



## LEO Pharma's UK Modern Slavery Act statement 2020

LEO Pharma publishes this statement in accordance with the UK Modern Slavery Act 2015. The statement covers both LEO Pharma A/S and LEO Laboratories Limited and refers to the financial year January 1 – December 31, 2020. It describes the steps LEO Pharma has taken throughout the year to prevent modern slavery and human trafficking<sup>1</sup> from occurring in our own operations and in our supply chains.

### OUR BUSINESS AND SUPPLY CHAINS

LEO Pharma is a leader in medical dermatology with a robust R&D pipeline and a wide range of therapies. Our purpose is to advance the standard of care for people with skin diseases. We develop and deliver medical treatments to address the unmet medical needs of people living with skin diseases such as psoriasis, eczema, acne, and skin infections, and we help treat people suffering from thrombosis.

LEO Pharma is headquartered in Denmark with a global team of ~6,000 people. Our research and development facilities are located in Denmark, China, Japan and the US, while all our manufacturing sites are located within Europe: Denmark (Ballerup and Esbjerg), France (Vernouillet), Ireland (Dublin and Cork), and Italy (Segrate). We also produce through contract manufacturing organizations (CMOs), which we consider as strategic suppliers. LEO Pharma is working with 11 finished goods manufacturers, located in Algeria, Canada, China, the EU, Japan, Mexico, Singapore, and Switzerland.

Each year, we source goods and services from suppliers globally to develop, manufacture and distribute our medicines to patients. In 2020, we worked with 6826 active vendors, of which 17 were identified as high-risk vendors, based on LEO Pharma's internal assessment process. This assessment process considers such criteria as the vendor's country of operation, LEO Pharma's operational dependency, industry characteristics and LEO Pharma's expenditure.

In 2020, LEO Pharma helped 93 million patients in more than 130 countries globally and generated a revenue of EUR 1,359 million. Further information about LEO Pharma's business can be found in our [Annual Report](#).

### POLICIES AND GOVERNANCE

#### In our own operations

##### ***Our Code of Conduct and supporting policies***

LEO Pharma is committed to business practices that respect internationally recognized human rights. As a participant of the UN Global Compact, we support and respect the protection of all human rights as described in the Universal Declaration of Human Rights, the International Bill of Human Rights, and the ILO Declaration on Fundamental Principles and Rights at Work.

Our commitment to respect and protect human rights applies to all LEO Pharma's locations and business operations worldwide. We work to strengthen labor rights through safe and fair working conditions and promote respect for labor and human rights in our supply chains, as guided by the UN Guiding Principles on Business and Human Rights (UNGPs).

Our commitment to human and labor rights is expressed in the [LEO Pharma Code of Conduct](#) and in our [Human Rights Policy](#).

Training on our Code of Conduct is mandatory for all LEO Pharma's employees. We require all our employees to comply with applicable laws, regulations and industry codes, international requirements as well as our supporting

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<sup>1</sup> When using the term 'modern slavery and human trafficking' we refer to all forms of slavery, servitude and forced and compulsory labor, and human trafficking. Source: <http://www.legislation.gov.uk/ukpga/2015/30/section/1/enacted>

internal guidelines. Our Code of Conduct is approved by our Global Leadership Team and is available in 20 languages.

In 2020, our work to respect human rights, including prevention of modern slavery was governed by LEO Pharma's Sustainability Board.

### **In our supply chain**

#### **LEO Pharma Third Party Compliance Code**

The LEO Pharma Third Party Compliance Code (2016 – updated as of 2021) specifies our requirements and minimum expectations to our suppliers in relation to: *business ethics, human rights, labor rights, health and safety, environment, subcontractors and management systems* and is referenced in contractual agreements with suppliers.

The LEO Pharma Third Party Compliance Code is based on the [Principles from the Pharmaceutical Supply Chain Initiative \(PSCI\)](#) and guides our due diligence and approach to responsible management of our supply chains. Responsible supply chain management is implemented in procurement practices through our global procurement procedures. These include our global position on responsible supply chain management, which highlights the importance to work actively with our suppliers, to know the social and environmental impact in our supply chain and to promote the continuous improvement of practices.

In case of non-compliance in relation to LEO Pharma Third Party Compliance Code, our Sustainable Procurement team confers with LEO Pharma's Risk & Compliance function to determine appropriate actions. LEO Pharma believes in cooperating rather than terminating business relationships, in alignment with the UNGPs.

## **DUE DILIGENCE**

### **In our own operations**

As part of our commitment to embed human rights due diligence practices across our business, we assess human rights risks related to our activities and those directly related to business operations, products, and services.

In 2020, we undertook a high-level human rights gap assessment to evaluate our maturity on human rights due diligence, verify our current risks and identify opportunities for improvement.

The analysis was conducted as a review of over 40 key documents and interviews with stakeholders across LEO Pharma and the assessment was based on a framework of the five core elements of human rights due diligence: policy commitment, risk assessment, integration & embedding, monitoring & reporting and grievance mechanisms. The project also defined an action plan for where and how we should prioritize our actions on human rights to further strengthen our processes.

