

LUNDBECK

UN GLOBAL COMPACT
2014 COMMUNICATION ON
PROGRESS REPORT



PROGRESS
IN MIND

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REPORT SCOPE AND METHODOLOGY

Our corporate values and the ten UN Global Compact principles set out the framework for our business conduct and our Corporate Social Responsibility (CSR). We only engage in CSR activities that create values for our employees, our stakeholders and societies we operate within. This report represents Lundbeck's sixth annual Communication on Progress to the UN Global Compact as well as our non-financial report on CSR according to the Danish Financial Statements Act.

The report describes Lundbeck's global activities and progress in 2014, and contains descriptions of planned activities and targets for 2015. The report has been developed without direct engagement of external stakeholders.

The health, safety and environmental data cover our corporate headquarters in Denmark and larger global affiliates with research, development and manufacturing activities. Global sales affiliates as well as research, development and manufacturing affiliates with less than 50 employees outside Denmark are not included in these data.

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. We recognise that as a business we have a responsibility to respect human and labour rights, to commit to environmental protection and to work against corrupt behaviour. As the Chairman of the Board, I am proud of the progress that Lundbeck has 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 diseases¹. 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.

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 targets to minimize the environmental impact of our operations, we take steps to increase transparency in our engagement with healthcare professionals, and we have started a process to define how Lundbeck in broader terms can promote access to health in the field of brain disease.

Internally Lundbeck's approach to Corporate Social Responsibility (CSR) 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 our words, and we hope that you after reading this report share that view. To deliver on our promise of transparency we will continue reporting on our ambitions and targets for existing and new CSR initiatives in the years ahead.

'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.

Håkan Björklund
Chairman of the Board

¹ 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 continuously enhance transparency of our actions to allow our stakeholders to reflect on our commitments and actions. We do this by sharing our targets, performance and future plans with stakeholders. The status on our targets on compliance and CSR are outlined below.

	PAGES	TARGET 2014	STATUS	TARGET 2015
Ethics and behaviour	6	Support global implementation of Code of Conduct through training and by issuing more detailed guidelines	Achieved	Continuous update of Code of Conduct and training for all
	6	All employees to complete revised Code of Conduct e-learning	Achieved	
	7	Launch of improved system for tracking payments to healthcare professionals	Achieved	Enable public disclosure of payments to health care professionals
	7, 14	Increase number of compliance reviews and audits carried out among Lundbeck affiliates and third parties, and utilize synergies across audit scopes	Achieved	Continue streamlining of audit and monitoring processes, including performing Combined Assurance
	6	Conclude global implementation of new whistle-blower solution	Achieved	
Supplier Evaluation	7	Continue global implementation of due diligence in selected countries based on greatest Code of Conduct risk and highest business impact	Achieved	Continue global implementation of the supplier evaluation process
	7	Train additional personnel performing audits on European suppliers	Achieved	
	7	Make information available to stakeholders on company webpage	Not achieved	

	PAGES	TARGET 2014	STATUS	TARGET 2015
Health, Safety and Environment	11	Lost time accident frequency ≤ 5 lost time accidents per one million work hours	Achieved	Lost time accident frequency ≤ 4.5
	11	Achieve ≤ 5 days of absence per accident	Achieved	Severity rate ≤ 0.16 hours of absence per 1,000 working hours
	11	Work related diseases ≤ 2	Achieved	Work related diseases ≤ 2
	12	Reduce energy consumption by 3% and CO ₂ emissions by 5% in 2014 compared to 2013	Achieved	Reduce energy consumption and CO ₂ emissions by 4% in 2015 compared to 2014
	13	Recover 40% of selected solvents in manufacturing operations	Achieved	Recovery of 50% of selected solvents
Access to Health	8	Communicate ambitions and concrete actions to increase awareness of access to health internally and externally	Not achieved	Communicate Access to Health strategy and actions internally and externally
	8	Issue and implement global guideline on donations	Not achieved	Issue and implement global guideline on donations
	8	Develop proposal for a study on barriers to health in brain disease	Not achieved	
CSR Strategy	6	Conclude materiality assessment and develop CSR strategy 2015-2018	Achieved	

ACTIVITIES CUTTING ACROSS THE PRINCIPLES

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

We are continuously working to understand how the UN Global Compact's principles relate to our business practices and to incorporate actions that ensure we conduct our activities accordingly. In 2014, our first materiality assessment confirmed that we should maintain the present focus in our CSR Strategy, namely Ethics and behaviour; Responsible procurement and partnerships; Health, Safety & Environment and Access to Health. The areas that cover all or several principles in the UN Global Compact are reported in this section. This includes actions that keep our Code of Conduct relevant and up to date as well as activities to enhance transparency in our relationship with Healthcare Professionals.

