

Remuneration report

Corporate Reporting

In this report, Galenica provides an overview of its remuneration model and remuneration principles. The following pages describe the remuneration system applicable to the Board of Directors and the Corporate Executive Committee and outline the process and responsibilities under which the remuneration of those two bodies is determined. The remuneration system as well as its reporting is in accordance with the Swiss Code of Obligations, the Directive of the SIX Swiss Exchange on Information Relating to Corporate Governance (Directive Corporate Governance) and the recommendations of the Swiss Code of Best Practice for Corporate Governance issued by Economiesuisse.

Letter from the Chair of the Remuneration Committee

Dear Shareholders,

On behalf of the Board of Directors and the Remuneration Committee of Galenica, I am pleased to present the Remuneration report for 2023.

The remuneration policy of Galenica aims to attract, motivate and retain best-in-class employees who are entrepreneurially minded, success-oriented and have high personal standards. The remuneration system is designed to support the achievement of the strategic goals defined by the Board of Directors and to provide appropriate remuneration in a competitive employment market and in a complex sector. It is aligned with the long-term Group strategy and its pay-for-performance philosophy. The remuneration system of Galenica aims to strengthen the overall market position of the company while delivering the expected returns to its shareholders.

The Galenica Group achieved a solid result in 2023, but did not quite reach the ambitious targets set at the beginning of the year. As a result, Galenica realised a payout factor of 47.2% for the short-term bonus while the vesting multiple of the LTI plan 2021–2023 due in 2024 was 132.9%. Further details on the performance achieved and the payouts under the incentive plans are provided in this report.

Following specific changes to the remuneration system of the Corporate Executive Committee back in 2021, two additional adaptations became effective as of the reporting year. On the one hand, the individual objectives in the STI were replaced by a collective environmental, social and governance (ESG) component. This means that while ESG had been included in one of the three individual objectives in 2022, it made up the entire 25% in 2023. The following two collective ESG KPIs were applied: Net Promoter Score (NPS) and employees who recommend Galenica as an employer, both being fundamental measures and key strategic goals for Galenica. On the other hand, the clawback and malus provisions were introduced in the STI as of 2023, further fostering the governance mechanisms in place. The Remuneration Committee concluded that the overall remuneration structure is appropriate and in line with market practice and that no further changes were necessary.

With respect to the remuneration programme for the Board of Directors, the Remuneration Committee conducted a benchmarking analysis and review of the remuneration structure and levels in 2022. The overall structure and levels were considered in line with market practice and, consequently, remained unchanged. However, the disclosure of the remuneration was improved by showing both net and gross figures. No adaptations were made in the reporting year or are currently planned going forward.

The Remuneration Committee will continue to regularly review the remuneration system to ensure that it is still fit-for-purpose in the evolving context in which the company operates.

The Remuneration report provides detailed information on our remuneration system and the remuneration awarded in 2023 to the Corporate Executive Committee and the Board of Directors and will be submitted to the shareholders at the Annual General Meeting on 10 April 2024 for a non-binding consultative vote.

We would like to thank our employees for their commitment and hard work, and you, dear shareholders, for your trust.



Bertrand Jungo
Chairman of the Remuneration
Committee

Governance: principles and responsibilities in setting compensation

The guiding principles for the remuneration of the Board of Directors and the Corporate Executive Committee as well as the responsibilities for the remuneration system of Galenica are defined in the Articles of Association of Galenica. They include the provisions on the Remuneration Committee (Article 21 of the [Articles of Association](#)) and remuneration (Article 22 of the [Articles of Association](#)).

Each year, the Board of Directors submits the maximum remuneration of the Board of Directors and the Corporate Executive Committee to the Annual General Meeting for binding approval. Such approval is prospective for the next financial year following the Annual General Meeting. In addition, the Annual General Meeting holds a consultative vote on the Remuneration report for the year under review (Article 22 (1) of the [Articles of Association](#)).

On the basis of the Articles of Association and the decisions of the Annual General Meeting, the remuneration strategy and the related remuneration system for the members of the Board of Directors and the Corporate Executive Committee are determined by the Board of Directors based on a proposal from the Remuneration Committee. The Board of Directors also decides on an annual basis on the individual remuneration of the Chair of the Board of Directors and the CEO. The remuneration of members of the Board of Directors is determined by the Board of Directors based on a proposal from the Remuneration Committee within the limits set by the Annual General Meeting.

Remuneration Committee

The Remuneration Committee consists of four members of the Board of Directors, all of whom are independent from Galenica and are elected annually by the Annual General Meeting. At the 2023 Annual General Meeting, Bertrand Jungo (Committee Chair), Pascale Bruderer and Solange Peters were newly elected as members of the Remuneration Committee while Andreas Walde was re-elected.

The Remuneration Committee reviews and approves the remuneration principles and programmes of Galenica, including the design of the incentive plans, determines the performance indicators and targets for the CEO and the other members of the Corporate Executive Committee at the beginning of the financial year and assesses the extent to which these targets have been achieved at year end. The Remuneration Committee is responsible for setting the individual target remuneration of the members of the Corporate Executive Committee and proposes the CEO's target remuneration to the Board of Directors in consultation with the Chair of the Board of Directors.

