

Governance Report



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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.

Idorsia's Corporate Governance Report follows the structure of the SIX Swiss Exchange Directive on Information relating to Corporate Governance and takes into account the Swiss Code of Best Practice for Corporate Governance issued by economiesuisse. To avoid duplication, reference is made in some sections to the company's Articles of Association.

(available online at: www.idorsia.com/AoA)

Further parts of the Idorsia Annual Report 2020



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Group Structure and Shareholders

Group Structure

Description of Idorsia's Operational Group Structure

Idorsia Ltd, with its registered office at Hegenheimermattweg 91, 4123 Allschwil, Switzerland, is the Group's holding and finance company.

Idorsia Pharmaceuticals Ltd – a 100% subsidiary of Idorsia Ltd, with its registered office at Hegenheimermattweg 91, 4123 Allschwil, Switzerland – is responsible for drug discovery, development, registration, production, quality assurance, safety, commercial operations, Group management and coordination. Idorsia Pharmaceuticals Ltd further holds the Group's intellectual property rights.

Idorsia Pharmaceuticals Deutschland GmbH – a 100% subsidiary of Idorsia Ltd, based in Lörrach, Germany – performs clinical development on behalf of the Group and acts as the Group's representative for obtaining regulatory approvals in the EU.

Idorsia US Holding Company Inc. – a 100% subsidiary of Idorsia Ltd, based in Wilmington, Delaware, US – is the holding company of the Idorsia companies in the US.

Idorsia Pharmaceuticals US Inc. – a 100% subsidiary of Idorsia US Holding Company Inc., based in Radnor, Pennsylvania, US – is responsible for the Group's commercial operations in the US.

Idorsia Clinical Development US Inc. (formerly Idorsia Pharmaceuticals US Inc.) – a 100% subsidiary of Idorsia US Holding Company Inc., based in New Jersey, US – performs clinical development on behalf of the Group.

Idorsia (Shanghai) Pharmaceuticals Co. Ltd – a 100% subsidiary of Idorsia Ltd, based in Shanghai, PRC – performs research and development on behalf of the Group.

Idorsia Pharmaceuticals Japan Ltd – a 100% subsidiary of Idorsia Ltd, based in Tokyo, Japan – performs clinical development and commercial activities on behalf of the Group.

Vaxxilon Ltd – a majority-owned subsidiary of Idorsia Ltd, based in Reinach/BL, Switzerland – was merged into Idorsia Pharmaceuticals Ltd as of June 26, 2020, and removed from the commercial register on June 29, 2020.

Vaxxilon Deutschland GmbH – a 100% subsidiary of Idorsia Pharmaceuticals Ltd, based in Berlin, Germany – performs research and development activities.

Listed Companies Belonging to the Group

Idorsia Ltd

Listed on SIX Swiss Exchange under the code: IDIA ISIN CH0363463438

Market capitalization as of December 31, 2020: CHF 4,247,720,958 (based on registered shares)

Non-listed Companies Belonging to the Group

Details of all direct and the material indirect investments of the company are set out in Note 2 to the Holding Company Financial Statements in the Financial Report 2020.

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Significant Shareholders

As of December 31, 2020, the company has been notified of the following shareholdings or voting rights amounting to 3% or more of the company's issued ordinary share capital:

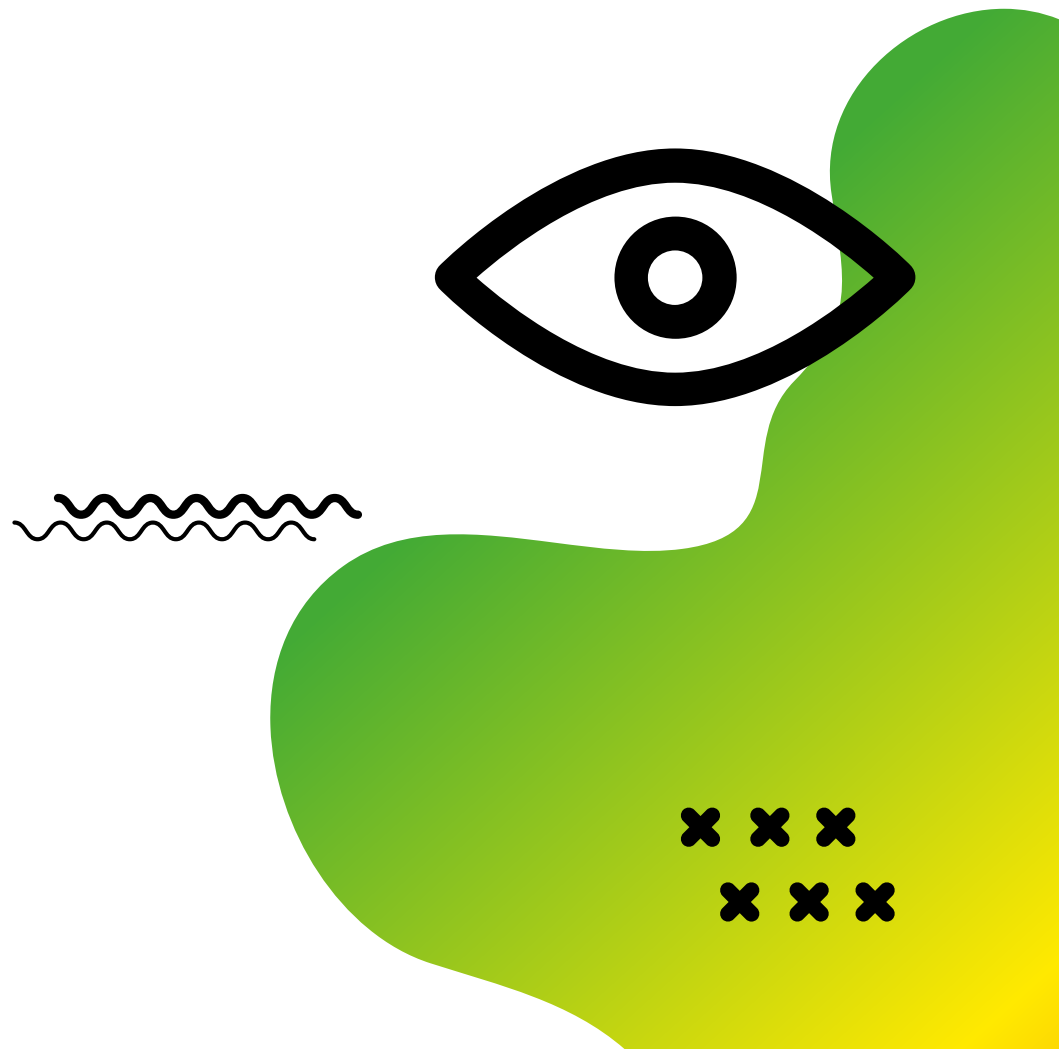
Shareholder	Number of shares	%
Clozel Jean-Paul & Martine	48,527,195**	29.15*
Maag Rudolf	8,984,333	5.40*
FMR LLC	5,002,765***	3.51***
Artisan Partners	4,024,835***	3.07***

* Based on the share capital as of December 31, 2020
 ** Cf. Financial Report, Holding Company Financial Statements, Note 6 "Investments and options held by the members of the IEC"
 *** As per the latest significant shareholder notifications available from the platform of the Disclosure Office of SIX Swiss Exchange

Significant shareholder notifications are available from the online reporting and publication platform of the Disclosure Office of SIX Swiss Exchange at:
<https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html>

Cross-Shareholdings

None.



