



# Sustainability and ESG Report 2022

Dermatology  
beyond the skin





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### > Enabling health commitment

Preparing to commit across the value chain and make LEO Pharma's social impact an integral part of the sustainable growth strategy for 2025 and beyond.

### > Climate action

Our climate targets were approved by the Science Based Targets initiative, and we have continued to reduce the greenhouse gas emissions from our operations.

### > Business ethics and integrity

Launched a new third-party compliance process, e-learning programs about business ethics and improved our governance set-up.

### > Diversity and inclusion

Rolled out dedicated training programs, Lead Inclusively and Ignite Inclusion.



## LETTER FROM THE CEO

# Growing responsibly and enabling health

**IN 2022**, LEO Pharma made strong progress towards the targets set in our sustainability strategy. We continued to build our commitment to sustainable healthcare, driven by our promise to advance the standard of care for the benefit of people with skin conditions, their families and society.

We believe that our sustainability commitment goes hand in hand with our business performance. On the business side, our dermatology portfolio grew by 8% in constant currency rates during 2022. Overall, our revenue grew 4% in constant currency rates. The adjusted EBITDA loss of DKK 1,253 million was an improvement of DKK 478 million vs. last year. We are starting to see the impact of the cost reduction measures taken and are expecting full year impact in 2023. We are progressing as planned towards delivering positive EBITDA in 2023. Moving forward, our commercial success will empower us to take further action to address global sustainability challenges.

No one can tackle global healthcare challenges in isolation. LEO Pharma therefore takes great pride in forming partnerships with Global Partners for Eczema Research, Global Skin, the International Federation of Psoriatic Disease Associations and International Health Partners (IHP). For instance, our engagement with IHP has proven instrumental in bringing our donations of medicines out to most-at-need populations, including victims of the war in Ukraine.

Health is just one of the major sustainability challenges faced by society. The accelerating climate crisis calls for urgent and bold action from businesses, governments and society. In line with the goal to limit global warming to 1.5°C, LEO Pharma's climate targets have been approved by the Science Based Targets initiative, and greenhouse

gas emissions from our operations was in line with our target trajectory.

At LEO Pharma, we believe that a diverse and inclusive culture fosters innovation, engagement and better decision-making. On this basis, we have rolled out dedicated training programs, Lead Inclusively and Ignite Inclusion, besides launching cross-functional networks and events, with the aim of nurturing an inclusive workplace.

In 2022, we continued our efforts to transform LEO Pharma in support of our growth ambitions. It is vital that we adapt our approach to business ethics, risk and compliance to meet the resulting needs. For this purpose, we launched a new third-party compliance process, e-learning programs about business ethics and improved our governance set-up.

As a participant in the UN Global Compact, we are committed to upholding its ten principles that cover the areas of human rights, labor rights, the environment and anti-corruption – and we support the achievement of the UN Sustainable Development Goals.

**Christophe Bourdon**  
CEO





# Our direction





### The resources we depend on:

- 5,252\* talented and dedicated employees
- Raw materials, water, energy
- Financial capital: Reinvested revenue and funding from investors and credit facilities
- Innovation culture



### Research

Adding external assets to our pipeline portfolio through acquisitions and strategic partnerships. Exploring new indications, molecules and drug technology platforms aiming to provide first- and best-in-class assets - through own research and partnerships with academia and research alliances.



\* Average headcount

### OUR BUSINESS MODEL

# Growth sparked by innovation

We are advancing the standard of care for the benefit of people with skin conditions, their families and society.

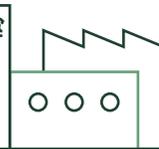
**IMPROVING THE HEALTH AND WELLBEING OF** people with skin conditions is our greatest impact on society and supports the growth of our business. Our strong focus on bringing innovative new treatment solutions to market creates hope of improved health for people who in the past had few or no treatment options for their condition.



### Manufacturing

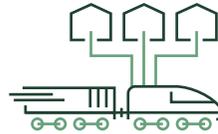
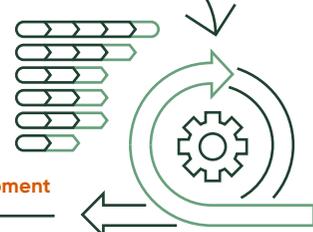
Executing competitive, reliable and predictable supply for our treatments.

Manufacturing at our 6 sites, 22 CMOs and 11 API manufacturers.



### Fit for purpose development

Developing innovative dermatology treatments according to pipeline composition and unmet needs.



### Distribution

Delivering our products via efficient supply chains.



### Commercial execution

Marketing our treatments through own sales force and partners.



### The value we bring to society:

- Improved health for people with skin conditions
- New data on unmet needs and the burden of disease in medical dermatology
- Public/private partnerships
- Scientific progress





ENABLING HEALTH

# Closing in on how we advance the standard of care



**WORLDWIDE**, one in four people will suffer from a skin disease at any point in time, with atopic dermatitis (AD) and psoriasis representing a very significant cause of suffering. People living with AD and psoriasis are very often confronted with social stigma, co-morbidities and insufficient access to diagnosis, treatment and care. They are at risk of serious and far-reaching consequences for their physical and mental well-being, preventing them from living healthy lives. LEO Pharma wants to provide hope for

*In 2022, the Enabling Health program continued to build momentum. We involved stakeholders to build the foundation for why and how we will make a corporate social impact. We aligned with key trends and changes in our external environment. We are now in a good position to start developing our corporate commitment across our value chain. This enables us to make LEO Pharma's social impact an integral aspect of sustainable growth for 2025 and beyond.*

**Becki Morison,**  
Executive Vice President  
Global Product Strategy &  
International Operations

a better future for all people living with skin conditions, their families and society. Advancing the standard of care in medical dermatology is our purpose and what fuels our ambitions. We need to take action.

**How we will make an impact**

People living with AD or psoriasis will rely on LEO Pharma to develop and provide innovative medicines to address unmet needs and with strong health outcomes. We will join forces with healthcare stakeholders and demonstrate that skin conditions are relevant public health priorities. As a global life science company, we take responsibility in the markets where we operate. To enable us to make an impact, we are transparent and build our efforts on a sustainable business model.

**Next step for LEO Pharma**

While standards of reporting social impact are still evolving, in 2023, we will begin defining what LEO Pharma's specific social impact must be, within and beyond medicine. We will be guided by developments in our external environment and will increase transparency concerning how we add value to society. While we invest in this process, we will invite patient representatives, healthcare professionals and other relevant stakeholders to join the conversation about how we best document our social impact.

