Novartis Pension Funds

Regulations of the Novartis Management Pension Fund

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Overview of benefits and funding

Abbreviations and terms used

Management Pension Fund	Novartis Management Pension Fund
Management pension scheme	Management pension scheme operated by the Management Pension Fund as stipulated in these regulations
Pension Fund 1	Novartis Pension Fund 1
Pension Fund 2	Novartis Pension Fund 2
Company	Novartis AG or, depending on the context, companies which are close to it, as defined in Appendix 2, and which are affiliated to the Management Pension Fund
Associates	Employees who have an employment contract with the company
Insured person	Associates included in the Management Pension Fund
Year	Calendar year
Retirement age	65 years of age; this is attained on the first of the month following the 65th anniversary of the date of birth
Registered	Registered partnership of same-sex couples within the meaning partnership of the Partnership Act (PartG)
AHV	Federal Occupational Old Age and Survivor's Insurance
IV	Federal Disability Insurance
OPA	Occupational Pensions Act
VBA	Vested Benefits Act
Retirement account	Individually managed account
Retirement assets	Corresponds to the balance on the retirement account

In these regulations, any use of the masculine form refers to both sexes.

The provisions for spouses also apply by analogy for persons in a registered partnership in accordance with the Partnership Act (PartG). This also relates in particular the regulations governing the spouse's pension, the reason for forfeiture in the event of remarriage, the lump sum on death and also including the requirements for approval in the event of a cash disbursement and lump sum payment, early withdrawal and pledging of benefits for home ownership purposes.

Contents

I. General provisions

Art. 1 Purpose; structure

1 The purpose of the Management Pension Fund is to supplement the benefits of Pension Funds 1 and 2 payable to associates of the company accepted into the management pension scheme when they reach retirement age or retire through disability, and to provide for the surviving dependents of these associates after death.

2 The Management Pension Fund operates the management pension scheme in accordance with 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.

Art. 2 Admission

1 Permanently employed associates of the company are accepted into the management pension scheme, provided they are members of senior management or their fixed gross annual base salary (Art. 4, Para. 3) exceeds the limit defined in the appendix. Only persons who are insured at the same time in Pension Funds 1 and 2 are admitted to the management pension scheme. Employees with special status, temporary employees, and trainees etc. are not insured in the management pension scheme on principal regardless of income.

2 Employees of a company not listed in Appendix 2 or associates who are not admitted as in accordance with Para. 1 may be admitted to the Management Pension Fund at the request of the company.

3 Persons who were previously insured and then return to the company are treated as new associates.

4 If an associate accepted into the management pension scheme joins a group company that is not attached to the scheme, he may remain subject to the terms of these regulations.

5 The criteria for membership of senior management are determined by the company.

Art. 3 External insured persons

1 If the insured person leaves the compulsory insurance, the Management Pension Fund may, in agreement with the company, continue the benefits or only the retirement benefits as before, for a limited or an indefinite period and on a contributory or non-contributory basis, even after termination of the employment contract on the basis of a special agreement with the insured person.

2 For insured persons as defined in Para. 1 and their survivors benefits (such as pensions, lump sum payments, severance compensation, vested benefits etc.) from foreign public or private insurance schemes or from other pension schemes or institutions to which the company or a group company has paid at least half the contributions either directly or indirectly are counted against the benefits set forth in these regulations.

Art. 4 Insured remuneration: savings and risk

1 The insured remuneration for savings is equivalent to

- the annual base salary, as defined in Para. 3, minus the annual base salary already insured in Pension Funds 1 and 2
- plus the short-term incentive paid out in the current calendar year for the previous year.

When a member leaves the Management Pension Fund, any pro rata short-term incentive is not taken into account in the exit year.

The insured remuneration for savings has an upper limit determined by the maximum insured remuneration. In accordance with Art. 79c OPA this corresponds to 10 times the upper limit defined in Art. 8 Para. 1 OPA minus the maximum sum defined in the Appendix. If the limit defined in Art. 79c OPA is adjusted by the legislature, the Management Pension Fund also follows this adjustment, although the insured remuneration for savings must not exceed CHF 780,000.

2 The insured remuneration for risk is equivalent to

- the annual base salary as defined in Para. 3 minus the annual base salary already insured in Pension Funds 1 and 2
- plus the average of the last three short-term incentives paid out before the start of disability or before the death of the insured person.

If fewer than three variable components of income (short-term incentives) were paid out during membership of the management insurance scheme, these serve as the basis for calculating the average. Before the first payment of a short-term incentive during membership of the management pension scheme, the proposed short-term incentive is taken into account.

The insured remuneration for risk has an upper limit determined by the maximum insured remuneration. This corresponds to 10 times the upper maximum sum defined in Art. 8 Para. 1 OPA minus the maximum sum defined in the Appendix. If the limit is adjusted by legislation pursuant to Art. 79c OPA, the Management Pension Fund follows this adjustment, although the insured remuneration for risk must not exceed CHF 780,000. For insured persons who have reached the age of 50 by 1 January 2006, the limit of the insured remuneration as defined in Art. 79c OPA for risk does not apply to the occupational benefit circumstances prevailing at that time. In this case, the principle of “grandfather rights” (vested property rights) applies.

3 The annual base salary comprises the components of pay determined by the Company in agreement with the Board of Trustees. Fringe benefits such as family, child and standby allowances as well as temporary and one-off payments of other kinds, such as marriage and childbirth allowances, school costs, environmental allowances etc., are not taken into account.

4 The insured remuneration as defined in Para. 1 and 2 is set for the first time on admission. Adjustments to pay are taken into account from the moment they are communicated to the fund.

5 The Board of Trustees may, by mutual agreement with the company, set limits for the maximum insured remuneration which differ for insurance groups defined according to objective criteria and which lie below the general upper limits stipulated in Para. 1 and 2.

