

Corporate Governance



The Corporate Governance Report outlines the structures, processes and regulations on which well-functioning corporate governance at Galenica is based. Galenica meets the requirements of Swiss law and those stated in the SIX Swiss Exchange Directive on Information Relating to Corporate Governance (Directive Corporate Governance). It also follows the recommendations of the Swiss Code of Best Practice for Corporate Governance of Economiesuisse. The structure of this Corporate Governance Report is based on the SIX Swiss Exchange Directive Corporate Governance. The remuneration and profit-sharing for top management are disclosed in a separate Remuneration Report (starting on page 66).

Group structure and shareholders

Structure of the Group

Galenica Ltd. is headquartered at Untermattweg 8, 3027 Bern, Switzerland. It is a corporation under Swiss law and, as a holding company, owns all the companies in the Galenica Group directly or indirectly. As part of the former Galenica Group, Galenica Ltd. has been listed on the SIX Swiss Exchange since 7 April 2017 (ticker symbol: GALE). Shares in Group companies are not publicly traded.

The Group's structure and the consolidated subsidiaries and associates are shown in the financial statements 2018 on page 126. The addresses of the main Group companies are listed on pages 140 and 141. The Articles of Association of Galenica Ltd., the Organisational Regulations as well as the charters of the committees of the Board of Directors can be accessed on the Galenica website (see related links on page 64).

Shareholders

On 31 December 2018, Galenica had 13,151 shareholders, five of which, according to documents submitted to Galenica Ltd. and the SIX Swiss Exchange, were major shareholders holding 3% or more of the voting rights in Galenica Ltd.:

- UBS Fund Management (Switzerland) AG, Basel, Switzerland, with 2,482,860 shares
- BlackRock Inc., New York, USA, with 2,239,120 shares
- Alecta Pensionsförsäkring, Ömsesidigt, Stockholm, Sweden, with 2,000,000 shares
- Credit Suisse Funds AG, Zurich, Switzerland, with 1,626,752 shares
- Rudolf Maag, Binningen, Switzerland, with 1,500,000 shares

No other shareholder has announced a crossing of the 3% threshold of shares.

The transactions disclosed to the stock exchange Disclosure Office pursuant to Art. 120 of the Financial Market Infrastructure Act (FMIA) can be viewed on the Disclosure Office website of the SIX Swiss Exchange (see related links on page 64).

As of 31 December 2018, the pension funds of the Galenica Group were registered with 0.53%.

Cross shareholdings

Galenica Ltd. has no cross shareholdings in companies outside the Galenica Group.

Events after the balance sheet date

Since the balance sheet date and until 26 February 2019, there are no further disclosures of shareholdings pursuant to Art. 120 of the FMIA.

Structure of the share capital

Share capital

On 31 December 2018, the fully paid share capital of Galenica amounted to CHF 5,000,000, divided into 50,000,000 shares with a nominal value of CHF 0.10 each. Galenica shares (securities no.36 067 446, ISIN CH036 067 446 6) are listed on the SIX Swiss Exchange. As of 31 December 2018, 49,176,587 shares were outstanding (not including treasury shares). The market capitalisation amounted to CHF 2,128.4 million.

Authorised capital

According to Art. 3a of the Articles of Association, the Board of Directors is authorised to increase the share capital of CHF 5,000,000 by a maximum of CHF 500,000 at any time up to and including 10 March 2019 by issuing no more than 5,000,000 fully paid shares. The Board of Directors will propose the extension of this authorisation by two years, i.e. until 2 May 2021, to the Annual General Meeting 2019.

Conditional capital

According to Art. 3b of the Articles of Association, the share capital may be increased by a maximum of CHF 500,000 by exercising conversion rights or option rights. As of 31 December 2018, Galenica had no conditional capital.

Structure of the Galenica Group

Status: January 2019

**Changes in the capital**

Information about changes in the share capital, reserves and distributable profit can be found on pages 133 and 137 of the financial statements 2018.

Participation and dividend certificates

Galenica has no participation or dividend certificates.

Registration of shareholders

Buyers of shares are entered in the shareholders' register upon request as shareholders with voting rights if they declare explicitly that they have acquired the shares in their own name and for their own account.

Registration and voting rights

Each registered share entitles the holder to one vote at the Annual General Meeting. Pursuant to Art. 13 of the Articles of Association, voting rights at Galenica are restricted to 5% of the share capital.

Legal entities and partnerships, other groups of persons or joint owners who are interrelated through capital ownership, voting rights, common management or are otherwise linked, as well as individuals or legal entities or partnerships that act in concert to circumvent this provision, shall be treated as one single entity.

The Board of Directors may refuse registration in the shareholders' register if purchasers do not declare explicitly, upon request, that they have acquired the shares in their own name and for their own account. The Board of Directors is also authorised to cancel any entries in the shareholders' register that came about on the basis of incorrect information or to change these into entries without voting rights, and vice versa.

The Board of Directors may approve exceptions to the voting rights restrictions in order to permit the participation of strategic partners in Galenica Ltd., in an amount not exceeding 20% of the share capital. The Board did not exercise this right in the year under review.

Registration of nominees

A nominee may be registered with voting rights up to a limit of 2% of the share capital entered in the commercial register. Shares in excess of this limit can only be registered if the nominee in question discloses the name, address and number of shares of the person for whose account the nominee holds 0.5% or more of the share capital entered in the commercial register. Galenica has signed an agreement of this nature with three nominees.

Convertible bonds and options

Galenica has no outstanding convertible bonds, nor has it issued any traded options.

