

ESG Disclosures

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ESG reporting standards and assurance

Basis for reporting

This section provides detailed information for Environmental, Social and Governance (ESG) performance indicators for 2025.

The ESG-related content of the Integrated Annual Report has been prepared in accordance with Article 964b of the Swiss Code of Obligations (CO), and in alignment with recommendations and standards issued by the Integrated Reporting Framework, the Sustainability Accounting Standards Board® (SASB), the Global Reporting Initiative (GRI), the Greenhouse Gas (GHG) protocol, and the Task Force on Climate-related Financial Disclosures (TCFD) as required by the Swiss Ordinance on Climate Disclosures.

→ Our Swiss CO Article 964b Compliance Index can be found on | [Page 182](#).

→ Please see | [Pages 183–187](#) for our TCFD disclosures.

We are currently in the process of aligning our ESG reporting with the European Sustainability Reporting Standards (ESRS) to meet the European Union's Corporate Sustainability Reporting Directive (CSRD) requirements when applicable.

The ESG indicators follow the same reporting boundaries as the consolidated financial statements presented in the Integrated Annual Report 2025. Our ESG reporting boundary for ESG data collection excludes our recent acquisition, Just-Evotec Biologics EU SAS, acquired on December 5, 2025.

Environmental data for 2025 contains estimates where actual data was not available at the time of publication. The 2024 estimated data has been updated with actuals for this report and no material variances have been identified. In addition, certain prior year figures have been restated due to changes in methodology or correction of reporting errors. The update also reflects the application of the latest emission factors, aligned with the most recent data submitted as part of our Science Based Targets initiative (SBTi) commitment.

Data on financial performance, eg, net sales, has been taken from our consolidated financial statements prepared in accordance with the International Financial Reporting Standards® (IFRS). The consolidated financial statements of the Group are presented in US dollars (USD).

Due to rounding, amounts may not add up precisely to the totals provided.

🌐 Details of how our reporting aligns with GRI, our SASB index and an overview of definitions and methodologies for ESG performance indicators can be found on | [Sandoz.com/ESG_supplementary_disclosures_2025](https://sandoz.com/ESG_supplementary_disclosures_2025).

Assurance

KPMG AG has provided limited assurance in accordance with ISAE 3000 (revised) and ISAE 3410 on our ESG performance indicators marked with "✓" on | [Pages 177–181](#) and on our compliance with Article 964b of the Swiss CO, including the TCFD.

→ KPMG's independent assurance report is on | [Pages 188–189](#).

Sandoz ESG material topics

In 2024, we conducted a Double Materiality Assessment (DMA) in accordance with European Sustainability Reporting Standards (ESRS). This assessment identified our ESG material topics in the ways society and the environment affect our performance as well as how Sandoz impacts society and the environment. The DMA confirms the alignment of our ESG pillars with our Board-approved strategic priorities.

The DMA followed a structured four-step approach:

- 1. Identification of topics:** We developed a comprehensive list of potentially material topics using ESRS guidelines as a starting point, supplemented by company-specific topics, peer benchmarking, and considered the expectations of regulators, rating agencies and other stakeholders, as well as considered our own strategic priorities.
- 2. Stakeholder engagement:** We identified relevant stakeholders who could help us assess materiality across our value chain.
- 3. Impact and risk assessment:** We combined qualitative and quantitative data to assess Impacts, Risks and Opportunities (IROs) of our material topics by engaging with stakeholders. Internal subject matter experts helped us evaluate these IROs. These quantitative assessments were supplemented with qualitative data from interviews with senior leadership, Board members and affected stakeholders.
- Scoring:** In line with ESRS requirements, stakeholders assessed the impact materiality (inside-out) of the topics, using the ESRS defined criteria of scale, scope, irremediability and likelihood across different time horizons. Stakeholders also assessed the financial materiality (outside-in) by evaluating the potential financial effect and likelihood.
- 4. Integration into strategy:** Results were approved by the Board and embedded into our ESG strategy and will shape our ESG performance efforts, forming the foundation for our alignment with the CSRD.

In 2025, we conducted an annual review of our DMA performed in 2024 to confirm the continued relevance of our identified material topics. No significant changes were identified that would alter the scope of our reporting for the current financial year.

Sandoz ESG material topics continued

Based on the DMA conducted, Sandoz has identified the following material topics.

