



# LEO Pharma's UK Modern Slavery Act statement

In respect of section 54 of the UK Modern Slavery Act 2015, LEO Pharma publishes its Modern Slavery Act statement, which covers the financial year 1 January – 31 December 2016. The statement includes the actions LEO Pharma has taken to prevent modern slavery and human trafficking<sup>1</sup> from occurring in our own operations and in our supply chain.

At LEO Pharma, we are taking the following steps to prevent modern slavery and human trafficking from occurring:

## In our own operations

### THE LEO CODE OF CONDUCT AND SUPPORTING POLICIES

The LEO Code of Conduct is mandatory for all LEO people and is a framework for how we behave. In 2016, an update of the LEO Code of Conduct, which includes our policies, was implemented throughout the global organisation.

LEO Pharma supports and respects the protection of internationally adopted human and labour rights, including the Universal Declaration of Human Rights and fundamental workers' rights espoused by the International Labour Organization.

This commitment to human and labour rights is expressed in our Human and Labour Rights Policy, which is part of the LEO Code of Conduct. It is available in 20 languages and accessible on LEO Pharma's corporate website. In addition, we ask all LEO people to comply with applicable laws, regulations and industry codes, international requirements as well as our supporting internal guidelines.

### DUE DILIGENCE

LEO Pharma has contracts of employment with its employees. This is an integrated part of our recruitment process.

### TRAINING

LEO Pharma has processes in place to ensure that employees are trained in the LEO Code of Conduct and thereby also our Human and Labour Rights Policy. Employees are trained in the LEO Code of Conduct through a mandatory e-learning course and other supporting materials. New employees undergo mandatory training in the LEO Code of Conduct shortly after their employment commences.

### MEASURING OUTCOMES

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

<sup>1</sup> When using the term 'modern slavery and human trafficking' we refer to all forms of slavery, servitude and forced and compulsory labour and human trafficking.

Source: <http://www.legislation.gov.uk/ukpga/2015/30/section/1/enacted>

## In our supply chain

### **POLICIES**

At LEO Pharma, we acknowledge the importance of collaborating with third parties in our everyday operations. We continuously work to improve our processes in relation to third party compliance. As part of the work, we developed and published LEO Pharma's position on third party compliance as well as the LEO Pharma Third Party Compliance Code in 2016, which are available on LEO Pharma's corporate website.

The LEO Pharma Third Party Compliance Code is based on the principles from Pharmaceutical Supply Chain Initiative. It clarifies our expectations and minimum requirements to third parties in relation to ethical and sustainable business conduct globally, among others human rights labour rights, health and safety, environment, subcontractors and management systems within these areas.

We specifically require that third parties respect internationally recognised human rights as expressed in the International Bill of Human Rights and the principles concerning fundamental rights set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. We expect that third parties respect human rights as defined by the UN Guiding Principles on Business and Human Rights as the global reference point for understanding how to respect human rights.

### **DUE DILIGENCE**

In March 2016, we reached an important milestone, when the process for Third Party Compliance went live in LEO Pharma's production sites in France, Ireland and Australia. With this milestone achieved, all LEO Pharma's manufacturing sites are now part of the third party compliance process, which means that all direct suppliers are included as part of LEO Pharma's third party compliance assessment.

We assess both existing and new suppliers on a risk based approach and specific criteria. Depending on the outcome, we send corresponding self-assessment questionnaires in order to get a more distinct understanding of the daily processes of our third parties. This helps us determine the extent to which it is appropriate to take any further precautionary measures to minimise the risk of modern slavery and human trafficking in our supply chain. In case of identified risk, we require our third parties to take corrective action.

In 2016, we assessed more than 1,100 suppliers and found that the majority of third parties share our commitment to upholding high ethical standards. Nevertheless, we have found it necessary in some cases to take appropriate actions, such as engaging in dialogue with suppliers, blocking suppliers from further purchases or suggesting that alternative suppliers should be found.

### **TRAINING**

In 2016, we focused on creating internal awareness about external as well as internal requirements in relation to third party compliance, which includes human rights and therefore slavery and human trafficking. We similarly focused on the importance of supplier assessment and evaluation before we enter into collaborations. LEO Pharma's Global Procurement organisation and other key stakeholders have been trained in the LEO Pharma Third Party Compliance Code, as part of its implementation, and the requirements laid down in the code are currently being implemented in contracts.

## Global grievance mechanism

The LEO WhistleBlower Hotline gives LEO people and others associated with LEO Pharma the possibility to report unethical behaviour and serious concerns in a secure and confidential way.

It is possible to report in multiple languages, 24 hours a day, 365 days a year from anywhere in the world. LEO people have access to the LEO WhistleBlower Hotline through a communication platform that is also accessible via our corporate website. All concerns communicated through the hotline are initially screened by an external vendor. Afterwards, they are sent to a very limited group of people from LEO Pharma to make sure that we investigate any violations, ensure anonymity for the reporter when locally legally possible and quickly respond to the report.

In 2016, no reports received through the LEO WhistleBlower Hotline required immediate action. However, reports have led to investigation, and internal actions have been taken.

## Future plans

As part of our efforts to respect human rights, a global human rights awareness campaign is planned for 2017 in order to raise awareness of human rights. This is part of our preparations to work with implementing the UN Guiding Principles on Business and Human Rights.



**Gitte P. Aabo**  
President and CEO

### 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, the healthcare company 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 worldwide.

LEO Pharma has its own sales forces in more than 60 countries, including the United Kingdom.

LEO Pharma has its own manufacturing sites in Denmark, France, Ireland and Australia, and also via various contract manufacturers (CMOs).