The Board of Directors

The Board of Directors of Galenica Ltd. is responsible for the overall management and ultimate supervision of the Group. It determines the strategic goals, the general ways and means to achieve them while harmonising strategy, risks and financial resources, and issues instructions and oversees the managers responsible for conducting the company's businesses. The Board of Directors pursues the aim of increasing enterprise value on a sustainable basis and ensures a balanced relationship between management and control (corporate governance). It decides on the Group's medium-term planning, budget and annual objectives. The values and essential framework of the company's activities are also determined by the Board of Directors. With regard to personnel, it is responsible for the selection and deselection of the members of the committees, the CEO and the members of the Corporate Executive Committee as well as the organisation of the remuneration system.

The specific duties of the Board of Directors of Galenica Ltd. are based on the Swiss Code of Obligations (in particular Art. 716A CO), the company's Articles of Association and its Organisational Regulations (see related links on page 64). Pursuant to the Articles of Association, the Board of Directors consists of five to nine members. It consisted of seven members as of the end of 2018. Bertrand Jungo was elected to the Board of Directors at the Annual General Meeting 2018.

In selecting the members of the Board of Directors, care is taken to ensure that competency for each significant area of the Galenica Group's activities is represented and that the necessary specialised expertise is also available. The election of Bertrand Jungo strengthened expertise in retail

and digitisation. Attention will also be paid to diversity in future succession planning. The Board of Directors reviews its functional effectiveness once a year. In 2018, the Board of Directors carried out an assessment assisted by BHP Brugger and Partner. The Board of Directors was found to be a well constituted team of optimum size, with a range of experience, complementary expertise and a good combination of different personalities.

The Articles of Association of Galenica Ltd. restrict the ability of its directors to act in the highest management and administrative bodies of other legal entities outside of the Group (Art. 17 (3) of the Articles of Association). This includes, in particular, limiting such outside activity to five mandates in listed and seven mandates in profit-oriented non-listed legal entities. None of the members has reached the limit.

With the exception of the Chairman of the Board of Directors, Jörg Kneubühler, none of the members of the Galenica Board of Directors performed an operational management function at Galenica or any of the companies in the Group in the year under review or at any time during the previous three years.

Duties of the Chairman

The Chairman is responsible for leading the Board of Directors and the ongoing optimisation of Group strategy. The duties of the Chairman include questioning and supporting the CEO and the Corporate Executive Committee with regard to the development of the Group's strategic business planning and financial objectives, and representing the Board of Directors and, in agreement with the CEO, Galenica externally. The Chairman monitors implementation of decisions taken by the Annual General Meeting and Board of Directors. He also ensures succession planning at the highest management level.

Disclosure of potential conflicts of interest

No member of the Galenica Board of Directors has any significant relations with Galenica or any of its subsidiaries. Philippe Nussbaumer is a pharmacist in the canton of Neuchâtel and is a customer of Galaxis and a Winconcept partner. The business relationships between the companies of the Galenica Group and Philippe Nussbaumer are on an "at arm's length" basis.

Election and term of office

Each member of the Board of Directors, its Chairman, each member of the Remuneration Committee as well as the independent proxy are elected individually by the Annual

General Meeting for a term of office of one year, i. e. from one Annual General Meeting to the end of the next. Members may be re-elected.

Internal organisation

The Chairman calls a meeting of the Board of Directors at least four times a year and prepares and leads the meetings. The individual agenda items are set by the Chairman. He decides on a case-by-case basis whether to involve additional persons in the consultations of the Board of Directors. The Corporate Executive Committee also participates in part of every meeting to report on ongoing business and to explain in more detail the documentation in light of the decisions to be taken. Any member of the Board may request that the Chairman call a meeting of the Board of Directors and that items be included in the agenda. The members of the Board receive the documentation they need to prepare for the agenda items in a timely manner, normally ten days before the meeting in question. The Board of Directors constitutes a quorum when the majority of its members are present. Minutes are kept, recording all discussions and resolutions.

In 2018, the Board of Directors held seven meetings. The Board of Directors is also informed on a regular basis about the current state and general development of the Business sectors.

As part of its risk management, the Board of Directors receives from the Corporate Executive Committee an overview of the most important risks, along with preventive measures to be implemented Group-wide as part of the risk management process. This is provided when circumstances require it, but at least twice a year. Further information on this topic can be found on page 61.

Committees

The Board of Directors forms the following committees from its members:

- Governance and Nomination Committee (ad hoc)
- Remuneration Committee
- Audit and Risk Committee

The Board of Directors also formed a Strategy Committee as a standing committee in 2018.

The committees prepare the business of the Board of Directors in the areas of activity assigned to them and submit recommendations to the entire Board of Directors. They meet as often as business requires and report to the Board of Directors on activities and results. They draw up their own agendas and keep minutes.

Each committee has its own duties and responsibilities, which are stipulated in a charter. The charters of the committees are published on the Galenica website (see related links on page 64).

Governance and Nomination Committee

The Governance and Nomination Committee is convened when necessary (ad hoc). Accordingly, the members are also determined ad hoc when needed. This committee supports the Chairman and the Board of Directors in the ultimate management and monitoring of the company (corporate governance). It also evaluates the appointment of and changes to members of the Board of Directors and its committees, the CEO and members of the Corporate Executive Committee, and makes appropriate suggestions to the Board of Directors.

In 2018, the Governance and Nomination Committee prepared the nomination of a new member of the Board of Directors in one meeting and several teleconferences. The members were Jörg Kneubühler, Daniela Bosshardt-Hengartner, Fritz Hirsbrunner and Andreas Walde. Election of the new member Markus R. Neuhaus will be proposed to the Annual General Meeting 2019 by the Board of Directors.

