

— we help people  
achieve healthy skin



# Corporate Social Responsibility

LEO Pharma CSR Report 2015

**LEO**<sup>®</sup>



LEO mission

— we help people  
achieve healthy skin

LEO vision

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

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“ At LEO Pharma, we put the patients  
at the centre of everything we do

## Statement from the President & CEO

Dear stakeholders,

Our mission in LEO Pharma is to help people achieve healthy skin. We are committed to changing the impact that skin diseases have on people's lives and we want to become the preferred dermatology care partner improving people's lives around the world. With this ambition we helped more than 50 million people in 2015.

LEO Pharma is first and foremost accountable to patients. Meeting the needs of patients is at the centre of everything we do, and due to our foundation ownership, we can pursue solutions to help people living with a skin disease, even if there is no immediate commercial gain.

We have set out on a journey to help more patients – and to help them better – by providing new and better products and solutions. To meet this aspiration in an increasingly complex healthcare environment, we have built on our existing helping culture to enhance internal collaboration and external partnering in 2015.

Our approach to what we do is rooted in our CSR strategy and our four strategic CSR pillars:

- Environment & Safety
- People & Health
- Compliance & Ethics
- Partnerships & Collaboration

The LEO CSR Report for 2015 provides an overview of selected CSR-related policies, focus areas and achievements for the financial year 1 January – 31 December 2015 as well as our future plans.

The reporting follows the four strategic pillars, including our focus areas for 2013-2016 and our CSR policy, affirming that LEO Pharma complies with the principles of the UN Global Compact within the areas of human rights, labour, environment and anti-corruption.

On behalf of the Global Leadership Team

**Gitte P. Aabo**  
President & CEO



## The commitment of LEO Pharma

Millions of people around the world suffer from skin diseases. LEO Pharma is committed to improving the lives of people suffering from skin diseases such as psoriasis, actinic keratosis, skin infections, eczema and acne. Furthermore, we are engaged in the treatment of thrombosis and we help patients in other areas of care.

### Psoriasis

Psoriasis is a chronic, inflammatory disease, which is frequently accompanied by multiple physical and/or psychological co-morbidities, such as metabolic syndrome and psoriatic arthritis. Psoriasis is estimated to affect about 2-4% of the population in Western countries. 80% of patients are affected by psoriasis vulgaris – the most common clinical form of psoriasis.

### Actinic keratosis

Actinic keratosis (AK) is a common skin lesion, often red and scaly. The majority of lesions are caused by cumulative sun exposure in fair-skinned people. AK is a precursor to non-melanoma skin cancer (NMSC). The number of people with actinic keratosis is rapidly growing, especially in Europe, the US and Australia. Prevalence currently ranges from 11-25% in the northern hemisphere to 40-60% in the southern hemisphere.

### Skin infections and eczema

Skin infections and eczema represent a significant burden for millions of people around the world. Skin infections are growing rapidly in the developing countries due to poor hygiene conditions. The term 'eczema' is used in two different ways, often widely to describe any rash-like skin diseases. It is also, however, used specifically to refer to the most common type of these skin diseases: atopic dermatitis (AD). AD – also called atopic eczema – is a chronic condition affecting up to 20% of the childhood population in developed countries. The term again covers a wide range of skin

problems, and it is presumed that both genetic and environmental factors may lead to AD. AD describes a type of skin irritation that has no known cause.

### Acne

Acne vulgaris, more commonly known simply as 'acne', is a widespread skin disorder estimated to affect 80% of a population at some point in their lives and it accounts for over 30% of dermatology visits. It is typically classified as 'mild', 'moderate', or 'severe', and while much has been learned in the last decade, the exact causes linked to its manifestation remain unknown.

### Thrombosis

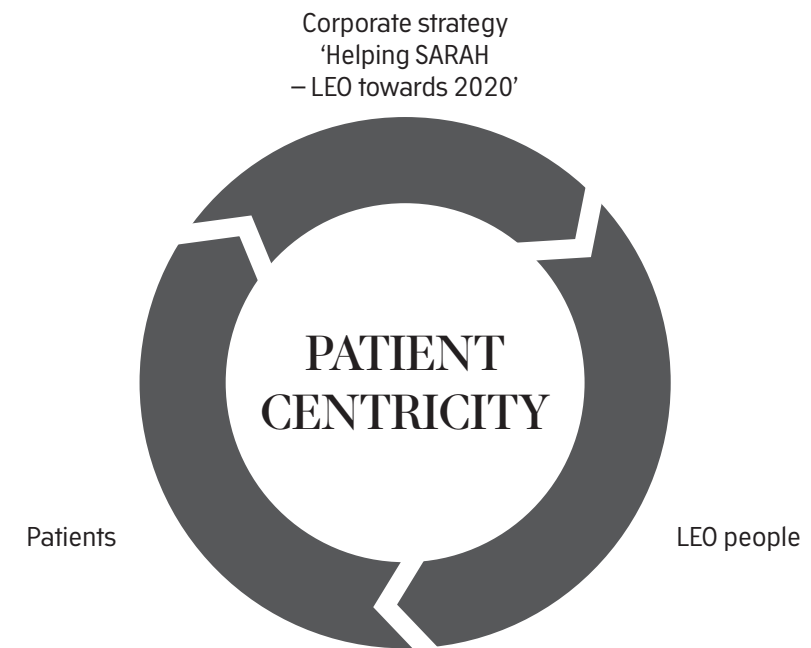
Thrombosis refers to a blood clot that forms in the artery or vein. Blood clots in the veins are also called venous thromboembolism (VTE). They can form in the deep veins of the body. This condition is called deep vein thrombosis (DVT). Sometimes parts of a DVT can break loose and travel with the blood stream to the lungs, where the parts get stuck. When this happens, it is called a pulmonary embolism (PE). Cancer patients are at significant increased risks of developing VTE, representing the second leading cause of death after the cancer itself.

### Other areas of care

LEO Pharma has a range of products in the areas of cardiovascular, antibiotics, coagulation, osteoporosis and renal care.



## Patient centricity



At LEO Pharma, we are committed to improving the lives of people living with skin diseases. And with our foundation ownership structure, we have both a special obligation and a unique opportunity to continue to invest in better care for patients.

Our CSR strategy supports our corporate strategy 'Helping SARAH – LEO towards 2020' which focuses on putting the patients at the centre of everything we do and which has the overall aspiration of helping more than 100 million patients in 2020.

The strategy gives name to the individual patients we serve. 'SARAH' is personified as the patient whose needs each LEO employee is curious and eager to understand. 'SARAH' is the source of motivation that drives us to deliver better treatments and care solutions to the patients.

To fulfil our strategy we depend on the motivation, the commitment and individual initiative of each LEO employee. On LEO Pharma's 107th birthday in November 2015, we launched a global internal campaign to support and further develop our employees' ability to see things from the patient's perspective. The objective of the campaign is to raise the level of knowledge of all LEO employees and educate them about skin diseases, the people living with them and to engage all LEO employees in LEO Pharma's mission and vision. The campaign supports and emphasises our commitment to being a patient-focused company and will be fully implemented in 2016.

We believe that understanding patients' needs at all levels of the organisation is a prerequisite for developing products and solutions that can make a difference. Thus, we engage in dialogue with patients from all over the world and listen to meet their unmet needs. Involving people with skin diseases throughout the development process of our products and solutions, regularly meeting with patients to gain feedback on prototypes, and having anthropologists living with patients, provides us with many opportunities to make a difference to the millions of people we help.

Our commitment to improve the lives of people living with skin diseases was further emphasised in 2015 with the establishment of LEO Innovation Lab. As a part of LEO Pharma's long term strategy to focus on patient needs, LEO Innovation Lab is established as a separate business unit operating outside our traditional business. The purpose of LEO Innovation Lab is to create digital solutions to make life better for people living with psoriasis. Our unique ownership structure has made it possible to establish LEO Innovation Lab. With clear success criteria, but no immediate profit requirements, the purpose is solely to make a difference to people living with psoriasis. LEO Innovation Lab is planned to run for an initial period of three years.





