Regulations 2024

Novartis Pension Fund 1

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Regulations

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Abbreviations and Terms

AHV	Federal old-age and survivors' insurance
BGG	Federal Act on the Federal Supreme Court
BVG	Federal law on occupational pension schemes for retirement, survivors and disability
Company	Novartis AG or, depending on the context, the affiliated companies as listed in Appendix 2, which have joined the Pension Fund
Employees	Persons who have a contract of employment with the Company
FZG	Federal law on the portability of vested benefits in occupational pension schemes
Insured person	Employee admitted to the Pension Fund
IV	Federal disability insurance
Pension Fund	Novartis Pension Fund 1
Reference age	for men, the age on the first day of the month after reaching the age of 65 (65 years) 64 years for women born up to and including 1960 64 years and three months for women born in 1961 64 years and six months for women born in 1962 64 years and nine months for women born in 1963 65 years for women born in 1964 or later
Registered partnership	Registered partnership of same-sex couples within the meaning of the Partnership Act (PartG)
Retirement account	Individual account in the retirement plan
Retirement age	Age on the first day of the month after reaching the age of 65 years
Retirement assets	Corresponds to the balance on the retirement account
Retirement plan	Benefits payable after retirement
Risk plan	Benefits payable on disability and death
Savings plan	Flexible arrangement of retirement
Savings account	Individual account in the savings plan
Savings	Corresponds to the balance on the savings account
Year	Calendar year

In these Regulations any use of the masculine gender is taken to refer to both genders.

The provisions for spouses also apply by analogy to persons in registered partnerships as defined in the Partnership Act (PartG). This relates in particular also to the provisions on the spouse's pension, remarriage as a reason for forfeiture, the lump sum on death, and also to the requirements for consent in the event of cash disbursement and lump-sum payment, early withdrawal and pledging for home ownership purposes.

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I. General provisions

Art. 1 Purpose; structure

1 The purpose of the Pension Fund is to provide both for the employees of the Company at retirement and in the event of disability and for the survivors of employees after their death. It operates the compulsory occupational benefits scheme for old age, survivors and disability as stipulated by law (BVG) and, to this end, has been entered in the register for such occupational benefits schemes.

2 The Pension Fund operates the benefits scheme as set forth in the provisions of these Regulations on its own account and at its own risk. It may reinsure certain risks with an insurance company subject to the statutory insurance inspectorate.

3 In all cases, the Pension Fund guarantees at least the benefits stipulated by law (BVG). To this end, it operates a control account (shadow accounting) for every insured person, which shows the BVG retirement assets accrued for this person and the legal minimum to which this person is entitled as set forth in the BVG.

Art. 2 Admission to the Pension Fund

1 Employees who have reached the age of 17 and not yet reached the age of retirement and whose full (100%) annual base salary (Article 4 Paragraph 4) exceeds the minimum remuneration as laid down in Article 2 of the BVG are admitted to the Pension Fund, subject to Paragraph 2. They are admitted as soon as they enter into a contract of employment, but not sooner than 1 January after reaching the age of 17.

2 The following employees are not admitted to the Pension Fund:

a) Employees who already have a compulsory insurance elsewhere in a position of primary employment or who are primarily in self-employment.
b) Employees who have at least a 70% disability according to the criteria of the IV.
c) Employees whose contract of employment was concluded for a maximum of three months. If the period of the contract is subsequently extended to a total of more than three months, the insurance obligation begins from the point at which the extension of the contract was agreed upon. If several successive appointments with the same employer last a total of more than three months and if there is no interruption for more than three months, the employee is insured from the start of the fourth month of work altogether. However, if it is agreed before the initial start of work that the period of appointment will exceed a total of three months, the employee is insured from the start of the employment contract.
d) Employees who are not or are not expected to be permanently employed in Switzerland and have adequate insurance abroad, if they apply for exemption from admission to the Pension Fund.

The Pension Fund does not take over any voluntary insurance of employees who work for several employers (Article 46 of the BVG).

3 The persons to be insured also include employees on hourly pay, part-time employees and employees hired on a temporary or provisional basis, unless their employment contract with the Company is fixed from the outset at not more than three months.

4 Employees with a company not listed in Appendix 2 or employees who do not fall under the requirements for admission defined in Paragraph 2 may be admitted to the Pension Fund at the request of the Company.

5 Previously insured persons rejoining the Company are treated in the same way as new employees.

Art. 3 External insured persons

1 If the insured person leaves the compulsory insurance, the Pension Fund may, with the consent of the Company, continue the benefits scheme or simply the retirement benefits scheme on the same scale as before both for a limited or unlimited period and subject to contributions or exempted from contributions, even after the contract of employment is terminated, on the basis of a special agreement with the insured person.

2 For insured persons as defined in Paragraph 1 and their survivors, benefits (such as pensions, lump sum payments, severance payments, vested benefits, etc.) from foreign public or private insurers or from other pension schemes or institutions, to which the Company or a group company has paid at least half the contributions directly or indirectly, are counted towards the benefits as defined in these Regulations.

Art. 3a Continued insurance after age 58

1 Insured persons who leave the compulsory insurance after reaching the age of 58 because the employment contract has been terminated by the employer may request the continuation of their membership in the Pension Fund to the same extent as before and at their own expense according to the following provisions. The pertinent request for the continuation of the pension fund membership must be submitted to the Pension Fund in writing before the exit date, together with proof of the termination of employment initiated by the employer.

2 When submitting the request, the insured person has the choice of either continuing only the insurance for the risks of disability and death (risk plan) or, in addition to the risk insurance, also continuing to build up the retirement benefits (retirement and savings plan) through his/her own contributions. The vested benefits remain in the pension fund even if the retirement plan is not continued. If the insured person joins a new pension scheme, the Pension Fund shall transfer the vested benefits to this new scheme to the extent that they are needed to purchase the full benefits of the new pension fund in accordance with its regulations.

3 The insured person can also specify a lower salary than the previous one for the entire pension plan (risk, retirement and savings plan) or only for the retirement plan (retirement and savings plan).

4 The insured person pays the contributions for the risk plan (employee and employer contribution) himself/herself. If the retirement benefits are also built up further, he/she additionally pays the contributions for the retirement and savings plan (employee and employer contributions). In the event of recovery measures, the insured person shall pay recovery contributions (employee contribution). The employer's share of the recovery contributions shall be borne by the pension fund. All contributions are payable, unsolicited, at the beginning of each month. If there are any outstanding contributions, the Pension Fund may terminate the continued membership. The unpaid contributions shall be deducted from the vested benefits.

5 The insurance ends upon the death or disability of the insured person or when this person reaches retirement age. If the insured person joins a new pension fund, the continued membership ends if more than two thirds of the vested benefits are required for purchasing the full benefits of this new fund in accordance with its regulations. If at least one third of the existing vested benefits remain in the pension fund after the transfer, the insured person may continue the insurance with the Pension Fund according to the remaining vested benefits. The insured remuneration under the risk, retirement and savings plan shall be correspondingly reduced. Before this, the continued membership arrangement may be terminated by the insured person at any time at the end of a given month.

6 Insured persons who continue their insurance pursuant to this Article shall have the same rights as persons insured on the basis of an existing employment contract, particularly with regard to interest on retirement savings, the applicable conversion rate and any payments by the employer or a third party.

7 If the continued membership has lasted longer than two years, the benefits from the retirement plan must be paid out in the form of a pension annuity. The option to receive a lump sum payment as stipulated in Art. 10 Para. 4 shall no longer apply. Similarly, the vested benefits may no longer be withdrawn early or pledged for home ownership for the insured person's own use. An exception is made for benefits that, according to the regulations, are only paid out in the form of a lump sum.

8 The insured remuneration under the risk, retirement and savings plan is defined and recorded in a written agreement between the pension fund and the insured person, regardless of whether or not the retirement pension is continued in addition to the risk insurance. The agreement shall remain valid and binding for the duration of the continued insurance.

Art. 4 Insured remuneration: retirement plan, savings plan, risk plan

1 The insured remuneration under the retirement plan corresponds to the annual base salary as defined in Paragraph 4 plus the incentive/bonus as defined in Paragraph 5 and the allowance defined in Paragraph 6 minus the coordinating offset defined in Paragraph 7. The upper limit of the insured remuneration under the retirement plan is shown in the Supplement. The Board of Trustees reviews the maximum insured remuneration under the retirement plan at least every five years and adjusts it where necessary.

2 The insured remuneration under the savings plan corresponds to the annual base salary as defined in Paragraph 4 plus the incentive/bonus as defined in Paragraph 5 and the allowance defined in Paragraph 6 minus the coordinating offset defined in Paragraph 7. The upper limit of the annual base salary for the insured remuneration under the savings plan is the maximum allowable annual base salary shown in the Supplement.

3 The insured remuneration under the risk plan corresponds to the annual base salary as defined in Paragraph 4 minus the coordinating offset defined in Paragraph 7. The upper limit of the annual base salary for the insured remuneration under the risk plan is the maximum allowable annual base salary shown in the Supplement.

4 The annual base salary comprises the components of income determined by the Company by mutual agreement with the Board of Trustees. It does not include additional emoluments, such as family, child and standby allowances, or temporary and one-off payments of other kinds such as marriage and childbirth allowances, schooling costs, allowances for stressful work conditions, etc.

5 The incentive/bonus corresponds to the variable components of income paid out in the current year for the previous year provided these are not insured in the Novartis Management Pension Fund, regardless of the selected form of their payment.

6 The allowance corresponds to shift allowance applicable for the year.

7 The coordinating offset corresponds to 30% of the base salary, but not more than seven eighths of the maximum state (AHV) retirement pension.

8 For insured persons who are in part-time employment or who are partially disabled, the maximum coordinating offset is adjusted according to the category of working schedule or disability pension entitlement.

9 The insured remuneration as defined in Paragraphs 1 to 3 is first set on admission to the Pension Fund. Changes are taken into account from the point when they take effect.

10 If the annual base salary of an insured person is reduced, and if the insured remuneration as defined in Paragraphs 1 to 3 had to be reduced as a result, this action is not taken as long as the insured person and the Company are prepared to continue paying contributions at the same level as before. However, if they are not or no longer prepared to do so, the levels of insured remuneration as defined in Paragraphs 1 to 3 are adjusted to the reduced annual base salary according to the above provisions.

11 If the annual base salary falls temporarily due to illness, accident, maternity leave, paternity leave, care leave, adoption leave or for similar reasons, the existing levels of insured remuneration as defined in Paragraphs 1 to 3 remain effective in principle, as long as the Company is required to award sick pay or for the duration of maternity leave, paternity leave, care leave or adoption leave. However, the insured person may ask for the insured remuneration to be reduced.

12 In the case of an extraordinary employment contract and when the Company designates the persons to be insured as defined under Article 2 Paragraph 4 and Article 3, the levels of insured remuneration stipulated under Paragraphs 1 to 3 are set by the Company.

