

## MEDIA & INVESTOR RELEASE

### Novartis reinforces commitment to patient access, pricing a EUR 1.85 billion sustainability-linked bond

- *First healthcare industry sustainability-linked bond (SLB) further embeds Environmental Social Governance (ESG) targets into the core of Novartis business operations*
- *SLB linked to 2025 Patient Access Targets to increase patients reached in low- and middle-income countries (LMICs) with strategic innovative therapies by 200% and the Novartis Flagship Programs by 50%*

**Basel, September 16, 2020** — Novartis today announced the pricing of a EUR 1.85 billion sustainability-linked bond (SLB), reinforcing its commitment to ESG principles and the 2025 Patient Access Targets announced earlier this month.

The new bond is the first of its kind in the healthcare industry and the first SLB incorporating social targets, with bondholders entitled to receive a higher amount of interest if Novartis fails to meet its targets for expanding access to its innovative medicines and addressing key global health challenges, two areas where Novartis can drive the greatest value for society.

“For decades, Novartis has worked to improve access to medicines and tackle global health challenges. We’re currently working to support global health efforts to address diseases like malaria and leprosy, to continue novel research into tropical diseases, and to ensure access to our new medicines in low- and middle-income countries,” said Vas Narasimhan, CEO of Novartis. “Today’s announcement is another important step on our journey to integrate ESG into the core of our business, measure our progress, hold ourselves accountable, and demonstrate our dedication to making good on our promise to broaden global access to our medicines.”

Globally, approximately two billion people have no access to basic medicines and healthcare<sup>1</sup>, while 100 million people are impoverished by medical expenses each year<sup>2</sup>. Weak healthcare systems in LMICs also hinder timely diagnosis and treatment. Novartis is taking bold steps to increase patient reach in LMICs with its strategic innovative therapies by at least 200% by 2025. In addition, Novartis is taking steps to increase patient reach of its global health flagship programs in leprosy, malaria, Chagas disease and sickle cell disease by at least 50% over the same time period. Novartis estimates achievement of these targets to result in a potential reach of over 24 million patients across therapy areas.

ESG is a key strategic priority for Novartis that rests on four pillars based on topics defined by stakeholders in our materiality analysis: Ethical Standards, Pricing and Access, Global Health Challenges and Responsible Citizenship<sup>3</sup>. The company has developed ambitious and challenging targets against key elements in each of these areas and has made significant progress over the past year. The SLB represents another bold step in the company’s journey

to further embed ESG into the core of its business operations and to communicate progress in a consistent and transparent way. This move follows the recent launch of the new Novartis Code of Ethics, and the announcement of a new 2030 target for full carbon neutrality across the company's entire supply chain.

Novartis has obtained two separate second-party opinions that validate the robustness and relevance of the KPIs and targets. The first one is from the Access to Medicine Foundation, an independent non-profit organization focused on access to medicine in LMICs, on the social benefits of the 2025 Patient Access Targets. The second opinion is from Sustainalytics, a consultancy organization with recognized environmental, social and governance expertise, on the social benefits of the 2025 Patient Access Targets and on the alignment of this bond to the Sustainability-linked Bond Principles, published by the International Capital Markets Association (ICMA).

Novartis will provide annual reports on its performance against the KPIs underlying its 2025 Patient Access Targets, including limited assurance reports by an external verifier.

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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 "potential," "can," "will," "plans," "may," "commitment," "launch," "target," "to increase," "to receive," "to address," "to integrate," "estimates," or similar terms, or by express or implied discussions regarding the proposed issuance of the sustainability-linked bond, the ability of the Group to achieve its 2025 Patient Access Targets and the Group's general commitment to ESG principles. 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 the activities and efforts described in this release will be successful, that the proposed issuance of the sustainability linked bond will be completed or that Novartis will meet its 2025 Patient Access Targets. In particular, the proposed issuance of the sustainability-linked bond is subject to certain closing conditions and could be affected by, among other things, disruptions in the EUR bond market or financial markets generally that prevent or delay the issuance. In addition our ability to achieve the 2025 Patient Access Targets depends on a number of factors outside the Group's control, including local pricing and reimbursement

policies, local health systems, the general regulatory and commercial success of key therapies, supply continuity, political and economic stability, the performance of certain outsourced functions by third parties as well as 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 109,000 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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