

Human Resources



Together, we have seized our chances!

Galenica constantly invests in good working conditions and in training and development for all Group employees because employee motivation and expertise are key to a company's success. In 2018, this activity notably included drawing up and implementing improvement measures based on the findings of the 2017 Opinio employee survey. In addition, Galenica continued to harmonise the Group's Personnel Regulations in 2018, some of which still differ. As announced in 2017 in conjunction with the IPO, preparations were put in place for the division of the Galenica Pension Fund. The logical and legally required step for Galenica and Vifor Pharma to each have their own independent pension funds was therefore completed at the beginning of 2019. As part of this project, a new uniform pension scheme covering all employees was developed for the Galenica Group. This came into effect on 1 January 2019. As of the end of 2018, Galenica employed 6,580 people.

Number of employees



● Galenica Ltd.	37
● Retail	4,739
● Products & Brands	133
● Services	1,671

Training and development

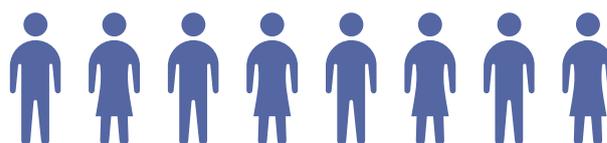
Employee development

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

More e-learning modules

With the new e-learning modules managers were informed about the protection of personal integrity and all employees were trained on the Galenica Group Code of Conduct – both key aspects of corporate social responsibility.

New employees were again invited to an induction day (SAM 1) in 2018 to learn about the culture, development and strategies of the Galenica Group and its companies. 216 employees took part in this induction day in the year under review. Additional SAM seminars train participants on various technical and methodological issues.



6,580
Number of employees

Number of women and men



5,079
Women (77%)

1,501
Men (23%)

“With e-learning modules employees were trained in corporate social responsibility.”

Management training

The FAB 1 management training consists of modules focusing on three areas: “Self-management and management tools”, “Employee management and communication skills” and “Team management and development”. The FAB 2 seminars, which were completely revised in the year under review, subsequently address “Performance” and “Health”. These advanced training courses are aimed at members of Senior Management (MDI) and members of Management (MKA). 116 members of management participated in these courses in 2018. A strong corporate culture depends upon the five key values of Galenica (see page 45) being fully realised in daily life, so they form an integral part of all FAB modules.

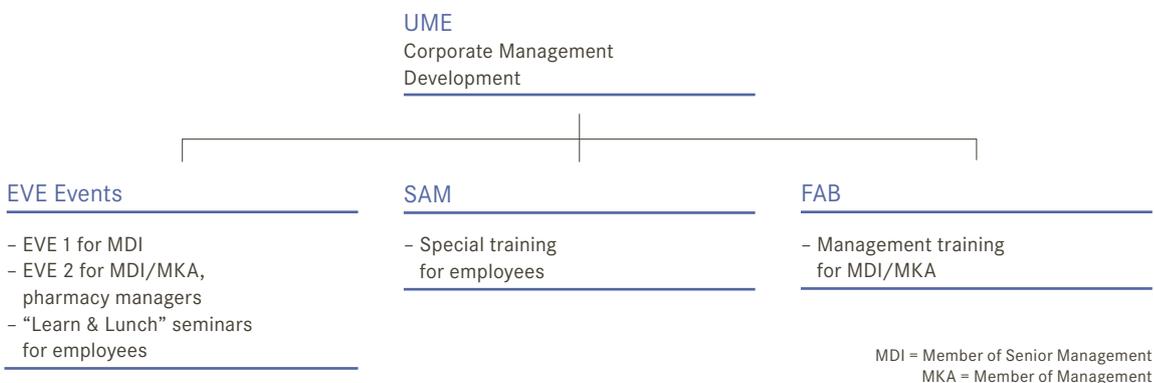
In addition to the courses at Galenica Group level, the Retail Business sector in particular offers pharmacy employees specific advanced training modules, such as the CAS course “Management for Pharmacists” in cooperation with the University of Basel.

Events

EVE 1 is a management platform for communicating strategic objectives. At the EVE 1 event in March 2018, more than 130 members of Senior Management (MDI) were informed about the online strategy of the Retail Business sector, the rebranding of Vifor Consumer Health to Verfora, and the Documedis® e-health solution. For the first time, MDI celebrating their 30th or 40th anniversary with the Galenica Group were honoured.