Art. 5 Retirement credits and retirement assets in the retirement plan

1 An individual retirement account that shows the retirement assets available is operated for every insured person. The retirement assets consist of

a) the retirement credits together with interest
b) the joining fee paid in together with interest
c) the voluntary extra contributions together with interest, as well as sums that have been transferred following the statutory pensions equalization [pension rights adjustment] in a divorce settlement.
d) any further deposits together with interest
e) minus any withdrawals for home ownership or following a divorce or dissolution of a registered partnership by the courts, together with interest.

2 At the end of each year, the retirement account of every insured person aged at least 25 years will be credited with a retirement credit as shown in Appendix 1.

3 The following provisions apply to the operation of a retirement account:

a) The interest rate is fixed by the Board of Trustees as shown in Paragraph 4.
b) The interest on the balance of the retirement account at the end of the previous year is calculated and credited to the retirement account at the end of the current year. The retirement credits of the current year are added to the retirement assets without interest.
c) If a joining fee or voluntary extra contributions are paid in, these bear interest in the year concerned from the date of receipt.
d) If an insurance claim falls due or if an insured person leaves the Pension Fund during the year, the interest for the current year will be credited to the balance of the retirement account at the end of the previous year for the time that has since elapsed. The retirement credit corresponding to the period of insurance elapsed in the current year is also added.

4 At the end of a year, the Board of Trustees sets the intra-year rate of interest for the following year. The retirement assets of the changes in the following year (e.g. exits, retirements) bear interest at the intrayear rate of interest. The year-end interest rate is set by the Board of Trustees towards the end of the current year. The retirement assets of insured persons who leave the active headcount at the end of the year bear interest at the year-end rate of interest. When setting the intra-year rate of interest and the year-end rate of interest, the Board of Trustees considers in particular the requirements of the law, the prospective earnings for the following year (in the case of the intra-year interest rate) and the performance achieved and the provisional annual income (in the case of the year-end interest rate) and also the level of the technical provisions and the fluctuation reserve.

5 In the case of full disability, the retirement assets with interest and retirement credits are continued on a calculational basis. The continuation starts at the beginning of entitlement to a disability pension from the Pension Fund. It lasts as long as the claimant remains entitled to disability benefit from the Pension Fund, but not once retirement age has been reached. The retirement credits are calculated based on the insured remuneration under the retirement plan at the start of incapacitation and on the current retirement credits as specified in the Regulations according to the “Standard” scale as defined in Appendix 1 in percent of the insured remuneration under the retirement plan.

6 In the case of partial disability, the retirement assets at the start of entitlement to a disability pension from the Pension Fund and insured remuneration at the start of incapacitation corresponding to the decision on a disability pension are divided up. The retirement assets corresponding to the disability part are continued according to Paragraph 5 as for a fully disabled insured person and the retirement assets corresponding to the active part are continued as for a fully active insured person.

Art. 6 Savings credits and savings assets in the savings plan

1 In addition to the retirement plan, for every insured person aged 40 or older, an individual savings account is operated, in accordance with Article 5, which shows the savings assets. The savings assets consist of

a) the savings credits together with interest,
b) the voluntary extra contributions together with interest,
c) any further deposits together with interest,
d) minus any withdrawals for home ownership or following a divorce or dissolution of a registered partnership by the courts, together with interest.

2 The savings account of every insured person aged at least 40 years is credited at the end of each year with a savings amount as defined in Appendix 1.

3 For operating the savings account, the provisions of Article 5 Paragraph 3 and Paragraph 4 apply by analogy, although the interest rate for the savings account may differ from that for the retirement account.

4 In the case of full disability, the savings assets available at the start of entitlement to a disability pension from the Pension Fund are paid out to the insured person as a lump sum on disability.

5 In the case of partial disability, the savings assets available at the start of entitlement to a disability pension from the Pension Fund are divided into two parts according to the disability pension decision. The savings assets corresponding to the disability part are paid out to the partially disabled insured person as lump sum on disability and the savings assets corresponding to the active part are continued as for a fully active insured person.

II. Funding

Art. 7 Contributions

1 The savings and risk contributions of the Company and the insured persons are listed in Appendix 1.

2 The contributions of the insured persons are deducted from the salary by the Company in 12 monthly instalments and transferred to the Pension Fund monthly. The contributions of the insured persons are likewise transferred to the Pension Fund monthly together with the contributions of the insured persons or debited to the employer contributions reserve where applicable.

3 The requirement to pay contributions begins with admission to the Pension Fund, in all cases only at the beginning of a month, but at the earliest on 1 January after reaching the age of 17 years, and ends, subject to Paragraph 4 and in each case only at the end of a month, when

a) retirement age is reached,
b) the employment contract is terminated or
c) remuneration is below the minimum salary specified in Article 2 BVG.

4 In the case of an accident, sickness, maternity leave, paternity leave, caregiver leave, adoption leave or military service, the requirement to pay contributions applies as long as the salary or compensation for loss of earnings (e.g. daily allowances paid by health or accident insurance) is paid out. The contributions are either deducted from the salary that continues to be paid out or from any compensation for loss of earnings.

Art. 8 Joining fee, voluntary extra contributions

1 The vested benefits from previous pension schemes must be transferred to the Pension Fund as a joining fee. The joining fee is credited to the insured person as retirement assets or savings assets. If the joining fee exceeds the maximum voluntary extra contribution paid into the retirement account and savings account as defined in Paragraph 5 and the insured person has been admitted to Pension Fund 2, the surplus part of the insured person’s joining fee is credited to the retirement assets in Pension Fund 2.

2 The joining fee falls due on admission to the Pension Fund.

3 The insured person shall allow the Pension Fund to examine the statements on the vested benefits from previous pension schemes.

4 The insured person shall notify the Pension Fund of any previous membership of an institution for the portability of benefits and the form of benefits insurance provided therein. The institution for the portability of benefits must transfer the capital to the Pension Fund when the insured person joins this fund.

5 An insured person may pay voluntary extra contributions into the retirement account (Article 5) and/or into the savings account (Article 6). The maximum possible level of voluntary extra contributions is determined according to Appendix 1. The maximum sum of voluntary extra contributions is reduced by an amount corresponding to the level of pillar 3 assets that exceeds the limit mentioned in Article 60a Paragraph 2 BVV2, and by pension assets that remain in the previous pension fund, as well as by any vested benefits that the insured person was not required to pay into the Pension Fund. For an insured person who is already drawing or has already drawn retirement benefits and who subsequently resumes gainful employment or increases their level of employment again, the maximum amount of the purchase sum is reduced to the extent of the retirement benefits already drawn. The voluntary extra contributions are credited to the insured person as retirement assets or savings assets.

6 For the funding of early retirement in the retirement plan at the age of 60, the sum of maximum possible voluntary extra contributions paid into the retirement account as defined in Paragraph 5 is increased by the amount defined in Appendix 1. The increase in the sum of the maximum possible voluntary extra contributions is applied, provided the insured person has exhausted the maximum possible voluntary extra contributions paid into the retirement account and the savings account as defined in Paragraph 5. If, on retirement after the age of 60, the voluntary extra contributions paid in as defined in this paragraph, including interest, exceed the maximum sum calculated according to Appendix 1, the existing retirement assets are reduced by a sum corresponding to the surplus amount and this falls to the Pension Fund.

7 If early withdrawals have been made under the home ownership promotion scheme, voluntary extra contributions may only be paid in once the early withdrawal sum has been repaid. This does not apply to the repurchase of benefits following a divorce (Art. 26 Para. 1).

8 In the case of persons who have moved to Switzerland from abroad and who never before belonged to a pension scheme in Switzerland, the annual voluntary extra contribution may not exceed 20% of the insured remuneration under the retirement plan or the insured remuneration under the savings plan during the first 5 years after joining a Swiss pension scheme. Once the 5 year period has elapsed, voluntary extra contributions may be paid in as set forth under the above provisions.

9 If an insured person receives vested benefits of his or her divorced spouse in the course of a statutory pension rights adjustment (based on a court ruling), this is treated as a voluntary extra contribution.

10 It is for the insured person to check the personal tax consequences of early withdrawals or voluntary extra contributions. The Pension Fund does not assume any liability.

III. Insured benefits

Art. 9 Insured benefits, notification of insured persons

1 The Pension Fund pays the following benefits to the insured persons or their survivors:

a) Retirement pension, retirement lump sum, child pensions (Art. 10)
b) Disability pension, supplemented by child pensions (Art. 11)
c) Spouse's pension or settlement / domestic partner's pension (Art. 12 / 13)
d) Orphan's pensions (Art. 14)
e) Lump sum on death (Art. 15)

2 Every insured person receives an annual statement showing the retirement assets, the savings assets, the insured remuneration, the contributions, the insured benefits and the vested benefits.

Art. 10 Retirement pension, retirement lump sum, bridging and child pension

1 An insured person is entitled to retirement benefits if the employment contract is terminated after reaching the age of 60 years (for members of the Executive Committee Novartis [ECN]: after reaching the age of 58) and the insured person has no entitlement to disability benefits from the Pension Fund, subject to Article 18 Paragraph 2. The entitlement to retirement benefits applies at the latest on the attainment of retirement age, subject to Paragraph 8.

2 The retirement pension is calculated on the basis of the retirement assets and the conversion ratio at the time of retirement, as explained in Appendix 1. The defining criterion is the level of retirement assets after deduction of any lump sum payout and bridging pensions.

3 Upon retirement, the insured person may increase the reversionary spouse's pension from 60% (Article 12 Paragraph 2) to 100% of the current pension. To fund this lifelong survivor's pension, the conversion ratio (Paragraph 2) is reduced accordingly. The insured person has to notify the Pension Fund in writing of the increase in the reversionary spouse's pension at the latest three months before receiving the retirement pension, otherwise this option is forfeited.

4 On retirement, the insured person may take up to half the retirement assets as a lump sum. If voluntary extra contributions have been paid in during the last three years before retirement, the benefits resulting from these contributions may not be taken in the form of a lump sum. The Pension Fund must be notified in writing of the decision to take a lump sum not later than three months before, and this notification must be co-signed by the spouse, otherwise this right is forfeited. The signature of the spouse or the registered partner must be officially authenticated. If the insured person cannot obtain the signature or if it is refused, he or she may invoke the civil court. The Pension Fund shall not pay interest on the retirement lump sum as long as the insured person fails to procure the agreement of the spouse.

5 Any retiree who has not yet reached the statutory reference age may claim a bridging pension until this age is reached, which pension must not exceed the maximum AHV pension. The existing savings assets according to Article 6 and also – if the savings assets are not sufficient for the desired level of pension – the existing retirement assets according to Article 5 are reduced by the multiple of the annual bridging pension sum according to the maximum period during which this pension is to be paid out, as defined in Appendix 1.

