

Human Resources



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Culture and values

Stronger together into the future

The Galenica Group has set itself the objective of operating in the market in the form of two strong independent listed companies in future: Galenica Santé and Vifor Pharma. Achieving this will take staying power, openness to change and a constant innovative mindset in particular. The commitment of 8,661 employees demonstrates that they have these specific qualities. Their competence and credibility also create ongoing trust in the products and services of Galenica.

7,458 employees from 92 countries are based in Switzerland. Following the acquisition of Relypsa in September 2016, around 400 employees from the important US market were incorporated into the Galenica Group.

Training and development

Employee development

Productive cooperation requires regular exchange of knowledge between members of Senior Management (MDI) and members of Management (MKA). The company has developed various instruments to encourage this dialogue. At the heart of these is Corporate Management Development (CMD), consisting of events (EVE), special staff training (SAM) and management training (FAB).

Events

EVE is a platform for communicating strategic objectives. In view of forthcoming changes at the Galenica Group, two invitations were issued in spring of 2016: at the EVE 1 event in March 2016, internal speakers informed 225 participants about the division into two independent listed companies planned for the end of 2016; and at the EVE 1 video conference event in May 2016, management addressed employees in Switzerland and abroad, informing them about management changes at Vifor Pharma and the deferral of division plans until 2017. At the EVE 2 event in August 2016, 800 members of Senior Management and members of Management at the Swiss sites came together with local pharmacy managers. Once again, the main issue was the planned

The five key values of Galenica

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**.

Vifor Pharma Leadership Academy

The Vifor Pharma Leadership Academy supports the development of young talent and managers at Vifor Pharma, preparing them for new tasks. The Leadership Academy is in three stages. Level One, the VPMP Management Programme, is aimed at team leaders and deals with core aspects of employee management, including: issues that need to be addressed when managing people; available management tools and how to use them; how a manager's behaviour affects those around them; and how to draw up a development plan. The course lasts six months and consists of a combination of personal study, teamwork tasks and classroom training at the Geneva and Glattbrugg sites. Candidates are either existing or potential leaders and the programme has an international focus, so excellent English is essential. The first course involving 22 participants ran from June to November 2016. A second course, with 24 managers, started in September 2016 and will run until April 2017. This course already involves four participants from Relypsa.

Level Two, the VPLP Leadership Programme, is due to be launched in 2017. This is designed for experienced managers and Heads of Business units and covers implementation of business strategy. Preparations for Level Three, the VPEP Executive Programme, are well underway and scheduled to be launched in 2017, or 2018 at the latest.

division. Participants were also informed about current business performance and given a preview of things to come. The Comité des Jeunes presented their future vision for the healthcare market in ten years' time and how Vifor Pharma and Galenica Santé will present themselves in this environment. Stephan Sigrist (futurist, founder and head of the think tank W.I.R.E.) also answered questions on the topic of the healthcare market of the future.

Modular training formats for employees

All new employees are invited to an induction day (SAM 1) to learn about the culture, development and strategies of Galenica and its companies. Additional SAM seminars train participants on various technical and methodological issues. More than 460 employees took part in an induction day in 2016.

Management training

The FAB 1 management training consists of modules in three areas: self-management and management tools; employee management and communication skills; and management and development of teams. FAB 2 relates to performance and health topics, and FAB 3 covers corporate management and change management.

These advanced training courses are aimed at members of Senior Management and members of Management, and are given in collaboration with external partners. More than 200 managers participated in the courses in 2016. A strong corporate culture depends upon the five key values being fully realised in daily life, so they form an integral part of all FAB modules.

