

# REMUNERATION REPORT







A performance- and success-based, transparent and market competitive remuneration is an important factor for a globally operating company like Roche.

# 1. Principles

Roche is an innovative and agile company whose success depends substantially on the expertise, motivation and performance of its employees. This conviction forms the basis of our compensation policy.

Roche aims to remunerate all employees fairly, transparently and in line with market conditions, to enable them to participate appropriately in the company's success. We pursue this goal by providing equitable, competitive, performance-based and results-oriented compensation.

We strive for a balanced mix of fixed and variable compensation components geared to each employee's position and management responsibility.

Firstly, the variable components are intended to create additional financial incentives to achieve corporate goals and to keep innovation at a consistently high level while increasing the value that the company creates for all stakeholder groups. Secondly, in order to allow employees and managers to participate in the company's business success, adequate compensation measures are key. Both objectives are incentivised by annual bonus payments and long-term securities-based programmes.

For a global company like Roche, market-competitive remuneration plays a key role

along with a performance- and success-based, transparent compensation structure. To ensure that compensation packages are competitive, both the structure and individual components are regularly benchmarked based on the relevant Swiss, European and international market criteria. Our remuneration guidelines and their underlying principles are also subject to regular outside comparisons.

However, compensation policy is only one factor in safeguarding Roche's future success. The key element is a corporate culture that offers employees conditions in which they can make their best possible contribution to the shared corporate goal of improving healthcare to patients. This includes a sound and a sustainability-oriented value system that is based on integrity, courage and passion. At the same time, our decentralised management approach plays a major role with its wide scope for individual decision-making, respectful interactions, openness to diversity, wide-ranging training and development opportunities and an attractive working environment. A unidimensional diminishment to questions on remuneration would fall by far too short.

Roche is committed to a fair, performance-based and results-oriented compensation policy that links employees' interests with those of various other stakeholder groups.

## 2. Remuneration decision process and approval framework

### 2.1 Overview

Each year the Remuneration Committee of Roche's Board of Directors decides the remuneration of Board members and the members of the Group's Corporate Executive Committee.

Chairman, Group CEO and all other members of the Group's Corporate Executive Committee must not be present when the Remuneration Committee decides their corresponding compensation and have no right to a say in decisions. The decision right is reserved to Remuneration Committee members only.

### Remuneration decision process and approval framework as of 2020

Remuneration components	Beneficiary		Decision by	Approval by
	Board of Directors (BoD) Chairman (C)	Corporate Executive Committee (CEC) incl. CEO Roche Group		
Base pay/remuneration	✓	✓	Remuneration Committee	Annual General Meeting
Bonus	✓ (C only)	✓		
Stock-settled Stock Appreciation Rights (S-SARs)	–	✓		
Restricted Stock Units (RSUs)	–	✓	Board of Directors upon recommendation from Remuneration Committee (for the last time at the end of 2020)	
Performance Share Plan (PSP) (last expired plan: PSP 2018–2020, see 3.1.5)	–	✓		
Decisions on pension	✓ (C only)	✓	Remuneration Committee	

The Remuneration Committee tracks market data on salaries at other leading global pharmaceutical companies<sup>1</sup> and at major Swiss companies<sup>2</sup> and reports its findings to the full Board. The external consulting firm PricewaterhouseCoopers (PwC) assists the Remuneration Committee of Roche in performing market comparisons and in advising. PwC has been awarded additional mandates in the Roche Group. Information on the Remuneration Committee's remit, powers and procedures for making remuneration decisions can be found in the

Bylaws of the Roche Board of Directors<sup>3</sup> and in the Articles of Incorporation.<sup>4</sup> They are also outlined in the sections below on the principles governing specific remuneration components (see 3.).

As of the end of 2018, no new awards are granted under the Performance Share Plan (PSP). Acting upon recommendations from the Remuneration Committee, at the end of 2020 the Board of Directors determined the payment of the last expired PSP 2018–2020 (see 3.1.5).

1 Peer set 2020: Abbott Laboratories, AbbVie, Amgen, Astellas, AstraZeneca, Bayer, Bristol-Myers Squibb, Eli Lilly, GlaxoSmithKline, Johnson & Johnson, Merck & Co., Novartis, Pfizer, Sanofi, Takeda (no change in composition of peer set compared to 2019).

2 ABB, Credit Suisse, LafargeHolcim, Nestlé, Sonova, Straumann, Swiss Re, UBS, Zurich Insurance (no change in composition of peer set compared to 2019).

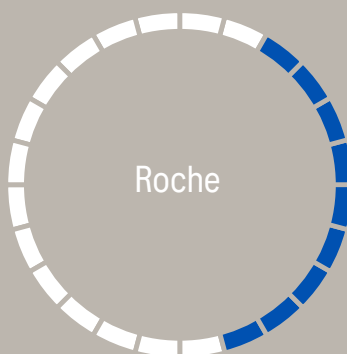
3 [https://www.roche.com/about/governance/article\\_of\\_incorporation.htm](https://www.roche.com/about/governance/article_of_incorporation.htm)

4 [https://www.roche.com/about/governance/article\\_of\\_incorporation.htm](https://www.roche.com/about/governance/article_of_incorporation.htm)

Since 2014, total aggregate amounts that are based on these decisions have been submitted to the General Meeting for approval implementing the 'Ordinance against excessive compensation at listed joint-stock companies' (Verordnung gegen übermässige Vergütungen bei börsenkotierten

Aktiengesellschaften [VegüV]). The General Meeting shall vote annually and with binding effect on the approval of the remuneration (that the Board of Directors has resolved) of the Board of Directors and the Corporate Executive Committee (for details see 4. and 5.).

Abbott Laboratories  
AbbVie  
Amgen  
Astellas  
AstraZeneca  
Bayer  
Bristol-Myers Squibb  
Eli Lilly  
GlaxoSmithKline  
Johnson & Johnson  
Merck & Co.  
Novartis  
Pfizer  
Sanofi  
Takeda



### Peer set for 2020

ABB  
Credit Suisse  
LafargeHolcim  
Nestlé  
Sonova  
Straumann  
Swiss Re  
UBS  
Zurich Insurance

### Peer set for 2020

#### Market comparison companies for salary assessment

- Pharma peer set
- Major Swiss companies

## 2.2 Procedure for submitting total Board and Executive remuneration for shareholder approval at the Annual General Meeting

Each year at the Annual General Meeting (AGM) shareholders approve the total remuneration for the Board of Directors and for the Corporate Executive Committee as decided by the Board of Directors' Remuneration Committee and the Board of Directors, respectively.

According to the approval at the AGM 2014, Roche has committed itself to obtaining separate and binding shareholder approvals of the total remuneration paid to the Board of Directors and to the Corporate Executive Committee as follows:

### Retrospective approval

Total aggregate bonus amounts for the Corporate Executive Committee and the Chairman of the Board of Directors for the financial year just ended will be submitted retrospectively at each ordinary AGM for separate and binding approval.

### Prospective approval

All other Board and Executive aggregate remuneration will be submitted prospectively to the AGM for separate and binding approval for the period between two ordinary AGMs.



André Hoffmann, Chairman of the Remuneration Committee.

