

**CORPORATE GOVERNANCE  
CHARTER**



**Initial version approved by the Board of Directors on 4 October 2007.  
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## INTRODUCTION

This Corporate Governance Charter is based on the provisions in the Belgian Corporate Governance Code (2009 edition). It supplements the corporate governance guidelines contained in the Belgian Companies Code and in the articles of association of the Company.

The purpose of the corporate governance rules is to ensure efficient and transparent management and effective control of the Company. The Board is of the opinion that clear agreements on best practices may contribute to long-term value creation and to a proper balance between entrepreneurship and supervision.

The objective of the Board is to comply with the principles of the Belgian Corporate Governance Code as closely as possible.

This Corporate Governance Charter is supplemented by a number of appendices, which are an integral part of the charter:

- Terms of reference of the Board;
- Policy of transactions and other contractual relationships between the Company and the members of its Board of Directors or its Executive Committee;
- Rules for the prevention of insider trading and market abuse;
- Terms of reference of the Audit Committee;
- Terms of reference of the Nomination- and Remuneration Committee;
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## 1. DEFINITIONS

1.1 In this Corporate Governance Charter the terms below have the meanings indicated next to them:

**Audit Committee** means the committee designated as such in article 4.2 of the terms of reference of the Board of Directors.

**Nomination- and Remuneration Committee** means the committee designated as such in article 4.2 of the terms of reference of the Board of Directors.

**CEO** means Chief Executive Officer of the Company, this being the person responsible for the day-to-day management of the Company.

**CFO** means Chief Financial Officer of the Company, this being the person responsible for the day-to-day financial management of the Company.

**CG Charter** means this Corporate Governance Charter and all its appendices.

**CGC** means the Belgian Corporate Governance Code.

**Committee** means, with regard to the Board, any committee of the Board of Directors set up as provided for in article 4.2 of the terms of reference of the Board of Directors.

**Statutory Auditor** means the external auditor of the Company who is entrusted with the audit of the company's financial statements in accordance with title VII of the Belgian Code of Companies.

**Executive Committee** means the management committee established by the Board of Directors in accordance with article 524bis of the Belgian Companies Code.

**Subsidiary** has the meaning given to this term in article 6 of the Belgian Companies Code.

**Group** means the Company as well as the companies that are (jointly) controlled by the Company in the sense of article 5 of the Belgian Companies Code.

**Annual Accounts** means the annual accounts of the Company as provided for in article 92 of the Belgian Companies Code.

**Annual Report** means the annual report of the Company drafted by the Board of Directors as provided for in article 95 of the Belgian Companies Code.

**Board of Directors** means the Board of Directors of the Company.

**Remuneration Report** is a specific part of the Corporate Governance Statement and contains at least the items listed in Appendix 5.

**Secretary** means the secretary designated as such in article 4.3 of the terms of reference of the Board of Directors.

**Company** means Fagron NV, with registered office at 9810 Nazareth (Belgium), Venecoweg 20a, company number 0890.535.026, (RLE Ghent).

**Related Company** has the meaning given to this term in article 11 of the Belgian Companies Code.

**Corporate Governance Statement** (or CG Statement) means the part of the Annual Report of the Company in which it is stated that the Company has adopted the CGC as a reference code. The Corporate Governance Statement also provides more factual information concerning the Company's corporate governance policy, including any amendments to or relevant issues within the context of this policy, the Remuneration Report, a description of the main features of the internal control and risk management systems, the information that the Company must disclose under the transparency regulations and a description of the composition and the operation of the Board of Directors.

**Chairman of the Board** means the person appointed by the members of the Board of Directors to act as chairman.

**1.2** Unless it appears otherwise from the context, the following assumptions are made in this CG Charter:

- (a) terms and expressions indicated in singular also include the plural and vice versa;
- (b) words and terms indicated in the masculine form also include the feminine form and vice versa; and
- (c) any reference to a legal provision is regarded as a reference of such provision, including any amendments, extensions and substitute clauses thereof which will be applicable from time to time.

## **2. STRUCTURE AND ORGANISATION**

### **2.1 Legal structure**

Fagron NV is a "Naamloze Vennootschap" (limited company) under Belgian law which has made public offerings of securities, with several direct and indirect Subsidiaries in Belgium and abroad.

The Company's shares are listed on Euronext Brussels and on Euronext Amsterdam. The articles of association of the Company are available on its website [investors.fagron.com](http://investors.fagron.com).

### **2.2 Corporate Governance structure**

The Board of Directors is the main decision-making body of the Company and has the power to perform all acts that are necessary or useful to accomplish the Company's objects, save those for which only the general meeting has the required powers according to law and the powers which the Board transferred to the Executive Committee.

The composition, powers and operation of the Board of Directors are described in the terms of reference of the Board of Directors (see appendix 1).

In compliance with article 23 of the articles of association, the Board of Directors has set up an Executive Committee in accordance with article 524bis of the Belgian Companies Code. The composition, powers and operation of the Executive Committee are described in the terms of reference of the Executive Committee (see appendix 7).

The Board of Directors has set up an Audit Committee, and a Nomination- and Remuneration Committee. These Committees are advisory bodies. They assist the Board of Directors in specific matters, which they monitor closely and with regard to which they formulate recommendations to the Board of Directors. The final decision is taken by the Board of Directors. The composition, powers and operation of the Committees are described in the

respective terms of reference of these Committees. The Committees report to the Board of Directors after each meeting.

In accordance with article 24 of the articles of association, the Board of Directors has the possibility to delegate the powers of daily management to one or more of its members, named delegate director(s), or to one or more directors.

