



# LEO Pharma Tax Policy

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This Tax Policy guides LEO Pharma in fulfilling its responsibilities and outlines the principles governing the management of its tax matters.

This Policy applies to LEO Pharma A/S and its subsidiaries collectively referred to as LEO Pharma. For the purposes of this Policy, tax means all types of direct and indirect taxes and duties levied on LEO Pharma.

The Tax policy is reviewed annually.

## Governance

The overall responsibility for the tax matters of LEO Pharma is placed with the Board of Directors exercising oversight of tax matters. The Global Leadership Team approves and monitors compliance with this tax policy in daily operations.

A dedicated team of tax professionals in Group tax supports the business and proactively manage and monitor adherence to the tax principles set out in the policy by establishing appropriate processes for managing tax risk and compliance in the organisation.

## Tax principles

LEO Pharma is committed to being a responsible corporate entity in all areas of operation. LEO Pharma believes that maintaining high ethical standards is vital to its success. The LEO Code of Conduct has been developed to assist all LEO Pharma employees in living up to the responsibility to act with high ethical standards. LEO Pharma is guided by these core principles when dealing with tax matters at all levels:

- Adhering to all relevant laws, regulations, and guidelines to fulfil our tax obligations and reporting duties in every location where LEO Pharma operates.
- Setting prices for transactions between group entities based on the arm's-length principle, following the OECD Guidelines and respective local laws.
- Aligning our tax practices with genuine commercial activities and the needs of the business.
- Supporting approaches to tax that foster sustainability over the long term and are not narrowly focused on short-term outcomes.
- Applying diligent professional care and judgement to ensure all decisions are well considered.

- Approaching tax risk management as an integral part of all organisational projects and decision-making at LEO Pharma.
- Sustaining good relationships and co-operation with tax authorities.

## **Tax approach**

LEO Pharma focuses on accommodating the business in establishing a sustainable business structure based on sound commercial reasons. In doing so tax play an incremental role and considerations to the tax consequences of our business operations and Investments made is diligently analysed and considered. This also means that we aim at business structures that do not entail double taxation and similar adverse tax consequences of our business operations.

Adherence to the tax laws and regulations, which apply in the countries where LEO Pharma operates, is central to how LEO Pharma conduct its tax affairs. LEO Pharma do not use tax havens<sup>1</sup> to avoid taxes and do not engage in artificial tax arrangements.

Governments often implement tax rules encouraging companies to increase investments in order to stimulate growth. LEO Pharma accepts available incentives and tax reliefs where they apply in areas where LEO Pharma have commercial substance.

Our tax practices align with SDG 8, which focuses on promoting sustained, inclusive, and sustainable economic growth and SDG 16, which emphasizes the importance of fostering peaceful, just, and inclusive societies, ensuring access to justice for all, and building effective, accountable and transparent institutions..

## **Tax risk management**

Risks may arise from a number of sources. Complying with tax rules can be complex as the interpretation of legislation and case law may not always be clear and may change over time.

LEO Pharma continuously monitor legislative developments and assesses the impact on operations in order to adapt procedures accordingly on a timely basis.

The Group Tax team is responsible for identification, mapping, monitoring, and management of tax risks. Given our expansive business operations serving patients across the world, encountering uncertainties and tax risks is an inherent aspect. However, LEO Pharma is committed to accepting only those tax risks that we believe are defensible.

In case of uncertainties, these uncertainties will be acknowledged and measured in accordance with International Financial Reporting Standards (IFRS). Regular reports on tax risks and mitigation actions are provided to the Management.

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<sup>1</sup> Refers to the countries which are listed in the annex I and II to the Ecofin Council also referred to as the EU Black list and Grey list. An updated list can be found here: [EU list of non-cooperative jurisdictions for tax purposes - Consilium](#)

When LEO Pharma is involved in significant transactions and where material uncertainty exists regarding the interpretation of existing laws and regulations, LEO Pharma obtains external advice from reputable firms.

### **Working with tax authorities**

LEO Pharma seeks to maintain a collaborative working relationship with national tax authorities and engage in an open dialogue. When the interpretation of the application of the laws is uncertain, LEO Pharma may seek to clarify the issue for significant matters by contacting the relevant tax authorities and request a binding ruling.

Approved by;

Board of Directors

*This Policy complies with section 22(2) of schedule 19 Finance Act 2016 for the Financial Year ending 31 December 2023 for LEO Laboratories Ltd.*