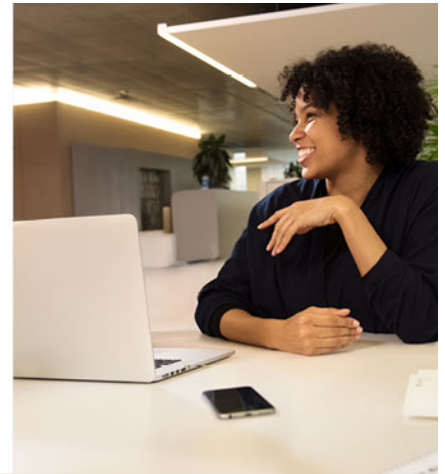




Novartis Pension Funds



Harmonization of the Novartis Pension Funds and Expansion of Investment Strategies

Information for members of the Novartis Pension Funds 1 and 2 and the Novartis Management Pension Fund (hereinafter: Novartis Pension Fund 3)

The Boards of Trustees of the Novartis Pension Funds have decided to harmonize the pension funds as of January 1, 2027. The goal is to better align the risk benefits, the insured risk salaries, and the contribution rules. In particular, this includes the following changes:

In the Novartis Pension Fund 1, risk coverage will be expanded:

- In the future, in addition to the annual base salary (ABS), the average Short-Term Incentive (STI)/bonus from the last three years will also be considered.
- As a result, additional salary components will be included in the calculation of disability and survivor benefits.
- The salary insured under the risk plan now includes the base salary and Short-Term Incentive and is capped at CHF 150,000; salary components exceeding this amount will continue to be covered by the Novartis Pension Fund 2.

Salary components exceeding CHF 150,000 (ABS and STI) remain insured under the Novartis Pension Fund 2, as before.

- Going forward, the Novartis Pension Fund 2 provides pension benefits in the form of annuities instead of the previously paid out lump sums in the event of death or disability. In the event of disability, retirement savings will continue and the retirement capital will be paid out upon reaching retirement age.
- The resulting improvement in the risk coverage requires a slight increase in the previous risk contribution (previously 0.4%; now 0.8%) to the risk plan of the Novartis Pension Fund 2. Novartis will now finance the contribution at 1.6% (previously 0.8%).

As part of the harmonization process, the Novartis Management Pension Fund

- will be renamed “Novartis Pension Fund 3” to standardize the names of the three Novartis pension funds.
- Furthermore, the contribution structure in the Novartis Pension Fund 3 will be aligned with that of the Novartis Pension Funds 1 and 2, meaning that employees will contribute one-third (9.33%) and the employer two-thirds (18.67%) of the total contributions.

The changes will not affect the amount of your future retirement pension or your future retirement lump sums. As an insured person, nothing will change regarding your retirement benefits in all three pension funds: Retirement credits and savings contributions will remain unchanged in all three funds.

More flexibility for the personal retirement planning: Two new investment strategies - with equity allocations of 60% and 80% - expand the offerings of the Novartis Pension Funds 2 and 3 and allow to tailor the choice of the investment strategy even better to individual retirement goals and risk tolerance.

These **changes** will take effect **on January 1, 2027**. In January 2027, you will receive an updated insurance statement. The following information sheet provides a concise overview of the most important changes and indicates where you can find further information.

The Pension Funds` team is happy to answer any questions you may have.

Best regards

Novartis Pension Funds

The most important changes at a glance

What's changing?	Previously	Effective January 1, 2027
Novartis Pension Fund 1		
Maximum insured remuneration for risk	CHF 220,000; only the base salary (ABS) is considered	CHF 150,000; the base salary (ABS) and the average Short-Term Incentive (STI)/bonus of the last three years are taken into account
Insurance coverage for the Short-Term Incentive under risk benefits	No	Yes; the average Short-Term Incentive of the past three years is now also insured
Novartis Pension Fund 2		
Benefit form in the event of disability or death	Lump-sum benefits only: disability or death benefit	For salary components exceeding CHF 150,000: Pension benefits in the form of annuities are now covered: disability pensions, children's pensions, spousal, domestic partner and orphan's pensions; plus a lump-sum on death
Number of investment strategies	6	8 (two additional investment strategies with equity allocations of 60% and 80%)
Risk premiums as a	Employees: 0.40%	Employees: 0.80%

percentage of the insured risk salary	Employer: 0.80%	Employer: 1.60%
Novartis Pension Fund 3 (formerly Novartis Management Pension Fund)		
Name	Novartis Management Pension Fund	Novartis Pension Fund 3
Number of investment strategies	6	8 (two additional investment strategies with equity allocations of 60% and 80%)
Funding of savings contributions	Employees: 10.00% Employer: 15.00%	Employees: 8.33% Employer: 16.67%
Financing of Risk Contributions	Employees: 0.00% Employer: 5.00%	Employees: 1.00% Employer: 2.00%
Election of the Board of Trustees	Every 3 years	Every 4 years (identical to the election periods for the Novartis Pension Funds 1 and 2)

Where can I find more information?

<u>Novartis Pension Funds` website</u>	The regulations effective as of January 1, 2027, as well as a guide to the investment strategies of Novartis Pension Funds 2 and 3
<u>Novartis Pension Funds - Contact</u>	The pension funds` team is happy to answer any questions you may have.