## CSR reporting 2015

### Focus areas 2013-2016

#### ENVIRONMENT & SAFETY



- Obtain ISO 14001 certification for all manufacturing sites
- Reduce CO<sub>2</sub> emissions
- Initiate energy saving projects

#### PEOPLE & HEALTH



- Continue our support and respect of human and labour rights
- Strengthen occupational health
- Development, retention and recruitment of LEO people
- Obtain OHSAS 18001 certification for all manufacturing sites
- Reducing Lost Time Injury (LTI) rate

#### COMPLIANCE & ETHICS



- Strengthen the compliance culture
- Ensure updated LEO Code of Conduct and supporting guidelines
- Work against corruption and bribery
- Ensure the possibility to report unethical behaviour

#### PARTNERSHIPS & COLLABORATION



- Establish trusted partnerships including partnership framework
- Improve animal welfare within Replacement, Reduction and Refinement (3Rs)
- Enhance transparency in clinical trials
- Develop Third Party Compliance Framework
- Ensure relevant community engagement

The CSR focus areas in LEO Pharma are regularly reviewed and updated.



## Focus areas, goals and milestones 2013-2016

- Achieved ✓
- On track ⇨
- Delayed ⌘

Focus areas	Goals	Milestones	Status 2015														
Obtain ISO 14001 certification for all manufacturing sites	Reduce environmental footprint of our manufacturing sites	Prepare readiness for ISO 14001 certification system at remaining manufacturing sites	<table border="0"> <tr> <td><b>Manufacturing sites</b></td> <td><b>ISO 14001 certification</b></td> </tr> <tr> <td>Vernouillet (FR)</td> <td>✓</td> </tr> <tr> <td>Dublin (IE)</td> <td>✓</td> </tr> <tr> <td>Ballerup (DK)</td> <td>✓</td> </tr> <tr> <td>Esbjerg (DK)</td> <td>✓</td> </tr> <tr> <td>Cork (IE)</td> <td>✓</td> </tr> <tr> <td>Southport (AU)</td> <td>✓</td> </tr> </table>	<b>Manufacturing sites</b>	<b>ISO 14001 certification</b>	Vernouillet (FR)	✓	Dublin (IE)	✓	Ballerup (DK)	✓	Esbjerg (DK)	✓	Cork (IE)	✓	Southport (AU)	✓
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Southport (AU)	✓																
		Obtain ISO 14001 certification for remaining manufacturing sites															
Reduce CO <sub>2</sub> emissions	Reduce CO <sub>2</sub> emissions within LEO Pharma, e.g. by reducing business travel activities	Execute global campaign with focus on how to reduce CO <sub>2</sub> emissions, e.g. reduce business travel activities (2015)	✓														
		Project team to decide future design and streamlining of collection of data in regards to CO <sub>2</sub> emissions related to business travel/year and/or related to transportation of core raw materials/year	⇨														
Initiate energy saving projects	15% reduction in energy consumption compared to 2010	Implement energy saving projects equal to 20,000 MWH by end of 2015	✓														
	Establish a common understanding within LEO Pharma of where to invest in energy effective solutions in order to maximise return on investment	Develop plan (2015)	✓														
	Set direction for overall principles at LEO Pharma concerning environment, energy and climate	Updated policy on environment, energy and climate developed (2015) with final adequate implementation (2016)	✓														
	Continuously reuse and recycle within LEO Pharma to contribute to positive environmental impact	Minimum two waste and/or water use reduction projects executed and implemented (2016)	⇨														
	New environment and energy goals for 2020 defined	Define new goals (2014)	✓														

### Focus areas 2013-2016

- Obtain ISO 14001 certification for all manufacturing sites
- Reduce CO<sub>2</sub> emissions
- Initiate energy saving projects

*“Our set goal for 2015 to obtain ISO 14001 certifications and OHSAS 18001 certifications for all of our manufacturing sites was achieved. This represents very important milestones in supporting our journey towards a best in class environment, health and safety culture”*

*– Jim McPherson, Senior Vice President, Global Product Supply*



## Environment & Safety

**Our commitment to protecting and preserving the environment is an integrated part of the daily business at LEO Pharma. Reducing the potential impact of our business activities on the environment as well as protecting the people within our communities is a key priority to LEO Pharma. Details in regards to safety are to be found in the section ‘People & Health’.**

### Policies

#### LEO Code of Conduct and environment and energy policy

The LEO Code of Conduct is mandatory for all LEO employees and is a framework for how we behave. New LEO employees undergo mandatory training in the LEO Code of Conduct shortly after their employment.

Our approach to reducing the environmental impact of our products and solutions is governed by the LEO Code of Conduct and the environment and energy policy.

The policy states our commitment to protect the environment, prevent pollution and promote efficient energy use in LEO Pharma.

The environment and energy policy has been implemented globally at our six manufacturing sites. Furthermore, the policy is supported by internal communication material to create awareness among LEO employees concerning protection of the environment and prevention of pollution, and to promote efficient energy use.

In 2015, the environment and energy policy was updated to address climate changes going forward and is part of the updated LEO Code of Conduct (to be implemented in 2016).

### Focus areas and achievements

#### Obtain ISO 14001 certification for all manufacturing sites

##### Achievements in 2015

In order to reduce the environmental footprint of our manufacturing sites, one of our defined focus areas for 2015 was to obtain ISO 14001 certifications for our six manufacturing sites.

This goal was achieved in 2015 when the remaining manufacturing sites in Cork (IE) and Southport (AU) obtained the ISO 14001 certification. With all of our manufacturing sites now certified, we are able to identify, monitor and control our environmental performance and thus continue our efforts to reduce our environmental impact. This commitment is supported by our environment and energy policy.

### Reduce CO<sub>2</sub> emissions

Our ambition to reduce CO<sub>2</sub> emissions through minimising our business travel activities was supported by an awareness campaign launched in 2015. The aim of the campaign was to provide information and encourage LEO people to reduce CO<sub>2</sub> emissions by substituting business travel activities with audio and video conferences through our IT tool LYNC, when possible. These aspirations are also reflected in our travel policy.

In 2015, a carbon footprint project team with resources from across the organisation was established. The team continues to work to design and streamline collection of data with regards to CO<sub>2</sub> emissions related to business travel and transportation of core raw materials.

#### Carbon footprint case – substituting air travel with LYNC meetings:

By substituting one round trip from LEO Pharma headquarters in Ballerup (DK) to our manufacturing site in Vernouillet (FR) with a LYNC meeting, LEO Pharma will save the climate from 0.48 tonnes of CO<sub>2</sub>.

##### Calculation:

- 0.45 tonnes of CO<sub>2</sub> (2x1000 km) air travel from Copenhagen (DK) to Paris (FR)
- + 0.034 tonnes of CO<sub>2</sub> (2x114 km) car travel from Paris (FR) to Vernouillet (FR)

By substituting one round trip from LEO Pharma headquarters in Ballerup (DK) to our manufacturing site in Southport (AU) with a LYNC meeting LEO Pharma will save the climate 6.13 tonnes of CO<sub>2</sub>.

##### Calculation:

- 6.1 tonnes of CO<sub>2</sub> (2x 32,300 km) air travel from Copenhagen (DK) to Brisbane (AU)
- + 0.032 tonnes of CO<sub>2</sub> (2x81 km) car travel from Brisbane (AU) to Southport (AU)

For comparison the average European lets out approx. 7.3 tonnes of CO<sub>2</sub> pr. year (2013) and the world-wide average is approximately 5 tonnes of CO<sub>2</sub> (2013) per person.

##### Sources:

**Air and travel:** [co2.myclimate.org](http://co2.myclimate.org)

**Carbon dioxide emissions per capita:** <http://data.worldbank.org>





### Initiate energy saving projects

At LEO Pharma, we seek to optimise our energy consumption in all of our business activities. Our energy goal for 2015 was to reduce energy consumption by 15% compared to 2010. This was achieved in 2014. New goals for 2020 have been defined (please see section 'Future plans').