6 Any part of the savings assets according to Article 6 that are not used are paid out as a retirement lump sum.

7 If, after reaching the age of 60 (for members of the ECN: after reaching the age of 58), an insured person reduces the work schedule defined in the employment contract by mutual agreement with the Company, and their base salary falls by at least 20% as a result, this person may request a partial retirement. The above provisions are applied mutatis mutandis for the partial retirement pension, the partial retirement lump sum and the bridging pension. The parts of the retirement assets corresponding to partial retirement serve as the defining criterion for the partial retirement pension and the partial retirement lump sum. The maximum bridging pension sum is reduced in line with the partial retirement.

The parts of the retirement assets and savings assets corresponding to the reduced base salary are continued according to Article 5 and Article 6 as for an insured person in full-time employment. The insured remuneration is determined according to Article 4 on the reduced base salary that continues to be paid. The contributions and the requirement to pay contributions conform to Article 7 based on the insured remuneration determined in this way (Article 4 Paragraph 1 to 3). The reduced base salary still earned must exceed the minimum salary pursuant to Article 2 para. 1.

Retirement with payment of a partial retirement lump sum may proceed in three stages at most. The Pension Fund does not guarantee that partial retirement is treated preferentially in any way for tax purposes.

8 If an insured person remains in employment with the Company beyond reference age by mutual agreement with the Company, the retirement benefits as defined in Paragraph 1 may either be taken or may be used to increase the level of retirement benefits as defined in Paragraph 1 when the person eventually leaves. The retirement benefits come due at the latest when the age of 70 is reached.

9 The retiree is entitled to a child pension amounting to 20% of the retirement pension received for every child that would be entitled to an orphan's pension upon the death of the retiree (Article 14).

10 The Board of Trustees reviews the conversion ratios every five years at the latest (Appendix 1) and adjusts them to the actuarial requirements, based on the current technical reference documents and a technical interest rate which is determined according to yield trends for low-risk, long-term investments. In doing so, the decision of the Board of Trustees is based on the recommendations of the expert for occupational benefit schemes and the investment specialists of the Pension Fund.

Art. 11 Disability pension, child pensions

1 The insured person is considered disabled when he/she becomes completely or partially unable to work due to bodily or mental injury arising from illness, affliction, or accident, and this can be expected to continue on a permanent or long-term basis; or when he/she is disabled under the terms of the disability insurance (IV). Someone is completely or partially unable to work when he/she is no longer or only partially able to carry out the professional activity he/she did before the beginning of the disability, or any other activity that may reasonably be expected of him/her, and suffers loss of income because of this. A reduction in the capacity to earn an income of less than 40% does not constitute disability and therefore furnishes no grounds to claim disability benefits from the Pension Fund. An insured person with a degree of disability of 70% or more shall be deemed to be fully disabled.

2 Both for the recognition of a relevant disability and the definition of its degree the decision of the disability insurance (IV) is, in principle, binding. If special circumstances prevail, the Pension Fund may have the insured person's health and capacity to work assessed by a medical expert of its choice. In this case, the criterion for defining the degree of disability is the loss of income resulting from the disability, measured by the previous pay. The Pension Fund is authorized to obtain a medical appraisal of a disabled insured person's health at any time. If the insured person resists such an examination or refuses to accept employment which he/she could reasonably be expected to do in view of his/her knowledge, abilities, and state of health, the Pension Fund is entitled to reduce, refuse, or withdraw the disability benefits.

3 The insured person is entitled to a disability pension, the amount of which is determined as a percentage of a full pension as follows:

a) with a degree of disability within the meaning of the IV of 70% or more, there is an entitlement to a full pension;
b) for a degree of disability within the meaning of the IV of 50–69%, the percentage corresponds to the degree of disability;
c) if the degree of disability within the meaning of the IV is less than 50%, the following percentages apply:

Degree of disability	Percentage share
49%	47.5%
48%	45.0%
47%	42.5%
46%	40.0%
45%	37.5%
44%	35.0%
43%	32.5%
42%	30.0%
41%	27.5%
40%	25.0%
Under 40%	00.0%

These provisions on the degree of disability apply analogously to the entitlement to any lump sum disability benefit pursuant to Article 6 Paragraph 4 (savings plan). In the event of partial disability, the full disability lump sum is reduced in accordance with the disability pension entitlement.

4 The Pension Fund may review the entitlement to a disability pension at any time. The entitlement, once determined, is increased, reduced or cancelled if the degree of disability changes by at least five percentage points.

5 The full disability pension amounts to 60% of the insured remuneration under the risk plan at the start of incapacitation until the end of the month in which the insured person reaches retirement age. After this, it is established according to the provisions of Article 10 based on the calculationally continued accrual of retirement assets and the conversion ratio applicable at the time of retirement.

6 The full lump sum on disability corresponds to the savings assets available at the start of the disability pension according to Article 6.

7 The disability pension is paid out until death or until the person is considered to be no longer disabled.

8 The entitlement to a disability pension is deferred as long the Company continues to pay the salary or as long as compensation for loss of earnings (e.g. daily allowances from the health or accident insurance) is paid out which amounts to at least 80% of the lost pay and at least half of which is co-funded by the Company. The defining criterion is the level of compensation for loss of earnings before any reduction due to coordination with the benefits of the disability insurance (IV).

9 The recipient of a disability pension is entitled to a child pension amounting to 20% of the retirement pension received for every child that would be entitled to an orphan's pension upon his/her death (Article 14).

10 If an insured person entitled to partial disability pension from the Pension Fund leaves the Pension Fund, he/she continues to receive the partial disability pension together with any pertinent child pensions. Furthermore, vested benefits are paid out for the active part according to Article 19 and 20. The survivors' benefits that remain insured are determined according to the partial disability pension.

11 The Pension Fund may suspend the payment of benefits as a precautionary measure if an insured person fails to comply with his/her reporting or cooperation obligations, if there is a reasonable suspicion that benefits have been obtained unlawfully, or if it becomes aware that the IV office has ordered the suspension of payment of the disability pension as a precautionary measure, based on Article 52a ATSG.

Art. 12 Spouse's pension

1 If a married insured person or a married recipient of a retirement or disability pension dies, the surviving spouse is entitled to the spouse's pension if, at the time of death, the surviving spouse

a) has to support one or more children or
b) has reached the age of 35 and the marriage has lasted at least five years.

If the surviving spouse does not meet one of these two conditions, he/she is entitled to a one-off settlement amounting to three times the annual sum of the spouse's pension. The duration of a domestic partnership (see Article 13) is treated as the duration of a marriage.

2 The spouse's pension amounts to 60% of the insured or current disability pension according to Article 11 at the time of death. After the death of a retiree, the spouse's pension amounts to 60% or 100% of the current retirement pension depending on the reversionary spouse's pension selected before the start of the retirement pension (Article 10 Paragraph 3).

3 The divorced spouse of the deceased insured person or the deceased recipient of a retirement or disability pension is treated in the same way as the surviving spouse provided

a) the divorced spouse was awarded a (subsistence or compensation) allowance in the form of a pension in the divorce decree and
b) the marriage lasted at least 10 years.

The benefits of the Pension Fund are reduced, however, by a sum corresponding to the amount by which, together with the benefits of other insurance schemes (in particular the AHV or IV), they exceed the entitlement laid down in the divorce decree. If a court determined that part of the vested benefits was to be transferred to the pension fund of the divorced spouse, this divorced spouse is only entitled to the minimum survivor's benefits stipulated by law (BVG).

4 The entitlement to a spouse's pension begins with the month following death, but at the earliest after full wage continuation has ceased to be paid. It lapses if the spouse or the domestic partner marries before reaching the age of 60. In the event of a remarriage, the surviving spouse is entitled to a one-off settlement amounting to three times the annual sum of the spouse's pension.

Art. 13 Domestic partner's pension

1 If an unmarried insured person can show that he or she lived with an unmarried unrelated lifetime partner in the same household continuously for at least the last 5 years before death with a mutual obligation of support or if the domestic partner has to support one or more children from the relationship, then this person is entitled to the same benefits as a surviving spouse, provided this partnership has been registered in writing with the Pension Fund. A written request for benefits must be submitted to the Pension Fund within six months of the death of the insured person at the latest.

2 The partnership must be registered in writing with the Pension Fund in the form of a support agreement. The sample agreement provided by the Pension Fund must be used and sent to the Pension Fund during the lifetime of both partners and signed by both partners. The Pension Fund must be notified immediately if the partnership is dissolved.

3 The domestic partner's pension ceases when the partner marries or enters into a new partnership within the meaning of Paragraph 1. The Pension Fund periodically checks the entitlement to pensions.

4 If the recipient of a retirement or disability pension dies, the domestic partner is entitled to a pension, provided the conditions set forth in Paragraph 1 and 2 were met at the time of the first payment of the (retirement or disability) pension.

5 If the recipient of a domestic partner's pension is receiving a widow(er)'s pension or domestic partner's pension from a pension scheme, no domestic partner's pension is paid out.

6 Maintenance payments resulting from a divorce decree are counted towards the domestic partner's pension to be paid out.

7 The duration of a partnership according to Paragraph 1 and 2 is counted as duration of marriage as defined in the entitlement conditions of Article 12 for the spouse's pension, provided there is a support agreement to this effect.

8 The provisions governing the domestic partner's pension likewise apply to same-sex partners.

9 If a partnership is dissolved, there is no further entitlement to a domestic partner's pension. Therefore Article 12 Paragraph 3 for the spouse's pension to the divorced spouse does not apply by analogy.

10 The entitlement of the domestic partner to the lump sum on death is defined in Article 15 Paragraph 5.

Art. 14 Orphans' pensions

1 If an insured person or the recipient of a retirement or disability pension dies, each of his/her children is entitled to an orphan's pension. The entitlement starts with the month following death, but at the earliest after full wage continuation has ceased to be paid. This pension is granted until the child reaches the age of 20 years. Children who are still in education or are of diminished capacity or unfit for work because of a physical or mental affliction are entitled to this pension up to the age of 25 at the most.

2 Foster children and step-children are only entitled to the orphan's pension if the insured person was substantially responsible for their sustenance.

3 The orphan's pension amounts to 20% of the insured or current disability or retirement pension for each half-orphan and to 40% for each full orphan according to Article 11 at the time of death.

Art. 15 Lump sum on death

1 If an insured person or the recipient of a retirement or disability pension dies before reaching the age of 65, a lump sum on death is paid out to the claimants.

2 For an insured person the lump sum on death corresponds to 200% of the disability pensions insured at the time of death plus the existing savings assets according to Article 6, while for the recipient of a retirement or disability pension it corresponds to 200% of the current retirement or disability pension.

