

Communication on Progress Report 2010



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We believe that an open and honest dialogue will benefit our stakeholders as well as our Corporate Responsibility efforts, and we invite you to participate. Feel free to contact us with any questions or comments on compliance@lundbeck.com.

Lundbeck's Communication on Progress report is available online at: www.lundbeck.com/corporate_responsibility. This document is a pdf-version of the online report.

The UN Global Compact principles

The UN Global Compact principles in the areas of human rights, labour, the environment and anti-corruption enjoy universal consensus and are derived from:

- The Universal Declaration of Human Rights
- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work
- The Rio Declaration on Environment and Development
- The United Nations Convention Against Corruption
- The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption:

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Introduction

Lundbeck's Corporate Responsibility builds on the company values and a humanity that underpins everything we do

Lundbeck's ambition is to be the company that makes the biggest difference worldwide in the treatment of patients suffering from brain disorders. We will pursue this ambition in accordance with Lundbeck's corporate values of being: Imaginative, Passionate and Responsible.

Lundbeck's corporate responsibility strategy contains five prioritised areas for 2010-2012:

- **Ethics and behaviour:** We will draw up and implement binding guidelines with the aim of ensuring that all employees perform their duties in accordance with our business ethics.
- **Supplier standards:** We will revise the ethical standards that our suppliers must follow, and we will ensure that these standards are, at a minimum, in compliance with the UN Global Compact.
- **Access to health:** We will create a vision for how to improve access for vulnerable groups to treatment of brain disorders. In parallel, we will regularly evaluate our efforts in this area.
- **Health, safety and environment:** We will ensure a healthy working environment for our employees and assume responsibility for reducing our environmental footprint.
- **Transparent reporting:** We will work with relevant stakeholders to increase transparency in Lundbeck by developing and reporting on selected indicators for our corporate responsibility.

In 2010 we launched our Code of Conduct, which is a set of binding guidelines describing how we handle ethical dilemmas. The Lundbeck Code of Conduct acts as an important foundation for our Global Compact initiatives. Our Code of Conduct is consistent with the obligation to promote the ten principles of Global Compact regarding human rights, labour standards, the environment and anti-corruption.

Executive statement

Lundbeck has been a participant since 2009 and in 2011 we will continue our support for the UN Global Compact initiative



By signing the UN Global Compact, Lundbeck acknowledge the importance of supporting the ten principles for sustainable business development in the areas of human rights, labour, the environment and anti-corruption.

Lundbeck signed the UN Global Compact in September 2009. We are convinced that these principles contribute to the long-term value creation for all our stakeholders.

We understand that the UN Global Compact requires a strong leadership commitment. As President and CEO of Lundbeck, I head a management committee that drives and monitors all our Corporate Responsibility initiatives. The UN Global Compact principles are continuously being used to guide our Corporate Responsibility development.

In 2010, the implementation of our Code of Conduct has been a top priority of our management team in Lundbeck. A comprehensive training programme has been established and the training and implementation will be an on-going activity in 2011.

In this report, we aim to communicate our progress regarding the UN Global Compact principles in a transparent and accurate way. We do this to provide our stakeholders with an understanding of our Corporate Responsibility ambitions and initiatives.

A handwritten signature in blue ink, appearing to read 'Ulf Wiinberg'.

Ulf Wiinberg
President and CEO of Lundbeck

Our Code of Conduct and Code of Ethics are available at:
www.lundbeck.com/corporate_responsibility