Remuneration Committee

The Remuneration Committee is made up of three members, the majority of whom must be independent. The Remuneration Committee carries out the following duties in particular:

- Proposes a remuneration strategy and objectives for the Group and the members of the Corporate Executive Committee to the Board of Directors;
- Proposes to the Board of Directors the salaries and remuneration for the members of the Board of Directors, the Chairman, the CEO and the Corporate Executive Committee as a whole;
- Approves the remuneration for the members of the Corporate Executive Committee (excluding the CEO) according to the proposal of the CEO and in agreement with the Chairman of the Board of Directors.

Committees of the Board of Directors and their chairmen and members 2018

	Name	Member since	Independent	Remuneration Committee	Audit and Risk Committee	Strategy Committee
Board of Directors	Jörg Kneubühler, Chairman of the Board of Directors	2017	No			Chairman
	Daniela Bosshardt-Hengartner	2017	Yes	Chairman	Member	Member
	Michel Burnier	2017	Yes	Member		
	Fritz Hirsbrunner	2017	Yes	Member	Member	
	Bertrand Jungo	2018	Yes			Member
	Philippe Nussbaumer	2017	Yes			Member
	Andreas Walde	2017	Yes		Chairman	
Number of meetings 2018		7		6	5	4
Honorary Chairman	Etienne Jornod					
General Secretary	Markus Dill					

The Governance and Nomination Committee (ad hoc) held one meeting and a number of teleconferences in 2018 to prepare the nomination of a new member of the Board of Directors. It was chaired by the Chairman of the Board of Directors. The other members were Daniela Bosshardt-Hengartner, Fritz Hirsbrunner and Andreas Walde.

For the regulations in the Articles of Association governing remuneration, see page 57 and the Remuneration Report from page 66.

Audit and Risk Committee

The Audit and Risk Committee comprises three members and supports the Board of Directors in fulfilling its duties with regard to accounting, financial reporting, risk management, compliance, as well as internal and external audits. The Audit and Risk Committee carries out the following duties in particular:

- Audits reports by the Corporate Executive Committee using the company's compliance and risk management process;
- Monitors measures taken by the Corporate Executive Committee for compliance with internal and external regulations;
- Evaluates the effectiveness of the external auditor and approves its fees;
- Evaluates the internal audit programme, accepts reports from Internal Audit and checks whether the Corporate Executive Committee has used appropriate measures to implement Internal Audit's recommendations;
- Submits recommendations to the Board of Directors on the Group's capital structure, financing of investments and acquisitions, and setting long-term objectives.

Strategy Committee

The Strategy Committee comprises four members and carries out the following duties:

- Monitors, for the attention of the Board of Directors, implementation of the strategy decided on by the Board of Directors;
- Supports the Board of Directors and Corporate Executive Committee in reviewing and further developing the strategy;
- Assesses proposals from the Corporate Executive Committee on strategic issues and gives recommendations to the Board of Directors.

Frequency of meetings of the Board of Directors and its committees in 2018

In 2018, the Board of Directors held seven meetings, together with members of the Corporate Executive Committee. The Remuneration Committee met six times, the Audit and Risk Committee five times and the Strategy Committee four times. In principle all the members participate in all the meetings of the Board of Directors. Attendance of meetings of the Board of Directors in 2018 was 95% and that of committee meetings was 96%.

Continued on page 56 ►

Members of the Board of Directors



Dr. Jörg Kneubühler, Chairman of the Board of Directors, elected since 2017

- Born 1960, Swiss citizen
- Dr. rer. pol., University of Bern
- Held various positions in finance at the Swatch Group before joining Galenica
- Joined the former Galenica Group in 2002 as Head of Finance and Administration at Vifor Pharma; Head of Controlling for the Galenica Group as of 2006; Head Corporate Finance and Controlling for the Galenica Group and member of the Corporate Executive Committee from 2009; CFO from 2012 to 2016; and CEO Galenica Santé from 2014 to Q1 2017



Daniela Bosshardt-Hengartner, elected since 2017

- Born 1972, Swiss citizen
- Pharmacist, Federal Diploma in Pharmacy, Federal Institute of Technology, Zurich (ETHZ)
- Financial analyst at Bank am Bellevue (1998–2002) and M2 Capital (2003–2004)
- Management consultant in the pharmaceutical, medical technology and biotechnology sectors since 2004
- Member of the Board of Directors of Rep-Risk AG (Zurich), Vifor Pharma Ltd. (St. Gallen) and investiere.ch (Baar)



Prof. Dr. Michel Burnier, elected since 2017

- Born 1953, Swiss citizen
- Swiss-registered Doctor of Internal Medicine and Nephrology
- Honorary professor, University of Lausanne
- Member of the Swiss Society of Nephrology (former President), European Society of Hypertension (council member and Treasurer) and Swiss Society of Hypertension (former President)
- Formerly a member of the Medicines Committee of the Swiss Association of Pharmacists (until 2001) and the Board of Swissmedic (2002–2010)
- Member of the Board of Directors of Speedel Holding Ltd. (Basel) from 2007 to 2009
- Member of the Board of Directors of Vifor Pharma Ltd. (St. Gallen)



Fritz Hirsbrunner, elected since 2017

- Born 1949, Swiss citizen
- Lic. oec., HEC University of Lausanne / Senior Executive Program, IMD, Lausanne
- 1972–1977 Controller at Ciba-Geigy
- Joined the former Galenica Group in 1977 as Assistant to the Corporate Executive Committee; member of the Corporate Executive Committee from 1992 to 2011; Deputy CEO and CFO. Head Investor Relations from 2012 to 2014 (mandate basis)
- Member of the Board of Trustees of IST Investmentstiftung für Personalsorge (Zurich)
- Member of the Board of Directors of Berlac AG (Sissach), IVF Hartmann Holding AG (Neuhausen), Ven-Cap 6 Ltd. (Jersey) and Vifor Pharma Ltd. (St. Gallen)