ESG pillars	Material topic	Definition
Driving Impact and Access	Impact and Access to Healthcare	Access to healthcare refers to the social inclusion of patients and end-users to ensure equal access to products. Impact refers to the wider impacts of medicine, and our ability to use the business to contribute to a healthier, more productive world.
Empowering our People	Diversity, Equity & Inclusion	Diversity and inclusion, including equal treatment, refers to the degree to which we ensure equality, equal treatment and equal opportunity (including pay, development and learning) for all people in the workforce.
	Corporate Culture	Corporate culture expresses our goals through values and beliefs. It guides our activities through shared assumptions and group norms such as values or mission statements or a Code of Ethics.
	Health & Safety	Health and safety refers to our approach to identifying and managing any potential risks to the health and safety of our own workforce and workers in the value chain.
Championing Sustainability	Climate Change	Climate change considers “adaptation”, “mitigation” and “energy”. “Climate change adaptation” refers to efforts undergone to adjust to actual and expected climate change and its impacts. “Climate change mitigation” refers to efforts undergone to reduce GHG emissions. “Energy” refers to the switch to renewable energy and overall energy efficiency.
	Pollution, Water and AMR	Pollution refers to the direct or indirect introduction of pollutants into the air, soil or water which may be harmful to human health or the environment. In this context it examines the prevention, control and reduction of such pollution, including its impact on Antimicrobial Resistance (AMR) due to the potential discharge of Active Pharmaceutical Ingredients (APIs) or other chemicals into water systems.
	Supplier Management	Supplier management refers to behaviors and relationships with our suppliers that support transparent and sustainable business practices.
Governing with Integrity	Ethics, Corruption & Bribery	Corruption and bribery refers to the prevention and detection of cases of unethical business conduct.
	Product Quality & Safety	Product quality and safety refers to the safety of patients and end-users.
	Data Privacy & Cybersecurity	Data privacy refers to the protection and handling of data related to our own workforce and the information related to patients/ end-users. Cybersecurity refers to the protection of our own computer systems, networks, and data from potential cyberthreats.

ESG performance indicators

Driving Impact and Access

Performance indicators	2025	2024	Assurance scope 2025
Impact and Access			
Patients treated (millions) ¹	873	902	✓
Patients treated in Low and Middle-Income Countries (LMICs) (millions) ²	40	41	
Healthcare system savings in North America, Europe and other key markets (USD billions) ³	26	19	✓
Social impact delivered (USD billions, as of 2023) ⁴	396	396	
World Health Organization Essential Medicines List (WHO EML) Sandoz addressable portfolio coverage (%)	62	59	✓

- 1 In 2025, the name of the metric previously referred to as "Patient treatments provided" has changed to "Patients treated". Our active pharmaceutical ingredient (API) sales reached an estimated additional 0.2 billion patients not included in the above "Patients treated" number.
- 2 In 2025, the name of the metric previously referred to as "Patient treatments provided in LMICs" has changed to "Patients treated in LMICs".
- 3 In 2025, Canada, Japan, Australia and the Netherlands have been included in the scope of the metric. Prior year reported figures have not been restated to reflect the inclusion of these additional markets. The healthcare system savings attributable to the newly added countries amount to USD 6 billion.
- 4 In 2025 and 2024, the 2023 social impact delivered figure has been maintained as there were no significant changes in methodology or scope of calculations.

Empowering our People

Performance indicators	2025	2024	Assurance scope 2025
People & Organization			
Headcount	23,567	23,406	✓
Full-Time Equivalent (FTE) positions	22,356	22,049	✓
New employee hires ⁵	4,131	3,531	
Turnover: voluntary/overall (%)	7/13	6/15	✓
Internal/external hires (%)	33/67	31/69	
Annual learning hours per employee	28	40	✓
Representation of nationalities: overall/management	111/88	109/89	✓
Gender representation (% female/% male)⁶			
Overall headcount	53/47	52/48	✓
Hires	53/47	52/48	
Promotions	53/47	56/44	
Overall turnover ⁷	13/12	15/16	
Board of Directors	40/60	40/60	✓
Executive Committee of Sandoz	50/50	50/50	✓
Overall management	46/54	45/55	✓
Sandoz top leaders	33/67	32/68	✓
Senior management	38/62	37/63	✓
Middle management	47/53	47/53	
Entry-level positions	46/54	46/54	
Revenue-producing roles	58/42	57/43	✓
Science, Technology, Engineering & Mathematics (STEM) roles ⁸	44/56	43/57	✓

⁵ Metric includes both internal and external candidates.

⁶ Metric does not include employees preferring not to disclose their gender.

⁷ Values provided are the % of totals.

⁸ STEM roles defined as the sum of the following Sandoz job families: R&D, Technical Operations, Information Technology and Technology Transformation.

ESG performance indicators continued

Empowering our People

Performance indicators	2025	2024	Assurance scope 2025
Gender representation by contract type (% female/% male)⁹			
Permanent	53/47	53/47	✓
Temporary	53/47	52/48	✓
Full-time	49/51	49/51	✓
Part-time	84/16	84/16	✓
Gender representation by age group (% female/% male)⁹			
Employees aged < 30	53/47	54/46	✓
Employees aged 30–50	53/47	53/47	✓
Employees aged >50	50/50	50/50	✓
Our Sandoz rewards commitments (%)			
Headcount covered by annual pay equity studies	100	100	
Headcount covered by annual living wage studies	100	100	
Mean pay gap	4	6	
Median pay gap	(4)	(3)	
Recruitment without using historical salary	100	84	✓
Headcount covered by external pay transparency	33	33	✓
Headcount covered by internal pay transparency	29	27	✓

⁹ Metric does not include employees preferring not to disclose their gender.

