

**LUNDBECK**

UN GLOBAL COMPACT  
2013 COMMUNICATION ON  
PROGRESS REPORT



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# INTRODUCTION

In 2013 Lundbeck has taken additional steps to make sure we live up to our value of 'Being Responsible - Do the right thing'.

In Lundbeck our corporate social responsibility (CSR) initiatives are driven by a commitment to our values. Acting responsibly by doing the right thing, be it towards employees, the environment or the external community, has always been a core value that underpins our work.

We only engage in CSR activities that make sense for our business and matter to our stakeholders. We have started a long-term process of addressing materiality and identifying relevant compliance and CSR issues for Lundbeck. This process will help guide our priorities, reporting and communication with stakeholders in the future.

## PROGRESS IN 2013

Transparency and responsibility were high on agenda for us as well as for our peers. Tightened regulation of the pharmaceutical industry and increasing expectations from stakeholders on transparency have driven a number of initiatives at Lundbeck. We revised our Code of Conduct, developed additional guidance on our interactions with healthcare professionals and implemented in headquarters a process for evaluating our suppliers and business partners using the UN Global Compact principles as a framework.

During the year we have also drafted new initiatives on compliance and CSR, such as disclosure of payments to healthcare professionals and access to health initiatives, which will be implemented in 2014.

## ABOUT THIS REPORT

The report is structured according to the ten principles of the UN Global Compact categorised under Human Rights, Labour, Environment and Anti-Corruption.

It represents our commitment to communicate on progress to the UN Global Compact, as we have done on an annual basis since becoming a participant in 2009.

At the same time, this report fulfils Lundbeck's obligation to report on non-financial responsibility according to the Danish Financial Statements Act. Selected excerpts from this report have also been included in Lundbeck's 2013 Annual Report, which is available for download on [www.lundbeck.com](http://www.lundbeck.com).

## LUNDBECK'S VALUES

**Imaginative – Dare to be different**

**Passionate – Never give up**

**Responsible – Do the right thing**

## WE WOULD LIKE TO HEAR FROM YOU

**The aim of this report is to describe our CSR activities in an informative and relevant manner. We welcome any questions, comments or suggestions you might have.**

**Please get in touch at [compliance@lundbeck.com](mailto:compliance@lundbeck.com).**

# EXECUTIVE STATEMENT

Lundbeck continues to support the UN Global Compact and promote initiatives to ensure that our organisation lives up to the principles.

On behalf of the Corporate Management Group, I am pleased to express Lundbeck's continued support of the UN Global Compact. As the Chairman of our Legal Quality Review Committee, which oversees and promotes Lundbeck's corporate social responsibility (CSR) initiatives, I am proud of the progress which we have made since signing on to the UN Global Compact in 2009.

According to the World Health Organisation, approximately 700 million people worldwide are living with brain disease, which accounts for a third of all non-communicable diseases<sup>1</sup>. This has major societal and economic impact. Lundbeck is in a unique position to use our knowledge to make a difference. Our most important contribution is and will remain to develop new and innovative treatments for people living with brain disease.

In Lundbeck we recognise that as a business we have a responsibility to respect human and labour rights, commit to environmental protection and work against corrupt behaviour.

We aim to contribute on a local as well as a global scale. We promote a healthy and safe workplace for our employees and push responsibility through our value chain by setting requirements to our suppliers and partners. We set goals to limit the environmental impact of our medical production; we take steps to increase transparency in our engagement with healthcare professionals; and we have started a process to define how Lundbeck addresses barriers to health in brain disease, by increasing availability and accessibility of knowledge of brain disease and their treatment.

Internally Lundbeck's approach to corporate social responsibility is reflected in our corporate values and a commitment by management and employees to 'do the right thing'. However, committing to values alone does not make for an ethical and responsible company. We put action behind words, and we hope that this report will give you an impression of concrete CSR results and the actions that we have taken to get there. We take this commitment seriously at Corporate Management level; the successful implementation of compliance and CSR initiatives form part of our personal goals for 2014 and onwards.

*'Our most important contribution is and will remain to develop new and innovative treatments for people living with brain disease'*

I hope you will enjoy reading this report, and please engage with us, if you have questions or comments.

To deliver on our promise of transparency, we will continue to report on our ambitions and goals for existing and new CSR initiatives in the years ahead.



