

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) and 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 68).

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. 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 2020 on page 141. The addresses of the main Group companies are listed on pages 156 and 157. 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 67).

Shareholders

On 31 December 2020, Galenica had 15,813 shareholders, six 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) Ltd., Basel, Switzerland, with 2,671,158 shares
- BlackRock, Inc., New York, USA, with 1,408,808 shares
- Alecta Pensionsförsäkring, Ömsesidigt, Stockholm, Sweden, with 2,000,000 shares
- Credit Suisse Funds Ltd., Zurich, Switzerland, with 1,626,752 shares
- Rudolf Maag, Binningen, Switzerland, with 1,500,000 shares
- Norges Bank (Central Bank of Norway), Oslo, Norway with 1,515,199 shares

No other shareholder disclosed exceeding the 3% threshold of shares.

The transactions disclosed to the Stock Exchange Disclosure Office pursuant to Art. 120 of the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FMIA) can be viewed on the Disclosure Office website of the SIX Swiss Exchange (see related links on page 67).

As of 31 December 2020, the pension fund of the Galenica Group was registered with 0.39%.

Cross shareholdings

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

Structure of the share capital

Share capital

On 31 December 2020, 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 2020, 49,498,560 shares were outstanding (not including treasury shares). The market capitalisation amounted to CHF 2,920.4 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 2 May 2021 by issuing no more than 5,000,000 fully paid shares.

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 2020, Galenica had no conditional capital.

Changes in the capital

Information about changes in the share capital, reserves and distributable profit can be found on page 152 of the Financial statements 2020.

Participation and dividend certificates

Galenica has no participation or dividend certificates.

Registration of shareholders

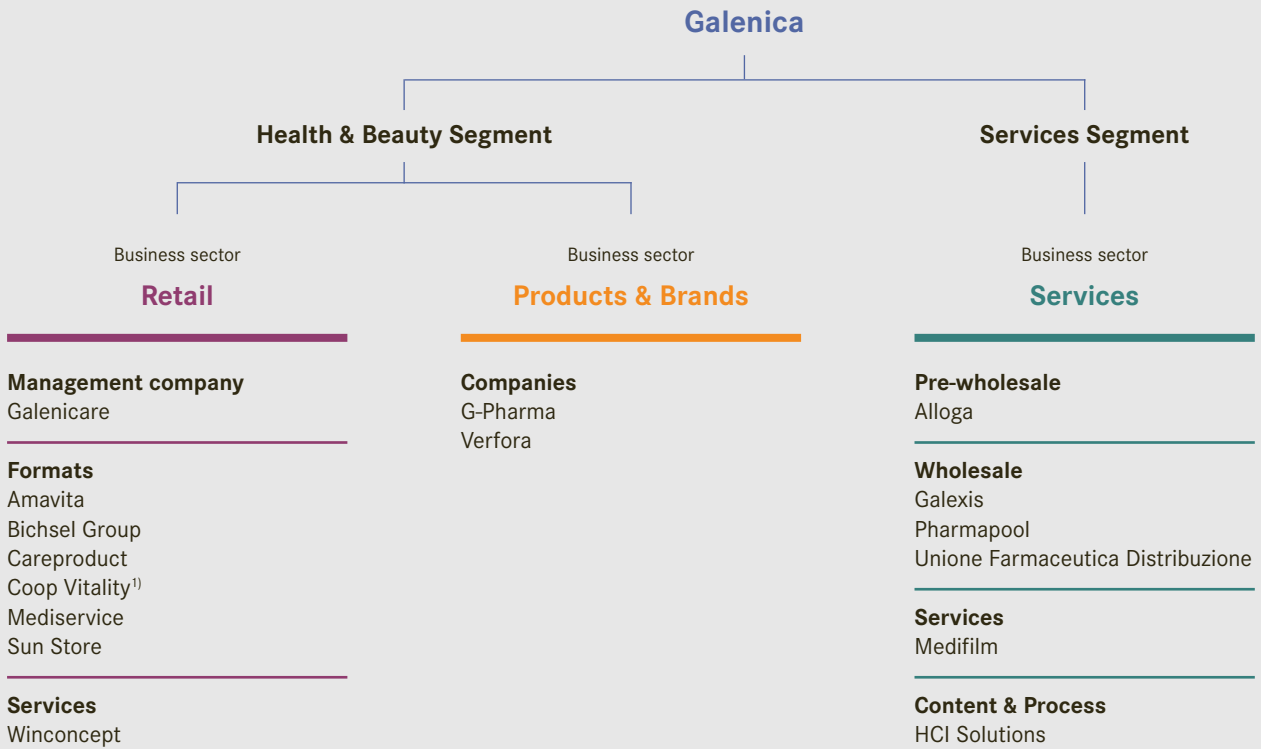
Buyers of shares are entered in the shareholders' register upon request as shareholders with voting rights if they declare explicitly that they have acquired the shares in their own name and for their own account.

