

January 19, 2010

Concerning

Q&A Campaign for donations to “Relief aid for earthquake victims in Haiti”

A. COLLABORATION WITH BASAID

Q1: What exactly happens to the donated money that is paid into the BASAID account towards “Relief aid for earthquake victims in Haiti”?

A1: Donations from Novartis associates in Switzerland can be paid into the account for “Relief aid for earthquake victims in Haiti” until February 28, 2010. The total donations paid by Novartis associates into the post-office account of BASAID for earthquake victims will then be doubled by Novartis.

A committee made up of representatives from Novartis (Armin Zust, Head of Novartis Switzerland, Leo Wyss, Head of Sponsoring and Donations), the Novartis Foundation for Sustainable Development (Prof. Dr. Klaus Leisinger, Executive Director) and BASAID (Luciano Pellegrini, Dr. Sasank Mohanty) will then evaluate various reconstruction projects in Haiti and decide on how the donated money is to be spent. The Novartis associates will be informed through internal Novartis communications channels about how the money is to be used and the impact achieved with these donations.

Q2: What is BASAID (www.basaid.ch)?

A2: BASAID is an association of employees from companies which arose after the merger of Ciba and Sandoz to form Novartis or which provide major services to these companies. BASAID engages in small projects focused on development aid for people on the front line. BASAID emerged in 1996 from the merger of CIBAID (founded in 1978 by Heini Striebel) and BASAID (founded in 1979 by Hans Zihlmann).

The engagement of all BASAID associates is purely voluntary, so there are no costs involved for salaries and administration. The BASAID workers concerned even pay their own travel and accommodation expenses when they visit projects.

Q3: What kind of projects are supported with the donations for Haiti from BASAID?

A3: At the moment it is still too early to give detailed information on this. You have to bear in mind that the earthquake has destroyed the whole infrastructure and the existing structures of the state and private relief aid organization in Haiti. The first priority is to get basic structures back into place so that relief aid can be organized and coordinated and it can be ensured that the money donated then reaches the people in need. In the associates' campaign for donations, Novartis Switzerland therefore consciously engages in medium to long-term reconstruction efforts in Haiti.

Even before the destruction caused by the earthquake, Haiti was one of the poorest countries in the western hemisphere, lurching from one crisis to another. Its history is one of constant political coups, poverty and natural disasters. There are no functioning state institutions in Haiti as we know them here in Switzerland. This makes the implementation of relief operations all the more difficult and means that all the more care is needed in the evaluation and planning of possible reconstruction projects.

Q4: How will people know what exactly is happening with the donated money?

A4: Representatives from Novartis, BASAID and the Novartis Foundation for Sustainable Development will carefully evaluate projects and look for suitable partners. As a charitable association that is under an obligation to inform its members and sponsors, BASAID follows the principles of good governance.

A key element of these principles of good governance consists in making sure that all decisions of the association, especially those concerning the core purpose of the association (i.e. development projects) and aspects of financial relevance, are completely open to scrutiny at all times. For BASAID, this means that minutes have to be taken for all meetings as soon as projects and/or aspects of financial relevance are on the agenda – this applies not only members' and committee meetings, but also to meetings of project and expert groups. It also means that these minutes and other relevant documents have to be systematically and properly filed and archived.

We shall keep associates informed about the development of the projects.

Q5: Will BASAID then become actively involved itself in the reconstruction effort in Haiti?

A5: No, BASAID is not operationally involved itself, but collaborates with partner organizations. Following the campaign for donations, various reconstruction projects will be evaluated by Novartis Switzerland and the committee will then decide which partner organizations to collaborate with.

Q6: Can I become engaged in BASAID?

A6: Yes, all Novartis associates can become members of BASAID. Applications can be submitted directly over the website www.basaid.ch.

Q7: Are the donations to BASAID tax deductible?

A7: Yes, BASAID is recognized by the tax authorities of Basel-Stadt as a charitable organization. Donations made to BASAID as part of the campaign of “Relief aid for earthquake victims in Haiti” are fully tax deductible within the framework of the relevant tax laws in Switzerland.

B. PROCEDURE FOR DONATIONS**Q8: Why does Novartis not donate directly to the relief aid organizations?**

A8: Novartis is donating medicines to various aid organizations. Various inquiries from these organizations are currently being reviewed.

Q9: Why is it not possible to donate directly relief aid organizations as in the case of the tsunami and then have Novartis double the total sum donated?

A9: The administrative effort required for this proved to be enormous. Difficult questions also arose as to which organizations should or should not be included in the matching program.

By paying their donation into the BASAID account, associates have the guarantee that the donations will also actually reach the people in need. At the same time, the administrative costs are kept to a minimum.

Needless to say, all Novartis associates are free to consider other aid organizations. But these donations will not be doubled by Novartis.

Q10: Can donations for the earthquake victims in Haiti that are paid to other charitable organizations likewise be submitted to Novartis, so that they can be doubled?

A10: No, Novartis Switzerland only doubles the sum that associates have paid into the BASAID account “Relief aid for earthquake victims in Haiti”.

C. USE OF DONATIONS**Q11: Can one expect it to take as long for the donated money to reach the disaster area as it did in the case of the tsunami?**

A11: The donations by Novartis associates for the earthquake victims of Haiti will flow into the reconstruction effort. To make sure the most careful possible use of the donations can be guaranteed, there first needs to be a reliable assessment of the needs. Only then can purposeful use be made of the money donated. It takes time to make a reliable assessment of the needs and to evaluate the projects. Our experience from the tsunami project shows that a project can involve several months to several years of work.

Q12: Is this not too long to wait until the money benefits the needy?

A12: Experience from the tsunami relief operation showed that, in the immediate aftermath of the disaster, it is organizationally very difficult to provide specifically targeted aid to those in need. According to the head of the Swiss disaster relief organization, Toni Frisch, Switzerland is consciously seeking to avoid taking part in this race to provide the fastest and most spectacular aid. The main focus of the relief aid will be on reconstruction, which will take several years.

Q13: Is this donation campaign confined only to Novartis Switzerland?

A13: At the global level, Novartis is providing immediate emergency aid with the donation of medicines to the aid organizations. The various country organizations of Novartis are also organizing further campaigns of their own.