Bertrand Jungo, elected since 2018

- Born 1965, Swiss citizen
- Business administrator lic.rer.pol., University of Fribourg
- CEO of Swiss department store group Manor from 2006 to 2017
- CEO of Admeira AG since 2017
- Member of the Advisory Board of the International Retail Summit (IRS) of the Gottlieb Duttweiler Institute (GDI)



Dr. Philippe Nussbaumer, elected since 2017

- Born 1969, Swiss citizen
- FPH Pharmacist, Federal Diploma / PhD in Pharmaceutical Sciences, University of Geneva / dipl. oec. HEC, University of Lausanne
- Federal Ski Instructor Diploma and Federal Expert J+S; since 2004, Vice-President of the Swiss Snowsports School of Neuchâtel / Les Bugnens
- Owner and president of the Pharmacie Centrale and the Pharmacie de la Gare in La Chaux-de-Fonds
- Since 2007, founder and administrator of the Ecopharma pharmacy brand
- Since 2014, owner and president of the Medi-Centre Ltd. medical centre in La Chaux-de-Fonds
- Member of the Board of Directors of Veripharm Ltd.

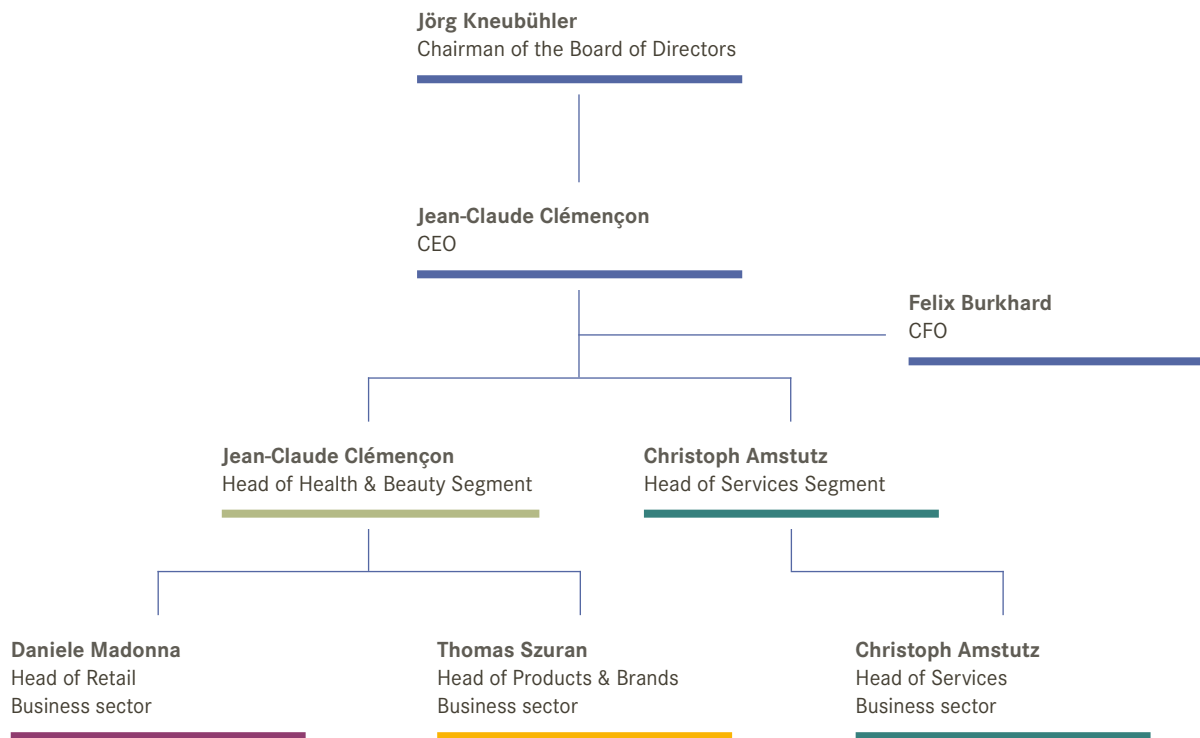


Dr. Andreas Walde, elected since 2017

- Born 1962, Swiss citizen
- Attorney-at-law and doctorate in law, University of Basel
- Various legal and management positions in the chemical and pharmaceutical industry for more than 30 years with specialisation in financial and corporate structures, M&A, risk management, compliance and corporate governance: 1988–1996 at Roche, 1998–2010 at Clariant and 2012–2013 at Petroplus, in the latter two among others as Group General Counsel; General Secretary of Vifor Pharma Ltd. (St. Gallen), former Galenica Group, since 2013
- Former positions include memberships on the Board of several private (non-Swiss) public listed companies as well as member of the Board of the Society of Swiss Enterprises in Germany
- Member of the Board of Swiss-Holdings, the Federation of Industrial and Service Groups in Switzerland, and the Board of Scienceindustries, the Swiss business association for the chemical, pharmaceutical and biotech industries

Leadership organisation

Status: January 2019



Management

The Board of Directors has delegated the management of the company to the CEO in accordance with the Organisational Regulations. The CEO assumes operational management of the Galenica Group and heads the Corporate Executive Committee. The Board of Directors maintains regular contact with the CEO and the members of the Corporate Executive Committee and sometimes invites them or just the CEO to attend its meetings when relevant items are to be discussed. At each meeting, the members of the Corporate Executive Committee are invited to report on their respective Business sectors and to discuss important business matters with the Board.