Ulf Wiinberg  
President and CEO of Lundbeck

<sup>1</sup> WHO Mental Health Atlas, 2011

# KEY TARGETS

We outline our targets and achievements on corporate compliance and corporate social responsibility, so our stakeholders can follow our progress over time.

In Lundbeck we strive to improve the transparency of our actions in order to fully reflect our commitment to society and the environment. We do this by sharing our approach, performance and future plans with interested stakeholders. For this purpose our targets on compliance and corporate social responsibility and their status are outlined below.

	PAGES	TARGET 2013	STATUS	TARGET 2014
Ethics and behaviour	7, 8, 16	Develop more detailed Code of Conduct guidance, including Guideline on interactions with healthcare professionals.	Achieved	Support global implementation through training and by issuing more detailed guidelines.
	16			Launch of improved system for tracking payments to healthcare professionals.
	7	Develop and launch improved Code of Conduct e-learning.	Achieved	All employees to complete revised Code of Conduct e-learning.
	7	Execute on updated Code of Conduct introduction course to new employees.	Achieved	
	7, 8, 12	Increase task sharing and training across audit scopes.	Achieved	Increase number of compliance reviews and audits carried out among Lundbeck affiliates and third parties, and utilize synergies across audit scopes.
	7, 8, 12	Conduct four compliance reviews in Lundbeck affiliates and third parties.	Achieved	
	8, 17	Develop and implement new Whistleblower solution.	Partly achieved	Conclude global implementation.
Supplier evaluation	8, 12, 17	Implement new version of Corporate Guideline and SOP in Lundbeck Denmark and initiate implementation in Lundbeck affiliates globally.	Achieved	Continue global implementation in selected countries based on greatest Code of Conduct risk and highest business impact.
	8, 17	Implement third party due diligence as part of the supplier and partner evaluation process.	Partly achieved	
	8, 13	Introduce an audit tool for assessing suppliers on labour and environment. Train key employees performing quality audits on non-European suppliers.	Achieved	Train additional personnel performing audits on European suppliers.
	8	Finalise supplier evaluation tools and IT-system to assist the implementation of Corporate Guideline and SOP.	Achieved	
	8	Make information available to stakeholders on company webpage.	Partly achieved	Postponed to 2014.

Health, Safety and Environment	14, 15	Reduce energy consumption and CO <sub>2</sub> emissions by 40% in 2016 compared to 2006.	Achieved	New ambitious target will be decided.
	14, 15	Recover 50% of selected solvents in manufacturing operations.	Partly achieved	Include more solvents in routine regeneration.
	12, 13	Lost time accident frequency* of $\leq 4.5$ . *No. of lost time accidents per one million work hours	Not achieved	Lost time accident frequency of $\leq 5$ .
	12, 13	Achieve days of absence per accident $\leq 4$ .	Not achieved	Days of absence per accident $\leq 5$ .
	12, 13	Obtain score in employee satisfaction survey $\geq 74$ .	Achieved	New employee satisfaction survey in 2015.
Access to Health	10, 11	Conclude mapping of scope and consolidate on strategy.	Partly achieved	Communicate ambitions and concrete actions to increase awareness of access to health internally and externally.
	11	Communicate access to health actions externally.	Not achieved	Postponed to 2014.
	11	Management sign-off on first corporate access to health project.	Not achieved	Develop proposal for a study on barriers to health in brain disease.
	10, 11			Issue and implement Corporate Guideline on donations.
CSR Strategy	7			Conclude materiality assessment and develop CSR strategy 2015-2018.

# ACTIVITIES CUTTING ACROSS THE PRINCIPLES

Some of our activities relate to all or several principles in the UN Global Compact.

## MATERIALITY AND STRATEGY DEVELOPMENT

In 2013 Lundbeck has engaged in a materiality assessment process. We use materiality assessment as a tool to ensure that relevant input is taken into account in the revision of our Corporate Social Responsibility (CSR) strategy, which will reflect our priorities for 2015-2018. The materiality assessment will thus enhance our understanding of the issues that are strategically important to our business and to our stakeholders.

Business units across Lundbeck have been interviewed and challenged about material issues to Lundbeck from their perspective. Discussions to assess and prioritise issues will continue in business units in 2014 in order to ensure ownership of issues and further develop an understanding of what CSR means to individual business units and to Lundbeck in general.

We will use materiality to tackle emerging issues as well as changes in our stakeholders' expectations. We will also use materiality to focus our future reporting and additional communication on the most material issues.

