



Novartis Environmental Sustainability Strategy

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Novartis Environmental Sustainability Strategy

Our ambition is to be a catalyst for positive change through our commitments in climate and nature. We aim to be a net-zero company by 2040 and contribute to nature positive.

Our environmental sustainability strategy lays out three priorities:

01 Planet	Achieve climate and nature targets, including net-zero greenhouse gas (GHG) emissions by 2040.
02 Patients	Develop sustainable products for patients, applying sustainable design principles for new products.
03 People & Policy	Transform the sustainability mindset across our organization and collaborate with industry partners to influence change in our sector.

Strategic Priority 1: Planet



01 Planet

Achieve climate and nature targets, including net-zero greenhouse gas (GHG) emissions by 2040.

To reduce our environmental footprint, our environmental sustainability strategy prioritizes climate and nature.

Climate

We aim to mitigate our contribution to climate change in line with the Paris Agreement goal to limit the global temperature increase to 1.5°C, compared with pre-industrial levels.

In 2021, Novartis made a commitment to become Net Zero by 2040. In June 2024, Science Based Targets initiative (SBTi) validated our near-term and long-term targets, confirming alignment with 1.5°C trajectory.



2030

Near-term

2031 – 2040

Long-term

- Reduce absolute scope 1 and 2 GHG emissions by 90% by 2030 from a 2022 base year
- Reduce absolute scope 3 GHG emissions by 42% by 2030 from a 2022 base year
- Maintain a minimum of 90% absolute scope 1 and 2 emissions reductions from 2030 through 2040 from a 2022 base year
- Reduce absolute scope 3 GHG emissions by 90% by 2040 from a 2022 base year

We have a climate transition plan to achieve our near- and long-term targets and disclose progress against this plan as part of our annual reporting cycle.

Nature

Novartis is committed to contributing to Nature Positive, a global societal goal defined as ‘halting and reversing nature loss’ by 2030 and achieving full recovery by 2050.¹

Climate and nature are interlinked and our progress toward our net-zero target has also contributed to reducing our impacts on nature. In addition, our approach to nature focuses on four areas:

Water use	Implement water use reduction for own and supplier sites based in water stressed basins.
Water pollution	Ensure no water quality impacts from manufacturing effluents from our own manufacturing sites and high-risk suppliers by 2025. This target has been complemented by a target for 2030 that extends our scope to include our own labs and all active pharmaceutical ingredients (API) suppliers.
Waste	Reduce the amount of waste sent for disposal in our core operations by 50% by 2025 (vs. 2016 baseline), and a further 30% by 2030 (vs. 2022 baseline) ² . In addition, we will eliminate the use of polyvinyl chloride (PVC) in our packaging by 2025. ³
Biodiversity and raw materials	Assess the impact on nature at Novartis sites close to nature-sensitive areas and, where material, establish site-specific biodiversity management plans. In addition, implement a sustainable sourcing program, starting with a pilot in 2025.

¹ Definition of Nature Positive: ‘Halting and reversing nature loss by 2030 and achieving full recovery by 2050’.

² Additionally, we retired our previous target of achieving “plastic neutrality by 2030” and are evaluating potential new targets as our plastic footprint has significantly decreased following the Sandoz spinoff in 2023.

³ Defined as secondary and tertiary packaging for our own final product packaging sites, primary packaging when feasible.