Empowering our People

Performance indicators	2025	2024	Assurance scope 2025
Health and safety			
Days away from work rate: Sandoz employees ¹⁰	0.18	0.32	✓
Days away from work rate: third-party personnel ^{10, 11}	0.29	0.39	✓
Injury and illness rate: Sandoz employees ¹⁰	0.24	0.39	✓
Injury and illness rate: third-party personnel ^{10, 11}	0.35	0.39	✓
Fatalities: Sandoz employees	0	0	✓
Fatalities: third-party personnel	0	0	✓
Grievance indicators: SpeakUp office			
Central investigations	83	85	✓
Central allegations	115	107	✓
Central allegations substantiated	42	61	✓
Total central cases substantiated per category			
Bribery or kickbacks	0	0	
Conflict of interest	1	3	
Data privacy	2	4	
Discrimination	0	2	
Employee relations	16	8	
Fraud and asset misappropriation	1	0	
Health and safety	0	0	
Human and labor rights	0	1	
CORE matters and CORE-related bribery ¹²	0	1	
Quality assurance and data integrity	2	7	
Retaliation	0	1	
Sexual harassment	2	3	
Technological compliance or data loss	9	26	
Other	9	5	

¹⁰ In 2025, the name of the metrics previously referred to as "Total recordable case rate" and "Lost-time injury and illness rate" have changed to "Injury and illness rate" and "Days away from work rate", respectively. In 2024, total Sandoz "Injury and illness rate" was 0.39 and "Days away from work rate" was 0.32. In 2025, total Sandoz "Injury and illness rate" is 0.25 and "Days away from work rate" is 0.19.

¹¹ The 2024 value has been restated to reflect a revised classification.

¹² In 2025, the name of the metric previously referred to as "Improper professional practices" has changed to "CORE matters and CORE-related bribery".

ESG performance indicators continued

Championing Sustainability

Performance indicators	2025	2024	Assurance scope 2025
Energy use (million GJ)			
Energy use on-site and purchased	2.8	3.0	✓
Energy intensity based on net sales (mGJ/USD billions)	0.2	0.3	
Energy generated on-site from renewable energy sources	0.0	0.0	
Greenhouse Gas (GHG) emissions (1,000 tCO₂e)			
Scope 1 emissions	60.3	73.5	✓
Combustion and process	39.2	49.3	
Vehicles	21.1	24.2	
Scope 2 emissions from purchased energy (market-based)	121.9	142.8	✓
Scope 2 emissions from purchased energy (location-based)	135.8	138.6	✓
Scope 1 and Scope 2 emissions	182.2	216.2	✓
Scope 1 and Scope 2 emissions intensity based on net sales (1,000 tCO ₂ e/USD billions)	16.4	20.9	
Scope 3 emissions ¹³	2,012.8	2,028.4	✓
Purchased goods and services ¹³	1,449.7	1,506.5	
Capital goods	76.4	54.6	
Fuel and energy-related activities	46.7	48.1	
Upstream transportation and distribution	122.9	121.9	
Waste generated in operations	4.9	7.1	
Business travel	14.5	10.4	
Employee commuting	28.7	29.1	
Downstream transportation and distribution	3.0	3.0	
Processing of sold products	5.5	3.4	
Use of sold products	214.4	195.1	
End-of-life treatment of sold products	46.2	49.2	
Scope 1, Scope 2 and Scope 3 emissions	2,195.0	2,244.6	✓

¹³ The 2024 data has been restated as described in our Basis for reporting. Additionally, the total purchased goods and services for 2024 was restated from 1,209.0 to 1,506.5 as the omission of a supplier was identified during an internal review. Consequently, the total Scope 3 emissions was restated from 1,748.8 to 2,028.4.

Championing Sustainability

Performance indicators	2025	2024	Assurance scope 2025
Volatile Organic Compounds (VOCs) (metric tons)			
Nonhalogenated VOCs	176.7	193.5	
Water (million m³)			
Water consumption ¹⁴	0.4	0.5	✓
Water intensity based on net sales (million m ³ /USD billions)	0.04	n.a.	
Water withdrawal	17.0	18.3	✓
Water discharged ¹⁴	16.6	17.8	✓
Discharged directly to aquatic environment	14.5	15.5	✓
Discharged after treatment	2.2	n.a.	✓
Water reused and recycled	3.9	n.a.	
Wastewater quality compliance on Pharmaceuticals in Environment (PiE) (%)			
Sandoz manufacturing sites that are PiE compliant for all APIs ¹⁵	88	82	✓
Tier-1 API suppliers manufacturing sites that are PiE compliant for all APIs	86	n.a.	✓

n.a. = not available

¹⁴ In 2025, the methodology for reporting water consumption and discharge has been adjusted. Water consumption is a net amount of water consumed during the production process. 2024 data has been recalculated using the revised methodology.

¹⁵ In 2025, 15 manufacturing sites are compliant out of 17 in the scope of the metric.

