

2023

Report on non-financial matters
pursuant to Art. 964a et seq. of
the Swiss Code of Obligations

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Foreword

Dear Shareholders,



Dr Markus R. Neuhaus,
Chair of the Board of Directors

In accordance with the provisions of the Swiss Code of Obligations (CO), we are hereby publishing a report on non-financial matters pursuant to Art. 964a et seq. for the first time for the 2023 financial year.

In this report, we provide information on our performance, due diligence, targets and risks in the areas of the environment, social issues, employees, human rights and anti-corruption. We also describe our business model and the impact of our business activities on the environment, people, the economy and corporate governance. Further information on our sustainability activities that do not fall under the statutory provisions of Art. 964a ff. CO can be found in the Sustainability Report as part of our Annual Report 2023. The sustainability report is prepared in accordance with the GRI Sustainability Reporting Standards.

The structure and content of the non-financial report are based on the legal requirements of the Swiss Code of Obligations. The report covers Galenica Ltd. and includes its controlled subsidiaries, which are listed on page 198 of the Annual Report. Information is provided for each of the entities included in the key non-financial figures. The report covers the period from 1 January 2023 to 31 December 2023.

The non-financial report was approved by the entire Board of Directors of Galenica Ltd. on 7 March 2024 and will be submitted to the next General Meeting on 10 April 2024 for approval.

We believe that sustainability is a key component of our business activities, as we support people at all stages of life on their journey to health and well-being. This is also reflected in our Articles of Association, which define the purpose of our company as long-term and sustainable value creation. We would like to thank you, our valued shareholders, for your trust and for joining us on this journey.

A handwritten signature in black ink that reads "Markus Neuhaus". The signature is written in a cursive, slightly slanted style.

Dr Markus R. Neuhaus,
Chair of the Board of Directors

Business operations



Business model

Business operations

Galenica is active in the healthcare industry and offers healthcare services and products throughout Switzerland. Its customers include patients, pharmacies, drugstores, physicians, hospitals, care homes, health insurances and pharmaceutical companies.

The business activities of the Galenica Group comprise two segments. The "Products & Care" segment consists of the "Pharmacies", "Healthcare" and "Products & Marketing" Service Units. They develop and market health services and products via various channels – in pharmacies, online and at home – to private customers and patients as well as to business customers and partners. The "Logistics & IT" segment consists of the "Wholesale & Logistics" and "IT & Digital Services" Service Units. They develop and operate the logistics, IT and digital infrastructure and digital platforms for the entire Galenica Group and for customers and partners in the healthcare industry.

The Galenica Group's value chain comprises production, packaging, logistics, marketing and information, retail and medication use.

Inputs

Financial capital

- Equity/shareholders
- Debt capital

KPIs

1.5x Debt Coverage

Produced capital

- Buildings (owned/rented)
- Infrastructure (transport/IT)
- Production equipment (internal/external)
- Fleet (own/partner)

KPIs

15% Electric vehicles

369 Pharmacies

78.8 mio. CHF investments in tangible and intangible assets

Intellectual/innovation capital

- Brands
- Distribution licences
- Own developed software
- Investments in digital services
- Skilled personnel

KPIs

80 own and partner brands

3.6 mio. CHF Investments in own developed

Human capital

- Number of employees
- Training/further education
- Personnel expenses
- Cultural development

KPIs

7,902 Employees

551.0 mio. CHF Personnel expenses

5.4 mio. CHF Investment in further education

Social capital

- Strong long-term partnerships
- Regulators
- Suppliers
- Customers

KPIs

1,300 Suppliers

26 Memberships in associations

Ecological capital

- Energy use
- Fossil fuels
- Renewable resources
- Water
- Land

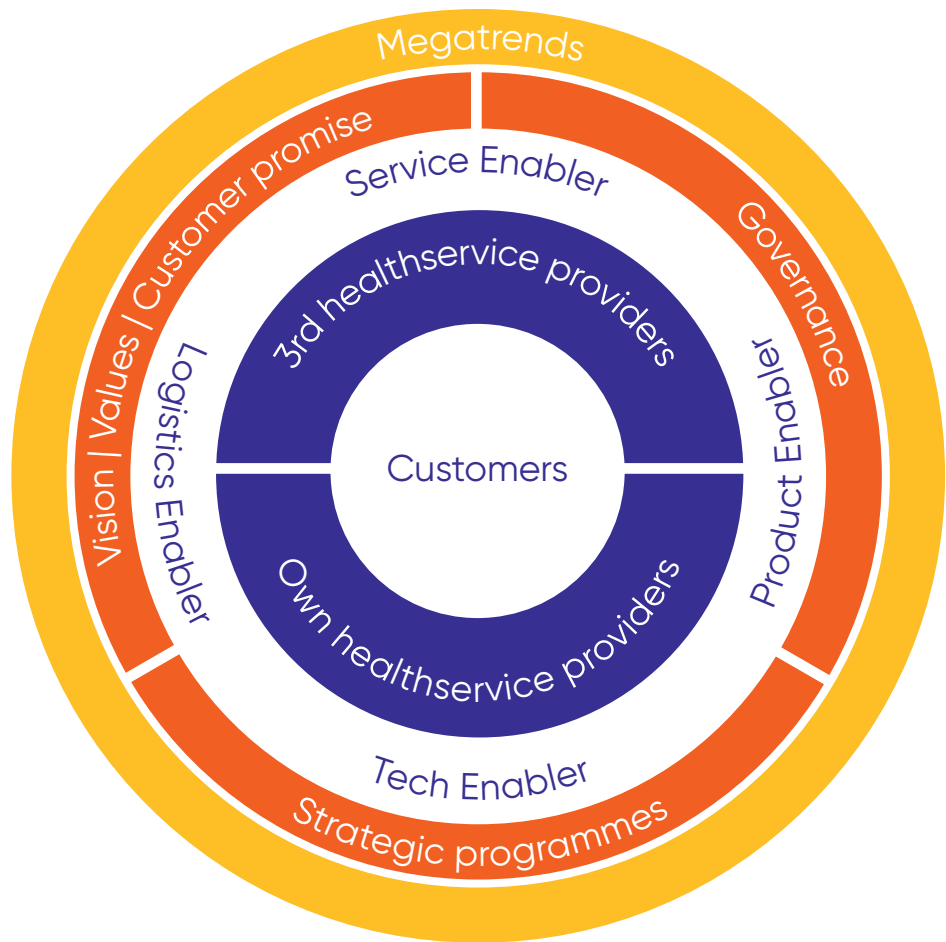
KPIs

46% Electricity from renewable sources

15% Renewable drives for vehicle fleet

1,149,293 m³ Water withdrawal

Business model



Outputs / Impacts

Financial capital

- Sales/profit
- Operating Cash Flow
- Dividend

KPIs

5.1% ROS
3.0% Dividend yield

Produced capital

- Pharmacy network
- Products
- Security of supply/procurement

KPIs

500,000 products & packages shipped
GDP standards

Intellectual/innovation capital

- Services in pharmacies
- Own software licensing
- Customer journey
- Efficient processes
- Patient safety
- Prevention
- Generics substitution

KPIs

270 mio. CDS.CE Checks

138,000 Health services provided

Human capital

- Employee satisfaction
- Motivation
- Recommendations/employer attractiveness
- Safe working environment

KPIs

12% Fluctuation rate

51.7% Women in management

0.47% Absence rate

76 Motivation score

76 Recommendation score

Social capital

- Broader product range
- Reimbursement health insurance
- Efficiency gains
- Expansion of expertise
- Representation of interests
- Long-term contracts
- Integrity in supply chains
- Reputation
- Customer satisfaction

KPIs

5 Co-operations with health insurance

92.5% Net Promoter Score (target achievement)

Ecological capital

- Emissions
- Water consumption

KPIs

85,972 GJ Electricity consumption

12,669 tCO₂e GHG emissions**Outcomes****Contribution to the SDGs**

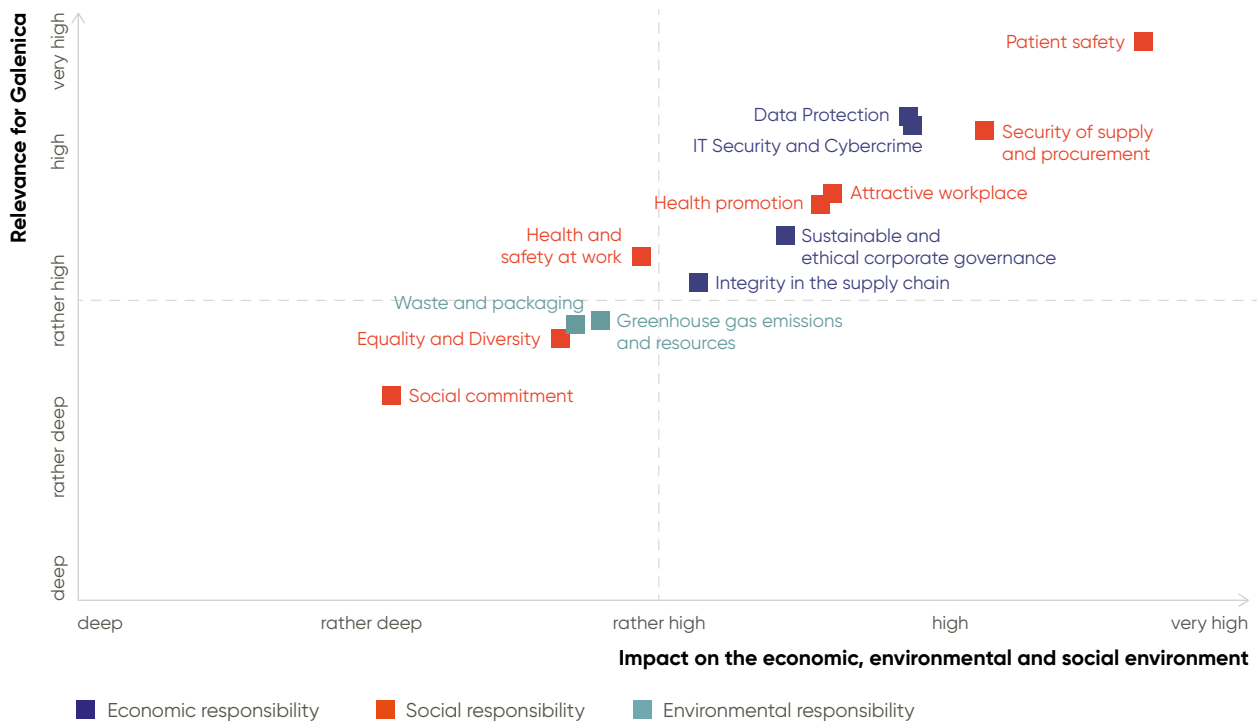
Materiality matrix

Business operations

In 2023, Galenica conducted a materiality analysis based on the dual materiality principle. First, the impact of Galenica’s business activities on the social, environmental and economic environment was assessed through interviews with experts and stakeholders relevant to Galenica. We also drew on legal requirements, information from ESG standards and ratings, and peer comparisons to determine the impact. The identified impacts of business activities were summarised into overarching topics and discussed by the Executive Committee and the Board of Directors. Using an online survey, internal and external stakeholders – investors, partners, suppliers, customers, associations, employees and authorities – were asked about the key topics. They had to assess each from two perspectives and assign a score from very low to very high:

- Relevance for Galenica (outside-in perspective)
- Relevance for the social, environmental and economic environment of Galenica (inside-out perspective)

We have evaluated the results of the online survey and summarised them in the matrix below. The materiality matrix was acknowledged by the Executive Committee and the Board of Directors.



Opportunities and risks

Business operations

Galenica defines risk as the possibility of an event or action leading to immediate financial loss or other adverse consequences. Galenica has a risk management process in place that supports the Board of Directors, the Executive Committee and the respective management teams of the Group companies in identifying and assessing potential risks in good time and taking the necessary preventive measures. The goal of this process is to identify and assess significant risks at all management levels and to manage them while making conscious use of the opportunities the process provides.



As part of Group-wide Galenica Risk Management (GRM), the companies in the Group conduct a risk assessment at least twice a year. In spring, the risk managers identify the risks across the Group, categorise and assess them and define measures for managing them. This standardised process is based on a risk matrix in which the most important strategic and operational risks and their possible effects – particularly in terms of financial reputation – are identified according to predefined criteria and then evaluated according to their probability of occurrence and impact. These risks are recorded in a risk matrix for each Service Unit and, depending on their significance, also included in the Group's risk matrix. In spring, the focus is on the

management, identification and assessment of risks, and in autumn on the management of measures. In doing so, the risk managers review the measures and deadlines as well as any significant changes to risks. Controlling supports the risk managers in this process and ensures accurate reporting at the appropriate level.

The Board of Directors of Galenica receives a summary of the most important risks and measures from the Executive Committee at least twice a year. The Board of Directors approves the GRM. Inputs and comments on risk assessments and measures are implemented as part of the subsequent risk management process, if necessary.

Most important risk cluster and measures

Galenica divides its risks into risk clusters and defines measures for each risk:

Risk cluster	Risk description	Measures
Patient safety	Incorrect delivery/dispensing of medication (incl. blister packaging) to patients (health risk), damage to patient due to an internal process error.	Further development of the Quality Management System in the pharmacy in order to have more time in the pharmacy for patient safety. Deviation management form, data evaluation and regular internal exchanges on improvements (e.g. e-prescription and article scanning).
	Employees	Shortage of skilled workers and high staff turnover.
Delivery delays/availability of products/raw materials. Availability of spare parts.		
Procurement market	Price pressure due to the general situation in various areas (inflation/price increase).	Forward-looking planning and increased inventory coverage for sensitive raw materials. Examining alternative procurement options and renegotiating or obtaining postponement of price increases.
	Elimination/Expiry expiration date special procurements.	Risk assessment and differentiated procurement.
Sustainability	Many of Galenica's sustainability risks are reflected in the existing risk clusters. In 2023, climate risks are predominantly represented in the sustainability cluster. These are primarily natural hazards caused by climate change.	Protection of employees through appropriate working conditions (air conditioning, etc.). Protection and upgrading of sites against climate risks such as flooding.
		Alternative and independent power supply (photovoltaics, heat pumps, etc.) to maintain operations, e.g. in the event of power outages. Introduction of sustainable logistics solutions.

The GRM identifies sustainability risks in the above-mentioned risk clusters. These are essentially outside-in risks. In the 2024 financial year, the risk clusters and measures will be continuously developed and enriched, especially in the area of climate risks.

Internal control system

As part of its risk management system, Galenica operates an internal control system (ICS) to ensure reliable internal and external financial reporting and to prevent misstatements and errors about business transactions. The ICS offers the necessary processes and controls to ensure that risks in connection with the quality of the company's financial reporting can be identified and managed in good time. A thorough review of the existence of the processes and controls of the Galenica ICS is carried out annually by the external auditors at the time of the interim audit. The results of these reviews are reported to the Audit and Risk Committee. Management takes appropriate measures to continuously improve business processes in the areas of purchasing, procurement, investment, sales, human resources, general financial management and reporting, and IT controls.

