



**Exploiting the benefits of teamwork**

Lions are the only big cats to live in a pride. This has tangible advantages: together, a larger territory can be marked out and defended. Furthermore, by hunting together, larger prey can be felled than by lone wild cats.

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## Success factor: integration –

### Human Resources Management unites

\_From 2007 to 2010 the Galenica Group acquired seven companies and established independent sales and marketing subsidiaries in ten European countries. As a result, the number of employees nearly doubled within just three years. In 2009 Galenica added more than 2,000 employees through the acquisition of the pharmacy chain Sun Store and the biotechnology and pharmaceutical company OM Pharma.

**\_Integration and synergies.** The success of acquisitions and growth initiatives depends primarily on how well new employees of the Galenica Group are integrated and how quickly they begin to identify with the Group's objectives and values. Only then can they truly contribute to the company's growth strategy. Supporting integration efforts is therefore a key responsibility and a major challenge for Human Resources Management (HRM).

\_For OM Pharma the process involved, among other things, harmonising employment conditions and involving the new members of senior management in biannual management events (EVE). To provide additional support for the integration of newly acquired companies, Galenica temporarily fills the top management position with an individual who is already familiar with the Galenica corporate culture. This strategy has paid off in the past and was successfully applied to Aspreva, Sun Store and OM Pharma in 2010.

\_The integration of Sun Store continued. Employees participated for the first time in the Galenica employee stock purchase programme and were included in other programmes such as the flu prevention drive. They also took part in the newly formed Retail staff committee whose goal is to promote a uniform personnel policy in this business sector.

\_As the integration progresses, opportunities to exploit synergies are continuously sought and implemented. One such opportunity in 2010 was the harmonisation of employee insurance across the entire Group, which allowed premiums to be optimised.

\_Other activities and events affecting employees are detailed in the sections of the Business sectors of the Galenica Group from page 17.

### Training and development

\_The training and development of its employees is of paramount importance to Galenica. This becomes even more important as the Group's rapid growth puts particu-

larly high demands on all employees. In 2010, around CHF 3.9 million was spent on training and staff development Group-wide, which is considered an important investment in the company's future.

**\_Staff development.** Training and development programmes in the Galenica Group are based on a concept of corporate management development (CMD). This is subdivided into events (EVE), special staff training (SAM) and management training (FAB) (see chart). In 2010, around 1,225 employees participated in various events as part of the CMD programme.

\_In EVE 1, all senior managers participated in an online conference held in Bern. This was the second time such an event was the forum through which the financial results were announced to the entire Group after the market closed on the evening prior to the full year results Media Conference.

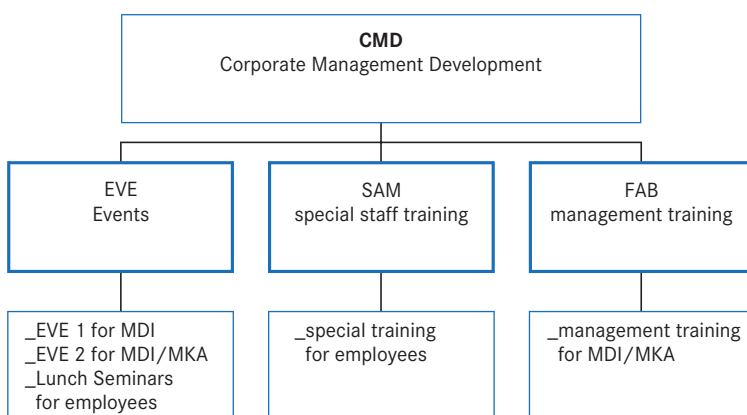
\_«Exciting, informative, valuable» – these are just some of the many positive responses from the EVE2 event, in which 600 managers from all business sectors had the opportunity to become more familiar with the Galenica Group. All pharmacy managers were also invited, including those from Sun Store and the new managers from OM Pharma. The informal setting allowed many exciting encounters to take place and the event also gave people an opportunity to talk to various managers and members of the Corporate Executive Committee. The event fostered employees' long-term identification with Galenica.

\_As part of SAM, new employees are systematically trained in various methodological or personality-building seminars.

\_FAB 1 management training provides managers with modular training with three areas of focus: self-management and management tools, staff and meeting management, and team management and development. FAB 2 is dedicated to the performance and health and FAB 3 concentrates on corporate management and change management.

**\_Fostering young talent.** Galenica is deeply committed to apprentice training. Last year, the entire Group had 752 apprentices. The Retail business sector in particular offers many young people the opportunity to begin their career in an exciting field with excellent prospects for the future. 716 young professionals were trained in this business sector across Switzerland, 131 of whom completed their training in 2010 – some with high honours – the top marks in the Canton of Ticino and the City of Zurich were earned by trainees who had completed their training at Coop Vitality pharmacies.

### Concept Corporate Management Development



MDI = Member of Senior Management MKA = Member of Management

\_CMD includes all activities offered throughout the Galenica Group for the further development of staff and management.