In 2015, in accordance with new EU legislation, LEO Pharma conducted energy audits on all European manufacturing sites that did not hold an ISO 50001 energy standard certificate (currently only Dublin (IE) does). The audits resulted in suggestions from the auditing body on where to invest in energy saving projects. The suggestions for the LEO Energy Efficiency Programme include more than 30 potential energy efficient projects identified across the manufacturing sites. One of the initiatives – to change existing lights to LED lights in primarily production areas in Vernouillet (FR), Dublin (IE), Cork (IE) and Southport (AU) – was launched in 2015, and we expect that the projects will be prioritised in 2016.

### Waste and water use reduction projects

At LEO Pharma, we support initiatives concerning water and waste reduction, reuse and recycling.

By sorting our waste into different fractions and regularly investigating the options for additional sorting to minimise waste through e.g. LEAN activities across our Global Product Supply organisation, we strive to optimise the use of resources across our business activities. By doing so, we proactively address our impact on the environment. The goal for 2020 is to maintain our recycling percentage of 97%, regardless of increased production.

We continuously look at possibilities to save water. In 2015, a project was implemented at our manufacturing site in Vernouillet (FR) where the settings of a purified water loop were changed leading to the saving of 8,000 m<sup>3</sup> water/year.

At our manufacturing site in Cork (IE), the washroom facilities were reviewed for water saving opportunities in 2015. Leaking taps were replaced with new water saving models using approximately 50% less water. In this connection, further saving opportunities were identified and will be addressed.

### Future plans

The ISO 14001 environmental standard was revised in 2015 and it is our goal that all manufacturing sites are certified against this revised standard by the end of 2018.

To reduce our CO<sub>2</sub> footprint, we will invest in renewable energy sources and energy efficiency programmes. To support the focus on reduction of our CO<sub>2</sub> emission, we will also run global campaigns and continue to expand our collection of data with regards to CO<sub>2</sub> emissions related to business travel and CO<sub>2</sub> emissions related to transportation of core raw materials. It is furthermore our ambition to calculate the CO<sub>2</sub> footprint for at least five LEO products by end of 2020.

In 2016, we will continue to evaluate effective and coherent energy solutions across our manufacturing sites. Our updated environment and energy policy that addresses climate change will be implemented, along with the updated LEO Code of Conduct.

We have defined our environment, climate and energy goals for 2020. The work to achieve these goals will continue in 2016 and onwards.

By 2020, LEO Pharma aims for no waste to landfill as well as a water usage reduction of 5% compared to the water usage in 2013. Furthermore, we want to identify and implement waste reduction projects in order to sustain that more than 97% of our generated waste is recycled. In 2016, we will implement at least two waste and/or water optimisation projects.

Moreover, it is our goal that all our manufacturing sites located in the EU are certified to the ISO 50001 energy standard by the end of 2018. The manufacturing site in Dublin (IE) already holds this certificate. By end of 2016, we aim at completing the first draft of the EU energy management system.

Our future goals regarding energy is to implement energy saving projects equal to 10% of the energy consumption in 2013.

“ At LEO Pharma, we seek to optimise our energy consumption in all of our business activities





## Focus areas, goals and milestones 2013-2016

- Achieved ✓
- On track ⇨
- Delayed ✕

Focus areas	Goals	Milestones	Status 2015														
Continue our support and respect of human and labour rights	Support the LEO Code of Conduct, by continuing to focus on and respect of human and labour rights, setting the direction for overall principles in LEO Pharma	Develop a policy on human and labour rights (2015)	✓														
		Conclude effective implementation of policy on human and labour rights (2016)	⇨														
Strengthen occupational health	Strengthen a healthy working environment	Establish a project team to identify how to collect data on absenteeism due to factors in the psychosocial working environment (2015)	✕														
		Initiate initiatives to reduce work-related stress	⇨														
		Development of implementation package with regard to stress management including guidelines and training (2015)	✓														
		Implementation (2016)	⇨														
Development, retention and recruitment of LEO people	Develop, retain and recruit new LEO people by improving our people engagement, create an even better working environment and increase the empowerment of LEO people	Conduct global engagement surveys (LEO Voice) every second year. Global engagement surveys (2013 and 2015)	✓														
		Implementation of follow-up actions in connection with the global engagement survey within each department of the LEO Group (2014 and ongoing)	⇨														
		8 out of 10 LEO employees to recommend LEO as an employer (2015)	✓														
	Ensure ongoing personal development of LEO people	Conduct individual Personal Development Dialogues (PDDs) twice a year	⇨														
	Define direction for the development of LEO people, building competencies and enhancing transparency	Development of LEO Competency Framework (2014)	✓														
		Conclude implementation of LEO Competency Framework (2015)	✕														
Obtain OHSAS 18001 certification for all manufacturing sites	Strengthen our profile improving health and safety at LEO Pharma, by obtaining OHSAS 18001 certification for all manufacturing sites (2015)	Obtain OHSAS 18001 certification (2015)	<table border="1"> <thead> <tr> <th>Manufacturing sites</th> <th>OHSAS 18001 certification</th> </tr> </thead> <tbody> <tr><td>Vernouillet (FR)</td><td>✓</td></tr> <tr><td>Dublin (IE)</td><td>✓</td></tr> <tr><td>Ballerup (DK)</td><td>✓</td></tr> <tr><td>Esbjerg (DK)</td><td>✓</td></tr> <tr><td>Cork (IE)</td><td>✓</td></tr> <tr><td>Southport (AU)</td><td>✓</td></tr> </tbody> </table>	Manufacturing sites	OHSAS 18001 certification	Vernouillet (FR)	✓	Dublin (IE)	✓	Ballerup (DK)	✓	Esbjerg (DK)	✓	Cork (IE)	✓	Southport (AU)	✓
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Cork (IE)	✓																
Southport (AU)	✓																
Define direction for overall principles in LEO Pharma ensuring a healthy and safe workplace	Develop updated policy on health and safety (2015)	✓															
		Conclude effective implementation of policy on health and safety (2016)	⇨														
Reducing Lost Time Injury (LTI) rate	Be on par with the best in the pharmaceutical industry concerning LTI rate by the end of 2015  *LTI rate defined in glossary	LTI rate for manufacturing sites ≤ 3 (2014)	✕														
		Conclude implementation of '10 GOOD ATTITUDES' (2014 and ongoing)	⇨														
		Perform safety training at manufacturing sites (ongoing)	⇨														
		Implementation of internal audits as a routine function at all manufacturing sites (ongoing)	⇨														
		Establish LTI rate for LEO Group (baseline 2013) established (2014)	✓														
		Establish LTI rate LEO Group 2020 (2015)	✓														
Strengthen our profile, improving health and safety at LEO Pharma, by defining new health and safety goals for 2020	Define new goals (2014)	✓															



## People & Health

**A safe and healthy working environment for our global workforce regardless of their location is essential to LEO Pharma. The skills and talents of our employees are valued as one of our most important assets and we will not compromise the human and labour rights or the occupational health and safety of our employees.**

### Policies

#### LEO Code of Conduct and policies

The LEO Code of Conduct includes support and protection of human and labour rights. LEO employees must avoid discrimination and harassment, and dissociate from all forms of inhuman or degrading treatment or working conditions that present a danger to life or health. Furthermore, we always look for continuous improvements in health and safety, and challenge behaviour that threatens health and safety.

In 2015, our group policies were updated and integrated into the LEO Code of Conduct. The LEO Code of Conduct is mandatory for all LEO employees and is the framework for how we behave at LEO Pharma. New LEO employees undergo mandatory training in the LEO Code of Conduct shortly after their employment. The updated LEO Code of Conduct will be implemented throughout the organisation in 2016.

### Focus areas and achievements

#### Continue our support and respect for human and labour rights

LEO people form the basis for our success. We are focused on the continuous development of LEO people and strive to cultivate their skills and talent, and make them better understand patients' needs. We support a healthy working environment

in line with our health and safety policy, and we support and respect human and labour rights. It is our ambition to support a non-discriminating and inclusive workplace and we embrace and strive for diversity at all levels of the organisation.