### **2.3 Business organisation**

The Company will report on its activities by segments in accordance with the International Financial Reporting Standards (IFRS). These reporting segments will correspond to the company's actual operational structure and will concern a number of legal entities that operate in the same domain.

The actual composition of each reporting segment is included annually in the annual report of the Company and is also available on the Company's website.

Each business unit reports on preset moments to the Corporate department at the Company's headquarters.

### **2.4 Company website**

The Board of Directors ensures that all information that the Company must publish pursuant to legal provisions, the CGC or this CG Charter is posted on and updated in a separate and clearly recognizable part of the Company's website.

Any amendments to this CG Charter must be reported on the Company's website without delay ([investors.fagron.com](http://investors.fagron.com)).

### **2.5 Remuneration policy**

The remuneration policy is defined by the Board of Directors based on the recommendations of the Nomination- and Remuneration Committee which functions as defined in appendix 5.

## **3. SHAREHOLDERS**

### **3.1 Major shareholders**

The shareholder structure - based on the notifications received - is included on the Company's corporate website. In addition to the identity of the shareholders holding more than 3% of the shares in the Company, the information on the Company's corporate website will also contain information on their voting and controlling rights, as well as a description of the main aspects of existing shareholders' agreements if the various shareholders act in mutual consultation.

Each time when the Company receives a new notification in this context, the information on the Company's corporate website will immediately be updated.

In addition the Company also announces other direct or indirect relations between the Company and its major shareholders.

The information will also annually be included in the CG Statement in the Annual Report.

### **3.2 Agenda of the shareholders' meeting**

One or more shareholders who jointly hold at least 3% of the authorised capital may propose items for inclusion on the agenda of the general meeting and submit motions with regard to items included or to be included on the agenda. This article does not apply to a general meeting that is convened through the application of article 533, paragraph 2, subparagraph 2 of the Belgian Companies Code (*Wetboek van Vennootschappen*).

The shareholders shall prove on the date that they submit an agenda item or motion that they attain the 3% threshold, either on the basis of a certificate of registration of the shares concerned in the register of the shares in the name of the Company, or with reference to a certificate drawn up by the recognised account holder or the *Vereffeninginstelling* (intermediary) evidencing that the respective number of dematerialised shares are registered on account in their name.

The proposed items and the motions that have been included on the agenda will only be discussed if the share of 3% in the capital has been registered in accordance with article 536, paragraph 2 of the Belgian Companies Code and article 32 of the Articles of Association.

The requests must be formulated in writing and be accompanied by the text of the proposed items and the accompanying motions, or the text of the motions to be included on the agenda.

A postal or e-mail address must be stated to which the Board of Directors can send the acknowledgement of receipt of these requests.

The Company must receive these requests by no later than the twenty-second day before the scheduled date of the general meeting. They must be sent to the Company electronically, to the address that is stated in the notice convening the general meeting.

The Company will confirm receipt of the requests within forty-eight hours from the time of their receipt.

The Company will act in accordance with the Belgian Companies Code, and in particular in accordance with article 533ter, paragraph 3 of the Belgian Companies Code, on receipt of the requests.

The provision contained in article 533ter of the Belgian Companies Code shall be applied in good faith by the shareholders as well as by the Company. It may only be exercised in the interest of the Company.

#### **4. TRANSACTIONS BETWEEN THE COMPANY AND ITS MEMBERS OF THE BOARD OF DIRECTORS AND THE EXECUTIVE COMMITTEE**

The Board of Directors has formulated a policy on transactions and other contractual relationships between the Company (including its Related Companies) and its members of the Board of Directors and the Executive Committee to whom the regulation with regard to conflict of interest do not apply.

These regulations are attached to this Chapter in appendix 2.

#### **5. TRANSACTIONS INVOLVING SHARES OF THE COMPANY**

The Board of Directors has drawn up a set of rules with regard to transactions involving shares or other financial instruments of the Company carried out by Board members, members of the Executive Committee and other designated persons for their own account (the “Rules”).

The current Rules with regard to transactions in securities of the Company are set out in appendix 3.

The Board of Directors has appointed a compliance officer who monitors the Board member's and other designated persons' compliance with the Rules. The compliance officer will also perform all other duties assigned to him or her pursuant to the Rules.

## **6. REFERENCE CODE FOR CORPORATE GOVERNANCE**

The Company applies the Belgian Corporate Governance Code 2009 as a reference code. Deviations are explained in this CG Charter or in the CG Statement.

## **7. MISCELLANEOUS**

### **7.1 Amendment**

This CG Charter may be amended from time to time and without prior notification by the Board of Directors.

The Board of Directors may decide to derogate from this CG Charter with regard to specific items, provided that the applicable rules are complied with and that such departures are disclosed in the CG Statement.

Any amendment or departures are published on the Company's website without delay. A third party will not be entitled to derive any rights from such amendment or departure.

### **7.2 Partial invalidity**

If one or several provisions of this GC Charter are or become invalid, this invalidity will not affect the validity of the remaining provisions. The Board can replace the invalid provisions by valid provisions the effect of which, given the contents and the purpose of this CG Charter, corresponds to the largest possible extent, to that of the invalid provisions.

### **7.3 Applicable law and jurisdiction**

This CG Charter is governed by Belgian law. The Belgian court has exclusive jurisdiction to settle disputes resulting from or relating to this CG Charter (including disputes relating to the existence, validity or termination of this CG Charter). In the case of a discrepancy between a provision of this CG Charter and a (stricter) legal provision or provision of the articles of associations, the latter provision shall prevail.