

Compensation Report



idonesia

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

We have more ideas, we see more opportunities and we want to help more patients.

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 2020 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.

Further parts of the
Idorsia Annual Report 2020



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Despite the devastation caused by the COVID-19 pandemic around the world in 2020, Idorsia took a huge step forward in delivering on its vision of becoming a fully-fledged biopharmaceutical company. A full description of the progress made can be found in the Business Report.

The resilience and determination of the workforce contributed to a remarkably successful year, in which the company achieved all of the ambitious goals proposed for 2020 by the Management and approved by the Board. Our pragmatic and effective global remuneration framework enabled a high level of talent attraction and strong employee engagement in spite of the very challenging circumstances.

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 an international company listed in Switzerland.

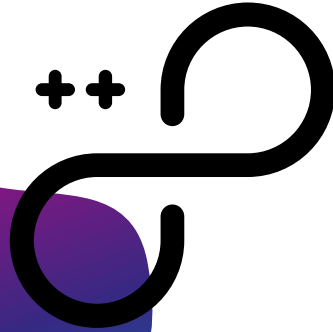
Given the early stage of our company's development, compensation levels for 2020 for executives and members of the Board remained unchanged from the previous year.

The NGCC's activities in 2020 also included the regular annual process of clearly defining and assessing performance goals, reviewing the results of the gender equal pay analysis, and preparing the Compensation Report.

This Compensation Report, providing details of Idorsia's compensation system, governance and the compensation awarded to members of the Board and the IEC for 2020, will be submitted to a non binding, consultative shareholders' vote at the upcoming Annual General Meeting (AGM) in 2021. In addition, shareholder approval will be requested for the aggregate maximum compensation of the Board for the period until the next AGM in 2022, and of the IEC for the 2022 financial year.



Gender Equal Pay Analysis



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We are dedicated to fostering respect, fairness and equal opportunities for all our employees, as we believe it is vital to create and support a diverse and inclusive workplace. Ahead of the legal requirement to conduct an internal gender equal pay analysis by the end of June 2021, Idorsia had conducted a “dry run” in 2019, using the equal pay self-test tool (Logib) provided by the Swiss Federal Office for Gender Equality. This dry run indicated that there was no statistically significant unexplained wage difference between men and women at Idorsia’s Swiss headquarters at that time.

For our gender equal pay analysis in 2020, we partnered with Mercer, which applied the assessment methodology used for EDGE Certification (the global business certification standard for gender equality), which is also compliant with Swiss gender equality regulations. The analysis was based on the reference month of July, when the employee gender distribution at Idorsia’s Swiss headquarters was 56% men and 44% women.

We conducted standard regression analysis (as required by the revised Swiss Gender Equality Act/GEA), which includes the following variables: gender, tenure, age, responsibility of the role, type of function performed and level of responsibility (pay

grade). We also conducted a customized regression analysis, with additional variables including performance, part-time vs full-time employment and job family. In both analyses, “salary” (base salary) and “pay” (base salary plus annual bonus) were evaluated.

The standard regression analysis showed a non-significant effect of gender in favor of men: -0.34% on “salary” and -0.49% on “pay”, which is well within the tolerance threshold of 5% specified by the Federal Office for Gender Equality for the compensation to be considered equal between genders for equal work.

Encouragingly, the (optional) customized regression analysis also showed a non-significant gender effect, this time in favor of women: 0.92% on “salary” and 0.60% on “pay”, which is within the lower threshold of 2% applied with this methodology.

An independent audit was conducted by Deloitte, which confirmed compliance in accordance with the requirements of Art. 13d of the GEA and Art. 7 of the Ordinance on the Audit of the Equal Pay Analysis (SR 151.14).

We are very pleased that the results demonstrate our company culture of equal opportunities, and our equal pay practice will be maintained as Idorsia expands globally.