Capital Structure

Capital

The registered share capital of the company amounts to CHF 8,322,337.30 and is divided into 166,446,746 registered shares, with a nominal value of CHF 0.05 per share. The share capital is fully paid in.

Shareholder Structure

Registered shareholders: 14,758 shareholders were recorded in the Share Register on December 31, 2020.

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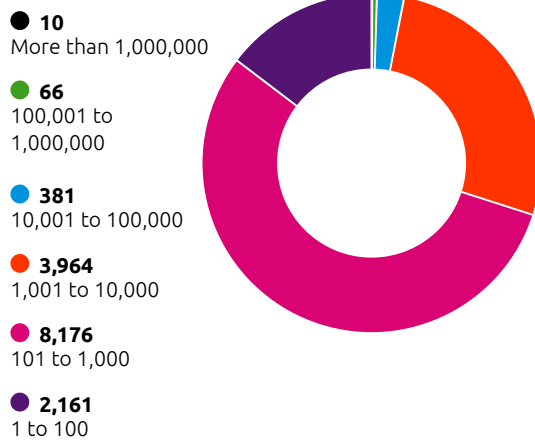
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Distribution of Shareholdings

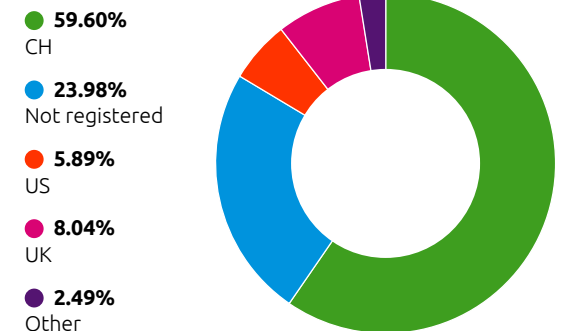


Constitution of Shareholder Body

Shareholder structure by category of investors (percentage of shares) as of December 31, 2020:



Shareholder structure by country (percentage of shares) as of December 31, 2020:



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Authorized and Conditional Capital

Authorized Capital

Under Article 3b of the Articles of Association ("Authorized Capital"), the Board of Directors is authorized to increase the share capital of the company at any time until May 13, 2022, by an amount not exceeding CHF 1,510,000, through the issuance of up to 30,200,000 fully paid-in registered shares with a nominal value of CHF 0.05 per share. Increases by way of underwriting and partial increases are permitted. Issue price, type of contribution, start of dividend entitlement as well as the expiry or allocation of preemptive rights not exercised shall be determined by the Board of Directors.

The Board of Directors is authorized to exclude or restrict the preemptive rights of the existing shareholders:

- in connection with strategic partnering and cooperation transactions;
- in connection with mergers, acquisitions (including takeover) of companies,

- enterprises or parts of enterprises, participations or intellectual property rights, as well as financing or refinancing of such transactions;
- for the participation of officers and employees at all levels of the company and its group companies;
- in connection with the issuance of shares for conversions under convertible debt instruments, bonds, loans and similar forms of financing of the company or of a subsidiary company, which are being issued for the purposes of investments or acquisitions;
- in connection with the issuance of shares for conversions under the convertible loan dated February 15, 2017 (as amended from time to time), granted by Cilag Holding AG, Zug, Switzerland;
- in connection with the financing of research and clinical development programs and other strategic projects of the company; or
- for the purpose of expanding the shareholder base in connection with the listing of shares on (additional) foreign stock exchanges.

The subscription and acquisition of the newly issued shares, as well as any further transfer of these shares, shall be subject to the restrictions specified in Article 5 of the Articles of Association.

As of December 31, 2020, the authorized capital amounts to a maximum of CHF 1,510,000 which equates to 18.14% of the existing share capital.

Conditional Capital

Under Article 3a of the Articles of Association ("Conditional Capital"), the share capital may be increased by up to CHF 629,720.10 by issuing up to 12,594,402 fully paid-in registered shares with a nominal value of CHF 0.05 per share, upon the exercise of option rights or in connection with similar rights regarding shares (including restricted stock units (RSU) or Performance Stock Units (PSU)) granted to officers and employees at all levels of the company and its group companies according to respective regulations and resolutions of the Board of Directors. The preemptive rights and the advance subscription rights of the shareholders are excluded. The acquisition of registered shares based on

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Article 3a of the Articles of Association and every subsequent transfer of these registered shares shall be subject to the transfer restrictions pursuant to Article 5 of the Articles of Association.

The conditions for the allocation and exercise of the option rights and other rights regarding shares from Article 3a of the Articles of Association are determined by the Board of Directors. The shares may be issued at a price below the market price.

The share capital of the company shall be increased in an amount of not more than CHF 2,600,000 by issuance of not more than 52,000,000 fully paid-in registered shares with a nominal value of CHF 0.05 per share by means of the exercise of conversion rights or options in relation to convertible debt instruments, bonds, loans and similar forms of financing of the company or of a subsidiary company. The acquisition of registered shares based on Article 3a of the Articles of Association and every subsequent transfer of these registered shares shall be subject to the transfer restrictions pursuant to Article 5 of the Articles of Association.

The conditions for the granting of the option rights and conversion rights shall be determined by the Board of Directors. The Board of Directors is authorized to exclude or restrict shareholders' advance subscription rights if the convertible debt instruments, bonds, loans and similar forms of financing are used: (i) in connection with the financing or refinancing of the business of the company or its subsidiaries, (ii) in connection with the financing or refinancing of the acquisition (including takeover) of companies, enterprises, parts of enterprises, participations or joint ventures or strategic partnerships, or (iii) if the conversion rights are used in connection with the issuance of shares for conversions under the convertible loan dated February 15, 2017 (as amended from time to time), granted by Cilag Holding AG, Zug, Switzerland.

To the extent shareholders' advance subscription rights are excluded, (i) the exercise period for conversion and option rights granted shall not exceed 15 years and 5 years, respectively, and (ii) the conversion or exercise price for the new shares to be issued shall at least correspond to the market conditions at the time of the issue of the relevant debt or loan instrument.

As of December 31, 2020, the conditional capital amounts to a maximum of CHF 3,229,720.10 which equates to 38.81% of the existing share capital.

Changes in Capital

Trading of the company's shares at SIX Swiss Exchange commenced on June 16, 2017.

For changes in share capital that occurred in 2018, please refer to Note 16 to the Consolidated Financial Statements in the Financial Report 2018. The document can be downloaded from www.idorsia.com/annual-report. The changes in share capital that took place in 2019 and 2020 are set out in Note 17 to the Consolidated Financial Statements in the Financial Report 2020.

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Shares and Participation Certificates

The company's capital is composed of registered shares only. As at December 31, 2020, the company has 166,446,746 fully paid-in registered shares, with a nominal value of CHF 0.05 per share. Each share entered in the share register with voting rights entitles the holder to one vote at the General Meeting, and all shares have equal dividend rights.

The company has not issued any participation certificates.

Dividend-right Certificates

The company has not issued any dividend-right certificates.

Limitations on Transferability and Nominee Registrations

Limitations on Transferability

Under Article 5 paragraph 2 of the Articles of Association, persons acquiring registered shares shall on application be entered in the share register without limitation as shareholders with voting rights, provided they expressly declare themselves to have acquired the said shares in their own name and for their own account and comply with the notification duties specified in the Financial Market Infrastructure Act (FinMIA) of June 19, 2015, in the relevant applicable version. Entry in the share register as a shareholder with voting rights is subject to the approval of the company.

