

# 4<sup>th</sup> Annual General Meeting of 12 May 2021

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## Dear Shareholders

Galenica aims to generate competitive returns for its shareholders, play an active role in the Swiss healthcare market and be an attractive employer.

Our remuneration policy and systems are intended to ensure that the interests of shareholders and the Executive Committee are largely aligned. In accordance with legal requirements and the Company's Articles of Association, we would ask you, in the context of the General Meeting 2021, to give your individual and binding approval regarding the two maximum total amounts of remuneration for 2022 and also to make your voice heard on the Remuneration Report 2020 in the context of a consultative vote.

The Galenica Group fell short of the full target it had set itself for 2020 due to the impact of COVID-19.

The purpose of the Remuneration Report 2020 is to enable you as a shareholder to compare the maximum amounts of remuneration proposed for financial year 2022 with actual performance and with the remuneration paid for this in 2020.

The comments that follow contain relevant background information relating to the three remuneration-related votes.

The Remuneration Committee conducted a review of the remuneration system for the Executive Committee in 2020. Based on this analysis, the Remuneration Committee reached the decision that the remuneration structure is appropriate overall and aligned with market practice. With respect to performance assessments and our corporate governance principles, the Remuneration Committee pro-

posed multiple changes that were accepted by the Board of Directors and will be implemented in 2021. The specifics of these changes and further comments regarding the remuneration systems for the Board of Directors and the Executive Committee can be found in the Remuneration Report, which is contained in the Galenica Group's Annual Report 2020 ([www.galenica.com](http://www.galenica.com), under "Publications").

### **Galenica is getting fit for the future!**

The Galenica Group has updated its organisational and management structure effective 1 January 2021. In the Group's new organisational structure, there are no longer any Business sectors (Retail, Products & Brands and Services). As from 1 January 2021, the Corporate Executive Committee is now known as the Executive Committee.


For the sake of simplicity, only the term "Executive Committee" is used in this document.

Further details on the new organisational structure can be found in the Annual Report 2020 (pages 12 to 27).

Yours sincerely,  
On behalf of the Board of Directors



Daniela Bosshardt  
Chairwoman of the  
Board of Directors



Dr. Andreas Walde  
Chairman of the  
Remuneration Committee



# Agenda

**1. Management report, 2020 financial statements of Galenica Ltd. and 2020 consolidated financial statements of the Galenica Group, and acknowledgement of the statutory auditor's report**

The Board of Directors proposes that the management report, the 2020 financial statements of Galenica Ltd. and the 2020 consolidated financial statements of the Galenica Group be approved.

**2. Discharge of the Board of Directors and the Executive Committee**

The Board of Directors proposes granting a discharge to its members as well as to the members of the Executive Committee for financial year 2020.

**3. Resolution on the appropriation of distributable profits 2020 and the use of reserves from capital contributions**

The Board of Directors proposes distributing a dividend of CHF 1.80 per registered share for financial year 2020. Of this, CHF 0.90 is to be paid from distributable profits and CHF 0.90 from the reserves from capital contributions.

**3.1. Appropriation of distributable profit 2020**

Carried over from previous year	CHF 1,032,257
Profits for the year	CHF 76,207,951
Disposable profit available to the General Meeting	CHF 77,240,208

**Proposal**

Dividend CHF 0.90 per share	CHF 45,000,000 <sup>1)</sup>
Allocation to free reserves	CHF 32,000,000
Balance carried forward	CHF 240,208

<sup>1)</sup> The proposal to distribute the dividend would cover all issued shares. However, the shares held as treasury shares at the time of distribution of the dividend are not entitled to a dividend. Based on the number of shares held as treasury shares by Galenica Ltd. on 31 December 2020, the dividend distribution would amount to CHF 44.5 million

In the event that this proposal is accepted, the dividend will be paid out beginning 19 May 2021.