6 If the annual base salary of an insured person falls below the limit defined in the Appendix as a result of part-time employment, only the short-term incentives are taken into account for determining the insured remuneration stipulated in Para. 1 and 2.

7 If the annual base salary of an insured person falls and the insured remuneration as defined in Para. 1 and 2 has to be reduced; this measure is waived as long as the insured person and the company are prepared to continue paying their contributions at the same level. If they are not prepared to do so, however, the insured remuneration as defined in Para. 1 and 2 is adjusted to the reduced annual base salary as stipulated in the foregoing provisions.

8 If the annual base salary temporarily falls, the existing insured remuneration as defined in Para. 1 and 2 in principle remains valid provided the company is under an obligation to grant sick pay. However, the insured person may ask for the insured remuneration to be reduced.

9 In the case of an extraordinary employment contract and the designation by the company of the person to be insured according to Art. 2 Para. 2 and Art. 3, the insured remuneration as defined in Para. 1 and 2 is set by the company.

Art. 5 Retirement credits and retirement assets

1 For each insured person aged at least 25 years an individual retirement account is managed showing the retirement assets of that person. The retirement assets consist of

a) the retirement credits as defined in Appendix 1, together with performance
b) the funds paid in on joining the scheme, together with performance
c) the voluntary extra contributions together with performance, as well as sums that have been transferred following the statutory pension equalization [pension rights adjustments] in a divorce settlement
d) any further deposits, together with performance
e) minus any withdrawals for home ownership, divorce settlement or dissolution of a registered partnership by the court, together with performance

2 The following provisions for the management of the retirement account are applicable:

a) According to Art. 6 Para. 1, the insured person may choose between three to ten investment strategies (Appendix 3). The performance is calculated accordingly, as defined in Para. 1, on the basis of the positive or negative investment result of the selected category that is actually achieved (after deduct of expenses). There is no guarantee with regard to the interest or the invested capital.
b) The performance is credited or deducted monthly on the basis of the retirement account at the end of the previous month and the retirement account at the end of each calendar month. The retirement credits of the calendar month concerned are added to the retirement assets.
c) If a joining fee or voluntary extra contributions are paid in, these are treated like the retirement credits of the calendar month concerned.

3 In the case of full disability, the retirement assets are automatically invested in the category of “BondsPlus” and continue to be managed for duration of the disability with performance and retirement credits. The continuation begins at the start of entitlement to a disability pension from the Management Pension Fund. It lasts for as long as the entitlement to a disability pension from the Management Pension Fund is applicable. The retirement credits covered by the risk insurance are calculated on the basis of the insured remuneration for risk at the start of incapacitation and the retirement credits as stipulated in the current Regulations on the Standard scale shown in Appendix 1.

4 In the case of partial disability, the retirement assets available at the start of entitlement to a disability pension from the Management Pension Fund are apportioned according to the disability pension entitlement in the Management Pension Fund. The retirement assets corresponding to the disability part are continued as for a fully disabled insured person according to Para. 3 and the retirement assets corresponding to the active part are continued as for an insured person fully capable of work. The insured remuneration is determined as stipulated in Art. 4 on the basis of the base salary that continues to be earned.

5 If the insured remuneration no longer applies, the retirement assets are continued without any further allocation of retirement credits as defined in Para. 2.

Art. 6 Choice of investment strategy

1 The insured person can choose between three to ten investment strategies with differing risk profiles (Appendix 3). If this right of choice is not exercised, the retirement assets are automatically invested in accordance with the *LifeCycle* strategy.

2 The Board of Trustees decides on the focus and composition of the investment strategies available and selects the provider(s) or institution(s).

3 The performance is based on the retirement assets and the actual yield of the selected investment strategy. There is no entitlement to a particular interest rate or a nominal value guarantee with regard to the invested capital.

4 The choice can be made by the insured person once a month using the electronic form provided for this purpose. It remains valid as long as the insured person does not make a new decision. The Management Pension Fund must likewise be notified of changes using the electronic form provided for this purpose. The form must be received by the Management Pension Fund not later than five working days before the end of the month, so that the instructions can be acted on in the following month. If notice of the change is received too late to be acted on in the following month, it will be taken into account in the month after that.

5 The values of an investment category may change in the period between the decision on allocation and the actual investment.

II. Funding

Art. 7 Contributions

1 The savings and risk contributions paid in by the company and the insured person are listed in Appendix 1.

2 The contributions of insured persons are deducted from the salary by the company in 12 monthly installments and transferred to the Management Pension Fund each month.
The contributions of the company are likewise transferred to the Management Pension Fund monthly together with the contributions of the insured persons or debited to an employer contribution reserve.
The savings contribution of the insured person and the company based on the short-term incentive is deducted once upon payment and transferred to the Management Pension Fund.

3 The obligation to pay contributions begins upon admission to the Management Pension Fund, always with effect from the start of a month, but at the earliest on 1 January after reaching the age of 17, and ends – subject to Para. 4 – and in each case only at the end of a month, when
a) retirement age is reached, or
b) the employment contract is terminated.

4 In the case of accident, sickness, maternity leave, paternity leave, caregiver 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 deducted either from the continued salary payments or from compensation for loss of earnings.

5 For a fully disabled insured person, the obligation to pay contributions lapses for the duration of the disability. For a partially disabled insured person who continues to have an employment contract with the company, the contributions to be paid are reduced on the basis of the remuneration that remains insured for savings and risk. The exemption from or reduction of contributions applies as soon as payment of the disability pension of the management pension scheme falls due.

