

LUNDBECK

UN GLOBAL COMPACT
2015 COMMUNICATION ON
PROGRESS REPORT



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REPORT SCOPE AND METHODOLOGY

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

The report describes Lundbeck's global activities and progress in 2015, and contains descriptions of planned activities and targets for 2016. 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 larger¹ affiliates with research, development and manufacturing activities. 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.

On behalf of Lundbeck, I am pleased to express our continued support to the UN Global Compact. At Lundbeck, we recognise our responsibility to respect human and labour rights, to commit to environmental protection and to work against corrupt behaviour. I am pleased to see the progress that Lundbeck has made since signing on to the UN Global Compact.

In 2015, Lundbeck marked its 100th anniversary. During the past century, millions of people have been treated with our therapies. It is complex and challenging to develop new and innovative treatments for people living with psychiatric and neurological disorders, but this is and will remain our most important contribution to society.

It is great to see how people working for Lundbeck are reflecting on our responsibility to society and contributing on a local and global scale. The actions span our value chain from research and development over manufacturing to marketing and sales. The actions take key stakeholders' perspectives into consideration, for instance patients and their families, healthcare professionals, regulators, business partners and our own employees.

During 2015, we have achieved the lowest CO₂ emission and the lowest number of work-related accidents in a decade. We have contributed with knowledge and funds to promote Access to Health for people with psychiatric and neurological disorders in local communities. We have taken the final steps to deliver transparency in our interactions with healthcare professionals and the related transfers of value.

These examples and many more illustrate that we put action behind our commitment to the UN Global Compact. I hope that you share that view after having read this report. We will continue to report on our CSR ambitions and actions in the years ahead.

I encourage you to engage with us, if you have questions or comments to our actions or this report.



Kåre Schultz
President & CEO

'Developing new and innovative treatments for people living with psychiatric and neurological disorders is and will remain our most important contribution to society'

KEY TARGETS

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

	PAGE	TARGET 2015	STATUS	TARGET 2016
Ethics and behaviour	5, 13	Continuous update of Code of Conduct and training for all	Achieved	Issue and implement an updated Code of Conduct with training for all
	6, 13-14	Continue streamlining of audit and monitoring processes, including performing Combined Assurance	Achieved	Continue enhancement of audit and monitoring processes
	6	Enable public disclosure of payments to healthcare professionals	Achieved	Publicly disclose payments to healthcare professionals in accordance with industry codes and local regulations
Supplier Evaluation	6	Continue global implementation of the supplier evaluation process	Achieved	Finalise global implementation of the supplier evaluation process
Health, Safety and Environment	10	Lost time accident frequency ≤ 4.5	Achieved	Lost time accident frequency ≤ 4
	10	Severity rate ≤ 0.16 hours of absence per 1,000 working hours	Not achieved	Severity rate ≤ 0.14 hours of absence per 1,000 working hours
	10	Work related diseases ≤ 2	Not achieved	Work related diseases ≤ 2
	11	Reduce energy consumption by 4% in 2015 compared to 2014	Not achieved	Reduce energy consumption by 4% in 2016 compared to 2015
	11	Reduce CO ₂ emissions by 4% in 2015 compared to 2014	Achieved	Reduce CO ₂ emissions by 4% in 2016 compared to 2015
	12	Recovery of 50% of selected solvents	Achieved	Recycling of 50% of selected solvents
				New: Zero environmental incidents with an impact on the environment
Access to Health	7-8	Communicate Access to Health strategy and actions internally and externally	Achieved	Continuously promote Access to Health initiatives
	8	Issue and implement global guideline on donations	Achieved	Monitor donations and publicly disclose information about the provided support

ACTIVITIES CUTTING ACROSS THE PRINCIPLES

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

We are continuously working to incorporate the UN Global Compact's principles into our business practices. In 2015, we decided to maintain the previous years' focus points in our CSR Strategy: Ethics and behaviour; Supplier Evaluation; Health, Safety & Environment and Access to Health. The areas that cover all or several principles in the UN Global Compact are reported in this section. This includes actions that keep Lundbeck's Compliance Structure up to date and initiatives to promote responsible and transparent interactions with key stakeholders.

ETHICS AND BEHAVIOUR

Our Code of Conduct is the corporate baseline for 'doing the right thing' and all our employees receive training on what this means in their job role. We continuously evaluate the need to update the principle-based Code, its related procedures and adapt the training. An update of the Code will be released in April 2016, which will contain additional principles for interactions with public officials, revised and more explicit guidance for interactions with healthcare professionals and patient organisations, and more specific principles for providing donations and grants.

