



Novartis AG

To the shareholders of Novartis AG

Invitation to the Annual General Meeting

Date: Tuesday, March 2, 2021, 14:00 CET

Place: Novartis Campus, Lichtstrasse 35, 4056 Basel, Switzerland

Basel, January 26, 2021

Important Information regarding COVID-19

Dear Shareholders,

Unfortunately, the current situation regarding the coronavirus (COVID-19) does not allow us to hold the Annual General Meeting the conventional way.

On September 11, 2020, the Swiss Federal Council decided to extend the COVID-19 Ordinance 3 until December 31, 2021. In accordance with this ordinance, the Board of Directors of Novartis AG has decided to hold the 2021 Annual General Meeting without shareholders being physically present. It is with great regret that the Board of Directors has taken this decision, but it considers this step as the only feasible option to protect the well-being of all parties involved. The safety of our shareholders and associates comes first.

Accordingly, shareholders can only exercise their shareholder rights via the Independent Proxy, lic. iur. Peter Andreas Zahn.

In addition, shareholders will be given the opportunity to submit questions to the Board of Directors ahead of the Annual General Meeting through our website <https://www.novartis.com/agm>, and the Annual General Meeting can be watched as live webcast at 14:00 CET on March 2, 2021.

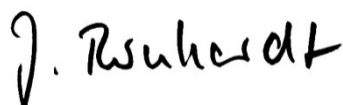
Detailed information as to how to give voting instructions to the Independent Proxy (in writing or through the Sherpany Online Platform), how to submit questions and how to watch the webcast can be found in the "Organizational Notes" at the end of this invitation.

In the name of the Board of Directors, I thank you for your understanding. I hope that next year, I will be able to welcome you to the Annual General Meeting under normal circumstances.

Sincerely,

For the Board of Directors

The Chairman:

A handwritten signature in black ink, appearing to read 'J. Reinhardt', written in a cursive style.

Joerg Reinhardt, Ph.D.

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 2020 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 2020 financial year.

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

The Board of Directors proposes to discharge its members and the members of the Executive Committee for the 2020 financial year.

3 Appropriation of Available Earnings of Novartis AG as per Balance Sheet and Declaration of Dividend for 2020

Balance brought forward	CHF	16 968 847 688
2020 net income of Novartis AG	CHF	8 867 439 410
Available earnings as per balance sheet	CHF	<u>25 836 287 098</u>

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

Gross dividend (before taxes and duties) of CHF 3.00 per dividend-bearing share* of CHF 0.50 nominal value	CHF	<u>-7 064 503 542</u>
Balance to be carried forward	CHF	<u>18 771 783 556</u>

* 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 8, 2021. The last trading day with entitlement to receive the dividend is March 3, 2021. As from March 4, 2021 the shares will be traded ex-dividend.

4 Reduction of Share Capital

The Annual General Meeting held on February 28, 2019 authorized the Board of Directors to repurchase up to a maximum of CHF 10 billion worth of shares until the Annual General Meeting 2022 under an eighth share repurchase program, replacing the previous (seventh) program.

In 2019, 60 313 900 shares (thereof 59 483 900 under the eighth and 830 000 under the seventh share repurchase program) were repurchased. In 2020, these shares were cancelled in accordance with the resolution of the General Meeting held on February 28, 2020.

In 2020, 32 640 000 additional shares were repurchased under the eighth share repurchase program via the second trading line on SIX Swiss Exchange. These shares are also to be cancelled and the share capital reduced accordingly. PricewaterhouseCoopers AG, the statutory auditor of Novartis AG, has confirmed in a special report prepared for the Annual General Meeting that, from today's perspective, the claims of creditors remain fully covered even after the proposed reduction in share capital.

The Board of Directors proposes:

(i) to state in accordance with the special report of PricewaterhouseCoopers AG that, from today's perspective, the claims of creditors are fully covered even after the proposed reduction of the share capital;

(ii) to reduce the share capital by CHF 16 320 000 (from CHF 1 233 530 460 to CHF 1 217 210 460) through cancellation of 32 640 000 own shares repurchased in 2020;

(iii) to amend Article 4 paragraph 1 of the Articles of Incorporation to read as follows:

The share capital of the Company is CHF 1 217 210 460, fully paid-in and divided into 2 434 420 920 registered shares. Each share has a nominal value of CHF 0.50.