ETHICS AND BEHAVIOUR

Since 2010, Lundbeck's Code of Conduct has been the corporate baseline for 'doing the right thing' and all our employees have participated in training on what this means in their job role. The Code is principle-based, which gives it some resilience towards changes that are not in Lundbeck's control. However, we continuously evaluate the need to update the Code, its related procedures and adapt the training. A substantial update was performed and communicated in 2014, reflecting tightened international anti-corruption laws, updated industry codes and business standards. This update included enhanced controls for interactions with Healthcare Professionals (HCPs); that promotional materials are subjected to an appropriate review process; that adequate measures are taken in our business-to-business relationships; and that donations are documented and used as intended.

'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'

The communication and training of our employees emphasise that compliance and Corporate Social Responsibility (CSR) is too important to be left to the experts, and aim to enable the individual to take appropriate action. We believe that, maintaining responsibility of the individuals employed in Lundbeck, reflecting and deciding what is right, is a pivotal principle to responsible and sustainable business conduct. Therefore, our efforts extend beyond conducting courses to include awareness campaigns, live training sessions, meetings and webinars. Having an occasion to reflect, talk and raise questions or concerns is what matters. It also provides us with valuable input to what guidance is needed. Following the update of the Code of Conduct, we have also updated the content of the communication and training activities, and the completion of the mandatory global eLearning was documented.

Even though we believe that an open and honest dialog is essential and we encourage everyone to have ongoing conversation on compliance and ethical dilemmas, we realise that some dilemmas or concerns might not be discussed openly. Therefore during 2014, we enhanced our existing whistle-blower programme by introducing a Compliance Hotline. This enables both our employees and external stakeholders to report legal or other serious concerns in a fully confidential way. The take-up of calls and online reports is managed by an independent provider and is administered in accordance with relevant data protection requirements. All reports received via Compliance Hotline are investigated by a few dedicated Lundbeck specialists. This is conducted strictly in accordance with our global investigation procedures and our non-retaliation policy, which does not accept any retaliation or discrimination against anyone who communicates a concern in good faith.



In order to ensure adherence to the company's ethical standards, we annually conduct multiple audits of Lundbeck business units, suppliers and partners. Audits activities are planned and executed in accordance with the current risk picture, which is based on external and internal sources. In 2014 we conducted 174 internal audits that cover R&D, production, health, safety and environment (HSE), marketing, sales and finance. In addition, we conducted 202 audits at our suppliers and partners.

Some of these audits are directly driven by our responsible procurement and partnership initiative that establishes a supplier evaluation process. These audits represent an in depth control process, which adds information that is used to select new or monitor performance of existing strategic suppliers and partners. A larger proportion of our suppliers and partners go through an integrated evaluation and due diligence process based on the UN Global Compact Principles. All suppliers and partners are asked to sign a mutual commitment to compliance with human rights, employee rights, environmental protection and anti-corruption in our contracts. The global implementation of this initiative is progressing according to plan.

External trends, new or updated requirements, information from internal dialogue, training, audits, investigations and supplier evaluations provide input to the continuous update of our Code of Conduct. The next update will be executed and communicated during 2015 and will be integrated in the annual training circle that involves all employees in Lundbeck globally.

Promoting transparent interactions

Healthcare Professionals (HCPs) and Healthcare Organisations (HCOs) provide the pharmaceutical industry with valuable, independent and expert knowledge derived from their clinical experience. This expertise makes an important contribution to the industry's efforts to improve the quality of patient care, with benefits for individuals and society at large. HCPs and HCOs should be fairly compensated for the legitimate expertise and services they provide to the industry. Lundbeck believe that the legal and/or self-regulation transparency initiatives ultimately will enhance the general acceptance of these professional relationships. Lundbeck is currently reporting and disclosing these transfers of value where it is required.