Exceptions Granted in the Year Under Review

No exceptions to the provisions on "Limitations on Transferability" were granted in 2020.

Admissibility of Nominee Registrations

Under Article 5 paragraph 3 of the Articles of Association, any acquirer not expressly stating in its application form that the shares are held for its own account ("Nominee") may be entered in the share register as a shareholder with voting rights for a maximum of 5% of the share capital outstanding at that time. Above this limit, registered shares held by a Nominee will only be registered with voting rights if the Nominee declares in writing that it is prepared to disclose the name, address and shareholding of any person for whose account it is holding 1% or more of the share capital outstanding at that time, and provided that the notification duties specified in the FinMIA are complied with. The Board of Directors has the right to conclude agreements with Nominees concerning their notification duties.

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Under Article 5 paragraph 4 of the Articles of Association, subject to Article 652b paragraph 3 of the Code of Obligations (CO), the above-mentioned limit of registration also applies to the subscription for or acquisition of registered shares by preemptive, option or convertible rights arising from shares or any other securities issued by the company or third parties.

Under Article 5 paragraph 5 of the Articles of Association, legal entities or partnerships or other associations or joint ownership arrangements which are linked through capital ownership or voting rights, through common management or in like manner, as well as individuals, legal entities or partnerships (especially syndicates) which act in concert with the intent to circumvent the entry restriction are considered as one shareholder or Nominee.

Procedure and Conditions for Canceling Privileges and Limitations on Transferability Laid down in the Articles of Association

Under Article 5 paragraph 6 of the Articles of Association, the company is authorized to delete entries in the share register as shareholder with voting rights with retroactive effect if they were effected on the basis of false information or if the respective person does not provide the information requested. The person concerned has to be immediately informed about the deletion.



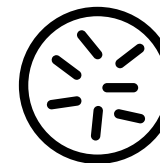
Convertible Bonds and Options

Convertible Bonds

On July 17, 2018, the company issued CHF 200,000,000 of senior unsecured convertible bonds (1,000 bonds with a denomination of CHF 200,000 per bond).

The bonds have an interest rate of 0.75% per annum and a conversion price of CHF 33.95 that is subject to customary anti-dilution provisions and dividend protection.

The bonds have a term of six years and mature on July 17, 2024, and will be redeemed at 100% of the principal amount. The Group may redeem the bonds before the maturity date (i) at any time after August 7, 2022, if the volume-weighted average price (VWAP) of the Idorsia share is at least 150% of the prevailing conversion price during a specified period or (ii) if less than 15% in aggregate of the principal amount of the bonds is outstanding.



The bonds are convertible into registered shares of the company on or after August 27, 2018. The conversion ratio currently is 5,891.01620 shares per bond. The shares are sourced from the company's conditional capital. Assuming full conversion, the number of shares to be issued amounts to 5,891,016 registered shares (corresponding to 4.5% of the outstanding shares at the time of the issuance of the convertible bond (i.e. 131,042,140 outstanding shares)).

entitled to increase the benefit accruing to the equity holder without the approval of the shareholders. As of December 31, 2020, the total number of outstanding options and restricted share units represented 4.77% of the issued shares. Details of the stock-based compensation granted to the Executives and the Board of Directors in 2020 can be found in the "Compensation awarded to the Board and to the IEC in 2020" section of the Compensation Report.

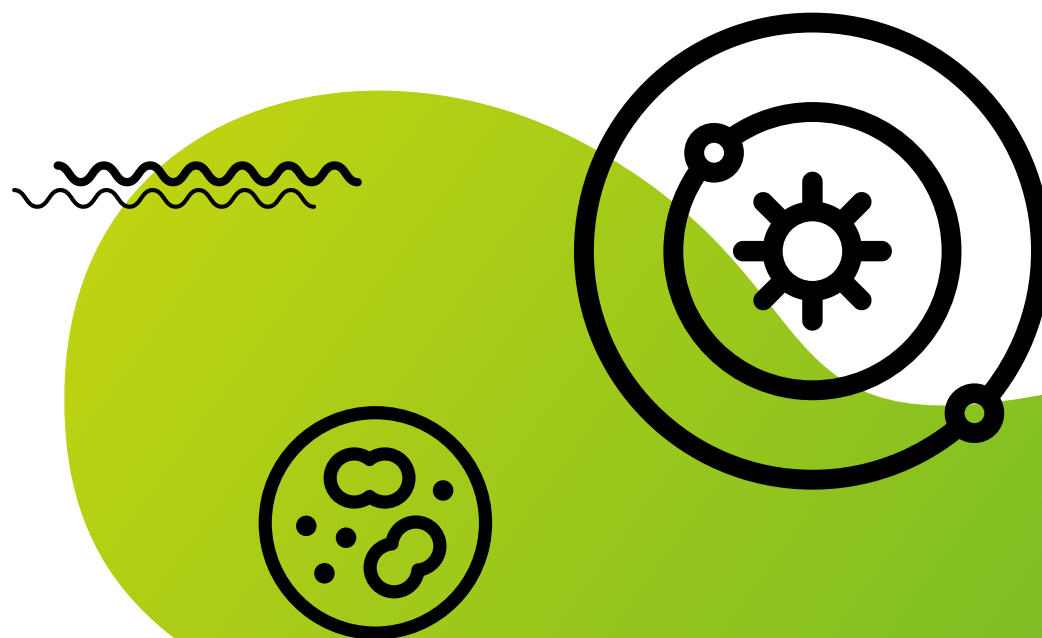
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Further details are to be found in Note 14 to the Consolidated Financial Statements in the Financial Report 2020.

Options (Equities)

The employee equity plans are intended to serve as long-term incentives in order to promote the interests of the company by aligning employees' interests with those of shareholders, and as a talent retention instrument. Equities may be granted to current permanent employees, based on their function within the company and on their performance. Grant levels and conditions are reviewed and approved by the Board of Directors. The Board is not



Board of Directors

Members of the Board of Directors, with Other Activities and Functions

The Board of the company currently consists of one executive member and six non-executive members, each of whom is considered by the Board to be independent in character and judgment. The Board performs regular reviews of its composition as to background, function and experience, in order to ensure diversity and to balance valuable experience of Idorsia's business with fresh perspectives.

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Mathieu Simon

Chairman
(since May 13, 2020)
and Non-Executive
Member

Date of birth: May 6, 1956

Nationality: French

Education: Université de Paris (Paris 7).

Professional background:

Former Chairman of the Board of Cellartis AB, 2012–2014; Executive Vice-President, Chief Operating Officer of Collectis Group, 2013–2018; CEO of Collectis Therapeutics, 2012–2013, and CEO of Ectycell, 2012–2014; Managing Director, Head of Global Pharma operations at Pierre Fabre SA, 2010–2011. Various management and EU regional management roles as well as senior corporate functions at Wyeth Pharmaceuticals.

Other activities and functions:

Member of the Board of Directors of three listed companies, Affimed, Asarina Pharma and Lysogene, and of two unlisted companies, Epsilon Bio (Chairman) and Vaximm.



Jean-Paul Clozel

Executive Member
and CEO

Date of birth: April 3, 1955

Nationality: Swiss and French

Education: Medical degree in France; further training in pharmacology and physiology at the University of Montreal, Canada, and the University of California, San Francisco, US.