Registration and voting rights

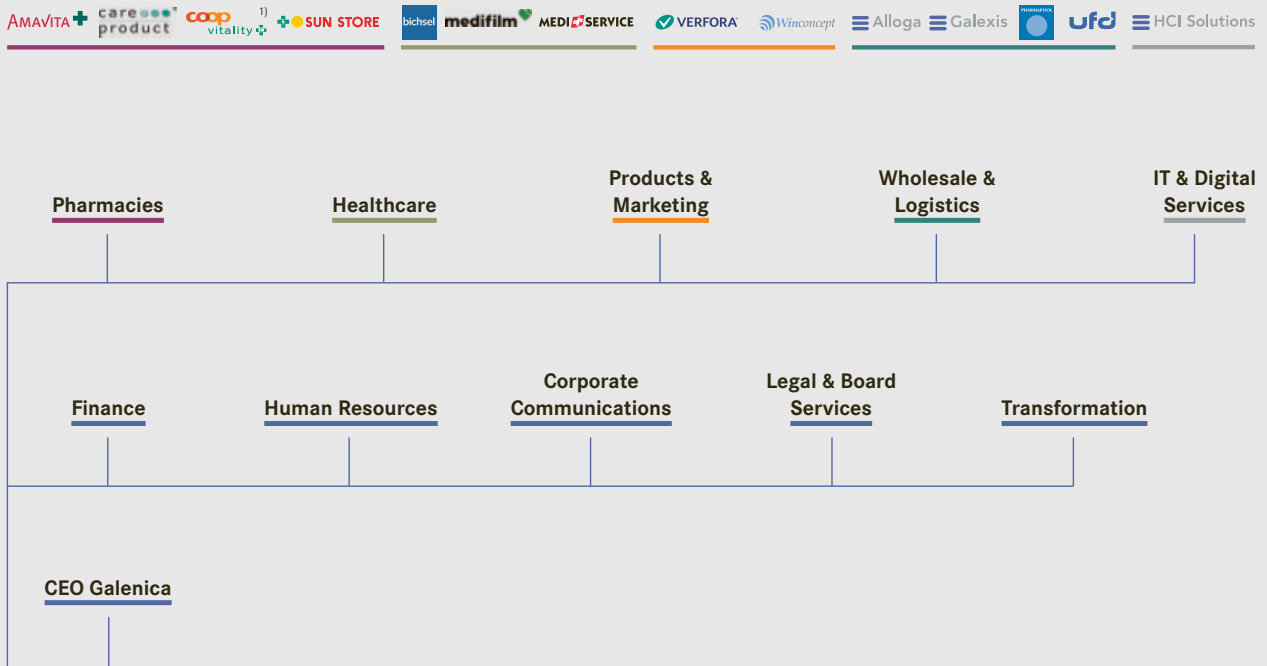
Each registered share entitles the holder to one vote at the Annual General Meeting. Pursuant to Art. 13 of the Articles of Association, voting rights at Galenica are restricted to 5% of the share capital.

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, are treated as one single entity.

Structure of the Galenica Group until 31.12.2020



Structure of the Galenica Group as of 1.1.2021



¹⁾ Joint venture with Coop

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. For the Board of Directors, sustainability is of central importance (on sustainability, see also the feature starting on page 34). 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 Code of Obligations (in particular Art. 716a CO), the company's Articles of Association and its Organisational Regulations (see related links on page 67). 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 2020. Pascale Bruderer was elected to the Board of Directors at the Annual General Meeting 2020. Fritz Hirsbrunner did not stand for re-election as a member of the Board of Directors at the General Meeting on 19 May 2020.

