



Sustainability Report 2020



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www.lundbeck.com

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This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

Ongoing commitment

Lundbeck is a participant in The United Nations Global Compact which we became a signatory to in September 2009. We would like to express our continued support for the Global Compact and hereby renew our ongoing commitment to the initiative and its principles.

“I would never dare to share my history for fear of appearing weak.”



About Lundbeck

Lundbeck is a global pharmaceutical company specialized in brain diseases

We are tirelessly dedicated to restoring brain health, so every person can be their best. To fulfill this purpose, Lundbeck is engaged in the research, development, manufacturing and commercialization of pharmaceuticals across the world. For more than 70 years, Lundbeck has been at the forefront of neuroscience research.

With our unique position as specialists in brain disease, we want to raise disease awareness and challenge the international agenda for broader acceptance of patients and increased opportunities for better treatment.

Ruth Joseph
USA

The stigmatization of people with depression infiltrates schools, workplaces and even families. In the latest issue of **Lundbeck Magazine**, you can meet a number of brave people who have now chosen to speak out about their disease and how it impacts their life. One of them is 52-year-old Ruth Joseph.

Depression entered Ruth's life back when she was a stay-at-home mother with two small boys. She was

living what she describes today as "a dream life" – and yet she felt ashamed. She felt ashamed that she wasn't happy.

True happiness and fake happiness can look like each other, but they lie worlds apart. Ruth has known both and she knows a great deal about keeping your vulnerability hidden. "I would never dare to share my history for fear of appearing weak," Ruth says.

Contents

1



Deborah Dunsire
President and CEO of Lundbeck

Introduction

4 Letter from the CEO

5 Our approach to sustainability

6 Efforts and aspirations

Impact

8

Global health and wellbeing

11

Climate action and circularity

13

Business ethics

15

Inclusive and safe working conditions

2



3

Factbook

18

Introduction to ESG factbook

19

Environment

22

Social

24

Governance

26

Reporting on targets

27

TCFD reference index

28

Accounting principles

30

Assurance report

2020 highlights



New science-based climate target
for entire value chain approved



Launched partnership with IHP
on product donations



68% recycling of solvents
in production



Ranked #4 globally on the Net Promoter Score
measuring patient groups' willingness to work with
and recommend the company



Global Diversity & Inclusion Forum
recommendations from employees adopted



Achieved "ESG Industry Top Rated"
by Sustainalytics

Committed to increasing impact

In 2020, the pandemic placed unparalleled demands on our healthcare systems, and has also had a tremendous impact on mental health around the world. It has in many ways been a year to remind us of the importance and challenges of good health and wellbeing for all.

We are delighted to share with you this report, which demonstrates how we are making progress towards our 2030 sustainability aspirations, even in the face of the extraordinary challenges we confronted during 2020.

As a pharmaceutical company, restoring brain health so every person can be their best is our guiding purpose. Research and development of medical treatments is our biggest contribution to society. Over and above this, we believe we have a responsibility to help patients access these life-altering treatments. We are delighted to introduce a new initiative in our Access to Brain Health strategy – the product donation partnership with IHP, which will benefit some very vulnerable families.

With this sustainability report, we announce a new science-based climate target. It has been rewarding to watch our carbon emissions go down, driven by our long-term action plan initiated over a decade ago. Reports back from our production and research sites around the world demonstrate the tremendous progress we continue to make in pursuing these goals.

With our new, ambitious climate target, our Executive Management team will expand the work we do across our value chain, in collaboration with all our partners and suppliers and we will ramp up our employee engagement on climate action.

We are also reporting on activities to train and support our employees to do the right thing as a responsible business. At Lundbeck, we are grounded in our belief that we must act with integrity and respect in everything we do. It is the best business decision every time. Over the years – and again in 2020 – our stakeholders have rewarded us with strong trust ratings.

Last year we introduced a company-wide Diversity & Inclusion Forum. As much as we need a global and cross-functional working organization, we also need a diverse and inclusive one too. It has been demonstrated time and again that innovation and creative solutions to complex problems are better driven by diverse teams. Diversity is not only the right thing to promote from a social aspect or a community aspect, but it is the right thing to do for business. Only when every



person can bring their full experience to bear on the challenges we face in discovering new medicines, will we succeed. As a company, we continue to stand against all forms of discrimination and stand for creating a workplace where every person is respected.