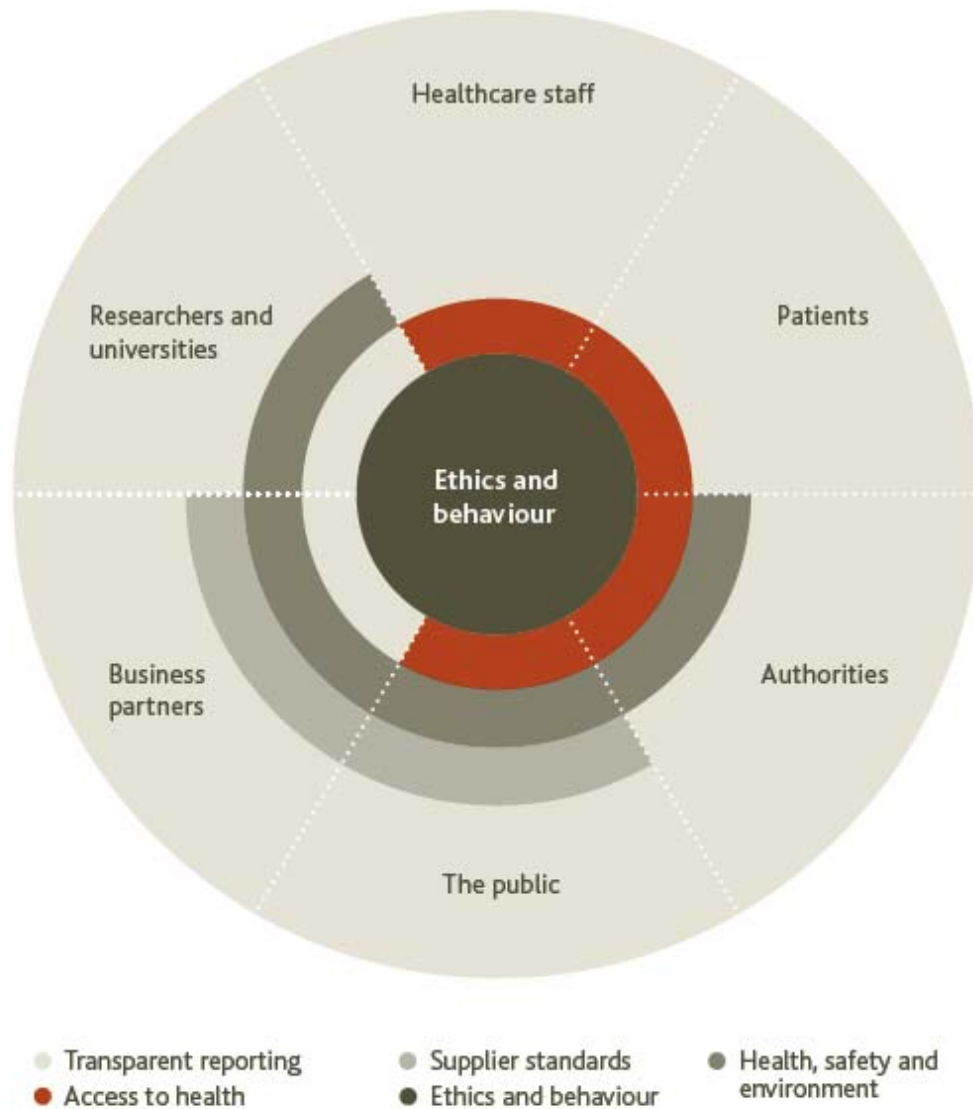
Key targets for Corporate Responsibility

In our Communication on Progress regarding 2009 we listed our main targets for 2010. Here is the current status and the new targets for 2011

Topic	Code of Conduct	Target 2010	Status	Target 2011
Code of Conduct	All principles	During 2010 and 2011 we will develop and implement a Code of Conduct	Code of Conduct was developed and implementation is ongoing and on time according to the implementation plan	Complete implementation of Code of Conduct
Stakeholder approach	Responsible and transparent actions	During 2010 we intend to further develop and systematise our stakeholder approach by identifying key stakeholders and developing a specific action plan	Our stakeholder approach has been developed and was published in our Annual Report 2010	-
Supplier Standards	Supplier Standards	During 2010 we will update our present supplier standards, develop tools for suppliers and improve transparency in our supplier evaluation process	Project initiated. Will be finalised in 2011	Global implementation of Corporate Guideline for Supplier Evaluation
Access to Health	The safety of our patients	During 2010 we will establish an overview of existing initiatives regarding Access to Health and develop associated actions	Project initiated. Will be finalised in 2011	Develop and implement a public Corporate Access to Health Strategy
CO ₂ emissions	Health, safety and environment	Our target is for our CO ₂ emissions in 2016 to be on level with that of 2006 (45,000 tonnes). This corresponds to a 20% reduction compared to the business-as-usual scenario	Continued reduction in energy consumption and CO ₂ emissions Decision taken to further enhance the target for our CO ₂ reduction strategy	Our enhanced 2016 target is to reduce our CO ₂ emissions 25% below the level recorded in 2006
Compliance	All principles	-	-	Design and implement a Compliance Auditing Structure
Corporate Responsibility	All principles	-	-	Design and implement enhanced electronic Reporting Structure
UN Global Compact	Responsible and transparent actions	-	-	Timely launch of the Communication on Progress to UN Global Compact

All targets correspond with our stakeholder approach. Below you will find an illustration of how the specific topics relate to our key stakeholders.