'We engage with stakeholders as part of our business because it is essential for us to understand their expectations, needs and concerns with regard to our activities and the related impact on society'

Having the right principles in place is important and it is equally important to ensure that they are properly understood by the people they apply to. We place great emphasis on engaging managers and employees in discussions on how the principles and the more detailed requirements are transformed into action. Lundbeck's Compliance Structure contains the three elements that ensure this: Documents, Training and Monitoring.



What is the right thing to do? This question is the centre of rotation for the Code of Conduct training that will be executed in the beginning of 2016. The participants are asked to resolve ethical issues and introduced to the four steps we consider part of a strong decision process: Think – Explore – Discuss – Decide. When applying these basic steps people are asked to challenge their immediate understanding of the situation, to consider the facts and develop their arguments, and to engage in dialogue with people who represent different perspectives before they reach a decision. Hereby we aim to support a culture where dialogue is the key to resolving ethical issues, which in fact is not different from making other decisions.

The final element in Lundbeck's Compliance Structure is monitoring, which includes evaluating and auditing relevant business practices. These audits are planned while considering regulatory requirements and Lundbeck's current risk map. The risk map is updated annually based on business activities, previous audit findings, trends in internal reporting and external sources capturing learnings from other companies and leading experts. In 2015, we conducted 148 internal audits that covered research, development, manufacturing, health, safety and environment (HSE), marketing, sales, IT and finance. In addition, we conducted 211 audits at key suppliers and partners.

SUPPLIER EVALUATION

Some of the audits are part of our supplier evaluation process, which forms a pivotal part of our anti-corruption measures and reflects our commitment to the ten UN Global Compact principles. These audits represent the most thorough control process we apply to select new or monitor performance of existing strategic suppliers. A greater proportion of our suppliers go through an integrated evaluation and due diligence process based on the UN Global Compact Principles. We ask all our suppliers and partners to sign a mutual commitment to compliance with human rights, employee rights, environmental protection and anti-corruption in our contracts.

Suppliers to manufacturing process have been subjected to these three levels of control since 2005. For the past three years, we have gradually extended these controls according to a prioritised plan, which will ensure that all purchases globally are covered. In 2015, the implementation was completed for all European affiliates, Canada and the US. In parallel, we updated the supplier evaluation process based on the gained experiences. It is our aim to finalise the global implementation of this process within 2016.



PROMOTING TRANSPARENT INTERACTIONS

Healthcare Professionals (HCPs) and Healthcare Organisations (HCOs) provide the pharmaceutical industry with valuable, independent and expert knowledge derived from their clinical experience. This expertise makes an important contribution to the industry's efforts to improve the quality of patient care, with benefits for individuals and society at large. HCPs and HCOs should be fairly compensated for the expertise they provide.

Lundbeck believes that the transparency initiatives that are being enacted globally will ultimately enhance the general acceptance of these professional relationships. Lundbeck is currently reporting and disclosing these transfers of value where it is required.

We are committed to ensure that our compliance processes meet external requirements such as the European Federation of Pharmaceutical Industries and Associations' Disclosure Code and local regulations. In 2015, we continued to enhance our process that asks relevant Lundbeck employees to follow specific requirements when planning interactions. During 2016, we will finalise the work to enable the public disclosure of interactions and the related transfers of value to HCPs and HCOs on an annual basis.

HUMAN RIGHTS

Our Access to Health initiatives, donations and awareness-raising of psychiatric and neurological disorders represent key contributions to addressing health as a human right.

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

Human rights considerations are addressed in several of Lundbeck's policies that relate to different stakeholders. For instance our Code of Ethics and Code of Conduct set out the principles for respecting the rights of patients and participants in clinical trials. Our Purchasing Policy includes respect for human rights in relation to our suppliers and partners (page 6).

We believe that respecting human rights and promoting Access to Health are inextricably linked.

Sharing knowledge and supporting initiatives to promote Access to Health

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

However, healthcare professionals, patients and their families experience several other barriers to health. These include limited understanding of the biology behind the diseases, poor diagnosis, stigma and discrimination. Many of these barriers relate to the lack of knowledge or application of knowledge.

