

Mobility Area of Practice

Inter-Company Transfer and Foreign Local Hires Policy



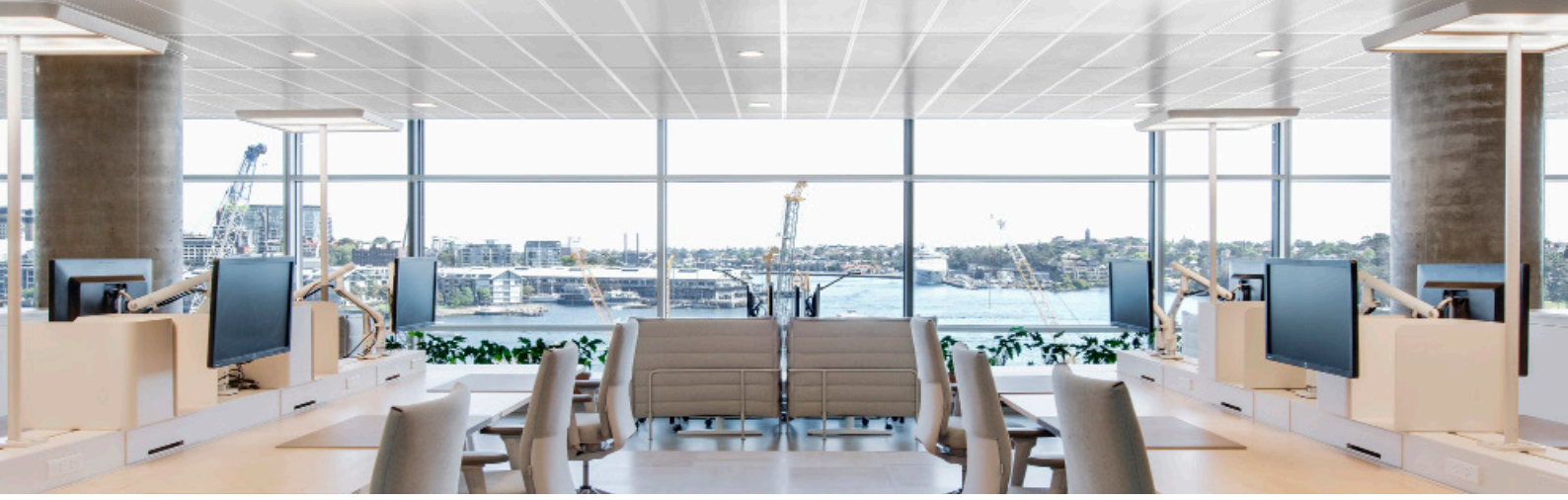


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1. Introduction

1.1 Coverage

This policy applies to the following employees at the Roche Group:

- Inter-Company Transfers (ICTs): a Roche employee who transfers under the terms of the future Roche affiliate employment policy to live and work outside the present country on a permanent basis. The employment conditions, compensation and benefits are in accordance with the future country.
- Foreign Local Hires (FLHs): a non-Roche employee who will be employed under the terms of the future Roche affiliate employment policy to live and work outside the present country on a permanent basis. The employment conditions, compensation and benefits are in accordance with the future country.

1.1.1 Exclusions

The following exclusions apply:

- Cross-border employees who commute on a daily basis to a neighbouring country to work for Roche and return the same day to their place of residence are not covered in this policy.
- Employees or new hires who live within a reasonable commutable distance of the future affiliate.
- New hires who already reside in the same country as the future Roche Company.
- Provisions of localisation of an International Assignee are covered under the terms of the relevant Roche Group International Assignment Policy.

1.1.2 Prevailing Conditions

The conditions and services offered in individual cases for a ICT or FLH transfer may differ from this policy depending on the country of employment.

In the event that the conditions and services agreed in the individual case deviate from this policy and are inconsistent, the individual offer or agreement to the employee(s) shall prevail.

1.2 Policy Objectives

The purpose of this document is to facilitate the management of ICTs and FLHs and has the following key objectives:

- Help employees and stakeholders understand the relocation, compensation and benefits entitlements for ICTs & FLHs.
- Ensure consistency of application worldwide.

This policy is intended to:

- Set global standards to ensure consistency within the Company in the treatment of employees being transferred and hired by Roche;
- Define conditions which are clear and transparent, easy to communicate and implement and are flexible in meeting actual business needs;
- Reflect the value and contribution of the individual employee by being sensitive to personal needs;
- Minimise financial gains or hardship as a result of transferring employment.

