

Novartis AG

To the shareholders of Novartis AG

Invitation to the Annual General Meeting

Date: Tuesday, March 7, 2023, 10:00 CET (doors open at 8:30 CET)

Place: St. Jakobshalle, St. Jakobs-Strasse 390, 4052 Basel, Switzerland

Basel, February 1, 2023

Agenda

1 Approval of the Operating and Financial Review of Novartis AG, the Financial Statements of Novartis AG and the Group Consolidated Financial Statements for the 2022 Financial Year

The Board of Directors proposes approval of the operating and financial review of Novartis AG, the financial statements of Novartis AG and the Group consolidated financial statements for the 2022 financial year.

Explanation

The Board of Directors is required by law to submit the operating and financial review, the financial statements and the Group consolidated financial statements for each financial year to the General Meeting for approval. The auditor KPMG AG, Basel, has audited the Group consolidated financial statements of the Novartis Group and the financial statements of Novartis AG and has nothing to add to the audit reports.

2 Discharge from Liability of the Members of the Board of Directors and the Executive Committee

The Board of Directors proposes to discharge each of its members and each of the members of the Executive Committee for the 2022 financial year.

Explanation

With the discharge of the members of the Board of Directors and the Executive Committee, the Company as well as the approving shareholders declare that they will no longer hold accountable those responsible for events from the past financial year that were brought to the attention of the General Meeting.

3 Appropriation of Available Earnings of Novartis AG as per Balance Sheet and Declaration of Dividend for 2022

Balance brought forward	CHF	19 318 747 323
Reduction due to cancellation of treasury shares ¹	CHF	-1 966 414 116
2022 net income of Novartis AG	CHF	25 392 232 198
Total available earnings at the end of the year	CHF	42 744 565 405
Transfer to legal reserves for treasury shares ²	CHF	-1 578 834 054
Total available earnings at the disposal of the Annual General Meeting	CHF	41 165 731 351

The Board of Directors proposes appropriation of the available earnings as follows:

Gross dividend (before taxes and duties) of CHF 3.20 per dividend-bearing share ³ of CHF 0.50 nominal value	CHF	-7 057 566 272
Balance to be carried forward	CHF	34 108 165 079

¹ Based on the resolution by the Annual General Meeting held on March 4, 2022 regarding reduction of share capital

² With effective date of January 1, 2023, Article 659b of the Swiss Code of Obligations was amended to change the definition of subsidiaries to include foundations of the Company. This amendment requires an additional allocation of legal reserve for treasury shares held by foundations as of January 1, 2023, resulting in a reduction of available earnings at the disposal of the Annual General Meeting.

³ No dividend will be declared on treasury shares held by Novartis AG or its fully owned subsidiaries.

If this proposal is approved, the dividend will be paid as from March 13, 2023. The last trading day with entitlement to receive the dividend is March 8, 2023. As from March 9, 2023 the shares will be traded ex-dividend.

Explanation

The distribution of a dividend requires a resolution by the General Meeting. The proposed appropriation of available earnings is in line with the dividend policy of Novartis.

4 Reduction of Share Capital

The Annual General Meetings held on March 2, 2021 and March 4, 2022 authorized the Board of Directors, at its discretion, to repurchase shares as deemed appropriate from time to time up to a maximum of CHF 20 billion worth of shares until the 2024 and 2025 Annual General Meetings respectively.

In 2022, 126 243 500 shares (thereof 106 130 779 under the authorization of March 2, 2021, and 20 112 721 under the authorization of March 4, 2022) were repurchased via the second trading line on the SIX Swiss Exchange. These shares are to be cancelled and the share capital reduced accordingly. The legally required creditors' call has taken place, so that the capital reduction could be executed and registered in the commercial register immediately after the Annual General Meeting.

The Board of Directors proposes to reduce the share capital by CHF 63 121 750 (from CHF 1 201 860 626 to CHF 1 138 738 876) through cancellation of 126 243 500 own shares repurchased in 2022, whereas the reduction amount shall be set off against the balance brought forward.

Immediately after executing the capital reduction, the Board of Directors would amend Article 4 paragraph 1 of the Articles of Incorporation to read as follows:

The share capital of the Company is CHF 1 138 738 876, fully paid-in and divided into 2 277 477 752 registered shares. Each share has a nominal value of CHF 0.50.

