Lundbeck Foundation’s statutory statement on CSR in accordance with section 99a of the Danish Financial Statements Act
CONTENTS

Lundbeckfonden CSR Report 2017

<table>
<thead>
<tr>
<th>Company</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lundbeckfonden</td>
<td>3</td>
</tr>
<tr>
<td>Lundbeckfond Invest A/S</td>
<td>5</td>
</tr>
<tr>
<td>H. Lundbeck A/S</td>
<td>6</td>
</tr>
<tr>
<td>ALK-Abelló A/S</td>
<td>20</td>
</tr>
<tr>
<td>Falck A/S</td>
<td>36</td>
</tr>
</tbody>
</table>
LUNDBECKFONDEN (LUNDBECK FOUNDATION)

The foundation’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 the Lundbeck Foundation on CSR in accordance with section 99a of the Danish Financial Statements Act. It represents policies, activities and results achieved in 2017 for entities owned and controlled by the Lundbeck Foundation.

THE COMMITMENT TO CORPORATE SOCIAL RESPONSIBILITY

The Lundbeck Foundation 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. A portfolio of 19 life science investments in Europe and the US is managed through Lundbeckfonden Ventures. Six life science investments in Denmark are managed through Lundbeckfonden Emerge, the foundation’s early-stage investment unit.

Dividends from the strategic subsidiaries as well as returns on the foundation’s other investments help to ensure annual donations of approx. DKK 500m in support of a broad spectrum of projects relating to independent, biomedical research of the highest, international quality and to science communication and education. The brain is the centerpiece of the foundation’s grant strategy bringing the amount awarded for neuroscience up to more than half of the total grant budget. 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 centres 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.

As the majority shareholder, the foundation is actively involved with each of the three subsidiaries, monitoring their performance closely and, as a long term owner, seeking to add value for their executive management and boards. The foundation exerts its influence through board appointments and representation on the companies’ boards and at their General Meetings. The CEO of the Lundbeck Foundation sits on the boards of the subsidiaries in the role of Vice Chairman as one of the foundation’s two representatives.

Through the Board of Directors of each of the subsidiaries, the foundation is actively engaged in the governance of the subsidiaries, and CSR is a priority.

The Lundbeck Foundation 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 the foundation’s approach to CSR. These principles guide the 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 THE LUNDBECK FOUNDATION
The Lundbeck Foundation is opposed to any form of corruption, including extortion and bribery. Furthermore, the UN Global Compact guidelines laid down for labor and human rights, environmental principles (including climate change) and sustainable development are followed.

The foundation's policies are shared across the 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.

In this report, the CSR reports of Lundbeck, ALK, and Falck - each outlining company-specific policies, activities and results for 2017 - have been combined. Furthermore, there is a section on Lundbeckfond Invest A/S, which is not publishing a CSR report on its own.

THREE KEY GOALS
For the period 2016-2018, the foundation has outlined three key goals for its commitment to the UN Global Compact Act (for the Lundbeckfonden Communication on Engagement (CoE) in its entirety, please refer to www.globalcompact.org):

• We will strive to make all our three subsidiaries sign up to UN Global Compact. Our largest subsidiary - Lundbeck - 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. Status as per March 2018: Not complete

• Regarding our financial investments, we will implement Principles for Responsible Investments and sign up with a third party ESG auditor preferably endorsed by UNGC. Status as per March 2018: Complete

• Furthermore, we aim to turn our headquarters in Copenhagen into a low emission building. In collaboration with an engineering consultancy, we will analyse the various possibilities and solutions. Status as per March 2018: Solar cell panels have been installed on the roof of the building.

For more details on the progress of the above mentioned goals, please see the next CoE, which will be published by the end of 2018.
LUNDBECKFOND INVEST A/S

In the wholly owned holding company, Lundbeckfond Invest A/S, the Lundbeck Foundation continuously assesses and decides upon which companies should be invested in given its CSR policies.

CSR POLICY DEVELOPED SPECIFICALLY FOR THE FOUNDATION’S INVESTMENT COMPANIES (INCLUDING LUNDBECKFOND INVEST A/S)

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

In 2017, the foundation initiated a formal collaboration with an external consultancy to monitor the investment portfolio for issues related to environmental, social and governance criteria.

A screening was conducted twice in 2017 and approved by the Board of Trustees. No investment was in unethical companies. A small number of investments were found to have some issues regarding ESG. These investments are monitored for improvements.
LUNDHECK

UN GLOBAL COMPACT
2017 COMMUNICATION ON
PROGRESS REPORT
Enric Álvarez Guayta

Enric is 63 and resident in Barcelona, Spain. In 2014, he was diagnosed with Alzheimer’s disease.

Enric is no longer capable of making plans or seeing things in a larger context and he has lost his initiative. Yet he can still live at home. He has always loved drawing and painting, and his family makes sure that he attends art-therapy and memory classes.

Enric worked as a customs broker until 2012, when he lost his job in a round of layoffs.
CONTENTS

Executive statement 4
Our business model and sustainability framework 5
Ethics 7
Society 8
Employees 9
Environment 11
Key performance indicators 13

REPORT SCOPE AND METHODOLOGY

Lundbeck’s values and the UN Global Compact principles set out the framework for our business conduct and our sustainability efforts. We have assessed that these efforts directly support six of the UN Sustainable Development Goals and several of the underlying targets. This report represents Lundbeck’s ninth annual Communication on Progress to the UN Global Compact and our non-financial report on sustainability according to the Danish Financial Statements Act.

The report describes Lundbeck’s global activities and progress in 2017 (1 January to 31 December), and contains descriptions of planned activities and targets for 2018. 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 affiliates with research, development and manufacturing activities. Selected HSE data have been assessed by Deloitte in accordance with the ISAE 3000 standard to obtain limited assurance (see page 13 for details). 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.

This report provides an overview of the progress we made in 2017 where we fulfilled nine of our 11 sustainability targets. It delivers additional clarity on how Lundbeck aims to contribute to the 2030 Agenda for Sustainable Development as adopted by the world’s nations.

In several areas, we are currently evaluating the results we have achieved and are defining our future actions. These include our efforts to promote mental health, to reduce our impact on climate change and to manage expectations to our suppliers. The updated strategies will drive our behaviour and contribute to a sustainable development of Lundbeck.

Our commitment to enhancing transparency of our actions is unchanged. I hope this report will inspire its readers to engage into a dialogue on the results we have achieved and the targets we are pursuing.

Anders Götzsche
Interim CEO and EVP, CFO
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 approx. 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 several different pharmaceuticals for the treatment of psychiatric and neurological disorders. You can read more about our business activities in Lundbeck’s Annual Report 2017 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>
<tbody>
<tr>
<td>Ethics: 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>Society: 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>16 Peace Justice and Strong Institutions</td>
</tr>
<tr>
<td>Employees: 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 Gender Equality</td>
</tr>
<tr>
<td>Environment: 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>
</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).

Collectively the management of our significant risks aims to assure safe use of our medicine, avoid unethical conduct by our employees and business partners, provide decent, safe and healthy working conditions, optimise our use of resources and minimise adverse impacts on the environment. Based on this we annually evaluate our sustainability performance and establish targets for the 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 2017</th>
<th>STATUS</th>
<th>TARGET 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provide Code of Conduct training for all</td>
<td>Achieved</td>
<td>Update Code of Conduct and provide training</td>
</tr>
<tr>
<td>Lundbeck employees globally</td>
<td></td>
<td>for all Lundbeck employees globally</td>
</tr>
<tr>
<td>Promote responsible and transparent</td>
<td>Achieved</td>
<td>Promote responsible and transparent</td>
</tr>
<tr>
<td>interactions with Healthcare Professionals</td>
<td></td>
<td>interactions with Healthcare Professionals</td>
</tr>
<tr>
<td>Identify, pursue and publicly report on our</td>
<td>Achieved</td>
<td>Support mental health and well-being by</td>
</tr>
<tr>
<td>Access to Health initiatives</td>
<td></td>
<td>analysing our role and defining further actions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>within suicide prevention</td>
</tr>
<tr>
<td>Society</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continue the enhancement of our audit</td>
<td>Achieved</td>
<td>Enhance the global process for evaluation,</td>
</tr>
<tr>
<td>and monitoring processes</td>
<td></td>
<td>due diligence and monitoring of suppliers</td>
</tr>
<tr>
<td>Ensure that relevant suppliers complete</td>
<td>Not achieved</td>
<td>(comment on page 8)</td>
</tr>
<tr>
<td>business ethics training</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</td>
<td>(comment on page 10)</td>
</tr>
<tr>
<td>Work related diseases ≤ 2</td>
<td>Achieved</td>
<td>Work related diseases ≤ 2</td>
</tr>
<tr>
<td>Environment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduce energy consumption by 3% in 2017 compared</td>
<td>Achieved</td>
<td>Replaced by internal energy reduction goals</td>
</tr>
<tr>
<td>to 2016</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduce CO₂ emissions by 5% in 2017 compared to</td>
<td>Achieved</td>
<td>Reduce CO₂ emissions by 3% in 2018</td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td>compared to 2017</td>
</tr>
<tr>
<td>Recycling of 40% of selected solvents</td>
<td>Achieved</td>
<td>Recycling of 50% of selected solvents</td>
</tr>
<tr>
<td>Zero environmental incidents with an impact on</td>
<td>Achieved</td>
<td>Zero environmental incidents with an impact</td>
</tr>
<tr>
<td>the environment</td>
<td></td>
<td>on the environment</td>
</tr>
</tbody>
</table>

An overview of selected key indicators for Lundbeck’s sustainability performance is provided on page 13.
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 strives to improve the lives of people living with psychiatric and neurological disorders. We pursue this vision in accordance with regulatory requirements defined by authorities and the ethical principles we have articulated in our Code of Conduct. Our actions are governed by these commitments and our dedication to the patients who need our medicine.

We want to give our employees the best possible conditions to act responsibly. Every year all employees are asked to complete ethical training that places our Code of Conduct and relevant procedures in a business context. In 2017, the global training aimed at delivering a consistent application of the principles by practicing a four-step process for making ethical considerations: Think – Explore – Discuss – Decide. Employees and managers were encouraged to continue discussions on a local level throughout research, development, manufacturing and marketing of medical products.

It is critical that the Code of Conduct and other ethical initiatives remain appropriate and support the organisation in making the right decisions. This feedback is ensured via two executive management committees that evaluate the company’s ethical performance and prioritise preventive actions. The information that goes into this process covers a wide range of sources including findings from Lundbeck’s internal monitoring, new regulations from regional or global industry associations, monitoring of media, proposed legislation and supranational initiatives related to the Sustainable Development Goals. The information is evaluated thoroughly and decisions are made to update established procedures or initiate new actions.

Transparency supports Lundbeck’s ethical focus
Lundbeck became a signatory to the UN Global Compact in 2009 and we have reported openly about our efforts to further the ten principles every year. In addition, our membership of regional and global industry associations has promoted openness about our ethical conduct. These commitments support our ethical focus for example by providing access to the results from our clinical research. We also disclose information about our interactions with and transfers of value to Patient Organisations and Healthcare Professionals. These interactions are well-regulated and include research activities, development of new treatments, exchanges of scientific information, support to patient advocacy groups and marketing. All information can be accessed on www.lundbeck.com/global/sustainability/ethics. We believe that the transparency initiatives that are being enacted globally will help promote the general acceptance of these professional relationships and their value to the enhancement of patient care.

Long-term actions to promote mental health and well-being
The leaders from 193 nations have adopted the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDG). As a global pharmaceutical company highly committed to improving the quality of life of people living with psychiatric and neurological disorders, we take special interest in SDG 3 and target 3.4: By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.

One of the indicators for SDG 3 monitors suicide mortality rates. We share society’s concern that suicide is the second leading cause of death among young adults between the ages of 15 and 29, and that depression and schizophrenia too often lead to suicide. We know that mental illness deeply affects the individual, their friends and families. In 2017, we evaluated Lundbeck’s work to promote mental health and well-being, which includes a range of activities and initiatives at national levels. Inspired by these results and the long-term global focus established with SDG 3, we have decided to take on a more active role when it comes to suicide prevention. In 2018, we will analyse our role and define further actions we can take to support this goal.
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 impact on other societal aspects 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 are fully aware of other societal impacts that our business has at global and national levels. 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.

