

— we help people
achieve healthy skin



Environmental performance report 2016

LEO Pharma — Manufacturing sites

LEO[®]

LEO mission

— we help people achieve healthy skin

LEO vision

— we are the preferred dermatology care partner improving people's lives around the world



Environment & Safety

At LEO Pharma, we are committed to reducing the impact our business activities have on the environment. Protecting and preserving the environment is an integral part of our daily business. This report only deals with the environmental performance. Please refer to the CSR report for information about the safety performance.

Focus areas

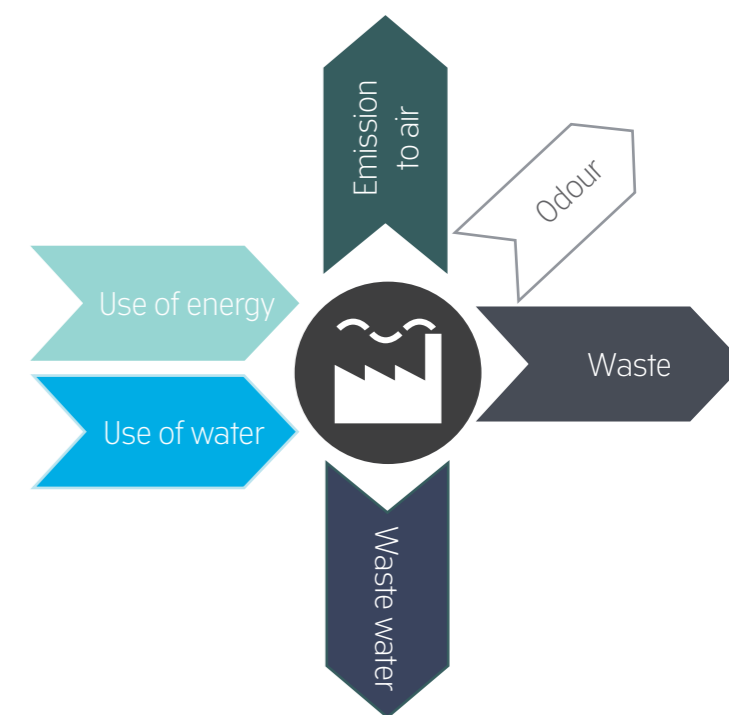
LEO Pharma impacts on the environment mainly through our production activities, which take place at six different manufacturing sites.

Our main impacts on the environment are LEO Pharma's use of energy and water; generation of waste and waste water; direct and indirect emissions of greenhouse gases, odour and other emissions to air.

This report describes the environmental performance of LEO Pharma and is a supplement to the CSR report. The criteria on which the most significant environmental impacts have been selected are described in the reporting approach section of the CSR report.

As regards figures for LEO Pharma Southport, it should be noted that the site has ceased production due to a new product being undertaken and a new process being implemented onsite. Due to this shutdown, Southport figures in this document does not give an accurate understanding of the work produced onsite as the site was a construction site from May until December. Also the site disposed of lots of product, solvents, consumables and raw materials in 2016 to make way for the new product.

LEO Pharma's environmental and energy impact





Input

USE OF RAW MATERIAL

Total consumption at LEO Pharma's manufacturing sites (tonnes)

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Organic solvents | 1,247 | 1,633 | 2,064 | 1,531 | 1,553 | 1,857 | 1,783 |
| API | 34 | 41 | 40 | 38 | 29 | 44 | 65 |
| Agricultural products | 61,937 | 75,968 | 82,400 | 80,748 | 68,120 | 69,013 | 64,182 |
| Acids/bases | 331 | 469 | 370 | 383 | 287 | 329 | 353 |
| Gels and filter material | 1 | 50 | 20 | 19 | 16 | 16 | 16 |
| Other organic compounds | 1,274 | 1,313 | 1,294 | 1,226 | 1,568 | 1,680 | 1,306 |
| Inorganic substances | 4,604 | 5,485 | 5,322 | 5,444 | 4,536 | 4,680 | 4,372 |
| Detergents | 20 | 21 | 21 | 32 | 31 | 36 | 24 |
| Total in tonnes | 69,448 | 84,980 | 91,531 | 89,421 | 76,141 | 77,655 | 72,101 |