As a specialised pharmaceutical company we have an obligation to use our voice and share our knowledge about unmet needs in the treatment of psychiatric and neurological disorders. Our involvement with patients and advocacy groups underlines the meaningful impact we hope to have for people living with these disorders. Their perspectives inspire everything we do. By engaging with patients and their families we gain a better understanding of the needs they have. It is our responsibility to apply this understanding toward the development of new therapies and support programs.

During 2015, we acted on our commitment to promote Access to Health and engaged in a range of local activities where we operate. Most often our engagement is a combination of financial and knowledge support to existing or new initiatives. A few examples include:

- Donation of chemical compounds to promote independent research taking place at universities and other institutions. These compounds may have potential effects on new diseases to which no treatment have yet been found. This may lead to the development of new compounds, which in the long-term may have the potential to become a target for developing new treatments
- Continued support and participation in 'Target the impact of depression in the workplace'. This initiative is guided by executives from major European employers alongside international organisations working on health, labour and employment issues. The output is concrete tools and resources that will enable businesses to better manage depression in the workplace, identify and support employees at risk of depression and promote good workplace mental health

THE UN GLOBAL COMPACT HUMAN RIGHTS PRINCIPLES

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

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

- Donation to the Danish Centre for Suicide Research. It is known that severe depression that is not treated correctly can lead to suicide, but more knowledge about the causality and prevention is needed in society. Lundbeck's donation will be used for research to suicide prevention by generating new knowledge about the factors that protects and stress people who have tried to commit suicide
- Continued support to 'Connect for mental health' a US nationwide initiative that calls for communities to prioritise serious mental illness. The campaign encourages greater collaboration among the mental health community and other community-based organisations for instance emergency services, law enforcement and public housing. Overall the aim is to implement local programs and services that help support Americans living with serious mental illness, their families and the communities in which they live
- Sponsoring of Bike4Cure who organised the world's first bike stage race Tour Parkinson in Denmark to illustrate the positive effects of exercise and raise funds for research. Lundbeck organised two events for our Danish employees where Lundbeck's latest research results within Parkinson's disease were presented and the participants tried exercises that help reducing the symptoms a person with Parkinson experience. Several Lundbeck employees also supported Tour Parkinson by participating in one of stages
- Upon request from a US-based organisation, we provided a grant to support medical education to healthcare professionals outside the US on cognitive dysfunction related to Major Depressive Disorder. The educational programme comprises scientific knowledge and is not product related in any way. Lundbeck's contribution is strictly financial and we have no influence over the programme, presenters or participants

New global guideline for donations

The examples mentioned above fall in two categories: Donations and sponsorships. The main differences between them are that donations do not provide the donor any benefit in return for the provided support and the donor has no influence on how the support is used. It is important to distinguish for ethical reasons and because these activities are regulated by legal requirements and industry codes.

As part of our strategy to promote Access to Health, we initiated the implementation of a global guideline to ensure that donations are reviewed, documented and provided in a transparent manner and in accordance with applicable regulations. Training of relevant persons will be conducted in the beginning of 2016. We will continuously monitor the provisions of donations and sponsorships and from 2016 onwards, we will publicly disclose information about the provided support.



LABOUR

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

Lundbeck is committed to providing safe and healthy working conditions for the more than 5,000 people we employ around the world. We respect internationally recognised labour rights standards as set forward by the International Labour Organisation (ILO) and we follow national requirements for labour practices. We address issues related to human resource via our corporate policies for diversity and recruitment.

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

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

Diversity

Lundbeck is committed to providing equal employment opportunities regardless of race, age, gender, religious beliefs, national origin, sexual orientation or disability. We believe that diversity among our employees is beneficial for our creativity, innovation, progress and mutual enrichment. Our target regarding diversity at Board of Directors level was established in 2013. According to the target², at least one of the six members elected by the shareholders should be of the underrepresented gender (women). In terms of the 2015 board composition, there are two female board members elected by the shareholders and one elected by Lundbeck's employees. The target is met and consequently the Board of Directors will set a new target regarding diversity. At the other managerial levels we aim to ensure that the proportion of women is at least 40% globally. This target was met in 2015 and recent years (excluding 2014 where the proportion was 39%). Our actions to meet the target are unchanged. We offer equal opportunities for men and women across organization in accordance with our employee policies and guidelines that provide equal opportunities and benefits for both genders.

