Lundbeckfonden's statutory statement on CSR in accordance with section 99a of the Danish Financial Statements Act
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**Lundbeckfonden CSR Report 2016**

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LUNDBECKFONDEN

Lundbeckfonden’s statutory statement on corporate social responsibility (CSR) in accordance with section 99a of the Danish Financial Statements Act

This report represents the statutory consolidated statement of Lundbeckfonden on CSR in accordance with section 99a of the Danish Financial Statements Act. It represents policies, activities and results achieved in 2016 for entities owned and controlled by Lundbeckfonden.

OUR COMMITMENT TO CORPORATE SOCIAL RESPONSIBILITY

Lundbeckfonden is one of the largest, industrial foundations in Denmark with a market value of more than DKK 60bn. In addition to the three strategic subsidiaries, H. Lundbeck A/S, ALK-Abelló A/S and Falck A/S, the foundation owns a portfolio of securities of approx. DKK 14bn. Through Lundbeckfonden Ventures, we manage a portfolio of 20 life science investments in Europe and the US and through Lundbeckfonden Emerge a portfolio of three life science investments in Denmark.

Dividends from Lundbeck, ALK and Falck as well as returns on the foundation’s other investments help to ensure annual donations to society of approx. DKK 300m in support of a broad spectrum of projects relating to biomedical research of the highest, international quality and science communication. The key focus area for the grants activities is ‘brain health’. Recipients range from schoolchildren and science teachers to medical students, young scientists, PhD fellows and post docs. Some of the grants also go towards establishing large research centers or teams. However, they all have one thing in common: they help fulfill the foundation’s vision to create “better lives through new knowledge”.

Industrial foundations play an important role in the Danish society. With substantial contributions to Danish research (and other areas) and ownership of some of the largest Danish corporations, industrial foundations have considerable influence on the social and economic development in Denmark. In our view, such influence comes with a high level of responsibility: to ensure transparent operations and to conduct our business with integrity.

Lundbeckfonden is the first and only private foundation in Denmark to have signed up to the UN Global Compact Act, whose 10 principles set out the general framework for our approach to CSR. These principles guide our policies, corporate strategies and guidelines for:

- Corporate governance
- Grant-making activities
- Ownership of Lundbeck, ALK and Falck
- Portfolio investments and other investments

CSR POLICIES OF LUNDBECKFONDEN

We oppose any form of corruption, including extortion and bribery. Furthermore, we follow the UN guidelines laid down for labor and human rights, environmental principles (including climate change) and sustainable development.

Lundbeckfonden’s policies are shared across Lundbeckfonden Group. The specific CSR policies and codes of conduct for the subsidiaries are laid down by their respective Boards of Directors, in which the Foundation is represented. Our representatives make sure that policies for CSR, including human rights, environmental principles and impact on climate, are enforced. Policies are adapted to meet the circumstances in which each of the subsidiaries operates.

In this report, we have combined the supplementary reporting of ALK, Falck and Lundbeck each outlining company specific policies, activities and results for 2016. Please refer to each of the three reports to read about specifics on CSR for each company. Furthermore, there is a section on our two companies, LFI and LFQ, which are not currently publishing supplementary CSR reports on their own.
THE COMING TWO YEARS
For the period 2016-2018, we have three key goals for our commitment to the UN Global Compact Act (for the Lundbeckfonden Communication on Engagement 2016 in its entirety, please refer to www.unglobalcompact.org):

• We will strive to make all our three subsidiaries sign up to UN Global Compact. Our largest subsidiary - Lundbeck – of which we own 70% of the shares, is already a member. However, the other two subsidiaries, ALK and Falck, have so far chosen to comply with the principles although not having formally signed up to the Act.

• Regarding our financial investments, we will implement Principles for Responsible Investments and sign up with a third party ESG auditor preferably endorsed by UNGC.

• Furthermore, we aim to turn our headquarters in Copenhagen into a low emission building. In collaboration with an engineering consultancy, we will analyze the various possibilities and solutions.
In its two investment companies, LFI and LFQ, Lundbeckfonden continuously assesses and decides upon which companies should be invested in given our CSR policies.

**CSR POLICY DEVELOPED SPECIFICALLY FOR LFI AND LFQ**

The Foundation is not allowed to make investments in enterprises presumed to act unethically. Nor are we allowed to invest in companies presumed to violate any of the 10 principles set out in the UN Global Compact. We regularly review our investment portfolios to make sure that major investments comply with the policy.

**ACTIVITIES AND RESULTS IN 2016**

In 2016, we obtained proposals from data suppliers providing CSR ratings on enlisted stocks globally, and a specific supplier has been selected.

Contractual terms have been agreed upon allowing LFI and LFQ to support investment decisions on detailed ratings and data regarding topics like human and labor rights, environmental impact and climate change, and anti-corruption.

Finally, key employees have received training in applying CSR data and ratings into our decision-making process, and the process is expected to be fully implemented and ready for use in 2017.
LUNDBECK
UN GLOBAL COMPACT
2016 COMMUNICATION ON
PROGRESS REPORT
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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 sustainability efforts. We have assessed that these efforts directly support seven of the UN Sustainable Development Goals and several of the underlying targets. This report represents Lundbeck’s eighth 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 2016, and contains descriptions of planned activities and targets for 2017. The report has been developed without direct engagement of external stakeholders.

The health, safety and environmental (HSE) data cover our corporate headquarters in Denmark and larger affiates with research, development and manufacturing activities. These data have been reviewed by our auditor, Deloitte, in accordance with ISAE 3000. The remaining affiliates are not included in HSE data.

\(^1\) Lundbeck affiliates with more than 50 employees.
EXECUTIVE STATEMENT

Lundbeck continues to support the UN Global Compact and to promote initiatives that demonstrate our commitment.

I am pleased to express our continued support to the UN Global Compact. We recognise our corporate responsibility to respect human and labour rights, to commit to environmental protection and to work against corrupt behaviour.

During the past year we have made significant progress and fulfilled more than two thirds our sustainability targets. I believe our achievements reflect that we continue to operate with a high level of ambition within sustainability.

Our updated sustainability framework includes seven of the 17 Sustainable Development Goals that the UN have agreed are of critical importance to pursue until 2030. I believe that it is within these seven areas, we can make the most significant contribution as a global pharmaceutical company.

We are committed to enhancing transparency of our actions. I hope this report will inspire our stakeholders to a dialogue about our activities and that these discussions will inspire us to become a more sustainable company.

‘We are responsible and overcome challenges by demonstrating respect, open-mindedness and integrity’

Kåre Schultz
President & CEO
OUR BUSINESS MODEL AND SUSTAINABILITY FRAMEWORK

Lundbeck strives for global leadership in psychiatry and neurology by improving the lives of patients. In this section we outline our business model along with our strategic framework, achievements and targets on compliance and sustainability.

Lundbeck is a global pharmaceutical company highly committed to improving the quality of life of people living with psychiatric and neurological disorders. For this purpose, we are engaged in the research & development (R&D), production, marketing and sale of pharmaceuticals across the world. The company’s products and development projects are primarily targeted at depression, schizophrenia, Parkinson’s disease and Alzheimer’s disease.

According to the World Health Organization, WHO, more than 700 million people live with psychiatric and neurological disorders globally. These are serious and life-threatening diseases that affect the quality of life of the patients as well as of their relatives. As these diseases also involve major socio-economic costs, it is imperative for the general society that new and innovative pharmaceuticals are developed. Over the past 70 years, new pharmaceuticals have revolutionised the treatment options, but there remains a large unmet need for new and innovative therapeutics.

Focus on R&D is the most important pillar in Lundbeck’s ambition to improve treatment for people living with psychiatric and neurological disorders. We are specialists in our area and have more than 900 employees working within R&D. We cooperate closely with strategic partners all over the world, ensuring the best possible foundation for innovation and the development of new treatment solutions.

Lundbeck markets a number of different pharmaceuticals for the treatment of psychiatric and neurological disorders. You can read more about our business activities in Lundbeck’s Annual Report 2016 and on www.lundbeck.com.

Our sustainability framework aims to ensure that our business activities are conducted in a way that mitigates the related significant risks and that supports the UN Global Compact Principles and the relevant UN Sustainable Development Goals.

<table>
<thead>
<tr>
<th>LUNDBECK’S SUSTAINABILITY FRAMEWORK</th>
<th>UN GLOBAL COMPACT PRINCIPLES</th>
<th>UN SUSTAINABILITY DEVELOPMENT GOALS</th>
</tr>
</thead>
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<tr>
<td><strong>Ethics:</strong> Ethical considerations we make while delivering safe and efficacious medicine to patients</td>
<td>Human Rights principles (1 and 2)</td>
<td>3 GOOD HEALTH AND WELL-BEING</td>
</tr>
<tr>
<td><strong>Society:</strong> Our contribution to local economies and actions to prevent corruption and bribery in any form</td>
<td>Labour Rights and Anti-Corruption principles (3, 4, 5, 6 and 10)</td>
<td>8 DECENT WORK AND ECONOMIC GROWTH</td>
</tr>
<tr>
<td><strong>Environment:</strong> Preventive actions we take to minimise the environmental impact of our business activities</td>
<td>Environmental principles (7, 8 and 9)</td>
<td>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</td>
</tr>
<tr>
<td><strong>Employees:</strong> Providing safe and healthy working conditions, respecting labour rights and promoting employee development</td>
<td>Labour Rights principles (3, 4, 5 and 6)</td>
<td>5 SUSTAINABLE CITIES AND COMMUNITIES</td>
</tr>
</tbody>
</table>
Risks within the four focus areas Ethics, Society, Employees and Environment are continuously assessed and managed as part of the planning and execution of our business activities. As a research and development based global pharmaceutical company many of these risks are governed by detailed legal requirements or industry self-regulation. Consequently, we have established a Compliance Structure (illustration) to ensure that relevant requirements and controls are clearly described (documents), are properly understood (training) and are being followed and that areas of improvement are identified (monitoring).

Based on this we annually evaluate our sustainability performance and establish targets for coming year to enhance our risk mitigation, business processes and performance. The result of the evaluation and the new targets are shown below.

