

# LEO Foundation Principles for Engaged Ownership of LEO Pharma

**The LEO Foundation is a Danish enterprise foundation established in 1984** with the purpose of ensuring the continuance of the global pharmaceutical company LEO Pharma (the “Company”). Further, the Foundation provides philanthropic support to independent research in skin and skin diseases, applying funds deriving from its ownership of LEO Pharma and from its financial investments.

In accordance with our charter, the LEO Foundation is the permanent controlling shareholder of LEO Pharma, and shall always retain the majority of voting rights in the company. We exercise engaged ownership to promote sustainable value creation and support the Company’s long-term development and success.

Our engaged ownership is based on three main principles that guide our actions and behavior.



LEO FOUNDATION

## Dedicated

We apply a long-term strategic view to our shareholding in LEO Pharma and are committed to ensuring the successful development of the Company for generations to come.

- We believe stability and long-term growth form the basis for sustainable value creation, and we actively support and challenge the Company in pursuing this.
- We promote a robust and proactive approach to managing strategic risks and opportunities to support decision-making and reinforce the Company's ability to adapt and compete over time.

### How we work

The LEO Pharma Board of Directors (the "Company Board") sets the Company's strategic direction and supervises the management of the Company, which is executed on a day-to-day basis by the leadership team. As the controlling shareholder, we want the Company Board to collectively have the strategic and functional competencies and experience to best safeguard the Company's interests and ensure sustainable value creation.

The LEO Foundation directly nominates two members to the Company Board, of which one is the LEO Foundation CEO and the other an ordinary member of the LEO Foundation Board of Trustees (the "Foundation Board"). The LEO Foundation CEO is represented in both the chairmanship of the Company Board as Vice Chair and on the Company's Remuneration & Nomination Committee.

As a matter of principle, the Chair of the Company Board shall be independent of the Foundation and

## Ambitious

We set the bar high for LEO Pharma to generate long-term value for all its stakeholders and advance the standards of care for people around the world living with skin diseases.

- We work to ensure a strong focus on competitive operations and financial performance to attain the best possible return on investment for all shareholders.
- We encourage the Company to be at the forefront of scientific developments and drive continuous innovation.

may not be a current/former chair or CEO of the LEO Foundation. The Foundation may, in extraordinary circumstances, temporarily deviate from this principle for a maximum of 12 months (e.g. to allow for emergency succession).

Alongside the other members of the Company Board, we engage actively with the Company on a wide range of topics including strategy, financial and non-financial performance, risk management, people, culture, remuneration, sustainability, and corporate governance.

Twice per year, following the public releases of the Company's half-year and full year results, the Company's leadership team meets with the Foundation Board to provide an update on performance and outlook. Further, the Company Chair and leadership team will annually present a strategy update to the Foundation Board.

The Chair of the Foundation Board meets quarterly with the Chair of the Company Board to facilitate

## Responsible

We want to make a lasting difference and consider sustainability and integrity prerequisites for LEO Pharma's long-term success.

- We believe in value-based leadership and promote a culture of integrity, accountability and transparency.
- We promote good corporate governance and encourage sustainable business practices throughout the Company.

engaged ownership, e.g. by liaising on company performance and strategy, board nominations, and Annual General Meeting matters.

### About the LEO Foundation's ownership

The LEO Foundation is the controlling shareholder of LEO Pharma through ownership of both A and B-shares. The LEO Foundation has established a wholly owned subsidiary, LEO Holding A/S, to manage the Foundation's investment activities, including the ownership of LEO Pharma. LEO Holding is governed by the same Board and Executive Management as the LEO Foundation, and all references to the LEO Foundation in this document include LEO Holding.