Art. 8 Joining fee, voluntary extra contribution

1 The vested benefits from previous pension schemes shall be transferred to the Management Pension Fund as a joining fee as long as they are not used as an joining fee into Pension Funds 1 and 2 for the insured person. The joining fee is credited to the insured person as retirement assets.

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

3 The insured person shall allow the Management Pension Fund to view any statements concerning vested benefits from previous pension schemes.

4 The insured person shall notify the Management Pension Fund of any previous membership of vested benefits institution and the form of pension protection. The vested benefits institution must transfer the pension lump sum to the Management Pension Fund when the insured person is admitted to this fund.

5 An insured person may pay additional voluntary contributions into the retirement account (Art. 5). The remuneration insured for risk at the time of the voluntary extra contribution is the determining factor when calculating the contribution sum. The maximum possible voluntary extra contribution is determined as defined in Appendix 1. The maximum amount of the voluntary extra contribution is reduced by the pillar 3a assets that exceed the limit mentioned in Art. 60a Para. 2 BVV 2 and by any vested benefits that the insured person was not required to transfer to Pension Fund 1 or Pension Fund 2 or the Management Pension Fund. The voluntary extra contributions are credited to the insured person as retirement credits.

6 If early withdrawals were made for home ownership purposes, voluntary extra contributions may only be paid in when the sums withdrawn have been repaid. Voluntary extra contributions paid in following a divorce Article 26 Paragraph 1 are exempted from this rule.

7 In the case of persons who have moved to Switzerland from abroad and have never before belonged to a pension scheme in Switzerland, the annual voluntary extra contribution may not exceed 20% of the remuneration insured for risk in the first 5 years after joining a Swiss pension scheme. Once the 5 years have elapsed, voluntary extra contributions may be paid in as defined in the foregoing provision.

8 If an insured person receives the 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.

9 It is the responsibility of the insured persons to clarify the personal tax implications of voluntary extra contributions and early withdrawals. The Management Pension Fund does not accept any liability on this respect.

III. Insurance benefits

Art. 9 Insurance benefits, notification of insured persons

1 The Management Pension Fund shall grant the following benefits to insured persons and their survivors:

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

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

3 The aforementioned insurance benefits are granted subject to express provisos set forth in Art. 18 (Para. 6), 22 and 23. Furthermore, the provisions on payments of Art. 17 are applicable for these benefits.

Art. 10 Retirement lump sum

1 An insured person is entitled to a lump sum on retirement (hereinafter "Retirement") if the employment contract is terminated after reaching the age of 60 (for members of the Executive Committees Novartis (ECN) after reaching the age of 58) and the insured person has no entitlement to disability benefits from the Management Pension Fund, subject to Art. 18 Para. 2. The entitlement to the retirement lump sum arises at the latest when the statutory age of retirement is reached. If the insured person is married, a retirement lump sum is only permitted if the spouse agrees in writing. If the insured person cannot obtain a signed agreement or if it is refused, he or she may invoke the civil court. The Management 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. The lump sum on retirement corresponds to the retirement assets available at the time of retirement.

2 If voluntary extra contributions were paid in during the last three years before retirement, the retirement assets available from the voluntary contribution sums of the last three years at the time of retirement shall be transferred to the retirement account of the insured person in Pension Fund 1 and the resulting retirement benefit paid out in the form of a pension according to the provisions of Pension Fund 1 applicable in this respect. The retirement lump sum as defined in Para. 2 is reduced accordingly.

3 If an insured person reduces his or her employment contract by at least 20% by mutual agreement with the company after reaching the age of 60 (for members of the Executive Committees Novartis (ECN) after reaching the age of 58), this person may request a partial retirement according to the procedure selected in Pension Fund 1. The foregoing provisions are applicable *mutatis mutandi* for the partial retirement lump sum. The part of the retirement assets that corresponds to partial retirement is the defining criterion for determining the partial retirement lump sum.

The part of the retirement assets that corresponds to the reduced employment contract is continued as defined in Art. 5 as for a fully employed insured person. The insured remuneration is determined as defined in Art. 4 according to the base salary that continues to be earned. The contributions and the obligation to pay contributions as defined in Art. 7 are based the insured remuneration determined in this way (Art. 4 Para. 1 and 2).

A partial retirement can be taken in three stages at most, where the employment contract shall be reduced by at least 20% for at least one year and shall continue to amount to at least 20%. The Management Pension Fund does not guarantee that the partial retirement will receive preferential tax treatment.

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 longterm 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 occupational 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. 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 Management 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 disability and the definition of the degree of disability the decision of the disability insurance (IV) is binding. If special circumstances prevail, Management Pension Fund may have the insured person's health and fitness assessed by an independent examining physician 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 Management 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, Pension Fund 2 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%

4 The Management Pension Fund may review the entitlement to a disability pension at any time. The entitlement, once determined, will be 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 remuneration insured for risk at the start of the disability until the end of the month in which the insured person reaches retirement age.

6 The disability pension is paid until death or until the disability no longer applies, but not beyond the age of retirement.

7 The entitlement to disability pension is deferred as long as the company continues to pay the salary or pays compensation for loss of earnings (e.g. daily sickness allowance from the health or accident insurance) that amounts to at least 80% of the lost salary and at least half of which was financed by the company. The defining criterion is the level of compensation for lost earnings before any reduction as a result of compulsory payments from the disability insurance (IV).

8 For each child who would be entitled to an orphan's pension in the event of death (Art. 14) the recipient of a disability pension is entitled to a child pension amounting to 20% of the disability pension received.

9 If an insured person who is entitled to a partial disability pension from the management pension scheme leaves the Management Pension Fund, this person continues to receive the partial disability pension along with any pertinent child pensions. For the active part of the pension, this person also receives vested benefits as defined in Art. 19 and Art. 20. The survivor benefits that remain insured are calculated according to the partial disability pension.

