

A young child with short brown hair, wearing a blue and white striped long-sleeved shirt, is reaching up towards a branch of an apple tree. The child is looking upwards with a slight smile. The tree is filled with green leaves and several ripe red apples. The background is a soft-focus view of more trees and foliage. A semi-transparent white geometric shape is overlaid on the right side of the image.

# Sustainability Report 2019

of the Galenica Group and Galenica Ltd.

 **GALENICA**

Galenica – the first choice for health, beauty and wellbeing

# Galenica Sustainability Report 2019

4	Foreword
6	Sustainability at Galenica
6	Impact throughout the value chain
9	Guiding principles
9	Stakeholder groups
10	Sustainability Committee and relevance matrix
11	Economic responsibility
11	Economic performance
12	Compliance
13	Data protection
14	Corporate governance
15	Social responsibility
15	Patient safety and health
19	Employees
23	Social commitment
24	Environmental responsibility
24	Emissions and climate change
26	Waste
29	About this report
29	Employee data
30	Environmental data
31	GRI index

# Foreword



Marc Werner, CEO, Felix Burkhard, CFO  
and member of the Sustainability  
Committee of the Galenica Group

Dear Shareholders,  
Ladies and Gentlemen,

Sustainability is an integral part of Galenica's corporate management, based on the belief that proactive and responsible actions contribute substantially to the company's long-term success and have an impact on the company, internally and externally.

The safety and health of patients is our top priority. We strengthened these further in 2019 through various innovations. For example, the first nationally established electronic medication plan from the e-mediplan interest group was integrated by HCI Solutions and Galenicare into our pharmacy smartphone apps. By digitising the medication plan, we are also making a substantial contribution to the electronic patient record (EPR), which is to be introduced in all hospitals in Switzerland by autumn 2020.

The opinion of our employees is important to us. Based on the results of the 2017 employee survey, we developed a new staff development programme in the year under review. This will be launched in 2020 with initial pilot events.

Thanks to a range of specific energy efficiency measures, the Galenica Group reduced its energy consumption per full-time equivalent in 2019 compared to the previous year. In addition, one year after being brought into operation, the photovoltaic system on the roof of Alloga generated green electricity for some 270 households, thereby making a key contribution to sustainable electricity generation for the town of Burgdorf. In total, this saved 240 tonnes of CO<sub>2</sub>.

We have incorporated sustainability aspects, particularly climate-related risks, into Galenica's risk assessment in order to anchor and make sustainability management more systematic. We will continue to drive these efforts ahead in future.

An internal review of the relevance matrix and our ambitions in the core topics is planned in 2020. On this basis, internal targets and performance-related indicators will be defined for all core topics. By doing this, we are increasing our commitment and ensuring measurable, targeted implementation with regard to our ambitions.

Our sustainability reports for 2019 (full and [short version](#)) illustrate how we are dealing with our core topics and what we achieved during the course of the year.

Bern, May 2020

A handwritten signature in black ink, appearing to read 'M Werner'.

Marc Werner  
CEO

A handwritten signature in black ink, appearing to read 'F. Burkhard'.

Felix Burkhard  
CFO and member of the  
Sustainability Committee  
of the Galenica Group



# Sustainability at Galenica



## Impact throughout the value chain

The Galenica Group's business activities have an economic, social and ecological impact throughout the entire value chain of the healthcare market. Even up- and downstream areas that are not directly influenced by Galenica, such as the manufacturing and use of traded pharmaceuticals, affect the environment and society. This impact can be positive as well as negative. The temperature-controlled transport of pharmaceutical products requiring refrigeration, for example, improves patient safety but also increases greenhouse gas emissions. Galenica endeavours to strengthen positive impacts throughout its value chain while continuously minimising any negative effects.



### Production

The medications sold by Galenica are mostly produced by third parties, though its own pharmacies and the **Bichsel Group** also manufacture individual medicines and medical devices for patients. The Bichsel Group makes high-quality products for hospitals, nursing and care homes and Spitex organisations. The quality of the medications as well as patients' safety and health are crucial. Furthermore, the manufacturing of medicines has an impact on people and the environment. Galenica ensures that its business partners meet their social and ecological responsibilities, and has therefore developed a [Supplier Code of Conduct](#) that encompasses aspects related to ethics, labour law, health, safety, quality and the environment. Producers are also regularly assessed with regard to quality.



### Packaging

Galenica predominantly distributes and sells pre-packaged third-party medications. Exceptions are the packaging of medicines manufactured by pharmacies themselves, the Bichsel Group and drug blister packaging by **Medifilm**. Medifilm is the Swiss pioneer in the customised packaging of medicines and food supplements, which it carries out on behalf of pharmacies according to treatment plans for chronic and long-term patients. The work requires a high level of precision and efficient use of resources (materials and energy), both of which are optimised by Medifilm through its quality and environmental management system.



### Logistics

Pre-wholesaler **Alloga** provides warehousing, logistics and distribution services on behalf of its industrial customers. The company primarily serves wholesalers, including the wholesale businesses of Galexis, Unione Farmaceutica Distribuzione (UFD) and Pharmapool, as well as pharmacies, physicians, hospitals and care homes throughout Switzerland. Alloga works with around 80 pharmaceutical and healthcare companies, many of which are leading multinationals. **Galexis** is the leading wholesaler in the Swiss healthcare market and supplies pharmacies, medical practices, drugstores, care homes and hospitals. From its two distribution centres in Niederbipp and Lausanne-Ecublens, the company delivers over 90,000 referenced healthcare products to customers. **Unione Farmaceutica Distribuzione (UFD)** meanwhile, is the most important and only full-range healthcare logistics company in Ticino. Finally, physicians' wholesaler **Pharmapool** supplies and supports medical practices with medicines, consumables, laboratory products and furnishings.

All four companies ensure that medications and healthcare products reach pharmacies, physicians, drugstores and other medical institutions quickly and safely. Patient safety is also guaranteed for temperature-sensitive medications thanks to an uninterrupted cold chain. Distribution requires a large amount of fuel and emits greenhouse gases, pollutants and noise. Customer returns also create waste, while inventory management and motorised logistics entail an increased risk of accident. The companies mentioned therefore not only comply with Good Distribution Practice (GDP) guidelines, but also ensure a systematic approach to safety and environmental management.

## Sustainability at Galenica



### Marketing and information

The Galenica Group markets and distributes own and partner brands via **Verfora** and **G-Pharma**. The portfolio includes brands such as Perskindol®, Anti-Brumm®, Algifor® and Merfen®. Verfora also distributes in-licensed products from international partner companies, sometimes on an exclusive basis, such as the Vicks® products from Procter & Gamble. The main societal implications at this level of the value chain concern patient safety and legally compliant product promotion. For this reason, the effects and any side effects of own medications on the market (pharmacovigilance) as well as the accuracy of product characteristic summaries are continuously monitored.

**HCI Solutions** develops software solutions for pharmacy management as well as tools to securely handle, communicate and distribute sensitive health and medication data. Its databases include over 200,000 products and enable healthcare providers, authorities and insurers to exchange information via a single platform. With these innovative, digital solutions, such as the Clinical Decision Support Check (CDS Check), Galenica is making an important contribution to promoting a safer, more efficient healthcare sector in Switzerland. Here, too, patient safety and the protection of sensitive data are critical. HCI Solutions therefore conforms to the highest security standards in software development as well as the Swiss Data Protection Act.



### Retail

Galenica operates Switzerland's largest pharmacy network, with over 500 own, joint venture and partner pharmacies. These include the **Amavita** and **Sun Store** pharmacies as well as the **Coop Vitality** pharmacies, which are operated under a joint venture. In addition, the company **Winconcept** supports independent pharmacies operating under the

Feelgood's brand. Together they serve around 100,000 customers daily, offering them a wide range of medications, toiletries and beauty products as well as various on-site healthcare services and tests. The range of services is complemented by specialty pharmacy **Mediservice**, which specialises in dealing with people suffering from chronic and rare illnesses; the **Bichsel Group**, which focuses on home care services in the field of home dialysis and home nutrition; **Curarex Swiss**, which specialises in the care of patients with advanced Parkinson's disease; and **Careproduct**, a company focusing its operations on the provision of mobility aids such as wheelchairs as well as incontinence products for the elderly and people with a disability.

Patient safety is also a top priority for Retail. In order to ensure this, the professional competence of our employees is continuously nurtured. In addition, pharmacies require energy and produce waste, for example because of old and unused medicines being returned (see "Use of medicines") and disposed of as hazardous waste in accordance with regulations.



