

Novartis

Country	Switzerland
Meeting date	27 February 2015 10:00
Meeting location	St. Jakobshalle, Basel (entrance Brüglingerstrasse/St. Jakobs-Strasse)
Meeting type	Annual General Meeting
Securities	ISIN CH0012005267, Telekurs 1200526

General Meeting Highlights

Under **ITEM 5**, the board proposes a complete revision of the articles of association to implement the Minder Ordinance. Ethos regrets that the board of Novartis has decided to propose a single prospective vote for the variable remuneration of the executive management. This means that shareholders will vote on the total maximum remuneration package of the executive management for the year following the year of the AGM. Ethos notes that the project of revision of Swiss Company law presented by the Swiss government which is currently in consultation forbids prospective votes on the variable remuneration. Ethos recommends to **OPPOSE** (points 7.4.a, 7.4.b, 7.4.j, 7.4.k, 7.4.m of Ethos' guidelines).

Under **ITEM 6.2**, the board proposes a single binding prospective vote on the total remuneration of the executive management for the financial year 2016. The total remuneration package requested for the 9 members of the executive management is CHF 84 million of which CHF 69 million are reserved for the maximum variable remuneration that will be paid partly in early 2017 and partly in early 2019. Ethos cannot approve such an amount so far in advance, well before targets are set. Ethos recommends to **OPPOSE** (points 4.3.b, 4.4.b of Ethos' guidelines).

Under **ITEM 6.3**, the board proposes a consultative vote of the 2014 remuneration report that Novartis maintains to allow shareholders to address concerns regarding the 2014 remuneration. Ethos welcomes the transparency of the remuneration report and the substantial improvement of the remuneration system since 2014. While Ethos has no concerns regarding the pay for performance connections for 2014, Ethos still considers that a maximum leverage of 9 times the base salary for the CEO is excessive. Ethos recommends to **OPPOSE** (point 4.1.b of Ethos' guidelines).

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1. General Meeting Overview

1.1 Voting positions at this general meeting

Item	Proposal		Ethos voting position	Board recommendation
1.	Approve annual report, financial statements and accounts		FOR	FOR
2.	Discharge board members and executive management		FOR	FOR
3.	Approve allocation of income and dividend		FOR	FOR
4.	Reduce share capital via cancellation of shares		FOR	FOR
5.	Amend articles of association: Implementation of the Minder ordinance	●	OPPOSE	FOR
6.	Votes on the remuneration of the board of directors and the executive management			
6.1	Binding prospective vote on the remuneration of the Board from 2015 AGM to 2016 AGM		FOR	FOR
6.2	Binding prospective vote on the total remuneration of the executive management for the financial year 2016	●	OPPOSE	FOR
6.3	Advisory vote on the 2014 remuneration report	●	OPPOSE	FOR
7.	Elections to the board of directors			
7.1	Re-elect Dr. Jörg Reinhardt as board chairman		FOR	FOR
7.2	Re-elect Dr. Dimitri Azar		FOR	FOR
7.3	Re-elect Prof. Dr. Verena Briner		FOR	FOR
7.4	Re-elect Prof. Dr. oec. Srikant Datar		FOR	FOR
7.5	Re-elect Ms. Ann M. Fudge		FOR	FOR
7.6	Re-elect Mr. Pierre Landolt		FOR	FOR
7.7	Re-elect Dr. iur. Andreas von Planta		FOR	FOR
7.8	Re-elect Prof. Dr. Charles L. Sawyers		FOR	FOR
7.9	Re-elect Dr. Enrico Vanni		FOR	FOR
7.10	Re-elect Mr. William Winters		FOR	FOR
7.11	Elect Dr. Nancy C. Andrews		FOR	FOR
8.	Elections to the compensation committee			
8.1	Re-elect Prof. Dr. oec. Srikant Datar to the compensation committee		FOR	FOR
8.2	Re-elect Ms. Ann M. Fudge to the compensation committee		FOR	FOR
8.3	Re-elect Dr. Enrico Vanni to the compensation committee		FOR	FOR
8.4	Elect Mr. William Winters to the compensation committee		FOR	FOR
9.	Re-election of the auditors		FOR	FOR

10.	Re-election of the independent proxy		FOR	FOR
	Transact any other business	●	OPPOSE	

1.2 Voting results of the general meeting of 25 February 2014

Item	Proposal	% For	Result	Ethos voting position	Board recommendation
1	Approve Annual Report, Financial Statements and Accounts	99 %	Accepted	<i>FOR</i>	<i>FOR</i>
2	Discharge Board Members and Executive Management	80 %	Accepted	<i>FOR</i>	<i>FOR</i>
3	Approve Allocation of Income and Dividend	99 %	Accepted	<i>FOR</i>	<i>FOR</i>
4	Advisory Vote on the Remuneration of the Board and the Management	-	-		
4.1	Advisory Vote on the total remuneration of the Board for the AGM 2014 to the AGM 2015	77 %	Accepted	<i>FOR</i>	<i>FOR</i>
4.2	Advisory Vote on the total remuneration of the management for the financial year 2013	92 %	Accepted	● <i>OPPOSE</i>	<i>FOR</i>
5	Elections to the Board of Directors	-	-		
5.1	Re-elect Dr. Jörg Reinhardt and election as board chairman (in a single vote)	98 %	Accepted	<i>FOR</i>	<i>FOR</i>
5.2	Re-elect Dr. Dimitri Azar	98 %	Accepted	<i>FOR</i>	<i>FOR</i>
5.3	Re-elect Prof. Dr. Verena Briner	98 %	Accepted	<i>FOR</i>	<i>FOR</i>
5.4	Re-elect Prof. Dr. oec. Srikant Datar	96 %	Accepted	<i>FOR</i>	<i>FOR</i>
5.5	Re-elect Ms. Ann M. Fudge	97 %	Accepted	<i>FOR</i>	<i>FOR</i>
5.6	Re-elect Mr. Pierre Landolt	95 %	Accepted	<i>FOR</i>	<i>FOR</i>
5.7	Re-elect Prof. h.c. Dr. rer. pol. Ulrich Lehner	86 %	Accepted	● <i>OPPOSE</i>	<i>FOR</i>
5.8	Re-elect Dr. iur. Andreas von Planta	97 %	Accepted	<i>FOR</i>	<i>FOR</i>
5.9	Re-elect Prof. Dr. Charles L. Sawyers	98 %	Accepted	<i>FOR</i>	<i>FOR</i>
5.10	Re-elect Dr. Enrico Vanni	96 %	Accepted	<i>FOR</i>	<i>FOR</i>
5.11	Re-elect Mr. William Winters	98 %	Accepted	<i>FOR</i>	<i>FOR</i>
6	Elections to the Remuneration Committee	-	-		
6.1	Elect Prof. Dr. oec. Srikant Datar to the Remuneration Committee	73 %	Accepted	<i>FOR</i>	<i>FOR</i>
6.2	Elect Ms. Ann M. Fudge to the Remuneration Committee	96 %	Accepted	<i>FOR</i>	<i>FOR</i>
6.3	Elect Prof. h.c. Dr. rer. pol. Ulrich Lehner to the Remuneration Committee	66 %	Accepted	● <i>OPPOSE</i>	<i>FOR</i>
6.4	Elect Dr. Enrico Vanni to the Remuneration Committee	74 %	Accepted	<i>FOR</i>	<i>FOR</i>
7	Re-elect Auditors	98 %	Accepted	<i>FOR</i>	<i>FOR</i>
8	Election of the Independent Proxy	99 %	Accepted	<i>FOR</i>	<i>FOR</i>

Attendance details:

The attendance rate at the 2014 AGM was 62% of the voting shares. The votes were represented as follows:

- Independent proxy: 88%
- Shareholders in the room: 12%

2. Proxy Analysis

1.	Approve annual report, financial statements and accounts	FOR
<p>The board of directors requests shareholder approval of the company's annual report and of the annual and consolidated accounts for the fiscal year 2014.</p>		
<p>Company performance in 2014 (see detailed figures in section 3.3 of this report)</p>		
- Total Revenues variation in 2014		+0.1%
- Total Revenues variation (3-year annualised)		+0.8%
- Operating Margin 2014		18.5%
- Operating Margin 2013		18.8%
- Net Income variation		+11.3%
- Return on Equity 2014		14.1%
- Return on Equity 2013		12.8%
- Total Shareholder Return (TSR)		33.1%
- 3-year TSR		85%
<ul style="list-style-type: none"> • During the year under review, Novartis' net sales stood at prior year's level at USD 58 billion despite the patent expiry of Diovan and the impact of generic competition. • The pharma division remains the largest division with sales of USD 32 billion representing 55% of the Group sales and 79% of the Group operating income (excluding corporate income and expenses). The growth products that now represents 43% of the division's net sales (37% in 2013) mitigated the impact of increasing generic competition, especially in the US and in Japan. Alcon, the eye care division, represents 19% of Group sales (USD 11 billion) and 15% of Group operating income. Sandoz, the generic division, accounted for USD 9.5 billion, or 16% of the Group net sales and 10% of Group operating income (USD 1 billion). The Vaccines and Diagnostics division and the Consumer Health division are now included in the discontinuing operations of Novartis due to the major pending transactions. The discontinuing operations accounted for USD 6 billion or 10% of Group sales and generated an operating loss of USD 353 million. • Novartis announced on 22 April 2014 a major portfolio transformation by exchanging with GlaxoSmithKline plc (GSK) certain assets, building global leadership in key segments. Under the agreement, Novartis acquired GSK oncology product and divested Vaccines (excluding flu) to them. The two companies have also created a joint venture, combining their consumer divisions to create a world-leading consumer healthcare business. Separately, Novartis announced a definitive agreement with Eli Lilly and Company (Lilly) to divest the Animal Health Division, further focusing Novartis' portfolio on the leading businesses of innovative pharmaceuticals, eye care and generics. • Novartis presents a comprehensive annual report which includes a detailed management discussion and analysis, a detailed corporate governance section, a comprehensive remuneration report and a summary CSR report with key indicators. Additionally, Novartis will publish a dedicated CSR report later in the year. Since 2014, Novartis reports in accordance with the G4 framework. 		
<p>Ethos has no special concerns regarding the accuracy of the company's financial statements and accounts. As required by the Swiss Code of Obligations, the auditors confirmed that an internal control system designed for the preparation of financial statements exists as of 31 December 2014. Ethos, in accordance with its voting guidelines, recommends to vote FOR.</p>		

2. Discharge board members and executive management

FOR

The board of directors requests shareholders to discharge its members as well as those of the executive management of their responsibilities for their management of the company for the fiscal year 2014.