10 The Management Pension Fund may suspend the payment of benefits as a precautionary measure if an insured person fails to comply with his reporting or cooperation obligations, if there are reasonable grounds for suspecting 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 on the basis of Article 52a ATSG.

Art. 12 Spouse's pension or settlement

1 If a married insured person or a married recipient of a disability pension dies, the surviving spouse is entitled to a spouse's pension, provided the spouse
a) is responsible for supporting one or more children or
b) has reached the age of 35 and the marriage has lasted for more than 5 years at the time of death.

If the surviving spouse fails to meet either of these conditions, he or she is entitled to a lump sum settlement equivalent to three yearly spouse's pensions. The duration of a domestic partnership (see Art. 13) is counted as duration of marriage.

2 The spouse's pension amounts to 60% of the insured or current disability pension at the time of death as defined in Art. 11. The surviving spouse who is entitled to benefit may receive a lump sum settlement instead of the spouse's pension. In this case, a declaration to this effect must be made before the first pension payment. The lump sum settlement is calculated on an actuarial basis.

The entitlement to a spouse's pension begins with the month following the death, but at the earliest after full sick pay has come to an end. It ceases if the spouse or domestic partner marries before reaching the age of 60. In the case of remarriage, the surviving spouse is entitled to a one-off settlement equivalent to three yearly spouse's pensions.

Art. 13 Domestic partner's pension

1 If it can be shown that an unmarried insured person lived continuously with an unmarried unrelated partner in a domestic partnership with a mutual obligation of support for at least the last 5 years before death or has to provide maintenance for one or more children from this partnership, then the domestic partner is entitled to the same benefits as a surviving spouse, provided this partnership has been registered in writing with the Management Pension Fund in the form of a support agreement. The Management Pension Fund must receive a written application for benefits not later than six months after the death of the insured person. The provisions pursuant to Article 12, apply *mutatis mutandis*, although the settlement defined in Art. 12, Para. 3, only applies in the case of marriage.

2 The partnership must be registered with the Management Pension Fund in writing in the form of a support agreement. The agreement to be used is the model agreement drawn up by Pension Fund 1, which is to be signed by both partners and submitted to the Management Pension Fund during their lifetime. The Management Pension Fund is to be informed immediately if the partnership is terminated.

3 The domestic partner's pension ceases if the partner marries or enters into a new partnership within the meaning of Para. 1. The Management Pension Fund conducts periodic checks on the pension entitlement.

4 If the recipient of a disability pension dies, the partner is entitled to a domestic partner's pension, provided the conditions are met as laid down in Para. 1 and Para. 2 at the time of the first disability pension payment.

5 There is no entitlement toa partner's pension if the beneficiary already receives a widow's or widower's pension or a partner's pension from a pension fund.

6 Maintenance payments from a divorce ruling are taken into account in the domestic partner's pension to be paid out.

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

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

9 If a partnership is terminated, entitlement to a future domestic partner's pension ceases.

10 The entitlement of the domestic partner to the lump sum on death is subject to Art. 15 Para. 3.

Art. 14 Orphan's pension

1 If an insured person or a recipient of a disability pension dies, each of his or her children is entitled to an orphan's pension. The entitlement begins with the month following the death, but not before the full sick pay comes to an end. This pension is granted until the child reaches the age of 20. For children who are still in education or only partially fit for work, if at all, as a result of a physical or mental ailment, the pension entitlement is applicable until the age of 25.

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

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

Art. 15 Lump sum on death

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

2 The lump sum on death corresponds to the retirement assets available at the time of death as defined in Art. 5, but amounts to at least 200% of the insured or current disability pension at the time of death.

3 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 Management Pension Fund,
b) in the absence of beneficiaries as defined under a) those persons who were substantially supported by the deceased insured member or the person who in the last five years before death lived in an uninterrupted domestic partnership with the deceased with a mutual duty of support or who has to provide maintenance for one or more children from this partnership,
c) in the absence of beneficiaries as defined under a) and b) the other children, parents or siblings of the deceased insured person.

4 The insured person may change the groups of beneficiary listed in Para. 3 at any time by means of a written communication to the Management Pension Fund as follows:
a) If persons as defined in Para. 3 b) exist, the insured person may group the beneficiaries stipulated in Para. 3 a) and b) together.
b) If no persons as defined in Para. 3 b) exist, the insured person may group the beneficiaries stipulated in Para. 3 a) and c) together.
c) If no persons defined under Paragraph 3 lit a) exist, the insured person may combine the beneficiaries defined under Paragraph 3 lit. b) and c).
The notification must be submitted to the Management Pension Fund during the lifetime of the insured person.

5 The insured person may, in a written communication to the Management Pension Fund, defining any the entitlements of beneficiaries within a beneficiary group (Para. 3 and 4) as he or she wishes. If there is no such communication from the insured person, the lump sum on death falls equally to all beneficiaries within a beneficiary group. The communication must be received by the Management Pension Fund during the lifetime of the insured person.

6 In the absence of persons as defined in Para. 3, the lump sum on death falls to the Management Pension Fund.

Art. 16 Use of any free funds

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

Art. 17 Provisions on payments

The benefits are paid out in the form of lump sum payments as defined in Art. 10. The pensions are calculated as annual pensions. They are paid to those entitled to receive these benefits in 12 installments rounded to whole francs at the end of each month. The payments are made by post office or bank transfer to the payment address in Switzerland indicated by the recipient. At the request of the recipient, payments may also be made abroad and at the person's own risk.

For the month in which the entitlement to a pension ceases, the full pension rate is granted.