<table>
<thead>
<tr>
<th>TARGET 2016</th>
<th>STATUS</th>
<th>TARGET 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Publicly disclose payments to healthcare</td>
<td>Achieved</td>
<td>Promote responsible and transparent</td>
</tr>
<tr>
<td>professionals in accordance with industry codes</td>
<td></td>
<td>interactions with Healthcare Professionals</td>
</tr>
<tr>
<td>and local regulations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continuously promote Access to Health initiatives</td>
<td>Achieved</td>
<td>Identify, pursue and publicly report on our</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Access to Health initiatives</td>
</tr>
<tr>
<td>Monitor donations and publicly disclose</td>
<td>Achieved</td>
<td></td>
</tr>
<tr>
<td>information about the provided support</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Society</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issue and implement an updated Code of Conduct</td>
<td>Achieved</td>
<td>Provide Code of Conduct training for all</td>
</tr>
<tr>
<td>with training for all</td>
<td></td>
<td>Lundbeck employees globally</td>
</tr>
<tr>
<td>Continue the enhancement of our audit and</td>
<td>Achieved</td>
<td>Continue the enhancement of our audit and</td>
</tr>
<tr>
<td>monitoring processes</td>
<td></td>
<td>monitoring processes</td>
</tr>
<tr>
<td>Finalise global implementation of the</td>
<td>Achieved</td>
<td>Ensure relevant suppliers complete</td>
</tr>
<tr>
<td>supplier evaluation process</td>
<td></td>
<td>business ethics training</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lost time accident frequency ≤ 4</td>
<td>Not achieved: 7.3</td>
<td>Lost time accident frequency ≤ 4</td>
</tr>
<tr>
<td>(comment on page 9)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accident absence rate ≤ 0.14 hours of</td>
<td>Not achieved: 1.1</td>
<td></td>
</tr>
<tr>
<td>absence per 1,000 working hours</td>
<td>(comment on page 9)</td>
<td></td>
</tr>
<tr>
<td>Work related diseases ≤ 2</td>
<td>Achieved</td>
<td>Work related diseases ≤ 2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduce energy consumption by 4% in 2016 compared</td>
<td>Not achieved: 1.8%</td>
<td>Reduce energy consumption by 3% in 2017</td>
</tr>
<tr>
<td>to 2015</td>
<td>(comment on page 11)</td>
<td>compared to 2016</td>
</tr>
<tr>
<td>Reduce CO₂ emissions by 4% in 2016 compared to</td>
<td>Achieved</td>
<td>Reduce CO₂ emissions by 5% in 2017</td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td>compared to 2016</td>
</tr>
<tr>
<td>Recycling of 50% of selected solvents</td>
<td>Not achieved: 37%</td>
<td>Recycling of 40% of selected solvents</td>
</tr>
<tr>
<td>(comment on page 12)</td>
<td>(comment on page 12)</td>
<td></td>
</tr>
<tr>
<td>Zero environmental incidents with an impact on</td>
<td>Achieved</td>
<td>Zero environmental incidents with an impact on</td>
</tr>
<tr>
<td>the environment</td>
<td></td>
<td>the environment</td>
</tr>
</tbody>
</table>

An overview of selected key indicators for Lundbeck’s sustainability performance is provided on page 14.
ETHICS

Lundbeck takes action as warranted to provide safe and efficacious medicine and we recognise our broader responsibility to support patient’s needs. We apply high ethical standards to safeguard the integrity of the stakeholders we interact with.

Lundbeck agrees that businesses have a responsibility to respect Human Rights and to act ethically. We believe that to a global pharmaceutical company respecting Human Rights and promoting Access to Health are inextricably linked. People living with psychiatric and neurological disorders experience significant barriers to health. The lack of safe and effective medical treatment is one barrier that Lundbeck is trying to address through the discovery, development, manufacturing and marketing of medical products.

Transparency helps safeguard our ethical standards
We take responsibility for keeping the patients who need our medicine safe. This involves a wide range of actions in the research and development of new treatments, in the manufacturing and distribution of finished products and when educating Healthcare Professionals (HCPs) and Healthcare Organisations (HCOs) on their use of our products. These actions are driven by regulatory requirements established by authorities and ethical considerations described in industry codes and Lundbeck’s own policies and procedures. Transparency is a pivotal element in safeguarding these requirements and ethical standards.

Lundbeck encourages publication of results from research and clinical studies irrespective of the results and acknowledges a special obligation to publish data related to patient safety. We are committed to responsible sharing of clinical trial data in consistency with the privacy of patients, the regulatory requirements and the intellectual property of the sponsor.

We are committed to promoting transparency by disclosing payments and other transfers of value we make to HCPs and HCOs according to our global procedures in respect of legal requirements and regulation from the industry associations we have joined. In 2016, we made the first disclosure of these payments in accordance with the EFPIA Disclosure Code. The data is available on www.lundbeck.com/global/sustainability/ethics and it includes the total annual amounts of value transferred, by type of activity e.g. a grant to an HCO, a consultancy fee for speaking, payment for travel or registration fees to attend a medical education congress.

Lundbeck believes that the transparency initiatives that are being enacted globally will ultimately enhance the general acceptance of these professional relationships. Lundbeck is disclosing these transfers of value where this is required, including in the US, EU and Japan. We will continuously promote responsible and transparent interactions with HCPs and HCOs.

Providing support to patient advocacy groups
Our involvement with patients and advocacy groups underlines the meaningful impact we hope to have for people living with psychiatric and neurological disorders. Their perspectives inspire everything we do. By engaging with patients and their families we gain a better understanding of the needs they have. It is our responsibility to apply this understanding toward the development of new therapies and support programmes.

In June 2016, Lundbeck hosted the third annual global patient summit under the theme “One voice – together we will make a difference”. The meeting convened patient advocacy groups concerned with mental health and neurological disorders from around the world. The meeting facilitated knowledge exchange, sharing of best practices, provided an opportunity to hear from experts and form networks. Interactions with patient groups are an integral part of Lundbeck’s focus and strategy. Only by addressing patients’ needs can we achieve our business objectives and only by achieving our business objectives can we address patients’ needs. In the coming years, we will continue our efforts to identify, pursue and publicly report on our interactions with patient groups and other Access to Health initiatives.
SOCIETY

Lundbeck’s ambition is to contribute to society by improving the quality of life of people living with psychiatric and neurological disorders. We recognise our economic impact on society and take action to prevent corruption in any form.

Lundbeck’s most significant contribution to society is developing and delivering innovative treatments of psychiatric and neurological disorders. We would like to maintain a business model that gives patients access to efficacious medicine and also allows reinvestments in innovation to meet unmet medical needs. We recognise that healthcare systems are facing affordability challenges of innovative medicine. We address some of the complex issues related to pricing in our global pricing position that is available on www.lundbeck.com/global/sustainability/society.

In addition to providing medicine, we aim to promote disease awareness and help addressing the societal burden of psychiatric and neurological disorders. As part of this work we occasionally provide donations and grants to eligible recipients for appropriate purposes. In 2016, we established a global due diligence process to ensure that any request for a donation or a grant is carefully assessed. This aims to ensure that such contributions from Lundbeck support the intended purpose and eliminate the risk of supporting organisations that are not aligned with Lundbeck’s Code of Conduct. We have received the first requests and have engaged into dialogue about specific collaborations that will be included in our public reporting for 2017, if we reach an agreement.

Giving our employees best possible conditions to act responsibly

Our Code of Conduct represents Lundbeck’s commitments and the expectations to our employees for the areas that are critical to the pharmaceutical industry, including key principles that address business ethics. The Code’s anti-corruption principles are supported by corporate and local procedures for our interactions with suppliers and key stakeholders for instance public officials. Lundbeck’s procedures for authorisation and signing also address our anti-corruption commitment and help ensure that Lundbeck enters into agreements and makes purchases in a transparent and responsible manner.

Having an open dialogue is at the foundation of our approach to prevent corruption. This dialogue is supported by annual training for all employees that places our Code of Conduct and related procedures in a business context. During 2016, we implemented an update of our Code of Conduct through a comprehensive implementation process that included mandatory ethics training for all employees, additional training for our approx. 800 people managers globally and specific actions for the 78 senior management representatives who were responsible for the local implementation. The online training programme for all employees practiced the use a four-step process for making ethical considerations: Think – Explore – Discuss – Decide.

The senior management representatives conducted local face to face discussions with their managers and employees about the ethical considerations that are relevant in their particular business areas. The same group of managers were also asked to provide input to a comprehensive survey about the effectiveness of Lundbeck’s Compliance Structure and their proposals to further enhance global and local controls. The survey provided valuable input and part of it is being used in the design of the upcoming annual Code of Conduct training that all Lundbeck employees globally will be asked to complete in 2017.

Comprehensive monitoring programme

Every year we update our compliance risk map based on business activities, audit findings, trends in internal reporting and external sources that capture learnings from peers and leading experts. The current risk map is used to keep our corporate procedures up to date, prioritise new preventive measures and plan relevant monitoring activities. Our monitoring is a mix of quarterly reporting from our global business units, audits and investigation of reported concerns in our Compliance Hotline.

Lundbeck’s Compliance Hotline is available for reporting legal or other serious concerns, which cannot otherwise be properly addressed. Reports are handled strictly in accordance with our global investigation procedures, including relevant data protection requirements and Lundbeck’s non-retaliation policy, which does not accept any retaliation or discrimination against
anyone who communicates a concern in good faith. During 2016, we received 13 reports in the Compliance Hotline. Out of the 12 completed investigations five were substantiated and appropriate corrective and preventive actions were initiated.

We conducted 150 internal audits that covered research, development, manufacturing, health, safety and environment, marketing, sales, IT and finance during 2016. Our dedicated business ethics auditors visited nine Lundbeck business units and two key commercial partners. In the coming year, we will continue the enhancement of our audit and monitoring processes.

**Ensuring well-regulated collaboration with suppliers and partners**

Globally, we engage a wide range of suppliers and partners. These collaborations serve specific business purposes and add value to the local economies. However, we are also conscious that these collaborations potentially may adversely impact society. As part of our Code of Conduct and UN Global Compact commitment, we ask our suppliers and partners to prevent corruption, provide safe and healthy working conditions, minimise their impact on the environment and respect human & labour rights in the mutually binding agreements we enter. Some suppliers are selected for a more detailed evaluation based on requested product or service and the supplier’s location. This evaluation process involves a review of prospective supplier’s commercial capabilities, their quality standards, the adequacy of their business ethics controls and their overall performance.

We finalised the global implementation of Lundbeck’s supplier evaluation process in 2016, which now covers all new agreements made by Lundbeck entities globally. These controls have been in place since 2005 for suppliers to our manufacturing activities and additional regulatory quality assurance covering research, development and manufacturing have been in place for decades. We will include the relevant existing agreements in the supplier evaluation process in 2017.

During 2016, our skilled employees working with engaging suppliers asked our compliance experts at Lundbeck’s headquarters to conduct a thorough assessment of 72 potential new suppliers. Five of these assessments resulted in significant enhancements of the suppliers’ ethical standards and controls as a condition for the collaboration with Lundbeck. As part of the ongoing global monitoring of our suppliers in 2016, we terminated and initiated termination of agreements with 16 suppliers that did not meet our ethical standards. In addition, we conducted 167 audits at key suppliers and partners during 2016.

The most recently added control measure is an online business ethics training programme that is intended for strategic suppliers operating in high risk countries. The programme was successfully tested during 2016 and we have decided to make it our global standard for a specific group of suppliers from 2017 onwards.
EMPLOYEES

Lundbeck takes action to provide a safe and healthy work environment for our employees and to promote diversity and development opportunities for our employees.

Lundbeck wants to offer our approx. 5,100 employees globally employment conditions that respect the individual’s fundamental labour rights, offer relevant developing opportunities and a working environment that safeguards their health and safety. Our supplier evaluation and due diligence processes aim to ensure the same rights and principles are upheld in our value chain.

