Regulations 2024

Novartis Pension Fund 2

NOVARTIS

Novartis Pension Fund 2

Regulations

Editor: Novartis Pension Funds

valid from January 1, 2024

Summary of Benefits and Funding

Abbreviations and Terms

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

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

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

Contents

VII. Final stipulations

Appendix 1: Important figures

Appendix 2: Companies affiliated to the Pension Fund (2024)

Appendix 3: Election of the Board of Trustees

Appendix 4: Investment strategies

I. General provisions

Art. 1 Purpose; structure

1 The purpose of Pension Fund 2 is to provide both for the employees of the Company admitted to Pension Fund 2 at retirement and in the event of disability and for the survivors of these employees after their death.

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

Art. 2 Admission to Pension Fund 2

1 Employees who have been admitted to the Pension Fund and whose annual base salary (Article 4 Paragraph 2) plus incentive (Article 4 Paragraph 3) plus allowances (Article 4 Paragraph 4) exceeds the threshold for entry (Article 4 Paragraph 5) as defined in the Supplement are admitted to Pension Fund 2.

They are admitted when they enter into a contract of employment or as soon as the annual base salary, plus incentive, plus allowances, exceeds the threshold for entry, but not sooner than 1 January after reaching the age of 17.

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

3 Employees with a company not listed in Appendix 2 or employees who do not fall under the requirements for admission defined in Paragraph 1 may be admitted to Pension Fund 2 at the request of the Company.

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

Art. 3 External insured persons

1 If the insured person leaves the compulsory insurance, Pension Fund 2 may, with the consent of the Company, continue the benefits scheme or simply the retirement benefits scheme on the same scale as before both for a limited or unlimited period and subject to contributions or exempted from contributions, even after the contract of employment is terminated, on the basis of a special agreement with the insured person.

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

Art. 4 Insured remuneration

1 The insured remuneration corresponds to the annual base salary as defined in Paragraph 2 plus the incentive as defined in Paragraph 3 and allowances defined in Paragraph 4 minus the threshold for entry defined in Paragraph 5. If the insured remuneration under the retirement plan plus the coordinating offset in the Pension Fund is lower than the threshold for entry, this sum is deducted. The upper limit of the annual base salary for the insured remuneration under the savings plan is the maximum allowable annual base salary shown in the Supplement.

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

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

4 The allowance corresponds to shift allowance applicable for the year, including the 13th shift allowance.

5 The Board of Trustees reviews the threshold for entry according to the Supplement every five years at the latest.

6 The insured remuneration as defined in Paragraph 1 is first set on admission to Pension Fund 2. Changes are taken into account from the point when they take effect.

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

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

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

Art. 5 Retirement credits and retirement assets

1 An individual retirement account that shows the retirement assets available is operated for every insured person aged over 25 years. The retirement assets consist of

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

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

a) The insured person may choose between three to ten investment strategies. Accordingly, the performance as in Paragraph 1 is calculated on the basis of the positive or negative outcome actually achieved with the investment in the category selected (after deduction of expenses). There is no guarantee as regards interest or the capital invested.
b) The performance is calculated monthly on the balance of the retirement account at the end of the previous month and credited or debited to 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 in the same way as the calendar month concerned.

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

4 In the case of partial disability, the retirement assets at the start of entitlement to a disability pension from the Pension Fund are divided up according to the entitlement to a disability pension from the Pension Fund (or entitlement to a disability lump sum from Pension Fund 2). The retirement assets corresponding to the disability part are paid out as a disability lump sum to the partially disabled insured person and the retirement assets corresponding to the active part are continued as for a fully active insured person. The insured remuneration is determined according to Article 4 on the base salary that continues to be paid.

5 If the insured remuneration is discontinued the retirement assets are continued without any further retirement credits as described in Paragraph 2.

Art. 6 Choice of investment strategy

1 The insured person can choose between three to ten investment strategies with different risk profiles (Appendix 4). If the right to choose is not exercised, the retirement assets are automatically invested in the strategy of “Bonds Plus”.