IV. Leaving the Management Pension Fund

Art. 18 Due date, additional cover, reimbursement

1 Membership in the benefits scheme ends with the termination of the employment contract, provided there is no entitlement to old age, survivor's or disability benefits. In the case of an existing employment contract, membership in the benefits scheme ends when membership in Pension Fund 1 ends without the lump sums on death or disability falling due. This remains subject to subsequent cover as defined in Para. 5.

2 If the employment contract is terminated after the age of 60 (for members of the Executive Committees Novartis (ECN) after the age of 58) has been reached and the insured person takes up self-employment or salaried employment or is registered as unemployed, this person can either request termination of membership in the benefits scheme and claim the vested benefits or receive the retirement benefits as stipulated in the Regulations.

3 If membership in the benefits scheme ends, the insured person leaves the Management Pension Fund and is entitled to vested benefits as defined in the following provisions.

4 The vested benefits are payable when a person leaves the Management Pension Fund. If the Management Pension Fund does not transfer the vested benefits within 30 days of receiving the necessary information, they shall bear interest from this point onwards at the interest on arrears set by the Federal Council.

5 The insured person remains covered for the risks of death and disability for one month after termination of membership in the benefits scheme.

6 If the Management Pension Fund has to pay survivor's or disability benefits after it has transferred the vested benefits, the vested benefits shall be repaid insofar as this is necessary for the disbursement of survivor's or disability benefits. The survivor's and disability benefits are reduced if no repayment is made.

Art. 19 Level of vested benefits

1 The vested benefits correspond to the existing retirement assets.

2 If the company has financed the payment of joining fees as defined in Art. 8 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 contribution reserve.

Art. 20 Use of vested benefits

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

2 Insured persons who do not join a new occupational benefits scheme must inform the Management Pension Fund whether the vested benefits are to be transferred to a vested benefits account or to be used for establishing a vested benefits policy.
If no such notification is received, the vested benefits together with the interest are transferred to the Supplementary Institution within 6 months of the benefits falling due at the earliest and within 2 years at the latest.

3 The insured person may request payment of the vested benefits in cash if
a) he or she is leaving Switzerland and the Principality of Liechtenstein definitively or
b) he or she is taking up self-employment and is no longer subject to a compulsory occupational pension scheme or
c) the vested benefits amount to less than the person's annual contribution.

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

Art. 21 Leave

1 In the event of leave, the insurance remains in force without any changes, if the employee and employer contributions continue to be paid during the period of leave.

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

3 If the contributions are no longer paid the insurance cover remains in place for the first month of leave. If an insurance claims 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 assets are continued from this point onwards with retirement credits (Art. 5 Para. 2).

5 If the leave lasts more 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 performance (Art. 5 Para. 2) 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 the death or disability of an insured person, the benefits of the Management Pension Fund – together with other countable income for the insured person and his or her children or survivors – exceed 100% of the earnings assumed to have been lost, plus any child allowances, the benefits to be paid by the Management Pension Fund will be reduced to the extent that the above-mentioned limit is no longer exceeded. The lump sum payments of the Management Pension Fund are actuarially converted into pensions according to the basic technical principles of the Management Pension Fund. The incomes of the surviving spouse or domestic partner and orphans are added together.

2 Countable income is considered to be benefits of the same kind and same purpose as those paid to the entitled person as a result of the insured event, such as:
a) benefits from the AHV/IV (and/or social insurance in Switzerland and abroad), with the exception of attendance allowance ("Hilflosenentschädigung");
b) benefits from the military insurance or compulsory accident insurance;
c) benefits from other insurers whose premiums the company has paid at least half;
d) benefits from domestic and foreign pension schemes (in particular Pension Funds 1 and 2) and vested benefits institutions.

The income which the recipient of a disability benefit continues to earn or could be expected to earn or would either be capable of earning from work or eligible to receive as compensation for loss of earnings is also taken into account. Income that a person could be expected to be capable of earning is determined in principle on the basis of the disability income as defined in the decision of the disability insurance (IV).

Retirement benefits from domestic and foreign social insurance and pension schemes, with the exception of attendance allowances and similar benefits, are also taken into account for recipients of disability benefits after reaching the statutory (AHV) age of retirement, if the benefits from the occupational pension scheme, taking into account these retirement benefits and other attributable income, exceed 100 percent of the last putatively lost earnings before reaching the AHV age of retirement. Benefit reductions of other insurances at retirement are not compensated.

One-off lump sum payments are actuarially converted into pensions according to the basic technical principles of the Management Pension Fund, excluding payments for satisfaction and similar payments, which are not attributable.

3 In cases of hardship or advancing inflation, the Board of Trustees may moderate or completely rescind a reduction in pension.

4 If the AHV/IV reduces, refuses or withdraws a benefit because the person entitled to claim has culpably caused the disability or death of the insured person or because the insured person has resisted a rehabilitation measure by the IV, the Management Pension Fund may also reduce, refuse, or withdraw its benefits accordingly. The Management Pension Fund is under any obligation to compensate for a refusal or reduction of benefits by the accident or military insurance.

5 If a person has a claim for a survivor's or disability benefit pending, the Management Pension Fund may demand that he or she cede to it anything due to that person from third parties liable, up to the level of this benefit.

Art. 23 Security of benefits; charging of claims safeguarding of benefits; offsetting of claims

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

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

3 Claims on an insured person or retiree assigned by the Company to Management Pension Fund may not be charged against benefits form the Management 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 Management Pension Fund about all circumstances of relevance to their insurance, and in particular about changes in marital status and family circumstances, without any specific request for such information.

2 Persons entitled to a pension must provide a certificate of existence to the Management Pension Fund on demand. Disabled persons must report any other pension income and income from gainful employment that they receive as well as any changes in the degree of disability. The insured persons are under an obligation to allow the Management Pension Fund to inspect their IV files.

