

## Employee account regulations Novartis Pharma AG

### Objective and purpose

These Swiss Country Regulations apply to all persons with a Novartis employee account managed in Switzerland as described hereinafter.

### Detailed description

#### 1. General

- 1.1 Novartis Pharma AG (hereinafter called “Administration”) manages and administers employee accounts in CHF, on which Novartis exclusively deposits salaries and pension benefits (hereinafter called “Employee Accounts”).
- 1.2 The Employee Account is managed and administered until 30 September 2022 or another date announced by the Administration (hereinafter called the “Dissolution Date”). On the Dissolution Date, all Employee Accounts will be dissolved (see Art. 10). The Administration reserves the right to transfer the balances of the Employee Accounts or the management of the Employee Accounts at any time to third parties holding a securities dealer or banking license.
- 1.3 Subject to Art. 10 (Dissolution of the Employee Accounts per Dissolution Date), Account Holders (as defined below in Art. 2.1) can either leave the balance on the employee account or have it transferred in part or in whole at any time.
- 1.4 When opening the Employee Account, Employees must provide the Administration in any event with a bank or post account. An “External Account” means the bank or post account which the Account Holder provided in connection with the opening of the Employee Account and, if applicable, changed one or several times by submitting notification(s) to the Administration. The Account Holder is required to specify which bank or post account is the External Account if he or she provided details to or used different external accounts. In case of uncertainties, it is at the discretion of the Administration to determine which account of the banks or post accounts provided or used by the Account Holder is to be considered

the External Account. The Account Holder is responsible to keep the information to the External Account up to date and to inform the Administration of any changes promptly.

- 1.5 As of 1 July 2022 or another date notified by the Administration (hereinafter called the "Provisional End Date"), the deposits salaries and pension benefits will be credited to the External Account and on the Dissolution Date, the entire balance of the Employee Account will be credited to the External Account. The Account Holder must notify the Administration which account shall be deemed to be the External Account if the Account Holder wishes to have credited the deposits salaries and pension benefits after the Provisional End Date on another account than the balance of the Employee Account.
- 1.6 No guarantees have been provided for the Employee Accounts. Balances in the Employee Account are not privileged according to banking or insolvency laws. The Administration bears sole liability for the Employee Account. Where the Employee Account is administered by a third party, claims of the Employee Account holder or the Administration against this party are hereby reserved.

## **2. Account Holders**

- 2.1 The Administration opens and maintains an Employee Account until the Provisional End Date for all active employees, incl. trainees, interns, doctoral students and in-house temporary staff (collectively called "Employees") of Novartis companies in Switzerland as well as for pensioners (hereinafter called "Pensioners"), and for widows/widowers and orphans (hereinafter collectively referred to as "Surviving Dependents"), who receive from a Novartis pension fund in Switzerland either pension benefits or any other monetary payments (Employees, Pensioners and Surviving Dependents collectively referred to as "Account Holders"). After the Provisional End Date, no Employee Accounts will be established anymore, and the Account Holders shall not be entitled to hold an Employee Account.
- 2.2 For third-party individuals, employees from Novartis Group companies outside of Switzerland, family members or heirs of employees, or heirs of pensioners, no account will be opened or managed.

Surviving Dependents who receive from a Novartis pension fund in Switzerland pension benefits or some other monetary payment are eligible for an Employee Account until the Provisional End Date.

- 2.3 Special regulations may apply for International Assignees, which will be communicated separately.

## **3. General Information on Employee Accounts**

- 3.1 The Monthly Finance Meeting of Novartis, or any other responsible corporate body, respectively, specifies the credit and debit interest rate on the Employee Account based on the conditions of the money and capital markets. The credit and debit interest rates can be adjusted in light of prevailing market conditions and can also be negative.

