

## Charter

### The Risk Committee of Novartis AG

#### Mission Statement

The Risk Committee (RC) will assist the Board of Directors in ensuring that risks are properly assessed and professionally managed by (1) overseeing the Novartis risk management system and processes, (2) reviewing the Novartis risk portfolio and related actions implemented by management.

#### Organization

The RC shall consist of a minimum of three members of the board of directors (the "Board"). The Board will designate one member of the RC as the chairperson of the RC.

The RC shall meet no less than four times a year and have direct and independent interaction with such persons from time to time as the members of the RC deem appropriate.

The RC may invite to its meetings members of the management (including the Chief Financial Officer, the Group General Counsel, the Head of Risk Management and the Head of Internal Audit), external auditors and such other persons as the RC deems appropriate in order to carry out its responsibilities. The RC shall exclude from its meetings anyone with a personal interest in the matters to be discussed.

The RC shall regularly report to the Board on decisions and deliberations of the RC.

The Chairman of the RC shall coordinate the work of his committee with the Chairman of the Audit and Compliance Committee to the extent appropriate.

The RC shall have the authority to retain independent advisers for any matters within the scope of its responsibilities. The RC shall obtain appropriate funding, as determined by the RC, for payment of compensation to any outside advisors engaged by the RC.

### Responsibilities

The RC has the following role and responsibilities:

1. Ensure that Novartis has implemented an appropriate and effective risk management system and process.
2. Ensure that all necessary steps are taken to foster a culture of risk-adjusted decision-making without constraining reasonable risk-taking and innovation.
3. Approve guidelines and review policies and processes.
4. Review with management, internal auditors and external auditors the identification, prioritization and management of the risks, the accountabilities and roles of the functions involved with risk management, the risk portfolio and the related actions implemented by management.
5. Inform the Board on a periodic basis on the risk management system and on the most significant risks and how these are managed.
6. Review such other matters in relation to Novartis' risk management as the RC may, in its own discretion, deem desirable in connection with its responsibilities described above.
7. Keep itself up to date on risk management best practices. The Head of Risk Management is expected to update the RC at least once a year on developments in this area.
8. Annually review and reassess the adequacy of this charter and submit proposed changes to the Board for approval.
9. Conduct an annual self-evaluation of the RC's performance.

### Limitation of RC's Role

While the RC has the responsibilities and powers set forth in this charter, the design of the risk management system and the risk management process (including the identification, prioritization and management of the risks) is the responsibility of the management.

Effective: 11 April 2011