Internal Audit

Internal Audit carries out audits of operational and strategic risk management and the ICS in accordance with the audit plan determined by the Audit and Risk Committee. It carries out audits, analyses and interviews throughout the Group and supports the Service Units in achieving their objectives by ensuring an independent assessment of the effectiveness of internal control processes. Internal Audit prepares regular reports on the audits carried out and reports directly to the Audit and Risk Committee in writing. The activities of Internal Audit are conducted through contracts issued to external service providers.

Environmental matters



Greenhouse gas emissions and resources

Environmental matters

Galenica aims to use resources as efficiently as possible with economically viable measures and to reduce the related environmental impact as much as possible.



Management of the material topic

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. Electricity and fuels are the main energy sources used by Galenica. Electricity accounts for 34% of total energy consumption. Transport is the main cause (40%) of direct and indirect greenhouse gas emissions at Galenica. Greenhouse gases in the atmosphere are primarily responsible for global warming and climate change, with serious consequences for humans, animals and the environment.

Galenica therefore aims to use resources as efficiently as possible with economically viable measures and to reduce the related environmental impact as much as possible. The basis for this is the strategic Efficiency programme, which focuses, among other things, on the sustainable use of resources with the aim of reducing the company's CO₂ emissions by increasing efficiency in logistics and installing solar modules at its operating sites.

Binding targets agreed with the FOEN

In order to reduce CO₂ intensity and increase energy efficiency, the Alloga site in Burgdorf, the Galexis sites in Lausanne-Ecublens and Niederbipp, as well as the Bichsel Group agreed on binding targets with the Federal Office for the Environment (FOEN). In return for their commitment, the companies can apply for a refund of the CO₂ incentive tax on fossil fuels or a subsidy to implement sustainability measures, provided they comply with the agreements. The targets are agreed individually based on each site's potential. Galenica is working with the Energy Agency for Industry (EnAW) to define an efficiency path with various commercially viable measures. As part of the target agreements with the FOEN, Galexis achieved thermal savings of 227,360 kWh and 67.9 tCO₂ per year at the Niederbipp site by installing a heat pump. The conversion of the Lausanne-Ecublens site resulted in a reduction of annual energy consumption by 617,695 kWh and 107.4 tCO₂. Alloga put a new groundwater heat pump into operation at the start of 2022. In 2023, the savings amounted to 428,245 kWh per year and 126.6 tCO₂. As part of the target agreement with the FOEN, the flat roof at Alloga was also re-insulated and an air compressor replaced.

Reduce fuel consumption

To reduce fuel consumption, pre-wholesale and wholesale companies regularly review and implement energy efficiency measures – both internally and with external logistics partners. This includes the use of commercial vehicles that meet the highest emissions standard (currently Euro VI) for all Group companies and the initiation of joint pilot projects for the use of delivery vehicles with alternative drive systems. At the same time, since 2020 Galexis has been converting its own delivery fleet and introducing more efficient vehicles with a higher load capacity to avoid multiple journeys when large loads are being delivered. External contract drivers are contractually obliged to use only vehicles that meet at least the Euro VI standard or higher. All drivers from Galexis, UFD, Pharmapool, Bichsel and Alloga regularly attend mandatory driver safety training, which aims to teach them an environmentally friendly, fuel-efficient driving style, among other things. Galenica also pursues and supports sustainability initiatives for logistics companies through associations (such as GS1) and in cooperation with public authorities.

Environmental Code of Conduct and mobility concept

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

Galenica encourages its employees to use public transport and electric vehicles and has implemented specific mobility concepts at some locations, such as the headquarters in Bern. Employees who commute to work by public transport receive a financial contribution towards their travel costs.

In January 2022, another mobility concept was introduced in Lausanne-Ecublens as part of the renovation at the site. Only limited parking spaces are available for employees. Galexis encourages employees to organise carpools or use public transport to get to work and provides employees with financial support for the use of public transport. In 2022, Galenica amended its Group-wide company vehicle policy in favour of e-mobility. Today, around 12% of company vehicles have electric or hybrid drive systems.

Starting to implement renewable energies in distribution

Galenica wants to promote the use of renewable energies in distribution logistics and has adopted a memorandum of understanding to this effect as part of its distribution strategy. The first vehicle powered by biogas has been successfully in use at Galaxis since 2021, and the second vehicle was also put into operation at the beginning of 2022. Since the start of 2023, Galaxis has been supplying the first customers in the Greater Zurich area with an electric GDP delivery vehicle, and another of its own electric vehicles went into operation at the Lausanne-Ecublens site at the end of 2023. However, GDP-compliant electric vehicles are still rare in Switzerland. Charging times remain a major challenge, which means that vehicles are only used up to 50% of their capacity and are therefore inefficient from an economic point of view. Galenica sees great potential in hydrogen technology for trucks and is therefore in the process of identifying the specific steps that need to be taken to implement hydrogen technology in logistics. Discussions have been held with a logistics service provider that already operates several hydrogen-powered lorries in Switzerland about a pilot test with a view to putting them into operation as internal goods transport. A major challenge here is the requirement for temperature-controlled transport in accordance with GDP guidelines, as the air-conditioning system consumes a lot of energy. Furthermore, the Group-wide company vehicle policy has been adjusted in favour of e-mobility and charging infrastructures for electric vehicles have been installed at the Niederbipp and Lausanne-Ecublens sites.

Focus on increasing energy efficiency during renovations

When carrying out renovations, Galenica always takes into account measures to improve energy efficiency and looks into the feasibility of installing photovoltaic systems. Alloga has been using a new heat pump to heat its warehouse building in Burgdorf since the start of 2022. State-of-the-art technology helps to save around 120 tCO₂ emissions every year. Alloga also fitted the 25,000m² roof with additional insulation. The new insulation allows for additional energy savings of 10–15% each year. During the renovation of the Galaxis distribution centre in Lausanne-Ecublens, for example, all buildings and roofs were refurbished to improve energy efficiency and a photovoltaic system was installed. At the Niederbipp site, a solar installation with around 5,700 solar modules was also connected to the grid at the end of 2023. This will enable one-third of Galaxis' electricity needs in Niederbipp to be covered in future. A photovoltaic system has also been in operation on the roof of the Alloga building in Burgdorf since 2018, and the UFD headquarters in the canton of Ticino will be equipped with a solar power system in 2024. In the Service Unit Pharmacies, there is only a very limited choice of energy sources for heating and electricity as almost all the premises are rented. However, electricity consumption can be controlled, which is why Galenica is consistently focusing on energy-saving lighting and the installation of motion detectors when renovating pharmacies.

Responsible use of land and water

Galenica strives to use the vital resources of land and water responsibly. The company pays attention to the careful use of water and does not use groundwater, but feeds it back into the groundwater flow. Alloga, Galaxis and Unione use the groundwater for the heating and cooling cycle, either extracting heat or using it for cooling. In addition, water plays a central role in Bichsel's production processes.

Galenica has no sites in or near protected areas or areas of high biodiversity value outside protected areas. With the construction of a wild bee park at the Galaxis distribution centre in Niederbipp, Galenica made a small but important contribution to protecting these endangered animals and conserving biodiversity in 2023.

Objectives greenhouse gas emissions

Goal	Status	Target year	Measurement parameter	2023	2022
From 2025, we will be sourcing 100% of our electricity from renewable sources at all our locations.	→	2025	% electricity from renewable sources per location	75%	74%
We will reduce the greenhouse gas emissions produced by all our operations, processes and supply chains by 25% by 2025 and by 50% by 2030.	→	2030	CO ₂ e	12,669 CO ₂ e	10,052 CO ₂ e
We will replace 40% of the fossil fuels in our vehicle fleet with renewable alternatives by 2028.	↗	2028	% renewable propulsion in the vehicle fleet	15%	12%

- ↗ Realistic
- Partially delayed/critical
- ↘ Critical
- = Achieved
- × Not achieved

The Galenica Group's own operational and administrative sites obtain electricity from hydropower and photovoltaics. Almost all of the pharmacies' sales outlets are rented, which makes it more difficult to influence the electricity mix. However, Galenica has set itself the goal of obtaining electricity from renewable sources for the rented premises as far as possible. In 2023, the electricity consumption of the pharmacies in the Service Unit Pharmacies was recorded centrally via Swenex for the first time. This will serve as a platform for further efficiency measures.

Galenica is also working to improve the data base for its operations, processes and supply chains as part of its goal to reduce greenhouse gas emissions.

Today, around 15% of company vehicles are powered by renewable drives. More information on renewable energies in distribution can be found in the section "Starting to implement renewable energies in distribution".

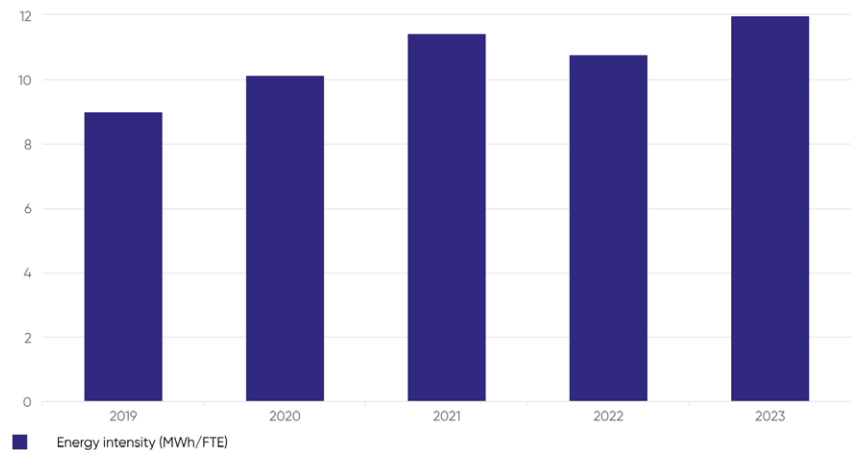
Evaluation of the management approach and measures

- Key figures: Key environmental figures relating to greenhouse gas emissions and energy consumption by the Group are collected at least once a year to check whether the environmental targets are being achieved.
- Galenica's sustainability objectives form part of its collaboration with partners (suppliers, logistics service providers, service providers) throughout the supply chain.
- Targets agreed with the FOEN: EnAW provides Galenica with annual feedback and recommendations on how to improve energy efficiency and reduce CO₂ intensity.
- ESG topics are part of the contractual agreements in investment planning and the awarding of contracts.
- CDP: Galenica completes the CDP questionnaire once a year. CDP is an international, non-profit organisation that provides the largest and only worldwide environmental database for companies and cities. Its aim is to encourage as many companies as possible to disclose their impact on the environment and natural resources. This information is collected on behalf of more than 680 institutional investors, who together represent more than USD 130 trillion in assets. In 2023, as in the previous year, Galenica ranked C in its level of engagement score. This certifies that the Galenica Group understands how environmental issues affect the business model. The results are published at www.cdp.net.

Energy

Aspect	Unit	2023	2022	2021	2020	2019
Energy consumption (within and outside of the organisation)	GJ	254,500	205,734	228,373	208,209	180,335
Energy consumption within the organisation	GJ	206,563	159,065	169,467	151,154	127,808
- non-renewable sources (heating oil, natural gas, diesel, petrol)	GJ	122,045	85,416	96,757	78,115	61,002
- renewable sources (hydropower, solar energy, district heat)	GJ	84,518	73,649	72,710	90,078	66,732
Electricity consumption within the organisation	GJ	85,972	88,503	88,513	88,577	83,523
Heat energy consumption within the organisation	GJ	67,193	24,775	22,418	25,251	15,324
Energy consumption outside of the organization						
- downstream transport and distribution	GJ	47,937	46,669	58,906	57,054	52,527
Energy intensity	MWh/ FTE	11.97	10.77	11.43	10.12	9.00

Energy intensity 2019–2023 (MWh/FTE)



It does not include data for companies that have only been part of Galenica since 2023 or the heat consumption of Pharmapool and Verfora. Heat consumption was reported for the first time for Galexis Ärzteservice in 2023. Since 2021, the fuel consumption of the Group's own company vehicles and the heat consumption of the Galenica Group headquarters have been included. In 2022, the heat consumption of ApoDoc and Lifestage Solutions was included for the first time. In 2023, the heat consumption of all pharmacies was extrapolated.

The declared energy consumption outside the organisation is limited to downstream transport and distribution. To calculate the energy intensity ratio, Galenica uses the number of full-time equivalents (FTEs) as an organisation-specific parameter (denominator). The quotient takes into account the energy consumption within the organisation and includes the following types of energy: fuels used by the company's own delivery and service vehicles, electricity and heat consumption.

Adjusted data basis for energy consumption

In 2023, the Galenica Group's total energy consumption – both within and outside the organisation – amounted to 254,500 GJ (previous year: 205,734 GJ). This increase also led to a slight increase in total energy consumption per full-time equivalent, from 10.77 MWh/FTE to 11.97 MWh/FTE. The increase in total energy consumption of 24% can primarily be attributed to the expanded data basis for energy consumption within the organisation, which accounts for 81% of total energy consumption. In the reporting year, an estimate of the total heat consumption of all pharmacies was included for the first time through extrapolation. The pharmacies obtain 51% of their heat from district heating and approximately 33% from the combustion of natural gas. This is reflected in the increase in heat consumption for the entire Group to 67,193 GJ (previous year: 24,775 GJ). Energy consumption outside the organisation, which includes downstream transport – i.e. the fuel used by contract drivers – was almost the same as in the previous year (46,669 GJ) at 47,937 GJ.

Reduction of electricity consumption

Electricity and fuels are the main energy sources used by Galenica. Electricity accounts for 34% of total energy consumption within and outside the organisation. In 2023, the Group reduced its electricity consumption to 85,972 GJ (previous year: 88,503 GJ), which corresponds to a reduction of 3%. All operational and administrative sites of the Galenica Group obtain electricity from photovoltaics and hydropower, with the Group purchasing 12,255 MWh of hydropower from certified, sustainable sources or certifying it with guarantees of origin in the year under review. At the pharmacies' sales premises, the choice of energy source for electricity can only be influenced to a limited extent and the electricity is obtained from the Swiss electricity grid.

