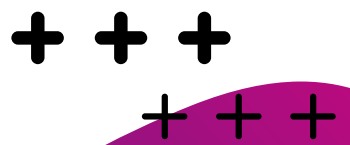


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idorsia



The purpose of Idorsia is to discover, develop and commercialize innovative medicines to help more patients.

We have more ideas, we see more opportunities and we want to transform the horizon of therapeutic options.

The Compensation Report describes the compensation principles and programs, as well as the governance framework, for the compensation of the members of the Board of Directors (Board) and the Idorsia Executive Committee (IEC) of Idorsia Ltd (Idorsia). The report also provides details of the compensation awarded to the Board and IEC members for the 2021 financial year.

The Compensation Report has been prepared in accordance with the Swiss Ordinance against Excessive Compensation in Stock Exchange Listed Companies, the SIX Swiss Exchange Directive on Information relating to Corporate Governance, and the principles of the Swiss Code of Best Practice for Corporate Governance issued by [economiesuisse](https://www.economiesuisse.ch).

Further parts of the Idorsia Annual Report 2021



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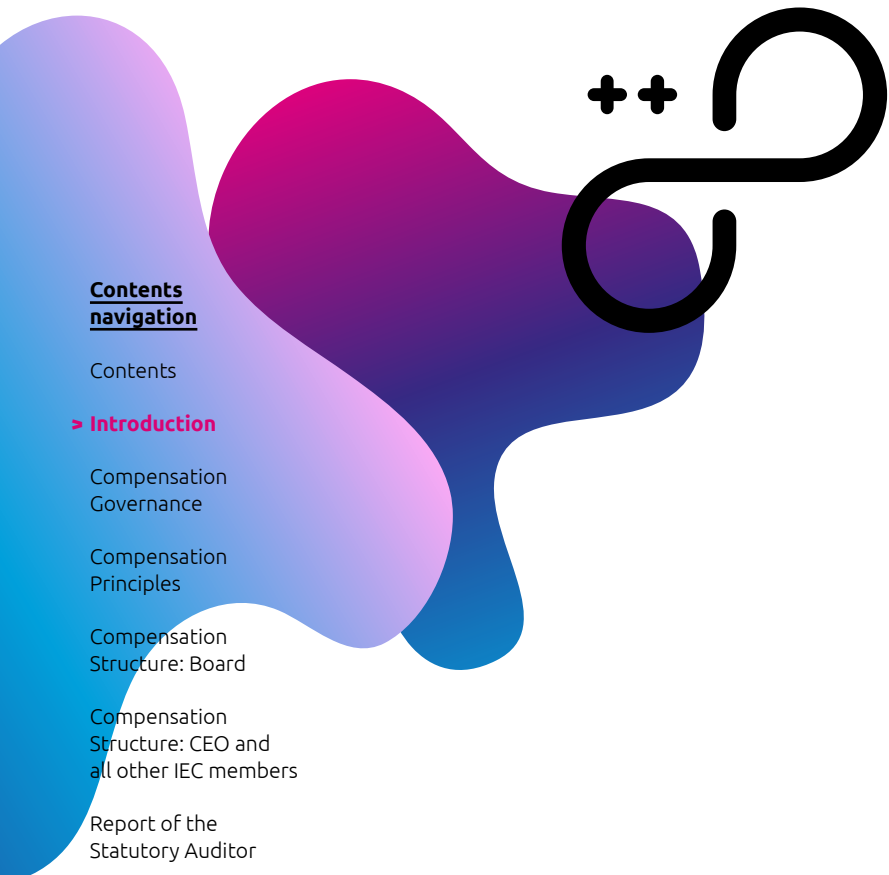
In 2021, Idorsia accelerated on the journey towards achieving its vision – to become a sustainable, mid-sized biopharmaceutical company based on innovation. The company laid strong foundations for a transformational year in 2022, in particular by supporting the progress of regulatory approvals in the US and Japan, and preparing for launches across multiple geographies. Read more about our 2021 achievements in the Business Report.

Idorsia employees continue to face the pandemic with determination, and their resolve is apparent from the impressive results they achieved on the ambitious 2021 goals that Management set and the Board approved. Our pragmatic and effective global remuneration framework encourages and rewards such results, and it continues to be a powerful instrument in attracting and retaining outstanding teams of highly professional people.

During the reporting year, the Nominating, Governance & Compensation Committee (NGCC) continued to ensure that our established compensation principles are being adhered to, and that executive and Board compensation is fully aligned with Idorsia's business strategy and the long-term interests of our shareholders, while maintaining compliance with the various regulations applicable to a multinational company listed in Switzerland.

Idorsia is committed to ensure full compliance with the gender representation and pay equality required by the Swiss regulations. After our 2020 gender equal pay analysis results in Switzerland (published in the Compensation Report 2020) confirmed our company culture of equal opportunities and equal pay, Idorsia has committed to continue this practice and to monitor this important corporate performance indicator on the global level as the company expands geographically.





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Given the pre-commercial stage of our company's development, fixed compensation levels for 2021 for executives and members of the Board remained unchanged from the previous year, with the exception of Committee Chair fees, which were increased following approval at the 2021 Annual General Meeting (AGM) from CHF 15,000 to CHF 20,000 to closer align with Swiss market and to reflect their increasing workload.

Over the course of 2021, the main activities of the NGCC were defining and assessing performance goals, determining the future level of equity grants for the CEO and all other IEC members, undertaking a market assessment of fee levels for Non-Executive Directors (NEDs), discussing strategic aspects of talent attraction and long-term talent retention, and preparing the Compensation Report. All the endeavors of the NGCC were ultimately directed towards ensuring that Idorsia remains competitive in the areas of governance, nominations and compensation, in the interests of all our stakeholders.

This Compensation Report, providing details of Idorsia's compensation system, governance and the compensation awarded to members of the Board and the IEC for 2021, will be submitted to a non-binding, consultative shareholders' vote at the upcoming AGM on April 14, 2022. In addition, shareholder approval will be requested for the aggregate maximum compensation of the Board for the period from the AGM in 2022 until the next AGM in 2023, and of the IEC for the 2023 financial year.