The internationally recognised labour standards as set forward by the International Labour Organisation (ILO) and national requirements form the basis for our corporate policies for recruitment and diversity. We want to support a culture of mutual respect and believe that diversity among our employees contributes to enrichment of ideas that drives innovation and progress. Workplace assessments direct our efforts to provide a safe and healthy workplace. We offer regular training to our managers and employees to minimise the number of work-related accident and increase awareness of mental health at work.

We have integrated our policy and procedures within Health, Safety and Environment (HSE) because we believe this joint approach holds mutual benefits and supports a culture based on continuous improvement, cooperation and business integration.

Diversity in management maintained

According to our target regarding diversity at Board of Directors level, at least one of the members elected by the shareholders should be of the underrepresented gender. In terms of the 2016 board composition, we had two female board members out of five members elected by the shareholders and one female board member out of three members elected by Lundbeck’s employees. At the other managerial levels we aim to ensure that the proportion of the underrepresented gender is at least 40% globally. This target was met in 2016 and in recent years excluding 2014 where the proportion was 39%.

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.

Systematic and coordinated approach to HSE

Since 2008, Lundbeck has maintained a high level of involvement in decisions regarding HSE across all organisational levels via our ISO 14001 and OHSAS 18001 certified HSE management system. The system ensures due diligence via a coordinated and prioritised HSE effort and enables managers and employees to think and act safe and green. The target setting procedure is a pivotal part of the system as it integrates significant HSE aspects and impacts, allows discussions and coordination and thereby establishes relevant corporate and local targets. In the spring of 2016, the HSE system was re-certified at all our sites with research and manufacturing activities, which demonstrate that we effectively manage our significant HSE impacts.

The updated ISO 14001 standard has been published and update of OHSAS 18001 is ongoing. Consequently, we have initiated a revision of the procedures in our HSE system and will be ready for certification according to the current standards in 2018.

Increased level of work-related accidents is an unfortunate opportunity to learn

Lundbeck strives to minimise the number of work-related accidents. Therefore all accidents are registered and a careful root cause analysis is performed to identify preventive actions. Despite these systematic efforts to prevent accidents, we experienced an increase in the number of accidents and the related days of absence during 2016, which meant that we did not reach the established targets. Our accident frequency ended on 7.3 accidents per 1,000,000 working hours and our absence rate at 1.05 hours of absence per 1,000 working hours, while the targets were 4 and 0.14 respectively.
We are using this undesired development as an opportunity to learn more about the causes and how to prevent them. During 2016, specialists in our Corporate HSE department performed a thorough analysis including accidents with and without absence in the last 5 years. In the coming year, we will conduct workshops for employees and managers in targeted areas to identify new preventive actions and raise the awareness about the local risks. With this and other preventive initiatives we remain determined to reverse the increase in work-related accidents in 2017.

Survey and competencies tool to support dialogue, focus on development and company performance
At Lundbeck, we regularly run Employee Satisfaction Surveys (ESS). All employees are invited to respond to the same questions on a range of topics within the areas of satisfaction and motivation, including for example questions related to an individual’s job, development and work environment. The ESS primarily takes place to engage employees and to provide a tool for team dialogue where topics that are most important to that team in regard to satisfaction and motivation in the workplace can be discussed. Action plans are agreed upon and implemented throughout the year.

In 2016, Lundbeck introduced a set of behavioural competencies, ‘My competencies’, which describe the most critical skills and behaviours needed to drive the performance and development of employees. The aim is to identify how all employees best contributes to the overall success of Lundbeck and thereby improving the lives of patients. ‘My competencies’ does so by outlining the most critical competencies and related behaviours needed across Lundbeck in order to successfully implement our focused strategy. ‘My competencies’ will be used by all employees during 2017 in relation to the performance management process where they will be used to set expectations, evaluate performance and work with individual development.

REACH – getting ready for important deadline
The most comprehensive and complex chemical regulation the world has ever seen is the EU regulation for the Registration, Evaluation, Authorisation and Restriction of Chemicals, also known as REACH. As a direct consequence of REACH, Lundbeck is working diligently to register all our chemicals we manufacture or import from outside the EU in quantities above 1 tonne per year. Furthermore work processes in our Chemical Production sites in Denmark and Italy are being adapted and modified to meet the REACH Strictly Controlled Conditions criteria.

By the end of May 2018, all activities in this respect must be finalised. This effort involves many employees and business areas across our European research and manufacturing organisation. During 2017, we will complete the registration dossiers for relevant substances and we will initiate the registration process. Our efforts to establish Strictly Controlled Conditions by implementing technical modifications in Chemical Production will be intensified to meet the 2018 deadline.

IMPROVEMENT OF ERGONOMICS IN PHARMACEUTICAL PRODUCTION
During 2016, employees and managers at our pharmaceutical production sites in Denmark and France have systematically mapped the work processes to identify areas of improvement with regard to ergonomics. This analysis led to the initiation of several corrective actions. For instance, the implementation of an improved working process significantly reduces heavy lifting at our French site. In the new process the heavy equipment is being transported on a wagon and attached without manually lifting the objects. This improvement ensures safe handling and prevents back injuries. Another benefit is that the process can be carried out by one employee instead of three. In 2017, further ergonomic improvements will be implemented.
ENVIRONMENT

Lundbeck promotes environmental responsibility by optimising manufacturing processes, recycling solvents, controlling pharmaceuticals in the environment and minimising our emissions to the air of CO2 and other pollutants.

Lundbeck’s research, development and manufacturing activities are based on chemical synthesis. Consequently, we use considerable amounts of organic solvents, energy and generate waste and emissions to the air. We are managing these environmental impacts effectively and we apply an integrated approach to Health, Safety and Environment (HSE) because it helps us prioritise and motivates collaboration across our global organisation.

Our ambitions on environmental responsibility are cascaded from our HSE Policy and transformed into action through our HSE strategy. The strategy ensures that efforts are prioritised and coordinated to reduce our environmental footprint. For many years, the strategy has yielded a number of tangible results. For instance, at the end of 2016 we had reduced our CO2 emission by 58% compared to 2006.

Energy savings despite challenges
The past year has been very challenging to Lundbeck in terms of saving energy. We have extended our manufacturing and laboratory facilities, which increased the overall energy consumption. In addition, we experienced a break down in our biofuel boiler in Lumsås (DK) and this forced us to use gasoil for a period, which has a higher CO2 emission per energy unit.

Despite these challenges we reduced our overall energy consumption by 1.8% and our CO2 emission by 13% compared to 2015. The reduced energy consumption was due to termination of a research site in the US and execution of several energy reducing projects by our dedicated teams of engineers and maintenance employees. A supporting element for identifying new conservation energy projects was the successful implementation of the EU directive on energy efficiency for which we passed the external inspection in 2016. A correction of the applied CO2 emission factors contributed significantly to the reduced CO2 emission. In conclusion, we failed to achieve the established 4% reduction target for energy consumption from 2015 to 2016, while the equivalent 4% reduction target for CO2 emissions was achieved.

We remain focused and reinsured we can continue to identify and implement energy savings in 2017. Because we already have reached our long-term target of reducing CO2 emissions by 55% in 2020 compared to 2006, we will initiate the development of a new long-term target in 2017.

Lundbeck receives external recognition
Lundbeck has made it a priority to track and disclose our CO2 emissions and this effort was acknowledged by the Carbon Disclosure Project (CDP), which is one of the leading global environmental benchmarks. The CDP benchmark rates the companies’ ability to disclose and manage their greenhouse gas emissions. Lundbeck achieved the highest recognition for its climate efforts by being listed on CDP’s 2016 Climate A List. Companies from all over the world were reviewed and only nine percent of these delivered sufficient efforts to get on the list.
A contributing factor for being included on the Climate A List is that Lundbeck’s long-term CO₂ reduction target is recognised as ‘Science Based’ by the UN Global Compact, the World Wildlife Fund for Nature (WWF), World Resources Institute and the Carbon Disclosure Project (CDP). This level of reduction in the CO₂ emission is required for all nations to keep the global warming below two degrees in 2100, which is the official target of the signatories of the Paris Agreement, UN Climate Change Conference of the Parties (COP-21).

Monitoring pharmaceuticals in the environment
Being a research-based company, we invent new pharmaceuticals, which are essentially chemical compounds. As part of obtaining a Marketing Authorisation, we are required to evaluate the environmental impact of the active ingredients of the new product. Internally, we use this knowledge to design the manufacturing processes in a way that minimises the environmental impact. We also contribute to the development of environmentally friendly processes in regional and national industry networks.

In 2016, eco-toxicological tests on one of Lundbeck’s new active ingredients were completed by external specialists. The subsequent risk assessment showed that the active ingredient is unlikely to represent a risk to the environment after patient use.

Recycling is beneficial for the environment and business
Lundbeck’s chemical manufacturing site in Lumsås has implemented a process to recycle solvents. After purifying the used solvents by distillation to virgin quality, they can be reused in all processes over and over again. So far, this has successfully been adopted for toluene, tetrahydrofurane and acetonitrile. In parallel, a number of solvents are reused in specific processes.

During 2016, Lundbeck recycled 37% of the nine most used solvents. This eliminated the need to purchase approx. 1,000 tons of solvents, which consequently saved additional resources for external production and transportation. In 2016, we revised the calculation method used to determine the recovery ratio. In combination with minor technical challenges and a changed product mix led to a reduced recovery ratio compared to 2015. We will continue to develop our knowledge and technical capabilities to increase the recovery of organic solvents in the coming years.

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**GREEN CHEMISTRY PRINCIPLES APPLIED**

Scientists and engineers at Lundbeck’s chemical production sites use the Green Chemistry principles defined by the American Chemical Society to optimise processes. These efforts benefit the economy, people and the planet by finding creative and innovative ways to reduce waste, conserve energy and substitute hazardous substances. At our Italian site, a Green Chemistry assessment of all chemical processes has led to environmental improvements and reduced costs. A couple of years ago, this yielded a 70% decrease of the total amount of raw materials and wastes in a smaller scale production process. In addition, the improved process made a proven genotoxic substance redundant. In 2016, a process for the large scale production of a commercial API was optimized, which led to an approx. 20% decrease of raw materials and waste. A novel process with an even lower environmental impact will be implemented in 2017.
We consider the data presented here key indicators for Lundbeck’s sustainability performance in 2016. Please visit [www.lundbeck.com/global/sustainability](http://www.lundbeck.com/global/sustainability) to obtain more detailed information and data from the current and previous years.

