to or already employed by a legal entity transferring to Sandoz as per the legal entity transfer list.	
• Grievance indicators: SpeakUp Office	Separation of the comparative figures has been undertaken on a case-by-case basis.	Separation as per employees transferring to or already employed by a legal entity transferring to Sandoz as per the legal entity transfer list.	Separation of grievance indicators related to shared services functions and manufacturing sites that provided services for Novartis and Sandoz have been estimated.

Animal welfare

ESG Category / ESG Indicator	Restatement 2022 and Q3 2023 YTD	Methodology applied for carve-out	Assumptions, scope and exclusions
• Animal Welfare	All underlying studies for which animals were needed are for Novartis research efforts.	n/a	

Supply Chain

ESG Category / ESG Indicator	Restatement 2022 and Q3 2023 YTD	Methodology applied for carve-out	Assumptions, scope and exclusions
• Remediation actions with suppliers	Comparative figures exclude suppliers that supplied goods or services exclusively to Sandoz entities.	Data split according to the entity to which the respective supplier provided goods or services and /or by the Business Owner having initiated the process (if a Novartis or Sandoz employee). Entities per legal entities transfer list and supplier contracts transferred to Sandoz.	
• Human and labor rights	Comparative figures exclude human rights cases identified that concern suppliers that supplied goods or services exclusively to Sandoz entities.	Data split according to the entity to which the respective supplier provided goods or services. Entities per legal entities transfer list and supplier contracts transferred to Sandoz.	

Product quality and patient safety

ESG Category / ESG Indicator	Restatement 2022 and Q3 2023 YTD	Methodology applied for carve-out	Assumptions, scope and exclusions
• GxP audits	GxP audits in relation to a Sandoz product or a site transferred to Sandoz are not included in the comparative figures	Products or sites transferred to Sandoz	
• Total inspections	Inspections in relation to a Sandoz product or a site transferred to Sandoz are not included in the comparative figures	Products or sites transferred to Sandoz	
• Total recalls	Recalls related to Sandoz products are not included in the comparative figures	Products as per product list transferred to Sandoz.	

Political engagement

ESG Category / ESG Indicator	Restatement 2022 and Q3 2023 YTD	Methodology applied for carve-out	Assumptions, scope and exclusions
• Political contributions	Comparative figures remain unchanged for 2022 and 2023 expenditures have not been adjusted as we consider that lobbying expenditures and political contributions were made on behalf of the whole Novartis Group until the spin-off date.	n/a	
• Memberships in trade associations	Comparative figures remain unchanged for 2022 as we consider that expenditures related to membership of trade associations was made on behalf of the whole Novartis Group. For 2023, payments to trade associations out of a Sandoz legal entity or in relation to trade association memberships transferred to Sandoz are included until September.	Separation according to the legal entity to which the respective trade association membership fee was paid out. Entities per legal entities transfer list and supplier contracts transferred to Sandoz.	