

Say
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Pay

2022
Annual General Meeting

Shareholder Information on Compensation Proposals

Alcon

Dear Shareholder,

This brochure provides you with information regarding our compensation-related proposals submitted to the 2022 Annual General Meeting (“AGM”) and confirms our commitment towards a transparent Say-on-Pay approach.

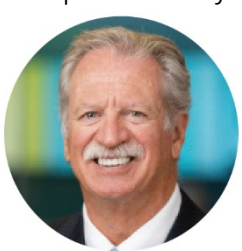
The Compensation Committee ("CC") and the Board of Directors ("Board") are committed to a pay-for-performance framework to align company and executive performance with shareholder interests. This is why we have a pay structure for the Executive Committee of Alcon ("ECA") that is heavily-weighted in favor of performance-based elements.

We benchmark ECA compensation against a carefully selected peer group of European and North American companies with similar characteristics of size, industry, business mix and global footprint. Although Alcon is headquartered in Switzerland, a significant portion of our sales, management team and associate population are in the US. The US is the largest pool for both medical device and ophthalmology talent, and it is therefore critical that Alcon is able to attract and retain key talent from the US. As a result, our CC has selected a blended peer Group of European and North American companies (58% US and 42% outside US) to balance the European compensation structure with a need to attract and retain US talent.

We are not requesting an increase for our 2023 ECA budget. Our 2023 ECA budget remains the same as 2022.

The Board compensation framework and fee structure for the upcoming term of office remains unchanged. The proposal contemplates a budget increase to accommodate the addition of Raquel C. Bono to the Board. Dr. Bono is proposed for election at the upcoming AGM.

On behalf of the Board of Directors and the members of the CC, we thank you for your continued trust in Alcon. We are grateful for your participation in this year’s AGM.





F. Michael Ball
Chair of the Board of Directors

Karen May
Chair of the Compensation Committee

In line with the Swiss Ordinance against Excessive Compensation in Listed Stock Companies and our Articles of Incorporation, we are asking you to cast the following three votes:

Agenda item 4.1

Consultative vote on the 2021 Compensation Report

The Board of Directors proposes that the 2021 Compensation Report, included in the 2021 Annual Report, be accepted (non-binding consultative vote).

Agenda item 4.2

Binding vote on the maximum aggregate amount of compensation of the Board of Directors for the next term of office, i.e. from the 2022 AGM to the 2023 AGM

The Board of Directors proposes that shareholders approve the maximum aggregate amount of compensation of the Board of Directors covering the period from the 2022 AGM to the 2023 AGM in the amount of CHF 3,600,000.

Agenda item 4.3

Binding vote on the maximum aggregate amount of compensation of the ECA for the 2023 financial year

The Board of Directors proposes that shareholders approve the maximum aggregate amount of compensation of the ECA for the 2023 financial year in the amount of CHF 38,400,000.

4.1 Consultative vote on the 2021 Compensation Report

The Board of Directors proposes that the 2021 Compensation Report, included in the 2021 Annual Report, be accepted (non-binding consultative vote).

At our 2021 Annual General Meeting (“2021 AGM”), our 2020 Compensation Report received support from 44% of the votes cast. The Board and the CC took the outcome of this vote seriously and, as a result, members of our Board and management team conducted broad shareholder outreach during the second half of 2021 engaging with and gathering feedback from our shareholders regarding our executive compensation programs in order to better understand and appropriately respond.

Our engagement team included our Board Chair, our Chief Human Resources Officer, General Counsel and Head of Investor Relations. We heard directly from investors on a range of important topics tied to the executive compensation programs as well as broader ESG matters. We discussed and took their feedback on a number of items related to 2021 AGM results, our use of discretion in determining the payout of our Short-Term Incentive ("STI") for 2020, CEO compensation during 2020, the level of transparency in the payouts under our STI and Long-Term Incentive ("LTI") plans, our peer group and Board compensation. While we were encouraged to hear that shareholders broadly supported our overall executive compensation program, we noted certain specific concerns and we have addressed them through an increased level of transparency in our 2021 Compensation Report. Specifically, we have provided increased disclosure of the following topics:

- the targets for each of the metrics of the 2021 STI plan;
- increased disclosure of the Individual Performance Factor (IPF) impacting 2021 STI payout and linking of specific ESG objectives to ECA compensation;
- the structure of the Share of Peers and Innovation metrics in our LTI plan;
- the rationale for our blended peer group; and
- the underlying philosophy regarding the quantum of compensation for our CEO and ECA.