Professional background:

Practicing cardiologist, 1980–1985. Head of Drug Discovery Group in the Cardiovascular Department of F. Hoffmann-La Roche Ltd, 1985–1997. Founder of Actelion in 1997 and CEO 2000–2017.

Other activities and functions:

None.



Joern Aldag

Non-Executive Member (since May 13, 2020)

Date of birth: February 22, 1959
Nationality: German
Education: Business degrees from the European Business School and Harvard Business School (Advanced Management Program).

Professional background: Chief Executive Officer of uniQure N.V., 2009–2016, President and Chief Executive Officer of Evotec AG, 1997–2008, and former Chairman of the Board of Directors of Molecular Partners, 2007–2018.

Other activities and functions: CEO of the listed company HOOKIPA Pharma Inc. and Chairman of the Board of Directors of the unlisted company Genespire S.r.l.



Michel de Rosen

Non-Executive Member (since May 13, 2020)

Date of birth: February 18, 1951
Nationality: French
Education: Graduate of the École des hautes études commerciales (HEC Paris) and the École nationale d'administration (ENA).

Professional background: Auditor at the French Ministry of Finance, 1976–1980, Advisor to the Minister of Defense, 1980–1981, GM of Pharmuka, 1982–1986, Chief of Staff of the Minister of Industry and Telecommunications, 1986–1988, CEO of Rhone Poulenc Fibers and Polymers, 1988–1993, Chairman & CEO of Rhône Poulenc Rorer & Rhône-Poulenc Santé, 1993–1999, Chairman & CEO of ViroPharma, 2000–2008; Chairman & CEO and GM of Eutelsat, 2009–2017.

Other activities and functions: Member and Chairman of the Board of Directors of three listed companies, DBV Technologies, Faurecia, and Pharnext.



Felix R. Ehrat

Non-Executive Member (since May 13, 2020)

Date of birth: February 26, 1957
Nationality: Swiss
Education: Doctorate in law from the University of Zurich, Master of Laws in Business & Taxation from the McGeorge School of Law, California, and further education at Harvard Business School. Attorney-at-Law (since 1986) admitted to practice in Switzerland.

Professional background: Group General Counsel and member of the Executive Committee of Novartis, 2011–2018, Partner, 1992–2011, and Senior Partner and Executive Chairman of Bär & Karrer, 2003–2011. Board member in several listed and non-listed companies.

Other activities and functions: Member of the Board of Directors of one listed company, Geberit AG, and three non-listed companies, Globalance Bank AG (Chairman), Hyos Investment Holding AG and Swiss Fintech AG. Foundation Board Member of the Law and Economics Foundation St. Gallen (University of St. Gallen) and of the UZH Foundation (University of Zurich).

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Sandy Mahatme

Non-Executive Member (since May 13, 2020)

Date of birth: January 24, 1965
Nationality: American
Education: Master of Laws degrees from Cornell University & New York University and member of the New York State Bar.
Professional background: Chief Financial Officer and Chief Business Officer at Sarepta Therapeutics, 2012–2020, SVP at Celgene, 2006–2012. Held senior roles in business development & tax at Pfizer and began his career at Ernst & Young.
Other activities and functions: Member of the Board of Directors of two listed companies, Aeglea BioTherapeutics (Chairman) and Flexion Therapeutics and Board Member of the unlisted company Epirium Bio; President, COO and CFO of the unlisted company National Resilience, Inc.



Viviane Monges

Non-Executive Member

Date of birth: October 15, 1963
Nationality: French
Education: MBA, Ecole Supérieure de Commerce de Paris.
Professional background: Held various executive positions such as Head of Finance and Control NBE at Nestlé, 2014–2017, Group CFO of Galderma, 2010–2014, Global Division CFO at Novartis OTC, 2006–2010, Global Pharma Business unit CFO and EMEA CFO at Wyeth, 1997–2006.
Other activities and functions: Member of the Board of Directors of three listed companies, DBV Technologies, UCB and Voluntis SA, and two unlisted companies, Novo Holdings and Yellow Tangerine SA.



Jean-Pierre Garnier

Chairman (2017 until May 13, 2020) and Non-Executive Member (until May 13, 2020)

Date of birth: October 31, 1947
Nationality: French and American
Education: MSc in Pharmaceutical Science and PhD in Pharmacology from Louis Pasteur University, Strasbourg, France; MBA from Stanford University, California, US.
Professional background: Various management positions at Schering-Plough. Within SmithKline Beecham, President of the pharmaceutical business in North America (1990), elected to the Board of Directors (1992), Chairman, Pharmaceuticals (from 1994), COO (from 1995) and CEO (from April 2000). First CEO of GlaxoSmithKline, 2001–2008. CEO of Laboratoires Pierre Fabre, 2008–2010.
Other activities and functions: Member of the Board of Directors of three listed companies, United Technologies Corporation, Radius Health, Inc., Carmat SA (Chairman). Operating Partner of the unlisted company Advent International Corporation. Member of the Advisory Board of Newman’s Own Foundation. Officer of the Legion of Honour in France, and Knight Commander of the Order of the British Empire.

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Robert Bertolini

Non-Executive Member (until May 13, 2020)



John J. Greisch

Non-Executive Member (until May 13, 2020)

Date of birth: December 19, 1961
Nationality: American
Education: BA in Economics from Rutgers, the State University of New Jersey, US; Certified Public Accountant licensed in New York and New Jersey, US.
Professional background: Former Executive Vice President and Chief Financial Officer (CFO) of Schering-Plough Corporation; former President and CFO of Bausch & Lomb, Inc. Various executive positions at PricewaterhouseCoopers; former Member of the Board of Directors of Genzyme Corporation.
Other activities and functions: Member of the Board of Directors of two listed companies, Charles River Laboratories International, Inc., and Bristol-Myers Squibb Company. Former member of the Board of Directors of the unlisted company Physicians World Speakers Bureau (until November 2019).

Date of birth: June 10, 1955
Nationality: American
Education: Bachelor’s degree in Business Administration from Miami University, Oxford, Ohio, US; Master’s degree in Management (MBA equivalent) from Northwestern University, Illinois, US.
Professional background: CFO, 2004–2006, and President, International Operations, 2006–2009, at Baxter International, Inc.; President and CEO of Hill-Rom Holdings, Inc., 2010–2018.
Other activities and functions: Member of the Board of two listed companies, Catalent, Inc., and Cerner Corporation (since April 2019), and one unlisted company, Viant Corporation (Chairman). Member of the Board of Ann and Robert Lurie Children’s Hospital.

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Number of Permitted Additional Activities

Under Article 24 paragraph 1 of the Articles of Association, the non-executive members of the Board of Directors can have up to four additional mandates in listed companies and up to five mandates in unlisted companies, where “mandate” means memberships in the senior management or oversight bodies of legal units obliged to register in the Swiss Commercial Register or a foreign equivalent thereof. Several mandates in legal units belonging to the same consolidated group of companies are deemed to be one mandate.

For the purposes of Article 24 of the Articles of Association, the following functions do not fall under the above restrictions:

- a) Mandates in entities controlled by the company;
- b) Mandates a member of the Board of Directors assumes upon request by the company; no member of the Board of Directors may hold more than five such mandates; and
- c) Mandates in associations, foundations, charitable organizations, trusts, employee welfare foundations or other comparable structures; no member of the Board of Directors may hold more than ten mandates in such organizations.