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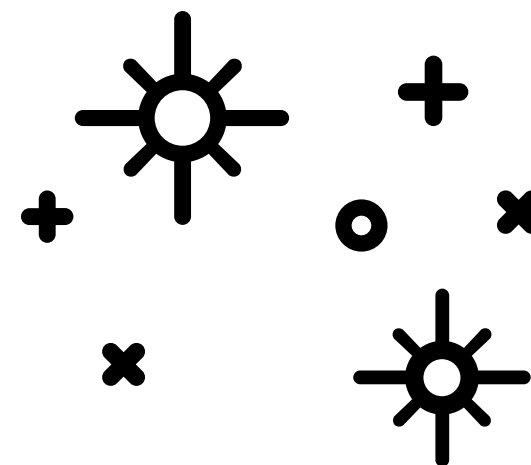
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Role of Shareholders and Articles of Association

Shareholders have an important say in compensation matters, with their formal approval being required for the aggregate maximum amounts of compensation for the Board and for the IEC through binding votes at each AGM, and with their approval being sought for the company's remuneration policy through the non-binding, consultative vote on the Compensation Report. In addition, the principles of compensation for the Board and for the IEC are governed by the Articles of Association, which are also approved by the shareholders. The Articles of Association are available at www.idorsia.com/AoA. The compensation provisions in the Articles of Association include the principles of compensation applicable to the Board and the IEC, the structure of the shareholders' vote on compensation, and provisions on credit and loans, as summarized in this table:

Overview of compensation-related provisions in Idorsia's Articles of Association

	Article
Resolutions on compensation	7
Supplementary compensation amount for new members of Executive Management	8
Permitted additional activities	24
Agreements related to compensation for members of the Board of Directors and the Executive Management	25
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Nominating, Governance & Compensation Committee

As specified in the Charter of the NGCC, which is an annex to the company's By-Laws (available at www.idorsia.com/by-laws), the NGCC consists of at least three, but no more than five, NEDs. The NGCC members are individually elected, for a one-year term, by the shareholders at the AGM. Current members of the NGCC are Felix R. Ehrat (Committee Chair), Joern Aldag, Srishti Gupta, and Mathieu Simon.

The NGCC supports the Board in questions relating to nomination and governance, as well as compensation. With regard to compensation-related matters, the duties of the NGCC include:

- determining the compensation strategy of the company;
- recommending and reviewing compensation policies and plans for approval by the full Board;
- reviewing and assessing the adequacy of the provisions in the Articles of Association relating to compensation, as well as the adequacy of the NGCC Charter;
- proposing and recommending to the Board, for approval by the AGM, the aggregate maximum compensation of the Board for the term of office until the next ordinary AGM and the aggregate maximum compensation of the IEC for the next financial year;
- recommending to the Board for approval the compensation of the members of the Board within the limits approved by the AGM;
- recommending to the Board for approval the compensation of the CEO, as well as setting the annual performance targets and determining achievement against these targets of the CEO under the relevant compensation schemes;
- approving, upon recommendation of the CEO, the compensation of the CEO's direct reports, as well as setting their annual performance targets and achievements against these targets within the framework of the relevant compensation schemes;
- preparing the Compensation Report for approval by the Board.

Additional information on the responsibilities of the NGCC is provided in the "Board of Directors" section of the Governance Report.

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The responsibilities of AGM, Board, NGCC and CEO on compensation matters are summarized in this table:

Annual process and responsibilities for compensation of the Board and IEC

	August – September	October – December	January – February	April – May
Compensation policy review and compensation principles for next financial year	● NGCC ⊙ Board			
Compensation incentive plans (design, performance targets) for the next financial year		● NGCC ⊙ Board		
Aggregate maximum amounts of compensation for the Board and the IEC			● NGCC ⊙ Board	⊙ AGM (binding)
Compensation structure and levels for the Board			● NGCC ⊙ Board	
Target compensation of the CEO		● NGCC	⊙ Board	
Target compensation of all other individual IEC members		● CEO	⊙ NGCC	
Short-term incentive plan (STIP) payouts for IEC members*			● CEO ⊙ NGCC	
Long-term incentive plan (LTIP) grants for IEC members*			● CEO ⊙ NGCC	
Compensation Report			● NGCC ⊙ Board	⊙ AGM (consultative)

* Proposals relating to CEO compensation are prepared by the NGCC and approved by the Board.

- **Recommending**
- ⊙ **Reviewing**
- ⊙ **Approving**

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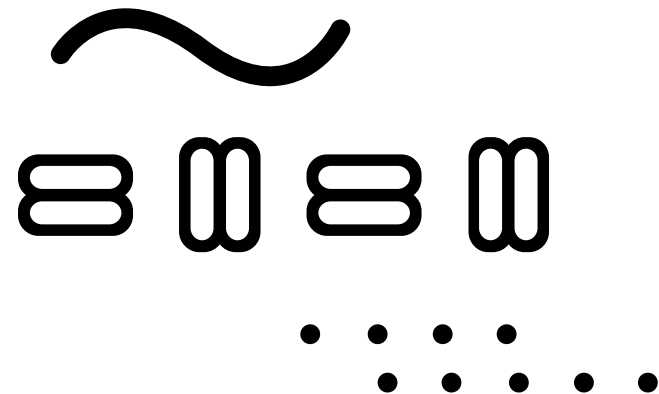
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The NGCC meets as often as business requires, but at least four times a year. In 2021, the NGCC held four meetings: one in person and three by video conference. Each meeting took on average 2 hours and 15 minutes. In addition, the NGCC Chair interacts regularly (normally every second or third week) with Idorsia’s Head of Global Human Resources.

The NGCC Chair may, at his discretion, invite executives to attend meetings. Executives do not attend meetings when their own compensation and/or performance is being discussed.

The NGCC Chair reports to the Board on the activities of the Committee after each meeting. The NGCC meeting minutes are available to the Board.

The NGCC may decide to consult independent external advisors for general and specific compensation matters. In 2021, Alvarez & Marsal (London office) provided services on compensation matters and related topics. Alvarez & Marsal did not provide any other services to Idorsia.