**3.2. Use of reserves from capital contributions**

Reserves from capital contributions	CHF 351,612,027
Dividend from reserves from capital contributions CHF 0.90 per share	CHF 45,000,000 <sup>2)</sup>
Balance carried forward	CHF 306,612,027

<sup>2)</sup> The proposal to distribute the dividend from reserves from capital contributions would cover all issued shares. However, the shares held as treasury shares at the time of distribution of the dividend are not entitled to a dividend. Based on the number of shares held as treasury shares by Galenica Ltd. on 31 December 2020, the dividend distribution would amount to CHF 44.5 million

In the event that this proposal is accepted, the dividend will be paid out beginning 19 May 2021, without deduction of withholding tax.

#### **4. Remuneration Report 2020**

The Board of Directors proposes accepting the Remuneration Report 2020 in the context of a consultative vote. The applicable information can be found in the Annual Report 2020 on pages 68 to 83 in the “Remuneration Report” section.

#### **5. Total amounts of remuneration for financial year 2022**

##### **5.1. Total remuneration of the Board of Directors**

The Board of Directors proposes approving a maximum total amount of remuneration of CHF 1,900,000 for the members of the Board of Directors for financial year 2022.

##### **5.2. Total remuneration of the Executive Committee**

The Board of Directors proposes approving a maximum total amount of remuneration of CHF 7,200,000 for the members of the Executive Committee for financial year 2022.

#### **6. Amendment of Article 3a (1) of the Articles of Association (authorised capital)**

The authorisation of the Board of Directors for the authorised capital is expiring. The Board of Directors proposes renewing the authorisation to increase the Company's capital by a maximum of CHF 500,000 and extending the deadline to 12 May 2023. Accordingly, the Board of Directors proposes amending Art. 3a (1) of the Articles of Association as follows:

##### **Art. 3a (1)**

**The Board of Directors is authorised to increase the Company's share capital by a maximum of CHF 500,000 at any time up to 12 May 2023 by issuing a maximum of 5,000,000 fully paid-up registered shares with a nominal value of CHF 0.10 each. Increases by underwriting as well as partial increases are permissible.**

Pursuant to Art. 15 of the Articles of Association, approval with respect to Article 3a (1) proposed for amendment requires at least two thirds of the votes represented and the absolute majority of the nominal value of the shares represented.

#### **7. Elections**

After four years of valuable service for Galenica, Dr. Philippe Nussbaumer has decided not to stand for re-election as a member of the Board of Directors at the 2021 General Meeting. The Board of Directors proposes six current members for re-election and no new persons for election to the Board of Directors at the 2021 General Meeting.

All proposed members are independent in accordance with the Swiss Code of Best Practice for Corporate Governance.

##### **7.1. Re-elections of the Board of Directors and its Chairwoman**

The Board of Directors proposes the re-election of Ms Daniela Bosshardt as a member and the Chairwoman of the Board of Directors, as well as the re-election of Mr Bertrand Jungo, Ms Pascale Bruderer, Mr Prof. Hon. Dr. Michel Burnier, Mr Dr. Markus R. Neuhaus and Mr Dr. Andreas Walde as members of the Board of Directors, each for a term of office to run until conclusion of the next Annual General Meeting.

For further details on the careers of the current members of the Board of Directors, please refer to the “Corporate Governance” section of the Annual Report 2020 (pages 54 and 55).

**a. Re-election of Daniela Bosshardt as a member and Chairwoman of the Board of Directors**



Daniela Bosshardt, born in 1972, is a Swiss citizen and a trained pharmacist. She has worked as a financial analyst, has served as a member of various Boards of Directors and is a corporate consultant in the healthcare sector.

**b. Re-election of Bertrand Jungo as a member of the Board of Directors**



Bertrand Jungo, born in 1965, is a Swiss citizen. He has been with Admeira AG since 2017, where he served as its CEO until February 2020, and since that time has served as a member of its Board of Directors. He previously worked for Manor as its CEO from 2006 until the beginning of 2017. He is a member of various Advisory Boards.

**c. Re-election of Pascale Bruderer as a member of the Board of Directors**



Pascale Bruderer, born in 1977, is a Swiss citizen and has a Masters in political sciences. She was a Member of the National Council from 2002 to 2011 and a Member of the Council of States from 2011 to 2019, in both cases as a member the Social Democratic Party of Switzerland (SP). She is a member of various Boards of Directors.