- 3.2 The interest is credited or debited to the Employee Account once annually at the end of the year and, in the year of the dissolution, before the Dissolution Date. The interest payment is made after federal withholding taxes have been deducted.
- 3.3 Interest is paid on the balance of Employee Accounts as long as the employment relationship continues with the Novartis company in Switzerland or until pension benefits or other monetary payment is paid out by any Novartis pension fund and ends in any case at the latest on the Dissolution Date, unless otherwise communicated by the Administration. The interest payment or deduction is made pro rata temporis.
- 3.4 In principle there are no withdrawal limits (subject to Art. 9.2). The Administration is allowed to apply withdrawal limits in exceptional cases.
- 3.5 At the end of the year, the Administration provides every Account Holder with an interest and balance statement according to the requirements set forth by the Swiss tax authority.
- 3.6 Employees can view their account balance at any time via the Novartis Intranet and Account Holders at any Novartis cash machine, if in operation.
- 3.7 Unless otherwise specified in these regulations, the Administration will transfer the account balance to the External Account or to a third party in accordance with Art. 1.2.
- 3.8 Credit balances on the Employee Account cannot be pledged.

#### **4. Employee account credits**

- 4.1 Until the Provisional End Date, Employee Accounts are credited for the following:
- salaries, allowances or other monetary payments that are part of the employment relationship. Payments are made after any social security contributions; withholding taxes, etc. have been deducted
  - any benefits (pension or capital) from a Novartis pension fund for Pensioners or Surviving Dependents
  - Credits from the employer based on expense reports
- 4.2 After the occurrence of the Provisional End Date, all payments pursuant to Art. 4.1 shall be credited to the External Account. Any costs and charges of third parties (e.g. receiving bank) associated with the transfer, as well as the effects of exchange rate fluctuations are to be borne by the Account Holder. The Account Holder bears the risk in the event of an unclear or incomplete instruction and in the event of incorrect or delayed transmission of account details.
- 4.3 In principle (cash) deposits to Employee Accounts are prohibited. Credits to the Employee Account are done exclusively from the sources mentioned above. Inbound payments are, however, permissible for the compensation of negative balances or expense reports to be corrected or for the settlement of reverse transactions from transfers made in error or for the repayment of loans.

- 4.4 Salaries and pension benefits are credited on the respective notified salary or pension payment dates.

## 5. Employee account debits

Employee accounts are debited for the following:

- Cash withdrawals at the cash desk or the cash machine
- Transfer orders and any costs associated therewith as well as charges of third parties and the effects of exchange rate fluctuations
- Any negative interest
- Any cost for investigations
- As of the Provisional End Date, any cost for the administration, if applicable
- Social security contributions and withholding taxes for salary/bonus payments/allocated shares
- Interest and amortization payments for loans from the Novartis pension funds or a Novartis company
- (Re)payments to a Novartis company (e.g. advance payment of expenses) or deposits to Novartis pension funds (e.g. purchases of pension benefits)
- Unjustified expense reports
- Unjustified withdrawals on the company credit card
- Hypothetical taxes as part of an international assignment
- Cancellations, erroneous entries, corrections

## 6. Transfer orders debiting the Employee Account

- 6.1 Subject to Art. 6.2, the Account Holder can carry out single payment orders or standing payments orders debiting his/her Employee Account at any time until the Dissolution Date.
- 6.2 Transfers from the Employee Account are only allowed to the following accounts:
- his/her own bank or post account carrying the name of the Employee, Pensioner or Surviving Dependent
  - an account with the credit card company for the payments made with the Novartis credit card
- 6.3 Transfer orders to an account according to Art. 6.2 can be for a certain amount or for the full account balance.
- 6.4 Transfer orders can be placed electronically via the Novartis Intranet (if this is made available by Novartis; ESS/HR Core) or with forms, email or a letter to the Administration (Novartis Pharma AG, for the attention of Employee Services Account and Shares, PO box, 4002 Basel, Switzerland). In case of a transfer to a new account, the order has to be made either via the Novartis Intranet (ESS/HR Core) or in writing, an original letter with a signature to the Administration (cf. postal address above). The Administration can require additional identification measures at any time.