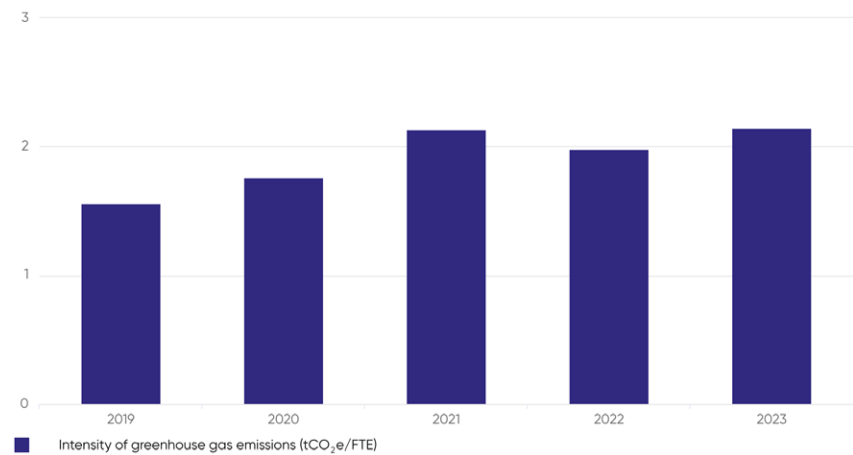
Emissions

Aspect	Unit	2023	2022	2021	2020	2019
Direct and indirect GHG emissions	tCO ₂ e	12,669	10,052	11,828	10,207	8,785
Direct (Scope 1) GHG emissions: fuels and combustibles ^{1,2)}	tCO ₂ e	6,875	4,876	5,708	4,262	3,047
Indirect (Scope 2) GHG emissions: purchased electricity and district heat ²⁾	tCO ₂ e	2,283	1,705	1,738	1,702	1,831
Other indirect (Scope 3) GHG emissions: downstream transport and distribution	tCO ₂ e	3,512	3,471	4,381	4,244	3,907
Intensity of GHG emissions	tCO ₂ e/FTE	2.14	1.98	2.13	1.76	1.56

¹⁾ Additionally, in 2023 a leak caused refrigerant losses at Galexis with a greenhouse gas effect of 523 tCO₂e.

²⁾ The values of 2022 were corrected as the emissions associated to procuring district heat were previously included in Scope 1 by mistake.

Intensity of greenhouse gas emissions 2019–2023 (tCO₂e/FTE)



It does not include data on companies that have only belonged to Galenica since 2023, nor the heat consumption of Pharmapool and Verfora. Heat consumption was reported for the first time for Galexis Ärzteservice in 2023. Since 2021, the fuel consumption of the Group's own company vehicles and the heat consumption of the Galenica Group headquarters have been included. In 2022, the heat consumption of ApoDoc and Lifestage Solutions was included for the first time. In 2023, the heat consumption of all pharmacies was extrapolated. Scope 3 includes the CO₂ emissions caused by the contract drivers of Galexis, Alloga and Pharmapool.

District heating data increases greenhouse gas emissions

In the reporting year, an estimate of the total heat consumption of all pharmacies was included in the calculation for the first time through extrapolation (see Emissions). Fuel consumption across the entire Group increased by 17% in 2023. This had an impact on greenhouse gas emissions: in 2023, the Galenica Group's emissions amounted to 12,669 tonnes of CO₂-equivalents (tCO₂e), equivalent to an increase of 26% over the previous year. The expanded data base for pharmacies is reflected in Scope 1 emissions and in the Scope 2 emissions due to new extrapolation of the pharmacies' district heating purchases. In addition, losses of refrigerant occurred at Galexis in 2023 due to a leak. Due to the high global warming potential of the emitted substance, there is therefore a significant greenhouse gas effect equivalent to the emission of 523 tCO₂e.

Water and wastewater

Aspect	Unit	2023	2022
Water withdrawal	m ³	1,149,293	976,438
- municipal water supply	m ³	78,285	53,534
- groundwater	m ³	1,071,008	922,904

This includes data from Bichsel, Alloga, Unione and Galexis. Since 2022, the data of some pharmacies, Lifestage Solutions and Pharmapool have been included. The figures for 2023 also include the figures for Galenica headquarters and Spagyros. Water withdrawals by pharmacies were extrapolated in 2023, which is representative of all pharmacies as a whole.

In 2023, water withdrawal by the Galenica Group amounted to 1,149,293 m³ (previous year: 976,438 m³), with 7% coming from the municipal water supply and 93% from groundwater. This increase is partly due to the expanded data basis in the form of an extrapolation for pharmacies. According to an extrapolation, water withdrawal from all pharmacies accounts for around 40% of the water supplied by the communal water supply. The sharp increase in groundwater demand compared to the previous year is due to the fact that Alloga installed a groundwater pump in 2022, which was operational over the entire period for the first time in the reporting year. In addition, water plays a central role in Bichsel's production processes.

Waste and packaging

Environmental matters

The business activities of the Galenica Group have various impacts on the environment and the climate. Galenica strives to use natural resources responsibly and efficiently, to reduce negative environmental impacts and to dispose of waste safely.



Management of the material topic

For Galenica, the proper handling of medical and chemical waste as well as packaging material is crucial. The company focuses on waste management, i.e. the declaration (toxic/non-toxic), collection, sorting, disposal and recycling of waste, the selection of materials for packaging and adherence to circular economy principles. These measures are key to protecting the environment, animals and humans.

Galenica strives to reduce and, where possible, prevent waste. The company has set itself the target of reducing municipal waste (mainly packaging materials) by 50% by 2025. In addition to conventional municipal waste, medical and chemical waste is also produced. In Switzerland, expired or surplus medication is classified as hazardous waste and may not be disposed of with conventional industrial waste. Waste can be disposed of in different ways, depending on the type of waste. Waste incineration generates harmful greenhouse gas emissions, but in Switzerland some of the heat generated is also used for district heating or for electricity production. Hazardous waste entails both

disposal costs and environmental and health risks. The recycling of waste products and raw materials has positive effects on the environment, such as the avoidance of greenhouse gas emissions and the conservation of scarce natural resources. Almost half of waste is recycled at Galenica.

Proper disposal of returned medications

The pharmacies and logistics companies in the Galenica Group take back and properly dispose of expired or unused medications. In pharmacies, this is done in accordance with internal quality management processes. The pharmacist performs an initial disposal triage of the returned medication and sorts the products according to specific criteria. They focus particularly on critical ingredients (such as heavy metals, solvents, narcotics or highly active substances), but also on the special characteristics of the dosage form (such as gas pressure vessels). After this pre-selection process, the drugs are disposed of properly at a conventional incineration plant or in a specially designed high-temperature furnace. The disposal of controlled substances such as narcotics must be documented by pharmacists and reported to Swissmedic. The GDP guidelines, which Alloga, Unione, Pharmapool and Galexis have signed up to, also provide instructions on how to handle returns. The actual disposal of expired and unused medications is carried out by third parties, with the exception of Medifilm, which is the only company in the Galenica Group with an approval for hazardous waste disposal.

For safety reasons, medicines returned by consumers are disposed of without exception – even if they have not yet expired and/or the packaging is still intact. Controlled disposal prevents people or animals from coming into contact with potentially hazardous pharmaceutical waste, such as in torn rubbish bags at the roadside or in the form of contamination. Pharmacies therefore make a valuable contribution to the environmentally friendly and controlled disposal of hazardous waste. In addition, all Galenica Group pharmacies provide only biodegradable plastic bags to their customers. The Service Unit Wholesale & Logistics is continuously investigating additional ways of reducing waste. The use of recycled packaging is an effective measure; currently, 94% of deliveries are already made in reusable, recycled storage containers. The remaining 6% is delivered in recyclable cardboard packaging.

Optimisation of packaging

In addition to the professional disposal of waste, Galenica aims to prevent waste from occurring in the first place wherever possible. For example, Galexis endeavours to increase the filling level of the preparation boxes so that fewer boxes are dispatched and offers the option of consolidated deliveries for non-urgent orders. In addition to the existing initiatives, as part of the Efficiency Initiative, the company has planned to eliminate the dispatch of a printed delivery note and provide customers with only a digitally accessible version. The switch from cardboard packaging to recycled packaging was also implemented at Galexis in 2023 with the first key supplier. Further relevant suppliers will undergo the transition in 2024 in order to reduce the volume of cardboard pack.

Environmental Code of Conduct

The Environmental Code of Conduct contains guidelines on waste separation for all employees who work in the office. In addition, new employees receive a leaflet on waste management and recycling when they join the Group.

Objective waste and packaging

Goal	Status	Target year	Measurement parameter	2023	2022
We will reduce our municipal waste by 50% by 2025.	↘	2025	Municipal waste (t)	1,664 t	1,494 t

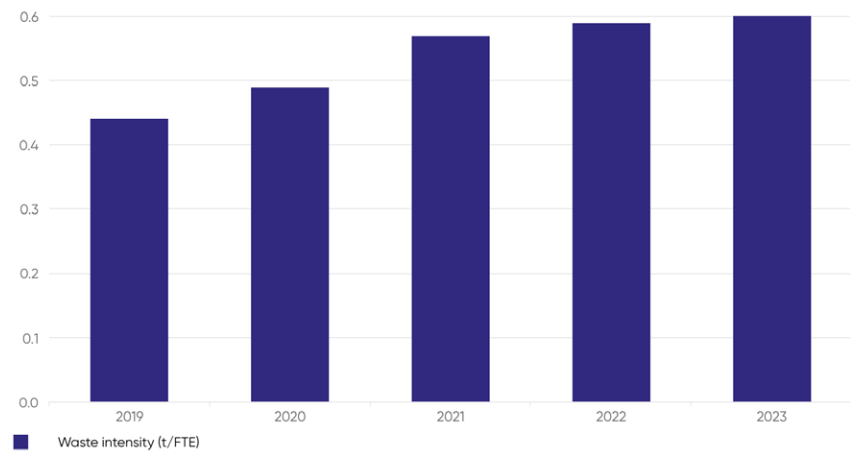
- ↗ Realistic
- Partially delayed/critical
- ↘ Critical
- = Achieved
- × Not achieved

Evaluation of the management approach and measures

- Key figures: Key environmental figures relating to Group waste are collected at least once a year to check whether the environmental targets are being achieved.
- Quality management: Compliance with quality management processes is monitored on an ongoing basis.

Waste generated and directed to disposal

Aspect	Unit	2023	2022	2021	2020	2019
Total weight of waste generated	t	3,653	3,228	3,163	2,703	2,400
by type:						
- non-hazardous waste	t	3,153	2,842	2,642	2,368	2,111
- hazardous waste	t	500	386	521	335	289
by disposal method:						
- incineration	t	1,664	1,494	1,274	986	943
- hazardous waste incineration	t	500	386	521	335	289
- recycling	t	1,489	1,348	1,368	1,382	1,168

Waste intensity 2019–2023

Since 2022, data from Lifestage Solutions, Spagyros and Galenica headquarters have been included in the calculation. With the inclusion of Verfora data, all companies of the Galenica Group are included from 2023.

Almost half of waste is recycled

In 2023, the total weight of waste for the Galenica Group was 3,653 tonnes, an increase of 13%. The weight of waste per full-time equivalent has increased by 5% compared to 2022. 86% of total waste was harmless (largely general waste, cardboard, paper and plastics), with the remaining 14% classified as hazardous waste (mainly medicines). 41% of waste was recycled, 45% was incinerated and 14% destroyed at a specialist facility for hazardous waste.

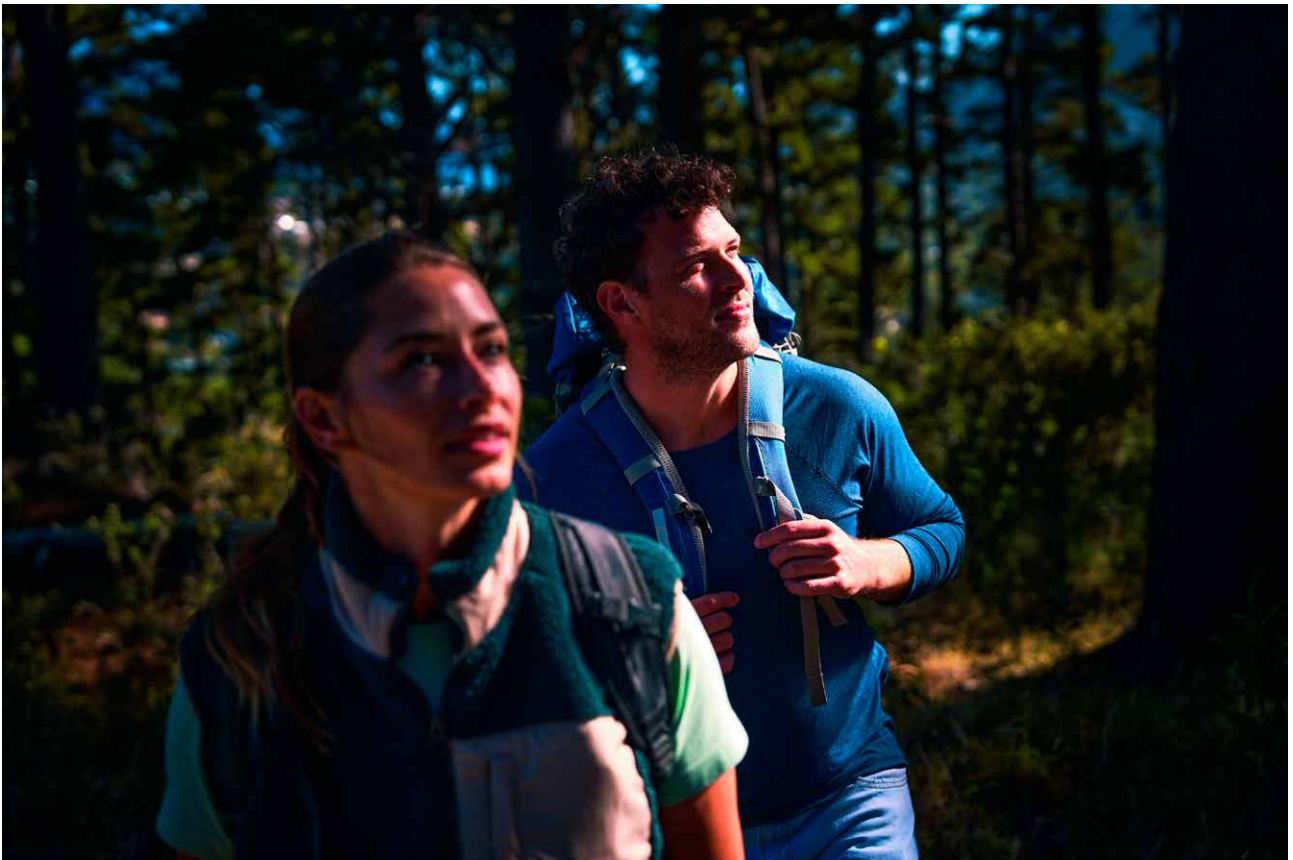
Social issues



Dialogue with stakeholders

Social issues

Galenica maintains relationships with its stakeholders that are characterised by transparency, honesty and mutual trust. Galenica's stakeholders include individuals, interest groups and organisations who directly or indirectly influence or are affected by the company's values, actions and performance.



A meaningful stakeholder engagement is characterised by continuous two-way communication and depends on the goodwill of all those involved. Galenica strives for successful collaboration by promoting regular exchange through various communication channels. This allows the various stakeholder groups to proactively voice their concerns and expectations of the company at any time. Galenica is addressing the issues arising from this and shaping further dialogue in accordance with the current challenges and needs of its stakeholders. This ensures that the topics are relevant to stakeholders and that the dialogue brings added value for both sides. The Executive Committee regularly discusses the concerns and priorities of the various stakeholder groups and reports to the Board of Directors. In this way, stakeholder concerns are incorporated into the decision-making process as far as possible.