**Approval of total remuneration at the Annual General Meeting (AGM) 2021**

**Retrospective:**

Chairman (C) of the Board of Directors (BoD):

- Bonus for financial year 2020 (total amount)

Corporate Executive Committee (CEC) including CEO Roche Group:

- Bonus for financial year 2020 (total amount)

**Prospective:**

Board of Directors (BoD) including Chairman (C):

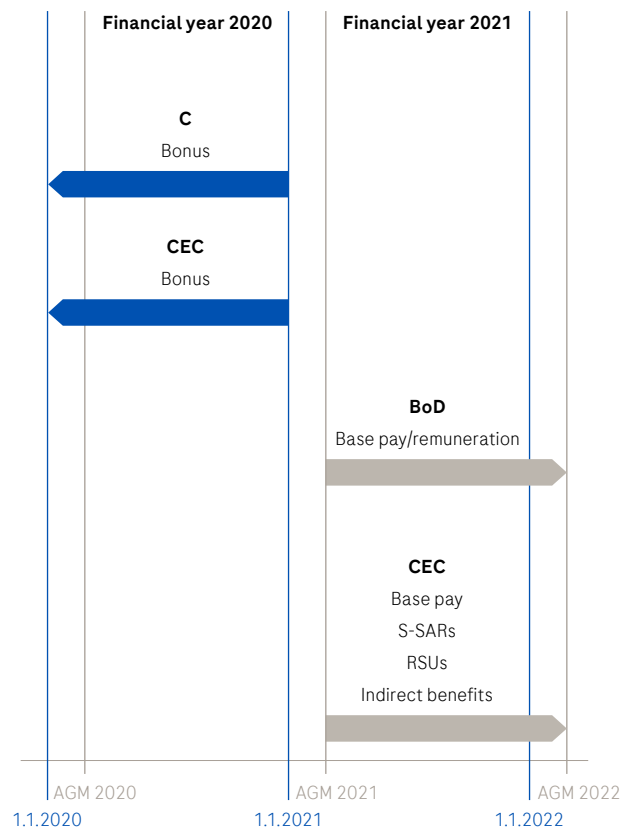
Aggregate total remuneration (AGM 2021–AGM 2022)

- Base pay/remuneration

Corporate Executive Committee (CEC) including CEO Roche Group:

Aggregate total remuneration (AGM 2021–AGM 2022)

- Base pay
- Stock-settled Stock Appreciation Rights (S-SARs)
- Restricted Stock Units (RSUs)
- Indirect benefits



## 3. Remuneration components

### 3.1 Overview of remuneration elements

Since 2019, for the Corporate Executive Committee and the Enlarged Corporate Executive Committee the composition of the remuneration components of the Long-Term Incentive (LTI) has been changed. The LTI of the **Corporate Executive Committee and the Enlarged Corporate Executive Committee** has been complemented with Restricted Stock Units (RSUs) and is composed of 80% S-SARs and 20% RSUs (based on the

already existing individual target value of the total LTI for Corporate Executive Committee members of 133.33% of a base pay measured on 1 January of a year). Vesting and expiration periods are aligned for any newly issued S-SARs and RSUs (see below). Unlike all other participants of the two programmes, members of the Corporate Executive Committee have no choice in determining the mix of RSUs and S-SARs, which as of 2019 have a four-year cliff vesting.

#### Corporate Executive Committee LTI

Mix (S-SARs/RSUs) fixed	Base for calculation	Vesting period	Cliff vesting	Expiration period
<b>80% S-SARs</b>	Based on the individual target value of the total LTI for Corporate Executive Committee members of 133.33% of a base pay measured on 1 January of a year	<b>4 years</b>	<b>4 years</b>	<b>10 years</b>
<b>20% RSUs</b>		<b>4 years</b>	<b>4 years</b>	-

Since 2019, **remaining participants of the S-SARs and RSUs programmes** are offered on a yearly basis a choice of three combinations to determine the mix of Restricted Stock Units (RSUs) and Stock-settled Stock Appreciation Rights (S-SARs, options are used instead of S-SARs in some countries).

The following options are available:

Choice 1	Choice 2	Choice 3
80% S-SARs	50% S-SARs	20% S-SARs
20% RSUs	50% RSUs	80% RSUs

Offering this level of choice empowers participants to engage more fully in their total rewards, enables them to better understand a critical element of their compensation and increases the value of the programme.

The expiration period for any newly issued S-SARs since 2019 was extended from seven years to ten

years. This gives participants an additional three years to exercise vested S-SARs. In parallel, the vesting schedule for any newly issued RSUs since 2019 was changed from three-year cliff vesting to four-year annual vesting. Each year, unlike for the Corporate Executive Committee and the Enlarged Corporate Executive Committee, 25% of the granted RSUs will vest and will become available to participants. The vesting schedule for S-SARs, three-year annual vesting, was also aligned with a four-year annual vesting schedule for any new grants.

This attractively designed Roche Long-Term Incentive programme enables Roche to attract, motivate and retain the best talent and keep it aligned with the company's long-term success.

The remuneration to the members of the Board of Directors and the Corporate Executive Committee is composed of the following elements (for concrete composition see chart below: ‘Composition of remuneration to the Board of Directors and the Corporate Executive Committee’):

The fixed base salary is complemented with the annual variable bonus as **Short-Term Incentive (STI)** and with perennial remuneration elements (S-SARs, RSUs) as **Long-Term Incentive (LTI)**.

Since the end of 2018, no new Performance Share Plan (PSP) awards have been granted. Acting upon recommendations from the Remuneration Committee, at the end of 2020 the Board of Directors determined the payment of the last, expired PSP 2018–2020.

The remuneration components are linked to the employees’ performance, the company’s financial performance and non-financial success and thus align the interests of Roche and its employees with those of shareholders. Societal and environmental objectives are also taken into account.

The LTI remuneration components are intended to sustainably, homogenously and in a long-term-oriented perspective align management’s interest with those of shareholders and holders of non-voting equity securities and to give participating managers an additional incentive to achieve sustainable shareholder value growth.

#### Composition of remuneration to the Board of Directors and the Corporate Executive Committee

Annual remuneration elements	Description	C	BoD	CEO Roche Group	CEC
<b>Base pay/ remuneration</b>	Monthly payment (see 3.1.1 below)	√	√ Quarterly payments	√	√
<b>Bonus</b>	Annual payment (see 3.1.2 below)	√ For 10 years blocked non-voting equity securities and/or shares	–	√ For 10 years blocked non-voting equity securities and/or shares	√ Cash
<b>Pensions etc.</b>	(see 3.1.6 below)	√	–	√	√
Perennial remuneration elements					
<b>Stock-settled Stock Appreciation Rights (S-SARs)</b>	(see 3.1.3 below)	–	–	√ For 4 years additionally blocked non-voting equity securities after exercise	√
<b>Restricted Stock Units (RSUs)</b>	(see 3.1.4 below)	–	–	√ For 10 years blocked non-voting equity securities	√
<b>Performance Share Plan (PSP)</b> (last expired plan: PSP 2018–2020)	(see 3.1.5 below)	–	–	√ For 10 years blocked non-voting equity securities and/or shares	√



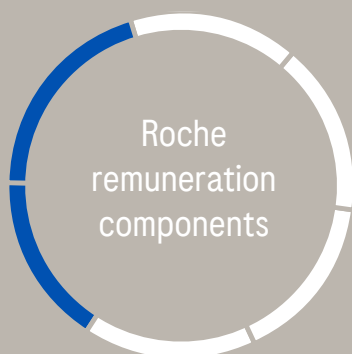
## STI:

- Bonus

## LTI:

- Stock-settled Stock Appreciation Rights
- Restricted Stock Units
- Performance Share Plan (until 2020)

### Variable, long-term



### Fixed

Base salary

Indirect benefits (employer contribution):

- Pensions and insurance contributions
- Roche Connect
- Tax consulting services

Expense allowances

Others:

- Children's schooling costs
- Foreign tax obligation
- AHV/IV/ALV\*

\* Employer contribution of social securities' beneficial parts

#### 3.1.1 Base pay (fixed)

Base pay (cash payment) is determined for each position based on salary market data of other leading global pharmaceutical companies (see footnote 1) and of other major Swiss companies (see footnote 2) and reflects individuals' abilities, experience and performance over time. Pay adjustments are likewise linked to individual performance and take into account prevailing market conditions and the company's overall financial situation.

The Remuneration Committee makes and reviews the final decision on the individual base pay paid to the Chairman of the Board of Directors and members of the Corporate Executive Committee and on the remuneration of the other members of the Board.

#### 3.1.2 Bonuses (variable)

Bonuses are annually awarded for individual contributions of value creation in a business year and are meant to be an incentive to strive for outstanding results and to create new business opportunities. Bonus amounts are linked to Group and divisional core profits, sales growth at constant exchange

rates, Operating Profit After Capital Charge (OPAC) based on core operating profit, core earnings per share and non-voting equity security (NES) growth at constant exchange rates, product development pipeline, diversity of employees and managers and environmental goals. Additionally, they are linked to the achievement of measurable and qualitative individual or functional performance objectives. For competitive reasons, Roche does not disclose the individual performance objectives of members of its Corporate Executive Committee and of its Chairman.

In December at the end of a reporting year or in January following a reporting year, the Remuneration Committee decides on the bonuses and their amounts payable to the Chairman of the Board and the members of the Corporate Executive Committee in respect of the relevant reporting year, based on performance against the aforementioned objectives. At the same time, the Remuneration Committee also decides in what form bonuses will be awarded, ie, cash payments and/or blocked (if applicable) non-voting equity securities and/or shares.