### INDICATOR

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finished goods production</td>
<td>Pieces</td>
<td>2,229,221,757</td>
</tr>
<tr>
<td>Chemical production</td>
<td>Tonne</td>
<td>403</td>
</tr>
<tr>
<td>Raw materials, organic solvents</td>
<td>Tonne</td>
<td>3,392</td>
</tr>
<tr>
<td>Water consumption (61% potable water, 39% unfiltered water)</td>
<td>m³</td>
<td>320,990</td>
</tr>
<tr>
<td>Energy consumption</td>
<td>MWh</td>
<td>98,226</td>
</tr>
<tr>
<td>CO₂ emission</td>
<td>Tonne</td>
<td>19,943</td>
</tr>
<tr>
<td>Waste (90% chemical waste, 10% non-chemical waste)</td>
<td>Tonne</td>
<td>11,906</td>
</tr>
<tr>
<td>Waste water</td>
<td>m³</td>
<td>296,799</td>
</tr>
<tr>
<td>Environmental incidents</td>
<td>Number</td>
<td>4</td>
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<tr>
<td>Work-related accidents with absence</td>
<td>Number</td>
<td>25</td>
</tr>
<tr>
<td>Frequency of lost time accidents</td>
<td>Frequency</td>
<td>7.3</td>
</tr>
<tr>
<td>Work-related diseases</td>
<td>Number</td>
<td>1</td>
</tr>
<tr>
<td>Internal audits conducted</td>
<td>Number</td>
<td>150</td>
</tr>
<tr>
<td>External audits conducted</td>
<td>Number</td>
<td>167</td>
</tr>
<tr>
<td>Compliance Hotline reports</td>
<td>Number</td>
<td>13</td>
</tr>
<tr>
<td>Employees globally</td>
<td>Number</td>
<td>5,120</td>
</tr>
</tbody>
</table>
SUSTAINABILITY REPORT 2016

Statutory Report on Corporate Social Responsibility

cf. sections 99a and 99b of the Danish Financial Statements Act
ALK is a global pharmaceutical company with a mission to improve quality of life for people with severe respiratory allergies. With a near-century long heritage of pioneer research and product innovation in the treatment of allergic disease, today ALK’s business is focused on the prevention, diagnosis and treatment of the respiratory diseases allergic rhinitis and allergic asthma. ALK is a world leader in allergy immunotherapy (AIT), a unique, disease-modifying treatment that addresses the underlying cause of allergy. The treatment induces a protective immune response that provides sustained symptom relief and potentially reduces patients’ risk of developing other allergies as well as asthma.

ALK’s business model is based on an unrivalled understanding of allergens and how they affect the human body, as well as the link between allergy and respiratory diseases such as asthma. This understanding enables ALK to develop and produce its biological medicines using complex manufacturing processes that are subject to comprehensive analyses and quality control at all stages. This knowledge is key to protecting ALK’s market position against new competitors.

The business model relies on innovation. ALK works continuously to increase the quality, safety and efficacy of its products and to introduce new, more convenient treatments that can improve access to treatment and facilitate market expansion. During the past 15 years, more than 17,000 patients have participated in clinical trials for a portfolio of new products that targets the most common global respiratory allergies.

The company has its own commercial infrastructure in 20 countries and distributors in a large number of other markets.

In addition, ALK partners with other companies to launch its latest products beyond Europe and North America. In cooperation with ALK, these partners handle clinical development and registration for their markets, as well as marketing and sales. Meanwhile, ALK handles product supply, ensuring compliance with the relevant quality and manufacturing regulations. Depending on the terms of the partnership, ALK then receives a share of the income from product sales.

ALK employs approximately 2,300 people in R&D, Product Supply, Commercial Operations and Administration, primarily in Europe and North America.

As a pharmaceutical company and an international player, it is our obligation and intention to continue improving quality of life for people with allergy.

The planning and execution of our CSR efforts is based on the UN Global Compact scheme. With the UN Sustainable Development Goals, we have gained a unique opportunity to actively contribute to the development of inclusive and sustainable societies. With our presence in countries across the world we are in a good position to help realising the goals through our products and services, our willingness to continuously looking for cleaner and more efficient production processes, but also by opening our doors to a healthy and safe workplace with diversity and equal opportunities for all.

Carsten Hellmann
President and CEO

Improving quality of life for a sustainable world

Highlights 2016

- CO₂ reduction
- Energy reduction
- Water reduction
- Safety
Environment and climate

As part of our effort to contribute to the 2030 UN Agenda for a sustainable development, ALK has adopted new goals and targets to provide a thematic framework for our work in relation to environment and climate.

The Sustainable Development Goals 12 and 13 form the basis for our commitment to contribute to environmental sustainability through our product development and production.

Responsible consumption and production
ALK supports a precautionary approach to environmental challenges.

Climate action
ALK contributes to environmental quality by cleaner and more efficient processes in our production sites.
Policy

The Global EHS (Environment, Health and Safety) Policy ensures that the focus on environmental protection is incorporated into our daily activities.

We strive to:

- Involve and commit our employees to participate in the daily environmental work
- Educate our employees and implement preventive actions to ensure that factors, which present environmental risks, are monitored and constantly reduced
- Ensure that environmental issues are proactively integrated into planning and design
- Measure the results of our efforts and set new goals for continuous improvements, particularly within the areas of energy consumption, CO₂ emission and water usage

We act in compliance with legal and other requirements and where relevant, we are involved in changes of these.

Our efforts in this area are guided by principles 7, 8 and 9 of the Global Compact which help us to support a precautionary approach to environmental and climate challenges, undertake initiatives to promote greater responsibility and encourage the development and diffusion of environmental and climate friendly technologies.

We provide open and honest information on our policy, efforts and results.

The Global EHS policy is part of a Global EHS Management System and all production sites' adhere to the system.

Action

ALK has continued the systematic approach to reduce environmental and climate impact supported by the local EHS organisations at all production sites.

In 2016 we strengthened our focus on energy savings. We thus:

- Identified energy saving projects in Madrid and Hørsholm through energy audits
- Implemented energy saving projects, including the replacement of 2,600 bulbs by LED lightning in Post Falls
- Supported renewable energy production by buying electricity from windmills at Sprogø, Denmark

Risks

As part of the EHS Management System, initial screenings for environmental and climatic risks were carried out in 2005. Back then, we identified significant risk factors that still remain risk factors today; energy consumption, CO₂ emissions and water usage.

The handling of chemicals involves a potential risk of spills to the ground or waste water systems.

All activities are closely monitored and have led to no unintended releases or spills in 2016.

Target

- We implement preventive actions, monitor and constantly reduce risks, measure the results of our effort and set new goals for continuous improvements
- We seek to reduce energy consumption, CO₂ emission and water usage
- By 2030, ALK substantially reduces waste generation through prevention, reduction, recycling and reuse

Planned activities in 2017 and expected results

In 2017 we will initiate a mapping of our packaging materials in order to identify new ways of reducing and/or use recycled materials.

We will implement energy saving initiatives and screen for water saving initiatives to be implemented.
Results

All production sites report data quarterly which is evaluated and reported by the Global EHS Manager.

Consumption is measured on the basis of three KPIs forming part of the long-term EHS goals 2015-2018, and approved by Board of Management in 2015:

**CO₂**: By the end of 2018, the CO₂ emission must be 5% less compared to the emission in 2014.

In the same period, the CO₂-emission has decreased by 13%. The result reflects the decreased energy consumption and supporting renewable energy production (wind turbines in Denmark).

Since 2015, we report the CO₂ emission from lost refrigerants.

**Energy**: By the end of 2018, the energy consumption must not exceed the consumption in 2014.

The energy consumption has decreased by 1% comparing 2016 with baseline year 2014. The good result is considered fragile and we must keep focusing on saving initiatives.

**Water**: By the end of 2018, the water usage must not exceed the usage in 2014.

The water usage has increased by 3% again comparing 2016 with baseline. Mainly due to increased activities in France and Post Falls. Water saving initiatives will be a focus area in the coming years.

Indicators 2016

- Total weight of waste by type and disposal method
- Direct greenhouse gas (GHG) emissions
- Reduction of greenhouse gas (GHG)

Non-financial key figures, environment and climate

<table>
<thead>
<tr>
<th></th>
<th>Unit</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy - in real terms</td>
<td>MWh</td>
<td>40,960</td>
<td>41,926</td>
<td>40,230</td>
</tr>
<tr>
<td>Energy - adjusted²</td>
<td>MWh</td>
<td>40,630</td>
<td>-</td>
<td>40,230</td>
</tr>
<tr>
<td>Energy - index</td>
<td>Index</td>
<td>100</td>
<td>-</td>
<td>99</td>
</tr>
<tr>
<td>CO₂ emission – in real terms</td>
<td>Ton</td>
<td>8,495</td>
<td>8,864</td>
<td>7,459</td>
</tr>
<tr>
<td>CO₂ emission – adjusted²</td>
<td>Ton</td>
<td>8,550</td>
<td>-</td>
<td>7,459</td>
</tr>
<tr>
<td>CO₂ emission – index</td>
<td>Index</td>
<td>100</td>
<td>-</td>
<td>87</td>
</tr>
<tr>
<td>CO₂ emission – from lost refrigerants</td>
<td>Ton</td>
<td>-</td>
<td>423</td>
<td>398</td>
</tr>
<tr>
<td>Water – total, in real terms</td>
<td>m³</td>
<td>111,010</td>
<td>112,275</td>
<td>102,418</td>
</tr>
<tr>
<td>Water – from production, in real terms</td>
<td>m³</td>
<td>79,629</td>
<td>80,016</td>
<td>81,130</td>
</tr>
<tr>
<td>Water production – adjusted²</td>
<td>m³</td>
<td>79,071</td>
<td>-</td>
<td>81,130</td>
</tr>
<tr>
<td>Water – index</td>
<td>Index</td>
<td>100</td>
<td>-</td>
<td>103</td>
</tr>
<tr>
<td>Waste water – in real terms</td>
<td>m³</td>
<td>75,578</td>
<td>75,692</td>
<td>79,915</td>
</tr>
<tr>
<td>Waste – in real terms</td>
<td>Ton</td>
<td>555</td>
<td>555</td>
<td>608</td>
</tr>
<tr>
<td>Waste for reuse/recycling</td>
<td>%</td>
<td>36</td>
<td>35</td>
<td>37</td>
</tr>
</tbody>
</table>

² To make figures comparable, base year 2014 has been adjusted in terms of building/re-building facilities for new products, closing/selling production sites and acquisitions (ALK strives to follow the methodologies in the Green House Gas Protocol)
Anti-corruption

ALK is committed to work actively against corruption and bribery in all its forms. Hereby, we contribute to peaceful and inclusive societies.
Policy
We work against corruption in all its forms, including extortion and bribery. Thus, we do not accept bribery in connection with our business activities, regardless of these activities being carried out by our employees or through a third party.

Support of the anti-corruption commitment is an integrated part of our business partner handling process and we continue our focus on safeguarding that our business partners acknowledge and respect their responsibility when doing business with ALK.

Our commitment is expressed in ALK’s Code of Conduct and pursues the goals laid down in UN Global Compact Principle 10.

Action
In 2016, our commitment to anti-corruption is manifested further by corporate procedures for our interactions with healthcare professionals together with our procedures for authorisation and signing of contracts and purchases. We enter into agreements and make purchases in a transparent and responsible manner.

Our whistleblower hotline, the ALK Alertline, provides our employees with an opportunity to report illegal or other serious concerns with respect to ethical behavior in a secure and confidential manner.

The ALK Code of Conduct was integrated in our HR-system Workday, prompting all employees globally to read and sign off the Code of Conduct once a year.

