Alcon

2024

Annual General Meeting

Shareholder Information on Compensation Proposals

Say -on- Pay

Dear Shareholder,

This brochure provides you with information regarding our compensation-related proposals submitted to the 2024 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 consistent 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 (42% European and 58% North American) to balance the European compensation structure with a need to attract and retain US talent. Based on our compensation philosophy, our desired competitive position is to stay near the median of the peer group. The Board has proposed an increase to the 2025 budget to provide flexibility in anticipation of changes to the ECA composition.

The framework and the fee structure for the Board's compensation will remain unchanged. Further, the proposal does not contemplate any changes to the Board's compensation levels for the upcoming term of office from the 2024 AGM to 2025 AGM.

On behalf of the Board 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.

Sincerely,

F. Michael Ball
Chair of the Board of Directors

Karen May
Chair of the Compensation Committee

In line with Swiss regulations and our Articles of Incorporation, we are asking you to cast the following three votes:

Agenda item 5.1

Consultative vote on the 2023 Compensation Report

The Board of Directors proposes that the 2023 Compensation Report, included in the 2023 Annual Report, be accepted (non-binding consultative vote).

Agenda item 5.2

Binding vote on the maximum aggregate amount of compensation of the Board of Directors for the next term of office, i.e. from the 2024 AGM to the 2025 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 2024 AGM to the 2025 AGM in the amount of CHF 3,900,000.

Agenda item 5.3

Binding vote on the maximum aggregate amount of compensation of the ECA for the 2025 financial year

The Board of Directors proposes that shareholders approve the maximum aggregate amount of compensation of the ECA for the 2025 financial year in the amount of CHF 43,000,000.

5.1 Consultative vote on the 2023 Compensation Report

The Board of Directors proposes that the 2023 Compensation Report, included in the 2023 Annual Report, be accepted (non-binding consultative vote).

At our 2023 Annual General Meeting ("AGM"), our 2022 Compensation Report received approval with support from 84% of the votes cast. While we are encouraged to receive robust shareholder support, we continued our efforts to engage with and gather feedback from our shareholders during 2023 regarding our executive compensation program.

Our engagement team included our Board Chair, Chief Human Resources Officer, General Counsel, Head of Investor Relations and Head of Social Impact and Sustainability. We heard directly from investors on a range of important topics including CEO compensation, executive compensation programs and broader Social Impact and Sustainability matters.

The 2023 Compensation Report, included on pages 79-111 of Alcon's 2023 Annual Report, provides detailed information regarding compensation awarded to the members of the ECA and the Board in the 2023 financial year. It also sets out Alcon's compensation framework and philosophy. Alcon's 2023 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 2023

For 2023, the executive compensation program include a balance 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. At a glance, the ECA compensation includes:

	Annual Base Salary	Short-Term Incentive (STI)	Long-Term Incentives (LTI)	Benefits
Purpose	In line with global pay practices, reflects responsibilities, experience and skills	Rewards annual performance against key objectives	Rewards long-term value creation 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 an individual performance factor	Four equally weighted performance measures including financial, relative 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 2023

The components of our Board compensation are consistent with other 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 2023 to AGM 2024.

2 Board members may also elect to receive all or part of the cash fee in shares.

3 Audit and Risk Committee, Compensation Committee, Governance and Nomination Committee, and Innovation Committee.

5.2 Binding vote on the maximum aggregate amount of compensation of the Board of Directors for the next term of office, i.e. from the 2024 AGM to the 2025 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 2024 AGM to the 2025 AGM in the amount of CHF 3,900,000.