**d. Re-election of Prof. Hon. Dr. Michel Burnier as a member of the Board of Directors**



Prof. Hon. Dr. Michel Burnier, born in 1953, is a Swiss citizen, a specialist (FMH) in internal medicine and nephrology, and an honorary professor at the University of Lausanne, Faculty of Biology and Medicine.

**e. Re-election of Dr. Markus R. Neuhaus as a member of the Board of Directors**



Dr. Markus R. Neuhaus, born in 1958, is a Swiss citizen. From 2003 to 2012 he was CEO of PricewaterhouseCoopers AG (PwC) and from 2012 to 2019 Chairman of the Board of Directors of PwC and a member of the Supervisory Board of PwC Europe SE. He is a member of various Boards of Directors.

**f. Re-election of Dr. Andreas Walde as a member of the Board of Directors**



Dr. Andreas Walde, born in 1962, is a Swiss citizen and attorney-at-law. He has been the General Secretary of Vifor Pharma AG since 2013. Prior to that position, he worked at various companies in executive roles and as corporate counsel.

## **7.2. Re-elections and election to the Remuneration Committee**

The Board of Directors proposes the re-election of Mr Dr. Andreas Walde and Mr Dr. Markus R. Neuhaus, as well as the election of Mr Prof. Hon. Dr. Michel Burnier to the Remuneration Committee, each for a term of office to run until conclusion of the next Annual General Meeting. If Mr Dr. Andreas Walde is re-elected as member of the Remuneration Committee, the Board of Directors intends to reappoint him as Chairman of the Remuneration Committee.

### **a. Re-election of Dr. Andreas Walde to the Remuneration Committee**

### **b. Re-election of Dr. Markus R. Neuhaus to the Remuneration Committee**

### **c. Election of Prof. Hon. Dr. Michel Burnier to the Remuneration Committee**

## **7.3. Re-election of independent voting proxy**

The Board of Directors proposes the re-election of the law firm Walder Wyss Ltd. as an independent voting proxy for a term of office to run until conclusion of the next Annual General Meeting.

## **7.4. Re-election of the statutory auditor**

The Board of Directors proposes the re-election of Ernst & Young Ltd. as an auditor for a term of office to run until conclusion of the next Annual General Meeting.



# Information on remuneration-related votes



## Agenda item 4: Remuneration Report 2020 – Consultative vote

The Remuneration Report 2020 contains detailed information on the remuneration of the Board of Directors and Executive Committee (previously Corporate Executive Committee). In addition, the Remuneration Report creates transparency regarding the link between business performance relative to Group targets and the remuneration actually paid out or promised to the Executive Committee.

We ask the shareholders to approve the Remuneration Report 2020, which outlines the remuneration system, remuneration practice and the payments made for the financial year just ended, in the context of a consultative vote. The Remuneration Report can be viewed on our website at the following address: [www.galenica.com](http://www.galenica.com), under “Publications”.

### Remuneration Report 2020

The Board of Directors proposes accepting the Remuneration Report in the context of a consultative vote.

## Preliminary note regarding the maximum remuneration for the Board of Directors and Executive Committee for financial year 2022

The following change was made on the Board of Directors in 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. In his place, the General Meeting 2020 elected Pascale Bruderer to the Board of Directors.

The Board of Directors consisted of seven members in 2020, as in the previous year. The Board of Directors comprises four committees: Audit and Risk Committee, Remuneration Committee, Strategy Committee and Governance and Nomination Committee.

The Executive Committee had five members in the reporting year, as it did in 2019. Jean-Claude Cléménçon stepped down from the Executive Committee as CEO effective 31 March 2020. Effec-

tive 1 April 2020, Marc Werner was elected as CEO and as a new member of the Executive Committee. In addition, Christoph Amstutz stepped down from the Executive Committee as Head of the Services Business sector on 31 August 2020. Andreas Koch took over as Head of the Services Business sector on 1 September 2020 and became a new member of the Executive Committee.

Under the new organisational structure, as from 1 January 2021 the Executive Committee has been comprised of six members (see Annual Report 2020, pages 60 and 61). Against this backdrop, the maximum total remuneration proposed for 2022 is based on remuneration of six Executive Committee members.