Duties of the CEO

The CEO is responsible for implementing the strategic and operational objectives approved by the Board of Directors, for preparing the budget and ensuring that it is met, and for the management of the Group. The CEO leads the Corporate Executive Committee and reports to the Chairman. Together with the Chairman, he prepares the information for the meetings of the Board of Directors. At these meetings, the CEO submits important strategic, HR-related and financial business cases to the Board for consultation and decision-making. The CEO also represents Galenica externally.

Corporate Executive Committee

The instructions and resolutions of the Board of Directors are implemented for each of the Group's Business sectors by the Corporate Executive Committee under the leadership of the CEO. The Board sets appropriate objectives for the CEO and those members of the Corporate Executive Com-

mittee allocated to the relevant Business sector and approves the budget. Compliance with these targets is monitored based on monthly reports to the Board, which include key figures and reporting on important events and developments, and on the planning cycle. In the first quarter, the results for the previous year are compared with the planning for that year. In the second quarter, the current financial year is evaluated by means of a “Last Estimate 1”, and a medium-term plan for the next three years is drawn up. In the third quarter, the results for the first half-year are prepared and reviewed, and in the fourth quarter, the expected annual result, “Last Estimate 2”, is discussed and the budget for the following year agreed.

The Articles of Association of Galenica Ltd. restrict the ability of the members of the Corporate Executive Committee to act in the highest management and administrative bodies of other companies, limiting such outside activity to one mandate in listed companies and three mandates in total, subject to prior approval by the Board of Directors (Art. 20 (3) of the Articles of Association). None of the members of the Corporate Executive Committee has reached this limit.

Further information on the other duties of the Board of Directors, Chairman and Corporate Executive Committee can be found in the Organisational Regulations published on the Galenica website (see related links on page 64).

Information and monitoring tools

The Board of Directors monitors the Corporate Executive Committee and supervises its working practices. The Galenica Group has a comprehensive electronic information management system. The Board of Directors receives a written report on a quarterly basis and is informed on a monthly basis about the Group’s financial and operating performance. In addition, operating performance, opportunities and risks are discussed in depth at meetings attended by members of the Corporate Executive Committee.

Management contracts

No management contracts exist as specified under point 4.4 of the Annex to the SIX Swiss Exchange Directive Corporate Governance.

Remuneration

The regulations in the Articles of Association governing remuneration (incl. profit-sharing, loans, credits and pension benefits) of members of the Board of Directors and the Corporate Executive Committee as well as those governing votes by the Annual General Meeting on remuneration can be found in the Remuneration Report from page 66.

Shareholders’ rights to participate

The Annual General Meeting is held each year within six months of the close of the financial year. Extraordinary General Meetings are called as often as necessary by a decision of the Annual General Meeting or Board of Directors, at the request of the auditors or at the written request of shareholders representing on aggregate not less than 7% of the share capital entered in the commercial register.

Each share recorded as a share with voting rights in the shareholders’ register entitles the holder to one vote at the Annual General Meeting. Shareholders are also entitled to dividends and have other rights pursuant to the Swiss Code of Obligations.

Results of the ballots taken at the Annual General Meetings are made available on the Galenica website after each meeting (see related links on page 64).

Voting restrictions and proxy voting

A registered shareholder may be represented at the Annual General Meeting on the basis of a written power of attorney by another representative or the independent proxy to whom instructions may be given in writing or electronically. There are no rules that deviate from legal provisions relating to attendance of the Annual General Meeting.

A shareholder or a beneficiary with voting rights may register for shares which, when added to shares already registered as voting shares in the purchaser’s name, do not exceed 5% of all voting shares. See pages 50 and 51 for further details.

Continued on page 60 ►

Members of the Corporate Executive Committee



Jean-Claude Cléménçon,
CEO

- Born 1962, Swiss citizen
- Degree in Logistics, sfb Technical College, Zurich
- Program for Executive Development (PED), IMD, Lausanne
- 1988-1995 Head of Manufacturing at Rheintub AG (Rheinsulz) and CEO of Raintec GmbH (Dogern, Germany)
- Joined the former Galenica Group in 1995 as Operations Manager Galexis Zurich; Head of Schönbühl Distribution Centre from 1999; Head of Galexis from 2002; Head Logistics Business sector from 2005 to 2015 and in addition, from 2010 on, in charge of Healthcare Information and member of the Corporate Executive Committee of Galenica Group from 2010; from 2015 to 2017, Head Retail Business sector
- Since 2017 CEO Galenica Group
- Member of the Board of Helvecura cooperative society (Bern)



Felix Burkhard,
CFO

- Born 1966, Swiss citizen
- Lic. oec., HSG University of St. Gallen (HSG), and Swiss certified accountant
- 1991-1995 Financial Auditor at Revisuisse PriceWaterhouse (Bern) and Head of Finance and Controlling at Amidro (Biel-Bienne)
- Joined the former Galenica Group in 1996 as Corporate Controller; Deputy Head Retail Business sector from 2000; in addition, Head of the Amavita pharmacy chain from 2008; Head Retail Business sector from 2010 to 2015; member of the Corporate Executive Committee of Galenica Group since 2010; Head Strategic Projects from 2015 to 2017
- Since 2017 CFO Galenica Group