5 Further Share Repurchases

As explained under agenda item 4, the 2021 and the 2022 Annual General Meetings authorized the Board of Directors to repurchase shares as deemed appropriate from time to time up to a maximum of CHF 20 billion. Up until January 31, 2023, shares with a total value of CHF 12.6 billion have been repurchased under this authorization, which means that CHF 7.4 billion remain.

To allow for the full execution of the already announced share buyback of up to USD 15 billion and potential additional share buybacks, the Board of Directors proposes that shareholders, in addition to the remaining authorization of CHF 7.4 billion, authorize the Board of Directors to repurchase shares as deemed appropriate from time to time up to a maximum of CHF 10 billion between the 2023 Annual General Meeting and the 2026 Annual General Meeting.

Explanation

Any shares repurchased under this authorization are to be cancelled and the corresponding share capital reductions will then be submitted to the shareholders for approval. The repurchased shares will therefore not fall within the scope of the 10% limit pursuant to Art. 659 of the Swiss Code of Obligations, which restricts the acquisition of own shares by the company.

6 Amendment of the Articles of Incorporation

The Board of Directors proposes that the Articles of Incorporation of Novartis AG be amended to meet the requirements of the reform of Swiss corporate law that came into force on January 1, 2023, and to take into account current best corporate governance practices. For the explanations of the motions and the text of the proposed revised Articles of Incorporation, reference is made to the brochure "Explanations of the Board of Directors on the Amendment of the Articles of Incorporation" published on www.novartis.com/agm.

6.1 Introduction of Article 12a of the Articles of Incorporation

6.2 Amendment of Articles 10, 14, 30, 33 and 34 of the Articles of Incorporation

6.3 Amendment of Articles 4-7, 9, 11-13, 16-18, 20-24, 27, 38 and 39 of the Articles of Incorporation

7 Votes on Compensation for the Members of the Board of Directors and the Executive Committee

Further information on the compensation can be found in the brochure "Compensation Votes at the 2023 Annual General Meeting" published on www.novartis.com/agm and in the 2022 Compensation Report, available at www.novartis.com/annualreport2022.

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

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

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

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

7.3 Advisory Vote on the 2022 Compensation Report

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

8 Re-elections of the Board Chair and the Members of the Board of Directors, Election of one new Member to the Board of Directors

The Board of Directors proposes the re-election of the current members of the Board of Directors (incl. the Board Chair), with the exception of Andreas von Planta, as well as the election of John D. Young as a new member of the Board of Directors, each until the end of the next Annual General Meeting.

Explanation

Since the term of office of the Board Chair and the members of the Board of Directors ends with the conclusion of the Annual General Meeting on March 7, 2023, they each have to be re-elected by the Annual General Meeting.

Andreas von Planta has decided not to stand for re-election. The Board of Directors and the Executive Committee of Novartis would like to thank Andreas von Planta for his many years of distinguished service on the Novartis Board of Directors.

Information on the professional backgrounds of the current members of the Board of Directors as well as information on committee memberships can be found from page 130 ff in the Annual Report, available at www.novartis.com/annualreport2022 and on our website at www.novartis.com/about/board-directors.

8.1 Re-election of Joerg Reinhardt as Member and Board Chair

8.2 Re-election of Nancy C. Andrews

8.3 Re-election of Ton Buechner

8.4 Re-election of Patrice Bula

8.5 Re-election of Elizabeth Doherty

8.6 Re-election of Bridgette Heller

8.7 Re-election of Daniel Hochstrasser

8.8 Re-election of Frans van Houten

8.9 Re-election of Simon Moroney

8.10 Re-election of Ana de Pro Gonzalo

8.11 Re-election of Charles L. Sawyers

8.12 Re-election of William T. Winters

8.13 Election of John D. Young

John D. Young retired from Pfizer in June 2022 where he held several senior positions over more than 30 years and served as a member of Pfizer's Executive Leadership Team since 2012. John D. Young successfully led and developed multi-ten-billion dollar global businesses and brings a wealth of industry experience in leadership, strategy, business development and commercialization of innovative medicines to the Board of Directors. John D. Young currently serves on the Boards of Johnson Controls International, Haleon PLC, Arvinas, and privately held biotech, Imbria Pharmaceuticals.

More background information on John D. Young is available at www.novartis.com/agm.

9 Re-elections to the Compensation Committee

The Board of Directors proposes the re-election of the current members of the Compensation Committee, each until the end of the next Annual General Meeting. The Board of Directors intends to redesignate Simon Moroney as chair of the Compensation Committee, subject to his re-election as a member of the Compensation Committee.