During 2014, we have enhanced our processes and established systems to enable disclosure of transfers of value to HCPs and HCOs from 2016 onwards, as required by the European Federation of Pharmaceutical Industries and Associations' Disclosure Code and local regulations. At the same time we have taken the opportunity to streamline related processes in a way that fits our corporate culture of acting responsibly. The new global process asks every Lundbeck employee to follow specific requirements when planning and tracking interactions with HCPs and HCOs. The process was established successfully in 2014 to ensure that all interactions are in compliance with Lundbeck standards and specific local regulation. In 2015 we will be communicating, training, providing advisory and auditing to ensure an effective implementation of the new processes.



During 2015, we will also design the process that enables public disclosure of the required data by 2016.

HUMAN RIGHTS

Our access to health initiatives, donations and awareness-raising of brain disease represent key contributions 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. At 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.

Human rights considerations are addressed in several of Lundbeck's policies, which relates to different stakeholders. For instance our Code of Ethics and Code of Conduct sets out the principles for respecting the rights of patients and participants in clinical trials, while our Diversity Policy and Recruitment Policy addresses discrimination in relation to our employees, and our Purchasing Policy includes respect for human rights in relation to our suppliers and partners.

THE UN GLOBAL COMPACT HUMAN RIGHTS PRINCIPLES

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

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

Access to health

People living with brain disease experience significant barriers to health. The lack of safe and effective medical treatment is one barrier, which Lundbeck is trying to address through the discovery, development, manufacturing and marketing of medical products. In this way Lundbeck creates value for patients, society and our owners.

However, patients with brain disease may experience several other barriers to health. These barriers could include limited understanding of the biology behind brain disease, poor diagnosis, inadequate healthcare infrastructure, limited public awareness of brain disease, stigma and discrimination. The barriers all relate to the lack of knowledge, and as a specialist in brain disease Lundbeck is in a unique position to make a difference.

During 2014, we continued executing actions according to our Access to Health Strategy. The actions were primarily focused on raising awareness of brain diseases and establishing a global donation guideline.

Donation guideline

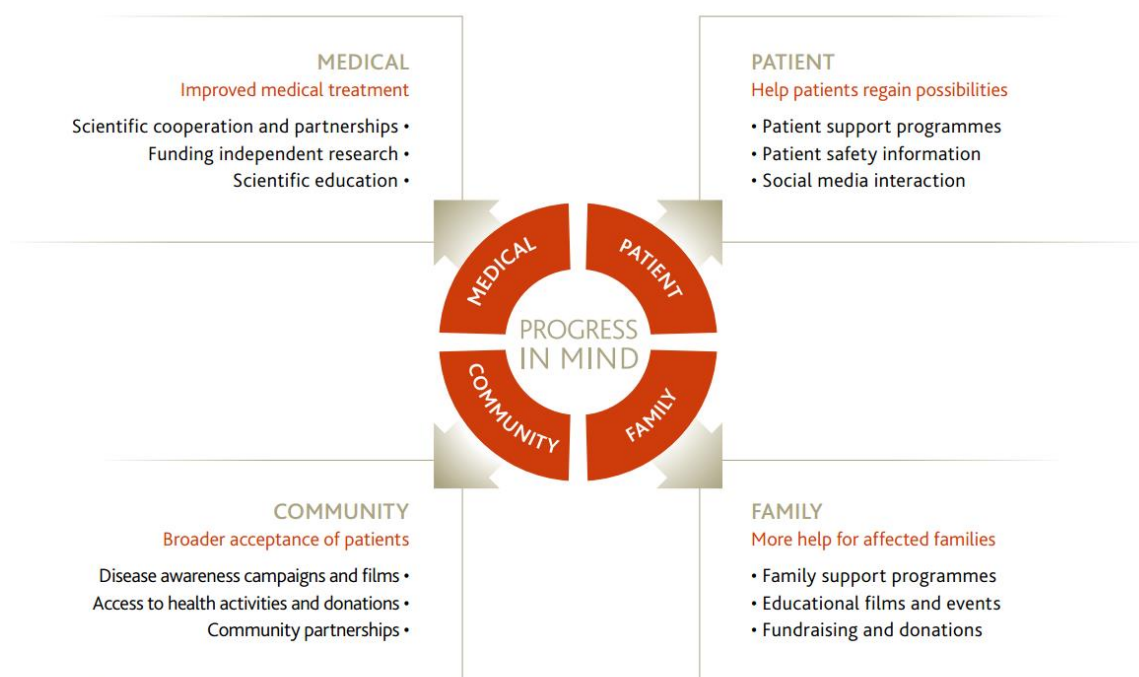
Overall, donations from Lundbeck aim to improve the quality of life of people living with brain disease. Donations may take the form of financial and in-kind support, compounds for research purposes or medicinal products. The guideline aims to ensure that donations made by Lundbeck are documented and provided in a transparent manner and in compliance with relevant international standards and good practice. As an example, we may donate Lundbeck compounds for research purposes upon request by investigators. Through these donations we aim to allow easier access to specific compounds in our possession and thereby promote science in general and drug discovery in particular. When Lundbeck compounds are donated, the recipient must sign an agreement that specifies the requirements on both parties, including that Lundbeck will not obtain any rights to results or inventions derived from the research done as a result of the donation. The global guideline will be communicated and implemented during 2015 in all areas that provide donations.