Christoph Amstutz,
Head Services Business sector

- Born 1963, Swiss citizen
- Partial studies in pharmacy, Federal Institute of Technology, Zurich (ETHZ)
- Degree in Marketing Management, University of Bern, GfM/IBM
- 1988-2004 medical representative and product manager at UCB-Pharma AG (Zurich); Head of Marketing at UCB-Pharma GmbH (Kerpen, Germany); General Manager at UCB-Pharma AG (Zurich); 2004-2007 Business Unit Manager CNS / Pain and member of the Executive Board at Bristol-Myers Squibb GmbH (Baar); 2007-2010 CEO of Globopharm AG (Egg/Zurich)
- 2010-2011 Head of G-Pharma AG; 2011 Head of Alloga Ltd.; from 2015 Head Services Business sector
- Since 2017 member of the Corporate Executive Committee of Galenica Group



Torvald de Coverly Veale,
Head Products & Brands Business sector
(until January 2019)

- Born 1960, British citizen
- Bachelor of Science in Economics and Politics (Bristol University, UK): Unilever Graduate Business Program
- 1982–2007 various management roles in Marketing and Sales at Unilever (UK); Business Development Director at Unilever East Asia & Pacific; Marketing Director & Latin America Category Director at Unilever Brazil; Vice President Marketing at Unilever Latin America; Global Brand Director & European Category Director at Unilever; International Managing Director at Visit Britain
- 2007–2015 Director of International Brands at Alliance Boots / Walgreens Boots Alliance in London & Bern
- Since 2015 Head Products & Brands Business sector
- Since 2017 member of the Corporate Executive Committee of Galenica Group



Daniele Madonna,
Head Retail Business sector

- Born 1977, Swiss citizen
- Federal Diploma in Pharmacy from the Federal Institute of Technology, Zurich (ETHZ)
- Professional training FPH in Retail Pharmacy
- CAS in General Management at the University of St Gallen (HSG) and Program for Executive Development (PED) at IMD Lausanne
- 2003–2004 Pharmacist at the Olympia Pharmacy and the Victoria Pharmacy in Zurich
- Joined the former Galenica Group in 2004 as Manager of the Coop Vitality pharmacy in Tenero; Regional Sales Manager at Coop Vitality from 2010 to 2014; and CEO of Coop Vitality AG in Bern from 2014 to 2017
- Since 2017 Head Retail Business sector and member of the Corporate Executive Committee of Galenica Group



Dr. Thomas F. Szuran,
Head Products and Brands Business sector
(from January 2019)

- Born 1967, Swiss citizen
- Dr. sc. nat. Federal Institute of Technology (ETH) Zurich
- Various roles at Abbott Laboratories between 1997 and 2002, including Sales & Marketing Manager for the Eastern European & Mediterranean region
- Sales Director at Pfizer Switzerland (Zurich) from 2002 to 2005 and Country Manager at Pfizer in Israel from 2005 to 2007
- Joined Biomed AG (Dübendorf) in 2008 as Marketing Director, and was CEO of Biomed AG from 2011 to 2018
- President of the Association of the Swiss Self-Medication Industry (ASSGP) since 2012

Members of the Corporate Executive Committee

Name	Member since	Role
Jean-Claude Cléménçon	2017	CEO
Felix Burkhard	2017	CFO
Christoph Amstutz	2017	Head Services Business sector
Torvald de Coverly Veale ¹⁾	2017	Head Products & Brands Business sector
Daniele Madonna	2017	Head Retail Business sector
Thomas Szuran ²⁾	2019	Head Products & Brands Business sector

¹⁾ Member of the Corporate Executive Committee and Head Products & Brands Business sector until 13 January 2019

²⁾ Member of the Corporate Executive Committee and Head Products & Brands Business sector from 14 January 2019

Procedure and conditions for lifting restrictions on voting rights

For restrictions on voting rights to be lifted, shareholders who together represent not less than 5% of the share capital entered in the commercial register must request in writing that such an item be included on the agenda no later than 40 days before the Annual General Meeting. The Annual General Meeting must indicate its approval based on at least two-thirds of the votes represented and the absolute majority of the nominal capital represented.

Quorums under the Articles of Association

In addition to the cases cited in Art. 704 of the Swiss Code of Obligations, approval by at least two-thirds of the votes represented and the absolute majority of the nominal capital represented is required in the following cases:

- A change in the provisions relating to restrictions on the transfer of registered shares (Art. 15c of the Articles of Association);
- Conversion of registered shares into bearer shares and vice versa (Art. 15d of the Articles of Association).

Convening of the Annual General Meeting

The Articles of Association do not differ from legal regulations with regard to the convening of the Annual General Meeting and the setting of the agenda. The Annual General Meeting is convened by the Board of Directors at least 20 days before the date of the meeting. The shareholders are invited to attend by a notice placed in official publications. The meeting may also be convened electronically or by sending a letter to all shareholders at the addresses entered in the shareholders' register. The notice of a meeting shall state the items on the agenda, the proposals of the Board of Directors and the requests of any shareholders who have called for a General Meeting to be convened or for a particular item to be included on the agenda.

Inclusion of items on the agenda

Shareholders who together represent not less than 5% of the share capital entered in the commercial register may request that an item be included on the agenda. They must submit such requests in writing no later than 40 days before the scheduled date of the meeting. Agenda items relating to financial year 2018 that are to be dealt with at the Annual General Meeting on 2 May 2019 must be submitted no later than 23 March 2019, and those for the Annual General Meeting on 19 May 2020 no later than 9 April 2020. The items to be included on the agenda must be specified along with the motion on which the shareholder requests a vote.

Shareholders' register

There are no regulations in the Articles of Association regarding a deadline for entry in the shareholders' register. However, for practical reasons the shareholders' register remains closed to entries for several days prior to an Annual General Meeting. This will be the case from Thursday 25 April 2019 for financial year 2018 and from Tuesday 12 May 2020 for financial year 2019. Shareholders entered in the shareholders' register by Wednesday 24 April 2019 and Monday 11 May 2020 respectively may exercise their voting rights at the corresponding Annual General Meeting.