ESG performance indicators continued

Championing Sustainability

Performance indicators	2025	2024	Assurance scope 2025
Waste management (1,000 t)			
Operational waste generated	53.1	60.3	✓
Nonhazardous waste	44.3	49.8	
Hazardous waste	8.7	10.5	
Waste recycled	44.9	47.9	✓
Nonhazardous waste recycled	41.0	42.6	
Hazardous waste recycled	3.9	5.3	
Waste not recycled	8.2	12.4	✓
Nonhazardous waste not recycled	3.4	7.2	
Incineration	1.8	1.9	
Of which incineration with energy recovery	0.2	n.a.	
Landfilling	1.5	5.2	✓
Other disposal options	0.0	0.1	
Hazardous waste not recycled	4.8	5.2	
Incineration	4.2	4.5	
Of which incineration with energy recovery	2.0	n.a.	
Landfilling	0.0	0.0	✓
Other disposal options	0.7	0.7	
Zero waste to landfill (%)	94	n.a.	✓

n.a. = not available

Governing with Integrity

Performance indicators	2025	2024	Assurance scope 2025
Product quality and patient safety			
Audits executed	704	501	✓
Good Manufacturing Practices (GMP), Good Distribution Practices (GDP) inspections	50	59	✓
GMP, GDP inspections without findings having business impact (%)	100	98	✓
US FDA inspections (GMP, GDP, GVP)	1	5	✓
US FDA inspections (GMP, GDP, GVP) finished with warning letter	0	0	✓
Good Pharmacovigilance Practices (GVP) inspections	8	10	✓
GVP inspections without findings having business impact (%)	100	100	✓
Recalls ¹⁶	10	20	✓
Class I recalls	1	0	
Class II recalls	5	15	
US FDA (US market) recalls	3	0	✓
Third Party Risk Management (TPRM)			
Suppliers risk-assessed ¹⁷	967	3,739	✓
Suppliers assessed by risk area			
Anti-bribery	90	2,250	
Animal welfare	3	132	
Health, safety and environment	243	998	
Information security and data privacy	287	1,354	
Labor rights	175	1,698	
Business continuity management	22	n.a.	

n.a. = not available

¹⁶ More categories are included in total than are provided in below split.¹⁷ In 2025, a change in policy affected the number of suppliers assessed by applying a risk-based approach including adjusted thresholds.

ESG performance indicators continued

Governing with Integrity

Performance indicators	2025	2024	Assurance scope 2025
TPRM actions taken			
Suppliers audited on-site	31	36	✓
Total suppliers with remediation action agreed	103	174	✓
Supplier engagements stopped due to risk assessment outcomes	0	1	✓
Human and labor rights			
Nonconforming cases	1	25	✓
Code of Ethics			
Employees trained and certified (%)	96	96	✓
Anti-bribery and anti-corruption			
Employees trained and certified (%)	95	n.a.	✓

n.a. = not available

Article 964b: Swiss Code of Obligations – compliance index

We are committed to upholding the principles and requirements outlined in Article 964b of the Swiss Code of Obligations (CO). The following index outlines sections in the Integrated Annual Report related to non-financial matters and forms the focal point for the vote during the Annual General Meeting.

Disclosure title	Sections	Reference
The report on non-financial matters	The Integrated Annual Report (IAR) includes the report on non-financial matters in terms of Article 964b of the Swiss Code of Obligations.	
Description of the business model	Our business model Value chain	Page 13–14 Page 34
Our approach to non-financial matters, including material ESG issues¹:		
Social concerns • Impact and Access to Healthcare	Driving Impact and Access	Page 35–38
Employee concerns • Diversity, Equity & Inclusion • Corporate Culture • Health & Safety	Empowering our People	Page 39–42
Environmental concerns • Climate Change • Pollution, Water and AMR • Supplier Management	Championing Sustainability	Page 43–46
Combating corruption and corporate governance • Ethics, Corruption & Bribery • Product Quality & Safety • Data Privacy & Cybersecurity	Governing with Integrity	Page 47–48
Respect for human rights²	Human and Labor Rights	Page 47
Implementation and effectiveness on measures	ESG Governance	Page 50
Material risks	Risk Management Report Task Force on Climate-related Financial Disclosures (TCFD)	Page 93–97, 183–187
Performance indicators	ESG Performance Indicators	Page 177–181
Basis of preparation of the report	Basis for Reporting	Page 175

¹ Our comprehensive list of policies are available on [Sandoz.com/policies](https://www.sandoz.com/policies). For more details on our material ESG issues and the methodology used to define them, see pages 175–176.

² Our human rights program and due diligence activities are aligned with international human rights standards, the UNGPs, the ILO Standards, the OECD Guidelines for Multinational Enterprises and the OECD Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. To learn more please visit [Sandoz.com/human-rights](https://www.sandoz.com/human-rights).

Task Force on Climate-related Financial Disclosures (TCFD)

Physical and transition climate risks

1. Scope and definitions

In the 2024 Integrated Annual Report, we reported on climate-related risks and opportunities as recommended by the Task Force on Climate-related Financial Disclosures (TCFD). The analysis in the 2025 report focused on confirming these risks (or updating where relevant) and further enhancing the disclosure of the mitigation actions in place to manage them. Potential risks and opportunities were assessed across different climate scenarios and time horizons as outlined in the Representative Concentration Pathways (RCP) and the Shared Socioeconomic Pathways (SSP). We considered two climate scenarios, namely scenario RCP 2.6, which aligns with the Paris Agreement, and RCP 8.5, which considers a business-as-usual trend for the transitional and physical risks respectively – see details below. This analysis follows the Intergovernmental Panel on Climate Change (IPCC) and the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. We considered time horizons to 2030 and to 2050.