Putting brain disease on the agenda

To raise awareness and prevent stigmatization, we use our voice as specialists in brain disease and share our knowledge about unmet needs in the treatment of brain disease. We reach into both professional and patient communities to offer disease education and support programmes to health care professionals, patients and their families. Our global presence enables us to let successful, local initiatives travel the world and make a difference to patients in other countries. During 2014, we engaged in a number of activities supporting the message of 'Progress in Mind':

- We hosted a patient advocacy summit for European and global patient organizations. At the summit, communication tools were shared to effectively increase the impact of and accommodate the challenges in the patient organizations' work to increase awareness of their disease areas
- Lundbeck and the UK-based magazine The Economist put depression on the global mental health agenda. More than three hundred delegates including key politicians, thought leaders, employers, patient groups from around the world and healthcare decision makers participated in a one-day conference. Previous UN Secretary-General Kofi Annan spoke to the human rights violation it is when hundreds of millions of people are being denied treatment for depression. The report from the conference is available on www.lundbeck.com
- For the second year in a row, Lundbeck joined forces with partners and patient organizations during this year's Awareness Week on Alcohol Related Harm (AWARH) in November. As a member of the Roundtable of Alcohol Related Harm, Lundbeck has been a key player in establishing the AWARH initiative, which is a great opportunity for communicating and creating support for our work against alcohol dependence
- On this year's World Mental Health Day, Lundbeck launched in collaboration with European Federation of Families of People with Mental Illness (EUFAMI) and the University of Leuven the largest-ever global survey of carers to people with schizophrenia. By making this survey possible, Lundbeck contributed to emphasize the continued need for improving the lives of people living with schizophrenia and their caregivers

In the coming years, Lundbeck will be initiating a wide range of activities to promote 'Progress in Mind'. The activities will be centred around four main stakeholder groups who play a key role in reducing specific barriers to health as illustrated in the model below.



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 is committed to providing safe and healthy working conditions for the more than 6,000 people that we employ around the world.

We respect internationally recognised labour rights standards as set forward by the International Labour Organisation (ILO), and we follow national requirements for labour practices. We address issues related to human resource via our corporate policies for instance our Diversity Policy and Recruitment Policy.

Through our supply evaluation and due diligence processes we strive to ensure that labour rights in our value chain are respected, that the freedom of association and the right to collective bargaining is upheld and there is no discrimination in respect of employment and occupation.

Lundbeck's Health, Safety and Environment (HSE) Policy aims to promote a working culture where every employee and manager take responsibility to ensure safe and healthy working conditions by taking preventive measures and carrying out systematic risk assessments.

