Roche Annual Bonus
Plan Rules
Local Addendum for Switzerland

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Roche, Switzerland
## Roche Annual Bonus - Plan Rules

1. Purpose .................................................. 3
2. Eligibility .................................................. 3
3. Annual Bonus Allocation Pool & Funding .............. 3
4. Annual Bonus Payout Determination .................. 4
5. Key Contributor Bonus .................................. 4
6. Management Discretion ............................... 5
7. Employee Rights, Plan Administration and Other Miscellaneous Provisions ... 5
8. Definitions ................................................. 7

## Roche Annual Bonus - Local Addendum for Switzerland

A. Purpose and Validity .................................. 9
B. Applicability ............................................. 9
C. Effective Date for the Roche Annual Bonus ........ 10
D. Calculation Base ....................................... 10
E. Voluntary Leavers during the Performance Year and before the Roche Annual Bonus Allocation Pool Determination Date ... 10
F. Voluntary Leavers after the Pool Determination Date and before the Roche Annual Bonus Effective Date (April 1) .... 10
G. Involuntary Leavers .................................... 11
H. Additional Provisions ................................ 11
1. Purpose

1.1. The Roche Annual Bonus is a key component of Roche’s total compensation philosophy. The Roche Annual Bonus is based on competitiveness, pay for performance, fairness and cost-effective support of Roche’s financial and strategic objectives. Pay for performance includes individual, Unit, and overall Roche performance.

1.2. The Roche Annual Bonus is designed to reward Participants who have contributed to Roche’s performance over the past year, to encourage retention, and to allow Participants to share in Roche’s success.

2. Eligibility

2.1. Any recommendation to include or exclude new groups or populations of Employees as Participants in the Plan must be reviewed and approved by the Group Head of Compensation and Performance Management.

2.2. Once groups or populations have been approved, local Affiliates shall determine the eligibility of each Employee to participate in the Plan.

2.3. Any Employee hired on or before December 31 of the Performance Year may be eligible to participate in the Plan.

2.4. Participants transferring as local hires within the same country and / or Affiliate remain eligible under this Plan as long as they continue to meet the eligibility criteria.

2.5. Participants transferring as local hires between countries will be treated like new hires in their new country under this Plan as long as they meet the eligibility criteria.

2.6. Participants who are International Assignees are not considered transfers under this Plan and remain eligible under this Plan as long as they continue to meet the eligibility criteria.

3. Annual Bonus Allocation Pool & Funding

3.1. The Annual Bonus Allocation Pool from which managers propose distribution amounts for bonuses is created by summing the total of the Annual Bonus Target Percent\(^1\) multiplied by the Calculation Base of each Roche Annual Bonus Participant functionally reporting into the manager.

3.2. Annual Bonus Funding is based on the Annual Bonus Allocation Pool times the achievement percent of the Unit Performance Multiplier and of the Roche Performance Multiplier. The funding for the Annual Bonus will not be known until the achievement of each Performance Multiplier has been reviewed, approved, and communicated by the Executive Committee and Remuneration Committee. The Remuneration Committee has final authority on all aspects of the achievements.

\(^1\) in effect on 31 Dec of the applicable Performance Year
4. Annual Bonus Payout Determination

4.1. Line managers propose a distribution amount for each Participant based on: the Participant’s Annual Bonus Target Percent\(^1\) times the Participant’s Calculation Base, the Participant’s performance relative to expectations and to peers, and the amount, if any, of the Annual Bonus Allocation Pool.

4.2. The proposed amount for each Participant is multiplied by the appropriate achievement of the applicable Unit Performance Multiplier\(^1\) and the achievement of the Roche Performance Multiplier to determine a payout amount. Management has the discretion to adjust this payout amount before it is approved and finalized for payment; this approved payment is the Annual Bonus Payout.

4.3. In order to receive a payout under the Plan, Participants must:

4.3.1. Be eligible to participate in the Plan.

4.3.2. Be employed by Roche as of the Effective Date of the Roche Annual Bonus.

4.3.3. Be an Employee of Roche on the 31st of December of the Performance Year with continuous service between the 31st of December of the Performance Year and the Effective Date of the Roche Annual Bonus.

4.4. Typically, payouts under this Plan are not permitted before the Executive Committee’s and Remuneration Committee’s communication of the Annual Bonus Funding and the Roche Chief Executive Officer has given approval for payouts to be made.