As the illustration indicates, “Transparent reporting” relates to all our key stakeholders. We report directly to these stakeholders as well as to the general public through our Annual Report, Website and this Communication on Progress.



Activities covering all principles in the Global Compact

Some activities relate to all principles in the UN Global Compact. This applies to our activities regarding Code of Conduct, Supplier Standards, Code of Ethics and compliance

Launch of the Lundbeck Code of Conduct

In 2010, we focused our efforts on developing and implementing Lundbeck's guidelines on ethics and conduct; our Code of Conduct, a set of binding guidelines describing how we handle ethical dilemmas. The Code of Conduct applies to all employees of the Lundbeck Group and to third parties working on behalf of Lundbeck. It describes our approach to responsible business behaviour and our relationships with stakeholders such as healthcare staff, patients, the authorities, research and business partners and society at large.

Our Code of Conduct contains global requirements relating to the pharmaceutical industry and requirements defined by ourselves to comply with good business ethics and fulfil our stakeholders' expectations, including compliance with the ten principles of the UN Global Compact. To ensure relevance and clarity of the requirements, our Code of Conduct was developed in a dialogue with more than 200 in-house specialists, managers, Lundbeck's Executive Management and Supervisory Board and a number of external parties.

This dialogue was also used to create a process intended to ensure effective implementation of the Code of Conduct in the Lundbeck Group in 2010-2011. The process links our existing local procedures for compliance by our subsidiaries with applicable regulations to the procedures laid down in the Code of Conduct.

The Code of Conduct sets clear rules for our business approach. For example, all employees and third parties are expected to refuse to pay any bribes, including facilitation payments. But some parts of our Code of Conduct do require local interpretation and adaptation. For example, it is up to the local management team to define a reasonable level for gifts and hospitality. The combination of locally defined rules and corporate rules ensures implementation in our day to day business in the Lundbeck Group.

At the end of 2010, we began implementing our Code of Conduct at Lundbeck's headquarters and in six subsidiaries, covering a little over half of our employees. We will complete implementation of the Code of Conduct in 2011. The main target is to strengthen Lundbeck employees' ability to handle dilemmas. The method is a combination of clear guidance and dilemma-based training. Below is an overview of our three step implementation process.

Step 1 – Assess compliance

Planning the implementation process and completing the implementation check list.

Step 2 – Conduct training

Distributing the Code of Conduct to employees, carrying out local Code of Conduct workshops and carry out e-learning for all staff.

Step 3 – Complete the implementation

Completing the implementation action plan and sending a signed declaration of successful completion to Corporate Headquarters.

Development of new Supplier Standards

Since 2005, Lundbeck has followed guidelines that ensure that our choice of suppliers includes a thorough, specific and balanced evaluation of business conditions, quality procedures and the protection of people and the environment. We have obtained substantial business opportunities owing to the fact that we need not compromise the protection of people and the environment when we enter into collaboration with suppliers in countries with inadequate legislation.

In 2010, we launched a large-scale project to update, improve and systematise our supplier standards to fulfil the UN Global Compact, and we will roll out the updated supplier standards throughout the Lundbeck Group in 2011. As part of this work, we will make our procedures transparent and accessible to all stakeholders. We will also update our tools for supplier self assessment, site visits and audits. Contracts and supplier guidelines will be updated to reflect our Code of Conduct and UN Global Compact. The project is organised as a cross-organisational team that will ensure implementation across the different sourcing areas in Lundbeck.

For further information please download our Supplier Standards position:
www.lundbeck.com/corporate_responsibility/policies/positions/

Actions supporting our Code of Ethics

The aspirations expressed in our Code of Ethics are supported by a wide array of actions being carried out across the Lundbeck Group covering the twelve core issues:

- Our company shall evolve through stakeholder engagement
- We will improve access to health for people living with central nervous system disorders
- Our R&D strategy aims towards innovative central nervous system treatments
- We will continuously reduce, refine and replace animal experiments
- We will ensure high ethical standards and transparency in clinical trials
- Our approach to patient safety shall be proactive and systematic
- We are committed to work against corrupt practices
- Our standards for suppliers shall be aligned with internal standards
- We will investigate and report environmental impact of products
- We will minimise consumption of materials and the emission of CO₂
- We will ensure a sound working environment for our employees
- We will develop our human capital to ensure our long-term performance

