

# Remuneration Report



## Remuneration policy

The remuneration policy of Galenica aims to recruit, motivate and retain best-in-class employees who are entrepreneurially oriented, successful and have high personal standards. The remuneration system is designed to provide appropriate reward in a competitive employment market and in a complex sector. It is aligned with the long-term Group strategy and its pay-for-performance philosophy. The remuneration system of Galenica aims at strengthening its overall industry position to the benefit of its customers while delivering the expected returns to its shareholders.

The remuneration system of Galenica is part of a sustainable, long-term corporate policy to support the strategic goals defined by the Board of Directors. Members of the Corporate Executive Committee and members of Senior Management participate in Galenica's value creation in the form of blocked shares, so being aligned with the interests of shareholders.

### Remuneration Report

In this report, Galenica provides an overview of its remuneration model and remuneration principles. The following pages outline the process and responsibilities under which remuneration of the members of the Board of Directors and Corporate Executive Committee is determined, and the remuneration components at top management level. The remuneration system as well as its reporting is in accordance with the Swiss Code of Obligations, the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (VegüV), the Directive of the SIX Swiss Exchange on Information Relating to Corporate Governance (Directive Corporate Governance) and the recommendations of the Swiss Code of Best Practice for Corporate Governance issued by Economiesuisse. The statutory auditor verifies compliance of the report with the law and Articles 14 to 16 of the VegüV and issues a written report to the Annual General Meeting.

### 2018 reporting year

The current Galenica was founded and listed on the stock exchange in 2017. The remuneration model and remuneration components introduced in 2017 are appropriate for the Board of Directors and the Remuneration Committee, are in line with the market, and are designed to achieve the goal of the remuneration policy and ensure that the corporate strategy is supported and the interests of shareholders are pursued. The maximum remuneration of the Board of Directors and the Corporate Executive Committee in 2018 remained unchanged from the previous year. In 2018, the Remuneration Committee arranged for an external benchmark test to be performed on the remuneration of the Corporate Executive Committee and members of Senior Management by Klingler Consultants, which holds no other mandates at Galenica. Overall, it was shown that the structure and amount of the remuneration are in line with the market. The same result was obtained in an external market comparison of the salaries of the Board of Directors performed by A. Blust Consulting, which was also carried out in the year under review. In both cases, listed and private companies active in the Swiss healthcare, logistics and retail market with a similar market capitalisation were used as a benchmark. The Remuneration Committee also performed its regular duties in 2018, in particular preparing the Remuneration Report for the Annual General Meeting, evaluating the performance of the CEO and determining the remuneration of the members of the Corporate Executive Committee and the Board of Directors. In addition, the Remuneration Committee conducted a self-assessment of its functioning. It rated its processes and working methods as efficient and the support of the Board of Directors as effective.

## Principles and responsibilities

The guiding principles for the remuneration of the Board of Directors, the CEO and the other members of the Corporate Executive Committee, and the responsibilities for the remuneration system of Galenica are defined in the Articles of Association of Galenica. They include the provisions on the Remuneration Committee (Art. 21 of the Articles of Association) and remuneration (Art. 22 of the Articles of Association; see related links on page 76). Each year, the Board of Directors submits the maximum remuneration of the Board of Directors and the Corporate Executive Committee to the Annual General Meeting for binding approval. Such approval is prospective for the next business year following the Annual General Meeting. In addition, the Annual General Meeting holds a consultative annual vote on the Remuneration Report for the year under review.

On the basis of the Articles of Association and the decisions of the Annual General Meeting, the remuneration strategy and the related remuneration system for the members of the Board of Directors and the Corporate Executive Committee are determined by the Board of Directors based on a proposal from the Remuneration Committee. On an annual basis the Board of Directors decides on the individual remuneration of the Chairman and the CEO as well as the aggregate for the other members of the Corporate Executive

Committee as proposed by the Remuneration Committee. The remuneration of members of the Board of Directors, which may be paid in the form of blocked shares, is decided by the Board of Directors based upon a proposal of the Remuneration Committee within the range set by the Annual General Meeting.