Explanation

Since the term of office of the members of the Compensation Committee ends with the conclusion of the Annual General Meeting on March 7, 2023, they must be re-elected by the Annual General Meeting. In accordance with Article 27 paragraph 4 of the Articles of Incorporation, the Board of Directors appoints the chair of the Compensation Committee.

9.1 Re-election of Patrice Bula

9.2 Re-election of Bridgette Heller

9.3 Re-election of Simon Moroney

9.4 Re-election of William T. Winters

10 Re-election of the Auditor

The Board of Directors proposes the re-election of KPMG AG as auditor for the financial year starting on January 1, 2023.

Explanation

According to the Articles of Incorporation, the auditors are to be elected annually by the Annual General Meeting. KPMG AG was first proposed for election at the 2022 Annual General Meeting after a tendering process in the year 2020, and the Board of Directors believes that KPMG AG is best suited to continue serving as our auditor.

11 Re-election of the Independent Proxy

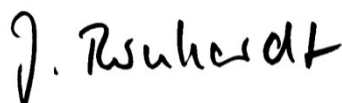
The Board of Directors proposes the re-election of lic. iur. Peter Andreas Zahn, Attorney at Law, Basel, as Independent Proxy until the end of the next Annual General Meeting.

Explanation

The law requires that the Independent Proxy is elected annually by the Annual General Meeting. Mr. Zahn meets the independence criteria, and the Board of Directors suggests that he should be re-elected for reasons of continuity.

For the Board of Directors

The Board Chair:



Joerg Reinhardt, Ph.D.

(The original German text is binding)

Organizational Notes

No Trading Restriction

The registration of shareholders for voting purposes does not affect the trading of shares held by registered shareholders before, during or after a General Meeting.

Documentation

The full Annual Report for the 2022 financial year (incl. the operating and financial review of Novartis AG, the financial statements of Novartis AG, the Group's consolidated financial statements, the Compensation Report as well as the auditor's reports) is available in English at www.novartis.com/annualreport2022 and available for inspection by shareholders at the Registered Office of the Company*.

The "Novartis in Society Integrated Report 2022" is available online as an interactive website and as a PDF in English, with a German PDF version also being available from February 20, 2023. Details of our annual reports can be found at www.novartis.com/reportingsuite.

The brochures "Compensation Votes at the 2023 Annual General Meeting" and "Explanations of the Board of Directors on the Amendment of the Articles of Incorporation" are available in German, English and French at www.novartis.com/agm.

Voting Rights

Voting rights may only be exercised for shares registered with the right to vote in the share register on March 2, 2023.

Admission Tickets

Admission tickets and voting materials will be sent from February 24, 2023 to March 3, 2023 to shareholders who register for the Annual General Meeting. It will facilitate the preparations for the meeting if the enclosed registration form is returned as early as possible.

Proxy Appointment

A shareholder may only be represented at the General Meeting by his or her legal representative, another shareholder with the right to vote or the Independent Proxy (lic. iur. Peter Andreas Zahn, Attorney at Law, St. Jakobs-Strasse 7, 4052 Basel, Switzerland). Proxies may only be appointed for one General Meeting.

Please note that family members who are not themselves shareholders cannot be appointed as proxies. This does not apply to family members acting as legal representatives.

Web portal GVMANAGER Online

Novartis offers its shareholders the use of GVMANAGER Online to order their admission ticket, appoint a proxy, and give voting instructions.

Shareholders registered in the Novartis AG share register receive the login codes with the invitation to the General Meeting. In case of questions, please contact the Novartis Share Registry (Novartis AG, Share Registry, Forum 1-2.77, 4002 Basel, Switzerland, Tel: +41 61 324 72 04, Fax: +41 61 324 32 44, E-mail: share.registry@novartis.com).

Proposals from Shareholders on Agenda Items

Proposals from shareholders on agenda items are only permissible if they are put to the General Meeting by the shareholders themselves or by an individual proxy acting on their behalf. The Independent Proxy cannot act as individual proxy in this sense.

Transportation

Shareholders are requested to use public transport since parking facilities at the St. Jakobshalle are limited.

Simultaneous Translations

The General Meeting will be held partially in German and in English with simultaneous translations into German, English and French. Headphones will be provided in the foyer of the St. Jakobshalle.

Webcast

The General Meeting can be watched as live webcast with simultaneous translations into German and English at www.novartis.com/agm.