Elections and Terms of Office

Under Articles 13 and 16 of the Articles of Association, the 3–9 members of the Board of Directors are elected individually by the General Meeting of the Shareholders for a term of office corresponding to the legally permitted maximum term of one year. One year of office is understood to be the period from one ordinary Meeting of the Shareholders to the next ordinary Meeting of the Shareholders.

Time of First Election and Remaining Term of Office

	Executive Member	Date of AGM of first election	Date of AGM of end of term	
	Mathieu Simon	No	2019	2021
	Jean-Paul Clozel	Yes	2017	2021
	Joern Aldag	No	2020	2021
	Michel de Rosen	No	2020	2021
	Felix R. Ehrat	No	2020	2021
	Sandy Mahatme	No	2020	2021
	Viviane Monges	No	2018	2021

Internal Organizational Structure

The Board of Directors is organized into two subcommittees, with membership determined according to expertise.

Allocation of Tasks Within the Board of Directors

The Board of Directors has adopted the By-Laws (including Charters for the Nominating, Governance & Compensation Committee and the Finance & Audit Committee), which define the essential roles and responsibilities of the Board of Directors, the Chairman, the CEO and the Executive Committee, and the standing Committees of the Board.

The allocation of tasks within the Board of Directors is determined annually by the Board, following the General Meeting, in accordance with the By-Laws, which are available online at:
www.idorsia.com/by-laws

Tasks and Area of Responsibility for Each Committee of the Board of Directors

The powers and responsibilities of each Committee are established in the applicable Committee Charter, which is approved by the Board of Directors. The Charters are available as Annexes to the By-Laws at:
www.idorsia.com/by-laws

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In 2020, the composition of the various Committees was as follows:

Finance & Audit Committee

Sandy Mahatme (Chairman)
(since May 13, 2020)

Joern Aldag (since May 13, 2020)

Felix R. Ehrat (since May 13, 2020)

Viviane Monges

Matthieu Simon (until May 13, 2020)

Robert Bertolini (Chairman until May 13, 2020)

Nominating, Governance & Compensation Committee

Michel de Rosen (Chairman)
(since May 13, 2020)

Joern Aldag (since May 13, 2020)

Felix R. Ehrat (since May 13, 2020)

Viviane Monges

Matthieu Simon

Jean-Pierre Garnier (until May 13, 2020)

John C. Greisch (Chairman until May 13, 2020)

Nominating, Governance & Compensation Committee

The Nominating, Governance & Compensation Committee reviews considerations relating to Board composition, including size of the Board and criteria for membership of the Board of Directors; it identifies, reviews, considers and recommends to the Board qualified candidates to serve as Board members and members of the various

Committees of the Board. It further reviews directorships and consulting agreements of Board members for conflicts of interest. In addition, this Committee reviews and recommends Corporate Governance policies and principles for the company, reviews compliance issues, provides support for Corporate Sustainability projects, oversees an evaluation of the Board of Directors, maintains an orientation program for new Board members and an ongoing education program for existing Board members, and makes related recommendations to the Board. Moreover, the Committee makes such recommendations to the Board of Directors as it may consider appropriate and consistent with its purpose, and takes such other actions and performs such services as may be referred to it from time to time by the Board of Directors, including the engagement of any outside advisor it may deem necessary or appropriate, at the company's expense.

The Nominating, Governance & Compensation Committee further supports the Board of Directors in reviewing and establishing the company's compensation strategy and policy. It also monitors Board and Executive compensation to ensure that it remains competitive within the applicable law and company compensation schemes. Within this framework, the Committee is responsible for defining the Group's compensation strategy and principles, designing compensation plans, making proposals for the compensation of members of the Board and the CEO, and approving the

compensation of the latter's direct reports.

The Committee has appointed Alvarez & Marsal as its independent external advisors to provide guidance on compensation practices and benchmarking.

Board compensation

The Nominating, Governance & Compensation Committee makes proposals for the compensation of the company's Chairman. In determining these recommendations, the Committee takes account of benchmarking and a review of market practice within companies with a similar market capitalization to Idorsia in Switzerland, carried out by an independent external advisor. The recommendation is approved by the Board of Directors, where all Members of the Board have a right to attend and a right to a say except for the Chairman, who has no right to a say in any decisions regarding his compensation.

The compensation of other non-executive directors is approved by the Board of Directors, where all Members of the Board have a right to attend and a right to a say. In determining these recommendations, the Board of Directors takes account of benchmarking and a review of market practice within companies with a similar market capitalization to Idorsia in Switzerland, carried out by an independent external advisor.

Detailed information is provided in the "Compensation Structure: Board of Directors" section of the Compensation Report.

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Executive compensation

The CEO's compensation is approved by the Board of Directors based on the proposal of the Nominating, Governance & Compensation Committee. All members of the Board have a right to attend and a right to a say. The CEO has a right to attend this meeting but has no right to a say. The proposal takes into account both market practice within various groups of companies with which Idorsia competes for talent (as determined by an independent external advisor) and performance against predetermined targets during the relevant year.

The compensation of the CEO's direct reports is approved by the Nominating, Governance & Compensation Committee based on the CEO's recommendations. The CEO has a right to attend this meeting but has no right to a say. The CEO's recommendations take into account both market practice within various groups of companies with which Idorsia competes for talent (as determined by an independent external advisor) and performance against predetermined targets during the relevant year. Targets used to determine payout levels for variable compensation elements such as the short-term incentive plan (STIP) and the long-term incentive plan (LTIP) are set by the Committee on an annual basis, prior to the start of the year in which performance is measured.

Detailed information is provided in the "Compensation Structure: CEO and IEC"

section of the Compensation Report.

The Nominating, Governance & Compensation Committee usually meets four times a year. In 2020, it met six times, one time in person and five times by video conference. Each meeting took on average one hour and 30 minutes.

The Chairman may, at his discretion, invite any person to attend the meetings. The CEO regularly attends the meetings, while the independent committee advisors are invited at least once a year to attend portions of the meeting. In 2020, the CEO attended all meetings, while the independent committee advisors participated in four meetings for selected topics.

Finance & Audit Committee

The Finance & Audit Committee assists the Board in the oversight of the integrity of the financial statements of the company, the qualifications and independence of the External Auditor (EA), the performance of the company's Internal Audit (IA) function, and the company's policies and practices with respect to major financial risk exposures.

The Finance & Audit Committee is directly responsible for compensation and oversight of the work of the EA, including: (1) having the authority (subject to shareholder approval) to appoint or replace the EA; (2) approving the compensation of the EA; (3)

reviewing the audit scope and audit plan of the EA; (4) reviewing the scope and plan for the EA's audit of the company's internal controls over financial reporting; and (5) pre approving all permitted non-audit services to be performed by the EA, and establishing policies and procedures for the engagement of the EA to provide permitted audit and non audit services.

The Finance & Audit Committee also oversees the company's IA function, including: (1) reviewing and approving the internal audit plan, including the plan for testing of internal controls over financial reporting; (2) reviewing significant reports to management prepared by IA (and management's responses); (3) reviewing the results of the internal controls testing, including any significant deficiencies or material weaknesses identified in the testing (and management's responses); and (4) discussing the responsibilities, budget and staffing of the IA function.