Stakeholder group	Why we are committed	How we are committed	Topics discussed in 2023
Customers	- Increase customer satisfaction	- Customer surveys	- Satisfaction with healthcare services
	- Determine potential for improvement		- Low-threshold access to healthcare services
Shareholders	- Increase trust in the company	- Dialogue at AGM	- Galenica's role in Swiss healthcare
	- Money	- Annual communication via AR	- Further development of the company
	- Galenica as an attractive and secure investment	- IR Day and roadshows	- Innovation and new business areas
		- Direct investor dialogue	
Suppliers	- Continuous improvement process in quality management	- Code of Conduct for Suppliers	- Quality aspects
	- Transparency	- Direct dialogue between Purchasing and delivery partners	- Costs and prices
	- Providing a seamless service	- Satisfaction survey of key suppliers	- Innovations
	- Supply chain integrity	- Safety Stock initiative	- Supply chain integrity
	- Ensuring ability to deliver		- Product availability
Scientific institutions	- Promoting young talent	- Financing of the Chair of the University of Bern (Pharmacy)	- Quality of teaching
	- Training for healthcare professions	- Lectures on vocational training	- Attractiveness of healthcare professions (retail pharmacy)
Current and potential employees	- Attracting and retaining qualified employees	- Active recruitment	- Galenica as an attractive employer
	- Employee satisfaction and motivation	- Fringe benefits	- Attractiveness of healthcare professions
		- Fair employment conditions	
		- University marketing / events	
		- Position Galenica as an employer of choice	
Authorities and associations	- Political influence	- Membership of association boards	- Galenica's role in Swiss healthcare
	- Ensuring sustainable business operations	- Regular dialogue with relevant associations	- Opportunities and risks of liberalisation in the healthcare sector
		- Meetings with politicians, authorities	- Costs / cost containment

Protecting its stakeholders is a top priority for Galenica. The company complies with the applicable laws and regulations, specifically in the areas of data protection, occupational health and safety, investor protection, environmental protection and consumer protection. Suspicions of non-compliance with laws and regulations can be reported via the external whistleblower reporting office. Details can be found in the section Sustainable and ethical corporate governance.

Galenica employees have access to other points of contact. The MOVIS social counselling service supports them with issues relating to health and work-life balance, and individual case management ensures appropriate work arrangements for people with health issues or mental disabilities.

Galenica ensures that its customers are protected by providing patient-oriented advice in pharmacies and in the home care sector. Advice is individually tailored to the needs of patients and takes into account the latest medical findings. More information can be found in the chapters on Patient safety and Health promotion.

Patient safety

Social issues

The safety and health of patients is Galenica's top priority. Galenica is committed to the quality of medicines along the entire value chain.



Management of the material topic

Medication errors or reductions in the quality of medications can have serious consequences for a patient's health. They also pose a reputational risk for the companies involved. Digitalisation opens new opportunities for innovative solutions to improve patient safety. Galenica is committed to ensuring the quality of medicines along its entire value chain and takes the appropriate measures along the supply chain in terms of infrastructure, processes, and employee training and education. This helps prevent medication errors, reduce side effects and lower healthcare costs. With personal and competent advice and a unique range of products and services, Galenica supports its patients in all life situations and helps people of all ages lead a healthy life. Galenica thus makes an important contribution to the well-being and health of the Swiss population.

GDP guidelines for a good distribution practice

Alloga, Galexis, UFD, Pharmapool, Verfora and the Bichsel Group adhere to the GDP (Good Distribution Practice) guidelines for human medicinal products in an exemplary manner. On the one hand, these legal requirements are intended to prevent counterfeit drugs from entering legal supply chains. On the other hand, control measures within the distribution chain ensure the quality and integrity of drugs. Drug temperature is recorded and analysed in real time throughout the entire life cycle, from production through to delivery to the customer. If there are deviations in temperature, the causes are investigated and suitable measures are taken in accordance with GDP guidelines. In addition to these guidelines, the aforementioned companies apply their own standards and processes in their day-to-day work to ensure patient safety at all times.

Galexis, UFD, Pharmapool and the Bichsel Group each operate their own fleet comprising 164 delivery vans (up to 3.5 tonnes) and 5 lorries (14 to 22 tonnes). All vehicles are GDP-compliant and are fitted with an air conditioning system in the loading space, which is mandatory for the transport of pharmaceutical products.

Uninterrupted cold chain for medicines

All Wholesale & Logistics companies, as well as Medifilm, Mediservice and Bichsel, provide an uninterrupted cold chain for the storage and transport of temperature-sensitive drugs. At Alloga, this also applies to so-called ultra-deep-freeze logistics, in other words, storage and dispatch at -80°C , the required temperature for a new generation of cancer drugs. In preparation for the delivery of COVID-19 vaccines, Alloga further expanded its ultra-deep-freeze logistics in the reporting year. Temperature control is ensured by using dry ice in special containers. Alloga and Galexis also use paraffin-filled cooling elements, which, in contrast to water-based cooling elements, ensure the medicines remain at a more stable temperature. The proportion of transported refrigerated products in the reporting year was 6% for Galexis' own vehicle fleet and around 31% for third-party transport.

Quality systems

HCI Solutions provides master data for the Swiss healthcare market. The company is also active in the field of e-health with the aim of increasing patient and medication safety in the Swiss healthcare system. With innovative digital solutions such as Documedis[®], HCI Solutions makes a significant contribution to safe and efficient healthcare in Switzerland. To guarantee the quality of medication data, HCI Solutions carries out process-integrated checks. The company checks the recording of drug data according to the four-eyes principle, while the six-eyes principle applies to sensitive active substances (such as blood thinners). HCI Solutions carries out random quality checks on a daily basis and a more comprehensive inspection every two weeks. Any error discovered is documented and its cause investigated. HCI Solutions is certified to ISO 9001:2015 and ISO 13485:2016.

The QMS of the Service Unit Pharmacies has standard operating procedures (SOP) for all relevant pharmacy processes. These include the manufacture and dispensing of drugs, data protection, confidentiality, hygiene and the disposal of medications. Galenicare regularly carries out audits to ensure compliance with the SOPs in the individual pharmacies. In addition to these announced audits, anonymous test purchases and phone calls as well as inspections by cantonal pharmacists take place

in all pharmacies. Several times a year, Galenica conducts QMS and legal requirements courses for pharmacy employees. For specific services such as heart checks, allergy checks, diabetes checks and vaccinations, employees complete certified courses and obtain certificates of competence.

As a company specialising in pharmaceutical manufacturing and home care with its own certified general pharmacy, the Bichsel Group places great importance on the quality of its products and services. The company carries out numerous chemical and microbiological analyses on a daily basis to check end products, raw materials and packaging materials and holds manufacturing licenses, EU GMP certificates for medicinal products and EC certificates for medical devices in accordance with Directive 93/42/EEC of the European Council.

The specialty pharmacy Mediservice supports patients with chronic and rare illnesses by providing additional services such as home care and patient events. Mediservice also has a licence to operate as a public pharmacy and a wholesale licence. Accordingly, Mediservice's QMS meets a wide range of requirements.

Continuous monitoring of all products

Product safety is checked and safeguarded at Verfora using a variety of approaches. Verfora checks that contract manufacturers qualify for the necessary processes by carrying out initial and regularly recurring audits. Compliance with the GMP guidelines is assessed and must be adhered to so that safe products can be manufactured for patients at all times. The audits also take into account environmental, health and safety factors within the partner companies. The products are then carefully examined before being placed on the market to ensure that they have been manufactured and tested in accordance with the GMP guidelines and that they meet all applicable specifications. As with all medications, Verfora products undergo a preclinical and a clinical trial to ensure their safety and efficacy. Once the products are on the market, pharmacovigilance is at the heart of Verfora's safety efforts, i.e. the continuous monitoring of all products. All new Verfora employees are trained in pharmacovigilance and receive a checklist of steps to be taken in the event of side effects. In addition, pharmacovigilance training is held for all employees every year. The company also systematically checks advertisements and advertising posters for products to ensure they are correct. In parallel to pharmacovigilance, the products are regularly analysed in the laboratory until the end of their life so that any deviations in quality can be identified and remedied at an early stage.

Promoting the technical competence of employees

In 2023, 119 pharmacists successfully completed the quality management course. Quality management and patient safety are also key issues in the basic training of pharmacy assistants working towards their Federal Proficiency Certificate. Where required, Verfora offers training sessions for pharmacies when new medications are launched in order to promote employees' skills and ensure patient safety and health. In 2023, Verfora conducted 130 training sessions for around 8,400 pharmacy assistants and pharmacists.

Increased patient safety using e-medication solution

Digitalisation opens new, innovative ways to increase patient safety. Documedis® is the process-integrated solution for increased medication and patient safety in the healthcare system. Documedis® offers specific e-health applications and services relating to the medication process based on INDEX data. HCI Solutions works with various reference communities to make Documedis® available in the electronic patient record. This will allow more functions to be made available to the various service providers in the future, such as merging several e-Mediplans, which will result in an increase in patient safety. Documedis® is already being implemented in pharmacy, medical and hospital software.

The Documedis® module Primary Care Algorithms (PCA.CE) provides the option of offering precise identification of health disorders and illnesses using algorithms. There are 33 algorithms in total. Documedis® also includes Clinical Decision Support Checks (CDS.CE Check). These checks enable pharmacists to check the patient's used or planned medication for known risks, duplication or allergies to active substances. There are currently 13 such CDS.CE checks. The CDS.CE Check thus supports service providers when prescribing new medications or when supplementing existing medication. HCI Solutions is constantly expanding the functionality of Documedis®. In February 2023, Documedis® Vaccination has been made available and offered to service providers free of charge via pharmaVISTA during a test phase. In addition, the Swiss vaccination plan is now also reproduced in CDS.CE. Documedis® Vaccination is the new digital all-in-one solution for vaccination: from vaccination documentation and analysis to the creation of a clear vaccination plan.

Objectives patient safety

Goal	Status	Target year	Measurement parameter	2023	2022
We will increase the use of Clinical Decision Support Checks (CDS,CE) to 500 million by 2025 and 1 billion by 2030.	↗	2030	Number of CDS,CE checks (Clinical Decision Support)	278 mio.	110 mio.
Customer satisfaction is at the centre of all activities. The willingness to recommend rNPS is used to systematically measure the satisfaction of end customers and determine the gap compared to the average of the competition.	→		Target achievement rNPS	92.5%	N/A

- ↗ Realistic
- Partially delayed/critical
- ↘ Critical
- = Achieved
- × Not achieved

In 2023, Galenica was able to further increase patient safety. In the year under review, 277,609,287 CDS checks were carried out by service providers. Target achievement by 2025 and 2030, respectively, is realistic.

The satisfaction of our customers is at the heart of all our activities. To measure these, the net promoter score (NPS) of the Amavita, Sun Store and Coop Vitality pharmacies is used and the distance compared to the average of the competitor is calculated. The NPS measures the extent to which consumers would recommend a product, a service, a brand or company. Compared to the competition, the ambitious target was not fully achieved at 92.5%. Galenica does not disclose the effective amount or the difference from the best competitor for competition reasons.

Evaluation of the management approach and measures

- Quality management: The QMSs of the companies of the Galenica Group are regularly and systematically audited.
- GDP guidelines: Regional agencies for therapeutic products periodically perform audits to determine GDP compliance.
- Pharmacovigilance: At Verfora, all employees have a duty to submit to the responsible internal department any reports of side effects received from specialists and patients promptly and in full. Information on the duration, progression and impact of the side effect and on the dosage and duration of product use plays a key role in this. Verfora documents and investigates each report, taking appropriate measures where necessary.

Pharmacovigilance: forwarding reports

Aspect	Unit	2023	2022	2021	2020	2019
Pharmacovigilance: forwarding of reports of side effects						
- compliance with deadline for forwarding a report of side effects	%	97	98	92	97	98
Reliable procurement and supply chain						
Availability of medicinal products on average	%	98.8	99.0	99.6		

In 2023, Verfora employees met the deadline for forwarding reports of side effects in 97% of cases (target: >90%). At Bichsel, the responsible parties met the deadline for forwarding reports of side effects to the authorities in 100% of cases.

Security of supply and procurement

Social issues

Supply bottlenecks in the pharmaceutical supply chain are increasing worldwide, including in Switzerland. Galenica strives to ensure the highest possible availability of medicines in order to guarantee a reliable supply to the population.



Management of the material topic

Causes of the increasing supply bottlenecks include centralised manufacturing at just a few locations in the world as well as outages and quality problems in the value chain. As a leading fully integrated healthcare provider, Galenica depends on the ability of manufacturers to deliver. As a result, the reliable procurement and supply of medicines to the population are becoming increasingly important for Galenica. The challenges posed by the COVID-19 pandemic have further reinforced the relevance of procurement and supply security. A reliable supply of medicines is crucial to the health and well-being of the Swiss population.

Scheduling system and cooperation

Galenica works closely with suppliers to ensure the greatest possible availability of medicines. As a result of coordinated processes, the suppliers provide information about possible supply bottlenecks at an early stage. An IT-based scheduling system helps Galenica optimise its procurement and logistics processes.

Responding to critical bottlenecks in good time

The logistics companies of the Galenica Group review the inventory range in the pharmaceutical sector on a daily basis, enabling them to respond in good time to bottlenecks and increased demand. If critical bottlenecks occur or there is an increased demand for specific products, as has been the case time and again due to COVID-19, logistics companies quickly change the way they work. The delivery of non-essential products, such as cosmetics or perfumes, is temporarily discontinued, if necessary, in order to guarantee the supply of essential products. In addition, the amount that each customer can order is reduced to prevent hoarding purchases.

Evaluation of the management approach and measures

- Key figures: Key figures relating to the availability of medicines are collected on a daily basis to allow the Galenica companies to respond in good time to bottlenecks and increased demand.