### Remuneration Committee

The Remuneration Committee consists of three members of the Board of Directors, all of whom are independent from Galenica and are elected annually by the shareholder meeting. Daniela Bosshardt-Hengartner (Chair), Michel Burnier and Fritz Hirsbrunner were elected as members of the Remuneration Committee at the 2018 Annual General Meeting. The Remuneration Committee evaluates and approves principles and programmes for remuneration of the Galenica Group, and assesses criteria and the level achievements reached by the CEO and the members of the Corporate Executive Committee based on the targets set by the Board. The Remuneration Committee is responsible for deciding on the individual remuneration of the members of the Corporate Executive Committee, with the exception of the CEO, in consultation with the Chairman. In order to ensure its continued attractiveness as an employer, Galenica performs regular benchmarks of its remuneration levels against relevant peer markets. Generally, Galenica targets median levels representing competitive offers.

## Responsibility for the remuneration process

Level of authority	CEO	Chairman	Remuneration Committee	Board of Directors	Annual General Meeting
Remuneration of the Chairman			proposes	approves	approves maximum possible remuneration for the Board of Directors including the Chairman for the following year
Remuneration of the members of the Board			proposes	approves	
Remuneration of the CEO		recommends	proposes (in consultation with Chairman)	approves	approves maximum possible remuneration for the Corporate Executive Committee including the CEO for the following year
Remuneration of members of the Corporate Executive Committee	proposes (in consultation with Chairman)	recommends	approves (remuneration per member)	is informed, approves (total amount)	

The Chairman is invited to all meetings of the Remuneration Committee except those dealing with his own remuneration (right of attendance, no voting rights). The CEO is invited to attend discussions on a case-by-case basis.

Further details on the Remuneration Committee can be found in the Corporate Governance section (see page 52) as well as in the Remuneration Committee Charter, which can be found on the Galenica website (see related links on page 76).

## Remuneration components

In order to attract talented employees, reward performance, promote the loyalty of key talents and ensure their long-term engagement towards Galenica, Galenica offers competitive remuneration. The remuneration model is based on three components: a fixed base salary, a short-term bonus and long-term remuneration.

### Overview of remuneration components

Employee remuneration consists of a **fixed base salary**, which depends on the employee's position level, and a **bonus**. The bonus system allows members of the Corporate Executive Committee, Senior Management and Management to benefit from the profits of the Galenica Group. The achievement of personal targets is assessed after year-end and rewarded accordingly. The CEO, other members of the Corporate Executive Committee and certain members of Senior Management also receive additional **long-term remuneration (LTI)**. The purpose of this variable remuneration system is to ensure that all members of Senior Management and Management act and make decisions in such a way as to support the achievement of targets at all levels and thereby contribute to sustained positive results for the Group as a whole, as well as the company to which they

belong. This serves to harmonise the interests of shareholders with those of Galenica and its management. Through share participation, identification with the company is further strengthened.

The remuneration of members of the Corporate Executive Committee is strongly linked to the financial performance of the Group and to a lesser part to their individual performance and the performance of the share price. Exceptional results are recognised and rewarded.

The remuneration system rewards short-term success as well as long-term performance and sustainable value creation for customers and shareholders in a balanced way. In order to align the interests of members of the Corporate Executive Committee with the interests of shareholders, a part of the bonus (32%) and the long-term remuneration (LTI) is awarded in shares of Galenica. In addition, after a period of five years, each member of the Corporate Executive Committee is required to hold shares of Galenica equal in value to at least 75% of their fixed annual base salary and target bonus.

The weighting of the individual remuneration components depends on an employee's position level and in particular on their budget responsibility. The greater the employee's direct influence on the budget, the higher the weighting of the variable component of remuneration. When defining the weighting, setting targets and measuring their achievement, the responsible body (Remuneration Committee or Board of Directors) is always permitted a degree of discretion in the application of the criteria mentioned in this report, even if this is not specifically mentioned in individual cases.