The Remuneration Committee uses its discretion appropriately in the weighting of each criteria and in the bonus allocation.

In 2020 in total, around 74,900 employees were eligible for a bonus under the Roche Bonus Program.

### **3.1.3 Stock-settled Stock Appreciation Rights (S-SARs) (long-term)**

Since 2019, the S-SARs proportion of the LTI of the Corporate Executive Committee is 80% (based on the individual target value of the total LTI for Corporate Executive Committee members of 133.33% of a base pay measured on 1 January of a year).

S-SARs entitle holders to benefit financially from any increase in the value of Roche's non-voting equity securities between the grant date and the exercise date. Since 2019, S-SARs granted all vest together after four years and then have to be exercised within ten years of the grant date. Unexercised S-SARs lapse without compensation. Since 2012, the fair value of S-SARs has been calculated at the grant date using the trinomial model for American call options (for details see page 158).

S-SARs to the Corporate Executive Committee are allocated individually at the Remuneration Committee's discretion.

In 2020 in total, 22,022 employees received S-SARs.

### **3.1.4 Restricted Stock Units (RSUs) (long-term)**

As of 2019, the proportion of Restricted Stock Units (RSUs) of the members of the Corporate Executive Committee is 20% of the total LTI (based on the individual target value of the total LTI for Corporate Executive Committee members of 133.33% of a base pay measured on 1 January of a year). RSU awards are allocated individually for the Corporate Executive Committee at the Remuneration Committee's discretion.

RSUs contain rights to receive non-voting equity securities and/or shares after a (since 2019 newly

defined) four-year vesting period plus a value adjustment (being the amount equivalent to the sum of the dividend paid during the vesting period attributable to the number of non-voting equity securities and/or shares for which an individual award has been granted). They will be all vested to the recipient for the Corporate Executive Committee after four years only. Thereafter, resulting non-voting equity securities and/or shares may remain blocked for up to ten years.

In 2020, RSUs served as a remuneration component for 22,156 eligible Roche employees.

### **3.1.5 Performance Share Plan (PSP) (long-term)**

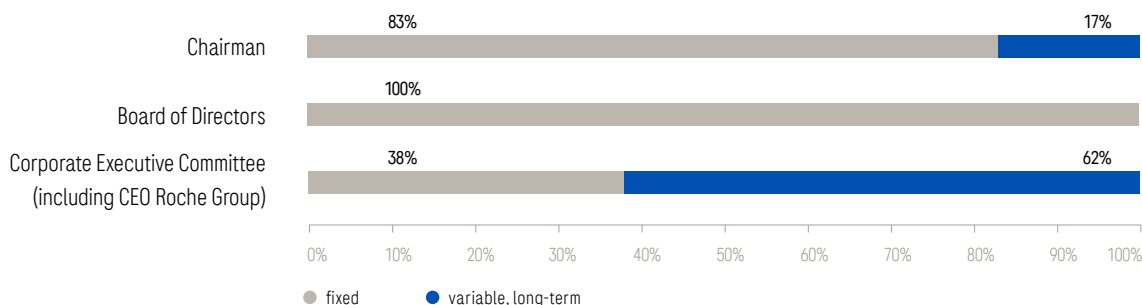
The PSP was established in 2002 for periods of three years each and based on a three-year comparison of the Total Shareholder Return (TSR) with 15 peer companies (see footnote 1). The plan's key performance metric for an award, the TSR, was calculated as a three-month moving average rate before the start of and before the end of the performance cycle.

No new PSP awards have been granted since the end of 2018. Therefore, in 2020, there was only one performance cycle PSP 2018–2020 left, which closed on 31 December 2020 and about which the Board of Directors at its discretion, acting upon recommendations from the Remuneration Committee, determined the payment at the end of 2020 (see 5.8).

### **3.1.6 Indirect benefits**

As shown in 5.9 (5.3 [for the CEO Roche Group] and 4.3 [for the Chairman], respectively), members of the Corporate Executive Committee additionally received indirect benefits (payments in pension funds, insurances, Roche Connect, payments for foreign tax obligation and tax consulting services and annual expense allowances). As shown under 5.10, individual members of the Corporate Executive Committee received payments for family, children and education allowances and for schooling costs for their children.

### 3.2 Weighting (fixed/variable, long-term) of 2020 remuneration components (at target and as percentage of total remuneration in 2020)



The variable, long-term remuneration paid out to the members of the Corporate Executive Committee ranged from 46% to 66% of the fixed compensation.

### 3.3 Ratio of variable remuneration components relative to fixed base pay of the Corporate Executive Committee 2020

#### Ratio of variable remuneration components (bonuses, S-SARs and RSUs) relative to % of value of fixed base pay

Criteria	STI (variable)	LTI (long-term) (total: 133,33% <sup>**</sup> )	
		S-SARs (80% of total LTI)	RSUs (20% of total LTI)
Individual target value*	100%	106.66% **	26.66% **
Minimum	0%	0%	0%
Maximum	200%	106.66%	26.66%
Performance criteria	Group objectives (Group and divisional business performance) and individual objectives considering core profits, sales growth at constant exchange rates, Operating Profit After Capital Charge (OPAC) based on core operating profit, core earnings per share and non-voting equity security (NES) growth at constant exchange rates, product development pipeline, diversity of employees and managers, environmental goals	Value development determined by performance of NES after grant	Value development determined by performance (plus a value adjustment for dividends) of NES after grant
Split in %			
a) Group objectives	70%	n.a.	n.a.
b) Individual objectives	30%	n.a.	n.a.
Weighting criteria/ Decision on objectives	At the Remuneration Committee's discretion		

n.a. - not applicable

\* Assessed in consideration of the performance of competitors and the macro-economic development

\*\* Based on the already existing individual target value of the total LTI for Corporate Executive Committee members of 133.33% of a base pay measured on 1 January of a year

For all further details please refer to the following sections of this Remuneration Report.<sup>5</sup>

<sup>5</sup> See also in the Finance Report Note 32 to the Roche Group Consolidated Financial Statements ('Related parties', page 138) and Note 6 to the Financial Statements of Roche Holding Ltd ('Board and Executive shareholdings', page 185).

## 4. Remuneration of the Board of Directors

### 4.1 Resolution and approval

Remuneration of the Chairman of the Board of Directors and of members of the Board of Directors was decided at the Remuneration Committee's discretion, taking into account market comparisons.

The remuneration is in form of cash payments and is annually tracked against market data on directors' pay at other leading global pharmaceutical companies (see footnote 1) and other major Swiss companies (see footnote 2), and is assisted by the consultancy of PwC.

As in the previous years, in 2021, the Board of Directors will separately submit the total aggregate bonus of the Chairman of the Board of Directors to the General Meeting for the 2020 financial year, for retrospective binding approval.

The maximum amounts of the total other aggregate remuneration of the Board of Directors for the period between the ordinary General Meeting 2021 and the ordinary General Meeting 2022 will be separately tabled in 2021 as in the previous years for the General Meeting's prospective binding approval (see 2.2).

### 4.2 Amount of remuneration to the members of the Board of Directors

In 2020, the members of the Board of Directors<sup>6</sup> received remuneration and additional compensation in the form of quarterly fixed cash payments as shown in the 'Remuneration of members of the Board

of Directors 2020' table on page 150 for their Board activities. Roche paid legally required employer's contributions totalling CHF 117,846 to Swiss social security programmes providing retirement, disability and unemployment benefits (AHV/IV/ALV) for the members of the Board of Directors beside the legally required contributions separately stated for the Chairman of the Board of Directors.

The basic remuneration of the Board of Directors (excluding the Chairman) has remained unchanged since 2001.

With the exception of the Chairman of the Board of Directors (bonus in form of blocked shares) and Dr Severin Schwan as an executive member of the Board, members of the Board of Directors were not awarded any shares, non-voting equity securities or S-SARs.

There are no loans or credits granted to the members of the Board of Directors.

In his capacity as a member of the Chugai International Council (CIC) of Chugai Pharmaceutical Co., Ltd. André Hoffmann received in 2020 honoraria amounting to a total of USD 40,000 (CHF 37,568).