Compensation Principles

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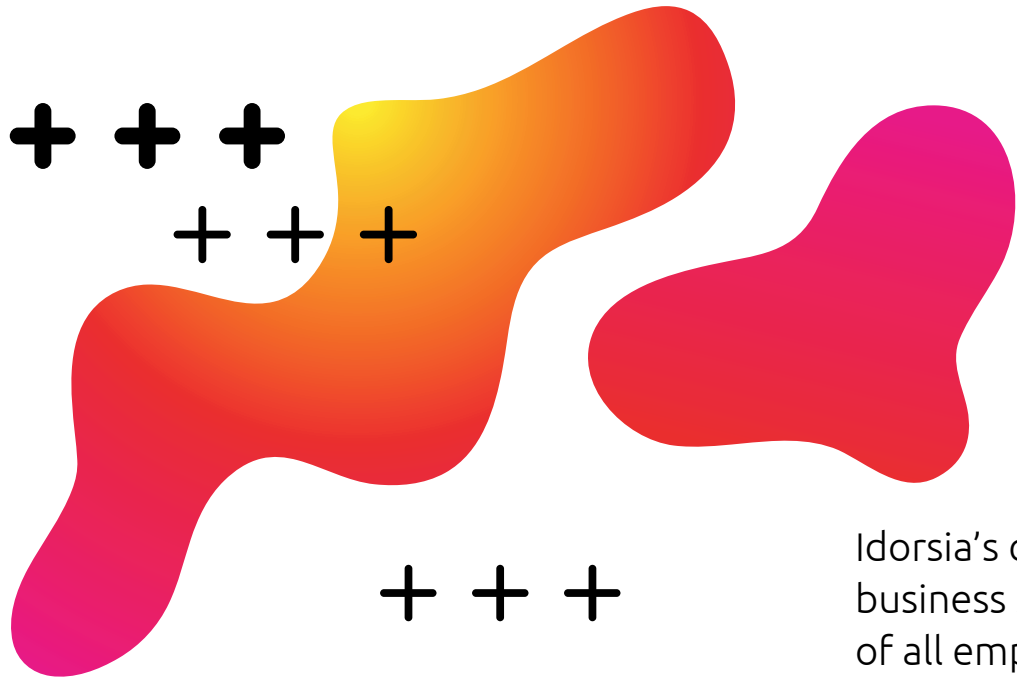
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Idorsia's compensation principles support the business strategy and foster the commitment of all employees to the company's key strategic priorities. They also support the ongoing development of Idorsia's business and organizational culture:

Talent Attraction and Retention

The compensation system is attractive for performance-oriented individuals with an entrepreneurial mindset and focused on long-term value creation.

Pay for Performance

Compensation programs reward concrete results and have a high level of performance differentiation. At the same time, behaviors in line with Idorsia's culture are also considered relevant for performance and are therefore taken into account.

Team & Individual Recognition

Compensation programs recognize team deliverables and individual contributions.

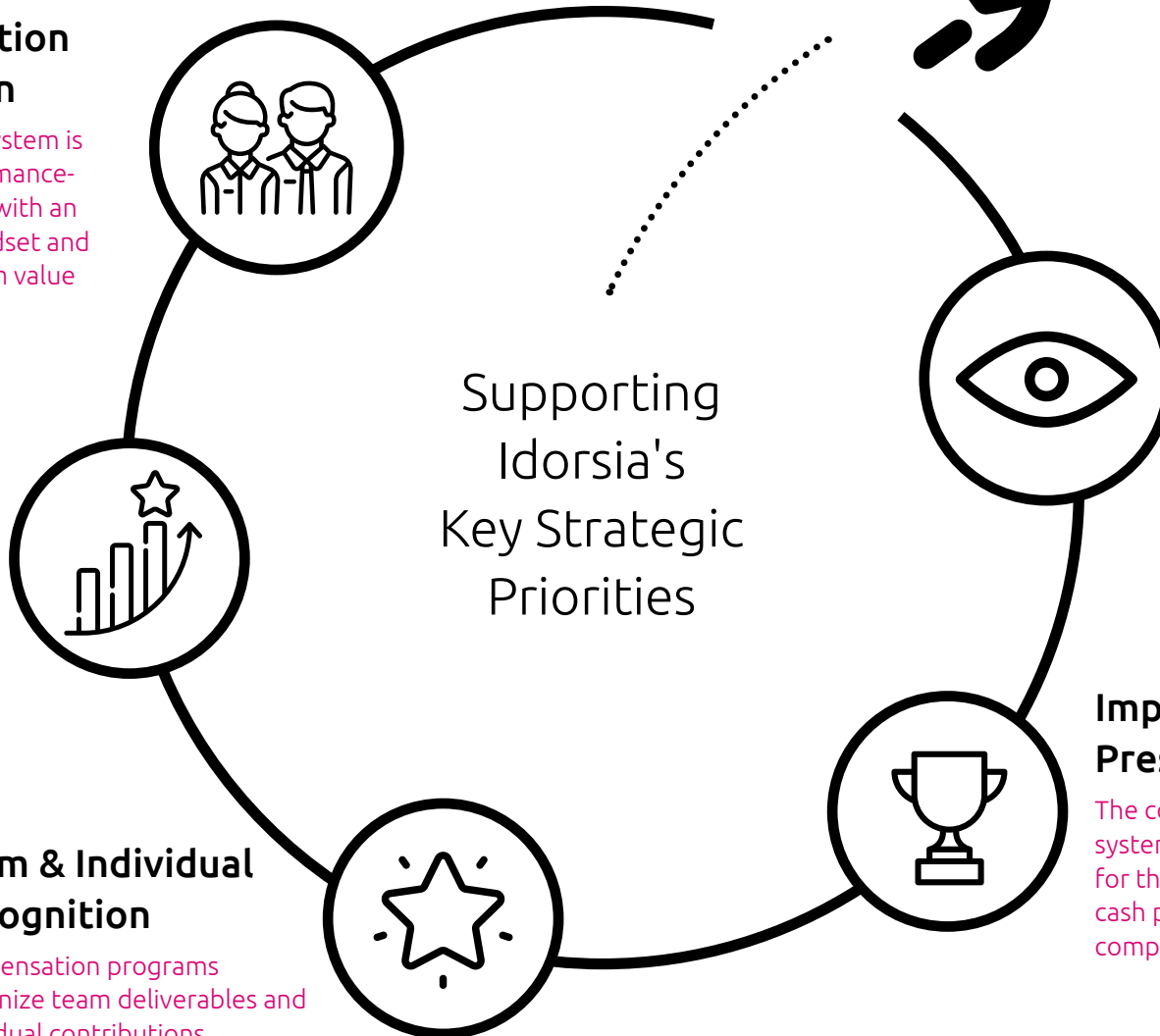
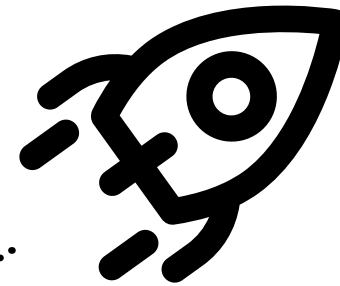
Supporting
Idorsia's
Key Strategic
Priorities

Simplicity and Transparency

Compensation programs are straightforward, transparent and readily comprehensible for all participants.

