

Overview of Your Total Rewards 2015

We believe in a total rewards value proposition for our associates comprising of market aligned compensation elements and competitive benefits like Medical Insurance, Personal Accident Insurance and other supplementary benefits. Company offers comprehensive development and career progression opportunities along with attractive reward and recognition programs.

This statement presents a consolidated view of your rewards from April 2015 to March 2016. Each of these elements is described in greater detail in the following sections:

Your Total Rewards			
Monetized Rewards		Non-Monetized Rewards	
Annual Base Salary Includes your Basic Salary and Allowances (Special Allowance, HRA, LTA, Medical, Conveyance, etc.)	3,556,745	Wellness Complete range of health and wellness programs offered under the umbrella of Be Healthy Initiative	
Variable Pay Includes Sales Incentives or Annual Incentives as eligible.	711,349	Other Benefits Includes Medical Insurance Benefit, Voluntary Parental Insurance Scheme, Personal Accident Insurance, etc.	
Benefits Includes benefits such as Provident Fund & Gratuity.	270,675	Recognition - Rewarding Excellence Includes awards that you earn through the year for positive actions, efforts, performance, Values & Behaviours.	
Development - Our Commitment to Learning Development at Novartis comprises various training programs aimed at professional and personal development as well as experiential learning through meaningful work and role changes.			
Total Monetized Rewards	4,538,769		

(INR p.a.)

Your Cost to Company (CTC)

Your revised compensation is determined by your performance, market value for the role, current compensation and budgets.

Cost to Company is the sum of different compensation elements including Annual Base Salary and other monetary benefits. Our compensation is market competitive and is anchored to the relevant pay range within the Company.

Annual Base Salary is the fixed salary amount that you receive, including guaranteed flexi allowances.

Performance based Annual Incentive is a key vehicle through which the Company rewards its associates on the basis of performance measured against predetermined annual objectives.

The following summarizes the break-up of your **Cost to Company** for the period 1 April 2015 - 31 March 2016.

Component	Amount (INR per annum)
Basic Salary	1,530,968
Flexi Compensation	2,025,777
Superannuation	0
Total Annual Base Salary (A)	3,556,745
Total Statutory Retirement Benefits (B)	270,675
Total Target Variable Pay (C)	711,349
Total Target Cost to Company (A+B+C)	4,538,769

Your Benefits

Our competitive benefit programs are designed to address your needs for financial security, healthcare and your family's well-being.

Retirement Benefits

Contributions to the retirement plans aim to provide you with social security and a steady income post your retirement. The following summarizes the Company's contribution towards your retirement benefits in 2015-16.

Component	Amount (INR per annum)
Gratuity	86,959
Provident Fund	183,716
Total Statutory Retirement Benefits	270,675
Superannuation	0
Total Retirement Benefits	270,675

Other Benefits

Component	Coverage/Amount (INR per Annum)
Employee Deposit Linked Insurance Scheme (EDLI) This is a life cover paid as per the Provident Fund Act.	You are covered up to an amount of INR 360,000 as per the EDLI rules or as defined by the Company.
Medical Insurance / Hospitalization Insurance This is employer sponsored health coverage for employees and family, subject to you providing details of family members to Human Resources.	INR 300,000 For all employees up to the age of 44. INR 500,000 For all employees of age 45 and above. Definition of Family - Married Employees: Employee + Spouse +2 Children up to 23 years Unmarried Employees: Employee + Dependent Parents
Voluntary Parental Medical Insurance Scheme Employees can choose to cover parents and/or parents-in-law on a voluntary basis into the Medical Insurance scheme. The entire (100%) insurance premium will be paid by the employee who opts to utilize this policy.	You can choose to cover up to INR 300,000 or INR 500,000 per parent pair. Policy Coverage is the same as Medical Insurance Policy. (Exceptions - Maternity not covered Emergency Ambulance charges up to INR 2500 Room Rent - 2% of Sum Insured for normal room and no restriction for ICU).
Group Personal Accident Insurance Group Insurance cover taken for all associates, to cover death due to accident, while in service.	The Maximum coverage for accidental death is 60 times the monthly Basic Salary.