2 The Board of Trustees decides on the focus and composition of the investment strategies available and chooses the provider or providers and investment funds.

3 The performance is based on the retirement assets and the actual yield from the selected investment strategy. There is no entitlement to a certain interest or a nominal value guarantee as regards the invested capital.

4 The insured person may exercise his/her right to choose once a month using the form provided. This choice remains effective as long as the insured person makes no new decision. Pension Fund 2 must likewise be notified of a new decision in writing by means of the form provided. The form must reach Pension Fund 2 not later than five working days before the end of the month, so that the instructions can be acted on the following month. If the allocation decision is announced too late to be acted on the following month, it will be taken into account the month after.

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

II. Funding

Art. 7 Contributions

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

2 The contributions of the insured persons are deducted from the salary by the Company in 12 monthly instalments and transferred to Pension Fund 2 monthly.

The contributions of the Company are likewise transferred to Pension Fund 2 monthly together with the contributions of the insured persons or debited to the employer contributions reserve where applicable.

3 The requirement to pay contributions begins with admission to Pension Fund 2, in all cases only at the beginning of a month, but at the earliest on 1 January after reaching the age of 17 years, and ends, subject to Paragraph 4 and in each case only at the end of a month, when

a) retirement age is reached or
b) the employment contract is terminated.

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

Art. 8 Joining fee, voluntary extra contributions

1 The vested benefits from earlier pension schemes must be transferred to Pension Fund 2 as a joining fee if it is not used as a joining fee in the Pension Fund of the insured person. The joining fee is credited to the insured person as retirement assets.

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

3 The insured person shall allow Pension Fund 2 to examine the statements on the vested benefits from earlier pension schemes.

4 The insured person shall notify Pension Fund 2 of any previous membership of an institution for the portability of benefits and the form of benefits insurance provided therein. The institution must transfer the accrued capital to the Pension Fund when the insured person joins this fund.

5 An insured person may pay voluntary extra contributions into the retirement account (Article 5). The maximum possible level of voluntary extra contributions is determined as defined in Appendix 1. The maximum sum of voluntary extra contributions is reduced by an amount corresponding to the level of pillar 3 assets that exceeds the limit mentioned in Article 60 a Paragraph 2 BVV2, and to any vested benefits that the insured person was not required to pay into the Pension Fund 1 or Pension Fund 2. Furthermore, if an insured person who is drawing or has drawn a retirement benefit from a pension fund makes voluntary extra contributions, then the maximum amount of the purchase sum is reduced by the amount of the retirement benefit already drawn. The voluntary extra contributions are credited to the insured person as retirement assets.

6 In the case of early withdrawals for home ownership purposes, voluntary extra contributions may only be paid in if the early withdrawal sum has been repaid. Extra contributions paid back in following divorce are excluded from this provision (Article 23 Paragraph 1). If the age limit for repayment as defined in Article 22 Paragraph 7 has been passed, the payment of a voluntary extra contribution is permitted. In this case, the maximum possible voluntary extra contribution from the Pension Fund 1 or Pension Fund 2 is reduced by an amount corresponding to the early withdrawal.

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

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

9 It is for the insured person to check the tax consequences of early withdrawals or voluntary extra contributions. The Pension Fund 2 does not assume any liability.

III. Insured benefits

Art. 9 Insured benefits, notification of insured persons

1 Pension Fund 2 pays the following benefits to the insured persons or their survivors:

a) Retirement lump sum (Article 10)
b) Disability lump sum (Article 11)
c) Lump sum on death (Article 12)

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

Art. 10 Retirement lump sum

1 The entitlement to a lump sum on retirement arises when the employment contract is terminated after the age of 60 (for members of the Executive Committee Novartis [ECN]: after reaching the age of 58) and the insured person is not entitled to disability benefits from Pension Fund 2, subject to Article 15 Paragraph 2. The entitlement to a lump sum on retirement arises at the latest on reaching retirement age, subject to Paragraph 5. If the insured person is married, a retirement lump sum payment 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 Pension Fund 2 shall not pay interest on the retirement lump sum as long as the insured person fails to procure the agreement of the spouse.