Instructions to the independent proxy holder may be given in writing and also electronically through a platform named Nimbus Shapp® which is used by Galenica. The invitation to the Annual General Meeting, which will be sent to all shareholders on or around 1 April 2019, includes the required login information to create a personal user profile. The instructions must be received by the independent proxy holder by the evening of the penultimate day before the Annual General Meeting, i.e. by Tuesday 30 April 2019 for the 2019 Annual General Meeting and by Friday 15 May 2020 for the 2020 Annual General Meeting.

Change of control and protective measures

The obligation to make a public offer pursuant to Art. 125 et seq. FMIA (Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading) has not been changed in the Articles of Association. The employment contracts of the members of the Corporate Executive Committee and the members of senior management also contain no provisions to this effect.

Auditors

Ernst & Young Ltd., Bern, Switzerland, are the Galenica Group's auditors. Roland Ruprecht, certified accountant, a partner at Ernst & Young, is in charge of the audit. The fees paid to the Group's auditors Ernst & Young in 2018 for their audit of Galenica and companies within the Galenica Group totalled CHF 775,000.

The fees paid to Ernst & Young and their close collaborators for other services rendered to Galenica and its subsidiaries in the period under review amounted to CHF 117,000 for additional advice in audit matters.

In 2018, Roland Ruprecht attended two meetings of the Audit and Risk Committee. Moreover, the auditors presented their report at the meeting of the Board of Directors on 5 March 2019.

The auditors are regularly informed of new projects. The auditors' activities are reviewed at least once a year by the Audit and Risk Committee. The criteria that are of particular importance in these reviews are: competence in reporting, understanding of the structure of the Group, the quality of reporting, compliance with deadlines, independence and costs.

Compliance and Code of Conduct

A commitment to abiding by the law and guidelines (compliance) and acting with integrity is a fundamental part of the corporate culture of the Galenica Group and a consistent focus of its corporate governance. Galenica attaches considerable value to doing business in a manner that is ethically correct and in accordance with the legal requirements in place. Galenica's compliance efforts are based on three pillars: prevention, detection and reaction. Various compli-

ance training sessions were held in the year under review, including on competition law at Corporate Executive Committee level. The importance of current data protection regulations for Galenica was clarified by means of an external audit. Galenica enforces a zero-tolerance approach to corruption and bribery on the part of employees, partners, suppliers or representatives of third parties. The Code of Conduct of the Galenica Group contains all key principles in connection with corruption, bribery, gifts and invitations for all employees. Galenica also requests that its suppliers support its efforts in pursuit of sustainable development and has issued a Supplier Code of Conduct to this end. Two e-learning training sessions on the Code of Conduct and protection of personal integrity were carried out in 2018. The Galenica Group Code of Conduct and the Supplier Code of Conduct are published on the Galenica website (see related links on page 64).

The Galenica Group operates in Switzerland. Accordingly, the OECD's action plan regarding taxes on multinational companies (BEPS action plan) is not applicable to Galenica.

Information and monitoring tools of the Board of Directors with respect to management

Risk management process

Galenica has a risk management process in place which enables the Board of Directors, the Corporate Executive Committee as well as the relevant management of Group companies to identify and assess potential risks in a timely manner, and take the preventive measures necessary. The goal of this process is to identify and assess significant risks at all management levels and to manage them while making conscious use of the opportunities the process provides.

As part of Group-wide Galenica Risk Management (GRM), the companies in the Group conduct a risk assessment at least twice a year. This standardised process is based on a risk grid in which the most important strategic and operational risks and their possible effects – particularly from a financial and reputational perspective – are identified in line with pre-defined criteria and then evaluated in accordance with the probability of their occurrence and their effect. These risks are entered into a risk matrix for each Business sector and, depending on the importance, also incorporated into the Group risk matrix.

The Board of Directors of Galenica receives an overview of the most important risks from the Corporate Executive Committee when circumstances require it but at least twice a year. The Board evaluates the overview, adding information as needed, and where required takes decisions on any preventive measures necessary, which will then be implemented Group-wide as part of the risk management process.

Galenica defines risk as the possibility that an event or an action will lead to immediate financial loss or other negative consequences.

Additional information about the management of financial risks can be found in the Notes to the consolidated financial statements 2018 on pages 120 and 121.

Internal control system

As part of its risk management system Galenica operates an internal control system (ICS) to provide reliable internal and external financial reporting and to prevent false information and errors about business transactions. The ICS provides the necessary processes and controls to ensure that risks relating to the quality of the company's financial reporting can be detected and managed in a timely manner. A thorough review of the existence of the processes and controls of the Galenica ICS is carried out annually by the external auditors at the time of the interim audit. The results of these reviews are reported to the Audit and Risk Committee. Appropriate measures are taken by management to continually improve the company's processes with regard to the process areas of purchasing, procurement, investments, sales, HR, general financial management and reporting as well as IT controls.

Internal Audit

Internal Audit carries out audits of operational and strategic risk management and the ICS in accordance with the audit plan determined by the Audit Committee. It carries out reviews, analyses and interviews across the Group and helps the Business sectors to meet their targets by ensuring an independent assessment of the effectiveness of the internal control processes. Internal Audit regularly produces reports on its audits and reports directly to the Audit and Risk Committee in writing. The activities of Internal Audit are conducted through contracts issued to external service providers.

Information policy

Galenica and its companies operate an active and transparent information policy towards all their stakeholder groups. Consistency and credibility are two fundamental principles that are reflected in factual, comprehensive and objective communication.