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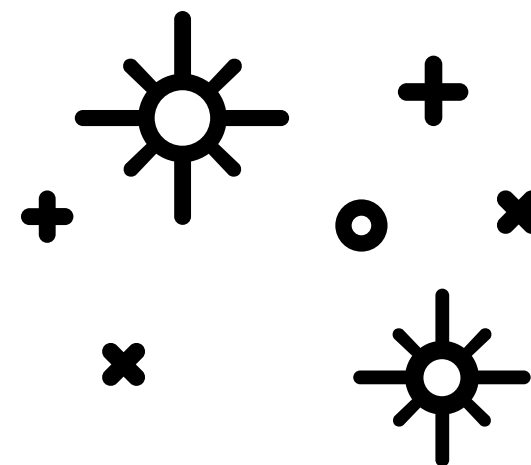
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Role of Shareholders and Articles of Association

Shareholders have a 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 the 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, Non-Executive Directors (NEDs). The NGCC members are individually elected, for a one-year term, by the shareholders at the AGM. Current members of the NGCC are Michel de Rosen (Committee Chair), Joern Aldag, Felix R. Ehrat, Viviane Monges 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 target achievement of the CEO under the relevant compensation schemes;
- approving, upon recommendation of the CEO, the compensation of the CEO's direct reports and their annual performance targets and target achievement 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 the various bodies involved in 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	<ul style="list-style-type: none"> ● NGCC ⊙ Board 			
Compensation incentive plans (design, performance targets) for the next financial year		<ul style="list-style-type: none"> ● NGCC ⊙ Board 		
Aggregate maximum amounts of compensation for the Board and the IEC			<ul style="list-style-type: none"> ● NGCC ⊙ Board 	<ul style="list-style-type: none"> ⊙ AGM (binding)
Compensation structure and levels for the Board			<ul style="list-style-type: none"> ● NGCC ⊙ Board 	
Target compensation of the CEO		<ul style="list-style-type: none"> ● NGCC 	<ul style="list-style-type: none"> ⊙ Board 	
Target compensation of individual IEC members		<ul style="list-style-type: none"> ● CEO 	<ul style="list-style-type: none"> ⊙ NGCC 	
Short-term incentive plan (STIP) payouts for IEC members*			<ul style="list-style-type: none"> ● CEO ⊙ NGCC 	
Long-term incentive plan (LTIP) grants for IEC members*			<ul style="list-style-type: none"> ● CEO ⊙ NGCC 	
Compensation Report			<ul style="list-style-type: none"> ● NGCC ⊙ Board 	<ul style="list-style-type: none"> ⊙ AGM (consultative)

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

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

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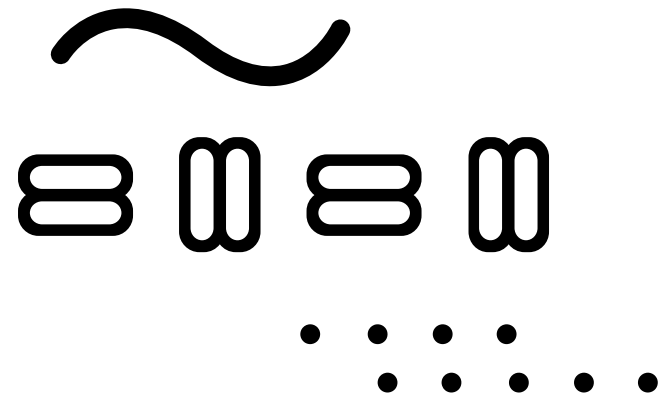
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The NGCC meets as often as business requires, but at least four times a year. In 2020, the NGCC held six meetings: one in person, five by video conference. Each meeting took on average one hour and 30 minutes.

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 external advisors for specific compensation matters. In 2020, following a competitive tender process, Alvarez & Marsal was mandated to provide services on compensation matters and related topics. Alvarez & Marsal did not provide any other services to Idorsia and the NGCC is confident that Alvarez & Marsal can provide independent advice.