ENERGY

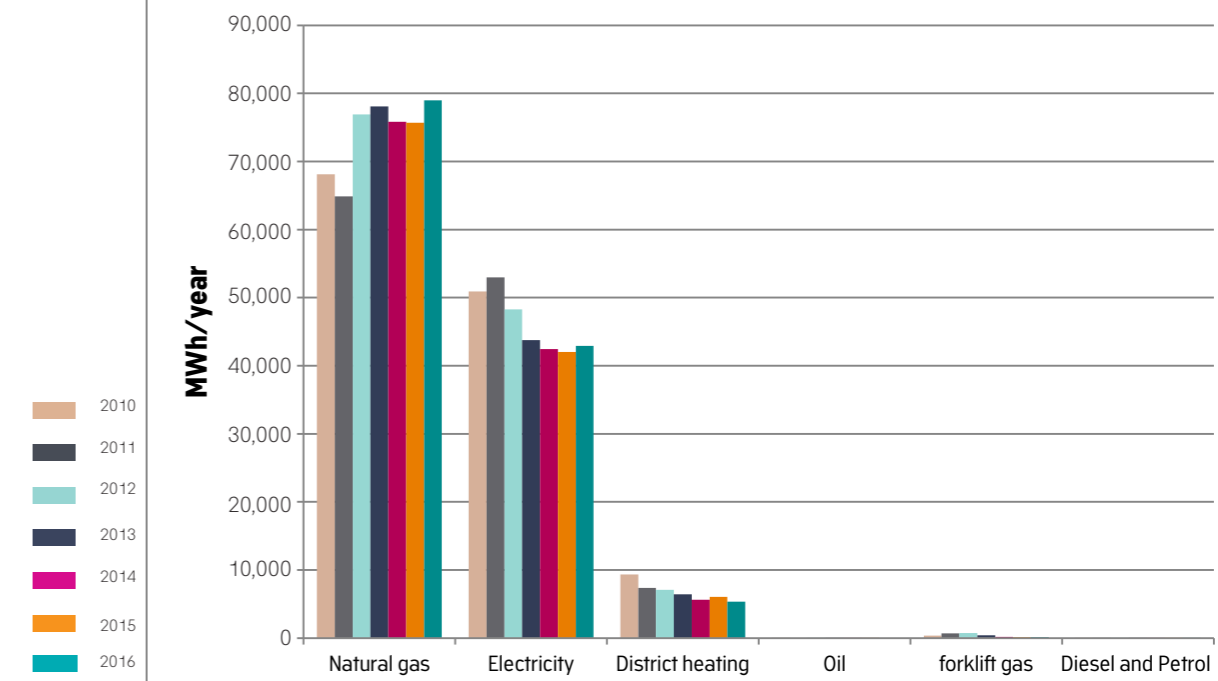
Total consumption of energy at LEO Pharma's manufacturing sites (MWh)

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------------|
| Ballerup | 76,764 | 71,030 | 70,172 | 66,898 | 63,122 | 63,468 | 67,643 |
| Esbjerg | 7,098 | 8,225 | 8,337 | 6,236 | 5,395 | 5,149 | 4,637 |
| Vernouillet | 14,280 | 15,862 | 17,812 | 16,786 | 16,705 | 16,227* | 16,841 |
| Cork | 6,728 | 6,275 | 6,664 | 6,917 | 7,012 | 7,318 | 7,166 |
| Dublin | 23,002 | 23,386 | 28,175 | 30,260 | 30,296 | 28,960 | 30,064 |
| Southport | 917 | 1,215 | 1,904 | 1,608 | 1,548* | 1,567 | 1,022 |
| Total in MWh | 128,789 | 125,993 | 133,064 | 128,705 | 124,077 | 123,902 | 127,373 ** |

*The figures have been changed compared to the 2014 and 2015 report due to a calculation error.

**This figure deviates from the one in the CSR report since the figure in this report includes forklift gas, oil, diesel and petrol.

Energy consumption - Sources



WATER

Total consumption of water at LEO Pharma's manufacturing sites (m³)

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Ballerup | 165,622 | 152,898 | 150,106 | 174,454 | 146,698 | 159,524 | 165,035 |
| Esbjerg | 16,220 | 21,954 | 25,266 | 22,589 | 19,905 | 17,122 | 16,857 |
| Vernouillet | 21,653 | 20,507 | 26,094 | 36,719 | 44,328 | 41,990 | 31,285 |
| Cork | 41,922 | 35,406 | 47,266 | 55,114 | 49,402 | 46,020 | 83,657 |
| Dublin | 43,416 | 41,692 | 49,746 | 53,890 | 52,539 | 56,237 | 61,585 |
| Southport | 1,308 | 1,308 | 2,554 | 4,186 | 4,439 | 1,303 | 1,768 |
| Total in m³ | 290,141 | 273,765 | 301,032 | 346,952 | 317,311 | 322,196 | 360,187 |

The major changes in the above figures are a decrease in the water consumption in Vernouillet as a result of a water minimisation project which was implemented and the increase in Cork is due to a major water leak which was detected and fixed at the end of 2016.