### Use of medicines

Galenica has only a limited influence on consumer behaviour and patients' correct use of medicines. However, all Galenica Group companies ensure that patients receive flawless products and accurate patient information, whether through advice in pharmacies or through package leaflets. Expired or unused medicines are an environmental and safety risk, thus cannot be disposed of with conventional industrial waste. Wholesale companies, pharmacies and Medifilm therefore take back unused medications and raise customer awareness of this special form of disposal of medications. Final disposal is carried out by third parties. Medifilm, which has a licence for hazardous waste disposal, is an exception to this.

## Guiding principles

Galenica firmly believes that the Group can achieve long-term commercial success only if it also bears social responsibility and uses natural resources efficiently and respectfully.

This conviction is reflected in the three key sustainability goals of the Galenica Group. Supported by the Corporate Executive Committee, they form an essential part of the Group's corporate culture:

- Continually increase enterprise value through sustainable practices;
- Encourage staff to act in a responsible, entrepreneurial way;
- Increase efficiency of resource management, particularly in energy use.

These goals enable Galenica to increase its efficiency and its capacity for innovation, and therefore its competitiveness, by motivating and raising employee awareness. Regular, ongoing exchange with various stakeholders also helps maintain the Group's strong reputation.

## Stakeholder groups

The stakeholders of the Galenica Group include interest groups and organisations that directly or indirectly affect – or are affected by – the company's values, actions and performance. Galenica maintains relationships with its direct stakeholders – customers, shareholders, suppliers, scientific institutions, current and potential employees, authorities, non-governmental organisations and others – that are characterised by transparency, honesty and mutual respect.

Customers of the Galenica Group include patients, pharmacies, drugstores, physicians, hospitals, care homes, health insurers and pharmaceutical companies. To assess customer satisfaction and identify potential improvements, Galenica uses internal performance indicators and the findings of independently managed target group surveys. Each year, specific insights – and the measures taken in consequence – help generate added value for customers.

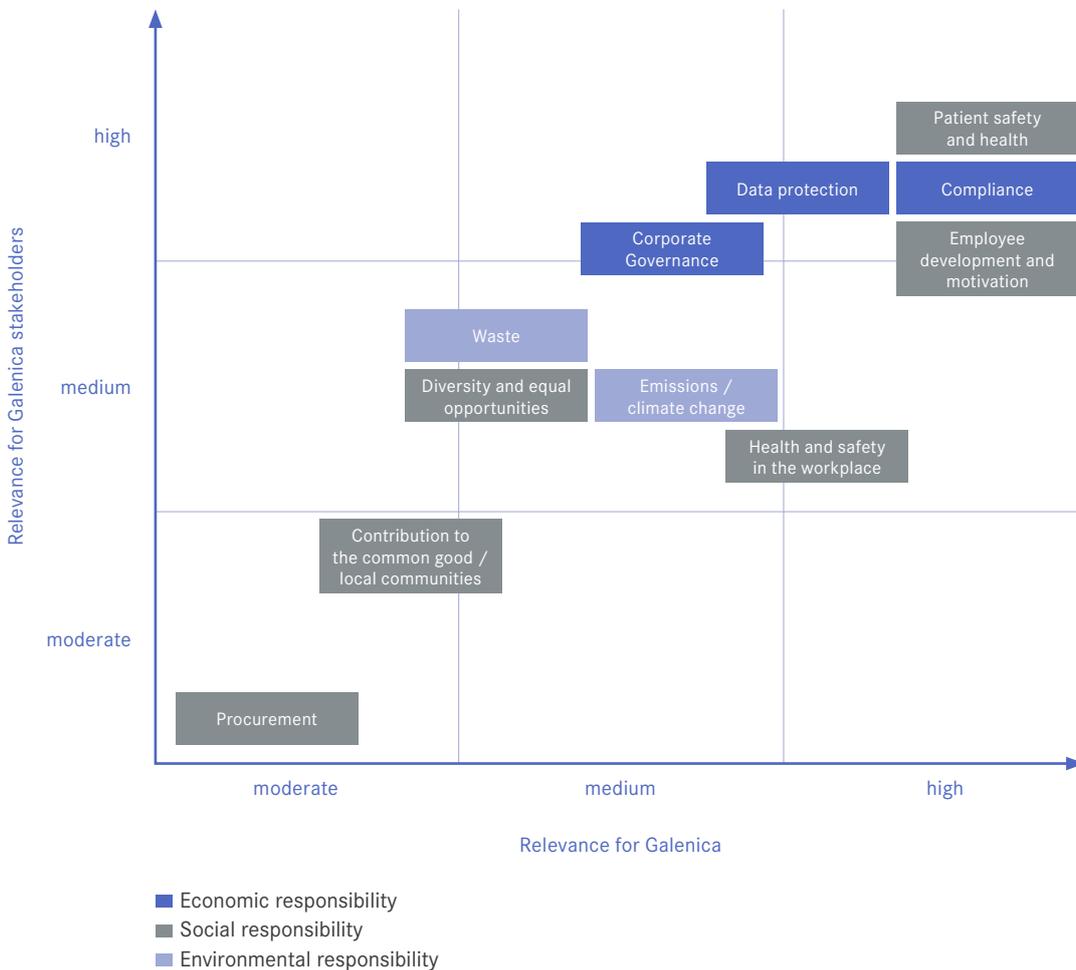
Collaboration with suppliers is characterised by a continuous process of improvement and is integral to quality management in the three Business sectors: Retail, Products & Brands and Services. Quality, costs and prices, as well as potential innovations, are regularly discussed with suppliers and business partners. These types of interaction create transparency and ensure that services are provided as smoothly as possible.

The Galenica Group updates stakeholders about its sustainability plans and activities on a yearly basis in the sustainability report. In addition, Galenica updates the CDP questionnaire on climate change and greenhouse emissions every autumn for release on [www.cdp.net](http://www.cdp.net).

## Sustainability Committee and relevance matrix

The Galenica Group has formalised its commitment in the area of social responsibility with the creation of its Sustainability Committee. This assumes an advisory and coordinating role. It is composed of one representative from each of the Retail, Products & Brands and Services Business sectors, an additional representative from HCI Solutions (Services Business sector), three representatives from Galenica Ltd. (Legal Department, Corporate Communications and Human Resources) and a member of the Corporate Executive Committee (CFO). The Committee is chaired by the Head Pharmacy Services Retail. The relevance matrix drawn up in 2017 serves as the basis for the commitment and orientation of the Galenica Group as regards sustainability. Nine of the eleven topics identified were categorised as essential. These core topics are also the focus of this sustainability report.

The Sustainability Committee met four times in the year under review with the aim of further systematising internal sustainability management and external reporting, and ensuring the implementation of the internal roadmap. The majority of the measures went according to plan. The Committee approved a concept for internal sustainability communication as well as specific measures to increase employee awareness and information on sustainability issues. The Committee commissioned a review of sustainability as an embedded factor in risk management. It showed that sustainability aspects are incorporated in risk assessment, particularly in respect of climate-related risks associated with extreme (weather) events.





# Economic responsibility

## Economic performance

The Galenica Group increased consolidated net sales by 4.3% to CHF 3,301.0 million in 2019, clearly outperforming the market in all Business sectors despite the fact that sales continued to be negatively impacted by the federal price reduction measures implemented in 2018 and 2019 (market: +2.8%, IQVIA, Pharmaceutical Market Switzerland 2019).

Thanks to targeted expansion activity and acquisitions, the introduction of new products and services, and measures to increase efficiency across the Group, Galenica significantly improved its 2019 result. The operating result (EBIT) was increased by 50.0% to CHF 169.5 million. On a comparable

basis, that is excluding the effects of the new lease accounting standard IFRS 16 and of IAS 19 (Employee Benefits), the adjusted operating result was CHF 166.9 million (8.3% more than in the previous year). Adjusted return on sales (ROS) was increased from 4.9% in 2018 to 5.1%. Net profit declined year-on-year by 15.1% to CHF 125.3 million due to one-off effects. Excluding the one-off effects of changes in the provisions for deferred taxes, and excluding the effects of the new lease accounting standard IFRS 16 and of IAS 19 (Employee Benefits), net profit would have improved on a comparable basis by 7.7% to CHF 134.2 million.

## Compliance

Galenica attaches considerable value to ethically and legally correct business conduct. The business activities of the Galenica Group comply with applicable legislation. Galenica Group Legal Services bears overall legal responsibility, supports the Business sectors in interpreting and applying legislation, and ensures that new legal regulations are implemented in the company. Current challenges concern the implementation of new regulations based on the revised Therapeutic Products Act and the forthcoming amendment of the Swiss Data Protection Act.

