The 2020 reporting year confronted all Business sectors and in particular all employees with major challenges. Nevertheless, the employees of the Galenica Group rallied to face these challenges together and – with a great deal of passion and motivation – made the best out of the situation.
Overcoming challenges together

The 2020 reporting year was shaped by the coronavirus pandemic in the area of human resources as well. Many of the activities planned for 2020 had to be cancelled, held “remotely” (i.e. virtually) or postponed, such as seminars on the new human resources offering MOVE. Protection concepts had to be developed from the ground up and adapted to the current situation, especially for employees in the pharmacies and logistics. The pandemic also called for innovative solutions and increased flexibility on the part of employees and employers in the area of education and training.

The number of Galenica employees continued to grow in the year under review, mainly due to the expansion activities in the Health & Beauty segment. As of the end of 2020, Galenica employed 7,205 people. Given the increasing number of employees, efficiency is a key topic when it comes to HR processes. Following the harmonisation of the various HR and working time regulations, the HR departments devoted their efforts in 2020 to process innovation and the digitisation of the different HR processes. Alongside the digital application processes that have already been introduced and the electronically supported reviews and appraisals, the focus is now on rolling out the electronic personnel file and tapping into new channels and opportunities to recruit specialists.

Training and development

Employee development
Productive cooperation requires the regular exchange of knowledge between employees. Galenica has developed various instruments to encourage this dialogue. The existing personnel development and training offering was already revised in 2019. While the previous offering concentrated primarily on new managers, the focus of the new MOVE concept has been expanded to Group-wide continuous personnel development. In 2020, MOVE was rolled out in a scaled-back form as part of pilot events. Due to COVID-19, many pilot events had to be postponed or even cancelled completely. Wherever possible, the seminars were held “remotely” (i.e. virtually).

E-learning and events
Group-wide e-learning modules were rolled out in 2020 too, allowing all employees with a business e-mail account to access training on “Information security” and “Antitrust law”. Advanced modules on the topic of “Information security” are already planned for 2021.

New employees were again invited to an induction day (MOVE 1) in 2020 to give them a stronger sense of the culture, development and strategies of the Galenica Group and its companies. Given the special situation, these events could only be held in the summer on a reduced scale. 88 employees took part in the induction days in the year under review.
Investing in employees

The development of its employees is a top priority for Galenica, with special emphasis placed on structured training and development. CHF 3.3 million was invested in further training in 2020 (previous year: CHF 4.0 million).

Training in pharmacies

In addition to the offerings at Group level, the Retail Business sector in particular offers pharmacy employees specific further training modules, such as the CAS course “Management for Pharmacists” in cooperation with the University of Basel. 20 employees took part in the CAS course in 2020. The CAS course was revised in the year under review with respect to more practical application.

The Retail Business sector also covers the costs of the further training as “Specialist Pharmacist in Retail Pharmacy” (FPH in Retail Pharmacy) for its pharmacists. Due to the revision of the Federal Act on Medical Professions (MedBG), certified pharmacists have to complete this federal training course if they want to manage a pharmacy. Galenicare is committed to ensuring that as many pharmacists as possible from all formats complete this training. At the end of 2020, 130 employees were in the programme, which they will complete in 2021.

In light of the revision of MedBG, Galenicare has also developed the FPH certificate of competence in patient history in primary care as further training together with an external provider. This further training strengthens the skills of pharmacists in the area of primary care and qualifies them to diagnose minor ailments and dispense an appropriate prescription drug. In the year under review, 160 pharmacists had already obtained this certificate and 188 were completing training. However, their graduation will be delayed slightly since it was not possible to hold the required training courses due to the lockdown in spring 2020 and the restrictions in the second half of the year.

As of the end of 2020, 466 employees were in possession of the FPH certificate of competence in vaccinations, with another 83 in training.

In addition, the Retail Business sector offered a range of other educational programmes and training courses for its employees, including initial training attended by 50 people to prepare for the impending introduction of LOA V (service-based remuneration for pharmacists).