3 The lump sum on death is increased by the savings assets of the incentive/bonus insurance and shift insurance on 31 December 2010 transferred to the retirement assets on 1 January 2011, excluding interest, and by the voluntary extra contributions paid into the retirement account since 1 January 2011 according to Article 8 Paragraph 5 and Paragraph 6, excluding interest. The increase is diminished by any Pension Fund benefits already paid according to Article 9 Paragraph 1, excluding interest, and any early withdrawal for home ownership purposes (Article 25) and/or any withdrawal occasioned by a divorce (Article 26).

4 If, in the event of early retirement, an insured person claims a bridging pension according to Article 10 Paragraph 5 and dies before reaching the age of 65, the lump sum on death according to Paragraph 2 increases by that part of the savings assets not used for the bridging pension.

5 Persons with entitlement, regardless of inheritance law, are:

a) the spouse and the children of the deceased insured person who are entitled to an orphan's pension from the Pension Fund,
b) in the absence of beneficiaries as defined under a) persons who were supported to a substantial degree by the deceased insured person or the person who lived without interruption in a domestic partnership with the deceased insured person for the last five years until death with a mutual obligation of support or who are required to support one or more children from the relationship,
c) in the absence of beneficiaries as defined under a) and b) the other children, the parents or siblings of the deceased insured person.

6 The insured person may change the groups of beneficiaries listed in Paragraph 5 as follows at any time in a written notification to the Pension Fund:

a) If persons defined under Paragraph 5 lit. b) exist, the insured person may combine the beneficiaries defined under Paragraph 5 lit. a) and b).
b) If no persons defined under Paragraph 5 lit. b) exist, the insured person may combine the beneficiaries defined under Paragraph 5 lit. a) and c).
c) If no persons defined under Paragraph 5 lit. a) exist, the insured person may combine the beneficiaries defined under Paragraph 5 lit. b) and c).

The notification must be submitted to the Pension Fund during the lifetime of the insured person.

7 The insured person may send a written communication to the Pension Fund defining any entitlements of the beneficiaries within a beneficiary group (Paragraph 5 and 6) as he/she wishes. If no communication is received from the insured person, the lump sum on death falls equally to all beneficiaries within a beneficiary group. The communication must be submitted to the Pension Fund during the lifetime of the insured person.

8 If there are no persons as defined under Paragraph 5, the lump sum on death falls to the Pension Fund.

Art. 16 Use of free funds, adjustment of pensions to development of prices

1 The Board of Trustees decides on the use of any free funds of the Pension Fund within the limits of what is financially possible. The free funds shall be determined in accordance with professional principles and assessed by the expert on occupational benefit schemes.

2 The pensions are adjusted to price developments in accordance with the financial possibilities of the Pension Fund, the Board of Trustees deciding annually whether and on what scale this is possible. The Pension Fund explains the decisions of the Board of Trustees in its annual financial statement or its annual report.

Art. 17 Provisions on payments

1 The pensions are calculated as annual pensions. They are paid out to those entitled to pensions in 12 instalments, rounded to whole francs, at the end of each month. The payments are made by post-office or bank transfer to the paying office in Switzerland designated by the beneficiary. At the request and risk of the beneficiary payments may also be made abroad.

For the month in which entitlement to pensions ceases, the full pension instalment is paid.

2 The Pension Fund pays a one-off lump sum settlement instead of the pension, if at the start of the entitlement the retirement or disability pension is less than 10% of the minimum AHV pension, the spouse's pension is less than 6% and the orphan's pension is less than 2%. The lump sum settlement is calculated actuarially according to the technical principles of the Pension Fund. When it is paid out, all further claims of the insured person or his/her survivors on the Pension Fund cease.

IV. Leaving the Pension Fund

Art. 18 Due date, additional cover, reimbursement

1 A person leaves the Pension Fund and the occupational benefits scheme ends when his/her employment contract comes to an end, unless there is an entitlement to retirement, survivors' or disability benefits. If the person still has an employment contract, membership of the occupational benefits scheme ends when the base salary falls below the minimum for joining the scheme as stipulated by the BVG and is expected to remain below this level in the long term, without death or disability benefits becoming payable, subject to any additional coverage period as defined in Paragraph 5.

2 If the employment contract is terminated after the insured person has reached the age of 60 (members of the ECN: after reaching the age of 58) and this person takes up employment or self-employment or is registered as unemployed, he/she may either request that membership of the pension scheme be terminated and the vested benefits be transferred or claim the retirement benefits in accordance with these Regulations.

3 If membership of the benefits scheme ends, the insured person leaves the Pension Fund and is entitled to the vested benefits according to the following rules.

4 The vested benefits are payable when an insured person leaves the Pension Fund. From this point on, the benefits bear interest at the minimum rate stipulated in the BVG (see Supplement). If the Pension Fund does not transfer the vested benefits within 30 days of receiving the necessary information, they then become subject to interest at the rate laid down by the Federal Council for payment of arrears.

5 The insured person remains covered for the risk of disability and death for one month after leaving the occupational benefits scheme but at most until he/she joins a new occupational benefits scheme.

6 If the Pension Fund has to pay survivors' or disability benefits after transferring the vested benefits, the vested benefits must be repaid as far as they are needed for the payment of the survivors' or disability benefits. The survivors' or disability benefits are reduced if the sum is not repaid.

Art. 19 Level of vested benefits

1 The vested benefits correspond to the existing retirement assets plus the existing savings assets. Legal minimum benefits are guaranteed.

2 If the Company has financed the payment of joining fees as defined in Article 9 either in whole or in part, the relevant sum is deducted from the vested benefits. The deduction is reduced by one-tenth of the sum paid by the Company with every full contribution year completed. The proportion left over is credited to the employer's contributions reserve.

3 The vested benefits in all cases comprise at least the existing retirement savings at the time of leaving as defined by law (BVG).

Art. 20 Use of vested benefits

1 If the insured person joins a new occupational benefits scheme, the Pension Fund transfers the vested benefits to the new institution.

2 Insured persons who do not join a new occupational benefits scheme must inform the Pension Fund whether the vested benefits are to be transferred to a vested benefits account or used to set up a vested benefits policy. If the Pension Fund is not informed, the vested benefits are transferred to the Supplementary Institution, together with interest. The transfer must take place at the earliest 6 months and at the latest two years after the insured person has left the occupational benefits scheme.

3 The insured person may request a cash payment of the vested benefits if

a) he/she is definitively leaving Switzerland and the Principality of Liechtenstein (subject to Paragraph 4) or
b) he/she takes up self-employment and no longer has to be insured under a mandatory occupational benefits scheme or
c) vested benefits amount to less than the person's annual contribution.

Cash payment to a married insured person is only admissible if the spouse gives written consent. The signature of the spouse must be officially authenticated. If voluntary extra contributions are paid in during the last three years before leaving, the resulting benefits will not be paid out in cash, but will be transferred to a vested benefits account or used to set up a vested benefits policy.

4 An insured person who definitively leaves Switzerland and the Principality of Liechtenstein cannot demand payment of the BVG retirement assets if he/she remains compulsorily insured for the risks of retirement, death and disability according to the laws of a Member State of the EU or Iceland or Norway.

Art. 21 Leave

1 If an insured person takes leave, his/her insurance remains in force and without change provided the contributions on the part of employee and Company continue to be paid throughout the duration of the leave.

2 If only the risk contributions continue to be paid during the leave, they must be paid at the start of the leave for the whole period of leave as a one-off amount.

3 If the contributions are no longer paid, the insurance cover remains in place for the first month of leave. If an insurance claim is filed after this first month of leave but before the insured person takes up work again, the person is entitled to the vested benefits calculated from the point at which the leave began plus the interest for the time elapsed since.

4 If the payment of contributions is resumed after the period of leave has elapsed, the retirement and savings assets from this point onwards continue to be accumulated with retirement and savings credits and interest.

5 If the period of leave is longer than three years, the insurance cover is cancelled and the vested benefits are paid out, calculated from the point when the payment of contributions ended plus the interest for the time since elapsed.

V. Special provisions

Art. 22 Taking into account of third-party benefits, reduction of benefits, provisional benefits

1 If, in the event of disability or death of an insured person or recipient of a pension, the benefits of the Pension Fund together with other countable income for the insured person and his/her children or survivors amount to more than 100% of the earnings assumed to be lost, the benefits to be paid out by the Pension Fund must be reduced until the said threshold is no longer exceeded. In the case of lump sum benefits from the Pension Fund, the provisions apply by analogy. The income of the surviving spouse or domestic partner and the orphans are counted together.

2 Countable income is considered to be benefits of the same kind and for the same purpose as those that are paid out to the entitled person as a result of the insured event, such as:

a) Benefits from the AHV/IV (and/or Swiss and foreign social security systems), with the exception of attendance allowance ("Hilflosenentschädigungen");
b) Benefits from military insurance or compulsory accident insurance;
c) Benefits from other insurance companies for whose premiums the Company contributes at least half;
d) Benefits from Swiss and foreign benefits plans (especially Pension Fund 2) and from vested benefits accounts / policies.

For recipients of disability benefits, the income that these persons continue to earn or could reasonably be expected to earn from gainful employment, or are eligible to receive as compensation for loss of earnings, is also taken into account. The income that could reasonably be expected to be still possible from gainful employment is basically determined on the basis of the hypothetical disability income according to the IV decision.

Once recipients of disability benefits have reached the reference age, the retirement benefits from domestic and foreign social insurance plans and occupational benefits schemes, with the exception of attendance allowances and similar benefits, are taken into account, if the benefits from the occupational benefits scheme, with due regard to these retirement benefits and other countable income, exceed 100 percent of the last earnings assumed to have been lost before the attainment of reference age. Benefit reductions of other insurances at retirement age are not compensated.

One-off lump sum payments are converted into pensions by an actuarial process on the basis of the technical principles applied by the Pension Fund. Exempted in this case are satisfaction and similar settlements, which are not counted.

In all cases, however, at least those benefits are paid that must be provided according to the BVG and its rules of coordination.

3 In cases of hardship or in periods of progressive inflation, the Board of Trustees may lessen or completely waive a reduction in the pension.

4 The Pension Fund may also reduce its benefits accordingly if the AHV/IV reduces, withdraws or refuses benefits because the entitled person is substantially culpable for the death or disability or refuses to comply with the integration measures initiated by the disability insurance (IV). The Pension Fund is under no obligation to compensate for refusals or reductions of benefit by the accident insurance or military insurance.

5 The Pension Fund may demand that a candidate for a survivor's or disability benefit assigns to it any claims against liable third parties that are due to him/her for the loss, up to the value of its benefit obligations.

6 If the coverage by the accident or military insurance, or by the occupational retirement, survivors' and disability benefits scheme according to BVG is disputed, a provisional benefit from the Pension Fund may be requested. If, in the case of a claim for survivor's or disability benefits, it is unclear which occupational pension scheme is under obligation to pay such benefits, the entitled person may request a provisional benefit from the pension fund with which he/she was last insured. The Pension Fund pays provisional benefits only within the limits of the minimum requirements stipulated by law (BVG).