Responsibility for the remuneration process

Level of authority	CEO	Remuneration Committee	Board of Directors	Annual General Meeting
Remuneration policy		proposes	approves	consultative vote on the Remuneration report
Performance objectives for short-term bonus and long-term incentive		proposes	approves	
Remuneration of members of the Board of Directors		proposes	approves	approves maximum possible remuneration for the Board of Directors for the following year
Remuneration of the CEO		proposes (in consultation with CBD)	approves	approves maximum possible remuneration for the Corporate Executive Committee including the CEO for the following year
Remuneration of members of the Corporate Executive Committee	proposes (in consultation with the CBD)	approves	is informed	

CBD = Chair of the Board of Directors

Activities of the Remuneration Committee during the year

Subject	1 st quarter	2 nd / 3 rd quarter	4 th quarter
Remuneration policy		Review of shareholders' feedback Benchmarking and review (every 2-4 years)	Benchmarking and review (every 2-4 years)
Remuneration of Board of Directors		Review of remuneration regulations	Determination of remuneration (following year)
Remuneration of Corporate Executive Committee	Performance evaluation (previous year) STI payout (previous year) LTI vesting (previous period)	Benchmarking of remuneration levels (every 2-4 years)	Target remuneration (basic salary, following year) Target STI (following year) LTI allocation (following year)
Remuneration governance	Remuneration report AGM preparation		Preparation of Remuneration report Annual meeting schedule and topics (following year) Remuneration Committee self-assessment Galenica Group salary review (following year)

In 2023, the Remuneration Committee held three ordinary meetings according to the annual schedule, and no ad hoc meeting.

In 2023, all members attended all meetings, which corresponds to an attendance rate of 100%.

At each meeting of the Board of Directors, the Chair of the Remuneration Committee reports on the Remuneration Committee's current topics of discussion and decisions. The minutes of the meetings are made available to the members of the Board of Directors.

The Chair of the Board of Directors is invited to all meetings of the Remuneration Committee (right of attendance, no voting rights), except those dealing with his own remuneration. The CEO is invited to attend discussions on a case-by-case basis, but not to discussions that concern his performance or remuneration.

In the reporting year, the Remuneration Committee performed its regular duties, in particular setting performance targets and evaluating their achievement, determining the remuneration of the members of the Board of Directors and the Corporate Executive Committee and preparing the Remuneration report and the Annual General Meeting. In addition, the Remuneration Committee conducted a self-assessment of its functioning. It rated its discussions and decision-making as efficient and appropriate, and the support of the Board of Directors in matters of remuneration as effective.

Further details on the Remuneration Committee can be found in the [Corporate Governance section](#) (Chapter Remuneration Committee).

Benchmarking and external advisors

In order to ensure its continued attractiveness as an employer, Galenica regularly compares its remuneration system and levels with those of relevant peers. In terms of remuneration levels, Galenica considers a positioning at market median as being competitive.

The Remuneration Committee carried out a benchmarking analysis of the remuneration levels of the Corporate Executive Committee back in 2021. For this purpose, Klingler Consultants provided benchmarking data based on two different peer groups: a peer group of 21 Swiss listed companies of comparable size and a peer group of 25 private companies in the healthcare, retail and logistic sectors. The companies included in the peer groups are disclosed below. Overall, the benchmark study showed that the remuneration of the Corporate Executive Committee is below market levels when comparing with the Swiss listed peers and above market levels when comparing with the sector-based peers. This result can be explained by the fact that the sector-based peers do not offer a long-term incentive component, while Swiss listed peers typically do. Further, most Swiss listed peers have an international organisation. This is not the case at Galenica and could be a factor driving lower remuneration levels compared to other Swiss listed companies.

Peer groups to benchmark the remuneration levels of the Corporate Executive Committee

Swiss listed peers			Sector-based peers				
Also	Aryzta	Bachem	Retail and logistics:		Medical insurances:		
Belimo	Bell	BKW	Brack	Coop	Assura	Concordia	CSS
Bucher	Dätwyler	dormakaba	Digitec	Galliker	Group Mutuel	Helsana	KPT
Emmi	Forbo	Georg Fischer	Kühne+Nagel	Manor	Sanitas	Swica	Sympany
Idorsia	Interroll	Oerlikon	Migros	Planzer	Visana		
SFS	Siegfried	Sulzer	State-owned companies:		Healthcare:		
Tecan	Valora	Zur Rose	SBB	Post	CHUV	Hirslanden	Inselspital
					Swiss Medical Network		USZ

Those companies were selected by the Remuneration Committee as the most relevant for Galenica.

The remuneration structure and levels of the Board of Directors were reviewed in 2022. The market comparison was carried out by PricewaterhouseCoopers (PwC). The same 21 Swiss listed companies mentioned above were used as peer group. While the overall structure and levels of remuneration were considered in line with market practice, the Remuneration Committee proposed to express the remuneration of the Board of Directors in gross terms, rather than in net terms, as of the Remuneration report 2022. This was not a change of the remuneration system or levels but an improvement in terms of disclosure and transparency.

The Remuneration Committee may decide to consult external advisors on specific remuneration matters. In 2023, PwC provided services related to executive compensation. PwC provides other services to Galenica and there are clear rules in place to ensure the independence of PwC consultants. No other external advisors were consulted on remuneration matters in the reporting year.

Remuneration system of the Board of Directors

The remuneration of the Board of Directors comprises fixed remuneration only (i.e., no performance-based remuneration). The remuneration depends on the function assumed on the Board of Directors and its committees, either as a member or chair. It is paid 50% in cash and 50% in restricted shares or, if the respective member of the Board of Directors decides on a voluntary basis, 100% in restricted shares. The shares are blocked for a period of five years.

For the reporting year, remuneration settled in the form of shares was paid at the average price for the month of December 2023, i.e., CHF 72.15 per share, net of a 25% discount to reflect the blocking period of five years. The payment was made in January 2024.

In accordance with Galenica's share ownership guidelines, members of the Board of Directors are required to hold shares of Galenica equal in value to one time the annual remuneration within a period of two years of their appointment to the Board of Directors.

Based on Galenica's regulations, the members of the Board of Directors have the option of joining the Galenica Pension Fund. All contributions (employer and employee contributions for savings and risk) are borne by the respective member of the Board of Directors.