In line with the Swiss Code of Obligations, shareholders are requested to release the members of the board of directors from liability for their activities during the fiscal year under review. Shareholders that grant the discharge lose their right to file claims against the members of the board of directors for activities carried out during the year relating to facts that have been disclosed to shareholders. Nevertheless, all shareholders maintain their rights to file claims for facts that have not been disclosed to shareholders when the discharge was granted.

Novartis is involved in several legal actions. In Japan, a subsidiary is accused of undisclosed conflict of interest related to Japanese post-registration investigator initiated trials (IIT) regarding Valsartan. The Japanese Ministry of Health, Labor and Welfare (MHLW) issued a business improvement order in July 2014 and is in the process of determining any additional sanctions against the subsidiary which could potentially include a temporary suspension of certain business activities.

In March 2014, the Italian Competition Authority (ICA) imposed to Novartis a fine equivalent to USD 125 million further to an investigation to assess whether Novartis and Roche colluded to preserve the market position of Lucentis in Italy due to the competition of the off-label Avastin. Novartis, as required by Italian law, has paid the fine and filed an appeal, which was rejected by the Tribunale amministrativo regionale del Lazio. Novartis intends to appeal this decision. The Italian Ministry of Health declared its intention to seek a total equivalent of approximately USD 1.4 billion in damages from Novartis and Roche entities based on the above allegations and the Lombardia region has sent a payment request equivalent to approximately USD 71 million to Novartis.

The auditor's reports are not qualified and Ethos considers that these facts do not warrant withholding the discharge at this stage. Ethos, in accordance with its voting guidelines, recommends to vote FOR.

3. Approve allocation of income and dividend

FOR

The board of directors proposes that the amount at the disposal of the AGM be allocated as follows:

Net income of the Holding Company for the financial year 2014	CHF	7'478'506'586
At the disposal of the AGM	CHF	7'478'506'586
Payment of dividend	CHF	6'672'955'458
Carry forward to statutory accounts	CHF	805'551'128

Key Indicators

Consolidated Net Income	CHF	10.280 billion
Free Cash Flow (Cash flow from operating activities - Capital expenditures)	CHF	10.762 billion
Dividend per Share	CHF	2.60 (2013: 2.45)
Payout Ratio		63%
Dividend Yield (based on the share price at year-end)		2.82%
Net Debt (Current and non-current debt - Cash and cash equivalents - Marketable securities)	CHF	6.5 billion

For the year under review, the board proposes to further increase the dividend to CHF 2.60 per share from CHF 2.45 last year. The total payout corresponds to approx. 63% of the consolidated net income. Upon approval of this proposal, the dividend will be paid as of 5 March 2015. The last trading day with entitlement to receive dividend is 2 March 2015.

The proposed dividend being covered by the consolidated net income and consolidated free cash flow, Ethos, in accordance with its voting guidelines, recommends to vote FOR.

4.	Reduce share capital via cancellation of shares	FOR
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The board of directors proposes to reduce the company's share capital by CHF 14'600'000 via the cancellation of 29'200'000 shares with a nominal value of CHF 0.50. This corresponds to a 1.1% reduction of the issued share capital. The new share capital shall amount to CHF 1'338'496'500 divided into 2'676'993'000 registered shares with a nominal value of CHF 0.50. The shares were repurchased on a seconding trading line on the SIX Swiss Exchange.

The proposal is in connection with the sixth tranche of the CHF 10 billion buyback programme approved by the 2008 AGM. Ethos, in accordance with its voting guidelines, recommends to vote FOR.

5.	Amend articles of association: Implementation of the Minder ordinance	OPPOSE
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In view of the entry into force of the Minder ordinance on 1 January 2014, the board proposes an extensive revision of the company's articles of association.

Ethos regrets that the board proposes a single vote for the entire revision of the articles of association ignoring the legal principle of "unity of content". The main amendments are the following:

A) General Adaptations to the Minder Ordinance

Currently, the company's articles of association are not in line with the new regulation and several articles need to be adapted. In particular, the following provisions will be added:

- Article 17: The new powers of the general meeting of shareholders (election of the chairman of the board, the members of the remuneration committee and the independent proxy, as well as approval of the remuneration of the members of the board of directors and the executive management).
- Article 20: The new term of office of the members of the board of directors (1 year).
- Article 24: The new duties of the board of directors (preparation of the remuneration report).
- Article 14: The representation of shareholders at the general meetings either by another registered shareholder holding a written proxy or by the independent proxy. Article 14 also gives the possibility to shareholders to give instructions electronically to the independent proxy (remote vote).
- Article 27: This new article regulates the organisation and powers of the remuneration committee that is elected by the AGM. It is important to note that the remuneration committee is not entitled to decide on the remuneration amounts but makes recommendation for approval to the whole board.

B) Provisions Related to Remuneration

The board proposes to add several articles to the articles of association in order to introduce the provisions related to remuneration required by the Minder ordinance. In particular, the new provisions regulate the following matters:

Modalities for Remuneration Votes

- Article 29: The board proposes that the votes on remuneration, that will be submitted to shareholders at the 2015 AGM and onward, will be forward-looking (prospective votes). Shareholders will therefore vote prospectively on the maximum aggregate amount to be paid to the board of directors from one AGM to the next. For the executive committee, the proposed amount of remuneration (fixed and variable) covers the next fiscal year (the 2015 AGM approves the remuneration budget for the 2016 financial year).
- Ethos considers that a prospective vote on variable remuneration that is based on commercially sensitive information is not in the spirit of the Swiss constitution. Furthermore, the project of revision of Swiss company law that is currently in consultation forbids prospective votes on variable remuneration. Ethos therefore cannot approve Novartis' proposal to implement ex-ante votes on the variable remuneration of the executive management. In fact, in order to approve maximum potential amounts, Ethos would require extensive transparency with regard to the pay-for-performance connection (i.e. the disclosure of precise performance targets and the corresponding variable remuneration), which companies are not willing to disclose in advance. As illustrated by the agenda of the 2015 AGM (see ITEM 6.2), the company will not communicate any performance targets triggering the payment of the total remuneration budget.

Type of Remuneration for the Governing Bodies

- Article 31: The proposed amendment mentions the type of remuneration that the members of the board of directors and the executive committee will receive. The members of the board will receive a fixed remuneration in cash and shares. The value of the shares cannot exceed the remuneration in cash. The members of the executive management will receive a fixed remuneration in cash, an annual bonus in cash and shares, as well as a long-term incentive plan in shares.
- Article 32: The proposed article states that the payment of annual bonuses will depend on the achievement of financial performance targets, as well as personal targets. The article mentions that the variable remuneration is capped but does not mention the effective level of that cap. Ethos regrets the absence of such information in the articles of association. The projet of revision of the Swiss company law foresees Articles of association of listed companies must include such a quantitative cap.

Reserve for New Hires

- Article 30: In case of new hires subsequent to the approval by the AGM of the remuneration package, article 30 authorises the company to pay up to 40% of the aggregate amount of remuneration of the executive committee last approved by the AGM.
- Based on the CHF 84 million total remuneration requested at this AGM for the executive committee (see item 6.2), the company would be allowed to pay up to CHF 36 million of additionnal remuneration to new joiners (between two AGMs). The additionnal remuneration amount is not pro-rata temporis. Ethos prefers that individual limits are set to avoid that a single large payment is made to a new joiner.

C) Further Provisions

In line with art. 12 of the Minder ordinance, the following additional matters must be regulated in the company's articles of association:

Notice Period and Employment Contracts

- Article 33: The proposed article is in line with the Minder ordinance, which prohibits employment contracts and notice periods longer than 1 year. However, under article 33 para 2 of the articles of association, the contracts of the members of the executive management may contain a non-compete clause of up to 12 months against a total annual remuneration (base salary and annual incentive last paid to the member of the executive committee).
- Ethos regrets the possibility to include such a clause in the executive contract as it allows Novartis to pay up to two years' remuneration upon resignation of an executive which can be seen as a "disguised golden parachute".

Activities Outside the Group

- Article 34: Under the proposed article, the members of the board of directors and the executive committee can have up to 10 mandates in the governing bodies of other listed companies of which 4 mandates in listed legal entities. Ethos welcomes that Novartis will consider a chairmanship of a listed company as two mandates. All mandates have to be approved by the board of Novartis.
- For the members of the management, article 34 allows up to 6 additional mandates of which 2 in listed companies. Members of the executive management of Novartis are not allowed to hold any chairmanship in a listed company. Ethos considers that two mandates in listed companies for the member of the executive committee is excessive.

Credit and Loans

- Article 35 stipulates that no loans or credits shall be granted to the members of the board or the executive committee which Ethos welcomes.

In view of the above concerns, in particular the prospective vote on the variable remuneration of the executive management, Ethos recommends to OPPOSE (points 7.4.a, 7.4.b, 7.4.j, 7.4.k, 7.4.m of Ethos' guidelines).

6. Votes on the remuneration of the board of directors and the executive management

6.1 Binding prospective vote on the remuneration of the Board from 2015 AGM to 2016 AGM FOR

The board of directors requests shareholder approval of the total maximum remuneration to be paid to the board of directors for the period from the 2015 to the 2016 AGM (prospective vote).

A) Board Proposal

The board requests a maximum total amount of CHF 7'745'000 for the 11 members of the board (including the chairman). In the meeting agenda, the amount is broken down as follows:

Joerg Reinhardt, chairman of the board	CHF	3'805'000
10 other board members	CHF	3'940'000
Total	CHF	7'745'000

In 2014, CHF 8.7 million were paid to the board members (including leavers) or CHF 8.23 million for the 11 members who acted throughout 2014. The requested amount is therefore below the 2014 total remuneration. The chairman's remuneration in 2014 was CHF 3.95 million. The proposed remuneration therefore represents a 4% decrease. The average remuneration of the other board members is CHF 394'000 per year.

B) Comparison to Company Peers

Median remuneration of chairmen of peer companies in 2013 (SMI companies)	CHF	1'199'934
Median remuneration of other board members of peer companies in 2013 (SMI companies)	CHF	330'000

The potential remuneration of the chairman is 331% higher than the median of the peer group (18% higher than the peer group for the other board members).