### Tapping potential – promoting talent

\_Talented individuals are a key focus of the company's development activities because they have the potential to become the company's future leaders. To this end, Galenica places particular emphasis on the selection and promotion of highly qualified employees. To support this process, a programme was introduced to identify and develop talent within the Group. The goal of the Corporate Executive Committee is to fill two thirds of open positions at senior management level with internal candidates.

\_These efforts will focus on the highest-performing employees, i.e. those who have already proven their talent at Galenica. To ensure an accurate assessment, they must have been employed by the Group for at least twelve months and have demonstrated above-average performance during this time. They must also exhibit the potential and commitment to take on additional, more challenging tasks, and their conduct must exemplify the values of Galenica and the business sector.

\_The talent programme focuses on a selection of about 10% of employees at management and senior management level, or 1% of all employees. The employees selected receive individual support, for instance in long-term projects, or through challenging tasks, 360-degree feedback or training. The programme targets both «high performers» and «high potentials». High performers

have considerable expertise and an extensive network both inside and outside the company. This makes them hard to replace. They have the skills and motivation to dedicate themselves even more fully to their current area of expertise. With high performers, the support they receive is focused on developing their experience beyond their current field of activity. High potentials are distinguished by the fact that they demonstrate a clear ambition to assume greater responsibility and the potential to take on a much larger, or new, role in a different area or country. With this group, the focus is primarily on developing leadership skills.

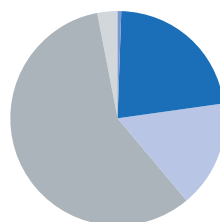
\_In 2010, approximately 40 individuals were selected for the talent programme. They were nominated by the senior management of the individual companies and by the Corporate Executive Committee. Over the next two years during which they receive individual support, participants will be assigned a personal mentor who has been specifically trained for this role and whose main goal is to foster the individual's personal development as well as help them acquire new competencies.

\_This programme is just one example of how Galenica promotes staff development. Tools and programmes, such as employee development discussions, the internal training programme and the Comité des Jeunes, also help unlock utilised potential.

**Number of employees in 2010 worldwide**

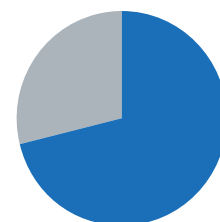
Switzerland	6,136
Europe	393
Asia	7
South America	57
North America	41
<b>Total worldwide</b>	<b>6,634</b>

**Number of employees in 2010 by business sectors**



■ Galénica Ltd. 40 (21 women, 19 men)  
 ■ Pharma 1,487 (762 women, 725 men)  
 ■ Logistics 1,060 (503 women, 557 men)  
 ■ Retail 3,848 (3,357 women, 491 men)  
 ■ Other: HCI 199 (84 women, 115 men)

**Number of women and men in 2010**



■ Women 4,727 (71.3%)  
 ■ Men 1,907 (28.7%)

### OPINIO employee survey: employee satisfaction stable and at a high level

\_Every three years the Galenica Group conducts the OPINIO survey, which is aimed at all Group employees. Due to the dynamic expansion of the Galenica Group over the last several years, nearly twice as many questionnaires were distributed in 2010 (2007: 3,397; 2010: 6,341) and they were published in four languages instead of two.

\_The response rate of 54% was the same as for the last survey, which shows a high level of interest in the survey, even among new employees. The average level of satisfaction with individual work situations was the same as it was in the last survey, despite the fact that employees of the newly acquired companies had experienced major changes and the larger number of people surveyed and their obvious differences. Galenica was once again well placed in the mid-range compared with 88 other Cash Award participants.

\_Two issues stood out: The feedback related to personal goals far exceeded the benchmark. However, the understanding of the corporate strategy declined compared to the last survey. This uncertainty about the corporate strategy was further exacerbated by concerns related to

the financial crisis and its consequences. Even with this uncertainty about strategy, the overall results of OPINIO can be seen in an even more positive light.

\_The results of OPINIO also suggest another conclusion: Despite the sharp increase in the heterogeneity of the Group, the results of the survey generally remained relatively stable compared to previous surveys so the integration of new employees was successful.

\_As in previous years, once the responses have been carefully evaluated, programmes will be designed and implemented to increase overall job satisfaction at individual company and department level.

### Comité des Jeunes – Motto for the year

\_The «Comité des Jeunes» is made up of about 30 young staff members from the various companies within the Galenica Group. It acts as an internal think tank that helps promote and develop the next generation of managers and specialists. The members make an important contribution to the creation of a corporate culture that demonstrates a strong commitment to ethics. One of this group's other tasks is to submit a proposal for the annual Galenica Group motto to the Corporate Executive Committee and to plan how it will be put into practice.