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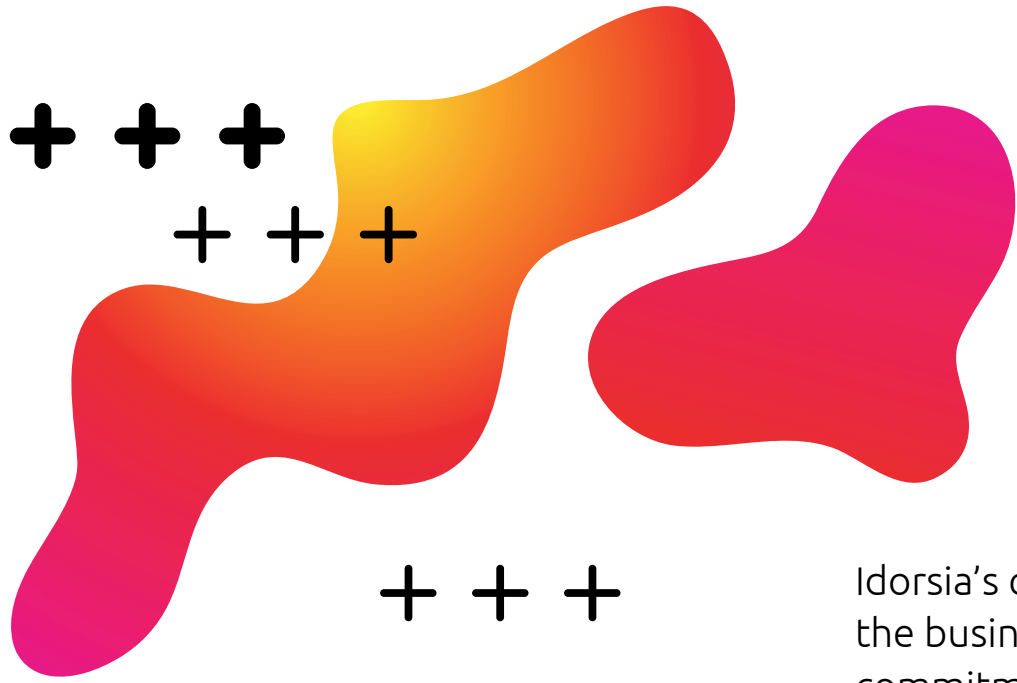
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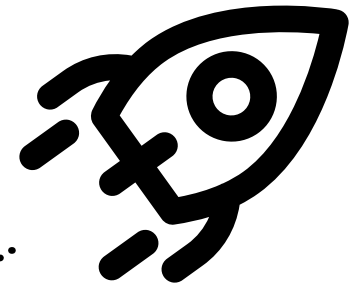
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Idorsia's compensation principles support the business strategy and foster the commitment of all employees to the company's key strategic priorities. They also support building Idorsia's business and organizational culture:



Supporting Idorsia's Key Strategic Priorities



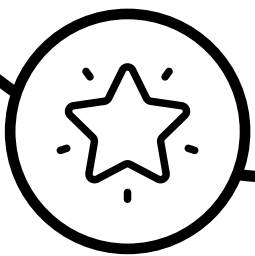
Talent Attraction and Retention

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



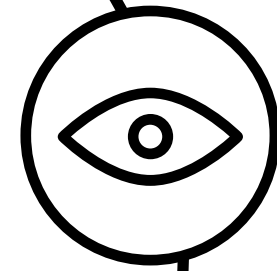
Pay for Performance

Compensation programs reward concrete results and have a high level of performance differentiation. Also taken into account is the demonstration of behaviors in line with Idorsia's culture.



Team & Individual Recognition

Compensation programs recognize team deliverables and individual contributions.



Simplicity and Transparency

Compensation programs are straightforward, transparent and easily understood by all participants.



Impact and Cash Preservation

The compensation system is both impactful and cash preserving.