- 6.5 The Administration can reject transfer orders to certain countries, any unclear or incomplete orders or orders to banks that do not possess the standard accepted routing options.
- 6.6 The Account Holder bears the risk in the event of unclear or incomplete instructions as well as if the order contains errors or is delivered late.
- 6.7 Single payment orders are typically executed within three working days of the receipt of the request. Standing orders are executed once per month, typically with the value date on the 25th of the month.
- 6.8 The Administration cannot guarantee execution on a specific day. The Account Holder is responsible for the timely submission of the order.
- 6.9 Any third-party costs or fees associated with the transfer (e.g. receiving bank) as well as any impact from currency fluctuations are at the Account Holder's expense.

## **7. Overdraft of Employee Accounts**

- 7.1 Transfer orders that overdraw the account balance are not allowed and will not be executed.
- 7.2 If a negative balance results from an obligatory debit (e.g. social security, withholding taxes for allocated shares), the Account Holder is obliged to settle the balance within six months, but at the latest five business days before the Provisional End Date.
- 7.3 Negative balances are subject to interest.
- 7.4 The "Advances, early withdrawals and loans" regulation is hereby reserved.

## **8. Power of attorney over Employee Accounts**

- 8.1 In general, only Account Holders themselves can manage, and dispose of, their Employee Account. The Administration can accept a written power of attorney from the Account Holder for the Employee Account.
- 8.2. The Account Holder can grant a power of attorney to any representative of their choice for the submission of transfer orders according to Art. 6.2. To this end the Account Holder shall use the forms available for this purpose and observe any other formalities set forth by the Administration. The Administration can request a renewal of the power of attorney at any time.
- 8.3 If the Account Holder dies, any disposition of the Employee Account requires evidence of legitimate authorization which shall be based on legal inheritance documents.

## **9. Cash withdrawals from the Employee Account**

- 9.1 Only the Account Holder can make cash withdrawals from the Employee Account at Novartis cash machines or at the cash desk.
- 9.2 There are daily limits (currently set at CHF 10,000) and monthly limits (currently set at CHF 25,000) for cash withdrawals at cash machines or at the cash desk. In any case, cash withdrawals must not exceed the balance

of the Employee Account. The Administration can adjust the cash withdrawal limits at any time.

- 9.3 Cash withdrawals are only possible in CHF or, if provided for by the Administration, in EUR. The Administration specifies the exchange rate for EUR withdrawals.
- 9.4 Cash withdrawals at the cash desk and cash machines require a person to have access to the company site (Novartis badge or other access ID). If the general access authorization is missing, then the access rules for the respective site are applicable and the person concerned must identify him/herself at the gate.
- 9.5 Cash withdrawals at cash machines require a personal Novartis card associated with a personal PIN code. The PIN code is to be kept confidential and has to be kept separately from the card in any case. Any loss of the Novartis card needs to be reported immediately to the Administration or the cash desk. As long as the card is not reported lost and could not be blocked, then any cash desk or cash machine withdrawal with the Novartis card will be at the expense of the Employee Account regardless of whether such withdrawal was duly authorized or not.
- 9.6 The Administration reserves the right to completely block cash withdrawals subject to a three-month advance notice period. Transfer orders debiting the Employee Account in the meaning of Art. 6 are possible.

## **10. Dissolution of the Employee Accounts per Dissolution Date**

- 10.1 All Employee Accounts will be closed as of the Dissolution Date. The entire account balance will be transferred to the External Account.
- 10.2 If the Administration does not possess any information on an External Account, it may transfer the entire account balance to an account (incl. an omnibus account) to one or more third parties of its choice who hold a securities dealer or bank licence. The Administration reserves the right to take other measures. Liability for any damages is excluded by the Administration and other Novartis companies to the extent permitted by law.
- 10.3 Any costs, fees charged by third parties (e.g. the receiving bank or a bank managing an omnibus account), negative interest and the effects of exchange rate fluctuations shall be borne by the Account Holder. The Account Holder bears the risk in the event of unclear or incomplete instructions as well as if the transmission of the account details contains errors or is delivered late.