7 Once the obligation of another insurer or pension scheme to pay benefits is established, this insurer or institute must reimburse the Pension Fund for the provisional benefits within the limits of the established obligation.

Art. 23 Security of benefits; charging of claims

1 The benefits of the Pension Fund are, as far as legally permitted, immune to foreclosure proceedings. The entitlement to Pension Fund benefits, subject to Article 25, may neither be pledged nor ceded before they mature. Any arrangements to the contrary are without validity.

2 Benefits obtained unlawfully from the Pension Fund are set off against future benefits or must be repaid.

3 Claims on an insured person or retiree ceded by the Company to the Pension Fund may not be charged against benefits from the Pension Fund. This does not include contributions owed by the insured person.

Art. 24 Obligation to inform and notify

1 Insured persons must truthfully inform the Pension Fund about all circumstances of relevance to their insurance, and in particular about their state of health when joining the Pension Fund and changes in marital status and family circumstances, without any specific request for such information.

2 At the request of the Pension Fund, recipients of pensions must furnish proof of identity. Disabled persons must report other pension income and income from gainful employment that they receive as well as any changes in the degree of disability. Insured persons are under an obligation to allow the Pension Fund to inspect their IV file.

3 Insured persons and other claimants are under obligation to provide the Pension Fund with the required and requested information and documents as well as documentation of benefits, reductions or refusals on the part of other insurance institutions or third parties mentioned in Article 22.

4 Insured persons who are covered by several benefit schemes and for whom the sum of their pay and income that is subject to social security (AHV) contributions exceeds the limit stipulated in Article 79c of the BVG must inform the Pension Fund of all the benefit schemes and the salaries and other income insured therein.

5 The Pension Fund declines any liability for any negative consequences resulting from a breach of the aforementioned obligations for insured persons or their survivors. Should the Pension Fund suffer damage from such a breach of obligations, the Board of Trustees may hold the person at fault liable for this damage.

Art. 24a Processing of personal data

1 The Pension Fund is entitled to process personal data, including particularly sensitive personal data, or to have such data processed in order to fulfill its duties in accordance with these regulations.

2 The personal data required for the fulfillment of their duties is forwarded to the auditors, the occupational pensions expert, any reinsurers and the responsible actuaries who work within the framework of the accounting obligations of the affiliated employer.

3 In addition, the Pension Fund is entitled to call in any third parties for the performance of its duties under these regulations and to disclose to them the personal data required for this purpose, including particularly sensitive personal data.

4 Persons who are involved in the implementation, monitoring or supervision of the implementation of the pension plan must maintain confidentiality towards third parties.

Art. 25 Home ownership: early withdrawal, pledging, obligation to inform

1 Up to the age of 62, an active insured person may claim a sum for the purchase of a home for his/ her own use (purchase or construction of residential property, participation in residential property or repayment of mortgage loans). The minimum amount for an advance withdrawal is CHF 20’000; this does not apply to the purchase of share certificates in housing cooperatives or similar participations. Own use is considered to be personal use, i.e. that the insured person uses the property as his/her domicile or his/her normal place of residence. He/she may also, for the same purpose, pledge this sum or his/her entitlement to benefits for the same purpose.

2 Up to the age of 50, the insured person may withdraw or pledge a sum equal to his/her vested benefits. An insured person over the age of 50 may at most withdraw the vested benefits to which he/she would have been entitled at the age of 50, or one half of the sum of these benefits at the time of withdrawal. If extra contributions have been paid in during the last three years, the resulting benefits may not be withdrawn.

3 The insured person may submit a written request for information concerning the amount available to him/her for home ownership and the reduction to benefits associated with such a withdrawal. The Pension Fund informs him/her of the possibilities of supplementary insurance to cover the lack of insurance coverage that will result from the withdrawal, and draws attention to the related tax issues.

4 If an insured person makes use of the possibility of the early withdrawal or pledging options, he/she must submit the contractual documents relating to the purchase or construction of the residential property, the amortization of mortgage loans, the rules or the tenancy or loan agreements in the case of shares purchased with the institution financing the construction and the corresponding certificates in the case of similar kinds of participation. An insured person who is either married or living in a registered partnership must provide the written consent of their spouse or registered partner for the withdrawal and any subsequent mortgage. The signature must be officially authenticated. In the case of a pledge, the Pension Fund establishes whether the spouse or registered partner has co-signed the pledge agreement with the lender.

5 The Pension Fund pays out the withdrawal at the latest six months after the insured person has claimed his/her entitlement. If the Pension Fund has insufficient funds, it may impose a limit regarding the timing and amount of a withdrawal that is to be used to repay a mortgage loan, or may refuse the withdrawal entirely. The Pension Fund must inform the insured person how long these measures apply.

6 Should the liquidity of the Pension Fund be placed at risk by such early withdrawals, the Pension Fund may defer the processing of applications. The Board of Trustees draws up a list of priorities for the handling of applications.

7 In the event of an early withdrawal, the savings assets (Art. 6) and, if necessary, the retirement assets (Art. 5) are first reduced by the amount withdrawn. The insured retirement, disability and survivors’ benefits are reduced in line with the amount withdrawn. Any (partial) repayment of the amount withdrawn is admissible until retirement age is reached; the repaid amount is treated in the same way as a voluntary extra contribution as stipulated under Art. 8 and is first credited to the retirement assets. The repaid amount is allocated to the BVG retirement assets and the other retirement assets in the same proportion as in the case of an early withdrawal.

Art. 26 Divorce

1 The entitlements to occupational pension benefits accrued during the marriage up to the initiation of divorce proceedings are equalized.

2 If an insured person divorces and if, on the basis of the divorce ruling, the Pension Fund has to transfer a portion of the vested benefits accrued during the marriage to the divorced spouse’s pension scheme, the insured person’s existing retirement assets and savings assets are reduced by the amount transferred. The reduction is debited in the ratio of the BVG retirement assets to the other retirement assets. The insured benefits are reduced in proportion to the amount transferred in the same way as stated in Article 25 Paragraph 7. The insured person may, at any time, pay in a sum in accordance with Article 8 corresponding to the transferred portion of the vested benefits. The sum paid in is allocated in the same ratio as with the debiting of the BVG retirement assets and the other retirement assets.

3 If the marriage of a disability pension recipient is dissolved (before retirement age is reached) and the court ruling stipulates that the Pension Fund has to transfer part of the vested benefits acquired during the marriage to the pension scheme of the divorced spouse, the retirement assets of the disability pension recipient (before retirement age is reached) are reduced by the sum transferred. The insured benefits are reduced according to the sum transferred pursuant to Article 25 Paragraph 7, by analogy. The disability pension and child pension already in payment at the time when divorce proceedings are initiated remain unchanged until retirement age is reached.

4 If the marriage of a retirement or disability pension recipient is dissolved after retirement age is reached and the court ruling stipulates that the retirement or disability pension is to be divided, then the retirement or disability pension is reduced by the assigned portion of the pension. The portion of the pension assigned to the divorced spouse is converted into a lifelong pension for the divorced spouse from the time at which the divorce takes effect. The conversion is based on the pertinent provisions of the law. In the case of a disability pension recipient, the portion of the pension assigned to the divorced spouse is still taken into account when any reduction of the pension is calculated as stipulated in Article 20 Paragraphs 1 and 2. The entitlement to a lifelong pension becomes void upon the death of the divorced spouse.

5 The Pension Fund transfers the lifelong pension to the pension or vested benefits institution of the divorced spouse. The transfer is carried out in the form of a one-time lump sum payment, unless the divorced spouse requests in writing the transfer in the form of a pension annuity. The conversion into a lump sum is calculated according to the actuarial basic principles and parameters of the Pension Fund valid at the time when the divorce ruling takes effect. Upon payment of the lump sum, all further entitlements of the divorced spouse become void.

6 If the divorced spouse is entitled to a full disability pension or has reached the minimum age for early retirement according to the law on occupational pension schemes (BVG), he/she may request direct payment of the lifelong pension. If the divorced spouse has reached statutory reference age, the lifelong pension is paid out to him/her directly.

7 If an insured person or disability pension recipient enters retirement during divorce proceedings, both the part of the vested benefits to be transferred and the pension are reduced. The reduction corresponds to the sum by which the pension would have been lower by the time the divorce ruling takes effect, if a retirement assets sum reduced by the portion of the vested benefits to be transferred had been taken as a basis for the calculation of the pension. The reduction is split equally between the pension and the part of the vested benefits to be transferred. In addition, from the time the divorce takes effect the pension is permanently adjusted on the basis of the retirement assets reduced by that part of the assets that are to be transferred.

8 If an insured person receives vested benefits or a lifelong pension from his/her divorced spouse (as the result of a divorce ruling), this will be handled in the same way as a voluntary extra contribution as set forth in Article 8 and allocated to the BVG retirement assets and other retirement assets according to the details provided by the transferring pension fund. The insured person informs the Pension Fund about his/her entitlement to a lifelong pension and provides the name of the divorced spouse's pension fund.

9 Foreign divorce decrees stipulating that pension assets with a Swiss pension fund be split, can only be enforced after having obtained the recognition and enforcement order by a competent court in Switzerland.

10 The provisions on divorce are applicable in the same way for a registered partnership dissolved by the courts.

Art. 27 Financial equilibrium

1 In the event of an actuarial deficit, the Board of Trustees defines appropriate measures to eliminate this deficit in cooperation with the accredited expert for occupational benefit schemes. If necessary, the measures may in particular involve adjusting the interest on retirements assets (Article 5 Paragraph 3) and savings assets (Article 6 Paragraph 3), the funding, the benefits and – after consultation with the cantonal Inspectorate – the current pensions that exceed the benefits according to BVG, to ensure that they are in line with the funds available.

For as long as a deficit exists and the interest rate on the retirement accounts (Article 5 Paragraph 3 a) remains below the minimum interest rate defined by the BVG, the minimum amount defined in Article 17 of the FZG is calculated using the interest rate applied to the retirement accounts.

If other measures do not achieve their objective, the Pension Fund may levy contributions from the insured persons, the Company and the retirees, and for as long as the coverage remains insufficient in order to remedy the shortfall.

The Company's contribution must be at least equal to the sum of the insured persons' contributions. The retirees' contribution may only be levied on the portion of the current pensions that, during the last ten years before the introduction of this measure, resulted from increases that were not stipulated by law or the Regulations. Such a contribution may not be deducted from compulsory benefits for retirement, death or disability. The level of the pension at the time when the entitlement became effective remains guaranteed. The retirees' contribution is deducted from current pensions.

2 If the measures mentioned in Paragraph 1 prove inadequate, the Pension Fund may apply an interest rate lower than that defined by the BVG for as long as the deficit persists, but not for more than five years. The interest rate must not be less than 0.5% below the minimum.