5 Further Share Repurchases

The Board of Directors proposes that shareholders 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 Annual General Meeting 2021 and the Annual General Meeting 2024. Any shares repurchased under this authority 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 on a company's own shares pursuant to Art. 659 of the Swiss Code of Obligations.

6 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 enclosed brochure "Compensation Votes at the 2021 Annual General Meeting" and in the 2020 Compensation Report, available at <https://www.novartis.com/annualreport2020>.

6.1 Binding Vote on the Maximum Aggregate Amount of Compensation for the Board of Directors from the 2021 Annual General Meeting to the 2022 Annual General Meeting

The Board of Directors proposes approval of a maximum aggregate amount of compensation for the Board of Directors of CHF 8 600 000, covering the period from the 2021 Annual General Meeting to the 2022 Annual General Meeting.

6.2 Binding Vote on the Maximum Aggregate Amount of Compensation for the Executive Committee for the Financial Year 2022

The Board of Directors proposes approval of a maximum aggregate amount of compensation for the Executive Committee of CHF 91 000 000 to be paid, promised or granted during, or in respect of, the financial year 2022.

6.3 Advisory Vote on the 2020 Compensation Report

The Board of Directors proposes endorsement of the 2020 Compensation Report (advisory vote).

7 Re-elections of the Chairman and the Members of the Board of Directors

Following his appointment as dean of the Harvard Business School as of January 1, 2021, Srikant Datar has decided not to seek another term of office. The Board of Directors and the Executive Committee of Novartis thank Srikant Datar for many years of distinguished services on the Board of Directors.

The Board of Directors proposes the re-election of the current members of the Board of Directors (incl. the Chairman), with the exception of Srikant Datar, each until the end of the next Annual General Meeting.

Information on the professional backgrounds of the current members of the Board of Directors can be found in the Annual Report, available at <https://www.novartis.com/annualreport2020>.

7.1 Re-election of Joerg Reinhardt as Member and Chairman

7.2 Re-election of Nancy C. Andrews

7.3 Re-election of Ton Buechner

7.4 Re-election of Patrice Bula

7.5 Re-election of Elizabeth Doherty

7.6 Re-election of Ann Fudge

7.7 Re-election of Bridgette Heller

- 7.8 Re-election of Frans van Houten**
- 7.9 Re-election of Simon Moroney**
- 7.10 Re-election of Andreas von Planta**
- 7.11 Re-election of Charles L. Sawyers**
- 7.12 Re-election of Enrico Vanni**
- 7.13 Re-election of William T. Winters**

8 Re-elections to the Compensation Committee, Election of one new Member to the Compensation Committee

The Board of Directors proposes the re-election of Patrice Bula, Bridgette Heller, Enrico Vanni and William T. Winters as well as the election of Simon Moroney as members of the Compensation Committee, each until the end of the next Annual General Meeting. The Board of Directors intends to designate Simon Moroney as Chairman of the Compensation Committee, subject to his election as a member of the Compensation Committee.

- 8.1 Re-election of Patrice Bula**
- 8.2 Re-election of Bridgette Heller**
- 8.3 Re-election of Enrico Vanni**
- 8.4 Re-election of William T. Winters**
- 8.5 Election of Simon Moroney**

9 Re-election of the Statutory Auditor

The Board of Directors proposes the re-election of PricewaterhouseCoopers AG as auditor for the financial year starting on January 1, 2021.

10 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.

11 Amendment to Article 20 Paragraph 3 of the Articles of Incorporation

The Board of Directors proposes to introduce a term limit of twelve years for members of the Board of Directors, replacing the current age limit of seventy years. Under this new rule, the Board of Directors may still, under special circumstances and if deemed in the best interests of the Company, recommend exceptions to the term limit to the General Meeting of Shareholders.

This proposed amendment supports our commitment to refresh the Board on an ongoing basis and it will apply for all future re-elections. It also follows international best practice, which increasingly asks for an overall tenure of no more than 12 years.

Accordingly, the Board of Directors proposes to replace Article 20 paragraph 3 of the Articles of Incorporation of Novartis AG with the following wording:

A member shall not serve on the Board for more than 12 years. The Board of Directors may, under certain circumstances and if deemed in the best interests of the Company, recommend exceptions to this rule to the General Meeting of Shareholders.

(The original German text is binding)

Enclosures: - Form "Appointment of Proxy and Instructions" with reply envelope
- Brochure "Compensation Votes at the 2021 Annual General Meeting"

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 2020 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 statutory auditor's reports) is available in English at <https://www.novartis.com/annualreport2020> and available for inspection by shareholders at the Registered Office of the Company*.

