

Discontinuation of employee accounts (MKK) – Frequently asked questions

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Part I: Questions on the discontinuation of the employee accounts

1. Why are the Employee Accounts (MKK) being discontinued? Is this just a cost-saving measure?

Understanding the importance, both practically and emotionally, that the employee accounts have for many of you, the decision to discontinue them has not been taken lightly. There are a number of reasons that informed this decision, the operational costs being only one of them:

- Offering bank-like services is not part of our core business. In addition, the regulatory framework for financial services is increasingly complex and constantly evolving. Regulators have taken a critical stance on employer-sponsored accounts and potential future changes in this environment may put a disproportionate burden on Novartis or even stop us from offering employee accounts in the long term.
- Novartis is also the only SMI company in Switzerland outside of the banking industry still offering employee accounts.
- The global roll-out of a new personnel administration system is expected to start from late 2022 onwards. This new system will not provide the functionalities required for the management of employee accounts.
- Employee accounts are only available to Novartis associates and pensioners in Switzerland, while we aspire to offer equal services to current and former associates worldwide.
- The administration of the accounts, the operation of the Cash Desk/ATMs and the payment of above-market interest rates come with considerable effort and costs for Novartis. We aim to focus our resources on further strengthening our core competencies and working towards our goal of reimagining medicine.

2. When Novartis associates retired, the employee accounts stood for the continuation of their close relationship with Novartis. Is this relationship still valued?

We recognize the great contributions made by our former associates – their decades-long, sometimes even life-long efforts and their dedication have been crucial for the success of Novartis. We therefore value our relationship with them very highly and will continue to maintain and foster it through different initiatives.

Understanding both the practical and emotional importance of the employee accounts to our former associates, the decision to discontinue them has not been taken lightly. Please see Question 1 for more information on the reasons that informed this decision.

3. When will the accounts be closed? When will the last pension annuity payment to my MKK take place?

The accounts will be closed at the end of September 2022. To facilitate the closure of the accounts, the last pension annuity payment to your employee account will be made in June 2022 – afterwards, your pension annuity will be transferred directly to your personal bank account.

Any remaining balances will be transferred from your employee account to your personal bank account by the end of October 2022.

You do not need to take any immediate action – you will receive further information and detailed instructions in November 2021. You will then still have plenty of time to let us know on which bank account you want to receive your pension annuity as of July 2022 and to prepare for the closure of your employee account.

4. Why have the MKK regulations been updated and what are the most important changes?

The MKK regulations have been updated to reflect the new situation now that the discontinuation of the MKK by the end of September 2022 has been decided.

In particular, the MKK regulations provide that as of July 1, 2022, any salary or pension payments by Novartis will no longer be made to the MKK but rather to the personal bank account indicated by the relevant account holder to Novartis, and that as of October 1, 2022, all MKK will be closed and any remaining balance will be transferred to the personal bank account.

Furthermore, the MKK regulations include provisions aiming to facilitate the closure of the MKK, such as the possibility to charge reasonable costs for a research in case an account holder has not updated his/her address or account details or to charge costs for the administration of an account. It is also clarified that Novartis would be entitled to charge negative interest. Please see also the following question on this topic.

As Novartis itself has not been administering any share deposit accounts for its current and former employees anymore since 2017, all references to the share deposit accounts were removed. Please read the MKK regulations carefully and familiarize yourself with the updated version (available [here](#)), which will enter into force on August 1, 2021.

5. Will the interest rate of currently 0.25% change again until the closure of the MKK? Will Novartis start charging costs for the administration of the accounts?

The interest rate will remain at the current level of 0.25% until the MKK are closed at the end of September 2022. We will also not charge account holders any administration costs until the closure of the MKK.

6. What do I have to do to prepare for the closure of my MKK?

The MKK will only be closed at the end of September 2022. Since this is still quite far in the future, you do not need to take any immediate action – you will receive further information and detailed instructions in November 2021. You will then still have plenty of time to let us know on which bank account you want to receive your pension annuity as of July 2022 and to prepare for the closure of your employee account.

7. Will I need a Swiss bank account to which my pension annuity can be transferred in the future?

No, a Swiss bank account is not necessary. Annuity transfers to foreign bank accounts will be possible also in the future. More information on this will follow with the second communication in November 2021.

8. Will it be possible to have my pension annuity transferred to two different personal accounts as of July 2022?

The Novartis Pension Fund will make pension payments to one single personal account from July 2022.

9. Does Novartis support me in finding a bank where I can open a personal bank account? Has Novartis negotiated favourable banking terms with an external bank?

Novartis is not in a position to support you in finding a bank or organizing your personal financial affairs. However, we have been able to secure preferential conditions for banking services for all employee account holders and associates/pensioners with UBS Switzerland AG.

Please find the flyer with the specific conditions for such services on the [homepage of the Novartis Pension Funds](#). These conditions will also be available to associates/pensioners who are already clients of UBS Switzerland AG. The offer period to secure these preferential conditions is June 1, 2021, to September 30, 2022.

Please note that you will need to present either a badge or an employee account statement in order to make use of the offer. Alternatively, you can also effectuate a transfer from your employee account to your new UBS account.