*'Materiality is about identifying and assessing issues of social, environmental and economic impact, which are strategically relevant to our business and important to our stakeholders'*

Drawing upon a wide range of internal and external sources, the first step of the process was the development of an inclusive list of material issues which are categorised and assessed according to their business relevance, importance to stakeholders and their social, environmental and economic impact in Lundbeck's value chain. In 2014 we will continue discussions on assessing issues and involving relevant stakeholders. The results will form the basis for our updated CSR strategy.

## INITIATIVES TO PROMOTE COMPLIANCE AND CSR

Lundbeck remains committed to follow high ethical standards and ensure compliance in our operations. Our Code of Conduct is an important guiding tool to ensure that our values become embedded in our organisation and that employees and business partners know what is expected of them.

### Code of Conduct revision: Guidance, training and monitoring

Lundbeck's Code of Conduct was revised to reflect new requirements to how we can operate in a changing global environment. This was done in order to live up to stakeholders' growing expectations, updated industry codes and business standards and stricter international laws and demands for transparency, for example the International Federation of Pharmaceutical Manufacturers & Associations (IFPMA) Code of Practice and the OECD Guidelines for Multinational Enterprises. The changes relate to how we interact with healthcare professionals, how we document and disclose information, how we make donations, and how we conduct promotional activities.

More detailed guidance and training to operationalise the updated Code of Conduct has also been introduced and more will follow in 2014 on the tracking of payments to healthcare professionals and on donations. The same is the case for a revised and extended e-learning programme, which all Lundbeck employees will be required to take in the course of 2014. Our induction programme to new employees was also revised to reflect the changes.

In order to monitor compliance, we carried out 114 audits to identify and mitigate risks related to our Code of Conduct. The individual audits covered research and development, production, health, safety and environment (HSE), human resources,



marketing, sales and finance. Lundbeck's cross-functional group of auditors continues to align activities and strengthen audits across areas. Synergies will be utilised to increase the number of audits covering promotional activities in 2014.

For many years Lundbeck has operated a Whistleblower function through which employees can report any concerns of breaches of the Code of Conduct involving legal, serious financial or reputational risks. An improved solution to our Whistleblower function, which will include access for external stakeholders, has been developed and will be launched and implemented in 2014.

### Transparency in interactions with healthcare professionals

One of the key areas our revised Code of Conduct covers is our interactions with healthcare professionals. We strive to protect the integrity of our partners by making sure that our interactions with them are conducted responsibly and are properly documented to avoid any potential conflicts of interest. Lundbeck is actively involved in discussions on ethics and transparency through our memberships in pharmaceutical industry organizations. The pharmaceutical industry has faced calls for greater transparency from stakeholders in recent years and has responded with initiatives such as the recently published EFPIA HCP Disclosure Code, which requires members of EFPIA to disclose all payments made to healthcare professionals every year from 2016 onwards.

Lundbeck supports these initiatives, and we are executing a project that aims to promote greater transparency and ethical behaviour in our own operations. This includes developing an operational guideline on interactions with healthcare professionals to our employees who engage directly with healthcare professionals.

### Evaluating suppliers and partners on CSR criteria

Lundbeck is increasingly collaborating with others to develop and commercialise new and better medicines. Also we have partnerships with thousands of suppliers of products and services. Our aim is to create long-term relationships with partners who share our commitment to high ethical standards.

This year we began implementing a common process for review of all types of suppliers and partners. The aim of the review is to reduce risks to our business and also, in the long term, to help raise the CSR standard among our suppliers and partners.

Our evaluation criteria are based on the ten UN Global Compact principles, and due diligence of key business partners on human and labour rights, environmental protection and business ethics is an integrated part of the process.

Guidance documents and IT-tools to supplement and operationalise our Code of Conduct principle on supplier evaluation have been developed, and training has been conducted in Denmark and selected pilot affiliates. The evaluation process has become integrated into standard sourcing and partnership engagement practice where it has been rolled out. Implementation in headquarters will be completed in 2014.

In 2013 we also introduced an audit tool on labour and environment and trained key Lundbeck employees performing quality audits on non-European suppliers. This was done to strengthen the supplier evaluation process on health, safety and environment (HSE) in particular. Additional employees performing quality audit on European suppliers will receive training in 2014. This means that more suppliers will receive systematic HSE audit by Lundbeck in the years to come.