HSE culture promoting healthy and safe working conditions

Cooperation between managers and employees is an essential element of our HSE culture. That is why Lundbeck every year convenes the Danish HSE organisation to a seminar with inspiration and sharing of best practice including an award to the HSE initiative of the year. In 2015, the seminar was conducted under the theme 'Behaviour changes culture'. A mix of presentations and workshops demonstrated how individuals in an appreciative way can influence the general attitude and common behaviour of the greater organisation. To sustain this learning culture, we conduct quarterly meetings to coordinate activities and continuously share knowledge across the organisation.

Another initiative that promotes our HSE culture is the 'Mental Health at Work Programme'. In line with Lundbeck's mission, this programme aims to educate managers to identify and react on employees living with mental disorders. So far, we have developed a new e-learning course, which will be launched to managers in Denmark during 2016 and that will be part of our

THE UN GLOBAL COMPACT LABOUR PRINCIPLES

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

Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour

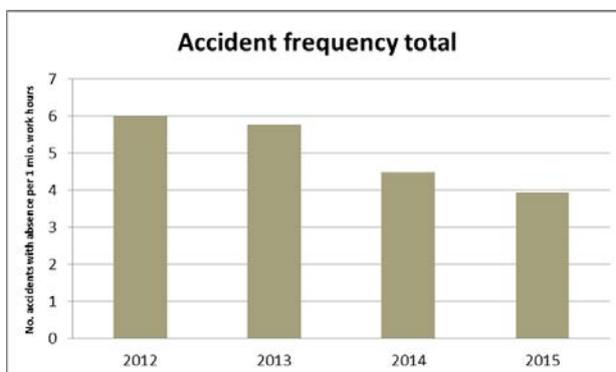
Principle 5: Businesses should uphold the effective abolition of child labour

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

² Lundbeck's target set in relation to the Danish Companies Act section 139a (1).

global onboarding process of new managers. This will help us to promote a corporate culture that acknowledges the need for preventive and helping action when employees fall ill due to mental disorders.

Lundbeck aims to minimize the number of work-related accidents. In 2015, we experienced four accidents with absence per one million working hours³, which is the lowest lost time accident frequency since 2006. One serious accident led to 104 days of absence and increased the overall absence rate to 0.23 hours of absence per 1,000 working hours, which was above our target (0.16). The low number of accidents is achieved by employees who reinforce the HSE culture by conducting systematic risk assessment and root cause analysis to find continuous improvements. Furthermore, all work related accidents and near misses are reviewed and we share the prevention know-how across the organisation. In 2015, we enhanced and implemented these methodologies in our accident reporting system.



In 2016, we will maintain our focus on safe and healthy working conditions. We aim to strengthen the HSE culture by developing local education for managers and employees, and by contributing to improve the global onboarding programme.

REACH – increasing knowledge and modifying our chemical facilities

EU's chemical legislation (REACH - EC 1907/2006) was established to improve the protection of human health and the environment through better identification of the properties and effects of chemical substances. Companies in the EU are currently in the process of generating the necessary data and making their work processes more contained.

At Lundbeck, we have established a plan for the registration of substances and making technical modifications in our chemical manufacturing sites. During 2015, we completed the data work including performing analytical data and toxicological evaluations on a number of chemical substances. This part of the plan will be fully completed in 2016. We decided in 2014 to fully establish what is called Strictly Controlled Conditions in our chemical manufacturing facilities in Lumsås (Denmark) and Padova (Italy). This will ensure more carefully contained work processes with minimal risk of exposure towards substances for employees and the environment. Due to these enhanced preventive measures and contained use of chemicals, the required data work is reduced. Following a systematic screening of our work processes, the technical modifications were initiated in 2015 and will be further accelerated in 2016-17 with the aim to complete the extensive modifications before May 2018.

INTEGRATING LEAN AND HSE

Managers and employees at Lundbeck's manufacturing sites are using LEAN tools to improve quality and effectiveness. Great results were achieved in 2015 by combining the LEAN methodology with the continuous improvement thinking applied in Health, Safety and Environment (HSE). This has been done successfully in our packaging department in France and our Solid Bulk Production in Denmark. By integrating HSE aspects in management processes and including dialogue about wellbeing in the safety inspections both departments have enhanced awareness of HSE and made the approach more preventive than remedial.

³ The number of accidents with absence per one million working hours is called the lost time accident frequency.

ENVIRONMENT

Lundbeck promotes environmental responsibility by optimising our manufacturing processes, recycling solvents and reducing our CO₂ emissions.