Output

PRODUCTS

Total amount of products at LEO Pharma's manufacturing sites (tonnes)

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Ballerup | 1,825 | 1,640 | 1,630 | 1,259 | 1,208 | 1,037 | 841 |
| Esbjerg | 8 | 10 | 11 | 11 | 9 | 9 | 8 |
| Vernouillet | 648** | 720** | 1,080** | 1,104** | 1,212** | 1,212** | 1,425 |
| Cork | 11 | 15 | 16 | 15 | 13 | 13 | 13 |
| Dublin | 2,650 | 2,655 | 2,378 | 2,504 | 2,850 | 2,997 | 3,114 |
| Southport | * | * | * | * | * | * | * |
| Total in tonnes | 5,142 | 5,040 | 5,113 | 4,893 | 5,292 | 5,268 | 5,401 |

The production volume includes packaging

*Production output is confidential

**Figures have been changed compared to previous reports since the data received was not correct.

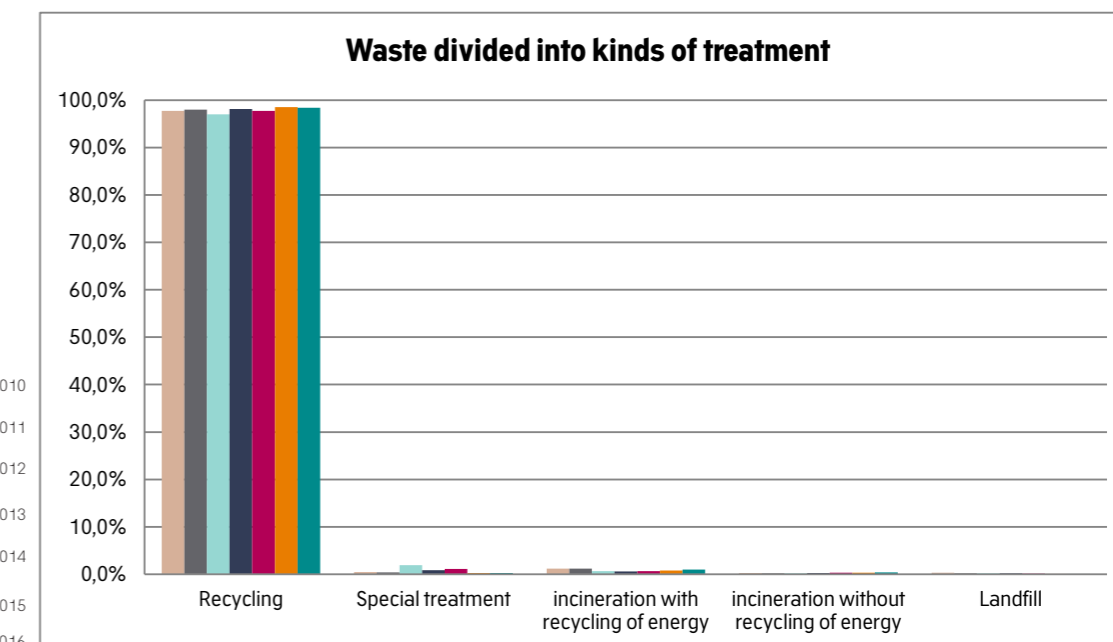
WASTE

Total amount of waste generated by LEO Pharma's manufacturing sites (tonnes)

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Ballerup | 2,612 | 2,718 | 2,567 | 2,326 | 2,149 | 2,407 | 2,770 |
| Esbjerg | 67,905 | 83,981 | 93,806 | 94,149 | 82,117 | 77,797 | 73,963 |
| Vernouillet | 397 | 521 | 588 | 581 | 542 | 735 | 765 |
| Cork | 304 | 678 | 144 | 151 | 97 | 90 | 115 |
| Dublin | 708 | 692 | 697 | 743 | 793 | 908 | 929 |
| Southport | 37 | 37 | 1,836 | 811 | 833** | 1,009 | 427 |
| Total in tonnes* | 71,963 | 88,627 | 99,638 | 98,761 | 86,531 | 82,948 | 78,969 |

*Construction and project related waste is excluded.

**The figure has been changed compared to previous reports since the data received from the company collecting the waste was not correct.



The high recycling percentage is mainly due to the process in Esbjerg where the residual waste is recycled as farm land fertilizer.