Managing a societal impact

Globally, we engage a wide range of stakeholders such as healthcare professionals, patients, public officials, suppliers and partners. These collaborations serve specific purposes e.g. developing new knowledge about a disease; obtaining a required approval; or entering into an agreement to supply or purchase products. Collaborations like these generally add value to the local economies. However, we are conscious that these collaborations potentially may also adversely impact society. Our actions to prevent such adverse impacts take different forms operationally, but the essential principles are derived from our Code of Conduct and our commitment to the UN Global Compact.

As an example, we ask our suppliers 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. Specific 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.

Enhancing our comprehensive monitoring programme

Since 2016, the supplier evaluation process has covered all new agreements made by Lundbeck entities globally. In 2017, we completed the evaluation of 524 existing collaborations to finalise the global implementation of our supplier evaluation process. Today, our comprehensive monitoring programme includes a wide array of activities including communication with 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. We received 20 reports in the Compliance Hotline and completed 15 of the initiated investigations in 2017. Nine of these investigations (60%) were substantiated and appropriate corrective and preventive actions were initiated. Five reports were made in the last two months of 2017 and the investigations will be concluded in 2018.

Our teams of skilled auditors conducted 196 internal audits that covered research, development, manufacturing, health, safety and environment, marketing, sales, IT and finance during 2017. In addition, they conducted 171 audits at key suppliers and partners during 2017. All audits are documented in accordance with Lundbeck’s procedures and appropriate actions are taken.

The valuable insights we have gained from the monitoring of our suppliers will be consolidated and discussed with relevant parts of our global organisation and senior management in 2018. This will include considerations whether to provide relevant suppliers with business ethics training, which we did not manage to do in 2017. Overall, we aim to define the best ways to improve our standards, minimise adverse impacts and most efficiently enhance our monitoring programme in the coming years.
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. 5,000 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, due diligence and audits aim to ensure the same rights and principles are upheld in our supply 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 drive 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 accidents and to increase awareness of mental health at work.

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

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 2017, we had one female board member 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 2017 and in recent years excluding 2014 where the proportion was 39%. Our actions to meet the target are unchanged. We will continuously offer equal opportunities for men and women across organization in accordance with our employee policies and guidelines.

Dialogue promoting individual development and company performance
At Lundbeck, we regularly run Employee Satisfaction Surveys (ESS). All employees globally are invited to respond to the same survey covering a range of topics within the areas of satisfaction and motivation, including the individual’s job, development opportunities and work environment. The ESS primarily takes place to support open dialogue within teams and enable discussions of topics that are most important to that team in regards to satisfaction and motivation in the workplace. Action plans are agreed upon and implemented throughout the year.

Lundbeck has established 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 help identify how our employees best contribute to the overall success of Lundbeck and improving the lives of patients. During 2017, employees and managers used ‘My competencies’ in the annual performance review to set expectations, evaluate performance and work with individual development. In 2018, the work continues towards reaching the full potential of ‘My competencies’.

Health benefits to our employees
Over the years, Lundbeck has improved the health benefits we offer our employees. The benefits include easy access to training facilities, healthy lunch, health insurance, individual health checks and advice. In 2017, we offered a voluntary health check to our employees in Denmark. Four out of ten employees took the opportunity, which is slightly more than in 2015 when the previous offer was made. The results showed that our employees are generally healthy and their condition is as good as in 2015. However, 13% of the participants do not meet the Danish health recommendations. This highlights the value of our continued efforts to support the employees in making healthy choices. Our Italian manufacturing site offers similar health checks.
to everyone annually in addition to the compulsory occupational health checks for laboratory, maintenance and chemical manufacturing staff. Health checks are also offered at our French manufacturing site where employees are offered advice and training on good body postures and osteopathic treatment.

**Decreased level of work-related accidents**

Lundbeck strives to minimise the number of work-related accidents. At our sites with research, development and manufacturing activities, all accidents are registered and systematic root cause analysis is performed to identify preventive actions. In 2017, we intensified training to support the safety culture and raise awareness of working safe. We believe this contributed to the observed decrease in accidents per 1,000,000 working hours from 7.3 in 2016 to 5.9 in 2017. The accidents were less severe as the average hours of absence per 1,000 working hours dropped from 1.05 in 2016 to 0.19 in 2017. Despite the positive developments, we did not meet the established target for accident frequency (4.0).

We are determined to reduce the number of accidents even further. The training in work related risks and safety culture will continue. We will enhance our preventive efforts by analysing trends and sharing knowledge across our sites in 2018.

**Last phase of the extensive REACH project**

The EU regulation for the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) entered into force in 2007. After 10 years of hard work, Lundbeck is approaching an important deadline defined by REACH. By May 2018, we must finalise the remaining registration of substances and modification of work processes at our chemical production sites in Denmark and Italy to meet the Strictly Controlled Conditions.

After completing the REACH project activities, we will move into the compliance stage, which will also require significant efforts. As an innovative pharmaceutical company, we expect to continuously need new substances, which require registration according to REACH. Our efforts to modify work processes to meet the Strictly Controlled Conditions remain relevant in the years to come.

**IMPROVEMENT OF SAFETY IN LABORATORIES**

The value of having conscientious and alert employees was demonstrated in a case from 2017 at our Danish research laboratories. Reports of solvent odours were used to identify internal leaks in the solvent waste system, which was replaced by an improved system. As a precautionary measure, all solvent waste systems at our research and production laboratories were investigated. Identified leaks were either repaired or activities moved to other laboratories.

Additionally, in 2017 Lundbeck requested a qualified third party provider to investigate all laboratories with similar solvent waste systems for potential health risks. The analysis showed that no employees had been exposed to any health risks. In the coming years, all the solvent waste systems will be replaced with the improved systems and pressure tests will be conducted regularly.
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 through our integrated approach to Health, Safety and Environment (HSE).

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 minimise our environmental footprint. For many years, the strategy has yielded many tangible results. For instance, at the end of 2017 we had reduced our CO₂ emission by 64% compared to 2006.

New HSE strategy and improved HSE system
In 2017, we initiated the development of a new long-term HSE strategy by involving managers and employees. Through workshops we have gathered input regarding business development and future ambitions. The new HSE strategy will be finalised and launched in 2018.

Our ISO 14001 and OHSAS 18001 certified HSE management system is the foundation for achieving our strategy and targets. The system’s due diligence approach ensures a coordinated and prioritised effort and enables managers and employees to think and act safe and green. Following a revision of the international standards ISO 14001 and OHSAS 18001, we have updated key elements of the HSE system. The scope of the system now reflects impacts in the value chain and stakeholder perspectives. Additionally, Lundbeck’s binding obligations have been made more tangible and communicated to the relevant parts of the organisation. All updates have been implemented and the HSE system is ready for certification in 2018.

Expanding facilities makes energy reduction challenging
The past year has been very challenging to Lundbeck in terms of saving energy. We are expanding our manufacturing and laboratory facilities, which increases the energy consumption at our chemical sites.

Despite these challenges, we achieved our annual energy and CO₂ reduction targets on 3% and 5%. Our overall energy consumption decreased by 4.9% and our CO₂ emission decreased by 13.5% compared to 2016. These results were due to the termination of a research site in the US and execution of several energy reducing projects. We have reached a stage where it becomes increasingly difficult to reduce energy consumption while having increasing production volumes. We will continue optimizing processes and facilities, but have decided to replace the corporate energy reduction target with local energy targets. The local targets will provide better control measures tailored to the local sites conditions and possibilities e.g. targets related to reducing energy intensity for specific processes.

![Energy consumption (MWh) vs CO₂ emission (Tonnes)](image-url)
Second consecutive recognition to Lundbeck
Lundbeck has made it a priority to track and disclose our CO₂ emissions. 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. For the second year running Lundbeck has been named in the world elite by being listed on CDP’s 2017 Climate A List. The A list includes only 106 global companies out of over 6,300 companies reporting to the CDP.

Development of new long-term climate target
In 2016, Lundbeck reached its long-term target of reducing CO₂ emissions by 55% in 2020 compared to 2006. We therefore initiated the development of a new long-term climate target in 2017, which will include additional indirect emissions e.g. related to purchased goods and services (scope 3). We strive for getting the new climate target approved as ‘Science Based’ by the UN Global Compact, the World Wildlife Fund for Nature (WWF), World Resources Institute and the Carbon Disclosure Project (CDP). Through this we ensure that we contribute to the official target described in the Paris Agreement, UN Climate Change Conference of the Parties (COP-21), requiring all nations to keep the global warming below two degrees in 2100.

Minimizing adverse impacts on water resources
As a research-based company, we invent new pharmaceuticals containing new active ingredients. A condition for obtaining Marketing Authorisation is that, we perform eco-toxicological tests and evaluate the environmental impact of these new active ingredients. Internally, we use this knowledge to design the manufacturing processes in a way that minimises the environmental impact. Results of eco-toxicological tests on a new pharmaceutical made us implement additional wastewater treatment in Denmark in 2017. By cleaning and neutralising selected fractions of the wastewater we ensure that pharmaceuticals are not entering the municipal wastewater treatment plant. Another example from 2017 is taken from our manufacturing site in France, where we have implemented a new method for analysing the wastewater and strengthening the control of our emissions. Our general effort to minimise adverse impact on water resources is also extended to our suppliers and part of the supplier evaluation criteria mentioned on page 8.

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 repeatedly. So far, this has successfully been adopted for toluene, tetrahydrofurane and acetonitrile. In parallel, several solvents are reused in specific processes.

During 2017, Lundbeck recycled 56% of the nine most used solvents. This eliminated the need to purchase approx. 1,600 tons of solvents, which consequently saved additional resources for external production and transportation. We will continue to develop our knowledge and technical capabilities to increase the recovery of organic solvents in the coming years.

LUNDBECK’S HSE AWARD 2017
Every year Lundbeck rewards initiatives that improve our employees’ health, safety or the environmental impact from our operations.

In 2017, our Italian site won the award for their excellent work to optimise processes with the Green Chemistry principles as defined by the American Chemical Society. By improving the synthesis for a new chemical substance, they have reduced the amount of waste from the process to approx. 25% of the original amount and substituted hazardous starting materials with less hazardous materials.
KEY PERFORMANCE INDICATORS

We consider the data presented here key indicators for Lundbeck’s sustainability performance in 2017. Please visit www.lundbeck.com/global/sustainability to obtain more detailed information and data from the current and previous years.

<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>2,354,627,717</td>
</tr>
<tr>
<td>Chemical production</td>
<td>Tonne</td>
<td>494</td>
</tr>
<tr>
<td>Raw materials, organic solvents</td>
<td>Tonne</td>
<td>3,808</td>
</tr>
<tr>
<td>Water consumption (55% potable water, 45% unfiltered water)</td>
<td>m³</td>
<td>349,943</td>
</tr>
<tr>
<td>Energy consumption</td>
<td>MWh</td>
<td>93,413</td>
</tr>
<tr>
<td>CO₂ emission</td>
<td>Tonne</td>
<td>17,244</td>
</tr>
<tr>
<td>Waste (91% chemical waste, 9% non-chemical waste)</td>
<td>Tonne</td>
<td>13,364</td>
</tr>
<tr>
<td>Waste water</td>
<td>m³</td>
<td>320,183</td>
</tr>
<tr>
<td>Incidents with an impact on the environment *</td>
<td>Number</td>
<td>0</td>
</tr>
<tr>
<td>Work-related accidents with absence</td>
<td>Number</td>
<td>19</td>
</tr>
<tr>
<td>Frequency of lost time accidents *</td>
<td>Frequency</td>
<td>5.9</td>
</tr>
<tr>
<td>Work-related diseases *</td>
<td>Number</td>
<td>2</td>
</tr>
<tr>
<td>Internal audits conducted *</td>
<td>Number</td>
<td>196</td>
</tr>
<tr>
<td>External audits conducted *</td>
<td>Number</td>
<td>171</td>
</tr>
<tr>
<td>Compliance Hotline reports *</td>
<td>Number</td>
<td>20</td>
</tr>
<tr>
<td>Employees globally *</td>
<td>Number</td>
<td>4,980</td>
</tr>
</tbody>
</table>

* These data are not included in Deloitte’s assurance in accordance with the ISAE 3000 standard.
Sustainability Report 2017

Report on Corporate Social Responsibility

cf. sections 99a and 99b of the Danish Financial Statements Act
Sustainable growth for prevention, diagnosis and treatment of allergy

ALK is a global pharmaceutical company focused on the prevention, diagnosis and treatment of allergy and allergic asthma.

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

ALK’s product portfolio currently helps around 1.5 million people, but close to 50 million are suffering from severe respiratory allergies and asthma, and 500 million people worldwide are affected by allergic rhinitis.