2 The retirement lump sum corresponds to the retirement assets available at the time of retirement.

3 If voluntary extra contributions were paid in during the last three years before retirement, the retirement assets from the extra contributions of the last three years at the time of retirement are transferred to the retirement account of the insured person in the Pension Fund and the resulting retirement benefit is paid out in the form of a retirement pension according to the provisions of the Pension Fund. The lump sum on retirement defined in Paragraph 2 is reduced accordingly.

4 If, after reaching the age of 60 (for members of the ECN: after reaching the age of 58), an insured person reduces the work schedule defined in the employment contract by mutual agreement with the Company, and their base salary decreases by at least 20% as a result, this person may request a partial retirement. The above provisions are applied by analogy for the partial retirement lump sum. The parts of the retirement assets corresponding to partial retirement serve as the defining criterion for the partial retirement lump sum. The part of the retirement assets corresponding to the reduced base salary schedule defined in the employment contract are continued according to Article 5 as for an insured person in full-time employment. The insured remuneration is determined according to Article 4 on the reduced base salary that continues to be paid. The contributions and the requirement to pay contributions conform to Article 7 based on the insured remuneration determined in this way (Article 4 Paragraph 1).

A retirement may proceed in three stages at most. Pension Fund 2 does not guarantee that partial retirement will be given preferential tax treatment.

5 If an insured person remains in employment with the Company beyond retirement age by mutual agreement with the Company, he/she may take the retirement lump sum as defined in Paragraph 1 or may defer payment until he/she eventually leaves and may use the retirement assets available at this time as retirement lump according to Paragraph 1.

Art. 11 Disability lump sum

1 The insured person is considered disabled when he/she becomes completely or partially unable to work due to bodily or mental injury arising from illness, affliction, or accident, and this can be expected to continue on a permanent or long-term basis; or when he/she is disabled under the terms of the disability insurance (IV). Someone is completely or partially unable to work when he/she is no longer or only partially able to carry out the 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 Pension Fund 2. 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, Pension Fund 2 may have the insured person's health and fitness assessed by an independent examining physician of its own 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.

Pension Fund 2 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 lump sum disability benefit, the amount of which is determined as a percentage of the total lump sum disability benefit as follows:

a) in the event of a degree of disability within the meaning of the IV of 70% or more, there is an entitlement to the entire disability lump sum;
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 Pension Fund 2 may review the entitlement to disability benefits 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. If the amount of the disability lump sum decreases compared to the amount already paid out, no reclaim will be made.

5 The full lump sum on disability corresponds to the retirement assets available at the start of the disability pension from the Pension Fund according to Article 5, but at least 400 % of the insured remuneration at the start of incapacitation.

6 If a partially disabled insured person leaves Pension Fund 2, vested benefits according to Article 16 and Article 17 are paid out for the active part.

Art. 12 Lump sum on death

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

2 The lump sum on death corresponds to the retirement assets available at the time of death according to Article 5, but at least 400 % of the insured remuneration 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 Pension Fund,
b) in the absence of beneficiaries as defined under a) persons who were supported to a substantial degree by the deceased insured person or the person who lived without interruption in a domestic partnership with the deceased insured person for the last five years until death with a mutual obligation of support or who are required to support one or more children from the relationship,
c) in the absence of beneficiaries as defined under a) and b) the other children, the parents or siblings of the deceased insured person.

4 The insured person may change the groups of beneficiaries listed in Paragraph 3 as follows at any time in a written notification to Pension Fund 2:

a) If persons defined under Paragraph 3 lit. b) exist, the insured person may combine the beneficiaries defined under Paragraph 3 lit. a) and b).
b) If no persons defined under Paragraph 3 lit. b) exist, the insured person may combine the beneficiaries defined under Paragraph 3 lit. a) and c).
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 Pension Fund 2 during the lifetime of the insured person.