At Lundbeck, we believe that we can only succeed if we can build our business in a sustainable way. We are proud of our progress and hope that you will find this Sustainability Report inspiring!

A stylized, handwritten signature in red ink that reads "Deborah Dunsire".

Deborah Dunsire
President and CEO of Lundbeck

“Diversity is not only the right thing to promote from a social aspect or a community aspect, but it is the right thing to do for business”

This is sustainability at Lundbeck

The United Nations Sustainable Development Goals are the blueprint for achieving a better and more sustainable future for all. Addressing the world's global challenges is a shared responsibility. Together with our partners, we focus our efforts where we can make the most significant impact.

Contributing to society

At Lundbeck, our most important contribution to society is easing the global burden of the millions of people living with brain diseases. And we are one of the few companies in the world that focus exclusively on this unmet need.

Brain health

Our treatments reach more than 7 million people everyday living with brain diseases worldwide. We are relentless in our focus to help even more.

As part of our commitment to sustainability, we have launched our Access to Brain Health strategy. The strategy builds on four long-term aspirations to make innovative treatment available through R&D, promote accessibility, enhance cultural acceptability and provide safe and efficacious medical products.

Our aspiration is to enhance access to brain health for the most vulnerable. We aim to accelerate our efforts through strategic partnerships and collaboration with leading experts.

In many parts of the world, brain disease comes with a high degree of social stigma. To advance a more

inclusive world, we work with international and local advocacy groups to promote disease awareness, combat stigma and empower people living with brain diseases.

Climate action

Science and innovation are at the heart of what we do. It enables us to foster groundbreaking discoveries within neuroscience. But it also plays a pivotal role in helping us, as a company, prioritize climate action.

We are leaders in climate action, and we measure everything we do with the most ambitious reduction targets set by science. Throughout our value chain, we continue to reduce our carbon footprint, becoming more circular and increasing recycling.

Ethics, trust and transparency

Trust is essential. To us, and to our industry. And as a business partner, we promote integrity in the pharmaceutical industry.

We take prudent actions to remain responsible. We require our employees and business partners to act with respect and integrity in everything they do, to maintain trust and safeguard our license to operate.

At the same time, we are actively promoting inclusion, equality and a safe working environment for Lundbeck employees worldwide.

Our commitment

Globally, the number of people living with brain diseases is growing. We will remain steadfast in our commitment to chase the scientific breakthroughs

that enable us to deliver hope. We will advance innovation in balance and not at the cost of nature – and we will continue to set ambitious sustainability targets while delivering life-changing innovation to the people who need it.

The model below illustrates our contribution to the Sustainable Development Goals.

Tirelessly dedicated to restoring brain health, so every person can be their best

PARTNERING FOR IMPACT

17 PARTNERSHIPS FOR THE GOALS



DEDICATED TO RESTORING BRAIN HEALTH

3 GOOD HEALTH AND WELL-BEING



PURSUING A ZERO-EMISSIONS FUTURE

13 CLIMATE ACTION



USING OUR INFLUENCE TO PROMOTE CHANGE

5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



Our sustainability strategy

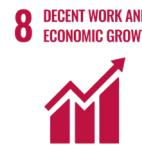
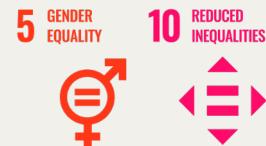
In early 2020, Lundbeck launched a new sustainability strategy. The sustainability strategy aims to ensure that our business activities are conducted in a way that supports seven Sustainable Development Goals (SDGs) and mitigates significant risks and adverse impacts.

Every year, Executive Management evaluates our sustainability performance and establishes targets for the coming year to contribute to solving societal challenges where we can and to enhance our risk mitigation. You can read about the progress on these targets throughout this report.

We have set ourselves a number of 2030 aspirations to guide our sustainability efforts. You can see them below.

We invite all our stakeholders to hold us accountable to our aspirations and to join us in collaborative efforts for making real impact.

