

MEDIA & INVESTOR RELEASE

Novartis set to achieve 100% renewable electricity in its European operations

- *Five virtual power purchase agreements (VPPAs) with three developers expected to add more than 275 megawatts of clean power to the electrical grid*
- *Projects expected to address Novartis greenhouse gas emissions across its European operations, equivalent to removing approximately 113 000 passenger vehicles from the road annually¹*
- *Agreements mark a major milestone on the Novartis environmental sustainability journey to be carbon neutral across its operations by 2025 and across its supply chain by 2030*

Basel, November 19, 2020 — Novartis today announced the signature of five virtual power purchase agreements (VPPAs), which are expected to collectively add more than 275 megawatts of clean power to the electrical grid. This move makes Novartis the first pharmaceutical company set to achieve 100% renewable electricity in its European operations through VPPAs.

"At Novartis, environmental sustainability is aligned with our purpose to reimagine medicine to improve and extend people's lives," said Montse Montaner, Chief Sustainability Officer at Novartis. "Energy efficiency and renewable energy solutions are the cornerstones of our strategy for reducing emissions. These agreements mark a major milestone on the Novartis environmental sustainability journey to be carbon neutral across its operations by 2025 and across its value chain by 2030."

Under the agreements, wind and solar electricity will be generated from six renewable energy projects being developed by three different providers – Acciona, EDP Renewables and Enel Green Power. All projects will be located in Spain. The projects are expected to be online by 2023 and aim to address the company's carbon footprint across its European operations over a period of 10 years from the start of operations. This is equivalent to removing approximately 113 000 passenger vehicles from the road each year¹. These European agreements follow the VPPA recently implemented with the Santa Rita East windfarm in Texas, US, which currently addresses 100% of the electricity used in our operations in the US and Canada.

"Novartis has demonstrated tremendous and ongoing sustainability leadership in the pharmaceutical industry," said John Powers, Vice President of Global Renewables and Cleantech at Schneider Electric. "Executing five deals allows Novartis to diversify risk across technology, location, counterparty and deal structure making for a balanced portfolio of

Spanish renewable energy. We want to congratulate Novartis on this sustainability milestone and shaping a clean energy future."

Schneider Electric, a global specialist in energy management, acted as advisor in the project. Global law firm Baker McKenzie advised Novartis on all legal aspects relating to the VPPAs.

Environmental sustainability at Novartis

At Novartis, we aim to drive sustainability through our own operations, as well as those of our suppliers, and we have set ambitious targets to minimize our impacts on climate, waste and water. We are committed to using resources efficiently and reducing greenhouse gas (GHG) emissions, which affect the climate. Our ambition is to make the company both energy and climate resilient. We aim to become carbon neutral in our own operations (Scope 1 and 2) by 2025, and to achieve carbon neutrality across our supply chain (Scope 1, 2 and 3) by 2030. As a stepping stone to achieve our ambition, we have an approved Science Based Target which commits us to a 35% reduction in absolute emissions across our value chain without using carbon offsets.

For more information: <https://www.novartis.com/our-company/corporate-responsibility/environmental-sustainability>

Disclaimer

This press release contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements can generally be identified by words such as "can," "will," "may," "could," "would," "expected," "committed," "to achieve," "to address," "aim," "to diversify," "to improve," or similar terms, or by express or implied discussions regarding the virtual power purchase agreements to address Novartis greenhouse emissions across its European operations; or regarding the Novartis environmental sustainability journey to be carbon neutral across its operations by 2025 and across its supply chain by 2030 described in this press release. You should not place undue reliance on these statements. Such forward-looking statements are based on our current beliefs and expectations regarding future events, and are subject to significant known and unknown risks and uncertainties. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those set forth in the forward-looking statements. There can be no guarantee that activities and efforts related to the virtual power purchase agreements, or the goals of the virtual power purchase agreements, will be achieved or succeed in the expected timeframe, or at all. In particular, our expectations regarding the virtual power purchase agreements could be affected by, among other things, uncertainties related to the renewable energy projects related to the virtual power purchase agreements; regulatory actions or delays or government regulation generally; global trends toward health care cost containment, including government, payor and general public pricing and reimbursement pressures and requirements for increased pricing transparency; general political, economic and business conditions, including the effects of and efforts to mitigate pandemic diseases such as COVID-19; safety, quality, data integrity or manufacturing issues; potential or actual data security and data privacy breaches, or disruptions of our information technology systems, and other risks and factors referred to in Novartis AG's current Form 20-F on file with the US Securities and Exchange Commission. Novartis is providing the information in this press release as of this date and does not undertake any obligation to update any forward-looking statements contained in this press release as a result of new information, future events or otherwise.

About Novartis

Novartis is reimagining medicine to improve and extend people's lives. As a leading global medicines company, we use innovative science and digital technologies to create transformative treatments in areas of great medical need. In our quest to find new medicines, we consistently rank among the world's top companies investing in research and development. Novartis products reach nearly 800 million people globally and we are finding innovative ways to expand access to our latest treatments. About 110,000 people of more than 140 nationalities work at Novartis around the world. Find out more at <https://www.novartis.com>.

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References

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