A specific goal for 2015 was to support the LEO Code of Conduct with a human and labour rights policy. This goal was set due to a desire to strengthen our support and protection of internationally adopted human and labour rights. The goal was achieved with the update of the LEO Code of Conduct, in which our new policy on human and labour rights is integrated. The expected implementation of the policy is set for 2016.

#### Statutory Report on Gender Diversity, cf. section 99 b of the Danish Financial Statements Act

As we have achieved our goal of having at least one female board member for LEO Pharma A/S by 2017 (in addition to the employee-elected board members), we have set a new goal that within a four year period (2019 at the latest), LEO Pharma A/S aims to have at least two female board members – in addition to the employee-elected board members.

At management levels below the Board of Directors of LEO Pharma A/S, both genders are equally represented (by at least 40%).

### Focus areas 2013-2016

- Continue our support and respect of human and labour rights
- Strengthen occupational health
- Development, retention and recruitment of LEO people
- Obtain OHSAS 18001 certification for all manufacturing sites
- Reducing Lost Time Injury (LTI) rate

*“In 2015, 90.3% of LEO people participated in our global engagement survey of which 8 out of 10 recommended LEO Pharma as an employer, which to me illustrates a high level of commitment to LEO Pharma”*

*– Mette Vestergaard, Senior Vice President, Global People and Communications, and Chairman of the LEO Compliance Board*





### Strengthen occupational health

At LEO Pharma, we are committed to strengthening occupational health, including initiatives to reduce work related stress. One of our milestones for 2015 was achieved when an implementation package in LEO Pharma headquarters in Ballerup (DK) with information, tools and training processes on how to reduce work related stress was developed. The implementation package will be rolled out in 2016 in Ballerup (DK) and it aims to help raise the understanding and awareness of stress prevention and management within the organisation. The implementation package is supported by training in resilience and stress management for managers which was initiated in 2015 in Ballerup (DK) and continues in 2016 in Ballerup (DK).

Our work to establish a project team in LEO Pharma headquarters collecting data on absenteeism due to factors in the psychosocial working environment in 2015 has been delayed. Due to the need for further investigation of the legal differences across the global organisation when collecting data within the scope of the study, and prioritising other key projects within occupational health, the process has been postponed to 2016.

### Development, retention and recruitment of LEO people

Only by having highly skilled LEO people, who understand patients' needs, are we able to deliver on our promise to patients. Our global engagement survey, LEO Voice, was carried out for the second time in 2015 with a response rate of 90.3%. The response rate increased significantly compared to the 85.2% achieved during the first global engagement survey in 2013. As a result of the 2013 survey, we set the goal that 8 out of 10 LEO people were to recommend LEO Pharma as an employer. This was achieved in the 2015 survey. The global engagement survey is an important tool to identify challenges and opportunities in the working environment.

Based on the outcome of the LEO Voice survey conducted in 2013, a number of key focus areas were identified to improve the working environment and form the basis of a stronger LEO Pharma. Working with these key focus areas is an ongoing process in all departments across the global organisation. Based on the 2015 LEO Voice results, new key focus areas will be addressed in 2016.

One of the identified focus areas based on the 2013 LEO Voice results was to develop a global competency framework, which provides LEO people with a direction for their career path and professional development and creates transparency within the organisation. The LEO Competency Framework was partly implemented in selected departments in LEO Pharma headquarters in Ballerup (DK) in 2014. The full implementation of the LEO Competency Framework has been postponed to 2016 in order to increase alignment across LEO Pharma.

The related LEO Behavioural Model (previously known as the LEO Competency Model), used in the Personal Development Dialogue (PDD) between managers and employees, was updated in 2015. The model provides support to employee development in the PDDs. Our aim to conduct PDDs twice annually, in order to grow the talent of LEO people and discuss future career opportunities, was achieved.

### Obtain OHSAS 18001 certification for all manufacturing sites

LEO Pharma actively strives to offer and continuously improve a safe working environment in accordance with local and international standards.

Our focus area for 2015 was to obtain OHSAS 18001 occupational health and safety certifications for our six manufacturing sites. It has been an ongoing process since 2009 and the goal was achieved in 2014, when all manufacturing sites at Vernouillet (FR), Dublin (IE), Ballerup (DK), Esbjerg (DK), Cork (IE) and Southport (AU) had obtained OHSAS 18001 certifications, one year earlier than expected.

### Achievements in 2015

In 2015, the manufacturing site in Cork (IE) was re-certified against the OHSAS 18001 standard.

Our milestone for 2015 to update our policy on occupational health and safety was achieved with the updated version of our LEO Code of Conduct in which the policy is integrated. The implementation is planned for 2016.

### Reducing Lost Time Injury (LTI) rate

It is our ambition to have a safe workplace without injuries regardless of location or nature of work. This is fundamental to the way we work at LEO Pharma. As a parameter for measuring the safety culture in LEO Pharma, we use the Lost Time Injury (LTI) rate.

“ We are focused on the continuous development of LEO people and strive to cultivate their skills and talent, and make them better understand patients' needs



Our milestone to achieve an LTI rate of  $\leq 3$  at all of our manufacturing sites, and to be on par with the best in the pharmaceutical industry by the end of the 2015, was not achieved. Our response is to increase focus on reducing the LTI rate going forward and we will continue to improve in 2016, making health and safety a natural part of everything we do.

Our 2015 milestone to establish an LTI rate for 2020 for the LEO Group was achieved. The LTI rate was set at  $\leq 2$ .

In 2015, we identified that the Global Product Supply (GPS) organisation had the biggest risk of work related injuries. As a direct response we rolled out our safety awareness campaign entitled '10 GOOD ATTITUDES' promoting a safe working culture in LEO Pharma. All employees in GPS have been encouraged to take a comprehensive e-learning course in these '10 GOOD ATTITUDES'. Furthermore, additional ongoing safety training at the manufacturing sites has also been conducted and will continue in the future. We will also increase our focus on safety hazards and proper use of risk assessments to avoid injuries.

### Future plans

Our aim is to continuously strengthen our global organisational support and protect internationally adopted human and labour rights, as well as a safe working environment. That is why the implementation of our new policy on human and labour rights and updated policy on occupational

health and safety are key priorities in 2016. As previously mentioned, the policies will be implemented with the updated LEO Code of Conduct.

To strengthen a healthy working environment, we will continue to improve within the area of absenteeism due to factors in the psychosocial working environment. Going forward it is also a priority to continue raising the understanding of creating organisational resilience, stress prevention and management in the entire organisation.

With regards to the OHSAS 18001 standard, it is expected to be replaced by the ISO 45001 standard in 2017. It is our goal that all manufacturing sites will be certified according to the new standard no later than by the end of 2019.

Going forward, we will also ensure that our manufacturing sites are re-certified every third year. The next sites to be re-certified are Ballerup (DK) and Esbjerg (DK) in 2016 and Vernouillet (FR), Dublin (IE) and Southport (AU) in 2017. As stated previously, Cork (IE) was re-certified in 2015.

Specific for our 2020 goals with regards to improving health and safety, it is our ambition to reduce our LTI rate and be on par with the best in the pharmaceutical industry by the end of 2020. This means achieving an LTI rate  $\leq 2$ . As mentioned, one of our priorities is to further increase our focus on safety hazards and proper use of risk assessments.