Impact and Cash Preservation

The compensation system is both impactful for the participants and cash preserving for the company.



Compensation Structure: Board

The Board's compensation period generally relates to the term of office, which starts with election of its members at the AGM and ends at the subsequent AGM.

In order to maintain their independence in exercising their supervisory duties, the NEDs receive fixed compensation. No pension contributions were made for the NEDs, except for Srishti Gupta, to whom Idorsia made the minimum required employer contributions (both savings and risk components) as mandated by Swiss law. Of the total compensation, 25% is paid in cash and 75% in shares blocked for one year. The allocation of shares strengthens the link between the interests of the Board members and those of shareholders. The cash payments and allocations of shares are made quarterly, starting from each year's AGM. The number of shares is determined by dividing 75% of each NED's quarterly compensation by the average share price for the five trading days prior to the allocation date. In exceptional cases where the cash portion of the total compensation is not expected to be sufficient to cover withholding tax and social security obligations, Idorsia is allowed to increase the cash portion accordingly, so as to meet the above-mentioned obligations. The share portion will then be correspondingly decreased for the NED concerned.

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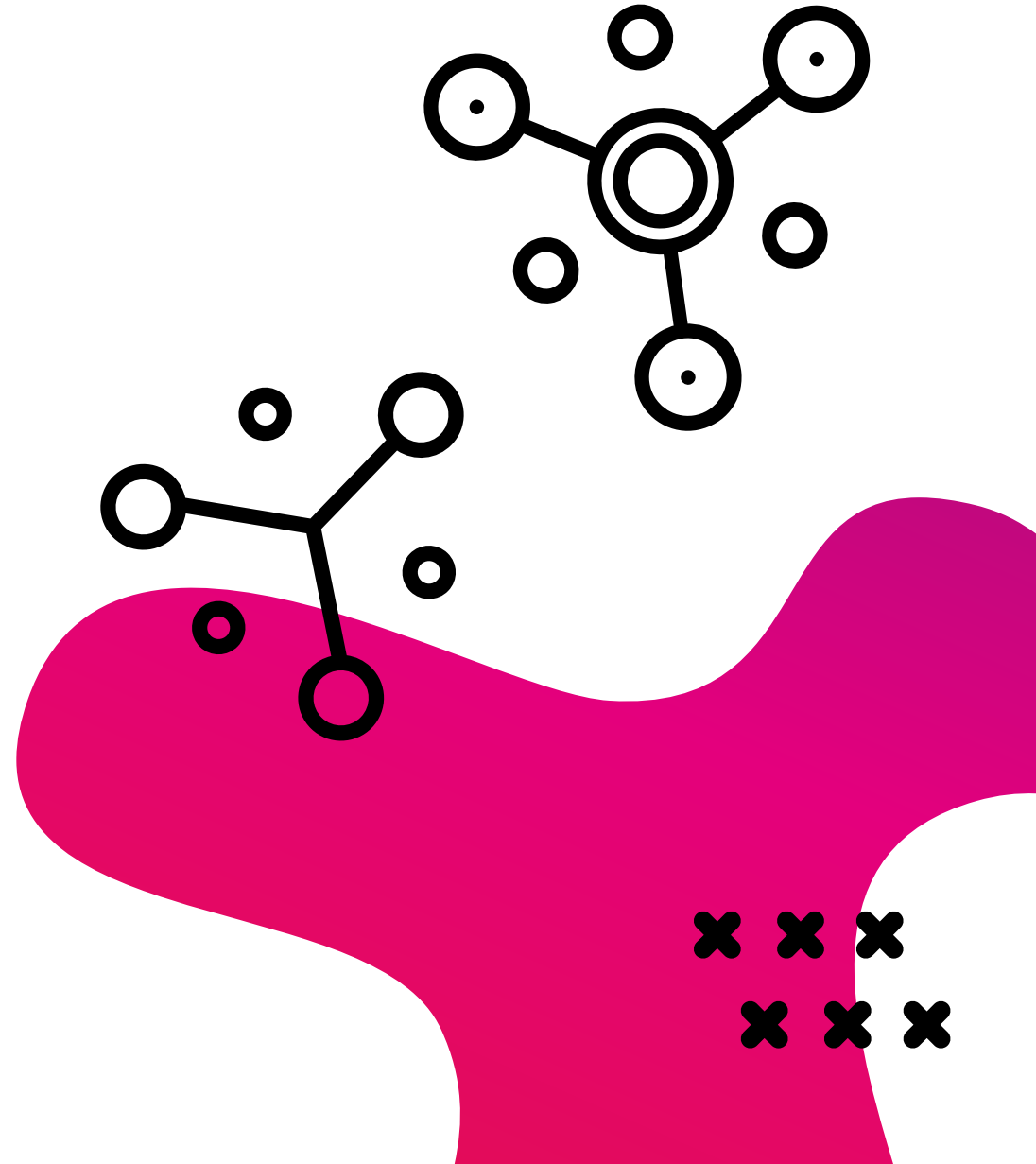
Compensation Structure: CEO and all other IEC members

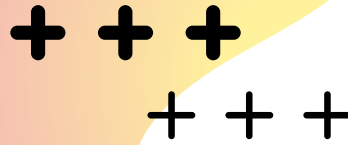
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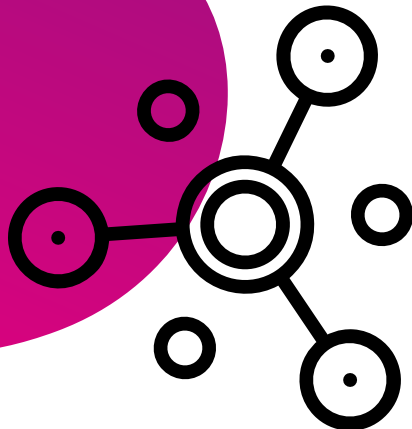


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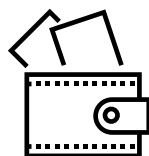
For the term of office from the 2021 AGM to the 2022 AGM, the compensation structure and levels remained unchanged for the Board Chair and Board members. From the 2021 AGM, as approved by the shareholders, additional fees for Committee Chairs were increased from CHF 15,000 to CHF 20,000 to closer align with Swiss market and to reflect their increasing workload.