Our selected Sustainable Development Goals (SDGs)



Our aspirations for 2030

- | | | | | | |
|---|--|--|--|---|---|
| <ul style="list-style-type: none"> Leverage our specialist knowledge to address the burden of brain diseases and continue to make medicine available Promote accessibility of our medicines by addressing discriminatory, physical, economical and informational barriers Improve mental health parity, reduce stigma, support national suicide prevention efforts and enhance cultural acceptability of brain diseases Provide high-quality medicinal products, safeguard patient safety and combat counterfeit medicine | <ul style="list-style-type: none"> Deliver on the "Business Ambition for 1.5°C" pledge Transition electricity supply to renewable sources Manage two-thirds of value chain carbon emissions equally as effective as carbon emissions from operations Minimize key business partners' carbon emissions reflected in relevant agreements | <ul style="list-style-type: none"> Be recognized by employees and externally as a workplace with an inclusive culture that offers equal opportunities for all Influence the public debate on equality and inclusion by setting ambitious targets, enhancing data transparency and communicating actively Request key business partners to promote diversity and prevent discrimination in all its forms | <ul style="list-style-type: none"> Be recognized as a workplace that fosters physical and mental wellbeing Show leadership to promote mental health with preventive actions at our workplaces globally Achieve a lost time accident frequency below 3 | <ul style="list-style-type: none"> Establish manufacturing processes based on circular economy principles to limit materials use, waste and carbon emissions Expand application of circular economy principles to key partners Use detailed knowledge about active pharmaceutical ingredients to minimize environmental impact | <ul style="list-style-type: none"> Promote business ethics including human and labor rights through strengthened collaboration with key business partners Demonstrate that the Code of Conduct compliance program and organization works, i.e. sustains an ethical culture and prevents any form of corruption Protect the integrity of the healthcare professionals we work with and use transparency as an asset |
|---|--|--|--|---|---|

2

How Lundbeck makes an impact

Our most material sustainability issues are reflected in the Sustainable Development Goals (SDGs) that we significantly impact. Our biggest contribution to sustainable development – and where we bring most value to the communities we serve – is our medical treatments and the good health and wellbeing they bring to people. We also take a leading role in climate action and promote an ethical, safe and inclusive culture in our operation and our value chain.

In this section

8

Global health and wellbeing

11

Climate action and circularity

13

Business ethics

15

Inclusive and safe working conditions

13

Sustaining an ethical culture

For us, responsible business conduct is an integral part of our sustainability work. It helps us make decisions that create a positive impact and steers us toward making choices that contribute to the common good of all – particularly patients.



Access to brain health for all

Covid-19 has brought attention to the inequalities in access to healthcare that persist both within and among countries. It has added to ample evidence that income and social inequalities have substantial adverse health outcomes, regardless of a country's income level. Notably, there is a strong link between poor mental health and economic hardship, which has been felt by many in communities everywhere during this pandemic.

Committed to innovation and availability

More than 790 million people are living with a mental health disorder.¹ That is roughly 10% of the world's population. The unmet need for new treatments within psychiatric and neurological disorders remains significant. Because of the high-risk nature of the work, many companies have reduced investments and abandoned research in the field. In the past decade, the number of psychopharmacological drugs research programs in larger drug firms has shrunk by 70%.²

At Lundbeck, we have increased our focus and research in the field. With our **Expand and Invest to Grow** strategy, we will accelerate our efforts and the likelihood of succeeding through strategic partnerships and collaboration with leading experts. Why? Because people living with brain diseases depend on it.

Better tools for tougher challenges

To combat the rapidly escalating mental health crisis emerging from the Covid-19 pandemic, Lundbeck North America and Mental Health America (MHA) teamed up to launch an initiative that will create a U.S. **mental health dashboard**. The initiative will analyze mental health screening data sets to generate important population-based insights. Real-time analysis will allow the nation to recognize and react quickly to mental health trends exacerbated by the pandemic and address disparities faced by diverse populations.

This sophisticated new tool can be used to help map clusters of people with mental health concerns, recognize factors that increase risk for poor mental health outcomes, direct appropriate allocation of resources, and identify what interventions would be most

¹ The Lancet (2018), GBD 2017 Disease and Injury Incidence and Prevalence Collaborators.