In 2020, for their advisory service on the Genentech Scientific Resource Board, Prof. Dr Richard P. Lifton received honoraria amounting to a total of USD 10,000 (CHF 9,392) and Prof. Hans Clevers USD 26,358 (CHF 24,756), respectively.

AUDITED

<sup>6</sup> For a list of members, their positions and their committee memberships and chairmanships see page 123.



**Remuneration of members of the Board of Directors 2020 (in CHF)**

	Basic remuneration	Additional remuneration for committee members/chairs <sup>7</sup>	Additional special remuneration	<b>Total remuneration</b>
C. Franz, Chairman		(see '4.3 Total remuneration paid to the Chairman of the Board of Directors')		
A. Hoffmann, Vice-Chairman	400,000 <sup>8</sup>	-	37,568 (see page 149)	437,568
J. Brown	300,000	60,000	-	360,000
P. Bulcke	300,000	30,000	-	330,000
H. Clevers	300,000	30,000	24,756 (see page 149)	354,756
J. Duschmalé (since March 2020 <sup>9</sup> )	250,000	22,500	-	272,500
P. Frost (since March 2020 <sup>9</sup> )	250,000	22,500	-	272,500
A. Hauser	300,000	30,000	-	330,000
R.P. Lifton	300,000	30,000	9,392 (see page 149)	339,392
B. Poussot	300,000	30,000	-	330,000
S. Schwan	(see '5.3 Highest total remuneration paid to Dr Severin Schwan as a member of the Corporate Executive Committee', remuneration received in his primary function as CEO Roche Group is reflected in total remuneration for the Corporate Executive Committee)			
C. Suessmuth Dyckerhoff	300,000	30,000	-	330,000
J. Bell (until March 2020 <sup>10</sup> )	75,000	-	-	75,000
A. Oeri (until March 2020 <sup>10</sup> )	75,000	15,000	-	90,000
<b>Total<sup>11</sup></b>	<b>3,150,000</b>	<b>300,000</b>	<b>71,716</b>	<b>3,521,716</b>

7 With the exception of members of the Chairman's Committee (Chairman, Vice-Chairman) Board members receive CHF 30,000/year for each committee they serve on and CHF 60,000/year for each committee they chair.

8 Remuneration for serving as Vice-Chairman of the Board.

9 Prorated remuneration for the period from March to December 2020.

10 Prorated remuneration for the period from January to March 2020.

11 Additionally, employer contribution to AHV/IV/ALV totalling CHF 354,578 (including the Chairman) was paid that does not form part of remuneration.

**Remuneration of members of the Board of Directors 2019** (in CHF)

	Basic remuneration	Additional remuneration for committee members/chairs <sup>12</sup>	Additional special remuneration	Total remuneration
C. Franz, Chairman		(see '4.3 Total remuneration paid to the Chairman of the Board of Directors')		
A. Hoffmann, Vice-Chairman	400,000 <sup>13</sup>	-	39,753	439,753
J. Bell	300,000	7,500	-	307,500
J. Brown	300,000	60,000	-	360,000
P. Bulcke	300,000	30,000	-	330,000
H. Clevers (since March 2019 <sup>14</sup> )	250,000	22,500	-	272,500
A. Hauser	300,000	30,000	-	330,000
R.P. Lifton	300,000	30,000	9,938	339,938
A. Oeri	300,000	60,000	-	360,000
B. Poussot	300,000	30,000	-	330,000
S. Schwan	(see '5.3 Highest total remuneration paid to Dr Severin Schwan as a member of the Corporate Executive Committee', remuneration received in his primary function as CEO Roche Group is reflected in total remuneration for the Corporate Executive Committee)			
C. Suessmuth Dyckerhoff	300,000	60,000	-	360,000
P.R. Voser (until end of June 2019 <sup>15</sup> )	150,000	15,000	-	165,000
<b>Total<sup>16</sup></b>	<b>3,200,000</b>	<b>345,000</b>	<b>49,691</b>	<b>3,594,691</b>

12 With the exception of members of the Chairman's Committee (Chairman, Vice-Chairman) Board members receive CHF 30,000/year for each committee they serve on and CHF 60,000/year for each committee they chair.

13 Remuneration for serving as Vice-Chairman of the Board.

14 Prorated remuneration for the period from March to December 2019.

15 Prorated remuneration for the period from January to end of June 2019.

16 Additionally, employer contribution to AHV/IV/ALV totalling CHF 340,551 (including the Chairman) was paid that does not form part of remuneration.

**4.3 Total remuneration paid to the Chairman of the Board of Directors**

As Chairman, Dr Christoph Franz received total remuneration for 2020 as shown below. The Remuneration Committee's bonus proposal (adopted in late 2020) in respect of the 2020 financial year

(in form of shares blocked for ten years, payable in March 2021) will be put for shareholder binding vote at the 2021 ordinary Annual General Meeting (AGM).

The Chairman's total remuneration is contained in the total remuneration of the Board of Directors in 4.4.

**Total remuneration paid to the Chairman of the Board of Directors** (in CHF)

	2020	2019
Base salary (in cash)	3,500,000	3,500,000
Bonus (subject to approval of the Annual General Meeting)	837,585*	558,390*
Pension funds/insurances/annual expense allowances (including employer contribution of social securities' beneficial parts)	676,710**	1,674,159
<b>Total<sup>17</sup></b>	<b>5,014,295</b>	<b>5,732,549</b>

\* In form of shares blocked for 10 years (calculation of number of shares based on the price at the date of transfer in March 2021 and 2020, respectively, after approval at the AGM 2021/AGM 2020, respectively), calculation of value in consideration of reduction of value due to blocking period of 10 years (reduced market value: 55.839%) to be submitted for shareholder approval at the AGM 2021/as approved at the AGM 2020, respectively

\*\* Agreed reduction of pension fund contributions upon reaching the age of 60 in 2020

17 Additionally, employer contribution to AHV/IV/ALV of CHF 236,732 (2019: CHF 230,767) was paid that does not form part of remuneration.

#### 4.4 Total remuneration paid to the Board of Directors

For the 2020 calendar year the members of the Board of Directors received remuneration including bonuses and employer contribution of social securities' beneficial parts totalling CHF 8,580,399 (2019: CHF 9,405,725), excluding additional employer's contribution paid to AHV/IV/ALV totalling CHF 354,578 (2019: CHF 340,551) that does not form part of remuneration.

#### 4.5 Remuneration paid to the former members of the Board of Directors

Former member of the Board of Directors Dr Franz B. Humer in 2020 received fees amounting to a total of USD 40,000 (CHF 37,568) for serving as a member of the Chugai International Council (CIC) of Chugai Pharmaceutical Co., Ltd.

Former member of the Board of Directors William M. Burns in 2020 received honoraria amounting to a total of USD 40,000 (CHF 37,568) in his capacity as a member of the Chugai International Council (CIC) of Chugai Pharmaceutical Co., Ltd.

No additional remuneration was paid.

#### 4.6 Board remuneration subject to approval at the Annual General Meeting

##### 4.6.1 Submission of the Chairman's total aggregate bonus for a binding vote at the Annual General Meeting

Remuneration to the Chairman of the Board of Directors includes a bonus award of CHF 837,585 in form of shares blocked for ten years as shown in the table in section '4.3 Total remuneration paid to the Chairman of the Board of Directors'. The Board of Directors will submit the Remuneration Committee's bonus proposal (adopted in late 2020) for the Chairman of the Board, Dr Christoph Franz, in respect of the 2020 financial year (payable in March 2021, excluding legally required employer's contributions to AHV/IV/ALV) for the shareholder binding vote to the 2021 ordinary Annual General Meeting.

#### Retrospective approvals of the Chairman's total aggregate bonus (in CHF)\*

	Proposal AGM 2021	AGM 2020	AGM 2019
	Aggregate amount for financial year 2020	Aggregate amount for financial year 2019	Aggregate amount for financial year 2018
<b>Total aggregate amount proposal for approval/ approved by the AGM</b>	<b>837,585**</b>	<b>558,390**</b>	<b>558,390**</b>

\* Excluding legally required employer's contributions to AHV/IV/ALV

\*\* Bonus award (in form of shares blocked for 10 years [calculation of number of shares based on the price at the date of transfer in March 2021/March 2020/March 2019, respectively, after approval at the AGM 2021/AGM 2020/AGM 2019, respectively], calculation of value in consideration of reduction of value due to blocking period of 10 years [reduced market value: 55.839%] to be submitted for shareholder approval at the AGM 2021/as approved at the AGM 2020 and AGM 2019, respectively)

#### 4.6.2 Submission of the Board's total aggregate future remuneration for a binding shareholder vote

The Board of Directors proposes that the 2021 ordinary AGM approve Board remuneration totalling not more than CHF 10,000,000 (excluding legally required employer's contributions to AHV/IV/ALV and excluding bonuses) for the period ending at the 2022 ordinary AGM.