**In 2022, LEO Pharma donated +1 million units of antibiotics and anticoagulants to Ukraine – relevant for treating wounds and infections.**

We connect with stakeholders to advance standards of care

LEO Pharma relies on connecting with civil society organizations, authorities, peers and policymakers to advance the standard of care for people with skin conditions. We connect with them on the basis of shared goals and agendas at national, regional and global level. We operate transparently and in compliance with standards and legal and ethical frameworks. Our connections are built on mutual respect. In 2022, we took great pride in responding to the calls of these organizations:



- Global Parents for Eczema Research, together with patient communities across the globe, in building the evidence and dashboards of the unmet need within atopic dermatitis.
- Global Skin in elevating the patient voice and promoting recognition of medical dermatological diseases as a public health priority.
- IFPA in ensuring greater psoriatic disease recognition and pushing for countries to deliver on the recommendations set out in the Global Report on Psoriasis.
- International Health Partners (IHP) in bringing donations of medicines to most-at-need populations.



ENABLING HEALTH

# We are ready to increase our maturity in providing access to health

**IN 2022**, LEO Pharma piloted a new standard tool to measure corporate maturity in providing access to health. The pilot was a first-off and the aim was to define a benchmark and to test how we can document access to health as part of our social impact.

The measurement was performed as a self-assessment survey using a standardized tool, called the Access to Healthcare Leadership Ladder, developed by the BSR Health Care Working Group in collaboration with the pharmaceutical sector.

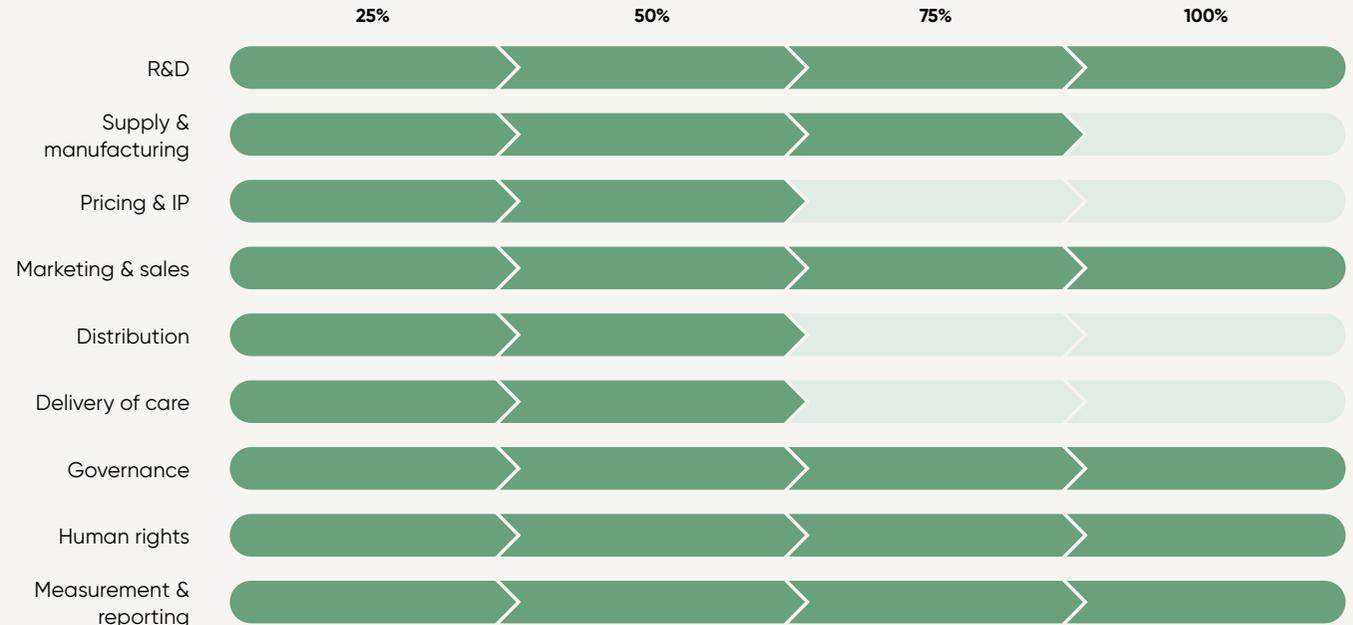
Nine access criteria were measured using indicators related to four levels of maturity. The indicators measured corporate practices and approaches. Only indicators which could be confirmed by either standard operating procedures or systematic approaches were counted. LEO Pharma showed good potential to operate at a base level of maturity.

**2023 maturity target**

Based on our benchmark for access to health maturity, LEO Pharma will perform the self-assessment again in 2023. Learning from our pilot, we set our 2023 target as 100% fulfillment of indicators for all nine access dimensions for base level maturity. From there we will decide on our level of ambition.

**On track to increase access maturity**

Nine access criteria were measured with 120 indicators to create a benchmark for access maturity. LEO Pharma's pilot of measuring access maturity showed good performance in fulfilling the indicators to 100 percent in more than half of the nine dimensions, while leaving potential to fulfill the rest and, by that reach base-level maturity as the first milestone.





RESPONSIBLE BUSINESS

# Operating responsibly



*Focus on ESG in the business environment continues to accelerate. As our business transforms, we remain firmly committed to operating our business responsibly and contributing to building a sustainable future, as demonstrated by our SBTi-validated targets for reducing our greenhouse gas emissions.*

**Philip Eickhoff**  
Chief Financial Officer and  
Executive Vice President  
Global Finance and Business Services

**LEO PHARMA'S COMMITMENT** to Responsible Business ensures that we operate with integrity and respect for employees, the environment and our partners. Our approach to Responsible Business prioritizes the sustainability issues that matter most to our business and that support LEO Pharma's growth ambitions. We recognize the need for resilient operations and through our Responsible Business programs seek to prepare LEO Pharma for the dynamic nature of the current business landscape and emerging societal challenges. Delivering on our Responsible Business commitment is a truly cross-functional endeavor that requires close collaboration across the

business to ensure that we deliver on our targets, manage ESG risks, close data gaps and monitor performance.

In 2021, we connected our capital structure directly to our sustainability agenda by refinancing LEO Pharma's loan facility through an ESG-linked credit facility. During 2022, our focus has been on delivering our Responsible Business programs and integrating them into our business by setting annual ESG targets aligned to the loan facility.

There are ever-increasing expectations for business to act responsibly and to minimize impacts on our planet. At LEO Pharma, we are witnessing a rapid increase in the number and complexity of sustainability criteria in commercial calls for tender for our products. In response, during 2022 we set up a cross-functional project team to further understand how our products can fulfill these sustainability criteria and to potentially gain competitive advantage in the future.

**SCOPE 1 & 2 TARGET**  
Reduce our carbon emissions by more than **50%** from 2019 to 2030

**SCOPE 3 TARGET**  
Ensure that **75%** of suppliers by emissions\* have set science-based targets by 2026

**GENDER DIVERSITY**  
Minimum **45%** of the underrepresented gender in both senior and middle management by 2025\*\*

\* Covering purchased goods and services, capital goods and upstream transport.