3 In the event of insufficient funding, the Company may make payments into a special employer contributions reserve account, waiving the use of this account, and may also transfer resources from the normal employer contributions reserve to this special account. The amounts paid in must not exceed the deficit and do not bear interest.

4 The Pension Fund must notify the Inspectorate, the Company, the insured persons and the retirees about the shortfall in funds and the measures taken to eliminate it.

5 In the event of a partial liquidation of the Pension Fund, the actuarial deficit is deducted pro rata from the vested benefits to be transferred as stipulated in the Regulations, provided this does not reduce the BVG retirement assets (Article 18 FZG).

VI. Organization

Art. 28 Board of Trustees

1 The highest body of the foundation is the Board of Trustees. It consists of 14 members. Seven members, including the Chairman, are nominated by the Company and seven members are elected by the insured persons from among the employees. The Board of Trustees appoints one of the seven elected members as Deputy Chairman. Otherwise, the Board of Trustees is self-constituting.

2 For the seven members of the Board of Trustees elected by the insured persons, seven substitutes are elected at the same time. For the seven members of the Board of Trustees appointed by the Company, seven substitutes are appointed at the same time. The Chairman and Deputy Chairman may only be represented by substitutes in their function as members of the Board of Trustees.

3 Members of the Board of Trustees and substitutes may only retain their office as long as they are insured persons and work in Switzerland.

4 The Board of Trustees ensures that the members of the board receive initial and further training so that they are able to perform their management functions.

5 The period of office of the elected members of the Board of Trustees and substitutes begins on 1 January, following their election, and lasts for four years. They may be reelected after their period of office has expired. If a member of the Board of Trustees elected by the insured persons leaves during his/her period of office, he/she must be replaced by a substitute in accordance with Appendix 3 until the next election. The Company determines the period of office of the appointed members of the Board of Trustees and substitutes.

6 The Board of Trustees meets on the order of the Chairman as often as business requires or at the written request of at least three members of the Board of Trustees. Notice of meetings together with an agenda should be sent to the members of the Board of Trustees and substitutes as a rule at least eight days before the meeting. The Head of the Business Office attends the meetings in an advisory capacity.

7 The Board of Trustees is quorate when at least three appointed and three elected members of the Board of Trustees or substitutes are present. It makes its decisions on a simple majority of those members and substitutes present, and only on matters listed in the agenda. The Chairman is entitled to vote. In the event of a tie, the motion is deemed to be rejected. Decisions by means of a circular letter are allowed so long as no one demands a spoken debate.

8 Minutes are taken of meetings; these also contain decisions by means of a circular letter, and must be sent to members of the Board of Trustees and substitutes within two weeks of the meeting taking place.

9 All persons involved in the administration, control or supervision of the Pension Fund are required to maintain confidentiality on the personal circumstances of insured persons and beneficiaries, as well as the business affairs of the Pension Fund and the Company, even after they have ended their work for the Pension Fund.

Art. 29 Duties of the Board of Trustees

1 The Board of Trustees manages the business of the Foundation in accordance with the law, the stipulations of the Deed of Foundation, and the Regulations and directives of the statutory Inspectorate. The Board of Trustees makes all decisions necessary to achieve the purpose of the Foundation and issues the necessary Regulations.

2 The Board of Trustees may delegate individual duties and powers to particular committees or third parties.

3 The Board of Trustees appoints the Head of the Business Office on the proposal of the Company. The Business Office executes the decisions of the Board of Trustees and deals with current business.

4 The Board of Trustees designates those persons entitled to sign and determines how signing may take place.

Art. 30 Auditors

1 The Board of Trustees selects the auditors of the Foundation. The auditors examine the management, accounting and investment assets of the Foundation annually and submit a written report on their findings to the Board of Trustees. The annual statement of account must be forwarded to the cantonal Inspectorate together with the auditors' report.

2 The Board of Trustees appoints the accredited actuarial expert for occupational benefit schemes. The expert periodically checks whether the pension fund provides security that it can fulfill its obligations and that the actuarial provisions on benefits and financing as laid down in the Regulations comply with the regulatory requirements. He shall submit to the Board of Trustees recommendations in particular about the level of the technical interest rate and other actuarial fundamentals.

Art. 31 Accounting; investment assets

1 The business year is the calendar year. The accounts of the Pension Fund are balanced annually on 31 December. The annual statement of account and the annual report are compiled not later than six months after the close of the financial year.

2 The assets of the Pension Fund are managed by the Board of Trustees, in accordance with recognized principles and in particular in respect of the legal requirements concerning investment policies, wherein the aim is to achieve not only the security of the investment but also an appropriate yield, and to take account of the liquidity needs of the Pension Fund. The Board of Trustees may transfer the asset management to third parties.

3 The Board of Trustees issues a set of investment rules.

VII. Final stipulations

Art. 32 Implementation and amendment of the Regulations

1 Questions that are insufficiently covered or not covered at all by these Regulations are decided upon by the Board of Trustees within the meaning of the Deed of Foundation. In special cases, the Board of Trustees may deviate from the provisions of these Regulations if their implementation were to mean hardship for the person or persons concerned and the deviation is in keeping with the meaning and purpose of the Pension Fund.

2 In cases of doubt, the German text of the Regulations is the authoritative version.

3 These Regulations may be amended by the Board of Trustees at any time while safe-guarding the vested rights. Provisions that provide for additional benefits or contributions at the expense of the Company cannot be made without its prior consent.

Art. 33 Benefits in cases of hardship

1 Where these Regulations do not provide for benefit for an insured person, his/her family members or close relatives although a benefit would be compatible with the providence purpose of the Pension Fund, the Board of Trustees may decide to grant benefits if there is a well-founded request for such benefit.

1 The Board of Trustees decides at its own discretion, in recognition of the circumstances of the individual case and in consideration of the overriding interests of the Pension Fund. If necessary, it decides on the type, scope and duration of the benefits.

Art. 34 Partial liquidation

The conditions and procedure of a partial liquidation of the Pension Fund are laid down in a separate set of Regulations.

Art. 35 Disputes

Disputes between an insured person or a person entitled to benefits and the Foundation that cannot be settled internally are decided by the cantonal insurance court. The legal venue is the Swiss registered office or the domicile of the defendant or the location of the Company where the insured person was employed. In the event of an appeal, the provisions of the BGG apply.

Art. 36 Entry into force; transitional provisions

1 These Regulations, together with the Appendices, enter into force on 1 January 2024 and supersede the Regulations, effective from 1 January 2022. Divorced spouses who were awarded a pension or a lump sum settlement for a lifelong pension before January 1st, 2017, are entitled to survivor's benefits according to Article 12 Paragraph 3 as set forth in the Regulations effective 1 January 2016.

2 Pursuant to Article 10 Paragraph 10, the conversion rates (Appendix 1) are adjusted to the actuarial requirements with effect from 1 January 2022. Every active person insured in the retirement plan on 1 January 2022 who belonged to the Pension Fund on 31 December 2021 and each existing recipient of a disability pension in accordance with Article 11 on January 1, 2022, are granted a one-off contribution in accordance with the "Rule of 60" to their retirement account, spread over a period of five years in the form of a corresponding annuity credited to the retirement account once a year, starting on January 1, 2022. In the event of an insured risk (retirement, death, disability), any remaining installments of the one-off contribution will be credited to the retirement account. The benefits are calculated on the basis of the retirement savings thus increased. Upon leaving the Pension Fund, the not-yet credited annuities will forfeit.

The one-off contribution corresponds to the capitalised difference between the previous and the new prospective retirement pension at age 65 discounted to January 1, 2022, at an interest rate of 2.0%. The basis for determining the previous retirement pension is formed by the conversion rate of 5.3% and the retirement credits valid until 31 December 2021 according to the "standard" contribution scale. The basis for determining the new retirement pension is the conversion rate of 5.0% and the retirement credits valid from January 1, 2022, in accordance with the new "standard" contribution scale. The calculations are based on the insured salary in the retirement plan as of January 1, 2022, a projected interest rate of 2.0% and the existing retirement savings accrued up to December 31, 2021. Entry benefits and voluntary extra contributions (purchase payments) credited to the retirement account after January 26, 2021 are not taken into account.

A number of points ("Rule of 60") is calculated for each insured person as of January 1, 2022. This corresponds to the age of the insured person as at December 31, 2021, in years and months increased by the years of service completed as at December 31, 2021, in years and months. If the calculated number of points is less than 60, the one-off contribution is reduced by 5% for each missing point (pro rata calculation for fractional points).

3 The level of pensions already in payment on 31 December, 2023, and the coinsured survivors' pensions remain unchanged. AHV bridging pensions already in payment on January 1, 2024, will be paid until they reach the age of 64. Otherwise, the provisions of these Regulations apply, in particular any reduction of benefits as a result of overcompensation shall be made in accordance with Article 22 of these Regulations.

4 The disability pension after reaching retirement age is calculated on the basis of the retirement savings continuously accrued up to the retirement age (see Article 11 paragraph 5). The insured salary is determined in accordance with the Regulations applicable at the time when the relevant incapacity for work at the origin of the disability has begun. The retirement credits as a percentage of the insured salary correspond to the "standard" scale according to these Regulations. The conversion rate is based on the pertinent Regulations at the time of retirement.

5 For disability pensioners whose pension entitlement arose before 1 January 2022 and who have reached the age of 55 by that date, the provisions applicable to the degree of disability up to 31 December 2021 will continue to apply.

6 For disability pensioners whose pension entitlement arose before 1 January 2022 and who have not yet reached the age of 55 at that time, the application of Article 11 Paragraph 3 is deferred during the provisional continued insurance in accordance with Article 26a BVG.

7 For disability pensioners whose pension entitlement arose before 1 January 2022 and who have not yet reached the age of 55 at that time, the previous pension entitlement remains in force until the degree of disability changes as part of a review in accordance with Article 11 Paragraph 4. The previous pension entitlement remains in force even after such a review, provided that the application of Article 11 Paragraph 3 results in the previous pension entitlement decreasing in the event of an increase in the degree of disability or increasing in the event of a decrease in the degree of disability.

8 For disability pensioners whose pension entitlement arose before 1 January 2022 and who have not yet reached the age of 30 at that time, the pension entitlement regulation in accordance with Article 11 Paragraph 3 will be applied by 31 December 2031 at the latest. If the pension amount decreases compared to the previous amount, the previous amount will be paid until the degree of disability changes as a result of a review of the pension entitlement in accordance with Article 11 Paragraph 4.

9 On the death of pension recipients with pensions already in payment on 31 December 1997 the reversionary survivors' benefits correspond at least to the amounts in francs paid out on 31 December 1997 according to the Regulation effective on 31 December 1997.

10 A woman who was already married before 1 January 1992 and whose husband was already insured with the Ciba-Geigy Pension Fund before 1 January 1991 is entitled to a widow's pension on the death of the insured member, regardless of maintenance obligations, duration of marriage and age.