THE UN GLOBAL COMPACT LABOUR PRINCIPLES

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

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

Diversity

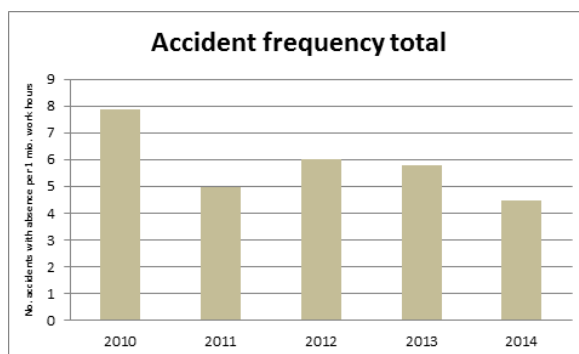
Lundbeck is committed to providing equal employment opportunities regardless of race, age, gender, religious beliefs, national origin, sexual orientation, disability or any forms of workplace discrimination. We believe that diversity among our employees is beneficial for our creativity, innovation, progress and mutual enrichment. Our target regarding diversity at Board of Directors level was reached in 2014. According to the target², at least one of the six members elected by the shareholders should be of the underrepresented gender (women). This target was established in 2013 and should be reached within a four-year period, to allow for continuity of the board. In terms of the 2014 board composition, there are two female board members elected by the shareholders and one elected by Lundbeck's employees. At the other managerial levels we aim to ensure that the proportion of women is at least 40% globally. While this target has been met in recent years, the proportion was 39% by the end of 2014. Our actions to meet the target are unchanged. We offer equal opportunities for men and women across organization in accordance with our employee policies and guidelines that provide equal opportunities and benefits for both genders.

HSE culture promoting healthy and safe working conditions

High motivation and good cooperation between managers and employees are essential elements of our HSE culture. To promote knowledge about health, safety and environment, and to create forum for experience exchange between managers and employees across the organization we annually hold a HSE seminar. In 2014 the main focus was placed on health and well-being in a changing organization. As a part of the seminar we award the best HSE initiative of the year by giving a HSE prize.

² Lundbeck's targets are in line with the Danish Companies Act section 139a (1)

Lundbeck aims to minimize the number of work-related accidents. In 2014, we experienced 4.5 accidents per one million working hours, which is the lowest number since 2006. The number of days of absence per accident decreased by 38% compared to 2013 (7.4 to 4.6 days), indicating a trend of less critical accidents. Results like these are achieved by employees, who reinforce our HSE culture by investing time in systematic risk assessment and root cause analysis to find continuous improvements. Sharing of best practices was strengthened by issuing monthly newsletters and conducting quarterly global HSE virtual meetings. These efforts will continue in 2015 with a focus on sharing knowledge between our manufacturing and research organisations.



Health and safety improvements are also achieved in the design phase. By modernizing our tablet manufacturing site in Valby, we improved work conditions and made the facility more flexible. In order to identify and foresee risk and to depict an optimal location of equipment and machinery before final establishment we successfully applied the iterative 'try-storming' method.

Health promotion improve the physical and mental health

Lundbeck has conducted two health check pilot projects in Denmark with 140 participants during the past two years. The participants underwent health checks and received individual guidance on how to improve their health. After the intervention, the participants experienced a healthier lifestyle and improved their physical and mental health. Performing regular health checks and continuously having a dialogue on health issues is necessary to maintain these results. To gain further experience, we have decided to offer our employees in Denmark health checks every second year. Another health project from 2014 showed positive effects from a few minutes of daily training by employees who were suffering neck, shoulder or arm pain. This initiative will continue in targeted areas of the organisation in 2015.

In line with Lundbeck's mission we have initiated the 'Mental Health at Work Programme', which aims to educate managers globally to identify and react on employees suffering from mental illness. In the coming years, we will provide guidance and training, and carry out events to promote a company culture that acknowledges the need for action when employees fall ill due to stress, depression, anxiety or alcohol addiction.

REACH - REGISTRATION OF LUNDBECK SUBSTANCES

EU's chemical legislation REACH requires registration of substances that a company manufactures or imports from a supplier located outside the EU. A registration of a substance requires many data, including toxicological studies. REACH gives the possibility to make a reduced registration (without toxicological studies) if the company can ensure Strictly Controlled Conditions (SCC) in the manufacturing area.

A Lundbeck REACH working group was established in 2014. The group conducted a REACH SCC Analysis Report with recommendations on how to achieve SCC. Lundbeck decided to follow the recommendations in order to fully establish SCC and hereby to be able to make reduced registrations of our substances. This ensures more rigorously contained work processes with minimal risk of exposure towards substances. The technical modifications and reduced registrations will be initiated in 2015 and will be completed before the deadline in May 2018.