Dr Severin Schwan's remuneration as shown in 5.3 which he receives in his function as CEO Roche Group and member of the Corporate Executive Committee is not included here but is part of the Corporate Executive Committee's total remuneration.

#### Prospective approvals of the Board's total aggregate future remuneration (in CHF)\*

	Proposal AGM 2021	AGM 2020	AGM 2019
	Aggregate amount for the period AGM 2021-AGM 2022	Aggregate amount for the period AGM 2020-AGM 2021	Aggregate amount for the period AGM 2019-AGM 2020
<b>Total aggregate amount proposal for approval/ approved by the AGM</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>10,000,000</b>

\* Excluding legally required employer's contributions to AHV/IV/ALV and excluding bonuses

#### 4.6.3 Reconciliation of the reported remuneration with the shareholders' approved remuneration for the members of the Board of Directors

The 2019 ordinary AGM approved Board remuneration totalling not more than CHF 10,000,000 (excluding legally required employer's contributions to AHV/IV/ALV and

excluding bonuses) for the period ending at the 2020 ordinary AGM.

For comparison, from the 2019 ordinary AGM to the 2020 ordinary AGM actual remuneration amounted to CHF 8,597,609 (excluding legally required employer's contributions to AHV/IV/ALV and excluding bonuses).

#### Prospectively approved total remuneration for the members of the Board of Directors in comparison to the actual total payments made (in CHF)\*

	Total remuneration for the period AGM 2020-AGM 2021	Total remuneration for the period AGM 2019-AGM 2020	Total remuneration for the period AGM 2018-AGM 2019
Maximum of total remuneration approved by the AGM	10,000,000	10,000,000	10,000,000
Actual total remuneration paid	Calculation at end of period	8,597,609	8,694,022
Within the approved limit	Calculation at end of period	Yes	Yes

\* Excluding legally required employer's contributions to AHV/IV/ALV and excluding bonuses



#### 4.7 Security holdings

Directors André Hoffmann and Dr Jörg Duschmalé and members of the founders' families who are closely associated with them belong to a contractually bound shareholder group with pooled voting rights. At the end of 2020 this group held 72,018,000 shares (45.01% of issued shares). Detailed information about this group can be found in the Finance Report, Note 32 to the Roche Group Consolidated Financial

Statements ('Related parties', page 138) and in Note 4 to the Financial Statements of Roche Holding Ltd ('Significant shareholders', page 184). In addition, as at 31 December 2020 (as at 31 December 2019, respectively) the members of the Board of Directors and persons closely associated with them held Roche shares, non-voting equity securities (NES) and American Depositary Receipts (ADRs<sup>\*\*\*</sup>) as shown in the table 'Security holdings' below.

#### Security holdings (shares and NES)

	(as at 31 December 2020)				(as at 31 December 2019)			
	Shares (number)	Non-voting equity securities (NES) (number)	Close relatives' security holdings (number/type)	Others (number/ type)	Shares (number)	Non-voting equity securities (NES) (number)	Close relatives' security holdings (number/type)	Others (number/ type)
<b>Board of Directors</b>								
C. Franz	23,210	4,810	-	-	19,771	4,810	-	-
A. Hoffmann	-*	200	-	-	-*	200	-	-
J. Brown	729	-	-	-	729	-	-	-
P. Bulcke	-	4,000	-	-	-	4,000	-	-
H. Clevers	-	750	-	-	-	-	-	-
J. Duschmalé	-*	-	-	-	n.a.	n.a.	n.a.	n.a.
P. Frost	1,000	-	-	-	n.a.	n.a.	n.a.	n.a.
A. Hauser	3,000	150	20 NES	-	3,000	150	20 NES	-
R.P. Lifton	-	-	-	300 ADRs <sup>***</sup>	-	-	-	300 ADRs <sup>***</sup>
B. Poussot	500	500	-	-	500	500	-	-
S. Schwan	(see '5.16 Security holdings' Corporate Executive Committee on page 164)				(see '5.16 Security holdings' Corporate Executive Committee on page 164)			
C. Suessmuth Dyckerhoff	-	2,100**	-	-	-	2,100**	-	-
<b>Total</b>	<b>28,439</b>	<b>12,510</b>	<b>20 NES</b>	<b>300 ADRs<sup>***</sup></b>	<b>24,000</b>	<b>11,760</b>	<b>20 NES</b>	<b>300 ADRs<sup>***</sup></b>

n.a. - not applicable

\* Shares held by the shareholder group with pooled voting rights not listed

\*\* Jointly held with close relative

\*\*\* Roche's ADR (American Depositary Receipt) listed on OTCQX (<https://www.otcmarkets.com/stock/RHHBY/quote>) International Premier under the symbol RHHBY, ISIN US771195104. Traded in USD, eight (8) ADRs represent one (1) underlying NES

# 5. Remuneration of the Corporate Executive Committee

## 5.1 Resolution and approval

Remuneration of the members of the Corporate Executive Committee was decided at the Remuneration Committee's discretion, taking into account market comparisons.

As in the previous years, in 2021, the Board of Directors will separately submit the total aggregate bonuses of the Corporate Executive Committee to the General Meeting for the 2020 financial year for retrospective binding approval.

The maximum amounts of the total other aggregate remuneration of the Corporate Executive Committee for the period between the ordinary General Meeting 2021 and the ordinary General Meeting 2022 will be tabled in 2021 as in the previous years for the General Meeting's prospective binding approval (see 2.2).

## 5.2 Amount of remuneration to members of the Corporate Executive Committee

The general provisions assigning authority for decisions on Corporate Executive Committee remuneration to the Remuneration Committee and to the Board of Directors are outlined on page 141, '2. Remuneration decision process and approval framework'.

In 2020, members of the Corporate Executive Committee received remuneration for their work as shown in 5.3–5.12. The amount of remuneration for the CEO Roche Group, Dr Severin Schwan, is explained in 5.3 in detail.

Payments to Dr Gottlieb Keller, who retired from the Corporate Executive Committee and from Roche at the end of March 2020, in 2020 are included and aggregated in the total remuneration of the Corporate Executive Committee (see 5.12).

### 5.3 Highest total remuneration paid to Dr Severin Schwan as a member of the Corporate Executive Committee

Dr Severin Schwan, executive member of the Board of Directors, received his remuneration in his primary function as CEO Roche Group. It is reflected as the

highest total remuneration paid to a member of the Corporate Executive Committee (see below) and included in the total amount paid to the Corporate Executive Committee (see '5.12 Total remuneration paid to the members of the Corporate Executive Committee', page 161).

#### Highest total remuneration paid to Dr Severin Schwan as a member of the Corporate Executive Committee (in CHF)

	2020	2019 <sup>19</sup>
Base salary	3,500,000 <sup>18</sup>	4,000,000
Bonus (subject to approval of the total aggregate bonuses for the Corporate Executive Committee by Annual General Meeting)	2,791,950 <sup>20*</sup>	2,791,950*
S-SARs <sup>21</sup>	3,379,613	3,379,524
RSUs <sup>22</sup>	595,678*	595,673*
Roche Connect	100,008	100,008
Pension funds/insurances	581,106**	580,843**
Other payments incl. expense allowance/for tax consulting services	85,324	68,856
<b>Total<sup>23</sup></b>	<b>11,033,679</b>	<b>11,516,854</b>

18 In light of the overall economic impact of the Corona pandemic, Dr Severin Schwan waived the amount of CHF 500,000 from his contractual base salary in 2020.

19 For detailed calculation of the remuneration for 2019 and 2018 see Annual Report 2019, page 138.

20 Shares blocked for 10 years (calculation of number of shares based on the share price at the date of transfer in March 2021 after approval at the AGM 2021).