## **11. Liquidation upon termination of the employment relationship before retirement and before the Dissolution Date**

- 11.1 If an Employee leaves a Novartis company in Switzerland (except in the case of retirement or disability), the Employee Account will be closed.
- 11.2 Departing Employees must inform the Administration prior to the end of the employment contract where the balance of the Employee Account shall be transferred. If no information is provided to the Administration within 30 days of the end of the employment relationship, but in any event before the



Dissolution Date, the balance will be transferred to the External Account. Art. 10.3 is applicable.

- 11.3 A transfer to a Novartis Group company outside of Switzerland is deemed to be a termination of the employment relationship for the purpose of this Art. 11 and triggers the closure of the Employee Account.

**12. Liquidation of the Employee Account before the Dissolution Date upon death of the Account Holder when no claims against the Novartis pension funds exist**

- 12.1 If the balance of the Employee Account is not more than CHF 10,000, the balance including any final interest will be transferred to the External Account and the Employee Account will be closed.
- 12.2 If the balance of the Employee Account exceeds CHF 10,000, the Administration will await instructions from legitimate heirs. The latter must demonstrate evidence of legitimate authorization in accordance with Art. 8.3. The legitimate heirs shall request the balancing and closure of the account as soon as possible, but no later than six months after the death of the Account Holder. Should this request not be made within this timeframe, the Administration may transfer the balance of the Employee Account to the External Account and dissolve the Employee Account. The Administration reserves the right to take other measures.

**13. Continuation of the Employee Account until the Dissolution Date when claims against the Novartis pension funds exist**

If the employment relationship ends due to retirement, disability or death, the Employee Account will remain active until the Dissolution Date for as long as the former Employee or his/her Surviving Dependents can claim any benefits from a Novartis pension fund. The Administration may administer the Employee Account under the name of the new Account Holder with a new account number.

**14. Dormant accounts**

Accounts whose balances are less than CHF 5,000, which have been dormant for more than five years (i.e. no customer contact or transfer instructions during five years and Administration fails to establish a contact) and which cannot be balanced because no bank account details are available, can be closed by the Administration or the external bank in accordance with Art. 10.2 and the remaining balance will be transferred to a charity organization.

**15. Termination**

The Administration is entitled at any time to terminate the Employee Account of an Account Holder with one month prior notice.

**16. International agreements, disclosure requirements**

If international agreements or the internal law of Switzerland provide for a duty regarding the disclosure of information of the Employee Account (this may include the disclosure of the Account Holder's name and/or the current account balance or past account statements to national or international authorities), or introduce withholding obligations regarding

asset balances or proceeds on the Employee Account, the Administration will provide the relevant information to the relevant authority and inform the Account Holder of the request, if permitted by law.

## **17. Change of address and other changes**

- 17.1 The Account Holders are obliged to notify the Administration of their new address or any changes concerning the External Account promptly, but no later than the Dissolution Date or, in the event of an earlier dissolution of the Employee Account, no later than the date of such earlier dissolution (see Art. 11.2 and 12.1 and 12.2).
- 17.2 The Administration reserves the right to charge the Account Holder for any costs associated with the investigation for a new, undisclosed address or other information necessary for the transfer, provided that such costs are proportionate.

## **18. Interpretation / language versions**

- 18.1 Unless the context requires otherwise, the following interpretation rule applies: Words importing the singular also include the plural and vice versa; the masculine form includes the feminine form (and vice versa); the word "includes" is not to be interpreted as restrictive; headings and text formatting are used for the purposes of better legibility and have no effect on the interpretation of these provisions.
- 18.2 The prevailing version of these regulations is the German version. The German version take precedent over any translation.

## **19. Validity**

- 19.1 These regulations shall come into force on 1 August 2021. They shall entirely supersede and replace all preceding versions.
- 19.2 Changes to the interest rates (including the introduction of negative interest), withdrawal limits or the introduction of administrative costs or other costs or any other provisions of these regulations can be made unilaterally by the Administration at any time. The Administration can communicate these changes to the Account Holders with notices posted at the cash desk, the ATM, through internal notifications, by e-mail, letter, or through other appropriate means.

## **20. Place of jurisdiction**

These regulations are governed by Swiss law. The courts of Basel City shall have exclusive jurisdiction for all disputes arising out hereunder.