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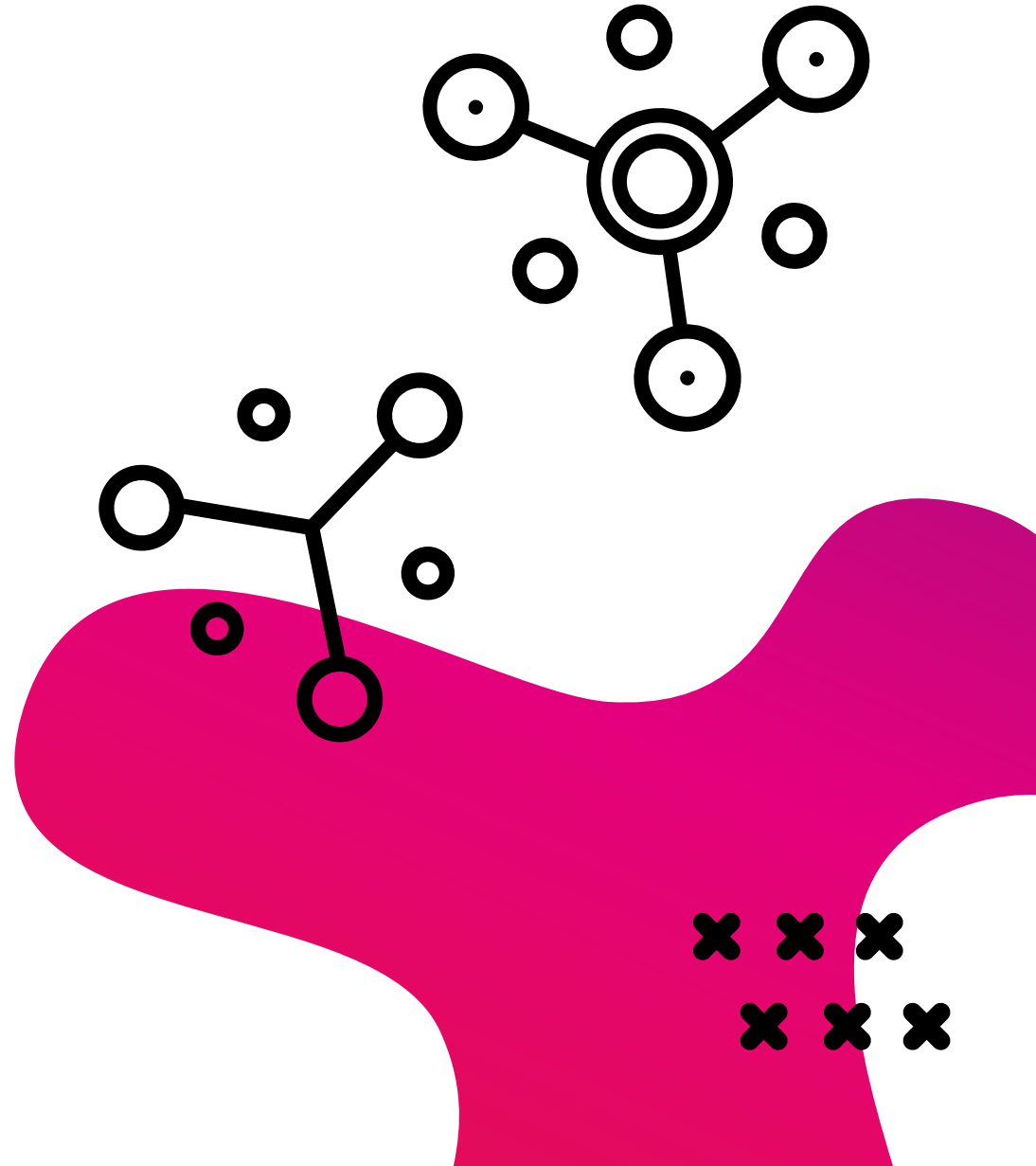
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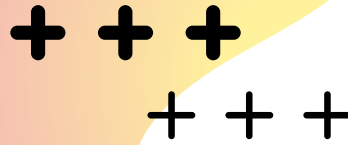
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The Board's compensation period generally relates to the term of office, which starts with election of its members at the AGM and ends at the subsequent AGM.

In order to strengthen their independence in exercising their supervisory duties, the NEDs receive fixed compensation only and do not participate in the occupational pension plans of Idorsia. 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 expected not to be sufficient to cover tax withholding 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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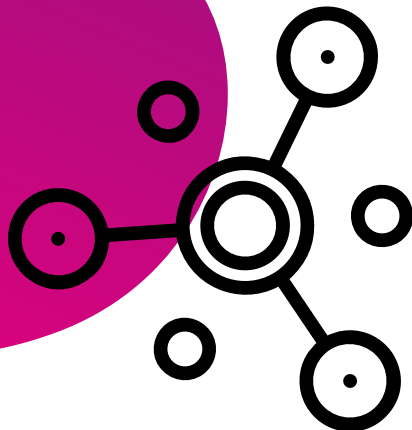
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The Board's compensation structure and levels remained unchanged for the term of office from the 2020 AGM to the 2021 AGM.

