

**GOVERNANCE AND NOMINATION COMMITTEE CHARTER**

Berne, April 1, 2017

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## **1. Mission**

The Governance and Nomination Committee (GNC) supports the Chairman and the Board in the ultimate direction and supervision of the Company and the Group. It acts as an advisory body for the Chairman and the Board in Corporate Governance in determining the appropriate size, function and needs of the Board as well as the identification of individuals being qualified to become or be re-elected as Board members.

## **2. Composition**

The Governance and Nomination Committee consists of the Chairman, the Vice Chairman and other members as may be elected by the Board permanently or ad-hoc upon proposal of the Chairman.

## **3. Roles and Responsibilities**

### **3.1 Corporate Governance Tasks**

The Governance and Nomination Committee acts as Corporate Governance Committee.

It assists the Chairman in fulfilling his responsibilities with respect to the Company's corporate governance.

It advises on corporate governance issues, periodically reviews principles of corporate governance and gives recommendations to the Board.

The Governance and Nomination Committee shall in particular

- a) Review periodically the Articles of Incorporation on the Company (the "Articles of incorporation") and the Regulations of the Board of Directors, its Committees and the Corporate Executive Committee (the "Organizational Regulations") and recommend to the Board changes thereto with respect to good corporate governance and fostering shareholders' rights;
- b) Review periodically the composition and size of the Board in order to ensure the Board has the proper expertise and consists of persons with sufficiently diverse backgrounds;
- c) Determine the criteria for the selection of the Chairman, Board members and Committee members. The Governance and Nomination Committee considers factors such as (i) personality, skills and knowledge, (ii) diversity of viewpoints, professional backgrounds and expertise, (iii) business and other experience relevant to the business of the Company, (iv) the ability and willingness to dedicate adequate time and put sufficient effort to the Board and Committee responsibilities, (v) the extent to which personality, background, expertise, knowledge and experience will interact with other Board members to build an effective and complementary Board, and (vi) whether existing board memberships or other positions held by a candidate could lead to a conflict of interest;

- d) Actively seek, interview and screen individuals qualified to become Board members for recommendation to the Board. The Governance and Nomination Committee shall have sole authority to retain and terminate any recruiting firms and to identify candidates to the Board and/or the CEO and shall have sole authority to approve the recruiting firm fees and other retention terms;
- e) Assess and recommend to the Board as to whether members of the Board should run for re-election. For this assessment, the Governance and Nomination Committee considers, among other things, age limit and ability and willingness to dedicate adequate time to the Board and Committee matters;
- f) Periodically review the introduction program for new Board members and the ongoing education for existing Board members;
- g) Make recommendations to the Board for the creation, dissolution or a change in mandate of a Board Committee and ensures that the regulations and the charters of the Board Committees are reviewed periodically;
- h) Periodically review the composition and chairmanship of the Board Committees taking into account the suitability for the tasks of the respective Board Committee.
- i) Take note of engagements of external advisors to a Board Committee as approved by the Chairman;
- j) Ensure that each Committee holds the required number of meetings and issues sufficient reports to the Board on its activities and findings;
- k) Review directorships and consulting agreements of Board members for conflicts of interest;
- l) Submit to the Board a proposal concerning the determination of the independent status of the Board members and the corresponding disclosure on an annual basis..

### 3.2 Nomination Tasks

The Governance and Nomination Committee shall in particular

- a) Evaluate and propose to the Board the appointment or dismissal of Board and Committee members, the CEO and other members of the Corporate Executive Committee;
- b) Appoint or dismiss the General Secretary as proposed by the Chairman;
- c) Review annually succession plans for the Board, the Committees as well as the CEO and members of the Corporate Executive Committee;
- d) Review the organization of the group and propose it for approval by the Board on an annual basis;
- e) Verify once a year that succession planning for key personnel of the group is in place and regularly updated;

### 3.3 General Tasks

The Governance and Nomination Committee shall in particular:

- a) Support the Board in the ultimate direction and supervision of the Company and the Group;
- b) Act, intervene or adopt provisional resolutions on behalf of the Board in case of urgent matters if a regular Board resolution cannot be adopted in a timely manner (in such cases the Chairman promptly informs the other Board members of the provisional resolution, which will be submitted to the Board for ratification as soon as possible);
- c) Review and propose for approval by the Board - in coordination with the CEO - the Group's values (including safety, quality and the Group's Code of Conduct);

- d) Decide on the disclosure of potentially price-sensitive information or its postponement regarding the Company's shares (SIX ad-hoc publicity);
- e) The Governance and Nomination Committee further performs the following tasks:
  - I. It reviews reports and assumes such other tasks as delegated by the full Board;
  - II. It advises and submits its recommendations on any request to take a decision proposed to the Board, in particular regarding proposals to be submitted to the shareholders.
- f) The Governance and Nomination Committee suggests to the Chairman any proposal or initiative which it considers to be in the interest of the Company's efficient management and development.

#### **4. Organization**

The Chairman presides over the meetings of the Governance and Nomination Committee. The Governance and Nomination Committee meets as often as is necessary for the Company's business and upon request of the Chairman. The General Secretary shall be responsible for the minutes. Minutes of the meetings and the resolutions of the Governance and Nomination Committee shall be signed by the Chairman and the secretary and made available prior to the next meeting and approved at such meeting.

The Governance and Nomination Committee may invite to its meetings other Board members, the CEOs, Company management and any other person the Governance and Nomination Committee considers appropriate in order to carry out its responsibilities. The Governance and Nomination Committee shall exclude from its meetings anyone with a personal interest in the matter discussed. The Governance and Nomination Committee may engage outside counsel if it deems appropriate;

The Chairman shall regularly inform the Board on decisions and deliberations of the Governance and Nomination Committee.

#### **5. Other Tasks**

The Governance and Nomination Committee shall

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

The Governance and Nomination Committee Charter was approved by the Board of Directors of Galenica Ltd. on March 10, 2017.