Lundbeck's Health, Safety and Environment (HSE) Policy describes our approach and ambitions on environmental responsibility. The policy is brought into play by our HSE strategy, our CO₂ strategy and our positions on climate change, water, biodiversity and environmental footprint that are available on www.lundbeck.com.

Our HSE strategy ensures that our efforts are prioritised and coordinated to reduce our environmental footprint.

For many years, the strategy has yielded a number of tangible results. As one of our major achievements, we have reduced our CO₂ emission by 51% compared to 2006. Another prominent example is the recycling of solvents in our chemical manufacturing processes that eliminate the need for producing and transporting tonnes of new solvents.

THE UN GLOBAL COMPACT ENVIRONMENT PRINCIPLES

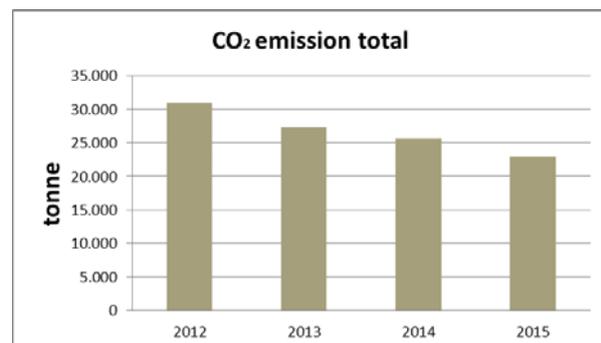
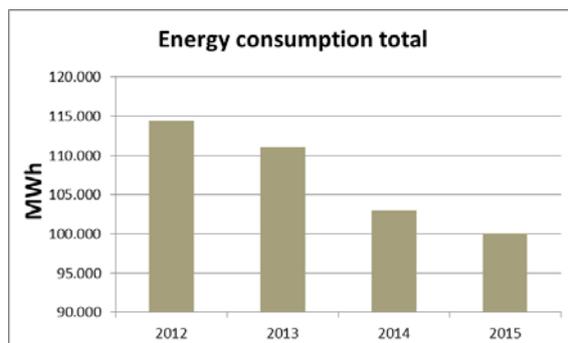
Principle 7: Businesses should support a precautionary approach to environmental challenges

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility

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

Reducing CO₂ emissions at the source

At Lundbeck, we have established an ambitious target to reduce our CO₂ emissions by 55% in 2020 compared to the CO₂ emissions in 2006. We believe that the best way to achieve this is by consuming less energy. It sounds simple and even though we have been at it for years, there are still improvements to make. Our CO₂ target has been a determining factor for the achieved results, because it has communicated our ambition so effectively.



In 2015, we continued our successful integrated approach where dedicated teams of engineers and maintenance employees challenge conventional thinking to identify new ways to reduce energy consumption. This resulted in a 3% reduction of our energy consumption and 11% reduction of our CO₂ emission compared to 2014. We did not reach our 4% energy reduction target due to changes in the production. We will continue our efforts and have set a 4% energy reduction target for 2016. This will be supported by even more detailed energy mapping and screening from implementing the EU directive on energy efficiency.

Recognised in global benchmarks

Lundbeck has made it a priority to be able to track and report our CO₂ emissions. Our efforts were acknowledged by the Carbon Disclosure Project⁴ in their 2015 benchmarking of more than 4,500 companies. The benchmark rates the companies' ability to mitigate climate change and manage their CO₂ emissions. Lundbeck achieved 98 out of 100 points where the average score for the healthcare sector is 82 points. The sustainability index FTSE4good⁵ also rated Lundbeck as a strong performer and gave our climate change efforts 5 out of 5 points.

Pharmaceuticals in the Environment

Minimizing the environmental impact of our products is another important objective. Lundbeck is a research-based company, and as such we invent new chemical compounds. Prior to marketing a new pharmaceutical product, we are required to test the product's environmental properties and impact. The gained knowledge is applied to the design and manufacturing processes with the aim of minimizing the environmental impact. The thorough tests are conducted by external specialists. In 2015, seven eco-toxicological tests were conducted on one of our active pharmaceutical ingredients. Besides meeting these regulatory requirements, we participate in European and national pharmaceutical industry networks to share knowledge and contribute to the development of environmentally friendly processes and technologies. In 2015, we have participated in a working group with the Danish Environmental Protection Agency, which aims to develop future Best Available Technology regulation. In this way we aim to share and gain current knowledge about the environmental technologies we apply.