3 Insured persons and other claimants are under obligation to provide Management 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 Art. 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 Management Pension Fund of all the benefit schemes and salaries and other income insured therein.

5 The Management 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 Management Pension Fund suffer damage for such a breach of obligations, the Board of Trustees may hold the person at fault liable for this damage.

Art. 25 Home ownership: early withdrawal, pledges, duty of disclosure

1 Up to the age of 62, any active insured person may claim a sum for the purchase of a home for his or 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 or 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 (purchase sums) 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 an early withdrawal. The Management Pension Fund arranges supplementary insurance to cover the gaps in insurance that arise and draws the insured person's attention to his or her tax obligations.

4 If an insured person makes use of the possibility of the early withdrawal or pledging options, he or 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 persons who is either married or living in a registered partnership must provide the written consent of the spouse or registered partner for the withdrawal and any subsequent mortgage. The signature must be officially authenticated. In the case of a pledge, the Management Pension Fund establishes whether the spouse or registered partner has co-signed the pledge agreement with the lender.

5 The Management Pension Fund pays out the withdrawal at the latest 6 months after the insured person has claimed his or her entitlement. If Management 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 Management Pension Fund must inform the insured person how long these measures will apply.

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

7 When an early withdrawal is made, the retirement assets (Art. 5) are reduced by the amount withdrawn. The insured old-age, survivor's and disability benefits are reduced according to the sum withdrawn. Any (partial) repayment of the advance sum withdrawn is permitted until retirement age is reached; the repaid sum is treated in the same way as a voluntary extra contribution as defined in Art. 8 and credited to the retirement assets.

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 the insured person divorces and if, on the basis of the divorce ruling, the Management 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 are reduced by the amount transferred. The insured benefits are reduced in proportion to the amount transferred in the same way as stated in Art. 25 Para. 7. The insured person may, at any time, pay in a sum in accordance with Art. 8 corresponding to the transferred portion of the vested benefits.

3 If the marriage of a disability pension recipient is dissolved (before retirement age is reached) and, the court ruling stipulates, the Management 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 according to the sum transferred pursuant Art. 24 para. 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 an insured person receives vested benefits or a lifelong pension of 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 Art. 8. The insured person informs the Management Pension Fund about his/her entitlement to a lifelong pension and provides the name of the divorced spouse's pension fund.

Art. 27 Financial equilibrium

1 If 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 plans. If necessary, funding and benefits may be adjusted to the funds available.

If other measures do not achieve their objective, the Management Pension Fund may levy contributions from the insured persons and the company in order to remedy the shortfall.

The contribution of the company must at least be equal to the sum of contributions of the insured persons.

2 In the event of a underfunding, 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 be not exceed the deficit and do not bear interest.

3 The Management Pension Fund notifies informs the inspectorate, the company, the insured persons and the retirees about the shortfall in funds and the measures taken to eliminate it.

4 In the event of a partial liquidation, the actuarial deficit is deducted pro rata from the vested benefits as stipulated in the regulations.

VI. Organization

Art. 28 Board of Trustees

1 The highest body of the foundation is the Board of Trustees. It consists of 5 members. Three members including the chairman are nominated by the company, and two members are elected by the insured persons from among the employees. The Board of Trustees appoints one of the two elected members as Deputy Chairman. Otherwise, the Board of Trustees is self-constituting.

2 The Board of Trustees regulates the election process in the election regulations. All insured persons who work in Switzerland, except employees of the Business Office, are eligible to stand for election.

3 For the two members of the Board of Trustees elected by the insured persons, one substitute is elected at the same time. For the three members appointed by the company one substitute is 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.

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

5 The Foundation ensures that members of the Board of Trustees receive initial and further training, so that they can perform their management duties.

6 The term of office of the elected members of the Board of Trustees and substitutes begins on 1 July following their election and runs for 3 years. They may be re-elected after their term of office has expired. If a member of the Board of Trustees elected by the insured persons leaves during his or her term of office, this member must be replaced by the substitute until the next election. The company determines the term of office of the appointed members of the Board of Trustees and substitutes.

7 The Board of Trustees meets on the order of the Chairman, as often as business requires or at the written request of at least two members of the Board of Trustees. Notice of meetings together with an agenda are sent to the members of the Board of Trustees and substitutes as a rule at least 8 days before the meeting. The Head of the Business Office attends the meetings in an advisory capacity.

8 The Board of Trustees is quorate when at least two appointed and two 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 Chairman has the casting vote. Decisions by means of a circular letter are allowed so long as no one demands a spoken debate.

9 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.

10 All persons involved in the administration, control or supervision of the Management Pension Fund are required to maintain confidentiality on the personal circumstances of insured persons and beneficiaries, as well the business affairs of the Management Pension Fund and the company, even after they have ended their work for the Management 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 recommendation 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 business management, accounting, and investment assets of the Foundation every year and submit a written report on their findings to the Board of Trustees. The annual statement of account must be forwarded, together with the auditor's report, to the cantonal inspectorate.

2 The Board of Trustees appoints the accredited expert for occupational benefits schemes. This person periodically checks whether the Management Pension Fund provides security that is obligations can be met and that the actuarial provisions set forth in the regulations concerning benefits and funding are in line with the requirements of the law. The expert submits recommendations to the Board of Trustees especially concerning the level of the technical interest rate and the other technical principles.

Art. 31 Accounting; investment of assets

1 The business year is the calendar year. The accounts of the Management Pension Fund are balanced annually on 31 December every year. 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 Management Pension Fund are managed 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 security and sufficient liquidity of the investments, but also an appropriate yield. The Board of Trustees transfers the asset management to a third party.

3 The Board of Trustees defines the investment strategies and regulations of the optional investment vehicles available and decides on the selection of appropriate third-party providers for the management and provision of the investment vehicles in question.