A short version of the Annual Report ("Annual Review") is available in English and German, both as printed copy and electronically at <https://www.novartis.com/investors/novartis-annual-reporting-suite>. Shareholders who have requested or who will request a printed version will be provided with the Annual Review as of February 2, 2021.

Voting Rights and Proxy Appointment

Voting rights may only be exercised for shares registered with the right to vote in the share register on February 25, 2021.

A shareholder may only be represented at the General Meeting by the Independent Proxy (lic. iur. Peter Andreas Zahn, Attorney at Law, St. Jakobs-Strasse 7, 4052 Basel, Switzerland). Please use the enclosed form or the Sherpany online platform for such purpose.

Sherpany Online Platform

Novartis offers shareholders the use of the Sherpany online platform to exercise their voting rights.

Shareholders who are not yet registered can do so by using the account opening details sent to them together with this invitation. 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).

Shareholder Questions on Agenda Items

Because the current situation regarding COVID-19 does not permit shareholders to be physically present at the Annual General Meeting, Novartis is giving its shareholders the opportunity to address questions to the Board of Directors through a "Virtual Speakers' Desk". This desk will be open between February 8 and 22, 2021, at <https://www.novartis.com/agm>.

The Board of Directors will respond to the most important questions at the Annual General Meeting, and as far as possible address some or all of the remaining questions on the Novartis website. Novartis reserves the right to answer questions in aggregated form or individually, possibly mentioning the name of the shareholder who submitted the question.

Webcast

The General Meeting can be watched as live webcast with simultaneous translations into German and English at <https://www.novartis.com/agm> (on March 2, 2021 at 14:00 CET).

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



Compensation Votes

at the 2021 Annual General Meeting

Item 6 of the Agenda
(The original German text is binding)

Dear Shareholder,

As a leading global medicines company, we use innovative science and digital technologies to create transformative treatments in areas of great medical need. Our purpose as a company is to reimagine medicine to improve and extend people's lives. We foster a company culture that is curious, inspired, and unbossed. We believe these elements drive continued innovation and will support the creation of value over the long term for our company, society and to you as a shareholder.

During 2020, we progressed the implementation of our strategy to become a leading focused medicines company, powered by advanced therapy platforms and data science.

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 2021 Annual General Meeting (AGM) to cast separate binding votes on two aggregate amounts of compensation, and an advisory (non-binding) vote on our 2020 Compensation Report as described in this brochure.

Vote 6.1: Binding Vote on the Maximum Aggregate Amount of Compensation for the Board of Directors from the 2021 Annual General Meeting to the 2022 Annual General Meeting

The Board of Directors proposes approval of a maximum aggregate amount of compensation for the Board of Directors of CHF 8 600 000, covering the period from the 2021 Annual General Meeting to the 2022 Annual General Meeting.

Vote 6.2: Binding Vote on the Maximum Aggregate Amount of Compensation for the Executive Committee for the Financial Year 2022

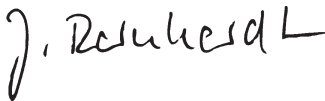
The Board of Directors proposes approval of a maximum aggregate amount of compensation for the Executive Committee of CHF 91 000 000 to be paid, promised or granted during, or in respect of, the financial year 2022.

Vote 6.3: Advisory Vote on the 2020 Compensation Report

The Board of Directors proposes endorsement of the 2020 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 2020 Annual Report.

On behalf of the Novartis Board of Directors,



Joerg Reinhardt
Chairman, Board of Directors



Enrico Vanni
Vice Chairman, Board of Directors
Chairman, Compensation Committee

Vote 6.1

Binding Vote on the Maximum Aggregate Amount of Compensation for the Board of Directors from the 2021 Annual General Meeting to the 2022 Annual General Meeting, i.e. CHF 8 600 000

The Chairman of the Board and other Board member fee rates remain unchanged since the prior year. Fees reflect our governance structure and the responsibilities of the Board, in accordance with applicable laws and our own regulations. Aggregate Board compensation aligns with the current levels of other large Swiss companies.