\*\* This means that we want a minimum of 45% women and 45% men at all managerial levels, leaving 10% flexibility for all gender identities.



## PLANET

### Taking climate action and minimizing environmental impact

At LEO Pharma, we firmly believe that acting on climate change is a business imperative, and in 2022, we joined thousands of pioneering companies leading on climate action by gaining SBTi validation of our targets. In March 2022, our 1.5°C-aligned climate targets to reduce our Scope 1, 2 and 3 greenhouse gas emissions achieved a significant milestone and were approved by the Science Based Targets initiative (SBTi). Driven by our ambitious goals and the global energy crisis, our focus on energy efficiency increased in 2022. We have set annual targets to ensure that we remain on our 2030 reduction target trajectory, and we have also established a Global Responsible Energy Taskforce.

The focus on reducing our Scope 3 emissions and the related cooperation with our suppliers and business partners also increased, and in 2022, 66% of our suppliers (by spend) had climate targets in place. We have made several improvements to our approach to managing Scope 3 emissions, with the aim of integrating this into our business goals and thereby further enabling progress to achieve our SBTi supplier engagement target. This includes defining a 2026 roadmap, creating a governance and operating model, developing a dashboard to track progress and rolling out Scope 3 training to our procurement teams. In addition, we have integrated Scope 3 into performance goals for procurement managers to ensure accountability for our target.

In 2023, we will continue to improve energy efficiency at all production sites, further electrify our car fleet, and engage with our suppliers to set science-based Scope 3 targets.



## PEOPLE

### Fostering an inclusive, healthy and safe workplace dedicated to developing people and attracting diverse talent

At LEO Pharma, we want to embrace the different perspectives, backgrounds and attitudes that arise from being a global company, as these enable us to make the best decisions for LEO Pharma and understand the needs of people with skin conditions. Our Diversity & Inclusion strategy was launched in 2021 and builds on a strong foundation of external research and data analytics, with focus on two tracks: Inclusive people processes and fostering an inclusive culture where everybody can thrive, be their true selves and contribute their full potential.

In 2022, we continued to roll out our flagship training programs, Lead Inclusively and Ignite Inclusion. All HR business partners were invited to Diversity & Inclusion training, and all people managers were invited to the Lead Inclusively learning journey, with 291 participating so far, while 310 people attended the Ignite Inclusion sessions. During 2022, we also launched a global D&I network with the aim of collaborating across functions, teams and locations to create initiatives that can foster a more inclusive workplace. Furthermore, we raised awareness of Diversity & Inclusion through the celebration of International Women's Day and Global Pride Month and launched a new concept of educational events called Diversity Talks.

In 2023, we will continue the implementation of our global Diversity & Inclusion learning journeys, remain focused on implementing bias blockers in our key people processes, introduce Diversity & Inclusion in our global onboarding program and strengthen our Diversity & Inclusion reporting.

## ETHICS

### Promoting responsible business behaviors and ensuring compliance across the value chain

As our business grows and transforms to support our growth ambitions, it is vital that our approach to risk and compliance adapts to meet the resulting changing needs. Our Global Ethics, Risk and Compliance strategy aims to safeguard our license to operate and support the business in fulfilling our corporate strategy, while staying compliant and minimizing risks.

In 2022, we delivered selected improvements to our Global Ethics, Risk and Compliance Program to support the ongoing transformation of the company. This included launching a new third-party anti-corruption compliance management process handled by Global Ethics, Risk and Compliance. The process covers select categories of high-risk third-party intermediaries that act or may be perceived as acting on LEO Pharma's behalf, including distributors, contract sales organizations (CSO), licensees and wholesalers. It ensures that appropriate anti-corruption due diligence is performed and risks are mitigated before LEO Pharma engages such intermediaries for services. Several improvements were also made to our governance set-up, including strengthening local oversight by establishing compliance committees and dedicated compliance manager roles in key affiliates. During 2022, we also re-launched our Code of Conduct and Anti-Corruption e-learning to ensure that all employees were trained in key principles, standards and rules, as well as developed and launched a Conflict-of-Interest e-learning aimed at senior management.

In 2023, the Global Ethics, Risk and Compliance team will continue to focus on the fundamental compliance processes, such as training anti-corruption due diligence as well as investigation management. The team will also continue to implement gradual improvements to LEO Pharma's Ethics and Compliance Program, in particular with regard to governance, policies and procedures.



# Our ESG performance





# Materiality assessment

## ESG materiality

Every year, we conduct a materiality assessment that enables us to understand which environmental, social and governance issues are most likely to impact the success of LEO Pharma. In 2022, we updated our approach to materiality by determining not only the environmental, social and governance issues, but also issues related to Enabling Health – our program defining LEO Pharma’s social value contribution.

As in previous years, we used a data driven approach powered by Datamaran to prepare the materiality matrix. Datamaran’s automated approach reviews millions of data points from corporate reports, mandatory and voluntary regulations, news items and social media, giving us an overview of issues material to our external stakeholders. To complete our materiality assessment, we combined these insights with input from our key internal stakeholders, who via surveys identified the most material issues.

Analyzing materiality plays a coordinating role and serves as a guide for defining on which issues it is most relevant to report in our annual report and sustainability report. It is also a guiding process in prioritizing and enhancing our approach to managing potential sustainability risks and processes.





## Defining the most material issues

ISSUE	DEFINITION
<b>Ethics and compliance</b>	Fair, moral and transparent business conduct, including the evaluation and mitigation of non-compliance and fraud risks
<b>Human rights</b>	The protection of basic human needs, such as freedom from slavery, civil liberties, right to privacy and right to health
<b>Employee well-being, health and safety</b>	The social, economic, psychological, health, safety and physical conditions of employees in their workplace
<b>Data security</b>	Efforts to safeguard and protect digital information from unauthorized access, corruption, or theft
<b>Energy use, reductions and alternative energy sources</b>	Monitoring and reducing energy use and increasing use of renewable energy
<b>Fair and inclusive workplace</b>	Growing and maintaining diversity in the workforce and ensuring equal opportunities and equal-pay-for-equal-work for all employees
<b>Future of work</b>	Including the critical skills and requirements that the current and future workforce must meet to be able to adapt and thrive, as well as the strategic management of flexible work arrangements
<b>Public health</b>	Risks to public health from disease and lack of care as well as patient-centric approaches to health
<b>Governance</b>	A company's management structure, policies and procedures that concern topics, such as decision-making, supervision, and board structure
<b>Innovation and digitalization</b>	Technological development and use of new products, services and business models and innovation as a process
<b>Water and wastewater management</b>	Use, management and conservation of water resources, including the impacts of water pollution
<b>Access and affordability</b>	Efforts to provide equal access and affordable access to comprehensive, quality and timely healthcare for all
<b>Product responsibility</b>	Managing the environmental, social, health and safety impacts of a product across its lifecycle, including circular economy and marketing practices
<b>Climate change</b>	Reducing greenhouse gas emissions and managing the potential adverse impacts of climate change
<b>Finding and nurturing talent</b>	Hiring, managing, developing and retaining the right people with the right skills
<b>Business resilience</b>	Risk and financial management to ensure that the impacts of disruption on the business are minimized
<b>Meeting customer expectations</b>	Ensuring that the requirements of customers are met, including expectations of corporate reputation and sustainable production
<b>Employee rights</b>	Legal rights regulating employee-employer labor relations



# ESG risks

**AS A BUSINESS** with global operations, we are exposed to environmental, social and governance (ESG) related risks. Managing the ESG risks with the potential to impact LEO Pharma's business operations helps us mitigate business disruption and protect the value of LEO Pharma's assets.