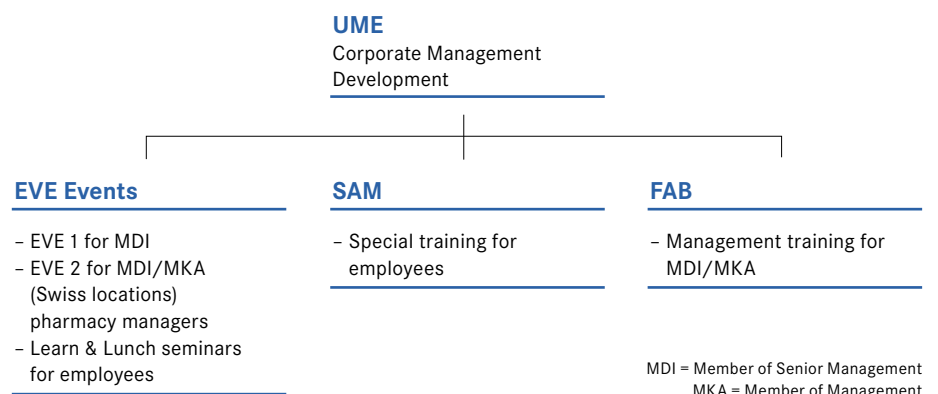
Investing in employees

Galenica offers its employees a range of fringe benefits, with special emphasis on structured training and development. CHF 7.3 million was invested in further training in 2016 (previous year: CHF 5.3 million).

Developing talented individuals

The two-year Talent Management Programme has been very positively received. Participants (mentees) are given a platform through which to communicate across the Business sectors. In parallel, knowledge and skills of experienced employees are made available to help develop the next generation of talented individuals, with each participant being assigned a personal mentor. There were 26 mentees on the programme in 2016. Over the year, Galenica Santé and Vifor Pharma held various organ-

Corporate Management Development



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

isational workshops in which to discuss individual personal development measures. From 2017, the Talent Management Programme for Galenica Santé and Vifor Pharma will be run separately.

Attracting employees

Certain companies in the Group have expanded their recruitment activities on online platforms over the past two years. In light of the division, planned innovations for centralised recruitment at Galenica Santé have been deferred to 2017 in the form of a pilot project for the Retail Business sector. Given the shortage of pharmacists in Switzerland, recruitment continues to take in neighbouring countries.

Training apprentices

Galenica is putting a lot of effort into training future specialists. In 2016, the Group companies trained 805 apprentices – 736 young women and 69 young men. Of these, 257 completed their apprenticeships, many with flying colours. Once qualified, 100 apprentices have been employed by the Group.

Various communication platforms

Personal and direct exchanges between employees are extremely important. The intranet is also used to inform employees quickly and comprehensively about changes and developments throughout all Group areas. A team of 13 employees in a workshop in Bern created a wooden representation of the symbol that stands for the five key values of the Galenica Group. This artwork is now prominently displayed in the Galenica Ltd. head office's reception area. A video on the Galenica website shows how it was made and includes statements about the key values from those involved. Issues affecting the Group are also covered in detail in the employee magazine Spot. The January 2016 issue focused on strategy and change, while the July 2016 issue presented the annual motto "Keep it simple and stay focused!". Swiss employees receive the magazine at home and there is an online version available for international employees.

Creative thinkers

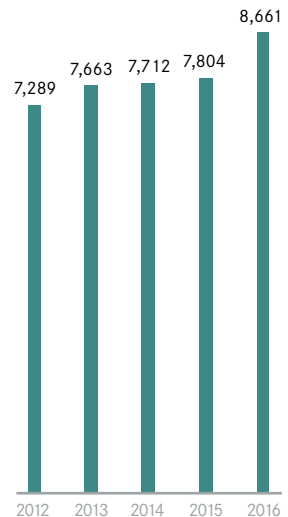
Comité des Jeunes

Galenica encourages exchanges of views between promising young employees and corporate management in an internal think tank, the "Comité des Jeunes". The members, around 35 potential future managers and specialists from various Group companies, help to firmly anchor and further shape the corporate culture. The tasks of the Comité des Jeunes include selecting the annual motto for the Galenica Group and launching measures to make it a firm part of employee thinking.

Keep it simple and stay focused!

As the world becomes increasingly complex, the ability to concentrate on what matters is more important than ever. To communicate the annual motto "Keep it simple and stay focused!" to employees and remind them of it every day, these words were distributed on magnets for display around the workplace. The annual motto for 2016 will be retained in 2017.