1.3 Applicability

The policy applies to ICTs and FLHs only who are employed in the future country on a permanent basis. It does not cover business trips, commuters, long-term, short-term or special programme participants and secondment policy assignments:

- Long-term assignments as defined by the Roche Group International Assignment Policy lasting between 1 and 5 years;
- Short-term assignments as defined by the Roche Group International Assignment Policy lasting between more than 3 and up to 12 months;
- Commuter assignments where the employee has a role in the home country and in the host country which involves regular travel between each location;
- Recognised training programmes that require international experience as an integral element of the training are covered under the Special Programme Participants Policy;
- Expenses related to business trips, which are periods spent abroad on behalf of the Company lasting no more than three months, should be reimbursed in line with the present company's business expense policy.





2. Transfer Management

2.1 Criteria for Inter-Company Transfers

The following criteria are the guiding principles when an employee is transferred from one Roche affiliate to another:

- A current Roche employee is terminated in one country and hired on local employment conditions in another country;
- Transfer is on a permanent basis as there is no expectation to return to the present country's position /function.

A successful employee should have the following qualities when taking on a new position in another country:

- A willingness by the employee and his / her family to move abroad and an understanding of the impact of such a move;
- The personal qualities necessary to operate successfully in another business and social environment.

2.2 Criteria for Foreign Local Hires

For a FLH joining Roche as a new employee, the selection criteria are based on the affiliate's business needs and may vary.

2.3 Cost Accountability

The costs associated with a relocation of an employee are borne by the entity that benefits from the services of the employee. Usually this is the future company, so as a general rule all costs are to be borne by the future entity.

3. Relocation Benefits and Claw-Back Provision

3.1 Relocation Benefits

The following relocation benefits are provided to ICTs and FLHs.

It may be that certain benefits will not apply due to the employee's personal circumstances. Thus, no exchange for other benefits is permitted if certain benefits do not apply and unused benefits will not be cashed out.

All benefits are valid for 12 months from the date of the new country employment contract. There will be no cash in lieu of unused benefits.



3.1.1 Passport, Visas and Work Permits

Employment in the future country is conditional on the necessary documents, such as visas, work and residence permits for the employee and his / her accompanying family, being granted. You will not be able to commence employment in the future country until the relevant documentation is approved. The procedures involved can be lengthy and need to be taken into consideration when establishing a new country employment commencement date.

The Company is responsible for applying for the required documentation and will meet any associated costs. The employee will be required to supply any relevant personal details and complete all necessary forms promptly. Statutory requirements may also require mandatory medical checks, visas for entry or other future country immigration requirements to be met.

Employees should ensure that their passports and the passports of any accompanying family members are valid for at least 6 months after the new employment contract takes effect. Employees with children are also advised to obtain separate passports for them and for each family member. Any costs incurred will be the employee's responsibility.

In countries that do not recognise the status of non-married partners, the Company will endeavour, within the laws of the future country, to enable an employee's spouse / partner to join him / her.

Unless an employee is required by law to acquire "permanent resident" (or similar) status to continue his / her employment, any costs incurred in doing so are to be borne by the employee.

3.1.2 Shipment and Storage of Personal Effects and Household Goods

3.1.2.1 Shipment

The Company will meet the costs of shipping both personal items and household goods through the company-selected provider up to a container limit in line with future Company guidelines including associated costs such as custom and import duties on approved items, delivery, packing and unpacking and insurance while in transit.

Full details will be provided in the moving guidelines prior to transfer.

The Company will not pay for moving / transporting certain items of a cumbersome, hazardous, prohibited or extremely valuable nature.

These items include, but are not limited to:

- Cars or motor vehicles of any sorts;
- Boats and marine engines;
- Trailers and caravans;
- Recreational vehicles;
- Firearms and ammunition;
- Other bulky or heavy items, including machinery;
- Valuable jewellery and antiques;
- Packing and transport of any beverages and wine;
- Dismantling, packing, transport and reassembling of a kitchen or parts of it;
- Any plants;
- Firewood, small structures, building material;
- Currency, securities, valuable documents, precious metal, furs;
- Baby grand and / or grand pianos;
- Illegal items.

In addition costs for following additional services listed will also not be covered by Roche:

- Tuning of any piano or grand piano after transportation;
- Assembling new furniture;
- Installation of appliances (plumber/ electrician);
- Cleaning, valet or maid services or tips associated with the move;
- Assembly, installation and hanging of any lamps or other home electronic devices;
- Hanging paintings;
- Carpenter's work and other craftsmen's work;
- Customs tax and duties (e.g. alcoholic beverages, new items);
- Any vaccination (pet transports);
- Any duty or taxes.