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 Management Pension Fund.

2 In cases of doubt, the German text of the Regulations is 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 special cases of hardship

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

2 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 Management Pension Fund. If necessary, it decides on the type, scope and duration of the benefit.

Art. 34 Partial liquidation

The conditions and procedure of a partial liquidation of the Management 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 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 BVG apply.

Art. 36 Entry into force; transitional provisions

1 These regulations, together with the appendix enter into force on 1 January 2022 and supersede the Regulations effective from 1 May 2020.

2 On 1 January 2016, the pensions of the Management Pension Fund current on 31 December 2015 were transferred to Pension Fund 1. The transferred pensions remained unchanged. Any exemption from contributions and also the conditions for entitlement and benefits to survivors of pension recipients associated with these transferred pensions are based on the regulations of the Management Pension Fund valid until 31 December 2015. When a recipient of a disability pension whose pension was transferred to Pension Fund 1 reaches retirement age, he or she may choose between the retirement lump sum and the retirement pension, the latter being calculated using the con-ver-sion rate of Pension Fund 1 when retirement age is reached and then paid out accordingly.

3 If a disability pension recipient who fulfils the requirements set forth in Paragraph 2 retires during the divorce proceedings and claims a retirement pension, the part of the vested benefits and the pension to be transferred will be reduced. The reduction corresponds to the sum by which the pension payments up to the legal validity of the divorce ruling would have been lower if their calculation had been based on retirement assets reduced by the share of vested benefits to be transferred. The reduction is split equally between the pension and the share of vested benefits to be transferred. In addition, from the point when the divorce ruling becomes legally valid, the pension (paid out by Novartis Pension Fund 1) is permanently adjusted on the basis of the retirement assets reduced by the share of vested benefits to be transferred.

4 A woman who was married before 1 January 1991 and whose husband was a member of the Ciba Pension Fund before 1 January 1991 is entitled to the widow's pension on the death of the member, irrespective of the maintenance obligation, duration of the marriage and age.

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 provisions 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.

Basel, 7 December 2021

The Board of Trustees

Appendices 1 to 3 and the information enclosure in their current versions also constitute integral components of the regulations.

Appendix 1: Important parameters

1 Retirement credits (Art. 5)

The retirement credits in percent of the remuneration insured for savings are as follows:

Age	Retirement credit in % of remuneration insured for savings		
	"Standard"	"Standard Plus"	"Standard Minus"
25 – 65	25.00	27.00	23.00

The age of the insured persons is determined from the difference between the current calendar year and the birth year.

The retirement credits correspond to the sum of savings contributions of insured persons and the company according to Appendix 1 Para. 2 and depend on the insured person's chosen scale of contributions.

2 Level of contributions (Art. 7)

The insured persons and the company pay the following annual contributions, which are expressed as percentages of the insured remuneration:

Standard scale of contributions

Age	Standard savings contributions in % of remuneration insured for savings		Risk contributions in % of remuneration insured for risk	
	Insured persons	Company	Insured persons	Company
up to 24	–	–	–	5.00
25 – 65	10.00	15.00	–	5.00

Standard Plus scale of contributions

Age	Standard savings contributions in % of remuneration insured for savings		Risk contributions in % of remuneration insured for risk	
	Insured persons	Company	Insured persons	Company
up to 24	–	–	–	5.00
25 – 65	12.00	15.00	–	5.00

Standard Minus scale of contributions

Age	Standard savings contributions in % of remuneration insured for savings		Risk contributions in % of remuneration insured for risk	
	Insured persons	Company	Insured persons	Company
up to 24	–	–	–	5.00
25 – 65	8.00	15.00	–	5.00

The age of the insured persons is determined from the difference between the current calendar year and the birth year. Switching to the next level on the scale of contributions takes place with effect from 1 January.

Contributions administration and Guarantee Fund

The contributions for administration and the contributions for the Guarantee Fund are paid out of the assets of the Management Pension Fund.

3 Voluntary extra contributions (Art. 8)

The level of voluntary extra contributions corresponds at most to the maximal sum as defined in the following table, minus the existing retirement assets at the time of the contribution.

Age	Maximum possible voluntary extra contribution in percent of the remuneration insured for risk
25	25.0%
26	50.0%
27	75.0%
28	100.0%
29	125.0%
30	150.0%
31	175.0%
32	200.0%
33	225.0%
34	250.0%
35	275.0%
36	300.0%
37	325.0%
38	350.0%
39	375.0%
40	400.0%
41	425.0%
42	450.0%
43	475.0%
44	500.0%
45	525.0%
46	550.0%
47	575.0%
48	600.0%
49	625.0%

Age	Maximum possible voluntary extra contribution in percent of the remuneration insured for risk
50	650.0%
51	675.0%
52	700.0%
53	725.0%
54	750.0%
55	775.0%
56	800.0%
57	825.0%
58	850.0%
59	875.0%
60	900.0%
61	925.0%
62	950.0%
63	975.0%
64	1000.0%
65	1025.0%

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

Appendix 2: Companies affiliated to the Management Pension Fund

- 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
- Novartis Forschungsstiftung, Zweigniederlassung Friedrich Miescher Institut, Basel
- Novartis Stiftung für nachhaltige Entwicklung, Basel
- Pharmanalytica SA, Locarno
- Interpharma, Verband der forschenden pharmazeutischen Firmen der Schweiz, Basel
- Sandoz AG, Basel
- Sandoz Pharmaceuticals AG, Steinhausen
- Advanced Accelerator Applications (AAA), a Novartis Company, Genf

Appendix 3: Investment strategies

Insured members can determine their individual strategy themselves. Depending on the objectives and time-horizon of the investment and/or personal preference, there are five passive investment strategies to be chosen from.