Global implementation of partner and supplier evaluation involves all affiliates and therefore takes time and resources. In 2014 we will continue to roll out the process with our affiliates globally in waves, based on an assessment of where the Code of Conduct risk are the greatest and where our business impact is the highest. Global implementation will be completed in 2015.

Specifically, staff in a newly established business service centre in Krakow, Poland, will be trained to take over the administration of the evaluation of suppliers and partners contracted by Lundbeck headquarters, as well as European affiliates as the first major wave of global roll-out. Due diligence will continue to be handled by Lundbeck's Corporate Compliance & CSR function in headquarters.

### Recertification of our corporate Health, Safety and Environment Management System

Our Health, Safety and Environment (HSE) Management System enables Lundbeck to work systematically with HSE issues, continuously striving to improve our work environment and reduce our impact on the environment.

**SIMPLIFIED DEPICTION OF LUNDBECK'S  
SUPPLIER EVALUATION PROCESS**





For a number of years, the four Lundbeck sites in Valby (Denmark), Lumsås (Denmark), Padova (Italy) and Paramus (USA) have been certificated according to the international standards ISO 14001 (environment) and OHSAS 18001 (work environment). This year these sites were successfully recertified, and for the first time our site Nice (France) was HSE certified and now forms part of Lundbeck's joint HSE System. This results in a total certification of all Lundbeck sites in Denmark and all our chemical production and research facilities outside Denmark.

# HUMAN RIGHTS

Our access to health initiatives, donations and awareness raising of brain disease represent Lundbeck's contribution to addressing health as a human right.

Lundbeck agrees that businesses have a responsibility to respect human rights and act in accordance with internationally applicable human rights standards, such as the UN Declaration of Human Rights and the European Convention on Human Rights. In Lundbeck we are committed to address human rights concerns if they arise as a consequence of our own actions or of partners that we work with.

## POLICIES

Human rights considerations are addressed in a number of existing policies in Lundbeck. For our responsibility as an employer Lundbeck follows a Diversity Policy, Policy on Gender in Management, Human Capital Development Policy and Recruitment Policy, in addition to any applicable legislation in the countries that we operate. Our Code of Ethics and Code of Conduct express our positions and operating principles, for example on human rights in relation to patients, clinical trial participants and employees. Our Purchasing Policy and additional guidance on evaluating suppliers and partners also address human rights in our value chain.

## THE UN GLOBAL COMPACT HUMAN RIGHTS PRINCIPLES

**'Businesses should support and respect the protection of internationally proclaimed human rights; and make sure that they are not complicit in human rights abuses'**

## ACTIONS AND RESULTS IN 2013

### Access to health

Lundbeck agrees with the World Health Organization that 'the enjoyment of the highest attainable standard of health is one of the fundamental rights of every human being'.

As a one of the few pharmaceutical companies specialising in the treatment of brain disease, Lundbeck has the opportunity to address human rights on a larger scale through promoting access to health within brain disease. The disease area continues to be surrounded by stigma and significant barriers to prevention, diagnosis, treatment and the lack of general public awareness.

Lundbeck has for many years promoted access to health through the Lundbeck Institute providing medical education from leading medical experts to healthcare professionals. Also donations are provided from headquarters as well as locally to support various healthcare initiatives.

In 2012 we started a process to define Lundbeck's position and ambitions on access to health. The first step was an access to health strategy. This year we have started putting our access to health strategy into practice and have made concrete progress. We have mapped our current business practices in selected areas to understand what we are already doing to improve access to health, and where we could do more, resulting in a first snapshot of existing initiatives. Initially, we planned to define a corporate access to health project based on existing initiatives during 2013. However, a decision has been made to rather propose a project of a different scope; a study to investigate barriers to health in brain disease, which we will define and scope in 2014. We will also communicate more extensively about Lundbeck's approach to access to health and concrete actions based on updated priorities, thereby contributing to increase awareness of access to health internally and externally.

### Defining overall approach to donations

Lundbeck has started an initiative to deliver a more specific corporate guideline on our approach to donations. Providing donations such as financial support, in-kind services, drug compounds for research purposes or medicinal products are part of Lundbeck's social engagement aiming to benefit patients, healthcare, research or provide modest charity to the local community. Lundbeck defines donations as an act of giving that is made without the expectation of receiving favours or other advantages in return, and we provide such donations in a transparent way. The aim of the guideline, which will be finalised in

2014, is to strengthen internal donation processes and ensure alignment with the requirements of tightened global codes such as the IFPMA Code of Practice and EFPIA Codes governing disclosure, interactions with healthcare professionals and relationships between the pharmaceutical industry and patient organisations.