² <https://www.biopharmadive.com/news/pharma-neuroscience-retreat-return-brain-drugs/570250/>

60m
EUR

SCIENTIFIC GRANTS

The Lundbeck Foundation awarded scientific grants of EUR 60m for biomedical research focused on the brain in 2020.³



WORLD MENTAL HEALTH DAY 2020

In support of World Mental Health Day in October 2020, we engaged all our offices in awareness efforts and published a Lundbeck position paper to advocate for **Mental health for all**.



TRUSTED BY PATIENTS

This year, Lundbeck ranked #4 of 48 global pharma companies on the Net Promoter Score measuring patients' willingness to work with and recommend us.⁴

³ The Lundbeck Foundation is a separate entity and is Lundbeck's largest shareholder, holding 69% of the share capital and voting rights.

⁴ Based on feedback from 1,850 patient groups in 95 countries, 48 pharma companies were surveyed for their corporate reputation based on 12 different indicators.

effective in addressing the mental health impacts of Covid-19 and future high-impact events such as natural disasters and community violence.

Addressing accessibility

We have a responsibility not just to develop treatments and cures but also to help patients access them.⁵ In 2020, Lundbeck established our Access to Brain Health strategy that goes beyond making safe and efficacious medicine available. The strategy centers on brain health accessibility for the most vulnerable.

In the coming years, we will take additional actions to address discriminatory, physical, economic and informational barriers to make safe and efficacious brain disease treatments more accessible. Action is needed to address stigma⁶ and ensure parity of care⁷. And we have initiated dialogue with selected stakeholders to scope and direct concerted efforts.

Through various initiatives, we work to reduce the burden of inequality and provide appropriate assistance to people who depend upon Lundbeck's therapies. For instance, healthcare can fall short for uninsured or underinsured people, impacting their access to necessary medications.

In 2020, we entered into a new global mental healthcare partnership with International Health Partners (IHP). It is an exciting new project, and we look forward to donating products and making a real impact together for some of the most vulnerable people in the world.

Progress in acceptability

For many years, Lundbeck has worked to enhance cultural acceptance of brain diseases, to improve mental health parity and reduce stigma – and support disease awareness and offer education. As a leader in brain

health, we have a responsibility to contribute to global collaborations and drive initiatives. We work alongside international and local advocacy groups to advance brain health worldwide.

Guided by our **Progress in Mind** model, we partner with key stakeholders, including people with brain diseases, their families and the healthcare community. In 2020, our involvement spanned awareness-raising campaigns such as World Mental Health Day and World Suicide Prevention Day, where we also engaged our employees globally.

Another key focus area is evidence generation. We have made possible research and surveys on depression in the workplace, evidence on the value of carers, and a socio-economic assessment from the London School of Economics on early interventions in psychosis.

Due to the pandemic, educational programs have had heightened importance and relevance. We are pleased to have supported Rethink Depression, Brain Talks, Carer Academy for People with Psychosis, and capacity-building programs for patients with conditions such as Alzheimer's Disease and migraines.

GIVING PATIENTS A VOICE

In 2020, Lundbeck's global R&D underwent a significant reorganization to strengthen our patient and caregiver insights – as well as engagement in drug development. Our focus in the coming years will be on specific underrepresented groups in clinical trials and how digital healthcare can help address access barriers.

Safeguarding patients

The quality of our medicines is paramount to us and our actions to provide good quality medicines cover the entire value chain, from early research, clinical development and manufacturing, through distribution to pharmacies.

We integrate our quality and patient safety processes into our 'Good Practice' GxP Quality Management System for Laboratory (GLP), Clinical (GCP), Pharmacovigilance (GPvP), Manufacturing (GMP), and Distribution (GDP).

We successfully combat counterfeit medicine⁸ with stringent measures to secure our supply chain. We protect the integrity of our products to ensure that genuine Lundbeck medicines reach patients every time.

EXPLORE FACTBOOK →

⁵ The WHO states that a combined psychosocial and pharmacological approach is likely to yield the best results when treating mental health disorders.

⁶ The stigma attached to mental illness often leads to social exclusion and discrimination and creates an additional burden for the affected individual.

⁷ Parity of care refers to valuing mental health equally with physical health.

⁸ Counterfeit medicine is fake medicine that is deliberately mislabeled, with the correct or wrong ingredients, without active ingredients, with insufficient active ingredients or with fake packaging.