The [Code of Conduct of the Galenica Group](#) defines the legal regulations as well as ethical rules and standards that must be followed by all employees. Conflictual situations in daily business are examined and reviewed as part of the management process. Key findings from these reviews are discussed at senior management meetings within the Business sectors, and processes or directives adapted, as necessary. Additionally, Galenica ensures that not only the Group and its companies but also its business partners comply with international and national laws and standards, industry-specific standards and good practices in relation to social and environmental responsibility. With this in mind, all suppliers, service providers and consultants of the Galenica Group are required to comply with a [Supplier Code of Conduct](#), covering aspects related to ethics, labour law, health,

## Facts and figures

### Legal compliance again upheld in 2019

All Galenica Group companies once again operated in compliance with the law in 2019. No fines were imposed for failing to comply with statutory regulations.

### COMCO fine referred to the Federal Administrative Court

In a ruling dated 20 March 2017, the Swiss Competition Commission (COMCO) imposed a fine of CHF 4.5 million on HCI Solutions. This relates to an investigation from 2012 in which COMCO's main allegations could not be substantiated. Of the six allegations investigated, two subordinate issues remained open. Galenica and HCI Solutions regard the ruling issued by COMCO in relation to these remaining issues as incorrect in fact and in law. Galenica and HCI Solutions therefore referred the decision to the Federal Administrative Court on 4 May 2017. The proceedings are now pending before the Federal Administrative Court.



### Web-based training on anti-corruption and IT security conducted

Galenica employees are given regular training on key compliance topics. A web-based tool is one of the methods being used for this. The aim of the Legal Department of the Galenica Group is to work together with the IT Department to extend the online library of training sessions on various compliance issues. New web-based sessions were held in 2019 on anti-corruption and IT security. In addition to online training, personalised (face-to-face) sessions are organised as necessary. For example, the antitrust law training series adapted for employees of the relevant companies was continued in 2019.

### New Galenica Group compliance programme implemented

The Galenica Group revised its compliance programme in 2018 following the IPO in 2017. It contains a clear commitment to observing laws and guidelines and to behaving with integrity. The programme shows how the Galenica Group deals with compliance within the three areas of prevention, discovery and reaction, acting as a framework for all central compliance measures and processes. The focus in 2019 was on communicating the programme to employees and implementing the points it addresses.

safety, quality and the environment. To ensure compliance with the Supplier Code of Conduct, employees in the Purchasing department receive training, and Legal Services is involved in all Group-wide agreements. The contract templates of the Galenica Group are regularly assessed for compliance risks.

A specific Code of Conduct is also in place for the Retail Business sector. This serves as a binding internal operating procedure and aims to ensure that pharmacists have full pharmaceutical independence at all times and thus always give priority to the health and wishes of the patient. It also defines topics such as conduct towards third parties, Retail-internal collaboration and advertising.

All Galenica Group companies have comprehensive quality management systems at their disposal. Alloga, Medifilm, Mediservice, UFD and all HCI Solutions locations are certified according to ISO 9001; Verfora is certified to ISO 13485. The Bichsel Group is structured in accordance with ISO 9001/ISO 13485 and ICH Q.10 and is regularly assessed by auditors. The process management systems at Galexis and the Retail Business sector companies are also fully compliant with ISO 9001, but are currently not certified. Alloga, Galexis, G-Pharma, Mediservice and Verfora are periodically inspected by the Regional Medicines Inspectorates as part of checks for compliance with Good Distribution Practice (GDP) guidelines.

In the Retail Business sector, all Amavita, Sun Store and Coop Vitality pharmacies have established a quality management system (QMS) that covers all essential processes in retail pharmacies as well as environmental issues. Compliance with internal and external standards is monitored with regular quality audits, inspections by cantonal pharmacists and mystery shopper programmes.

The QMS of the specialty pharmacy Mediservice fulfils a wide range of requirements due to the company's wide range of activities.

### Outlook for 2020

Further web-based training modules on IT security and e-training on antitrust law based on the face-to-face training sessions are planned for 2020. An anti-corruption guideline will be drawn up in 2020, which will consolidate and supplement the provisions on corruption in the Code of Conduct.

### Data protection

As the Swiss healthcare system becomes increasingly digitised, the importance of data protection and the legal requirements for data processing are growing constantly. The ongoing revision of the Swiss Data Protection Act in line with the EU General Data Protection Regulation (GDPR) will probably entail a broader obligation for transparency when processing personal data and, for the first time, the risk of fines in the event of an infringement of data protection principles. As a healthcare provider, the protection of patient data is of the highest priority for Galenica. In the Retail Business sector and at HCI Solutions in particular, data protection plays a central role.

Galenica is being assisted in this important area by an external independent data protection officer. Furthermore, all of its employment contracts for staff who have access to personal data contain a data protection clause. Galenica keeps up to date with the ongoing amendments to data protection legislation and conducts regular reviews, thus ensuring that legal regulations are observed and a high standard is maintained in relation to the handling of personal data.

### Outlook for 2020

The focus in 2020 will be on the implementation and introduction of the data protection policy. The Group Legal Department will also continue to monitor how the new EU GDPR works in practice and the ongoing revision to the Swiss Data Protection Act.

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## Facts and figures

### Galenica Group Data Protection Circle established

The Data Protection Circle, which was created in 2018, met three times in the year under review. The meetings focused on the Group-wide data protection policy and other current data protection-related issues. The Data Protection Circle offers members of the Legal Department, IT and the operating Business sectors a platform for dealing with and coordinating data protection issues and questions and implementing preventive measures early on, thereby hence making a major contribution to complying with data protection legislation.

### Group-wide data protection policy developed

The Legal Department, in coordination with the Data Protection Circle, developed a data protection policy for all Galenica Group companies in the year under review. This contains general rules on the organisation and responsibilities of the Galenica Group with regard to data protection. The policy forms the overall framework and is supplemented by specific rules and directives for the Group companies. The data protection policy entered into force on 1 January 2020.



## Corporate governance

Good, transparent corporate governance is essential to the effective and efficient management of the Galenica Group. To this end, the Group follows the recommendations of the Swiss Code of Best Practice for Corporate Governance of Economiesuisse. As a listed Swiss company, Galenica is also required to publish information on corporate governance, including aspects such as shareholders' and employees' rights to participate, remuneration and profit-sharing for top management, and the information and monitoring tools of the Board of Directors vis-à-vis the Executive Committee. Galenica meets the requirements of Swiss law and those stated in the SIX Swiss Exchange Directive on Information Relating to Corporate Governance. Detailed information on corporate governance can be found in the annual report 2019 (from page 57).

A photograph showing a woman with blonde hair and a young girl with dark hair in pigtails, both smiling and looking at a laptop screen. The woman is leaning over the girl, who is pointing at the screen. They appear to be in a home or office setting.

# Social responsibility

## Patient safety and health

The safety and health of patients is a top priority at Galenica. Medication errors or losses of quality can have serious consequences for patient health and risk damaging Galenica's reputation. Digitisation offers new opportunities for innovative solutions to increase patient safety. Galenica is committed to the quality of drugs along its entire value chain and takes the appropriate measures in terms of infrastructure, processes, and employee training and development.

Alloga, Galexis, UFD and Pharmapool adhere to the EU Guidelines on Good Distribution Practice of Medicinal Products for Human Use. The aim of the guidelines is to prevent counterfeit drugs from entering the legal supply chain, while also guaranteeing control over the distribution chain to ensure product quality and integrity. Drug temperature is recorded and analysed in real time throughout the entire life cycle, from production through to delivery to the customer. If temperature deviations are detected, the causes are clarified and the correct measures taken according

to GDP guidelines. Compliance is periodically assessed by the regional agencies for therapeutic products. Alongside GDP guidelines, the companies above also rely on their own standards and processes to ensure patient safety.

To guarantee the quality of medication data, HCl Solutions performs process-integrated checks. The recording of medication data is controlled by at least the four-eye principle, whereas for sensitive active ingredients (such as blood thinners) a six-eye principle applies. Random quality checks are conducted on a daily basis, with a more thorough inspection carried out every two weeks. Any error discovered is documented and its cause investigated.