Employees will be requested to prepare an inventory of all items for shipping together with an approximate replacement value of each item for insurance and customs purposes.

The employee must use the Company's preferred removal company.

3.1.2.2 Storage

The Company will not meet the cost of storing household items and belongings that remain in the present country.

3.1.2.3 Insurance

The Company will meet the cost of insuring household goods and personal effects while in transit between present and future countries. All other insurance, such as personal effects and household goods, are the employee's responsibility in the future country.

3.1.3 Transportation of Household Pets

The costs of shipping, kennel and quarantine, where applicable, will be reimbursed by the Company for up to two household pets. The employee is responsible for all other costs relating to pet transportation including but not limited to vaccinations, pet passport applications and compliance with other regulations.



3.1.4 Temporary Accommodation

3.1.4.1 Present Country

The future Company will reimburse reasonable temporary accommodation costs for the employee and accompanying family if temporary accommodation is required prior to departure to the future country. The Company would not expect this to exceed two weeks.

3.1.4.2 Future Country

The Company will reimburse reasonable temporary accommodation costs for the employee and accompanying family if temporary accommodation is required at the time of arrival in the future country.

The Company will select appropriate hotels or provide furnished accommodation as considered necessary and pay the rental costs for one month.

3.1.5 Installation Allowance

Employees may incur miscellaneous out-of-pocket expenses above and beyond normal living costs as a result of moving to a new country. The allowance is the equivalent of one month gross salary capped at CHF 10,000 paid out with the first salary payment by the future Company (equivalent in future country currency – conversion date is issue date of employment contract) as defined in the future country employment package.

The expenses could include, but are not limited to, the following:

- Replacement of miscellaneous household goods;
- Appliance adapters and converters;
- Replacement of small appliances;
- Additional luggage and clothes;
- Cleaning and other expenses related to the release of the home-country residence;
- International driving licences;
- Utilities connection charges.
- Other expenses incurred which are not covered specifically elsewhere in this policy;

3.1.6 Travel to the Future Country

The future Company will pay for travel from the present country to the future country for the employee and his / her accompanying family. Travel to the future country should follow the most direct route. Employees and their accompanying family are expected to travel at the lowest available fare in accordance with the future Company travel policy.

For ICT's, the booking of the flights, or rail tickets where permitted, should be arranged through the future Company travel department or HR manager to avoid the present company having to issue a chargeback for the costs or where chargeback invoicing is not possible.

In the event of essential stopovers (those required by the airline), the cost of reasonable accommodation and meal expenses will be reimbursed in accordance with future Company standards.

If the employee decides to use his / her personal car to travel to the future country, the future Company will reimburse travel expenses in accordance with their travel policy.

Any en route vacation must be pre-approved by the future Company and any expenses associated with an en route vacation, or non-essential stopovers, are the employee's responsibility.

3.1.7 Home Search & Destination Services

In addition to house search assistance, the welcome / destination service provider offers basic services to support the initial integration of the employee and the accompanying family members.

These services include at a minimum:

- Pickup on arrival and transfer to the temporary accommodation with information on functionality of the local appliances;
- A 'what is where' tour of the new neighbourhood to understand where to find the various services, such as public transportation, shopping, schools, etc.;
- Registration at government and municipal offices, where required;
- Opening of a bank account;
- Assistance with exchanging a driving licence, if required;
- What are the required insurances and how to obtain them;
- Availability of leisure activities.



3.1.8 Language Training

To enable the employee and the accompanying spouse / partner to integrate into day to day life in the future country, the future Company will pay for language training, if required, by an approved school or tutor for the employee and spouse / partner of 50 hours of lessons unless future Company guidelines define a higher benefit.

In the event that the school does not offer language integration classes for the children free of charge, the future Company will pay for language training, if required, to the children who attend mandatory schooling of 50 hours per child of lessons unless future Company guidelines define a higher benefit.

3.1.9 Tax Filing Services in the Present & Future Country

Each employee is ultimately responsible for ensuring that his / her present and future country tax liabilities are met and tax compliance requirements are fulfilled.

The employee will meet with the Company's tax advisor before departing from the present country, to ensure that his / her present country tax affairs are in order and to receive assistance with completing all necessary forms to notify the present country tax authorities of his / her changing status as well as guidance on the tax return preparation as outlined in clause 6.2.