Ethos assessment

Ethos considers that the remuneration of the board chairman remains high when compared to the other chairmen of international pharmas included in Novartis' peer group and chairmen of SMI companies. However, Ethos notes that the comparison with non Swiss companies is difficult for such a position. In fact, among the 12 companies included in Novartis' peer group, 6 have combined functions of chairman and CEO. Compared to the other companies where the functions are split, the chairman's role can be very different. Therefore, Ethos considers that it is more adequate to compare Mr. Reinhardt's remuneration with the remuneration of other chairmen of large Swiss listed companies (see above figure).

With regards to SMI chairmen, Mr. Reinhardt's remuneration of CHF 3.8 million is above the median. Novartis mentions in its remuneration report that it compares the remuneration of its chairman to the remuneration of the chairmen of ABB, Credit Suisse, Holcim, Nestlé, Roche, Syngenta and UBS. Based on Ethos' data, the median remuneration of the chairmen of this peer group is CHF 3.4 million. Ethos considers that his remuneration has to be analysed in light of his workload and commitment to Novartis. Ethos therefore regrets that Novartis has not disclosed whether Mr. Reinhardt is a full time chairman. When asked, Novartis informed Ethos that Dr. Reinhardt's time commitment is between 50% and 100%. Novartis considers him as an independent non-executive chairman. Ethos considers that Novartis should disclose more information in this respect in order to allow assessment of the appropriateness of this remuneration level.

Regarding the other board members, Ethos observes that their remuneration is largely above the remuneration paid to the board members of other international companies. However, Ethos considers it more relevant to compare the remuneration of board members of a Swiss listed company to that of other Swiss peers. In fact, the role of board members in Swiss companies includes both strategic guidance to the management and supervisory functions which is not always the case in other countries. Compared to other SMI companies, the proposed remuneration of non-executive board members remains above the median. However, when looking at the market capitalisation of Novartis (CHF 250 billion at year-end 2014), the responsibilities of board members and their involvement in the company, the proposed fee structure is acceptable.

C) Ethos' Recommendation

While the remuneration level of the board chairman remains high compared to other non-executive chairmen of international pharma companies included in Novartis' peer group, Ethos believes that the remuneration of Mr. Reinhardt is in line with his time commitment and specific roles. Regarding the fees of the other board members, Ethos also considers them to be high. They however reflect the increasing responsibilities of board members of Swiss listed companies, in particular of the size of Novartis (among the top 20 world largest companies) and the need to attract highly qualified non-executive directors. As mentioned under section 4.1 of this analysis, the total remuneration of the board members has significantly decreased since 2011 which was the first full year of Mr. Vasella as non-executive chairman. The total remuneration envelope of the board has decreased from CHF 20 million in 2011 to CHF 7.75 million for the year 2015/16. Ethos, in accordance with its voting guidelines, recommends to vote FOR.

6.2	Binding prospective vote on the total remuneration of the executive management for the financial year 2016	OPPOSE
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The board of directors requests shareholder approval of the total maximum remuneration to be paid to the executive management for the 2016 financial year (prospective vote).

A) Board Proposal

The board requests a maximum amount of CHF 84'000'000 to be paid to the 9 members of the executive management (including the CEO). In the meeting agenda, the amount is broken down as follows:

Base salaries	CHF	9'500'000
Maximum Short-term incentive*	CHF	23'000'000
Maximum Long-term incentive (assuming constant share price at vesting in 2019)**	CHF	46'000'000
Pension contributions and other benefits	CHF	5'500'000
Total	CHF	84'000'000

* The amount requested for the short-term incentive corresponds to the maximum that can be paid out in early 2017 in case of overachievement of targets in relation to the performance during the 2016 financial year.

** The amount requested for the long-term incentive corresponds to the maximum that can be granted in the 2016 financial year for the performance period 2016-2018 that will vest in early 2019 with vesting level of 200%. Ethos notes that this amount does not include the share price appreciation factor. This means that upon vesting in 2019, the amount received can be higher in case of increase in Novartis' share price.

B) Ethos' Appraisal of the Requested Amount

B.1) Base salaries (CHF 9.5 million)

The proposed amount for the base salaries covers 9 members of the executive management. In 2014, the executive management included 11 members. CHF 8.8 million were paid to the same 9 members of the executive management as base salaries. According to the breakdown provided by the company, the requested amount therefore allows for a 8% increase in the base salaries of the executive management. The potential increase is not explained in the meeting agenda.

According to Novartis' data, the median of the 2014 base salaries of the CEO of 12 international pharma companies was CHF 1'592'000 (exchange rates on 31.12.2014).

With a 2014 base salary of CHF 2 million, Novartis CEO's base salary ranks second in the peer group and is 29% higher than the median. Following the Swiss National Bank's decision to remove the EUR/CHF floor, the spread compared to the median has further increased.

B.2) Other fixed remuneration (CHF 5.5 million)

Ethos notes that the requested amount is significantly higher than the amount paid in the past 9 years (maximum amount over the period of CHF 4.4 million and an average of CHF 2.66 million). CHF 3 million of this amount is estimated for benefits such as housing and children's school fees. Novartis does not provide further details regarding the difference between the requested amount and the historical effective amount.

B.3) Variable remuneration (maximum annual incentive of CHF 23 million and long term incentive plan of CHF 46 million)

Novartis mentions in the meeting agenda that the target amount of the annual incentive for the 9 members of the executive management is CHF 11.5 million (if 100% of undisclosed targets is reached) and that the maximum potential amount of CHF 23 million is paid only upon achieving 200% of the targets. As stipulated in the meeting agenda, 50% of the annual incentive is paid in Novartis shares restricted for 3 years (meaning that the beneficiary will receive the shares only if he is still employed by the company 3 years after grant).

Regarding the targets, Novartis mentions that the performance measurement is based on a payout matrix made up of individual balanced scorecard (including financial targets) and achievements regarding the Novartis Values and Behaviors principles.

For the long term incentive plan, the targeted amount to be granted in conditional shares (upon reaching 100% of the targets) is CHF 23 million while the maximum amount (without share price appreciation at the end of the three year performance period) is CHF 46 million. The vesting of the shares will depend on Novartis' performance between 2016 and 2018. The performance criteria is the Novartis Group Cash Value Added, divisional long term innovation milestones and Novartis' relative total shareholder return (TSR) compared to 12 healthcare companies. Depending on the performance, the final number of shares to vest in three years can vary between 0% and 200%. The CHF 46 million requested shall be not sufficient in case of a 200% leverage level achievement coupled with the share price appreciation. Novartis does not intend to hold an additional vote if the amount is not sufficient.

Novartis does not provide the amount reserved for the company CEO but only provides general figures. Based on the 2014 remuneration report, the company CEO's targeted variable remuneration was 450% of his base salary and could reach 900% in case of overachievement. Therefore, based on the 2014 base salary of the company CEO, Ethos estimates that a maximum amount of approximately CHF 20 million is reserved for Mr. Jimenez.

B.4) Total remuneration

Based on Novartis information, the targeted total remuneration of the company CEO is CHF 11.3 million while the median targeted remuneration of the other CEO of Novartis' peers is CHF 14 million. Ethos also notes that Novartis' remuneration structure is among the best in the peer group as the entire long term awards have performance conditions which is not the case in other companies where part of the long term award are only "time-vesting" awards.

B.5) Ethos assessment

- Ethos considers that the remuneration structure is adequate as most of the variable remuneration is deferred and subject to the achievement of pre-defined targets (not disclosed).
- The 2014 level of base salary of the company CEO (approx. CHF 2 million) significantly exceeds the median of the peer group of international pharmaceuticals companies. However, the targeted total remuneration (including on-target variable remuneration) stands below the median of Novartis' international peer group. There is no information on the maximum variable remuneration of the CEO of the peer group.
- The company requests a potential variable remuneration of CHF 69 million for 9 persons without disclosing a range of performance targets for attribution.
- The requested total variable remuneration represents 726% of the total requested base salaries. Ethos' limit for variable remuneration is 300% of the base salary for outstanding achievements.
- While Ethos commends the company's transparency regarding the 2014 remuneration report (see ITEM 6.3), it considers that the level of transparency provided to shareholders to prospectively approve the 2016 variable remuneration is insufficient. Ethos therefore clearly favors a retrospective vote on variable remuneration which allows companies to better explain the pay for performance connections.

C) Ethos' Recommendation

While Ethos considers that Novartis has made significant progress in terms of transparency and remuneration structure, it considers that the total maximum potential variable remuneration requested for the executive management is too high. A retrospective vote of the variable remuneration would be more adequate to allow shareholders to assess the effective variable remuneration payment against performance achievements. As mentioned above, the remuneration structure is not in line with Ethos' guidelines. In particular, the maximal potential variable remuneration is far above Ethos' limit of 300%. Therefore, Ethos, in accordance with point 4.5.c of its voting guidelines, recommends to OPPOSE.

6.3

Advisory vote on the 2014 remuneration report

OPPOSE

The board of directors requests an advisory vote on the remuneration report included in the annual report. While the vote is not binding, it allows shareholders to send a message to the board that could help shape executive remuneration. The remuneration report describes the remuneration policy and discloses the remuneration paid to both non-executive board members and members of the executive board. Section 4 of this report includes the description and detailed figures of the 2014 remuneration of the board of directors and of the members of the executive management of the company.

A) Ethos' Appraisal of the Remuneration System

B.1) Disclosure

Positive features

- The company discloses the precise performance conditions for the annual bonus, as well as the target and maximum bonus as a percentage of the base salary. In addition, the level of bonus paid with regard to the performance achieved during the year under review is clearly explained in the remuneration report. Ethos welcomes the improvements made by Novartis in the 2014 remuneration report.
- For the long-term incentive plan, Novartis explains in detail the vesting level of the 2012-2014 plan that vested in 2014.
- Novartis discloses the individual remuneration of the 9 members of the executive management which exceeds the requirement of the Swiss company law.

Concerns

- While Novartis is very transparent with regard to the targets and achievements of the company CEO, Novartis provides little information regarding the 9 other members of the management.

B.2) Remuneration Structure: Board Members

During the year under review, the chairman of the board, Mr. Reinhardt, received CHF 3'957'844 (not comparable to 2013 as he joined the board in August) of which 50% is taken in unrestricted shares, while the other members of the board received on average CHF 427'270 (-26.2%) of which 50% in company shares. The chairman's remuneration is 9.3 times the average remuneration of the other members of the board.

Positive features

- The non-executive directors do not receive any performance-related remuneration or options, which is compliant with best practice.
- Part of their remuneration is paid in shares, which helps to align the interests of the board members with those of the shareholders.