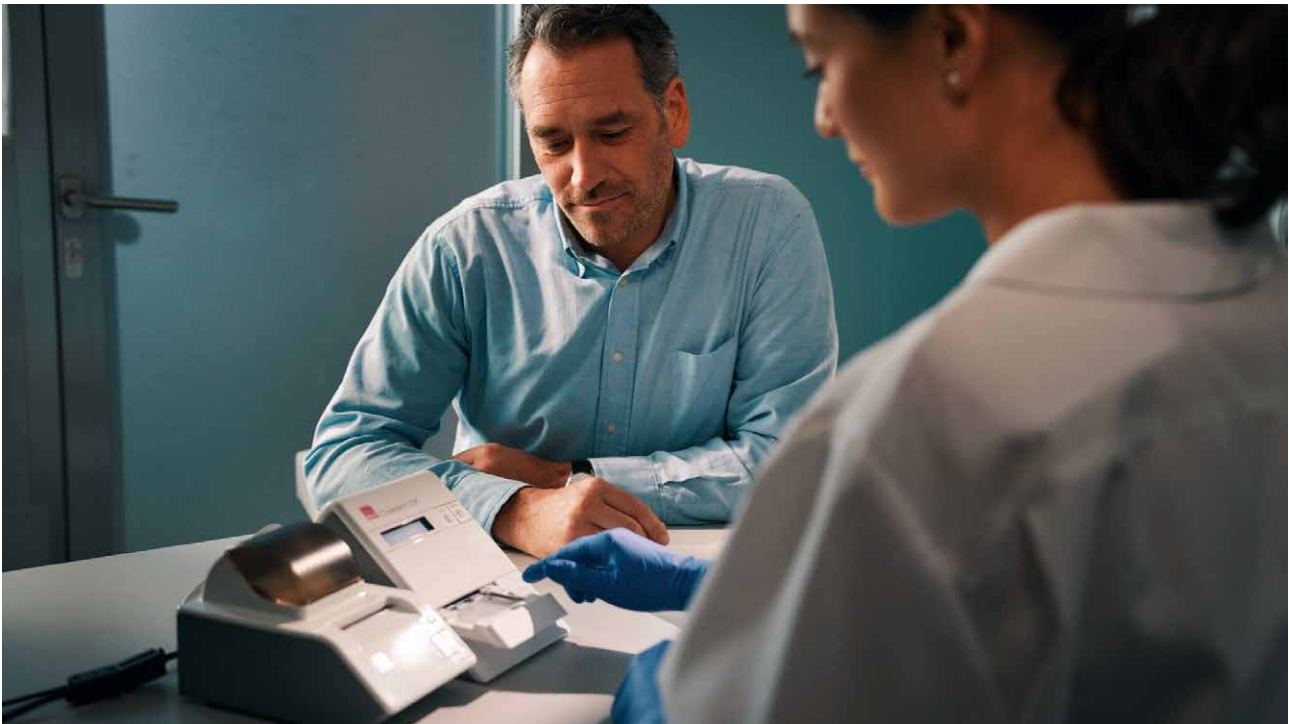
Availability of medicines

The availability of medicines is a major global challenge and naturally also affects the Swiss market. Over the past two years, COVID-19 has clearly demonstrated how disruptions in global supply chains have a negative impact on local availability. The more important it is that drugs that are available in principle or will be available again can be delivered to service providers as quickly as possible. Here, Galenica's logistics operations manage to make and keep over 99% of these medications available throughout Switzerland within 24 hours. In 2023, Galexis and its partner Sandoz launched the Safety Stock Initiative to increase the security of supply of medicines to the Swiss population.

Health promotion

Social issues

Galenica aims to be the first point of contact for healthcare advice for people in pharmacies, digitally or at home, thereby ensuring nationwide, low-threshold access to healthcare services.



Management of the material topic

Particularly in view of the ageing population, preventive health care and prevention are important measures to promote the well-being and health of the Swiss population. Galenica has anchored this approach in the Care strategic programme. The aim is to be the first point of contact for healthcare advice for people in pharmacies, digitally or at home and thus to guarantee nationwide, low-threshold access to healthcare services.

Thanks to Galenica's healthcare services, customers receive the necessary advice in the pharmacy in the event of acute complaints and, if necessary, the appropriate medication based on the diagnosis. This may also include certain prescription medications. Advice is straightforward and cost-effective and helps patients to recover quickly. To simplify billing of these services, Galenica cooperates with various health insurers to promote the pharmacy as a primary care location in alternative health insurance models.

Vaccination is another approach to health promotion. In addition to the flu and tick vaccinations, vaccinations against COVID-19 can also be administered following a consultation in the pharmacies. In 2023, two pilot projects were also launched in some cantons to vaccinate against whooping cough and herpes zoster. Documedis® Vaccination and the Vac Check from HCI Solutions allow vaccinations to be documented digitally. This makes it possible to identify risks and create a digital vaccination plan with an overview of all vaccination appointments.

Galenica offers various other check-ups in its pharmacies to prevent diseases. HerzCheck® (CardioTest) is the prevention service offered by the Swiss Heart Foundation and can help to determine the risk of heart attacks and strokes and, if possible, to prevent them. Galenica also offers blood pressure and blood sugar measurements in its pharmacies as well as rapid allergy tests that check the blood for antibodies against allergens. Once the results of these checks are available, customers are advised by trained specialists.

Objective health promotion

Goal	Status	Target	Measurement	2023	2022
		year	parameter		
We increase the number of healthcare services provided by 10% annually until 2027.	↗	2027	Increase in % compared to previous year	14%	N/A

- ↗ Realistic
- Partially delayed/critical
- ↘ Critical
- = Achieved
- × Not achieved

Evaluation of the management approach and measures

- Targets from the corporate strategy for expanding primary care, vaccination and prevention.
- Increasing the number of services and advice used in pharmacies.
- Increase in sales through services and advice offered in pharmacies.

Social commitment

Social issues

Galenica is committed to various social and humanitarian projects. These include donations and sponsorship of social initiatives and events.



Management of the material topic

As a strong partner in the Swiss healthcare market, Galenica is committed to the well-being of patients at all levels. The company is also involved in various social and humanitarian projects. This includes donations and sponsoring social initiatives and events. These philanthropic activities contribute to the well-being and cohesion of the communities being assisted.

Main partner of the crowd-donating platform "there for you"

"there for you" is a neutral platform on which social and humanitarian projects as well as initiatives from the fields of climate protection, animal welfare and child welfare are presented. Galenica focuses its commitment on current social and humanitarian projects. The specific projects that Galenica supports are determined together with the employees of the Galenica Group.

The aim of “there for you” is to enable as many crowd donating projects as possible to be implemented and thus actively help where help is needed. In doing so, the platform undertakes to select the individual projects carefully and conscientiously. With regular updates and videos at the start and end of the project, “there for you” ensures maximum transparency and shows supporters where and how their money is used. In 2023, an online meeting was held with “there for you”, in which three projects were presented by their initiators themselves. Employees were then able to vote for their favourite project online. Another vote took place at the end of 2023, again online via the intranet. Employees were able to distribute further donations to four projects.

Further partnerships of the subsidiaries

Sun Store has been selling items every year since 2001, the proceeds of which are donated to the Winds of Hope Foundation. Winds of Hope advocates for the forgotten suffering of children who are victims of wars, disasters and especially the Noma disease. In 2023, Sun Store was able to donate CHF 15,000 to the organisation.

Galexis has been supporting the Sternschnuppe Foundation for many years with an annual contribution of CHF 10,000. The foundation uses this money to meet the wishes of children with illnesses or disabilities. Alloga has been working with SAZ Burgdorf for several years and employs a small team in their packaging department as part of a social commitment. The “Social Kilometre” programme designed by Pharmacieplus SA and its partners Galexis AG and UFD evaluates each kilometre covered during the year by the vehicles of the Pharmacieplus pharmacies that work with us wholesalers. Our common goal is to pay a selected association one cent for every kilometre driven.

Evaluation of the management approach and measures

- Employees decide on specific project participation at “there for you”.

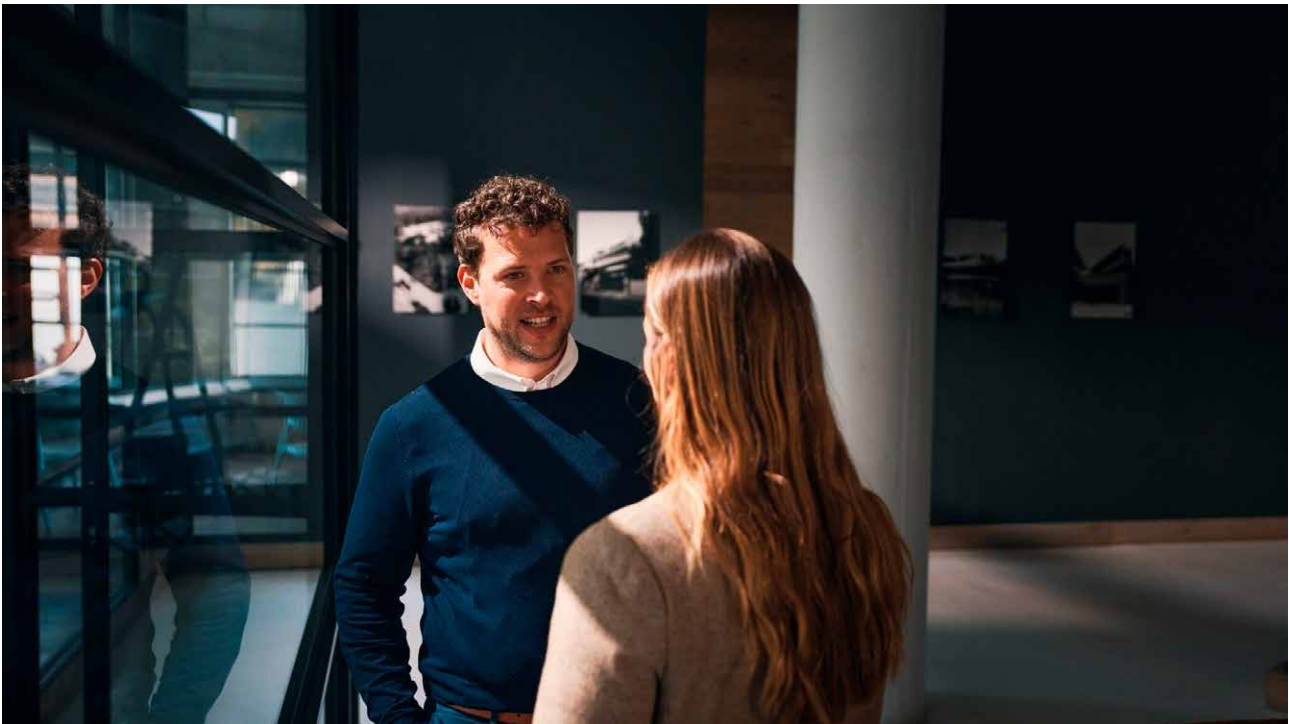
Employee-related issues

The background of the slide features a complex, organic pattern of concentric, wavy lines. These lines are rendered in various shades of blue, ranging from a deep, dark indigo to a lighter, almost white-blue. The pattern resembles a fingerprint or a topographical map, with the lines curving and swirling across the entire surface. The overall effect is a textured, layered appearance that adds depth to the dark blue background.

Attractive workplace

Employee-related issues

Employees play a central role in the success of the Galenica Group. Galenica therefore endeavours to promote employee motivation and development as well as diversity and equal opportunities, to ensure health and safety in the workplace and to secure qualified employees.



Management of the material topic

A total of 7,902 employees work at Galenica providing professional services to the satisfaction of a wide range of customers. As a key employer in the Swiss healthcare market, Galenica makes an important contribution to the Swiss economy and supports sustainable labour and economic growth. For Galenica, an attractive workplace includes employment conditions and employee motivation. These influence the satisfaction and well-being of employees and, in turn, their efficiency, productivity and fluctuation. Furthermore, the emphasis on the corporate values – five key Galenica values, a contemporary and appreciative management culture and modern working models (“life-domain balance”) play an important role. Employee motivation is also closely linked to employee training and continuous education, which enables them to develop both professionally and personally. Galenica therefore summarises all issues relating to the employment of competent and motivated employees in terms of employee motivation and development. For more information on specific employee topics,

see sections Occupational Health and Safety as well as Equality and Diversity.

The five key values

The five key values provide support for employees in all their work and form the basis for the common understanding of the way in which they cooperate and interact with one another:

- We participate with passion.
- We act as entrepreneurs.
- We build trust.
- We show respect.
- Together we are stronger.

Responsibilities and strategy

The Service Unit People & Culture is responsible for personnel management and supports the respective companies with their business partners in dealing with their employees. The focus areas include advice and coaching, promotion of young talent and personnel development, as well as occupational health and diversity. The head of the Service Unit People & Culture was admitted to the Executive Committee in 2023. In doing so, Galenica is underlining the strategic relevance of human resources and its central role in actively shaping corporate transformation and the associated cultural development. This includes issues critical to success such as the positioning of Galenica as an attractive and modern employer – not only in the context of the shortage of skilled workers, but also in terms of its attractiveness for young talents and employees – promoting and using new methods and ways of working, targeted and sustainable development of employees, strengthening diversity & inclusion and achieving efficiency gains through the digitalisation of HR processes.

Personnel Policy, Personnel Regulations and Working Time Regulations

The Personnel Policy of the Galenica Group is based on the above-mentioned corporate values and sets out the binding guidelines for human resources management (HRM). These guidelines apply to all companies within the Group. Galenica's Personnel Policy discusses how it, as an employer, wishes to treat its employees and what Galenica expects from its employees. The Galenica Group's Personnel Regulations and Working Time Regulations, in turn, are aimed at all employees and contain information and rules regarding working hours, salaries and employee insurance.

Collective bargaining agreements

None of the employees of the Galenica Group are subject to a collective bargaining agreement. Galenica offers all employees fair and attractive employment conditions.

Balancing private life and work

Galenica offers flexible working time models to provide a better work-life balance for its employees. According to the guidelines on working from home, employees also have the option of working from home up to 100% of the time, depending on their activity. Part-time work is also common, particularly in the Service Unit Pharmacies, and co-management teams are also possible in the pharmacies. Furthermore, female employees can extend their maternity leave with unpaid leave and men receive paternity leave of ten days, which is fully paid, in contrast to the statutory obligation.

Opinio employee survey

The Opinio employee survey has a long tradition at Galenica. Since 2020, it has been conducted annually rather than every three years, thus enabling Galenica to react more quickly and in a more targeted manner to changes in employee satisfaction and motivation. In 2023, 72% of all employees took part in the survey. The response rate is therefore slightly higher than for the 2022 survey. With a Group-wide score of 76 out of 100 possible points, it is pleasing to see that employee motivation increased compared to the previous year. The employee recommendation score of 76 out of 100 points is also gratifying, compared with 74 points in 2022. Since 2023, the employee survey has only been conducted online.

Promote interaction and commitment among employees

The staff committees are important points of contact for the concerns of all employees that are of general interest and are to be discussed with the Executive Committee. Conversely, the Executive Committee consults the staff committee or works committee on relevant personnel matters that concern all or most employees, such as conditions of employment. The works committee is made up of the chairs of all the local staff committees. Twice a year, a meeting takes place between the works committee, the Group-wide employee representatives, a representative of the Executive Committee and HR management. It addresses topics that go beyond the local concerns of the staff committees in the individual business areas. The staff committees generally meet several times per year and are also informed about the topics and resolutions of the works committee meetings. In 2021, a team of "Change Ninjas" was created. They are actively shaping the transformation of the Galenica Group and supporting the Service Units in their transformation plans.

Various communication platforms

Direct, personal interaction between employees from all language regions of Switzerland and a total of 89 countries lies at the heart of Galenica's communication efforts, with the aim of actively promoting knowledge exchange and cooperation. The various physical and digital information events and management meetings within the business sectors and companies are a good way of ensuring that this happens. Information on current topics from all areas of the company is provided at events and via the intranet (G-Net). The employee magazine Spot is also published in digital form several times a year. The digital Spot can now also be accessed externally, allowing also partners and family members to take part in developments in the Galenica world.