10. What will happen to the Cash Desk on the Basel Campus and the Novartis ATMs at the Basel/Stein sites?

Both the Cash Desk on Campus and the ATMs will continue to be available until the end of September 2022 (see also Questions 18 and 19). After the closure of the employee accounts at the end of September 2022, the Cash Desk will be closed. The Novartis ATMs will be removed and, in most places, replaced by UBS ATMs. You can then destroy your Novartis bank card by yourself.

11. Since there will be no Cash Desk and no Novartis ATMs on the Basel/Stein sites anymore after the closure of the accounts, will pensioners still have the possibility to request a Novartis badge respectively to keep their old badge to access the sites?

Yes, this will still be possible.

12. Will there be any changes to the other special benefits Novartis offers to pensioners, e.g. discounted meals in the staff restaurants?

No changes to other benefits currently offered to pensioners by Novartis are envisioned at this point in time.

13. Whom can I contact if I have further questions regarding the discontinuation of the MKK?

Please reach out to employee.services@novartis.com or call our hotline at +41 61 696 55 00 (available from 10:00-12:00 and 14:00-16:00). You can also send us a letter to:

Novartis Pharma AG
Employee Accounts & Shares
WSJ-210.7
P.O. box
4002 Basel
Switzerland

Part II: General questions on the transferring/withdrawing of money from your MKK

14. How do I proceed if I want to transfer money from my employee account to a personal bank account? How can I set up/change standing transfer orders?

The MKK will only be closed at the end of September 2022 – since this is still quite far in the future, nothing will change for the time being in the current procedure. You will receive further information and detailed instructions in November 2021. You will then still have plenty of time to let us know on which bank account you want to receive your pension annuity as of July 2022 and to prepare for the closure of your employee account.

In the meantime, you can continue to instruct the Employee Accounts & Shares team with money transfers and the management of standing transfer orders from your MKK if needed – please contact them by email (employee.services@novartis.com) or send a letter to:

Novartis Pharma AG
Employee Accounts & Shares
WSJ-210.7
P.O. box
4002 Basel
Switzerland

15. Are there any restrictions regarding transfers from the MKK to other accounts? Are transfers to foreign accounts possible and are there any fees? How long does a transfer take?

Accounts to which transfers from the MKK are made have to be in the name of the MKK account holder. Payments via intermediate banks in favor of a broker/ other bank for further credit to your bank account are not accepted.

Transfers to foreign accounts are possible. For more details on the duration of transfers as well as the respective fees, please contact the Employee Accounts & Shares team (for the team's contact details, please see Question 14).

Please note that in case you instruct the Employee Accounts & Shares team to make a transfer to an account at a Swiss bank to which no transfers have been made in the past, you will have to provide additional information for certification, i.e. a copy of your passport/ID. If you want the team to make a transfer to a foreign bank account to which no transfers have been made in the past, you will have to provide them with a copy of your passport/ID and a statement from your foreign bank showing your address and your name as the beneficiary.

16. Is there a maximum amount which I can transfer from the MKK to my personal bank account?

No, there is no limit on the amount of money that you can transfer to your personal bank account.

However, in case you want to transfer a large amount of money to a Swiss or foreign bank (limits may vary depending on the regulations applying in the country of the receiving bank), you may be asked by the receiving bank to provide more detailed information about the origin of the money etc. Please contact your receiving bank and inquire about their requirements before transferring large sums of money.

17. I want to transfer money from my MKK to a foreign bank account. Do I need to complete additional forms with Novartis?

Novartis does not require you to complete additional forms. However, please note that if you want the Employee Accounts & Shares team to make a transfer to a foreign bank account to which no transfers have been made in the past, you will have to provide them with a copy of your passport/ID and a statement from your foreign bank showing your address and your name as the beneficiary.

Moreover, in case you want to transfer a large amount of money to a foreign bank (limits may vary depending on the regulations applying in the country of the receiving bank), you may be asked by the receiving bank to provide more detailed information about the origin of the money etc. Please contact your receiving bank and inquire about their requirements before transferring large sums of money.

18. Where can I withdraw money from my employee account and what is the maximum amount I can withdraw?

You can withdraw money at the Cash Desk (see following question) or at the Novartis ATMS. Novartis ATMs are located at the Basel and Stein sites and are available for withdrawing sums up to CHF 10'000 or the corresponding euro amount (monthly limit: CHF 25'000 or the corresponding euro amount). For withdrawals, a personal Novartis bank card is needed which you can get from the Cash Desk if you do not have one.

Please note that you need a Novartis badge to access the Novartis sites.

19. What are the opening hours of the Cash Desk and where is it located?

The Cash Desk is located on the Basel Campus in Forum 1 on the ground floor. It is currently open from Monday - Friday from 10.00 to 15.00 (subject to COVID-19-related regulations).

For withdrawals, the same limits as for the ATMs are in place (CHF 10'000 or the corresponding euro amount per day, CHF 25'000 or the corresponding euro amount per calendar month).

Contact details of the Cash Desk:

+41 61 324 22 16 / cashdesk.phchbs@novartis.com

Please note that you need a Novartis badge to access the Campus.

This document will be updated continuously as needed – the current version dates from June 7, 2021.