Notes to Total Rewards Statement - 2015

- **Flexi Compensation** - Flexi can be allocated across different compensation heads as per the Flexi Plan applicable to you.
- **Provident Fund** - The Company will contribute monthly an equivalent of 12% of basic salary to the Provident fund. This includes contribution towards Employee Pension scheme maintained with the Regional Provident Fund office.
- **Gratuity** - Gratuity is applicable as per the company Gratuity scheme. Gratuity is payable on separation from services of the company provided has served 5 years of continuous service computed on your last drawn Basic Salary. The value mentioned in the TRS is the amount costed for the year.
- **Superannuation** - Superannuation comprises Company contribution of 15% of Basic Salary. As per Company Policy if you have not exited from the Superannuation scheme, this contribution will be part of the Superannuation Fund. If you have exited the Scheme, the same amount has been incorporated in your Flexi Compensation.
- **Target Variable Pay** -
 - a. **Sales / Service Incentives** - If you are a Sales/Service Associate, you will be eligible to participate in the business based Sales/Service Incentives Plan. Depending on the Individual (and in some cases team) performance, you will qualify for Sales/Service Incentives which is paid out quarterly. This amount is payable subject to you continuing in the employment of the Company at the time of disbursement of the said incentive. The Sales/Service Incentive amount indicated in this statement is a target amount at 100%; this can vary based on Individual (and in some cases team) performance. Eligibility and payout of Sales/Service Incentives is governed by the Sales/Service Incentive Plan and Management decision on this will be final.
 - b. **Short Term Incentive (STI) / Management Incentive Plan (MIP)** - If you are a non-Sales Associate, you will be eligible for a STI/MIP. The Target STI is an indication of the reward an associate would be paid if both the individual and the business meet expectations on results and behaviours measured against predetermined annual objectives. The actual pay-out will depend on your performance and business performance and is subject to you being an employee of Novartis as on 31 December of the performance year. Eligibility and payout of STI/MIP is governed by the Company policy and Management decision will be final.

The granting of any incentives under Sales Incentive Plans, Service Incentive Plan or Management Incentive Plan is subject to your adherence to and compliance with all rules and policies of the Company. In case the Company determines that there has been a violation of any provision of Company policies and procedures (eg but not limited to: fraud, taking or offering bribes, illegal marketing practices such as off-label promotion, or offering kickbacks), you will not earn or receive any incentive for the period in which such violation occurred or were discovered. Incentive already paid out by the Company for any period in which such violation(s) occurred or were discovered will be recovered from you.

- All payments indicated in the Total Rewards Statement are subject to applicable statutory laws and the provisions of Income Tax Act.

Novartis Values & Behaviors

Simplifying, inspiring and preparing for the future

	What we value	Observed behaviors
Patient & Customer	Innovation by experimenting and delivering solutions	Experiments and encourages others to do so Takes smart risks that benefit patients and customers Delivers new solutions with speed and simplicity
	Quality by taking pride in doing ordinary things extraordinarily well	Is always looking for better ways to do things Does not compromise on quality and safety and strives for excellence Continuously works to improve own strengths and weaknesses
Team	Collaboration by championing high performing teams with diversity and inclusion	Champions working together in high performing teams Knows self and impact on others Welcomes diversity and inclusion of styles, ideas and perspectives
	Performance by prioritizing and making things happen with urgency	Is passionate to achieve goals, goes the extra mile Puts team results before own success, acknowledges contribution of others Prioritizes, decides and makes things happen with urgency
Self	Courage by speaking up, giving and receiving feedback	Speaks up and challenges the norm Acknowledges when things don't work and learns Gives and accepts constructive feedback
	Integrity by advocating and applying high ethical standards every day	Operates with high ethical standards Is humble, caring, shows trust, respect and empathy Lives by the code of conduct even when facing resistance or difficulties