NEDs' compensation per term of office

	In CHF
Board Chair	350,000
Board member	150,000
Additional fee for Committee Chairs	20,000

Compensation Structure: CEO and all other IEC members

The compensation structure for the CEO and all other members of the IEC includes the following elements:



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Base salary	Short-term incentive plan (STIP)	Long-term incentive plan (LTIP)	Benefits and allowances
Vehicle Monthly cash	Vehicle Annual bonus, payable in restricted shares blocked for two years (65%) and cash (35%)	Vehicle Stock options	Vehicle Pension Insurances Allowances
Purpose Pay for the job function	Purpose Pay for the achievement of company milestones and recognizing individual contributions and demonstration of Idorsia behaviors	Purpose Attract and retain Share long-term success Align interests of participants with shareholders' interests	Purpose Protect against risks Attract and retain
Determinants Position, internal relativity, market practice, competencies and skills	Determinants Annual performance of the company, individual contributions and demonstration of Idorsia behaviors	Determinants Long-term value creation Share price evolution Market practice Individual contributions	Determinants Compliance Market practice

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Idorsia recognizes that talented executives accept substantial risk, while contributing significant efforts and long-term commitment when working for a fast-paced, highly ambitious and entrepreneurial company such as Idorsia. Therefore, the total compensation package – structured in accordance with the company’s compensation principles – is designed to

attract high performers with an innovative mindset and to recognize performance, behaviors and long-term company success through incentive plans.

The actual pay mix for the CEO and all other members of the IEC for 2021 is shown below:

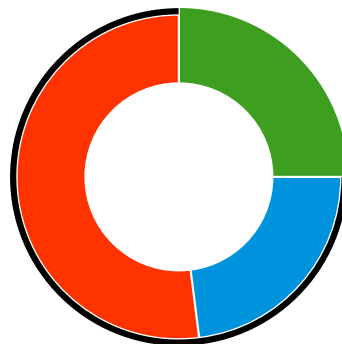
In the 2021 financial year, the compensation structure, levels of fixed compensation and target levels of variable compensation for the CEO and all other members of the IEC remained unchanged from 2020.

In the reporting year of 2021, no “one-off” awards were granted to any members of the IEC outside of the incentive plans, including new-hire and/or retention awards of cash or stock like-for-like awards to any members of the IEC.

Executive pay mix

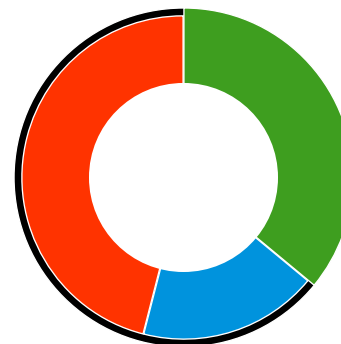
CEO

- **25%** Base salary, benefits and allowances
- **23%** STIP
- **52%** LTIP
- **At risk compensation 75%**



All other IEC members (in the aggregate)

- **36%** Base salary, benefits and allowances
- **18%** STIP
- **46%** LTIP
- **At risk compensation 64%**



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Base salary

The base salary is a fixed component of compensation paid in cash, typically monthly. It reflects the scope and key responsibilities of the role, as well as the qualifications, competencies and skills required to perform the role.

Generally, base salaries are reviewed periodically on the basis of the following factors:

- internal benchmark: internal pay structure and internal peer comparison,
- individual profile and past performance of the employee,
- financial considerations such as budget and affordability, and
- broad external benchmark: market value of the role.

The base salary levels of the CEO and all other IEC members in the 2021 financial year remained unchanged from 2020 following our cash preservation principle and considering the pre-commercialization stage of Idorsia. As we intend to start launching our first medicinal products in 2022, the Committee plans to review compensation levels of the CEO and all other IEC members in the course of the year.

Short-term incentive plan

The short-term incentive plan (STIP) is primarily based on the achievement of performance objectives over a time horizon of one year. Annual performance objectives are set in line with company strategy and, for the CEO and all other IEC members, relate entirely to company performance; however, the NGCC retains the discretion to adjust the bonus outcome to reflect individual performance and demonstration of Idorsia behaviors by applying a bonus modifier. Performance objectives are proposed by the NGCC and approved by the Board at the beginning of the financial year. The achievement thereof is assessed after year-end, forming the primary basis for the determination of the bonus payout under the STIP.

Performance objectives for the company have predominantly been centered around a set of R&D pipeline milestones, together with milestones relating to expansion of the commercial organization and preparation for product launches, as well as efforts to secure long-term financing for Idorsia and establish the foundations for a sustainability reporting framework. These annual performance objectives (company goals) are structured into four broad groups (as shown in the table on the next page), ranked in order of relative importance depending on the phase of Idorsia's organizational growth; in 2021, R&D was identified as the most important goal group. The descriptions

given are subject to disclosure constraints based on considerations of confidentiality, competition and data sensitivity.

For 2021, clear and ambitious milestones were specified. The achievement of R&D goals drove a greater proportion of the annual bonus payout than the other three groups, with ESG goals accounting for the lowest proportion.

It is important to note that, as a minimum, these company goals had to be achieved within the set timelines for a bonus payout at 100% of the target for the CEO and all other IEC members. Achievement of maximum payout would only be delivered for accelerated achievement of stretch performance objectives or achievements beyond the set expectations with a maximum possible payout at 200% of target.

In 2021, Idorsia's team successfully achieved (and on some targets even exceeded) company goals, with only one being nearly achieved which was as a result of challenges brought by the global pandemic. Therefore, the overall assessment of the level of performance against all company goals was determined to be in excess of target. Notwithstanding this exceptional achievement in such difficult and demanding operating conditions, the Board decided it was appropriate – in consideration of alignment with the interests of various stakeholders in extraordinary circumstances and the importance of cash preservation – to

limit the level of the bonus payout to 100% of the target. At the same time, the NGCC agreed that a personal bonus modifier of 150% should be applied to the bonus payout for one member of the IEC in recognition of outstanding individual achievements during the reporting year.

The bonus is paid out by March 31 in the year following the performance year. The bonus in respect of the 2021 financial year will be paid out in March 2022 as follows: 65% in

restricted shares (in line with the principle of cash preservation) and 35% in cash, so that the recipients' tax and social security obligations can be met. Restricted shares are subject to a two-year blocking period, with no risk of forfeiture, except for situations defined in the clawback provisions.