We want to help many more people with allergy so to redefine ALK’s position in the global allergy market, a new strategy was adopted in December 2017. The strategy aims to transform ALK into a broader-based allergy company. Building on our core allergy immunotherapy expertise we will introduce new, complementary products and services and grow our tablets franchise to reach even more people with allergy. At the same time, ALK will engage with people with allergy earlier in their disease via digital platforms and other initiatives, smoothing their path to allergy immunotherapy treatment, and partnering more closely with prescribers to treat more patients.

ALK is present in 32 countries either directly or via partnerships, with distributors in additional markets. Headquartered in Hørsholm, Denmark, ALK employs around 2,300 people worldwide. With this global presence ALK makes a difference and contributes to the realisation of the UN Sustainable Development Goals pertaining to cleaner environment, reduction of climate impacts, good health and well-being of people with allergy and employees, inclusive societies, and a workplace that is open to a diverse workforce and offering equal opportunities for all.

At ALK, we plan and execute our CSR efforts based on issues that are material to our business: the environment, climate, our employees and people with allergy. This CSR report complements our annual report and follows the principles set forth by the UN Global Compact, concerning the environment, human rights, labour rights and anti-corruption.

Carsten Hellmann,
President & CEO

Sustainability report 2017 • ALK

ALK at a glance

32 countries
ALK is present in most of the world

1.5 million people
treated with ALK products

150,000 patients
 treated with SLIT-tablets

94 years
of pioneering allergy prevention, diagnosis and treatment
Environment and climate

As part of our continued effort to support the UN Sustainable Development Goals, we strive to reduce our impact on the environment and climate through responsible consumption and production.

Through our production and product development, we aim for environmental sustainability and we contribute to the global agenda to reach the UN Sustainable Development Goals 12 and 13.

**Responsible consumption and production**
ALK strives for sustainable resource consumption in all operations.

**Climate action**
ALK continues to take measures to reduce the climate impact of our production processes.
Policy

We rely on the environment for our products, therefore protecting the environment is a major concern for us and for people with allergy, who feel the effects of climate change and increasing pollution, as their condition worsens year by year.

ALK’s Global EHS (Environment, Health and Safety) policy concerns environmental protection in our daily work and strives 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 in planning and design
- Measure the results of our efforts and set new goals for continual improvements, particularly within the areas of energy consumption, CO₂ emissions and water usage

Guided by principle 7, 8 and 9 of the UN Global Compact, we take a precautionary approach to environmental and climate challenges, undertaking initiatives to promote and encourage stakeholders to develop and diffuse environmental and climate friendly technologies.

All production sites¹ adhere to the Global EHS policy and the integrated Global EHS Management System.

Action

To reach the long-term global EHS goals by 2018, we took several measures to reduce water and energy consumption, CO₂ emissions and waste generation:

- A global prioritisation process has taken place to reduce energy consumption and water usage
- Saving initiatives from all production sites were evaluated and prioritised for execution
- Supported renewable energy production by buying electricity from windmills in Denmark
- A quarterly follow-up on progress, including global and local EHS goals, was initiated
- In Hørsholm, a biogrinder now converts all organic waste from the kitchen into biogas
- In Post Falls, a project to reuse large amounts of acetone from the production was completed

Risks

As part of the EHS Management System, on-going screenings for environmental and climatic risks are conducted for routine and non-routine activities. No new risks were identified, and we continue to focus on the main risk factors first identified in 2005: energy consumption, CO₂ emissions and water usage.

Handling of chemicals poses a risk of spills, which is closely monitored. In 2017, no unintended spills and releases have occurred.

Targets and results

Target: We continuously seek to reduce the risks posed by our operations on the environment and climate.

Target: We set goals that aim to reduce energy consumption, CO₂ emissions and water usage.

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

Result: The current consumption is 4% above the 2014-level, and it will be a challenge to reach the energy goal by end of 2018. The production has gone up significantly since 2014. Besides, productivity and compliance issues influence the possibility to implement saving initiatives sufficient to reach the goal. However, in 2018 we will continue to look for and implement initiatives.

KPI: By the end of 2018, the CO₂ emissions must be lowered by 5% compared to 2014.

Result: ALK has managed to lower the CO₂ emissions by 6% compared to 2014-level. We will continue to support renewable energy production.

¹ Hørsholm, Madrid, Vandeuil, Varennes, Port Washington, Post Falls and Oklahoma
KPI: By the end of 2018, the water usage must not exceed the usage in 2014.

Result: ALK has successfully lowered the water usage in production by 5% compared to the 2014-level, mainly due to major achievements in Port Washington. Nevertheless, we will continue to look for and implement water saving initiatives.

Target: By 2030, ALK will reduce the amount of waste generation through prevention, reduction, recycling and reuse.

Results: See table.

In addition we have:

- Executed 20 energy and water saving initiatives
- Conducted an awareness campaign in Madrid aimed at teaching employees to save energy and water
- Bought 6,000 MWh of electricity from windmills in Denmark
- Conducted a mapping of the paper ALK uses in the packaging process, (labels, leaflets and boxes). The result indicated that it is not advisable to increase the amount of recycled paper as it might influence the manufacturing process negatively
- Received an award for our efforts to save energy and help reduce greenhouse gas emissions, through improvements and renovations at our site in Port Washington

Environment and Climate figures

<table>
<thead>
<tr>
<th>Unit</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</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 – adjusted*</td>
<td>MWh</td>
<td>44,699*</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Energy – index</td>
<td>Index</td>
<td>100</td>
<td>-</td>
<td>-</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 – adjusted*</td>
<td>Ton</td>
<td>9,305*</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>CO₂ emission – index</td>
<td>Index</td>
<td>100</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>CO₂ emission – from lost refrigerants</td>
<td>Ton</td>
<td>-</td>
<td>425</td>
<td>388</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 – adjusted*</td>
<td>m³</td>
<td>94,089*</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Water – index</td>
<td>Index</td>
<td>100</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Waste – 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 recycling</td>
<td>%</td>
<td>36</td>
<td>35</td>
<td>37</td>
</tr>
</tbody>
</table>

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

** The CO₂ emission includes Scope 1+2
Planned activities for 2018 and expected results

In 2018, we plan to reach the EHS goals that have been adopted in 2014 and we plan to set new, more ambitious long-term EHS goals for the years to come. Additionally, we expect to reduce the risk of spills and enhance the disposal of chemicals through implementation of an improved global chemical management system at all production sites.

Our commitment to environment and people

At ALK in Denmark, the canteen staff prepares lunch for 700 people every day. Although the staff tries to reuse and repurpose as much of the food as possible, with initiatives such as “fill-a-box” where the employees can take home leftovers from the lunch buffet, some organic waste is still generated.

In order to reduce the amount of organic waste sent to the incineration plant, an organic waste grinder has been installed in the kitchen that allows for 70% of the waste to be turned into biogas. Kim Kresten Jensen, kitchen assistant, says: “It’s such a nice feeling that we are doing the right thing for the environment by generating biogas and besides that, we don’t have to carry the heavy waste bags to the waste containers outside.”

The staff has also managed to reduce the amount of water used in the kitchen by 20% after only a year, even though 3% more employees registered for the lunch scheme. “Water is of course essential for cooking food and cleaning, but so far it seems that we have reduced the water usage by 20% compared to 2016, just by changing the attitude a little. I’m a happy man,” says Jesper Mandal Langskov, Catering Manager.

Employee innovation to reduce our carbon footprint

The best ideas to reduce our carbon footprint usually come from our employees who take action and ask the right questions. After reading an article about the benefits of using recycled aluminium, Iwan Grolin, an operator in the production in Hørsholm, realised that there was potential to reduce our aluminium waste. In collaboration with Patrick Vest from facility management, a recycling scheme was started. This year, 42% of our total annual aluminium waste has been recycled.
Anti-corruption

ALK works against corruption and bribery in all its forms, and contributes to peaceful and inclusive societies around the globe.

Peace, justice and strong institutions
ALK promotes peaceful and inclusive societies for sustainable development. ALK is committed to working against corruption and bribery in all its forms.
At ALK, we take a zero-tolerance approach to corruption, including fraud and bribery.

We are committed to working against corruption in all its forms, by always acting professionally, fairly and with integrity.

Anti-corruption considerations are an integrated part of our business partner handling process, and we continue to safeguard that our partners acknowledge and respect their responsibility when doing business with ALK.

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

**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 through the ALK Risk Committee
- Relevant external commercial partners are vetted concerning corruption
- Ad hoc screenings and assessments are documented and if needed, mitigation plans are developed

**Targets and results**

**Target:** ALK does not contribute to political parties or candidates of any kind.

**Target:** ALK works to eliminate corruption and bribery in the entire value chain.

**KPI:** Number of reports received through our whistleblower hotline, the ALK Alertline.

**Result:** No incidents of corruption and bribery or direct political contributions have been reported via the ALK Alertline in 2017.

**KPI:** Percentage of employees with seniority > three months who have read the ALK Code of Conduct.

**Result:** 94% of employees throughout the organisation have reported reading the ALK Code of Conduct.

**KPI:** Percentage of employees with seniority > three months who have passed the ALK Anti-corruption test.

**Result:** The test was launched in late November 2017, and so far, 85% of all managers have passed the test. We expect to be in full compliance by the start of 2018.

**Planned activities for 2018 and expected results**

During the course of 2018, we will increase our attention on business ethics by updating our Code of Conduct, we will conduct another test aimed at raising awareness about corruption, and provide in-depth, targeted integrity training where applicable.

The low occurrence of ALK Alertline reports has raised some questions internally. An assessment will be conducted in the beginning of 2018 to evaluate the cause.
Human Rights

At ALK, we respect human rights. We are dedicated to raising awareness about the UN Sustainable Development Goals. We promote good health and well-being, through our products and our efforts to have a positive impact on the right to health of people with allergy and our employees.

Good health and well-being
ALK contributes to healthy lives, and promotes well-being for people with allergy and employees of all ages.
Policy

ALK contributes to the health and well-being of our employees and people with allergy all over the world. All activities in connection with our business dealings aim to protect human rights and to ensure that ALK avoids being complicit in human rights abuses, as described in the UN Global Compact principles 1 and 2.

As part of our policies we:

- Educate our employees and implement preventive actions to ensure that health or safety risks are monitored and constantly reduced
- Ensure that occupational health and safety are proactively integrated in planning and design of all projects
- Ensure a high standard of data protection and that the rights of the data subjects are duly preserved and enforced in all areas of our business
- Do not accept offensive behaviour in any form. At ALK, everyone has the right to be treated with respect and interact in a dignified way

Action

Good health and well-being

Improving ergonomics continues to be a major focus area at all sites. In Post Falls, every quarter an ergonomist evaluates the ergonomic conditions and conducts training sessions.

All employees are covered by a health programme, either made available through or paid for by ALK.

The EHS organisation together with HR works to ensure that a healthy working culture exists at ALK, both in terms of the psychological environment and a healthy work-life balance.

All employees are allowed freedom of association, either formally in unions or internally in workers’ councils.

In 2017, we have conducted several harassment trainings in the USA. A total of 171 employees have been trained.

Quality and patient safety

Quality is a strategic priority at ALK. We take our responsibility towards patient safety and public health very seriously. Quality is a mindset that we all apply as an integrated part of our daily work, and we will continue to train employees in order to ensure safety and well-being of people who use our products.

ALK Pharmacovigilance closely monitors all information about adverse events and adverse drug reactions which are openly available or reported directly to us. All ALK employees are required to report side effects within 24 hours of awareness.

Privacy and data protection:

In preparation for the EU General Data Protection Regulation in 2018, during 2017 a gap assessment was conducted and a global data mapping project has been established and initiated. A Data Protection policy has been adopted, and activities to raise awareness have been initiated, to promote and anchor data protection throughout ALK.

Activities in health risk reduction are closely monitored, in addition to providing allergy testing where possible. Locally adapted information campaigns and training programmes on risk issues are made available to all employees.

In all areas of operation, we comply with national and international legislation.

Targets and results

Target: ALK helps create access to safe, effective, quality and affordable medicines and vaccines for all people with allergy.

Target: ALK ensures good occupational health conditions and access to occupational healthcare services for all employees.

KPI: Absenteeism.

Result: The overall absenteeism has decreased by almost half a percentage point, which indicates a healthy trend. The increases have been investigated and have led to no further action (see table on page 11).
KPI: Percentage of workers, by gender, who have access to services for work-related accidents or diseases made available or paid for by ALK.

Result: At ALK, 100% of women and men have access to healthcare services for work-related accidents or diseases.

