

AUDIT & RISK COMMITTEE CHARTER

Berne, April 1, 2017

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Date Bern, 1. April 2017
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1. Mission

The Audit & Risk Committee assists the Board of Directors in fulfilling its responsibilities with respect to the accounting, financial reporting and compliance practices of Galenica Ltd. and its subsidiaries, the internal and external audit processes, the overview on the Company's financing, financial risk management, treasury, insurance, compliance as well as the risk management processes.

2. Composition

The Board of Directors appoints the Chairperson and at least two other members for a period of one year, whereof a majority shall be non-executive and independent. At least one member has to have recent and relevant financial experience, the others should be familiar with the issues of accounting, audit, risk management and compliance.

3. Roles and Responsibilities

The Audit & Risk Committee shall

3.1 Financial reporting:

- a. Review and give its recommendation to the Board on the annual accounts, the annual and half-yearly financial report;
- b. Challenge where necessary, the actions and judgments of management, in relation to the company's year-end financial accounts; and
- c. Regularly review reporting guidelines

3.2 Internal control:

- a. Review management's and the internal auditor's reports on the effectiveness of the systems for internal control;
- b. Review management's and the internal auditor's reports on the performance of an annual risk assessment (Art. 663b Code of Obligations);
- c. Supervise measures of the Corporate Executive Committee to ensure employees of the group comply with applicable laws, the Articles, these Regulations, the Code of Conduct, regulations, organisational norms, directives, policies and resolutions of the Board; and
- d. Review management's reports on the company's compliance and risk management process including pension funds of major group companies.

3.3 Internal audit:

- a. Review the internal audit programme and ensure that the internal audit function is adequately resourced;
- b. Consider, and make recommendations on the appointment, re-appointment or removal of the internal auditor as well as on measures taken to avoid conflicts of interest in case the internal audit function is outsourced;

- c. Receive reports on the results of the internal auditors' work on a periodic basis; and
- d. Review and monitor management's responsiveness to the internal auditor's findings and recommendations.

3.4 External audit:

- a. Oversee the company's relations with the external auditor;
- b. Consider, and make recommendations on the appointment, reappointment or removal of the external auditor;
- c. Approve the terms of engagement and the fees to be paid to the external auditor in respect of audit services provided;
- d. Discuss with the external auditor, before the audit commences, the nature and scope of the audit;
- e. Review with the external auditors the findings of their work, including any major issues that arose during the course of the audit and have subsequently been resolved as well as issues that have not yet been resolved; key accounting and audit judgments; levels of errors identified during the audit, obtaining explanations from management and, whenever necessary, from the external auditors, as to why certain errors might remain unadjusted;
- f. Review significant issues raised in the audit representation letters before consideration by the Board, giving particular consideration to matters that relate to non-standard issues;
- e. Assess, at the end of the audit cycle, the effectiveness of the audit process; and
- f. Regularly review and recommend to the Board the company's policy in relation to the provision of non-audit services by the auditor and ensure that the provision of such services do not impair the external auditor's independence or objectivity.

3.5 Financial supervision:

The Audit & Risk Committee shall provide its view and advice to the Board on:

- a. The capital structure of the group and related funding needs;
- b. Financing of investments and acquisitions;
- c. Definition of duration objectives;
- d. Management of the Group's transactional foreign exchange risk and use of derivatives as well as management of counterparty risk;
- e. insurance coverage, counterparty risk, deductions and premiums;
- f. the recommendations to the Board on the dividend proposal to be submitted to the Annual Shareholder Meeting; and
- g. Policies for borrowing, intra-Group lending and investment of liquidities (e.g. Treasury Policy).

The Audit & Risk Committee does not exercise any professional auditing and does not interfere with the management affairs. It gains an overview of the organization, the efficiency and of findings of the auditors, reaction of management and then renders an annual report to the Board.

However, should the Audit & Risk Committee observe, during the course of its work anything which

- a. Reveals any important violation of legal provisions, Galenica internal guidelines or other rules that Galenica must adhere to,
- b. Could lead to the belief that there is an important financial or compliance breach, or
- c. Any issues that could imply serious consequences for the reputation of the company.

it will inform the Board about such infractions and, in case of emergency, it will inform the Chairman immediately. The aim of this information procedure is not to complete the internal auditing system of management or to make up for it, but to allow management to verify the efficiency of these systems, to intervene if necessary, and to assure itself of the responsiveness of the line management.

4 Organization

The Audit & Risk Committee shall meet at least two times a year and at the request of any of its members.

In general the CFO shall attend the meetings of the Audit & Risk Committee. The external auditors, the Chairman, the CEO and members of the Corporate Executive Committee may be invited to attend meetings or parts thereof. The Audit & Risk Committee Chairperson may ask other members of management to attend the meeting or make presentations.

At least once a year, the Audit & Risk Committee shall meet with representatives of the internal audit function and with the external auditors without the presence of members of management.

The Audit & Risk Committee Chairperson shall prepare an agenda in advance of each meeting. At least two members of the Audit & Risk Committee must be present to have a quorum.

The General Secretary shall be responsible for the minutes. Minutes of the meetings and the resolutions of the Audit & Risk Committee shall be signed by the Chairperson as well as the secretary and made available prior to the following meeting and approved at that meeting.

The Audit & Risk Committee has complete and unrestricted access to Galenica's management, books and records and may obtain any information it requires from the appropriate service functions.

The Audit & Risk Committee may appoint independent legal, compliance, accounting or other counsel, at the company's expense, as it deems it appropriate.

The Audit & Risk Committee Chairperson shall report to the Board of Directors after each meeting of the Audit & Risk Committee by means of a short account of its activities and findings.

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5 Other tasks

The Audit & Risk Committee shall

- a) Review and reassess the adequacy of this Charter and submit proposed changes to the Board of Directors for approval;
- b) Conduct a self-evaluation of the Audit & Risk Committee's own performance on an annual basis.

The Audit & Risk Committee Charter was approved by the Board of Directors of Galenica Ltd. on March 10, 2017.