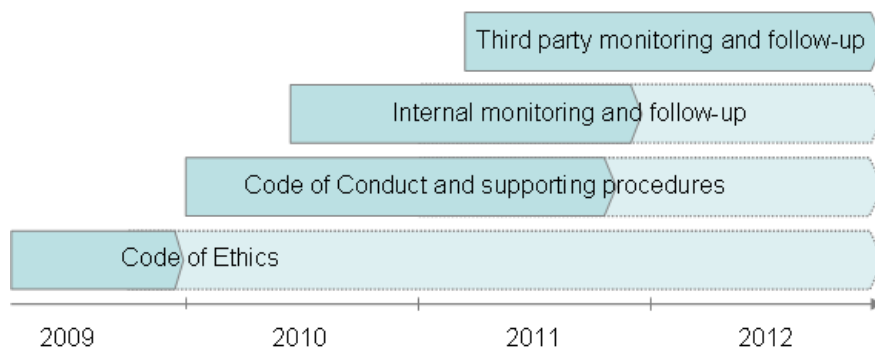
These actions vary from following current procedures to initiating comprehensive projects that are mentioned in this progress report. To promote transparency regarding our actions, we are continuously maintaining the information on our Website.

This information includes our Positions that serve as a platform for development and communication to an internal or external audience. A Position introduces the issue, describes the involved dilemmas, outlines our standpoint and describes the actions taken to fulfil our aspiration. During 2010, four positions were developed and published at our website. These positions focus on Supplier Standards, Environmental Footprint, Health & Safety and CO₂ strategy.

Read the full content of our Positions at:
http://www.lundbeck.com/corporate_responsibility/policies/positions/

Systematic approach to compliance

As illustrated in the figure below, the compliance structure at Lundbeck has been implemented in four specific stages.



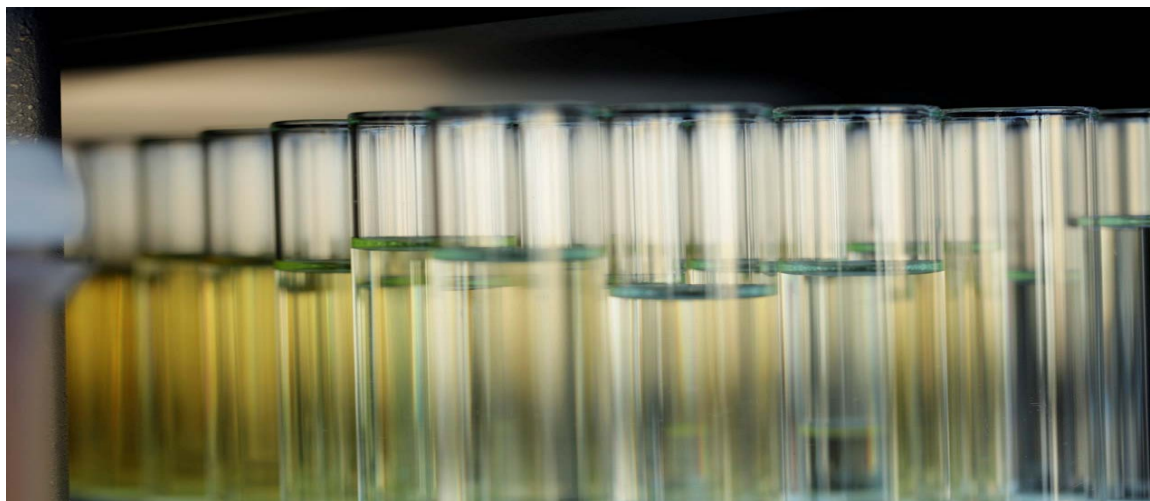
The Code of Ethics containing Lundbeck's high-level aspirations within 12 specific issues of relevance to the pharmaceutical sector across the value chain was developed during 2009 and enacted on 1 January 2010.

In 2010, the Code of Conduct was launched, which provides consistent guidance to ethics and compliance and constitutes the common platform for global and local compliance for the companies in the Lundbeck Group.

The next phase of development of our compliance structure in 2011 will focus on the effective implementation of a global compliance monitoring system across the Lundbeck Group. This will be achieved via the following initiatives:

- a) Development of a global compliance network to provide a communication forum for the exchange and dissemination of compliance best practices across the Lundbeck Group.
- b) Leveraging of the Lundbeck auditor networks to provide an holistic approach to compliance assurance
- c) Further enhancement of compliance reporting systems across the Lundbeck Group through the implementation of an electronic reporting system covering all key indicators in the Code of Conduct
- d) Further development of compliance risk management processes in place.

The target is to complete these key initiatives by end 2011.