At the EVE 2 event in August 2018, around 500 members of Senior Management (MDI) and members of Management (MKA) came together with local pharmacy managers. The central theme was: “Let’s seize our chances by getting close to our customers”, which was expanded upon by internal speakers and a keynote presentation by Christian Baudis (former Managing Director of Google Germany) on “Digitisation in the healthcare market”. Panel discussions focused on providing support and care for patients with chronic illnesses and implementing digitisation in pharmacies. To make the topic of digitisation more tangible, the participants had the opportunity during the event to ask questions about items on the agenda via a web app. Participants made heavy use of this opportunity, giving a practical, on-site demonstration of how events can be supported and enhanced with digital tools.

Corporate Management Development



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

Employee motivation

Every three years, the Galenica Group conducts the Opinio employee survey in partnership with an external provider. In autumn 2017, staff were asked about their satisfaction, motivation and commitment.

The evaluation of the survey revealed that employees are generally satisfied with their work situation (75 points out of a total of 100). More than half (57%) of all employees said they are very highly motivated, and around a third (30%) describe themselves as well motivated. Employees see themselves as responsible for customer satisfaction and demonstrate a strong willingness to provide service support (83 points). The score of 61 points for the assessment of employees' own prospects and development opportunities showed high expectations in this regard.



57%
said they are very highly motivated

30%
said they are well motivated



83%
see themselves as responsible for customer satisfaction



61%
estimate the development opportunities as good

Based on these insights, specific improvement measures were worked out and, in some cases, already implemented by the Galenica Group as well as by each Business sector in 2018. These measures include improved internal communication in Retail, more efficient teamwork in the Products & Brands Business sector and more internal information events in the Services segment, aimed particularly at providing more detailed information to members of Senior Management regarding the goals of each company.

Human Resources will promote the "Own Perspectives" theme across the Group as a matter of priority in 2019. In the year under review, the personnel development measures on offer were also analysed with a view to developing a new, Group-wide programme for implementation in the coming years.

The next Opinio employee survey is scheduled for 2020.

Investing in employees

Galenica offers its employees a range of fringe benefits, with special emphasis on structured training and development. CHF 4.4 million was invested in further training in 2018 (previous year: CHF 3.7 million).

Developing talented individuals

The two-year Talent Mentoring Programme continues to be very positively received. Participants (mentees) are given a platform through which to exchange views and experience 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 mentee being assigned a personal mentor. Twelve mentees took part in the programme in 2018.

Attracting employees

The pilot project to centralise internal and external recruitment launched in the Retail Business sector in 2017 resulted in specific improvements in 2018: the average length of a recruitment process is demonstrably shorter with lower costs. Recruitment activities on social media were also intensified in the year under review, particularly on Xing and LinkedIn. Recruiting pharmacists remains challenging, so recruitment continues to take in neighbouring countries. In future, Galenicare will further strengthen its presence at job fairs held at Swiss universities to establish direct contact with pharmacy students and make them enthusiastic about a career as a pharmacist.

Headcount trends

	Number of employees		of which part-time employees <90%		Full-time equivalents	
	2018	2017	2018	2017	2018	2017
Galenica Ltd.	37	38	10	9	33	34
Retail	4,739	4,530	2,149	2,128	3,573	3,381
Products & Brands	133	127	56	50	112	110
Services	1,671	1,619	388	380	1,388	1,335
Total	6,580	6,314	2,603	2,567	5,106	4,860
Total employees in %			39.6%	40.7%		

Number of managerial employees

	Total number of managerial employees		of which women		of which men	
	2018	2017	2018	2017	2018	2017
Galenica Ltd.	28	27	13	13	15	14
Retail	378	361	225	202	153	159
Products & Brands	49	48	23	22	26	26
Services	160	161	52	52	108	109
Total	615	597	313	289	302	308
Total employees in %	9.3%	9.5%	4.8%	4.6%	4.6%	4.9%

“The annual motto for 2018, ‘Together, let’s seize our chances’, is an expression of determination and optimism.”