**KPI:** ALK protects and enforces the rights of data subjects.

**KPI:** Number of incidents or complaints submitted to the national Data Protection Agency concerning breaches of data protection.

**Result:** No breach of data protection was submitted to the national Data Protection Agencies anywhere in the world.

### Absenteeism due to sickness

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>1.27%</td>
<td>3.36%</td>
</tr>
<tr>
<td>Canada*</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>China</td>
<td>0.26%</td>
<td>0.52%</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>0.40%</td>
<td>0.13%</td>
</tr>
<tr>
<td>Denmark</td>
<td>2.69%</td>
<td>2.49%</td>
</tr>
<tr>
<td>France</td>
<td>3.49%</td>
<td>3.57%</td>
</tr>
<tr>
<td>Germany</td>
<td>3.73%</td>
<td>4.39%</td>
</tr>
<tr>
<td>Italy</td>
<td>0.37%</td>
<td>0.50%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>8.34%</td>
<td>3.28%</td>
</tr>
<tr>
<td>Nordic</td>
<td>0.52%</td>
<td>1.00%</td>
</tr>
<tr>
<td>Poland</td>
<td>5.70%</td>
<td>3.20%</td>
</tr>
<tr>
<td>Slovakia</td>
<td>4.00%</td>
<td>1.25%</td>
</tr>
<tr>
<td>Spain</td>
<td>1.73%</td>
<td>3.23%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>4.20%</td>
<td>1.10%</td>
</tr>
<tr>
<td>Turkey</td>
<td>0.00%</td>
<td>0.74%</td>
</tr>
<tr>
<td>UK</td>
<td>1.14%</td>
<td>1.86%</td>
</tr>
<tr>
<td>USA*</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**Average**

|        | 2.50%| 2.04%|

* USA will start reporting absence due to sickness from 2018 and Canada from 2019

**Planned activities for 2018 and expected results**

The improvement of ergonomic conditions will still be a major focus area in 2018.

Implementation of a global chemical management system at all production sites will ensure compliance and that the chemical health and safety of ALK employees are of highest priority.

We will establish a privacy governance structure, and develop and maintain records of our personal data processing activities. We will also designate a Data Protection Officer.

In 2018, we will review trainings in Diversity & Inclusion in the USA to assess the need for additional training.

### Commitment to good health and well-being

Awareness about the UN Sustainable Development Goals (SDGs) is rising globally, and in Turkey, Didem Abut Özaydin, General Manager for Turkey and Israel, attended an event aimed at promoting learning, education and healthy lifestyle choices for children.

“For me,” she says, “being a responsible company is key to a thriving business.” Teaching children to care about health early on can have a positive impact as they grow. Raising awareness about the SDGs, especially with legislators, is a vital step towards making sure that the goals are reached by 2030. With allergies on the rise, education can play a role in limiting the number of children who end up developing asthma.
Labour Rights

We support Sustainable Development Goal 8 and promote decent work and economic growth in all areas of operation. We commit to ensuring safe working conditions, fair employment and access to training and education for all employees.

Decent work and economic growth
ALK works to be an attractive workplace for all, by focusing on improving the working environment in all parts of our organisation and ensuring safety at work.
ALK’s Global HR policy seeks to create a working environment which appeals to all employees at ALK, so we can attract, develop and retain well-qualified and engaged employees.

We ensure that all employees can develop their skills, either through internal or external training.

At ALK, we foster an open and honest relationship with employees. We respect their right to be informed, heard and to voice their concerns in an open and transparent manner.

We continue to:

* Provide fair wages by aligning our compensation with that of other pharmaceutical companies in the geographical areas of our operations
* Ensure the well-being of employees and their families by being involved in local initiatives, practices and procedures in keeping with the local traditions, conditions and needs
* Be proactive in the integration of safety aspects in planning and design of projects

We act in compliance with national legislation in the countries in which we operate, and we follow the UN Global Compact Principles 3-6.

**Engagement**

Due to an unusual activity level in Denmark, France and the USA in 2017, the engagement survey will be conducted in 2018.

**Women in management**

We continue to focus on increasing the number of women in management positions and look for solutions as we uncover the barriers affecting the number of women in high positions.

**Safety**

We have increased focus on safety throughout the organisation, by almost doubling the EHS resources at production sites during 2017.

A new Global Chemical Safety Advisor will secure and improve health and safety conditions for employees exposed to chemicals.

We continue to collect data about safety from all locations with the purpose of developing local mitigation plans.

**Child labour**

In 2017, we maintained the focus on high-risk countries, where we increased vigilance and are working to increase awareness about child labour both internally and externally.

In order to reduce the risk of child labour in connection with our suppliers’ suppliers, we now use a generic questionnaire that is mandatory for all ALK sites, as part of the introduction of a new Supplier Management system.

**Risks**

ALK is not a high-risk company with regards to safety. However, we do not accept accidents as part of our operations, and seek to prevent them from happening.

As we rely heavily on skilled labour, the risk of labour violations in our operations is low.

The vast majority of our main suppliers are located in countries with a low risk of child labour and safety and labour violations, so our main risks stem from their suppliers.

**Targets and results**

**Target:** ALK promotes safe and secure working environments for all employees.

**KPI:** By end of 2018 the number of accidents with absence per million working hours must not exceed 3.0 at a 3-year average.

**Result:** In 2017, the number of accidents with absence was 13, resulting in an LTI frequency\(^2\) of 3.2, still slightly above the long-term target of 3.0.

**KPI:** Number of work-related accidents.

**Result:** The number of work-related accidents dropped significantly from 15 in 2016, to 8 accidents in 2017 (LTI = 2.7). We believe that this is the result of increased safety awareness, which we must maintain.

**KPI:** Percentage of total workforce represented in formal joint management-worker health and safety committees.

**Result:** The total number of workforce represented in joint management-worker health and safety committees.

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1. Sustainability report 2017 • ALK

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2. LTI frequency: Lost Time Incidence frequency.
**Target:** ALK promotes equal opportunity for all.

**KPI:** Anti-discrimination – number of incidents, including reports from the ALK Alertline.

**Result:** In 2017, there have been no incidents of discrimination reported through ALK Alertline.

**KPI:** Percentage of operations and suppliers identified as having significant risk for incidents of child labour.

**Result:** An evaluation has been conducted to determine how many suppliers are located in high-risk areas.

- Total number of suppliers: 7,000
- Number of suppliers in risk areas: 18
- Total spend in risk areas: 0.24%
- Percentage of suppliers in risk areas: 0.26%

Even though the risk of child labour is low, we are adding child labour clauses in all new supplier contracts.

---

**Employees by contract type**

<table>
<thead>
<tr>
<th></th>
<th>Denmark</th>
<th>North America</th>
<th>Europe</th>
<th>International markets</th>
<th>Total 2017</th>
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<tbody>
<tr>
<td>Permanent</td>
<td>711</td>
<td>59</td>
<td>427</td>
<td>4</td>
<td>749</td>
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<tr>
<td>Temporary</td>
<td>32</td>
<td>11</td>
<td>1</td>
<td>4</td>
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</tbody>
</table>

*Lost Time Injury = number of accidents with absence per million working hours

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**employer conditions and social responsibility figures**

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<tr>
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<th>Unit</th>
<th>2014</th>
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<th>2016</th>
<th>2017</th>
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<tbody>
<tr>
<td>Accidents with absence*</td>
<td>Number</td>
<td>8</td>
<td>10</td>
<td>16</td>
<td>13</td>
</tr>
<tr>
<td>Number of accidents with absence per million work hours (three year average) LTI-frequency</td>
<td>4.3 (3.2)</td>
<td>4.0 (3.9)</td>
<td>4.4 **</td>
<td>3.2 **</td>
<td></td>
</tr>
<tr>
<td>Total EHS training annually*** Hours</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,978</td>
</tr>
<tr>
<td>Employees trained*** %</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>32</td>
</tr>
</tbody>
</table>

* From 2016 data includes all ALK locations. Before, only data from production locations was included
** The actual LTI-frequency. A three year average is not possible due to note above
*** Calculated for the first time in 2017

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**Board of Directors (shareholder-elected only)**

<table>
<thead>
<tr>
<th></th>
<th>Women</th>
<th>% (numbers)</th>
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<th></th>
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<tbody>
<tr>
<td></td>
<td>Men</td>
<td>% (numbers)</td>
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<td>2017</td>
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</tr>
<tr>
<td>Women</td>
<td>17% (1)</td>
<td>17% (1)</td>
<td>17% (1)</td>
<td>17% (1)</td>
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</tr>
<tr>
<td>Men</td>
<td>83% (5)</td>
<td>83% (5)</td>
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**Board of Directors**

<table>
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<tr>
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<th>% (numbers)</th>
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<tr>
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<td>Men</td>
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<tr>
<td>2017</td>
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</tr>
<tr>
<td>Women</td>
<td>33% (3)</td>
<td>22% (2)</td>
<td>22% (2)</td>
<td>22% (2)</td>
<td>22% (2)</td>
</tr>
<tr>
<td>Men</td>
<td>67% (6)</td>
<td>78% (7)</td>
<td>78% (7)</td>
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**Board of Management**

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<td></td>
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<tr>
<td>2017</td>
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</tr>
<tr>
<td>Women</td>
<td>20% (1)</td>
<td>20% (1)</td>
<td>20% (1)</td>
<td>20% (1)</td>
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</tr>
<tr>
<td>Men</td>
<td>80% (4)</td>
<td>80% (4)</td>
<td>80% (4)</td>
<td>100% (4)*</td>
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**Functional managers**

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<td>% (numbers)</td>
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<tr>
<td>2017</td>
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</tr>
<tr>
<td>Women</td>
<td>14% (3)</td>
<td>22% (5)</td>
<td>22% (5)</td>
<td>22% (5)</td>
<td>19% (4)</td>
</tr>
<tr>
<td>Men</td>
<td>86% (19)</td>
<td>78% (18)</td>
<td>78% (18)</td>
<td>81% (17)</td>
<td>81% (17)</td>
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**Mid-level managers**

<table>
<thead>
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<th>% (numbers)</th>
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<tr>
<td></td>
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<td>% (numbers)</td>
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</tr>
<tr>
<td>Women</td>
<td>30% (24)</td>
<td>35% (28)</td>
<td>38% (36)</td>
<td>35% (37)</td>
<td></td>
</tr>
<tr>
<td>Men</td>
<td>70% (56)</td>
<td>65% (52)</td>
<td>62% (60)</td>
<td>65% (68)</td>
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**First-line managers**

<table>
<thead>
<tr>
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<tr>
<td></td>
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<tr>
<td>2017</td>
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<td></td>
</tr>
<tr>
<td>Women</td>
<td>50% (110)</td>
<td>54% (113)</td>
<td>53% (124)</td>
<td>55% (141)</td>
<td></td>
</tr>
<tr>
<td>Men</td>
<td>50% (110)</td>
<td>46% (96)</td>
<td>47% (111)</td>
<td>45% (116)</td>
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</tbody>
</table>

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**Total at management level**

<table>
<thead>
<tr>
<th></th>
<th>Women</th>
<th>% (numbers)</th>
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<tbody>
<tr>
<td></td>
<td>Men</td>
<td>% (numbers)</td>
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<tr>
<td>2017</td>
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</tr>
<tr>
<td>Women</td>
<td>42% (142)</td>
<td>46% (149)</td>
<td>46% (166)</td>
<td>47% (182)</td>
<td></td>
</tr>
<tr>
<td>Men</td>
<td>58% (199)</td>
<td>54% (178)</td>
<td>54% (193)</td>
<td>53% (205)</td>
<td></td>
</tr>
</tbody>
</table>

* As of December 2017, the Board of Management only consists of 4 members, but for the majority of the year (11 months), women made up 20% of the Board of Management
Planned activities for 2018 and expected results

In 2018 we will focus on the development of a diversity policy, and reporting on following indicators has been transferred to 2018:

- 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
- 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

Additionally, in 2018 we will evaluate and set new targets concerning women in management positions.
CSR Organisation

At ALK, the Board of Management and the Board of Directors decide on the overall CSR framework, including the setting of strategic goals. The two entities work independently of each other. For everyday management, prioritisation and actions, a cross-functional working group has been established.

The identification and planning of ALK’s CSR activities are based on the UN Global Compact scheme, the UN Guiding Principles for Human Rights and Business and the OECD Guidelines for Multinational Enterprises.