WASTE WATER

Total amount of waste water being discharged at LEO Pharma's manufacturing sites (m³)

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Ballerup | 158,246 | 145,315 | 138,000 | 153,816 | 107,952 | 131,953 | 144,545 |
| Esbjerg | 5,190 | 7,025 | 9,231 | 10,167 | 9,995 | 9,339 | 9,920 |
| Vernouillet | 16,596 | 15,906 | 19,713 | 44,718 | 44,260 | 51,989** | 29,917 |
| Cork | 19,077 | 18,042 | 28,845 | 35,119 | 23,369 | 22,231 | 33,224 |
| Dublin | 37,756 | 45,759 | 45,544 | 47,524 | 41,968 | 45,843 | 49,219 |
| Southport* | n/a | n/a | n/a | 622 | 413 | 380 | 158 |
| Total in m³ | 236,865 | 232,047 | 241,333 | 291,966 | 227,957 | 261,735 | 266,983 |

*Only sanitary waste goes to sewage. The amount is not measured.

**The flow meter showed a false reading because the waste water pipes were sometimes blocked causing the water to rise.

The increase in Ballerup is primarily due to increased production of API. In Vernouillet, focus has been on reducing use of water and thereby the waste water has decreased as well. In Cork, the site surface water has been diverted to effluent for most of the year as a CAPA reported to the EPA for conductivity OOS. Surface water will be allowed to be sent back to the harbour sometime in 2017. A project to upgrade the electrical installations in the effluent area is nearing completion. This upgrade will allow the surface water conductivity measurement to be monitored. Any conductivity OOS will alarm to the BMS and automatically divert to effluent.



Overall chemical oxygen demand (COD) from LEO Pharma's manufacturing sites (tonnes)

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|------------------------|------------|------------|------------|------------|------------|------------|------------|
| Ballerup | 363 | 385 | 290 | 349 | 182 | 276 | 239 |
| Esbjerg | 4 | 5 | 43 | 76 | 70 | 67 | 96 |
| Vernouillet | 2 | 2 | 1 | 6 | 6 | 10 | 9 |
| Cork | 4 | 5 | 5 | 9 | 7 | 9 | 11 |
| Dublin | 15 | 18 | 16 | 19 | 22 | 21 | 17 |
| Southport | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Total in tonnes | 388 | 415 | 355 | 459 | 287 | 383 | 372 |

Overall total organic carbon (TOC) from LEO Pharma's manufacturing sites (tonnes)

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|------------------------|------------|------------|------------|------------|-----------|------------|------------|
| Ballerup | 121 | 128 | 97 | 116 | 61 | 92 | 80 |
| Esbjerg | 1 | 2 | 14 | 25 | 23 | 23 | 32 |
| Vernouillet | 1 | 1 | 0 | 2 | 2 | 3 | 3 |
| Cork | 1 | 1 | 2 | 3 | 2 | 3 | 3 |
| Dublin | 5 | 6 | 6 | 3 | 7 | 7 | 6 |
| Southport | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Total in tonnes | 129 | 138 | 119 | 149 | 95 | 128 | 124 |

The COD and TOC calculations in Ballerup vary from year to year since they are based on 6 measurements of 24 hours resulting in some uncertainties as production varies.

AIR EMISSIONS

Emission of organic solvents to the atmosphere from the production (tonnes)

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|------------------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|
| Ballerup | 9.5 | 13.7 | 11.6 | 11.4 | 10.7 | 7.7 | 5.2 |
| Esbjerg | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Vernouillet | 0.6 | 0.2 | 1.5 | 1.8 | 3.1 | 8.2 | 3.9 |
| Cork | n/a | n/a | n/a | n/a | n/a | 0 | 0 |
| Dublin | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Southport | n/a | n/a | 0.2 | 0.6 | 1.2 | 0.5 | n/a |
| Total in tonnes | 10.1 | 13.9 | 13.3 | 13.8 | 15.0 | 16.4 | 9.1 |

The drop in emission of organic solvents is for example due to changed cleaning procedures in Vernouillet which has resulted in less organic solvents being used.