Results
Our results in 2016 are measured on the basis of two KPIs.

- Number of reports received through our whistleblower hotline, the ALK Alertline

No incidents of corruption and bribery or direct political contributions have been reported via the ALK Alertline in 2016.

- Percentage of employees with seniority > 3 months who have read the ALK Code of Conduct

98% of employees throughout the organisation have reported reading the ALK Code of Conduct.

Risks
The main risks related to our activities include employees’ and business partners’ violation of our anti-corruption commitment and potential legal and financial consequences thereof.

Mechanisms for mitigating and preventing corruption and bribery include:

- An annual assessment of the risks in relation to our industry and the countries in which we operate via the ALK Risk Committee
- Implementation of corporate procedures for our interactions with healthcare professionals together with our procedures for authorisation and signing of contracts and purchases
- Relevant external commercial partners are vetted concerning corruption
- Ad hoc screenings and assessments in relation to anti-corruption are documented and if needed, ad hoc mitigation plans are developed.

Target
- ALK eliminates corruption and bribery in all their forms throughout our value chain
- We do not contribute directly to political contributions of any kind

Planned activities in 2017 and expected results
With the purpose of promoting anti-corruption practices in ALK, we will provide our employees with supplementary information on anti-corruption and test it. In 2017 all employees with more than 3 months seniority in ALK must pass an anti-corruption test.

A procurement initiative with the purpose of promoting anti-corruption in our supply chain will introduce specific clauses on anti-corruption in supplier agreements going forward.
Human Rights

ALK’s social responsibility embraces a commitment to respect human rights. We are especially dedicated to promoting the Sustainable Development Goal to good health and well-being, and believe our products and effort to ensure occupational health have a positive impact on the right to health of patients and our employees.

The Sustainable Development Goal 3 forms the basis for our commitment to promote good health and well-being.

Good health and well-being
ALK contributes to healthy lives and promotes well-being for patients and our employees at all ages.
**Policy**

ALK is committed to contribute to healthy lives and well-being through prevention, diagnosis and treatment of the respiratory diseases allergic rhinitis and allergic asthma.

Together with a strong focus on occupational health and well-being in our work place, this helps us contribute to the human right to enjoyment of the highest attainable health.

Our Global EHS (Environment, Health and Safety) Policy ensures that the focus on occupational health is incorporated into our daily activities.

As part of the EHS Policy we:

- Educate our employees and implement preventive actions to ensure that factors, which present health risks, are monitored and constantly reduced
- Ensure that occupational health issues are proactively integrated in planning and design
- Measure the results of our efforts and set new goals for continuous improvements

In a digital age, the protection of personal data of our employees, patients and customers contributes to the feeling of well-being. Our contribution to the right to privacy and data protection lies in the integration of effective data protection measures in ALK procedures and daily practices.

All activities to promote health and well-being are carried out in compliance with legislation and our efforts in this area pursue the overall goals in UN Global Compact Principles 1 and 2 on supporting and protecting human rights and avoiding being complicit in human rights abuses.

**Action**

**Good health and well-being**

Good ergonomics have been a focus area at all production sites and actions have been taken to improve the daily life. In Post Falls, Varennes and Hørsholm ergonomic experts have been hired to help.

In order to promote good health and well-being, ALK in Denmark has implemented an Alcohol and Drugs Policy. The policy describes how ALK strives to actively support and help employees who are alcohol or drug dependent to seek guidance and treatment with a view to retaining the employee in the job.

In Hørsholm, a health program is available for all employees (Sundhedsordning).

About 40 members of the local EHS organisation in Hørsholm have joined a two-day seminar focusing on how to maintain a good psychological working environment and learn more about stress. Members of the EHS organisation are key players in preserving a good behavior culture.

**Privacy and Data protection**

In order to prepare for the implementation of the EU General Data Protection Regulation in 2018, to inform and advice Board of Management on data protection measures, and to initiate training and awareness raising, a position as Data Protection Manager was established in 2016.

**Risks**

Workplace related health risks in ALK include the potential risk of exposure to concentrated allergens for employees handling allergens (raw material). Exposure may result in an acute allergic reaction or development of allergy. Similarly, working with chemicals represent a potential health risk.

Activities in health risk areas are closely monitored and we run allergy testing where it’s possible, training programs and information campaigns on risk issues for all employees.

In all countries, where we operate, we comply with national legislation.
Target
• ALK helps creating access to safe, effective, quality and affordable essential medicines and vaccines for all patients with respiratory allergies
• ALK ensures occupational health and access to health care services in the work place for all employees

Planned activities in 2017 and expected results
As part of the EHS program, we will continue to improve the ergonomic working conditions for employees in all positions and develop EHS training.

A data protection review will be carried out and steps taken to ensure adequate organisational, technical and security measures to meet the requirement for effective data protection. This will also include general awareness raising.

Results
Health and well-being in ALK is measured according to international standards and cover:
• Percentage of workers, by gender, who have access to health care services for work-related accidents or diseases made available or paid for by ALK
• Absenteeism
• Number of incidents or complaints submitted to the national Data Protection Agency in breach of data protection

100% of females and 100% of men have access to health care services for work-related accidents or diseases made available or paid for by ALK.

<table>
<thead>
<tr>
<th>Country</th>
<th>Absenteeism ALK 2016 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>1.27</td>
</tr>
<tr>
<td>Canada*</td>
<td>0.26</td>
</tr>
<tr>
<td>China</td>
<td>0.40</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>2.69</td>
</tr>
<tr>
<td>Denmark</td>
<td>3.49</td>
</tr>
<tr>
<td>Germany</td>
<td>3.73</td>
</tr>
<tr>
<td>Italy</td>
<td>0.37</td>
</tr>
<tr>
<td>Netherlands</td>
<td>8.34</td>
</tr>
<tr>
<td>Nordic</td>
<td>0.52</td>
</tr>
<tr>
<td>Poland</td>
<td>5.7</td>
</tr>
<tr>
<td>Slovakia</td>
<td>4.0</td>
</tr>
<tr>
<td>Spain</td>
<td>1.73</td>
</tr>
<tr>
<td>Switzerland</td>
<td>4.2</td>
</tr>
<tr>
<td>Turkey</td>
<td>0.0</td>
</tr>
<tr>
<td>UK</td>
<td>1.14</td>
</tr>
<tr>
<td>USA*</td>
<td></td>
</tr>
</tbody>
</table>

* USA and Canada do not register absence due to sickness

No breach of data protection was submitted to the national Data Protection Agency.
Labour Rights

ALK supports the Sustainable Development Goal to promote decent work and economic growth. As part of this effort we are committed to ensure safe working conditions, fair employment and access to training and education for all employees.

The Sustainable Development Goal 8 forms the basis for our commitment to promote safe working conditions, fair employment and development of our employees.

Decent work and economic growth
ALK works systematically to improve the working environment in all parts of our organisation and promote safety at work. We want to be an attractive work place for all.
The purpose of ALK’s HR Policy is to support short and long term goals and to create a working environment which appeals to all employees at ALK, so that we can attract, develop and retain well-qualified and engaged employees.

As part of this effort, we will continue our efforts and commitment towards equal opportunities for women and men at all management levels.

Our commitment to a safe and attractive workplace is reflected in the following focus areas:

- Fair wages by means of compensation policy and alignment with the level at local pharmaceutical companies
- The well-being of employees and their families by means of local initiatives, practices and procedures in keeping with local traditions, conditions and needs
- Proactive integration of safety aspects in planning and design

We act in compliance with national legislation in the countries in which we operate and along the lines of UN Global Compact Principle 3-6.

### Engagement

Following the Engagement Survey 2015, ALK introduced a follow-up survey opportunity and action plans for all teams. For teams with low engagement scores, it was mandatory to create and complete action plans. For the rest of the teams, it was optional. A total of 25% of all teams, covering more than 33% of the organisation, engaged by option in the follow-up survey in the spring of 2016.

### Women in management

When conducting the yearly Organisational Review, ALK had an increased focus on monitoring the share of women at all management levels.

ALK aims to maintain levels of remuneration that are competitive in terms of market levels for comparable jobs, especially in the bio-pharmaceutical industry. In 2016, we have implemented a global compensation strategy which entails evaluation of all positions at ALK cross-country and cross-functionally, establishing salary bands based on local benchmarks, and thereby initiating fair and transparent compensation for everyone across ALK.

### Safety

The Board of Management reviewed the long-term EHS goals and decided to strengthen the safety target (number of accidents with absence per million working hours) from 4.0 to 3.0, and at the same time include all ALK locations. Previously, only work-related accidents from production sites were monitored.

### Child labour

ALK has taken steps in 2016 to strengthen our contribution to the effective abolition of child labour. Our effort is concentrated on suppliers in countries where child labour constitutes a high risk.

### Risks

ALK has identified specific countries and employee groups which are below salary benchmark. ALK has looked further into this and has allocated extra resources to raise the salaries.

Regarding safety, ALK is in general not a high-risk company. However, we will enhance the general safety awareness in all parts of the organisation.

Most suppliers are located in Western countries, Japan and Australia and are as such not presenting a high risk within safety, education and child labour. General labour rights, including fair wages, decent and safe working conditions, and child labour do, however, represent a risk area of particular attention in interaction with suppliers and their sub-suppliers in non-western countries.

### Target

- ALK promotes safe and secure working environments for all employees
- We have a strong focus on the well-being and engagement of all ALK employees
- ALK takes immediate and effective measures to eradicate child labour and forced labour by 2025 end child labour in all forms

Two EHS KPIs on well-being and safety are part of the long-term EHS goals 2014-2018, approved by the Board of Management primo 2015 and reviewed ultimo 2016. They are supplemented with indicators on labour rights.

### Well-being at work

- Obtain the score ≥75 on the action area “Daily Work” in the Engagement Survey 2019
- Anti-Discrimination – number of incidents, including reports from the ALK Alertline

### Women in management

In 2013, the Board of Directors defined a target to increase the proportion of women among shareholder-elected board members to one or two by 2018. The number of female shareholder-elected members in the Board of Directors is one, corresponding to 17%, in accordance with the overall target of one or two members by 2018. Included employee-elected members, female members constitute 22% of the Board of Directors.
In 2016 no full Engagement Survey has been performed and therefore no result is available. The next Engagement Survey will be carried out in 2017.

No incidents of discrimination has been reported to the ALK Alertline.

Safety
- By the end of 2018 the number of accidents with absence per million working hours must not exceed 3.0 at a 3-year average
- Number of work-related accidents with absence
- Percentage of total workforce represented in formal joint management-worker health and safety committees

In 2016 the number of injuries with absence per million working hours was 4.4 including all ALK locations. Altogether 16 accidents occurred. The results is not satisfactory and a strong focus and effort will be put into preventive actions.

4.4 % of the total workforce at production sites are represented in joint management-worker health and safety committees.

Child labour
- Percentage of operations and suppliers identified as having significant risk for incidents of child labour

No incidents of child labour has been reported.