Additionally, we have enhanced disclosures to provide an increased understanding of Alcon's compensation and retention philosophies, which are grounded in our pay-for-performance principles that align directly with shareholder interests. For your convenience, we have included a table in the "Compensation at a Glance" section of our 2021 Compensation Report that details the input received from our shareholders and how our CC has addressed each of these matters.

The 2021 Compensation Report, included on pages 78-107 of Alcon’s 2021 Annual Report, provides detailed information regarding compensation awarded to the members of the ECA and the Board in the 2021 financial year. It also sets out Alcon’s compensation framework and philosophy. Alcon’s 2021 Annual Report is available in electronic form on our website at the following address: https:// investor.alcon.com/financials/annual-reports/default.aspx.

ECA Compensation 2021

For 2021, the compensation program consisted of a balanced set of fixed and variable elements rewarding short-term and long-term performance through the delivery of cash payments and equity awards. Performance goals were aligned to the strategic plan in a mix of absolute and relative measures including financial and non-financial metrics. The current compensation program remains well suited to effectively align pay and performance.

	Annual Base Salary	Short-Term Incentive (annual incentive)	Long-Term Incentives	Benefits
Purpose	In line with global pay practices, reflects responsibilities, experience and skills	Rewards annual performance against key objectives	Rewards long-term performance in line with Alcon's strategy and business priorities	Retirement savings and insurance in line with local market practices and benefits associated with global mobility and international relocation
Payment	Cash	Cash	Equity (Performance Stock Units)	Cash or in-kind, contributions to retirement savings and insurance policies
Performance period	—	One year	Three-year cliff vesting	—
Performance measures	—	Three financial performance measures and individual performance rating	Four equally weighted performance measures including financial, external and innovation metrics	—
Payout range	—	0%-200% of the individual target award	0%-200% of the number of Performance Stock Units granted	—
Basis	Fixed	Variable	Variable	Fixed in proportion of pay

Board compensation 2021

The components of our Board compensation are consistent with other Swiss Market Index ("SMI") companies providing cash retainer and full value shares. To maintain the independence and integrity of our Board, we do not pay any performance-based compensation to the members of our Board. At a glance, the Board fees include:

	Base fee[1]	Additional fee[1]	Payment in cash[2]	Payment in shares
Board Chair	Chair fee	Not entitled to additional fee	50% of the Chair fee	50% of the Chair fee
Board member	Member fee	For roles in Committees as Chair and/or member[3], and/or as Vice Chair of the Board	50% of the base and additional fees	50% of the base and additional fees

1 Earned from AGM 2021 to AGM 2022

2 Board members may also elect to receive all or part of the cash fee (50%) in shares

3 Audit and Risk Committee; Compensation Committee; Governance and Nomination Committee; and Innovation Committee

4.2 Binding vote on the maximum aggregate amount of compensation of the Board of Directors for the next term of office, i.e. from the 2022 AGM to the 2023 AGM

The Board of Directors proposes that shareholders approve the maximum aggregate amount of compensation of the Board of Directors covering the period from the 2022 AGM to the 2023 AGM in the amount of CHF 3,600,000.

From the 2022 AGM to the 2023 AGM, Alcon's Board will be comprised of 11 members, an increase from 10 members in the prior year.

In 2021, the Board conducted a benchmarking study of Alcon's Board pay against other SMI companies and determined that our Board pay is below the median level of SMI companies. Nonetheless, the Board made the decision to not propose any compensation change at the 2022 AGM for the 2022-2023 AGM term. Our Board's pay has not changed in Alcon's history as a public company. The CC and the Board will reconsider possible changes to Board compensation for future terms.