Due diligence and risk assessment
The ALK Risk Committee assists the Board of Management with the overall responsibility of risk management. On a quarterly basis, the committee assesses risks relating to the entire ALK Group, including risks that could prevent ALK from reaching strategic and financial goals, risks that could entail the termination or limitation of ALK’s licence to operate and risks that could damage ALK’s reputation. The committee is also responsible for mitigation of these risks.

The CSR risk assessments are integrated in the overall due diligence processes and procedures. ALK has established specific procedures to process reports of illegal and unethical behaviour through a whistleblower scheme.

ALK takes additional responsibility by vetting external partners through the Procurement Department to reduce the risk of child labour and corruption. ALK encourages suppliers and business partners to adhere to our standards in the areas of human rights and labour rights, the environment and anti-corruption.

Transparency
ALK is committed to providing open and honest information about our CSR efforts, results and related policies, both internally and externally in our relation to our stakeholders.

As an ethical company, ALK is committed to respecting the legal requirements of each individual market in which we operate.

Our work with CSR centres on an ambition to contribute to the 2030 Agenda for Sustainable Development, and is monitored on the basis of relevant indicators developed by GRI, and other relevant standards. Our CSR commitments, efforts and goals are disclosed in our annual report and on our website.

Stakeholder engagement
This year, we have been involved in several different activities with the aim of contributing to sustainable development in relevant areas of our operations.

In Denmark, we have increased the number and frequency of educational visits both at our HQ and at universities across Denmark.

In Spain, our employees contributed to the national campaign against gender violence.

In Turkey, we engaged with the local Danish consulate and were part of an event aimed at raising awareness about healthy living for children. The purpose of the event was to reduce the level of preventable diseases, by promoting healthy lifestyle choices.

In the USA, at our site in Post Falls, our employees spent a full day volunteering in the community for a cause of their choice.

On a global level, we launched a Moving Closer concept and vowed to increase our engagement with doctors and people with allergy to increase awareness and ensure good health and well-being for people with allergy.
## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our course to sustainability</td>
<td>3</td>
</tr>
<tr>
<td>At a glance</td>
<td>5</td>
</tr>
<tr>
<td>Global Footprint</td>
<td>5</td>
</tr>
<tr>
<td>Our business model</td>
<td>6</td>
</tr>
<tr>
<td>Falck’s approach to sustainability</td>
<td>8</td>
</tr>
<tr>
<td>Working towards the UN Sustainable Development Goals</td>
<td>11</td>
</tr>
<tr>
<td>Social and working conditions</td>
<td>16</td>
</tr>
<tr>
<td>People</td>
<td>17</td>
</tr>
<tr>
<td>Occupational Health and Safety</td>
<td>19</td>
</tr>
<tr>
<td>Our commitment to human rights</td>
<td>22</td>
</tr>
<tr>
<td>Diversity</td>
<td>24</td>
</tr>
<tr>
<td>Environment and Climate</td>
<td>26</td>
</tr>
<tr>
<td>Business Ethics</td>
<td>30</td>
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<td>Falck Business Ethics Risks</td>
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<td>Falck Alert</td>
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<td>Business partner due diligence</td>
<td>34</td>
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<td>Community engagement</td>
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</table>
Sustainability is an important part of what we are working to achieve at Falck. I am committed to our efforts towards building a sustainable Falck, both financially and socially, because our focus on sustainability is central to our purpose of saving and improving lives.

In many ways, 2017 was a significant year of change for Falck. During the autumn, I had the pleasure of unveiling our new Falck strategy, which will guide our company in the coming years. Together, we have now embarked on a journey towards being more focused, working smarter and getting stronger, so that we can save and improve even more lives in the future.

Parallel to the process of unveiling our Falck strategy, we have analyzed our activities around the world. This systematic analysis is the foundation for our new strategy and we have embedded sustainability as a core part of this strategy. I feel that the services Falck provides are closely linked to sustainability, and it is a subject near and dear; both to my heart and to the very core of our business.

That is why I am confident, that even though Falck will continue to undergo change in the coming years, the process will only strengthen our approach to sustainability. This is the clear ambition of Falck.
To that end, we have assessed our sustainability risks and impacts. We have revisited our materiality analysis, and it is apparent that a safe and healthy working environment is essential to Falck and our stakeholders. Working conditions, diversity and individual development opportunities are also of high importance to us.

In terms of governance, we have changed the name of Group CSR to Group Sustainability. This change was made in order to better reflect our ambition of employing social and environmental aspects of our business to drive our financial performance.

Already, Falck has achieved significant progress during 2017 and, as we look ahead to 2018, our work within sustainability will continue moving to the next level.

Among the highlights of our planned initiatives are targets concerning KPI’s on staff turnover, the frequency of lost time injuries, sickness absence and fuel efficiency. These have been communicated on a business unit and country level, and we have kicked off projects aimed at improving the recruitment and retention of employees. A new HR system is also going to be rolled-out.

In order to enhance our compliance program, we have set up a Group Compliance Function in Falck. We have also implemented new policies on human rights, social investments and competition law. Our human rights impact assessment has also been initiated during this past year.

Increasing our focus in 2018
Falck is in the process of instilling a culture of excellence across all of our activities. During 2018, this means defining new targets and objectives for our sustainability efforts.

I am focused on our results when measuring lost time injuries and our staff turnover. I also believe that optimizing our retention and extending the tenures of our talented employees will help Falck to become more sustainable, both from a financial and a social point of view.

We will intensify our focus on road safety and we are introducing first-aid programs to more people and communities around the world. In addition, we need to maintain our efforts to support an accommodating working environment across Falck.

I believe that global businesses such as ours need to be aware of our responsibility, if we are to achieve the UN Sustainable Development Goals (SDG) together. We have reviewed the goals and have linked our sustainability policies to these goals.

We will therefore increase our focus on working towards the relevant goals, particularly SDG number 3, “Good Health and Well-being”, which is very closely linked to our core business.

The Safe and Green Driving Project is an important project to us, both in terms of helping our employees become safer drivers but also in terms of reducing fuel consumption and thus minimizing carbon emissions. I view our efforts as part of the Safe and Green Driving project as one of many great examples of financial, social and environmental sustainability going hand in hand.

All these efforts show that we in Falck view sustainability not as a chore, but as a wealth of opportunities to improve the way we do business.

Enjoy reading this report!

Jakob Riis
President and CEO, Falck
Falck has its origins in Denmark but today the company’s continuing operations have a global footprint with activities in 35 countries.
Our business model

**Key resources**

**Our People**
Falck’s employees are well trained, highly professional and meet customers with great empathy. Our employees are dedicated to ensuring flawless and reliable service delivery.

**Equipment**
Whether in our ambulances, fire engines or roadside assistance vehicles, we use high quality equipment that enables effective diagnostics and resolution of the problem.

**Brand and Reputation**
Falck enjoys a very strong brand and a solid reputation for being trustworthy, competent and empathetic that supports our current and future competitiveness.

**Partnerships**
Falck enters into partnerships that enable us to deliver a high quality and cost effective solution to our customers. In many areas we operate a mix of insourced and outsourced operational networks to give the widest, fastest and best coverage to our customers. For our innovation efforts, we partner with the best and with a global reach in mind.

**Value created**

**Efficient operations**
We deliver efficient operations of high quality to governments, insurance companies and businesses around the globe. We adapt our global models to meet local customer needs.

**High quality service**
For us, high quality service to our clients in emergency situations means a mix of being competent at diagnostics and assistance ensuring the best aid, combined with empathy and calmness allowing for the least possible physiological trauma.

**Local responsibility**
Wide program of contributions to society through engaging local communities in healthcare and emergency related matters.

**Generating shareholder value**
Falck’s business model and strategy are created with the ultimate objective of creating shareholder value.

---

**Focus**

**Ambulance**
- Ambulance services
- Patient transportation services
- Medical services and clinics

**Management systems and service concepts**

**Assistance**
- Roadside assistance
- Public firefighting
- First aid training

**Portfolio Businesses**
- Industrial Firefighting
- Global Travel Assistance
- Safety Services

**Fulfilment of customer needs**

**Consistent and high quality in service delivery**

**Saving and improving lives**
Our business model

The core of Falck’s business model has not changed in more than a hundred years: Falck combines the agility of private enterprise with a high public service ethic to save and improve lives.
Falck’s approach to sustainability

Falck’s mission is to prevent accidents, disease and emergency situations, to rescue and assist people in emergencies quickly and competently and to rehabilitate people after illness and injury.

The services that Falck provides are closely linked to sustainability. Social, ethical and environmental concerns are a fundamental element of the daily operations and co-operation, both internally amongst Falck employees and externally with our stakeholders, including public and private customers.

As an example, Falck Employee Healthcare provides services that help Falck’s customers and business partners reduce sickness absence.

Falck Employee Healthcare was originally built on a foundation of services developed with Falck’s own employees in mind and in order to develop a safe and secure working environment.

Sustainability is within our core
We do not consider corporate responsibility a luxury. More often than not, it is simply common sense.

For Falck, there is no contradiction between increasing corporate responsibility, whilst also improving profitabi-
It is fair to say that sustainability is the foundation of Falck’s business model. When fulfilling Falck’s corporate responsibility aims, there is an inherent opportunity for continued innovation within the business and the services that Falck provides.

For instance, in collaboration with our public partners, we have introduced ambulances that consume less fuel. This improves fuel economy, whilst also reducing carbon emissions. Thus, we are able to expand our services in a sustainable manner.

Sustainability is also embedded in our new Falck strategy, which is to guide us in the coming years.

As an example, Falck works amongst other things, in collaboration with Philips Healthcare, in developing new digital solutions that will enable the diagnosis and treatment of more patients at home or in the ambulance.

This avoids or reduces the necessity for hospital transportation and reducing hospitalization levels.

It is a global trend that amounts spent within the health sector are increasing.

Falck aims to play a role in reducing the amount spent by implementing new digitalized systems and thus reducing the necessity and length of hospitalization visits.

Building lasting relationships
Our highest priority, besides maintaining high ethical standards, is to work to maintain a safe and healthy working environment at Falck and further develop lasting relationships with our employees.

Falck constantly works to improve the working environment and reduce the risks associated with providing services. This not only improves quality of life for the individual employee, it also directly and positively impacts Falck.

In line with this, we have launched a series of initiatives to reduce staff turnover and the number of injuries in the workplace.

Over the coming years we will implement the first global engagement survey in Falck to further strengthen our employee outreach.

Falck is committed to enabling new standards and ambitious targets for sustainability as this is crucial to achieving our long-term objectives as described in our Falck strategy.

Priorities in working with sustainability
2017 has been a year of transition for Falck.

We have developed a new Falck strategy and in the area of sustainability we are working to align the sustainability programs with the outcome of the overall strategy, priorities and goals.

The development of the sustainability strategy is ongoing, as we identify how Falck can continue to support and integrate the UN’s sustainable development goals into our sustainability work and at the same time increase awareness of healthcare and safety issues amongst external stakeholders.

To that end, the sustainability materiality analysis has been revisited and priorities have been updated.

The materiality analysis contains a step-by-step analysis of the different elements that form the company’s approach to sustainability. This analysis allows us to identify elements that have a direct or indirect impact on the company’s ability to create and maintain social, economic and environmental values for our stakeholders, Falck and society as a whole.

This materiality analysis sets the further priority of our efforts towards mitigating the risks that are continuously exposed to employee relationships, working environment and climate.

The materiality analysis also constitutes the framework for this report.

It is apparent from the analysis that a safe and healthy working environment is essential for our employees and our employees are our greatest asset.

Sustainability is embedded in our new Falck strategy, which is to guide us in the coming years.

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
to Falck and our stakeholders. This also includes road safety and handling of incidents.

In addition, working conditions, diversity and individual development opportunities are also important areas of focus.

Finally, the analysis confirms that continuing efforts in ensuring compliance with business ethical values are significant to Falck and our stakeholders.

Anchoring our efforts
Falck’s sustainability work is anchored in the Compliance and Sustainability Board, which is the company’s highest responsible body in the daily management of corporate responsibility.

The Board is chaired by the President and Chief Executive Officer and the Board also includes appointed members from Executive Management.

The Board is responsible for developing, implementing and following up on the company’s overall policies and strategies for sustainability.

Responsibility for ensuring compliance with Falck’s Code of Conduct and Sustainability Policies falls within the business units and the frontline functions. As a consequence, each business unit develops its specific objectives and targets, for its work with the sustainability agenda.

In order to support and co-ordinate the efforts, Falck has established a Committee for each of our sustainability policies:

- Labour Standards
- Occupational Health & Safety
- Environment and Climate
- Business Ethics
- Community

The committees include representatives from the business units with the professional knowledge of each specific area, thereby contributing to the progress of responsible management across each individual business unit.

