

## **AUDIT & RISK COMMITTEE CHARTER**

Berne, February 14, 2024

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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 members of the Audit & Risk Committee and its Chairperson are appointed by the Board of Directors as a whole. The term of office is one year. Re-election is possible. The Audit & Risk Committee comprises at least three members. The majority of the members shall be independent in accordance with the Swiss Code of Best Practice for Corporate Governance and act in a non-executive capacity. The Chairman of the Board of Directors shall not be a member of the Audit & Risk Committee.

The Chairman and/or the majority of members shall have practical experience in finance and accounting or in auditing. Moreover, the Audit & Risk Committee shall be able to draw on expertise in compliance, risk management and non-financial reporting.

## **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 the Executive Committee, in relation to the company's year-end financial accounts; and
- c. Regularly review reporting guidelines

### **3.2 Internal control:**

- a. Monitor the risk management process;
- b. Assess the effectiveness of the internal control system (including the internal control system with regard to non-financial reporting) and risk management within the company;
- c. Review the processes that assist with identifying, assessing and dealing with ESG risks;
- d. The Audit & Risk Committee reviews the effectiveness and implementation of controls to ensure compliance with laws and regulatory requirements;

- e. The Audit & Risk Committee monitors the measures adopted by the Executive Committee to ensure that employees of the Group observe the applicable laws, the articles of association, the organization charter, this charter, the code of conduct as well as the requirements, regulations, guidelines and resolutions of the Board of Directors;
- f. The Audit & Risk Committee assesses the results of investigations that are carried out on behalf of the Executive Committee or by the Executive Committee itself in relation to breaches of law. Additionally, the Audit & Risk Committee ensures that measures are implemented in accordance with the investigation results;
- g. Review the Executive Committee's reports on the company's compliance and risk management process including pension funds of major group companies.

3.3 Internal audit:

- a. The Audit & Risk Committee assesses the effectiveness and independence of the internal audit;
- b. Review the internal audit programme and ensure that the internal audit function is adequately resourced;
- c. 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;
- d. Receive reports on the results of the internal auditors' work on a periodic basis; and
- e. Review and monitor the Executive Committee'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. Formulate recommendations for the attention of the Board of Directors with regard to the (re)submission of candidates to the Annual General Meeting for the external auditor;
- c. The Risk & Audit Committee assures itself of the independence of the external audit and assesses the appropriateness of the term of office. It reviews the compatibility of auditing activities with any advisory mandates;
- d. Consider, and make recommendations on the appointment, reappointment or removal of the external auditor; it oversees any selection process and ensures that quality criteria are prioritized;
- e. Approve the terms of engagement and the fees to be paid to the external auditor in respect of audit services provided;
- f. Discuss with the external auditor, before the audit commences, the nature and scope of the audit;
- g. 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 the Executive Committee and, whenever necessary, from the external auditors, as to why certain errors might remain unadjusted;

- h. 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;
- i. Assess, at the end of the audit cycle, the effectiveness of the audit process; and
- j. 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 General Meeting; and
- g. Policies for borrowing, intra-Group lending and investment of liquidities (e.g. Treasury Policy).

### 3.6 Reporting on non-financial matters:

The Risk & Audit Committee deals with reporting on non-financial matters. In doing so, its focus is on the format of the reporting. It obtains the necessary information to assist with this.

The Audit & Risk Committee does not exercise any professional auditing and does not interfere with the Executive Committee affairs. It gains an overview of the organization, the efficiency and of findings of the auditors, reaction of the Executive Committee 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 the Executive Committee or to make up for it, but to allow the Executive

Committee 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 four times a year and at the request of any of its members.

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

The Audit & Risk Committee Chairperson shall prepare an agenda in advance of each meeting. To have a quorum, the majority of all members must be present at the meeting at the very least. Proposals to the Board of Directors and decisions must be made by majority vote whereby the Chairman of the Committee has the deciding vote if necessary.

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.

This Audit & Risk Committee Charter was approved by the Board of Directors of Galenica Ltd. on 14 February 14, 2024 and entered into force with immediate effect. It supersedes the Charter of April 1, 2017.