

# Bylaws of the Novartis Employees' Association

## General Information

### Article 1: Name, Headquarters

An association called "NAV Novartis Angestelltenverband" (Novartis Employees' Association NAV) with headquarters in Basel, Switzerland, has been established under Article 60 ff. of the Swiss Civil Code. It is not affiliated with any political party or religion.

### Article 2: Purpose

The aims of the association are to

1. Represent the economic, social and policy-related interests of its members and of the employees in general vis-à-vis Novartis management and third parties.
2. Exercise the codetermination rights of Novartis employees in Switzerland by entering into appropriate agreements (e.g. Memorandum of Understanding).
3. Support the members, regardless of their function level, by acting as a contact and a resource.
4. Maintain personal contacts among the members through membership events and educational programs such as on employee policy or cultural topics.
5. Recruit and train members of the Executive Committee and suitable candidates for participatory committees at Novartis.

6. Support the continuing education of members.
7. Promote equal opportunity for employees at Novartis in all aspects.
8. Negotiate agreements on services and benefits for its members.
9. The Association may operate in other related areas and take any possible steps that serve its purpose.

### **Article 3: Tools and methods**

The association shall use the following means to achieve its purposes:

1. Meetings, negotiations and agreements with social partners, Employee Representative Councils and other responsible persons and committees of Novartis as well as proposals to these;
2. contacts and collaboration with other employee organizations;
3. Possible membership of umbrella organizations;
4. Negotiation of service agreements.

### **Article 4: Financial resources**

The financial resources shall comprise membership dues, interest income and other income.

Membership dues shall be set annually by the General Meeting.

### **Article 5: Membership**

NAV shall have both active and retired members.

Any employee of a Novartis company in Switzerland may be admitted as an active member, regardless of position (whether covered by an individual or collective employment agreement or a member of management).

The Executive Committee shall have the final decision on admittance to membership.

#### **Honorary members:**

Honorary membership shall be granted by the General Meeting on a motion by the Executive Committee. Honorary membership may be achieved

through outstanding service to NAV. Honorary membership does not require payment of dues.

## **Article 6: Cessation of membership**

Members shall automatically cease to be members after termination of their employment contract with a Novartis company in Switzerland, except for the cases described in the following two paragraphs.

Members who are transferred to a Novartis company abroad shall not lose their membership provided that the transfer is temporary in nature, subject to continued payment of the membership fee.

Upon retirement, active members shall become retired members if they so request.

A member who acts contrary to the interests of NAV may be excluded from membership by the Executive Committee. The member may submit an appeal to this decision to the next General Meeting within one month after receipt of the notice. The General Meeting shall make the final decision on exclusion.

## **Article 7: Liability**

The Association's assets shall be solely liable for the Association's liabilities.

Members shall not be personally liable (Art. 75a of the Swiss Civil Code).

## **Article 8: Governing Bodies**

The governing bodies of the association shall be as follows:

1. the General Meeting of members;
2. the Executive Committee;
3. the Auditors.

# General Meeting

## Article 9: Responsibilities

The General Meeting of members is the supreme body of the association. It has the following non-transferable powers:

1. Establishment and amendment of the bylaws.
2. Selection and dismissal of the members of the Executive Committee and the Auditors.
3. Approval of the annual report and the annual financial statements.
4. Approval of the actions of the Executive Committee.
5. Approval of the budget.
6. Determination of membership dues.
7. Exclusion of members in accordance with Article 6 Section 4.
8. Adoption of resolutions on matters presented to it by the Executive Committee or that are reserved to it by law or the bylaws;
9. Dissolution of the association.

## Article 10: Calling of meetings

The Annual General Meeting of members shall normally be held in the first six months of the fiscal year.

The Executive Committee must announce the date of the Annual General Meeting five weeks before the date of the Annual General Meeting.

Motions from members must be submitted in writing within ten days of receipt of this advance notice. The definitive invitation shall then be sent in writing with details of the agenda and the relevant motions at least 14 days before the Annual General Meeting.

At the time the invitation is sent, the annual report, annual financial statements and auditors' report shall be made available at the Association office for inspection. Any member can request delivery of a copy of these documents.

An Extraordinary General Meeting of members must be called as the result of a resolution of the General Meeting or of the Executive Committee or in response to a written, well-founded request of at least 10% of the members.

An Extraordinary General Meeting requested by members shall be held by the Executive Committee within two months.