### Overview of remuneration components



**Fixed base salary**



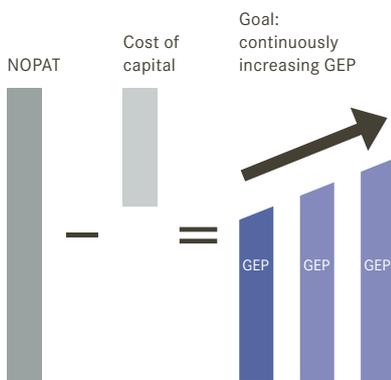
**Bonus**  
(Short-term Incentive Programme, STI)



**Long-term remuneration**  
(Long-term Incentive Programme, LTI)

### Relevant parameter: Galenica economic profit (GEP)

GEP: Net operating profit (NOPAT) minus weighted average cost of capital over the average invested capital



Variable remuneration consists of the bonus and the long-term remuneration (LTI) paid out to members of the Corporate Executive Committee and eligible members of Senior Management. However, the annual bonus and long-term remuneration (LTI) represent two independent elements and are calculated and weighted separately.

Independent of their remuneration and under the terms of the share acquisition plan for employees, every year employees are entitled to acquire a certain number of blocked shares of Galenica, which is specified in company regulations, at a reduced price; these are known as employee shares (blocked for three years; more information in the Notes to the consolidated financial statements 2018 on page 124 and in the Human Resources section on page 43).

Finally, all employees receive employer's contributions to pension funds.

#### Galenica economic profit (GEP)

The bonus and long-term remuneration (LTI) depend primarily on the achievement of the specified financial targets of the Galenica Group. An increase in the Galenica economic profit (GEP) is used as the metric. The GEP is a measure designed to reflect the principles of value-based management derived from an economic value added (EVA) approach. It is based on the understanding that in the interests of shareholders and other important stakeholder groups, Galenica will strive to achieve a long-term investment return which exceeds the weighted average cost of capital. It is calculated as the net operating profit (before interest and after depreciation, amortisation and tax) less the weighted average cost of capital (WACC) over the average invested capital. The extent to which the GEP increase, or the target

for return on invested capital (ROIC) (for the LTI plans prior to 2018), is achieved has a 75% impact on the bonus and a 100% impact on the number of shares allocated under the long-term incentive (LTI) plan. Personal targets may therefore account for a maximum of 12.5% of the variable remuneration (or 25% of the bonus) of the CEO or the other members of the Corporate Executive Committee. In 2018, it accounted for 6.6% on average for the members of the Corporate Executive Committee (excluding the CEO). Therefore, poor performance inevitably has a negative impact on the total remuneration (fewer shares, with each of them potentially having a lower value). However, the remuneration system does not include any particular malus provisions.



#### Annual base salary (fixed)

The annual base salary is the fixed compensation reflecting the scope and key areas of responsibility of the function, the skills required to fulfil the function and the individual experience and competencies of the respective manager. The base salary is determined according to the typical market practice (external benchmark) and the Group internal salary structure. A base salary at median of the benchmark is considered competitive and thus suitable to reward the expected level of skills and competencies. The base salary is typically reviewed annually based on market salary trends, the company's ability to pay based on its financial performance and the evolving experience of the manager in the function. The annual base salary is paid out in cash on a monthly basis.



### Short-term Incentive Programme (STI or bonus, variable)

The annual bonus aims at rewarding the achievement of the financial results and recognises individual contributions to the company's performance over a business year. The target bonus is expressed as a percentage of the annual base salary and varies depending on the level of the function in the organisation and on the impact of the function on the overall business result.

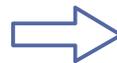
At the beginning of the calculation period, the target bonus is defined, i.e. the amount paid out if the targets for all bonus components are reached 100% (target bonus), whereby the achievement of financial objectives of the Group is weighted 75% and individual objectives 25%. This is normally set individually on an annual basis as an absolute amount together with the relevant fixed salary for the next year.

For both financial and individual objectives, a target, a threshold and a payment curve are defined against which the results are assessed. The total bonus is capped and has an upper limit of 200% of the target bonus.

Upon approval of the annual results by the Board of Directors, the GEP attainment level of the Group is calculated as a percentage. The achievement of financial and individual objectives is assessed by the Remuneration Committee for the CEO and submitted to the Board of Directors for approval. The attainment of these objectives of the other members of the Corporate Executive Committee is assessed by the CEO and, in consultation with the Chairman, submitted to the Remuneration Committee for approval.

The payment of the bonus is made in the subsequent year after the publication of the full-year results. The CEO, the other members of the Corporate Executive Committee and Senior Management are required to draw up to 32% of the

bonus in shares of Galenica; the rest is paid out in cash. A discount of currently 25% on the average stock market price for the month of January in the year in which the bonus is paid is granted as the shares remain blocked for five years.