The remuneration system of the Board of Directors remained unchanged in 2023 compared to the previous year.

Remuneration amounts of the Board of Directors (in thousand CHF, per year)

	Net amount ¹⁾	Gross amount equivalent (rounded up)
Chair of the Board of Directors	350	373
Vice-Chair of the Board of Directors	130	139
Member of the Board of Directors	110	118
Committee chair	30	33
Committee member	10	11

¹⁾ Net of social security contributions (approximately 7%)

The remuneration (cash and shares) is paid in January for the previous business year. The remuneration amounts outlined in the above table do not reflect the 25% discount on the share price granted on the restricted shares. Considering the value of the 25% discount, and assuming that 50% of the remuneration is paid in cash and 50% in restricted shares, the remuneration amounts (rounded up) correspond to gross CHF 431 thousand for the Chair of the Board of Directors, CHF 161 thousand for the Vice-Chair of the Board of Directors, CHF 136 thousand for the members of the Board of Directors, CHF 37 thousand for the committee chairs and CHF 13 thousand for the committee members.

Remuneration system of the Corporate Executive Committee

Remuneration report

In order to attract talented employees, reward performance, promote the loyalty of key talents and ensure their long-term commitment to Galenica, Galenica offers competitive remuneration. The remuneration model applicable to the Corporate Executive Committee is based on three components: a fixed remuneration (including a base salary and benefits), a short-term bonus and a long-term incentive.

Remuneration components

The remuneration of the Corporate Executive Committee consists of a fixed remuneration, benefits and a variable remuneration. The variable remuneration allows members of the Corporate Executive Committee to participate in the success of Galenica. The variable remuneration for the Corporate Executive Committee includes a short-term bonus (STI) and a long-term incentive (LTI).

The STI compensates for annual performance. Up to 2022, it was based on the annual financial company results and individual performance. As of 2023, the individual performance was replaced by an ESG component. The LTI on the other hand rewards for the long-term performance and harmonises the interests of shareholders with those of the executives. No changes to the LTI were implemented in the reporting year or are currently planned going forward.

Consequently, the remuneration system rewards short-term success as well as long-term performance and sustainable value creation for customers and shareholders in a balanced manner. In order to align the interests of members of the Corporate Executive Committee with the interests of shareholders, a portion of the STI (32%) and the entire LTI (100%) are awarded in shares of Galenica.

In accordance with Galenica's share ownership guidelines, members of the Corporate Executive Committee are required to hold shares of Galenica equal in value to at least 75% of their fixed annual base salary and target STI within a period of five years of their appointment to the Corporate Executive Committee.

For the CEO as well as the other Corporate Executive Committee members, the maximum STI and the maximum LTI are each limited to 200% of the respective target value, as defined in the [Articles of Association of Galenica](#) (Article 22 (7a) and Article 22 7(b), respectively).

In addition to the remuneration components mentioned above, the members of the Corporate Executive Committee are eligible to participate in the share acquisition plan where employees are invited

every year to acquire a certain number of blocked shares of Galenica at a discounted price (more information in the [Notes to the consolidated financial statements 2023](#) (note 29, Share-based payments) and in the [GRI report](#)).

Overview of the remuneration components for the Corporate Executive Committee

Remuneration component	Vehicle	Purpose	Performance measures
Annual base salary	Monthly cash salary	Attract and retain employees	
Pension & benefits	Pension and insurances	Protect against risks	
	Fringe benefits	Attract and retain employees	
Short-term bonus (STI)	Annual bonus in cash & shares blocked for 5 years	Compensate for annual performance	Combination of financial objectives for the Group and a collective ESG component:
			GEP (50%)
Long-term incentive (LTI)	PSU with a 3-year performance vesting	Align with shareholders' interests	Annual net sales growth (25%)
			ESG component (25%) ¹⁾
		Compensate for long-term performance	GEP and appreciation of share value:
			Average GEP (50%)
			Relative total shareholder return (TSR) (50%)

¹⁾ The following two collective ESG KPIs were applied to the STI in 2023: Net Promoter Score (NPS) and employees who recommend Galenica as an employer

Clawback and malus provisions

For the STI and LTI, clawback and malus provisions apply in case of a financial restatement due to material non-compliance with any accounting reporting standards, or in case a participant acts in violation of the law or internal regulations of Galenica.

Share ownership guidelines

Minimum shareholding requirements of 75% of the fixed annual base salary and target STI.

Annual base salary (fixed)

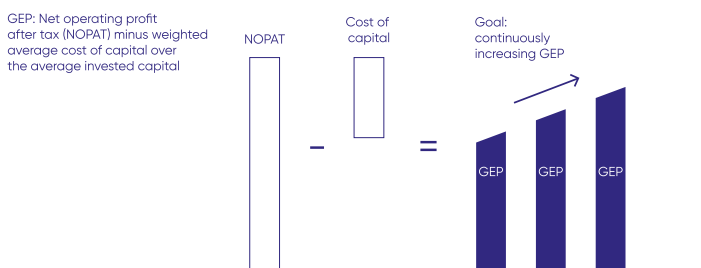
The annual base salary is the fixed remuneration reflecting the scope and key areas of responsibility of the function, the skills required to fulfil the function and the individual experience and competencies of the respective Corporate Executive Committee member. The base salary is determined according to typical market practice (external benchmark) and the Group internal salary structure. A base salary at median of the benchmark is considered competitive and, therefore, suitable to reward the expected level of skills and competencies. The base salary is typically reviewed annually based on market salary trends, the company's ability to pay salaries at a particular level based on its financial performance and the evolving experience of the individual in the function. The annual base salary is paid out in cash in 13 monthly instalments.