Concerns

- As mentioned under item 6.1 of this AGM, Ethos considers that the level of remuneration of the board members is high compared to peers.
- Shares granted to the board chairman are unrestricted. This is surprising since the goal of granting shares is to align the interests of the beneficiary with the interests of the shareholders. However, Novartis' chairman is required to hold 30'000 Novartis shares (CHF 2.7 million). Ethos considers that the shareholding requirement should represent an aggregate value equivalent to one-year remuneration which is not the case at Novartis.

B.3) Remuneration Structure: Executive Management

Members of the executive management, including the CEO, have a base salary and can receive variable remuneration under 3 incentive plans, which are described in detail under section 4.4 of this report. For the year under review, the company CEO, Mr. Jimenez, received a total remuneration of CHF 12'648'490 (-4.4%), of which 81% is variable. His total variable remuneration at grant represents 4.95 times his base salary. The other members of the management received on average CHF 4'360'671 (-15.4%), of which 73% is variable. Their total variable remuneration at grant represents 3.82 times their average base salary.

Positive features

- For the first time in 2014, the remuneration was awarded based on the new remuneration structure that entered into force as of 1 January 2014. However, the vesting of the awards made in 2012 that vested at year-end 2014 is still part of the old long term incentive plan. The first final grant under the new long term incentive plan is due to vest for the first time at year-end 2016.
- Novartis has provided extensive information to demonstrate the pay for performance connections. For the financial year 2014, the board of Novartis has considered that targets were exceeded. This resulted in an effective short term variable remuneration for the company CEO of 138% of the targeted remuneration.
- Based on Ethos performance assessment model, Novartis performance in 2014 was above the median of the peer group (pharmaceutical companies including in the MSCI World Index and SPI Index). Granting an "above-target" bonus is therefore acceptable (Ethos performance assessment model evaluates the relative performance of the company against company active in the same industry on three dimensions: delta EBITDA/sales, relative TSR and relative ratio of ROIC / WACC).

Concerns

- Ethos' 2015 voting guidelines recommend that, in principle, the total variable remuneration (including short-term and long-term incentives) should not exceed 3 times the base salary for the CEO and 2 times the base salary for the other members of the executive management. At Novartis, the total variable remuneration 2014 (including the 2014 STI of CHF 4 million and target grant on the long-term plan 2014-2016), was CHF 10.2 million for the CEO, representing 4.95 times his base salary (3.82 times for the other members of management).

C) Ethos' Recommendation

In view of the above concerns, Ethos, in accordance with point 4.1.b of its voting guidelines, recommends to OPPOSE.

7. Elections to the board of directors

The board of directors proposes to re-elect 10 of its 11 members for a one-year term and to newly appoint Dr. Nancy C. Andrews to serve for a 1-year term. Prof. h.c. Dr. rer. pol. Ulrich Lehner is not standing for re-election at this AGM.

Main features of board composition after the AGM (for more details, see section 5 of this report)

Board size	11
Combination of the functions of Chairman and CEO	No
% independent directors	63.6 %
% executive directors	0.0 %
% women directors	27.3 %
Average age of directors	60.4
Average board tenure	5.6

Novartis considers all its board members as independent in accordance with the company's own criteria and the criteria set by the NYSE for foreign issuers. However, based on Ethos' voting guidelines, Ethos cannot consider as independent Mr. Reinhardt (former executive of the company), Prof. Dr. oec. Datar (on the board for more than 12 years), Dr. Sawyer (due to business relations) and Mr. Landolt (important shareholder via Emasan and on the board for more than 12 years). However, since more than 50% of the board members are independent, the composition of the board is in line with Ethos voting guidelines.

In 2014, the board met 8 times with a high attendance rate. Only Mr. Lehner, who does not stand for re-election this year, did not attend 100% of the board and committee meetings.

In terms of diversity, Novartis is among the leading Swiss companies with a ratio of 27.3% of female directors (upon approval of the election of Ms Nancy Andrews).

7.1	Re-elect Dr. Jörg Reinhardt as board chairman	FOR
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The board proposes to re-elect Dr. Jörg Reinhardt (German, 58) for a further 1-year term. Dr. Reinhardt has been board member since 2013 and is considered affiliated by Ethos due to his position as full time chairman and his remuneration of CHF 3.8 million. Ethos notes that Dr. Reinhardt is a former executive of Novartis. Dr. Reinhardt joined Sandoz in 1982 and, following the merger that created Novartis in 1996, became head of preclinical development and project management at Novartis. In 2008, he became COO of Novartis until January 2010.

Novartis proposes a single vote for the election of Dr. Reinhardt as board member and chairman of the board. Ethos generally prefers two separate votes. Ethos has no reserves regarding this reelection and, in accordance with its voting guidelines, recommends to vote FOR.

7.2	Re-elect Dr. Dimitri Azar	FOR
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The board proposes to re-elect Dr. Dimitri Azar (US Citizen, 55) for a further 1-year term. He has been board member since 2012 and is currently member of the audit committee and of the research & development committee. He is considered independent. Dr. Azar is the Dean of the College of Medicine of the University of Illinois at Chicago (USA) specialised in ophthalmologic surgery.

Ethos, in accordance with its voting guidelines, recommends to vote FOR.

7.3	Re-elect Prof. Dr. Verena Briner	FOR
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The board proposes to re-elect Prof. Dr. Verena Briner (Swiss, 64) for a further 1-year term. She has been board member since 2013 and is currently member of the risk committee. She is considered independent.

She is currently Chief Medical Officer and Head of Department at the Lucerne Cantonal Hospital. Novartis has not disclosed and Ethos is not aware of potential business connections between Novartis and the Lucerne Hospital that might impair Dr. Briner's independence. Ethos, in accordance with its voting guidelines, recommends to vote FOR.

7.4	Re-elect Prof. Dr. oec. Srikant Datar	FOR
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The board proposes to re-elect Prof. Dr. oec. Srikant Datar (US Citizen, 62) for a further 1-year term. He has been board member since 2003 and is currently member of the audit committee (chairman) the compensation committee and the risk committee. Dr. Datar is a chartered accountant and is considered as financial expert for the audit committee.

Ethos notes that Dr. Datar is board member of 3 other listed companies (T-Mobile (USA), Stryker Corporation (USA) and ICF International (USA)). Dr. Datar is considered affiliated as he has been sitting on the board for more than 12 years. Since the board consists of more than 50% independent directors and that Dr. Datar attended 100% of the board and committee meetings, Ethos, in accordance with its voting guidelines, recommends to vote FOR.

7.5	Re-elect Ms. Ann M. Fudge	FOR
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The board proposes to re-elect Ms. Ann M. Fudge (US Citizen, 64) for a further 1-year term. She has been board member since 2008 and is currently member of the corporate governance and nomination committee, the compensation committee and the risk committee. She is considered independent.

Ethos, in accordance with its voting guidelines, recommends to vote FOR.

7.6	Re-elect Mr. Pierre Landolt	FOR
<p>The board proposes to re-elect Mr. Pierre Landolt (Swiss, 68) for a further 1-year term. He has been board member since 1996 and is currently member of the corporate governance and nomination committee (chairman). He is considered affiliated as he has been sitting on the board for more than 12 years as representative of Emasan, that holds a 3.3% stake in Novartis. He is also board member of several companies in which he has direct interests (see board of directors report).</p> <p>Since the board consists of more than 50% independent directors, Ethos, in accordance with its voting guidelines, recommends to vote FOR.</p>		
7.7	Re-elect Dr. iur. Andreas von Planta	FOR
<p>The board proposes to re-elect Dr. iur. Andreas von Planta (Swiss, 60) for a further 1-year term. He has been board member since 2006 and is currently member of the audit committee, the corporate governance and nomination committee and the risk committee (chairman). He is considered independent.</p> <p>Dr. von Planta is board member of Helvetia. He holds several other mandates in non listed companies. Dr. von Planta attended 100% of the board and committee meetings. Ethos, in accordance with its voting guidelines, recommends to vote FOR.</p>		
7.8	Re-elect Prof. Dr. Charles L. Sawyers	FOR
<p>The board proposes to re-elect Prof. Dr. Charles L. Sawyers (US Citizen, 56) for a further 1-year term. He has been board member since 2013 and is currently member of the research and development committee.</p> <p>Novartis mentions that Dr. Sawyers co-developed Novartis' cancer drug (Glivec). Dr. Sawyers is Charman of the Sloan Kettering Memorial Cancer Center (USA), where Novartis has a licensing agreement to develop a new monoclonal antibody series that Novartis will be able to develop for all indications. In exchange, Novartis paid an up-front amount and will make potential payments in the future upon achievement of development, regulatory and sales milestones as well as annual net sales royalty payments to the Center. For all these reasons, Ethos cannot consider Dr. Sawyers as independent.</p> <p>Since the board consists of more than 50% independent directors, Ethos, in accordance with its voting guidelines, recommends to vote FOR.</p>		
7.9	Re-elect Dr. Enrico Vanni	FOR
<p>The board proposes to re-elect Dr. Enrico Vanni (Swiss, 64) for a further 1-year term. He has been board member since 2011 and is currently member of the audit committee, the compensation committee (chairman) and of the research and development committee. He is considered independent.</p> <p>Ethos, in accordance with its voting guidelines, recommends to vote FOR.</p>		
7.10	Re-elect Mr. William Winters	FOR
<p>The board proposes to re-elect Mr. William Winters (British, 54) for a further 1-year term. He has been board member since 2013 and is candidate to the compensation committee. He is considered independent. Mr. Winters is CEO and Chairman of Renshaw Bay, London, an alternative asset management and advisory company founded in partnership with Mr. Johann Rupert's Reinet Investment and Lord Jacob Rothschild's RIT Capital Partners.</p> <p>Mr. Winters is former co-CEO of JP Morgan Investment Bank. Ethos notes that, based on Bloomberg data, JP Morgan Investment Bank was not one of the 5 top advisors of Novartis for M&A activities and last advised Novartis in 2008. Ethos, in accordance with its voting guidelines, recommends to vote FOR.</p>		

7.11 Elect Dr. Nancy C. Andrews FOR

The board proposes to newly appoint Dr. Nancy C. Andrews (US Citizen, 57) for a 1-year term. Dr. Andrews holds a medical degree from Harvard Medical School and a Ph.D. in biology from the Massachusetts Institute of Technology. She is currently Dean of the School of Medicine at Duke University. Dr. Andrews is member of the Council of the Institute of Medicine of the National Academies (USA), as well as member of the American Academy of Arts and Sciences. She is considered independent.