### Long-term Incentive Programme (long-term remuneration, LTI, variable)

The objective of the variable long-term remuneration is to promote the strategy of the Galenica Group. The Long-term Incentive Programme (LTI) is designed to motivate eligible managers to ensure that their actions and decisions promote the achievement of the medium- and long-term value-based targets across all levels. With this instrument Galenica also seeks to harmonise the interests of management and the Group with the interests of its shareholders, and to sustainably create value for customers and its shareholders over the long term. In addition, the LTI Programme aims to strengthen the loyalty of its managers to Galenica, identification with the company and to motivate its key talents to stay with the company. Under the LTI Programme, the short-term bonus is supplemented by variable, long-term remuneration in the form of a share plan. The GEP target for the long-term remuneration (LTI) is defined for a three-year period.

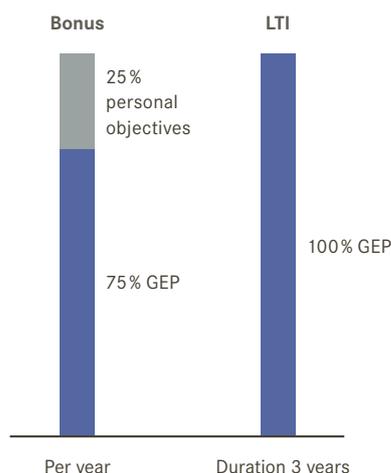
The CEO, members of the Corporate Executive Committee and selected members of Senior Management participate in the LTI Programme.

The factors exerting a significant influence on the value of the LTI are the operating performance of the Galenica Group and the share price performance of Galenica shares. The LTI Programme is based on performance units which are granted to participants after the release of the results of the preceding year and which convert into shares of

## Remuneration elements

	Fixed base salary	Bonus (short-term)	LTI (long-term)
Member of the Board of Directors	yes	no	no
CEO and members of the Corporate Executive Committee	yes	yes	yes
Member of Senior Management (MDI)	yes	yes	yes (partly)

### Influence on variable remuneration of the GEP increase



Galenica subject to the attainment of a performance target defined by the Remuneration Committee over a three-year period. Performance units are virtual; no real units are issued. The number of performance units allocated at the beginning of the plan period depends on a defined percentage of the annual base salary as well as the average share price during the final month prior to the allocation, i.e. February. The performance target for each three-year LTI plan is defined by the Remuneration Committee by setting a target GEP increase reflecting the risk-appropriate return requirements of its shareholders over the plan period. The number of performance units initially allocated increases or decreases depending on the proportion of the achievement of the GEP target set at the end of the three-year plan period. Upon completion of the three-year plan period, such performance units are transformed into a corresponding number of shares of Galenica. Accordingly, the main factor influencing the transformation of performance units into Galenica shares is the operating performance of the Galenica Group over the respective three-year period. A linear interpolation is applied between the threshold of the GEP at the time of the allocation of the performance units and a maximum target attainment of 200% (cap). At the beginning of each financial year, a new LTI plan with a new three-year target and assessment period is issued.

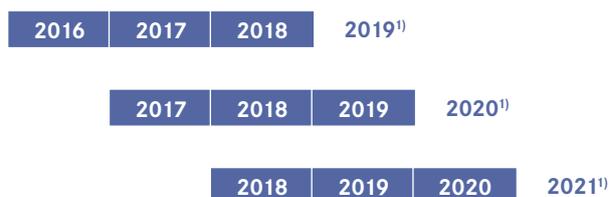
As a rule, the three-year assessment period must be complete in order for employees to be eligible for a payment of shares. If the employment relationship is terminated during a current assessment period prior to publication, an LTI payment of 80% of the pro-rata target entitlement for the current cycle will be made. Where the period has been concluded but the results have not yet been published, the entitlement will be calculated and paid out after the annual results have been published.

In order to create a comparable basis for the prospective shareholder vote on the maximum remuneration of members of the Board of Directors and the Corporate Executive Committee, remuneration paid or attributed in 2018 is presented on the same basis perspective of cost to the company. Accordingly, shares of Galenica distributed as part of the remuneration are shown at market value at the date of allocation. The added value of the 25% discount granted for tax purposes in relation with the blocking period of five years is offset (see tables on pages 73 and 75).