Continued on page 57 ►

Committees of the Board of Directors and their chairs and members 2020

	Name	Member since	Independent	Remuneration Committee	Audit and Risk Committee	Strategy Committee	Governance and Nomination Committee
Board of Directors	Daniela Bosshardt Chairwoman	2017	Yes			Member	Chairwoman
	Bertrand Jungo Vice-Chairman	2018	Yes		Member	Chairman	Member
	Pascale Bruderer	2020	Yes	Member			
	Michel Burnier	2017	Yes				Member
	Markus R. Neuhaus	2019	Yes	Member	Chairman	Member	Member
	Philippe Nussbaumer	2017	Yes			Member	
	Andreas Walde	2017	Yes	Chairman	Member		
Number of meetings 2020	8			3	7	7	7
Honorary Chairman	Etienne Jornod						
General Secretary	Markus Dill (until 31.7.2020)						
General Secretary	Barbara Wälchli (as of 1.8.2020)						

Members of the Board of Directors



Daniela Bosshardt, Chairwoman of the Board of Directors, 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 Reprisk Ltd.
- Former Board mandates at Vifor Pharma Ltd. (2008–2019), investiere.ch Verve Capital Partners Ltd. (2017–2019) and Nobel Biocare Ltd. (2010–2014)



Bertrand Jungo, Vice-Chairman of the Board of Directors, 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 Ltd. from 2017 to 2019; from 2020, member of the Board of Directors
- Member of the Advisory Board of Neoperl Ltd.
- Member of the Advisory Board of the International Retail Summit (IRS) of the Gottlieb Duttweiler Institute (GDI)



Pascale Bruderer, elected since 2020

- Born 1977, Swiss citizen
- Masters in political science
- Member of the National Council from 2002 to 2011
- Member of the Council of States from 2011 to 2019
- Former member of the Social Security and Health Committee
- Former president of the umbrella organisation for disabled people, Inclusion Handicap
- Former managing director of Krebsliga Aargau
- Member of the Board of Directors of Bernexpo AG and TX Group
- Co-owner and member of the Executive Board of Crosssociety AG



Prof. Hon. Dr. Michel Burnier, elected since 2017

- Born 1953, Swiss citizen
- Swiss-registered Doctor of Internal Medicine and Nephrology
- Honorary professor, University of Lausanne, Faculty of Biology and Medicine
- Member of the Swiss Society of Nephrology (former President), European Society of Hypertension (former council member and Treasurer) and Swiss Society of Hypertension (former President)
- 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. from 2007 to 2009
- Member of the Board of Directors of Vifor Pharma Ltd.



Dr. Markus R. Neuhaus, elected since 2019

- Born 1958, Swiss citizen
- Dr. iur., certified tax expert
- Various roles at PwC from 1985, including CEO of PwC Switzerland from 2003 to 2012, member of PwC's Global Board from 2005 to 2007, member of the PwC Network Executive Team from 2010 to 2013, member of PwC's Office of the Global Chairman from 2013 to 2016 and Chairman of PwC Switzerland from 2012 to 2019
- Various other functions, including Vice Chairman of the Zurich Chamber of Commerce, Vice Chairman of Avenir Suisse and Chairman of the Finance and Tax Commission of Economiesuisse
- Member of the Board of Directors of Barry Callebaut AG (Vice Chairman), Baloise Holding AG, Orior AG (Vice Chairman) and Jacobs Holding AG



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 Bugnenets
- Owner and president of the Pharmacie Centrale and the Pharmacie de la Gare in La Chaux-de-Fonds
- Since 2007: Founder, owner and president of Ecopharma SA in La Chaux-de-Fonds
- Since 2012: Member of the Board of Directors of Veripharm Ltd.
- Since 2014: Founder and member of the Board of Directors of the Medi-Centre Ltd. medical centre in La Chaux-de-Fonds