Training apprentices

Galenica is putting a lot of effort into training future specialists: in 2018, the Group companies trained 797 apprentices – 731 young women and 66 young men. Of these, 266 completed their apprenticeships, many with flying colours. Having qualified, 103 apprentices have since become Group employees.

Various communication platforms

Personal and direct exchanges between all employees from a total of 83 countries are at the heart of Galenica’s communication efforts. The various information events and management meetings within the Business sectors and companies are a good way of ensuring this. Changes and developments across all areas of the company are communicated at the EVE events and over digital channels including the intranet, the e-management letter and e-information letters. Additionally, a printed version of the employee magazine Spot is sent out twice a year to the homes of all employees, opening up the Galenica world to their partners and family members. In summer 2018, Spot published its 100th issue – a special jubilee for the magazine. Celebrations included a photo competition and treasure chest made up of aspects and events relating to the history of the Galenica Group.

Targeted and appropriate harmonisation of Personnel Regulations

Work continued on harmonising Galenica’s Personnel Regulations in 2018, involving the staff committees of each Business sector. The aim of this harmonisation is to take advantage of synergies and to promote Group-wide exchange by ensuring that people in the same role also have the same employment conditions. It also aims to take into account the specific needs of certain functions that have to meet defined requirements, such as sales and operations. Implementation is planned for early 2020.

Creative thinkers

The Comité des Jeunes becomes the Comité de Réflexion

For many years, Galenica has encouraged exchanges of views between promising young employees and corporate management in an internal think tank, the “Comité des Jeunes”. Among other things, the more than 20 employees from different Group companies help to firmly anchor and further shape the corporate culture. In cooperation with CEO Jean-Claude Cléménçon, the committee used the division of Vifor Pharma as an opportunity to discuss its role and duties, and to plan for a new beginning.

The specific aim of this new beginning is to ensure that the committee represents the entire employee structure and customer base. This means that the committee members should represent not only all Business sectors, regions and languages, but also all age groups so that ideas can be considered and discussed from a full range of perspectives and across generations. As part of this change, the “Comité des Jeunes” was renamed the “Comité de Réflexion” at the beginning of 2019.

Headcount development 2014–2018



Annual motto for 2019:

Together, let's seize our chances

"Together, let's seize our chances" is the Galenica Group annual motto for 2018 and 2019. It builds on the key value "Together, we are stronger". The motto is an expression of determination and optimism. It is intended to encourage all employees to have a positive attitude towards the future, working together to make the most of changes and opportunities, not only with other teams within the Group but also with partners and customers. Employees were informed about the motto in the CEO's New Year card. To underpin this message, employees received a scratch card and were able to implement the motto with a Click & Collect voucher. The activity associated with the annual motto is an exchange programme, which gives employees the opportunity to visit Group colleagues at their workplace. This is intended to encourage discussion and collaboration across departments. The programme will run in both 2018 and 2019.

Health and safety

Health

The health of its employees is important to Galenica. Regular information events are held on this subject: for example, the Services Business sector organised a series of accident prevention training courses in collaboration with the Swiss National Accident Insurance Fund (Suva), and the flu vaccine was offered to employees in the Retail and Products & Brands Business sectors. 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).

Illnesses

Employees were once again able to take advantage of Galenica Case Management in 2018. Employees on sick leave are given support as well as those at risk of having to take sick leave. Following illness or an accident, the aim is to facilitate a rapid return to work. The number of new cases of illness decreased year-on-year to 374.

Accidents

Based on data from Suva and private insurers, the Galenica accident statistics show an increase in occupational accidents. In 2018, 153 accidents were reported.



Employee profit-sharing programme

All employees were once again paid a profit-sharing bonus in 2018. The bonus is calculated based on the Group result compared with the previous year.

Every year, employees of Galenica living in Switzerland have the opportunity to purchase between 20 and 80 Galenica shares at a preferential price, regardless of their employment level. In 2018, 19.2% of employees participated in this programme (previous year: 17.3%). These shares are blocked for three years after the date of purchase.

The profit-sharing bonus forms part of the annual bonus for members of Senior Management (MDI) and members of Management (MKA). This is dependent on attaining quantitative and qualitative targets. The share-based remuneration programme LTI (see page 71 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

As announced in 2017 in conjunction with the IPO, preparations were put in place in the year under review for the division of the Galenica Pension Fund. The logical and legally required step for Galenica and Vifor Pharma to each have their own independent pension funds was therefore completed.