### Pensions and other employee benefits

Employee benefit plans consist mainly of retirement plans and insurance plans that are designed to protect the employees against the risks disability and death. The CEO and the members of the Corporate Executive Committee are covered by the pension scheme applicable to all employees. The pension solution of Galenica exceeds the legal requirements of the Swiss Federal Law on Occupational Pension Schemes (BVG) and is in line with what is being offered by other listed companies of comparable size.

### LTI three-year programme



<sup>1)</sup> Transformation of performance share units into number of shares and allocation of shares

Except for the expense allowance and the right to use a company car in line with the car policy applicable to all managers, the CEO and the members of the Corporate Executive Committee do not receive any particular additional benefits. The monetary value of the allowance – where related to salary, i.e. company cars – is disclosed at fair value in the remuneration table.

The members of the Board of Directors do not participate in the employee benefit plans. The only exception is Jörg Kneubühler, who as former CEO is still insured with the pension fund. However, Galenica does not pay any pension fund contributions for him.

In comparison to 2017, the remuneration amounts for the Board of Directors have not changed in 2018.

## Remuneration of the Board of Directors 2018

### Remuneration of members of the Board of Directors

The remuneration of members of the Board of Directors is independent of the performance of the company and comprises a **fixed salary** depending on their function assumed in the Board of Directors and its committees, either as a member or chairperson of a committee. Such remuneration may be drawn fully or half in shares of Galenica blocked for five years. In addition, after a period of two years, each member of the Board is required to hold shares of Galenica equal in value to at least one annual salary which remain blocked during their mandate. Remuneration settled in the form of shares of Galenica was paid at the average price for the month of December 2018, i.e. CHF 44.90 per share.

### Remuneration amounts of the Board of Directors (in thousand CHF, per year)

Chairman	490
Board member	110
Committee chair	30
Committee member	10

## Remuneration of the members of the Board of Directors in 2018

in thousand CHF	Fee				Number of shares	
	Fee in cash	Equivalent in shares	Other remuneration <sup>1)</sup>	Total	Held as at 31.12.2018 <sup>2)</sup>	Allocated for 2018
Jörg Kneubühler, Chairman	245	326	30 <sup>3)</sup>	601	29,250	7,270
Daniela Bosshardt-Hengartner	–	213	11	224	3,074	4,748
Michel Burnier	60	80	6	146	2,459	1,780
Fritz Hirsbrunner	–	173	6	179	3,299	3,858
Bertrand Jungo	40	53	5	98	–	1,187
Philippe Nussbaumer	–	160	8	168	4,044	3,561
Andreas Walde	–	187	9	196	2,869	4,154
<b>Remuneration of the members of the Board of Directors<sup>4)</sup></b>	<b>345</b>	<b>1,192</b>	<b>75</b>	<b>1,612</b>	<b>44,995</b>	<b>26,558</b>
<i>Maximum amount according to GM resolution</i>				<i>1,650</i>		

<sup>1)</sup> Other remuneration corresponds to the social security costs due from the member of the Board of Directors but paid by Galenica. The employer's contributions to social security costs for 2018 amounted to CHF 75,000

<sup>2)</sup> Shares held by related parties of members of the Board of Directors are included in the declaration of the totals disclosed above

<sup>3)</sup> The employer's contributions to the pension fund as well as the employee's contributions were paid by Jörg Kneubühler

<sup>4)</sup> See from page 52 of the Corporate Governance section for roles and membership of committees

## Remuneration of the Corporate Executive Committee 2018

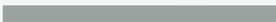
### Remuneration of the CEO and the members of the Corporate Executive Committee

The CEO and the members of the Corporate Executive Committee receive a **fixed base salary**, a **short-term bonus** and **long-term remuneration (LTI)**; see page 69 for remuneration components). Customary benefits, such as contributions to pension funds and social security costs, are also provided. The ratio between annual base salary and variable elements for the Corporate Executive Committee is defined in the Articles of Association of Galenica. The aggregate of the maximum possible variable elements irrespective of the effective payout is limited to 300% of the base salary of the CEO and to 250% of the base salary of each of the members of the Corporate Executive Committee. Thereof, the short-term bonus must not exceed 200% of the base salary of the CEO and 150% of the salary of each member of the Corporate Executive Committee.

