



ESG at Fagron

2022

As a global company with the purpose to create the future of personalizing medicine, Fagron aims to produce all products ethically and responsibly.

About Fagron

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Fagron is global leading player in pharmaceutical compounding and supplies products and services to hospitals, pharmacies, clinics, and patients in over 60 countries worldwide.

Purpose

Fagron's purpose is: "Together we create the future of personalizing medicine". Together we enable pharmacists, prescribers, hospitals, and industry to provide quality, safety and service for their patients. We create value in healthcare by offering the entire range of products and services for compounding personalized medicine. Personalization of treatment makes it easier to meet individual patient's need and increases effectiveness, quality, safety and reduces healthcare cost.

Our areas of work

Fagron is a vertically integrated player that is active throughout the value chain of pharmaceutical compounding and sterile outsourcing services. The company delivers, among other things, Essentials, Brands, Compounding Services, and Premium Pharmaceuticals to its customers.

Our strategy

Fagron strives to be the global leader in Essentials and Brands and the leading global platform for sterile outsourcing services and realize sustainable and profitable growth.

Our drivers

Our drivers are demographics, personalization, accessibility, and sustainability.

Our ESG Commitment

Our commitment

Fagron aims to produce all products ethically and responsibly.

We strive to protect our stakeholders by delivering products that meet all relevant quality and safety standards, lowering our environmental impact, providing benefits to our people, taking responsibility in our supply chain, and giving back to the communities in which we operate.

ESG strategy

We see our Environmental, Social, and Governance Strategy as a living document because Fagron, our stakeholders, and the world are continuously changing.

Fagron conducts an annual materiality assessment to determine the environmental, social, and governance topics to include in our ESG strategy.

We divide the ESG topics into five categories:

- Low impact on the Environment
- Benefits to Our People
- Responsibility in our Supply Chain
- Giving back
- Good Governance

Sustainable Development Goals

Fagron endorses all 17 Sustainable Development Goals (SDGs) defined by the United Nations in 2015. We have selected five SDGs to focus our efforts on.

Progress on ESG targets

Progress on all ESG targets can be found at www.fagron.com/ESG.

Our ESG Categories



Low impact on
the Environment



Benefits to
Our People



Responsibility
in Supply Chain



Giving back



Good
Governance

Low impact on the Environment

We continuously try to reduce the impact of our operations on the environment by setting ambitious targets for the environmental topics that are material for Fagron.

The topics that we find important:

- Climate change and (renewable) energy use
- Emissions to air and soil
- Waste management

We actively work on reducing greenhouse gas emissions and energy use, reducing emissions to air and soil and improving waste management.

Our efforts to lower our environmental impact contribute to SDG 7 (Affordable and clean energy) and SDG 13 (Climate action) by reducing greenhouse gas emissions in our operations and our investments in solar panels and energy saving measures.

Climate change and (renewable) energy use

The health and safety of people worldwide is impacted by the consequences of climate change. We endorse the Paris Agreement on climate change. We find it essential to set targets consistent with keeping the global temperature rise below 2 degrees Celsius in comparison to pre-industrial levels (1900). In the long term, this means reducing emissions to (close to) net zero in 2050.

Our targets for 2025:

- Reduce greenhouse gas intensity¹ with 30% compared to 2019 emissions (5% reduction per year).
- Reduce energy intensity with 18% compared to 2019 energy use (3% reduction per year).
- 50% of electricity use is renewable (100% in 2030).

¹ Our greenhouse gas intensity includes Scope 1 and Scope 2 emissions as well as Scope 3 business travel emissions.

Emissions to air and soil

Because we generate waste and use fossil fuels to run our operations, we create air and soil emissions. Apart from greenhouse gas emissions, this includes nitrous oxides and particulate matter emissions to air.

Our target for 2025:

- Reduce NOx emission intensity from our facilities and vehicles with 40% compared to 2019 emissions.

Waste management

Waste is generated throughout Fagron's supply chain, by Fagron at our facilities and at our suppliers and our customers.

We contribute by improving waste management at our facilities. Of course, we comply with applicable legislation concerning waste management but want to go beyond compliance. We strive to minimize the amount of hazardous and residual waste that we generate at our facilities.

The quantity of waste generated at our facilities is small compared to the packaging of our products. We want to contribute to the reduction of the quantity of packaging used and to the shift from fossil-based plastic to more sustainable alternatives.

Our target for 2025:

- Separate paper/carton, metal packaging, and plastic packaging in all Fagron locations.





Solar PV-panels at Fagron Belgium facility in Nazareth (Belgium) were installed in 2021.



Solar PV-panels at Fagron Services Brazil facility in Anápolis (Brazil) were installed in 2021.



Benefits to Our People

We encourage a working environment where every individual is empowered to perform at her/his best, and all our people can innovate and develop. We continuously build and foster a culture that enables our employees to become the best version of themselves.

The topics that we find important:

- Diversity
- Health and safety
- Human rights and labor rights
- Training and development

Our efforts to provide a good working environment contribute to SDG 5 (Gender equality) and SDG 8 (Decent work and economic growth) with policies on gender equality and providing a decent and safe working environment for almost 3,000 employees worldwide.

Diversity

We work together as one team and appreciate the unique contribution that every employee makes. We treat each other with respect and are confident that we can achieve more if people with diverse backgrounds and different talents work together in a pleasant, safe and inclusive working environment.

We treat everyone equally and do not discriminate. Fagron strives for diversity in the broadest possible sense. In addition, we focus on the following themes in particular:

- Gender equality
- Nationality & ethnicity
- Age
- Employment opportunities for people with a disability

Our target for 2025:

- 50/50 male/female distribution in all management.
- 1/3rd of senior management is female.