The Finance & Audit Committee further performs the following tasks related to financial reporting: (1) reviewing key accounting policies, significant accounting estimates and significant related-party transactions, and recommending changes in key accounting policies to the Board of Directors; (2) monitoring the financial reporting process, reviewing the adequacy and effectiveness of the systems of internal controls over financial reporting (including deficiencies and significant changes in internal controls reported to the

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Finance & Audit Committee) and approving significant changes therein; (3) monitoring the effectiveness of the risk management systems in relation to financial reporting; (4) reviewing, with management, the annual and quarterly financial results; and (5) reviewing earnings press releases and earnings guidance.

Moreover, the Finance & Audit Committee oversees in material respects the company's compliance with applicable financial and securities laws, and supervises procedures implemented to ensure compliance with these laws.

The Finance & Audit Committee reports to the full Board of Directors at regular intervals and submits proposals for Board resolutions, if necessary. The Finance & Audit Committee meets at least four times a year. In 2020, it met six times, one time in person and five times by video conference. Each meeting took on average 1 hour and 15 minutes.

The Chairman may, at his discretion, invite any person to attend the meetings. In 2020, the CFO attended all but one of the meetings. Also, external consultants joined three meetings.

Working Methods of the Board of Directors and its Committees

The Board of Directors meets at least four times a year. In 2020, it met eleven times, one time in person and ten times by video

conference, with an attendance record of 90%. The average duration of Board meetings is approximately 2 hours. When the situation so warrants, the Board of Directors holds additional ad hoc meetings or telephone conferences to discuss specific issues. Any member can request a meeting. The CEO is entitled to attend every meeting of the Board of Directors and to participate in its debates and deliberations, except for executive sessions. Other members of the Executive Committee also regularly attend meetings of the Board of Directors. External consultants may be invited to attend meetings of the Board of Directors, depending on the topic being debated. In 2020, the full Executive Committee attended all Board meetings with the exception of two meetings, where each time one Executive Committee member was excused. External consultants attended three meetings in 2020.

The management presents reports and the Board then takes decisions by majority vote on the relevant issues, except where the Board has delegated specific decisions to a Committee.

In the case of Committees, after the presentation of the issue by the management, the Committee takes a preliminary decision for approval by the full Board, which will be reported along with the details of the issue to the entire Board, who will take the final decision, except where the Board has delegated specific decisions to a Committee.

Definition of Areas of Responsibility

The Board of Directors has delegated the management of the company's business to the Chief Executive Officer (CEO) of the company and to the Idorsia Executive Committee (IEC).

The Board of Directors carries out the tasks reserved to it by law. The IEC takes all other management decisions. The By-Laws contain detailed information regarding the assignment of responsibilities to the Board of Directors and the IEC.

The By-Laws are available at:
www.idorsia.com/by-laws

Information and Control Instruments Vis-à-Vis the Executive Committee

The Board of Directors receives regular reports regarding the financial and business situation of the company and quarterly reports presented by the CEO. Additionally, the Finance & Audit Committee receives quarterly financial results before they are released to the public.

Internal controls over financial reporting (ICFR) were established in 2017. In the financial area, the Board is informed regularly, at least once a year, of financial risks and the proposed actions to be taken in the form of ERM (enterprise risk management).

Idorsia's risk management systems primarily address the areas of development, business operations and finance.

The internal review of clinical development ensures the safe development of products. The global quality management function performs independent quality audits ensuring Good Clinical Practice within clinical development, thereby adhering to globally recognized ethical and quality standards for the development of investigational medicinal products. A program of Internal Audit assignments provides a systematic and disciplined approach to evaluating and improving the effectiveness of the risk management, control and governance

processes within the Group. These are reviewed by the Finance & Audit Committee and, where appropriate, by the Nominating, Governance & Compensation Committee. The Finance & Audit Committee receives Internal Audit reports at the conclusion of each audit assignment. These reports detail risks arising in the areas of operations, compliance and ICFR. The Chairman of the Finance & Audit Committee presents a summary of each report to the full Board of Directors at their regular meetings. On request, Internal Audit reports are disseminated to the full Board of Directors.

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Executive Committee

Members of the Executive Committee, with Other Activities and Functions

As of December 31, 2020, the Idorsia Executive Committee (IEC), constituting the “Executive Committee” as per the SIX Swiss Exchange Directive on Information relating to Corporate Governance, was composed of:

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Jean-Paul Clozel

Chief Executive Officer (since 2017)

Date of birth: April 3, 1955
Nationality: Swiss and French
Education: Medical degree in France; further training in pharmacology and physiology at the University of Montreal, Canada, and the University of California, San Francisco, US.

Professional background: Practicing cardiologist, 1980–1985. Head of Drug Discovery Group in the Cardiovascular Department of F. Hoffmann-La Roche, 1985–1997. Founder of Actelion in 1997 and CEO 2000–2017.

Other Group functions: Member of the Board of Idorsia Ltd, Chairman of the Board of Idorsia Pharmaceuticals Ltd, member of the Board of Idorsia (Shanghai) Pharmaceuticals Co. Ltd.



Guy Braunstein

Executive Vice President, Head of Global Clinical Development (since 2017)

Date of birth: November 19, 1956

Nationality: French

Education: MD, pulmonologist and PhD in life science, Paris University, France.

Professional background:

Merck Serono, Chief Medical Officer; Serono, Chief Medical Officer International; various executive positions at Astra, Fisons, Rhône-Poulenc Rorer, Glaxo Wellcome, GSK and Chiron; Head of Clinical Development, Actelion (2009–2017).

Other Group functions:

Member of the Board of Idorsia Pharmaceuticals Japan Ltd.



Martine Clozel

Executive Vice President, Chief Scientific Officer (since 2017)

Date of birth: December 27, 1955
Nationality: Swiss and French
Education: MD, specialization in pediatrics and in neonatal intensive care, educated at the University of Nancy, France; further training in physiology and pharmacology at McGill University, Montreal, Canada, and at the University of California, San Francisco, US.

Professional background: Assistant professor, Neonatology. Scientific expert, leader of drug discovery projects, F. Hoffmann-La Roche Ltd. Head of Drug Discovery, Pharmacology & Preclinical Development, Actelion (1997–2009); Chief Scientific Officer, Actelion (2009–2017). Officer of the Legion of Honour in France.

Other Group functions: None.



Simon Jose

Executive Vice President, Chief Commercial Officer (since 2018)

Date of birth: June 23, 1965
Nationality: British
Education: BSc (Hons) in Medical Biochemistry from the University of Birmingham, Birmingham, UK.

Professional background: From 1995 to 2012, various marketing and General Manager positions at GlaxoSmithKline in the UK, US, and Denmark; Global President of Stiefel, a GSK company (2012–2015); Senior VP, Head Global Franchises & Platforms (Pharmaceuticals), GSK (2015–2018).

Other Group functions: Member of the Board of Idorsia Pharmaceuticals Japan Ltd.



André C. Muller

Executive Vice President, Chief Financial Officer (since 2017)

Date of birth: October 30, 1963
Nationality: French
Education: Master’s degree in Business Administration from EMLYON Business School, Lyon, France.

Professional background: From 1994 until 2011, held various financial positions at Pierre Fabre SA, an international pharmaceutical and dermo-cosmetic company, serving as Chief Financial Officer from 2002; Chief Financial Officer, Actelion (2013–2017).

Other Group functions: Member of the Board of Idorsia Pharmaceuticals Ltd, Idorsia (Shanghai) Pharmaceuticals Co. Ltd. and Idorsia Pharmaceuticals Japan Ltd.