Activities covering Human Rights principles

The UN Global Compact states: Businesses should support and respect the protection of internationally proclaimed human rights; and make sure that they are not complicit in human rights abuses

Knowledge promotes better access to health

Our efforts to improve access to health are not only aimed at making Lundbeck's products available to more patients in the countries where we operate. We are also working to improve access for people with brain disorders to diagnosis and correct treatment and to eliminate the stigmatisation that often leads to a marginalisation of this group of patients.

We believe that dissemination of knowledge and training in diseases and treatments are key to promoting access to health. The Lundbeck Institute is one of our recognised assets in this context. The objective of the Institute is to improve, through education and information, the treatment of people suffering from brain disorders. A total of 82 international specialists collaborate with the Institute, which held eight seminars in 2010 attended by a total of 184 doctors from 23 countries.

The Institute is responsible for the DepNet website, where patients, relatives and healthcare professionals can share experiences about depression and receive product-independent advice from the doctors affiliated with the service. DepNet has been launched in 18 countries.

In 2011, we will continue our focus on access to health. We will do so by creating an overview of activities which will lead to an action plan for the Lundbeck Group.

UN Guiding Principles for business and human rights

At Lundbeck, we have followed the development of the UN Guiding Principles addressing the risk of human rights impacts linked to business activity. The final version was released in March 2011 as a result of six years of research headed by Professor John Ruggie. The principles support the UN Framework's three pillars:

- The State Duty to Protect Human Rights
- The Corporate Responsibility to Respect Human Rights
- The need for greater Access to Remedy for victims of business-related abuse.

We will use the UN Guiding Principles as guidance in our continued work to support and respect the protection of human rights.

Activities covering Labour principles

The UN Global Compact states: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced and compulsory labour; the effective abolition of child labour; and the elimination of discrimination in respect of employment and occupation

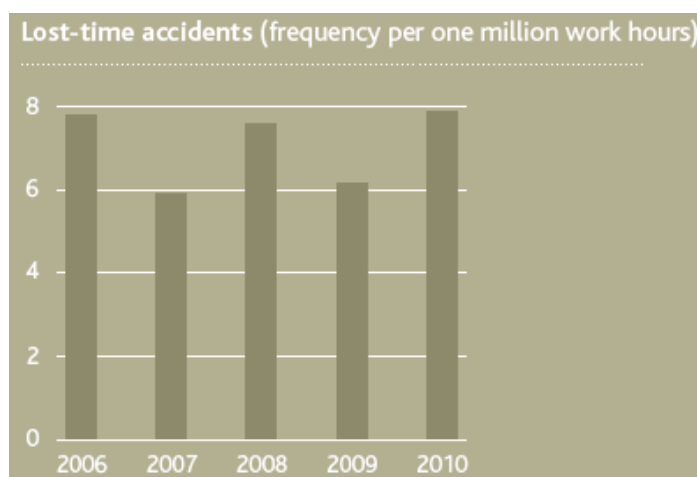
Our main activities covering the principles in UN Global Compact regarding Labour are in 2010 integrated in our implementation of Code of Conduct. All employees will receive training in dilemmas regarding the Global Compact Labour principles. This will be followed up with e-learning to ensure awareness.

We work systematically with our suppliers to ensure labour aspects when we evaluate and approve suppliers for Lundbeck. In 2010, we initiated an update of our present supplier standards which will be finalised in 2011. Our Suppliers Standards are also an integrated part of the Lundbeck Code of Conduct.

Occupational health and safety

Taking care of people in our operations globally and when working with partners and suppliers is essential for us. Our Health, Safety and Environment (HSE) Policy outlines our ambition to remain a leading company within health and safety, and we focus on continuous improvements through effective management systems. Our HSE management systems are certified according to OHSAS 18001 and cover our research, development and manufacturing sites. We openly communicate our performance within health and safety on an annual basis.