Basel, December 8, 2023

The Board of Trustees

Appendices 1 to 4 and the Supplement in their current versions also form an integral part of these Regulations.

Appendix 1: Important figures

1 Retirement credits (Article 5) and savings credits (Article 6)

The retirement credits and savings credits as a percentage of insured remuneration under the retirement plan and insured remuneration under the savings plan are as follows:

Age	Retirement credit in % of insured remuneration retirement plan			Savings credit in % of insured remuneration savings plan
	“Standard	“Standard Plus“	“Standard Minus“	
25 – 29	12.75	14.75	10.75	–
30 – 34	14.70	16.70	12.70	–
35 – 39	16.65	18.65	14.65	–
40 – 44	18.60	20.60	16.60	3.50
45 – 49	22.50	24.50	20.50	3.50
50 – 54	24.45	26.45	22.45	3.50
55 – 59	26.40	28.40	24.40	3.50
60 – 65	28.35	30.35	26.35	3.50

The insured person’s age is the difference between the current calendar year and the year of birth.

The retirement credits correspond to the sum of the contributions to the retirement plan made by the insured person and by the Company according to Appendix 1, Paragraph 2 (below) and depend on the insured person’s chosen scale of contributions.

2 Level of contributions (Article 7)

The insured persons and the Company pay the following annual contributions, expressed as percentages of the insured remuneration under the retirement plan, insured remuneration under the savings plan and insured remuneration under the risk plan:

“Standard” contribution scale

Age	“Standard” retirement plan contrib. in % of insured remuneration retirement plan		Risk plan contributions in % insured remuneration risk plan		Savings plan contributions in % insured remunerationrisk plan	
	Insured persons	Company	Insured persons	Company	Insured persons	Company
up to 24	–		–	1.00	1.00	–
25 – 29	4.25	8.50	0.60	1.20	–	–
30 – 34	4.90	9.80	0.60	1.20	–	–
35 – 39	5.55	11.10	0.60	1.20	–	–
40 – 44	6.20	12.40	0.60	1.20	1.75	1.75
45 – 49	7.50	15.00	0.60	1.20	1.75	1.75
50 – 54	8.15	16.30	0.60	1.20	1.75	1.75
55 – 59	8.80	17.60	0.60	1.20	1.75	1.75
60 – 65	9.45	18.90	0.60	1.20	1.75	1.75

“Standard Plus” contribution scale

Age	“Standard” retirement plan contrib. in % of insured remuneration retirement plan		Risk plan contributions in % insured remuneration risk plan		Savings plan contributions in % insured remuneration risk plan	
	Insured persons	Company	Insured persons	Company	Insured persons	Company
up to 24	–	–	0.50	1.00	–	–
25 – 29	6.25	8.50	0.60	1.20	–	–
30 – 34	6.90	9.80	0.60	1.20	–	–
35 – 39	7.55	11.10	0.60	1.20	–	–
40 – 44	8.20	12.40	0.60	1.20	1.75	1.75
45 – 49	9.50	15.00	0.60	1.20	1.75	1.75
50 – 54	10.15	16.30	0.60	1.20	1.75	1.75
55 – 59	10.80	17.60	0.60	1.20	1.75	1.75
60 – 65	11.45	18.90	0.60	1.20	1.75	1.75

“Standard Minus” contribution scale

Age	“Standard Minus” retirement plan contrib. in % of insured remuneration retirement plan		Risk plan contributions in % insured remuneration risk plan		Savings plan contributions in % insured remuneration risk plan	
	Insured persons	Company	Insured persons	Company	Insured persons	Company
up to 24	–	–	0.50	1.00	–	–
25 – 29	2.25	8.50	0.60	1.20	–	–
30 – 34	2.90	9.80	0.60	1.20	–	–
35 – 39	3.55	11.10	0.60	1.20	–	–
40 – 44	4.20	12.40	0.60	1.20	1.75	1.75
45 – 49	5.50	15.00	0.60	1.20	1.75	1.75
50 – 54	6.15	16.30	0.60	1.20	1.75	1.75
55 – 59	6.80	17.60	0.60	1.20	1.75	1.75
60 – 65	7.45	18.90	0.60	1.20	1.75	1.75

The insured person’s age is the difference between the current calendar year and the year of birth. The progression to the next level on the contributions scale always takes place on 1 January.

Administration costs and contributions to the Swiss Federal Guarantee Fund

The administration costs and the contributions to the Federal Guarantee Fund are paid from the Pension Fund’s assets.

3 Voluntary extra contributions (Article 8)

The level of voluntary extra contributions according to Article 8 Paragraph 5 corresponds at most to the maximum sum shown in the table below, minus the existing retirement assets and savings assets at the time of contribution.

Maximum possible sum of voluntary extra contributions in percent of insured remuneration retirement plan and insured remuneration savings plan

	Retirement assets (Article 5)			Savings assets (Article 6)
Age	"Standard"	"Standard Plus"	"Standard Minus"	
25	12.8%	14.8%	10.8%	–
26	25.8%	29.8%	21.7%	–
27	39.0%	45.1%	32.9%	–
28	52.6%	60.8%	44.3%	–
29	66.4%	76.8%	55.9%	–
30	82.4%	95.0%	69.8%	–
31	98.7%	113.6%	83.9%	–
32	115.4%	132.6%	98.2%	–
33	132.4%	151.9%	112.9%	–
34	149.8%	171.7%	127.9%	–
35	169.4%	193.7%	145.1%	–
36	189.4%	216.3%	162.6%	–
37	209.9%	239.2%	180.5%	–
38	230.7%	262.7%	198.8%	–
39	252.0%	286.6%	217.4%	–
40	275.6%	312.9%	238.4%	3.5%
41	299.7%	339.8%	259.7%	7.1%
42	324.3%	367.2%	281.5%	10.7%
43	349.4%	395.1%	303.7%	14.4%
44	375.0%	423.6%	326.4%	18.2%
45	405.0%	456.6%	353.4%	22.1%
46	435.6%	490.2%	381.0%	26.0%
47	466.8%	524.5%	409.1%	30.0%
48	498.7%	559.5%	437.8%	34.1%
49	531.1%	595.2%	467.1%	38.3%
50	566.2%	633.6%	498.9%	42.6%
51	602.0%	672.7%	531.3%	46.9%
52	638.5%	712.6%	564.4%	51.4%
53	675.7%	753.3%	598.1%	55.9%
54	713.7%	794.8%	632.5%	60.5%
55	754.3%	839.1%	669.6%	65.2%
56	795.8%	884.3%	707.4%	70.0%
57	838.1%	930.4%	745.9%	74.9%

Maximum possible sum of voluntary extra contributions in percent of insured remuneration retirement plan and insured remuneration savings plan

	Retirement assets (Article 5)			Savings assets (Article 6)
Age	"Standard"	"Standard Plus"	"Standard Minus"	
58	881.3%	977.4%	785.2%	79.9%
59	925.3%	1025.3%	825.3%	85.0%
60	972.2%	1076.2%	868.2%	90.2%
61	1020.0%	1128.0%	911.9%	95.5%
62	1068.7%	1180.9%	956.5%	101.0%
63	1118.4%	1234.9%	1002.0%	106.5%
64	1169.2%	1290.0%	1048.4%	112.1%
65	1220.9%	1346.1%	1095.7%	117.8%

The insured person's age is the difference between the current calendar year and the year of birth.

Increase in maximum possible sum of voluntary extra contributions to retirement assets according to Article 8 Paragraph 5 for funding early retirement in the retirement plan according to Article 8 Paragraph 6.

	Increase in maximum possible sum of extra contributions to retirement assets in percent of insured remuneration retirement plan	Maximum amount at retirement after 60
Age	Retirement assets (Article 5)	Retirement assets (Article 5)
25	214.0%	
26	218.2%	
27	222.6%	
28	227.1%	
29	231.6%	
30	236.2%	
31	241.0%	
32	245.8%	
33	250.7%	
34	255.7%	
35	260.8%	
36	266.0%	
37	271.4%	
38	276.8%	
39	282.3%	
40	288.0%	
41	293.7%	

Age	Increase in maximum possible sum of extra contributions to retirement assets in percent of insured remuneration retirement plan Retirement assets (Article 5)	Maximum amount at retirement after 60 Retirement assets (Article 5)
42	299.6%	
43	305.6%	
44	311.7%	
45	317.9%	
46	324.3%	
47	330.8%	
48	337.4%	
49	344.2%	
50	351.0%	
51	358.1%	
52	365.2%	
53	372.5%	
54	380.0%	
55	387.6%	
56	395.3%	
57	403.2%	
58	411.3%	663.2%
59	419.5%	582.9%
60	427.9%	497.9%
61	342.6%	410.7%
62	258.4%	324.7%
63	174.9%	239.6%
64	89.5%	152.4%
65	0.0%	61.0%

The insured person’s age is the difference between the current calendar year and the year of birth.

4 Conversion ratio (Article 10)

The conversion ratio is fixed as follows, on the basis of the age at the time of retirement and the selected reversionary spouse's pension (60 % or 100 %):

	Conversion ratio in % of retirement assets	
Age at retirement	**Spouse's pension 60%**	**Spouse's pension 100%**
58	4.15%	3.98%
59	4.25%	4.07%
60	4.36%	4.17%
61	4.48%	4.27%
62	4.60%	4.38%
63	4.72%	4.49%
64	4.85%	4.61%
65	5.00%	4.73%
66	5.15%	4.87%
67	5.32%	5.02%
68	5.50%	5.18%
69	5.69%	5.35%
70	5.90%	5.53%

The age is calculated precisely, in years and months. The time from the birthday until the 1st of the following month is not taken into account. Intermediate values are interpolated in a linear manner.

5 Reduction of the retirement / savings assets as a result of taking a bridging pension (Article 10)

The existing retirement / savings assets are reduced depending on the maximum length of time during which the bridging pension is to be paid out, by means of the following multiplication of the annual bridging pension:

Duration	Reduction of retirement/savings assets
7 years	6.652 times bridging pension
6 years	5.743 times bridging pensione
5 years	4.822 times bridging pension
4 years	3.886 times bridging pension
3 years	2.936 times bridging pension
2 years	1.972 times bridging pension
1 year	0.993 times bridging pension

Intermediate values are interpolated in a linear manner.

Appendix 2: Companies affiliated to the Pension Fund (2025)

- Advanced Accelerator Applications (AAA), a Novartis Company, Genf
- Novartis data42 AG, Basel
- Novartis Innovative Therapies AG (NITAG), Risch
- Novartis International AG, Basel
- Novartis Pharma AG, Basel
- Novartis Pharma Services AG, Basel
- Novartis Pharma Stein AG, Stein
- Novartis Pharma Schweiz AG, Bern
- Novartis Pharma Schweizerhalle AG, Schweizerhalle
- Pharmanalytica SA, Locarno
- Novartis Forschungsstiftung, Zweigniederlassung Friedrich Miescher Institut, Basel
- Novartis Stiftung für nachhaltige Entwicklung, Basel
- Sandoz AG, Basel
- Sandoz Pharmaceuticals AG, Steinhausen
- Sandoz Group AG, Basel

Appendix 3: Election of the Board of Trustees

1 Electoral office

1 An electoral office is formed to prepare and conduct the elections to the Board of Trustees.

2 The electoral office consists of seven members. The head of the electoral office is appointed by the Board of Trustees and the other six members by the personnel organizations.