Promote knowledge and interaction among employees

When it comes to logistics and the sale of pharmaceuticals, employees and their specialist knowledge play a crucial role. As a successful company, Galenica wants to develop with the market and set trends. The adaptability of the Galenica Group is based on the commitment

and team spirit of its entire workforce. In order to maintain this, Galenica provides continuous support for the personal and professional development of its employees.

Continuous personnel development and the management work of the future are at the heart of the Group-wide personnel development programme Move. Move represents agility and flexibility and, therefore, reflects the range of employee development options available. This comprises modules in the field of professional training as well as leadership and personal development on various levels. In 2023, Galenica conducted 42 modules with 654 employees. New employees are invited to an induction day (Move 1) where the history, culture and strategy of the Galenica Group and its companies are explained. The one-year "Expert" talent management programme was redesigned in the reporting year with the aim of developing high-performing employees in their current roles or introducing them to a higher role in order to strengthen internal succession planning in the medium to long term. The participants are given a platform for interdepartmental exchange. At the same time, the knowledge and skills of experienced managers are used to further develop the next generation of talented employees. On request, each participant will be assigned a personal mentor. In 2023, 24 employees took part in the "Expert" talent management programme. The "Explore" talent management programme, which has also been running since 2023, gives dedicated employees who do not primarily work in a central role the opportunity to get to know the Galenica Group better, work on their personal development and expand their network. In 2023, 24 employees took part in this new talent management programme.

Galenica also supports employees with external training by giving them financial aid and/or allowing them the time, provided that the training is related to their current role and offers added value for the company and the employees. More information on this can be found in the section Training and Education.

Retaining qualified employees

In Switzerland, the retention of qualified employees represents a major challenge, particularly in the healthcare professions and IT. In addition to the shortage of employees, the requirements in terms of training and skills are constantly increasing. For Galenica, retaining qualified employees plays a key role, especially in the Service Unit Pharmacies, as pharmacy management requires good, qualified staff. As the Swiss healthcare system becomes increasingly digitalised, Galenica will be more dependent on IT and e-commerce professionals in the future. Galenica is committed to retaining qualified employees, including recruiting them and keeping them within the company and supporting them outside the company. In doing this, Galenica supports sustainable labour and economic growth in Switzerland.

Galenica reviews its recruitment activities on an ongoing basis and adapts to the constantly changing conditions in the labour market. Galenica's recruitment strategy includes measures relating to the company's image as an employer, its positioning and university marketing for students. Galenica aims to make contact with students while they are still at university and encourage them to pursue a career within the Galenica Group. Recruitment activities were centralised across the Group in 2023 in order to professionalise them, make processes more efficient and strengthen the employer brand.

Employee profit-sharing programme

Galenica shares the success of the company with all employees. The bonus is calculated based on the Group result compared with the previous year. Every year, employees of Galenica living in Switzerland have the opportunity to purchase between 20 and 80 Galenica shares at a preferential price, regardless of their employment level. In 2023, 19.8% of employees participated in the programme (previous year: 19.2%). These shares are blocked for three years after the date of purchase.

Members of the Senior Management (SMT) and Management (MT) receive a profit-sharing bonus pro rata to the annual bonus. This is dependent on attaining quantitative and qualitative targets. The share-based remuneration programme LTI for members of the Executive Committee and certain members of the SMT is geared towards long-term performance, whereby remuneration is withheld for a period of three years. In 2022, Galenica introduced joint bonus-related targets for the Executive Committee, members of the Senior Management and Management and abolished the individual bonus-related targets, which will apply from 2023. These relate to customer and employee satisfaction. These new objectives are intended to strengthen the network philosophy and the focus on social objectives.

Employee benefit plans

The Galenica Pension Fund covers the risks and economic consequences of old age, disability and death according to the specifications of the Swiss Federal Act on Occupational Old Age, Survivors' and Invalidity Pension Provision (OPA). Like the previous foundations, it is legally, organisationally and financially independent of Galenica. The pension fund is managed according to the defined contribution principle. This is usually financed by contributions from the employee and the employer. The contributions made by employer and employee are accrued into individual savings capital for each employee. The savings capital is usually paid out as a lump sum or converted into an annuity on reaching statutory retirement age. In cases of termination of employment, the savings are transferred as vested benefits. The financial statements of the pension fund provide a true and fair view of the financial position, the results of operations and cash flow. The accounting and valuation principles of the Swiss pension schemes correspond to the Ordinance on Occupational Retirement, Survivors' and Disability Pension Plans (BVV2) and the Swiss GAAP FER accounting and reporting recommendations. Assets and liabilities are recognised based on the financial situation of the pension fund as of the balance sheet date only. Due to increasing life expectancy and a drop in interest received, the conversion and contribution rates were adjusted as of 1 January 2022.

Objectives attractive workplace

Goal	Status	Target year	Measurement parameter	2023	2022
We will increase the motivation rate of our employee survey to 75 out of 100 points and the participation rate to 75% by 2024.	↗	2024	Motivation rate Participation rate	76 / 100 72%	74 / 100 71%
We will reduce the time-to-hire for IT and pharmacy positions by 10% by 2024 and reduce the group fluctuation rate by 6%.	→	2024	Time-to-hire	IT: 125 days Pharmacies: 90 days	IT: 65 days Pharmacies: 61 days

- ↗ Realistic
- Partially delayed/critical
- ↘ Critical
- = Achieved
- × Not achieved

Galenica further optimised its recruitment process in the reporting year. The aim is to reduce the time-to-hire and thus contribute to retaining qualified employees. The time-to-hire for IT was around 125 days in 2023 and around 90 days for Pharmacies. Data collection for the “time-to-hire” KPI was also optimised in 2023 in order to increase data reliability and stability in the long term. Recruitment in the Galenica Group was centralised and underpinned by new processes and systems in the reporting year. For this reason, it is not possible to compare data with that of the previous year. In addition to the time to hire, the reduction of the Group-wide fluctuation rate by 6% from the base year 2021 to 2024 was also defined as a target for 2023. In the base year 2021, the Group-wide fluctuation rate was 14.5%, in 2023 it was 12%.

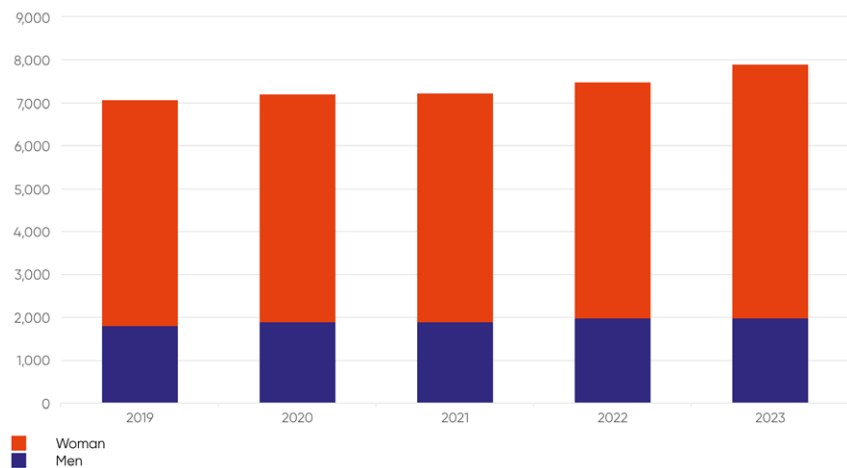
Evaluation of the management approach and measures

- Key figures: Key personnel figures, such as employee fluctuation, are collected from across the Group and analysed every six months.
- Key figures: Other key personnel figures, such as time-to-hire, in connection with recruitment are regularly collected to check the implementation of the recruitment strategy and the achievement of targets.
- Employee satisfaction and motivation: The satisfaction and motivation of employees is evaluated as part of the annual employee survey. The Executive Committee examines the results, particularly the critical points, and defines effective measures based on their findings.
- Performance reviews: The performance of employees is evaluated and discussed at annual performance reviews. Education also plays a key role in this.

Employment

Aspect	Unit	2023	2022	2021	2020	2019
Employees	number	7,902	7,608	7,239	7,205	7,071
by gender						
- women	number	5,916	5,510	5,351	5,308	5,268
- men	number	1,986	1,981	1,888	1,897	1,803
by degree of employment						
- full-time	number	4,459	4,250	4,181	4,166	4,174
- full-time (women)	%	64.5	74.0			
- part-time (<90%)	number	3,443	3,241	3,058	3,039	2,897
- non-guaranteed hours	number	293	266			
- non-guaranteed hours (women)	%	72.7	66.9			
Employee Turnover	%	12.0	14.6	14.5	10.6	11.4

Number of employees of the Galenica Group 2019–2023



Galenica continued to grow in 2023. At the end of 2023, the Galenica Group had 7,902 employees, an increase of 4% over the previous year. The increase is attributable to the growth of the Galenica Group. Almost all employees work in Switzerland, which we regard as one region. The data is exported and consolidated from the various personnel management systems. The workforce of the Galenica Group does not undergo significant seasonal fluctuations.

The proportion of women is around 75% and has remained relatively constant over the past five years. 44% of employees work part time, i.e. with a workload below 90%. The proportion of part-time employees has increased by 2.6% since 2019. The proportion of managers to all staff has remained unchanged since 2018 at 9%. From 2019 to 2023, the proportion of female managers rose from 51% to 52%. Employee fluctuation at Galenica was 12% in 2023, 2.6% lower than in the previous year.

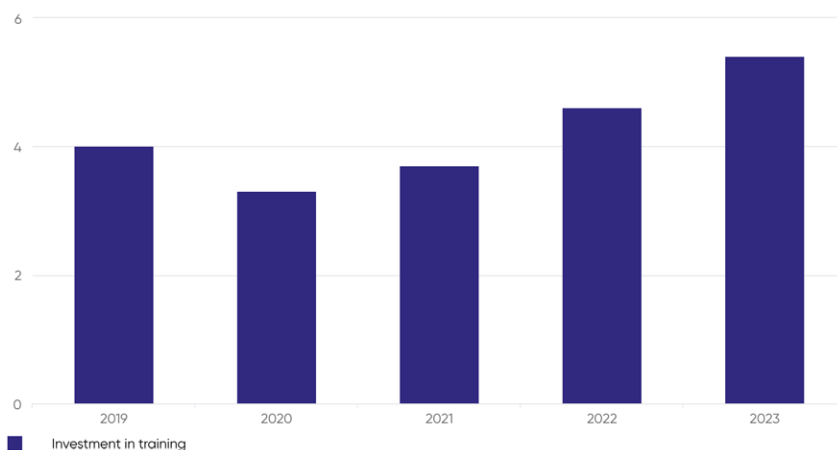
In addition to the company's own employees, temporary employees are also recruited on an hourly basis if necessary, particularly in logistics and transport. These are sourced via partners and are under contract with them. More detailed information on temporary employees is not available as it is not recorded in all our personnel systems. There are seasonal fluctuations during the reporting year, with temporary employees being particularly in demand prior to the Christmas trading period. Most of the business activities are carried out by employees of the Galenica Group.

Galenica does not provide a breakdown of newly hired employees by region. Furthermore, due to the different personnel systems, there is no breakdown of employee turnover by age group, gender or region.

Training and education

Aspect	Unit	2023	2022	2021	2020	2019
Investment in training	mio. CHF	5.4	4.5	3.7	3.3	4.0
Apprentices in training	number	896	838	823	808	841
Completed apprenticeships in year under review	number	268	278	244	274	265

Investments in training in million CHF 2019–2023



In total, Galenica invested around CHF 5.4 million in employee training in the reporting year, around 20% more than in the previous year.

The Service Unit Pharmacies offers the CAS course "Management for Pharmacists" in collaboration with the University of Basel. Six employees successfully completed the CAS course in 2023.

The Service Unit Pharmacies also covers the costs of further training to become a "Specialist Pharmacist in Retail Pharmacy" (FPH certification in Retail Pharmacy). Based on the revision of the Medical Profession Act (MedPA), qualified pharmacists are required to obtain this federal qualification if they want to work as a responsible person in a pharmacy. Galenica is committed to ensuring that as many pharmacists as possible are able to complete this training. In 2023, 60 employees completed the course.

In light of the revision of MedPA, Galenica has also developed the FPH certificate of competence in patient history in primary care as continuing education together with an external provider. This further training increases the skills of pharmacists in basic healthcare, enabling them to diagnose minor illnesses and dispense an appropriate prescription drug. In 2023, 479 pharmacists already held this certificate, 124 of whom completed it during the course of the year.

Additional training opportunities in the pharmacies include the FPH certificate of proficiency in vaccination, specific training courses on rapid antigen tests and an e-learning module on the use of algorithms and software in the field of "Primary Care". In 2023, 681 employees held the certificate of proficiency and 95 successfully completed the relevant further training courses.

As part of the lean initiatives, 10 employees in Wholesale & Logistics have successfully completed Green Belt training and another 9 employees in Logistics will take part in Green Belt training in 2024.

Training apprentices

Galenica is making a strong commitment to the next generation of qualified employees: in 2023, the Group trained 896 apprentices – 809 young women and 87 young men – at its companies. Of these, 268 completed their apprenticeships, many with bravura. Having qualified, 194 apprentices have since become Group employees.