ACCESS TO BRAIN HEALTH STRATEGY

Lundbeck's Access to Brain Health Strategy aspirations reflects four right to health principles⁹:



Availability

We leverage our specialist knowledge to address the burden of brain diseases and continue to make medicines available.



Accessibility

We promote the accessibility of our medicines by addressing discriminatory, physical, economical and informational barriers.



Acceptability

We improve mental health parity, reduce stigma, support national suicide prevention efforts and enhance cultural acceptability of brain diseases.



Good Quality

We provide high-quality medicinal products, safeguard patient safety and combat counterfeit medicine.

⁹ Inspired by the WHO and OHCHR "Factsheet No. 31 - The Right to Health".

“We are delighted to be able to offer our first targeted mental health program through the partnership with Lundbeck. Our collaboration will lighten the burden for those living with poor mental health and help to change perceptions of these complex and often stigmatized conditions.”



Adele Paterson
CEO, International Health Partners

About the partnership

At least two billion people in the world do not have access to essential medicine. International Health Partners (IHP) is a UK-based charity that coordinates the safe and responsible donation of medical products from the healthcare industry to vulnerable communities around the world who would otherwise have no access. IHP only provides long-dated and quality donated medicine, working with a strong network of global healthcare industry donors.

The partnership between IHP and Lundbeck will support the demand for the much-needed mental health medicines in some of the world's most vulnerable communities. Both organizations are dedicated to improving access to essential medicines and are now joining forces to support the lives of people suffering from mental health diseases.



Staff member at Anera clinic, Lebanon.

Stepping up on climate action

As a Danish company, we have a history of being at the forefront of corporate leadership on climate change. We believe we have a responsibility to act. That is why we have committed to net-zero emissions and can now announce our new science-based target.

Reinforcing our leadership

With the launch of this report, we are proud to announce that Lundbeck has decided to take an ambitious step forward to reinforce its climate leadership. In December 2020, Lundbeck received the third-party approval for a new science-based climate action target, one of the most ambitious in the pharmaceutical industry.

The Science Based Targets initiative (SBTi) defines and promotes best practice in science-based target setting and independently assesses companies' targets. Science-based targets provide companies with a clearly-defined path to reduce emissions in line with the Paris Agreement goals.

We believe in science

Historically, Lundbeck has demonstrated its commitment to cut carbon emissions. A main part of the reduction comes from optimization of existing buildings, plants and installations, as well as investments in new low-energy machines and plants. Lundbeck has also made a shift from conventional fuel to bio-fuel.

As illustrated on the following page, the carbon footprint we leave outside our fence is approximately nine times as high as inside the fence. We need to address

that more strongly. And with our new climate plan, we take responsibility for it.

Lundbeck's new ambitious climate plan addresses carbon emissions across our entire value chain – from operations and products to raw material production, clinical trials, distribution and end-of-life.

Science tells us we have to do this – that we can do it. And we believe in science.

Engaging employees and business partners on innovation

At Lundbeck, partnerships are an integral way of working. Consequently, collaborating with stakeholders to reduce emissions while doing business together is only a natural extension of our way of working.

Engaging everyone in our sustainability efforts is an approach we favor. And we have kicked off our new climate target with workshops mobilizing employees across the organization to identify and prioritize potential reduction measures.

We will work in close collaboration with our business partners, informing them of our ambitions, collabo-



"We are very pleased to see Lundbeck reinforce its leadership in the transition to a net-zero economy. By setting ambitious new science-based targets consistent with limiting warming to 1.5°C, they are taking action to prevent the most damaging effects of climate change."

Alberto Carrillo Pineda

Director Science Based Targets
CDP, one of the Science Based Targets initiative partners



3 ELEMENTS IN LUNDBECK'S NEW CLIMATE TARGET

- Commit to carbon neutrality no later than 2050
- Further reduce carbon emissions from production and fleet drastically by almost two-thirds over the next 15 years¹
- Work with our suppliers and customers to reduce our carbon footprint outside our premises by nearly a fifth over the next 15 years²

70%

WE HAVE CUT DEEP ALREADY

Since 2006, we have reduced our CO₂ emissions from our production by more than 70%³.

¹ Reduce scope 1 and 2 CO₂e emissions by 63% in 2034 compared to 2019.

² Reduce a share of scope 3 CO₂e emissions by 19% in 2034 compared to 2019.