To strengthen the pharmacy offering in basic medical care, the focus was additionally placed on broad-based training on algorithms and software applications in primary care. The e-learning modules provided for this purpose were completed by 4,500 employees.

As of the end of 2020, an additional 200 pharmacists were receiving training for the rapid antigen tests in pharmacies approved by the government.
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 managers are made available to help develop the next generation of talented individuals, with each mentee being assigned a personal mentor, who supports them on their personal development journey.

Attracting employees
All Business sectors again relied increasingly on social media, particularly on Xing and Linkedin, to recruit new employees. Recruitment for pharmacies continues to encompass neighbouring countries; however, this has become more complex due to the revised Federal Act on Medical Professions (MedBG) and the requirement for pharmacists to have an FPH in Retail Pharmacy. Galenicare further strengthened its presence in Swiss universities to establish direct contact with pharmacy students and make them enthusiastic about a career as a pharmacist. The aim is to reach students while they are still studying and to encourage them to pursue a career up to manager of a Galenica Group pharmacy.

The recruitment of specialist staff continues to be a challenge in all Business sectors, which is why the Galenica Group is continually modernising its recruitment activities.

Training apprentices
Galenica is putting a lot of effort into training future specialists: in 2020, the Group companies trained 808 apprentices – 723 young women and 85 young men. Of these, 274 completed their apprenticeships, many with flying colours. Having qualified, 113 apprentices have since become Group employees. In 2020, due to the closure of vocational schools owing to COVID-19, only the practical component of the final apprenticeship exams went ahead.

Various communication platforms
Personal and direct exchanges between all employees from all language regions of Switzerland and a total of 81 nations 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. Information is provided on current topics in all areas of the company at events and, from the start of 2021, via the newly introduced G-Net (see page 44).

Additionally, a printed version of the employee magazine Spot is sent out twice a year to the homes of all current and retired employees, opening up the Galenica world to their partners and family members.

Headcount trends

<table>
<thead>
<tr>
<th></th>
<th>Number of employees</th>
<th>of which part-time employees &lt;90%</th>
<th>Full-time equivalents</th>
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<tbody>
<tr>
<td>Galenicare Ltd.</td>
<td>40</td>
<td>39</td>
<td>13</td>
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<tr>
<td>Retail</td>
<td>5,199</td>
<td>5,134</td>
<td>2,529</td>
</tr>
<tr>
<td>Products &amp; Brands</td>
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<td>140</td>
<td>66</td>
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<tr>
<td>Services</td>
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<td>1,758</td>
<td>431</td>
</tr>
<tr>
<td>Total</td>
<td>7,205</td>
<td>7,071</td>
<td>3,039</td>
</tr>
<tr>
<td>Total employees in %</td>
<td>42.2%</td>
<td>41.0%</td>
<td>42.2%</td>
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</table>

Number of managerial employees

<table>
<thead>
<tr>
<th></th>
<th>Total number of managerial employees</th>
<th>of which women</th>
<th>of which men</th>
</tr>
</thead>
<tbody>
<tr>
<td>Galenicare Ltd.</td>
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<td>6</td>
</tr>
<tr>
<td>Retail</td>
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<td>394</td>
<td>243</td>
</tr>
<tr>
<td>Products &amp; Brands</td>
<td>53</td>
<td>52</td>
<td>27</td>
</tr>
<tr>
<td>Services</td>
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<td>170</td>
<td>61</td>
</tr>
<tr>
<td>Total</td>
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<td>641</td>
<td>337</td>
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<tr>
<td>Total employees in %</td>
<td>9.0%</td>
<td>9.1%</td>
<td>4.7%</td>
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</table>
Greater efficiency by digitising HR processes

Following the harmonisation of the various HR regulations as of 1 January 2020, the next transformation in the human resources area kicked off. With a view to better exploiting Group-wide synergies and improving the efficiency anchored in the business strategy, HR processes are now also being digitised and harmonised throughout the Group wherever possible.