The new Galenica Pension Fund

This situation was used as an opportunity to harmonise the two previous pension funds of Galenica and Galenicare and to develop a joint, uniform solution for all insured members and pension recipients of the Galenica Group. The following factors in particular were considered when developing the new pension scheme:

- The overall level of benefits should be maintained and long-term funding ensured;
- Better retirement benefits should be offered to part-time employees and long-serving employees;
- The contributions of all insured members should be based on age.

As in the past, the new pension scheme covers 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).

The new pension regulations, which came into effect on 1 January 2019, offer similar coverage for all employees, regardless of their previous pension fund, and were approved by the Board of Trustees of the Galenica Pension Fund and the Galenicare Pension Fund as well as by the relevant representatives of the staff committees and the works committee.

The new foundation will be renamed the Galenica Pension Fund from Galenicare Pension Fund during the course of 2019. Like the previous foundation, it will be legally, organisationally and financially independent of Galenica.

Insured members and pension recipients of the Galenica Group were kept informed about the new pension fund on a regular basis in the year under review.

Defined contribution plan principle

The 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.

Pension fund reporting

The financial statements of the pension funds 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 of the Galenica Group is in accordance with International Financial Reporting Standards (IFRS). The pension funds are classed here as a defined benefit plan. In addition to recording short-term benefits to employees, benefit obligations for this pension plan following the end of employment are also calculated by actuaries. These actuarial calculations generally result in a lower coverage ratio (ratio of pension fund assets to liabilities). However, these results have no impact on the benefits the pension funds pay. Further information on reporting and the current coverage ratio can be found in the notes to the consolidated financial statements (see page 111).

One-off effects in 2018

From 1 January 2019, the new Galenica Pension Fund will be able to increase benefits for part-time workers and long-term employees without any additional costs thanks to lower insurance premiums. In international accounting pursuant to IAS 19, contribution pension plans in Switzerland must be presented as benefit plans, meaning that the new, uniform Galenica Pension Fund as of 1 January 2019 will create a one-off, negative effect of CHF -41.0 million at EBIT level and CHF -33.2 million at net profit level in the 2018 financial statements. This one-off effect under IAS 19 is solely of a technical nature and with no effect on cash.

Works committee

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 and which gathers all the staff committee presidents to discuss issues that went beyond matters addressed by staff committees in the individual Business sectors. In the year under review, their main focus was on the ongoing harmonisation of the various personnel and working time regulations as well as on the new pension scheme for all Galenica Group employees.

The staff committees meet several times a year. Details of the new pension scheme solution were presented to members at an information event organised specifically for them.

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 committed to supporting various social projects and charitable organisations.

“I care for you”. Since 2018, the Galenica Group has been the main partner of the “I care for you” crowdfunding platform. Galenica can now contribute, through a focused commitment, to ensuring that numerous different projects have a facility through which to raise 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 2018. One Swiss franc per card was donated to the foundation, with all funds going towards a crowdfunding project.

In addition to this main commitment, Galenica also selectively supports other projects in the healthcare sector. Furthermore, Galenica Group companies also support social projects. A few examples are listed below:

Gewa. The Gewa foundation for workplace integration is a social organisation 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.

2 x Christmas. In December 2018, Galenicare employees took part in the 2 x Christmas campaign of the Swiss Red Cross. They filled boxes with non-perishable foods and toiletries, which were then sorted and distributed to people in need and social institutions in Switzerland.

Computers for a good cause. Galexis and HCI Solutions provide IT equipment they no longer need to a good cause. Galexis has been donating its old computers to Bern-based aid organisation Bär und Leu since 2013. The association collects aid supplies for various humanitarian projects and distributes the computers to schools and a family centre in Ukraine. The computers that HCI Solutions no longer needs are used for development projects in Africa via the Quorum association – for example, in a library in Cameroon.

Winds of Hope. Aid organisation Winds of Hope set up by Dr. Bertrand Piccard supports children with noma, a severe bacterial infection that degrades the bones of the face and primarily affects infants. Sun Store donated money raised from selling key fobs to the foundation. The foundation uses these donations to train health workers in developing countries affected by this disease.

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**.