## Focus areas, goals and milestones 2013-2016

Achieved ✓  
 On track ⇨  
 Delayed ⌘

Focus areas	Goals	Milestones	Status 2015
Strengthen the compliance culture	Strengthen the compliance culture and mindset, by aligning and ensuring compliance efforts throughout LEO Pharma	Establish LEO Compliance Board (2013)	✓
		Continuous alignment of guidelines (ongoing)	⇨
		Training and communication	⇨
	Ensure monitoring and follow-up on any findings	No critical findings within the organisation	⇨
Ensure updated LEO Code of Conduct and supporting guidelines	Uphold being a good corporate citizen living up to our values and high ethical standards, by defining direction for overall principles in LEO Pharma for the interpretation of LEO values, and ensure an updated LEO Code of Conduct and supporting guidelines	Update, draft and implement prioritised guidelines including Quality Manual	✓
		Define scope for updated LEO Code of Conduct (2014)	✓
		Update LEO Code of Conduct (2015)	✓
		Implementation of updated LEO Code of Conduct (2016)	⇨
Work against corruption and bribery	Embed the work against corruption and bribery, and strengthen the LEO anti-corruption and -bribery culture throughout the organisation	Training of new employees in anti-corruption and -bribery (ongoing)	⇨
		Retraining of all employees in anti-corruption and -bribery (2016)	⇨
Ensure the possibility to report unethical behaviour	Ensure the possibility for LEO employees and others related with LEO Pharma – such as customers, suppliers, collaborators and business partners – to report unethical behaviour (violations), in order for LEO Pharma to improve in the event of any misconduct	Establish and launch the LEO WhistleBlower Hotline, including development of communication material and implementation (2014)	✓

### Focus areas 2013-2016

- Strengthen the compliance culture
- Ensure updated LEO Code of Conduct and supporting guidelines
- Work against corruption and bribery
- Ensure the possibility to report unethical behaviour

*“We seek to be a responsible company that upholds high ethical business standards. Earning the trust of patients and the communities in which we operate is crucial to our business”*

– Nina Sølvter Henning, Vice President, Corporate Responsibility



## Compliance & Ethics

**Conducting ourselves with integrity and being in compliance will help us earn the trust and respect of the patients we serve. Our values – Integrity, Customer focus, Innovation, Passion and Adaptability – and the LEO Code of Conduct provide a clear guidance for our behaviour and the way we do business.**

### Policies

#### LEO Code of Conduct and anti-corruption and -bribery policy

The LEO Code of Conduct is mandatory for all LEO employees and is a framework for how we behave. New LEO employees undergo mandatory training in the LEO Code of Conduct shortly after their employment. In 2015, the LEO Code of Conduct was updated to include LEO policies. The updated LEO Code of Conduct will be implemented throughout the organisation in 2016.

Corruption and bribery are illegal and contrary to our values and ethical standards in LEO Pharma. We avoid and work against corruption and bribery. This is reflected in the LEO Code of Conduct as well as our policy and guidelines on anti-corruption and -bribery, which are mandatory for all LEO employees to learn.

We focus on improving compliance and ethical behaviour, and the establishment of the LEO Compliance Board reflects this approach. We continuously assess the risks of e.g. corruption and bribery in relation to our industry and the countries in which we operate.

### Focus areas and achievements

#### Strengthen the compliance culture

At LEO Pharma, we are determined to build a strong and transparent compliance culture by actively engaging LEO people in compliance.

In our efforts to strengthen the compliance culture, a new document hierarchy and structure were introduced in the organisation in 2015 with the purpose of streamlining and aligning compliance efforts globally. As an example, the new document structure provides easier access to compliance documents, reduces internal complexity and makes it easier to ensure compliance with our ethical codes.

#### Ensure updated LEO Code of Conduct and supporting guidelines

Since 2011, the LEO Code of Conduct has, along with the LEO values, served as the foundation for the behaviour of LEO employees. Our continuous

evaluation of risks, the evolving compliance landscape and the increased demands placed on us as a healthcare company urged the need to update the LEO Code of Conduct and its supporting training procedures. The update of the LEO Code of Conduct mirrors a more comprehensive code with the integration of current and new policies such as a human and labour rights policy. The updated version reflects the increased and tightened requirements placed on companies within the healthcare industry.

The LEO Code of Conduct provides the employees with guidance on dealing with issues that may arise as part of their daily responsibilities. We consider our employees to be ambassadors for LEO Pharma and compliance with the LEO Code of Conduct is fundamental to all LEO employees. The implementation of the updated LEO Code of Conduct, including retraining throughout the organisation, is scheduled to take place in 2016.

#### Work against corruption and bribery

We are committed to conducting our business activities responsibly and in compliance with all applicable legal and regulatory requirements, including the prevention of corruption and bribery. Our commitment is supported by our global anti-corruption and -bribery programme, inclusive of our policy and guidelines on anti-corruption and -bribery.

The overall purpose of our anti-corruption and -bribery training programme is to provide awareness and ensure compliance throughout the organisation. Through the anti-corruption and -bribery programme all LEO employees receive mandatory training based on e-learning modules and a final test. As is the case with the LEO Code of Conduct, new LEO employees undergo mandatory training in anti-corruption and -bribery shortly after their employment.

In 2015, the anti-corruption and -bribery programme was updated. An extensive part of the updated programme is placed in the updated LEO Code of Conduct. The programme also includes additional mandatory training of all LEO people employed in areas and/or positions/roles with a





medium or high risk of exposure to corruption and bribery. The updated anti-corruption and -bribery programme is planned for implementation in the organisation in 2016.

**HCP compliance**

LEO Pharma is committed to respecting high standards of ethical conduct and to ensure compliance with applicable requirements in our interactions with healthcare professionals (HCPs) and healthcare organisations (HCOs). We wish to be transparent in our interactions with HCPs/HCOs in order to avoid conflict of interests and compromising their independence.

In 2015, we implemented a framework for a global engagement and reporting process with regards to our interaction with HCPs. The framework serves to ensure that our communication and engagement with HCPs are appropriate and perceived as such, transparent, and do not compromise the HCPs' independence (See Figure 1).

**Ensure the possibility to report unethical behaviour**

The LEO Whistleblower Hotline provides LEO employees and others associated with LEO Pharma the possibility to disclose unethical behaviour in a secure and confidential way.

It is possible to report in multiple languages from anywhere in the world. Furthermore, a communication platform created for LEO employees provides access to the LEO Whistleblower Hotline, which is also accessible via our corporate website. All contacts to the hotline are reviewed by a restricted group of people from LEO Pharma to make sure that we investigate any violations, ensure anonymity for the reporter and quickly respond to the report.

No reports received through the LEO Whistleblower Hotline in 2015 required immediate attention. However reports have led to investigation and internal actions have been taken.

**Measurement of outcomes**

To ensure compliance with applicable laws, rules, regulations, the LEO Code of Conduct and related guidelines, the internal audit departments conduct internal monitoring on a continuous basis and follow up on compliance findings across the entire organisation. Internal and external audits and inspections may be performed in order to identify issues in a timely manner, to take corrective and preventive action, and to ensure compliance with relevant requirements. Our Internal Audit department helps provide assurance that effective systems of control exist and that risks are being properly identified and assessed.

**Future plans**

The LEO Compliance Board will focus on continuous improvement and future considerations within the field of compliance and ethics. The LEO Compliance Board will oversee the development and implementation of important strategic compliance initiatives, and set the strategic direction in strengthening and supporting the compliance community across the organisation in 2016 and onwards.

In 2016, the updated LEO Code of Conduct will be implemented throughout the organisation. The implementation includes mandatory training of all LEO employees. We will also continue to improve and consolidate the HCP engagement and reporting process across the organisation, ensuring that we are in compliance with applicable laws, rules and regulations, including, but not limited to laws on anti-corruption and -bribery.

Specific future plans for 2016 within the area of anti-corruption and -bribery include implementation of the updated programme. LEO people employed in areas and/or positions/roles with a medium or high risk of exposure to corruption and bribery will have to complete additional mandatory training.

With regards to the LEO Whistleblower Hotline, we are committed to react to reports and provide guidance to the organisation on questions and matters referred.