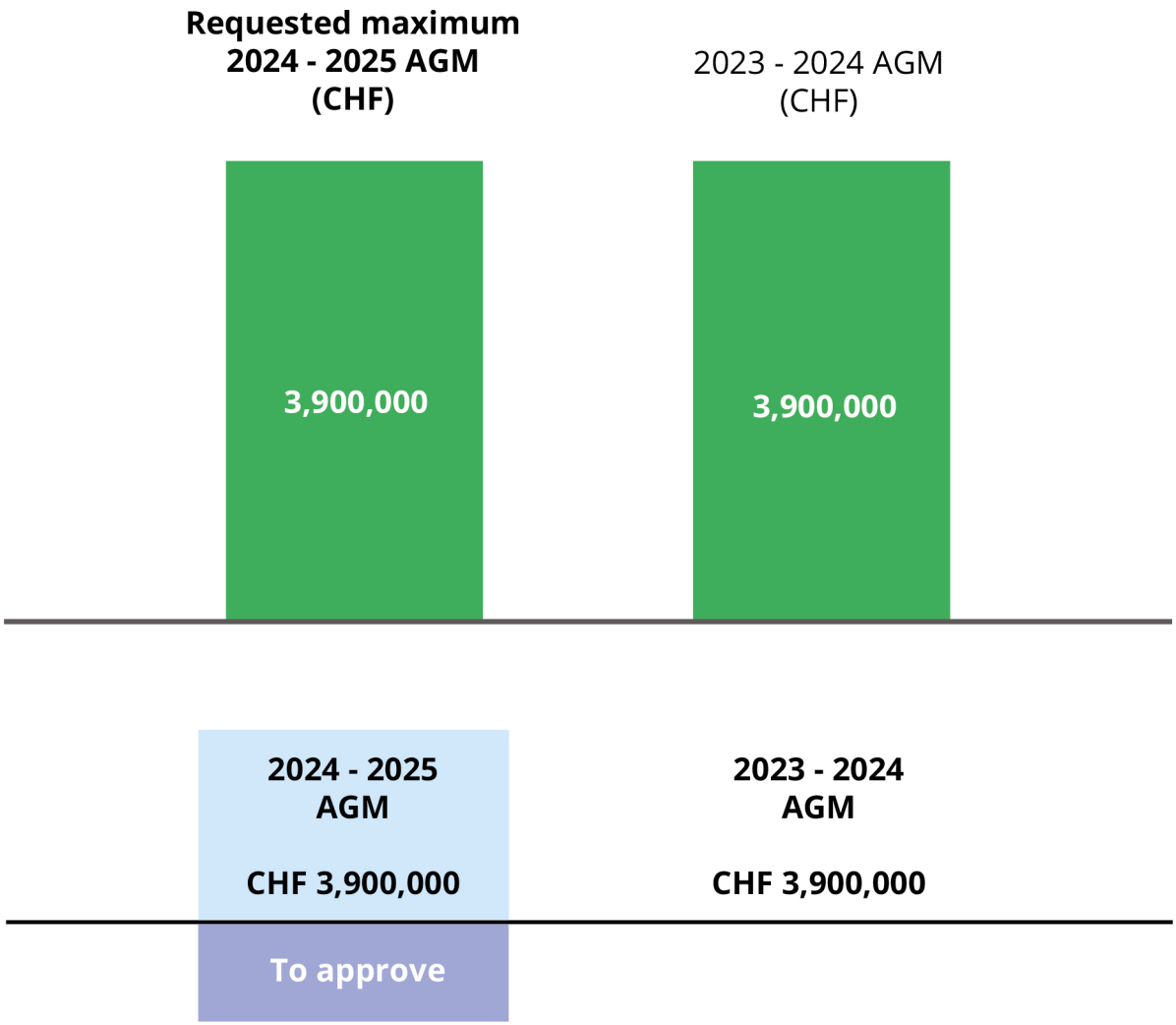
For the term 2024 AGM to the 2025 AGM, Alcon's Board will be comprised of 11 members, similar to the previous year.

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 sets out the base fees, the Board Chair and Vice Chair fees and Chairs and members of committees fees as described above. The proposed maximum aggregate amount of compensation of all non-executive members of the Board for the term from the 2024 AGM to the 2025 AGM amounts to CHF 3,900,000.

Base fee for Board membership for non-executive Directors for 2024-2025 AGM	
Chair of the Board	CHF 1,150,000
Member of the Board	CHF 205,000

Additional fees for non-executive Directors for 2024-2025 AGM	Chair	Member
Vice-Chair of the Board	CHF 40,000	
Audit and Risk Committee	CHF 70,000	CHF 35,000
Compensation Committee	CHF 60,000	CHF 30,000
Governance and Nomination Committee	CHF 60,000	CHF 30,000
Innovation Committee	CHF 60,000	CHF 30,000


Requested maximum
2024 - 2025 AGM
(CHF)
2023 - 2024 AGM
(CHF)
3,900,000
3,900,000
2024 - 2025
AGM
CHF 3,900,000
2023 - 2024
AGM
CHF 3,900,000
To approve

5.3 Binding vote on the maximum aggregate amount of compensation of the ECA for the 2025 financial year

The Board of Directors proposes that shareholders approve the maximum aggregate amount of compensation of the ECA for the 2025 financial year in the amount of CHF 43,000,000.

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, considers Alcon's position as a company with ambitious growth and:

- Ensures a broadly competitive level of remuneration appropriate to each executive's scale of responsibility and individual performance;
- Considers the geographic and industry-specific nature of our talent pool and the medical device industry to attract, retain and motivate a world-class executive team to drive performance;
- Supports long-term value creation for shareholders;
- Aligns the compensation program for the senior executives with the broader management and employee population;
- Fully embraces Swiss governance expectations and follows principles of simplicity and transparency; and
- Links pay to achievement of social impact and sustainability goals through the STI plan.

The CC is committed to a strong pay-for-performance framework to align executive compensation with shareholder interests. An anchor point of our philosophy is to offer market competitive compensation within the range of the median of our peer group.

The peer group companies used for external executive compensation benchmarking represent a blend of European and North American companies and provides a good balance of industries, companies and geographies from which executive talent is sourced. The peer group has remained consistent since Alcon's spin off. 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 (42% European and 58% North American) to balance the European compensation structure with a need to attract and retain US talent.