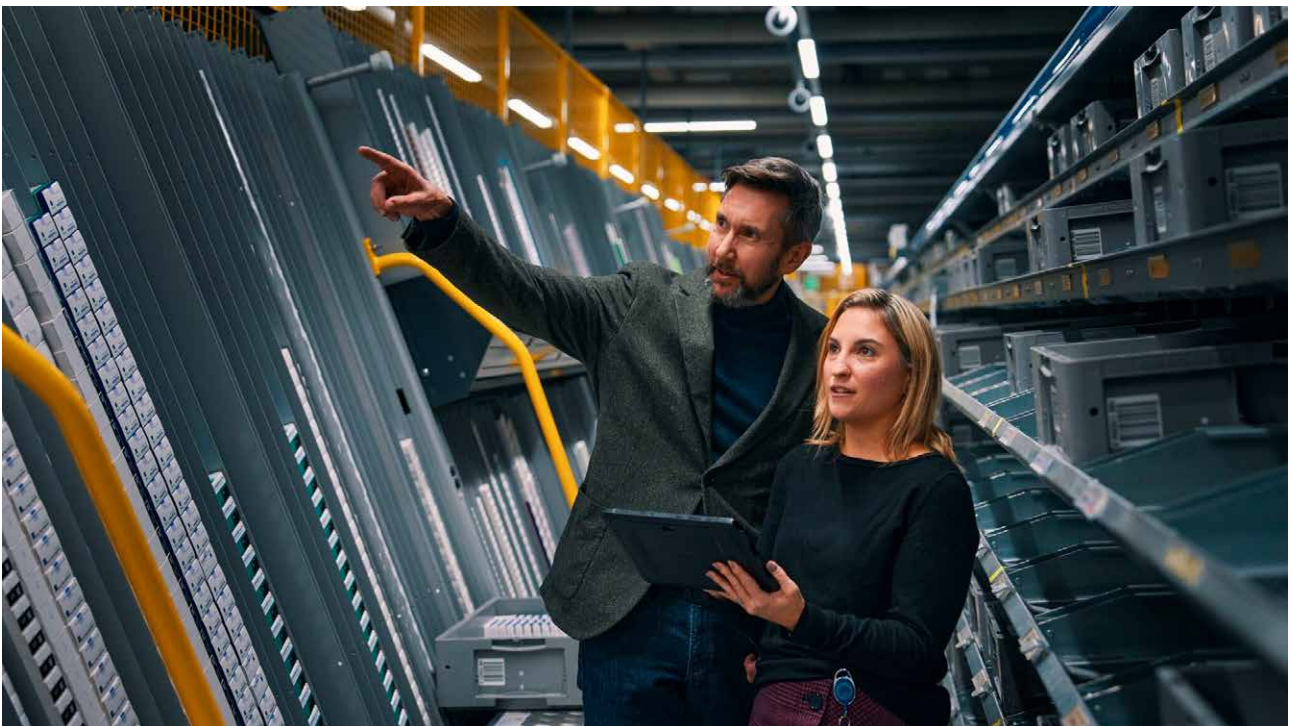
Percentage of employees receiving regular performance and career development reviews

All employees with a permanent contract receive a regular review of their performance and professional development as part of the annual performance reviews.

Occupational health and safety

Employee-related issues

Galenica prevents any injury to the physical or mental integrity of its employees in the workplace and strives to identify potential health risks at an early stage and ensures a swift return to work after illness or accident.



Management of the material topic

It goes without saying that Galenica attaches great importance to the physical and mental health of its employees. The topic covers the effects of business activities on the physical and mental well-being of all employees. There is an increased risk of accidents, particularly in the Service Units Wholesale & Logistics and Pharmacies, which is why occupational health and safety play such a key role in these areas. Galenica has a duty to prevent any violation of the physical or psychological integrity of its employees in the workplace. This keeps both personal suffering and costs to a minimum. Galenica also strives to identify potential health risks at an early stage and ensures a swift return to work after an illness or accident. Galenica thus makes a significant contribution to the health and well-being of its employees.

Health and safety precautions for employees

Galenica puts in place measures to protect employee health and maintain safety in the workplace in accordance with the directives of the Federal Coordination Commission for Occupational Safety (FCOS). In addition, all companies have an occupational health management (OHM) system. Galenica also uses a preventive case management system in order to identify potential health risks for employees at an early stage and take appropriate measures. This tool is deployed within the first 30 days of absence. The top priority is to ensure that the employee can return to work quickly following an illness or accident. Galenica is working with the organisations Movis and Carelink to improve health protection. Carelink offers emergency psychological support in crisis situations, for example following a robbery of a pharmacy. Movis provides support for employees concerning the protection of their personal integrity as well as stress management and burnout prevention. The Galenica Group also offers all employees an annual flu vaccination.

Due to the increased risk of accidents, the companies Alloga and Galexis also have a systematic absence management system, which is part of the OHM system. Discussions are held with employees in the event of prolonged or frequent absences, and contact is maintained in the case of a return to work after a long absence. Together with Suva, Alloga and Galexis also organise training courses on accident prevention and promotion of a safety culture. In 2023, an occupational safety obstacle course was also held by SUVA at the sites in Niederbipp and Burgdorf and a course on ergonomics in the workplace was organised at the Lausanne-Ecublens site. At Galexis, an integrated safety system was introduced for the Lausanne-Ecublens and Niederbipp sites, which systematically records and transparently presents (e.g. in an accident barometer) the identification and elimination of safety-relevant activities and situations as well as prompt accident reports for all employees. All line managers carry out independent safety audits and all findings, incidents and measures for improvement are recorded systematically and centrally. Alloga also introduced an accident barometer in 2023.

In the Galenica Group pharmacies, two employees have been designated as safety officers in each pharmacy and have received extensive training on the safety-relevant aspects of the respective location.

The Service Units Pharmacies, Healthcare and Wholesale & Logistics have appointed occupational safety officers. Each Galenica Group site also has fire protection officers who are responsible for fire safety and evacuations, as well as a first aid team that organises first aid.

The Code of Conduct for Suppliers of the Galenica Group states that suppliers must ensure a safe and healthy working environment and guarantee the protection of their employees in accordance with all applicable health and safety regulations. Further information on the Code of Conduct for Suppliers can be found in the section Integrity in the supply chain.

Objectives health in the workplace

Goal	Status	Target year	Measurement parameter	2023	2022
We reduce the number of cases of psychological illness.	↘	Every year	Number of cases per 100 FTEs	2.0 cases	1.6 cases
We reduce the absence rate for occupational and non-occupational accidents by 10% by 2024.	↗	2024	Absence rate (comparison of target hours/lost hours)	0.47%	0.51%

- ↗ Realistic
- Partially delayed/critical
- ↘ Critical
- = Achieved
- × Not achieved

The total number of cases of long-term absences (>30 days) due to mental illness is known. In order to ensure anonymity, however, Galenica only receives the proportion of cases due to mental illness from the daily allowance insurance records in the event of a large number of cases. The exact illness-related reason for the absence is unknown. This means that no conclusions can be drawn and privacy protection is guaranteed. Compared to the previous year, the number of cases due to mental illness increased by 12%.

Occupational health is one of the focal points of the revised HR strategy. In 2022, the cooperation with Movis, an independent, external advisory centre for employees on issues relating to the protection of personal integrity, was expanded to strengthen the early detection and prevention of mental illnesses. All employees now have access to counselling services for mentally stressful situations such as stress management or burnout prevention.

In 2023, the absence rate due to occupational and non-occupational accidents was reduced by 0.04%. This result can be attributed to various operational measures. More information can be found in the section Health and safety precautions for employees.

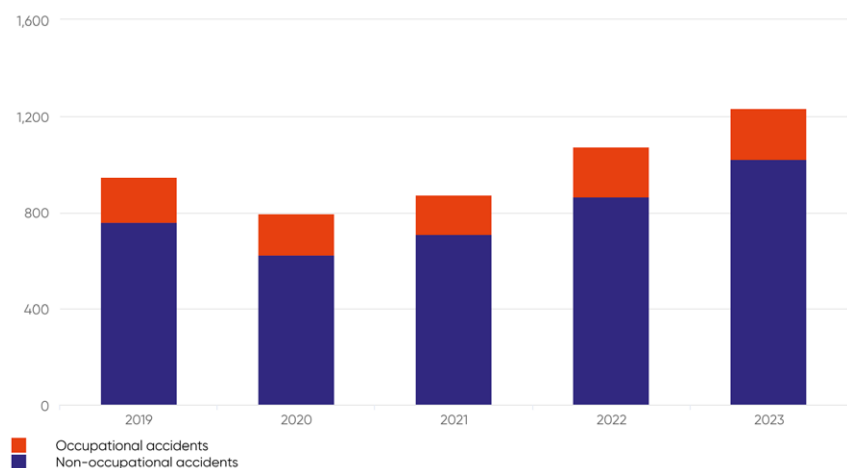
Evaluation of the management approach and measures

- Key figures: Employee absences are regularly analysed by the Service Unit People & Culture and appropriate measures are taken.
- Safety audit: External safety consultants regularly carry out safety audits at the Service Unit Wholesale & Logistics.
- At Galaxis, internal safety audits (inspections) are also carried out on a monthly basis with the corresponding department heads, and measures to improve occupational safety are identified and documented.

Work-related injuries and illnesses

Aspect	Unit	2023	2022	2021	2020	2019
Accidents	number	1,233	1,072	871	793	947
Occupational accidents	number	215	208	163	172	191
Absence rate of work-related injuries (accidents)	%	0.09	0.11	0.07		
Non-occupational accidents	number	1,018	864	708	621	756
Illnesses						
Cases of illness (long-term, entitled to daily sickness benefits)	number	419	409	434	471	508
Absence hours due to illness	number	546,097	599,540	539,990	519,883	
Absenteeism rate	%	3.97	4.49	4.85	4.50	
Case Management						
Return to work rate	%	67	82	75	52	91

Number of occupational and non-occupational accidents 2019–2023

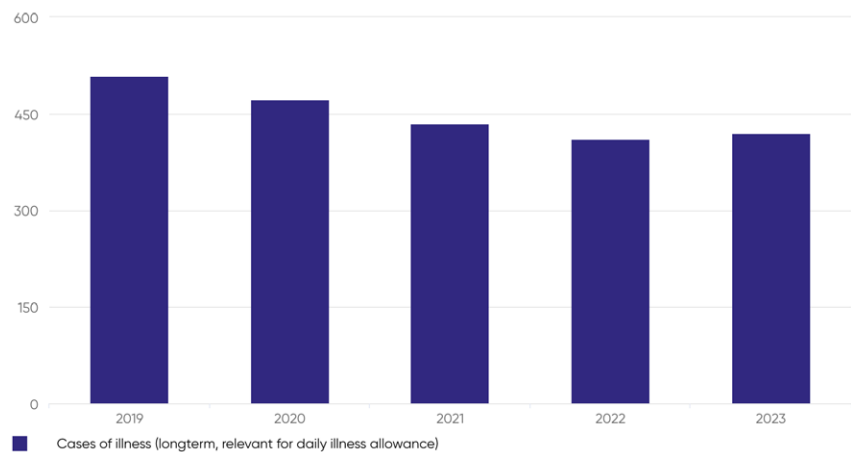


In 2023, Galenica recorded a total of 215 occupational and 1,018 non-occupational accidents. These figures also include minor accidents, which did not result in an absence of more than three working days. In 2023, minor accidents accounted for 57% of all occupational and non-occupational accidents. The number of occupational accidents increased by 3% and the number of non-occupational accidents by 18% compared to the previous year. The relative number of occupational accidents per 100 FTEs remained stable at 3.6.

Most occupational accidents are minor incidents that must be reported at the Galaxis sites as part of the integrated safety system. Increased awareness of the safe use of consumables is planned for 2024 to reduce the number of occupational accidents.

The absence rate for occupational and non-occupational accidents amounted to 0.47% in the reporting year and remained relatively constant year on year. At the logistics companies Galaxis and Alloga, the number of occupational accidents and the absences rate fell by more than 19%. This decline can be attributed to the introduction of the accident barometer at the Niederbipp and Lausanne-Ecublens sites.

Number of illnesses 2019–2023



At the end of 2023, Galenica recorded 419 cases of illness. Cases of illness are recorded as all long-term absences due to an illness lasting more than 30 days and which are entitled to daily sickness benefits. The number for the reporting year should always be interpreted with caution, as certain cases are usually reported at a later date in the following year. Between 2019 and 2023, the number of cases of illness fell by 17.5%.

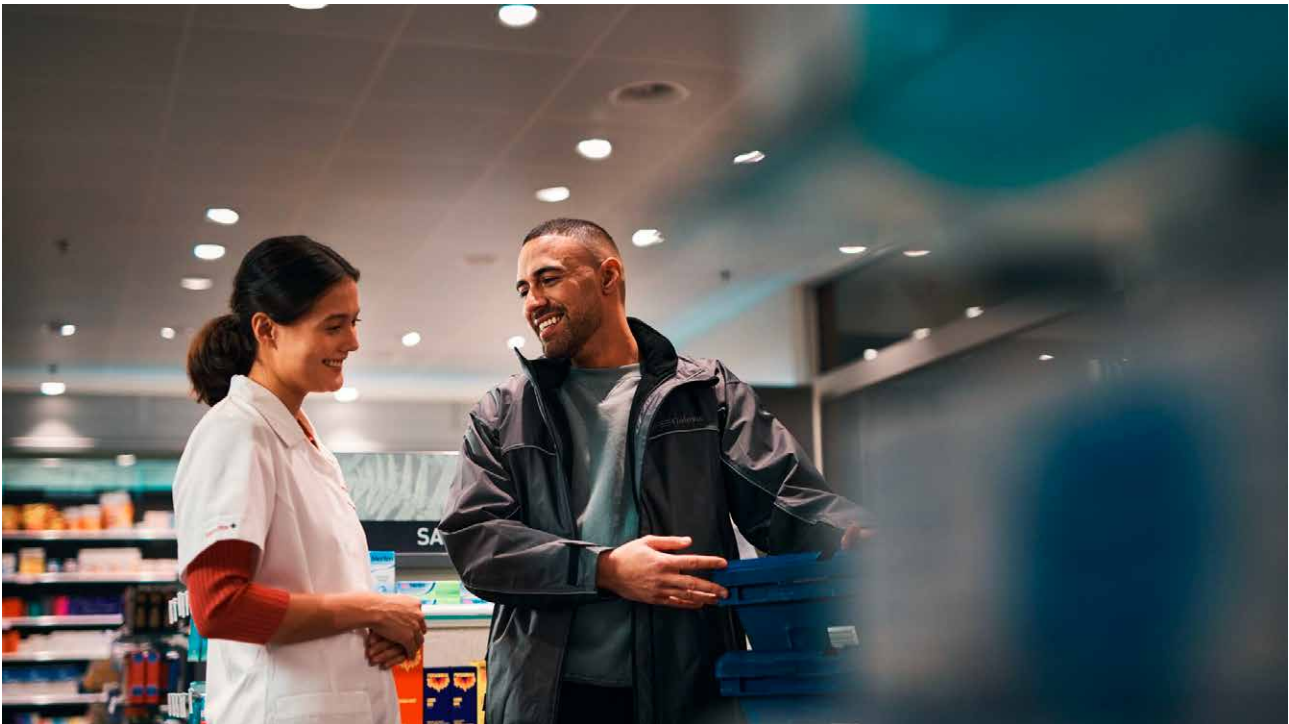
In 2020, Galenica recorded the absences of all employees for the first time. In 2023, the Galenica Group recorded a total of 546,097 hours of absence, a decrease of 9% over the previous year. Compared to the target hours, this results in an absence rate of around 4% for the reporting year. The absence rate is therefore constant compared to the previous year.

In 2023, the Galenica Case Management provided assistance to 88 employees at risk of illness or who had already fallen ill, thus helping to prevent or reduce absences where possible. Of 72 closed cases in 2023, 48 employees were able to return to work thanks to Case Management. This corresponds to a return rate of around 67%, which represents a decline of around 15% compared to the previous year.

Equality and diversity

Employee-related issues

The Galenica Group is committed to diversity and brings together people from 89 nations and all age groups. Three-quarters of employees are women. Galenica does not tolerate discrimination or harassment and promotes equal opportunities for all.