### **Raising awareness with Progress in Mind**

We recognize that Lundbeck has an opportunity to address the growing burden of disease resulting from inadequate treatment, discrimination, reduced number of working days, early retirement and other unnecessary but documented consequences of living with brain disease. Barriers to health are significant but not fully understood. In the coming years Lundbeck will initiate a range of activities that aim to communicate, initiate dialogue, create knowledge and raise awareness on the burden of brain disease, which relate to access to health, but also go beyond this. We call this initiative Progress in Mind. In connection with Lundbeck's 100<sup>th</sup> birthday in 2015, a range of initiatives to raise awareness will be planned involving internal and external stakeholders.

### **APPLYING HUMAN RIGHTS FRAMEWORK**

Since its publication in 2011, Lundbeck has taken an interest in working with the UN Guiding Principles on Business and Human Rights. For example the framework has inspired how we evaluate suppliers and partners on human rights and has led us to integrate human rights into our due diligence process. In the coming years, Lundbeck plans to use the framework to develop an internal human rights due diligence process as well.

Lundbeck benefits from participating in networks that address and further a common understanding of business and human rights. In particular, we are a member of the UN Global Compact Nordic Network as well as the cross-sector initiative, Network for Business and Human Rights facilitated by the Institute for Business and Human Rights.

# LABOUR

Our activities with regards to the Labour principles involve our responsibility to ensure a safe and healthy work environment for our employees and encourage our suppliers and partners to adopt responsible labour practices.

Lundbeck wants to be able to attract and retain the best qualified and motivated employees. Therefore, we are committed to taking responsibility for the long-term wellbeing of the approximately 5,800 people that we employ around the world. We respect internationally recognised labour rights standards, such as those set forward by the International Labour Organisation (ILO), and we follow as a minimum local requirements for labour practices.

Lundbeck's efforts to ensure a safe and healthy work environment focus on taking preventive measures and carry out systematic risk assessments at many levels in the organisation as well as to promote a workplace culture where every employee and manager take individual responsibility.

## POLICIES

Our corporate Health, Safety and Environment (HSE) Policy covers the physical and psychological work environment and is supported by our Position document about health and safety. Our human resource policies, such as Diversity Policy, Policy on Gender in Management, Human Capital Development Policy and Recruitment Policy also support a safe and healthy work environment.

## THE UN GLOBAL COMPACT LABOUR PRINCIPLES

**'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'**

## ACTIONS AND RESULTS IN 2013

### Risk assessment of changes

We further develop our HSE culture by conducting systematic HSE risk assessments as an integral part of changes in equipment, machinery, buildings and work processes .

We have strengthened the HSE risk assessment process in many areas of Lundbeck. For example, we conducted systematic risk assessments during development and construction of our new office building in Valby. The assessment was performed with a high degree of involvement of the employees moving in to the building. Furthermore, we developed an internal guideline on how to run organizational changes, including physical and psychological risk assessments. The guideline has been used successfully in 2013 when moving people from single offices into the open space offices in the new office building.

### Health check

Lundbeck has launched another health check pilot project for our employees in production and warehouses. In 2014 these employees will be offered health checks again in order to maintain motivation and to measure the effects of the project. Furthermore, a "few minutes daily exercise" concept will be presented in relevant departments in Denmark.



Figure 1: The interior of Agora: Lundbeck's new office building in Valby, which was finalised in 2013

### Accident prevention and safety culture

In 2013 we almost doubled the number of registered and evaluated near misses from 327 to 652, which is a result of our increased focus on accident prevention and promoting a strong HSE culture. In those departments that made a special effort to improve their HSE culture, we also saw a reduction in the number of accidents. The accident frequency decreased from 6 to 5.8, and we experienced an undesired increase from 4.1 to 7.5 lost work days per accident. This means that we did not reach our ambitious target of a lost time accident frequency of  $\leq 4.5$ . In 2014 Lundbeck will continue to focus on promoting an HSE culture in more departments and continuously improve our efforts concerning accident prevention and near misses.