The quality management system (QMS) of the Retail Business sector contains standard operating procedures (SOPs) for all relevant pharmacy processes, including the production and dispensing of drugs, data protection, confidentiality, hygiene and the disposal of medications. Galenicare regularly reviews compliance with the SOPs in the individual pharmacies. In addition to these announced audits, mystery shopper pro-

## Facts and figures

### Nurturing employees' professional competence

Around 60 pharmacists attended courses on quality management in 2019. Quality management and patient safety are also key components of basic training for pharmacy assistants working towards their Federal Proficiency Certificate. Each year, around 230 apprentices successfully complete their training as pharmacy assistants, with or without a Federal Proficiency Certificate. For pharmacists with the title FPH (Foederatio Pharmaceutica Helvetica) in Retail Pharmacy, annual attendance of further training is obligatory.

Where required, Verfora offers training sessions in pharmacies when new medications are launched in order to promote staff skills and ensure patient safety and health. A total of 747 Verfora training sessions were held in 2019 and 4,563 pharmacy assistants and pharmacists were trained.



### Outstanding quality at pharmacies

Together with health insurer CSS, Galenica has developed a quality label that recognises pharmacies offering particularly good patient service and professional advice. The label is aimed at noticeably improving quality for customers. Around 94% of all Galenica pharmacies delivered an exceptionally good performance in the year under review, meaning they achieved an audit

result of more than 70%, and were thus able to obtain the quality label either for the first time or after successful re-auditing. This is equivalent to an increase of 9 percentage points over the prior year.



### All vehicles GDP-compliant

Galexis, Alloga, UFD and Pharmapool each operate their own fleet, which together comprise 158 delivery vans (up to 3.5 tonnes). All vehicles are GDP-compliant and are fitted with an air conditioning system in the loading space, which is mandatory for the transport of pharmaceutical products.



### Employees adhering to pharmacovigilance

At Verfora, all employees have a duty to forward reports of side effects from specialists and patients to the responsible internal department promptly and exhaustively. Relevant information in this regard includes the duration, progression and outcome of the side effect, as well as the dosage and duration of product use. Verfora documents

and investigates each report, taking appropriate measures where necessary. In 2019, 98% (target: >90%) of reports of side effects were forwarded by employees in due time. The authorities or contractual partners were notified within the required period in 100% of cases (target: >90%). Completeness of information was exemplary, at 99% (target: >80%) of cases.



### Improving patient safety through innovation

The Documedis® process-integrated solution developed by HCI Solutions has been included in the proprietary Pharma4 and Triapharm® software and is in use in all Galenica Group pharmacies. Documedis® increases drug safety when dispensing medications and improves collaboration between the various service providers. HCI Solutions will also further enhance the functionality of Documedis® with additional elements in the coming years.

The first nationally established electronic medication plan from the e-mediplan interest group has been incorporated by HCI Solutions and Galenicare in the apps of all Galenica Group pharmacies since 2019. The e-mediplan not only sends automated messages reminding customers to take their medication, it also offers product information such as dosage, when to start and finish taking it, remarks,

grammes and calls, as well as inspections by cantonal pharmacists are organised three to four times a year. Courses on the QMS and statutory provisions are also held several times a year for pharmacy employees. For specific services such as the Cardio Test® (Herz Check®), Allergy Check, Diabetes Check and vaccinations, employees complete certified courses and obtain certificates of competence.

The Bichsel Group attaches great importance to the quality of its products and services. The company carries out a large number of chemical and microbiological analyses daily to check finished products, raw materials and packaging, and has manufacturing licences, good manufacturing practice (GMP) certificates for medicines and EC certificates for medical devices in accordance with Directive 93/42/EEC of the European Council.

The specialty pharmacy Mediservice offers support for patients with chronic and rare illnesses, with complementary services such as Home Care services or patients events. In addition, Mediservice has a licence as a public pharmacy and a wholesale trade licence. Accordingly, Mediservice's QMS fulfils a broad range of requirements.

At Verfora, efforts to maintain security are centred around pharmacovigilance, meaning the continual monitoring of the safety of all Verfora products on the market. All new Verfora employees are trained in pharmacovigilance and receive a checklist of steps to be taken in the event of side effects. The pharmacovigilance sessions are also repeated annually for all employees. Advertisements and posters for products are also examined systematically for accuracy.

The specialist unit for the approval and handling of medications is responsible for generally monitoring their safety. Quality checks are not only performed on new products brought to market, but also on an ongoing basis for existing products on the market.

#### Outlook for 2020

HCI Solutions is further extending the functionality of Documedis®. Taking into consideration the revised Therapeutic Products Act (TPA), the focus in 2020 is on developing additional algorithms, including for reflux diseases and tick bites. In addition, the training courses for pharmacists to obtain the Certificate of Competence in Medical History in Basic Healthcare Provision will be continued. In connection with the electronic patient record, the Documedis® e-medication solution will be integrated into almost all e-health platforms of the healthcare networks. HCI Solutions will assist with the introduction and support the healthcare networks. Commissioning of the new Medifilm blistering machines has been delayed further and is now scheduled during the second half of 2020. The new generation of machines can double output and further increase accuracy.

instructions and images. It has the unique feature that medication-related data can be scanned directly in the pharmacy from a QR code.

By digitising the medication plan, HCI Solutions is also making a substantial contribution to the electronic patient

record (EPR), which is to be introduced in all hospitals in Switzerland by autumn 2020. Cantonal and inter-regional healthcare networks in Switzerland are setting up so-called reference communities in connection with the electronic patient record (EPR). These are certified by the Federation

and can then offer an electronic patient record under federal legislation. Following negotiations and discussions by HCI Solutions in 2019, the e-medication solution Documedis® will be incorporated into almost all e-health platforms of these reference communities.

## Facts and figures



### Improved access to medication

The changes from the ordinary revision of the Therapeutic Products Act (TPA) came into force on 1 January 2019. The aim of the revision was to improve the population's access to medication. The TPA revision has resulted in drugs being reclassified within the different dispensing categories and reinforces the role of pharmacists. Drugs in dispensing category B (prescription drugs) can now in justified cases be dispensed by a pharmacist without a prescription, but this has to be documented. HCI Solutions is developing algorithms as part of Documedis® that use specific information on the patient to give the pharmacist dispensing recommendations. This ensures that the necessary documentation is in place and category B drugs are dispensed safely. The first algorithms for allergic rhinitis, conjunctivitis and urinary tract infections were implemented in 2019. These algorithms were approved by Swissmedic, the Swiss Agency for Therapeutic Products, as a Class I medical device according to Art. 6 of the Medical Devices Ordinance (MedDO). Further algorithms are already planned for 2020, such as for reflux diseases, tick bites, constipation and diarrhoea. Pharmacists can go on a training course to obtain the Certificate of Competence

in Medical History in Basic Healthcare Provision. One hundred pharmacists already acquired the new skills in 2019. Further training sessions are planned in 2020.



### Uninterrupted cold chain for medications

Alloga and Galexis ensure an uninterrupted cold chain for the storage and transportation of temperature-sensitive medications. At Alloga, this also applies to so-called ultra-deep-freeze logistics, in other words, storage and dispatch at  $-80^{\circ}\text{C}$ , the required temperature for a new generation of cancer drugs. The temperature is ensured by means of dry ice in special containers. Alloga and Galexis also use new paraffin cooling elements, which unlike the previous water ones provide a more stable temperature for drugs. The proportion of transported products that are refrigerated was around 31% in the year under review.



### Better day-to-day quality of life thanks to home care

In-home care and advice for patients with serious illnesses not only improve their quality of life but also help them cope better with their often difficult situations. With the acquisitions of the Bichsel Group and Curarex Swiss, the Galenica Group strengthened its home care offering in 2019, and together with Mediservice, offers a unique and specialised range of services for patients in their homes. Mediservice has expanded its home care service with video therapy support, creating additional advantages for patients and considerably enhancing patients' health, wellbeing, safety and independence. Further information can be found in the coverage in the annual report 2019 (from page 37).

## Employees

Employees and their specialised knowledge play a key role in the distribution and sale of pharmaceuticals. A sign of a successful company is its continuing development in line with the market while also setting trends. The adaptability of the Galenica Group is founded on the commitment and team spirit of its entire workforce. In order to maintain this, Galenica is committed to constantly encouraging the development of its employees. The Group's 7,071 employees are involved in providing professional services to ensure the satisfaction of a broad range of customers. The workforce brings together individuals of all ages and from 83 countries. Three-quarters of employees are women. Further information about human resources can be found in the annual report 2019 (from page 45).

The five key values of the Galenica Group form the basis for the actions and decisions of all employees:

We participate with **passion** and act as **entrepreneurs**.

