



This statement covers LEO Pharma A/S and LEO Laboratories Limited and refers to the financial year January 1 – December 31, 2022. 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. Information regarding LEO's ongoing steps taken to prevent these issues in 2023 will be available in August.

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.

LEO Pharma help more than 85 million patients every year and in 2022, we generated a revenue of EUR 1,430 million. Further information about LEO Pharma's business can be found in our [Annual Report](#).

LEO Pharma is headquartered in Denmark with a global team of 4,700 people. Our research and development (R&D) is located in Denmark, 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 24 contract manufacturers, located in China, USA, Canada, the EU, Japan, Switzerland etc.

Each year, we source goods and services from suppliers globally to develop, manufacture and distribute our medicines to patients. In 2022, we worked with 5,492 vendors. We screened 1,229 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.

In 2022, we discontinued the LEO Pharma Sustainability Board, that previously governed our work to respect human rights, including prevention of modern slavery and moved the responsibility to our Global Leadership Team.

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 Center of Expertise 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 2022, we conducted a human rights salience assessment of our supply chain. We assessed and identified the salience human rights impacts in each of LEO Pharma's supplier categories for first tier suppliers and where possible beyond tier 1.

Due diligence is a dynamic process and maturity increases over time. The assessment is a first step to manage potential and actual risks in our value chain. 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 continued our supplier risk screening with monitoring alerts for adverse media. 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 2022, a total of 80 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 a human rights risk assessment conducted in 2021, we have identified the risk of modern slavery in our own operations to be 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 (2023). We continued to focus on the locations with high risks for our mitigation efforts. The high-risk locations remained the same as in 2021 and included China, India, and Russia.

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 2022, no social audits were conducted due to budget constraints.

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. In 2022, 97% of employees completed the annual Code of Conduct training.

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 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.

In 2022, 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 2022, 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.



Jill Archibald
General Manager, Canada
Date: May 28, 2024