Other functions: Member of the Board of Directors of the listed company Carmat SA and the unlisted company Chiron Investments AG.

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Number of Permitted Additional Activities

Under Article 24 paragraph 2 of the Articles of Association, the members of the Executive Management may, upon prior approval by the Board of Directors, or a committee thereof, have up to three additional mandates, one of which can be in a listed company, where “mandate” means membership in the senior management or oversight bodies of legal units obliged to register in the Swiss Commercial Register or a foreign equivalent thereof. Several mandates in legal units belonging to the same consolidated group of companies are deemed to be one mandate.

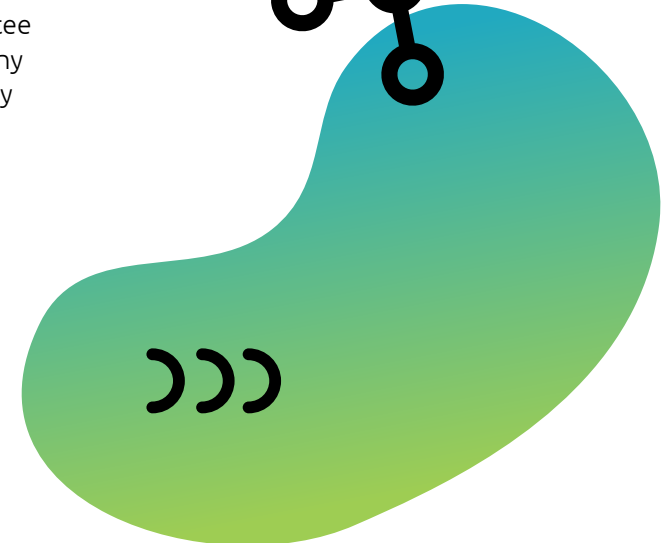
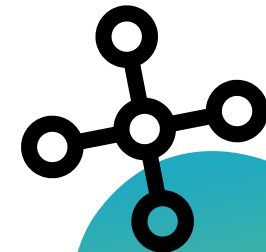
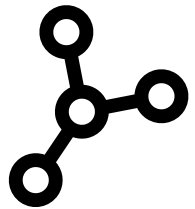
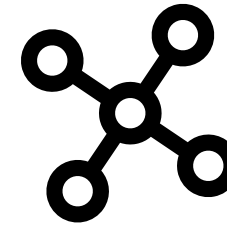
For the purposes of Article 24 paragraph 2 of the Articles of Association, the following functions do not fall under the above restrictions:

- a) mandates in entities controlled by the company;
- b) mandates a member of the Executive Management assumes upon request by

- the company, although no member of the Executive Management may hold more than five such mandates; and
- c) mandates in associations, foundations, charitable organizations, trusts, employee welfare foundations or other comparable structures, although no member of the Executive Management may hold more than ten mandates in such organizations.

Management Contracts

No member of the Executive Committee holds management contracts or has any consultancy functions for any company outside the Group.



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Please refer to the “Investments held by the Board and the IEC” section of the Compensation Report for details regarding shareholdings of the members of the Board of Directors and the Executive Committee, and to the “Compensation awarded to the Board and to the IEC” section of the Compensation Report for disclosures relating to compensation, as well as the method of determining the compensation and details of share ownership programs. The report can be downloaded from:

www.idorsia.com/annual-report

No loans or advances were made by the Group to members of the Board of Directors or the Executive Committee during the financial year or were outstanding at December 31, 2020.

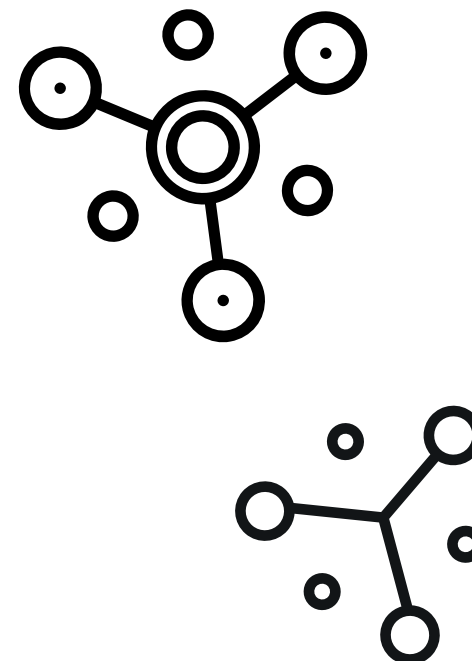
The principles applicable to performance-related pay and to the allocation of equity securities, convertible rights and options are defined in Articles 26 (for the members of the Board of Directors) and 27 (for the members of the Executive Committee) of the Articles of Association.

The rules with respect to the supplementary amount of compensation for members of the Executive Committee appointed after the vote on pay at the General Meeting of Shareholders are set out in Article 8 of the Articles of Association.

The rules on loans and credit facilities for members of the Board of Directors and the Executive Committee are set out in Article 28 of the Articles of Association.

The rules on the vote on compensation at the General Meeting of Shareholders are set out in Article 7 of the Articles of Association.

The Articles of Association can be downloaded from:
www.idorsia.com/AoA



Shareholders' Participation Rights

Voting Rights Restrictions and Representation

Only shareholders who are entered in the share register of the company are entitled to vote at the General Meeting of Shareholders (Article 5 paragraph 2 of the Articles of Association). The deadline for being entered in the Share Register is set approximately 10 days prior to the General Meeting of Shareholders; the exact date is made public with the press release following the presentation of the financial results to the public for the full year ending on December 31.

Under Article 5 paragraph 3 of the Articles of Association, any acquirer not expressly stating in its application form that the shares are held for its own account ("Nominee") may be entered in the share register as a shareholder with voting rights for a maximum of 5% of the share capital outstanding at that time. Above this limit, registered shares held by a Nominee will only be registered with voting rights if the Nominee declares in writing that it is prepared to disclose the name, address and shareholding of any person for whose account it is holding 1% or more of the share capital outstanding at that time, and provided that

the notification duties specified in the FinMIA are complied with. The Board of Directors has the right to conclude agreements with Nominees concerning their notification duties.

Under Article 5 paragraph 4 of the Articles of Association, subject to Article 652b paragraph 3 of the Code of Obligations, the above-mentioned limit of registration also applies to the subscription for or acquisition of registered shares by preemptive, option or convertible rights arising from shares or any other securities issued by the company or third parties.

Under Article 5 paragraph 5 of the Articles of Association, legal entities or partnerships or other associations or joint ownership arrangements which are linked through capital ownership or voting rights, through common management or in like manner, as well as individuals, legal entities or partnerships (especially syndicates) which act in concert with the intent to circumvent the entry restrictions are considered as one shareholder or Nominee.

Under Article 5 paragraph 6 of the Articles of Association, the company is authorized to delete entries in the share register as

shareholder with voting rights with retroactive effect if they were effected on the basis of false information or if the respective person does not provide the information requested. The person concerned has to be immediately informed about the deletion.

The company has not granted exceptions with respect to these restrictions to voting rights during 2020.

Under Article 13 paragraph 2 of the Articles of Association, a shareholder may only be represented (i) by the Independent Proxy (elected by the General Meeting of Shareholders) or (ii) by another shareholder.