We build **trust** through credibility and competence.

We show **respect** and know that **together, we are stronger**.

Galenica puts in place measures to protect employee health and maintain safety in the workplace in line with the directives of the Federal Coordination Commission for Occupational Safety (FCOS). Given the risk of accidents in the Services Business sector (warehousing and logistics) in particular, health and safety in the workplace plays a central role. Furthermore, all Business sectors have their own occupational health management (OHM) systems in place. Galenica also uses preventive case management to identify potential risks to employees' health at an early stage and initiate appropriate measures. This tool is deployed within the first 30 days of absence. In the Services Business sector, Alloga and Galexis also have systematic absence management, which is part of OHM. The Services and Retail Business sectors have a safety officer for safety at work. In addition, all Galenica Group locations have a fire protection officer in charge of fire protection and evacuation, as well as a first aid team. To prevent occupational accidents, Alloga and Galexis hold regular training courses in collaboration with the Swiss National Accident Insurance Fund (Suva). Regular safety audits are also carried out by external safety advisers at all locations.

To promote knowledge exchange among employees and members of Senior Management and Management, Galenica has a Group-wide staff development programme in place. Known as Corporate Management Development (UME), it comprised events (EVE), special staff training (SAM) and management training (FAB). Furthermore, a Group-wide Talent Management Programme is designed to identify key positions and strengthen internal succession planning in the medium to long term, as well as boost internal recruitment. The existing staff development programme was revised in 2019 and is being launched under the name "Move" in 2020.

Galenica also encourage exchanges of views between staff and corporate management in the "Comité de Réflexion", so that ideas can be considered and discussed from a full range of perspectives across generations. Twice a year, an exchange also takes place between the works committee, the Group-wide employee representatives, a representative from the Corporate Executive Committee and HR management. The works committee is made up of the chairs of all local staff committees.

Galenica offers flexible working hours in order to enable a better balance between family and career. According to the Home Office Guidelines, all employees have the possibility of working from home, depending on their activity. Part-time work is also common, particularly in the Retail Business sector. Female employees have the option of extending maternity leave with unpaid vacation and men are entitled to ten days of paternity leave. The Galenica Group uses benchmarks to review salaries and ensure pay parity between men and women.

Finally, the Galenica Group carries out its Opinion employee survey every three years, which asks staff about their satisfaction, motivation and commitment. On the basis of the last survey in 2017 (response rate: 64%), employees are generally satisfied with their working conditions (75 out of 100 possible points, +3 points compared with the previous survey). Following the insights gained, improvement measures were worked out and successfully implemented by each Business sector and company. The next employee survey will be conducted in 2020.

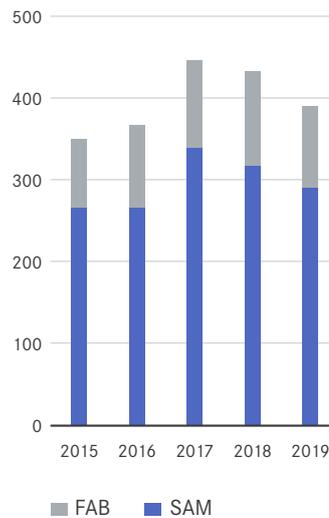
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**Facts and figures**

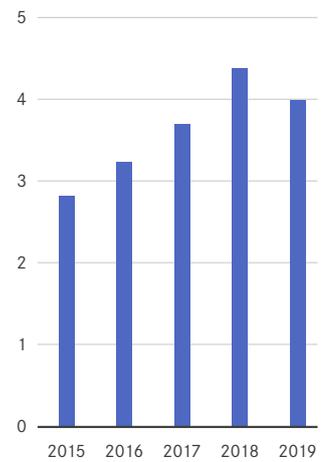
**Ongoing investment in employee development**

In 2019, 289 people took part in SAM courses, and 100 in FAB courses. Thirteen people were added to the Talent Management Programme. In total, Galenica invested some CHF 4 million in employee training in the year under review. Galenica also supports external training for employees financially and/or via a time allowance, as long as the training is related to the employee's current role and offers added value to both the company and the individual. For example, the Retail Business sector offers the CAS course "Company Management for Pharmacists" and covers the costs of the "Specialist Pharmacist in Retail Pharmacy" (FPH in Retail Pharmacy) further training for pharmacists.

Number of participants in FAB and SAM courses



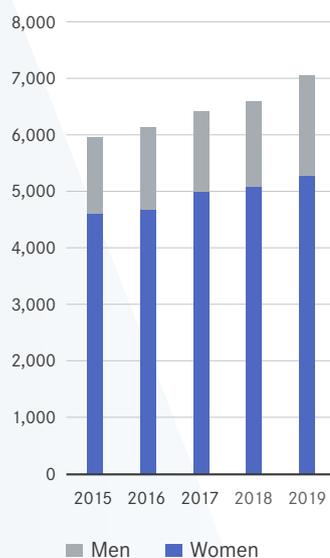
Investment in training in CHF million



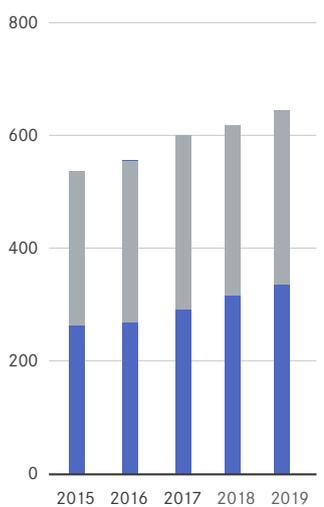
**Galenica continues to grow**

Galenica continued to grow in 2019. At the end of 2019, the Galenica Group had 7,071 employees, corresponding to an increase of 7% over the previous year. This can partly be attributed to the acquisition of the Bichsel Group by Galenica in May 2019 and the addition of a net 11 locations to the pharmacy network. The proportion of women is 75% and has remained relatively constant over the past five years. Around 40% of employees work part time, i.e. with a workload below 90%. This figure is also more or less unchanged since 2015.

Number of Galenica Group employees



Number of Galenica Group managers



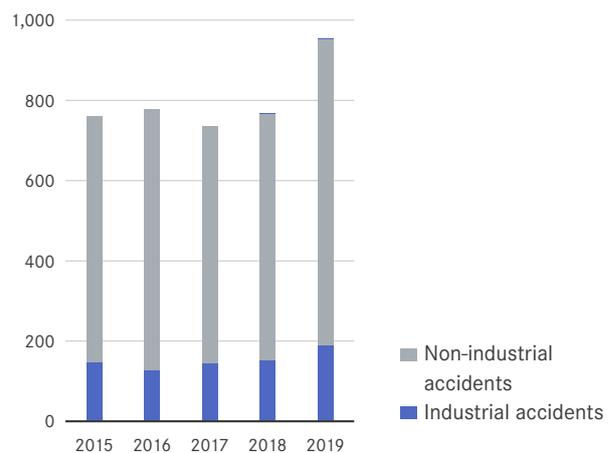
**More than half of managers are women**

The proportion of managers to all staff has remained unchanged since 2015 at 9%. From 2015 to 2019, the proportion of female managers rose from 49% to 52%.

**Increase in the number of industrial accidents compared to the previous year**

The number of industrial accidents increased by 25% compared to the previous year, and the number of non-industrial accidents rose by 23%. The increase was mainly at the pharmacies and Galaxis and is due to the increased number of pharmacies and the renovation at Galaxis in Lausanne-Ecublens. In 2019, a total of 191 industrial accidents and 756 non-industrial accidents were reported. These figures also include minor accidents, which did not result in an absence of more than three working days. The proportion of all industrial and non-industrial accidents that were minor in 2019 was 62%. Over the last five years, industrial and non-industrial accidents have increased by 25%. Given that the number of employees has increased over the same period by 19%, the frequency of accidents in relation to employee numbers has risen.

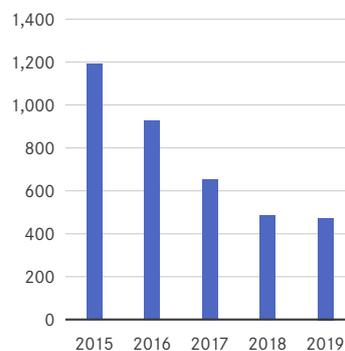
Number of industrial and non-industrial accidents



**Fall in the number of illnesses compared to the previous year**

There were 2% fewer new cases of illness in 2019 compared to 2018, despite a 7% increase in employee numbers. New cases of illness have fallen by 61% since 2015. In 2019, Galenica Case Management provided assistance to 53 employees at risk of illness or who had already fallen ill, thus helping to prevent or reduce absences where possible. Of the 35 cases closed in 2019, 32 employees were able to return to work thanks to Case Management, corresponding to a proportion of around 91%. A further 11 employees were supported with preventive case management, all of whom were able to return to work.

