

Novartis AG Basel

Sustainability-linked bond 2024 Report

In 2020, we issued a EUR 1.85 billion sustainability-linked bond (September 23, 2020 – September 23, 2028) to reinforce our commitment to expanding access to our medicines in low- and middle-income countries (LMICs). Bondholders are entitled to receive a higher amount of interest if Novartis does not meet specific targets.

Our targets are to increase the number of patients reached with strategic innovative therapies in LMICs and to increase the number of patients reached with Novartis flagship programs in LMICs. As of December 31, 2024, there is no indication that these targets will not be met.

Increase the number of patients reached with strategic innovative therapies in LMICs by at least 200% by 2025 (compared with a 2019 base year)

	2024	2023	2022	Base year	Target	Progress	
Patients reached with strategic innovative therapies in LMICs ^{1,2}	1 806 386	1 568 574	1 197 352	547 664	≥200%	On track	△

Increase the number of patients reached with Novartis flagship programs in LMICs by at least 50% by 2025 (compared with a 2019 base year)

	2024	2023	2022	Base year	Target	Progress	
Patients reached through flagship programs ^{1,2}	26 310 195	28 722 966	31 157 087	15 069 483	≥50%	On track	△

△ 2024 data in scope for external limited assurance

¹ Performance indicators for 2023 can be found in the Novartis in Society Integrated Report 2023 (page 80) together with the limited assurance opinion (page 98)

² Performance indicators for 2022 can be found in the Novartis in Society Integrated Report 2022 (page 84) together with the limited assurance opinion (page 93)

Reporting Criteria

- [Final Listing Prospectus](#), dated September 21, 2020.
- Low- and middle-income countries (LMIC) countries are outlined in Novartis sustainability-linked bond [Final Listing Prospectus](#) Annex A.
- Strategic innovative therapies include Entresto, Lucentis, Cosentyx, Jakavi, Promacta and others. New therapies may be added to this list on an annual basis subject to management's approval. See the sustainability-linked bond [Final Listing Prospectus](#) for more information.
- Novartis flagship programs: malaria, leprosy, Chagas disease and sickle cell disease.
- Patients reached is calculated based on annual sales volume and on volume per patient considering in particular the following elements: daily treatment doses, treatment duration and treatment compliance rate. See the sustainability-linked bond [Final Listing Prospectus](#) for more information.
- The assumptions for the daily treatment dose, treatment duration and treatment compliance rate are defined for each country/brand combination and are kept unchanged until December 31, 2025.
- The quantity of leprosy treatments delivered is provided by the World Health Organisation ("WHO").
- For the sale or out-licensing of one of the underlying therapies (brand-country combination), the number of patients reached continues to be considered as long as Novartis retains risks and rewards over the respective sales volume in relation to the partner of Novartis (revenue shown at supply price).
- 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.

Independent Assurance Report

Independent practitioner's limited assurance report on selected Sustainability Information of Novartis AG

To the Management of Novartis AG, Basel

We have undertaken a limited assurance engagement for Novartis AG's (hereinafter "Novartis") on the following Sustainability Information (hereinafter "Sustainability Information") in the Sustainability-linked bond: 2024 Report for the year ended December 31, 2024 (the "Report"):

- Patients reached with strategic innovative therapies in Low- and Middle-Income Countries (LMICs), marked with the symbol Δ on page 1
- Patients reached through flagship programs, marked with the symbol Δ on page 1

Understanding how Novartis has Prepared the Sustainability Information

Novartis prepared the Sustainability Information using criteria as outlined on page 2 in the Report (hereinafter referred to as the "Reporting Criteria"). The Sustainability Reporting Criteria have been developed to assist Novartis in preparing the performance information for the Sustainability information. Consequently, the Sustainability Information needs to be read and understood together with the Sustainability Reporting Criteria. As a result, the Sustainability Information may not be suitable for another purpose.

Our Limited Assurance Conclusion

Based on the procedures we have performed as described under the *'Summary of the work we performed as the basis for our assurance conclusion'* and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Information in the Report for the year ended December 31, 2024, is not prepared, in all material respects, in accordance with the Sustainability Reporting Criteria.

Our conclusion is to be read in the context of the remainder of this report, in particular the "Inherent limitations in preparing the Sustainability Information" and "Intended use and distribution of our report" sections below.

Inherent Limitations in Preparing the Sustainability Information

Due to the inherent limitations of any internal control structure, it is possible that errors or irregularities may occur in disclosures of the Sustainability Information and not be detected. Our engagement is not designed to detect all internal control weaknesses in the preparation of the Sustainability Information because the engagement was not performed on a continuous basis throughout the period and the assurance procedures performed were on a test basis.

The nature of non-financial information; the absence of significant body of established practice on which to draw; and the methods of precision used to determine non-financial information, allow for different, but acceptable evaluation and measurement techniques and can result in materially different measurement, affecting comparability between entities and over time.

Novartis's Responsibilities

The Management of Novartis is responsible for:

- Selecting or establishing suitable criteria for preparing the Sustainability Information, taking into account applicable law and regulations related to reporting the Sustainability Information;

- The preparation of the Sustainability Information that is free from material misstatement in accordance with the Sustainability Reporting Criteria; and
- Designing, implementing, and maintaining internal control over information relevant to the preparation of the Sustainability Information that is free from material misstatement, whether due to fraud or error.

Our Responsibilities

We are responsible for:

- Planning and performing the engagement to obtain limited assurance about whether the Sustainability Information is free from material misstatement, whether due to fraud or error;
- Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- Reporting our conclusion to the Management of Novartis.

As we are engaged to form an independent conclusion on the Sustainability Information as prepared by management, we are not permitted to be involved in the preparation of the Sustainability Information as doing so may compromise our independence.

Professional Standards Applied

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board ('IAASB').

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' ('IESBA') International Code of Ethics for Professional Accountants (including International Independence Standards), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our work was carried out by an independent and multidisciplinary team including assurance practitioners and sustainability experts. We remain solely responsible for our assurance conclusion.

Summary of the Work we Performed as the Basis for our Assurance Conclusion

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Sustainability Information is likely to arise. The procedures we performed were based on our professional judgment. Carrying out our limited assurance engagement on the Sustainability Information included, among others:

- Inquiries of employees responsible for the determination and consolidation as well as the implementation of internal control procedures regarding the Sustainability Information;
- Inspection of selected internal and external documents to determine whether qualitative and quantitative information is supported by sufficient evidence and presented in an accurate and balanced manner;
- Assessment of the data collection, validation and reporting processes as well as the reliability of the reported data on a test basis and through testing of selected calculations;

- Analytical assessment of the data and trends of the Sustainability Information included in the scope of the limited assurance engagement; and
- Reading the narrative within the Report with regards to the Sustainability Reporting Criteria, and for consistency with our findings.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Intended Use and Distribution of our Report


Our report has been prepared for Novartis solely in accordance with the terms of our engagement. We have consented to the publication of our report within the Sustainability-linked bond: Progress report 2024 for the purpose of Novartis showing that it has obtained an independent assurance report in connection with the Sustainability Information.

Our report was designed to meet the agreed requirements of Novartis determined by Novartis's needs at the time. Our report should not therefore be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than Novartis for any purpose or in any context. Any party other than Novartis who obtains access to our report or a copy and chooses to rely on our report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, KPMG AG will accept no responsibility or liability in respect of our report to any other party.

KPMG AG 



Richard Broadbelt
Licensed audit expert



George Richards

Basel, January 30, 2025