Idorsia's Articles of Association provide for the possibility of a bonus payout under the STIP at up to 200% of the target amount set by the NGCC (and approved by the Board)

on an annual basis, but the NGCC continued to cap this at 150% in respect of 2021. The Committee intends to keep the present target levels of annual bonus under the STIP in 2022 for the CEO and all other members of the IEC.

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Goal Group

Research & Development (R&D)

Commercial

Operational/Financial

Environmental, Social & Governance (ESG)

Description of 2021 Company Goals

The company goals in this group relate to compounds disclosed in our pipeline with determined timeline targets for subject recruitment, database closure dates, and deadlines for results read-outs. The early research goals are concerned with selection of preclinical candidate compounds and identification of compounds for entry into human testing.

The company goals in this group set qualitative and timeline targets for product launch readiness in the US, Japan and Europe, including not only Board-approved strategic business models for the respective geographies but also timely achievement of operational goals.

The company goals in this group include adherence to quality compliance standards, guidance for publicly disclosed financial performance, and qualitative and quantitative parameters of the long-term funding strategy.

At this early stage of Idorsia's development, the company goals in this group have a lesser relative weighting. However, Idorsia intends to significantly upgrade this group of goals as the company unfolds its commercial operations and defines specific reporting parameters in compliance not only with Swiss regulations but also with global sustainability standards. In 2021, Idorsia focused on determining its ESG reporting strategy and identifying key performance indicators for the approval of the Board.

Long-term incentive plan

The long-term incentive plan (LTIP) is designed in the form of stock options. As Idorsia is an R&D company with no marketed products at this stage, stock options – which are cash preserving and focused on long-term value creation, ensuring strong alignment with shareholders' interests – have been identified as currently the most appropriate vehicle for the LTIP for IEC members.

In 2021, the stock options, which are subject to a three-year vesting period, were granted to the CEO and all other IEC members on March 1. The exercise price is the average of the opening and closing price of Idorsia shares on the grant date. The fair value of the award is based on a valuation (Black-Scholes model) from a third-party provider.

The stock options have a term of 10 years from the grant date, after which they expire.

The award is forfeited if employment ceases before the vesting date for any reason other than death, disability or retirement, in which case the award is subject to prorated vesting, normally at the regular vesting date. In case of change of control, the award is subject to accelerated full vesting.

The company's Articles of Association provide for the possibility of making awards under the LTIP at up to 200% of the target amount set by the NGCC (and approved by the Board) on an annual basis. The NGCC intends to continue to cap awards at 150% in respect of 2022, and to keep the present target level of awards in 2022, even though the aggregate maximum compensation

amount for the IEC as approved by shareholders at the 2021 AGM allowed for a possible increase of 25% of the target levels as well as potential removal of the 150% cap on awards made under the LTIP.

The approach adopted for 2021 is set out in the following table:

Role	Target fair value of 2021 LTIP awards (in CHF)	Maximum possible fair value (200% of target) of 2021 LTIP awards (in CHF)	Board-approved fair value of 2021 LTIP awards (in CHF) subject to final valuation at grant date
CEO	1,125,000	2,250,000	1,687,500
All other IEC members (in the aggregate)	2,000,000	4,000,000	3,000,000

Stock options were granted under the conditions described below:

Stock option data

Grant date	March 1, 2021	March 1, 2020
Vesting date	March 1, 2024	March 1, 2023
Date of expiry	February 28, 2031	February 28, 2030
Exercise price ¹	CHF 25.60	CHF 25.35
Grant date fair value ²	CHF 8.68	CHF 8.32
Total number of stock options granted	540,060	420,690
Total fair value of stock options granted	CHF 4,687,722	CHF 3,500,141

¹ Average of the opening and closing price of Idorsia shares on the grant date. If the grant date falls on weekends or public holidays, the values are taken from the preceding trading day.

² Valuation by Aon (Black-Scholes model)

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The level of stock option awards granted to the IEC members in 2021 as a vehicle to align their interests with those of shareholders and as a long-term retention instrument was determined based on the performance of the CEO and all other IEC members, and on the demonstration of behaviors in line with Idorsia's culture. As we intend to start launching our first medicinal products in 2022, the Committee plans to review vehicles and levels of LTIP for the CEO and all other IEC members in the course of the year.

Notwithstanding the CEO's significant shareholding in Idorsia, he continues to receive stock option grants, as the Board believes that it is important to separate his role as CEO from his position as a shareholder and to ensure that his total compensation remains competitive. The majority of the CEO's pay takes the form of variable (at risk) compensation, thus minimizing the cash impact for the company.

Benefits and allowances

All members of the IEC participate in the benefits plan available in the country of their employment contract. Benefits consist mainly of pension and insurances that are designed to provide a reasonable level of protection for the employees and their dependents with respect to retirement, risk of disability, death and illness/accident. Allowances typically include car-, transportation-, and relocation-related benefits. The current members of the IEC are all employed under Swiss employment contracts. They participate in Idorsia's pension plan, offered to all employees in Switzerland, in which base salary and STIP are insured up to the maximum amount permitted by law. Idorsia's pension benefits exceed the minimum legal requirements of the Federal Act on Occupational Retirement, Survivors' and Disability Pension Plans (BVG) in order to retain our key long-standing leaders, which is in line with the business practice of other multinational companies in Switzerland.

Share ownership guidelines

Under the share ownership guidelines, IEC members are required to hold Idorsia shares amounting at least to a specified multiple of their annual base salary within five years of their appointment to the IEC (or the introduction of the guidelines in 2018), as set out in the table below:

Role	Minimum share ownership requirement
CEO	300% of annual base salary
All other IEC members	200% of annual base salary

In the event of a substantial rise or drop in the share price, the Board may, at its discretion, amend the specified time period accordingly.

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To calculate whether the minimum ownership requirement is met, all shares held by the IEC members are considered, including those held by their spouses (with the exception of Jean-Paul Clozel and Martine Clozel, where shares are only counted once for themselves and not for their spouses), and by their children under 18 years of age. Additionally, vested shares from compensation programs regardless of any applicable blocking period, and the net-of-tax value of vested unexercised stock options are included in the calculation

of share ownership. The NGCC reviews and confirms compliance with the share ownership guidelines on an annual basis. Current share ownership by the members of IEC is outlined in the table below.

At present, all but one IEC members are well exceeding the minimum share ownership requirement. Simon Jose was appointed as a member of the IEC in December 2018 and is well on track to meet the requirement within the set timeframe of five years.

