

Intercept Pharma Europe Limited
Section 172(1) Statement
For the financial year ending 31 December 2020

This Section 172(1) Statement has been prepared in accordance with the requirements of The Companies (Miscellaneous Reporting) Regulations 2018, which require Intercept Pharma Europe Limited (“IPEL”) to describe how its Board of Directors (the “Board”) have had regard to the matters set out in Section 172 of the Companies Act 2006 during financial year ending 31 December 2020.

Intercept Pharmaceuticals, Inc. (“Intercept”) is a biopharmaceutical company focused on the development and commercialisation of novel therapeutics to treat non-viral, progressive liver diseases with high unmet medical need. IPEL is a private company incorporated on 18 September 2014 and is a wholly owned subsidiary of Intercept.

Section 172(1) of the Companies Act 2006 requires the Board to act in a way that the Directors consider, in good faith, would be most likely to promote the success of IPEL for the benefit of its members as a whole, and in doing so have regard (amongst other matters), to:

- 1. The likely consequences of any decisions in the long term;*
- 2. The interests of the company’s employees;*
- 3. The need to foster the company’s business relationships with suppliers, customers and others;*
- 4. The impact of the company’s operations on the community and environment;*
- 5. The desirability of the company maintaining a reputation for high standards of business conduct; and*
- 6. The need to act fairly as between members of the company.*

Compliance with Section 172 of the Companies Act 2006

- When executing IPEL’s strategy and making decisions, the Board acts in a way that the Directors consider, in good faith, is most likely to promote the success of IPEL for the benefit of its members, whilst also considering the broad range of other stakeholders impacted by its business.
- The Board considers IPEL’s key stakeholders to be its workforce, patients, healthcare providers, healthcare professionals, regulators and industry associations, payers, suppliers and distributors and the local community within which it operates. The Board takes seriously the needs, concerns, and views of these stakeholders in setting and implementing compliant strategy. By considering Intercept’s Core Values (as more particularly detailed below) and focusing on Intercept’s strategic priorities, the Board aims to ensure that every decision made is consistent and promotes IPEL’s success in the long-term.
- As appropriate, the Board delegates authority for the day-to-day management of IPEL’s business and stakeholder engagement to relevant functions and committees across its ex-US operations and regularly engages management in setting, approving, and overseeing the execution of business strategy and reviewing key risks, stakeholder-related matters, governance, compliance, and legal matters.
- The Board receives regular reports on a number of IPEL matters including financial and operational performance, sales and marketing and new business developments. During 2020, the full Board met 4

times, the Board's appointed (share allotment) Committee met once, and business was conducted by written resolution once.

- The Board considers that this statement focuses on those risks and opportunities that were of strategic importance to IPEL consistent with the size and complexity of Intercept and its affiliates overall.

The likely consequences of any decisions in the long term

- Throughout 2020, Intercept, through its affiliates including IPEL, continued to expand access to its approved product to eligible patients for the treatment of primary biliary cholangitis (PBC) by increasing penetration in markets where approval has been granted and continued to pursue regulatory approval in those markets where approval has not yet been granted. *Please refer to page 1 ("Principal Activity") of IPEL's Strategic Report for the year ended 31 December 2020 in this regard.*
- Intercept, through its affiliates including IPEL, continued to develop its licensed product and other product candidates, alone or in combination, for non-viral liver diseases throughout 2020. Intercept also continues to consider prospects to expand its portfolio of clinical and preclinical product candidates by leveraging its (and its' collaborators') expertise in bile acid chemistry and opportunistically pursuing business development transactions.
- In December 2019, Intercept submitted a Marketing Authorization Application (MAA) to the European Medicines Agency (EMA) seeking conditional approval of a product candidate for the treatment of liver fibrosis due to nonalcoholic steatohepatitis (NASH). The EMA validated Intercept's MAA in January 2020 confirming that the MAA was sufficiently complete to begin the formal review process. Intercept, through its affiliates including IPEL, worked collaboratively with the EMA on its review of the MAA throughout 2020 in preparation for the submission of responses to the EMA's Day 120 questions in January 2021 and has now received a "clock stop" of the review to allow Intercept to focus on executing on the feedback received from the EMA. In alignment with Intercept's NASH program in the United States, it is expected that the safety and efficacy data being generated and analysed will inform Intercept's regulatory and decision-making process with respect to OCA for NASH in Europe. *Please refer to page 2 ("Business Review") of IPEL's Strategic Report for the year ended 31 December 2020 in this regard.*
- In August 2020, Intercept adopted a plan to reduce its global workforce in light of the receipt of a Complete Response Letter (CRL) from the U.S. Food and Drug Administration (FDA) in response to Intercept's submission of a New Drug Application (NDA) to the FDA seeking accelerated approval of Intercept's product candidate for liver fibrosis due to NASH. The plan sought to streamline Intercept's - including IPEL's - operations and reduce operating expenses, while maintaining the critical resources needed to continue to support Intercept's NASH and PBC clinical programs, pursue the approval of Intercept's product candidate for the treatment of liver fibrosis due to NASH and support Intercept's PBC business. The plan resulted in a global workforce reduction of approximately 25% (approximately 170 employees). The plan was implemented during the third quarter of 2020, immediately after its announcement, and was substantially completed by the end of 2020.
- On 31 January 2020, the United Kingdom (UK) left the European Union (EU), in what is often referred to as 'Brexit'. During the course of 2020, Intercept, through its affiliates, including IPEL, undertook a number of financial, legal, regulatory and supply chain measures to prepare for the end of the Brexit transition period on 31 December 2020 in order to minimize and mitigate against any disruption in the movement of goods, services and people between the UK and the EU. Regular updates were provided to the Board during the course of 2020 including the status of necessary intracompany agreements essential to Intercept's operational framework. *Please refer to page 4 ("The withdrawal of the United Kingdom from the European Union") of IPEL's Strategic Report for the year ended 31 December 2020 in this regard.*