3 Employees who are standing for election to the Board of Trustees as representatives of insured persons may not be members of the electoral office.

2 Entitlement to vote, eligibility to stand

1 The active insured persons working in Switzerland are entitled to vote.

2 With the exception of those working in the Business Office, insured persons working in Switzerland are eligible to stand as members of the Board of Trustees and as substitutes.

3 Entitlement to nominate

Personnel organizations, interest groups, and employees nominate at least 14 candidates as members of the Board of Trustees and substitutes, respectively. Twenty signatures of persons entitled to vote are needed for each candidate.

4 Electoral procedure

1 The Board of Trustees decides on a date in the last quarter of its period of office as election day. This date is announced at least three months beforehand.

2 The names of those nominated for election must be submitted to the electoral office no later than 30 days after the announcement of the date of the election.

3 The electoral office informs the candidates of those properly nominated for election. Candidates who refuse to accept election must inform the electoral office in writing within five working days after receipt of the information.

4 At least 14 days before election day, lists of candidates and ballot slips are sent to those entitled to vote. These may give votes to as many candidates for the Board of Trustees and substitutes as there are members of the Board of Trustees and substitutes to elect. Cumulation is not allowed.

5 Voting is by secret correspondence. Those candidates receiving the most votes are elected as members of the Board of Trustees. Those candidates receiving the next highest number of votes are elected as substitutes. In the event of a tie, lots shall be drawn.

6 The electoral office publishes the results of the election within 30 days, at the latest before the end of the current period of office, and submits a report on the election for the attention of the newly elected Board of Trustees.

5 Leaving of a member of the Board of Trustees

1 If a member of the Board of Trustees elected by the insured persons leaves during his/her period of office, he/she shall be replaced by the substitute with the highest number of votes and the substitute shall be replaced by the non-elected candidate with the highest number of votes, as in Article 4 Paragraph 5, until a by-election is held.

2 If a substitute elected by the insured persons leaves during his/her period of office, he/she shall be replaced by the non-elected candidate with the highest number of votes, as in Article 4 Paragraph 5.

Appendix 4: Examples of calculations in the regulation

(For information purposes only; based on the salary parameters of 2025)

1 Insured person A – insured remuneration (Article 4)

Insured person A aged 43

Base salary	CHF	70’000
Incentive/bonus	CHF	7’000
Allowance	CHF	0
Annual income	CHF	77’000
Coordinating offset (30% × 70’000, maximum 26’460)	CHF	21’000
Insured remuneration retirement plan (77’000 – 21’000)	CHF	56’000
Insured remuneration savings plan (77’000 – 21’000)	CHF	56’000
Insured remuneration risk plan (70’000 – 21’000)	CHF	49’000

2 Insured person B – insured remuneration (Article 4)

Insured person B at age 50

Base salary	CHF	210’000
Incentive/bonus	CHF	42’000
Allowance	CHF	0
Annual income	CHF	252’000
Coordinating offset (30% × 210’000, maximum 26’460)	CHF	26’460
Joining threshold Pension Fund 2	CHF	150’000
Insured remuneration retirement plan (252’000 – 26’460, max. 123’540)	CHF	123’540
Insured remuneration savings plan (252’000 – 26’460)	CHF	225’540
Insured remuneration risk plan (210’000 – 26’460)	CHF	183’540
Insured remuneration Pension Fund 2 (252’000 – 150’000)	CHF	102’000

3 Insured person C – insured remuneration (Article 4)

Insured person C aged 55, member of management

Base salary	CHF	250’000
Incentive/bonus (insured in Management Pension Fund)	CHF	100’000
Allowance	CHF	0
Annual income	CHF	350’000
Coordinating offset (30% × 250’000, maximum 26'460)	CHF	26’460
Pension Fund and for Pension Fund 2	CHF	150’000
Maximum allowable base salary for savings and risk plan Pension Fund and for Pension Fund 2	CHF	220’000
Insured remuneration retirement plan (250’000 – 26’460, max. 123’540)	CHF	123’540
Insured remuneration savings plan (220’000 – 26’460)	CHF	193’540
Insured remuneration risk plan (220’000 – 26’460)	CHF	193’540
Insured remuneration Pension Fund 2 (220’000 – 150’000)	CHF	70’000
Insured remuneration Management Pension Fund (350’000 – 220’000)	CHF	130’000

4 Insured person A – calculation of benefits purchased (Article 8)

Age at date of purchase		43 years
Insured remuneration retirement plan	CHF	56’000
Insured remuneration savings plan	CHF	56’000
Retirement assets: joining fee from previous pension fund	CHF	120’000
Savings assets	CHF	0

Voluntary extra contributions to retirement plan

Maximum extra contributions to retirement plan “Standard” scale (349.4% × 56’000)	CHF	195’664
Minus existing retirement assets	CHF	120’000
Possible extra contributions to retirement plan “Standard” scale	CHF	75’664

Voluntary extra contributions to savings plan

Maximum extra contributions to savings plan (14.4% × 56’000)	CHF	8’064
Minus existing savings assets	CHF	0
Possible extra contributions to savings plan	CHF	8’064

Voluntary extra contributions for funding early retirement

Maximum extra contributions for funding early retirement after full payment of contributions to the retirement and savings plan (305.6% × 56’000)	CHF	171’136

5 Insured person B – calculation of benefits purchased (Article 8)

Age at date of purchase		50 years
Insured remuneration retirement plan	CHF	123’540
Insured remuneration savings plan	CHF	225’540
Insured remuneration Pension Fund 2	CHF	102’000
Retirement assets: joining fee from previous pension fund	CHF	350’000
Savings assets	CHF	0
Retirement assets Pension Fund 2	CHF	0

Voluntary extra contributions to retirement plan

Maximum extra contributions to retirement plan “Standard” scale (566.2% × 123'540)	CHF	699’483
Minus existing retirement assets	CHF	350’000
Possible extra contributions to retirement plan “Standard” scale	CHF	349’483

Voluntary extra contributions to savings plan

Maximum extra contributions to savings plan (42.6% × 225’540)	CHF	96’080
Minus existing savings assets	CHF	0
Possible extra contributions to savings plan	CHF	96’080

Voluntary extra contributions for funding early retirement

Maximum extra contributions for funding early retirement after full payment of contributions to the retirement and savings plan (351.0% × 123’540)	CHF	433’625

Voluntary extra contributions to Pension Fund 2

Maximum extra contributions to Pension Fund 2 “Standard” scale (369.0% × 102’000)	CHF	376’380
Minus existing retirement assets in Pension Fund 2	CHF	0
Possible extra contributions to Pension Fund 2	CHF	376’380

6 Insured person A – retirement benefits (Article 10)

Age at retirement		60 years
Retirement assets on retirement	CHF	544’432
Savings assets on retirement	CHF	50’512
Assets from extra contributions to fund early assets on retirement	CHF	0

Insured retirement benefits (Article 9)

Conversion ratio at age 60 (spouse’s pension 60%)		4.36%
Maximum retirement pension from age 60 (4.36% × 544’432)	CHF	23’737
Maximum lump sum from retirement assets (50% × 544’432)	CHF	272’216
Maximum lump sum from savings assets (100% × 50’512)	CHF	50’512

Options exercised on retirement

Selected lump sum from retirement assets	CHF	0
Selected bridging pension until age 65	**CHF**	**18’000**
Selected reversionary pension for spouse		60%

Reduction of retirement assets/savings assets

Reduction of retirement assets/savings assets after taking a bridging pension for 5 years (4.822 × 18’000)	CHF	86’796
Savings assets on which calculation is based	CHF	50’512
Reduction of retirement assets for bridging pension (86’796 – 50’512)	CHF	36’284

Calculation of retirement pension

Retirement assets at retirement on which calculation is based	CHF	544’432
Minus lump sum from retirement assets	CHF	0
Reduction of retirement assets after taking a bridging pension	CHF	36’284
Remaining retirement assets	CHF	508’148
Retirement pension from age 60 (4.36% x 508’148)	**CHF**	**22’155**

7 Insured person B – retirement benefits (Article 10)

Age at retirement	62 years
Retirement assets on retirement	CHF 1'320'272
Savings assets on retirement	CHF 227'795
Assets from extra contributions to fund early retirement	CHF 549'941
Retirement assets in Pension Fund 2 on retirement	CHF 641'070

Restriction of retirement assets from contribution to fund early retirement (Article 8 Paragraph 2)

Assets from extra contributions to fund early retirement	CHF 549'941
Minus maximum sum at 62 from extra contributions to fund early retirement (324.7% × 123'540)	CHF 401'134
Capital falling to Pension Fund	CHF 148'807
Retirement assets on retirement	CHF 1'320'272
Maximum sum at 62 from extra contributions to fund early retirement	CHF 401'134
Retirement assets on which calculation is based	CHF 1'721'406

Insured retirement benefits (Article 9)

Conversion ratio at age 62 (spouse's pension 60%)	4.60%
Maximum retirement pension from age 62 (4.60% × 1'721'406)	CHF 79'185
Maximum lump sum from retirement assets (50% × 1'721'406)	CHF 860'703
Maximum lump sum from savings assets (100% × 227'795)	CHF 227'795
Lump sum on retirement from Pension Fund 2	CHF 641'070

Options exercised on retirement

Selected lump sum	CHF 500'000
Selected bridging pension until age 65	**CHF 30'240**
Selected reversionary pension for spouse	100%

Reduction of retirement assets/savings assets

Reduction of retirement assets/savings assets after taking a bridging pension for 3 years (2.936 × 30'240)	CHF 88'785
Reduction of savings assets (existing 227'795)	CHF 88'785

Calculation of lump sums on retirement

Lump sum from savings assets (227'795 – 88'785)	CHF 139'010
Lump sum from retirement assets (500'000 – 139'010)	CHF 360'990
Lump sum from Pension Fund	**CHF 500'000**
Lump sum from Pension Fund 2	**CHF 641'070**

Calculation of retirement pension

Retirement assets at retirement on which calculation is based	CHF 1'721'406
Minus lump sum from retirement assets	CHF 360'990
Remaining retirement assets	CHF 1'360'416
Conversion ratio at age 62 (spouse's pension 100%)	4.38%
Retirement pension from age 62 (4.38% × 1'360'416)	**CHF 59'586**

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This document is also available in German, French and Italian. All language versions can be accessed on the Internet under:

www.pensionskassen-novartis.ch