21 S-SARs 2020: Number: 103,260, grant value according to the trinomial model for American call options: CHF 41.32. Trinomial model for American call options value as described in '5.6 Stock-settled Stock Appreciation Rights (S-SARs) of the other members of the Corporate Executive Committee', page 158. S-SARs 2020 are blocked for 4 years and may thereafter be exercised only, whilst exercising resulting NES are automatically blocked for additional 4 years (calculation of value of non-voting equity securities in consideration of reduction of value due to additional blocking period of 4 years, reduced market value: 79.209%).

S-SARs 2019: Number: 122,322, grant value according to the trinomial model for American call options: CHF 34.88. Trinomial model for American call options value as described in '5.6 Stock-settled Stock Appreciation Rights (S-SARs) of the other members of the Corporate Executive Committee', page 158. S-SARs 2019 are blocked for 4 years and may thereafter be exercised only, whilst exercising resulting NES are automatically blocked for additional 4 years (calculation of value of non-voting equity securities in consideration of reduction of value due to additional blocking period of 4 years, reduced market value: 79.209%).

22 Calculation of RSUs value 2020: number of RSUs (3,463) multiplied by grant value of CHF 308.05 (NES closing price at grant date on 19 March 2020) per RSU; calculation of RSUs value 2019: number of RSUs (3,927) multiplied by grant value of CHF 271.65 (NES closing price at grant date on 15 March 2019) per RSU.

23 Includes an annual expense allowance (CHF 30,000), payments for tax consulting services (CHF 42,626; 2019: CHF 28,056), family, children and education allowance (CHF 12,698; 2019: CHF 10,800). Additionally, employer contribution to AHV/IV/ALV of CHF 625,415 (2019: CHF 495,882) was paid that does not form part of remuneration.

\* Calculation of value of non-voting equity securities/shares in consideration of reduction of value due to blocking period of 10 years (reduced market value: 55.839%)

\*\* Including employer contribution of social securities' beneficial parts

#### 5.4 Base pay of the other members of the Corporate Executive Committee

##### Base pay (in CHF)

	2020	2019
B. Anderson	2,141,652	1,804,301
A. Hippe	1,600,000	1,600,000
T. Schinecker	879,425	608,704
C.A. Wilbur	1,007,256	989,156
<b>Total</b>	<b>5,628,333</b>	<b>5,002,161</b>

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Base pay to Dr Gottlieb Keller until his retirement from Roche at the end of March 2020 is included and aggregated in the total remuneration of the Corporate Executive Committee (see 5.12).

#### 5.5 Bonuses of the other members of the Corporate Executive Committee

The Remuneration Committee of the Board of Directors determined the Corporate Executive Committee members' bonuses based on the 2020 performance against the agreed objectives. The Remuneration Committee uses its discretion appropriately in the weighting of each criteria and in the bonus allocation. For Dr Gottlieb Keller

a bonus of CHF 350,000 is being proposed. It is included and aggregated in the total remuneration of the Corporate Executive Committee (see 5.12). The total aggregate amount of bonuses will be brought forward for a binding vote by the Annual General Meeting 2021.

Except for Dr Severin Schwan, all members of the Corporate Executive Committee will receive the bonus 2020 as a 100% cash payment. Dr Severin Schwan will receive the bonus in form of Roche shares which are blocked for ten years (see page 156). Bonus payment is due in March 2021.

##### Bonus (in CHF)

	2020 (Subject to approval of the total aggregate bonuses of the Corporate Executive Committee by the Annual General Meeting 2021)	2019
B. Anderson	2,400,000	2,500,000
A. Hippe	2,000,000	2,000,000
T. Schinecker	1,300,000	500,000
C.A. Wilbur	1,200,000	1,200,000
<b>Total</b>	<b>6,900,000</b>	<b>6,200,000</b>

AUDITED



### 5.6 Stock-settled Stock Appreciation Rights (S-SARs) of the other members of the Corporate Executive Committee

S-SARs to the Corporate Executive Committee are allocated individually at the Remuneration Committee's discretion. The S-SARs shown in the 5.16.2 'S-SARs' table on page 165 entitle holders to benefit financially from any increase in the value of Roche's non-voting equity securities (NES) between the grant date and the exercise date. The strike price for S-SARs under the terms of this multi-year plan is the closing price for Roche NES at grant date. All S-SARs since 2019 vest four (previously granted S-SARs three) years after the grant date. Vested S-SARs can be exercised (converted into NES) within ten (previously granted S-SARs within seven) years of the grant date. Unexercised S-SARs lapse without compensation.

Since 2019, the S-SARs proportion of the LTI of the Corporate Executive Committee is 80% (based on the already existing individual target value of

the total LTI for Corporate Executive Committee members of 133.33% of a base pay measured on 1 January of a year).

The fair value of the S-SARs is calculated at the grant date using the trinomial model for American call options. The trinomial model is an effective method for valuation of American call options, as it considers the possibility of exercising the option any time prior to maturity (called 'American' option, as compared to a 'European' option, which only allows exercise at its maturity date).<sup>24</sup>

The numbers of S-SARs, the strike prices, expiry dates and grant values for S-SARs are shown below and in the 5.16.2 'S-SARs' table on page 165. The numbers of S-SARs as calculated at the time of issue have been entered as values in the table below and on page 156.

For 2020, no S-SARs were granted to Dr Gottlieb Keller.

#### Stock-settled Stock Appreciation Rights (S-SARs)

	2020			2019		
	Number	Grant value per S-SAR in CHF	Value in CHF	Number	Grant value per S-SAR in CHF	Value in CHF
B. Anderson	46,467	41.32	1,920,016	55,045	34.88	1,919,970
A. Hippe	41,304	41.32	1,706,681	48,930	34.88	1,706,678
T. Schinecker	20,652	41.32	853,341	7,744	34.88	270,111
C.A. Wilbur	25,815	41.32	1,066,676	29,052	34.88	1,013,334
<b>Total</b>	<b>134,238</b>	<b>41.32</b>	<b>5,546,714</b>	<b>140,771</b>	<b>34.88</b>	<b>4,910,093</b>
	Price: CHF 308.05, expiry date: 19.3.2030			Price: CHF 271.65, expiry date: 15.3.2029		

### 5.7 Restricted Stock Units (RSUs) of the other members of the Corporate Executive Committee

Since 2019, the proportion of Restricted Stock Units (RSUs) of the members of the Corporate Executive Committee is composed of 20% of the total LTI (based on the already existing individual target value of the total LTI for Corporate Executive Committee members of 133.33% of a base pay measured on 1 January of a year). RSU awards are allocated

individually for the Corporate Executive Committee at the Remuneration Committee's discretion.

RSUs contain rights to receive non-voting equity securities and/or shares after a since 2019 newly defined four-year vesting period plus a value adjustment (being the amount equivalent to the sum of the dividend paid during the vesting period attributable to the number of non-voting equity securities and/or shares for which an individual

<sup>24</sup> For further information on the trinomial model for American call options: Please refer to Boyle, Phelim P.: 'A lattice framework for option pricing with two state variables', The Journal of Financial and Quantitative Analysis, Volume 23, Issue 1 (Mar 1988), 1-12, <https://www.roche.com/dam/jcr:1a6a5a5c-7b9f-4019-810a-7b57c4b89eac/en/trinomial-model.pdf>

award has been granted). They will be vested to the recipient for the Corporate Executive Committee after four years only. Thereafter, resulting non-voting equity securities and/or shares may remain blocked for up to ten years.

For 2020, Dr Gottlieb Keller received no RSU awards.

### Restricted Stock Units (RSUs)

	2020			2019		
	Number	Value at grant in CHF	Value in CHF	Number	Value at grant in CHF	Value in CHF
B. Anderson	1,558	308.05	479,942	1,767	271.65	480,006
A. Hippe	1,385	308.05	238,237*	1,571	271.65	238,300*
T. Schinecker	693	308.05	169,094**	994	271.65	213,880**
C.A. Wilbur	866	308.05	266,771	933	271.65	253,449
<b>Total</b>	<b>4,502</b>	<b>308.05</b>	<b>1,154,044</b>	<b>5,265</b>	<b>271.65</b>	<b>1,185,635</b>

\* Calculation of value in consideration of reduction of value due to an additional blocking period of 10 years, reduced market value: 55.839%

\*\* Calculation of value in consideration of reduction of value due to an additional blocking period of 4 years, reduced market value: 79.209%

AUDITED

### 5.8 Performance Share Plan (PSP) of the other members of the Corporate Executive Committee

The PSP was established in 2002 for periods of three years each and based on a three-year comparison of the Total Shareholder Return (TSR) with 15 peer companies (see footnote 1). The plan's key performance metric for an award, the TSR, was calculated as a three-month moving average rate before the start of and before the end of the performance cycle.

