



ESG Governance

2022

Stakeholder analysis and materiality assessment

Fagron engages in a dialogue with its stakeholders (shareholders, customers, personnel, market analysts, and ESG rating agencies). In addition, we conduct studies and surveys to gain insight into our stakeholders' needs and requirements regarding Fagron's ESG strategy and policies.

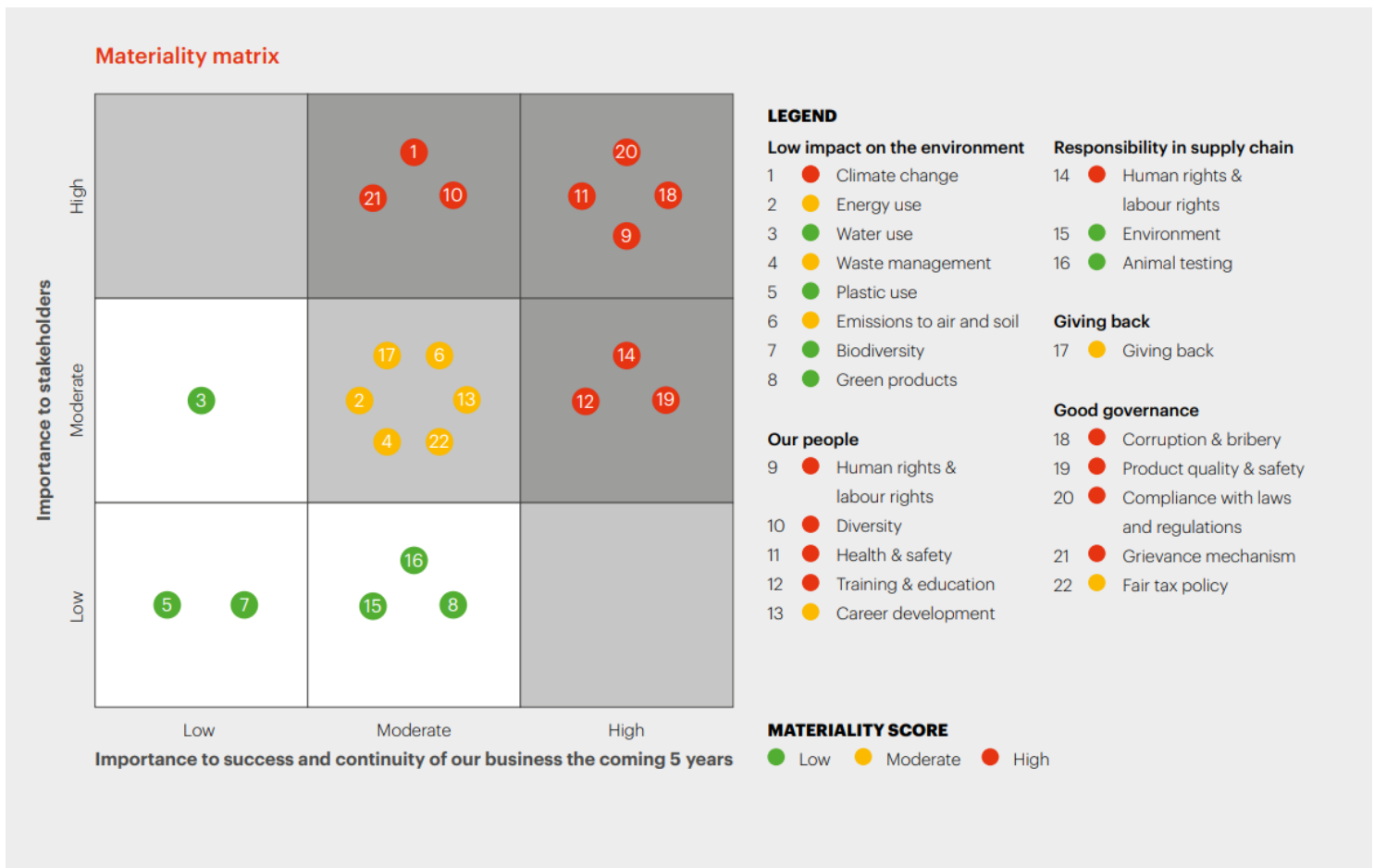
We conducted a first materiality assessment in 2020. The material topics were selected based on a stakeholder analysis and the degree to which subjects are important for Fagron's success in the next five years. To determine the importance of topics for Fagron's success in the coming years, we carried out two internal surveys, one among the Global Leadership Team (now ELT) and one among the managers of all Fagron Group companies.

We divided the material topics into five ESG categories:

- Low impact on the environment
- Our people
- Responsibility in the supply chain
- Giving back
- Good governance

The topics that score "High" or "Moderate" in the materiality matrix form the basis of Fagron's ESG strategy. We report on the progress for these topics in our press releases and annual reports.

In 2022, we will conduct a new materiality assessment, and the material topics will (possibly) change.



ESG management

Management of existing ESG policy

Fagron's CFO is ultimately responsible for the implementation of the ESG strategy. The ESG team discusses the progress of the implementation of ESG policies once every two weeks. This team consists of the CFO, Global Investor Relations Manager, and Global ESG Officer.

The responsibility for the day-to-day activities differs per ESG category:

- Low impact on the environment: Global ESG Officer
- Our people: Global HR Director and Global ESG Officer
- Responsibility in the supply chain: Global Procurement Director and Global ESG Officer
- Giving back: Global ESG Officer
- Good governance: Global Quality Director (Product quality and safety), Head of Legal and M&A (Compliance with laws and regulations), Global HR Director (Prevention of corruption and bribery, grievance mechanism, and other ethical issues), and the Global ESG Officer.

The local companies play an essential role in the implementation of ESG policies. After all, installing solar panels or adhering to quality standards always occurs locally. There is, therefore, regular contact between the ESG team, those responsible for the day-to-day activities within an ESG category, and the location managers.

Progress is regularly discussed in the Executive Leadership Team and the Board of Directors. The Board of Directors authorizes the ESG strategy, monitors the implementation of ESG policies, and makes adjustments where necessary. Both bodies discuss, among other things, the results achieved in terms of ESG, adjustments to the ESG strategy and policies based on the annual evaluation (see next paragraph), and ESG as part of the strategy and the annual budget.

Improving and adjusting Fagron's ESG policies

Improvement and adjustment of Fagron's ESG strategy and policies occur through an annual evaluation of the policies per material topic and through an evaluation of the material topics in the materiality assessment that takes place every two years.

The ESG team conducted the first evaluation in 2021. This evaluation consisted of an analysis of all ESG related conversations between the ESG team and shareholders and analysts during the year and evaluation meetings with those responsible for the day-to-day activities per ESG category (for example, the Global HR Director for the category Our people). The approach for evaluation will be further professionalized in 2022.

Based on the annual evaluation, the ESG strategy is adjusted and approved by the Executive Leadership Team and the Board of Directors.

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