5. Key Contributor Bonus

5.1. The Plan includes a Key Contributor (KC) Bonus component to recognize extraordinary contributions of selected Participants during the Performance Year.

5.2. Typically, all Participants are eligible to be nominated and approved for a KC Bonus with the exception of any Participant or group of Participants as determined by the Executive Committee.

5.3. The Executive Committee determines and approves a percentage of the overall Annual Bonus Allocation Pool that will be used for the Key Contributor Bonus Allocation Pool.

5.4. Typically, the Head of the Unit Performance Multiplier or the Head at a level or two above the Unit, in conjunction with his/her Human Resources Business Partner/Manager, proposes distribution amounts for KC Bonuses based on contribution and budget.

5.5. Each proposed amount is multiplied by the appropriate achievement of the applicable Unit Performance Multiplier\(^1\) and the achievement of the Roche Performance Multiplier to determine a KC Bonus amount.

5.6. Payouts of KC Bonuses under this Plan are not permitted before the Executive Committee’s and Remuneration Committee’s review, approval and communication of the Multiplier achievements and the Roche Chief Executive Officer has given approval for payouts to be made.

\(^1\) in effect on 31 Dec of the applicable Performance Year
6. Management Discretion

6.1. Neither the establishment of the Plan, nor payment of any benefits, nor any action of Roche or of the Executive Committee shall be held or construed to confer upon any Participant any legal right to continue to participate in the Plan, regardless of the length of time the Participant has been receiving payments under the Plan.

6.2. Neither the establishment of the Plan, nor the payment of an Annual Bonus or KC Bonus shall confer any legal right to receive future payouts or confer any legal right to any particular formula or methodology for making payments under this Plan.

6.3. The Plan is discretionary and intended to share the successes of Roche with Participants who have contributed to its successes.

6.4. No Participant is guaranteed a payout under this Plan.

7. Employee Rights, Plan Administration and Other Miscellaneous Provisions

7.1. No Right of Continued Employment:

Neither the establishment of the Plan, nor the eligibility to participate in the Plan, nor the payment of any benefit nor any action of Roche or of the Executive Committee shall be held or construed to confer upon any Participant any legal right to continue to be employed by Roche, regardless of the length of time the Participant has been receiving payments under the Plan.

7.2. Administration:

7.2.1. Unless otherwise provided in the Plan, the Executive Committee administers the Plan and has full power to construe and interpret the Plan, establish and amend rules and regulations for its administration, and perform all other actions relating to the Plan, that it believes reasonable and proper including the delegation of administrative responsibilities.

7.2.2. Each Affiliate of Roche Holding AG will be responsible for administrating the Plan according to the Plan rules.

7.3. Duration and Amendment:

7.3.1. The provisions of this Plan have been established for all Affiliates and takes effect as of the date on which the Affiliate begins participation in the Roche Annual Bonus. This Plan remains in effect until the Executive Committee decides, in its sole discretion, to terminate the Plan. The Executive Committee may also at any time terminate provisions of the Plan or terminate certain definitions or eligibility requirements of the Plan, without terminating the Plan in its entirety.

7.3.2. The Executive Committee may amend or suspend the Plan, or any provision of the Plan, at any time, in its sole discretion.

7.3.3. Termination, amendment or suspension of the Plan shall be at the discretion of the Executive Committee; any such action will be communicated to Participants through the appropriate communication channels.
7.3.4. Notwithstanding the provisions of this paragraph, an Affiliate may establish a Local Addendum to clarify or adjust the terms of the Plan in order to comply with the laws of the jurisdiction(s) in which the Affiliate operates. Each Local Addendum must be reviewed and approved by the Group Head of Compensation and Performance Management in order to be adopted as part of this Plan. In case of conflict between the terms of the Plan and the terms of the Local Addendum, the terms of the Plan will control unless applying the terms of the Plan will result in a violation of local law.

7.3.5. The Plan, including any applicable Local Addendum, contains the entire understanding and agreement with respect to any Employee’s eligibility to participate in the Plan or receive payment of an Annual Bonus, and supersedes any other plan, agreement or representation, whether written or oral, express or implied.

7.4. Applicable Law and Choice of Venue:
7.4.1. This Plan and any related document shall be governed by and construed in accordance with the laws of Switzerland, ignoring principles of conflict of laws and subject to the limitations of compulsorily applicable local employment law rules.