* At the Office of the Corporate Secretary, Lichtstrasse 35, 4056 Basel, Switzerland

Compensation Votes

at the 2023 Annual General Meeting

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

Dear Shareholder,

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

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

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

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

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

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

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

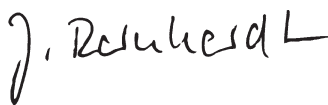
The Board of Directors proposes approval of a maximum aggregate amount of compensation for the Executive Committee of CHF 90 000 000 to be paid, promised or granted during, or in respect of, the 2024 financial year.

Vote 7.3: Advisory Vote on the 2022 Compensation Report

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

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

On behalf of the Novartis Board of Directors,



Joerg Reinhardt
Board Chair



Simon Moroney
Compensation Committee Chair

Vote 7.1

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Vote 7.2

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

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

The ECN compensation system

	Fixed pay and benefits		Variable pay – performance-related	
	Annual base salary	Pension and other benefits	Annual Incentive	Long-Term Incentive awards
Purpose	Reflects responsibilities, experience and skill sets	Tailored to local market practices / regulations	Rewards for performance against key short-term targets and Values and Behaviors ²	Rewards long-term shareholder value creation and innovation in line with our strategic priorities
Form of payment	Cash	Country / individual specific and aligned with other employees	50% cash 50% equity ¹ deferred for three years	Equity
Performance cycle	–	–	One year	Three years
Performance measures	–	–	Individual balanced score-card, including financial targets (60% weighting) ³ and strategic objectives (40% weighting) aligned with our transformation to become a pure-play Innovative Medicines company: Strategy, Growth / Launches, Innovation, Operational excellence, Build trust with society	Four equally weighted performance measures (25% weighting each): • Net sales growth (CAGR ⁴) • Core operating income growth (CAGR ⁴) • Long-term innovation • Relative TSR vs. global sector peers ⁵

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

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

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

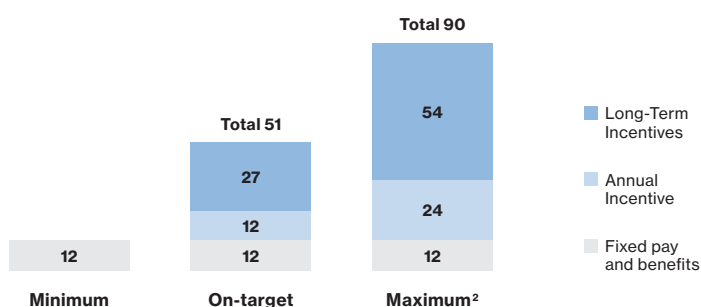
⁴ CAGR = compound annual growth rate

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

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

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

(in CHF million, rounded)¹



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

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

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

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

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

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

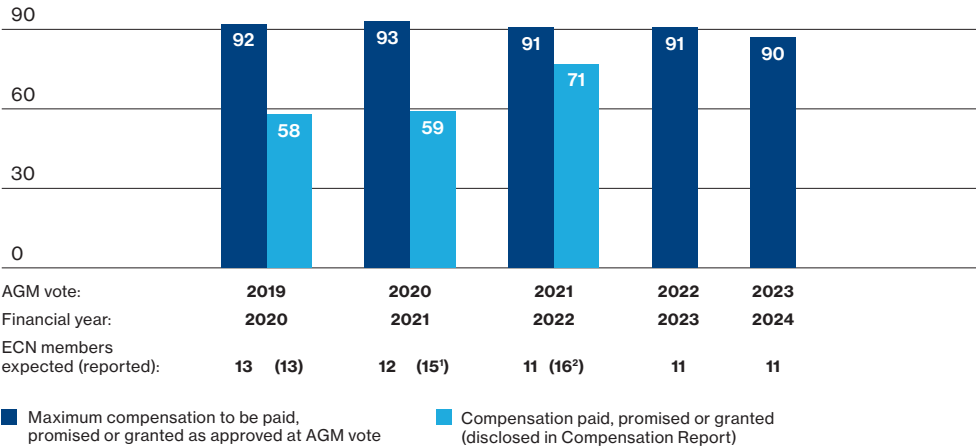
Evolution of Executive Committee compensation

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

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

Evolution of ECN compensation chart

(in CHF million, rounded)



¹ Includes 12 active Executive Committee members and 3 members who left or resigned during 2021.
² Includes 11 active Executive Committee members, 4 members who left or resigned during 2022, and 1 member who stepped down due to planned Sandoz spin-off in second half of 2023, which is subject to approval of the Novartis AG Board of Directors and shareholders.

Vote 7.3

Advisory Vote on the 2022 Compensation Report

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

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

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

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

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

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

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

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