Headcount trends 2012–2016



Number of employees in 2016



- Galenica Ltd. 43
- Vifor Pharma 2,487
- Galenica Santé 6,131
 - Products & Brands 107
 - Retail 4,530
 - Services 1,494

Number of women and men in 2016



- Women 6,143 (71%)
- Men 2,518 (29%)

Health and safety

Health

The health of its employees is important to Galenica. Information events on health topics were held in the Group, including a preventive skin-checking campaign in the spring. Galenica also puts measures in place to protect employee health and maintain safety in the workplace in line with the directives of the Federal Coordination Commission for Occupational Safety (FCOS).

New daily sickness allowance insurance

In 2016, the Galenica Group changed to a new insurance partner – Helsana – to cover daily sickness allowances. The switch went smoothly.

Online training with Helsana was offered for the first time at the end of 2016, looking at the issue of appreciation and how this is important for employee health.

Illnesses

Employees were once again able to take advantage of Galenica Care Management in 2016. Employees who are ill or at risk are given support before having to take sick leave. Following illness or an accident, the aim is to facilitate a rapid return to work. 2016 saw 1,039 illness-related absences, a strong fall against the previous year.

Accidents

Based on data from Suva and private insurers, the Galenica accident statistics show an increase in occupational accidents. In 2015, 168 accidents were reported (according to currently available data).

Employee profit-sharing programme

All employees worldwide were once again paid a profit-sharing bonus in 2016. The bonus is calculated based on the Group result compared with the previous year.

Every year, employees of Galenica in Switzerland have the opportunity to purchase a maximum of ten registered shares at a preferential price. These shares are blocked for sale for three years after the date of purchase. In 2016, more than 10% of eligible employees participated in the share purchase programme.

The profit-sharing bonus forms part of the annual bonus for members of Management. This is dependent on attaining quantitative and qualitative targets.

The share-based remuneration programme LTI (see from page 84 in the Remuneration Report) for members of the Corporate Executive Committee and certain members of Senior Management focuses on long-term performance; remuneration is withheld for a period of three years.

Employee benefit plans

Galenica maintains different employee benefit plans based on local conditions and legal stipulations in the corresponding countries. These plans and foundations are legally and financially independent of Galenica.

Employee benefit plans according to Swiss BVG

The vast majority of Galenica employees are insured in Switzerland through pension funds. These pension funds cover the risks and economic consequences of ageing, disability and death according to the specifications of the Swiss Federal Law on Occupational Retirement, Survivors and Disability Pension Plans (BVG).

Defined contribution plan principle

These company pension funds are managed according to the principle of defined contributions and are generally funded by contributions from the employee and the employer. The contributions made by employer and employee are accrued into individual savings capital for each employee. The savings capital is usually paid out as a lump sum or converted into an annuity on reaching statutory retirement age. In cases of termination of employment, the savings are transferred as vested benefits.

Number of employees worldwide

	2016	2015
Switzerland	7,458	7,084
Europe	712	632
North America	418	10
South America	47	53
Asia	26	25
Total	8,661	7,804

Pension fund reporting

The financial statements of the pension funds of the Galenica Group in Switzerland provide a true and fair view of the financial position, the results of operations and cash flow.

The accounting and valuation principles of the Swiss pension funds correspond to the Ordinance on Occupational Retirement, Survivors' and Disability Pension Plans (BVV2) and the Swiss GAAP FER accounting and reporting recommendations. Assets and liabilities are recognised on the basis of the financial situation of the pension fund as of the balance sheet date only.

Reporting in the consolidated financial statements, defined benefit plan principle

The recording and assessment of benefit obligations in the consolidated financial statements is in accordance with International Financial Reporting Standards (IFRS). The Swiss pension funds are classed here as defined benefit plans. In addition to recording short-term benefits to employees, benefit obligations for these pension plans following the end of employment are also calculated by actuaries. These actuarial calculations generally result in a lower coverage ratio (ratio of assets to liabilities), but have no impact on the benefits the pension funds pay under their regulations. According to the provisions under BVG, a potential obligation on the part of the employee and the employer to make additional contributions or take remediation measures is only to be assessed if the coverage ratio falls below 100%. This is primarily the case when the liabilities of the pension funds are no longer covered in full by the assets of the pension funds. Further information on reporting and the current coverage ratio can be found in the notes to the consolidated financial statements.