The results of the assessment showed that we have potential to build on our current key policies on human rights, to strengthen our risk assessment processes and ensure a more consistent approach across key functions, and also to expand our engagement and knowledge sharing of human rights risks.

To ensure that we comply with applicable laws, rules, regulations, the LEO Pharma Code of Conduct and related guidelines, we continuously monitor and follow up on compliance findings across our global organization. Internal and external audits and inspections may be performed to identify issues in a timely manner, take corrective and preventive actions, and ensure compliance with relevant requirements. Our independent Internal Audit department helps provide assurance that effective systems of control exist by carrying out regular audits and following up on the implementation of agreed actions to address identified deficiencies.

### **In our supply chain**

Through our responsible supply chain program, we work to identify human rights risks in our supply chains to prevent and mitigate any potential adverse human rights impacts.

In 2020, we continued with the supplier screenings and worked on improving our methodology for it. This included integrating the monitoring of adverse media into the screenings to provide us with a better overview of the risks of modern slavery that our suppliers may pose and be disposed to. If we identify actual or potential adverse impacts and questions persist after initial desktop assessment, we engage with our suppliers through a self-assessment questionnaire, through which we ask our suppliers to provide evidence around their policies and processes. In 2020,

a total of 143 self-assessment questionnaires were sent to our suppliers as part of our systematic screening of new suppliers, based on frequency of purchase, dependency on the supplier and the estimated spend.

In 2020, we also made sure that all LEO Pharma procurement related spend was covered by the supplier assessment process.

## **RISK ASSESSMENT AND MANAGEMENT**

### **In our own operations**

Based on our 2020 human rights gap analysis, we believe that the risk of modern slavery in our own operations is low, due to 1) robust labor laws in countries of our operations, 2) the highly regulated nature of our industry, as well as 3) our employees being largely educated or skilled and undertaking work in highly controlled environments. We believe that our policies and processes are adequate for mitigating our determined level of risk.

### **In our supply chain**

In line with the UNGPs, LEO Pharma works to prevent contributing to any human rights violations in our supply chains. To identify human rights and modern slavery risks in our supply chain, we have used our country risk mapping, which is based on the Global Slavery Index (2018). We continued to focus on the locations with high risks for our mitigation efforts. The high-risk locations remained the same as in 2019 and included China, India, and Russia.

Additionally, in 2020 we continued our work on understanding the risks that exist in our supply chain based on previously made human rights impact assessment. To address these potential existing risks, we decided to focus on 'Raw materials'. As part of our work in PCSI's human and labor rights group, we contributed to developing a Responsible Sourcing Guide to Raw Materials. This work benefited our own internal risk assessment related to raw materials.

Consequently, our focus remains on building a structured approach to implement improvement plans for high-risk suppliers. In addition to the improvement plans, we established a social audit program as a mitigation, which follows the PSCI audit framework. We use our risk assessment tools to identify where a social audit is needed. In 2020, the outbreak of COVID-19 prevented audits from taking place. No social/or Environmental, Health and Safety (EHS) supplier audits were conducted. All social site visits were postponed to respect recommendations from the World Health Organization, as well as national and local public authorities.

## **TRAINING AND CAPCITY BUILDING**

### **In our own operations**

All LEO Pharma employees are required to read and understand and complete e-Learning on our Code of Conduct that covers human rights topics. 76,2% of new employees completed the Code of Conduct e-Learning campaign in 2020.

To prevent, identify, and remedy human rights and slavery risks within our supply chain, it is crucial to raise awareness in our own operations. Each year, we engage and train our Global Procurement department to strengthen their ability to handle potential risks of non-compliance to the LEO Pharma Third Party Compliance Code. In 2020, the training was focused on responsible procurement practices, including potential modern slavery issues in our supply chain. Prior to the training, we sent out a survey to all procurement colleagues to assess the current maturity of procurement practices. Results from the survey were used for establishing the baseline and the survey is planned to be repeated in 2021. In 2020, 100% of Global Procurement employees were trained. PSCI's webinar on risks of modern slavery was used to increase knowledge among new procurement colleagues.

### **In our supply chain**

To strengthen our mutual understanding with our suppliers on how to respect human rights, we recommend our suppliers take the PSCI Principles e-learning when they respond to our self-assessment questionnaire and increase knowledge among them through the use of the PSCI's webinar on risks of modern slavery.

## GLOBAL GRIEVANCE MECHANISM

### In our own operations

LEO Pharma's WhistleBlower Hotline gives our employees and others associated with LEO Pharma the ability to report unethical behavior and concerns in a secure and confidential way – in multiple languages, 24 hours a day, 365 days a year. The WhistleBlower Hotline can be accessed by web or telephone from anywhere in the world.

LEO Pharma employees have access to the WhistleBlower Hotline through their desktop, LEO Pharma's intranet and corporate website. All concerns communicated through the hotline are initially reviewed by an external vendor.

In 2020, no reports received through the WhistleBlower Hotline were related to modern slavery or human trafficking. More information on LEO Pharma's WhistleBlower Hotline can be found on our [website](#).

### In our supply chain

In 2020, we did not find any incidents in relation to modern slavery in our supply chains.



Catherine Mazzacco  
President and CEO