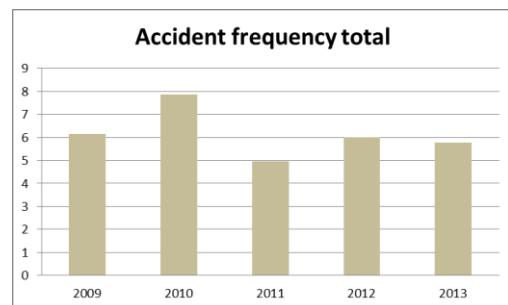


Figure 2: No. of accidents with absence per 1 million work hours

### Employee satisfaction survey

The annual employee satisfaction survey showed that satisfaction and motivation has increased to 74 points, which is 1 point higher compared to 2012. Other focus areas from the 2012 survey was workload, personal and professional development and good management. All these areas have either improved or maintained a high score. This indicates that action has been taken to improve work conditions.

### Labour rights in our supply chain

Lundbeck wants to take responsibility for ensuring fair labour standards in our supply chain. In 2013 we started rolling out a supplier evaluation process, integrating this into our sourcing processes as well as in the due diligence screening of our business partners (page 8). The ability to ensure fair wages, working hours, rest periods, freedom of association and anti-discriminative practices for recruitment and promotion is among the factors on which we now systematically evaluate existing and potential new suppliers and partners. We have also committed ourselves to reject collaboration with important partners if their labour rights practices are not deemed acceptable.

In 2013 supplier evaluation has led to constructive dialogue with many partners and in several cases promoted the introduction of more transparent labour rights policies among partners. In 2014, as we continue global roll-out of the process, we look forward to engaging with partners in discussions of best practices and improving our own process. In 2013 we have audited partners on labour and environmental practices and will continue to do so in 2014.

## MENTAL HEALTH AT WORK INITIATIVE AT LUNDBECK

In 2013 Lundbeck launched the Mental Health at Work initiative involving a number of business units and external stakeholders. The aim is to ensure adequate attention and support to employees suffering from mental illness and to promote a company culture that openly acknowledges mental illnesses. The main output will be the development of an human resource programme covering mental health for Lundbeck staff.

Almost one in five adults will experience a mental illness such as depression or anxiety during their lifetime. It is commonly recognised that with timely and adequate treatment most cases of depression and anxiety can be overcome, and the patient can go back to leading a normal life including a meaningful job.

The Mental Health at Work initiative will offer support to employees suffering from mental illness. Mental Health at Work covers the entire scale from prevention, early detection over sick leave, coming back to work and staying on track. Each phase is covered with respect to information and support.

Mental Health at work includes:

- Guidelines and training for key staff (management and human resources)
- Awareness campaigns for staff
- Easy access to information
- Collaboration with therapists and other health care professionals

# ENVIRONMENT

Lundbeck promotes environmental responsibility by optimising our medical production, purifying and recycling solvents and reducing our CO<sub>2</sub> emissions.

Our strategic health, safety and environment (HSE) efforts have enabled us to safely manufacture pharmaceuticals while using less energy and emitting less CO<sub>2</sub> than ever before.

Lundbeck is actively trying to minimize our environmental and carbon footprint. We conduct environmental risk assessments by monitoring the environmental effects of our new active substances through rigorous biological, physical and chemical tests.

## POLICIES

Our corporate Health, Safety and Environment Policy cover Lundbeck's approach and ambitions on environmental responsibility. This is supported by our CO<sub>2</sub> strategy, our position on CO<sub>2</sub> emission and our position on environmental footprint.

## THE UN GLOBAL COMPACT ENVIRONMENT PRINCIPLES

**'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'**

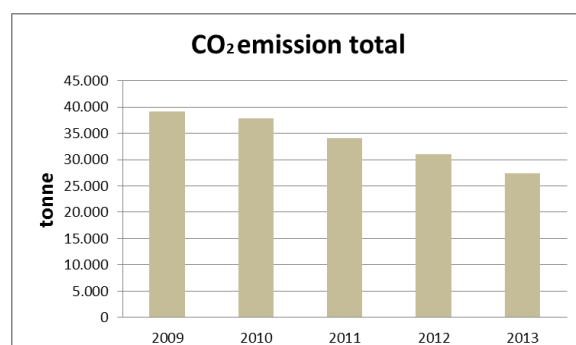
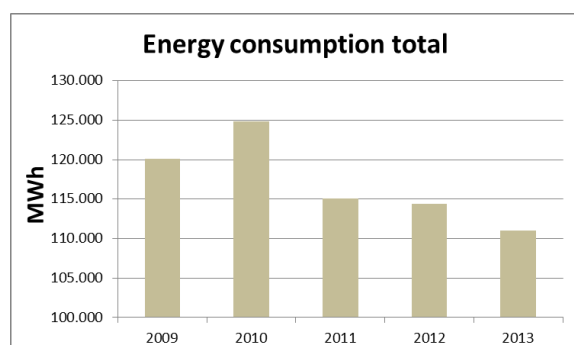
## ACTIONS AND RESULTS IN 2013