ENVIRONMENT

Lundbeck promotes environmental responsibility by optimising our medical production, purifying and recycling solvents and reducing our CO₂ emissions.

Lundbeck's Health Safety & Environmental strategy ensures that our efforts are prioritised and coordinated in order to reduce our environmental footprint. Our ambition is to disconnect business growth from an increased environmental impact.

For a number of years, the strategy has yielded a number of tangible results. It has enabled us to manufacture pharmaceuticals safely while using less energy and emitting less CO₂ than ever before. We have also conducted environmental risk assessments by monitoring the environmental effects of our new active substances through rigorous biological, physical and chemical tests.

Lundbeck's Health, Safety and Environment Policy describe our approach and ambitions on environmental responsibility. This is supported by our CO₂ strategy, our positions on climate change, water, biodiversity and environmental footprint, which are all available at our corporate Internet site.

THE UN GLOBAL COMPACT ENVIRONMENT PRINCIPLES

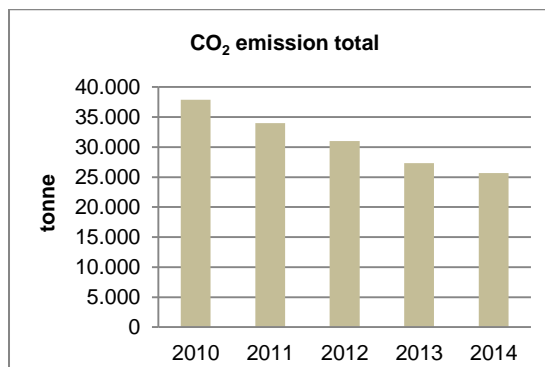
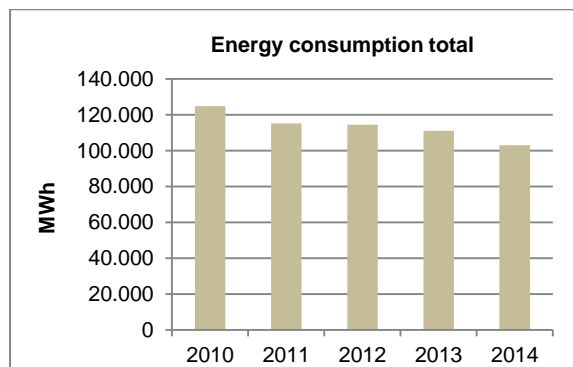
Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility;

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

Integrated approach saves energy

During 2014, we managed to reduce our energy consumption and CO₂ emission by 7% and 9% respectively, compared to 2013. These results are made possible by taking an integrated approach where a dedicated team of engineers and maintenance employees challenge habits and conventional thinking to identify new ways to reduce energy use. In particular optimization of ventilation and reduction of air change in production areas have been the major contributors to our energy reductions. Our CO₂ target is a determining factor for the achieved results, as it clearly states our commitment to reduce CO₂ emissions by 55% in 2020 compared to the CO₂ emissions in 2006.



Our work with identifying and implementing energy savings will continue during 2015 as we implement the EU directive on energy efficiency at our manufacturing and research sites.

Lundbeck recognized as world leader by Carbon Disclosure project

Lundbeck has made it a priority to be able to track and report our CO₂ emissions. These efforts were acknowledged by the Carbon Disclosure Project (CDP)³ in their 2014 benchmarking of more than 4,700 companies. The benchmark rates the companies' ability to mitigate climate change and manage their CO₂ emissions. Lundbeck achieved 98 out of 100 points and was awarded the highest possible listing in the CDP Climate Performance Leadership Index (CPLI).

**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. Prior to marketing a new pharmaceutical product, we are required to test the product's environmental properties and impact. The gained knowledge is applied to the design and manufacturing process with the aim of minimizing the environmental impact. In 2014, we initiated seven eco-toxicological studies, which will be concluded in 2015. Besides meeting these regulatory requirements, we participate in European pharmaceutical industry networks to exchange experience and contribute to the development of environmentally friendly processes and technologies. In 2014, we joined a working group with the Danish Environmental Protection Agency, which aims to develop future Best Available Technology regulation. In this way we aim to share and gain current knowledge about the environmental technologies we apply.