5 The insured person may send a written communication to Pension Fund 2 defining any entitlements of the beneficiaries within a beneficiary group (Paragraphs 3 and 4) as he/she wishes. If no communication is received from the insured person, the lump sum on death falls equally to all beneficiaries within a beneficiary group. The communication must be submitted to Pension Fund 2 during the lifetime of the insured person.

6 If there are no persons as defined under Paragraph 3, the lump sum on death falls to Pension Fund 2.

Art. 13 Use of any free funds

The Board of Trustees decides on the use of any free funds of Pension Fund 2 within the limits of what is financially possible. This also includes the use for a temporary contribution reduction or exemption from the payment of contributions (Article 7). The free funds shall be determined in accordance with professional principles and assessed by the expert on occupational benefit schemes.

Art. 14 Provisions on payments

The benefits defined in Article 10 are paid out as lump sum payments. The payments are made by post-office or bank transfer to the paying office in Switzerland designated by the beneficiary. At the request and risk of the beneficiary payments may also be made abroad.

IV. Leaving the Pension Fund

Art. 15 Due date, additional cover, reimbursement

1 A person leaves the Pension Fund 2 and the occupational benefits scheme ends when his/her employment contract comes to an end, unless there is an entitlement to retirement, survivors' or disability benefits. If the person still has an employment contract, membership of the occupational benefits scheme ends when membership of the Pension Fund ends without death or disability benefits becoming payable, subject to any additional coverage period as set forth in Paragraph 5.

2 If the employment contract is terminated after the insured person has reached the age of 60 (for members of the ECN: after reaching the age of 58) and this person takes up employment or self-employment or is registered as unemployed, he/she may request that membership of the benefits scheme be terminated.

3 If membership of the benefits scheme ends, the insured person leaves Pension Fund 2 and is entitled to the vested benefits according to the following rules.

4 The vested benefits are payable when an insured person leaves Pension Fund 2. If Pension Fund 2 does not transfer the vested benefits within 30 days of receiving the necessary information, they then become subject to interest at the rate laid down by the Federal Council for payment of arrears.

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

6 If Pension Fund 2 has to pay survivors' or disability benefits after transferring the vested benefits, the vested benefits must be repaid as far as they are needed for the payment of the survivors' or disability benefits. The survivors' or disability benefits are reduced if the sum is not repaid.

Art. 16 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 Article 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 contributions reserve.

Art. 17 Use of vested benefits

1 If the insured person joins a new occupational benefits scheme, Pension Fund 2 transfers the vested benefits to the new institution.

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

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

a) he/she is definitively leaving Switzerland and the Principality of Liechtenstein or

b) he/she takes up self-employment and no longer has to be insured under a compulsory occupational benefits 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 gives written consent. The signature of the spouse must be officially authenticated. If voluntary extra contributions are paid in during the last three years before leaving, the resulting benefits will not be paid out in cash, but will be transferred to a vested benefits account or used to set up a vested benefits policy.

Art. 18 Leave

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

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

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

4 If the payment of contributions is resumed after the period of leave has elapsed, the retirement assets from this point onwards continue to be accumulated with retirement credits (Article 5 Paragraph 2).

5 If the period of leave is longer than three years, the insurance cover is cancelled and the vested benefits are paid out, calculated from the point when the payment of contributions ended plus the performance (Article 5 Paragraph 2) for the time since elapsed.

V. Special provisions

Art. 19 Taking into account of third-party benefits, reduction of benefits

1 If, in the event of disability or death of an insured person or recipient of a pension, the benefits of Pension Fund 2 together with other countable income for the insured person and his/her children or survivors amount to more than 100% of the earnings assumed to be lost, the benefits to be paid out by Pension Fund 2 must be reduced until the said threshold is no longer exceeded. The lump sum benefits from Pension Fund 2 are converted into pensions by an actuarial process according to the technical principles applied by Pension Fund 2. The income of the surviving spouse or domestic partner and the orphans are counted together.

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

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

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

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

One-off lump sum payments are converted into pensions by an actuarial process on the basis of the technical principles applied by Pension Fund 2. Exempted in this case are satisfaction and similar settlements, which are not counted.