Incentives

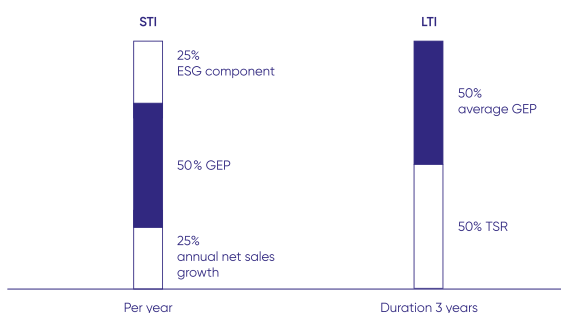
Galenica economic profit as a performance indicator

The STI and the LTI significantly depend on the achievement of the GEP, which is designed to reflect the principles of value-based management derived from an economic value added (EVA) approach. It is based on the understanding that in the interests of shareholders and other important stakeholder groups, Galenica will strive to achieve a long-term investment return which exceeds the weighted average cost of capital. GEP is the key indicator in Galenica’s value-based management concept. It comprises different values, such as net operating profit after tax (NOPAT), cost of capital (WACC) and invested capital. The Board of Directors considers the economic value added (EVA) approach to be a sound, recognised and meaningful concept that is in line with sustainable value creation. The GEP is calculated as NOPAT less the weighted average cost of capital over the average invested capital. The extent to which the GEP increase is achieved has a 50% impact on the STI and a 50% impact on the number of shares allocated under the LTI. Therefore, poor performance inevitably has a negative impact on the total remuneration (lower bonus, fewer shares, with each of them potentially having a lower value). Further information on the GEP can be found in the Value based management section, under [Alternative performance measures](#) in the Annual Report 2023.

Relevant parameter: Galenica economic profit (GEP)



Weight of GEP as performance indicator in the incentive plans



Short-term incentive (STI)

The STI aims to reward the achievement of financial and ESG objectives of Galenica over the relevant financial year. The target STI, i.e., the amount paid out if all performance objectives are reached at 100%, is defined individually and annually, before the beginning of the performance year. The target STI is expressed as a percentage of the

annual base salary and varies depending on the function in the organisation and on the impact of the function on the overall business result. The target STI for the CEO amounts to 50% of annual base salary and ranges from 40% to 45% of annual base salary for the other members of the Corporate Executive Committee.

In 2023, the financial objectives were weighted at 75% and included the GEP (two-thirds) and annual net sales growth (one-third). The ESG component made up the remaining 25%, consisting of two equally weighted specific objectives, namely the Net Promoter Score (NPS) and employees who recommend Galenica as an employer.

STI performance objectives

For each financial objective, a threshold, a target, a cap and a payout curve are defined annually by the Board of Directors upon recommendation of the Remuneration Committee, against which the results are assessed. An achievement at the threshold performance leads to a 50% payout factor, a target achievement leads to a 100% payout factor and achieving the cap corresponds to a 220% payout factor. For the ESG objectives, achieving the cap corresponds to a 150% payout factor. The STI payout overall is capped at 200% of target. Financial and ESG targets are considered confidential information and are, therefore, not disclosed. However, an ex-post performance assessment is provided in the section "Remuneration awarded for 2023 and 2022".

The achievement of the GEP, the Group annual net sales growth and the ESG objectives is assessed by the Remuneration Committee and submitted to the Board of Directors for approval.

The payment of the STI is made in the subsequent year after the publication of the Annual report. The CEO and other members of the Corporate Executive Committee are required to draw 32% of their STI in Galenica shares, while the rest is paid in cash. A discount of 25% on the average stock market price for the month of December in the relevant financial year applies to the shares. The shares remain blocked for five years.

If employment ends due to termination, the calculation and payment for a completed assessment period (= financial year) are based on the effective performance and results. In the event of departure during an assessment period that is still ongoing, 80% of the target STI is paid on a pro-rata basis.

Clawback and malus provisions were introduced in the STI plan in 2023. They allow the Board of Directors to reduce or cancel the payment of an STI and/or to claim back STI payments already made in case of a financial restatement due to material non-compliance with any accounting reporting standards, or in case a participant acts in violation of the law or internal regulations of Galenica.

Long-term incentive (LTI)

The objective of the LTI is to promote the strategy of Galenica, long-term thinking, alignment to shareholders' interests and the creation of sustainable value for customers and shareholders over the long term. In addition, the LTI aims to strengthen loyalty to Galenica and identification with the company.

The CEO, members of the Corporate Executive Committee and selected members of Senior Management participate in the LTI.

The LTI is based on performance share units (PSU), which are granted to participants after the release of the results for the preceding year and which convert into shares of Galenica subject to service conditions and the attainment of performance objectives over a three-year period defined by the Remuneration Committee. PSU are virtual, i.e., no real shares are issued.

The number of PSU allocated at the beginning of the plan period depends on a defined percentage of the annual base salary of the participant as well as the average share price during the final month prior to allocation, i.e., February. In 2023, the LTI grant for the CEO amounted to 50% of annual base salary and ranged from 10% to 35% of annual base salary for the other members of the Corporate Executive Committee.

The vesting of the PSU is conditional upon continuous employment and the fulfilment of performance conditions during the three-year plan period. The performance objectives are defined by the Remuneration Committee and for the LTI 2023-2025, they include the GEP and relative total shareholders return (relative TSR). Those two performance conditions are equally weighted.

The GEP target is measured by averaging the annual GEP results over the three-year performance period. Relative TSR is measured as a percentile ranking against a peer group of relevant companies. The objective is to outperform half of the peer companies (100% payout). The peer group is approved by the Board of Directors on a yearly basis and includes SMIM companies excluding financial services, real estate and companies that are active in a very cyclical businesses (e.g., Adecco, Dufry, Kühne+Nagel and OC Oerlikon), as well as selected healthcare and pharma companies from the SMI. The peer group for the LTI 2023-2025 is outlined below.