Since 2020, the Retail Business sector already digitised its expenses process, allowing employees to scan their receipts directly using an app and have them approved electronically by their line manager. The expenses are automatically reimbursed with the next month’s salary. This digitised process makes collecting paper receipts and filling out physical forms a thing of the past. Medical certificates can also now be submitted electronically. They are saved on a shared database, meaning they no longer have to be filed manually.

Since 2019, all companies in the Galenica Group have also had a digital application management system at their disposal, which enables the entire application process to be handled paperlessly. This not only saves time and resources, but also makes things much more streamlined, transparent and – above all – simpler.

Since 2020, process innovation and the digitisation of the annual HR processes have been on the agenda. Going forward, target agreements with employees and annual review meetings and performance appraisals will no longer be documented and signed physically, but digitally.

Another project in the digitisation pipeline is the electronic personnel file, or “e-Dossier”.

Digital communication platform for all employees

In addition to enhancing efficiency, digitisation opens the door to new possibilities of communication and interaction among employees of the Galenica Group. One of the greatest challenges has been to create a network between employees of the various companies – both at office workstations and in the pharmacies, distribution or warehouses – in order to foster a communal dialogue, provide information and improve knowledge sharing. A digital solution for this was designed in the form of the new digital communication platform G-Net, which went online at the start of 2021. From now on, all employees of the Galenica Group can access the new Galenica intranet using a desktop computer, laptop or directly on a mobile device such as a smartphone. This also includes all employees working in a pharmacy or warehouse. G-Net provides them with information on what’s going on with the business and the opportunity to interact with other colleagues in forums and share their specialist knowledge. Office and non-office workers are networked with one another. In addition, the central functions can in future reach all employees quickly and simply via a digital channel.
Employee motivation

The “Comité de Réflexion”
Galenica encourages the exchange of views between employees in all Galenica Group companies and corporate management in an internal think tank, the “Comité de Réflexion”. The more than 20 employees from all country and language regions help to firmly anchor and further shape the corporate culture. The committee meets on a regular basis to discuss current issues. In 2020, one virtual meeting was held, owing to coronavirus.

Annual motto for 2020/2021: Trust, change, connect!
The annual motto for 2020 and 2021 is “Trust, change, connect!” The three invitations it contains are a perfect fit with the challenging, changing environment of the Galenica Group. The slogan expands on the key value “We build trust” and encourages employees to shape the future with trust and deal positively with and actively support changes in their day-to-day working life. However, the main activities surrounding the annual motto were postponed until 2021 due to coronavirus.

“Opinio” employee survey
As of 2020, the “Opinio” employee survey will no longer be conducted just once every three years but annually and with a reduced set of questions. Going forward the survey will also only be conducted digitally. The online survey focuses on employee motivation and satisfaction. Increasing the frequency to once a year means that it will be possible to assess the general satisfaction and motivation of employees at more frequent intervals and thus to respond more quickly and in a more targeted manner to any needs identified.

A total of 4,379 employees took part in the survey. This corresponds to a response rate of 63%, virtually unchanged from the previous survey in 2017. Employee motivation is good, with a group-wide score of 72 out of a possible 100 points. Particular high scores were given to satisfaction with work (76 out of 100 points), confidence in line management (78 out of 100 points) and interest in the company’s future (80 out of 100 points).

Critical scores were given to areas such as execution, engagement and appreciation. The Executive Committee is discussing these less positively rated areas in depth, and will take measures to further boost employee satisfaction and motivation for the group as a whole.

Headcount development 2016–2020
**Work-life balance**
Employees today require flexible working hour arrangements, and the Galenica Group offers many opportunities to facilitate this. The Home Office Regulation introduced at the beginning of 2020 was already made much more flexible in spring and autumn 2020 through application wherever possible in response to the recommendation by the Federal Council. The Home Office Regulation will be reviewed in 2021 on the basis of prevailing employee needs. Employees also appreciate the opportunity to work part time (42% of employees work part time; see page 43).