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

4 Pension Fund 2 may also reduce its benefits accordingly if the AHV/IV reduces, withdraws or refuses benefits because the entitled person is substantially culpable for the death or disability or refuses to comply with the integration measures initiated by the disability insurance (IV). Pension Fund 2 is under no obligation to compensate for refusals or reductions of benefit by the accident insurance or military insurance.

5 Pension Fund 2 may demand that a candidate for a survivor's or disability benefit assigns to it any claims against liable third parties that are due to him/her for the loss, up to the value of its benefit obligations.

Art. 20 Security of benefits; charging of claims

1 The benefits of Pension Fund 2 are, as far as legally permitted, immune to foreclosure proceedings. The entitlement to Pension Fund benefits, subject to Article 22, may neither be pledged nor ceded before they mature. Any arrangements to the contrary are without validity.

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

3 Claims on an insured person or retiree assigned by the Company to the Pension Fund 2 may not be charged against benefits from Pension Fund 2. This does not include contributions owed by the insured person.

Art. 21 Obligation to inform and notify

1 Insured persons must truthfully inform the Pension Fund 2 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 Disabled persons must report other pension income and income from gainful employment that they receive as well as any changes in the degree of disability. Insured persons are under an obligation to allow Pension Fund 2 to inspect their IV files.

3 Insured persons and other claimants are under obligation to provide Pension Fund 2 with the required and requested information and documents as well as documentation of benefits, reductions or refusals on the part of other insurance institutions or third parties mentioned in Article 19.

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 Pension Fund 2 of all the benefit schemes and the salaries and other income insured therein.

5 Pension Fund 2 declines any liability for any negative consequences resulting from a breach of the aforementioned obligations for insured persons or their survivors. Should Pension Fund 2 suffer damage from such a breach of obligations, the Board of Trustees may hold the person at fault liable for this damage.

Art. 21a Processing of personal data

1 Pension Fund 2 is authorized to process personal data, including particularly sensitive personal data, or to have such data processed in order to perform its duties in accordance with these regulations.

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

3 In addition, Pension Fund 2 is entitled to call in any third parties for the performance of its duties under these regulations and to disclose to them the personal data required for this purpose, including particularly sensitive personal data.

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

Art. 22 Home ownership: early withdrawal, pledging, obligation to inform

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

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

3 The insured person may submit a written request for information concerning the amount available to him/her for home ownership and the reduction to benefits associated with such a withdrawal. Pension Fund 2 informs him/her of the possibilities of supplementary insurance to cover the lack of insurance coverage that will result from the withdrawal, and draws attention to the related tax issues.

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

5 Pension Fund 2 pays out the withdrawal at the latest six months after the insured person has claimed his/her entitlement. If Pension Fund 2 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. Pension Fund 2 must inform the insured person how long these measures apply.

6 Should the liquidity of Pension Fund 2 be placed at risk by such early withdrawals, Pension Fund 2 may defer the processing of applications. The Board of Trustees draws up a list of priorities for the handling of applications.

7 An early withdrawal reduces the retirement assets (Article 5) by the amount withdrawn. The insured retirement, disability and survivors' benefits are reduced in accordance with the early withdrawal sum. Any (partial) reimbursement of the sum withdrawn is permitted until retirement age is reached. The amount reimbursed is handled in the same way as a voluntary extra contribution as defined in Article 8 and first credited to the retirement assets.

Art. 23 Divorce

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

2 If an insured person divorces and if, on the basis of the divorce ruling, Pension Fund 2 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 Article 22 Paragraph 7. The insured person may, at any time, pay in a sum in accordance with Article 8 corresponding to the transferred portion of the vested benefits.

3 If an insured person receives vested benefits or a lifelong pension from his/her divorced spouse (as the result of a divorce ruling), this will be handled in the same way as a voluntary extra contribution as set forth in Article 8. The insured person informs the Pension Fund 2 about his/her entitlement to a lifelong pension and provides the name of the divorced spouse's pension fund.