FIGURE 1: LEO Pharma's global HCP compliance process



“ At LEO Pharma, we are determined to build a strong and transparent compliance culture by actively engaging LEO people in compliance



## Focus areas, goals and milestones 2013-2016

Achieved ✓  
On track ⇨  
Delayed ✕

Focus areas	Goals	Milestones	Status 2015
Establish trusted partnerships including partnership framework	Maintain and establish trusted partnerships by developing an updated framework for trusted partnerships and ensure implementation	Part 1: Develop framework (2014)	✓
		Part 2: Approval of framework (2015)	✓
		Part 3: Conclude implementation of framework for trusted partnerships (2016)	⇨
	Maintain and improve partner satisfaction with focus on scores for engagement and partnerships	Survey of selected key partners	⇨
	Continuously enter into relevant partnerships and collaborations	Entering into partnerships with relevant universities	⇨
Improve animal welfare within Replacement, Reduction and Refinement (3Rs)	Improve animal welfare within the 3Rs, defining the direction for overall principles in LEO Pharma concerning animal welfare	Update policy on animal welfare (2014)	✓
		Ensure implementation of updated policy on animal welfare (2014)	✓
		Develop supporting operative documents and training (2015)	✕
	Enter into partnerships within Replacement, Reduction and Refinement (3Rs)	Conduct 3Rs project with larger/smaller CROs every second year	⇨
	Replacement: Identify new opportunities for partnerships	Investigate possibility of entering into new partnerships	⇨
Enhance transparency in clinical trials	All 3Rs: Support the Danish 3R-Center for a period of three years	Obtain knowledge within 3Rs and access information platform	⇨
		Enhance our work to improve animal welfare	Ensure 100% of applications for animal testing approved without significant remarks and in 100% of the cases. No extended applications required in terms of increased severity and no significant remarks in connection with inspections by the Danish Animal Experiments Inspectorate
	Audit in relation to new third parties and plan for audit of existing third parties	Conduct audits and draw up audit plans	✓
		Establish a framework for transparency in clinical trials (2013)	✓
Develop Third Party Compliance Framework	Protect our integrity and reputation ensuring responsible procurement, partnerships and collaboration	Establishment of a clinical trial board (Patient and Scientific Review Board) (2014)	✓
		Reply upon receipt of application within an appropriate given time	⇨
		Ensure implementation and monitoring	⇨
		Develop an updated and streamlined Third Party Compliance Framework/design, including plan for evaluation of third parties (2013)	✓
		Develop policy on ensuring third party compliance (2014)	✓
Ensure relevant community engagement	Continue supporting different initiatives in various forms, contributing to relevant community engagement	Develop supporting documents for the Third Party Compliance Framework (2014)	✓
		Implementation of evaluation of third parties in headquarters (2014)	✓
		Implementation remaining production sites (2015)	✕
Ensure relevant community engagement	Continue supporting different initiatives in various forms, contributing to relevant community engagement	Implementation remaining affiliates (2016)	⇨
		Develop framework for community engagement including gifts, grants and donations (2016)	⇨
		Conclude implementation of framework for community engagement (2016)	⇨
Ensure relevant community engagement	Continue supporting different initiatives in various forms, contributing to relevant community engagement	Ongoing community engagement throughout LEO Pharma	⇨
		Conclude implementation of framework for community engagement (2016)	⇨



## Partnerships &amp; Collaboration

By engaging in partnerships and collaborations with relevant stakeholders, LEO Pharma and our partners are able to draw from our mutual expertise and resources to help patients.

## Focus areas and achievements

## Establish trusted partnerships including partnership framework

Gaining deeper insights into diseases and understanding of patients' needs are crucial to LEO Pharma. By engaging in partnerships and collaboration with universities, research organisations and biotech companies we can achieve these insights and enhance development of quality medical products and solutions that will improve the lives of patients.

In 2015, the Alliance Management Framework developed in 2014 for maintaining and establishing trusted partnerships within LEO Pharma was approved. The framework provides a solid foundation for established and trusted partnerships and is intended to make LEO Pharma an attractive company for potential partners by focusing on shared value in order to help patients. The implementation of the framework is scheduled for 2016. Furthermore, satisfaction surveys of selected key partners will follow the implementation in order to improve the quality of the partnerships.

In 2015, LEO Pharma introduced a new platform, 'Open Innovation' to explore potential partnerships. In supporting our commitment to patient centricity LEO Pharma broke new ground when we opened up parts of our laboratories to potential partners and gave external researchers access to some of our research and development tools. Besides returning the results of tested data to the external parties, the unique part of the 'Open Innovation' project is that LEO Pharma puts science before

business. Any negotiations and intellectual property rights questions are initiated only after successful testing in LEO Pharma's laboratories. By engaging in pre-competitive partnerships through open innovation we build trust and respect in the science community. LEO Pharma sees the 'Open Innovation' project as a long term investment leading to more trusted partnerships in the future.

Partnerships with patient associations are a key priority in order to raise the profile of dermatology to understand patients' needs. Entering into relevant partnerships and collaborations has been an ongoing process in 2015 and will continue to be so going forward.

## Improve animal welfare within Replacement, Reduction and Refinement (3Rs)

At LEO Pharma, we work continuously to improve the welfare of animals used for scientific purposes within the 3Rs: Replacement, Reduction and Refinement.

Our policy on animal welfare includes animal welfare criteria for external partners. In 2015, we experienced episodes where demands for improvements of the conditions for research animals were needed before collaborations could be initiated. We are committed to enforce the content of our animal welfare policy and we do not compromise our standards.

Our 2015 milestone to develop supporting operative documents and training for all staff involved in animal experimental work has been delayed. We expect an increased focus on this area in 2016.

## Focus areas 2013-2016

- Establish trusted partnerships including partnership framework
- Improve animal welfare within Replacement, Reduction and Refinement (3Rs)
- Enhance transparency in clinical trials
- Develop Third Party Compliance Framework
- Ensure relevant community engagement

*"As a patient focused company we are committed to engage in partnerships and collaborations that can potentially improve the lives of patients. We are truly committed to make a difference to patients"*

*– Kim Kjeller, Executive Vice President, Global Research and Development*





## Partnerships &amp; Collaboration

**Enhance transparency in clinical trials**

Being a patient-focused company also entails transparency for information on our clinical trials in order to enable patients and healthcare professionals to make informed decisions about treatments. In 2015, we have continued our work for increased clinical transparency. Clinical Study Reports and summaries dating back from 1990, supporting approved products in approved indications, are gradually made publicly available at [www.leo-pharma.com](http://www.leo-pharma.com). Likewise, trials from 2014 and onwards are made publicly available on our corporate website as summaries. Irrespective of the approval status, such summaries will be available within 12 months of trial completion. The initiative for posting results on the corporate website is proceeding according to plan. By the end of 2015 approximately 150 clinical study reports and 150 summaries had been posted.

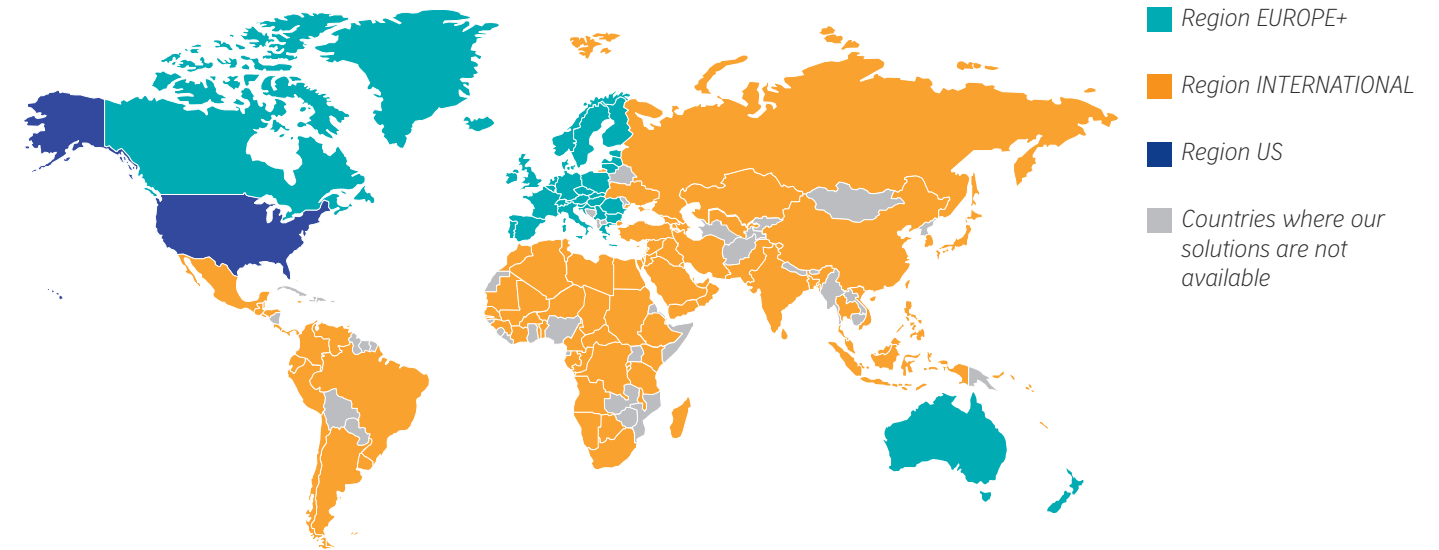
To further enhance clinical trial transparency, access to anonymous individual patient-level data from LEO Pharma sponsored clinical trials can be provided upon request. The external Patient and Scientific Review Board has the authority to allow researchers, healthcare professionals and patient

associations access to anonymised patient-level data from trials from 2000 and onwards, supporting approved products in approved indications. Access to data can also be provided for trials from 2014 and onwards, in projects that have been abandoned. Data and results can only be released to the extent that it does not compromise patient confidentiality or business sensitive information. By the end of 2015 LEO Pharma had not received any data requests.

