

A young child with short brown hair, wearing a blue and white striped long-sleeved shirt, is reaching up to pick a red apple from a tree branch. The child is looking upwards with a focused expression. The background is filled with green and yellowing leaves, suggesting an autumn setting. The image is overlaid with a semi-transparent white geometric shape that frames the text.

Sustainability report 2019 in brief

of the Galenica Group and Galenica Ltd.

 **GALENICA**

Galenica – the first choice for health, beauty and wellbeing

Introduction

Sustainability is an integral part of Galenica's corporate management, based on the belief that proactive and responsible actions contribute substantially to the company's long-term success and have an impact on the company, internally and externally.

The safety and health of patients is our top priority. We strengthened these further in 2019 through various innovations. Thus, the first nationally established electronic medication plan from the e-mediplan interest group was integrated by HCI Solutions and Galenicare into our pharmacy smartphone apps. By digitalising the medication plan, we are also making a substantial contribution to the electronic patient record (EPR), which is to be introduced in all hospitals in Switzerland by autumn 2020.

The opinion of our employees is important to us. Based on the results of the 2017 employee survey, we developed a new staff development programme in the year under review. This will be launched in 2020 with initial pilot events.

Thanks to a range of specific energy efficiency measures, the Galenica Group reduced its energy consumption per full-time equivalent in 2019 compared to the previous year.

Our sustainability reports (*full* and short versions) for 2019 illustrate how we are dealing with the core topics in the area and what we achieved during the course of the year.

Sustainability at Galenica



Galenica firmly believes that the Group can achieve long-term commercial success only if it also bears social responsibility and uses natural resources efficiently and respectfully. This conviction is reflected in the three key guiding sustainability principles of the Galenica Group:

- Continually increase enterprise value through sustainable practices;
- Encourage staff to act in a responsible, entrepreneurial way;
- Increase efficiency of resource management, particularly in energy use.

The Galenica Group has formalised its commitment in the area of social responsibility with the creation of its Sustainability Committee. This assumes an advisory and coordinating role.

In the year under review, the Committee approved the following measures:

- Concept for internal sustainability communication
- Specific measures to increase employee awareness and information on sustainability issues
- Review how sustainability is embedded in risk management
- Integration of sustainability aspects, in particular climate-related risks associated with extreme (weather) events

Economic responsibility

All Galenica Group companies have comprehensive quality management systems at their disposal. Alloga, Medifilm, Mediservice, UFD and all HCI Solutions locations are certified according to ISO 9001; Verfora is certified to ISO 13485. The Bichsel Group is structured in accordance with ISO 9001/ISO 13485 and ICH Q10 and is regularly assessed by auditors. The process management systems at Galexis and the Retail Business sector companies are also fully compliant with ISO 9001, but are currently not certified. Alloga, Galexis, G-Pharma, Mediservice and Verfora are periodically inspected by the Regional Medicines

Inspectorates as part of checks for compliance with Good Distribution Practice (GDP) guidelines. In the Retail Business sector, all Amavita, Sun Store and Coop Vitality pharmacies have established a quality management system (QMS) that covers all essential processes in retail pharmacies as well as environmental issues. Compliance with internal and external standards is monitored with regular quality audits, inspections by cantonal pharmacists and mystery shopper programmes.

2019 insights

In 2019, the work was performed in accordance with the law, legally compliant web-based training on anti-corruption and IT security was carried out, a new compliance programme was implemented, a data protection circle was established and a Group-wide data protection policy was developed.

Outlook for 2020

Further web-based training modules on IT security are planned for 2020, as is an e-training course on antitrust law. An anti-corruption guideline will also be drawn up, which will consolidate and supplement the provisions on corruption in the Code of Conduct.

In addition, the implementation and introduction of the data protection policy will take centre stage, while the company will closely monitor how the new EU GDPR works in practice and the ongoing revision to the Swiss Data Protection Act.

Social responsibility

The safety and health of patients is a top priority at Galenica. Medication errors or losses of quality can have serious consequences for patient health and risk damaging the company's reputation. For this reason, Galenica is committed to the quality of drugs along its entire value chain and takes the appropriate measures in terms of infrastructure, processes, and employee training and development. Galenica is committed to supporting various social projects and charitable organisations.

The five key values of the Galenica Group form the basis for the actions and decisions of all employees:

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**.

2019 insights

The Galenica Group's Home Office Guidelines were harmonised in 2019 and introduced on 1 January 2020, with the aim of further promoting flexible working hours for employees. In addition, 41% of employees take advantage of the option of working part time. With the harmonisation of HR and working time regulations, paternity leave has also been doubled to 10 days, employees have the right to purchase vacation and the long-service award is now independent of salary. Thanks to this harmonisation, potential synergies can also be better exploited and efficiency increased within the Group.

Outlook for 2020

The focus in 2020 will be on the launch of the new "Move" staff development programme and the next Opinio employee survey, which will be conducted in autumn 2020. Galenica also intends to continue the digitalisation of HR processes. Specific measures will be developed in the area of gender diversity in 2020 based on the assessment of the current position.

Environmental responsibility



The business activities of the Galenica Group have various effects on the environment and climate. In order to provide their services, Galenica Group companies consume renewable as well as non-renewable resources. These processes generate gaseous, liquid and solid waste products as well as greenhouse gases. Galenica therefore endeavours to take economically appropriate measures to use resources as efficiently as possible and reduce environmental impact as far as possible. To reduce CO₂ intensity and increase energy efficiency, binding targets have been agreed with the Federal Office for the Environment (FOEN) for the Alloga site in Burgdorf and the Galaxis sites in Lausanne-Ecublens and Niederbipp.

In return for this commitment and if the agreed targets are met, an application can be made for a refund of the CO₂ levy on fossil fuels or a subsidy for implementing the related measures. The targets are agreed individually based on each site's potential. With the Energy Agency for Industry (EnAW), Galenica defines an efficiency path with various commercially viable measures.

The Environmental Code of Conduct applies to all employees of the Galenica Group. This provides guidance on energy saving and the protection of natural resources in the workplace and during transport.

2019 insights

The photovoltaic system on the roof of the Alloga building in Burgdorf has been in operation since December 2018 and generates green electricity for some 270 households. It covered 65% of Alloga's total electricity consumption in 2019. The system not only generates electricity for the company's own use and for the town of Burgdorf, but thanks to the shade it provides and the newly insulated roof, it also reduces energy consumption for cooling the building in the summer. Covering some 8,000 m², the 4,700 modules generate 1,280 megawatt hours (MWh) of sustainable electricity per year. This saved 240 tonnes of CO₂ in the first 12 months.

Outlook for 2020

Within the framework of the target agreements with the FOEN, Alloga is investigating whether a groundwater heat pump or a pellet heating system should be installed. The groundwater heat pump, for example, could potentially save 428 MWh or 127 tonnes of CO₂ a year. Development of a Group-wide mobility concept is also planned. In particular, use of electromobility and the promotion of public transport will be examined, with the aim of reducing CO₂ emissions.

Galenica Ltd.

Untermattweg 8

P.O. Box

CH-3001 Bern

Phone +41 58 852 81 11

info@galenica.com

www.galenica.com