We report in line with Article 964b Swiss CO and the Ordinance on Climate Reporting effective January 1, 2024. According to Article 4, Paragraph 2, our report must be published in formats readable by both humans and machines. In order to comply with this ordinance, the TCFD report is made available in PDF format as part of the Integrated Annual Report on our website.

1.1. Scenario RCP 2.6

GHG emissions will decline more than twofold by 2050, with a 1.5–2.0°C rise in average global temperature by 2100 and the achievement of carbon neutrality by 2080. This scenario ensures the achievement of the Paris Agreement. Under this scenario, the world develops along the lines of a green, low-carbon and electrified economic model at an accelerated pace, focusing on slowing down the growth of resource consumption. Resource and energy intensity are declining rapidly in all sectors because of decisive measures taken by developed and developing countries to achieve climate neutrality. In addition to reducing GHG emissions, carbon capture technologies are in development for hard-to-abate sectors.

1.2. Scenario RCP 8.5

GHG emissions will continue to grow through 2100, with an increase in the average global temperature of 4.0°C by 2100. Global development patterns remain unchanged. Economic development is achieved through intensive growth, which entails increased consumption of materials and energy and exploitation of natural resources. Some countries introduce decarbonization measures, but this is insufficient to reduce the global economy’s resource and energy intensity. GHG emissions continue to rise throughout the century.

2. Our approach

In 2023, we conducted a screening study to investigate our physical risks at 70 of the most critical Sandoz sites, including a financial quantification of the risks identified based on asset value and net revenue for our 28 most critical sites. We defined materiality thresholds and calculated each site’s vulnerability level for the physical risks analyzed. Furthermore, we qualitatively assessed Sandoz transitional risks and opportunities, including the participation of multiple business functions, ie, ESG strategy and communications, business continuity, risk, finance, procurement and supply chain, and technical operations.

For 2025, we confirmed that the previously disclosed risks (2023 assessment as updated and refreshed in 2024) are still relevant for Sandoz; we did not observe material changes versus the previous year’s assessment. This year’s focus was on refreshing risk descriptions and scope (ie, material sites in our operations) and reporting risk mitigation plans in more detail, including specific actions to address each risk with dedicated responsibilities. Mitigation actions disclosed this year are primarily focused on Sandoz operations.

We will continue to strengthen our disclosure on climate-related risks and opportunities in 2026. Specifically, we will further enhance our risk identification approach including use of latest available technologies in the market and we will extend risks and mitigation actions to cover more of our value chain.

Please note that the following table depicts gross risks, not net risks. These risks and their risk ratings are presented in their entirety, without accounting for any mitigating strategies or actions that Sandoz may already be taking. The identification of the gross risks below will serve as a basis for identifying, evaluating and developing climate-related mitigation strategies to manage potential impacts to the business going forward. Through proactive risk management efforts, we strive to minimize the likelihood and impact of these risks and enhance our overall resilience. See more on our governance and strategic alignment with climate risks on the table on page 50.

Task Force on Climate-related Financial Disclosures (TCFD) continued

Physical risks (RCP 8.5)

Risk	Risk category	Description	Rating 2030/2050	Potential impact	Mitigation measures
Heat extreme	Acute and chronic	Maximum temperatures and heatwaves	Low/low	Impact and outlook: Heatwaves are projected to increase in frequency, intensity and duration, raising health risks, operational disruptions and energy costs. Countries affected: Algeria, Brazil, Ecuador, India, Mexico (2030 outlook) and China, Ecuador, Saudi Arabia, Thailand (2050 outlook).	- We have strengthened our Business Continuity and Crisis Management framework, aligning with industry and regulatory standards. - Our Global Security Operations Center and Corporate Security continuously monitor risks across Sandoz, in close coordination with Business Continuity and Crisis Management teams. - All manufacturing sites maintain Business Continuity Plans and trained teams; annual lifecycle includes exercises simulating high-risk scenarios (eg, wildfires). - Our Crisis Management teams operate at country and global levels and are regularly trained for extreme events. In 2025, four natural catastrophes were managed with no material impact. - We operate under a continuous improvement mindset through post-event reviews and lessons learned. - External risk audits are conducted by the external insurance provider to validate local mitigation and continuity plans.
Water extreme	Acute and chronic	Water stress, riverine floods, coastal floods, total precipitation and longer dry spells	High/medium	Impact and outlook: Climate change is amplifying floods and droughts, creating recurring patterns of extreme flooding and prolonged droughts within the same region. Riverine floods remain material hazards with significant impacts in operations, while prolonged droughts may result in emergency water saving measures which could potentially affect operations in the future. In 2025, Sandoz did not have any material operations in areas of water stress. However, we recognize that in the future water stress areas may include areas that are currently not considered as vulnerable to water scarcity, such as Germany, Austria or France. Moreover, we understand the ripple effect that water scarcity can have in our suppliers, people and communities. Countries affected: High risk of flooding in Germany and Slovenia, elevated risks in Austria, Italy, Netherlands, Thailand, Vietnam. Droughts and water scarcity high risk in India, Spain, UAE and Saudi Arabia.	
Wildfire	Acute	Extreme fire days and fire season length	Low/medium	Impact and outlook: Extreme fire conditions are increasing, often linked to droughts. According to the UN Environmental Development, wildfire frequency is expected to rise by 30% by 2050 and 50% by 2100. Long-term impacts can include health risks, poor air quality, operational disruptions, high economic and environmental costs. Countries affected (2050 outlook): Brazil, Greece, Italy, Portugal, South Africa, Spain, the United States of America.	
Cold extreme	Acute	Frost days, ice days and lower temperatures	High/low	Impact and outlook: Globally, the risk of extreme cold is expected to decrease. However, certain regions will continue to be impacted by extreme cold in the near term. Countries affected: The most significant impact from extreme cold will likely be in Austria, Poland, Romania, Russia, Slovenia, Ukraine (2030 outlook) and Romania, Russia, Ukraine (2050 outlook).	