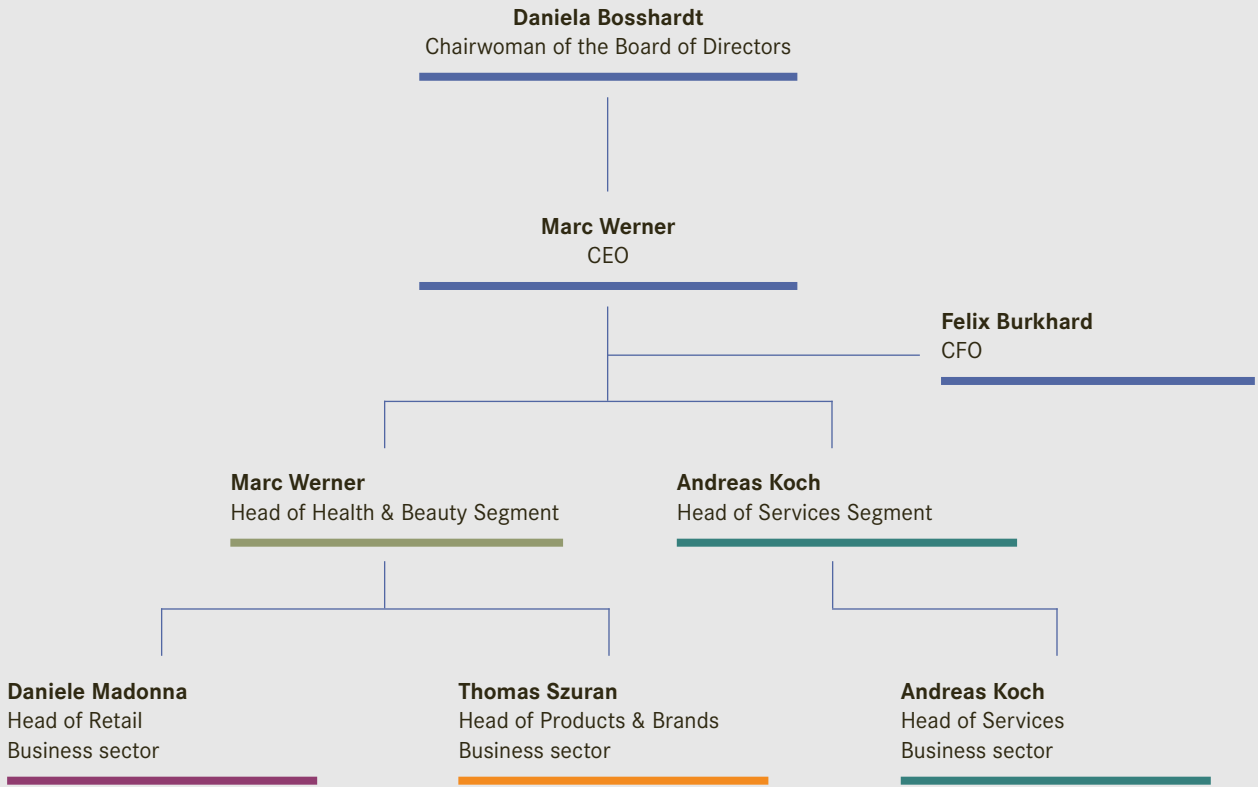


Dr. Andreas Walde, elected since 2017

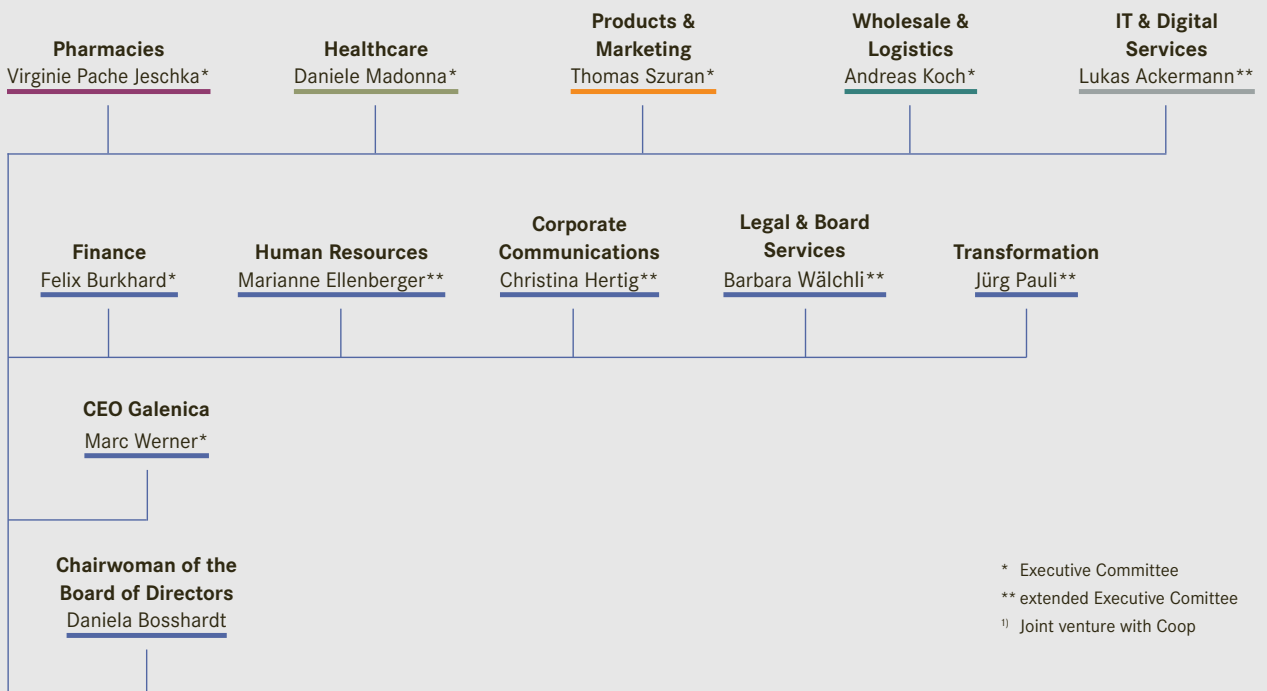
- Born 1962, Swiss citizen
- Attorney-at-law and doctorate in law, University of Basel
- Various legal and management positions in the chemical and pharmaceutical industry for more than 30 years with specialisation in financial and corporate structures, M&A, risk management, compliance and corporate 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., former Galenica Group, since 2013
- Former member of the Board of Swiss-Holdings and member of the Board of Scienceindustries
- Former (Board) mandates for several private and (non-Swiss) listed companies as well as former member of the Board of the Society of Swiss Enterprises in Germany

Leadership organisation until 31.12.2020

Status: December 2020



Leadership organisation as of 1.1.2021



* Executive Committee
 ** extended Executive Committee
 1) Joint venture with Coop

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 Pascale Bruderer strengthened expertise in health-care policy, home care and digitalisation. The Board of Directors will continue to focus actively on the issue of succession planning and its composition. Attention will be paid in particular to diversity and complementarity in this regard. New members of the Board of Directors are introduced to their responsibilities and gain an overview of the current challenges for the Group and Business sectors at a one-day event. In 2020, an assessment was carried out with external support (Thomas Hammer, Board Consulting). The Board of Directors is a well-constituted team of optimum size, with a range of experience, complementary expertise and a good combination of different personalities. The committees of the Board of Directors carried out a self-assessment in 2020.

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 legal entities and seven mandates in profit-oriented, non-listed legal entities. None of the members reached this limit in 2020.