Management of the material topic

The theme of diversity and equal opportunity involves issues of equality and equal treatment with regard to age, origin, gender and other diversity indicators. In addition to equal pay for men and women, diversity also includes the integration of people with disabilities into the work process. The Galenica Group is committed to diversity and brings together people from 89 countries and all age groups. Three-quarters of employees are women. Galenica does not tolerate discrimination or harassment and promotes equal opportunities for all. As a result, employees feel appreciated and acknowledged. The diversity of employees also benefits the innovative capacity, success and attractiveness of the company as an employer. Diversity and equality also have a positive impact on society at large by promoting social stability and cohesion and thus supporting sustainable development.

Code of Conduct

All employees of the Galenica Group have the right to be treated fairly, politely and respectfully by line managers, employees, colleagues, customer representatives and business partners. No one may be harassed, discriminated against or disadvantaged on the grounds of race, skin colour, religion, ideology, political opinion, nationality, descent, disability, gender, age or any other relevant criterion. These principles are set out in the Code of Conduct of the Galenica Group. Further information on the Code of Conduct can be found in the section Sustainable and ethical corporate governance.

Equal pay

In accordance with the requirements of the Federal Act on Gender Equality (GEA), Galenica carried out an equal pay analysis for companies with more than 100 employees in 2021. The salaries of the Galenica Group were analysed using the Logib method (the federal government's standard analysis tool) on the basis of April 2021. Equal pay is a key concern for Galenica. In 2023, Galenica voluntarily commissioned another comprehensive analysis. The analysis shows that the principle of "equal pay for equal work" is met in all ten companies surveyed. Eight out of ten companies surveyed also receive the "We pay fair" label. The fact that two companies did not receive the label is due to the heterogeneous functional landscape. A heterogeneous functional landscape can lead to employees being divided into the same hierarchical levels and competence levels that are only comparable to one another to a limited extent due to their different roles.

The aspect of equal treatment and diversity among employees is key for Galenica. That is why Galenica is committed to continuous improvement in this area as well. It is planned to carry out the voluntary equal pay analysis on a regular basis.

The statutory formal review of the equal pay analysis was carried out by the statutory auditor Ernst & Young Ltd. According to their reports, the analyses comply with legal requirements in all respects.

Protection of personal integrity in the workplace

Mobbing, discrimination and sexual harassment are three examples of problematic behaviour that can lead to violations of personal integrity. A violation of personal integrity in the workplace affects the well-being of the person concerned and puts their health and ability to work together with others within the company at risk. As an employer, Galenica is legally obliged to protect the privacy of its employees (Art. 328 CO, Art. 6 para. 1 EmpA). The Galenica Group does not tolerate any violations of personal integrity; it prohibits all forms of mobbing, sexual harassment, discrimination, violence and threats, and is committed to non-violent and harassment-free treatment at all levels of the hierarchy. Every year, however, employees report isolated cases that are subsequently investigated. In order to improve the protection of the personal integrity of employees, they also have the option of contacting the external advisory centre Movis if necessary. The number of reported cases was again very low in 2023. Due to the protection of personal integrity, no official statistics are kept on reported cases in the People & Culture area. Depending on the case, individual measures are agreed and implemented which, depending on the offence, may also lead to immediate dismissal.

Objective Diversity

Goal	Status	Target year	Measurement parameter	2023	2022
We will improve diversity in all Service Units and keep the proportion of female managers at 50%.	=	Every year	Proportion of female managers	51.7%	52.6%

- ↗ Realistic
- Partially delayed/critical
- ↘ Critical
- = Achieved
- × Not achieved

Gender equality is a key concern in the area of diversity. The proportion of female managers in 2023 was over 50%, namely 52%. A Group-wide and comprehensive diversity concept will be developed in 2024.

Evaluation of the management approach and measures

- Review of equal pay: Galenica regularly checks the status of equal pay for men and women and takes measures if necessary.

Diversity of governance bodies and employees

Aspect	Unit	2023	2022
Board of directors	number	7	7
by gender			
- women	%	42.9	42.9
- men	%	57.1	57.1
by age			
- < 30 years	%	-	-
- 30 – 50 years	%	14.3	28.6
- > 50 years	%	85.7	71.4
Executive Committee	number	8	7
by gender			
- women	%	25.0	14.3
- men	%	75.0	85.7
by age			
- < 30 years	%	-	-
- 30 – 50 years	%	37.5	28.6
- > 50 years	%	62.5	71.4
Management	number	739	701
by gender			
- women	%	51.7	52.8
- men	%	48.3	47.2
by age			
- < 30 years	%	1.9	2.4
- 30 – 50 years	%	64.7	65.3
- > 50 years	%	33.4	34.8
Employees¹⁾	number	6'862	6'882
by gender			
- women	%	78.6	79.1
- men	%	21.4	20.9
by age			
- < 30 years	%	37.4	37.0
- 30 – 50 years	%	42.4	42.5
- > 50 years	%	20.2	20.4

¹⁾ Without temporary employees

Respect for human rights



Sustainable and ethical corporate governance

Respect for human rights

Economic performance is the foundation for the long-term and sustainable corporate development of the Galenica Group. Galenica attaches great importance to conducting its business activities in an ethical and legally correct manner.



Management of the material topic

Galenica attaches great importance to conducting its business activities in an ethical and legal manner. All business activities are carried out in accordance with the applicable legislation. Compliance refers to compliance with legislation, standards (such as ISO 14001 or good distribution practice – GDP) as well as in-house and industry codes. Specifically, for Galenica this means, for example, compliance with its own Code of Conduct, the laws on therapeutic products, health insurance, employment, antitrust, tax and criminal law as well as respect for human rights in all business activities. As Switzerland's largest healthcare network, combating corruption and anti-competitive behaviour are key topics for Galenica. Respect for human rights and other legislation is central to sustainable development, peace, security and prosperity.

Responsibilities

The Legal Department of the Galenica Group supports the Service Units and companies in interpreting and applying the legislation correctly. It also ensures that new statutory provisions are implemented in the company. Current challenges for Galenica relate to the implementation of the new provisions of the revised Therapeutic Products Act (TPA) and the Swiss Data Protection Act (DPA).

Code of Conduct of the Galenica Group

In addition to the statutory provisions, the Code of Conduct of the Galenica Group sets out the ethical rules and standards that all employees must adhere to. It must be signed by all employees upon taking up employment as part of the employee manual. Among other things, the Code includes provisions on conflicts of interest, insider trading or corruption, as well as on environmental protection. The Code also contains clear commitments to human rights, such as fair working conditions, the exclusion of child or forced labour, discrimination, and the health and safety of employees. The Code of Conduct thus contributes to the removal of taboos from certain grey areas. The Code of Conduct was approved by the Audit and Risk Committee of the Board of Directors.

Managers are responsible for addressing and dealing with specific conflict situations in day-to-day business.

Evaluation of the management approach and measures

- Reporting: Suspected breaches of the rules by employees indicate potential for improvement and possible misconduct. All reports are investigated.
- Audit and Risk Committee: The Audit and Risk Committee of the Board of Directors reviews the company's compliance and risk management process.
- Audit and Risk Committee: The Audit and Risk Committee supports the Board of Directors in fulfilling its duties with regard to accounting, financial reporting, risk management, compliance as well as internal and external auditing.
- Audits: Internal Audit carries out audits of operational and strategic risk management and the internal control system (ICS) in accordance with the audit plan determined by the Audit and Risk Committee. In addition, the external auditor audits the consolidated financial statements of Galenica Ltd. and its subsidiaries on an annual basis.
- Ratings: The Galenica Group is regularly assessed by external rating agencies for its environmental, social and economic (ESG) performance. Galenica has received a credit rating of BBB (investment grade) from ZKB and CS.

Integrity in the supply chain

Respect for human rights

Galenica aims to increase transparency in its own supply chain and to ensure that internationally and nationally applicable rights as well as human rights are respected.



Management of the material topic

Galenica ensures that not only the Group and its companies, but also its business partners comply with international and national laws and norms, as well as industry-specific standards, good practices and human rights. This ensures decent work, fair wages and equality in the supply chain, which has a positive effect on the industry and promotes sustainable economic growth in Switzerland.

Supplier Code of Conduct

Galenica updated its Supplier Code of Conduct in 2023. The aim is to increase transparency in the company's own supply chain and thus ensure that employees can take responsibility seriously. The Code of Conduct refers to internationally anchored human rights standards and the applicable core conventions of the International Labour Organizations (ILO) and contains, in particular, guidelines on compliance with labour and human rights, ethical business practices and environmental, health and quality regulations. The Code of Conduct applies to suppliers, service providers and consultants of the Galenica Group. It was published on the website and forms part of all newly concluded contracts. The Legal Department is always involved and regularly reviews the contract templates of the Galenica Group to check

for compliance risks. Purchasing department employees also receive training covering the content of the Code of Conduct.

Galenica plans to review compliance with the Supplier Code of Conduct of the top 10 suppliers every three years from 2025.

Internal and external stakeholders may raise concerns about Galenica's business activities through the external Whistleblower Reporting Office. This offers all employees and business partners the opportunity to anonymously report suspected breaches of the rules. All reports are investigated.

Objective supply chain

Goal	Status	Target year	Measurement parameter	2023	2022
We will review the compliance of our top ten suppliers with the Supplier Code of Conduct every three years from 2025.	→	2025	Review of the top ten suppliers	No review	No review

- ↗ Realistic
- Partially delayed/critical
- ↘ Critical
- = Achieved
- × Not achieved

The Supplier Code of Conduct was updated in July 2023 and forms part of all new contracts concluded. The questionnaire for suppliers is currently being prepared and will be implemented in 2024.

Evaluation of the management approach and measures

- Reporting: Suspected cases are investigated, and in the event of violations, sanctions are imposed.
- Introduction of supplier audits: Starting in 2025, our top 10 suppliers are to be audited every three years for compliance with the Supplier Code of Conduct.
- Reporting in accordance with the Ordinance on Due Diligence and Transparency in Relation to Minerals and Metals from Conflict Areas and Child Labour (DDTrO).

Combating corruption



Anti-corruption

Combating corruption

The Galenica Group's compliance programme includes a clear commitment to compliance with legal requirements and guidelines and to acting with integrity.

Anti-corruption

The Anti-Corruption Policy sets out the principles and guidelines for combating corruption and regulates their implementation by the employees and business partners of the Galenica Group. Any form of corrupt conduct towards or bribery of public officials and private individuals, whether directly or via third parties, is prohibited. Galenica has a zero-tolerance approach to corruption and bribery on the part of employees, partners, suppliers and representatives of third parties. The policy supplements the Group Code of Conduct and the Supplier Code of Conduct and applies to all employees.

The Galenica Group was not aware of any incidents of corruption in the reporting year and there were therefore no confirmed incidents of corruption.

Whistleblower Reporting Office

Internal and external stakeholders may raise concerns about Galenica's business activities through the external Whistleblower Reporting Office. This offers all employees and business partners the opportunity to anonymously report suspected breaches of the rules. All reports are investigated. In 2023, no cases were reported via the Whistleblower Reporting Office.

Reports of corruption and bribery must also be reported to the committee appointed by the Board of Directors. Various channels and points of contact are available to employees through which they can report concerns or matters of key importance. These include the Service Unit People & Culture, staff committees, the employee survey and the annual performance reviews. The Executive Committee deals with key and critical points from the employee survey or the staff committee and derives effective measures.



Due Diligence and Transparency in relation to Minerals and Metals from Conflict Areas and Child Labour

Due Diligence and Transparency

Due Diligence and Transparency in relation to Minerals and Metals from Conflict Areas and Child Labour

Galenica has fulfilled its audit obligations with regard to the Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour, which applies from the 2023 financial year. In particular, internal and external investigations were carried out to determine the extent to which Galenica is affected by conflict minerals and child labour. There are no points of contact with conflict minerals, which is why Galenica is exempt from its due diligence and reporting obligations in this regard. Galenica has written to the most important suppliers with regard to child labour and had them documented. Investigations have shown that there are no reasonable grounds to suspect child labour and Galenica is therefore also exempt from its due diligence and reporting obligations in this regard.

Appendix

Calculation basis

Appendix

By systematically collecting and analysing data, we strive to provide transparent insights into our environmental, social and economic impact.

Data on our environmental impact

The environmental key figures basically include all companies of the Galenica Group. The environmental data of companies with a minority interest and new companies such as Padma, which have only been part of Galenica since 2023, are not included. However, data from new companies will be collected from 2024.

For Amavita, Sun Store and other Galenica Group pharmacies, the electricity consumption of 304 shops was determined by extrapolating the available data from 246 locations. Almost all sales outlets are rented, which is why only the annual costs per location are available, but not the actual consumption. The electricity consumption of the pharmacies was therefore calculated using the electricity costs for the reporting year and the average electricity prices per region according to the Swiss Federal Electricity Commission (ElCom). In 2023, the heat consumption of all 304 pharmacies was also extrapolated based on a representative sample in 27 branches. Among other things, the differentiation according to the heat source (51% district heating, 33% natural gas and 16% heating oil) was also taken into account. The municipal waste generated was extrapolated on the basis of a representative sample of 20 pharmacies in total. The average pharmacy generated around 4 tonnes of waste in 2023. The water consumption of all branches was also extrapolated. The available data from 14 locations served as the basis for this. The methodology used in 2022 and previous years is described in the sustainability reports for the corresponding years.

As Galenica is constantly optimising the system of environmental indicators and gradually expanding the system boundaries (due to the primarily inorganic growth of the company), the data is only comparable to a limited extent from year to year. For example, in 2022 the environmental indicators of Coop Vitality were retroactively excluded for previous years, as these are included 100% at Coop. Furthermore, in 2023, for example, the operation of Mediservice was no longer recognised by Galenica, but by Redcare Pharmacy. The new extrapolation method for pharmacies is responsible for the biggest change in many key figures at Group level and therefore also contributes to the fact that comparability with previous years is only meaningful to a limited extent.

The CO₂ emissions caused by energy consumption are calculated using science-based emission factors (Swiss Greenhouse Gas Inventory of the Federal Office for the Environment and the UK Department for Environment, Food & Rural Affairs). The calculated CO₂ emissions relate to direct and indirect emissions. According to the Greenhouse Gas Protocol, Galenica's direct sources of emissions are the generation of space heating and the operation of its own vehicle fleet (= Scope 1). The most important indirect sources of emissions are the production of purchased district heating and electricity (= Scope 2) and the logistics services provided by contract drivers (= Scope 3).

Due to the ongoing specification of the calculation basis, some of the previous year's environmental figures have been restated. Reference to the recalculation is made at the relevant sections in the report.

Data on our employees

The key figures on the number of employees include all companies of the Galenica Group with a majority holding. The other employee indicators only include those companies that are fully integrated into the Galenica Group's HR system. The HR integration of new companies that have only been part of Galenica since 2023 will take place at a later date. Due to systemic challenges, full HR integration may take some time, depending on the size of the company. The data on our employees from 2022 has been adjusted for better comparability due to the joint venture with Redcare Pharmacy (deconsolidation of Mediservice).

Imprint

Published by

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Overall responsibility

Corporate Communications and Corporate Finance

Concept and Layout

PETRANIX Ltd., Wollerau