Relative TSR performance peer group for LTI 2023–2025

Ams–Osram	DocMorris	Lonza Group	SIG Group
Bachem Holding	EMS–Chemie Holding	Novartis	Straumann Holding
Barry Callebaut	Georg Fischer	Roche Holding	Tecan Group
Belimo Holding	Givaudan	Schindler Holding	Temenos
Clariant	Lindt & Sprüngli	SGS	VAT Group

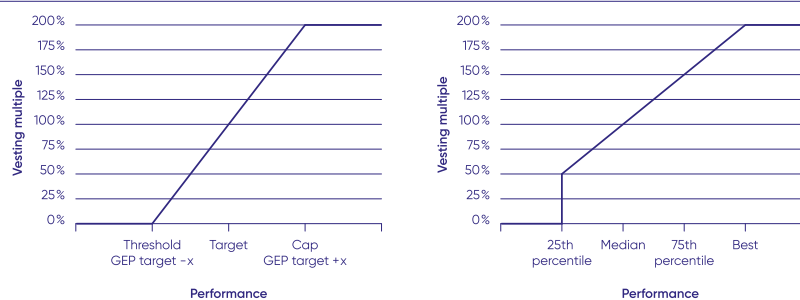
The following changes were made to the peer group compared to the LTI 2022–2024: Sonova Holding was removed (constituent of SMI since 2023), while SGS (change from SMI to SMIM in 2023), Bachem Holding (constituent of SMIM in 2022) and Belimo Holding (constituent of SMIM in 2022) were added.

For each performance condition, a threshold level of performance is determined, below which there is no vesting, as well as a target level of performance, corresponding to a 100% vesting and a cap providing for a 200% vesting. A linear interpolation is applied between the threshold and the target, and between the target and the cap. The weighted average of the vesting multiple for each performance objective provides for the overall vesting multiple. The number of PSU initially allocated is multiplied by the vesting multiple at the end of the three-year plan period. More details on the LTI performance objectives are provided in the following table.

Overview of LTI structure for 2023–2025

Performance measure	GEP	Relative TSR
Description	GEP is measured for each financial year and then averaged across the 3 years of the performance period. It is measured against a pre-determined target average for the performance period to determine the vesting multiple	TSR combines share price appreciation and dividends paid to reflect the annual total return to shareholders The TSR of Galenica is ranked against the TSR of the peer group companies for each financial year of the performance period, the annual percentile rankings are averaged over the 3-year performance period to determine the vesting multiple
Rationale	Absolute internal measure Demonstrates Galenica's average operating performance over a 3-year period	Relative external measure Demonstrates Galenica's shareholders returns compared to relevant peer companies
Weighting	50% of the PSU grant	50% of the PSU grant
Target level	Pre-determined by the Remuneration Committee 100% vesting	TSR ranking at the median of the peer group 100% vesting
Maximum vesting multiple	200% of target	200% of target
Vesting period	3 years	3 years
Vesting rules and curve	Vesting multiple is interpolated linearly between the threshold, target and maximum	<p>Threshold: 25th percentile ranking = 50% vesting</p> <p>Target: median ranking = 100% vesting</p> <p>Stretch: 75th percentile ranking = 150% vesting</p> <p>Maximum: best in the peer group = 200% vesting</p> <p>Vesting multiple is interpolated linearly between the threshold, target and maximum</p>

Vesting schedule



Financial targets are considered confidential information and are, therefore, not disclosed. However, an ex-post performance assessment is provided in the section "Remuneration awarded for 2023 and 2022".

As a rule, the three-year plan period must be completed for employees to be eligible for the conversion of PSU in shares. If the employment is terminated within a plan period, the PSU forfeit without any compensation except in the following cases:

- Retirement, disability or termination by the company not for cause, performance or behaviour: unvested PSU are subject to a pro-rata vesting at the regular vesting date
- Death: unvested PSU immediately vest pro-rata, based on a performance estimate by the Board of Directors or at target level (100% vesting)
- Termination following change of control: unvested PSU immediately vest in full, based on a performance estimate by the Board of Directors or at target level (100% vesting)

LTI plan period

LTI plan period
LTI three-year programme

	GEP/TSR	GEP/TSR	GEP/TSR	Vesting		
		GEP/TSR	GEP/TSR	GEP/TSR	Vesting	
			GEP/TSR	GEP/TSR	GEP/TSR	Vesting
2021	2022	2023	2024	2025	2026	

Clawback and malus provisions apply in the LTI plan. They allow the Board of Directors to reduce or cancel the vesting of outstanding PSU and/or to claim back shares already vested in case of a financial restatement due to material non-compliance with any accounting reporting standards, or in case a participant acts in violation of the law or internal regulations of Galenica.

Pensions and other employee benefits

Employee benefit plans consist mainly of retirement plans and insurance plans that are designed to protect employees against the risks of disability and death. The CEO and the members of the Corporate Executive Committee are covered by the pension scheme applicable to all employees. The pension solution of Galenica fulfils the legal requirements of the Swiss Federal Law on Occupational Pension Schemes (BVG) and is in line with what is being offered on the market.

Except for the expense allowance and the entitlement to a company car in line with the car policy of Galenica, the CEO and the members of the Corporate Executive Committee do not receive any particular additional benefits. The private use of the company car is disclosed at fair value in the remuneration table under other remuneration.

Share ownership guideline

Members of the Corporate Executive Committee are required to hold shares of Galenica equal in value to at least 75% of their fixed annual base salary and target STI within a period of five years of their appointment to the Corporate Executive Committee.