Ethos, in accordance with its voting guidelines, recommends to vote FOR.

8. Elections to the compensation committee

The board of directors proposes to re-elect 3 of the 4 members of the compensation committee to serve for a one-year term and to newly appoint Mr. William Winters for a 1-year term. Prof. h.c. Dr. rer. pol. Ulrich Lehner is not standing for re-election as he is leaving the board of directors at this AGM. The board of directors intends to designate again Dr. Enrico Vanni as Chairman of the compensation committee, subject to his re-election as a member.

8.1 Re-elect Prof. Dr. oec. Srikant Datar to the compensation committee FOR

The board proposes to re-elect Prof. Dr. oec. Srikant Datar to the compensation committee for a 1-year term. Dr. Datar brings valuable financial expertise to the compensation committee. He is considered affiliated, but, since the committee consists of more than 50% independent directors, Ethos, in accordance with its voting guidelines, recommends to vote FOR.

8.2 Re-elect Ms. Ann M. Fudge to the compensation committee FOR

The board proposes to re-elect Ms. Ann M. Fudge to the compensation committee for a 1-year term. Ethos has no special concerns regarding Ms. Fudge's membership of the compensation committee. She is independent and brings leadership and marketing experience as former chairwoman of a global marketing communications company.

Ethos, in accordance with its voting guidelines, recommends to vote FOR.

8.3 Re-elect Dr. Enrico Vanni to the compensation committee FOR

The board proposes to elect Dr. Enrico Vanni to the compensation committee for a 1-year term. Dr. Vanni brings his great experience as senior consultant at McKinsey specialising in the pharma industry. Dr. Vanni is independent.

Ethos, in accordance with its voting guidelines, recommends to vote FOR.

8.4 Elect Mr. William Winters to the compensation committee FOR

The board proposes to elect Mr. William Winters to the compensation committee for a 1-year term. Ethos has no special concerns regarding Mr. Winters' presence in the compensation committee. He is independent and has a broad experience in finance as Chairman/CEO of Renshaw Bay and former co-CEO of JPMorgan Investment Bank.

Ethos, in accordance with its voting guidelines, recommends to vote FOR.

9. Re-election of the auditors FOR

The board of directors recommends that shareholders ratify the re-appointment of PricewaterhouseCoopers as the company's external auditors for a further 1-year term.

Audit versus non-audit fees

Non-audit fees / Audit fees (2014) 7.7 %

Non-audit fees / Audit fees (3-year aggregate) 8.8 %

Ethos, in accordance with its voting guidelines, recommends to vote FOR.

10.	Re-election of the independent proxy	FOR
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The Minder ordinance, which entered into force on 1 January 2014, requires that the independent proxy be elected by the shareholders. The board of directors therefore proposes the appointment of lic. iur. Peter Andreas Zahn as independent proxy for a 1-year term.

Ethos is not aware of any potential conflict of interests and, in accordance with its voting guidelines, recommends to vote FOR.

	Transact any other business	OPPOSE
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Ethos recommends to oppose any unannounced additional proposals made during the AGM either by the board or by a shareholder. The formal meeting agenda does not include this proposal which is only included in the proxy card with no precise item number. Ethos, in accordance with point 9.1 of its voting guidelines, recommends to OPPOSE.

3. Company Information

Before the General Meeting of 27 February 2015

3.1 General Information

Headquarters	Basel (BS), Switzerland
Activities	<p>Novartis is one of the world's largest pharmaceutical companies active in research and development as well as marketing of products. Novartis offers its products and services through its three divisions: Pharmaceuticals (61 % of the 2014 group's net sales on continuing operations), Alcon (21 %) and Sandoz (18%). Furthermore, Novartis holds a 33.3% stake in Roche, representing a market value of USD 14.4 billion at the end of 2014.</p> <p>In 2014, Novartis announced agreements with GlaxoSmithKline plc, Eli Lilly and Company and CSL Limited on a set of transactions intended to transform the portfolio of businesses. The aim of these transactions is to strengthen the three divisions of Novartis: pharmaceuticals, eye care and generics. In particular, the oncology business is enhanced.</p>
Employees	<p>Total number on 31.12.2014: 133413 of whom 15177 in Switzerland</p>
Chairman	Dr. Jörg Reinhardt (since 2013), German, aged 59
CEO	Joseph Jimenez (since 2010), US Citizen, aged 55
Listing	<p>SIX Swiss Exchange (Virt-X) New York Stock Exchange (ADS)</p>

3.2 Capital

Structure	In CHF	Number	Nominal Value	Capital
Registered shares		2'706'193'000	0.50	1'353'096'500
Total Capital				1'353'096'500

The company has no authorised or conditional capital. A capital reduction of CHF 14'600'000 is proposed under ITEM 5.

Conditions to file a shareholder resolution	Date	31.12.2014	In CHF	Nominal value required	1'000'000
				Market value required	184'700'000
				% of voting share capital	0.07 %

Restriction on registration of shares or voting rights

Registration with voting rights is limited to 2% for shareholders and shareholder unions. Nominee registration is limited to 0.5%, unless full disclosure of beneficial owners is made. Exceptions may be authorised by the board of directors.

Holder of American Depositary Shares (ADS) may vote by instructing JPMorgan Chase Bank to exercise the voting rights attached to the registered shares underlying the ADS. JPMorgan Chase Bank, as depositary, may exercise the voting rights for deposited shares represented by ADS at its discretion to the extent that the holders of the ADS have not given instructions as to how such underlying shares should be voted.

Important shareholders

On 31 December 2014 (no subsequent announcement on the SIX Swiss Exchange):

Shareholders:

- Capital Group Companies: 4.98% (voting rights limited to 2%)
- Novartis Foundation for Employee Participation: 3.2% with full voting rights
- Emasan AG: 3.3% with full voting rights
- BlackRock (USA): 3.02 % (voting rights limited to 2%)
- Norges Bank (Norway): < 2% with full voting rights

Nominees:

- JPMorgan Chase Bank (USA): 9.1%
- The Bank of New York Mellon (USA): 4.6%, through its nominees Mellon Bank, USA (2.6%) and The Bank of New York Mellon Brussels, Belgium (2.0%)
- Nortrust Nominees (UK): 3.2%

ADS Depositary:

- JPMorgan Chase Bank (USA): 11.4% as depositary of ADS listed on the NYSE

Unregistered shares (with no voting rights): 29.82% (including 5.7% held by Novartis as treasury shares)

3.3 Financials and Key Figures

Year end 31. December
Reporting standard IFRS

		2014	2013	2012
Sales	USD	58.00 billion	57.92 billion	56.67 billion
EBIT	USD	10.74 billion	10.91 billion	11.19 billion
Net income attributable to shareholders (without minority interests)	USD	10.21 billion	9.18 billion	9.27 billion
Shareholders' equity	USD	70.77 billion	74.34 billion	69.14 billion
Market capitalisation at year-end	CHF	249.92 billion	192.68 billion	155.47 billion
Earnings per registered share (basic)	USD	4.21	3.76	3.83
Dividend per registered share	CHF	2.60	2.45	2.30
Payout ratio (on group net income)		63.00 %	70.31 %	64.08 %
Market value per registered share at year end	CHF	92.35	71.20	57.45

Comments The payout ratio is given as reported in the annual report 2014. The above figures include the discontinuing operations (vaccines and animal health) representing sales of USD 5.8 billion. The operating loss from discontinuing operations amounts to USD 353 million in 2014.

3.4 External Auditor

Auditor PricewaterhouseCoopers, since 1996

Fees	In USD	2014	2013	2012
Audit fees		29'700'000	28'590'000	28'960'000
Audit related fees		2'000'000	2'040'000	2'300'000
Non-audit fees		300'000	340'000	690'000
Total		32'000'000	30'970'000	31'950'000

Comments Mr. Bruno Rossi, auditor in charge and Mr. Stephen Johnson, global relationship partner, began serving in their respective roles in 2013 and 2014 respectively.

The audit and compliance committee ensures that the lead auditor changes at least every five years.

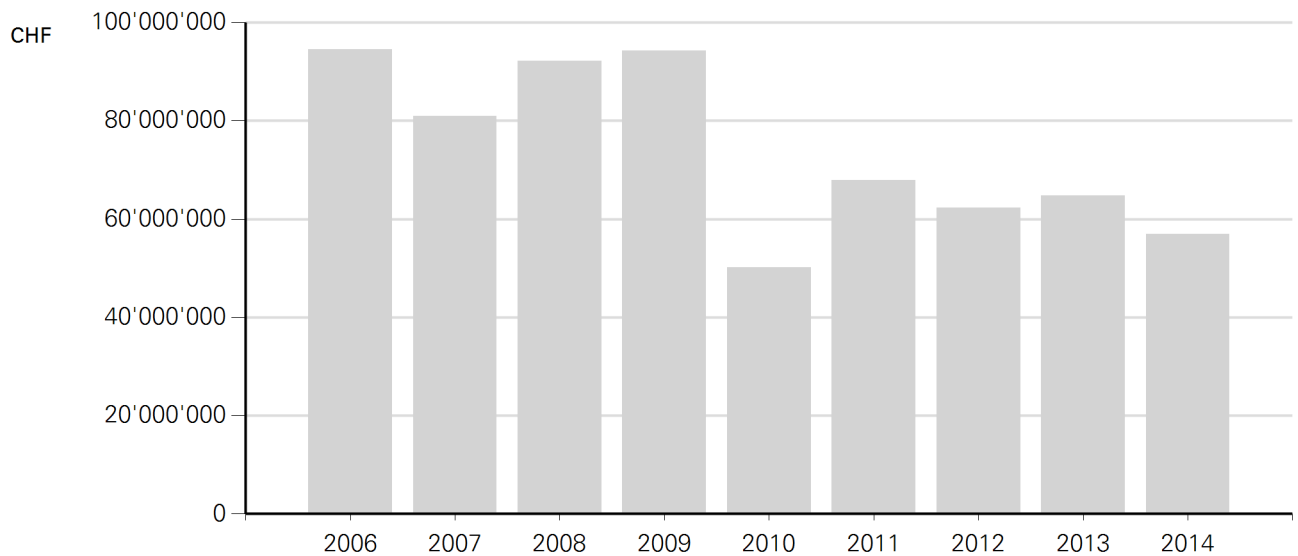
Audit related fees include fees for services such as audits of pension and benefit plans, contractual audits of third-party arrangements, assurance services on corporate responsibility reporting and compliance with corporate integrity agreements.