³ Emissions from operation of our sites.

rating to raise awareness and set targets. And we will ask for innovative and circular solutions for our raw material and packaging.

Circularity and climate action go together

We aspire to move away from the traditional linear 'take-make-dispose' manufacturing model to a more regenerative model. By combining continuous production with recycling principles, we work continuously to become circular, integrating different manufacturing processes and reusing materials across different processes.

Circularity's potential to reduce emissions has been extensively documented.¹ A more resource-efficient, circular economy is essential to minimize resource consumption and waste generation as well as for achieving the Paris Agreement's goals. We consider applying circular principles as a fundamental part of achieving Lundbeck's climate targets.

Solar-powered production

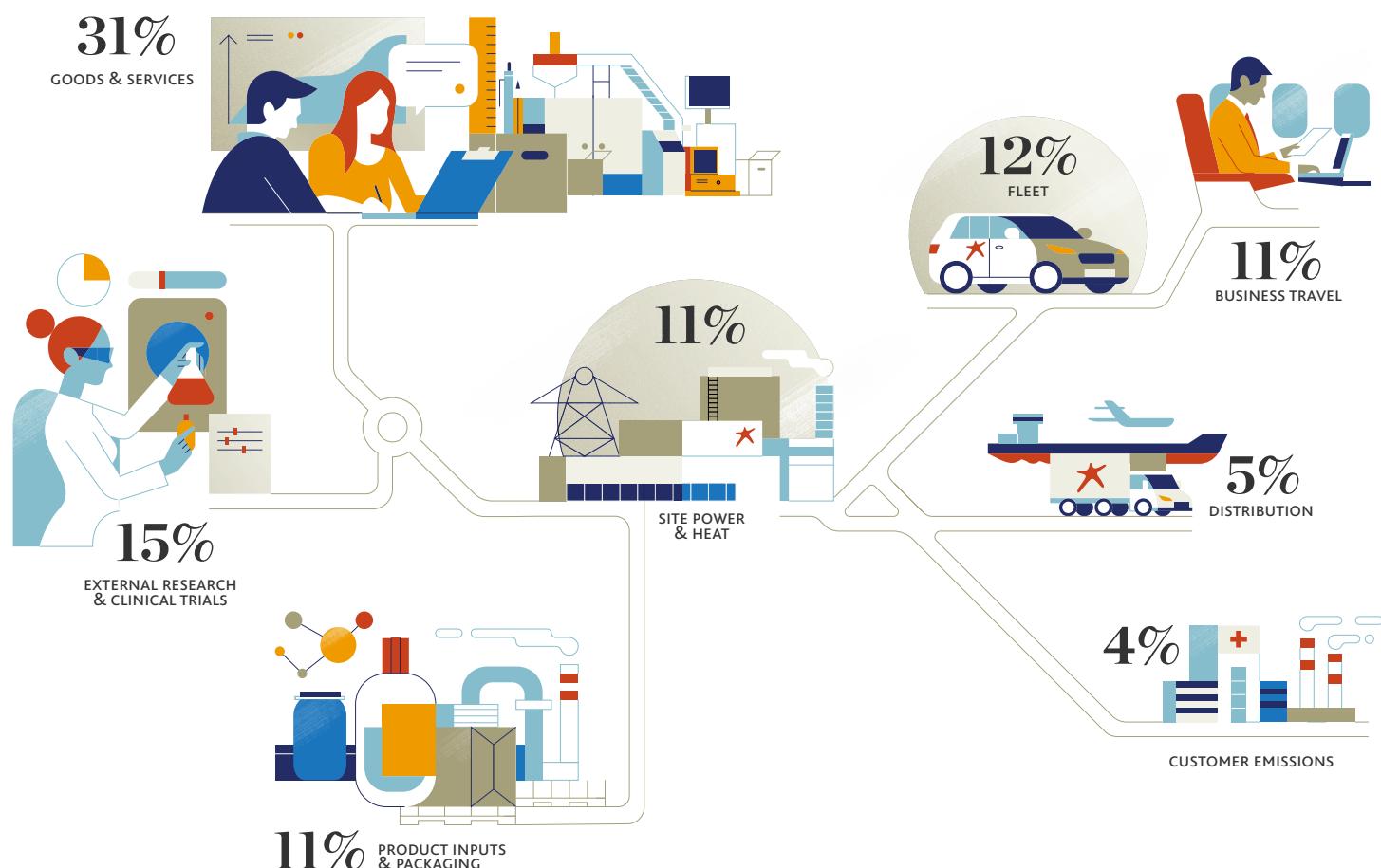
As a first step towards our new climate target, Lundbeck has in 2020 signed a Power Purchase Agreement (PPA) with a solar plant developer. The agreement covers our entire electricity consumption for operations located in Denmark for the next seven years. And it will allow the developer to receive the necessary financing for building the solar power plant, which will come into operation in 2022.