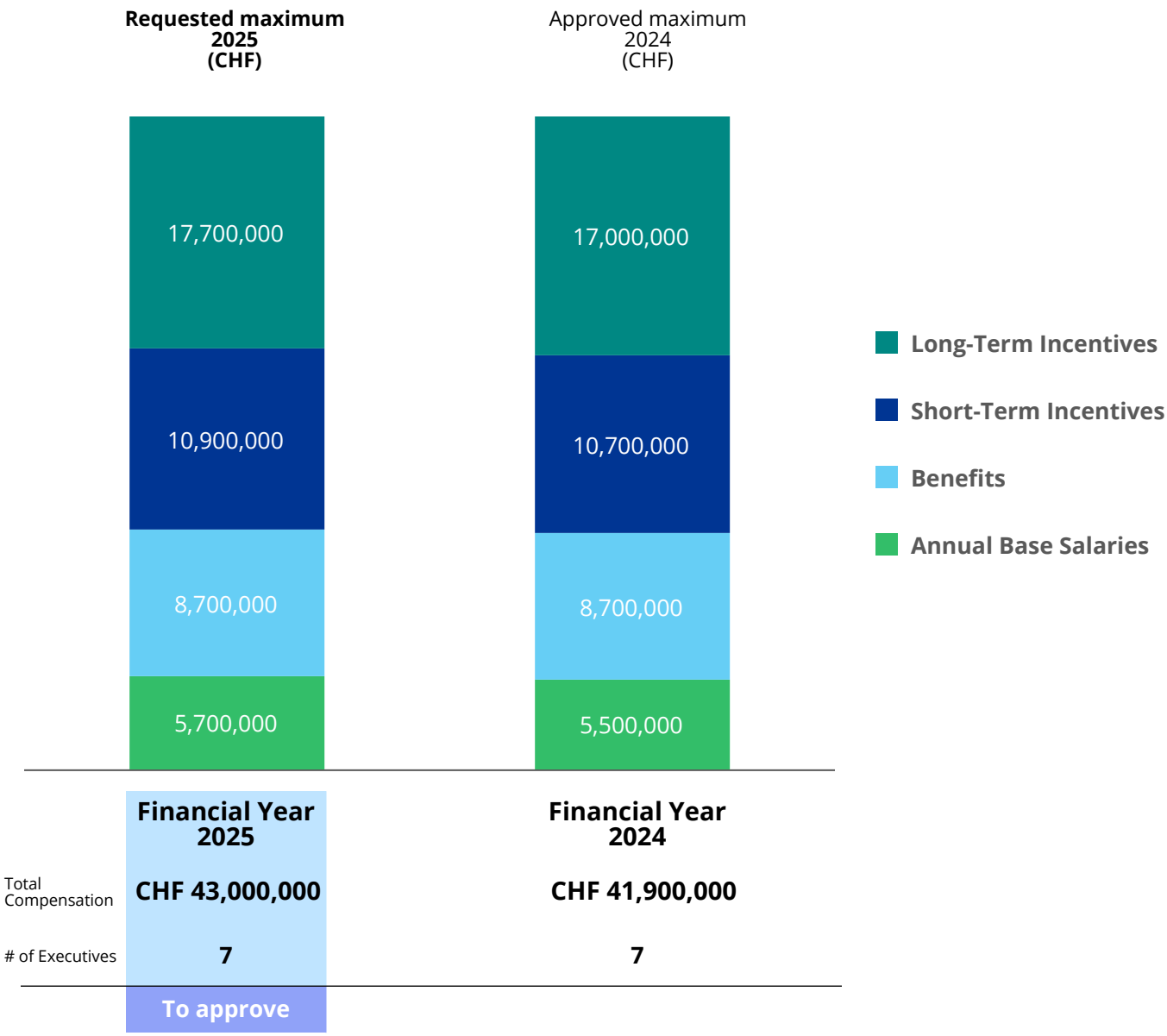
Based on our compensation framework, each ECA member's total compensation is comprised of an annual base salary, variable compensation elements and benefits.

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.

Variable Compensation: Alcon is committed 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 share 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.

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. Generally, for associates on international assignments, over 70% of the benefit costs are related to maintaining the cost of living position neutral to their home base and of the 70%, over 75% of these costs are attributable to tax neutralization.

The following graphic illustrates the requested maximum aggregate amount of compensation of the ECA for the 2025 financial year in comparison to the approved amount for the 2024 financial year. We are requesting an increase of 2.6% to the proposed maximum aggregate amount of compensation as we anticipate changes to the ECA composition that will allow us to enhance expertise in strategically relevant competencies and allow flexibility for global mobility and transition. The proposed 2025 financial year maximum aggregate amount of compensation for the ECA is CHF 43,000,000.



The proposed maximum compensation amount for the financial year 2025 assumes a maximum payout of 200% of target for our STI awards and a grant value of 100% of target LTI awards.

Alcon

To learn more, visit:
https://www.alcon.com/