### **Article 11: Motions**

No resolutions can be passed on motions that were not submitted on time.

No prior announcement is required to introduce motions that are not for resolution.

### **Article 12: Right to vote and right of election**

We have active, passive and honorary members.

Active members are employed by a Novartis Group company under a non-independent employment contract.

Passive members are retired former employees of a Novartis Group company.

Honorary members are former Novartis employees and also former members of the Executive Committee who have performed outstanding services for the NAV.

Active members have both a right to vote and a active and passive right of election.

Passive and honorary members have a right to vote and an active right of election. They only have a passive right of election for audit services.

### **Article 13: Organization and resolutions**

The President or Vice President of the Executive Committee or, if both are prevented from doing so, another Executive Committee member selected by the Executive Committee shall chair the meeting and shall appoint a secretary and the required vote counters.

The General Meeting shall pass resolutions and conduct elections by a majority of votes cast, unless otherwise provided or determined by the General Meeting. Votes shall be cast by a show of hands, unless otherwise provided or determined by the general meeting.

Abstentions shall not be included when calculating the majority.

In the case of a tie vote, the chair shall have the deciding vote.

The approval of at least 2/3 of those voting is required for votes on amendments to the bylaws.

## **Executive Committee**

### **Article 14: Composition**

The Executive Committee shall be composed of at least seven members.

The variety of employees, the divisions, plants and functions at Novartis shall be appropriately represented in the Executive Committee.

The Executive Committee shall constitute itself.

The Chairman/Chairwoman and CFO are elected individually (at the Annual General Meeting). The rest of the Executive Committee constitutes itself (elected by the Annual General Meeting).

### **Article 15: Term of office**

The term of office for members of the Executive Committee is two years. Members can be reelected upon completion of the term of office.

### **Article 16: Calling of meetings and passing of resolutions**

The Executive Committee shall meet at the invitation of the President as often as business requires. Any member of the Executive Committee may request, with good cause, that a meeting be called immediately.

At least half of the members of the Executive Committee must be present to pass resolutions. Should this ever not be the case, the preliminary resolution may be sent to all members of the Executive Committee and their decisions obtained in writing.

## **Article 17: Passing resolutions**

The Executive Committee may pass resolutions in all matters that are not reserved by law or the bylaws to the General Meeting.

It shall pass resolutions by a simple majority of votes cast. The President shall cast the deciding vote in the event of a tie. Resolutions can be circulated and voted on by mail unless a member requires oral discussion and debate.

Minutes shall be kept of the proceedings and resolutions of the Executive Committee

## **Article 18: Responsibilities**

The responsibilities of the Executive Committee include, but are not limited to:

1. Management of the business of the Association and representation of the Association vis-à-vis the members, the Novartis Executive Committee and third parties
2. Appointment and dismissal of individuals entrusted with management and representation.
3. The selection of various officers and delegates.
4. Organization of financial matters and budgeting.
5. Preparations for the General Meeting and execution of its resolutions.

The Executive Committee may, in accordance with the regulations of the organization, transfer the management of its business wholly or entirely to committees, individual members or to third parties.

# **Auditors**

## **Article 19: Eligibility**

The General Meeting shall select the Auditors from among the members. At the request of the Executive Committee, the General Meeting may select/elect an independent auditor or an auditing firm as the auditors instead of members.

## **Article 20: Responsibilities**

The auditors shall check to determine whether the accounting system and the annual financial statements comply with the law and the bylaws. They shall report to the General Meeting in writing on the result of their audit and shall recommend that the annual financial statements be accepted, with or without limitations, or rejected.

The auditors are authorized to express their opinion on the suitability of the organization and their findings regarding the type of management.

# **Accounting System**

## **Article 21: Accounting period**

The association's books and accounts shall be closed annually as per December 31.

## **Article 22: Reports on activities**

The Executive Committee shall prepare for each fiscal year the annual financial statements and an annual report that describes the financial position of the association.

# **Dissolution and Liquidation**

## **Article 23: Dissolution and Liquidation**

Dissolution of the Association requires the approval of at least 2/3 of members present. Liquidation shall be carried out by the Executive Committee unless the General Meeting selects special liquidators. The General Meeting shall decide on the use of any assets remaining after liquidation on a motion by the Executive Committee.

These bylaws were approved by the seventeenth Annual General Meeting on April 20, 2015.