Task Force on Climate-related Financial Disclosures (TCFD) continued

Transition risks (RCP 2.6)

Risk	Risk category	Description	Rating 2030/2050	Potential impact	Mitigation measures
Carbon pricing and taxes	Policy and legal	Global governments are increasingly implementing stricter carbon pricing policies mainly through emissions trading systems and carbon taxes. This may result in additional direct operating and capital costs for us and exposure to pass-through costs within the value chain.	Low/medium	- Increased complexity in the carbon pricing regulatory landscape may raise compliance risk and create potential spill-over effects on our reputation. - Carbon pricing exposure and potential for increased operational costs related to fuel and electricity consumption. - Higher transportation and shipping costs passed on by suppliers. - Changes in country-level energy mix (eg, markets reversing toward fossil fuels) over which we have limited control may affect our emissions profile and progress towards climate targets and stakeholder expectations.	- We have implemented a decarbonization strategy and set greenhouse gas reduction targets and commitments in line with SBTi requirements and the latest science-aligned recommendations. - We reduce and, where possible, avoid direct exposure to carbon by: - Increasing the share of renewable electricity in our operations. - Implementing energy efficiency measures and adopting new manufacturing technologies. - We conduct bi-annual monitoring of carbon pricing regulatory framework developments to inform our decarbonization strategy and plans through robust governance mechanisms.
Energy price volatility	Market	Energy price volatility remains a significant risk for us, driven by geopolitical tensions, supply chain disruptions and fluctuating demand in global energy markets. These dynamics affect electricity and fuel costs, influence operational expenses, cost of goods sold and the predictability of our financial planning. Volatility also impacts on our ability to secure stable energy contracts and meet environmental sustainability targets.	Low/medium	- Unpredictable increases in operational costs due to sudden spikes in fuel and electricity prices. - Higher transportation and shipping costs passed on by suppliers. - Budget uncertainty and potential margin erosion resulting from volatile energy markets. - Increased complexity in achieving cost optimization and decarbonization goals under fluctuating conditions.	- We devise and deliver a utilities purchasing strategy to ensure budget certainty, manage price volatility and optimize energy costs. - We expand renewable energy adoption through power purchase agreements and on-site generation to stabilize long-term costs and reduce reliance on volatile fossil fuel markets. - We implement energy efficiency initiatives in manufacturing and logistics to lower overall consumption and reduce sensitivity to price fluctuations.
Emerging policies and regulatory changes	Policy and legal	Evolving environmental regulations may lead to new or enhanced compliance requirements, changes in the approval processes for pharmaceutical products or new procurement requirements, potentially affecting time-to-market and requiring us to adapt to new regulatory and procurement standards.	Medium/high	- Increased operating costs (eg, higher compliance costs, increased insurance premiums). - Tender losses, write-offs, asset impairment and early retirement of existing assets due to policy changes. - Increased costs resulting from fines and legal action. - Increased risk for obtaining and retaining talent due to non-compliance impact on employer branding.	- We maintain a company-wide internal control framework to track regulations and ensure compliance. - We conduct annual environmental compliance assessments at site and local level, considering regional and global regulations to identify emerging requirements. - We promptly identify, document and close potential gaps to maintain compliance and reduce risk.