The bonus payment for the business year 2018 has been calculated based on a target achievement of 131.2% of the objectives, i.e. 59.6% of the maximum possible bonus for the year. For the LTI plan 2018–2020, the allocation of performance units has been defined on the basis of the average share price from February 2018 and the GEP target defined by the Remuneration Committee. The target achievement of the LTI plan 2016–2018 due in 2019 was 117.3%.

### Level of target achievement 2017 und 2018

#### Level of target achievement for bonus (STI, one-year basis)

2017		118.8%
2018		131.2%

#### Level of target achievement for LTI (three-year basis)

2015–2017		158.9%
2016–2018		117.3%

In 2018, Jean-Claude Cléménçon, CEO, was the member of the Corporate Executive Committee with the highest remuneration. For the CEO, the target bonus (STI) is 50% of the annual base salary. For the other members of the Corporate Executive Committee, the target bonus (STI) is between 40% and 45%. These figures are unchanged compared to 2017. Further information on the bonus can be found on page 71 of the Remuneration Report. The LTI target for the CEO is 50% of the annual base salary. For the other members of the Corporate Executive Committee, the LTI target is between 25% and 35%. These figures are unchanged compared to 2017. Further information on the LTI can be found on page 71 of the Remuneration Report.

## Remuneration of the members of the Corporate Executive Committee in 2018

in thousand CHF	Total	of which Jean-Claude Cléménçon, CEO
Base salary	1,795	450
Bonus in cash (STI)	745	225
Bonus in shares (STI)	424	122
Long-term Incentive Programme <sup>1)</sup>	579	217
Contributions to pension funds	291	80
Other remuneration <sup>2)</sup>	36	11
<b>Remuneration received</b>	<b>3,870</b>	<b>1,105</b>
Social security costs	278	77
<b>Remuneration of the members of the Corporate Executive Committee</b>	<b>4,148</b>	<b>1,182</b>
<i>Maximum amount according to GM resolution</i>	<i>5,800</i>	

<sup>1)</sup> The performance units falling due after three years are included with the fair value at grant based on the estimated target achievement (IFRS 2).

The total remuneration of the LTI Programme 2018–2020 for the Corporate Executive Committee amounts to CHF 579,000, whereof CHF 217,000 is related to Jean-Claude Cléménçon

<sup>2)</sup> Including private utilisation of company car

## Other remuneration

### Employment contracts

The CEO and the members of the Corporate Executive Committee are employed under employment contracts of unlimited duration and are subject to a notice period of a maximum of 12 months. They are not entitled to any severance packages, or termination payments or change-of-control payments. With regard to clawback, the statutory claims for repayment apply (see Art. 678 (2) of the Swiss Code of Obligations, CO).

### Options

Neither the members of the Board of Directors nor the members of the Corporate Executive Committee hold tradable options.

### Loans and credits

Galenica did not grant any loans or credits to members of the Board of Directors, members of the Corporate Executive Committee or related persons in 2018.

### Former members of the Board of Directors and the Corporate Executive Committee

Galenica did not pay any remuneration to former members of the Board of Directors or the Corporate Executive Committee in 2018.

## Developments and outlook

In 2018, the Board of Directors was enlarged from six to seven members due to the election of Bertrand Jungo. In addition, a Strategy Committee was established and remunerated as an additional committee. Nevertheless, the maximum total amount approved for 2018 by the Extraordinary General Meeting on 10 March 2017, namely CHF 1.65 million, was maintained. The remuneration granted to members of the Corporate Executive Committee for financial year 2018 was also in line with the maximum total amount of CHF 5.8 million approved by the Extraordinary General Meeting on 10 March 2017. A comparison of the levels of target achievement in 2018 with the previous year is shown in the table on page 74.