## Identifying ESG risk areas

We apply a systematic approach to assessing potential risk areas. Building on the Sustainability Accounting Standards Board's (SASB) Materiality Map for the pharmaceutical sector (likelihood) and our own materiality assessment (importance), we identify our top ESG risk areas. For each of these risk areas, we assess the potential impact if the risk is not managed adequately through efficient treatment measures. LEO Pharma's Global Sustainability team works with lines of business to implement adequate mitigating actions.

### KEY RISKS

#### ENVIRONMENT

##### Increasing energy prices

LEO Pharma depends on electricity and natural gas to produce treatments for patients. Throughout Europe, we are facing significant increases in energy prices and supply insecurity. All our manufacturing sites are located in Europe.

### RISK AREA

### IMPACT

Financial impact on our operating profit margin and potential impact of business disruption in case of natural gas shortages.

### MITIGATING ACTIONS

We launched a Global Responsible Energy Consumption Taskforce with the aim of conserving energy at our sites and working towards the EU's voluntary 15% natural gas reduction target.

We perform energy hedging to protect against unexpected price increases.

#### SOCIAL

##### Access and affordability

Stakeholders expect pharma companies to have initiatives to enable equal and affordable access to treatment. Many of LEO Pharma's peers have programs in place to meet these expectations.

Reputational impact due to lack of transparency on access and affordability strategies and related actions.

Access and affordability is an integrated aspect of defining LEO Pharma's wider social impact, as expressed in our corporate sustainability strategy.

#### SOCIAL

##### Fair and inclusive workplace

Discrimination and harassment are global issues that represent a threat to the well-being of employees and the productivity of a workplace. LEO Pharma works systematically to prevent disruption related to any form of discrimination at our workplaces.

Reputational impact and impact on ability to attract and retain employees. Financial impact of fines due to breach of anti-discrimination laws.

Our Diversity and Inclusion strategy has a dual focus on inclusion: culture and structures. We review all key people processes to ensure they are inclusive in design, and bias blockers are incorporated when relevant to make it easy to be inclusive as the norm.

#### HUMAN RIGHTS

##### Human rights due diligence

Incapacity to comply with the increased number and complexity of human rights due diligence regulations as well as inadequate processes or resources pose a risk for LEO Pharma and the rights holders identified across our value chain.

A potential impact on working conditions, safety and workers rights is present in our supply chain, in our manufacturing and in our interaction with subcontractors, CMO's and business partners.

We have integrated human rights into our maturity assessment in providing access to health and work on strengthening our due diligence process by developing a 2023 roadmap to set concrete targets to address our salient human rights issues.

#### ANTI-CORRUPTION

##### Interactions with third parties

Corruption is a complex social, political and economic phenomenon that represents a significant threat to the global healthcare ecosystem. For LEO Pharma, there is an increased risk of corruption in our interactions with third parties, including healthcare professionals.

Reputation impact. Violations of anti-corruption laws and regulations may not only result in major fines, but could also impact LEO Pharma's reputation.

Our global Anti-Corruption efforts aim to ensure that all LEO Pharma employees have the knowledge to prevent and detect corruption, uphold high business standards and promote good business conduct when interacting with third parties.

# ESG data and progress overview

ENVIRONMENT | SOCIAL | GOVERNANCE

## Climate and environment

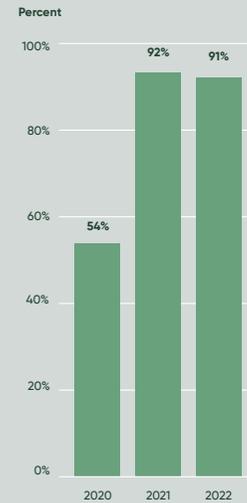
<p><b>Why is this important?</b></p>	<p>Climate change is a global issue that requires rapid emission cuts to mitigate impacts. As a manufacturing company, we recognize that it is our responsibility to minimize and mitigate any negative impacts that our operations might have on the environment whilst protecting natural resources. It is critically important that we act to reduce our CO<sub>2</sub> emissions, as failure to do so puts us at high risk of business and/or supply chain disruption.</p>
<p><b>Our approach</b></p>	<p>We reduce our carbon emissions in line with the reductions required to keep global temperature increases to within 1.5°C above pre-industrial levels. We assess our water usage and waste risks. We seek to manage the adverse impacts of our operations on water and employ robust waste management processes.</p> <ul style="list-style-type: none"> <li>All manufacturing sites hold ISO14001 certification</li> <li>All manufacturing sites except Vernouillet (FR) hold ISO50001 certification</li> </ul> <p><b>Targets:</b></p> <ul style="list-style-type: none"> <li>Scope 1 and 2 target: To reduce our Scope 1 and 2 CO<sub>2</sub> emissions by more than 50% by 2030 compared to 2019 levels</li> <li>Scope 3 target: Ensure that 75% of suppliers by emissions* have set science-based targets by 2026</li> </ul>
<p><b>Our progress in 2022</b></p>	<ul style="list-style-type: none"> <li>Achieved SBTi validation for Scope 1, 2 &amp; 3 climate targets</li> <li>Global Responsible Energy Taskforce implemented numerous initiatives, incl. lowering indoor comfort temperature</li> <li>Developed Scope 1 &amp; 2 emissions reduction roadmaps</li> <li>Energy reduction projects completed at all sites</li> <li>Scope 3 target roadmap, governance, dashboard and training developed</li> <li>Integrated Scope 3 into business goals for procurement managers</li> <li>Completed a project to understand how our products fulfill environmental criteria in tenders</li> <li>Waste improvement projects completed at our Dublin site</li> </ul>
<p><b>Policies</b></p>	<ul style="list-style-type: none"> <li>LEO Pharma Sustainability Policy</li> <li>LEO Pharma Environment, Climate and Energy Policy, part of the LEO Pharma Code of Conduct</li> </ul>
<p><b>Governance</b></p>	<ul style="list-style-type: none"> <li>LEO Pharma Climate &amp; Environment Steerco</li> <li>Governed by selected members of LEO Pharma's Global Leadership Team as part of the EHS Management Review</li> </ul>
<p><b>SDG contribution</b></p>	 <p>7 – Affordable and Clean Energy 13 – Climate Action 12 – Responsible Consumption and Production</p>