None of the members of the Board of Directors was actively involved in Galenica or in any of the companies within the Group in the year under review. This has been the case for the previous three years, with the exception of Jörg Kneubühler, who announced his departure as Chairman of the Board of Directors at the General Meeting of shareholders on 2 May 2019. Based on the criteria of the Swiss Code of Best Practice for Corporate Governance, all members are therefore independent.

Duties of the Chairwoman of the Board of Directors

The Chairwoman is responsible for leading the Board of Directors and the ongoing optimisation of Group strategy. The duties of the Chairwoman 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 Galenica externally (the latter in agreement with the CEO). The Chairwoman monitors implementation of decisions taken by the Annual General Meeting and Board of Directors. She 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 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 Chairwoman 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 Chairwoman. She 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 Chairwoman call a meeting of the Board of Directors and that items be included on 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 2020, the Board of Directors held eight 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 65.

Committees

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

- Governance and Nomination Committee
- Remuneration Committee
- Audit and Risk Committee
- Strategy Committee

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 67).

Governance and Nomination Committee

The Governance and Nomination Committee comprises four members. This committee supports the Chairwoman 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 2020, the Governance and Nomination Committee held seven meetings. The members were Daniela Bosshardt (Chairwoman), Bertrand Jungo, Fritz Hirsbrunner (until 19 May 2020), Michel Burnier (since 19 May 2020) and Markus R. Neuhaus.

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 Chairwoman, 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 Chairwoman of the Board of Directors.