Planned activities in 2017 and expected results
Activities to promote labour rights and the working environment in ALK in 2017 will encompass the following initiatives which will be measured according to international indicators:
- Total number and rates of new employee hires and employee turnover by age group, gender, and region
- Local residents are employed, including for management positions. Training and career opportunities are offered to local residents
- Increase of the number of women in management positions with 5% points compared to 2014
- Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operations
- Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained
- Inclusion of non-child labour clauses in largest supplier contracts (volume and value) going forward

Non-financial key figures
Employer conditions and social responsibility

<table>
<thead>
<tr>
<th>Activities to promote labour rights and the working environment in ALK in 2017 will encompass the following initiatives which will be measured according to international indicators:</th>
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<thead>
<tr>
<th>Unit</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
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<tbody>
<tr>
<td>Accidents with absence</td>
<td>Number</td>
<td>8</td>
<td>10</td>
</tr>
<tr>
<td>Accidents with absence per million work hours (three year average)</td>
<td>ppm</td>
<td>4.3</td>
<td>4.0</td>
</tr>
<tr>
<td>“Daily work” score in Engagement Survey</td>
<td>Score</td>
<td>-</td>
<td>73</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Board of Directors (shareholder-elected only)</th>
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<tbody>
<tr>
<td>Women</td>
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<td>Men</td>
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<tr>
<th>Board of Directors</th>
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<td>Women</td>
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<td>Men</td>
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<table>
<thead>
<tr>
<th>Board of Management</th>
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<tr>
<td>Women</td>
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<td>Men</td>
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<table>
<thead>
<tr>
<th>Functional managers</th>
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<tbody>
<tr>
<td>Women</td>
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<td>Men</td>
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<table>
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<tr>
<th>Mid-level managers</th>
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<tr>
<td>Women</td>
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<td>Men</td>
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<table>
<thead>
<tr>
<th>First-line managers</th>
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<tr>
<td>Women</td>
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<td>Men</td>
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<table>
<thead>
<tr>
<th>Total at management level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
</tr>
<tr>
<td>Men</td>
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</tbody>
</table>

* 2016 includes data from all ALK locations. Previously only data from production sites.

* The actual ppm for 2016. A three year average not possible due to note 3.
CSR organisation

The ALK Executive Management decides on the overall CSR framework and sets the strategic CSR goals. Planning and coordination is anchored in Global HR whereas the realisation of CSR goals is achieved as an integrated part of processes and daily routines throughout the organisation. To support the decisions on prioritisation and plans of action, a working group has been established with representation of HR, Internal Communications, Legal, EHS and Procurement.

**Due diligence and risk assessment**

The carrying out of CSR risk assessments is integrated in due diligence processes and procedures established to identify, monitor and respond to business risks.

The ALK Risk Committee serves as a global forum and is placed with the task to collect and evaluate reported risks and events from the entire ALK group in a formalised and systematic manner.

Upon collection and evaluation of reported risks and events, the ALK Risk Committee reports its findings along with a description of identified high level risks and associated mitigation plans to the Audit Committee, a subcommittee of the Board of Directors.

Specific procedures have been adopted to process reports of illegal or other serious concerns with respect to ethical behavior through the ALK Alertline whistleblower scheme.

Also, external commercial partners are vetted concerning corruption by the ALK Procurement Department.

**Disclosure**

ALK provides open and honest information about our CSR related policies, our efforts and results, internally as well as in relation to our business partners and other external stakeholders.

All CSR activities are carried out in compliance with legislation and where relevant we are involved in changes to legal and other requirements. Our CSR work pursues international goals and principles and is monitored on the basis of relevant indicators developed by the Global Reporting Initiative, GRI (GRI Standards 2016) and other relevant standards.

Our CSR commitment, efforts and goals are disclosed in our annual report and on our website.
Stakeholder engagement
ALK encourages and engages in good relations with the local community in which we are based, by means of active participation in social and business-related activities.

During 2016, we cooperated with local communities on educational visits by local high school children. In Denmark, we strengthened our relationship with Copenhagen University by means of participation in the annual Company Day for pharmacy students and sponsored the Olympic Games for School Children in Copenhagen, linking an active lifestyle to improved health and well-being.

At our headquarters in Hørsholm we welcomed a new employee with refugee background from Syria in an internship to help him integrate into the Danish society.

Overview of positive impact on the UN Sustainable Development Goals

Sustainable Development Goals in ALK

<table>
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<tr>
<th>Focus</th>
<th>R&amp;D</th>
<th>Production</th>
<th>HR</th>
<th>Supply Chain</th>
<th>Patient</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees in ALK</td>
<td></td>
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<tr>
<td>Internal consumption</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Supply Chain</td>
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<td></td>
<td></td>
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<tr>
<td>Patients</td>
<td></td>
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Positive impact on realisation of the SDGs
Partnership with Torii in Japan

Partnership with Abbott in Russia and South-East Asia

Partnership with Seqirus in Australia and New Zealand

Revenue – North America (DKK million)

512
17%

Revenue – Europe (DKK million)

2,434
81%

Revenue – International markets (DKK million)

59
2%

Total revenue (DKK million)

3,005
up 17% compared to 2015

We aspire to improve the quality of life for allergy patients around the world

SLIT-tablets to simplify allergy treatment

>17,000
Patients in clinical development programs

Employees (approx.)

2,300

ALK at a glance
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<td>Community engagement</td>
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</table>
Financial highlights

Revenue by business area*

**Emergency**

![Emergency Icon]

9,987 DKK million

**Healthcare**

![Healthcare Icon]

2,669 DKK million

**Assistance**

![Assistance Icon]

3,381 DKK million

**Safety Services**

![Safety Services Icon]

876 DKK million

*Including revenue between business area of 949 DKK million
CSR is the foundation of Falck’s services

“We will always assist – regardless of whether or not payment can be expected - whenever people, animals or valuables are in danger”
Sophus Falck, founder of Falck, 1906

For 110 years this commitment has been at the core of Falck’s approach to doing business and we have always conducted our services for the well-being of the societies in which we operate which is what in modern times is known as Corporate Social Responsibility (CSR). First and foremost, we are here to help. Our services – ambulance, firefighting, roadside assistance, healthcare services and safety training – are based on the principle of helping people in distress and preventing accidents. In that sense, it is fair to argue that CSR is the foundation of our services.

Not only do we meet our responsibility in the societies we serve, in accordance with local and national laws as well as international guidelines developed by the UN and the OECD, we also strive to take this responsibility beyond what is required and expected.

To some extent, our CSR efforts also help reduce our costs and develop our business. As we become better at helping people in need, the number of times our services are called upon increases. To expand our services in a sustainable manner, we have, for example, introduced more fuel-efficient ambulances in order to reduce CO₂ emissions.

Furthermore, we have launched a series of initiatives to reduce staff turnover and the number of injuries in the workplace. This leads to reduced costs for Falck, but it also creates a better quality of life for the individual.

In light of the company’s further consolidation and adjustment in the global market, Falck has conducted an initial assessment on the issue of human rights together with an assessment of the UN’s 17 Sustainable Development Goals (SDG) adopted in 2015 and on our ability to support the UN’s 2030 goals.

In this field, our highest priority – besides maintaining high ethical standards – is to maintain a safe, healthy working environment at Falck and thus further develop lasting relationships with our employees. In 2016, Falck strengthened central and local health and safety procedures and developed new frameworks, management systems and tools for managerial development in this area.

Throughout the world we work together with business partners to gain local market knowledge. These business partners typically own a minority share in our local operations. When selecting business partners, we make an assessment as to whether our business partners meet the code of conduct and general business approach of Falck.
Falck Safety Services trains staff from oil and gas, shipping, renewable energy, military and aviation industries in safe behavior aimed at preventing accidents in their workplace.

The Danish railway authorities called Falck when two trains going at high speed collided outside Copenhagen, Denmark, in November 1919, killing 40 persons. Falck provided the main part of the rescue work even though it had no contract with the authorities.

Through Falck Healthcare, Falck not only contributes to raising the quality of people’s lives, but also helps reduce society’s costs related to sickness absence.
Falck’s approach to CSR

Falck’s values and the services we provide to public and private customers are closely linked to CSR. Social, ethical and environmental concerns are a fundamental element of our day-to-day working relationships, both internally amongst Falck employees and externally with our stakeholders and customers.

Falck’s services are to a large extent characterised as services that enable our public and private customers to meet their responsibilities towards society and towards their own customers, employees and stakeholders.

To that end, we developed Falck Healthcare and Falck Safety Services with the aim of providing a safe and secure working environment for Falck’s own employees.

With CSR as the foundation of Falck’s business model, there is an inherent opportunity for continued innovation of the business and the services Falck provides in fulfilling its social responsibility goals. For further information on Falck’s business models, business areas and performance, to supplement this CSR report covering the companies in the Group, please refer to the Falck Group Annual Report 2016 pages 8-19.

In 2008, Falck prepared and implemented the company’s Code of Conduct which is based on the UN Global Compact. To complement this Code of Conduct, we carried out a materiality analysis of the areas of most significance to the Falck Group and defined CSR policies for the five areas of Labour Standards, Occupational Health & Safety, Environment, Business Ethics and Community. We use these policies as the basis for CSR work and as a guideline to prioritise our CSR efforts.

Falck continuously ensures that each of these five CSR Policies meets both our internal guidelines and external regulatory requirements.

Falck purchases and consumes goods and services for substantial amounts, especially from suppliers constructing vehicles and supplying fuel.

In addition to the requirements described in our Code of Conduct for Employees, we have extended similar requirements and expectations to our suppliers through the Code of Conduct for Business Partners and Suppliers, which details the standards Falck expects from all business partners and suppliers.

Falck’s procurement departments conduct general supplier risk assessments in order to identify suppliers, which may potentially be at risk of non-compliance with Falck’s Code of Conduct. Such risk assessments allow Falck to designate a risk rating to each supplier based on the supplier’s public profile, its existing business with Falck and the supplier’s own sourcing operation. In order to further develop our sourcing practices to ensure that we have responsible suppliers, we have established a working group to continuously assess the sourcing procedures, including the risk assessments, due diligence for new suppliers and procedures to monitor compliance.
CSR governance
Falck’s work on CSR is anchored in the CSR Committee chaired by the Chief Financial Officer together with the Chief Executive Officers of the Group’s four business streams.

Each business stream develops its specific objectives and targets for its work around the CSR agenda. It is in the business streams, and thus in the front-line functions, that the responsibility for ensuring compliance with the company’s Code of Conduct and CSR policies is anchored.

UN Sustainable Development Goals (SDG)
Falck is a business of people helping people – and it is the company’s mission to actively prevent accidents, disease and emergency situations, to rescue and assist people in emergencies and to rehabilitate people after illness and injury.

Thus, it is natural for Falck to analyse the company’s support for ongoing global development, which includes looking at how Falck can support the UN’s 17 sustainability goals by 2030.

Human rights
The respect and support for the protection of internationally proclaimed human rights within Falck’s sphere of influence is the starting point for our company’s CSR agenda as defined in the Code of Conduct. It is essential for Falck to ensure that our Group does not contribute to any adverse human rights impact.