As specified in Article 13 paragraph 6 of the Articles of Association, the voting on resolutions and elections at the General Meeting of Shareholders shall be conducted by an electronic voting and election system – to the extent that this is possible at the Meeting. If not, resolutions or elections will be taken on a show of hands, unless a written ballot is held upon resolution of the General Meeting or if the person chairing the General Meeting so directs.

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Quorums Required by the Articles of Association

Under Article 14 of the Articles of Association, a resolution of the General Meeting of Shareholders passed by at least two thirds of the represented share votes and the absolute majority of the represented nominal value of the shares is required for:

1. the cases listed in Article 704 paragraph 1 CO and in Articles 18 and 64 of the Federal Act of October 3, 2003 on Merger, Demerger, Conversion and Transfer of Assets (Merger Act, SR 221.301) in the relevant applicable version;
2. the easing or revocation of restrictions on the transferability of registered shares;
3. any amendment of Article 1 of the Articles of Association;
4. any creation of shares with preferential rights or with privileged voting rights;
5. any restrictions on the transferability of shares;
6. any authorized or conditional capital increases;
7. any increase of capital against the company's equity, against contributions in kind, or for the purpose of acquiring assets or the granting of special benefits;
8. any limitation or withdrawal of subscription rights;
9. any change of the registered office or corporate name of the company;

10. any sale of all or substantially all of the assets of the company;
11. any merger, demerger or similar reorganization of the company;
12. the liquidation of the company; and
13. any change to Article 14 of the Articles of Association.

Convocation of General Meeting of Shareholders

Under Article 10 of the Articles of Association, Meetings of Shareholders are convened by the Board of Directors and, if necessary, by the auditors by means of a one-time notice in the Swiss Official Gazette of Commerce at least twenty calendar days prior to the date of the meeting. The notice shall state the day, time and place of the meeting, the agenda, the proposals of the Board of Directors and the proposals of the shareholders who have requested the General Meeting or that an item be included on the agenda.

Agenda

Registered shareholders with voting rights individually or jointly representing at least five percent of the share capital of the company may demand that items be put on the agenda. Such demands have to be submitted to the Chair of the Board of Directors at least 45 calendar days before the date of the General Meeting and shall be in writing, specifying the item and the proposals. The exact deadline for sending in proposals is made public approximately two months prior to the date of the General Meeting of Shareholders.

Entries in the Share Register

The relevant date determining the right of shareholders to participate in the General Meeting on the basis of entries in the share register is set by the Board of Directors in the invitation to the General Meeting of Shareholders.

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Duty to Make an Offer

The company does not have a provision on opting-out or opting-up in the Articles of Association. The threshold of 33⅓ percent of the voting rights of an offeree company specified in Article 135 of the Financial Market Infrastructure Act (FinMIA) is thus applicable.

Change-of-control clauses

Benefits under the company's equity plans vest upon a change of control. The equity plans may provide that, contingent upon the occurrence of a change of control, transfer restrictions or retention periods are canceled, and applicable performance metrics are determined on a pro rata basis. Otherwise, the agreements and plans benefiting the members of the Executive Committee are unaffected by a change of control. Further details regarding benefits provided under the company's equity plan are set out in the "Compensation structure: CEO and IEC" section of the Compensation Report.

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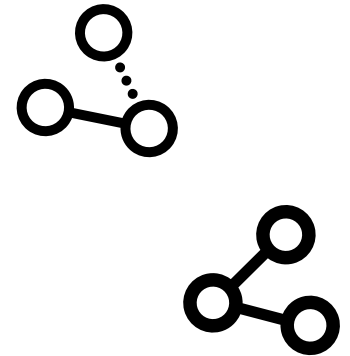
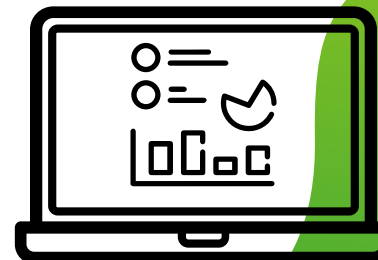
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Duration of the Mandate and Term of Office of Lead Auditor

Ernst & Young AG, Basel, was elected as the statutory auditor of the company for the first time in 2017 and was re-elected for the financial year 2020 by resolution of the shareholders on May 13, 2020.

Martin Mattes was appointed lead auditor in May 2019. The maximum term of office of the lead auditor is seven years.

Auditing Fees

On an accrual basis, the auditing fees for the year under review are as follows:

Audit fees:	CHF 433,745
Audit-related fees:	None

Additional Fees

The following additional fees were billed by Ernst & Young during the year ending December 31, 2020:

- CHF 354,375 in connection with capital increases
- CHF 69,510 in connection with non-mandatory financial audits

Information Instruments Pertaining to the External Audit

The Finance & Audit Committee is responsible for reviewing the internal control of the accounts and finances of the company via its supervisory activities over both external and internal audit functions (see page 18). This process continues to be supported by the increased transparency resulting from internal controls over financial reporting at all Finance & Audit Committee meetings. The external auditors meet with the Finance & Audit Committee to present their plan, scope, audit approach, budget and audit results.

The Finance & Audit Committee reviews these and evaluates the independence of the external auditors from a risk analysis perspective. In addition, the auditors present their opinions resulting from an audit of the financial statements, along with an annual management letter. The company has ensured that the auditors' partner in charge has unrestricted access to the Chairman of the Finance & Audit Committee and fulfills all independence criteria. In 2020, the external auditors met six times with the Finance & Audit Committee.

Regarding the selection of external auditors, the Finance & Audit Committee will, from time to time, assess offers and presentations from several appropriate, independent external audit firms and will then make a proposal to the full Board for election, based on predefined service level in terms of the nature of services to be rendered by the external auditors and quality criteria, such as technical and operational competence, independence and objectivity, ability to meet timelines for reporting and to provide effective and practical recommendations, and effectiveness of communication. The final approval of the external auditors is made by the shareholders at the General Meeting of Shareholders.

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Idorsia seeks transparency and dialogue with all its stakeholders to improve its understanding of their needs. These stakeholders include employees, governments and health authorities, healthcare professionals and the medical community, industry associations, investors and analysts, local communities, media, partners, patient organizations, payors, the scientific and academic community, and suppliers. The company consults and engages with all its stakeholders on a regular basis and incorporates their feedback into its strategy and risk management.

The management issues statements regarding the company's progress on a quarterly basis, at the time of the reporting of financial results. In addition, shareholders will be regularly informed of Idorsia's business at the General Meeting of Shareholders and via ad hoc media releases, online announcements, road shows, major news agencies and the Swiss Official Gazette of Commerce.

The corporate website can be accessed at www.idorsia.com. The site contains information useful to investors, including media releases, financial statements and background information on corporate strategy and Idorsia's clinical development pipeline.

The company's Communication Policy, outlining Idorsia's disclosure guidelines, is also available on the website.

The Investor Relations department is available to respond to shareholders' or potential investors' queries via the contact form at:

www.idorsia.com/contact-ir

or via e-mail:

investor.relations@idorsia.com

Web links of interest:

The Investors section of the corporate website includes the financial calendar and latest news:

www.idorsia.com/investors

Annual Report:

www.idorsia.com/annual-report

Annual General Meeting:

www.idorsia.com/agma

Corporate Governance:

www.idorsia.com/corporate-governance

Policies & Charters:

www.idorsia.com/policies-and-charters

Stay informed:

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Be prepared for more



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Reach out to us.**

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