### Climate

Our CO<sub>2</sub> strategy commits us to break the link between business growth, energy consumption and the resulting CO<sub>2</sub> emission. For many years Lundbeck has successfully uncoupled these factors. Furthermore, we aim to cut CO<sub>2</sub> emissions 40% by 2016 (from 2006 emission levels). Lundbeck achieved this long-term target already in 2013, two years ahead of plan through a cross-organizational collaboration without compromising product quality and employee safety. Worth mentioning is the project of replacing fuel oil with bio oil at our chemical site in Lumsås. This project has made a noticeable contribution to this vast CO<sub>2</sub> reduction.

In reaching our target, numerous energy saving projects have been completed by employing cleaner technologies and by challenging routines and conventional thinking. Projects like the optimization of ventilation and reduced air change in production, laboratories and animal areas resulted in a corporate energy reduction of 2.9% compared to 2012.

In 2014 Lundbeck will continue to execute identified energy saving activities on all our sites and focus on integrating energy savings into our daily engineering and maintenance operations. We will also decide on a new ambitious CO<sub>2</sub> target.



### **The Carbon Disclosure Project (CDP)**

CDP is an index which evaluates companies' climate action and managing of climate risks and opportunities.

In 2013 Lundbeck took a giant leap regarding our performance in the CDP. Out of 100 possible points, Lundbeck was awarded 89 and thereby rose 11 point compared to 2012. The average disclosure score for the healthcare industry was 82 points.

Lundbeck achieved this by putting an even higher effort into documenting and explaining to the CDP the numerous actions that we have taken in relation to reducing our energy consumption and CO<sub>2</sub> emission, and how we manage our risks and opportunities related to climate change. In 2014 we will evaluate and identify new areas to further improve our score.

### **Pharmaceuticals in the Environment**

Minimizing the environmental impact of our products is another important objective. Lundbeck is a research-based company, and as such we invent new chemical compounds. Before we are allowed to market these compounds as new pharmaceuticals, we are obliged to test and assess their environmental impact. The gained knowledge is applied to the design and manufacturing process resulting in the least possible environmental impact. Besides meeting regulatory requirements, we also participate in European pharmaceutical industry networks to exchange experience and contribute to the development of environmentally friendly processes and technologies.

### **Purification and recycling of solvents**

Lundbeck's chemical production site in Lumsås (Denmark) has further increased its focus on recycling solvents. By use of a fractionating column, we are now able to purify solvents more effectively than before. As a result, post purification solvents can be reused in all processes over and over again. So far this process has successfully been adopted for the solvents toluene and acetonitrile, and testing on ethanol is ongoing.

The process offers both environmental and financial benefits. In environmental terms purification leads to lower consumption of new solvents and lower volumes of waste. It is also much less expensive to purify and reuse a solvent than to buy new ones. Besides purification in the fractionating column, the recycling of an additional 10 solvents is taking place directly in the local plants, and the solvents are reused in the production process. In 2013 site Lumsås regenerated 44% of the 10 most used solvents. In 2014 Lundbeck will continue to regenerate solvents as a part of our production process.

## **REDUCED SCRAPPING OF PACKAGING MATERIALS**

Besides improving and developing the packaging material and the production hereof, we take initiatives to reduce the scrapping of finished goods and packaging material. As a consequence of changing requirements to packaging material, we have implemented a new process that allows a smooth transition from "old" to "new" packaging material. This has resulted in a 25% reduction of scrap of printed packaging materials (cartons, leaflets and labels) equivalent of 15 tonnes.



# ANTI-CORRUPTION

Lundbeck promotes anti-corruption through policies and training, a culture that acknowledges open discussion of ethical dilemmas and by monitoring compliance in our own operations and among our partners.

As part of a global company, our employees need to navigate a range of cultures with differing perspectives on what it means to be an ethical and responsible business. This provides challenges, and we need to do what we can to ensure that our employees are able to make ethical business decisions in an increasingly complex and regulated environment. Lundbeck has a zero tolerance policy on bribery, we do not accept facilitation payments, and we do not wish to work with partners that accept bribes to unfairly promote business advantages.