7.4.2. Disputes arising under or in connection with this Plan shall be resolved by the competent ordinary courts.

7.5. Approval:
The Plan has been approved by the Executive Committee. The Plan shall be effective on January 1, 2011 and contains amendments effective as at January 1, 2011.
8. Definitions

The following terms shall have the meaning described below when used in the Plan:

‘Affiliate’ any foreign or domestic corporation owned, in whole or in part, directly or indirectly, by Roche Holding AG

‘Annualized Base Pay’ the fixed amount of money an Employee would receive over the equivalent of a calendar year with a Full Time Equivalency of 100 percent

‘Annual Bonus Allocation Pool’ the portion of a Participant’s Calculation Base that is contributed to the Annual Bonus Allocation Pool

‘Annual Bonus Funding’ the amount that Roche approves to finance the Plan each year, excluding the KC Bonus

‘Annual Bonus Target Percent’ the portion of a Participant’s Calculation Base that is contributed to the Annual Bonus Allocation Pool

‘Annual Bonus Payout’ the gross amount of money (exclusive of any required deductions, such as taxes) that, once approved, a Participant receives as a bonus; it does not include the amount of the Key Contributor (KC) Bonus, if any

‘Calculation Base’ the Participant’s Annualized Base Pay on December 31 of the Performance Year, adjusted to account for one or more of the following during the period of the Performance Year for which the Employee was a Participant, as applicable: (i) the average Full Time Equivalency if less than 100%, ii) the number of days of any unpaid Leaves of Absence, and (iii) any locally-required Other Wages

‘Effective Date of the Roche Annual Bonus’ a specific day, month and year determined by each Affiliate denoting the date when the Annual Bonus Payout is recorded in the Human Resources system of record, in preparation for payment within the next local payroll cycle or on the payment date itself. See the applicable Local Addendum for details

‘Employee’ an Employee of Roche

‘Executive Committee’ the Corporate Executive Committee of Roche Holding AG

‘Full Time Equivalency (FTE)’ the ratio of the number of hours the Employee is regularly scheduled to work divided by the number of work hours in the standard work week as defined by the Employee’s work location. For example, an Employee who is regularly scheduled to work 20 hours per week during a standard 40 hour work week will have an FTE of 50 percent or 0.50. The Full Time Equivalency cannot exceed 100 percent. In Roche’s Common Human Resources Information Solution (CHRIS), an Employee’s FTE is captured in the Capacity Utilisation Level data field

1 in effect on 31 Dec of the applicable Performance Year
‘Group Head of Compensation and Performance Management’
the manager or acting manager responsible for the management of overall compensation plans for the Roche Group

‘Key Contributor (KC) Bonus’
the gross amount of money (exclusive of any required deductions, such as taxes) paid to a selected Participant to recognize extraordinary performance in the prior year

‘Leaves of Absence’
authorized time taken away from work for a specific purpose; for example, the Leave could be paid or unpaid, statutory or non-statutory

‘Local Addendum’
The document established by an Affiliate and approved by the Group Head of Compensation and Performance Management to clarify or adjust the terms of the Plan in order to comply with local laws of the jurisdiction(s) in which the Affiliate operates

‘Other Wages’
legally required or other specified wage types approved to be included in the Participant’s Calculation Base

‘Participant’
an Employee eligible to participate in the Plan

‘Performance Year’
the 12 month period from January 1 through December 31 during which each Employee’s performance is assessed and considered in making awards under the Plan

‘Plan’
this Roche Annual Bonus Plan

‘Remuneration Committee’
shall mean the Roche Remuneration Committee

‘Roche’
the group of companies consisting of Roche Holding AG and all of its Affiliates

‘Roche Performance Multiplier’
the performance achievement factor which affects the Annual Bonus Funding relative to Roche’s overall success

‘Unit’
a Roche division, function, business area, or Affiliate

‘Unit Performance Multiplier’
the performance achievement factor that affects the Annual Bonus Funding relative to the overall success of the Unit into which the Participant reports

1 in effect on 31 Dec of the applicable Performance Year
Roche Annual Bonus  
Local Addendum for Switzerland  
Version October 2011/1

**A. Purpose and Validity**  
This local Addendum complements the Roche Annual Bonus Plan (referred to further in this document as the Plan) rules and specifies the application of the Plan in Switzerland as well as any specific local regulations.