Strategic Priority 2: Patients



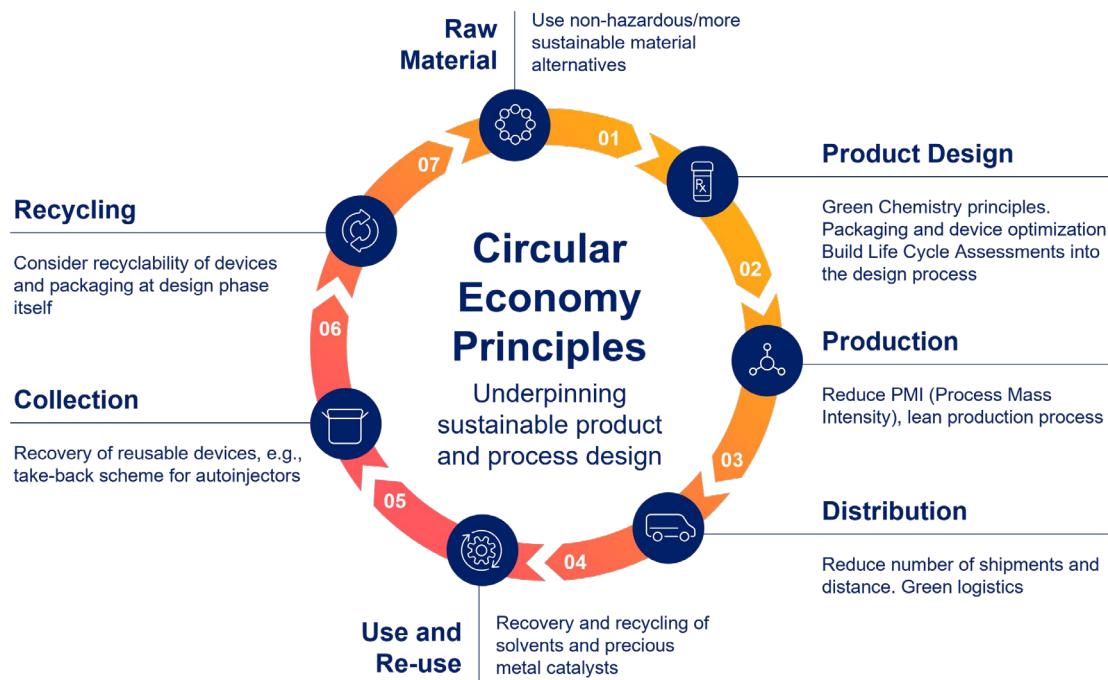
02 Patients

Develop sustainable products for patients, applying sustainable design principles for new products.

The design, development and delivery of more sustainable products to our patients are key enablers of our environmental sustainability strategy. We aim to minimize the manufacturing and supply chain-driven negative impacts on planetary health which, in turn, affects patients' health.

Therefore, our strategic priority to develop sustainable products for our patients covers a holistic review of the drug development lifecycle, from early-stage research and product development and commercialization to the use and disposal of our products by patients and medical staff.

Environmental Lifecycle Assessments (LCAs) provide the framework to first evaluate the environmental impacts associated with our products, processes and activities over their entire lifecycle. Once evaluated, we apply circular economy principles to identify and implement opportunities to reduce our impact. This begins with the selection of raw materials and applying a more sustainable product design approach, through to the collection and recycling of products at end-of-life, where appropriate.



Strategic Priority 3: People & Policy



03 People & Policy

Transform the sustainability mindset across our organization and collaborate with industry partners to influence change in our sector.

A sustainability mindset among employees is about creating a culture where sustainability is consistently considered in decision-making processes. Many of our employees are motivated by the opportunity to make a positive difference and, in turn, this helps us achieve our environmental sustainability goals. We build sustainability awareness through targeted communications, initiatives, and training opportunities, such as the Climate Fresk workshop.

We have a global peer network across the company, called Green Teams, where members promote environmental sustainability awareness and sustainability within the organization and help drive local initiatives. Team members strive to inspire positive change that benefits both the environment and the company, by collaborating across departments and engaging with the larger community.

We also collaborate with industry partners to shape the environmental sustainability agenda across our sector:



Sustainable Markets Initiative

We have signed the Sustainable Markets Initiatives (SMI) Terra Carta and work closely with pharma peers in the SMI's Health Systems Task Force, focusing on Supply Chain Decarbonization, Patient Care Pathways Decarbonization, and Digital Health / Clinical Trials.



We work closely with pharma peers in the Pharmaceutical Environmental Group (PEG) on Nature and Climate topics. We are also a member of the PEG Pharma LCA Consortium which facilitates a universal approach to assessing the environmental impact of pharmaceutical products.



We participate in the World Business Council for Sustainable Development's (WBCSD) Nature Action and Climate action pharma sector working groups.



As part of the Pharmaceutical Supply Chain Initiative (PSCI), we have exchanges with peers on supply chain topics.

Legal disclaimer

Novartis provides some of the sustainability-related targets/commitments and metrics herein voluntarily. These disclosures are aspirational and are not intended as guidance or to indicate material information for purposes of investors' evaluation. For the avoidance of doubt, the disclosure of these targets/commitments and metrics does not indicate materiality under any law or sustainability reporting framework.