NEDs' compensation per term of office

	In CHF
Board Chair	350,000
Board member	150,000
Additional fee for Committee Chairs	15,000

Compensation Structure: CEO and IEC

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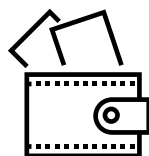
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The compensation structure for the CEO and all other members of the IEC includes the following elements:



Base salary

Vehicle
Monthly cash

Purpose
Pay for the job function

Determinants
Position, internal relativity, market practice, competencies and skills

Short-term incentive plan (STIP)

Vehicle
Annual bonus, payable in restricted shares blocked for two years (65%) and cash (35%)

Purpose
Pay for the achievement of company milestones

Determinants
Annual performance of the company

Long-term incentive plan (LTIP)

Vehicle
Stock options

Purpose
Attract and retain
Share long-term success
Align interest of participants with shareholders' interests

Determinants
Long-term value creation
Share price evolution
Market practice
Individual contribution

Benefits and allowances

Vehicle
Pension and insurances
Allowances

Purpose
Protect against risks
Attract and retain

Determinants
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 and long-term company success through incentive plans.

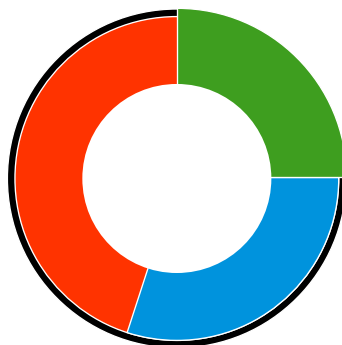
The actual pay mix for the CEO and all other members of the IEC for 2020 is shown below:

The compensation structure and levels for the CEO and all other members of the IEC in the 2020 financial year remained unchanged from 2019.

Executive pay mix

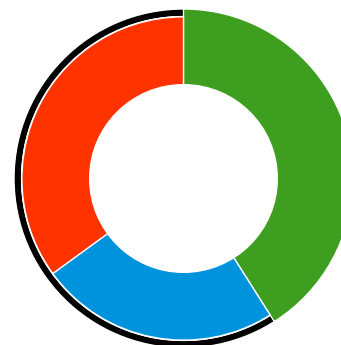
CEO

- **25%** Base salary, benefits and allowances
- **30%** STIP
- **45%** LTIP
- **At risk compensation 75%**



All other IEC members (in the aggregate)

- **41%** Base salary, benefits and allowances
- **24%** STIP
- **35%** LTIP
- **At risk compensation 59%**



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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 IEC members in the 2020 financial year remained unchanged from 2019.

Short-term incentive plan

The short-term incentive plan (STIP) is 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. They are proposed by the NGCC and approved by the Board at the beginning of the financial year. Their achievement is assessed after year-end, which forms the basis for the determination of the bonus payout under the STIP.

Performance objectives for the company are centered around a set of R&D pipeline milestones, expansion of the commercial organization and preparation for product launches, as well as securing long-term financing for Idorsia. For 2020, clear and highly ambitious milestones were specified. An additional performance goal set for 2020 was to establish the foundations for a sustainability reporting framework (also known as non-financial or environmental, social & governance reporting).

It is important to note that, as a minimum, all of 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.

In 2020, despite the obstacles created by the global pandemic, Idorsia’s team successfully achieved all of the company goals (including

two where expectations were exceeded), delivering outstanding results in the global registration program for daridorexant in insomnia, and in the Japanese registration program for clazosentan for cerebral vasospasm following aneurysmal subarachnoid hemorrhage. Moreover, all Idorsia employees were kept on fully paid employment during the measures taken in response to the pandemic. The Executive team and all employees, demonstrating a strong commitment to Idorsia’s objectives and culture, continued to operate effectively for the purpose of bringing novel medicines to patients.

Considering this exceptional achievement in such difficult times, the Board set the level of the bonus payout at 130% of the target.