Of the non-audit fees, USD 200'000 was paid for tax services and USD 100'000 for other services (training in the finance area, benchmarking studies, and license fees for use of accounting and other reporting guidance databases).

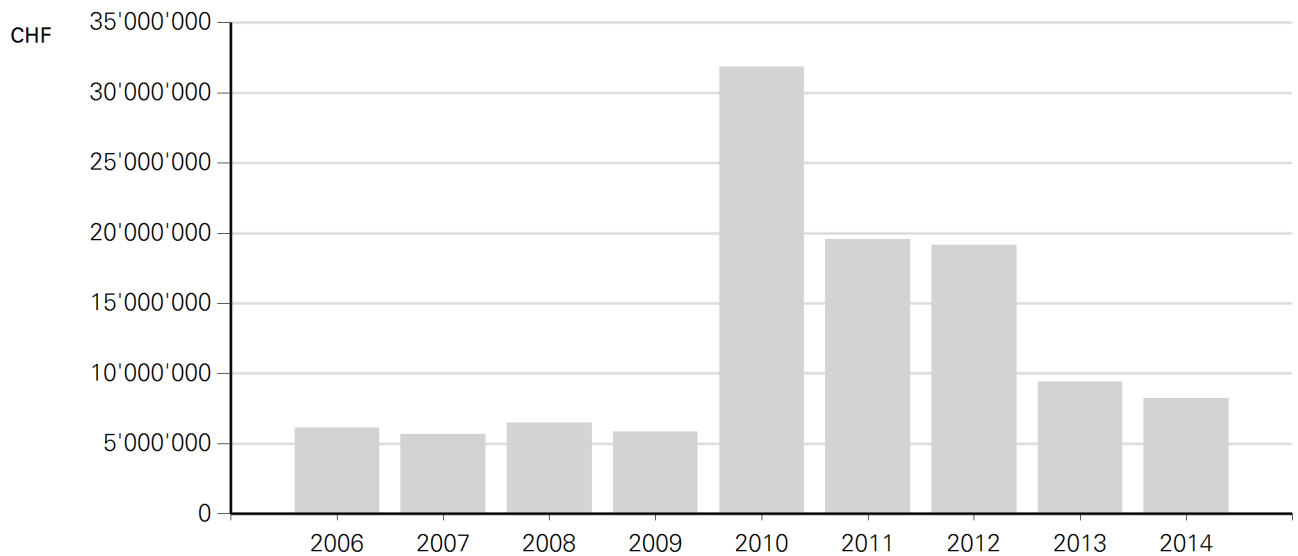
4. Remuneration Report

4.1 Evolution of the Aggregate Remuneration

A Members of the Executive Management



B Board Members (Outside Executive Management)



4.2 Global Remuneration Figures

A Members of the Executive Management

		2014 Number	2014 CHF	2013 Number	2013 CHF	Var.
Total number of persons (FTE)		11.2		11.0		
Cash	Fixed		10'517'896		10'760'277	-2.3%
	Variable		7'781'438		4'506'033	72.7%
Shares	Fixed	0	0	0	0	NA
	Variable	451'414	34'762'302	634'436	47'067'425	-26.2%
Options	Variable	0	0	0	0	NA
Other			3'934'883		2'405'365	63.6%
Total			56'996'519		64'739'100	-12.0%
Highest paid executive			12'648'490		13'226'287	-4.4%
Average other executives			4'360'672		5'152'999	-15.4%

B Board Members (Outside Executive Management)

		2014 Number	2014 CHF	2013 Number	2013 CHF	Var.
Total number of persons (FTE)		11.0		13.4		
Cash	Fixed		3'735'419		4'003'335	-6.7%
	Variable		0		0	NA
Shares	Fixed	NA	4'264'584	80'063	5'022'163	-15.1%
	Variable	0	0	0	0	NA
Options	Variable	0	0	0	0	NA
Other			230'542		400'388	-42.4%
Total			8'230'545		9'425'886	-12.7%
Highest paid non-executive			3'957'844		1'900'814	NA
Average other non-executives			427'270		578'852	-26.2%

Comments

Members of the executive management:

The executive remuneration includes the following elements:

- Base salary
- Short-term incentive plan: half paid in cash and half in shares blocked for 3 years (see point 4.4.B of this report)
- Two long-term incentive plan in the form of performance shares with a 3-year performance period: one based on cash value added and innovation, the other based on relative TSR (see point 4.4.C of this report)
- Pensions
- Other benefits

The highest paid member of the management was Mr. Jimenez (CEO) both in 2013 and 2014.

All shares are valued at their fair market value at date of grant.

Non-executive board members:

The highest paid non-executive in 2014 is the chairman of the board, Dr. Reinhardt. His remuneration is not comparable to his 2013 remuneration since he joined the board of directors in August 2013.

Non-executive board members receive fixed fees for board membership as well as committee chairmanship and membership fees. At least 50% of the fees must be taken in unrestricted shares. As of 2014, the annual board membership fee (excluding committee fees) has been reduced from CHF 350'000 to CHF 300'000. The vice chairman's compensation will remain at the same level. The committee membership was reduced from CHF 50'000 to CHF 30'000.

Starting 2014, the Board fees are reported on a financial year basis (in 2013 fees were reported from AGM to AGM).

4.3 Individual Remuneration Figures

Individual figures for 2014 (CHF)

A Members of the Executive Management

Name, Function	Cash Fixed	Cash Variable	Shares Fixed	Shares Variable	Options Variable	Other	Total
J. Jimenez, CEO	2'060'500	2'009'000	0	8'190'588	0	388'402	12'648'490
H. Kirsch, CFO	829'167	888'250	0	2'673'310	0	180'506	4'571'233
A. Wyss, Group	466'667	0	0	1'920'574	0	117'748	2'504'989
A. Oswald, Divisional	827'500	539'500	0	1'950'578	0	359'081	3'676'659
B. Mc Namara, Divisional	615'244	528'336	0	1'647'416	0	140'951	2'931'947
D. Epstein, Divisional	1'279'707	1'151'737	0	4'607'139	0	567'883	7'606'466
G. Gunn, Divisional	865'000	622'800	0	2'352'929	0	116'542	3'957'271
J. George, Divisional	845'082	598'118	0	2'194'265	0	1'108'479	4'745'944
R. Francis, Divisional	466'667	211'450	0	1'269'321	0	279'058	2'226'496
F. Ehrat, OE	875'000	0	0	3'344'122	0	163'227	4'382'349
M. Fishman, OE	904'936	923'035	0	3'457'042	0	340'896	5'625'909
S. Baert, OE	482'426	309'212	0	1'155'018	0	172'110	2'118'766

B Board Members (Outside Executive Management)

Name, Function	Cash Fixed	Cash Variable	Shares Fixed	Shares Variable	Options Variable	Other	Total
J. Reinhardt, Ch	2'058'334	0	1'741'666	0	0	157'844	3'957'844
U. Lehner, VCh	262'500	0	262'500	0	0	37'851	562'851
E. Vanni, VCh	267'500	0	267'500	0	0	11'173	546'173
D. Azar, Mbr	86'250	0	313'750	0	0	0	400'000
V. Briner, Mbr	166'667	0	166'667	0	0	7'468	340'802
S. Datar, Mbr	260'000	0	260'000	0	0	0	520'000
A. Fudge, Mbr	204'167	0	204'167	0	0	0	408'334
P. Landolt, Mbr	0	0	368'333	0	0	7'031	375'364
C. Sawyers, Mbr	166'667	0	166'667	0	0	0	333'334
A. von Planta, Mbr	234'167	0	234'167	0	0	9'175	477'509
W. Winters, Mbr	29'167	0	279'167	0	0	0	308'334

Comments

- Not included in the remuneration figures, Mr. Francis (who joined the company on 1 May 2014) will receive 41'500 RSU, for an approximate amount of CHF 3.2 million for lost entitlements at his former employer.
- Not included in the remuneration figures, Mr. Brokatzky-Geiger (who left the management on 25 February 2014) received a total compensation of CHF 3'378'360.
- Not included in the remuneration figures, Mr. Buehler (who left the management on 30 April 2014) received a total compensation of CHF 6'141'620.
- The chairman Dr. Reinhardt is receiving a replacement payment totalling EUR 2.6 million to cover lost entitlements at his former employer (not included in the above table). This amount is being paid over the period 2014 to 2016, provided that he remains chairman at Novartis. For financial year 2014, he received a first instalment of EUR 748'000.
- The Sandoz Family Foundation is the economic beneficiary of the compensation received by Pierre Landolt.

4.4 Best Practice Checklist

A Members of the Executive Management

Company practice	Each member's remuneration disclosed separately	Ok
	All pay components disclosed separately (salary, bonus, LTI, pension)	Ok
	Peer group's companies disclosed	Ok
	Accrual principle applied	Ok
	Performance criteria for short-term incentive adequately disclosed	Ok
	% of annual bonus depending on individual criteria disclosed	Ok
	Ex-post explanation of the level of achievement of the performance objectives for the short-term incentive	Ok
	Performance criteria for the vesting of long-term incentive adequately disclosed	Ok
	Precise performance objectives for the vesting of the long-term incentive disclosed	Ok
	Level of vesting of the long-term incentive (in % of the initial grant) disclosed	Ok
	Shares granted valued at fair market value	Ok
	Options granted valued at fair market value	Not relevant

B Board Members (Outside Executive Management)

Company practice	Non-executive directors' fees partly paid in shares	Ok
	Non-executive directors do not receive options	Ok
	Non-executive directors do not receive performance based remuneration	Ok
	Minimum share ownership requirements exist for non-executive board members	Ok
Comments	Non executive board members are required to own at least 4'000 Novartis shares within 3 years after joining the board of directors (30'000 for the chairman).	

4.5 Remuneration Structure (Executives)

A Remuneration Breakdown

Breakdown	Base salary	Short-term incentives	Long-term incentives	Pensions / Other
Of highest paid executive	16.3%	31.8%	48.9%	3.1%
Of other executives	19.1%	30.9%	42.1%	8.0%

B Short-term Incentives

Short-term incentives in % of base salary	On target	Maximum	Actual
Of highest paid executive	150.0%	300.0%	195.0%
Of other executives	NA	NA	161.8%

Performance criteria mentioned:

- Balanced Scorecard: 60% group financial and innovation targets, 40% individual objectives
- Novartis Values and Behaviors

Business performance includes: group net sales, group net income, groupe free cash flow as % of sales, corporate net result and weighted average of division innovation.