	Share ownership as a percentage of annual base salary	
	2021	2020
Jean-Paul Clozel CEO	110,518%	129,216%
Guy Braunstein EVP, Head of Global Clinical Development	916%	1,080%
Martine Clozel EVP, Chief Scientific Officer	58,631%	68,579%
Simon Jose EVP, Chief Commercial Officer	130%	74%
André C. Muller EVP, Chief Financial Officer	460%	547%

– 2021 average share price applied = CHF 23.13.
– 2020 average share price applied = CHF 27.05.
– Tax rate applied for stock options = 40%.

Employment contracts

All members of the IEC are employed under unlimited-term employment contracts with a notice period of twelve months. Members of the IEC are not contractually entitled to termination payments or any change-of-control provisions, other than the special vesting provisions of the LTIP awards mentioned above. Employment contracts of IEC members may include a non-competition clause, with a maximum duration of twelve months.

Clawback provisions

In order to ensure good corporate governance, Idorsia has implemented a clawback policy on variable incentive payments made under the STIP and LTIP, covering situations where the incentive payout was predicated on the achievement of certain financial results, which were subsequently subject to a material financial restatement. In such cases, the Board is empowered either to recover the totality of the incentive (in cases where the financial restatement was caused, or substantially caused, by intentional misconduct) or to recalculate the payout, taking into account the restated financial results, and to seek reimbursement of any amount paid in excess of the newly calculated amount.

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We have audited the accompanying pages of the compensation report of Idorsia Ltd for the year ended December 31, 2021. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained on pages 22 to 25 of the compensation report.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

Auditor's Responsibility

Our responsibility is to express an opinion on the accompanying compensation report.

We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the compensation report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the compensation report for the year ended December 31, 2021, of Idorsia Ltd complies with Swiss law and articles 14–16 of the Ordinance.

Ernst & Young Ltd

/s/Martin Mattes

Licensed audit expert
(Auditor in charge)

/s/Michaela Held

Licensed audit expert

Basel, February 7, 2022

Compensation awarded to the Board and to the IEC

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Compensation awarded to the Board for 2021

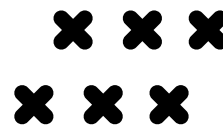
For 2021, NEDs received total compensation of CHF 1,166,199 (2020: CHF 1,133,037) in the form of cash fees of CHF 302,559 (2020: CHF 288,188), shares with fair value at grant of CHF 824,843 (2020: CHF 816,413) and social security- and pension contributions of CHF 38,797 (2020: CHF 28,436). The increase in total compensation in 2021 compared with the previous financial year is mainly due to the increase in the Committee Chair fees which took effect following the 2021 AGM and fluctuation of Idorsia's share price.

For the period from the 2020 AGM to the 2021 AGM, shareholders approved an aggregate maximum compensation amount of CHF 1.3 million (excluding employer social security contributions) for NEDs. The compensation actually paid for this period amounted to CHF 1.12 million (excluding employer social security contributions) and was therefore within the limit approved by the shareholders.

At the 2021 AGM, shareholders approved an aggregate maximum compensation amount of CHF 1.3 million for the Board for the term of office from the 2021 AGM to the 2022 AGM. The compensation actually paid for the portion of this term of office included in this Compensation Report is within the limit approved by the shareholders. A conclusive assessment for the entire period will be included in the Compensation Report 2022.

In the year under review, no compensation was paid to former members of the Board or to closely related parties of current or former members of the Board (2020: none).

No current or former members of the Board or closely related parties were granted a loan during the reporting year (2020: none). No loans were outstanding at the end of the year under review (2020: none).



Board compensation (in CHF)

	2021				2020			
	Cash	Shares, fair value at grant date	Social security & pension contributions	Total ¹	Cash	Shares, fair value at grant date	Social security & pension contributions	Total ¹
Mathieu Simon Board Chair (since May 13, 2020) and Member of NGCC (since May 3, 2019)	87,500	259,293	-	346,793	75,000	225,376	-	300,376
Jean-Pierre Garnier Board Chair and Member of NGCC (until May 13, 2020)	N/A	N/A	N/A	N/A	21,875	73,065	-	94,940
Joern Aldag Member of FAC and NGCC (since May 13, 2020)	47,091	101,676	9,153	157,920	35,297	76,117	6,748	118,162
Robert Bertolini FAC Chair (until May 13, 2020)	N/A	N/A	N/A	N/A	10,313	34,438	-	44,751
Felix R. Ehrat NGCC Chair (since May 12, 2021) and Member of FAC and NGCC (May 13, 2020 – May 12, 2021)	41,250	122,307	9,974	173,531	28,125	83,209	6,721	118,055
John J. Greisch NGCC Chair (until May 13, 2020)	N/A	N/A	N/A	N/A	10,313	34,438	-	44,751
Srishti Gupta Member NGCC (since May 12, 2021)	28,125	83,794	10,251	122,170	N/A	N/A	N/A	N/A
Peter Kellogg Member FAC (since May 12, 2021)	34,088	77,854	5,180	117,122	N/A	N/A	N/A	N/A
Sandy Mahatme FAC Chair (since May 13, 2020)	42,188	125,059	-	167,247	30,938	91,485	-	122,423
Viviane Monges Member of FAC and NGCC (until May 12, 2021)	9,375	27,340	2,251	38,966	37,500	114,537	9,268	161,305
Michel de Rosen NGCC Chair (until May 12, 2021)	12,942	27,520	1,988	42,450	38,827	83,748	5,699	128,274
Jean-Paul Clozel CEO and executive member of the Board	Jean-Paul Clozel received no additional compensation for his Board membership in 2020 and 2021. For his compensation as CEO, see the table "Compensation for the CEO and all other members of the IEC for 2021".							
Total	302,559	824,843	38,797	1,166,199	288,188	816,413	28,436	1,133,037

¹ The difference between the nominal retainer level for NEDs and the actual total compensation payout is due to share price fluctuation and fair market value calculations.

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Compensation awarded to the CEO and all other members of the IEC for 2021

In line with statutory requirements and the practice of the majority of Swiss listed companies, Idorsia discloses compensation of the IEC in aggregate excluding the individual compensation of the CEO (highest-paid member of the IEC).