Group Compliance and Group Sustainability facilitate the work of the Compliance and Sustainability Board and drive the committees.
Falck is a business of people helping people and with the company’s mission in mind, it is natural for Falck to analyze the company’s support for ongoing global development. This includes looking at how Falck can support the 17 Sustainable Development Goals set up by the UN until 2030 in order to contribute to a better society.

In a global context, Falck is a relatively small business. However, the provision of the 17 goals adopted by the UN in 2015 aims to ensure that even smaller companies (along with countries and individuals) are working towards the same goals.

Going forward, we will actively use the goals to frame our Sustainability Policies and objectives. We will describe how we link each relevant SDG and indicator to our strategic activities, shaping our programs going forward.

We have assessed the following goals to be relevant to Falck and our Sustainability Policies:

1. No Poverty
2. Zero Hunger
3. Good Health and Wellbeing
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

Falck is a business of people helping people and with the company’s mission in mind, it is natural for Falck to analyze the company’s support for ongoing global development.
It is at the core of Falck’s business model that we bring services to people who are in distress. This commitment spans ambulance services, assistance when traveling abroad and medical and healthcare clinics. As a natural extension, we contribute to a number of essential health-improving initiatives in markets where we operate.

As an example, we provide first-aid training to the communities to improve awareness and the ability to act during emergency situations in order to help save lives.

In Falck, we consider it a fundamental obligation to continuously contribute to the development of the ambulance services. Our desire is to create added value, improve quality as well as enhance patient safety and satisfaction. In addition, we have a continuous focus on efficiency.

Our commitment is a conscious desire to ensure that all citizens injured or ill, get a fast, competent and trustworthy treatment of the highest quality. In order to achieve this, we have increased our efforts to include new diagnostic and therapeutic skills, new equipment and vehicles, new forms of co-operation and general research in the clinical field.

Road safety is also an important focus area for Falck. We aim to reduce the number of injuries from road traffic incidents through a Safe & Green Driving project.

Prevention and healthy living
It is a part of Falck’s business model to prevent chronic conditions or emergency situations from occurring.

Employee Healthcare is one of the cornerstones of this philosophy. Falck’s healthcare workers assist people in their homes, at the workplace or treat them at one of Falck’s 300 plus medical or healthcare clinics.

Falck’s Employee Assistance Programmes (EAP), which aim to improve well-being and reduce the loss of productivity, include efficient treatment and preventive programs, in partnerships with pension funds, insurance companies and other business enterprises.

In occupational healthcare, we actively promote and share our knowledge for a sustainable working life at all levels in society and in all workplaces.

The efforts in healthcare also help to ensure public sector savings on social security costs, whilst insurance and pension companies have fewer compensation costs related to occupational injuries and work incapacity.

Diagnosis and treatment
Due to a growing and aging population and the increased need for pre-hospital care, health sector spending is on the increase.

Falck aims to play a key role in reducing the level of public sector spending by implementing new digitalized systems in order to reduce the need for and length of hospital visits. For example, Falck has initiated the development of systems specifically focusing on the diagnosis and treatment of patients with COPD (progressive lung diseases).

EMS2018 Conference
Falck is the main sponsor of the European EMS2018 conference regarding pre-hospital care, which will be held in Copenhagen in April 2018. The conference, titled \textit{It takes a life to save lives}, focuses on international sharing of knowledge and experiences in regard to pre-hospital care.

Falck facilitates a session at EMS2018 regarding pre-hospital infection control. The work is supported by a current Ph. D study in Falck Ambulance.

Supporting studies
During 2017, Falck has participated in a number of research projects focusing on the optimization of pre-hospital efforts. The projects are mainly based within Denmark. However studies are also being conducted in other countries, e.g. Germany and Slovakia.

Strong co-operation between private and public pre-hospital sectors helps to ensure high quality studies.
At Falck we strive to promote, enforce and monitor equality and non-discrimination.

As part of our Human Rights program we also ensure that only relevant and objective criteria apply when decisions are made in relation to hiring, promotions and benefits.

Six new graduates were recruited during 2017 and 20 candidates joined a new talent management program. Men and women are equally represented amongst the participants in both programs.

We continuously support full and effective participation in leadership programs and equal opportunities for men and women in managerial positions. Our target is a proportion of men and women in managerial positions that corresponds to the gender composition amongst our employees in general.

Several of the activities performed by Falck are focused on building health infrastructures in the markets where we operate.

To a very high 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 people, health and safety.

We comply with The Universal Declaration of Human Rights as well as The International Labour Organization’s (ILO’s) Declaration on Fundamental Principles and Rights at Work.

We strive to improve working conditions ensuring a healthy working environment in order to further reduce incidents and we continuously support the enforcement of UN Human Rights in relation to labour rights, including efforts to combat child labour and forced labour, as well as ensuring equal treatment, equal pay for equal work and ensuring minimum wages.

Furthermore, we ensure that our employees enjoy adequate and reasonable rest periods.

We strive to improve leadership and employee satisfaction and we have set targets on a country level in order to reduce staff turnover.

We continuously focus on talent development and increased transparency in recruitment in order to support diversity and personal development opportunities.

Falck contributes to creating and sustaining an accommodating labour market in order to help in reducing the proportion of young people and persons with disabilities not in employment, education or training.

Falck’s core services inherently support these goals by establishing the ambulance and patient transportation infrastructure, health clinic structures etc. necessary to handle rapid urbanization.

Falck contributes to creating and sustaining an accommodating labour market in order to help in reducing the proportion of young people and persons with disabilities not in employment, education or training.
As Falck is a people business, we do not have significant consumption or production. Thus, our impact on the environment is limited.

Our main impact stems from fuel consumption and accordingly, this is a key focus area.

However, we are also committed to reducing other energy consumption and to handling waste responsibly.

We measure fuel efficiency in order to reduce fuel consumption and reduce carbon emissions. We manage our environmental impact and carbon emissions through a strategic focus on our fleet and the efficiency of operations.

This goal is also essential to our activities, as Falck is a global business and corruption is one of the most serious risks we face. The Falck Group does not engage in any form of corruption including extortion, fraud or bribery.

We have a zero-tolerance approach to bribery as well as to facilitation payments. On this basis, all employees in the Falck Group are required to act in accordance with the basic principles, that we do not offer, solicit, make or give a bribe or a kickback.

Through Falck Alert, employees can report incidents of non-compliance with Falck’s Code of Conduct, legislation and other guidelines. The purpose of Falck Alert is to contribute to maintaining an organization in which everyone can be confident that important information is neither suppressed nor remains undisclosed.

Partnerships are important to pursue a sustainable agenda and the Falck Group has a tradition for long lasting partnerships with the societies in which we operate.

These partnerships include those with governmental institutions with the aim of developing the infrastructure and ambulance services.

Since December 2017, Falck has partnered with Philips Healthcare with the aim of identifying and implementing new mobile health technologies for diagnosis, blood tests and lung function tests of COPD-patients and other groups of patients. The goal of the partnership is ultimately to provide optimized solutions for customers and health providers across the globe.
Teaching the children of Slovakia and The Czech Republic

Falck Nezisková organizácia was founded by a group of experienced EMT’s and first-aid instructors in Slovakia in 2011. The sole aim of the organization is to educate children in the field of first-aid. Since then, more than 9,000 children in schools and kindergartens have received free courses in first-aid.

The instructors’ joy in organizing the events have only increased throughout the years, because they have found that children have a staggering ability and willingness to learn. In essence, the courses at Falck Nezisková organizácia are not only on how to dress wounds and administer CPR, they are also about the value of human life and realizing your own potential.

As with all education and training, repetition is key when it comes to first-aid. Within the SOFUS-program, Falck has produced 23 stories, 19 songs and 17 first-aid recommendations, which are published in books and on CD’s to help the children remember what they have learned.

The main characters of the books are Falk the rescue falcon and Misko the bear.

“It requires education and training, but we believe that children can both learn and understand the principles of first-aid. Once they do, they are equipped to both prevent accidents but also to help a friend, sibling, or parent if need be. We teach the children that first-aid is not painful, and not being able to help can hurt.”

Jana Mracnova,
Executive Director of Falck Nezisková.
Many of our employees are required to respond to acute and physically demanding events. With this in mind, we strive to ensure a safe and positive working environment, offering the best assistance to our employees in terms of preserving a healthy body and mind.
Falck believes in long-term relationships with our employees to build skills and develop collaborative routines within individual teams.

For these reasons, it is also important for Falck to ensure a low staff turnover and as a consequence, Falck is working systematically to increase the retention of employees.

It is highly important that every person within Falck is given assistance in their personal and professional development. We believe this is the best way to help each employee deliver services at a superior level of quality and value.

Staff retention initiatives
There is an inherent link between quality of services and an increased employee retention.

Besides the economic impact of recruiting new employees, reduced productivity of outgoing staff and implementation of on-boarding activities, there are also other significant consequences of an increased staff turnover.

An increased staff turnover also increases absenteeism and leads to lower welfare of existing employees through higher workloads.

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

Some of the risks we have identified in respect to our employees relate to staff turnover, lost time injuries and sickness absence.

We commenced a project on recruitment and retention of frontline staff in October 2017 and have come up with best practice examples to ensure lower employee turnover. These initiatives range from attraction to recruitment and onboarding of new employees.

We believe these initiatives will lead to a better working environment as well as a higher financial return.

Shaping the leaders of tomorrow
Aiming to continually improve employee satisfaction and retention, Falck strives to link customer engagement, leadership quality, employee loyalty and engagement.

In 2017, we designed and implemented four global Falck Leadership Principles with the intention of defining excellence in leadership and hereby strengthening our leadership quality throughout the organization. We conducted the first 360-survey, based on the Falck Leadership Principles. We will use the tool as a systematic approach to the development of our leaders.

An online performance review tool was launched in 2017 based on the Falck Leader-
ship Principles. This development tool is part of the focus on growing a high performance culture in Falck, which will continue to be rolled out in 2018.

Falck welcomed six new graduates in 2017. Like the first four graduates in Falck, who joined in 2016, they will complete a 2-year programme with three rotations within different business areas of the organization.

The graduates are bringing valuable contributions to Falck by working on a global scale, amongst different cultures and specializing in individual projects as well as developing our leadership pipeline.

Our very first Global Talent Program commenced in June 2017. 10 women and 10 men from 9 different nationalities joined. The purpose of the programme is investing in the continued development of competencies and potential amongst our highly talented employees and thereby securing a strong leadership pipeline in Falck.

In 2017, we also started the roll-out of a global HR system in Falck. The global HR system will create greater efficiency throughout the organization, improve the roll out of global HR processes as well as the visibility of talent. With this system, we will achieve the required compliance in the General Data Protection Regulation (GDPR) which is to be enforced in 2018.

New initiatives in 2018 and beyond
Looking ahead to 2018, Falck will continue to offer benefits to our employees by developing initiatives and tools offering training and career progression. We will also design and carry out strategic initiatives relating to employer branding in 2018.

Falck will continue to invest in HR Analytics in order to understand and improve retention rates, employee development and leadership quality, thereby securing a stronger employee engagement.

For 2018, we have set clear targets for employee turnover, sickness rates and lost time injuries at a country level.

In 2018, we are planning on conducting our first Global Engagement Survey.

**Falck Leadership principles**
- Leading Yourself – is the foundation for becoming a great leader
- Leading People – is the foundation for creating results
- Leading Results – is the foundation for high customer satisfaction
- Leading the Future – is the foundation for continued growth in our company
Falck aims to improve our working methods continuously and we view adaptability as a key to success. We recognize good Occupational Health & Safety management and performance as strong contributors to the success of our business.

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

Falck aims to improve our working methods continuously and we view adaptability as a key to success. We recognize good Occupational Health and Safety management and performance as strong contributors to the success of our business.

Identifying operational risks
The objective of risk management in Falck is to reduce the operational and occupational risks as much as possible and to stimulate continuous and sustainable mitigation best practices.

The responsibility for risk management within occupational health and safety is placed in the business units.

We believe 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 services delivered to our customers. Consequently, we ask our employees to report any potential hazards and initiatives that should be considered.

One of the main challenges that Falck employees face when providing patient-related services in ambulances or clinics, is lifting of heavy patients. Consequently, we have implemented programs in order to train employees in using ergonomically correct techniques when lifting or moving patients.

Where deemed necessary, technical aids for handling heavy materials and lifting persons are used. We continuously follow up with providing new equipment and industry best practices in this particular area.