No new PSP awards have been granted since the end of 2018. Therefore, in 2020, there was only one performance cycle PSP 2018-2020 left, which closed on 31 December 2020 and about which the Board of Directors at its discretion, acting upon recommendations from the Remuneration

Committee, determined the payment at the end of 2020.

Under the provisions of this plan, a number of non-voting equity securities (NES) or shares have been reserved for the participants in each cycle. The number of securities actually awarded will depend on whether and to what extent an investment in Roche securities (shares and NES) outperforms the average return on an investment in securities issued by a set of peer companies (see footnote 1). Comparisons are based on the securities' market prices and dividend yields, ie, on Total Shareholder Return (TSR). To reduce the effect of short-term market fluctuations, security prices are averaged over the three months (October to December) prior to the start of a performance cycle and over the three months (October to December) at the end of the cycle.

If Roche securities perform better than the average of the peer set, the Board of Directors can elect to increase the NES or shares award. The maximum award is double the original-level reserved target number of NES or shares according to the PSP (plus a value adjustment being the amount equivalent to the sum of the dividend paid during the vesting period attributable to the number of non-voting equity securities or shares for which an individual award has been granted) and requires that Roche securities perform as well as or better than those of 75% of the peer set. In the event that an investment in Roche securities underperforms the average return delivered by the peer companies, fewer or no NES or shares will be awarded.

At the end of the PSP 2018–2020 cycle (based on a three-month average) with distributed dividends totalling CHF 22.426 billion (2020: CHF 7.763 billion; 2019: CHF 7.504 billion; 2018: CHF 7.159 billion), according to the terms of the plan, the participants received 200% of the originally targeted NES awarded. At the end of the PSP 2018–2020 cycle, 35,718 NES of the 32,535 originally targeted NES (incl. NES of the Group CEO) as outlined on pages 141 and 138 in the Annual Report 2018 taking into account retired members of the Corporate Executive Committee were awarded.

Bill Anderson and Dr Thomas Schinecker were not participating in the PSP programme.

## 5.9 Indirect benefits of the other members of the Corporate Executive Committee

Employer contributions made in 2020 to social security schemes, pension plans and a Group-wide employee stock purchase plan (Roche Connect) in respect of members of the Corporate Executive Committee are shown in the 'Indirect benefits (employer contributions)' table below and in the table on page 156.

Roche Connect is a voluntary stock purchase plan offering employees the opportunity to buy Roche non-voting equity securities (NES) up to an amount equal to 10% of their annual salary at a 20% discount. NES purchased under this plan are subject to a holding period, which is four years in Switzerland.

In addition, members of the Corporate Executive Committee received annual expense allowances and some members payments for foreign tax obligations and tax consulting services as shown in the table below.

Payments (employer contributions) of indirect benefits to Dr Gottlieb Keller until his retirement from Roche at the end of March 2020 are included and aggregated in the total remuneration of the Corporate Executive Committee (see 5.12).

### Indirect benefits (employer contributions) (in CHF)

	2020				2019			
	Pension funds/ insurances*	Annual expense allowances	Roche Connect	Payments for tax/tax consulting services	Pension funds/ insurances*	Annual expense allowances	Roche Connect	Payments for tax/tax consulting services
B. Anderson	331,106	30,000	–	758,279	330,843	30,000	–	127,525
A. Hippe	331,106	30,000	39,996	16,535	330,843	30,000	39,996	11,142
T. Schinecker	327,928	30,000	3,000	25,102	141,796	12,500	3,000	32,967
C.A. Wilbur	331,106	30,000	18,744	60,073	330,843	30,000	18,744	100,153
<b>Total</b>	<b>1,321,246</b>	<b>120,000</b>	<b>61,740</b>	<b>859,989</b>	<b>1,134,325</b>	<b>102,500</b>	<b>61,740</b>	<b>271,787</b>

\* Including employer contribution of social securities' beneficial parts

AUDITED

### 5.10 Other remuneration and loans of members of the Corporate Executive Committee

To meet legal and contractual obligations, in 2020 Roche paid a total of CHF 100,674 to individual members of the Corporate Executive Committee for family, child and education allowances and their children's schooling costs.

All aforementioned additional payments are included in the total remuneration to members of the Corporate Executive Committee.

In 2020, there were no loans or credits granted to the members of the Corporate Executive Committee.

The maximum regular period of notice for members of the Corporate Executive Committee is 12 months. There are no change-of-control clauses in the employment contracts.

AUDITED

### 5.11 Remuneration to former members of the Corporate Executive Committee

No additional remuneration other than the above-mentioned payments was paid to former members of the Corporate Executive Committee.

### 5.12 Total remuneration paid to the members of the Corporate Executive Committee

For the 2020 calendar year, the members of the Corporate Executive Committee received remuneration (including bonuses, employer

contribution of social securities' beneficial parts and all payments to Dr Gottlieb Keller until his retirement at the end of March 2020) totalling CHF 33,488,192 (2019: 37,952,012), excluding additional employer's contribution paid to AHV/IV/ALV totalling CHF 2,090,167 (2019: CHF 1,628,429) that does not form part of remuneration.

No additional remuneration other than the above-mentioned payments was paid to current or former members of the Corporate Executive Committee.

AUDITED

### 5.13 Executive remuneration subject to approval at the Annual General Meeting

#### 5.13.1 Submission of Executive total aggregate bonuses for a binding vote at the Annual General Meeting

The Board of Directors proposes awarding the members of the Corporate Executive Committee bonuses (for Dr Severin Schwan in form of Roche shares which are blocked for ten years, for all other members of the Corporate Executive Committee as a 100% cash payment, see 5.5) totalling CHF 10,041,950 in respect of the 2020 financial year (2019: CHF 11,141,950), excluding legally required employer's contributions to AHV/IV/ALV, and will submit this proposed total amount to the ordinary Annual General Meeting (AGM) 2021 for a binding vote.

#### Retrospective approvals of the members of the Executive Committee's total aggregate bonuses (in CHF)\*

	Proposal AGM 2021	AGM 2020	AGM 2019
	Aggregate amount for financial year 2020	Aggregate amount for financial year 2019	Aggregate amount for financial year 2018
<b>Total aggregate amount proposal for approval/ approved by the AGM</b>	<b>10,041,950</b>	<b>11,141,950</b>	<b>9,291,950</b>

\* Excluding legally required employer's contributions to AHV/IV/ALV



### 5.13.2 Submission of Executive total future aggregate remuneration for a binding shareholder vote

The Board of Directors proposes that the 2021 ordinary AGM approve remuneration for the Corporate Executive Committee totalling not more than CHF 36,000,000 (excluding legally required employer's contributions to AHV/IV/ALV and excluding bonuses) for the period ending at the 2022 ordinary AGM.

The amount of Executive total future aggregate remuneration is composed of base pay, long-term

incentives S-SARs (calculated at grant value without considering reductions of value due to blocking periods if applicable) and RSUs (see 3.1.4, calculated at the time of reservation of non-voting equity securities or shares, without considering reductions of value due to blocking periods), contributions to pension benefits (excluding legally required employer's contributions to AHV/IV/ALV) as well as contributions for expenses, payments for foreign tax obligations, tax consulting services and Roche Connect.

### Prospective approvals of the members of the Executive Committee's total future aggregate remuneration (in CHF)\*

	Proposal AGM 2021	AGM 2020	AGM 2019
	Aggregate amount for the period AGM 2021-AGM 2022	Aggregate amount for the period AGM 2020-AGM 2021	Aggregate amount for the period AGM 2019-AGM 2020
<b>Total aggregate amount proposal for approval/ approved by the AGM</b>	<b>36,000,000</b>	<b>37,000,000</b>	<b>38,000,000</b>

\* Excluding legally required employer's contributions to AHV/IV/ALV and excluding bonuses

### 5.13.3 Reconciliation of the reported remuneration with the shareholders' prospectively approved remuneration for the members of the Corporate Executive Committee

The 2019 ordinary AGM approved remuneration for the Corporate Executive Committee totalling not more than CHF 38,000,000 (excluding legally required employer's contributions to AHV/IV/ALV

and excluding bonuses) for the period ending at the 2020 ordinary AGM.