Task Force on Climate-related Financial Disclosures (TCFD) continued

Transition risks (RCP 2.6)

Risk	Risk category	Description	Rating 2030/2050	Potential impact	Mitigation measures
Net-zero healthcare systems	Reputation	The transition to low-carbon healthcare systems continues to accelerate, driven by regulatory requirements and procurement practices integrating ESG criteria. While this shift supports our long-term sustainability goals, it introduces technical complexities and potential cost pressures (such as increased capital investment for compliance with specific tender requirements, such as product-level information or environmental certification).	Medium/medium	- Increased capital expenditures to comply with evolving tender requirements, such as providing detailed product-level environmental information or obtaining third-party environmental certifications. - Failure to decarbonize may threaten the company's license to operate in certain countries and reduce competitiveness. - Engagement with new suppliers may become necessary due to stricter climate regulations requiring adherence to environmentally friendly practices.	- We have a public net zero commitment by 2050 in place, with science-based near-term targets for Scope 1, 2 and 3 (SBTi targets submitted for validation). - We continuously review changes in procurement requirements in tender markets linked to net zero policies through frequent alignment between sustainability and commercial teams, monitoring and integrating potential changes into procurement practices and our broader sustainability strategy. - We engage with customers, particularly healthcare systems' sustainability and procurement teams, to understand requirements and collaborate, or even co-shape, future expectations where possible. - We establish platforms to consolidate and update model responses to better address procurement requirements. - We ensure value chain requirements cascade into supplier agreements and leverage programs like Energize to support supplier decarbonization.
Reputation-al impacts	Reputation	Stakeholder perception of Sandoz commitment to sustainable and ethical healthcare practices may influence our reputation and patient trust, affecting market share and brand value.	Low/medium	- Higher turnover or lower employee loyalty if our actions do not keep pace with stakeholder expectations. - Perception of insufficient responsiveness to sustainability trends could impact our ability to attract investment, complete repairs, or maintain strong customer relationships. - Need to establish a global reputation strategy driven by our Trust & Reputation Council and managed by Global Corporate Affairs.	- We proactively build awareness and trust as the world's leading and most valued biosimilars and generics company, while managing reputational risks that could impact our license to operate. - We prioritize and act on reputation factors that matter most to our stakeholders. - We take a robust approach to monitoring these activities to ensure transparency and responsiveness.

Task Force on Climate-related Financial Disclosures (TCFD) continued

TCFD strategic alignment table

Theme	Recommended Disclosures	Description	Reference
Governance	Board oversight	- The Board of Directors approved the ESG strategy which is aligned with TCFD. - The Board of Directors and the Human Capital and ESG Committee (HC & ESGC) oversees and has approved our Double Materiality Assessment (DMA), which includes climate change as a material topic. - Our Sustainability Scorecard, which includes progress and actions on public and internal climate change KPIs is part of quarterly HC & ESGC updates. - The Audit, Risk and Compliance Committee (ARCC) oversees our enterprise risk management (ERM) process, which takes climate-related risks into account. - The General Counsel and Chief Compliance Officer represents the company's overall risk approach to the Board.	Page 50
	Management's role	- The ESG strategy team has assigned ownership of climate-related topics (eg, climate change, pollution, supplier ESG management) and regularly monitors and manages progress through the Sustainability Scorecard. - As part of our material topics and ERM alignment process, the ERM team has assigned risk owners for each climate-related topic (eg, natural disaster resilience) with clear responsibilities up to Sandoz Leadership Team (SLT) level.	Page 50
Strategy	Identification of climate-related risks and opportunities	- We have included climate-related risks and opportunities in both the DMA and TCFD assessments (in the form of physical and transitional risks and opportunities). - Both frameworks help integrate climate risk into our business strategy: the DMA through setting focus topics with respective KPIs and accompanying management and reporting processes; the TCFD by setting risk mitigation measures and related action plans. - Material topics are also part of the bottom-up ERM process, through proactive flagging to stakeholders for consideration.	Page 175–176, 183–186
	Scenario analysis	- We analyzed climate risk under a scenario of concerted climate change mitigation (RCP 2.6) as well as no mitigation (RCP 8.5) over 2030- and 2050-time horizons, in accordance with Intergovernmental Panel on Climate Change (IPCC) and the IFRS-TCFD (International Financial Reporting Standards – Task Force on Climate-related Financial Disclosures) recommendations. - We identified physical risks and transition risks and quantified the financial impact of the physical risks. - We confirmed that the scientific evidence remains unchanged and does not warrant revisiting our choice of scenarios.	Page 183–186
	Impact on business strategy	We are decarbonizing our operations as part of our strategy to mitigate climate risk. Our short-, medium- and long-term decarbonization targets and objectives impact on the overall business strategy.	Page 43–46
Risk management	Risk identification, assessment, integration and mitigation	- We follow the TCFD framework to assess and prioritize climate-related risks. We ensure we apply the TCFD requirements as a standalone process regardless of any integration of climate-related risks in the ERM process. - Climate risks are integrated into our ERM process. We identify risk owners, action plan owners and mitigation measures as part of the ERM process (bottom-up process, through proactive flagging to stakeholders for consideration).	Page 93–97, 183–186
Metrics and targets	Targets used to manage climate-related risks, opportunities and performance	Targets and metrics are reviewed on an ongoing basis and environmental indicators are tracked through the Sustainability Scorecard and associated governance structures to review, manage and stay on track.	Page 33, 179–180

Limited assurance report on selected sustainability information



Independent limited assurance report on selected sustainability information in Sandoz Group AG's Integrated Annual Report 2025