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 continues to cap this at 150% in respect of 2021.

The bonus is paid out by March 31 of the following year. The bonus relating to the 2020 financial year will be paid out as follows: 65% in restricted shares (in line with the principle of cash preservation) and 35% in cash, so that the recipients can cover tax and social security obligations. Restricted shares are subject to a two-year blocking period, with no risk of forfeiture, except for situations under the clawback provisions.

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 the most appropriate vehicle for the LTIP for IEC members.

In 2020, 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, but the NGCC continues to cap awards at 150% in respect of 2021.

The approach adopted for 2020 is set out in the following table:

	Target fair value of 2020 LTIP awards (in CHF)	Maximum possible fair value (200% of target) of 2020 LTIP awards (in CHF)	Approved by the Board fair value of 2020 LTIP awards (in CHF) subject to final valuation at grant date
CEO	1,125,000	2,250,000	1,500,000
All other IEC members (in the aggregate)	2,000,000	4,000,000	2,000,000

Stock options were granted under the conditions described below:

Stock option data		
Grant date	March 1, 2020	March 1, 2019
Vesting date	March 1, 2023	March 1, 2022
Date of expiry	February 28, 2030	February 28, 2029
Exercise price ¹	CHF 25.35	CHF 17.41
Grant date fair value ²	CHF 8.32	CHF 5.78
Total number of stock options granted	420,690	683,410
Total fair value of stock options granted	CHF 3,500,141	CHF 3,950,111

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 2020 as a vehicle to align interests with those of shareholders and a long-term retention instrument was determined based on the performance of the CEO and all other IEC members, and on demonstrated behaviors in line with Idorsia's culture. In particular, the Executive team worked on progressing clinical assets in the pipeline, company financing, commercial strategies, staffing our teams, and building organizational capabilities.

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 retirement, insurance and healthcare plans 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- 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 international 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 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.

To calculate whether the minimum ownership requirement is met, all shares held by the IEC members (and by their spouses and children under 18 years of age) are considered, as well as vested shares from compensation programs regardless of any applicable blocking period, and the net-of-tax value of vested unexercised stock options. The NGCC reviews and confirms compliance with the share ownership guidelines on an annual basis.

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 to either 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.

Report of the Statutory Auditor on the Compensation Report

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We have audited the accompanying pages of the compensation report of Idorsia Ltd for the year ended December 31, 2020. 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 20 to 23 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, 2020, 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 3, 2021

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Compensation awarded to the Board for 2020

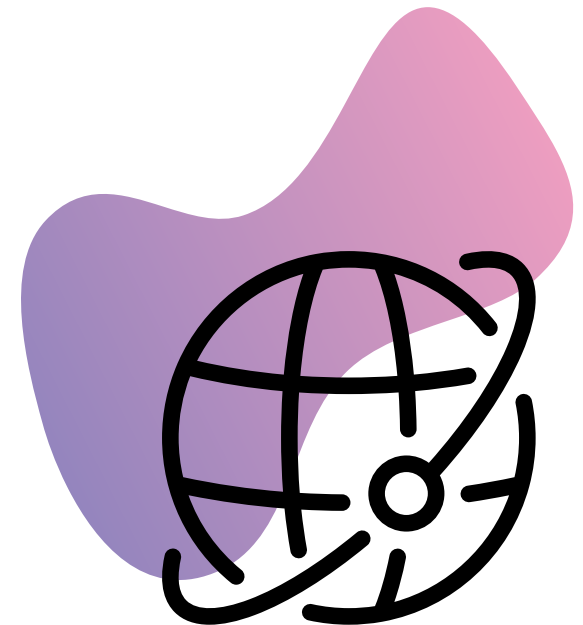
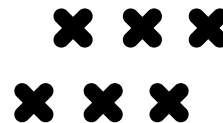
For 2020, NEDs received total compensation of CHF 1,133,037 (2019: CHF 991,814) in the form of cash fees of CHF 288,188 (2019: CHF 262,500), shares with fair value at grant of CHF 816,413 (2019: CHF 720,503) and social security contributions of CHF 28,436 (2019: CHF 8,811). The increase in total compensation in 2020 compared with the previous financial year is due to the increased number of Board members (one more than in the previous year).