Individual performance is based on the following key areas: specific additional financial targets, innovation and growth targets, portfolio review, organization, quality & customer satisfaction and cross-divisional synergies.

Description of the short-term incentive:

The annual bonus is paid half in cash and half in shares restricted for three years. However, the members may elect to receive more shares instead of cash.

The annual bonus is based on a matrix of two elements: the Balanced Scorecard and Novartis Values and Behaviors. The payout may range from 0% to 200%, depending on the grades.

The target incentive of the CEO is 150% of the base salary and may vary from 0% to 300% depending on the achievement of performance measures. For other members of the executive committee, the target incentive ranges from 90% to 120% of the base salary and may vary from 0% to two times the target.

The company fully disclosed in a comprehensive table the 2014 balance scorecard of the CEO as well as his final performance factor (130%).

C Long-term Incentives

Incentive	Plan 1	Plan 2	Plan 3
Type of awards	Performance Shares	Performance Shares	-
Fair value at grant date disclosed	Yes	Yes	-
Vesting period for time-vesting awards	3 years	3 years	-
Performance period	3 years	3 years	-
Sale restriction after performance/vesting period	None	None	-
Absolute performance criteria for vesting	NCVA	No	-
Relative performance criteria for vesting	No	TSR	-
Initial grant for the highest paid (in % of the base salary)	200%	100%	-
Minimum final grant (in % of initial grant)	0%	0%	-
Maximum final grant (in % of initial grant)	200%	200%	-
Maximum payout (valued at date of grant, in % of the base salary)	400%	200%	-

Comments

Plan 1: Long-Term Performance Plan (LTPP)

This plan is the performance share plan under which conditional shares are granted annually and tested against the company's "Cash Value Added" (NCVA) and up to 10 key Innovation Milestones, which weight respectively 75% and 25% of the plan, over a three-year performance cycle. The initial grant is 200% of the base salary for the CEO and ranges from 140% to 190% for other executive committee members. Depending on the performance achieved, between 0% and 200% of the conditional award will be granted at the end of the performance period.

Plan 2: Long-Term Relative Performance Plan (LTRPP)

This plan is the performance share plan under which conditional shares are granted annually and tested against the company's "Total Shareholder Return" (TSR) in comparison with a peer group of 12 disclosed companies in the healthcare industry after a three-year performance period. The initial grant is 100% of the base salary for the CEO and ranges from 30% to 90% for other executive committee members. Depending on the performance achieved, between 0% and 200% of the conditional award will be granted at the end of the performance period.

100% of the awards vest if Novartis' TSR ranks sixth out of the 13 companies included in the peer group and 0% of the awards if Novartis' TSR ranks eleventh or below.

4.6 Remuneration and Financial Performance

A Change in Remuneration 2013-2014

Highest paid executive	-4.4%
Average other executives	-15.4%
Highest paid non-executive	NA
Average other non-executives	-26.2%

B Change in Financial Performance 2013-2014

Sales	0.1%
Operating income	-1.6%
Net income	11.3%
Total shareholder return	33.1%

Comments

The highest paid non-executive last year was already Dr. Reinhardt, Chairman, but he joined the board of directors only in August 2013.

4.7 Share and Option Holdings

A Members of the Executive Management

Name	Function	31.12.2014 Shares	31.12.2014 Options	31.12.2013 Shares	31.12.2013 Options
J. Jimenez	CEO	656'496	157'266	465'007	709'342
H. Kirsch	CFO	122'510	0	68'102	44'569
A. Wyss	Group	94'538	658'313	NA	NA
A. Oswald	Divisional	202'168	0	150'810	0
B. Mc Namara	Divisional	81'727	50'764	39'242	78'973
D. Epstein	Divisional	340'162	0	259'854	0
G. Gunn	Divisional	150'817	0	157'468	94'371
J. George	Divisional	197'877	141'396	127'666	256'375
R. Francis	Divisional	46'282	0	NA	NA
F. Ehrat	OE	143'822	0	52'616	0
M. Fishman	OE	387'547	0	347'359	327'594
S. Baert	OE	41'476	0	NA	NA
Total		2'465'422	1'007'739	1'668'124	1'511'224

B Board Members (Outside Executive Management)

Name	Function	31.12.2014 Shares	31.12.2014 Options	31.12.2013 Shares	31.12.2013 Options
J. Reinhardt	Ch	466'951	0	558'511	0
U. Lehner	VCh	36'405	0	35'351	0
E. Vanni	VCh	13'805	0	12'684	0
D. Azar	Mbr	7'258	0	5'642	0
V. Briner	Mbr	4'845	0	3'837	0
S. Datar	Mbr	30'792	0	29'622	0
A. Fudge	Mbr	14'112	0	13'161	0
P. Landolt	Mbr	52'290	0	50'644	0
C. Sawyers	Mbr	2'933	0	2'128	0
A. von Planta	Mbr	122'709	0	121'334	0
W. Winters	Mbr	3'590	0	2'128	0
Total		755'690	0	835'042	0

Comments

The above figures include vested (705'137) and unvested shares for the executive management.

5. Board of Directors

Composition after the General Meeting of 27 February 2015

Committee	Executive	Affiliated non-executive	Independent non-executive	Total
Board of Directors	0	4	7	11
Audit committee	0	1	3	4
Nomination committee	0	1	2	3
Remuneration committee	0	1	3	4
Risk committee	0	1	3	4
Other committee	0	2	2	4

Election procedure for directors	Individual
Mandate duration	1 year
Mandatory age limit	70 years
Single signature	No
Number of board meetings during the past year	8 (98% attendance)
Number of audit committee meetings during the past year	7 (97% attendance)
Number of remuneration committee meetings during the past year	6 (96% attendance)
Number of nomination committee meetings during the past year	4 (100% attendance)
Number of risk committee meetings during the past year	4 (100% attendance)
Individual attendance rate at board meetings disclosed	

- Dr. Vasella has been appointed honorary chairman in recognition of his achievements for Novartis. Dr. Vasella has no rights associated with this role and does not attend board meetings.

- At this general meeting, Dr. Lehner (member of the compensation committee, audit and compliance committee, and the governance, nomination and corporate responsibilities committee) will not stand for re-election.

- On 1 January 2014, the Chairman's committee was disbanded and a new Research & Development committee was created. Other committee corresponds to this new committee. Three meetings were held in 2014 with 100% attendance.

- Average duration of meetings: Board meetings (7h30), Audit and Compliance committee (3h00), Risk committee (2h00), Compensation committee (3h00), Governance, Nomination and Corporate Responsibilities committee (2h00) and Research and Development committee (8h00).

- Dr. Lehner was the sole director who did not attend 100% of the board and committee meetings. Dr. Lehner does not seek re-election at this AGM.

- The tasks of the Corporate Governance committee were extended to include corporate responsibility matters.

- On 11 December 2014, Novartis considered that all directors are independent. Ethos cannot consider Messrs. Landolt and Datar as independent due to their presence in Novartis' board for more than 12 years. In addition, Mr. Landolt, is chairman of Emasan AG, an important shareholder of the company. Ethos also considers Dr. Reinhardt, chairman, as non independent due to his full time position and his annual remuneration of CHF 3.8 million. Finally, Ethos considers Dr. Sawyers as non independent due to the business relationship between Novartis and the Memorial Sloan-Kettering Cancer Center (USA), where he is Chair of the human oncology and pathogenesis program.

Dr. Jörg Reinhardt

Affiliated	Chairman	Up for Re-election
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Nationality	German
Age	59
Director since / term ends	2013 / 2016
Committee memberships	– Other committee, Chairman
Affiliation	– Miscellaneous
	Full time chairman and remuneration of CHF 3.8 million.
Main activity	none
Comments	CEO of Bayer Pharmaceuticals (2010-2013). COO of Novartis (2008-2010). CEO of the Vaccines & Diagnostics Division at Sandoz (2006-2008).

Dr. Enrico Vanni

Independent	Vice Chairman	Up for Re-election
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Nationality	Swiss
Age	64
Director since / term ends	2011 / 2016
Committee memberships	– Audit committee – Remuneration committee, Chairman – Other committee
Main activity	– Independent, Consultant
Directorships	– Denzler & Partners, Member – Banque Privée BCP (Suisse) SA, Member – Eclosion2 SA, Member – Advanced Oncotherapy Plc (UK), Member – Banque Lombard Odier & Cie SA, Member – Jan-Autos Holding SA, Member
Comments	Former head of European Pharmaceutical Practice at McKinsey (2004-2007).

Dr. Nancy C. Andrews

Independent Member New Nominee

Nationality	US Citizen
Age	57
Director since / term ends	2015 / 2016
Committee memberships	none
Main activity	– Duke University School of Medicine (USA), Dean
Other relevant mandates	– Council of the Institute of Medicine of the National Academies, Member – American Academy of Arts and Sciences, Member

Dr. Dimitri Azar

Independent Member Up for Re-election

Nationality	US Citizen
Age	56
Director since / term ends	2012 / 2016
Committee memberships	– Audit committee – Other committee
Main activity	– University of Illinois at Chicago (USA), College of Medicine, Dean
Other relevant mandates	– American Ophthalmological Society (USA), Member – Chicago Ophthalmological Society (USA), Member – Association of Research in Vision and Ophthalmology (USA), Member – Chicago Medical Society (USA), Member
Comments	Ophthalmologic surgeon. Professor of Ophthalmology, Bioengineering and Pharmacology at the University of Illinois at Chicago (USA).

Prof. Dr. Verena Briner

Independent Member Up for Re-election

Nationality	Swiss
Age	64
Director since / term ends	2013 / 2016
Committee memberships	– Risk committee
Main activity	– Lucerne Cantonal Hospital, Department of Medicine, Chief Medical Officer and Head of department
Other relevant mandates	– Swiss Society of Internal Medicine, Member – Foundation for the Development of Internal Medicine in Europe, Member – Swiss Academy of Medical Sciences, Member – Patient Safety Foundation, Member – SGIM-Foundation, Member – Journal of Inter-cantonal convention on high-specialized medicine (IVHSM), Member
Comments	Professor on internal medicine at the University of Basel. Specialist in Internal Medicine and Nephrology.

Prof. Dr. oec. Srikant Datar

Affiliated Member Up for Re-election

Nationality	US Citizen
Age	62
Director since / term ends	2003 / 2016
Committee memberships	– Audit committee, Chairman – Remuneration committee – Risk committee
Affiliation	– Board membership exceeding time limit for independence
Main activity	– Harvard Business School, Arthur Lowes Dickinson Professor
Directorships	– Stryker (USA), Member – T-Mobile US (USA), Member – ICF International (USA), Member
Comments	Dr. Datar has worked with many corporations, including GM, Mellon Bank, General Chemicals, Solectron, TRW, VISA, AT&T, Boeing and DuPont on field-based projects in management accounting. Chartered Accountant.