Employee engagement

Fagron believes that engaged employees have a positive impact on company performance. Every two years we conduct a Global Employee Survey. Part of this Global Employee Survey is a sustainable engagement score, the intensity of the connection between employees and Fagron.

Our target for 2024:

- Sustainable engagement score of at least 80%.

Health and safety

Fagron continuously ensures that all its employees can perform their work in a clean and safe environment. There is a zero-tolerance policy towards actions that could endanger the health and safety of our employees and others. By proactively monitoring and resolving identified risks, we strive to prevent or minimize injury and damage to health.

Our annual target:

- 0 fatalities and high-consequence work related-injuries.

Human rights and labor rights

We do not accept human rights and labor rights infringements in our facilities.

Training and development

Fagron values the development of its employees highly. Our continuous feedback cycle enables employees and management to give each other regular feedback. At the beginning of each year, employees determine together with their manager their individual development objectives. The outcomes of the regular check-ins are collected and used for the year-end evaluation.

Our annual target:

- 80% of employees have an annual employee career development and performance discussion.



Responsibility in Supply Chain

Through our facilities and our supply chain, Fagron has an influence on communities all over the world. We strive to have a positive impact on the communities in which we operate. We expect our business partners to conduct business ethically, in line with our Business Partner Code of Conduct.

Our efforts to take responsibility in our supply chain contribute to SDG 8 (Decent work and economic growth).

Business Partner Code of Conduct

To provide insight into the risks in the area of human and employment rights and to reveal and/or prevent violations, Fagron established a Business Partner Code of Conduct in 2020. The Code was published in early 2021 and describes requirements and expectations in the area of:

- Human and employment rights: fair treatment of employees, fair pay, reasonable working hours, freedom of association and collective bargaining;
- Occupational health and safety;
- Environment: compliance with laws and regulations, waste and emissions, spills and releases and ecological sustainability;
- Ethics: combating bribery and corruption, fair competition and animal welfare;
- Management systems: compliance with laws and regulations, risk management, documentation, supplier selection and monitoring.

Our target for 2025:

- Discuss ESG in the supply chain with the suppliers that together supply at least 75% by value of our trading products and have them accept Fagron's Business Partner Code of Conduct.



Giving back

Fagron supplies products vital to the operation of healthcare systems in the markets where we operate. Besides improving patients' lives and increasing accessibility to medicine, Fagron gives back to the communities where we operate by:

- Providing education on pharmaceutical compounding and personalizing medicine via Fagron Academy.
- Leveraging resources in the Fagron Foundation to increase healthcare access.

Our products, Fagron Academy and Fagron Foundation contribute to SDG 3 (Good health and well-being) by delivering personalized medicine and medicine to vulnerable patient groups and increasing the accessibility to medicine.

Fagron Academy

Fagron Academy increases and improves the pharmaceutical compounding knowledge and skills of prescribers and pharmacists. The market recognizes Fagron as a provider of the most extensive training and educational opportunities for, among other things, compounding techniques, the use of materials, administration forms, and quality and safety procedures.

Fagron Foundation

We created the Fagron Foundation in June 2012. The goal is to leverage human and financial resources to drive healthcare and community improvements and increase healthcare access. The Fagron Foundation focusses on donating healthcare products and equipment to the communities in which we operate. During 2020 and 2021 most of the Fagron Foundation initiatives were related to COVID-19 and included donations of masks, hand creams, alcohol gels, and COVID-19 tests.

Starting from 2022 we will organize an annual Fagron Foundation Day. During this day each Fagron employee volunteers for an NGO together with their local colleagues.



Good Governance

Fagron considers good governance vital to conducting business. It helps ensuring a responsible way of doing business and carrying out activities.

The topics that we find important:

- Compliance with laws and regulations
- Corruption and bribery
- Fair tax policy
- Grievance mechanism
- Product quality and safety

Our efforts on good governance contribute to SDG 8 (Decent work and economic growth) by our efforts to achieve annual turnover growth.

Compliance

Fagron operates in more than 20 jurisdictions worldwide. We aim to comply with legislation in all jurisdictions where we operate. The businesses are responsible for compliance with local legislation. At Group level, we pay specific attention to compliance by Fagron NV and our holding company Fagron BV (our global services center) as well as compliance in terms of product quality and safety (see Product Quality and Safety).

Our annual target:

- 0 compliance issues at Fagron NV and Fagron BV.

Corruption and bribery

Corruption & bribery may lead to unfair pricing of pharmaceutical products vital to the operation of healthcare systems in the markets where we operate. Corruption & bribery can also expose Fagron to possible criminal prosecution, fines, reputational damage, and other serious consequences. A bribe or any other form of corruption is therefore never acceptable.

Our annual target:

- 90% of employees have followed the annual Code of Conduct training.

Fair Tax policy

We recognize that our tax approach has a direct influence on the communities where we operate. We use internal and external tax experts to ensure that we follow the letter and spirit of tax law in the countries where we are active. Fagron pays taxes in the countries where we are present, and we do not use tax havens or non-cooperative jurisdictions for tax planning purposes.

Grievance mechanism

Fagron has a grievance mechanism where employees can express grievances concerning the way that Fagron conducts business on any of the topics described in Fagron's Code of Business Conduct.

Our target for 2025:

- All employees have access to a confidential counselor.

Product quality and safety

Fagron uses an extensive supplier selection procedure to ensure 100% traceability of more than 2,500 pharmaceutical raw materials. All our suppliers are ISO 9001 or GMP-certified. We audit our suppliers every three years to ensure the quality of the supplied materials. On-site audits are conducted more frequently for suppliers of products with a higher risk profile.



Together
We create the future
of personalizing medicine