Employment contracts

The CEO and the members of the Corporate Executive Committee are employed under employment contracts of unlimited duration and are subject to a notice period of a maximum of 12 months. They are not entitled to any severance packages, termination payments or change-of-control payments. The employee contracts do not include non-competition clauses. With regard to clawback, the statutory claims for repayment apply (see among others Article 678 of the Swiss Code of Obligations).

Remuneration awarded for 2023 and 2022

Remuneration awarded to the Board of Directors for 2023 and 2022

Comments to the remuneration tables of the members of the Board of Directors

In 2023, the Board of Directors consisted of seven members. The total remuneration awarded to the Board of Directors (including the Board Chair) amounts to CHF 1.6 million and is within the amount of CHF 1.9 million approved at the Annual General Meeting in 2022. It corresponds to an increase of 4.3% compared to the previous year. The remuneration system remained unchanged compared to the previous year.

Remuneration awarded to the CEO and the members of the Corporate Executive Committee for 2023 and 2022

Comments to the remuneration tables of the members of the Corporate Executive Committee

In 2023, Marc Werner, CEO, was the member of the Corporate Executive Committee with the highest remuneration.

The remuneration awarded to the CEO in the year 2023 and the Corporate Executive Committee amounts to CHF 4.7 million and is within the amount of CHF 8.5 million approved at the Annual General Meeting in 2022. It is a decrease compared to the previous year, for the following reasons:

- The aggregated amount of base salaries was higher compared with the previous year. This is due to the new composition of the Corporate Executive Committee (eight members in 2023 compared to seven members in 2022). The individual base salaries of the members of the Corporate Executive Committee were not increased in the reporting year.
- The Galenica Group achieved a solid result in 2023, but did not quite reach the ambitious targets set at the beginning of the year. As a result, the short-term bonus payout was 47.2%. Additional details are provided in the section "Performance in 2023" below.
- The LTI grant value increased compared to the previous year. This is due to the different composition of the Corporate Executive Committee with eight members compared to seven members in 2022. The grant size of the individual Corporate Executive Committee members remained unchanged compared to previous year.
- The variable remuneration in the year 2023 amounted to 70% of the annual base salary for the CEO (previous year: 142%) and ranged between 34% and 54% of the annual base salary for the other members of the Corporate Executive Committee (previous year: between 101% and 119%).

Performance in 2023

In the 2023 financial year, the Galenica Group generated consolidated net sales of CHF 3,746.0 million. This corresponds to strong growth of 4.4% compared to the previous year.

Adjusted¹ operating profit (EBIT), i.e., excluding the effects of the accounting standards IFRS 16 (leasing) and IAS 19 (employee benefits), slightly increased by 0.4% to CHF 191.3 million. Adjusted¹ return on sales (ROS) fell year-on-year from 5.3% to 5.1%.

Adjusted¹ net profit increased by 2.8% to CHF 161.6 million (previous year: CHF 157.2 million). Reported net profit was above the previous year's level at CHF 165.7 million (previous year: CHF 157.3 million, +5.3%).

¹ See section [Alternative performance measures](#) in the Annual report 2023.

Payout factor 2022 and 2023

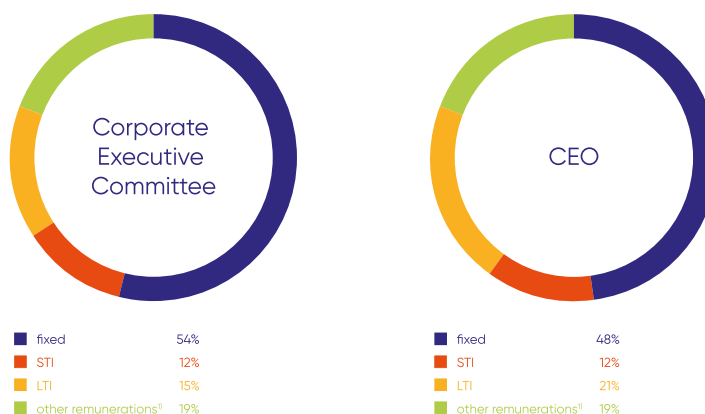
Payout factor for STI (one-year basis)



Vesting multiple for LTI (three-year basis)



Ratio between fixed and variable remuneration 2023 (remuneration awarded)



¹Including costs for employee benefit plans and social security charges

Remuneration and shareholdings of the members of the Board of Directors in 2023

Payments in thousand CHF	Remuneration			Total	Number of shares	
	Fees in cash	Equivalent in shares ¹⁾	Other remuneration ²⁾		Held as at 31.12.2023 ³⁾	Allocated for 2023
Chair of the Board of Directors						
Markus R. Neuhaus, Chairman (since 11 May 2023)	96	127	20	243	10,532	1,766
Daniela Bosshardt, Chairwoman (until 11 May 2023)	58	78	15	151		1,078
Members of the Board of Directors						
Pascale Bruderer ⁴⁾	70	93	19	182	4,049	1,294
Michel Burnier (until 11 May 2023)	20	27	4	51		370
Bertrand Jungo ⁴⁾	78	104	21	204	9,605	1,448
Judith Meier ⁴⁾	–	160	16	176	1,448	2,218
Markus R. Neuhaus (until 11 May 2023)	48	64	10	122		883
Solange Peters (since 11 May 2023)	40	53	11	105	–	739
Andreas Walde	–	182	18	201	16,224	2,526
Jörg Zulauf (since 11 May 2023)	–	124	9	134	300	1,725
Remuneration of the members of the Board of Directors⁵⁾	410	1,013	145	1,568	42,158	14,047
Maximum amount according to AGM resolution				1,900		

¹⁾ The amounts include the calculated discount of 25%, granted due to the five-year blocking period

²⁾ Other remuneration corresponds to the social security charges (both employer and employee contributions)