The interests of the company's employees

- The safety of Intercept’s employees continued to be a top priority in 2020 and in light of concerns surrounding the global Coronavirus (COVID-19) pandemic and the potential impact anticipated on Intercept’s business and team members, certain actions were taken by Intercept (including IPEL) in early 2020 to protect employee’s personal health and well-being, and that of Intercept’s customers and patients including:
 - The setting up of a *Business Continuity Team* by IPEL in February 2020 - focused on *People, Process & Business Functions; Supplier and Customer Interactions; and Communication* - which met weekly (as a minimum) and closely evaluated external official guidance (namely from the World Health Organisation (WHO) and the UK Foreign Commonwealth Office (FCO)) before making recommendations with regards to working patterns, the holding of customer meetings, attendance at congress/events as well as providing general health information and resources;
 - The expedited deployment of a virtual customer interface tool to enable meetings to be held remotely when an in-person meeting would not be possible;
 - An instruction for all employees to work remotely from home from week commencing 16 March 2020 to ensure the safety of all colleagues anticipating the continuation of normal work duties so far as practically possible through virtual means. Such instruction remained in place for the remainder of 2020; and
 - the provision of IPEL funding for equipment that may be required by employees to enable a fully functional, safe, and comfortable working environment at their homes (e.g., provision of additional monitors, office chairs, desks, printers) and proactive support from all IPEL line managers tasked with finding appropriate solutions for employees who required alternative working spaces.

Please refer to page 4 (“COVID-19”) of IPEL’s Strategic Report for the year ended 31 December 2020 in this regard.

- In May 2020, Intercept launched its virtual Diversity, Equity, and Inclusion (DEI) Hub recognising the power of a diverse, equitable and inclusive work force, and how it enriches the professional lives of team members, drives innovation, and connects Intercept to the patients and communities it serves. Via the DEI Hub, Intercept staff (including IPEL) have immediate access to internally produced resources, articles, and toolkits, as well as a virtual DEI calendar. The introduction of the DEI Hub and various DEI initiatives during the course of 2020 supports Intercept’s foundational pillars of enhancing its recruitment strategy, creating employee resource groups, and developing its corporate affiliations.
- IPEL’s employees were kept informed of performance and strategy during 2020 through regular presentations and updates from members of the Board including periodic International (ex-US) “*All Hands*” and organisational level “*All Employee Update*” meetings.
- Intercept’s *Compliance & Ethics Hotline* continues to provide a way for employees, including employees of IPEL, to report a concern or violation or get information or advice. Reports to this hotline may be made anonymously and are kept confidential to the extent permitted by local law. The Board recognises that the continued success of Intercept and its affiliates depends on the open communication of concerns by directors, officers, and employees without fear of retaliation.

The need to foster the company’s business relationships with suppliers, customers, and others

- The Board seeks to balance the benefits of maintaining strong partnering relationships with our key suppliers and distributors alongside the need to obtain the desired quality and service levels for our customers. This includes various training initiatives conducted throughout 2020 and robust contracting processes supported by a centralised contract management system.