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

Board member annual fees payable from the period from the 2021 AGM to the 2022 AGM

CHF 000s	Fees for period from the 2021 AGM to the 2022 AGM
Chairman of the Board	3 800
Board membership	280
Vice Chairman / Lead Independent Director ¹	50
Chair of the Audit and Compliance Committee ²	130
Chair of the Compensation Committee ²	90
Chair of other committees ^{2,3}	70
Membership of the Audit and Compliance Committee ²	70
Membership of the other committees ^{2,4}	40

¹ The Lead Independent Director Role is currently combined with the Vice Chairman role, and no additional compensation will be paid.

² Additional committee fees for functions of Board members in committees, i.e. chairmanship/membership (not applicable for the Chairman)

³ Applies to the Governance, Nomination and Corporate Responsibilities Committee; the Science and Technology Committee; and the Risk Committee. The Chairman receives no additional committee fees for chairing the Science and Technology Committee.

⁴ Applies to the Compensation Committee; the Governance, Nomination and Corporate Responsibilities Committee; the Science and Technology Committee; and the Risk Committee

Amount requested for the period from the 2021 AGM to the 2022 AGM

The amount shown in the table below assumes that all proposed Board members (and Compensation Committee members) will be elected at the 2021 AGM. The total compensation amount requested is lower than the prior term due to a reduction from 14 to 13 members.

CHF	Approved for: 2020 AGM – 2021 AGM	Requested for: 2021 AGM – 2022 AGM
Chairman of the Board	3 805 000	3 805 000
Other Board members	5 195 000	4 795 000 ¹
Total amount of compensation for the members of the Novartis Board of Directors	9 000 000	8 600 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 26 118 mandatory employer contributions for all Board members payable by Novartis to Swiss governmental social security systems. This amount is out of estimated total employer contributions of approximately CHF 430 023, 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 2020 AGM to the 2021 AGM is CHF 8 837 696 which is below the CHF 9 000 000 approved by shareholders at the 2020 AGM.

Vote 6.2

Binding Vote on the Maximum Aggregate Amount of Compensation for the Executive Committee for the Financial Year 2022, i.e. CHF 91 000 000

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 scorecard, including financial targets (60% weighting) and strategic objectives aligned to the five strategic pillars (40% weighting): innovation, operational excellence, data and digital, people and culture and building trust with society ²	Four equally weighted performance measures (25% weighting each): <ul style="list-style-type: none"> • Net sales growth (CAGR³) • Core operating income growth (CAGR³) • Long-term innovation • Relative TSR vs. global sector peers⁴

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.

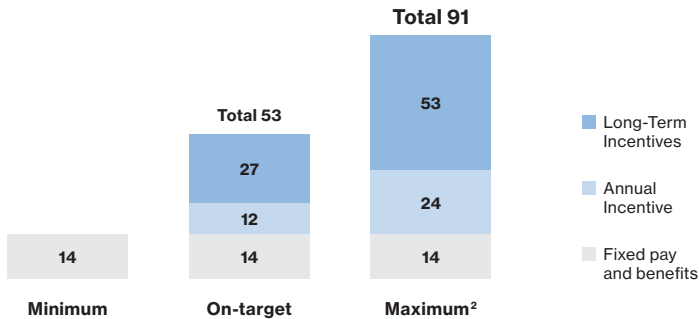
³ CAGR = compound annual growth rate

⁴ The selected peer group for relative TSR consists of 15 companies 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 the Executive Committee for the next financial year, i.e. 2022

The table below presents a breakdown of the expected minimum, target and maximum 2022 total compensation for the 12 expected members of the Executive Committee. This is a decrease compared to 2021 due to a reduction from 13 to 12 Executive Committee members.

(in CHF million, rounded)¹



¹ One member is to be paid in USD. The exchange rate used is CHF 1.00 = USD 1.065, and the proposed amount excludes any currency exchange rate fluctuation between the time of the release of this brochure and December 31, 2022. 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 67 927 for estimated mandatory employer contributions for all Executive Committee members payable by Novartis to governmental social security systems. This amount is out of an estimated total employer contributions of approximately CHF 6 088 770, 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.