³⁾ Shares held by related parties of members of the Board of Directors are included in the declaration of the totals disclosed above

⁴⁾ Those board members participate in the pension fund and finance the entire cost themselves

⁵⁾ See chapter Board of Directors of the Corporate Governance section for roles and membership of committees

Remuneration and shareholdings of the members of the Board of Directors in 2022

Payments in thousand CHF	Remuneration			Total	Number of shares	
	Fees in cash	Equivalent in shares ¹⁾	Other remuneration ²⁾		Held as at 31.12.2022 ³⁾	Allocated for 2022
Daniela Bosshardt, Chairwoman	175	233	45	453	25,695	3,167
Pascale Bruderer ⁴⁾	60	80	16	156	2,963	1,086
Michel Burnier	60	80	12	152	9,487	1,086
Bertrand Jungo ⁴⁾	75	100	20	195	8,248	1,357
Judith Meier (from 12 May 2022)	–	107	11	118	–	1,448
Markus R. Neuhaus	80	107	22	208	9,084	1,448
Andreas Walde	–	200	20	220	13,509	2,715
Remuneration of the members of the Board of Directors⁵⁾	450	907	146	1,503	68,986	12,307
Maximum amount according to AGM resolution				1,900		

¹⁾ The amounts include the calculated discount of 25%, granted due to the five-year blocking period

²⁾ Other remuneration corresponds to the social security charges (both employer and employee contributions).

³⁾ Shares held by related parties of members of the Board of Directors are included in the declaration of the totals disclosed above

⁴⁾ Those board members participate in the pension fund and finance the entire cost themselves

⁵⁾ See chapter Board of Directors of the Corporate Governance section for roles and membership of committees

Remuneration of the members of the Corporate Executive Committee in 2023

Gross payments in thousand CHF	Total	of which Marc Werner, CEO
Base salary	2,533	500
Short-term bonus in cash (STI) ¹⁾	343	80
Short-term bonus in shares (STI) ²⁾	215	50
Long-term incentive (LTI) ³⁾	702	221
Contributions to pension funds	497	118
Other remuneration ⁴⁾	57	12
Remuneration awarded	4,348	981
Social security costs	328	69
Remuneration of the members of the Corporate Executive Committee⁵⁾	4,676	1,050
Maximum amount according to AGM resolution	8,500	

Eight members in 2023

- ¹⁾ The short-term bonus for the reporting year, which is paid out in the following year
- ²⁾ The amounts include the calculated discount of 25% granted due to the five-year blocking period
- ³⁾ Performance share units falling due after three years are included with the fair value at allocation
- ⁴⁾ Including private use of company car
- ⁵⁾ Including remuneration of Arianne Hasler since 1 September 2023 as Chief People & Culture

Remuneration of the members of the Corporate Executive Committee in 2022

Gross payments in thousand CHF	Total	of which Marc Werner, CEO
Base salary	2,452	500
Short-term bonus in cash (STI) ¹⁾	1,264	301
Short-term bonus in shares (STI) ²⁾	793	189
Long-term incentive (LTI) ³⁾	690	222
Contributions to pension funds	487	118
Other remuneration ⁴⁾	58	18
Remuneration awarded	5,744	1,348
Social security costs	421	93
Remuneration of the members of the Corporate Executive Committee	6,165	1,440
Maximum amount according to AGM resolution	7,200	

Seven members in 2022

- ¹⁾ The short-term bonus for the reporting year, which is paid out in the following year
- ²⁾ The amounts include the calculated discount of 25% granted due to the five-year blocking period
- ³⁾ Performance share units falling due after three years are included with the fair value at allocation
- ⁴⁾ Including private use of company car

Short-term incentive (STI)

In 2023, a GEP of CHF 49.0 million was achieved. This corresponds to a decrease of 17.2% compared to the previous year, see Value based management section, under [Alternative performance measures in the Annual report 2023](#). This represents a payout factor of 0.0% for the financial year 2023 for the portion of the STI payout based on GEP performance.

The Group annual net sales growth achieved was 4.4%, corresponding to a payout factor of 92.5% for that portion of the STI.

ESG performance is measured using two objectives: Net Promoter Score (NPS) and employees who recommend Galenica as an employer. The payout factor for the ESG component for the members of the Corporate Executive Committee was 96.3%.

Consequently, the overall STI payout amounts to 47.2% of target for the CEO and the other members of the Corporate Executive Committee. This compares to a payout of 177.0% for the CEO and the other Corporate Executive Committee members in 2022.

Performance / payout factor under STI in 2023

KPIs	2023 objectives	Payout	2023 results
Group financial performance:			
Galenica economic profit (GEP) (50% weighting)	Maximum	220%	GEP achieved: CHF 49.0 million Payout factor: 0.0%
	Target	100%	
	Threshold	50%	
Group annual net sales growth (25% weighting)	Maximum	220%	Net sales growth achieved: 4.4% Payout factor: 92.5%
	Target	100%	
	Threshold	50%	
ESG component (25% weighting)	NPS and employees who recommend Galenica as an employer	0% – 150%	Payout factor: 96.3%
Payout			2023
CEO			47.2%
Corporate Executive Committee (without CEO)			47.2%

Long-term incentive

For the LTI plan 2021-2023, payable in early 2024, the average GEP achievement was CHF 63.1 million. This represents a vesting multiple of 139.7%. For relative TSR Galenica achieved an average percentile ranking of 62.7%, which correspond to a vesting multiple of 126.0%. Consequently, the overall vesting level was 132.9%.

Other remuneration

Options

Neither the members of the Board of Directors nor the members of the Corporate Executive Committee hold tradable options.

Loans and credits

Galenica did not grant any loans or credits to members of the Board of Directors, members of the Corporate Executive Committee or related persons in 2023. No loans or credits were outstanding at the end of the year under review.