The maximum total amounts of remuneration for the Board of Directors and the Executive Committee for 2020 were set by the General Meeting on 2 May 2019 (for more information, see the tables in the Annual Report on pages 77 and 78). The General Meeting of 19 May 2020 set the 2021 maximum remuneration for the Board of Directors at CHF 1,900,000 and set the maximum remuneration for the Executive Committee at CHF 6,300,000. According to the proposal of the Board of Directors, the maximum remuneration of the Board of Directors is to remain unchanged and that of the Executive Committee is to be set at CHF 7,200,000 for financial year 2022.

## Agenda item 5.1: Maximum total remuneration of the Board of Directors for financial year 2022

### a) Remuneration of the members of the Board of Directors in general

The proposed maximum total remuneration of CHF 1,900,000 to be paid to the members of the Board of Directors for the 2022 financial year is based on the assumption that seven non-executive members of the Board of Directors (including the Chairwoman of the Board of Directors) will be remunerated.

The remuneration applicable to the members of the Board of Directors reflects the management structure and the responsibilities of the Board of Directors as defined by the applicable legal provisions, the Articles of Association and the rules governing remuneration. The members of the Board of Directors of Galenica receive only fixed remuneration. They are awarded no variable or performance-dependent remuneration, no share options and no additional remuneration for participating in meetings. Based on the regulation, the members of the Board of Directors have the option of joining the Galenica Pension Fund. All contributions (saving and risk contributions on the part of the employer and employee) are borne by the insured Board member. At least 50% of the annual remuneration of the members of the Board of Directors is paid in Galenica shares, which are blocked for a period of five years; this proportion can be increased to 100% at the request of the individual Board member.

of Directors proposes the maximum total amount of CHF 1,900,000 for remuneration of the Board members during financial year 2022, unchanged from the previous year (2021). This amount includes an estimated, mandatory amount of CHF 77,000, which will be paid by Galenica to statutory social security systems. These estimates do not take account of any possible changes to statutory social security contributions or the underlying values. The total amount takes account of additional remuneration for any possible other service by the members on the Board of Directors or for Group companies. The effective remuneration paid is disclosed in the Remuneration Report for financial year 2022 and is the subject of the consultative vote to be held on this at the General Meeting in 2023.

Further information on the remuneration of the Board of Directors can be found at pages 72 to 77 of the Remuneration Report 2020 ([www.galenica.com](http://www.galenica.com)), under "Publications".

#### **b) Proposed total remuneration of the members of the Board of Directors for financial year 2022**

The table below shows the maximum total amount (in thousands CHF) of remuneration to be paid to the members of the Board of Directors of Galenica, subject to approval by the General Meeting. The Board

#### **Total remuneration of the Board of Directors for financial year 2022**

The Board of Directors proposes approving maximum total remuneration to the members of the Board of Directors of CHF 1,900,000 for financial year 2022.

#### **c) Development of the maximum total remuneration of the Board of Directors for financial years 2020 to 2022**

in thousands CHF	2020 (approved by AGM)	2021 (approved by AGM)	2022 (proposal)
Number of members	7	7	7
Maximum total remuneration of the Board of Directors	1,900	1,900	1,900
Including the following social security contributions (estimated)	70	70	77