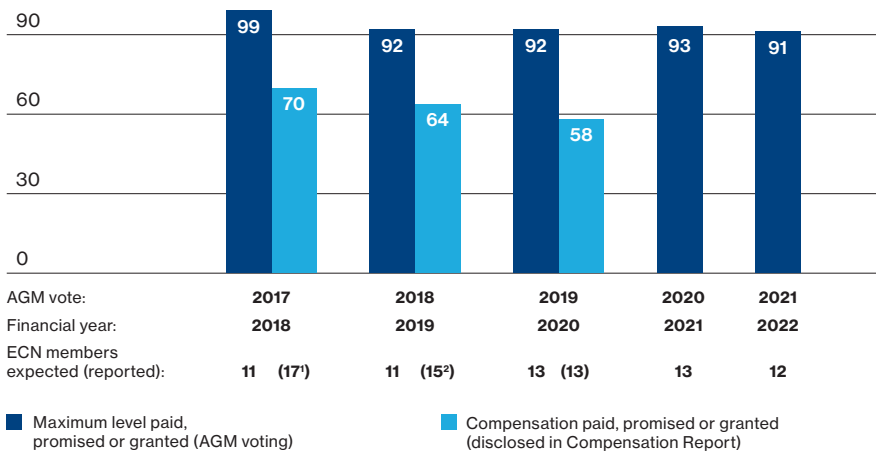
The value of Long-Term Incentive awards is determined at the time the shares are granted (the number of shares is determined by dividing the value at grant by the share price on the grant date). This excludes any share price evolution over the vesting period and any dividends that are paid each year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

Evolution of Executive Committee compensation

The chart below shows the maximum amounts approved by shareholders from the 2017 AGM to the 2020 AGM, and to be approved at the 2021 AGM. In addition, it shows for comparison purposes the compensation paid, promised or granted to the members of the Executive Committee for the 2018 to 2020 financial years.

Evolution of ECN compensation chart

(in CHF million, rounded)



¹ Includes 13 active Executive Committee members and 4 members who stepped down during 2018.

² Includes 13 active Executive Committee members and 2 members who stepped down during 2019.

Vote 6.3

Advisory Vote on the 2020 Compensation Report

The purpose of the Compensation Report is to inform shareholders about 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 2020 Compensation Report.

Feedback from shareholders prior to our last AGM and, more recently, towards the end of 2020 suggested that shareholders were in agreement that our current compensation system is aligned with the Company's purpose, strategy and culture. No changes are therefore proposed for 2021.

During 2020, Novartis navigated the pandemic well. We increased our focus on associates' health and well-being by implementing a number of support programs, including additional paid leave, childcare assistance during school closures, a one-time payment for home office setup, a new flexible working scheme within the country of employment, and a one-time payment to associates and external contractors required to work on site (i.e., in our laboratories or our manufacturing units). No government assistance (e.g., subsidies, furloughs) was sought by the Company, and no COVID-19-related associate redundancies were made. Through these actions, we were able to minimize the disruption to our business operations and consequently were in a position to commit to making no changes to our dividend policy for 2021.

To help tackle the issues caused by the pandemic directly, Novartis made a number of commitments, collaborating with healthcare peers and other organizations on anti-COVID-19 programs, including the roll out of treatments to the developing world. More information on Novartis response efforts can be found in our Novartis in Society ESG Report 2020.

Two of the five strategic objectives in the CEO's Annual Incentive balanced scorecard relate to Environmental, Social and Governance (ESG) matters: "people and culture" and "building trust with society". We continue to integrate ESG, a priority for the Novartis Board of Directors and the Executive Committee, across our operations. Some particular achievements in 2020 included:

- Setting ambitious long-term environmental targets for our entire supply chain
- Increasing our patient reach in lower-middle income countries with emerging market brands and flagship programs (i.e., Chagas disease, leprosy, malaria and sickle cell disease)
- Continuing to make great progress on our Diversity and Inclusion strategy related to gender balance, LGBTI equity, disability equity and racial/ethnicity
- Issuing a sustainability-linked bond, the first of its kind in the healthcare industry
- Launching our new Code of Ethics

Significant upgrades from ESG rating agencies such as MSCI and Sustainalytics in the latest reporting season were based on closing compliance-related allegations, strong governance, including extensive ethics policies, leading programs to expand access to healthcare for low-income populations, and a comprehensive employee engagement strategy relative to peers.

Targets for the strategic as well as financial measures were set at the start of the year, and the Compensation Committee determined that it would not adjust or apply upwards discretion to reflect the negative impact of the pandemic or settlements of legacy legal cases. Similarly, the Board determined that no adjustments were required to the incentive payouts.

More details on these achievements can be found in the CEO Balanced Scorecard of our 2020 Compensation Report. The Report follows a similar structure to that of the prior year, which received strong support from shareholders at the 2020 AGM.

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.