At the Annual General Meeting on 2 May 2019, the maximum remuneration for the members of the Board of Directors and the members of the Corporate Executive Committee pursuant to Article 22 of the Articles of Association of Galenica will be submitted to the shareholders for approval for financial year 2020 following the Annual General Meeting. This in turn sets an upper limit for the maximum possible remuneration taking into account all variable elements such as the bonus and the LTI Programme (with blocked shares and performance units valued at the grant date). The effective payout for 2018 is much lower than the maximum

## Shareholdings and rights to performance share units of members of the Corporate Executive Committee (2018)

	Number of shares held as at 31.12.2018 <sup>1)</sup>	Long-term Incentive Programme (LTI) Performance share units (PSU) <sup>2)</sup>			
		PSU granted in 2018 (potential vesting at 31.12.2020) <sup>3)</sup>	PSU granted in 2017 (potential vesting at 31.12.2019) <sup>3)</sup>	PSU granted in 2016 (potential vesting at 31.12.2018) <sup>3)</sup>	PSU pending
Jean-Claude Cléménçon	7,944	4,821	4,739	2,450	12,010
Felix Burkhard	15,807	2,925	2,913	1,910	7,748
Christoph Amstutz	3,356	1,661	1,635	868	4,164
Torvald de Coverly Veale	3,542	1,928	1,898	1,012	4,838
Daniele Madonna	1,849	1,529	1,212	385	3,126

<sup>1)</sup> Shares held by related parties of members of the Corporate Executive Committee are also included in the totals disclosed above

<sup>2)</sup> Each performance share unit transforms at vesting into one share

<sup>3)</sup> The shares corresponding to the PSU are transferred to the beneficiaries in the subsequent year

For better comparability, the number of performance share units is shown already when granted and not only at vesting after the three-year plan period expires. Included in the table above is the expected number of performance share units that will – based on the current assessment of target achievement – ultimately vest.

possible remuneration for 2018. The remuneration of the CEO in 2018 amounted to 77% of the maximum possible remuneration. The remuneration of the members of the Corporate Executive Committee for 2018 in aggregate reached 72% of the maximum possible remuneration.

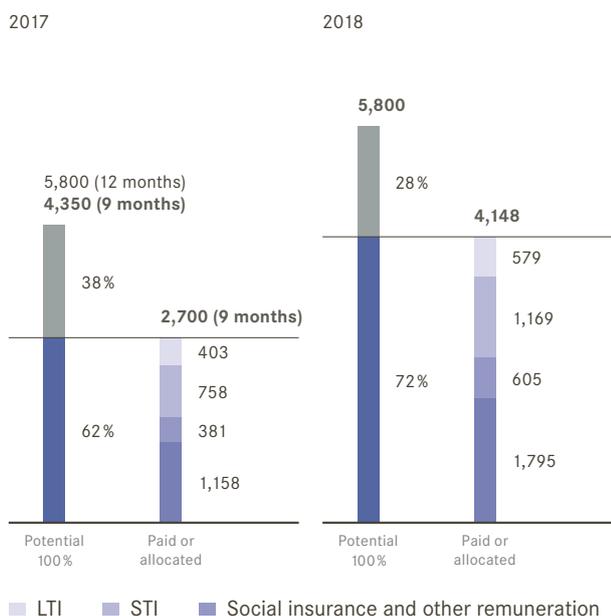
**Related links**

[www.galenica.com](http://www.galenica.com)

- **Articles of Association Galenica Ltd., Art. 21 (Remuneration Committee):** Publications / Downloadcenter / Corporate Governance
- **Articles of Association Galenica Ltd., Art. 22 (Remuneration):** Publications / Downloadcenter / Corporate Governance
- **Remuneration committee charter:** About Galenica / Organisation / Board of Directors

**Remuneration of all the members of the Corporate Executive Committee**

in thousand CHF



**Highest remuneration in the Corporate Executive Committee**

CEO Galenica Group

in thousand CHF



## Previous-year figures 2017

## Remuneration of the members of the Board of Directors in 2017 (9 months, from IPO in April 2017)

in thousand CHF	Fee				Number of shares	
	Fee in cash	Equivalent in shares	Other remuneration <sup>1)</sup>	Total	Held as at 31.12.2017 <sup>2)</sup>	Allocated for 2017
Jörg Kneubühler, Chairman	184	245	23	452	19,152	5,020
Daniela Bosshardt-Hengartner	–	150	8	158	–	3,074
Michel Burnier	–	120	5	125	–	2,459
Fritz Hirsbrunner	–	130	4	134	635	2,664
Philippe Nussbaumer	–	110	6	116	1,695	2,254
Andreas Walde	–	140	7	147	–	2,869
<b>Remuneration of the members of the Board of Directors</b>	<b>184</b>	<b>895</b>	<b>53</b>	<b>1,132</b>	<b>21,482</b>	<b>18,340</b>