- Intercept, through its affiliates including IPEL, continued to utilise its centralised vendor management and onboarding process and technology in order to increase the efficiency of obtaining vendor information with a centralised information base, identify and manage vendor risk as well as increase monitoring of vendor performance. This process continued to cover multiple lines of vendor due diligence including but not limited to Anti-Slavery, Anti-Corruption, Anti-Bribery, Compliance, Quality Assurance, Data Privacy, and Information Technology.
- In March 2020, Intercept announced new initiatives intended to ensure business continuity and support its employees during the evolving coronavirus (“COVID-19”) pandemic, while continuing the critical activities necessary to bring Intercept’s approved medicines to patients. To protect the health of Intercept’s employees and their families and communities, Intercept’s global workforce (including all IPEL employees) were largely working remotely and leveraging digital communication technologies where appropriate to facilitate interactions with patients, healthcare professionals and IPEL’s other stakeholders. Field-based employees also transitioned to remote working during 2020 and interacted with healthcare professionals via digital communication technologies such as, where appropriate, video conferences, emails, and phone calls.

The impact of the company’s operations on the community and environment

- Throughout December 2019 – January 2020, IPEL’s *InterSocial* team worked with Kings Cross Estates (KCES) and Shelter UK to run a clothing drive to support the homeless and families living in inadequate accommodation over the Christmas and New Year period.
- IPEL’s *InterSocial* team also ran a food collection and delivery in January 2020 for Camden Food Bank providing much needed food supplies to the homeless and families in the local community.
- In light of concerns surrounding the global Coronavirus (COVID-19) pandemic and the instruction for all Intercept colleagues to work remotely from home from week commencing 16 March 2020:
 - o use of electricity and water at IPEL’s Kings Cross office was reduced significantly by over 95% in 2020 compared to 2019;
 - o Paper and ink waste IPEL’s Kings Cross office was significantly reduced in 2020 as compared to 2019; and
 - o No commuting or corporate national or international travel was undertaken by Intercept colleagues after 13 March 2020.
- Details of all support provided to patient organisations based in the UK (and in other regions forming Intercept’s ex-US operations (as required by industry code or law)) during 2020 is published on www.interceptpharma.com. Support is provided to patient organisations where it is clear that the objective of any initiative will benefit patient care and follows a strict internal approval process.

The desirability of the company maintaining a reputation for high standards of business conduct

- IPEL’s purpose and strategy is underpinned by Intercept’s framework of Core Values representing the behaviours and standards it expects from its own employees. IPEL looks to be collaborative, to stay stakeholder and patient centric, to work passionately, innovate every day, strive for excellence, and embody integrity. IPEL’s annual performance review process in 2020 focused equally on the achievement of business objectives and behaviors that align with these Core Values.
- Intercept is committed to sound corporate governance principles, practices, and policies (<https://www.interceptpharma.com/corporate-compliance/>). Intercept’s Global Code of Business Conduct (the “Code”) continued to apply to IPEL during 2020 and outlines expectations for employees to conduct business with integrity and sets forth the common vision of integrity for all Intercept directors,

officers and employees in all key areas including contracts and payments, maintenance of corporate books, records and accounts, conflicts of interest, environmental responsibility, and interactions with healthcare professionals. New and existing employees were periodically required to review the Code over the course of 2020 and complete required training.

- IPEL's *Supplier & Distributor Code of Conduct* (introduced across Europe in May 2019) sets out Intercept's high standards and expectations when it comes to business conduct. This Code of Conduct underscores Intercept's commitment to ensuring that IPEL only partners with suppliers and distributors sharing Intercept's vision for adopting and maintaining responsible and sustainable business practices. IPEL's key suppliers and distributors in Europe continue to receive this *Code of Conduct* via its incorporation into the terms of standard vendor agreements used across IPEL's European region.
- In July 2020, IPEL published a *Modern Slavery Act Statement* for financial year ended 31 December 2019 in response to the requirements of Section 54 of the Modern Slavery Act 2015. This statement outlines IPEL's policies and efforts to mitigate the risks of slavery and human trafficking throughout IPEL's business and supply chain (<https://www.interceptpharma.com/our-story/locations/uk/>).
- IPEL remains a full member of The Association of the British Pharmaceutical Industry (ABPI), the Ethical Medicines Industry Group (EMIG) and the European Confederation of Pharmaceutical Entrepreneurs (EUCOPE).

The need to act fairly as between members of the company

- IPEL has only one member and therefore no specific report is provided on the obligation to act fairly between members.

On the basis of the above statement, the Board considers, both individually and together, that they have acted in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Companies Act 2006) in the decisions taken during the financial year ended 31 December 2020.