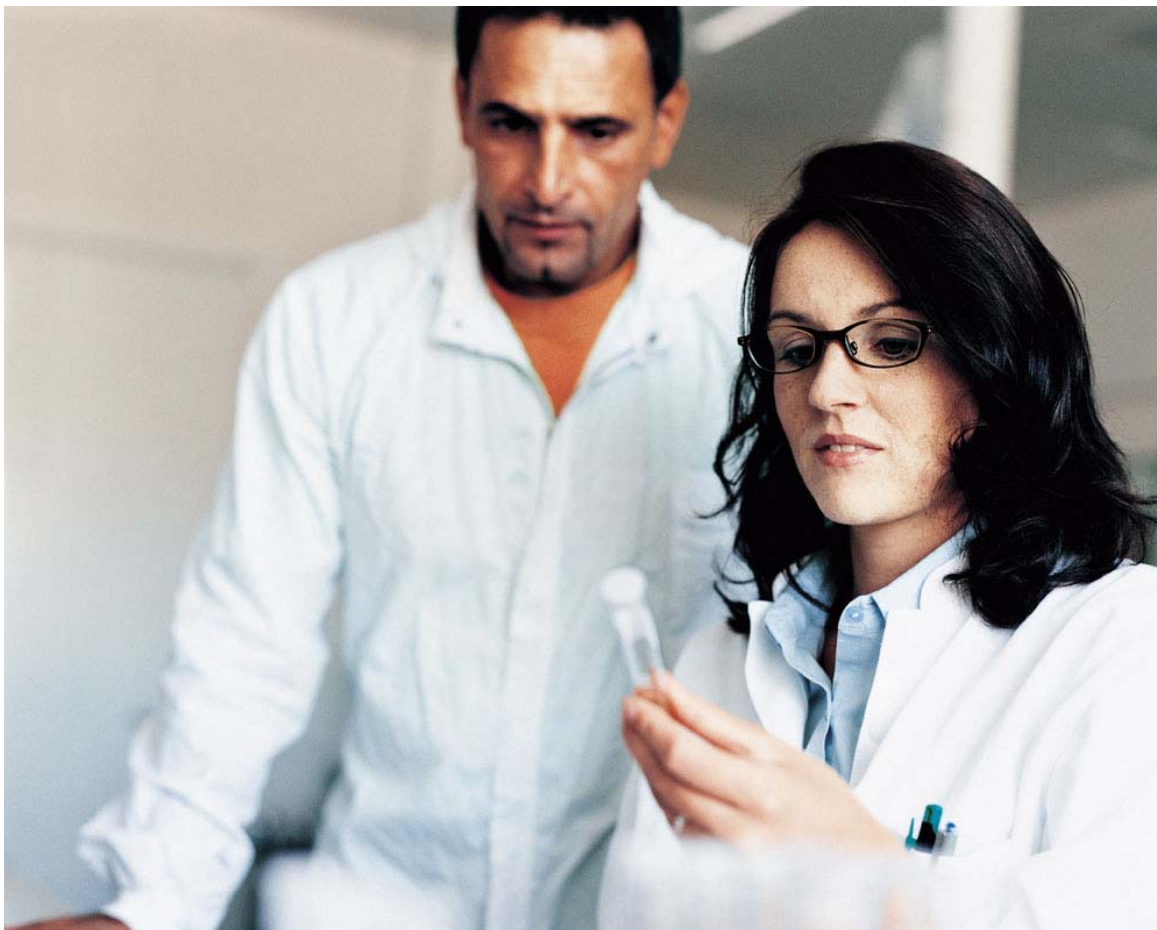
In the field of occupational health and safety, the number of accidents with time loss has increased at Lundbeck. However, the number of lost workdays per accident and the severity of the accidents have decreased. A major factor in this positive development is the integration of health, safety and environmental considerations in decision-making processes, along with more cooperation and improved coordination across the organisation.



At our chemical production site in Lumsås, increased focus on industrial accidents and safety culture resulted in a period of more than 12 months without work related accidents with time loss. Based on these results, Lundbeck was nominated for the Occupational Health and Safety Award in Denmark. The experience from Lumsås will be applied throughout the organisation going forward.

In our chemical production, we rolled out a new production technology in 2010 that will boost productivity, improve the working environment for our employees and reduce our consumption of raw materials and energy. The technology was developed in collaboration with researchers from the Technical University of Denmark over the past few years. In simplified terms, you might say that the new technology pools more processes in one reactor instead of using one reactor for each process stage. The need for cleaning has been minimised, and handling the equipment has been automated so that operators avoid heavy lifting and uncomfortable work positions; they are also much less exposed to chemical compounds and materials than previously.

