

Fagron



Fagron sees good governance as the basis of its business processes

From the Annual Report 2021

Engagement rationale

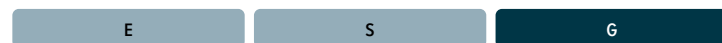
In May and June 2021 we engaged with Fagron amongst other topics on the involvement of Alychlo in the board of Fagron. Despite a reduced ownership percentage that had dropped below the 5% threshold from above, Alychlo continued to hold two board seats at Fagron which, in our view, was not adequately representing their ownership in the group any longer. Ultimately, it was proposed that one of the two non-executive directors related to Alychlo would not stand for re-election at Fagron's AGM that took place in 2022. In addition, the board was expanded with two independent non-executive directors at the same time.

Background

Fagron is a leading global company active in pharmaceutical compounding, focusing on delivering personalized medicine to hospitals, pharmacies, clinics and patients in 36 countries around the world. It is headquartered in Belgium and employs more than 2000 people

Theme for engagement

- Governance - board composition



Development

Positive

Milestone



Engagement objectives

- Ensure board representation aligned with economic interests

Engagement results

- It was proposed that one of the two non-executive directors related to Alychlo would not stand for re-election at Fagron's AGM that took place in 2022.
- At the same time the board was expanded with two independent non-executive directors.

Next steps

- This engagement is concluded successfully.
- We will continue to monitor our investment in Fagron and engage if and when necessary.
- Additional, areas of ongoing engagements with the company include carbon emissions and target setting, operational robustness and agility.



Company

Fagron

Country

Belgium

Sector

Health Care

Market cap

EUR 900 mIn (November 2022)

Kempen Fund

Sustainable European Small-Caps
Orange Fund

Materiality

Good governance is the foundation for corporate culture, direction and incentives and therefore key to the longevity of any company.

ESG Research

MSCI ESG Rating: AAA
Sustainalytics: 11.9 (low risk)

Engagement initiated

2021

Latest update

2022