**Total Scope 1 and 2 CO<sub>2</sub>e emissions**



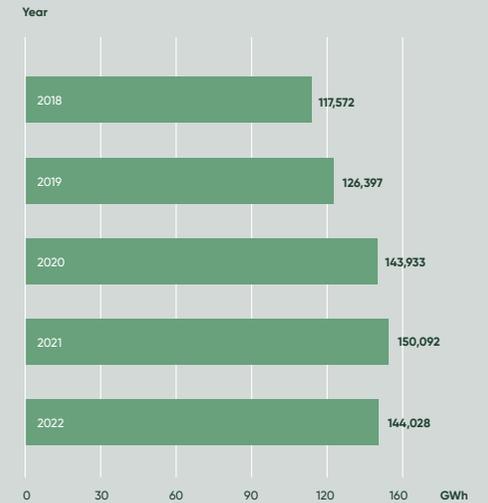
Reduced total CO<sub>2</sub>e Scope 1 and 2 by 2,7% compared to 2021, and by 42% compared to our 2019 baseline.

**Renewable share of electricity consumption**



Obtained a 91% share of renewable electricity in 2022.

**Total energy consumption at our manufacturing sites**



Decreased energy consumption compared to 2021 through energy reduction projects and increased awareness from the Global Responsible Energy Taskforce.

**Value chain emissions by source**



● Scope 1 ● Scope 2 ● Scope 3

\* covering purchased goods and services, capital goods and upstream transportation



## ESG data summary

Metric	Unit	2022	2021	2020
Total CO <sub>2</sub> e (Scope 1 and 2, market based)	Tonnes	22,522	23,144	31,130 <sup>1</sup>
CO <sub>2</sub> e Scope 1	Tonnes	21,738	22,516 <sup>2</sup>	24,471
CO <sub>2</sub> e Scope 2 (market based)	Tonnes	785	629 <sup>2</sup>	6,659 <sup>1</sup>
CO <sub>2</sub> e Scope 2 (location based)	Tonnes	7,954	8,641 <sup>2</sup>	9,869
Total CO <sub>2</sub> e Scope 3 <sup>3</sup>	Tonnes	333,019	No data	354,010 <sup>2</sup>
Greenhouse gas emissions intensity	Tonnes/ revenue	2.117	2.324	3.072
Energy consumption	GWh	144	150	144
Share of renewable electricity	%	91	92	54
Energy intensity	GWh/ revenue	0.014	0.015	0.014

<sup>1</sup> Updated compared to ESG key figures 2019–2020 in LEO Pharma's Annual Report 2020

<sup>2</sup> Updated compared to ESG data summary in LEO Pharma Sustainability Report 2022.

<sup>3</sup> Covering cat. 1, 2 & 4 - account for 92.7% of our scope 3 on a 2020 baseline.

## ENVIRONMENT | SOCIAL | GOVERNANCE

Metric	Unit	2022	2021	2020	
Water usage	m <sup>3</sup>	414,893	384,046	374,600	
Waste (total)	Tonnes	103,629	125,489	87,938	
Waste by treatment rate	Recycling	%	97.92	98.87	98.16
	Special treatment (incl. chemical waste and biological waste)	%	0.62	0.16	0.20
	Incineration with energy recovery	%	1.01	0.77	0.89
	Incineration without energy recovery	%	0.16	0.06	0.23
	Landfill	%	0.28	0.14	0.52

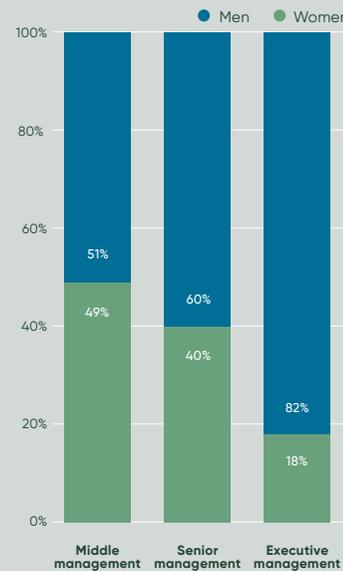
# ESG data and progress overview

ENVIRONMENT | SOCIAL | GOVERNANCE

## Diversity and inclusion

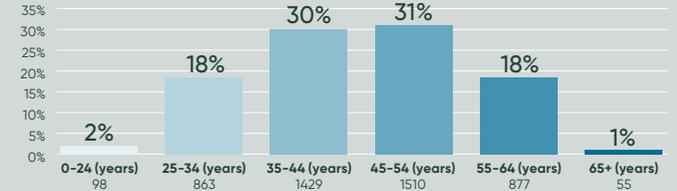
<p><b>Why is this important?</b></p>	<p>At LEO Pharma, we want to be curious beyond the obvious and embrace our differences because we know that our different perspectives, backgrounds and attitudes are exactly what enable us to make the best decisions for LEO Pharma and understand people with skin conditions better than anyone else.</p>
<p><b>Our approach</b></p>	<p>Our goal is to have a diverse workforce across all levels and within all areas of LEO Pharma. We take a broad view on diversity, and we know that our differences are what make us unique. We believe that inclusion is what really unlocks the power of diversity and we therefore work to foster an inclusive culture and ensure inclusive people processes.</p> <p>To understand our level of diversity, we continuously monitor our diversity measures. At a global level, we measure three diversity factors: Age, gender and seniority.</p> <p>To strengthen the gender diversity balance across all management levels, we have set 2025 targets for middle and senior management levels.</p> <p><b>Target for gender diversity balance across management by 2025*</b></p> <ul style="list-style-type: none"> <li>45/55 gender distribution in senior management</li> <li>45/55 gender distribution in middle management</li> </ul> <p>*This means that we want a minimum of 45% women and 45% men at all managerial levels, leaving 10% flexibility for all gender identities. See the report on gender diversity at board level, pursuant to Section 99b of the Danish Financial Statements Act on page 21.</p>
<p><b>Our progress in 2022</b></p>	<ul style="list-style-type: none"> <li>Continued to roll out our flagship training programs "Lead Inclusively" and "Ignite Inclusion"</li> <li>291 people managers trained in our "Lead Inclusively" training program</li> <li>310 employees in our "Ignite Inclusion" training program</li> <li>Launched a global D&amp;I network for a more inclusive workplace</li> <li>Introduced a new concept of educational events called "Diversity Talks"</li> </ul>
<p><b>Policies</b></p>	<ul style="list-style-type: none"> <li>LEO Pharma Sustainability Policy</li> <li>LEO Pharma Diversity &amp; Inclusion Policy</li> </ul>
<p><b>Governance</b></p>	<ul style="list-style-type: none"> <li>LEO Pharma Global Leadership Team</li> </ul>
<p><b>SDG contribution</b></p>	 <p>5 – Gender Equality</p>

**Gender distribution at different management levels**



Our management population consists of 11 executive managers, 172 senior managers and 558 middle managers.