Members of the Corporate Executive Committee until 31.12.2020

Name	Member since	Role
Marc Werner	2020	CEO
Felix Burkhard	2017	CFO
Andreas Koch	2020	Head of Services Business sector
Daniele Madonna	2017	Head of Retail Business sector
Thomas Szuran	2019	Head of Products & Brands Business sector

Members of the Corporate Executive Committee as of 1.1.2021

Name	Member since	Role
Marc Werner	2020	CEO
Felix Burkhard	2017	CFO
Andreas Koch	2020	Head of Wholesale & Logistics
Daniele Madonna	2017	Chief Healthcare Officer
Virginie Pache Jeschka	2021	Chief Pharmacies Officer
Thomas Szuran	2019	Chief Products & Marketing Officer

For the regulations in the Articles of Association governing remuneration, see page 63 and the Remuneration report from page 68. The activities and focuses of the Remuneration Committee in the year under review are detailed in the Remuneration report (see page 70).

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 of 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 2020

In 2020, the Board of Directors held eight meetings, together with members of the Corporate Executive Committee. The Remuneration Committee met three times, the Audit and Risk Committee seven times and the Strategy Committee seven times. The Governance and Nomination Committee met seven 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 2020 was 97% and that of committee meetings was 98%.

Continued on page 62 ►

Members of the Executive Committee as of 1 January 2021



Marc Werner, CEO

- Born 1967, Swiss citizen
- Federal certified marketing director
- Various management training courses at the International Institute for Management Development (IMD) in Lausanne, London Business School and Harvard Business School
- 1990 to 1995: Head of Sales at Sinomec Ltd. (Zellweger Uster Ltd.)
- 1995 to 1996: Head of Product Management Photofinishing, Federation of Migros Co-operatives
- 1997 to 2000: Head of Marketing and Sales at Minolta (Switzerland) Ltd.
- 2000 to 2004: Head of Marketing & Sales at Bluewin Ltd.
- Joined the Swisscom Group in 2005 as Head of Marketing & Sales at Swisscom Ltd., Head of Service from 2012 to 2013, member of the Group Executive Board from 2013, Head of Private Customers until 2015 and Head of Sales & Services from 2016 to 2019
- Since 2020: CEO and member of the Corporate Executive Committee of the Galenica Group



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 Ltd. (Biel/Bienne)
- Joined the former Galenica Group in 1996 as Corporate Controller; Deputy Head of Retail Business sector from 2000; in addition, Head of the Amavita pharmacy chain from 2008; Head of Retail Business sector from 2010 to 2015; member of the Corporate Executive Committee of the Galenica Group since 2010; Head of Strategic Projects from 2015 to 2017
- CFO Galenica Group since 2017



Andreas Koch, Head of Wholesale & Logistics

- Born 1971, German and Swiss citizen
- Education as logistics manager
- Studied business administration at the University of Mannheim and graduated with a degree in business administration
- Program for Executive Development (PED) at IMD Lausanne
- 2000-2009: Consulting and management functions in the field of supply chain management at various consulting firms
- 2009-2015: Head of Supply Chain Management at Galexis and from 2011 also at Alloga - member of both executive committees
- 2015-2019: Head of Alloga
- Since 2019: Head of Galexis
- Since 2020: Head of Services Business sector and member of the Corporate Executive Committee of the Galenica Group



Daniele Madonna, Chief Healthcare Officer

- 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; CEO of Coop Vitality Ltd. in Bern from 2014 to 2017
- Since 2017: Head of Retail Business sector and member of the Corporate Executive Committee of the Galenica Group



Virginie Pache Jeschka, Chief Pharmacies Officer

- Born 1979, Swiss citizen
- Masters in political sciences – University of Lausanne and three semesters in Mainz (Germany)
- 2003 to 2006: Junior Marketing Manager at Danone Schweiz AG (mineral water) in Fribourg
- 2006 to 2010: Category Manager and Head of Sales at L'Oréal – Apothekenkosmetik Schweiz AG in Neuenhof
- 2010 to 2018: Head of Caudalie Suisse and Caudalie D-A-CH GmbH (and Poland ad interim) in Düsseldorf
- Since 2018: Head of Coop Vitality
- Since 2021: Chief Pharmacies Officer and member of the Corporate Executive Committee of the Galenica Group