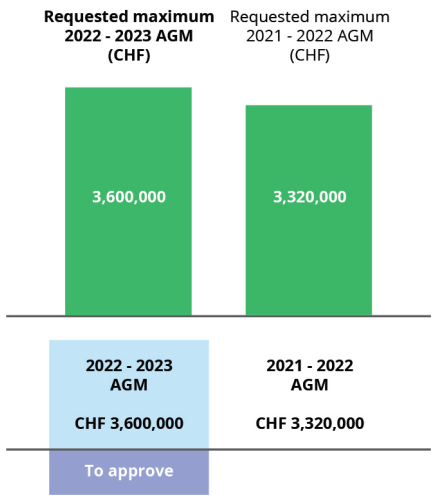
The fixed compensation of non-executive Board members is comprised of a base fee for Board membership and additional fees for roles on Board committees. Board membership fees, as well as additional fees as Chair or member of committees and/or for specific roles such as Vice-Chair of the Board, are paid on a per-term basis in installments. Board members receive a minimum of 50% of their compensation in the form of Alcon shares. Each member of the Board may elect to receive a greater percentage (up to 100%) of their compensation in Alcon shares in lieu of cash. The Chair of the Board receives no additional fees for roles on Board committees. David J. Endicott, our CEO, does not receive any additional compensation for his Board membership.

The graphic below of the Board fees sets out the base fees, the Board Chair and Vice Chair fees, and the fees for Chairs and members of committees as described above. The proposed total aggregate compensation of all non-executive members of the Board for the term from the 2022 AGM to the 2023 AGM amounts to CHF 3,600,000.

The proposed maximum aggregate compensation budget is an increase of 7.9% from the previous year. This increase is solely related to increasing the Board from 10 to 11 members. The Board compensation framework and fees will remain unchanged.

Base fee for Board membership for non-executive Directors	
Chair of the Board	CHF 950,000
Vice-Chair of the Board	CHF 240,000
Member of the Board	CHF 200,000

Additional fees for non-executive Directors	**Chair**	**Member**
Audit and Risk Committee	CHF 70,000	CHF 35,000
Compensation Committee	CHF 50,000	CHF 25,000
Governance and Nomination Committee	CHF 50,000	CHF 25,000
Innovation Committee	CHF 50,000	CHF 25,000



*Reflects the increase of non-executive Board members increased to 10 in 2022-2023 AGM term from 9 in prior term

4.3 Binding vote on the maximum aggregate amount of compensation of the ECA for the 2023 financial year

The Board of Directors proposes that shareholders approve the maximum aggregate amount of compensation of the ECA for the 2023 financial year in the amount of CHF 38,400,000.

Our compensation framework for members of the ECA is based on our pay-for-performance philosophy, reflects the realities of the competitive global market for executive talent and considers Alcon's position as a company with ambitious growth and business objectives, and:

- Ensures a broadly competitive level of remuneration appropriate to each executive's scale of responsibility and individual performance;
- Attracts, retains and motivates a world-class executive team to drive performance;
- Supports long-term value creation for shareholders;
- Considers the geographic and industry-specific nature of our talent pool and the medical device industry;
- Aligns the compensation program for senior executives with the broader management and associate population; and
- Fully embraces Swiss governance expectations and follows principles of simplicity and transparency.

The peer group companies used for external executive compensation benchmarking represent a blend of European and North American companies and provide a good balance of industries, companies and geographies from which executive talent is sourced. Although Alcon is headquartered in Switzerland, a significant portion of our sales, management team and associate population are in the US. The US is the largest pool for both medical device and ophthalmology talent, and it is therefore critical that Alcon is able to attract and retain key talent from the US. As a result, our CC has selected a blended peer Group of European and North American companies (58% US and 42% outside US) to balance the European compensation structure with a need to attract and retain US talent. While we do not pay as much as our US competitors, we desire to stay close to the median of the blended peer Group. Based on our compensation framework, each ECA member's total compensation is comprised of an annual base salary, benefits and variable compensation elements.