Emission of the greenhouse gas carbon dioxide (CO₂) (tonnes)

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Ballerup | 7,078 | 6,331 | 6,342 | 6,128 | 5,667 | 5,798 | 6,334 |
| Esbjerg | 1,319 | 1,531 | 1,492 | 1,107 | 965 | 939 | 996 |
| Vernouillet | 1,501 | 1,444 | 2,019 | 1,633 | 1,641 | 1,778 | 1,739 |
| Cork | n/a | 839 | 756 | 770 | 790 | 851 | 840 |
| Dublin | 2,364 | 2,816 | 5,014 | 6,107 | 6,100 | 5,758 | 6,034 |
| Southport | 133 | 133 | 146 | 470 | 440 | 457 | n/a |
| Total in tonnes | 12,395 | 13,094 | 15,769 | 16,215 | 15,603 | 15,581 | 15,943 |

Emission of NO_x (tonnes)

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|------------------------|-----------|-----------|-----------|-----------|-------------|-------------|-------------|
| Ballerup | 5.5 | 4.9 | 4.9 | 4.7 | 4.4 | 4.5 | 4.8 |
| Esbjerg | 1.0 | 1.1 | 1.1 | 0.8 | 0.7 | 0.7 | 0.7 |
| Vernouillet | 1.2 | 1.2 | 2.1 | 0.0 | 1.8 | 0.7 | 0.8 |
| Cork | n/a | 1.2 | 1.3 | 0.4 | 1.4 | 1.5 | 1.5 |
| Dublin | 4.0 | 5.0 | 8.8 | 10.7 | 10.8 | 10.2 | 10.7 |
| Southport | 1 | 1 | 0.2 | 0.4 | 0.4 | 0.4 | n/a |
| Total in tonnes | 13 | 14 | 18 | 17 | 19.5 | 18.0 | 18.5 |

Emission of SO₂ (tonnes)

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Ballerup | 0.04 | 0.04 | 0.04 | 0.03 | 0.03 | 0.03 | 0.04 |
| Esbjerg | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.03 |
| Vernouillet | 0 | 0 | 0.02 | 0.02 | 0.02 | 0.02 | 0.03 |
| Cork | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Dublin | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Southport | ~0 | ~0 | ~0 | 0.08 | 0.09 | 0.09 | n/a |
| Total in tonnes | 0.05 | 0.05 | 0.07 | 0.14 | 0.15 | 0.15 | 0.10 |

Emission of ozone-depleting substances (ODS) (Combination of R407c, R134a, R404a, R410a) (tonnes)

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Ballerup | 0,0000 | 0,0690 | 0,0600 | 0,1050 | 0,0390 | 0,0450 | 0,0470 |
| Esbjerg | 0,0000 | 0,0000 | 0,0000 | 0,0000 | 0,0000 | 0,0000 | 0,0000 |
| Vernouillet | 0,0000 | 0,0000 | 0,0150 | 0,0000 | 0,0000 | 0,0042 | 0,0000 |
| Cork | 0,0000 | 0,0000 | 0,0000 | 0,0000 | 0,0000 | 0,0000 | 0,0000 |
| Dublin | 0,0670 | 0,175 | 0,0125 | 0,0503 | 0,0020 | 0,0605 | 0,0723 |
| Southport | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Total in tonnes | 0,0670 | 0,2440 | 0,0875 | 0,1553 | 0,0410 | 0,1097 | 0,1193 |

ENVIRONMENTAL INCIDENTS

Number of environmental accidents/incidents reported to the authorities

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Ballerup | 2 | 3 | 3 | 18 | 5 | 5 | 4 |
| Esbjerg | 0 | 0 | 2 | 0 | 56 | 40 | 24 |
| Vernouillet | 0 | 0 | 0 | 3 | 4 | 3 | 0 |
| Cork | 10 | 15 | 5 | 10 | 5 | 4 | 2 |
| Dublin | 2 | 2 | 2 | 6 | 8 | 6 | 4 |
| Southport | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| Total | 14 | 20 | 12 | 38 | 78 | 58 | 34 |

The incidents in Ballerup are accidental releases from the API production with no permanent damage to the environment.

All incidents in Esbjerg are related to waste water as the waste water contains too much suspended solids and fat resulting in too high COD and too much Total-N. The waste water treatment plant has no problem dealing with the waste water and it does not affect the environment downstream from the waste water treatment plant. A new waste water permit is expected in 2017.

The incidents in Cork and Dublin are also related to breaches of waste water discharge permits.

COMPLAINTS

Number of complaints received by LEO Pharma manufacturing sites

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--------------|----------|----------|----------|----------|----------|----------|----------|
| Ballerup | 0 | 1 | 1 | 0 | 0 | 1 | 3 |
| Esbjerg | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Vernouillet | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cork | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Dublin | 0 | 2 | 0 | 2 | 0 | 0 | 0 |
| Southport | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 3 | 1 | 2 | 0 | 1 | 3 |

All complaints in Ballerup are complaints about odour related to the Fucidin production. The odour does not constitute any risk to the environment.

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