Purification and reuse replace tonnes of new solvents

At Lundbeck's chemical manufacturing site in Lumsås we are able to purify solvents by the use of an industrial device. After the purification the solvents can be reused in all processes over and over again. So far, this process has been successfully adopted for the solvents toluene and acetonitrile, and we are currently testing the process on two new solvents. Beside this central purification process, recycling of seven additional solvents is taking place in the local plants, where the solvents are reused in the same production process. During 2015, we recycled 53% of the nine most used solvents. In this way we avoided purchasing approximately 1,000 tonnes of solvents that are resource demanding and costly to produce and transport. Lundbeck will continue to develop our knowledge and recycle solvents as a part of our production process.

DEDICATED TO SAVING ENERGY – TWO EXAMPLES

Many local initiatives are taken in the continuous work on reducing our energy consumption. At our combined headquarters, manufacturing and research site in Valby (Denmark) two of the most significant energy conservation projects related to optimisation of a server room and our steam boilers. In the server room, the racks were enclosed in cabinets to allow a more focused and efficient cooling. This saves 342 MWh electricity annually, which is equivalent to what 68 households consumes of electricity. In the steam boilers we improved the burning process by adjusting the oxygen control, which saves fuel (city gas) equivalent to 324 MWh per year.



⁴ Carbon Disclosure Project is an international not-for-profit organization providing the only global system to measure, disclose, manage and share environmental information.

⁵ The FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices.

ANTI-CORRUPTION

Lundbeck promotes business ethics by enforcing our corporate principles and supporting a culture that acknowledges open discussion of ethical dilemmas in our own operations and among key stakeholders.

Lundbeck is actively engaged in working against corruption in any form and we apply our business ethics standards across our value chain. We have a zero tolerance policy for bribery and require that our partners also adhere to our ethical standards.

Our Code of Conduct represents the policy level and contains the key principles that address business ethics in our compliance structure. This is supported by both corporate and local procedures for our interactions with suppliers, healthcare professionals and key stakeholders like public officials. Lundbeck's procedures for authorisation and signing also address our anti-corruption commitment and help ensure that Lundbeck enters into agreements and makes purchases in a transparent and responsible manner.

An open dialogue on ethical dilemmas is at the foundation of our approach to prevent corruption. This dialogue is supported through regular training for all employees that places our Code of Conduct and related procedures in a business context. We systematically monitor adherence to our Code of Conduct through our Compliance Hotline⁶, business ethics audits and quarterly compliance reporting from our business units and global affiliates.

Current risk map directs our preventive measures

Every year, our global team of auditors updates Lundbeck's compliance risk map based on business activities, audit findings, trends in internal reporting and external sources that capture learnings from other companies and leading experts. The current risk map is used to keep our corporate procedures up to date, prioritise new preventive measures and plan monitoring activities.

During 2015, we updated the Code of Conduct and the changes, in different ways, relate to strengthening our approach to business ethics. To mention a few examples, we added new principles for interactions with public officials, provided more direct guidance regarding what constitutes a conflict of interest and we made the requirements for organising or sponsoring interactions with healthcare professionals more explicit. Adherence to Lundbeck's Code of Conduct and related procedures is monitored via systematic audits that have specific focus on business ethics. Our dedicated business ethics auditors visited nine Lundbeck business units in 2015.

The principal changes to the Code of Conduct have been included in the update of the more detailed global procedures, for instance our procedure for selecting and evaluating suppliers. This rigorous 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. During 2015, our skilled employees working with engaging suppliers asked our compliance experts at Lundbeck's headquarters to conduct a thorough assessment of 111 suppliers. In seven of these cases the final decision was not to proceed with the supplier. In addition to the mentioned controls, we conducted 211 audits at key suppliers and partners during 2015.

THE UN GLOBAL COMPACT ANTI-CORRUPTION PRINCIPLE

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

⁶ The 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.

Third parties are asked to follow our Code of Conduct

Suppliers that perform activities within Lundbeck's core business areas either on behalf of or in the material interest of Lundbeck are called third parties. Since establishing our Code of Conduct, we have asked third parties to adhere to the principles in the Code as part of the agreement with Lundbeck. In a few cases this has also included training and auditing of their adherence to the obligation.

In 2015, our business ethics auditors have trained other Lundbeck auditors to integrate business ethics aspects into their audit activities of supplier and partners. They have also been working on making business ethics training of third parties more systematic. In 2016, we aim to finalise this work and introduce business ethics training for selected third parties.