For comparison, from the 2019 ordinary AGM to the 2020 ordinary AGM remuneration amounted to CHF 26,904,810 (excluding legally required employer's contributions to AHV/IV/ALV and excluding bonuses. PSP: assumption of maximum value).

**Prospectively approved total remuneration of the members of the Executive Committee in comparison to actual total remuneration effected** (in CHF)\*

	Amount for the period AGM 2020–AGM 2021	Amount for the period AGM 2019–AGM 2020	Amount for the period AGM 2018–AGM 2019
Maximum of total remuneration prospectively approved by the AGM	37,000,000	38,000,000	41,000,000**
Total remuneration calculated at end of corresponding AGM–AGM period	Calculation at the end of period AGM 2020–AGM 2021	26,904,810	33,139,195**
<b>Actual total remuneration realised</b> (for corresponding AGM–AGM period based on the actual amount calculated retrospectively after the end of the corresponding PSP cycle/as of 2019 grant value of RSUs)	Calculation at the end of period AGM 2020–AGM 2021	(Calculated at the end of period AGM 2019–AGM 2020) 26,904,810	(Calculated after the end of the PSP cycle 2018–2020) 33,139,195***
Within the approved limit	Calculation at end of period	Yes	Yes
Additional amount paid for new members of the Corporate Executive Committee after approval by the AGM and not within the approved total amount	No	No	No

\* Excluding legally required employer's contributions to AHV/IV/ALV and excluding bonuses

\*\* Including assumption amount of 200% (maximum possible award) of shares/non-voting equity securities of the corresponding PSP cycle

\*\*\* Resulting amount due to the 200% award of the originally targeted NES under the PSP 2018–2020 cycle

#### 5.14 Clawback

In addition to applicable statutory provisions, Roche's long-term incentive plans include the option to partially reclaim distributed compensation as a result of special circumstances (clawback).

If the employee voluntarily serves notice of termination of employment, S-SARs (see 5.16.2) and RSUs (see 3.1.4) which are unvested at the date of termination of employment lapse immediately without any compensation.

Upon termination of employment as a result of serious misconduct, all S-SARs and RSUs granted and outstanding, whether vested or unvested, shall lapse immediately without any compensation. According to the S-SARs plan rules, serious misconduct by the participant may include (inter alia):

- activity leading to serious disciplinary action
- repeated or willful failure to perform such duties as have been reasonably assigned by Roche
- violation of any law or public regulation
- commission of a crime
- gross negligence or willful misconduct in employment
- engaging in conduct bringing disgrace or disrepute to Roche and/or any of its subsidiaries
- violation of any of Roche's directives and guidelines relating to business conduct

According to the regulations of the PSP programme, the originally targeted but not awarded NES or shares shall lapse without any compensation upon notice of termination of employment being given for any reason other than redundancy, disability or retirement.

### 5.15 Guidelines for security holdings

In 2012, the Board of Directors decided that the CEO Roche Group and other members of the Corporate Executive Committee must acquire shares and/or NES equivalent to two annual base salaries (CEO Roche Group since 2018 equivalent to five annual base salaries) and one annual base salary, respectively, by the end of 2016 and retain

these holdings for as long as they serve on the Corporate Executive Committee. With the exception of Bill Anderson and Dr Thomas Schinecker, who joined the Corporate Executive Committee in 2019 and who must fulfil the requirement by the end of 2024, all other members of the Corporate Executive Committee fulfil this requirement.

	Type of security	Value to be acquired
CEO Roche Group	Shares and/or NES	5 × annual base salary
Members of the Corporate Executive Committee	Shares and/or NES	1 × annual base salary

### 5.16 Security holdings

As at 31 December 2020 (as at 31 December 2019, respectively) the members of the Corporate Executive Committee and persons closely

associated with them held securities as shown in the following tables 'Shares and non-voting equity securities (NES)', 'S-SARs' and 'Restricted Stock Units (RSUs)'.

#### 5.16.1 Shares and non-voting equity securities (NES)

	(as at 31 December 2020)				(as at 31 December 2019)			
	Shares (number)	NES (number)	Close relatives' security holdings (number/type)		Shares (number)	NES (number)	Close relatives' security holdings (number/type)	
<b>Corporate Executive Committee</b>			Shares	NES			Shares	NES
S. Schwan	196,789	50,176	-	-	191,595	35,273	-	-
B. Anderson	-	4,547	-	-	-	1,986	-	-
A. Hippe	6,970	27,579	-	-	6,970	20,830	-	-
T. Schinecker	-	737	-	-	-	155	-	-
C.A. Wilbur	-	8,491	-	-	-	4,315	-	-
<b>Total</b>	<b>203,759</b>	<b>91,530</b>	-	-	<b>198,565</b>	<b>62,559</b>	-	-

## 5.16.2 S-SARs

	Number of S-SARs held on 31 December 2020						
	2020	2019	2018	2017	2016	2015	2014
<b>Corporate Executive Committee</b>							
S. Schwan	103,260	122,322	100,677	85,476	89,517	59,997	29,864
B. Anderson	46,467	55,045	43,929	35,925	-	-	-
A. Hippe	41,304	48,930	40,275	34,191	-	-	-
T. Schinecker	20,652	7,744	6,288	1,608	-	-	-
C.A. Wilbur	25,815	29,052	21,402	16,032	15,339	4,164	5,754
<b>Total</b>	<b>237,498</b>	<b>263,093</b>	<b>212,571</b>	<b>173,232</b>	<b>104,856</b>	<b>64,161</b>	<b>35,618</b>
Price (CHF)	308.05	271.65	220.80	251.90	251.50	256.10	263.20
Market price per NES on 31 December 2020 (CHF)	309.00						
Expiry date	19.3.2030	15.3.2029	15.3.2025	16.3.2024	3.3.2023	5.3.2022	6.3.2021
Grant value per S-SAR (CHF)	41.32	34.88*	26.49*	31.20*	29.79*	43.34*	47.75*
Since 1.1.2012:							
- Trinomial model for American call options							
* Values according to corresponding annual reports							

## 5.16.3 Restricted Stock Units (RSUs)

	Number of RSUs held on 31 December 2020		
	2020	2019	2018
<b>Corporate Executive Committee</b>			
S. Schwan	3,463	3,927	n.a.
B. Anderson	1,558	1,767	5,270
A. Hippe	1,385	1,571	n.a.
T. Schinecker	693	745	1,131
C.A. Wilbur	866	933	n.a.
<b>Total</b>	<b>7,965</b>	<b>8,943</b>	<b>6,401</b>
Grant value per RSU	CHF 308.05 (NES closing price at grant date on 19 March 2020)	CHF 271.65 (NES closing price at grant date on 15 March 2019)	CHF 220.80 (NES closing price at grant date on 15 March 2018)

n.a. - not applicable

# Statutory Auditor's Report

## To the General Meeting of Roche Holding Ltd, Basel

We have audited the accompanying Remuneration Report of Roche Holding Ltd for the year ended 31 December 2020. The audit was limited to the information according to articles 14–16 of the Ordinance against excessive compensation at listed joint-stock companies (the Ordinance) contained in the sections marked as 'audited' with a grey line, including the respective footnotes, on pages 138 to 165 of the Remuneration Report.

### Responsibility of the Board of Directors

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

### Auditor's Responsibility

Our responsibility is to express an opinion on the accompanying Remuneration 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 Remuneration 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 Remuneration 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 judgement, including the assessment of the risks of material misstatements in the Remuneration Report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the Remuneration Report.

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

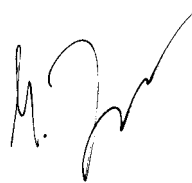
### Opinion

In our opinion, the Remuneration Report for the year ended 31 December 2020 of Roche Holding Ltd complies with Swiss law and articles 14–16 of the Ordinance.

KPMG AG



Mark Baillache  
Licensed Audit Expert  
Auditor in Charge



Marc Ziegler  
Licensed Audit Expert

Basel, 1 February 2021