Recycling is beneficial for the environment and business

During 2014, employees and managers at Lundbeck's chemical manufacturing site in Lumsås have enhanced the efforts to recycle solvents. By the use of an industrial device (fractionating column) we are able to purify solvents more effectively. After being purified, the 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 we are currently testing the process on ethanol and tetrahydrofuran. Besides purification in the fractionating column, the recycling of seven additional solvents is taking place directly in the local plants, where the solvents are reused in the production process. During 2014, we regenerated 50% of the nine most used solvents. In this way we avoided purchasing approx. 1,470 tonnes of solvents, which are resource demanding and costly to produce and transport. Lundbeck will continue to develop our knowledge and regenerate solvents as a part of our production process.

HSE AWARENESS REDUCED MATERIALS AND ENERGY

Many local initiatives are taken in the continuous work on reducing the environmental impact from our activities. The Liquid and Sterile manufacturing area identified an opportunity to clean ampoules at lower temperature and without using detergent. After several tests and quality controls the process improvement was implemented.

The improved process eliminates 3 tonnes of detergent that previously was discharged to the wastewater and reduces the energy consumption with 50%. Apart from the environmental benefits the change has improved the working environment and reduced the process time.



³ CDP is an international not-for-profit organization providing the only global system to measure, disclose, manage and share environmental information

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.

Lundbeck is actively engaged in working against corruption in all its forms and applies consistently high ethical standards across our value chain. We have a zero tolerance policy for both bribery and facilitation payments and require that our partners also adhere to our high expectations and standards for ethical conduct.

As Lundbeck operates in a highly complex, rapidly changing global regulatory environment, we promote an open dialogue with our employees on ethical dilemmas that arise in the course of our daily interactions with stakeholders. We specifically manage anti-corruption through our Code of Conduct and related procedures, which guide our employees when making ethical decisions. This is supported by regular dilemma based training for both our employees and specific business partners.

Lundbeck systematically monitors compliance with our Code of Conduct through our Compliance Hotline, compliance reviews, audits, and global quarterly compliance reporting from our business units and Affiliates.

The Lundbeck Code of Conduct represents our most important policy addressing anti-corruption in our compliance structure. This is supported by both corporate and local procedures and guidance on our 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.

THE UN GLOBAL COMPACT ANTI-CORRUPTION PRINCIPLE

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

Anti-corruption evaluation of business partners and suppliers

Regrettably, the pharmaceutical industry has experienced instances of corrupt conduct by business partners in recent years. This underlines the importance of Lundbeck's efforts to ensure that our partners and suppliers comply with our high standards and expectations for ethical conduct. In 2014, we placed considerable focus on conducting anti-corruption due diligence of our suppliers and partners. This rigorous process involves a review of the prospective partner's commercial and ethical reputation combined with an evaluation of the adequacy of their anti-corruption policies and procedures. The process has in general confirmed the level of trust we have in our suppliers and partners and has led to enhanced standards. In rare instances, where prospective partners were not able to demonstrate ability to meet our ethical standards, we did not proceed with the partnership.

Business ethics audit focus

Internal and business partner adherence to Lundbeck's Code of Conduct and related procedures is monitored via systematic compliance reviews, which have specific focus on business ethics. We have increased the number of reviews in recent years and enhanced our risk management tools to ensure that the areas with potentially the highest corruption risks are targeted. In 2014 we also introduced an audit tool on business ethics and trained Lundbeck auditors from across our assurance areas to integrate into their audit activities of suppliers and partners. The tool has now been piloted and will be fully deployed in 2015. An innovative approach to corruption audits was also developed in 2014. This best practice involves collaborative joint audits conducted by relevant audit functions in Lundbeck to maximise utilisation of auditor competencies and will be further utilised in 2015.

Recognition by Transparency International

Lundbeck was recognised as one of the leading Danish Companies regarding the transparency of our anti-corruption programme by Transparency International in Denmark⁴. Twenty of the largest international companies headquartered in Denmark were selected for the study, which evaluated three dimensions of corporate reporting transparency, namely anti-corruption, organizational transparency and key country by country financials. Lundbeck received an excellent result, ranked as the second best company in both the overall and anti-corruption reporting ratings.

⁴ Transparency in Corporate Reporting Assessing Large Companies on Copenhagen Stock Exchange (published 5th June 2014) Transparency International, Denmark.