Dr. Thomas Szuran, Chief Products & Marketing Officer

- Born 1967, Swiss citizen
- Dr. sc. nat. from the 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 Ltd. (Dübendorf) in 2008 as Marketing Director, and was CEO of Biomed Ltd. from 2011 to 2018
- Since 2012: Member of the Executive Board and, since 2013, President of the Association of the Swiss Self-Medication Industry (ASSGP)
- Since 2019: Head of Products & Brands Business sector and member of the Corporate Executive Committee of the Galenica Group

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 Chairwoman. Together with the Chairwoman, 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 Committee 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 first quarter of the current financial year, the annual financial statements for the previous year are prepared, and in the second quarter, an initial forecast "Last Estimate 1" for the current financial year is drawn up. The third quarter sees the preparation of the half-year financial statements, and the fourth quarter a second forecast "Last Estimate 2" together with the budget for the following year and medium-term planning for the next two years.

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 reached this limit in 2020.

Further information on the other duties of the Board of Directors, Chairwoman and Corporate Executive Committee can be found in the Organisational Regulations published on the Galenica website (see related links on page 67).

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 68.

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 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 67).

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 51 and 53 for further details.

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 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 no later than 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 20 days before the scheduled date of the meeting. Agenda items relating to financial year 2020 that are to be dealt with at the Annual General Meeting on 12 May 2021 must be submitted no later than 2 April 2021, and those for the Annual General Meeting on 11 May 2022 no later than 1 April 2022. 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 Wednesday 5 May 2021 for financial year 2020 and from Wednesday 4 May 2022 for financial year 2021. Shareholders entered in the shareholders' register by Tuesday 4 May 2021 and Tuesday 3 May 2022 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 13 April 2021, 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 Monday 10 May 2021 for the 2021 Annual General Meeting and by Monday 9 May 2022 for the 2022 Annual General Meeting.

Change of control and protective measures

The obligation to make a public offer pursuant to Art. 125 et seq. FinMIA 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, have been the Galenica Group's auditors since 2017. Roland Ruprecht, certified accountant, a partner at Ernst & Young, has been in charge of the audit since 2017. The fees paid to the Group's auditors Ernst & Young in 2020 for their audit of Galenica and companies within the Galenica Group totalled CHF 799,000.

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 63,000 for additional advice in audit matters.

In 2020, 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 4 March 2021.

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, 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 compliance training sessions were again held in 2020, including Group-wide competition law training. Galenica enforces a zero-tolerance approach to corruption and bribery on the part of employees, partners, suppliers and representatives of third parties. The Board of Directors determined the current status of the various compliance measures at a meeting in the year under review. The Code of Conduct of the Galenica Group is particularly important to the Board of Directors. It 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. The Galenica Group Code of Conduct and the Supplier Code of Conduct are published on the Galenica website (see related links on page 67).

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 2020 on pages 135 and 136.

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 SIX Swiss Exchange Directive. 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 publications are available on the Galenica website (see related links on page 67). 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 “Swiss Official Gazette of Commerce”.

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 67).

Contact persons and important publication dates

For shareholders

For shareholders in relation to Corporate Governance:
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For investors

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

For the media

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

Agenda 2021/2022

- Annual General Meeting 2021: 12 May 2021
- Half-year report 2021: 3 August 2021
- Annual report 2021: 8 March 2022
- Annual General Meeting 2022: 11 May 2022

Further important dates can be found on the Galenica website (see related links on page 67).

Brand management

Philosophy and implementation

Galenica – Health and wellbeing are at the heart of what we do.

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, and for reliability and continuity. There is a clear focus on the vision “Health and wellbeing are at the heart of what we do. They are the reason we give our best every day.” in the support line. Group Corporate Communications is responsible for implementing Galenica’s corporate brand communications.

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.

Company brands of the Group

Organisational basis

Since January 2021, the Galenica Group is structured in two segments: Products & Care and Logistics & IT. The Products & Care segment comprises the Service Units Pharmacies, Healthcare and Products & Marketing. The Logistics & IT segment consists of the Service Units Wholesale & Logistics and IT & Digital Services. The Group companies are assigned to the Service Units 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 vision that is communicated; at company level, it is the fact that the company is part of the Galenica Group that is signalled.

Many of the 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 as needed for new employees; the sessions are also open to existing 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 range offered by segment Logistics & IT 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 12.

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:** News / Published notifications / Significant shareholders
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