**Develop Third Party Compliance Framework**

LEO Pharma acknowledges the importance of third parties in our everyday operations and encourages the development of effective business relationships built on trust, mutual respect and shared values. Our approach is governed by our third party compliance policy that requires suppliers and business partners of LEO Pharma to adhere to applicable laws, regulations, the principles of the LEO Code of Conduct, and to uphold high quality and high ethical standards.

Since we introduced our framework for third party compliance in 2014, our vendors have been evaluated in accordance with the established



process. In 2015, more than 700 vendors have been evaluated. The majority of partners shared our commitment to uphold high ethical standards. However, in some cases we have been forced to take appropriate actions such as engaging in dialogue with vendors, block vendors from further purchases or suggest that alternative vendors should be found.

Based on our experiences with evaluating new vendors, we have initiated the evaluation and monitoring of existing vendors. We will continue to develop this process taking into account international recommendations and guidelines in the area.

The implementation of the Third Party Compliance Framework at our manufacturing sites has been delayed. Due to a wish to adapt and align the speed of the implementation with other key priority tasks such as organisational changes, the implementation is postponed to 2016 and onwards.

**Ensure relevant community engagement**

Being a responsible corporate citizen wherever we operate, we acknowledge and support the need for community engagement. Community engagement is embedded in LEO Pharma. Throughout our global organisation, we support local initiatives in various forms. All projects are selected and managed locally, enabling us to focus on local needs and conditions.

The common denominator for our community engagement projects is our focus on patients and being a responsible company. The following sections highlight selected examples of community engagement from our global regions translating concrete actions into improving people's lives.

**Region EUROPE+;****Reducing complexity of actinic keratosis**

Patients suffering from skin disease such as actinic keratosis (AK) can sometimes feel inadequately informed about their disease after consulting their dermatologists. The complexity of the diagnosis is listed as the most frequent cause. AK, also called solar keratosis, is scaly, crusty growths (lesions) caused by damage from the sun's ultraviolet rays. If left untreated patients risk developing skin cancer.

In Austria, we demonstrate our commitment to the local community through a targeted patient focused approach. In cooperation with one of the top Austrian key opinion leaders, LEO Austria has developed an instructional film for dermatologists to efficiently inform and instruct patients and their relatives about AK during consultations. The film emphasises the importance of strong communication, the treatment of AK including the different treatment options.

The instructional film has been shared with dermatologists throughout Austria, enabling them to support their dialogue with patients and relatives and ensure that their consultations become even more effective in order to help patients take control of their disease.

**Region INTERNATIONAL;****Supporting World Psoriasis Day:**

In 2015, Region INTERNATIONAL demonstrated their commitment to their local communities by supporting people living with psoriasis around the world. Thus, LEO Pharma led the international campaign #DiscoverPsoriasis on World Psoriasis Day 2015.

World Psoriasis Day is a global, annual event specifically dedicated to raising awareness of psoriasis, improving access to treatment for







## Partnerships &amp; Collaboration

psoriasis patients, building unity and increasing understanding of psoriasis. The International Federation of Psoriasis Associations (IFPA) hosts World Psoriasis Day to raise awareness of a disease that impacts more than 125 million people around the world.

As part of our support for the campaign, we activated our global social media accounts (Twitter and YouTube) and mobilised local external stakeholders such as patients, patient organisations, bloggers, healthcare professionals and key opinion leaders to participate. Furthermore, the campaign encouraged all LEO employees and anyone impacted by psoriasis to take a photo of their skin and share it via their personal Twitter, Facebook or Instagram profiles with the hashtag “#DiscoverPsoriasis”.

The goal of the campaign was to raise awareness about psoriasis, show support for people living with psoriasis and highlight our commitment to improving the lives of patients.

**Region US;****Supporting the National Psoriasis Foundation:**

In LEO US, the patient-focused commitment to community engagement is reinforced by actively supporting the National Psoriasis Foundation (NPF). The NPF is the world's largest non-profit organisation serving people with psoriasis and it provides information and services to help people take control of their condition. In 2015, LEO employees in the US affiliate showed their support in the local communities by participating in the NPF Cycling event and NPF Walks in several geographic areas. Their participation helped raise funds to support research to find a cure, and help people with psoriatic disease better manage their condition and improve their overall health.

Furthermore, as a part of the LEO US Altruist Programme, employees are provided with the opportunity to take an additional paid day off to participate in volunteering efforts in their local communities, lending their voluntary support to programmes that positively impact the quality of life within these communities. In 2015, a team of LEO employees volunteered a day at an organisation called Courageous Sailing Center located in Boston, Massachusetts. The organisation was established to build character and camaraderie among Boston children from all economic and ethnic backgrounds.

**Future plans**

Our framework for trusted partnerships is scheduled for implementation in 2016 including satisfaction surveys of selected key partners. In 2016, we will also continue to explore potential partnerships through our ‘Open Innovation’ project.

As part of establishing trusted partnerships, it is our ambition that the majority of our contract manufacturing organisations (CMOs) producing finished goods are certified according to environmental, health and safety management standards (e.g. ISO standards) by the end of 2020.

Furthermore, it is our ambition that our CMOs for development and core suppliers of raw material and packaging materials are aligned with environmental, health and safety management standards by end of 2020.

Specific to the area of improving animal welfare our future plans are to report on the number and species of research animals used in each drug candidate development project. We want to do this in order to create transparency and overview of the number of animals required to develop a drug from initial idea until clinical trials. This overview will provide further basis for evaluating 3R initiatives within our drug development assays.

Moreover, we wish to increase the employee awareness of LEO Pharma's animal welfare policy and the responsible care and use of our laboratory animals through presentations in relevant forums, tours in the animal facility and poster presentations.

Our commitment to enhance transparency in our clinical trials being made publicly available at [www.leo-pharma.com](http://www.leo-pharma.com), will continue going forward.

Future plans for the Third Party Compliance Framework are to increase internal awareness in LEO Pharma. Further implementation at the manufacturing sites and affiliates, and continuous development of our approach in line with international recommendations and standards, are also priorities in 2016.

The plan to develop a framework for community engagement to continue supporting different initiatives in various forms in 2015, for implementation in 2016, has been delayed.

“Gaining deeper insights in diseases and understanding of patients’ needs are crucial to LEO Pharma”





## LEO CSR Policy



LEO Pharma aims to be a responsible corporate citizen wherever we operate. Our values, LEO Code of Conduct and supporting guidelines set the tone. The aim of our activities is to offer pharmaceutical products and solutions for the benefit of both patients and society.

LEO Pharma complies with applicable laws, regulations and international requirements as well as the United Nations Global Compact principles for human rights, labour rights, the environment and anti-corruption in line with our LEO value of Integrity.

We have a business-driven CSR approach and we acknowledge our Economic, Social and Environmental Responsibility when providing therapies for the benefit of patients and society.

### Economic Responsibility

LEO Pharma's primary economic contribution to society is the result of our innovation, investments and production, taking due account of sustainable social, environmental and economic development. This includes profits generated and taxes and duties paid. In this way, we make a positive contribution to sustainable economic growth in the countries in which we operate.