Our HSE Policy and Code of Conduct is available at:
www.lundbeck.com/corporate_responsibility

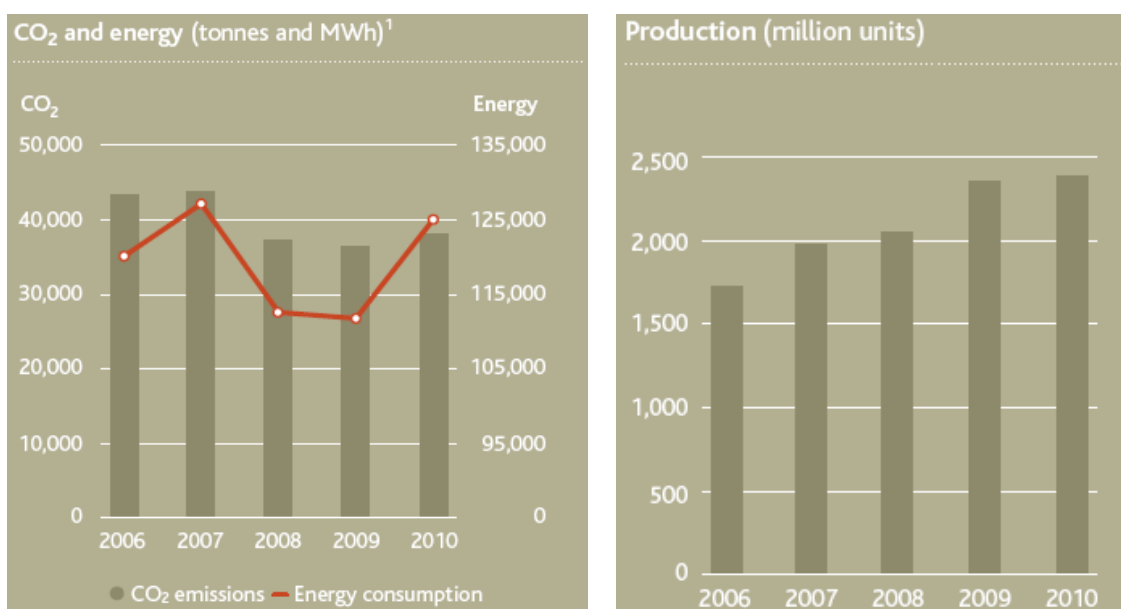


Activities covering the Environmental principles

The UN Global Compact states: Businesses should support a precautionary approach to environmental challenges; undertake initiatives to promote greater environmental responsibility; and encourage the development and diffusion of environmentally friendly technologies

Strong environmental results

For a number of years, our health, safety and environment strategy has yielded a number of tangible results; which means that Lundbeck now manufactures more pharmaceuticals while consuming fewer raw materials and generating lower waste volumes even though production has been increased. Energy consumption has risen as Lundbeck in 2010 started to include energy data from another two production sites in Lundbeck – one production site was added through acquisition and the other was included since the production grew to a substantial size.



1) The 2010 data for energy consumption and CO₂ emissions include two additional production sites

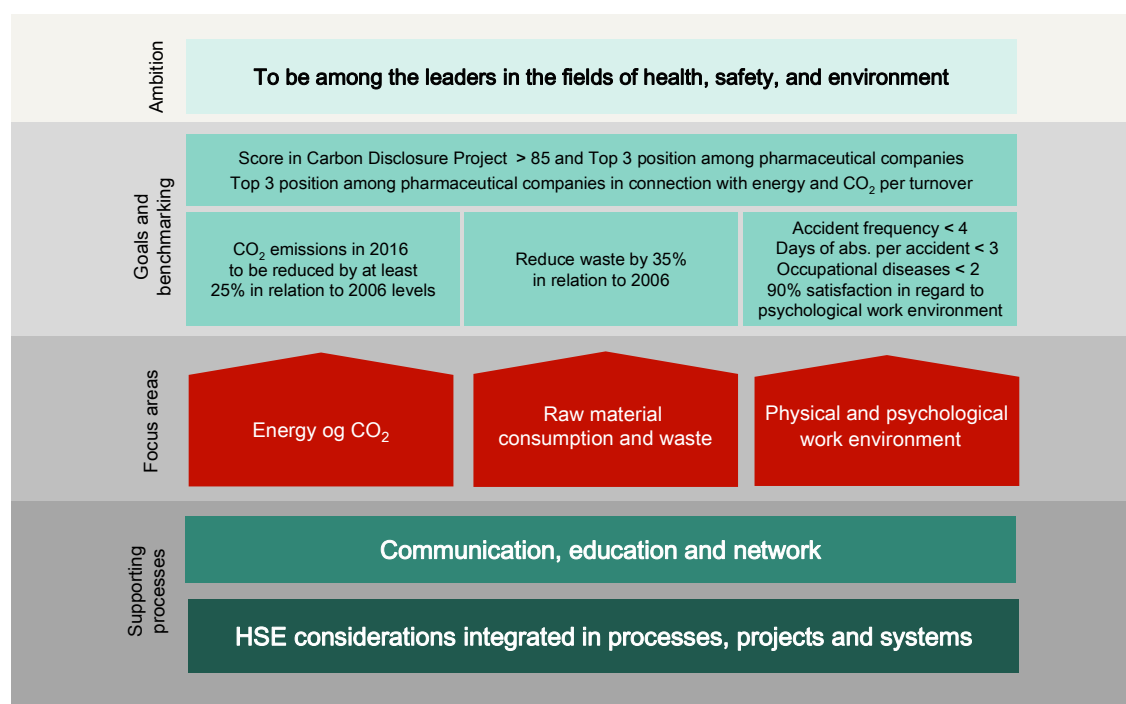
Another significant result is that we decided to further enhance the target for our CO₂ reduction strategy, to the effect that our 2016 goal for CO₂ emissions is 25%, or 10,800 tonnes, below the level recorded in 2006. This decision reflects our success in reducing energy consumption and CO₂ emissions where we consume most energy, which is in the research, development and manufacture of pharmaceuticals.