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 services and
- Involve our employees in maintaining high safety and working environmental standards.

We perform this with a risk-based approach and see it as our obligation to think safety first.

As a result of this reporting and our work with the risks in terms of Occupational Health and Safety, we have identified several risk areas where Falck need to focus on mitigating activities:
- Handling of patients;
- Back injuries;
- Road safety.

Falck aims to improve our working methods continuously and we view adaptability as a key to success. We recognize good Occupational Health & Safety management and performance as strong contributors to the success of our business.
Governance framework
The business units in Falck work in compliance with the governance framework of OHSAS 18001 and therefore policies, procedures and training within occupational health and safety (OHS), is a part of the yearly lifecycle in the business units.

Several entities in Falck are OHSAS 18001 certified and more entities are in the process of obtaining the certification.

Results and targets
Falck continuously monitors KPIs for occupational health and safety and the business units have implemented action plans for optimizing efforts in this area.

Incidents measured as LTIFR (Lost Time Injury Frequency) are the number of injuries with at least one day’s absence per 1 million working hours.

KPI’s have also been defined by business unit management on both a business unit and business entity level. The process has been to set and define targets during 2017 and follow up during 2018.

Throughout 2018, the health and safety KPI’s will be analyzed and evaluated continuously. Local initiatives to support their KPI’s have been initiated by Falck business unit management. We believe that management involvement and leadership is a key factor for success in the area of health and safety.

Business Unit initiatives
A number of health and safety initiatives have been launched and supported by business unit management. The main focus is to promote and support a safe and secure way of working in Falck. These initiatives are closely linked to the business unit KPI’s and are under continuous evaluation.

Ambulance rolled out a Safety First campaign during 2017. The intention of this campaign was to raise awareness and promote a safety mindset in the organization. This process has helped us structure our way of working with a safety first mindset and sharing best practices across borders.

An attractive workplace
In 2018, Falck will strive to maintain a positive trend through a risk-based approach to daily operations and services.

Strategies (both mid and long term) for Occupational Health and Safety are being developed in all business units in Falck. These strategies will be communicated and implemented from 2018, as part of the Falck Strategy.

Safe and Green Driving
Falck has launched a Safe and Green Driving project for employees operating ambulances, fire vehicles and roadside assistance cars. The goal is two-fold:
• To help our employees become safer drivers and
• To reduce fuel consumption and thereby minimise carbon emissions.

The project is conducted via posters at our stations, e-mail campaigns and newsletters, but it also includes training programs 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.

Incidents measured as LTIFR per million working hours

<table>
<thead>
<tr>
<th>Year</th>
<th>Incidents</th>
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<tbody>
<tr>
<td>2014</td>
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</tr>
<tr>
<td>2015</td>
<td>16.7</td>
</tr>
<tr>
<td>2016</td>
<td>16.7</td>
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<td>2017</td>
<td>16.1</td>
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P.A.R.T.Y. in Colorado

P.A.R.T.Y. is an evidence-based program that works with high schools in Colorado to demonstrate the dangers of driving under the influence of drugs and alcohol.

The goal of the program is to provide students with information about traumatic injury with a focus on driving under the influence, as this is the leading cause of injuries and fatalities for 15-19 year old's. The program works by enabling students to recognize potential dangerous situations, make safer choices and adopt behaviors that reduce risk.

The program consists of a five-hour injury awareness and accident prevention program that takes place at the University of Colorado Hospital. The high school students are taken through the events of a serious car accident that is the result of a driver under the influence.

At the ambulance bay, EMT (emergency medical technician)-personnel from Falck Rocky Mountain share with the students what their role is at the scene of the accident. They explain the decisions that they may make depending on the injuries, including measures such as incubation, maintaining airways and controlling haemorrhaging. The crew engages the students by letting them play out the scenario. One student plays the patient who is stabilized with a back board and has a C-collar put on by fellow students.

The patient is then wheeled off into the trauma bay of the hospital, and the next part of the program begins.

“Having Falck as a partner is a vital component in this program. It is important that students understand the role that EMS plays in a trauma and the quick decision making that happens in non-perfect conditions. Students are often interested in the field of emergency medical services and can take this opportunity to ask questions about emergency medical treatment and paramedic careers.”

Laurie Lovedale, Injury Prevention Specialist at University of Colorado Hospital.
Respect and promotion of human rights is central to our daily business.

Our human rights approach takes its point of reference from the UN’s Guiding Principles on Human Rights.

We acknowledge that corporations have the responsibility to respect human rights and our human rights commitment applies to all Falck employees in all business units and markets where we operate.

We are furthermore committed to promoting the development of a culture that supports the respect for human rights. Consequently, we expect that business partners, including suppliers and contractors, adhere to this commitment, as stated in our Code of Conduct for Business Partners and Suppliers.

We respect and promote all human rights, but also define specific actions necessary to fulfil our commitment to human rights, where we, as a corporation, are in danger of having an adverse impact.

Workers’ rights and working conditions are high on the agenda of both Falck and our stakeholders.

This also implies that the company works to prevent all types of discrimination.

The right to a safe and healthy working environment amongst our employees and business partners, and their right to receive equal treatment, is of particular importance to Falck.

We do not accept any form of child labour, nor forced labour. We respect our employees’ rights to freely form and join organisations of their choice. We support our employees in understanding what human rights are and how they apply to them and their work.

Promoting human rights
During 2017, a new Human Rights Policy was approved by the Executive Management Team.

Using this policy as the foundation of our human rights approach, we developed the

The cornerstone of Falck’s business is ‘people helping people’.

SOCIAL AND WORKING CONDITIONS

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Promoting human rights
During 2017, a new Human Rights Policy was approved by the Executive Management Team.

Using this policy as the foundation of our human rights approach, we developed the
baseline and identified 24 Human Rights which we deem applicable to Falck. Most of the relevant rights relate to areas of non-discrimination, labour standards and health and safety issues.

Based on the identification of the applicable human rights and the policy, we have initiated an assessment process on a business unit level in order to identify potential risks.

A questionnaire has been prepared and 15 initial interviews have been conducted amongst internal stakeholders at a business unit level in order to identify the potential impact at both a regional and local level.

Taking further steps in 2018
The next steps are to develop and run a pilot risk assessment on both a regional and local level concerning Falck’s impact on human rights and to develop regional and local due diligence procedures in order to address and mitigate the identified risks.

During 2018 we will conduct the first on-site human rights impact assessment.

Going forward, developing an approach to manage and mitigate any adverse impacts will be integrated into the relevant sustainability programs as well as into the targets and defined KPIs.

Accordingly, we will also introduce our human rights approach in the supply chain and our due diligence processes regarding business partners.

Identifying risks
Based on the initial interviews we have identified risks and mitigating activities to be further analyzed on both a regional and local level.

- In order to reduce incidents and injuries and ensure that employees receive adequate training for carrying out all work safely, on-boarding procedures are going to be further prioritized.
- Falck has a grievance mechanism (Falck Alert) for receiving the grievances, including health and safety issues. Measures have been initiated to communicate the existence of the program, e.g. through an e-learning program, posters etc.
- Falck applies relevant and objective criteria when making decisions on e.g. hiring, promotions and compensation. In order to ensure non-discrimination, and that only merit is taken into consideration, job descriptions as well as formalized programs for performance review are being developed.

Implementation of a new global HR system will ensure the roll-out of global HR processes and create a higher transparency on performance of the individuals.

"Based on the identification of the applicable human rights and the policy, we have initiated an assessment process on a business unit level in order to identify potential risks."

Falck Sustainability Report 2017 23
Diversity

During the year, Falck has been undertaking business in 35 countries and our employee base is continuously becoming more diverse.

We emphasize global inclusion focusing on our corporate values to establish a common ground amongst all our employees.

We value knowledge sharing and collaboration across countries and all business entities in order to help our entire organization move forward. We believe that diversity creates a dynamic, innovative and inspiring working environment and we want Falck to be a representation of the world around us.

The growing focus on diversity within Falck enables us to address the global challenges ahead more effectively. To us, diversity includes both gender, age, talent, culture, nationality, experience, as well as a diversity of perspectives and values.

We believe, that the composition of our frontline employees over a number of years should reflect the composition of the surrounding communities regarding for example, ethnical background.

The foundation for future projects
In 2017, we initiated a study to take stock of the diversity within the company.

Looking at gender and beyond, this study provides a foundation for future projects to increase diversity in Falck. In turn, this will allow Falck to remain an attractive employer to all, whilst also harnessing the creativity of diverse viewpoints.
The study on diversity from 2017 showed a strong demand from entities within Falck to be included more from a global perspective.

The results of the study will be used as a recommendation going forward, focusing on greater inclusion globally as well as having greater diversity in the top management of Falck.

**Gender composition**

Gender statistics from December 2017 show an overall male/female ratio at Falck of 65/35.

Falck aims to establish appropriate objectives for the gender distribution at each management level.

The overall male/female composition in management positions is 70/30.

The basic approach of Falck with regard to gender diversity is that the composition of management levels over a number of years must reflect the composition of the wider frontline pool of employees.

Overall, the principles of our policy for diversity in Falck is that there must be equal conditions for both genders when external candidates are applying for leadership positions within the Falck Group.

Likewise, there must be equality between the genders in the case of internal promotions.

In any case we aim to hire the most suitable and competent person for the job.

Diversity in Falck is also reflected in our Graduate Program as well as our Global Talent Programme. In these two programs, nine different nationalities are represented and the gender distribution within each program is 50/50.

In terms of the 2017 board composition, the target at board level was at least two female members out of six members elected by the shareholders.

This target was met in 2017.

Furthermore, the board consists of three members elected by Falck’s employees.

**Moving towards increased diversity**

In July 2017, we initiated an international position evaluation with the intention of analyzing salaries and bonuses across the organization, aiming to close the gaps found in the process.

This job leveling analysis will continue in 2018.

Closely connected to our focus on diversity we emphasize the importance of securing human rights in Falck with great attention on non-discrimination, equal pay for equal work, all of which are based on objective criterion.
Environment and Climate

As Falck is not a production company, our activities have a relatively limited environmental impact.

However, we are focused on protecting our surroundings from any negative environmental impact that our business activities may cause.

We aim to reduce emissions and improve fuel efficiency

Falck’s main impact on the environment stems from the fuel consumption and carbon emissions of our 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.

Falck has implemented several initiatives to raise awareness and mitigate the risk related to fuel consumption and carbon emissions.

Apart from fuel consumption, we also work to reduce our overall environmental footprint and we aim to handle our waste responsibly, by having processes in place for waste management.
**Our environmental policy includes:**
- Striving to minimize our environmental footprint and always complying with local authority rules;
- Doing our utmost to avoid the use of environmentally damaging and harmful materials;
- Constantly striving to prevent hazardous environmental impacts;
- Requiring that our suppliers and business partners conduct themselves in an environmentally conscious way and comply with environmental rules. We also expect suppliers and business partners to help Falck by taking an active part in developing environmentally friendly measures;
- Working to improve fuel efficiency;
- Using environmentally friendly technologies, work processes, substances and materials in connection with new purchases.

**Safe and Green Driving initiatives**
We have implemented the Safe and Green Driving project, which has helped us improve fuel efficiency. The project contains a number of improvement areas, including a special training program and an internal campaign, aimed directly at drivers.

Further implementation of the Safe and Green Driving Project is an ongoing process that will continue in the coming years.

Falck provides information about safe and green driving techniques via monthly reports for each driver and individual reviews with trained driving instructors.

The project also includes the implementation of a dash cam solution and a telematics system, which helps evaluate the effects of the project and ultimately ensures better driving behavior.

In total, Falck has more than 800 vehicles with telematics technology, which registers the performance of the driver.

**Fleet considerations**
Where possible, we choose vehicles with smaller engine types and lower carbon emissions.

In some customer contracts, however, it is the prerogative of our customers to specify the type of vehicles that Falck is required to use.

In 2017, we introduced more than 80 new vehicles with the new 4-cylinder Euro6 engine for reduced fuel consumption.

Moving forward, we have a continuous focus on downsizing the engine size, which delivers fuel reduction by approximately 15%.

In our efforts to improve fuel efficiency, we have redesigned ambulances and patient transport vehicles, so they have less air resistance and therefore consume less fuel per kilometer.

We have a conscious focus on the development of the preferred ambulance solution, “the Falck Europe Ambulance”, which is based on a vehicle design with lower wind resistance.
Recycling and waste management
Several of our operations are certified in respect of ISO 14001 and as such, have a waste management and recycling process in place.

These processes and initiatives are managed locally.

