

19 February 2020**Sudharani Challa
40016714****Dear Sudharani,****Subject: Deferred Cash Plan (DCP) 2020**

Our aspiration to be the world's most respected healthcare company requires an unwavering focus on our ability to attract and retain talent. This directly contributes to our Mission to 'Discover new ways to improve and extend people's lives'.

In keeping with the above ethos, the management is delighted to offer you with a '**Deferred Cash Plan**' ("**DCP**") this year. The Deferred Cash Plan is a unique element of our Total Rewards strategy and is offered to a chosen few. This is also aligned to our philosophy of building continued long-term relationships with our high performing talent.

As per the design of the plan, you will receive the DCP payout in two installments – 25% in July 2020 and 75% after the successful completion of two years (i.e., in January 2022 payroll). Below are the details of the payout:

Grant Date	January 1, 2020
Vesting Period	2 Years from the grant date
DCP Payout	20% of last drawn Annual Base Salary (ABS)
DCP Payout date	25% in July 2020 and 75% after the successful completion of two years (i.e. in January 2022 payroll).

The terms and conditions as applicable for DCP are included in the annexure A.

We sincerely appreciate your contributions and hope you continue to provide outstanding support to your teams, function and Novartis!

For Novartis Healthcare Pvt. Ltd.,**Authorized Signatory**

Annexure - Terms and Conditions

1. Vesting period refers to the waiting period to receive the final payout amount. The amount would be calculated based on the Annual Base Salary as on 31st of December 2021.
2. **For associates under non Reimagine Performance Management (Non-RPM)** - The payout is subjected to your continued good performance and your performance rating not falling below 2.2. In case your rating for performance year 2020 or 2021 is 1 (on performance and/or values & behaviors i.e. 1.1, 1.2, 1.3, 2.1, 3.1), then you would not be eligible for DCP payout.
For associates under Reimagine Performance Management (RPM) - The payout is subject to your continued good performance and meeting the expected performance levels as determined by the company for performance year 2020 and 2021.
3. In case of voluntary separation or termination from services (on account of disciplinary issues/mis-conduct) you would not be eligible for DCP payout and any DCP amounts already paid to you will be recovered upon separation.
4. You need to be on the active payroll (not serving notice period) on the payout date to be eligible for DCP payout
5. In case of transfer to any other Novartis legal entity within India or outside, DCP payout will be done on prorata basis of completed months through your final settlement at the time of your transfer.
Example – Associate received DCP grant on 1st January 2020 and transferred to affiliate on 1st July 2021 to other Novartis legal entity. The payout will be as per the following formula:
a. $(\text{Last drawn ABS} \times 20\%) / 24 \text{ (vesting period)} \times 18 \text{ (Completed Months)}$.
6. Amount received under the plan will be subject to clawback and recovered for below mentioned conditions:
 - a. Not meeting the performance criteria as described in point 2 above.
 - b. In case of voluntary separation or termination from services (on account of disciplinary issues/mis-conduct).
 - c. Transfer cases – In case paid amount is more than pro-rata final DCP payout amount, the balance amount will be recovered.
7. DCP payout is subject to applicable deductions of tax as on the time of DCP payout.
8. Management reserves the right to amend, change the plan at any time without notice. However these changes remain applicable prospectively.



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