We manage anti-corruption in Lundbeck by ensuring that we have specific policies that guide our employees and business partners in making ethical decisions and by training all new employees in these policies, for example by using cases to train employees in making the principles operational. We also monitor and follow up on implementation through compliance reviews, audits and systematic quarterly reporting covering anti-corruption compliance from affiliates and business units.

We realise that policies and training are necessary, but also that these need to be supported by a long-term commitment to building a corporate culture that promotes strong values, integrity and open dialogue. Therefore, our values are promoted by our corporate management, and employees are encouraged to reflect on these values on a reoccurring basis in relation to their own work, for example through employee appraisals and ongoing dialogue with colleagues and managers.

## THE UN GLOBAL COMPACT ANTI-CORRUPTION PRINCIPLE

**‘Businesses should work against corruption in all its forms, including extortion and bribery’**

## POLICIES

The Lundbeck Code of Conduct represents our most important policy addressing anti-corruption. This is supported by corporate guidance on interactions with suppliers, partners and healthcare professionals. Lundbeck's Authorization and Signing Policy also addresses our commitment to ensure that Lundbeck enters into agreements and makes purchases in a transparent and responsible manner.

## ACTIONS AND RESULTS IN 2013

### Interactions with healthcare professionals and payment disclosure

The updates and specifications made to the Lundbeck Code of Conduct in 2013 (page 7) reflect efforts to further mitigate corruption risks, avoid conflicts of interest and increase transparency. All in all, nine of the thirteen sections in the Code of Conduct have been revised, most addressing issues related to interaction with healthcare professionals, transparency and promotional activities. Training and communication to support implementation will be executed in 2014.

The Code of Conduct revision has been supplemented with additional guidance on a more operational level. As a pharmaceutical company, we realise that we need to address the general public concern about industry engagement with healthcare professionals. We do this by setting own clear standards for how we engage with important stakeholders, including healthcare professionals, and by disclosing and communicating openly about it.

*‘We address our engagement with healthcare professionals by setting clear standards, developing guidance and by disclosing and communicating openly about it’*

An increasing number of national laws or pharmaceutical industry codes require Lundbeck to track, report and disclose payments made to healthcare professionals or hospitals for services rendered to Lundbeck. Lundbeck has made progress on a key project to launch an improved system for tracking payments to healthcare professionals. This is a large-scale project involving the design of a system that can document payments across Lundbeck's affiliates worldwide taking into account differing legislative requirements. The improved system will be launched in 2014.

**Anti-corruption and third parties**

This year anti-corruption parameters were also introduced into our assessment and due diligence of supplier and partners through the roll-out of Lundbeck's improved supplier evaluation process. Unfortunately, the pharmaceutical industry has experienced how corrupt activities conducted by third parties represent a significant risk. We want to do what we can to ensure that Lundbeck is not complicit in corrupt behaviour through third parties. Therefore, we evaluate all third parties on their business ethics policies, potential conflicts of interest and their positions on anti-corruption. All third parties are required to sign a contract with a Code of Conduct clause and receive Lundbeck's third party obligations guidance document explaining what that commitment entails.

Third parties' adherence to Lundbeck's Code of Conduct, with a focus on anti-corruption, is monitored through compliance reviews and audits. In 2013 four reviews with a specific focus on anti-corruption were conducted, and the number will increase in 2014.

Our improved Whistleblower function, which will now include access for external stakeholders, is another important tool to secure that any concerns of breaches of the Code of Conduct involving legal, serious financial or reputational risks are reported and investigated. An improved solution to our Whistleblower function has been developed and will be launched and implemented in 2014.

# METHODOLOGY AND ADDITIONAL INFORMATION

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## 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 our fifth report to the UN Global Compact. In order 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 2013 as well as some descriptions of planned activities and goals for 2014. It covers all our sites including subsidiaries.

### Data collection and quality

Lundbeck HSE data originates from our headquarters in Denmark plus all sites of development, research and/or chemical/pharmaceutical production that are owned or controlled by Lundbeck. Administration, sales organizations and development, research and/or chemical/pharmaceutical production sites of less than 50 employees outside Denmark are not included.

### Stakeholder engagement

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

## MORE INFORMATION ONLINE

This report is available online at <http://www.lundbeck.com/global/corporate-responsib>. Also please visit our website for more frequent CSR updates.