**Workforce by age**



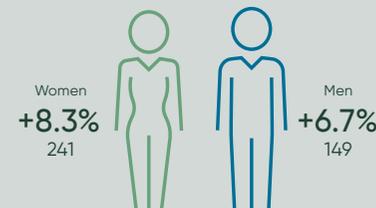
The age distribution of our workforce remained stable compared to 2021.

**Workforce by tenure**



**Promotion by gender**

Close to even promotion rate between women and men.



57% women 43% men







## ESG data summary

ENVIRONMENT | SOCIAL | GOVERNANCE

Metric	Unit	2022	2021	2020	
Gender diversity in management	Executive management	Women %	18	50	50
		Men %	82	50	50
	Senior management	Women %	40	34	33
		Men %	60	66	67
	Middle management	Women %	49	48	47
		Men %	51	52	53
All managers	Women %	46	45	44	
	Men %	54	55	56	
Employees by gender	Women %	57	57	56	
	Men %	43	43	44	
Joiners by gender	Women %	55	58	No data	
	Men %	45	42		
Internal promotion by gender	Women %	8.3	7.2	No data	
	Men %	6.7	7.1		
Workforce by age	0 – 24 years	%	2	2	2
	25 – 34 years	%	18	20	21
	35 – 44 years	%	30	30	29
	45 – 54 years	%	31	31	32
	55 – 64 years	%	18	16	15
	65+	%	1	1	1
Workforce by tenure	<1 year	%	15	15	13
	1 ≤ 3 years	%	20	32	35
	3 ≤ 5 years	%	16	13	13
	5 ≤ 10 years	%	20	16	17
	10+ years	%	29	23	22

Metric	Unit	2022	2021	2020
Employee turnover rate	%	29	19.9	13.7
Employee turnover rate by gender	Women %	29	17.3	No data
	Men %	31	16.3	
Lost Time Injury (LTI) rate	LTI rate	1.9	1.7	1.9
Number of lost days	No.	392	436	448



## ESG data summary

ENVIRONMENT | SOCIAL | GOVERNANCE

Metric	Unit	2022	2021	2020
Gender diversity at Board level	Women %	12.5	12.5	29
	Men %	87.5	87.5	71
Employees completing global annual Code of Conduct training	%	97	96	No data
Third-party intermediaries undergoing anti-corruption due diligence	No.	37	No data	No data
Number of social and/or EHS supplier audits performed	No.	3*	5*	0

\* EHS desktop audits of CMOs/API suppliers.

# Gender diversity at Board level

Statutory report on gender diversity, pursuant to Section 99b of the Danish Financial Statement Act.

At the Annual General Meeting in 2022, LEO Pharma updated its goal for gender diversity at Board level. By the Annual General Meeting in 2024, at least three of the Board members elected should be of the underrepresented gender (currently women). This is in addition to the employee-elected Board members.

At the end of 2022, the total number of shareholder-elected Board members was eight. As in 2021, only one of these were of the underrepresented gender (currently women). The replacement of one shareholder-elected Board member in 2022 did not impact the gender diversity at Board level. Moving forward, we will continue to work strategically with gender diversity and remove any bias blockers that can have a negative impact on the gender balance. All candidate searches will involve shortlisting of female candidates.

See pages 17 and 19 for an overview of gender representation at management level.





# Human rights

We recognize our corporate responsibility to respect human rights.



**AT LEO PHARMA**, we are committed to human rights as by the UN Guiding Principles on Business and Human Rights, the Universal Declaration of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. As a participant to the UN Global Compact, we adhere to its 10 principles, including principles 1 and 2 on human rights and we commit to identify and address any adverse human rights impacts resulting from our own operations or in our business relationships.

## Labor rights

Our production facilities are located in the UK, Italy, France and Denmark. These are countries with well-governed laws and regulations, while LEO Pharma employees are highly skilled professionals who are well-trained in relevant procedures. These factors lead to a low risk of human rights and labor violations within our own operations, but if risks do arise, we have a Speak Up Hotline to ensure the prevention and mitigation of any circumstances.

We have zero tolerance for forced labor and child labor in our value chain. The standards outline our expectations of interaction with business partners, not only with regard to labor rights, but also ethics, human rights, health and safety and the environment. We adhere to the 2015 UK Modern Slavery Act and publish our annual statement according to its requirements.



- **Policy commitment**  
Commitment to respect human rights
- **Risk assessment**  
Ongoing assessment of the business' human rights risks and impacts
- **Integration & embedding**  
Integration & embedding into corporate processes and management structures
- **Monitoring & reporting**  
Ongoing tracking and communication
- **Grievance mechanisms**  
Establishment of or participation in grievance and remedy procedures

## Value chain responsibility

In 2022, we conducted a human rights salience assessment of our supply chain. We assessed and identified the salience human rights impact in each of LEO Pharma's supplier categories for first tier suppliers and where possible beyond tier 1. The assessment is a first step to manage potential and actual risks in our value chain.

## Due diligence and grievance mechanisms

In 2023, we will continue to improve our due diligence processes to uphold our commitment to human rights. We will further advance our governance to strengthen our mitigation and grievance mechanisms, as we recognize that due diligence is a dynamic process and maturity increases over time and that new human rights issues arise as a company grows.

## LEO Pharma policies and statements on human rights include (but are not limited to):

- [LEO Pharma Human Rights Policy](#)
- [LEO Pharma Code of Conduct](#)
- LEO Pharma Protection of Personal Data Policy
- LEO Pharma Occupational Health and Safety Policy
- [LEO Pharma UK Modern Slavery Act statement](#)
- [Sustainability Standards for LEO Pharma Business Partners](#)
- Patient Safety (GXP Policy)
- Helsinki Declaration