### Headcount trends

	Full-time positions		Number of employees		Number of part-time employees <90%	
	2010	2009	2010	2009	2010	2009
Galenica Ltd.	36	36	40	39	10	9
Pharma	1,403	1,275	1,487	1,338	148	136
Logistics	906	973	1,060	1,129	308	314
Retail	3,008	2,914	3,848	3,679	1,834	1,801
Other: HealthCare Information	182	175	199	193	39	39
<b>Total</b>	<b>5,535</b>	<b>5,373</b>	<b>6,634</b>	<b>6,378</b>	<b>2,339</b>	<b>2,299</b>

### Number of managerial staff

	Total number of managerial staff		of which women		of which men	
	2010	2009	2010	2009	2010	2009
Galenica Ltd.	26	29	10	12	16	17
Pharma	325	345	104	133	221	212
Logistics	94	89	28	29	66	60
Retail	314	309	171	223	143	86
Other: HealthCare Information	32	27	10	9	22	18
<b>Total</b>	<b>791</b>	<b>799</b>	<b>323</b>	<b>406</b>	<b>468</b>	<b>393</b>

«Jetzt umsetzen – Agissons maintenant – E' momento di agire – Let's do it now» was the motto that was selected to represent the company's consolidation phase in 2010. The famous Swiss caricaturist Max Spring illustrated the motto on a poster: from stormy seas to calmer waters – together the employees sail towards new, promising shores, and in doing so demonstrate the seaworthiness of the Galenica ship.

In keeping with last year's motto, the Comité des Jeunes chose as its motto for 2011 – «Den Kurs halten! – Gardons le cap! – Manteniamo la Rotta! - Stay the course!» Using this motto for the year, Galenica's strategy is to be announced and reinforced within the company and the realisation of the on-going projects to be continued.

**Health and safety**

The health of its employees is an important asset which Galenica has long promoted through such efforts as preventive health campaigns, information sessions and individual fitness activities. In line with the directives of the Federal Coordination Commission for Occupational Safety (FCOS), the company has put in place all the measures required to protect staff health and maintain safety in the workplace. One of the popular lunchtime events, for example, provided information on how to achieve a healthy, sustainable weight by eating a healthy diet.

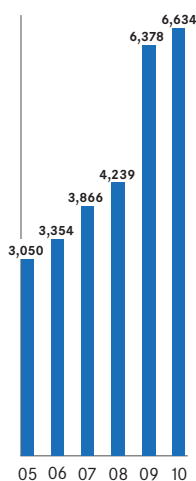
**Illnesses.** Looking at the numbers, illnesses are the cause of more absences at Galenica than accidents. The introduction of Case Management enabled the number of insured sick days to be reduced significantly. This positive development was also due to the faster identification of sick or at-risk employees by HR compared to previous years. Case Management can therefore play a proactive role in planning the appropriate reintegration of individual employees, which ultimately allows them to return to work sooner.

**Accidents.** Accident statistics are based on data compiled by Suva (Swiss Accident Insurance Fund). The figures available are for 2009 and cover all employees who have mandatory Suva insurance coverage with the exception of employees in the Retail business sector, who are insured by another company. The number of accidents per 1,000 employees has declined from 61 to 35 thanks to ongoing accident-prevention efforts (see chart).

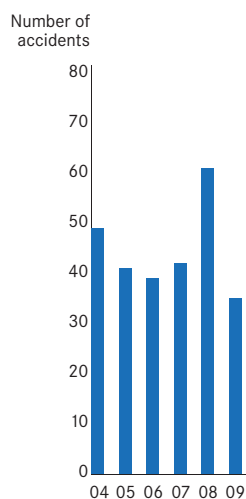
**Values-based management**

Galenica employees, particularly management and senior management, make use of various management tools to align their decisions and activities with the principles of values-based management. Values-based management is applied to the management of capital expendi-

**Headcount trends 2005–2010**



**Accidents per 1,000 employees 2004–2009**



ture using the internally defined concept of Galenica Economic Profit (GEP). The GEP model is based on an economic-value-added (EVA) approach and takes into account income components and invested capital. The Group's aim is to achieve a sustainable increase in GEP in all business sectors.

#### **Employee profit-sharing programme**

\_Every year, employees of Galenica in Switzerland have the opportunity to purchase a maximum of 10 shares at a discounted price, which, at their request, can be withdrawn from their profit-sharing bonus. These shares cannot be sold for three years after the date of purchase. In 2010, 19% of eligible employees participated in the share purchase programme, including the employees of newly acquired companies.

\_Galenica pays every employee around the world a profit-sharing bonus. For the first time in 2010 the amount of the bonus was based on the success of the individual business sector.

\_The profit-sharing bonus forms part of the annual bonus for members of management.

#### **Staff Committee and Works Committee**

\_Representatives of the Corporate Executive Committee and HRM meet twice a year with the Works Committee, which represents all employees in the Galenica Group, to discuss issues that go beyond the matters addressed by the local staff committees. Last year, the topics included questions on the harmonisation of human resources policies with the recent acquisitions and providing employees with more information about social insurance changes.



**Being different adds flexibility**

\_Viviparous lizards (or common lizards) give birth to live young. This gives them a decisive advantage over egg-laying lizards. While these have to put their eggs in a place where they will be incubated by the heat of the sun, viviparous lizards can search out any place with their eggs in their stomach and bask in the sun to hatch the eggs. This gives them access to habitats that are out of reach to other species of lizards.