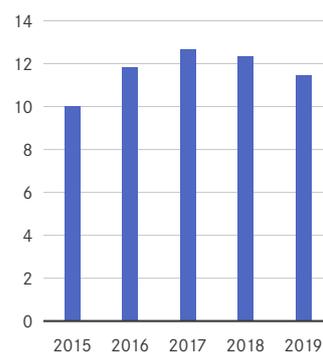
Number of new cases of illness



**Fall in employee turnover**

Staff turnover at Galenica was 11.4% in 2019, 8% down on the previous year.

Change in employee turnover



## Facts and figures



### Promoting young talents' self-initiative in pharmacies

As part of the Junior Talent Mentoring Programme in the Retail Business sector, pharmacy assistants are given the opportunity to develop their own project for a year under the guidance of a mentor. A total of 16 pharmacy assistants successfully completed the programme in 2019.

Around one in five people living in Switzerland is lactose intolerant or suffers from coeliac disease. With that in mind, a participant in the programme analysed the range of products offered by pharmacies in this area and examined complementary offers. A new product line was integrated, successfully expanding the range of products and increasing sales. Another participant looked at how cardboard waste in pharmacies can be disposed of in a more environmentally friendly way. Thanks to her suggestion to set up an internal collection and recycling service in collaboration with Galexis and the city of Geneva, the empty packaging can be compacted and returned to the raw material cycle inexpensively. The pharmacy assistant also examined introducing an eco-label for pharmacies in the canton of Geneva. On the basis of this, a survey on waste disposal will be conducted at all Galenica pharmacies in 2020.



### Preserving jobs thanks to absence management

In recent years, long-term absences among employees at Alloga and Galexis have increased. As well as the individual suffering caused by illness and accidents, they also create both direct and indirect costs for Galenica as a result of their colleagues having to work overtime, diminished quality or loss of knowledge. Furthermore, the longer the sick leave taken by employees, the more difficult and unlikely it is that they will return to the workplace. For this reason, Alloga introduced an absence management system in 2017 and Galexis in 2018 to preserve employees' capacity to work in the long term, recognise problems at an early stage and minimise extended absences. Discussions are held with employees in the event of prolonged or frequent absences, and contact is maintained in the case of a return to work after a long absence. Depending on the circumstances, the possibility of sheltered workplaces is also clarified. If, for example, a warehouse employee can no longer lift or carry heavy loads due to an accident but is still able to work, an assessment is performed to see whether they could take on a new role, perhaps in administration. Initial evaluations have shown a positive effect. Long-term absences have been reduced thanks to the introduction of the absence management system. Based on these experiences,

the Retail Business sector developed a draft concept in 2019. Initial measures will be implemented in 2020.



### New staff development programme devised

Based on the results from the 2017 Opinio survey, in which employees rated their personal prospects and development options within Galenica at 61 out of 100 points, the staff development offering was analysed in 2018. The existing Corporate Management Development (UME) programme was revised in 2019. The new "Move" staff development programme is being launched in 2020 with initial pilot events. While the previous offer was geared primarily towards new managers, the new programme looks to provide continuous professional development to a broader audience. In addition, new topics such as Work 4.0 are included in the programme, and all course materials will be available online.



### Promotion of equality

The Galenica Group's Home Office Guidelines were harmonised in 2019

### Outlook for 2020

The focus in 2020 will be on the launch of the new “Move” staff development programme and the next Opinio employee survey, which will be conducted in autumn 2020. Galenica also intends to continue the digitalisation of HR processes. Specific measures will be developed in the area of gender diversity in 2020 based on the assessment of the current position.

### Social commitment

As a leading player in the Swiss healthcare market, Galenica is committed at all levels to the welfare of patients. The company is also committed to supporting various social projects and charitable organisations.

Since 2018, the Galenica Group has been the main partner of the “I care for you” crowdfunding platform. Through a focused commitment, Galenica can now help numerous projects get access to funds. The Swiss-based foundation was founded in 2015 and is the first Swiss crowdfunding platform for purely social and humanitarian projects. The platform enables non-profit organisations and individuals to raise funds online for a specific project in a simple, inexpensive way. Donors can see exactly how their donations are used. Each project is checked carefully by the foundation in

advance for reliability and integrity. The project initiators receive professional advice and support during implementation. In addition, the foundation requires evidence that successful projects have actually been implemented. The Galenica Group also supported “I care for you” with its Christmas and New Year card for 2019. One Swiss franc per card was donated to the foundation, with all funds going towards two crowdfunding projects.

In addition to this main commitment, Galenica also selectively supports other projects in the healthcare sector. Galenica Group companies also support social projects. Further information on the topic of social commitment can be found in the annual report 2019 (from page 54).

and introduced on 1 January 2020, with the aim of further promoting flexible working hours for employees. In addition, 41% of employees take advantage of the option of working part time. With the harmonisation of HR and working time regulations, paternity leave has also been doubled to 10 days, employees have the right to purchase vacation and the long-service award is now independent of salary.

Thanks to this harmonisation, potential synergies can also be better exploited and efficiency increased within the Group.

Three-quarters of Galenica Group employees are women. While the proportion of women in management is 52%, women are still poorly represented on the executive committees. With this in mind, Galenica conducted

a survey as part of focus discussions on gender diversity together with an external partner in 2019. Measures will be developed for the Group in 2020 based on the results.

# Environmental responsibility

## Emissions and climate change

The business activities of the Galenica Group have various effects on the environment and climate. In order to provide their services, Galenica Group companies consume renewable as well as non-renewable resources. These processes generate gaseous, liquid and solid waste products as well as greenhouse gases. Galenica therefore endeavours to take economically appropriate measures to use resources as efficiently as possible and reduce environmental impact as far as possible. To reduce CO<sub>2</sub> intensity and increase energy efficiency, binding targets have been agreed with the Federal Office for the Environment (FOEN) for the Alloga site in Burgdorf and the Galexis sites in Lausanne-Ecublens and Niederbipp. In return for this commitment and if the agreed targets are met, an application can be made for a refund of the CO<sub>2</sub> levy on fossil fuels or a subsidy for implementing the related measures. The targets are agreed individually based on

each site's potential. With the Energy Agency for Industry (EnAW), Galenica defines an efficiency path with various commercially viable measures.

To lower fuel consumption, energy efficiency measures are regularly evaluated and implemented in both pre-wholesale and wholesale business. Mandatory driver safety training is regularly organised for Galexis, UFD, Pharmapool and Alloga drivers aiming, among other things, to ensure drivers have an environmentally friendly, fuel-efficient driving style. All Alloga, Galexis, Pharmapool and UFD vehicles comply with Euro emission standards. When purchasing new vehicles, only those with the latest emission control technologies are considered. In addition, externally contracted drivers are required to use only vehicles that meet at least the Euro 5 standard.

**Facts and figures**

**Reduction of energy consumption**

Galenica Group total energy consumption in 2019 was 50,118 MWh, representing a slight decrease of 0.2% compared to the previous year. Energy consumption (MWh) per full-time equivalent and per CHF 1 million of value added (EBITDA + staff costs) fell by 6% and 7% respectively. One reason for this is the effect of the measures implemented in recent years in cooperation with EnAW at the Alloga and Galexis sites. Absolute energy consumption at the Galenica Group has risen by 15% since 2015 as a result of growth.

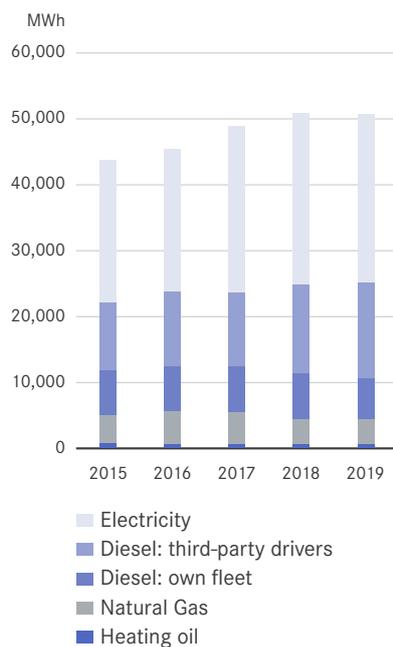
**Electricity the most important source of energy**

Electricity is by far the most important energy source for Galenica, accounting for 50% of total energy consumption. Total electricity consumption in 2019 was 24,853 MWh, which corresponds to a decrease of 3% year-on-year. The Services Business sector uses solely hydropower and photovoltaic electricity.