<sup>1)</sup> Other remuneration corresponds to the social security costs due from the member of the Board of Directors but paid by Galenica as well as the employer's contribution to the pension funds. The employer's contributions to social security costs for 2017 amounted to CHF 53,000

<sup>2)</sup> Shares held by related parties of members of the Board of Directors are included in the declaration of the totals disclosed above

Remuneration of the members of the Corporate Executive Committee in 2017<sup>1)</sup> (9 months, from IPO in April 2017)

in thousand CHF	Total	of which Jean-Claude Cléménçon
Base salary	1,158	337
Bonus in cash	497	187
Bonus in shares	261	86
Long-term Incentive Programme <sup>2)</sup>	403	159
Contributions to pension funds	181	57
Other remuneration <sup>3)</sup>	20	9
<b>Remuneration received</b>	<b>2,520</b>	<b>835</b>
Social security costs	180	58
<b>Remuneration of the members of the Corporate Executive Committee</b>	<b>2,700</b>	<b>893</b>

<sup>1)</sup> Including remuneration of Daniele Madonna, Head of Retail Business sector, from 1 December 2017

<sup>2)</sup> The performance units falling due after three years are included with the fair value at grant based on the estimated target achievement (IFRS 2).

The LTI Programme 2017–2019 was granted in PSU Vifor Pharma on 1 January 2017 and was converted to PSU Galenica due to the IPO. The total remuneration of the LTI Programme 2017–2019 for the Corporate Executive Committee amounts to CHF 537,000, whereof CHF 212,000 is related to Jean-Claude Cléménçon

<sup>3)</sup> Including private utilisation of company car

## Shareholdings and rights to performance share units of members of the Corporate Executive Committee (2017)

	Number of shares held as at 31.12.2017 <sup>1)</sup>	Long-term Incentive Programme (LTI) Performance share units (PSU) <sup>2)</sup>			PSU pending
		PSU granted in 2017 (potential vesting at 31.12.2019) <sup>3)</sup>	PSU granted in 2016 (potential vesting at 31.12.2018) <sup>3)</sup>	PSU granted in 2015 (potential vesting at 31.12.2017) <sup>3)</sup>	
Jean-Claude Cléménçon	80	4,739	2,089	5,635	12,463
Felix Burkhard	9,344	2,913	1,628	4,623	9,164
Daniele Madonna <sup>4)</sup>	1,396	1,212	329	–	1,541
Torvald de Coverly Veale	220	1,898	863	1,904	4,665
Christoph Amstutz	160	1,635	740	1,917	4,292

<sup>1)</sup> Shares held by related parties of members of the Corporate Executive Committee are also included in the totals disclosed above

<sup>2)</sup> Each performance share unit transforms at vesting into one share

<sup>3)</sup> The shares corresponding to the PSU are transferred to the beneficiaries in the subsequent year

<sup>4)</sup> Head Retail Business sector and member of the Corporate Executive Committee since 1 December 2017

For better comparability, the number of performance share units is shown already when granted and not only at vesting after the three-year plan period expires. Included in the table above is the expected number of performance share units that will – based on the current assessment of target achievement – ultimately vest.

## Remuneration Report



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To the General Meeting of  
 Galenica Ltd., Berne

Berne, 5 March 2019

## Report of the statutory auditor on the remuneration report

We have audited the remuneration report of Galenica Ltd. for the year ended 31 December 2018. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained on pages 73 to 77 of the remuneration report.



### Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.



### Auditor's responsibility

Our responsibility is to express an opinion on the remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### Opinion

In our opinion, the remuneration report for the year ended 31 December 2018 of Galenica Ltd. complies with Swiss law and articles 14–16 of the Ordinance.

Ernst & Young Ltd

Roland Ruprecht  
 Licensed audit expert  
 (Auditor in charge)

Jan Meyer  
 Licensed audit expert

