



LEO Pharma's UK Modern Slavery Act statement 2021

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, 2021. It describes the steps LEO Pharma has taken throughout the year to prevent the occurrence of modern slavery and human trafficking¹ in our operations and supply chains.

OUR BUSINESS AND SUPPLY CHAINS

LEO Pharma is a global company dedicated to advancing the standard of care for the benefit of people with skin conditions, their families and society. 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.

In 2021, LEO Pharma helped more than 84 million patients and generated a revenue of EUR 1,339 million. Further information about LEO Pharma's business can be found in our [Annual Report](#) and [Sustainability Report](#).

LEO Pharma is headquartered in Denmark with a global team of 5,800 people. We have research and development (R&D) presence 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 works with 10 finished goods manufacturers, located in Algeria, Canada, 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 2021, we worked with 8,067 vendors. We screened 1,080 vendors and identified 2 as high-risk based on LEO Pharma's internal assessment process. This assessment process considers criteria such as the vendor's country of operation, LEO Pharma's operational dependency on the vendor, industry characteristics and LEO Pharma's expenditure.

POLICIES AND GOVERNANCE

In our own operations

Our Code of Conduct and supporting policies

LEO Pharma is committed to conduct business in a manner that respects 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, as 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 employees. We require all employees to comply with applicable laws, regulations and industry codes, international requirements as well as our supporting internal guidelines. Our Code of Conduct is approved by our Global Leadership Team and is available in 20 languages.

¹ 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>

In 2021, our work to respect human rights, including prevention of modern slavery was governed by the LEO Pharma Sustainability Board.

In our supply chain

Sustainability Standards for LEO Pharma Business Partners

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). The Sustainability Standards for LEO Pharma Business Partners specify 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 Sustainability Standards for LEO Pharma Business Partners are based on the [Principles from the Pharmaceutical Supply Chain Initiative \(PSCI\)](#) and guide our approach to supply chain due diligence and responsible management. 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 Sustainability Standards for LEO Pharma Business Partners, our Procurement Sustainability, Risk and Compliance 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 our business operations, products, and services.

In 2021, we established a cross-functional working group with representation from Global Public Affairs, Clinical Process Management, Global Risk & Compliance, Global EHS, Procurement Sustainability, Risk & Compliance, Agile Working and Global Diversity & Inclusion and Global Sustainability. The purpose of the group was to evaluate our maturity on human rights due diligence and identify opportunities for process improvement across LEO Pharma. The working group reviewed current approaches to human rights risk assessment and assessed their alignment with the UNGPs. To identify current or potential adverse human rights impacts from our operations or business relationships, we conducted a self-assessment across six impact areas:

- 1) Research and development,
- 2) Procurement,
- 3) Health and safety,
- 4) Products, sales, and marketing,
- 5) Community impact, and
- 6) Employment practices.

Due diligence is a dynamic process and maturity increases over time. We acknowledge that new, complex issues relating to human rights can arise, and commit to reviewing our governance approach, as well as our salient issues regularly and to identify appropriate actions.

To make sure we identify risks and manage these, we work towards integrating our human rights due diligence into relevant function level processes. LEO Pharma's Speak-Up Line, coupled with additional grievance reporting directed at line managers, gives employees and others associated with LEO Pharma the opportunity to report unethical behavior and serious concerns on a confidential basis.

To comply with applicable laws, rules, regulations, the LEO Pharma Code of Conduct and related guidelines, we monitor and follow up on compliance findings across our global organization.

In our supply chain

Our responsible supply chain program outlines procedures to identify human rights risks in our supply chains.

In 2021, we strengthened our methodology for supplier risk screening by including adverse media monitoring. It provides 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 2021, a total of 65 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.

RISK ASSESSMENT AND MANAGEMENT

In our own operations

Based on our 2021 human rights risk assessment, 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, and 3) our employees and undertaking work in highly controlled environments. We believe our policies and processes to be 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 2020 and included China, India, and Russia.

Additionally, in 2021 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 continued to focus on 'Raw materials'. We developed a workstream for raw material traceability for 11 of LEO Pharma's strategic products and mapped risks associated to them.

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 2021, no social audits were conducted due to budget constraints. We did however establish supplier dialogues with 53 of our strategic suppliers as part of the Supplier Engagement Program. This allowed us to increase our suppliers' knowledge of PSCI and available capacity building resources.

TRAINING AND CAPACITY BUILDING

In our own operations

All LEO Pharma employees are required to complete the e-Learning on our Code of Conduct that covers human rights topics. 66% of new employees completed the Code of Conduct e-Learning campaign in due time in 2021.

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 Sustainability Standards for LEO Pharma Business Partners. In 2021, the training was focused on human rights issues, including potential modern slavery issues in our supply chain. We also continued with the responsible sourcing training and survey to all procurement colleagues to assess the current maturity of procurement practices. Results from the survey were compared with the ones from previous years to spot trends and challenges. In 2021, 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 with the PSCI's webinar on risks of modern slavery and other materials.

GLOBAL GRIEVANCE MECHANISM

In our own operations

LEO Pharma's Speak-Up Line provides our employees and others associated with LEO Pharma the opportunity to report unethical behavior and concerns in a secure and confidential way. The service is available in multiple languages, 24 hours a day, 365 days a year. The Speak-Up Line can be accessed by web or telephone from anywhere in the world.

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

In 2021, no reports received through the Speak-Up Line were related to modern slavery or human trafficking. More information on LEO Pharma's Speak-Up Line can be found on our [website](#).

In our supply chain

In 2021, we did not find any incidents in relation to modern slavery in our supply chains.

This global statement was approved and signed by Christophe Bourdon, CEO.

Date: 28th November 2022