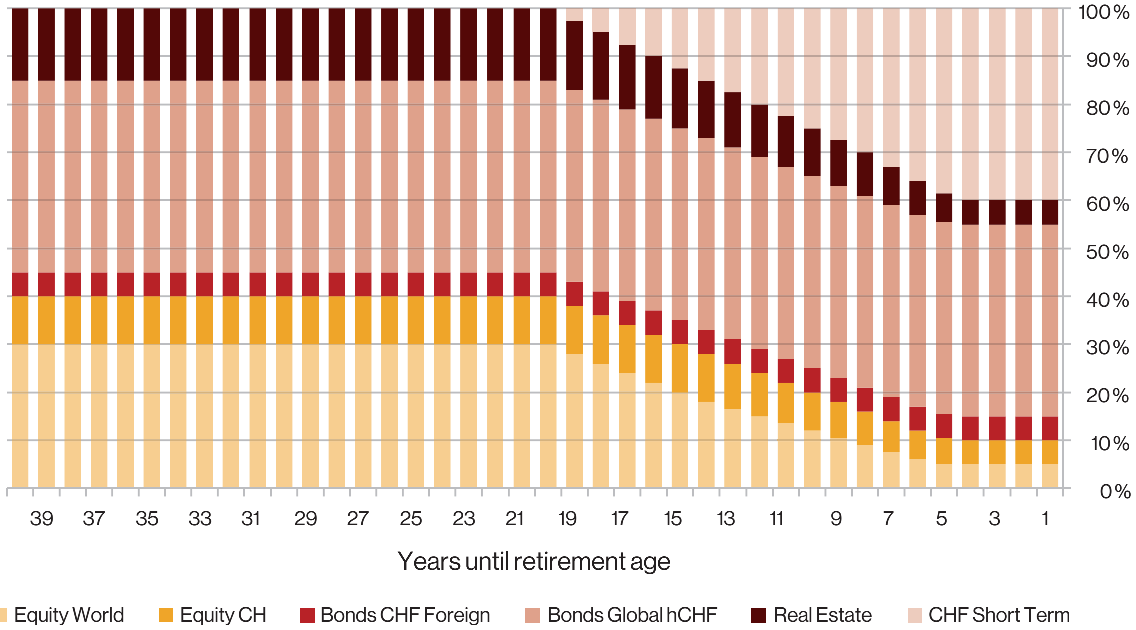
	Money Market	Bonds Plus	Equity 25 Plus	Equity 25 ESG*	Equity 40 Plus
Cash	**100.0%**				
	100.0%				
Fixed income		**80.0%**	**60.0%**	**60.0%**	**45.0%**
Bonds CHF Domestic					
Bonds CHF Foreign		10.0%	10.0%		5.0%
Bonds Global (hCHF)		50.0%	30.0%	24.0%	30.0%
Corporate Bonds Global (hCHF)		20.0%	20.0%	36.0%	10.0%
Equity			**25.0%**	**25.0%**	**40.0%**
Equity Switzerland			5.0%	5.0%	10.0%
Equity World			17.0%	17.0%	20.0%
Equity World (hCHF)					5.0%
Equity Emerging Markets			3.0%	3.0%	5.0%
Real Estate		**20.0%**	**15.0%**	**15.0%**	**15.0%**
Real Estate Switzerland		20.0%	15.0%	15.0%	10.0%
Real Estate World (hCHF)					5.0%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
FX Exposure	**0.0%**	**0.0%**	**20.0%**	**20.0%**	**25.0%**

*) The applied sustainability policies exclude certain companies and generally prefer companies with a high ESG score and a strong climate awareness, and seek to vote consistently in line with recognized ESG principles.

LifeCycle model as 6th strategy option

The fundamental concept is based on the assumption that the risk tolerance generally decreases the closer one gets to retirement. For this reason, the proportion of shares is gradually reduced.

If one opts for the LifeCycle option at the age of 25, for example, 40% of the pension assets are invested in Equities. Without any action on the insured members' part, the Equities portion at the age of 50 will have decreased to 30%. In the last years before retirement age, only 10% of the pension assets are allocated in equities, while the main part of the assets is invested in bonds.



The Management Pension Fund continually invests the savings contributions on behalf of the insured person according to the investment strategy selected by this person. For those who do not (want to) decide on a strategy, a default strategy is provided for: If the right to choose is not exercised, the retirement assets are automatically invested according to the *LifeCycle* strategy.

The investment is made through the acquisition of shares in investment vehicles of the selected strategy along the lines of a fund account.

The performance is based on the contributions and the actual yields of the selected investment strategy. There is no entitlement to a particular rate of interest or a nominal value guarantee with regard to the invested capital.

Appendix 4: Conversion rates according to Art. 36 Para. 4

Conversion rates to determine the retirement pension according to the provisions of Art. 36 Para. 4.

Married insured persons at the time of retirement

Lifelong retirement pension with a future spouse's pension of 60%

	Conversion rate	
Age at retirement	Men	Women
58	4.82%	4.84%
59	4.91%	4.93%
60	5.00%	5.03%
61	5.10%	5.14%
62	5.21%	5.25%
63	5.33%	5.37%
64	5.45%	5.50%
65	5.58%	5.64%

Unmarried insured persons at the time of retirement

Lifelong retirement pension with a guaranteed validity period of 10 years

	Conversion rate	
Age at retirement	Men	Women
58	5.52%	5.17%
59	5.64%	5.28%
60	5.77%	5.40%
61	5.91%	5.52%
62	6.06%	5.65%
63	6.22%	5.79%
64	6.38%	5.93%
65	6.55%	6.09%

These conversion rates apply for whole years. Past months are taken into account on a pro rata basis by means of linear interpolation.

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