Former members of the Board of Directors and Corporate Executive Committee

Galenica did not pay any remuneration to former members of the Board of Directors or Corporate Executive Committee in 2023.

Shareholdings of the Corporate Executive Committee

Equity overhang and dilution as of 31 December 2023

The equity overhang, defined as the total number of PSU outstanding (56,629 unvested PSU) divided by the total number of outstanding shares (49,832,180 shares) is 0.11% (previous year: 0.11%). The burn rate, defined as the total number of equities (shares and PSU) granted in 2022 (137,177 shares and 17,726 PSU) divided by the total number of outstanding shares, is 0.31% (previous year: 0.32%).

Shareholdings and rights to PSU of members of the Corporate Executive Committee 2023

	Number of shares held as at 31.12.2023 ¹⁾	Number of PSU held as at 31.12.2023 (at target) ²⁾
Marc Werner	12,100	11,402
Lukas Ackermann	2,283	2,671
Felix Burkhard	20,623	6,226
Arianne Hasler	–	251
Andreas Koch	8,254	3,535
Daniele Madonna	12,851	3,535
Virginie Pache Jeschka	4,089	3,535
Thomas Szuran	11,171	3,719

¹⁾ Shares held by related parties of members of the Corporate Executive Committee are also included in the totals disclosed above

²⁾ Each PSU transforms into a number (between 0 and 2) of shares at vesting and based on GEP and relative TSR target achievement

Shareholdings and rights to PSU of members of the Corporate Executive Committee 2022

	Number of shares held as at 31.12.2022 ¹⁾	Number of PSU held as at 31.12.2022 (at target) ²⁾
Marc Werner	4,625	11,482
Lukas Ackermann	1,012	1,629
Felix Burkhard	17,700	6,380
Andreas Koch	5,545	3,460
Daniele Madonna	13,164	3,622
Virginie Pache Jeschka	2,738	2,492
Thomas Szuran	8,083	3,896

¹⁾ Shares held by related parties of members of the Corporate Executive Committee are also included in the totals disclosed above

²⁾ Each PSU transforms into a number (between 0 and 2) of shares at vesting and based on GEP and relative TSR target achievement

Functions held by members of the Board of Directors and members of the Corporate Executive Committee in other companies as at 31 December 2023

In accordance with Art. 734e of the Swiss Code of Obligations, the table below lists functions exercised by members of the Board of Directors and members of the Corporate Executive Committee at other for-profit companies, to the extent these functions are comparable to the function they hold with Galenica.

Members of the Board of Directors

Markus R. Neuhaus	Baloise Holding AG ¹⁾ : Board member Barry Callebaut AG ¹⁾ : Board member Jacobs Holding AG: Board member
Pascale Bruderer	Crossiety AG: Board member Swiss Stablecoin AG: Chairwoman of the Board of Directors TX Group AG ¹⁾ : Board member
Bertrand Jungo	AG Grand Hotels Engadinerkulm Holding: Board member & Delegate of the board Diaqua AG: Board member Neoperl AG: Board member
Judith Meier	Cantonal Hospital of Graubünden: Board member Emil-Burkhardt-foundation: Member of the board of trustees reha andeer ag: Board member
Solange Peters	-
Andreas Walde	-
Jörg Zulauf	Crealogix Holding AG ¹⁾ : Board member Maerki Baumann & Co. AG: Board member SV Group AG: Chairman of the Board of Directors

Members of Corporate Executive Committee

Marc Werner	AD Swiss Net AG: Board member ²⁾ Coop Vitality AG: Board member ²⁾ MediService AG: Board member ²⁾ Well Gesundheit AG: Board member ²⁾
Lukas Ackermann	-
Felix Burkhard	MediService AG: Board member ²⁾
Arianne Hasler	-
Andreas Koch	-
Daniele Madonna	Apotheke im KSW AG: Board member ²⁾ Coop Vitality AG: Board member ²⁾ Emeda AG: Board member ²⁾ MediService AG: Board member ²⁾
Virginie Pache Jeschka	Coop Vitality AG: Board member ²⁾
Thomas Szuran	Puravita AG: Board member ²⁾

¹⁾ Listed company

²⁾ Mandates by order of Galenica



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To the General Meeting of
Galenica Ltd., Berne

Berne, 7 March 2024

Report of the statutory auditor on the audit of the remuneration report



Opinion

We have audited the remuneration report of Galenica Ltd. (the Company) for the year ended 31 December 2023. The audit was limited to the information pursuant to Art. 734a-734f of the Swiss Code of Obligations (CO) contained in the chapters Remuneration awarded for 2023 and 2022, Other remuneration and Shareholdings of the Corporate Executive Committee and the Board of Directors of the remuneration report.

In our opinion, the information pursuant to Art. 734a-734f CO in the remuneration report complies with Swiss law and the Company's articles of incorporation.



Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the remuneration report" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the chapters Remuneration awarded for 2023 and 2022, Other remuneration and Shareholdings of the Corporate Executive Committee and the Board of Directors in the remuneration report, the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the remuneration report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the remuneration report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the remuneration report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Board of Directors' responsibilities for the remuneration report

The Board of Directors is responsible for the preparation of a remuneration report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a remuneration report that is free from material misstatement, whether due to fraud or error. It is also responsible for designing the remuneration system and defining individual remuneration packages.



Auditor's responsibilities for the audit of the remuneration report

Our objectives are to obtain reasonable assurance about whether the information pursuant to Art. 734a-734f CO is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this remuneration report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement in the remuneration report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Ernst & Young Ltd

Daniel Zaugg
Licensed audit expert
(Auditor in charge)

Simone Wittwer
Licensed audit expert