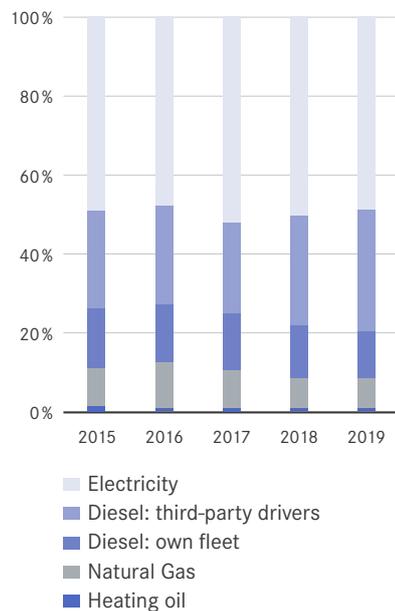
Fuel for vehicles accounted for 42% of the energy used in 2019. Most of this was consumed in the Services Business sector by company vehicles and contracted drivers. Consumption by the company’s own vehicles fell in 2019 by 4%, while that of third-party vehicles rose by 8% compared to 2018.

Galenica covers approximately 9% of its energy needs with fossil fuel heating oil and natural gas. Absolute consumption of heating oil decreased by 25% and of gas by 2% over the previous year. The reduction is largely attributable to less heating being required in autumn 2019 than in the previous year.

Energy consumption



Energy mix



The Environmental Code of Conduct applies to all employees of the Galenica Group. This provides guidance on energy saving and the protection of natural resources in the workplace and during transport.

### Outlook for 2020

Within the framework of the target agreements with the FOEN, Alloga is investigating whether a groundwater heat pump or a pellet heating system should be installed. The groundwater heat pump, for example, could potentially save 428 MWh of energy or 127 tonnes of CO<sub>2</sub> a year. Development of a Group-wide mobility concept is also planned. In particular, use of electromobility and the promotion of public transport will be examined, with the aim of reducing CO<sub>2</sub> emissions.

### Waste

Besides traditional domestic waste (mainly packaging materials), the Galenica Group also produces medical and chemical waste. Expired or unused medicines are classified as hazardous waste in Switzerland and cannot be disposed of with conventional industrial waste. Hazardous waste entails disposal costs and ecological risks. Pharmacies as well as

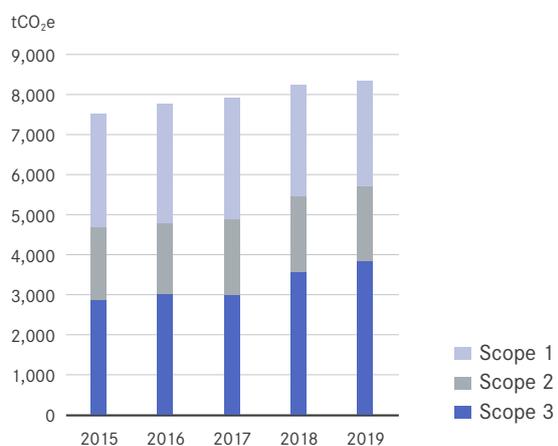
the distribution and logistics companies of Galenica take back old and unused medicines from customers and ensure their proper disposal. In pharmacies, the medicines are disposed of according to internal quality management processes. Returned drugs undergo an initial disposal triage by pharmacists, who use their specialist knowledge to sort products according to specific criteria. They focus on critical ingredients (such as heavy metals, solvents and highly active ingredients), as well as dosage form, particularly in the case of pressurised gas containers. Based on this preselection, the drugs are then dispatched for proper disposal, whether at a regular incineration plant or in a specially designed high-temperature furnace. The disposal of controlled substances such as narcotics must be documented and reported to Swissmedic. The GDP guidelines followed by Alloga and Galexis also provide instructions on dealing with returns. The final disposal of old and unused medicines is carried out by third parties. Medifilm is an exception to this. It is the only company in the Galenica Group that holds a special waste disposal permit.

## Facts and figures

### Slightly higher CO<sub>2</sub> emissions

CO<sub>2</sub> emissions from the use of energy are calculated using scientifically based emission parameters (Swiss greenhouse gas inventory of the Federal Office for the Environment). In 2019, the Galenica Group's CO<sub>2</sub> emissions amounted to 8,393 tonnes CO<sub>2</sub> equivalent (tCO<sub>2</sub>e), a 2% increase over the prior year. However emissions per full-time equivalent and per CHF 1 million value added (EBITDA + personnel costs) both fell by 5% compared with 2018. Since 2015, emissions have risen by 11%. The reason for the increase is primarily the rise in goods transport. This is the main cause of direct and indirect CO<sub>2</sub> emissions at Galenica (including contracted drivers). 5,676 tonnes of CO<sub>2</sub> were released as a result in 2019, corresponding to 68% of Galenica's total CO<sub>2</sub> emissions. Compared with the previous year, diesel emissions rose by 4%.

### CO<sub>2</sub> emissions by scope



Scope 1 and Scope 3 include diesel CO<sub>2</sub> emissions for Galexis, Alloga, UFD and Pharmapool (only from 2018 onwards).

## Facts and figures



### Sustainable electricity for some 270 homes in Burgdorf

The photovoltaic system on the roof of the Alloga building in Burgdorf has been in operation since December 2018. It covered 65% of Alloga's total electricity consumption in 2019. The system not only generates electricity for the company's own use and for the town of Burgdorf, but thanks to the shade it provides and the newly insulated roof, it also reduces energy consumption for cooling the building in the summer. Covering some 8,000 m<sup>2</sup>, the 4,700 modules generate 1,280 megawatt hours (MWh) of sustainable electricity per year. This equates to the electricity consumption of around 270 homes. The solar installation therefore makes a considerable contribution to sustainable energy production for the town of Burgdorf. It saved 240 tonnes of CO<sub>2</sub> in the first 12 months.

### Collaboration with the EnAW paying off

As part of their binding target agreement with the Swiss government, the Burgdorf, Lausanne-Ecublens and Niederbipp sites are continuously striving to improve their energy efficiency. The measures implemented at all sites in 2019 have the potential to reduce annual energy consumption by more than 325 MWh and CO<sub>2</sub> emissions by around 51 tonnes.

### Potential savings, particularly in electricity consumption

The Retail Business sector, where nearly all premises are leased, has very limited influence on the choice of energy source for heating and electricity. However, electricity consumption can be influenced, which is why the focus is on consistently installing energy-saving lighting and motion sensors when refurbishing pharmacies. In addition, flyers aim to raise employee awareness of specifically selected sustainability issues. Renovation measures to increase energy efficiency were implemented at around 13% of Sun Store and Amavita pharmacies in 2019, corresponding to a total of 37 pharmacies that were renovated. Around 70% of all pharmacies have now been renovated.

### CDP assessment remains stable

Galenica completed the CDP questionnaire again in 2019. CDP is an international, non-profit organisation providing the largest and sole global environmental database for companies and cities. The aim of CDP is to encourage as many companies as possible to publish data on their impact on the environment and natural resources. This information is collected in the name of 515 institutional investors, together representing more than USD 106 trillion in assets. In 2019, as in the previous year, Galenica ranked C in its level of engagement score. This certifies that the Galenica Group understands how environmental issues affect the business model. The results are published at [www.cdp.net](http://www.cdp.net). The next questionnaire will be submitted in mid-2020 and published in autumn 2020.

For safety reasons, all returned drugs are disposed of – without exception – even if they have not yet expired and/or the packaging is still intact. Controlled disposal prevents people or animals coming into contact with potentially hazardous pharmaceutical waste, e.g. in the case of torn rubbish bags at the roadside, as well as eliminating any risk to collection companies' operatives. The process also ensures that household litter, and wastewater in particular, are not polluted. Medication should never be poured down sinks or lavatories because sewage plants are unable to filter out certain substances in medicinal products during wastewater treatment. As a result, if these substances are discharged into the aquatic environment, they cause harm to the animals and plants that inhabit it. All Galenica Group pharmacies also provide biodegradable plastic bags for customers. Pharmacies therefore make a valuable contribution towards environmentally compatible and controlled disposal of hazardous waste.