One of the many initiatives we implemented in production in 2010 deserves specific mention. The initiative concerns the operation of Lundbeck's boiler plant in Valby, which in 2010 was converted to run on natural gas instead of oil. This conversion has resulted in energy savings and an expected annual reduction in CO₂ emissions of 1,800 tonnes, equal to 5% of Lundbeck's total CO₂ emissions.

The ventilation systems that provide fresh air to our research laboratories also consume huge amounts of energy at our Valby location. Without compromising the safety and health of our employees, we have successfully reduced our energy consumption for ventilation purposes quite considerably, lowering CO₂ emissions simply by optimising system operations.

The positive experiences from our operations concerning energy in Denmark will in 2011 be put to use at our facilities in the US, Italy and France, to which Lundbeck has allocated resources to invest in energy optimisation over the next few years.

In order to continue the positive development in our work with health, safety and environment, the health, safety and environmental Committee approved, on behalf of Corporate Management Group, a new health, safety and environmental strategy in January 2011. The strategy includes quantitative 2011 goals for our focus areas. The goals are updated every year.



The strategy places emphasis on cooperation and integration on health, safety and environment into projects and systems throughout the value chain and across Lundbeck.

Find more details on our HSE performance at:
www.lundbeck.com/corporate_responsibility/hse/interactive_charts/

Activities covering the Anti-Corruption principle

The UN Global Compact states: Businesses should work against corruption in all its forms, including extortion and bribery

Our main activities covering the principles in UN Global Compact regarding Anti-Corruption are in 2010 integrated in our implementation of Code of Conduct. According to our Code of Conduct all Lundbeck employees are expected to:

- Ensure that they do not engage directly or indirectly in fraud against Lundbeck, any of our partners, or government entities.
- Ensure that they do not engage directly or indirectly in bribery.
- Refuse to pay any bribes, including small amount bribes or facilitation payments.
- If a bribe is demanded, they should refer to Lundbeck's Code of Conduct and immediately report to their manager.
- Only accept gifts or other advantages of a token value from stakeholders.

In the implementation of Code of Conduct each employee is presented with dilemmas regarding anti-corruption. The dilemma based training ensures that our employees understand how they should act in day to day business to avoid anti-corruption.

As a part of Code of Conduct implementation local managers specify the reasonable limit for giving and accepting gifts from stakeholders. The local adaptation is important since these amounts vary greatly in countries where we do business.

As mentioned previously, we will develop a global compliance monitoring system across the Lundbeck Group. This will further enhance our reporting system covering all key indicators in the Code of Conduct - including anti-corruption. The monitoring system will also ensure dissemination of compliance best practices.



Methodology

Scoping our UN Global Compact report

Lundbeck signed the UN Global Compact in September 2009. By doing so we have committed ourselves to actively advance the ten principles for sustainable business development in the areas of human rights, labour, the environment and anti-corruption and publicly report on our progress. This is the second time that we have produced a Communication on Progress report to the UN Global Compact.

To be transparent we have chosen to display the following information about the methodology used for developing this report.

Report scope

This report describes our activities and progress in 2010 and covers all our sites including subsidiaries.

Data collection and quality

The HSE data for 2010 covers Lundbeck research, development and manufacturing sites. The data are assured by Deloitte. Our sales subsidiaries world-wide and the former Ovation Pharmaceutical and Lifehealth businesses are not covered by these data.

Stakeholder engagement

This report has been developed without direct engagement of external stakeholders.