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

Art. 24 Financial equilibrium

1 In the event of an actuarial deficit, the Board of Trustees defines appropriate measures to eliminate this deficit in cooperation with the accredited expert for occupational benefit plans. If necessary, funding and benefits may be adjusted to the funds available.

If other measures do not achieve their objective, Pension Fund 2 may levy contributions from the insured persons and the Company in order to remedy the shortfall.

The Company's contribution must be at least equal to the sum of the insured persons' contributions.

2 In the event of 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 not exceed the deficit and do not bear interest.

3 Pension Fund 2 notifies the Inspectorate, the Company, the insured persons and 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 to be transferred as stipulated in the Regulations.

VI. Organization

Art. 25 Board of Trustees

1 The highest body of the foundation is the Board of Trustees. It consists of five 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 For the two members of the Board of Trustees elected by the insured persons, two substitutes are elected at the same time. For the three members of the Board of Trustees appointed by the Company, three substitutes are appointed at the same time. The Chairman and Deputy Chairman may only be represented by substitutes in their function as members of the Board of Trustees.

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

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

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

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

7 The Board of Trustees is quorate when at least 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 motion is deemed to be rejected. Decisions by means of a circular letter are allowed so long as no one demands a spoken debate.

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

9 All persons involved in the administration, control or supervision of Pension Fund 2 are required to maintain confidentiality on the personal circumstances of insured persons and beneficiaries, as well as the business affairs of Pension Fund 2 and the Company, even after they have ended their work for Pension Fund 2.

Art. 26 Duties of the Board of Trustees

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

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

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

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

Art. 27 Auditors

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

2 The Board of Trustees appoints the accredited expert for occupational benefit schemes. At least every three years, the accredited expert has an actuarial balance sheet drawn up that is reported to the cantonal Inspectorate.

Art. 28 Accounting; investment assets

1 The business year is the calendar year. The accounts of Pension Fund 2 are balanced annually on 31 December. The annual statement of account and the annual report are compiled not later than six months after the close of the financial year.

2 The assets of Pension Fund 2 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 the 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 issues a set of investment strategies and rules for the investment vehicles available and decides on the selection of suitable third-party providers for the management and provision of the investment vehicles concerned.

VII. Final stipulations

Art. 29 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 Pension Fund 2.

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

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

Art. 30 Benefits in cases of hardship

1 Where these Regulations do not provide for benefit for an insured person, his/her family members or close relatives although a benefit would be compatible with the providence purpose of Pension Fund 2, 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 Pension Fund 2. If necessary, it decides on the type, scope and duration of the benefits.

Art. 31 Partial liquidation

The conditions and procedure of a partial liquidation of Pension Fund 2 are laid down in a separate set of Regulations.

Art. 32 Disputes

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

Art. 33 Entry into force; transitional provisions

1 These regulations, including attachments, take effect on January 1, 2024 and replace the previous Regulations valid from January 1, 2022.

2 For disabled insured persons whose 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 shall continue to apply.

3 For disabled insured persons whose entitlement arose before 1 January 2022 and who have not yet reached the age of 55 at that time, the previous entitlement shall continue until the degree of disability changes as part of a review in accordance with Article 11 Paragraph 4. The previous entitlement remains in force even after such a review, provided that the application of Article 11 Paragraph 3 results in the previous 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. If the amount of the disability lump sum decreases in comparison with the amount already paid out, recovery shall be waived.

4 For disabled insured persons whose entitlement arose before 1 January 2022 and who have not yet reached the age of 30 at that time, the regulation of entitlement in accordance with Article 11 Paragraph 3 will be applied at the latest as of 31 December 2031. If the amount of the disability lump sum decreases in comparison to the amount already paid out, recovery will be waived.