In 2016, Falck prepared a human rights assessment, identifying the human rights that we consider particularly relevant to Falck’s business.

In this context, the human rights related to a healthy and safe working environment.

Workers’ rights, working conditions, non-discrimination and personal development are high on the agenda.

During the coming years, we will continue the assessment on potential human rights impacts within the individual business streams.
We have assessed the following five goals to be relevant to Falck:

1. **No Poverty**
2. **Zero Hunger**
3. **Good Health and Well-being**
4. **Quality Education**
5. **Gender Equality**
6. **Clean Water and Sanitation**
7. **Affordable and Clean Energy**
8. **Decent Work and Economic Growth**
9. **Industry Innovation and Infrastructure**
10. **Reduced Inequalities**
11. **Sustainable Cities and Communities**
12. **Responsible Consumption and Production**
13. **Climate Action**
14. **Life Below Water**
15. **Life on Land**
16. **Peace, Justice and Strong Institutions**
17. **Partnerships for the Goals**

**Good health and well-being:** It is at the core of Falck’s business model that we bring services to people who are in situations of distress. This commitment spans ambulance services, assistance when travelling abroad and medical clinics. As a natural extension of this, we contribute to a number of health-improving initiatives in markets where we operate and in developing countries.

**Decent work and economic growth:** Several of the activities performed by Falck are focused on building health infrastructures in the markets where we operate. This includes our ambulance, clinical and safety training services. To a very large degree, we rely on our employees for the services we provide. They are the key asset of our business. Consequently, it is essential that Falck develops and maintains good employment conditions. Our work to achieve these goals forms an integral part of our work with Health and Safety and people.

**Sustainable cities and communities:** Falck’s core services support these goals by establishing the ambulance infrastructure, health clinic structures etc. necessary to handle rapid urbanisation.

**Responsible consumption and production:** As Falck is a people business, we do not have significant consumption or production and thus our impact on the environment is limited. Our main impact is from fuel consumption and, accordingly, this is our key focus. However, we are also committed to reducing other energy consumption and to handling waste responsibly.

**Peace, justice and strong institutions:** This goal is also essential to our activities and we support it through our mindset and through our zero tolerance approach to bribery.
Falck’s services are often associated with situations involving people and customers exposed to situations of uncertainty and anxiety – particularly when our employees assist people who are in acute danger.

It is crucial for us that our employees are able to deliver services at a superior level of quality and value, for which the company continues to strive.

Working with our patients and our customers requires good social skills among our employees, including helpful care and personal values in line with Falck’s core values. It also requires that the employees have the knowledge and training needed to ensure that the situation is being resolved using specialist education and skills.

Consequently, Falck believes that maintaining long-term relationships with our employees is necessary in order to build such skills and develop collaborative routines within our individual teams. For these reasons, it is also important for Falck to ensure a low staff turnover, and we work systematically to enhance employee retention.

The work performed by Falck can be stressful for the mind and body. For example, some of our employees are required to respond to acute events where people may have been badly injured, while others may need to assist heavy patients into or out of vehicles, which may lead to an increased risk of back injury and other musculoskeletal injuries. Consequently, we have systems in place that mitigate the effect of sickness and work-related injuries and place strong emphasis on ensuring a positive working environment.

Falck’s employee satisfaction surveys show that there is correlation between low staff turnover and positive assessments by individual employees regarding their relationship with their immediate manager. It is also our belief that clear goals and development opportunities for individual employees
increase their passion, sense of belonging and ultimately the quality of their performance when serving our customers.

The operational nature of Falck’s services means that there is a particular need for increased efforts to reduce staff turnover and workplace incidents and injuries.

On that background, Falck has conducted studies in order to understand the reason for resignations, improve the quality of recruitment processes, improve the on-boarding of new employees and develop leadership quality amongst existing employees.

Aiming to further improve staff retention, Falck will implement a structured and systematic approach to employee development in 2017 and will implement the tools at an operational level across all countries.

The aim of these initiatives will particularly be to strengthen the new employee selection process, monitoring those who successfully complete their training, and allow for a better alignment of expectations between the employer and the employee in terms of the job description.

**Diversity**

Falck’s approach to diversity in the workplace is that the composition of our front line employees over a number of years should reflect the composition of the surrounding communities regarding e.g. ethnical background.

Our policy on composition at management level is that the composition reflects the wider front line pool of employees.

We have initiated further studies to take stock of the diversity within Falck. Looking at gender and beyond, these studies will provide a foundation for future projects to increase diversity at Falck.

**Results**

**23.7%**

Staff turnover in 2016 was 23.7% (2015: 25.1%)

**3.3%**

Absenteeism due to sickness in 2016 was 3.3% (2015: 3.3%).
Living Our Values
Falck has six corporate values which are at the heart of all employees.

**Efficient**
- We look for solutions rather than problems

**Reliable**
- We repay your faith in us by always keeping our promises

**Competent**
- We constantly make an effort to retain and improve our skills

**Helpful**
- We want to make people safer in their everyday lives

**Accessible**
- We are always available and ready to help

**Fast**
- We respond quickly and with dedication whenever people need our help

“I always do my best to make everybody feel safe.”
Richard Ng, instructor, Malaysia

“I have to adapt quickly if the patient’s condition changes during transport.”
Maria Wivel, flying nurse, Spain
Falck employs highly qualified people and we see it as our duty to protect our employees by ensuring that workplaces are operated in a proper, safe and sound manner.

We aim to prevent psychological and physical strain through a transparent division of duties and obligations as well as by the application of various technological aids when handling heavy materials and lifting people during patient transport.

Falck operates in an area where safe procedures and standards are required in all daily operations. As part of the company’s core business, Falck constantly focuses on different elements of safety, both in the customers’ and our own operations.

Falck aims to continuously improve the working methods and sees adaptability as a key to success. The company also recognises good Occupational Health & Safety management and performance as strong contributors to the success of our business.

We work to:

- Reduce the number of work-related accidents and incidents
- Reduce the number of injuries in connection with Falck’s activities
- Be the safest and most reliable provider of the above services
- Involve our employees in maintaining high safety and working environment standards

Falck staff use special stair chairs to eliminate the need for lifting or carrying patients while ascending or descending stairs.
At Falck, the responsibility for risk management within Occupational Health & Safety is placed as close to the local operations as possible in order to be adaptive and to constantly control risks and improve performance.

Falck believes that all employees should be involved in the identification and mitigation of local operational risks that may threaten the health and safety of our employees or influence the quality of service delivered to our customers. Consequently, we ask our employees to report any potential hazards and initiatives that should be considered.

As a result of this reporting and our work with the risks present in terms of occupational health and safety, we have identified several risk areas that require Falck to focus on mitigating activities:

- **Heavy lifting in ambulance and clinic operations**
- **Appropriate training and use of equipment**
- **Psychological pressure from handling emergency situations**
- **Safe driving**
- **Duty of care towards employees travelling or working outside their home country**

These initiatives are implemented locally in order to build a sense of ownership and to make sure that factors such as legal requirements, customer requirements and local cultural differences are taken into account.

**Heavy lifting**

Heavy lifting is a challenge that Falck employees face when providing patient-related services in ambulances, clinics and patient or roadside assistance. Consequently, Falck has implemented programmes for training employees in ergonomically correct techniques for lifting or moving people.

Technical aids for handling heavy materials and lifting persons are used where deemed necessary, and this is an area where we continuously follow up on with new equipment and industry best practices.

**Debriefing**

We continued to roll out the Falck Debriefing Programme in 2016. Falck Debriefing is a programme that reinforces the ability of our employees to handle mentally traumatic events on the job. Based on our experience from the Scandinavian markets, the programme has been rolled out in Poland, Slovakia and the United States. The programme includes training rescue staff in supporting colleagues who have been involved in traumatic events, debriefing by qualified debriefers and psychological counselling, if required, as well as the establishment of a local organisation to handle major incidents.
Appropriate training and use of personal protection equipment

Falck has launched a safety first campaign focusing especially on paramedics, firefighters, doctors and nurses in order to raise their awareness of maintenance and proper use of personal protection equipment. The campaign will continue to run in 2017 and 2018.

In Safety Services, all employees have been trained in safety awareness and emergency response drills and exercises in order to promote awareness in the event of accidents at our training facilities. This has led to improved accident prevention for both Falck employees and customers who have attended courses at our training facilities.

Falck Fire Services, a part of the Emergency division, implemented a safety first campaign across 18 countries in 2016, aiming to create a safety mindset and promote a culture that will proactively prevent accidents at our fire stations.

A process of obtaining Occupational Health & Safety certification (OHSAS 18001) has been initiated and certification has been obtained for all Fire Service entities. Also, a process of obtaining the certification for all business units in Emergency and in Safety Services has been initiated.

Safe Driving

Falck has launched a Safe and Green Driving Project for employees operating ambulances, fire vehicles and roadside assistance cars. The goal is twofold:

- To help our employees become safer drivers
- To reduce fuel consumption and thereby minimise CO₂ emissions

The project is conducted via posters at our stations, e-mail campaigns and newsletters, but it also includes training programmes as well as the installation of a drive cam solution and a telematics system in the vehicles allowing the drivers and their managers to evaluate the effects of the project.

We have launched the Safe and Green Driving Project in six countries and will continue implementing it in additional countries in 2017.

A telematics system is presently installed in 550 vehicles. Calculations have shown that by implementing telematics, drivers become more aware of their driving behavior, which leads to a reduction in fuel consumption by 2.5%.
Duty of care
Falck is aware that an employer’s responsibility for ensuring that employees are offered sound working conditions with respect to health and safety also applies when employees are travelling or stationed abroad. By regularly analysing health and safety risks in all countries and geographies, Falck Global Assistance has accumulated extensive knowledge and experience that are also offered to a wide range of international businesses with employees travelling or stationed abroad.

Based on the special knowledge accumulated by Falck Global Assistance, we initiated a training programme in 2015 directed at travelling and expatriated employees. The programme continued in 2016, and it is now mandatory for all employees travelling on behalf of the company. We have also implemented travel tracking of employees travelling on behalf of the company in order to know their whereabouts should a natural catastrophe, terrorist attack or similar event occur. At the same time, a process has been implemented to provide specific guidance and training to employees about health and safety risks when they travel to high-risk countries.

Results
Falck continuously monitors KPIs for Occupational Health & Safety and all business streams have implemented action plans for optimising efforts in this field.

Incidents measured as LTIFR (Lost Time Incidents Frequency, the number of occupational injuries with at least one day’s absence per 1 million working hours) was 16.2 in 2016 and 16.4 in 2015.

In 2017, Falck will strive to maintain this positive trend through a risk-based approach to daily operations and services delivered to our customers in order to reduce the number of work-related injuries even further.

16.2
Incidents measured as LTIFR was 16.2 in 2016 and 16.4 in 2015.

Occupational accidents
per million working hours
Falck strives to help people feel safer in their everyday lives and we will come to their rescue when they are in need of assistance. We take this responsibility further by focusing on protecting our surroundings from any negative environmental impact that Falck’s business activities may cause to wider society.