Looking at 2018 and beyond
As a part of the strategic process, we will implement short and long-term strategies on sustainability throughout the Falck business units during 2018.

A process of obtaining further ISO 14001 certifications in Ambulance is in progress and the expectation is that all Ambulance countries will be certified by the end of 2019.

<table>
<thead>
<tr>
<th>Fuel efficiency</th>
<th>km/l</th>
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<tr>
<td>2017</td>
<td>6.9</td>
</tr>
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<td>2016</td>
<td>7.0</td>
</tr>
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<td>2015</td>
<td>6.8</td>
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<td>2014</td>
<td>6.3</td>
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Falck Sustainability Report 2017
Changing the mindset

In Linköping, Sweden, the employees at the local Falck station have been participating in the Safe and Green Driving Project for the last two years.

Each month, station manager Daniel Bellinger receives a comprehensive report based on telematics data from all of the stations’ vehicles. The report highlights key indicators of driving skills, such as the amount of hard braking or sudden acceleration performed by each driver.

The report is the foundation of a monthly evaluation meeting involving all employees. If need be, the evaluations are followed up by individual education.

After two years of work, Safe and Green Driving has become a part of everyday life for the drivers and they all actively take part in analysing the data and improving performance.

Even though the drivers were already good, they have managed to increase their fuel efficiency and decrease the number of incidents.

“I think we were always good drivers, but the Safe and Green Driving Project is not just changing what we know, it is changing our mindset and how we think about driving. The project provides us with tools and data, which is a great support and supplementary to our own experience.”

Daniel Bellinger, Station Manager, Linköping
As a multinational company, we are committed to following all laws and regulations regarding bribery and corruption, fraud and similar misconduct. On this matter, all employees in the Falck Group are required to act in accordance with the basic principles that we do not offer, solicit, make or provide bribes or kickbacks.
Falck Business Ethics Risks

As a supporting document to Falck’s Code of Conduct, the Falck Group has prepared and implemented a Business Ethics Policy. This policy reaffirms and constitutes our historical approach to the prevention of bribery, corruption, fraud and similar misconduct. We do not make or allow facilitation payments to government officials from anyone who works for Falck or who is acting on Falck’s behalf. Falck will work effectively to eliminate facilitation payments. We apply relevant international rules and standards in dealing with facilitation payments, recognizing that tolerance for such payments is decreasing.

Gifts and hospitality
Our Business Ethics Policy also includes considerations on gifts and hospitality, which, to some extent, is a recognized part of doing business and maintaining relationships. However, gifts or hospitality should never influence business decision-making or cause others to perceive an influence.

The limits for gifts and cultural traditions for giving and receiving gifts vary greatly across the countries in which Falck operates and hitherto we have considered the limits carefully on a case-by-case basis.

An overall Falck Group “Gifts and Hospitality” policy has been prepared and will be implemented in 2018 in order to further ensure that the gifts and hospitality provided are aligned, documented, transparent and relevant to the nature of the business relationship.

Fair competition
Falck conducts its business in full compliance with applicable competition laws. Therefore, we do not accept any form of illegal, anti-competitive behavior or any other kind of unethical business practices as a means to win or maintain business.

In 2017, we implemented a number of competition compliance initiatives as part of our commitment to fair competition. These initiatives included; the implementation of a new Falck Competition Law Policy, a fair competition statement on falck.com and the rollout of a Competition Compliance E-learning Program to a selected group of 250 senior level employees at Falck.

Social investments
We are committed to our role in society and to meeting our obligations in the commu-
ties in which we operate. Our Business Ethics Policy also includes our stand on social investments, e.g. sponsorships and donations.

In order to outline and align the procedures across the business units, to structure the grants and charity events, in which Falck engages and in order to ensure that social investments cannot be assessed as an inducement, we have also prepared a specific policy for Donations and Sponsorships. We introduced this policy at the end of 2017.

**Risk assessment and monitoring**

As a global business, corruption is one of the most serious risks we face. Many of the Falck Group business units operate in countries where the risk of corruption is widespread, despite it being illegal.

Avoiding fraud, bribery, corruption and conflict of interest is high on our agenda, which implies constantly monitoring and implementing mitigating actions to reduce such risks.

At the end of 2016, Falck implemented a local Business Ethics Risk Assessment tool in all business entities.

The purpose has been and still is to determine the business ethics risk profile of each operating entity within Falck. The program is a self-assessment tool and will run once a year going forward.

Local management teams are required to describe the risks, their likelihood, the potential impact and provide a description of the control and mitigation activities in place, e.g. due diligence concerning new market opportunities and partners.

During 2017, Falck initiated new monitoring and controlling procedures in visits conducted by Business Assurance. The development of procedures is an ongoing process. The purpose of each visit is to monitor and control compliance with the Business Ethics Policy by reviewing the risk assessments undertaken by local management.

**Expectations for the future**

As a part of the new strategic process, Falck’s Executive Management team has evaluated the governance structure concerning compliance.

In order to continue enhancing our compliance program, in response to our increased consolidated global presence, we have decided to set up a Group Compliance Function. The purpose of the function is to further develop and drive the Falck Group Compliance program and toolbox and provide support to the Falck Group Business Unit Compliance representatives.
In December 2014, the Falck Group launched the global whistleblower program, Falck Alert. Through Falck Alert, employees can report incidents of non-compliance with Falck’s Code of Conduct, legislation and other guidelines.

To that end, Falck’s Code of Conduct and our sustainability policies are accessible on Falck Alert’s welcome page. Employees looking to make a report in Falck Alert may do so either by phone or online, and they are guaranteed anonymity and protection from reprisals or retaliation.

The purpose of Falck Alert is to contribute to maintaining an organization in which everyone can be confident that important information is neither suppressed nor undisclosed. Since the launch of Falck Alert in 2014, the number of incident reports per year have been quite stable.

In 2017 Falck received 31 incident reports in Falck Alert out of which 13 reports were considered as not substantiated and/or not related to a Falck Alert relevant issue, 15 reports were considered substantiated but of an insignificant nature (Alert level – Green) and 3 reports were considered of a potential significant nature and/or related to fundamental principles (Alert level – Yellow).

No incident reports were considered of a critical nature (Alert level – Red) during 2017. All substantiated incident reports were handled in accordance with the Falck Alert guidelines, through confidential dialogues with relevant management teams and the reporters, leading to appropriate and proportionate actions where relevant.

Falck encourages the use of Falck Alert whistleblower program where appropriate and relevant. Accordingly, during 2017 and 2018 the Business Ethics training program (as described below) will campaign and increase the awareness of the Falck Alert whistleblower program. In addition, Falck Alert will be made available for third parties and external reporting.

Compliance training program
During 2017, we have increased business ethics training.

To assist Falck employees in getting to know the necessary requirements of the Code of Conduct, the Business Ethics Policy, Competition Law Policy and Falck Alert, the already existing e-learning program has been further developed and is in the process of being unveiled to all white-collar workers in Falck.

Falck’s President and CEO introduces the E-learning program which is mandatory for approx. 3,500 white collar employees to complete by the end of Q1 2018. All employees are required to complete the E-learning program within the timeframe and any non-compliance is taken seriously which will result in disciplinary actions, potentially leading to dismissal. Falck employees are required to complete the E-learning program every second year and all new employees are required to complete the E-learning program as part of their onboarding within 6 months.

Additionally, during 2017, a specific e-learning program concerning competition law policy has been developed and a targeted audience of 250 leaders at Group, business unit and country levels have completed this specific program.

The purpose of Falck Alert is to contribute to maintaining an organization in which everyone can be confident that important information is neither suppressed nor undisclosed.
In addition to the requirements described in the company’s Code of Conduct for Employees, we have extended similar requirements and expectations to our business partners through the Code of Conduct for Business Partners, which details the standards Falck expects from all business partners, e.g. suppliers.

Falck has a strong commitment to economic, environmental and socially sustainable development. Consequently, Falck has used the principles of the UN Global Compact as the foundation for the company’s Code of Conduct for Business Partners.

We expect business partners to respect the principles in the UN Global Compact, including principles on human rights, labor standards, environmental issues and the fight against corruption.

It is specifically included in the Business Partner Code of Conduct that Falck will not work with companies that engage in, or support, the use of forced labour. The Code of Conduct forbids suppliers from using child labour.

Concerning environmental issues, Falck expects external partners to strive to minimize any damaging effects to the environment.

Finally, we also expect external partners not to engage in any form of corruption, extortion, fraud or bribery.

Business partners are also notified in the Code of Conduct that they must ensure that all sub-suppliers or third parties are aware of and comply with the principles expressed in the Business Partner Code of Conduct.

Reviewing risks
Misconduct amongst business partners may be harmful to people, the environment and the local economy, but it can also directly harm Falck’s business and reputation and do serious damage to the company’s position as a responsible service provider.

Falck’s work on e.g. responsible sourcing is about managing and minimizing this risk.

Supply chain assessments
The purpose of Falck’s social and environmental supply chain management system is to help the company’s suppliers to achieve the standards outlined in our Code of Conduct.

Revised Business Partner Code of Conduct
Naturally, we aim to meet and exceed our stakeholder’s expectations. In order to do this we also continuously update our practices, including sourcing and tendering practices to ensure that we are dealing with responsible business partners.

During 2018, Falck will continue its focus on developing revised processes to improve screening and due diligence procedures for business partners, followed by a revised Business Partner Code of Conduct. The outcome of the procedures is also to standardize and
ensure the business partner risk assessment in order to identify business partners, which demonstrate a potential risk for non-compliance with Falck’s Code of Conduct.

With this in mind, a working group will be established in order to ensure the implementation of the revised Business Partner Due Diligence procedures throughout the Group with a focus on sustainability and compliance issues, including integration of the UN Guiding Principles on Business and Human Rights.
Falck was founded on the belief that the best kind of help is both timely and well organized.

This conviction still holds true in modern day Falck. The right help at the right time is at the core of our business and experience has shown us that a solid structure in our efforts is both the best way to operate and makes a positive impact in the communities we serve.

Our objective is to make a difference by spreading awareness about health and safety, including first-aid procedures. We strive to do this by sharing the extensive knowledge and experience of our organization and in particular our employees.

Health and safety are at the core of Falck’s mission and our business is built on being experts within our field. As local community engagement is an integral part of Falck’s modus operandi, we strive to share our knowledge and capabilities with the communities in which we operate. By doing so, we hope to make a difference to the people that we ultimately serve.
First-aid awareness
Knowledge of first-aid and general awareness about health, prevention and safety are the cornerstones of our contributions to the communities. The specific nature of the contribution is shaped by the specific needs of the local environment. At any one time, a large amount of activities are carried out globally.

The active participation of our employees and the contribution to the development of the communities plays a vital part in our policy on social investments.

We believe that actively contributing to the development of these communities can enhance their long-term success as well as our business.

We want to ensure that our social investments have a sustainable benefit and address key issues in local communities. At the same time, the investments, donations and sponsorships, must be clearly linked to the Group’s activities, whilst also supporting health and safety awareness.

An accommodating labour market
Help comes in many different forms. This belief is a part of the Falck legacy and throughout the years it has manifested itself in a focus on hiring and training members of society who need a foothold in the labour market.

Our goal is to help them in the process of getting used to a daily working routine by offering flexible jobs, training programs as well as networking and experiencing exchange of ideas sessions. In 2017, we carried out special activities to support the labour markets in Sweden, Denmark and the UK.

As local community engagement is an integral part of Falck’s modus operandi, we strive to share our knowledge and capabilities with the communities in which we operate.
Finding confidence in Randers

In 2017, the Falck Station in Randers, Denmark, was awarded a social responsibility certificate by the Randers Municipality. The mayor of Randers presented the certificate to Station Chief Bjarne Jørgensen and his crew for a decade of efforts in helping challenged youths of the city find a job and more importantly, a purpose.

Bjarne and his crew have shown extraordinary skills in instilling confidence in the young men and women who cross their path as trainees. The station has now adapted a schoolroom so that trainees can receive schooling by a professional mentor in order to catch up on missing formal education.

Perhaps more importantly, the trainees learn to handle responsibility, to function in a cooperative setting and ultimately, to believe in themselves.

“My experience with Falck in Randers gave me some tools that I have been able to put to use in certain situations later in life. Amongst others, those tools are independence and confidence. There were times where I wanted to quit, but the crew always handled it well. They poured me a cup of coffee and had a chat with me and I always ended up sticking it out. I am now training to become a firefighter and I hope that down the line there will be a job for me with Falck”

Thomas, former trainee