For the period from the 2019 AGM to the 2020 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 million (excluding employer social security contributions) and was therefore within the limit approved by the shareholders.

At the 2020 AGM, shareholders approved an aggregate maximum compensation amount of CHF 1.3 million for the Board for the term of office from the 2020 AGM to the 2021 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 2021.

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 (2019: none).

No current or former members of the Board or closely related parties were granted a loan during the reporting year (2019: none). No loans were outstanding at the end of the year under review (2019: none).



Board compensation (in CHF)

	2020				2019			
	Cash	Shares, fair value at grant date	Social security contributions	Total ¹	Cash	Shares, fair value at grant date	Social security contributions	Total ¹
Mathieu Simon Board Chair (since May 13, 2020) Member of NGCC	75,000	225,376	-	300,376	28,125	83,440	-	111,565
Jean-Pierre Garnier Board Chair and Member of NGCC (until May 13, 2020)	21,875	73,065	-	94,940	87,500	257,299	-	344,799
Joern Aldag Member of FAC and NGCC (since May 13, 2020)	35,297	76,117	6,748	118,162	N/A	N/A	N/A	N/A
Robert Bertolini FAC Chair (until May 13, 2020)	10,313	34,438	-	44,751	41,250	121,311	-	162,561
Felix R. Ehrat Member of FAC and NGCC (since May 13, 2020)	28,125	83,209	6,721	118,055	N/A	N/A	N/A	N/A
John J. Greisch NGCC Chair (until May 13, 2020)	10,313	34,438	-	44,751	41,250	121,311	-	162,561
Sandy Mahatme FAC Chair (since May 13, 2020)	30,938	91,485	-	122,423	N/A	N/A	N/A	N/A
Viviane Monges Member of FAC and NGCC	37,500	114,537	9,268	161,305	37,500	110,291	8,811	156,602
Michel de Rosen NGCC Chair (since May 13, 2020)	38,827	83,748	5,699	128,274	N/A	N/A	N/A	N/A
David Stout Member of FAC and NGCC (until May 3, 2019)	N/A	N/A	N/A	N/A	26,875 ²	26,851	-	53,726
Jean-Paul Clozel CEO and executive member of the Board	Jean-Paul Clozel received no additional compensation for his Board membership in 2019 and 2020. For his compensation as CEO, see the table "Compensation for the CEO and other members of the IEC for 2020".							
Total	288,188	816,413	28,436	1,133,037	262,500	720,503	8,811	991,814

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

² This amount includes the fee for Vaxxilon Board Chair, which amounted to CHF 17,500 for the financial year 2019.

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Compensation awarded to the CEO and other members of the IEC for 2020

The adjacent table provides details of compensation for all members of the IEC (including the individual compensation of the CEO). For 2020, the IEC members received a total compensation of CHF 9,348,414 (2019: CHF 8,744,034) in the form of base salaries of CHF 2,819,942 (2019: CHF 2,819,459), short-term incentives of CHF 2,320,465 (2019: CHF 1,231,439), stock options granted under the LTIP with a fair value at grant of CHF 3,500,141 (2019: CHF 3,950,111), and other benefits, pension and social security contributions of CHF 707,866 (2019: CHF 743,025). The increase in total compensation compared with the previous financial year is mainly due to the higher bonus payout under the STIP (at 130% of target) for the outstanding performance results achieved in 2020 (2019 bonus payout was at 70% of target).

Compensation for the CEO and 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 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 allowance & relocation benefits (accrual principle)

⁵ Employer contributions to company pension plan (accrual principle)

⁶ Employer contributions to social security, which include risk premiums to the pension fund in the amount of CHF 64,577. 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.