3.1.10 Acknowledgment of Roche Technical Entry Date

Where the employee transfers directly to the future Company, i.e. there is no break in service, the future Company is normally required to recognise the technical entry date when the employee originally joined Roche. For example, this applies to vacation or paid time-off entitlement and to benefit plan vesting rules. The technical entry date is normally not recognised for eligibility to benefit plans that are closed to new entrants, or for retrospective benefit accrual.

The technical entry date is also normally not recognised by the future Company in the event of a break between termination of employment in the present country and hiring in the future country, as it constitutes a break in service.

3.2 Claw-Back Provision

The employee will be responsible for repaying to Roche the following relocation costs should the employee terminate his / her contract within 2 years of joining the future Company:

- Moving costs of household & personal goods;
- Installation allowance;
- Transportation cost of up to two household pets, where applicable;
- Temporary accommodation (present and / or future country), if any;
- Travel expenses (i.e. cost of flights) to relocate to the future country;
- Language training, if any;
- Tax return service fees.

The following scale will be applied:

- Resignation within the first 12 months of the future Company employment contract start date: 100% of the costs;
- Resignation between 12 and 24 months of the start date: 50% of the costs;
- Resignation after 24 months of the start date: no charge for the employee.

The above provision may also apply if the employee is terminated by the future Company with cause.



4. Social Security / Pension/Benefits

4.1 Social Security

The employee will join the future country government social security system (if any) and contribute to the fund in accordance with the local contribution requirements. For ICTs, the present country social security membership (if any) will cease at the time the present Company employment contract is terminated.

If an employee wishes to make any voluntary contributions to the present country scheme, the employee shall bear those costs and is responsible for the initiation.

Where the transfer to the future country leads to a reduction in current or future employee social security benefits of the employee, the Company will not meet those costs nor consider undertaking any further analysis.

4.2 Pensions and Benefits

The employee will join the future affiliate pension and benefit plans (if any) and will contribute to the plans in accordance with local contribution requirements. For ICTs, participation in the present country pension and benefit plans will cease at the time the present Company employment contract is terminated.

5. Working Hours & Annual Leave

5.1 Working Hours and Public Holidays

Employees will follow future country practice in regard to public holidays and working hours. The working hours may vary and might be a function of the employee's position and / or duties.



5.2 Annual Leave Entitlement

Employees will be entitled to the future Company annual leave entitlement.

5.3 Unused Present Country Holiday & Overtime

Roche employees should make every attempt to use their pro-rata present Company holiday entitlement before the termination of their present company employment contract as accrued days cannot be transferred to the future company. Holidays not taken will be dealt with according to the prevailing practice in the present country.

Overtime in those locations where this is normally taken as time off in lieu, it should be taken before the termination of the present company employment contract.

Payout of overtime will only be made where local guidelines / policies in the present country stipulate such payments. It will not be possible to transfer any overtime entitlements to the future Company.



6. Tax

6.1 Introduction

This section aims at meeting the following objectives:

- To understand the employee's tax liability when relocating to the future country and level of service provided by the Company.
- Facilitate compliance with all tax and social security laws and filing requirements.

6.2 Coverage & Tax Return Filing

Coverage under this policy is not elective and is valid for the tax year(s) of transfer.

Employees are responsible for ensuring that their present and future-country tax liabilities are met and tax compliance requirements are fulfilled. Due to the additional complexities of the employee's tax position as a result of the relocation, the employee will be given assistance in reporting employment income through the services of a nominated tax service provider. However, the Company will not bear costs which arise as a result of complexities due to personal income.

The employee will be provided with tax return filing services for the year of the move in the present country and for the first tax return due in the future country.

6.3 Spousal Income and Joint Filing Requirements

Spousal income is outside the scope of this policy. However, in cases where the local legislation requires joint filing of tax returns (i.e. to include income of both spouses), the Company will pay for the services of the nominated tax service provider in order to include the spouse's portion of income in the tax return.

6.4 Employee's Tax Liability

The employee remains responsible for all tax, including income, capital gains and wealth taxes (and social security) arising on his / her income in the present and future country. In addition, the Company will not:

- Tax equalise or tax protect;
- Cover any financial losses on Roche Long-term Incentives and / or Roche Connect due to differences in the taxation of such elements in the future country;
- Provide any financial compensation for any real or perceived losses arising on personal income, or by the taxation of such income in the present or future country.

Further, the Company will also not cover any losses resulting from:

- Income received from employment other than with the Company;
- Income received from self-employment;
- Private rental income;
- Bank interest and other income or gains arising from investments;
- Losses resulting from fluctuations in exchange rates.

6.5 Long-term Incentive Plan

As stated above, the Company will not cover any losses arising from the taxation of Roche Long-Term Incentives.

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