

## Information

### **Sandoz Spin-off/ Restructuring Measures: Impact on the Pension Funds**

The changes resulting from the Sandoz spin-off and the announced restructuring measures *Transformation for Growth* have an impact on the Novartis Pension Funds, too.

Given the number of employees affected by these transactions, the Novartis Pension Funds will initiate a so-called partial liquidation.

#### ■ **Partial liquidation as of 31.12.2022**

The aim is to ensure that the groups of leaving and remaining insured members are treated fairly and equally with regard to the Pension Funds' technical provisions and accrued reserves, as well as possible excess funding («free funds»).

The proportion of such additional funds to be transferred is calculated on the basis of the annual financial statement 2022, the decisive date for evaluating the assets and calculating the liabilities of the Novartis Pension Funds being December 31, 2022.

The details of the partial liquidation are given in the reports prepared and submitted by the Pension Funds' actuary Libera AG on March 18, 2023, which were formally approved by the respective Board of Trustees.

#### ■ **Release of provisions and fluctuation reserves**

In the case of a collective («group») exit, there is a pro rata collective entitlement to the provisions and fluctuation reserves. The entitlement only exists, however, if actuarial risks are also transferred with the share of provisions. Due account is also taken of the contribution paid by the group that is leaving to form such provisions and fluctuation reserves.

The entitlement to a share of the fluctuation reserves corresponds pro rata to the (collective) vested benefits of the transferring employees. Like the vested benefits, the entitlement to a portion of the provisions and fluctuation reserves will also be transferred collectively and in cash.

#### ■ **Release of free funds**

Free funds, if available, are established as a percentage of the total actuarial reserves. The possible share of the free funds to which insured members who leave due to restructuring may be entitled, corresponds to this percentage applied to their vested benefits. Joining fees and voluntary extra contributions paid in after June 30, 2022 are not taken into account when the share of free funds is calculated.

■ **No change for remaining insured members and pensioners**

For insured members and pensioners remaining in the Novartis Pension Funds, there will be no change. Retirements (including early retirements) take place in accordance with the Pension Fund Regulations.

■ **How to proceed from here?**

With this letter we'd like to inform you in good time about the partial liquidation proceedings and invite you to take a closer look at the actuarial reports and distribution plans.

As an insured member or retiree you have the right to lodge an objection to the decisions of the Board of Trustees within 30 days of receiving this information. It is understood that such objection has to be made in writing and must include an explanation. The Board of Trustees would then issue a decision regarding the objection within a reasonable period.

Insured members and retirees are also entitled to have the conditions, the procedure and the distribution plan reviewed and ruled upon by the competent Supervisory Authority (*BSABB, BVG- und Stiftungsaufsicht beider Basel, Eisengasse 8, Postfach, 4001 Basel*) within 30 days of receiving the decision of the Board of Trustees on the objection.

If no objections are lodged with the Supervisory Authority, the distribution plan is implemented. The auditors will confirm in their annual reports that the partial liquidation procedure has been properly conducted.

For further information please see the Partial Liquidation Regulations enacted in 2011:  
<https://www.pensionskassen-novartis.ch/en/services/downloads>.

If you have any questions, please do not hesitate to call us on telephone +41 61 324 24 20.

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