## Agenda item 5.2: Maximum total remuneration of members of the Executive Committee for financial year 2022

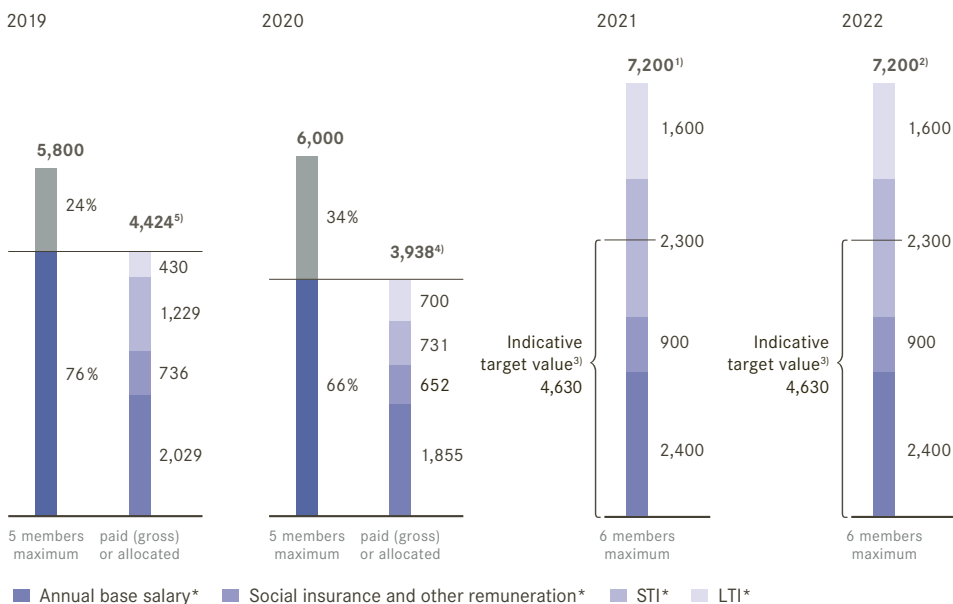
The proposed maximum total remuneration is based on the remuneration of six members of the Executive Committee. This includes the Chief Executive Officer (CEO). Maximum remuneration of CHF 7,200,000 is proposed for financial year 2022. This amount is made up (hereafter in rounded figures) of the basic salary of approximately CHF 2.4 million as well

as variable remuneration up to a maximum of CHF 3.9 million and social security charges (including other compensation) of approximately CHF 0.9 million. The variable remuneration is made up of CHF 2.3 million for STI (calculated on the basis of a maximum payout factor of 200%) and CHF 1.6 million for LTI (calculated on the basis of a maximum payout factor of 200%).

In order to attract talented employees for important positions and to retain them within the company, Galenica offers competitive remuneration. In

## Remuneration of all members of the Executive Committee

in thousand CHF



\* 2021, 2022 rounded

<sup>1)</sup> The amount approved by the General Meeting on 19 May 2020 amounts to CHF 6,300,000. This amount was increased to CHF 7,200,000 due to the addition of a further Executive Committee member beginning 1 January 2021 based on the calculation under Art. 22 (6) of the Articles of Association. The figure of CHF 7,200,000 thus applies to six Executive Committee members

<sup>2)</sup> Proposal to the 2021 General Meeting based on six Executive Committee members

<sup>3)</sup> If targets are fully met

<sup>4)</sup> Including the remuneration of Jean-Claude Clemençon up to 31 March 2020 (stepped down from the Executive Committee as CEO effective 31 March 2020) and of Christoph Amstutz up to 31 August 2020 (stepped down from the Executive Committee as Head of the Services Business sector effective 31 August 2020). Jean-Claude Clemençon and Christoph Amstutz received another CHF 411,000 in total after they each left the Executive Committee in 2020. This amount is not included in the disclosed total

<sup>5)</sup> Including remuneration of Torvald de Coverley Veale, member of the Executive Committee and Head of the Products & Brands Business sector up to 13 January 2019

line with Galenica’s performance-based remuneration philosophy, employees on the Executive Committee who meet their performance targets generally receive target remuneration that is aligned to the median remuneration level in comparable positions in other companies of the same size (market capitalisation, sales, headcount). If an employee falls short of or exceeds performance targets, the remuneration ultimately paid may be lower or higher than this average value.

Further information on the remuneration of the Executive Committee can be found at pages 72 to 80 of the Remuneration Report 2020 ([www.galenica.com](http://www.galenica.com), under “Publications”).