In the coming years, we will explore the possibilities for similar solutions in France, Italy and the U.S.

[EXPLORE FACTBOOK →](#)

Where do our climate emissions come from?

Total CO₂e emissions in 2019²



¹ Ellen MacArthur Foundation and Material Economics (2019): 'Completing the picture: How the circular economy tackles climate change'.

² Source: 2019 baseline carbon footprint calculation by Lundbeck with assistance from Carbon Trust. Site power & heat and Fleet roughly corresponds to our Scope 1 & 2, illustrated with the gray orbs.

Sustaining an ethical culture

It is essential that our stakeholders and business partners trust us – and that our employees trust one another. To earn that trust, we are committed to creating a strong ethical culture. Our Code of Conduct lays out the foundation for that culture. And we strive to create transparency throughout our value chain beyond the regulations that govern us to strengthen your trust in us.

Responsible business

There is a general increase in society's expectations of the healthcare sector and the pharma industry is governed by mandatory ethical codes and regulations. At Lundbeck, we welcome being guided by ethical responsibility and with respect for the constantly evolving stakeholder expectations.

Responsible business conduct and compliance are dynamic measures and integral to our sustainability work. This helps us navigate decisions with a broader perspective and steer us towards making a positive impact and contribution to society and the patients we serve.

Doing the right thing

Our **Code of Conduct** conveys Lundbeck's commitments and expectations of our employees within areas critical to us and the pharmaceutical industry. It covers patient safety, anti-corruption, promotional activities, fair and open competition, personal data protection,

supplier and third-party obligations – and more. Lundbeck wants to make sure that everyone understands the requirements and knows how to act responsibly. And we provide all our employees with the best possible conditions to act responsibly.

Every year, our employees complete corporate training on our Code of Conduct and relevant procedures, including local discussions on ethics and compliance. In the last quarter of 2020, all employees and managers completed our Code of Conduct e-learning, which was available in eleven different language versions. This year, it contained scenarios to stimulate reflections on working from home, personal use of social media, conflict of interest and everyone's personal accountability for compliance.

We also ran a global employee e-learning on patient safety, campaigns on ethical decision making and safeguarding personal data. And we trained all people managers in IT security and authorization.

Furthermore, we support training with audits and continual monitoring to validate understanding of local requirements and collect suggestions for improving our way of working.

Global and local organization

2020 marked the 10th anniversary of our Code of Conduct and compliance program that has gradually evolved. We decided to formalize the compliance program and strengthen our global compliance organi-

zation ensuring that all sales affiliates globally are supported by one of the 17 regional compliance officers.

The new organization convenes the regional compliance officers and our headquarters' compliance functions regularly to develop the compliance program and share best practices. We believe that connecting the global and local perspectives will further accelerate the continuous improvements of the compliance program.

26,729
interactions
disclosed

AIMING BEYOND MANDATORY DISCLOSURE

In 2020, we disclosed the value of 26,729 interactions with healthcare professionals across 36 countries where such disclosures are either mandatory or voluntary. That corresponds to 93% of all of our transfers of value. The remainder represents cases where we did not succeed in obtaining permission from the healthcare professional to disclose the value. In the coming years, we will focus our efforts on the countries in which the disclosure percentage is lower.



"I'm very excited to now be part of the global compliance organization anchoring the ethical culture. I particularly value sparring across regions on international ethics standards and best practice which allows me to be at the forefront of the Chinese market."

Henry Zhang, Legal & Compliance
Associate Director, Lundbeck China

Working with healthcare professionals and patients

In general, the public perception of the pharma industry remains low.¹ At Lundbeck, we continue to be committed to transparency. We believe it is pivotal in building trust. And a key element in creating transparency is disclosure of every interactions' transfer of value we make to individual healthcare professionals and patients and to their respective organizations.