To the Board of Directors of Sandoz Group AG, Basel

Opinion

We have conducted a limited assurance engagement on Sandoz Group AG (hereinafter "Sandoz") for the following selected Sustainability Information in the Sandoz Integrated Annual Report for the year ended December 31, 2025 (hereinafter "Sustainability Information"):

- The ESG Performance Indicators included in the tables starting on page 177 of the Sandoz Integrated Annual Report 2025 and marked as 'Assurance Scope 2025'.
- Non-financial disclosures, prepared in accordance with article 964b of the Swiss Code of Obligation including climate disclosures based on the recommendations of the "Task Force on Climate-related Financial Disclosures" (TCFD), as included in the 964b : Swiss Code of obligations – Compliance index on page 182 and the TCFD strategic alignment table on page 187 of the Sandoz Integrated Annual Report 2025.

Understanding how Sandoz has prepared the Sustainability Information

Sandoz prepared the Sustainability Information using the following criteria (hereinafter referred to as the "Sustainability Reporting Criteria"):

- For ESG Performance Indicators - internally developed criteria as outlined in the document "Supplementary ESG Disclosures 2025" available on: https://www.sandoz.com/ESG_supplementary_disclosures_2025

Consequently, the Sustainability Information needs to be read and understood together with the Sustainability Reporting Criteria.

Our Limited Assurance Conclusion

Based on the procedures we have performed as described under the 'Summary of the work we performed as the basis for our assurance conclusion' and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Information is not prepared, in all material respects, in accordance with the Sustainability Reporting Criteria.

We do not express an assurance conclusion on information in respect of earlier periods or future looking information included in the Sandoz Integrated Annual Report 2025, or any other information linked to from the Sustainability Information or from the Sandoz Integrated Annual report 2025, including any images, audio files or embedded videos.



Inherent Limitations in Preparing the Sustainability Information

Due to the inherent limitations of any internal control structure, it is possible that errors or irregularities may occur in disclosures of the Sustainability Information and not be detected. Our engagement is not designed to detect all internal control weaknesses in the preparation of the Sustainability Information because the engagement was not performed on a continuous basis throughout the period and the audit procedures performed were on a test basis.

Sandoz Responsibilities

The Board of Directors of Sandoz is responsible for:

- selecting or establishing suitable criteria for preparing the Sustainability Information, taking into account applicable law and regulations related to reporting the Sustainability Information;
- the preparation of the sustainability information in accordance with the Sustainability Reporting Criteria, Art. 964b of the Swiss Code of Obligation, as well as the Swiss Ordinance on Climate Disclosure; and
- designing, implementing and maintaining internal control over information relevant to the preparation of the Sustainability Information that is free from material misstatement, whether due to fraud or error.

Our Responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Sustainability Information is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our independent conclusion to the Board of Directors of Sandoz.

As we are engaged to form an independent conclusion on the Sustainability Information as prepared by the Board of Directors, we are not permitted to be involved in the preparation of the Sustainability Information as doing so may compromise our independence.

Professional Standards Applied

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 *Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000)* and in respect of greenhouse gas emissions, with the International Standard on Assurance Engagements 3410 *Assurance Engagements on Greenhouse Gas Statements (ISAE 3410)*, issued by the International Auditing and Assurance Standards Board (IAASB).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our work was carried out by an independent and multidisciplinary team including assurance practitioners and sustainability experts. We remain solely responsible for our assurance conclusion.



Summary of the Work we Performed as the Basis for our Assurance Conclusion

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Sustainability Information is likely to arise. The procedures we performed were based on our professional judgment. Carrying out our limited assurance engagement on the Sustainability Information included, among others:

- assessment of the design and implementation of systems, processes and internal controls for determining, processing and monitoring sustainability performance data, including the consolidation of data;
- inquiries of employees responsible for the determination and consolidation as well as the implementation of internal control procedures regarding the selected disclosures;
- inspection of selected internal and external documents to determine whether quantitative and qualitative information is supported by sufficient evidence and presented in an accurate and balanced manner;
- assessment of the data collection, validation and reporting processes as well as the reliability of the reported data on a test basis and through testing of selected calculations;
- analytical assessment of the data and trends of the quantitative disclosures included in the scope of the limited assurance engagement;
- assessment that the Sandoz Integrated Annual Report 2025 contains all the information required by Art. 964b(1) and (2) CO, including a description of the company's business performance, financial results, position and the impact of its activities on environmental, social and employee matters, respect for human rights and the fight against corruption, as well as disclosures on environmental matters as required by article 964b (2) CO to contain the information laid out in article 3 of the Ordinance on Climate Disclosures to understand in particular governance, strategy, risk management and key figures and targets in relation to climate; and
- assessment of the consistency of the disclosures applicable to Sandoz with the other disclosures and key figures and of the overall presentation of the disclosures through critical reading of the Sandoz Integrated Annual Report 2025.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

KPMG AG

Stéphane Nusbaumer
Licensed Audit Expert

Axel Pfeiffer
Licensed Audit Expert

Basel, 24 February 2026

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