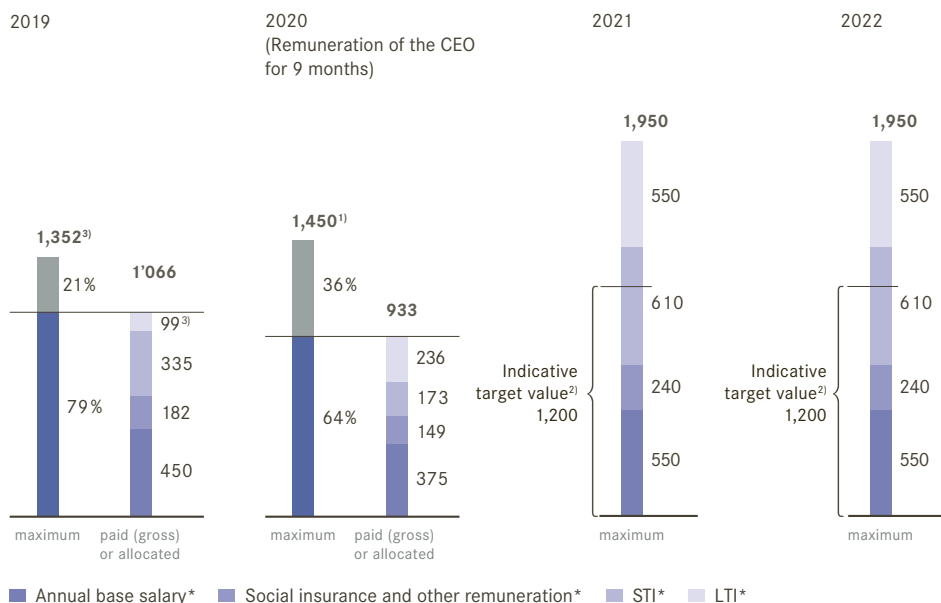
### Maximum total remuneration of members of the Executive Committee for financial year 2022

The Board of Directors proposes approving maximum total remuneration to the members of the Executive Committee of CHF 7,200,000 for financial year 2022.

## Remuneration of the highest-paid member of the Executive Committee

CEO Galenica Group

in thousand CHF



\* 2021, 2022 rounded

<sup>1)</sup> When new CEO entered the role on 1 April 2020

<sup>2)</sup> If targets are fully met

<sup>3)</sup> LTI reduced pro rata due to 2020 departure of previous CEO in July 2020

The background features a vibrant, abstract composition of curved lines and shapes. A large, bright blue shape dominates the upper half, while a series of concentric, dark purple lines form a circular pattern in the lower-left corner. A large, light blue circular shape is partially visible on the right side, overlapping the blue shape above it. The overall effect is dynamic and modern.

# Remarks

### **Share register**

The shareholders of Galenica Ltd. who were entered in the share register with voting rights on 4 May 2021 are entitled to vote.

### **No limit on trading for Galenica shares**

The registration of shareholders for purposes of voting rights has no impact on the tradability of shares, either before, during or after the General Meeting.

### **Annual Report**

The Annual Report 2020 including the management report and the financial statements of Galenica Ltd. and the Galenica Group as well as the corresponding reports of the statutory auditor are available for inspection at the head office of the company in Bern.

### **No physical presence of shareholders**

As a preventive measure and based on Art. 27 of the Covid-19 Ordinance 3 on Measures to Combat the Coronavirus (Covid-19) (Covid-19 Ordinance 3), the Board of Directors has decided to hold the Annual General Meeting of Galenica Ltd. on 12 May 2021 **without in-person attendance of shareholders**, even if at the time it is held there is no longer a prohibition on holding such events pursuant to Art. 6 of the Ordinance on Measures during the Special Situation to combat the COVID-19 Epidemic (Covid-19 Ordinance Special Situation).

### **Questions on the Annual Report and the General Meeting**

Due to the extraordinary situation this year, you will be able to direct your questions on the Annual Report and the General Meeting in writing to the following e-mail address by **Friday, 30 April 2021: [generalsekretariat@galenica.com](mailto:generalsekretariat@galenica.com)**.

The most important issues will be addressed at the General Meeting. If they relate to the agenda items, they will be recorded in the minutes, along with the replies of the Board of Directors, or published on the Galenica website. Responses to all other questions will be provided to the shareholder who submitted the question. Galenica reserves the right to respond individually or by way of a collective response to any questions submitted, potentially referencing the relevant shareholder by name.

### **Video message**

Please see our video message at **[www.galenica.com](http://www.galenica.com)** under **Publications**.

→ online from 12 May 2021, 2.00 p.m.

**Galenica Ltd.**

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