Ann M. Fudge		
Independent	Member	Up for Re-election
Nationality	US Citizen	
Age	64	
Director since / term ends	2008 / 2016	
Committee memberships	<ul style="list-style-type: none"> – Nomination committee – Remuneration committee – Risk committee 	
Main activity	none	
Directorships	<ul style="list-style-type: none"> – General Electric (USA), Member – Unilever N.V. (Netherlands), Member – Unilever PLC (United Kingdom), Member 	
Other relevant mandates	<ul style="list-style-type: none"> – Bill & Melinda Gates Foundation, U.S. Programs Advisory Panel (USA), Chairwoman – Rockefeller Foundation (USA), Honorary director – Brookings (USA), Honorary director – Harvard University Corporation Committee on Finance (USA), Member – Council on Foreign Relations, Member 	
Comments	Chairwoman and CEO of Young & Rubicam Brands (USA) (2003-2006).	

Pierre Landolt		
Affiliated	Member	Up for Re-election
Nationality	Swiss	
Age	68	
Director since / term ends	1996 / 2016	
Committee memberships	– Nomination committee, Chairman	
Affiliation	– Important shareholder or its representative – Board membership exceeding time limit for independence Representative of Emasan AG, important shareholder of the company.	
Main activity	– Banque Landolt & Cie, Associate Partner	
Directorships	– AxialPar Ltda (Brazil), Chairman – Emasan AG, Chairman – Vaucher Manufacture Fleurier SA, Chairman – Moco Agropecuaria Ltda (Brazil), Chairman – Watch Around SA, Chairman – Parmigiani Fleurier SA, Vice Chairman – EcoCarbone SAS (France), Member – Amazentis SA, Member and Co-Founder	
Other relevant mandates	– Sandoz Family Foundation, Chairman – Instituto Estrela de Fomento ao Microcrédito (Brazil), Chairman – Instituto Fazenda Tamanduá (Brazil), Chairman – Montreux Jazz Festival Foundation, Vice Chairman	
Comments	Chairman of CITCO Group (1995-2005).	

Prof. Dr. Charles L. Sawyers		Up for Re-election
Affiliated	Member	

Nationality	US Citizen
Age	56
Director since / term ends	2013 / 2016
Committee memberships	– Other committee
Affiliation	– Business relationship
Main activity	<p>Is Chair of the Human Oncology and Pathogenesis Program at Memorial Sloan-Kettering Cancer Center that has a licencing agreement with Novartis to produce a series of monoclonal antibodies.</p> <p>– Weill-Cornell University (US), Graduate School of Medical Sciences, Professor</p>
Other relevant mandates	<p>– Memorial Sloan-Kettering Cancer Center (USA), Human Oncology and Pathogenesis Program, Chairman</p> <p>– President Obama's National Cancer Advirory Board (USA), Member</p> <p>– US National Academy of Sciences (USA), Member</p> <p>– Institute of Medicine (USA), Member</p>
Comments	<p>Cancer researcher.</p> <p>Co-developer of Novartis' cancer drug, Glivec.</p> <p>Investigator of the Howard Hughes Medical Institute.</p>

6. Glossary

English	Deutsch	Français
A		
Activities	Aktivitäten	Activités
Affiliated	Affiliert	Affilié
AGM (Annual General Meeting)	Ordentliche Generalversammlung	Assemblée générale ordinaire
Annual bonus	Jahresbonus	Bonus annuel
Attendance rate	Teilnahmequote	Taux de présence
Audit committee	Prüfungsausschuss	Comité d'audit
Audit fees	Honorare für Revisionsdienstleistungen	Honoraires de révision
Audit-related fees	Honorare für revisionsnahe Dienstleistungen	Honoraires pour les services liés à la révision
Autorised capital	Genehmigtes Kapital	Capital autorisé
Average	Mittelwert	Moyenne
B		
Base salary	Grundgehalt	Salaire de base
Bearer share	Inhaberaktie	Action au porteur
Board meeting	Verwaltungsratssitzung	Séance du conseil d'administration
Board members	Verwaltungsratsmitglieder	Membres du conseil d'administration
Board of directors	Verwaltungsrat	Conseil d'administration
Breakdown	Detaillierte Offenlegung	Répartition détaillée
C		
Capital	Kapital	Capital
Capital contribution reserves	Reserven aus Kapitaleinlagen	Réserves issues d'apports en capital
CEO (Chief Executive Officer)	Geschäftsleiter	Président de la direction générale
Chairman	Verwaltungsratspräsident	Président du conseil d'administration
Chairman's committee	Ausschuss des Verwaltungsratspräsidenten	Comité du président du conseil d'administration
Comments	Kommentare	Commentaires
Committee meeting	Ausschusssitzung	Séance du comité
Conditional capital	Bedingtes Kapital	Capital conditionnel
Corporate governance committee	Ausschuss für Corporate Governance	Comité de gouvernance d'entreprise
D		
Dividend	Dividende	Dividende
Dividend rights certificates	Partizipationsscheine	Bons de participation
E		
Earnings per share	Gewinn pro Aktie	Bénéfice par action

English	Deutsch	Français
E		
EGM (Extraordinary General Meeting)	Ausserordentliche Generalversammlung	Assemblée générale extraordinaire
Election	Neuwahl	Election
Election procedure for directors	Wahlverfahren für Verwaltungsräte	Procédure d'élection des administrateurs
Employees	Personalbestand	Employés
Executive management	Geschäftsleitung	Direction générale
External auditor	Externe Revisionsstelle	Auditeur externe
F		
Fair value	Beizulegender Zeitwert	Juste valeur
Fees	Gebühren	Honoraires
Financial performance	Finanzergebnis	Performance financière
Financial reporting	Finanzberichterstattung	Information financière
Financials	Finanzergebnis	Données financières
G		
General information	Allgemeine Informationen	Informations générales
Global remuneration figures	Allgemeine Vergütungsangaben	Rémunérations agrégées
H		
Headquarters	Hauptsitz	Siège social
Highest paid executive	Höchstbezahltes Mitglied der Konzernleitung	Membre le mieux rémunéré de la direction générale
I		
Important shareholders	Bedeutende Aktionäre	Actionnaires importants
Independent	Unabhängig	Indépendant
Individual remuneration figures	Individuelle Vergütungsangaben	Rémunérations individuelles
Internal Control	Internes Kontrollsystem	Contrôle interne
K		
Key figures	Kennzahlen	Chiffres clés
L		
Listing	Kotierung	Cotation
LTIP (Long-term incentive plan)	Langfristige Beteiligungspläne	Plan de participation à long terme
M		
Mandate duration	Mandatsdauer	Durée du mandat
Mandatory age limit	Obligatorische Altersgrenze	Limite d'âge statutaire
Market capitalisation	Marktkapitalisierung	Capitalisation boursière
Market value	Marktwert	Valeur boursière
N		
NA (Not available)	Nicht verfügbar	Pas disponible
ND (Not disclosed)	Nicht offengelegt	Pas publié
Net income	Reingewinn	Bénéfice net

English	Deutsch	Français
N		
Net revenues	Nettoerträge	Revenus nets
New nominee	Neuer Kandidat / Neue Kandidatin	Nouveau candidat
Nomination and remuneration committee	Nominations- und Vergütungsausschuss	Comité de nomination et de rémunération
Nomination committee	Nominationsausschuss	Comité de nomination
Non-audit fees	Honorare für nicht revisionsbezogene Dienstleistungen	Honoraires non liés à la révision
Non-voting equity securities	Genussscheine	Bons de jouissance
Notice period	Kündigungsfrist	Délai de préavis
NR (Not relevant)	Irrelevant	Pas pertinent
O		
Operating income	Betriebsergebnis	Résultat d'exploitation
Operating margin	Operative Marge	Marge opérationnelle
P		
Payout ratio	Gewinnausschüttungsquote	Taux de distribution du bénéfice
Peer group	Vergleichsgruppe	Groupe de référence
Pensions	Altersvorsorge	Contributions de retraite
Performance criteria	Leistungskriterien	Critères de performance
R		
Re-election	Wiederwahl	Réélection
Registered share	Namensaktie	Action nominative
Remuneration	Vergütung	Rémunération
Remuneration committee	Vergütungsausschuss	Comité de rémunération
Reporting standard	Rechnungslegungsstandard	Norme comptable
Restriction on registration of shares or voting rights	Beschränkungen der Übertragbarkeit der Aktien und des Stimmrechts	Restrictions relatives à l'inscription des actions ou aux droits de vote
Return on equity	Eigenkapitalrendite	Rendement des capitaux propres
Risk committee	Risiko-Ausschuss	Comité des risques
S		
Share and option holdings	Aktien- und Optionenbesitz	Détention d'actions et d'options
Share capital	Aktienkapital	Capital-actions
Shareholder resolution	Aktionärsantrag	Résolution d'actionnaire
Shareholders' equity	Eigenkapital	Capitaux propres
Short-term incentives	Kurzfristige variable Vergütung	Rémunération à court-terme
Stock ownership requirements	Aktienbesitz Anforderungen	Exigences en matière de détention d'actions
Strategy committee	Strategie-Ausschuss	Comité de stratégie
Structure	Struktur	Structure
Sustainability committee	Ausschuss für Nachhaltigkeit	Comité de développement durable

English	Deutsch	Français
T		
Total revenues	Betriebsertrag	Revenus totaux
Total shareholder return	Gesamte Aktienrendite	Rentabilité de l'action
U		
Up for re-election	Zur Wiederwahl	A réélection
Y		
Year end	Jahresende	Fin de l'année

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Analyst:

Vincent Kaufmann

About Ethos

The Ethos Foundation aims at promoting socially responsible investment as well as a stable and prosperous socio-economic environment. Ethos is composed of more than one hundred Swiss pension funds and non-profit foundations. Its fully owned subsidiary Ethos Services is an acknowledged provider of consulting services comprising socially responsible investment (SRI) funds, shareholder meeting analyses and an investor engagement and dialogue programme. For further information: www.ethosfund.ch.

Frequently used abbreviations

AGM	Annual General Meeting
EGM	Extraordinary General Meeting
NA	Not available
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operating Officer
OE	Other Executive Function
Ex-	Former



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