### Social Responsibility

LEO Pharma aims to offer a healthy and safe working environment and supports and respects the protection of internationally adopted human rights, including the fundamental worker's rights espoused by the International Labour Organisation. We strive actively to improve occupational health and safety in accordance with international standards.

### Environmental Responsibility

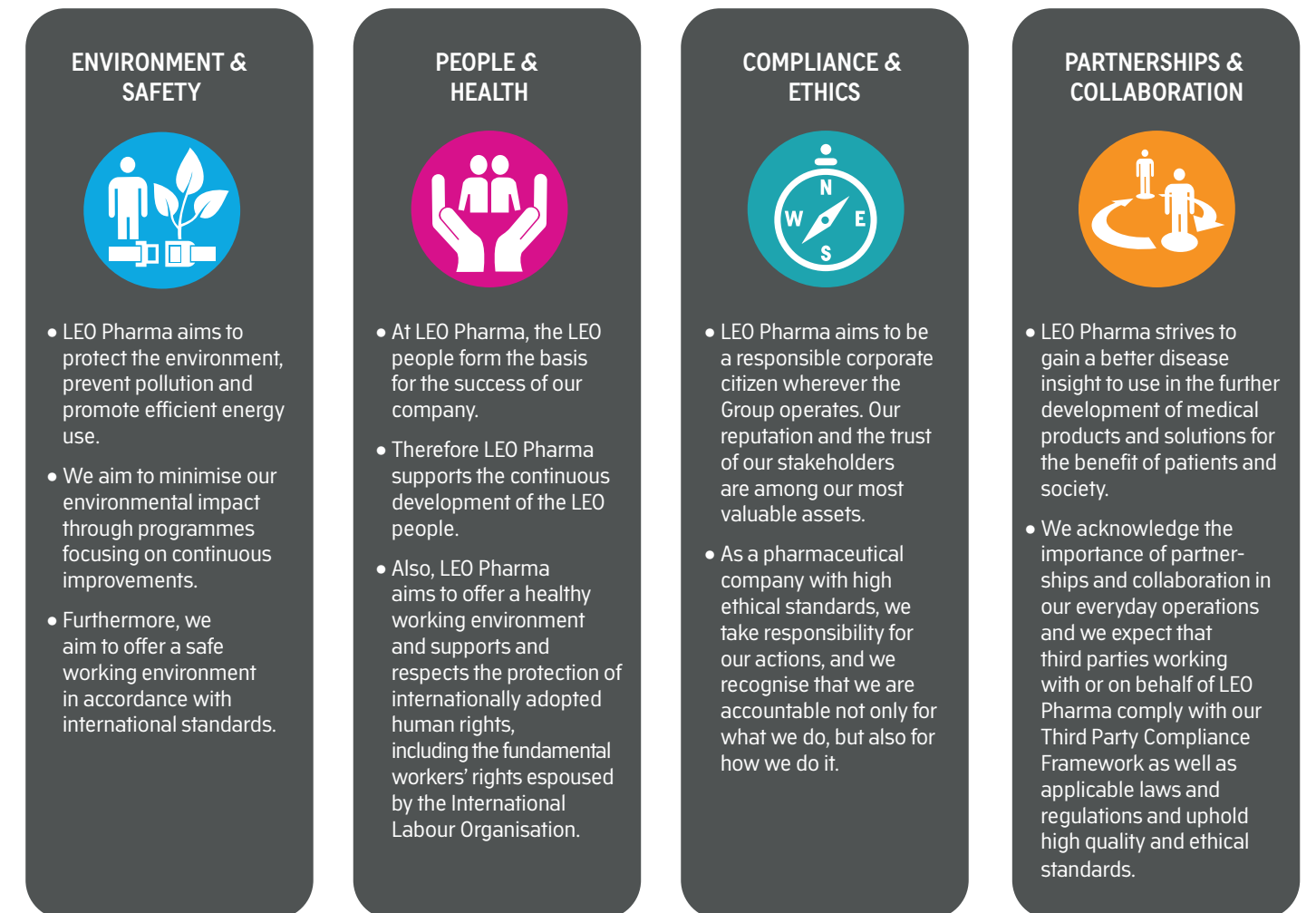
LEO Pharma aims to protect the environment and climate and to prevent pollution and to promote efficient use of energy and water. In general, we aim to minimise our environmental impact through programmes focusing on continuous improvement as set out in specific environmental and energy guidelines.

This policy describes the overall principles in LEO Pharma concerning CSR and is supported by a CSR strategy with defined goals and milestones.

Third parties working on behalf of LEO Pharma must follow the same principles as outlined in this policy.

## LEO CSR Strategy

Based on a materiality assessment with a patient focus, we have developed the following four strategic CSR pillars in line with our business strategy:



## Anchoring CSR in LEO Pharma

CSR is embedded in the business of LEO Pharma and the behaviour of LEO employees. CSR is an integrated part of our vision and mission, and it builds on the LEO values. The LEO Compliance Board is the central steering committee for CSR. Furthermore, a team of internal LEO CSR drivers from relevant areas of the organisation has been selected to drive the defined goals supporting the LEO CSR Strategy and act as ambassadors for CSR in LEO Pharma in addition to the LEO employees themselves. LEO Pharma has launched a business ethics section on our website to make our CSR strategy publicly available, including selected policies with reference to CSR.



## Glossary

### 3Rs

Replacement, Reduction and Refinement. The 3Rs are guiding principles for ethical use of animals in testing.

### CO<sub>2</sub> emissions

Carbon dioxide (CO<sub>2</sub>) occurs naturally in the atmosphere and is involved in photosynthesis as well as being a product of combustion. Human activities continue to impact the world's climate through the emission of CO<sub>2</sub>.

### Community engagement

A process with the specific purpose of building ongoing, permanent relationships by working with identified individuals or groups of people, whether they are connected by geographic location, special interest, or affiliation to identify and/or address issues affecting their well-being.

### CMO

Contract Manufacturing Organisation.

### CRO

Contract Research Organisation.

### CSR

Corporate Social Responsibility. The concept of corporate social responsibility includes the responsibility a company takes for its activities, products and services, and its environmental, social and economic impact on society and stakeholders.

### ISO 50001

An internationally recognised standard for certifying requirements for establishing, implementing, maintaining and improving an energy management system, the purpose of which is to enable an organisation to follow a systematic approach to achieving continuous improvement of energy performance.

### ISO 14001

An internationally recognised set of standards for certifying a company's environmental management system. In turn, these standards create an environmental management system that can be easily integrated into existing operations.

### LTI rate

Lost Time Injury rate per one million working hours. Calculated as:

$$\frac{\text{(Number of injuries with more than one day absent from work x 1,000,000 working hours)}}{\text{Total number of working hours}}$$

### OHSAS 18001

An internationally recognised standard for systems for occupational health and safety management. It exists to help organisations put in place demonstrably sound occupational health and safety performance.

### PDD

Personal Development Dialogue.

### Stakeholders

Stakeholders influence the activities of the company (its services and processes), both directly and indirectly, and include e.g. employees, customers, patients, suppliers and partners.

### UN Global Compact

The United Nations' strategic policy initiative to promote corporate social responsibility in the areas of human rights, labour, environment and anti-corruption ([www.unglobalcompact.org](http://www.unglobalcompact.org)).

## LEO values

- Integrity
- Customer focus
- Innovation
- Passion
- Adaptability

## About LEO Pharma

LEO Pharma helps people achieve healthy skin. By offering care solutions to patients in more than 100 countries globally, LEO Pharma supports people in managing their skin conditions. Founded in 1908 and owned by the LEO Foundation, LEO Pharma has devoted decades of research and development to delivering products and solutions to people with skin conditions.

LEO Pharma is headquartered in Denmark and employs around 5,000 people.

For more information, please visit [www.leo-pharma.com](http://www.leo-pharma.com).

## Contact

The LEO CSR Report has been developed by LEO Pharma A/S. For further information, please contact Corporate Responsibility.



This report represents LEO Pharma's compliance with Section 99a and 99b of the Danish Financial Statements Act

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