Works Committee

In 2016, representatives of the Galenica Ltd. Corporate Executive Committee and HR management met twice with the Works Committee, which represents all employees of the Galenica Group, to discuss issues that go beyond matters addressed by staff committees in the individual Business sectors that meet several times a year.

Headcount trends

	Number of employees		of which part-time employees <90%		Full-time equivalents	
	2016	2015	2016	2015	2016	2015
Galenica Ltd.	43	45	8	7	40	41
Vifor Pharma	2,487	1,825	151	195	2,410	1,752
Galenica Santé	6,131	5,934	2,511	2,391	4,657	4,628
- Products & Brands	107	85	38	27	93	75
- Retail	4,530	4,447	2,073	1,993	3,330	3,377
- Services	1,494	1,402	400	371	1,234	1,176
Total	8,661	7,804	2,670	2,593	7,107	6,421
Total employees in %			30.8%	33.2%		

Number of managerial employees

	Total number of managerial employees		of which women		of which men	
	2016	2015	2016	2015	2016	2015
Galenica Ltd.	31	33	14	14	17	19
Vifor Pharma	750	604	319	240	431	364
Galenica Santé	553	535	272	264	281	271
- Products & Brands	37	28	17	11	20	17
- Retail	375	372	210	208	165	164
- Services	141	135	45	45	96	90
Total	1,334	1,172	605	518	729	654
Total employees in %	15.4%	15.0%	7.0%	6.6%	8.4%	8.4%

Social responsibility

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 involved in helping organisations and projects. A few examples are listed below:

Ruedi Lüthy Foundation (formerly Swiss Aids Care International). The Galenica Group has supported this foundation with regular donations and contributions in kind since 2005. The foundation was founded in 2003 by Professor Ruedi Lüthy. In Zimbabwe's capital Harare the foundation operates the walk-in Newlands Clinic with mobile outpatient stations, which currently provides treatment to around 6,000 of the poorest HIV patients and trains local specialists. Zimbabwe is one of the countries most affected by the AIDS pandemic, with 1.6 million people currently living with HIV, an estimated 1 million children orphaned as a result of the illness and 40,000 AIDS-related deaths per year.

The Newlands Clinic in Zimbabwe continued to receive everyday material for its onsite clinical staff from GaleniCare in 2016.

Agua Viva. Since 2009, Galenica has been providing financial support to "Agua Viva, the small aid organisation for children". Operating in eastern Brazil, this association helps children in need and arranges sponsorship for children from deprived areas of the cities of Olinda and Paulista. The contributions not only help to provide children with basic nutrition but also go into a fund that is used to finance medical treatment and medication. In Olinda, the association offers an information and contact point for all sponsored children and their relatives via the "Oficina Agua Viva". Here, the children receive food and are given the opportunity to attend daily school lessons. Agua Viva also organises vocational and part-time courses as well as traineeships for children and adolescents from socially disadvantaged backgrounds and offers, via the Oficina, a contact point for people from the region who are in need of help.

Christmas and New Year card 2016. The Galenica Group supported the Sternschnuppe organisation with its Christmas and New Year card for 2016. Children's charity Sternschnuppe is a Swiss non-profit organisation that helps grant the wishes of children under the age of 18 living with an illness, disability or health issues due to a major injury.

La Boule de Neige. Retail and HCI Solutions offer IT support for a vocational school in Burkina Faso with around 60 computers that were donated to the facility in the remote area of Kompienga rather than being disposed of.

GEWA. The GEWA foundation for workplace integration is a social business that aims to integrate people with particular mental challenges into the workplace. The Alloga SC Box had initially been assembled and repaired by Alloga employees – since 2012, this task has been taken over by the GEWA foundation.

Occupational reintegration. For years, Vifor Pharma has been committed to the occupational reintegration of employees expected to be unable to work permanently or for an extended period due to illness. At the end of 2015, Vifor Ltd. in Fribourg was given the Occupational Reintegration Award by the Fribourg Disability Insurance Office.



The product focus in the **Sun Store** pharmacies is non-prescription medicines – such as **Perskindol®**, **Anti-Brumm®**, **Algifor®** and **Triofan®** – as well as beauty and wellness products.