Basel, December 8, 2023

The Board of Trustees

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

Appendix 1: Important figures

1 Retirement credits (Article 5)

The retirement credits as a percentage of insured remuneration are as follows:

Age	Retirement credit in % of insured remuneration retirement plan		
	"Standard"	"Standard Plus"	"Standard Minus"
25 – 29	10.50	12.50	8.50
30 – 34	12.00	14.00	10.00
35 – 39	13.50	15.50	11.50
40 – 44	15.00	17.00	13.00
45 – 49	18.75	20.75	16.75
50 – 54	20.25	22.25	18.25
55 – 59	21.75	23.75	19.75
60 – 65	23.25	25.25	21.25

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

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

2 Level of contributions (Article 7)

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

"Standard" contribution scale

Age	"Standard" savings contributions in % of insured remuneration		Risk contributions in % of insured remuneration	
	Insured persons	Company	Insured persons	Company
up to 24	–	–	0.4	0.8
25 – 29	3.50	7.00	0.4	0.8
30 – 34	4.00	8.00	0.4	0.8
35 – 39	4.50	9.00	0.4	0.8
40 – 44	5.00	10.00	0.4	0.8
45 – 49	6.25	12.50	0.4	0.8
50 – 54	6.75	13.50	0.4	0.8
55 – 59	7.25	14.50	0.4	0.8
60 – 65	7.75	15.50	0.4	0.8

“Standard Plus” contribution scale

Age	“Standard Plus” savings contributions in % of insured remuneration		Risk contributions in % of insured remuneration	
	Insured persons	Company	Insured persons	Company
up to 24	–	–	0.4	0.8
25 – 29	5.50	7.00	0.4	0.8
30 – 34	6.00	8.00	0.4	0.8
35 – 39	6.50	9.00	0.4	0.8
40 – 44	7.00	10.00	0.4	0.8
45 – 49	8.25	12.50	0.4	0.8
50 – 54	8.75	13.50	0.4	0.8
55 – 59	9.25	14.50	0.4	0.8
60 – 65	9.75	15.50	0.4	0.8

“Standard Minus” contribution scale

Age	“Standard Minus” savings contributions in % of insured remuneration		Risk contributions in % of insured remuneration	
	Insured persons	Company	Insured persons	Company
up to 24	–	–	0.4	0.8
25 – 29	1.50	7.00	0.4	0.8
30 – 34	2.00	8.00	0.4	0.8
35 – 39	2.50	9.00	0.4	0.8
40 – 44	3.00	10.00	0.4	0.8
45 – 49	4.25	12.50	0.4	0.8
50 – 54	4.75	13.50	0.4	0.8
55 – 59	5.25	14.50	0.4	0.8
60 – 65	5.75	15.50	0.4	0.8

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

3 Voluntary extra contributions (Article 8)

The level of voluntary extra contributions corresponds at most to the maximum sum shown in the table below, minus the existing retirement assets at the time of contribution.

Maximum possible sum of voluntary extra contributions in percent of insured remuneration

Age	"Standard"	"Standard Plus"	"Standard Minus"
25	10.5%	12.5%	8.5%
26	21.0%	25.0%	17.0%
27	31.5%	37.5%	25.5%
28	42.0%	50.0%	34.0%
29	52.5%	62.5%	42.5%
30	64.5%	76.5%	52.5%
31	76.5%	90.5%	62.5%
32	88.5%	104.5%	72.5%
33	100.5%	118.5%	82.5%
34	112.5%	132.5%	92.5%
35	126.0%	148.0%	104.0%
36	139.5%	163.5%	115.5%
37	153.0%	179.0%	127.0%
38	166.5%	194.5%	138.5%
39	180.0%	210.0%	150.0%
40	195.0%	227.0%	163.0%
41	210.0%	244.0%	176.0%
42	225.0%	261.0%	189.0%
43	240.0%	278.0%	202.0%
44	255.0%	295.0%	215.0%
45	273.8%	315.8%	231.8%
46	292.5%	336.5%	248.5%
47	311.3%	357.3%	265.3%
48	330.0%	378.0%	282.0%
49	348.8%	398.8%	298.8%
50	369.0%	421.0%	317.0%
51	389.3%	443.3%	335.3%
52	409.5%	465.5%	353.5%
53	429.8%	487.8%	371.8%
54	450.0%	510.0%	390.0%
55	471.8%	533.8%	409.8%
56	493.5%	557.5%	429.5%
57	515.3%	581.3%	449.3%
58	537.0%	605.0%	469.0%
59	558.8%	628.8%	488.8%
60	582.0%	654.0%	510.0%
61	605.3%	679.3%	531.3%
62	628.5%	704.5%	552.5%