Ad hoc publicity

Important and price-relevant events are communicated in a timely manner via electronic media and in accordance with the Directive of the SIX Swiss Exchange. Any employees affected are informed first, as long as this is possible in the specific situation and allowed by law.

Periodic publications

Once a year, Galenica publishes an annual report and a half-year report. The full versions of these reports are available on the Galenica website (see related links on page 64). In addition, Galenica publishes a printed short version of the annual report which is sent to the shareholders by mail upon request.

The invitation to the Annual General Meeting is sent to shareholders electronically or by mail, and is additionally published in the "Schweizerisches Handelsamtsblatt".

Internet

All Galenica publications, all media releases and other supplementary information about the Group can be found on the Galenica website (see related links on page 64).

Contact persons and important publication dates

For shareholders

For shareholders in relation to corporate governance:
Markus Dill, General Secretary
phone +41 58 852 81 11, aktienregister@galenica.com

For investors

Felix Burkhard, CFO
phone +41 58 852 85 29, investors@galenica.com

For the media

Christina Hertig, Head Corporate Communications
phone +41 58 852 85 17, media@galenica.com

Agenda 2019/2020

- Annual General Meeting 2019: 2 May 2019
- Half-year report 2019: 6 August 2019
- Annual report 2019: 10 March 2020
- Annual General Meeting 2020: 19 May 2020

Further important dates can be found on the Galenica website (see related links on page 64).

Brand management

Philosophy and implementation

The first choice for health, beauty and wellbeing

Galenica seeks to be recognised as a reliable, dynamic and efficient Group within the healthcare market, which creates value for all stakeholder groups with high-quality products and services. Thus, Galenica also invests its energies in looking after its brands. Galenica stands for quality and professionalism, for credibility and transparency, for reliability and continuity. There is a clear focus on the ambition to be the first choice for health, beauty and wellbeing in the support line. Group Corporate Communications is responsible for implementing Galenica corporate brand communication.

Corporate identity

Galenica is a broad-based Group which manages well-established company, product and service brands in the healthcare market. Products and services under the Galenica brand guarantee a high level of quality. The communication philosophy “as centralised as necessary and as decentralised as possible” is also reflected in brand management.

This means giving the individual companies under the Galenica umbrella room to address target groups in the best way possible for the market segment and product involved. That is why Galenica companies operate under their own names in the market. At the same time, over and above this diversity, the Galenica Group seeks in particular to express clearly the shared identity of the companies comprising the Group. Galenica therefore strives to present a uniform corporate design where possible and reasonable.

The Group's brands

Organisational basis

The Galenica Group is structured into two segments: Health & Beauty, comprising the Retail and Products & Brands Business sectors, and Services. The Group companies are assigned to the Business sectors on the basis of their core activities. The Galenica brand is supported at all levels by the descriptor (the support line) used with the logo. At Group level, it is the broad basis of the ambition that is communicated; at company level, it is the fact that the company is part of the Galenica Group that is signalled.

The majority of companies in which Galenica has more than a 50% holding follow this strategy and use the common corporate design. New companies are integrated progressively in line with a clearly defined process. Important strategic marketing considerations are taken into account when dealing with well-established and well-known brands.

Basic guidelines on corporate design are summarised in two handbooks for staff and external partners, and include all areas of application, such as corporate stationery, printed products, company signs and website design. The handbook for employees is available in printed and electronic form, while the handbook for external partners is available in electronic form. In addition, internal training sessions on how to use the Galenica corporate design take place regularly for new employees; the sessions are also open to established employees interested in refreshing or deepening their knowledge.

Protection of the Group's brands

Galenica systematically fosters and protects its company brands in all countries where it is active and guarantees a high standard of quality.

Product and service brands

The Galenica company brands are supplemented by the product and service brands of the companies within the Group, focused on the customers of the individual Business sectors: for example, the products of Verfora, the offering of the pharmacy formats Amavita and Sun Store, and the Services offering including logistics and the databases and software products in the area of information management. The presentation of these products and services is tailored to markets and customers specific to individual companies and, therefore, differs from the Group corporate design. The corporate design and the accompanying communication and marketing measures are defined and implemented by the relevant company. Special events and activities organised in conjunction with the branding of products and services along with customer surveys during the year under review can be found in the sections for the Business sectors of the Galenica Group starting on page 14.

Protection of product and service brands

Product and service brands are systematically fostered and protected by the individual companies in the countries where they are marketed.

Related links

www.galenica.com

- **Organisation:** [About Galenica / Organisation](#)
- **Board of Directors:** [About Galenica / Organisation / Board of Directors](#)
- **Publications:** [Publications](#)
- **Articles of Association:** [Publications / Downloadcenter / Corporate Governance](#)
- **Organisational Regulations:** [Publications / Downloadcenter / Corporate Governance](#)
- **Committees of the Board of Directors:** [About Galenica / Organisation / Board of Directors / Downloads](#)
- **Annual General Meeting:** [Investors / Information for shareholders / Annual General Meeting](#)
- **Code of Conduct of the Galenica Group:** [Publications / Downloadcenter / Company](#)
- **Supplier Code of Conduct:** [Publications / Downloadcenter / Company](#)
- **Press releases:** [Media / Press releases](#)
- **Dates to remember:** [Investors / Investor calendar](#)

www.six-exchange-regulation.com

- **SIX Swiss Exchange; Significant shareholders:** [Publications / Significant shareholders](#)
-

Main brands of the Galenica Group

Umbrella brand



Brands of the Galenica Group companies

Retail

Products & Brands

Services

Product and service brands