Additional provisions concerning bonus (for example, bonus percentages for each functional class) and other components of compensation (such as special bonuses, gifts-in-kind, etc.) are defined and published separately and are not affected by the provisions of the Plan or this Local Addendum.

**B. Applicability**

**B.1. Affiliates**  
The Local Addendum is applicable to all Swiss employees who are Roche Annual Bonus eligible without any restrictions for the following affiliates located in Switzerland:

- F. Hoffmann-La Roche Ltd, Basel, (FHLR), Company Code 1201
- Roche Glycart Ltd, Schlüerlen, Company Code 1417
- Roche Diagnostics Ltd, Risch, (RDR), Company Code 5780
- Roche Diagnostics International Ltd, Risch (RDI), Company Code 6009
- Roche Pharma (Schweiz) AG, Reinach (RPS), Company Code 1208
- Roche Diagnostics (Schweiz) AG, Risch (RDS), Company Code 6054

**B.2. Employees**

The Local Addendum is applicable for all employees in Switzerland who are eligible to participate in the Roche Annual Bonus.

Under the terms of the Roche Annual Bonus, in Switzerland, all permanent employees with an individual employment contract at the above-mentioned affiliates are eligible to participate in the Roche Annual Bonus.

The following groups of employees are not generally eligible to participate in the Roche Annual Bonus:

- employees subject to a collective bargaining agreement (GAV)
- employees paid by the hour
- employees with a temporary working contract
- apprentices, interns, postdocs, PhD students
- former employees in pre-retirement
- employees on a sales incentive plan

Exceptions to the above must be specified in the individual employment contracts and will only be granted upon approval by the Head of HR in the relevant affiliate.
C. Effective Date for the Roche Annual Bonus

The effective date for Roche Annual Bonus at the above-mentioned affiliates in Switzerland is April 1 each year.

D. Calculation Base

The Calculation Base for the Roche Annual Bonus is as defined in the Plan. Specifically, the bonus is calculated on the basis of the contractually agreed annualized base pay as at 31 December of the year in question.

There are no other Wages (e.g.; allowances; lump-sum expenses etc.) to be taken into account in the calculation base. Days on which replacement benefits were paid (e.g. daily allowances from maternity, military service or accident insurance schemes and disability insurance benefits) are included in the calculation base in the absence of agreements to the contrary in individual cases.

E. Voluntary Leavers during the Performance Year and before the Roche Annual Bonus Allocation Pool Determination Date*

*The Roche Annual Bonus Allocation Pool determination date is established annually; it will typically be at the end of January in the new performance year.

In Switzerland, participants in the Plan voluntarily leaving Roche prior to meeting the eligibility noted in Section 4 of the Plan will receive a substitute payment upon departure. This substitute payment will be based on the employee’s overall performance up to a maximum of 100% of the target amount based on the calculation base applicable in the month of departure and the agreed target bonus (%). The calculation base will be prorated to the number of days in employment with Roche during which the employee was Roche Annual Bonus eligible during the performance year and adjusted to reflect average Full Time Equivalency and any unpaid leaves of absence. The performance multipliers are not part of the substitute payment calculation.

Participants in the Plan, whose last day of employment is after December 31st, may also be eligible for a substitute payment for the days of employment in the current performance year.

F. Voluntary Leavers after the Pool Determination Date and before the Roche Annual Bonus Effective Date (April 1)

Participants in the Plan who are voluntary leavers after the pool determination date and before the Roche Annual Bonus effective date (April 1) will remain eligible for a Roche Annual Bonus according to the Plan for the prior performance year and may also receive a substitute payment for the current performance year (see E).

Payment of the Roche Annual Bonus for the prior performance year will take place on the Roche Annual Bonus payment date for the affiliate.

2 Employees transferring from one Roche legal entity to another, within or outside Switzerland are not considered voluntary leavers. A transferring employee needs to speak with his/her Human Resources Business Partner to understand any Human Resource related impact of the transfer.
G. Involuntary Leavers

In cases where an employee's contract is terminated by Roche, the company may decide to reduce or not pay a bonus payment and/or a substitute payment.

If a contract is terminated as a result of restructuring, the provisions of local severance practice will be applicable.

H. Additional Provisions

Impact on Pension Fund:
Details regarding impact on pensions of bonus payments can be found in the relevant pension rules and plan.

The Local Addendum shall be effective on January 1, 2012 and contains amendments effective as at January 1, 2012.