For 2021, the IEC members received a total compensation of CHF 10,091,328 (2020: CHF 9,348,414) in the form of base salaries of CHF 2,819,942 (2020: CHF 2,819,942), short-term incentives of CHF 1,914,974 (2020: CHF 2,320,465), stock options granted under the LTIP with a fair value at grant of CHF 4,687,722 (2020: CHF 3,500,141), and other benefits, pension and social security contributions of CHF 668,690 (2020: CHF 707,866).

The increase in total compensation compared with the previous financial year

Compensation for the CEO and all other members of the IEC for 2021

In CHF (gross) ¹	Base salary	Short-term incentive ²	Long-term incentive ³	Other benefits ⁴	Pension ⁵	Social security contributions & risk premiums to pension fund ⁶	Total amount
Jean-Paul Clozel CEO and highest-paid member of the IEC	750,000	750,000	1,687,566	-	61,770	88,095	3,337,431
All other IEC members (Four)	2,069,942	1,164,974	3,000,156	56,195	207,682	254,948	6,753,897
Total	2,819,942	1,914,974	4,687,722	56,195	269,452	343,043	10,091,328

¹ From January 1 to December 31, 2021

² Payout under the STIP for financial year 2021 (accrual principle)

³ Fair value at grant date

⁴ Car- and transportation allowances & relocation benefits (accrual principle)

⁵ Employer contributions to company pension plan (accrual principle)

⁶ The social security contributions for LTIP awards are not included as they are only due at exercise; they are expected to trigger employer social security costs up to 7% of the gain at exercise.

is due to the higher level of stock options granted under the LTIP in 2021 (at 150% of target to all members of IEC) to recognize outstanding deliverables and demonstration of behaviors in line with Idorsia's culture. In 2020 stock options were granted at target level to all IEC members with the exception of the CEO who received 133% of target.

The total amount of compensation awarded to the IEC for the financial year 2021 (CHF 9,748,285 excluding employer social security contributions) is below the aggregate maximum compensation amount of CHF 12 million (excluding employer social security contributions) approved at the 2020 AGM for the financial year 2021.

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Compensation for the CEO and all other members of the IEC for 2020

In CHF (gross) ¹	Base salary	Short-term incentive ²	Long-term incentive ³	Other benefits ⁴	Pension ⁵	Social security contributions & risk premiums to pension fund ⁶	Total amount
Jean-Paul Clozel CEO and highest-paid member of the IEC	750,000	975,000	1,500,013	-	61,770	108,188	3,394,971
All other IEC members (Four)	2,069,942	1,345,465	2,000,128	43,080	222,173	272,655	5,953,443
Total	2,819,942	2,320,465	3,500,141	43,080	283,943	380,843	9,348,414

¹ From January 1 to December 31, 2020

² Payout under the STIP for financial year 2020 (accrual principle)

³ Fair value at grant date

⁴ Car- and transportation allowances & relocation benefits (accrual principle)

⁵ Employer contributions to company pension plan (accrual principle)

⁶ The social security contributions for LTIP awards are not included as they are only due at exercise; they are expected to trigger employer social security costs up to 7% of the gain at exercise.

In the year under review, no compensation was paid to former members of the IEC or to closely related parties of current or former members of the IEC (2020: none).

No current or former members of the IEC or closely related parties were granted a loan during the reporting year (2020: none). No loans were outstanding at the end of the year under review (2020: none).

Investments held by the Board and the IEC

As of December 31, 2021, the NEDs held a total of 127,565 registered shares (2020: 81,447) and no stock options (2020: none) on shares of Idorsia Ltd.

As of December 31, 2021, the IEC members held a total of 48,851,380 (2020: 48,790,158) registered shares and a total of 2,891,050 (2020: 2,350,990) stock options on shares of Idorsia Ltd.

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	Number of shares	
	2021	2020
Mathieu Simon Board Chair (since May 13, 2020) and Member of NGCC (since May 3, 2019)	47,361	17,647
Jean-Pierre Garnier Board Chair and Member of NGCC (until May 13, 2020)	N/A	N/A
Joern Aldag Member of FAC and NGCC (since May 13, 2020)	7,501	2,824
Robert Bertolini FAC Chair (until May 13, 2020)	N/A	N/A
Felix R. Ehrat NGCC Chair (since May 12, 2021) and Member of FAC and NGCC (May 13, 2020 – May 12, 2021)	55,739	38,087
John J. Greisch NGCC Chair (until May 13, 2020)	N/A	N/A
Srishti Gupta Member NGCC (since May 12, 2021)	4,049	N/A
Peter Kellogg Member FAC (since May 12, 2021)	3,762	N/A
Sandy Mahatme FAC Chair (since May 13, 2020)	9,153	3,394
Viviane Monges Member of FAC and NGCC (until May 12, 2021)	N/A	16,388
Michel de Rosen NGCC Chair (until May 12, 2021)	N/A	3,107
Jean-Paul Clozel CEO and executive member of the Board	See adjacent table	
Total	127,565	81,447

	Number of shares		Number of options	
	2021	2020	2021	2020
Jean-Paul Clozel CEO	35,800,945	35,775,222	1,081,090	886,670
Guy Braunstein EVP, Head of Global Clinical Development	185,725	176,710	519,490	433,080
Martine Clozel EVP, Chief Scientific Officer	12,760,621	12,751,973	473,850	387,440
Simon Jose EVP, Chief Commercial Officer	23,083	14,165	297,130	210,720
André C. Muller EVP, Chief Financial Officer	81,006	72,088	519,490	433,080
Total	48,851,380	48,790,158	2,891,050	2,350,990

Not included in the table above are conversion rights from the convertible bonds. As of December 31, 2021, Jean-Paul Clozel held 5,295,901 conversion rights and Martine Clozel held 1,893,950 conversion rights from the convertible bonds.

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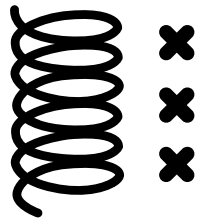
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and Dilution
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In total, as of December 31, 2021, the Group equity overhang – defined as the total number of stock options outstanding (7,750,816) and restricted stock units (1,244,814) divided by the total number of issued shares as registered in the commercial register (176,876,853) – amounts to 5.09% (2020: 4.77%).

The company's "burn rate" – defined as the number of stock options (1,417,990), shares (107,457) and restricted stock units (513,488) granted in 2021 divided by the total number of issued shares as registered in the commercial register – amounts to 1.15% (2020: 0.83%).

Be prepared for more



**Curious to learn more?
Reach out to us.**

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