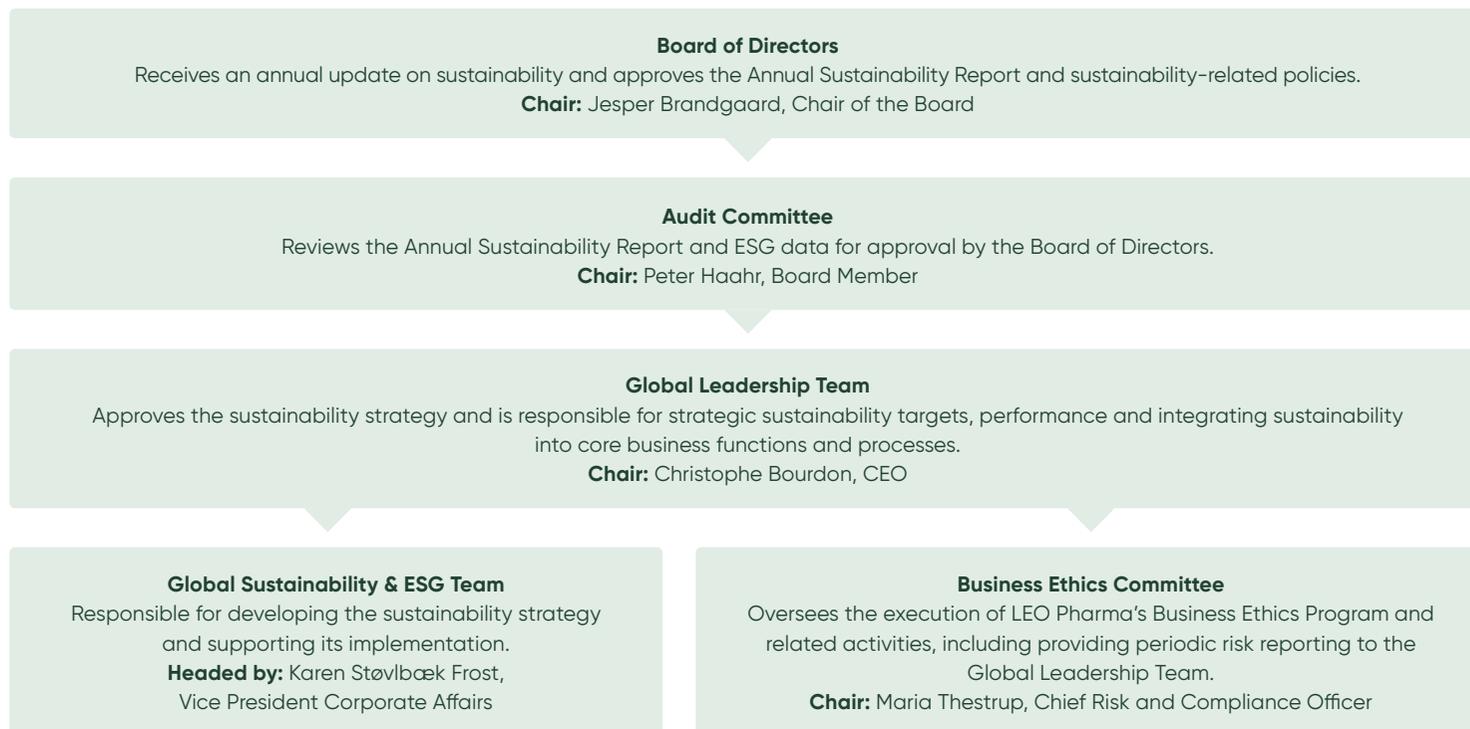
# Sustainability governance

Our sustainability governance model ensures the clear accountability and anchoring of our sustainability strategy and targets.

**THE BOARD OF DIRECTORS** has authorized LEO Pharma's Global Leadership Team (GLT) to be accountable for sustainability performance. The GLT also oversees sustainability issues impacting LEO Pharma, including monitoring progress on the sustainability strategy and related targets.

The Sustainability Board, comprising GLT members previously overseeing the LEO Pharma sustainability strategy, was discontinued in September 2022 to enable more efficient alignment and support of sustainability goals in the full GLT cohort. Going forward, the GLT will oversee the strategic development, while individual GLT members will continue to act as sponsors for specific sustainability programs.

The GLT has authorized LEO Pharma's Global Sustainability Team to be responsible for developing the sustainability strategy and to support its implementation. The Global Sustainability Team drives ESG management and reporting and serves as secretariat for the GLT and as advisers to issue owners and lines of business on the execution of sustainability.



## Sustainability and ESG implementation



### Enabling Health Steering Committee

Provides functional expertise on health. Advises on strategic direction and oversees the implementation of the Enabling Health strategy, including program development.

### Climate Action Steering Committee

Provides functional expertise on climate action. Advises on strategic direction, program development and implementation of roadmaps. Endorses targets and policies.

### Issue owners in lines of business

Serve as subject matter experts. Drive progress on sustainability issues against action plans and track data to monitor performance.



# Basis of reporting

## Reporting principles

The ESG progress overview outlines our approach, progress in 2022 as well as policies and governance for material ESG topics for the January 1 – December 31, 2022 financial year.

## Scope of reporting

Data related to employee safety, energy, waste and water cover LEO Pharma manufacturing sites in Ballerup and Esbjerg in Denmark, Dublin and Cork in Ireland, Segrate in Italy and Vernouillet in France.

People data cover all LEO Pharma employees worldwide. When reporting on our CO<sub>2</sub> emissions, we follow the Greenhouse Gas (GHG) Protocol.

LEO Pharma headquarters are located at the manufacturing site in Ballerup.

## Transparency

Our ESG reporting represents LEO Pharma's compliance with Sections 99a, 99b and 99d of the Danish Financial Statements Act.

## ENVIRONMENT | SOCIAL | GOVERNANCE

Metric	Unit	Accounting principle
<b>Total CO<sub>2</sub>e Scope 1 and 2</b>	Tonnes	Sum of our CO <sub>2</sub> e Scope 1 and 2 emissions. See accounting principles for CO <sub>2</sub> e Scope 1 and 2.
<b>CO<sub>2</sub>e Scope 1</b>	Tonnes	We follow the Greenhouse Gas (GHG) protocol corporate standard for calculating our CO <sub>2</sub> e emissions and cover all direct emissions of greenhouse gases from LEO Pharma's operations.
<b>CO<sub>2</sub>e Scope 2</b>	Tonnes	We follow the Greenhouse Gas (GHG) protocol for calculating our CO <sub>2</sub> e emissions and for our Scope 2 report on both our market- and location-based emissions in line with GHG Protocol Scope 2 guidance.  In 2022, we performed an assessment of operational control over all leased offices. The conclusion confirmed that we do not have overall operational control and no revisions to reported Scope 2 emissions is necessary.
<b>CO<sub>2</sub>e Scope 3</b>	Tonnes	We follow the Greenhouse Gas (GHG) protocol for calculating our Scope 3 CO <sub>2</sub> e emissions. This approach divides Scope 3 emissions into 15 subcategories calculated based on an inventory approach. Our Scope 3 reporting includes cat. 1, 2 & 4. This accounts for 92.7% of our Scope 3 on a 2020 baseline. Data for Scope 3, 2021 is not available.
<b>Greenhouse gas emissions intensity</b>	Tonnes per DKK million	Greenhouse gas emissions intensity is calculated using the total Scope 1 & 2 (market based) emissions in tonnes divided by total revenue in DKK million.
<b>Energy intensity and share of renewable electricity must change place</b>	GWh	Energy consumption is measured as the consumption of electricity, natural gas, heat, steam and fuels used at our six manufacturing sites. Data is based on meter readings and invoices.
<b>Energy intensity</b>	GWh per DKK million	Energy intensity is calculated using the total energy consumption in GWh divided by total revenue in DKK million.
<b>Share of renewable electricity</b>	%	Share of renewable electricity consumption is calculated according to the Greenhouse Gas (GHG) Protocol Scope 2 Guidelines.
<b>Water usage</b>	m <sup>3</sup>	Water usage is measured as the sum of water used at our manufacturing sites, based on meter readings.
<b>Waste (total) Waste by category</b>	Tonnes	Waste is measured on the basis of the sum of waste disposal at our manufacturing sites and is based on data provided by waste management contractors. Waste by category covers: 1) Recycling, 2) Special treatment (incl. chemical waste and biological waste), 3) Incineration with/without energy recovery and 4) Landfill.



