

# The LEO Foundation Tax Principles

## Introduction

In the LEO Foundation, integrity and transparency are cornerstones in all we do, and we believe that building and maintaining high standards is pivotal to our long-term success. This also applies to how we conduct our tax affairs. We support international initiatives aimed at defining coordinated international tax regulation and eliminating tax evasion.

The LEO Foundation's financial assets and investments are held in our subsidiaries, LEO Holding A/S and LH Capital A/S, while the business activities primarily reside with LEO Pharma A/S.

We want to be a responsible corporate citizen wherever we operate and our approach to tax is founded on a set of key Tax Principles approved by our Board of Trustees. These Tax Principles are set out below.

The Tax Principles are reviewed annually.

## Scope of the Tax Principles

The Tax Principles apply to the LEO Foundation and all our subsidiaries. Hence, the Tax Principles apply to LEO Foundation, LEO Holding A/S, LH Capital A/S, LEO Pharma A/S and their subsidiaries, collectively referred to as the LEO Group.

For the purposes of the Tax Principles, tax means all types of direct and indirect taxes and duties levied on the LEO Group. Additionally, taxes collected on behalf of tax authorities throughout the world are also included.

## Governance

The LEO Foundation Board of Trustees is responsible for defining the Tax Principles. The Foundation's CEO is responsible for implementation and compliance with the Tax Principles in the LEO Foundation, LEO Holding A/S and LH Capital A/S. The responsibility for implementation and compliance in LEO Pharma and its subsidiaries lies with the Board of Directors of LEO Pharma A/S.

## Tax principles

When dealing with tax matters at all levels of the LEO Group, we are guided by the following key Tax Principles:

1. We are committed to complying with both the letter and the spirit of applicable laws and regulations.
2. We aim to report the right amount of tax in accordance with where value is created, while observing applicable laws and internationally agreed standards such as the OECD arms-length principle.
3. We structure and pursue our activities for commercial reasons and do not engage in activities or investments purely for tax reasons. We engage in tax planning where it supports our business, reflects commercial and economic activity and allows us to compete on equal terms in the industry – e.g. by avoiding double taxation. We do not use tax havens to avoid taxes and do not engage in artificial tax arrangements.
4. We are transparent about our approach to tax and our tax position. Disclosures are made in accordance with relevant regulations and applicable reporting standards such as International Financial Reporting Standards (IFRS)



5. We apply diligent professional care and judgement to ensure all tax decisions are well considered and well documented.
6. We pursue certainty and clarity on all tax positions and where the tax law is complex or unclear, we will, where appropriate, seek an opinion from the tax authorities or from a reputable advisor.
7. We develop and maintain good relationships and cooperation with tax authorities.

## **Investments**

In the LEO Foundation we recognize our role as a responsible investor. Acting as a responsible investor entails ensuring that tax compliance is observed from an investor perspective as well as in the conduct of the investees, managers and advisors.

Consequently, we closely monitor the ever-developing recommendations and guidelines for acting as a responsible investor in tax matters, with the purpose of aligning itself with the best practices of responsible investment and taxation. The LEO Foundation has signed up to the common Tax Code of Conduct on unlisted investments developed by Danish institutional investors.

*Approved by the LEO Foundation Board of Trustees on 5 November 2020.*

## **About the LEO Foundation**

*The LEO Foundation is one of Denmark's largest commercial foundations. The foundation is the owner of the pharmaceutical company LEO Pharma and its main objective is to ensure the company's long-term development and success as a global leader in dermatology.*

*Besides the ownership, the foundation provides philanthropic grants with the aim to support the best international research in skin diseases and make Denmark a global beacon for skin research.*

[www.leo-foundation.org](http://www.leo-foundation.org)