Maximum possible sum of voluntary extra contributions in percent of insured remuneration

Age	"Standard"	"Standard Plus"	"Standard Minus"
63	651.8%	729.8%	573.8%
64	675.0%	755.0%	595.0%
65	698.3%	780.3%	616.3%

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

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

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

Appendix 3: Election of the Board of Trustees

1 Electoral office

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

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

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

2 Entitlement to vote, eligibility to stand

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

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

3 Entitlement to nominate

Personnel organizations, interest groups, and employees nominate at least 4 candidates as members of the Board of Trustees and substitutes, respectively. Twenty signatures of persons entitled to vote are needed for each candidate.

4 Electoral procedure

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

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

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

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

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

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

5 Leaving of a member of the Board of Trustees

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

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

Appendix 4: Investment strategies

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

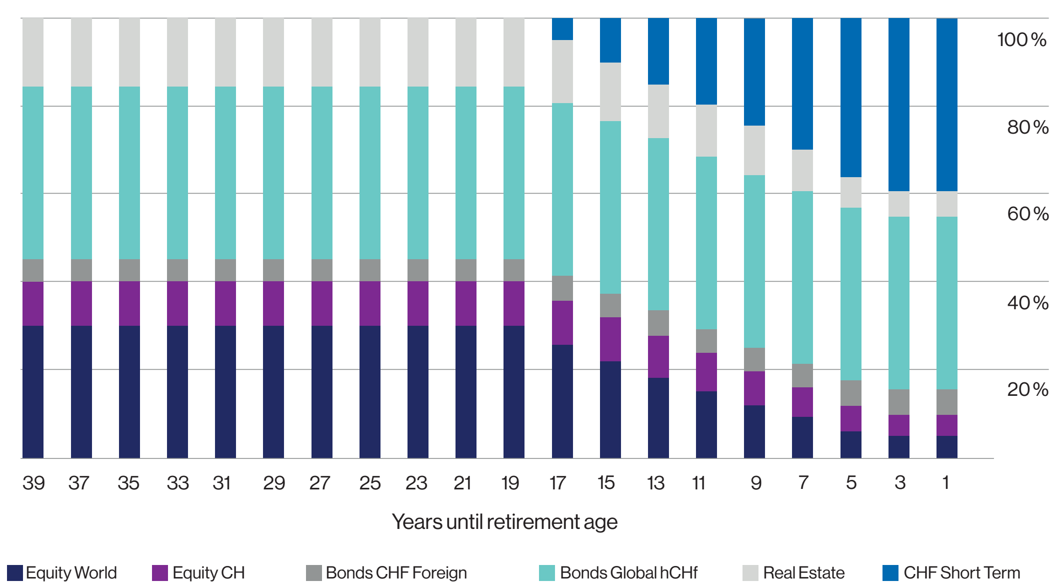
	Money Market	Bonds Plus	Equity 25 Plus	Equity 25 ESG*	Equity 40 Plus
Cash	**100.0%**				
	100.0%				
Fixed Income		**80.0%**	**60.0%**	**60.0%**	**45.0%**
Bonds CHF Domestic					
Bonds CHF Foreign		10.0%	10.0%		5.0%
Bonds Global (hCHF)		50.0%	30.0%	24.0%	30.0%
Corporate Bonds Global (hCHF)		20.0%	20.0%	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 capacity to cope with risk generally decreases the closer one gets to retirement. For this reason, the portion of Equities in the portfolio is gradually reduced.

If one opts for the LifeCycle solution 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 reaching the retirement age, only 10% of the pension assets are allocated in equities whereas the main part of the assets is invested in bonds.



Editor:
Novartis Pension Funds, P.O. Box, CH-4002 Basel

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

www.pensionskassen-novartis.ch