### Outlook for 2020

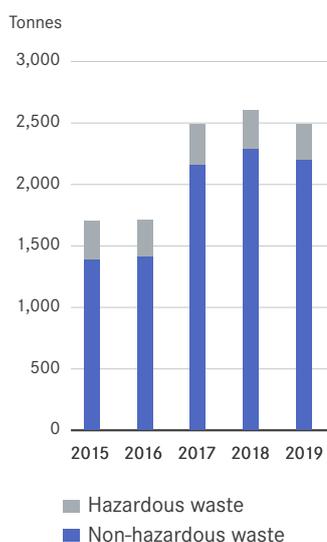
The Retail Business sector is introducing electronic payslips in all pharmacies in 2020. In future, payslips will be delivered electronically, with the aim of increasing efficiency and further reducing the use of paper. In addition, all Galenica pharmacies will be surveyed on the subject of waste disposal. Furthermore, since 1 January 2020, plastic bags have been subject to a charge in all pharmacies, which will help to reduce the use of disposable plastic bags. The Services Business sector is also constantly investigating additional measures to reduce waste.

## Facts and figures

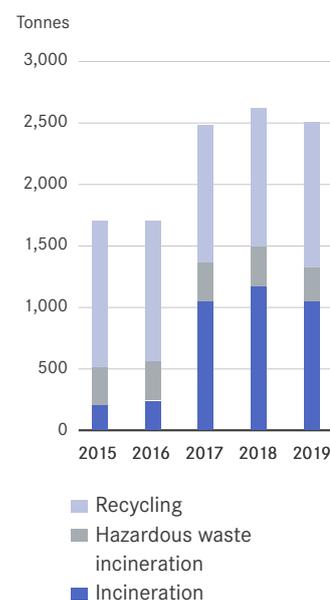
### Almost half of waste is recycled

The total weight of waste produced in 2019 was 2,510 tonnes, representing a decrease of 4% compared to the previous year. The weight of waste per full-time equivalent also fell by 8% compared to 2018. Estimates of waste data at pharmacies have been available only since 2017. The volume of waste produced by pharmacies accounts for around 32% of total waste generated. 89% of total waste was harmless (largely general waste, cardboard, paper and plastics), with the remaining 11% classified as hazardous waste (mainly medicines). 47% of waste was recycled, 42% was incinerated and 11% destroyed at a specialist facility for hazardous waste.

Waste by type



Waste by disposal method



For 2015–2016, only data for Galexis, Alloa, UFD, Galenicare and Medifilm are available. As of 2017, estimates of waste data are available for the pharmacies.

# About this report



This report provides information on the sustainability activities of the Galenica Group and relates to financial year 2019. The report focuses on the nine essential topics defined as part of an internal materiality assessment in 2017.

Due to the IPO of the former Business unit Galenica Santé on 7 April 2017, employee and environmental data were recalculated with retroactive effect from 2015 on the basis of Galenica Santé data.

## Employee data

Employee figures comprise all companies of the Galenica Group. Certain key figures from previous years are missing as a retroactive breakdown between Galenica Santé and Vifor Pharma was not possible. The diagrams in the Employees section show the 2019 financial year and the four preceding years for comparison.

## About this report

### Environmental data

The Environmental responsibility section contains key figures for the two Business sectors Retail and Services. For the Products & Brands Business sector, only environmental data for G-Pharma are provided. These are included in the calculation for Galexis, as the offices of G-Pharma are located at the Galexis site in Niederbipp. The offices of Verfora are leased, which is why no information or estimates are currently available.

In general, the diagrams in the Environmental responsibility section show the 2019 financial year and the four preceding years for comparison. Given the continuous optimisation of the environmental indicator system and gradual expansion of system limits (due to the primarily inorganic growth of the company), data have only limited comparability from year to year. In 2018, the CO<sub>2</sub> conversion factors from myclimate were reviewed and adjusted for tCO<sub>2</sub>e. Since 2018, only tCO<sub>2</sub>e are used and the preceding years have been restated accordingly.

Consumption data for the Services Business sector include the energy consumption data from all companies, comprising the Burgdorf, Niederbipp, Lausanne-Ecublens and Barbengo-Lugano sites. Diesel consumption by own vehicles and those of contracted drivers (estimated or actual data on tCO<sub>2</sub>e) are included as the most important indirect source of consumption. The electricity consumption of Pharmapool has been included since 2017, and its diesel consumption since 2018.

Overall consumption data (electricity, heating and waste) are also estimated for the company HCI Solutions (Services Business sector). The known energy consumption of the Bern site (one of four HCI sites) has been extrapolated for the entire company based on the number of employees. This approach is appropriate given that HCI Solutions is a services company that operates in leased offices only and has no significant fluctuations in consumption. HCI Solutions accounts for approximately 1% of the environmental footprint of Galenica.

Only electricity consumption and domestic waste data are available for the Retail Business sector. These are estimates based on a representative sample of 20 Amavita, Sun Store and Coop Vitality pharmacies. Almost all premises are leased, which is why only the annual costs for electricity are provided for each location, and not the actual electricity consumption. The heating energy consumption in pharmacy

locations cannot currently be estimated based on the available data from running cost statements. It is therefore not included in the record. The electricity consumption of the Amavita, Sun Store and Coop Vitality pharmacies is estimated based on electricity costs in the year under review and the average electricity prices per region according to the Federal Electricity Commission (ElCom). Estimates for Coop Vitality pharmacies have only been available as of 2017. Environmental data from the Bichsel Group, which was acquired in May 2019, are not included. These data will also be included from 2020.

The calculated CO<sub>2</sub> emissions data include both direct and indirect energy-related emissions. According to the Greenhouse Gas Protocol, direct sources of emissions include the production of heat for buildings and the operation of the vehicle fleet (= Scope 1). The largest indirect sources of emissions are the production of purchased electricity (= Scope 2) and the logistics services of contracted drivers (= Scope 3).

### GRI index

For a better overview and comparability, this report contains standard disclosures from the GRI Sustainability Reporting Standards. An overview can be found in the GRI index.

## GRI-Index

	Indicator	Unit	2019	2018*
<b>General GRI standard disclosures</b>				
<b>Organisational profile</b>				
Employees	GRI 102-8	Number	7,071	6,580
– of which women		Number	5,268	5,078
– of which part-time employees (<90%)		Number	2,897	2,603
<b>Specific standard disclosures</b>				
<b>Society</b>				
<b>Employment</b>				
Employee turnover	GRI 401-1	%	11.4	12.4
Anti-corruption	GRI 205-2			
Employees who received anti-corruption training		Number	78	0**
<b>Environment</b>				
<b>Energy</b>				
Energy consumption within the organisation	GRI 302-1	GJ	75,945	77,801
– Non-renewable sources (heating oil, natural gas, diesel, waste)		GJ	38,428	40,078
– Electricity and heating (hydropower and district heating)		GJ	37,517	37,723
Energy consumption outside of the organisation	GRI 302-2			
– Upstream and downstream transport and distribution		GJ	52,527	48,753
Reduction of energy consumption	GRI 302-4	GJ	1,418	1,102
<b>Emissions</b>				
Direct greenhouse gas emissions (Scope 1)	GRI 305-1			
– Fuels and combustibles		tCO <sub>2</sub> e	2,612	2,729
Indirect energy greenhouse gas emissions (Scope 2)				
– Purchased electricity		tCO <sub>2</sub> e	1,874	1,909
Other indirect energy greenhouse gas emissions (Scope 3)	GRI 305-3			
– Upstream and downstream transport and distribution		tCO <sub>2</sub> e	3,907	3,626
Greenhouse gas emissions intensity	GRI 305-4			
– Total greenhouse gas emissions per CHF net sales		gCO <sub>2</sub> e/CHF	2.5	2.6
Reduction of greenhouse gas emissions	GRI 305-5	tCO <sub>2</sub> e	51	39
<b>Waste</b>				
Total weight of waste	GRI 306-2	t	2,510	2,613
By type:				
– Non-hazardous waste		t	2,222	2,303
– Hazardous waste		t	289	310
By disposal method:				
– Incineration		t	1,050	1,186
– Hazardous waste incineration		t	289	310
– Recycling		t	1,171	1,117
Total number and volume of significant spills	GRI 306-3	Quantity	0	0
		t	0	0
<b>Compliance</b>				
Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	GRI 307-1	CHF	0	0

\* Given the continuous optimisation of the environmental indicator system and gradual expansion of system limits (due to the primarily inorganic growth of the company), data have only limited comparability from year to year and may deviate from previously published data.

\*\* No anti-corruption training was held in 2018.



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