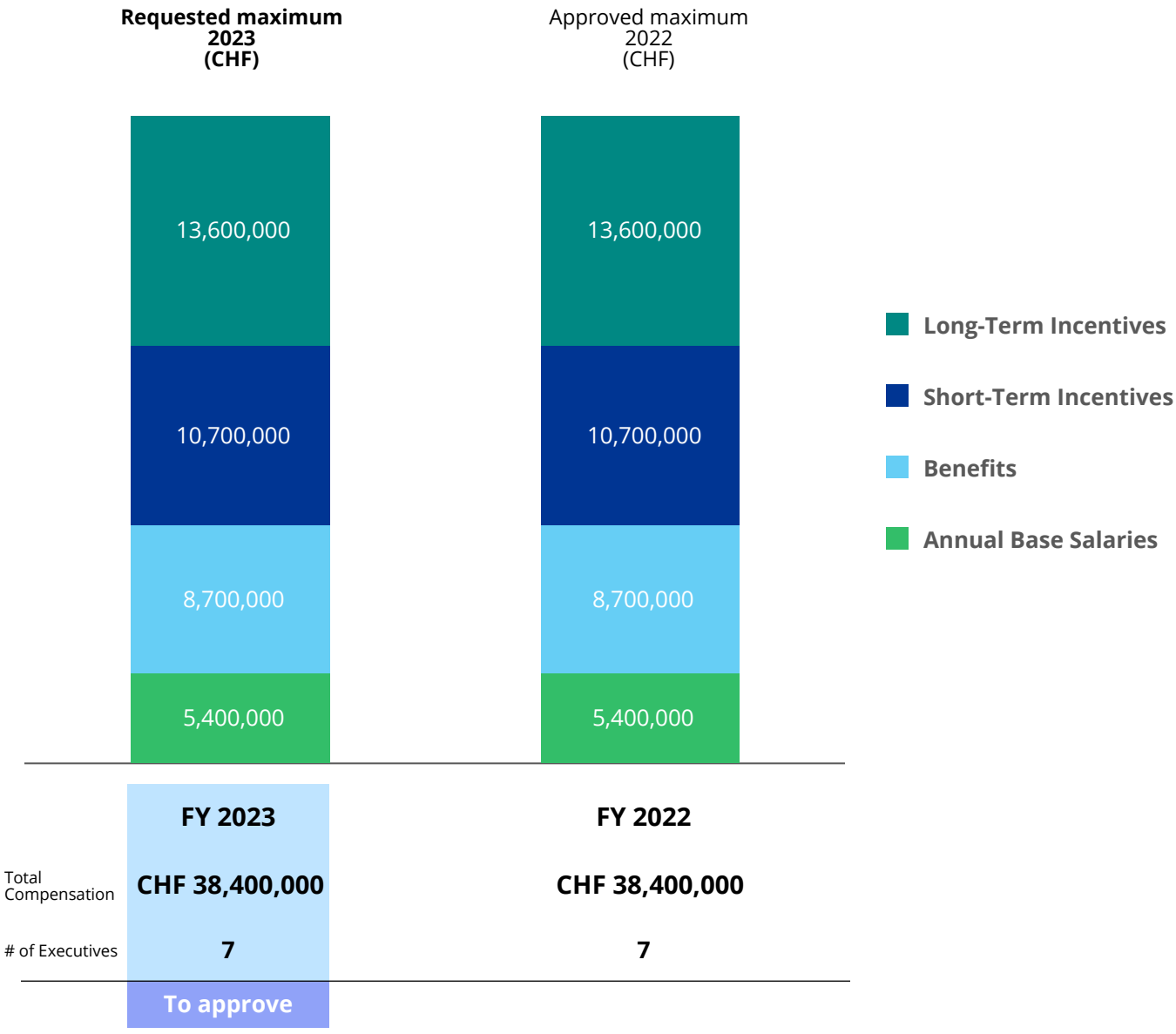
Annual Base Salary: The base salary reflects each ECA member's individual role, performance, experience and potential as well as the market value of their respective roles.

Benefits: Employment benefits are provided in line with local market practices and legal requirements. Certain ECA members were relocated to Alcon's headquarters in Geneva, Switzerland. The affected ECA members are provided with allowances for their relocation under Alcon's international global mobility policy.

Variable Compensation: Alcon commits to the principle of "pay-for-performance," which is reflected in an emphasis on variable compensation, comprised of the STI and LTI awards. The STI, paid fully in cash and capped at 200% of the individual target award, focuses on Alcon's annual operating business performance and individual performance. The LTI, share-based and capped at 200% of the granted number of performance stock units, is designed to drive sustainable long-term value creation. These combined awards link a substantial portion of the overall total compensation to company and individual performance.

The following graphic illustrates the requested maximum aggregate amount of compensation of the ECA for the 2023 financial year (FY) in comparison to the approved amount for the 2022 FY. We are not requesting an increase for our 2023 budget.

For 2023, the proposed maximum aggregate compensation budget remains unchanged from the previous year.



The proposed maximum compensation amount for the financial year 2023 assumes a maximum payout of 200% of target for our STI awards and a payout of 100% of target for our LTI awards.

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