**Health and safety**

**Health**
The health of employees has always been extremely important to Galenica. In the year under review, however, the safety of employees took on a whole new meaning. The specifications laid down by the Federal Office of Public Health (FOPH) to protect employees were implemented within a very short amount of time and subsequently adapted on an ongoing basis, particularly in pharmacies and logistics. The protective measures taken were regularly reviewed by the State Secretariat for Economic Affairs (SECO), the Swiss National Accident Insurance Fund (SUVA) and the responsible cantonal authorities and deemed to be good. To protect employees in administrative roles, the Home Office Regulation was made more flexible and implemented wherever possible.

Regular information events and training courses were once again held as often as possible in 2020, for example with Suva. The Galenica Group now offers all employees a flu shot. Another new development is the collaboration between the Galenica Group and the organisation Carelink, which offers emergency psychological support in crisis situations, for example following a robbery at a pharmacy.

**Illnesses**
Employees were once again able to take advantage of Galenica Case Management in 2020. Support is provided to employees on sick leave, 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 illnesses increased compared to the previous year to 490.

**Accidents**
Based on data from Suva and private insurers, Galenica’s accident statistics show a decrease in occupational accidents. In 2020, 172 accidents were reported.

Preventive case management with Helsana and collaboration with Movis and Profawo were continued throughout the 2020 financial year to improve safety at work. A regular analysis of absence rates in the Retail and Services Business sectors was also carried out, and measures were drawn up based on the findings.
Employee profit-sharing programme

All employees were once again paid a profit-sharing bonus in 2020. 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 2020, 18.5% of employees participated in this programme (previous year: 18.7%). 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 74 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

At the end of 2019, the final steps were taken towards the division of the Galenica Pension Fund. The new Galenica Pension Fund has been up and running since 1 January 2020. Due to increasing life expectancy and declining interest income, the conversion and contribution rates will be updated with effect from 1 January 2022.

Galenica Pension Fund

The Galenica Pension Fund covers the risks and economic consequences of old age, disability and death according to the specifications of the Swiss Federal Law on Occupational Retirement, Survivors’ and Disability Pension Plans (BVG). Like the previous foundations, it is legally, organisationally and financially independent of Galenica.

Defined contribution principle

The pension fund is managed according to the defined contribution principle and is generally funded by contributions from the employee and the employer. The contributions made by employee and employer 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 fund 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 schemes 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.

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.
Reporting in the Consolidated financial statements, defined benefit 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 scheme is classified 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 fund pays. Further information on reporting and the current coverage ratio can be found in the notes to the Consolidated financial statements (see page 126).

Works committee

Representatives of the Galenica Corporate Executive Committee and HR management from all Business sectors met for one virtual meeting 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.

The staff committees generally meet several times per year and are also informed about the topics and resolutions of the works committee meetings.

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 thus 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 used its Christmas and New Year card for 2020 to support the foundation “Pestalozzi Children’s Foundation”. CHF 1.00 per card was donated to the foundation.

In addition to this commitment, Galenica selectively supports other projects in the healthcare sector. Furthermore, Galenica Group companies support a number of 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 produced and maintained by Alloga employees – since 2012, this task has been performed by the Gewa foundation.

2 × Christmas. In December 2020, Galenicare employees took part in the “2 × 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 schools 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. Throughout the year, Sun Store sells wallets and donates the proceeds to the organisation. The foundation uses these donations to train health workers in developing countries affected by this disease.

Casa Santa Elisabetta. Unione Farmaceutica Distribuzione (UFD) sold cards for International Women’s Day on 8 March 2020 and donated the proceeds to “Casa Santa Elisabetta” in Lugano, an association that supports women and mothers experiencing difficulties.