Our policy is to strive to minimise our environmental footprint and we will always – as a minimum – comply with local authority rules. We will also do our utmost to avoid the use of environmentally damaging and harmful materials and constantly strive to prevent hazardous environmental impacts.

We require that our suppliers and business partners act in an environmentally-conscious way so as to comply with environmental rules. Falck also expects suppliers and business partners to help Falck by taking an active part in developing environmentally-friendly measures.

However, as we are not a production company, Falck has a relatively limited environmental footprint.

At Falck, we work to:

- Reduce fuel consumption
- Use environmentally-friendly technologies, work processes, substances and materials in connection with new purchases and when resourcing existing work processes
- Aim for a high rate of recycling and the lowest possible environmental impact in connection with waste handling

We manage the responsibility for environmental risk management as close to the local operation as possible. This supports our endeavours to constantly control risks, improve performance and create a sense of local ownership in order to mitigate environmental risks.

Falck’s main impact on the environment stems from the fuel consumption and CO₂ emissions of our fleet of vehicles, ambulances, fire vehicles and roadside assistance vehicles. As a result, Falck has identified this as a high-risk area on which to focus mitigating activities.

Consequently, Falck has implemented several projects and initiatives in recent years to create awareness of and mitigate the risk related to fuel consumption and CO₂ emissions per kilometre driven. As mentioned above, we also work to reduce our overall environmental footprint, and we aim to handle our waste responsibly.

Reducing fuel consumption
As mentioned previously, we have implemented the Green and Safe Driving Project, which has helped us reduce fuel consumption.

Where possible, we choose vehicles with smaller engine types and lower CO₂ emissions. However, in some areas, customers specify the type of vehicles that Falck is required to use, which to some extent limits these possibilities.

In its efforts to reduce fuel consumption, Falck has redesigned ambulances and patient transport vehicles, so they have less air resistance and therefore consume less fuel per kilometre.

EU Energy Efficiency Directive
In 2016, Falck worked to implement the new legal requirements stipulated by the EU Energy Efficiency Directive. The Directive requires companies in the EU to conduct an assessment and compliance evaluation in order to establish company-goal-setting strategies for deriving greater efficiency of power consumption.

The compliance evaluation showed that there is a limit to how much Falck can influence this area because, as a service company, Falck does not operate production facilities.
Fuel efficiency per litre was improved by 2.9% in 2016

Overall, in 2016 our vehicles drove 231 million kilometers and used 33 million litres of fuel.

Recycling and waste management:
Some of our operations in Emergency, Safety Services and Falck Global Assistance are certified to the ISO 14001 standard and thus have a waste management and recycling process in place. These processes and initiatives are managed locally, but with the support of the Global Quality, Health, Safety and Environment Departments in Emergency and Safety Services. With the work performed in the local entities Falck has been able to reduce waste, though being a service provider the waste is rather limited.

A process of obtaining further ISO 14001 certifications has been initiated.

Results
Overall, in 2016 our vehicles drove 231 million kilometers and used 33 million litres of fuel. This corresponds to 7.0 km per litre of fuel. The corresponding statistics for 2015 were 6.8 km per litre of fuel. It follows that this significant improvement in fuel efficiency also had a positive effect on the climate by reducing Falck’s carbon footprint.

<table>
<thead>
<tr>
<th>Year</th>
<th>Fuel Efficiency (km/l)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>7.0</td>
</tr>
<tr>
<td>2015</td>
<td>6.8</td>
</tr>
<tr>
<td>2014</td>
<td>6.3</td>
</tr>
</tbody>
</table>

Falck’s vehicles have improved their fuel utilisation by more than 2,400 tons of CO₂ in one year.
As a natural part of its corporate values, Falck operates a policy of zero tolerance towards corruption. From an ethical point of view, we consider corruption to be destructive to personal integrity and harmful to society. As a supporting document to Falck’s Code of Conduct, the Falck Group has prepared and implemented a business ethics policy.

In addition, the business ethics policy confirms Falck’s commitment to fair competition and to conducting our business in full compliance with applicable competition laws. Falck works to avoid improper practices that may reduce or eliminate fair competition and has adopted a competition compliance programme for the further support thereof.

Falck seeks at all times to act in accordance with the highest ethical standards, including the spirit of international conventions aimed at preventing illegal conduct, such as those conventions issued by the OECD and the UN.

Falck’s whistleblower programme – Falck Alert
It is the responsibility of everyone at Falck to ensure that the Falck Group is a safe and ethical workplace as well as a trusted business partner, and we encourage our employees to report any potential breach of Code of Conduct or our business ethics policy. In order to facilitate such reporting, we have implemented a global whistleblower programme, Falck Alert.

As part of the implementation, we have had Falck’s Code of Conduct and our CSR policies translated into 25 different languages and have uploaded the translated documents to Falck Alert’s welcome page.

By the end of 2016, no cases with significant consequences for Falck as well as no violation of the policy concerning corruption and bribery had been reported.

Compliance training programme
We implemented an e-learning programme in 2016 to assist Falck employees in learning the necessary requirements of the Code of Conduct, the policies and Falck Alert.

Initially, the e-learning programme was directed at the members of Group Management, divisional management teams, country managing directors as well as country finance directors. In total, 235 managers have completed the training programme.

In 2017, most managers, including first line managers, will take this mandatory programme and the accompanying test.

Global presence
Falck has activities in 46 countries around the world
Business Ethics Risk Assessment

By the end of 2016, Falck’s Enterprise Risk Management had implemented a local Business Ethics Risk Assessment tool in all business units worldwide. Its purpose is to determine the business ethics risk profile of each of Falck’s operating entities. The programme is a self-assessment tool and, going forward, the assessment will run once a year. Local management teams are required to describe the risks identified, their likelihood of occurring and potential impact as well as the action taken to control and mitigate them, such as a due diligence process concerning new market opportunities and partners. In 2017, we will monitor and control the outcome through visits conducted by Group Controlling.
Community engagement

Since our founding father, Sophus Falck, started his business 110 years ago, Falck has played an integral part in the development of the local communities in which we have operated. Falck has always been deeply engaged and involved in plans for improving the way local governments respond to their responsibility of making their districts safer places to live and work.

True to this legacy, local community involvement is an integral part of Falck’s business models and operations. In our work with local communities we will

- Share our knowledge and capabilities, allowing other people to benefit from these learnings
- Strive to make a real difference in local communities by spreading awareness about health, safety and first aid procedures
- Seek to actively impact and debate the challenges faced by the societies in which we operate
- Actively engage in social projects that benefit local communities
- Contribute to creating and sustaining an accommodating labour market

We define CSR community activities as charitable, non-commercial, contributions - as well as donations (funds, goods or services) - made either by the business units or by employee volunteers to support health and safety awareness in the community.

Falck aims to contribute to events and associations related to health and safety in the markets where we are present. The knowledge accumulated over Falck’s 110-year history has the power to raise awareness of health, safety and first aid standards and help make the communities we serve become safer places to live.

In 2016, Falck conducted more than 200 activities to engage with the local communities where we operate or where our help is needed. Some of the activities performed are described in the following sections.

Falck Foundation

Since its inception in 2008, the Falck Foundation has worked to support research in the field of pre-hospital emergency medical care. The Falck Foundation does this by supporting research and by providing incentives for researchers to publish abstracts of their research at reputed emergency medicine conferences.

Falck often shares its competencies on first aid with children in the communities in which we operate. Here, our Slovak personnel introduces local children to how to save lives.
The Falck Foundation is the first research foundation to focus solely on pre-hospital emergency care research, which has historically been a field of medicine that has struggled to attract sufficient attention.

The support is given in the form of Research Grants and as Sophus Falck Abstract Awards. The latter are awarded annually at a major international pre-hospital emergency medicine conference.

An accommodating labour market
Another important aspect that characterises Falck’s contribution to the community is our special focus on hiring and setting up traineeships for people who need to gain a foothold in the labour market, including young people with special employment issues and disabled people.

The purpose is to help them get used to daily working conditions by offering flexible jobs, work tests, training programmes and networking opportunities as well as experiencing exchange sessions.

Countries where we carried out special activities in 2016 to support labour market integration included Denmark, the United Kingdom and Sweden.

Donations
A wide range of Falck entities donate equipment and assist with developing pre-hospital activities in other countries where assistance in this area is lacking. For example, Falck’s subsidiary in Slovakia has donated equipment to Macedonia because pre-hospital activities there were in need of an upgrade. In the United Kingdom, we donated end-of-life products to charitable organisations operating in Africa and South America.
Health and first aid activities in local communities

A key part of Falck’s contribution to the communities we serve is not only to increase knowledge on safety, first aid and acute life-saving efforts, but also to contribute to the general awareness of health. A large number of activities are being carried out in Brazil, Denmark, El Salvador, Germany, Malaysia, the Netherlands, Poland, Slovakia, Spain, Sweden, the United Kingdom, the United States, Uruguay and other countries.

**Colombia**

Through a campaign, Falck brought together a group of 50 women in an innovative and unconventional way to raise awareness of the importance of visiting a gynaecologist to prevent cervical cancer.

**Benin**

During 2016, Falck continued its efforts to support the reduction of maternal and neonatal mortality in Benin. We conducted the projects in close cooperation with the Danish NGO Børnefonden (Children & Youth Foundation) and, in October, the project was completed and handed over to the local health authorities.

The aim of the project has been to train local healthcare personnel to maintain sound and proper healthcare towards pregnant women and newborn infants.

Falck has also trained locals in Benin in first aid procedures.

**Malaysia**

We developed emergency and first aid awareness programmes for kids in collaboration with hospitals and medical centres in Malaysia – known as the Glenkid School Holiday Program and “Doctor for the Day”.

**Nigeria**

Falck donated first aid kits and teddy bears for children at hospitals though DINNødhjælp, an organisation that helps children in need in Nigeria.

**Sweden**

Falck aims to contribute to increasing knowledge of and awareness about CPR (cardiopulmonary resuscitation) and about how to perform CPR in order to increase survival rates after cardiac arrest. On Valentine’s Day, our nurses at Arlanda Airport demonstrated CPR for people passing through the airport. CPR was also demonstrated at a mall in Jönköping.

**United States**

Our organisation participated in the Kids Safety Day Fair, an annual event held in Seattle, Washington, with the participation of fire brigades, EMS, the police, health departments, hospitals and other agencies. The aim is to promote health and safety to children and the community.
Social projects

Falck is involved in social projects in many of its countries of operation with a view to improving health conditions, while also assessing and developing its business potential. The common denominator in all these projects is that Falck is an organisation of people helping people.

The Netherlands
Our organisation supports the Dutch Burns Foundation, which is a foundation for young people who have been seriously inflicted by severe burns.

Sweden
To quell social unrest in local neighbourhoods, Falck was involved in meetings with citizens, along with local police and firefighters in several Swedish cities. The purpose was to increase the understanding for uniformed professions.

At our fire stations near socially challenged neighbourhoods, we invite local youth to fire training sessions.