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Compensation for the CEO and the other members of the IEC for 2019

In CHF (gross) ¹	Base salary	Short-term incentive ²	Long-term incentive ³	Other benefits ⁴	Pension ⁵	Social security contributions ⁶	Total amount
Jean-Paul Clozel CEO and highest-paid member of the IEC	750,000	525,000	1,500,026	-	61,410	91,788	2,928,224
All other IEC members (four)	2,069,459	706,439	2,450,085	212,530	186,870	190,427	5,815,810
Total	2,819,459	1,231,439	3,950,111	212,530	248,280	282,215	8,744,034

¹ From January 1 to December 31, 2019

² Payout under the STIP for financial year 2019 (accrual principle)

³ Fair value at grant date

⁴ Car allowance & relocation benefits

⁵ Employer contributions to company pension plan

⁶ Employer contributions to social security excluding risk premiums to the pension fund in the amount of CHF 92,226. 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.

The total amount of compensation awarded to the IEC for the financial year 2020 (CHF 8,967,571 excluding employer social security contributions) is below the aggregate maximum compensation amount of CHF 10.7 million (excluding employer social security contributions) approved at the 2019 AGM for the financial year 2020.

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 (2019: none).

No current or former members of the IEC or closely related parties were granted a loan during the reporting year (2019: none). No loans were outstanding at the end of the year under review (2019: none).

Investments held by the Board and the IEC

As of December 31, 2020, the NEDs held a total of 81,447 registered shares and no stock options on shares of Idorsia Ltd.

As of December 31, 2020, the IEC members held a total of 48,790,158 registered shares and a total of 2,350,990 stock options on shares of Idorsia Ltd.

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	Number of shares		Number of options	
	2020	2019	2020	2019
Mathieu Simon Board Chair (since May 13, 2020) Member of NGCC	17,647	8,429	-	-
Jean-Pierre Garnier Board Chair and Member of NGCC (until May 13, 2020)	N/A	41,714	N/A	200,000
Joern Aldag Member of FAC and NGCC (since May 13, 2020)	2,824	N/A	-	N/A
Robert Bertolini FAC Chair (until May 13, 2020)	N/A	24,757	N/A	75,000
Felix R. Ehrat Member of FAC and NGCC (since May 13, 2020)	38,087	N/A	-	N/A
John J. Greisch NGCC Chair (until May 13, 2020)	N/A	15,778	N/A	75,000
Sandy Mahatme FAC Chair (since May 13, 2020)	3,394	N/A	-	N/A
Viviane Monges Member of FAC and NGCC	16,388	8,782	-	-
Michel de Rosen NGCC Chair (since May 13, 2020)	3,107	N/A	-	N/A
David Stout Member of FAC and NGCC (until May 3, 2019)	N/A	N/A	N/A	N/A
Jean-Paul Clozel CEO and executive member of the Board			See adjacent table	
Total	81,447	99,460	-	350,000

	Number of shares		Number of options	
	2020	2019	2020	2019
Jean-Paul Clozel CEO	35,775,222	27,501,529	886,670	706,380
Guy Braunstein EVP, Head of Global Clinical Development	176,710	172,500	433,080	372,980
Martine Clozel EVP, Chief Scientific Officer	12,751,973	9,802,449	387,440	327,340
Simon Jose EVP, Chief Commercial Officer	14,165	-	210,720	150,620
André C. Muller EVP, Chief Financial Officer	72,088	59,391	433,080	372,980
Total	48,790,158	37,535,869	2,350,990	1,930,300

Not included in the table above are conversion rights from the convertible bonds. As of December 31, 2020, and 2019, Jean-Paul Clozel held 1,231,222 conversion rights and Martine Clozel held 441,826 conversion rights from the convertible bonds.

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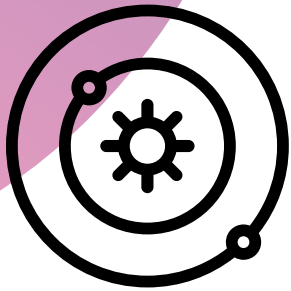
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In total, as of December 31, 2020, the Group equity overhang – defined as the total number of stock options outstanding (6,900,269) and restricted stock units (1,042,482) divided by the total number of issued shares as registered in the commercial register (166,446,746) – amounts to 4.77%.

The company's "burn rate" – defined as the number of stock options (969,480), shares (68,896) and restricted stock units (337,803) granted in 2020 divided by the total number of issued shares as registered in the commercial register – amounts to 0.83%.

> **Equity Overhang and Dilution in Idorsia Group**

Be prepared for more



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

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