# ESG accounting principles

## ENVIRONMENT | SOCIAL | GOVERNANCE

Metric	Unit	Accounting principle
<b>Gender diversity in management</b>	%	Gender diversity is calculated using global employee data. Executive management is defined as all employees (people managers) in bands A and B. Senior management is defined as all employees (people managers) in bands C and D. Middle management is defined as employees (people managers) in band E and below. We define managers as those with minimum one internal direct report and on a management job path.
<b>Employees by gender</b>	%	<p>% of women in LEO Pharma calculated as:  <math display="block">\frac{\text{Number of women}}{\text{The total number of employees}}</math></p> <p>% of men in LEO Pharma calculated as:  <math display="block">\frac{\text{Number of men}}{\text{The total number of employees}}</math></p> <p>Only internal employees are included.            Calculated based on December 31, 2022 numbers.</p>
<b>Joiners by gender</b>	%	<p>% of joiners, women calculated as:  <math display="block">\frac{\text{Number of joiners, women}}{\text{Total number of joiners}}</math></p> <p>% of joiners, men calculated as:  <math display="block">\frac{\text{Number of joiners, men}}{\text{Total number of joiners}}</math></p> <p>Only internal employees are included. Joiners are defined as all employees hired from January 1 - December 31, 2022.</p>
<b>Internal promotion rate by gender</b>	%	<p>Annual promotion rate for women calculated as:  <math display="block">\frac{\text{Number of women promoted in a year}}{\text{Average headcount (women) through a year}}</math></p> <p>Annual promotion rate for men calculated as:  <math display="block">\frac{\text{Number of men promoted in a year}}{\text{Average headcount (men) through a year}}</math></p> <p>Promotions are defined as moving to a higher job level.            Only internal employees are included.</p>

Metric	Unit	Accounting principle
<b>Workforce by age</b>	%	Age distribution of workforce calculated in % for six age categories: 0-24, 25-34, 35-44, 45-54, 55-64, 65+. Age is calculated as full years. Calculated based on December 31, 2022 numbers.
<b>Workforce by tenure</b>	%	<p>Workforce distribution calculated in % for five tenure categories: &lt;1 year, 1 ≤ 3, 3 ≤ 5, 5 ≤ 10, 10+.</p> <p>Only internal employees are included. Tenure is calculated as full years.            Calculated based on December 31, 2022 numbers.</p>
<b>Employee turnover rate</b>	%	<p>The employee turnover rates include both voluntary and involuntary turnover.</p> <p>Annual turnover rate calculated as:  <math display="block">\frac{\text{Number of employees leaving in a year}}{\text{Average headcount through a year}}</math></p> <p>Only internal employees with a permanent contract are included.</p>
<b>Employee turnover rate by gender</b>	%	<p>The employee turnover rates by gender include both voluntary and involuntary turnover.</p> <p>Annual turnover rate calculated as:  <math display="block">\frac{\text{Number of women leaving in a year}}{\text{Average headcount (women) through a year}}</math></p> <p>Annual turnover rate calculated as:  <math display="block">\frac{\text{Number of men leaving in a year}}{\text{Average headcount (men) through a year}}</math></p> <p>Only internal employees with a permanent contract are included.</p>
<b>Lost Time Injury (LTI) rate</b>	LTI rate	<p>Global LTI rate per million working hours calculated as:</p> $\frac{(\text{Number of global injuries with more than one day's absence from work} \times 1,000,000 \text{ working hours})}{\text{Total number of working hours based on local standard working hours}}$
<b>Number of lost days</b>	No.	Lost days due to global LTI's are tracked by each of our sites.



# ESG accounting principles

ENVIRONMENT | SOCIAL | **GOVERNANCE**

Metric	Unit	Accounting principle
<b>Gender diversity at board level</b>	%	Measured by reviewing the gender representation of LEO Pharma's Board of Directors.
<b>Employees completing global annual Code of Conduct training</b>	%	Measured as the percentage of employees completing Code of Conduct e-Learning
<b>Third-party intermediaries undergoing anti-corruption due diligence</b>	No.	Measured as number of third-party intermediaries undergoing anti-corruption due diligence covering distributors, wholesales, licensees and contract sales organizations.
<b>Number of social and/or EHS supplier audits performed</b>	No.	Annual sum of social and EHS supplier audits performed by LEO Pharma or a contracted auditor.

# Reporting on the Ten Principles

Area	Ten Principles of the UN Global Compact	How we work with the principles
<b>Human rights</b>	<b>Principle 1:</b> Businesses should support and respect the protection of internationally proclaimed human rights; and	See pages 8, 14 and 22
	<b>Principle 2:</b> make sure that they are not complicit in human rights abuses.	
<b>Labor</b>	<b>Principle 3:</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	See pages 9, 10, 14 and 17-19
	<b>Principle 4:</b> the elimination of all forms of forced and compulsory labour;	
	<b>Principle 5:</b> the effective abolition of child labour; and	
	<b>Principle 6:</b> the elimination of discrimination in respect of employment and occupation.	
<b>Environment</b>	<b>Principle 7:</b> Businesses should support a precautionary approach to environmental challenges;	See pages 9, 10 and 14-16
	<b>Principle 8:</b> undertake initiatives to promote greater environmental responsibility; and	
	<b>Principle 9:</b> encourage the development and diffusion of environmentally friendly technologies.	
<b>Anti-corruption</b>	<b>Principle 10:</b> Businesses should work against corruption in all its forms, including extortion and bribery.	See pages 10, 14 and 20-21



Download our other reports

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This report represents LEO Pharma's compliance with Sections 99a, 99b and 99d of the Danish Financial Statements Act.

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