We work with a range of stakeholders, such as healthcare professionals, patients and their respective organizations. We collaborate on research, clinical development, exchange of scientific information and marketing and sales activities.

The interactions we have with these stakeholders are well regulated by national laws and industry association standards, and at Lundbeck we integrate these regulations into our processes, training and guidance.

In our commitment to transparency, we disclose information according to the current laws and regulations. But we wish to go beyond regulation. In 2020, we assessed data availability and quality to design and implement a global process to support measurement and reporting of KPIs on our progress to increase the proportion of healthcare professionals that support disclosures of interactions.

Supplier and third-party obligations

When we provide innovative treatments to patients, we engage suppliers and third parties. When we do

this, it is paramount that our Code of Conduct also applies – throughout our value chain.

To assess and verify compliance, we apply systematic due diligence with regards to respecting human and labor rights, environmental protection and preventing corruption.

The specific risk areas assessed are:

- Conflict of interest
- Financial crime (including corruption, bribery, tax evasion and violations of trade sanctions)
- Promotional misconduct
- Human and labor rights violations
- Significant environmental impact

Often, we combine a due diligence process with training, performance monitoring and compliance audits, where we emphasize continuous open dialogue with our suppliers and third parties.

[EXPLORE FACTBOOK →](#)

Lundbeck's compliance program

Documents, training, monitoring and governance are the elements that ensure we are doing the right thing, continually improve processes and sustain a compliance culture.



A shared responsibility

We are adamant that everyone at Lundbeck should feel safe and included when they come to work. It is a shared responsibility. In the spring of 2020, we formed a global Diversity & Inclusion Forum with volunteers from across our organization. The Forum's task was to discuss how we take Diversity & Inclusion in Lundbeck to the next level and present a plan to our Executive Management.

Building an inclusive organization

In June 2020, our Executive Management decided to include SDG 10 (Reduce inequality) to Lundbeck's commitment to the SDGs. Societal patterns of inequality are often reflected within social institutions and also businesses.

Including SDG 10 will broaden our current commitment on gender equality. It will also help us develop supporting activities to address systemic discrimination based on race, sexual orientation, physical and mental disabilities, income levels and more.

Based on the 2020 Diversity & Inclusion Forum's work, our Executive Management endorsed a two-year plan for 2021-2022 to build an inclusive organization and, at the same time, an organizational D&I toolbox.

In 2021, we will also work on different themes such as unconscious bias and cross-cultural awareness. Further, we encourage establishing local D&I Forums where relevant and we will continue with a global D&

Council, which will act as a sounding board on future initiatives.

Gender equality

One of the Diversity and Inclusion Forum's specific tasks was to explore how gender distribution can become more equal. For some years, we have measured the gender distribution in managerial positions. Until now, the aim has been to ensure that the proportion of the underrepresented gender is at least 40% globally. In 2020, the proportion of female managers was 42% and the gender split for all employees was 47/53%.¹

We have established a target to maintain an overall equal gender split for people managers globally to drive the development. And we plan to address gender equality even more in the coming years by creating more awareness about biases and taking a closer look at our HR-related processes, such as recruitment and promotions.

Lundbeck's Board of Directors has set a diversity target that at least one of the members elected by the shareholders should be of the underrepresented gender. In 2020, there was one female board member out of six members elected by the shareholders and one female board member out of three members elected by Lundbeck's employees.

Taking a stand

In recent years – and in 2020 in Denmark in particular – there has been significant focus, debate and reckoning of sexual harassment in different industries. It has been important to clearly state that we all have

a shared responsibility to make sure our work environment is inclusive, safe and a great place to work for all.

In particular, our managers have a responsibility to lead by example. And we encourage all employees to report inappropriate workplace behavior, harassment, or discrimination that they experience or see.

Everyone can report to a direct manager, HR partner, or anonymously through the global Compliance Hotline or to Lundbeck's Ombudsman.

Our Code of Conduct clearly states that all employees have the right to be treated with respect and that discrimination and harassment of any kind – whether it be related to gender, sexual orientation, nationality, religion, race, or anything else – are not accepted in Lundbeck.



2020 DIVERSITY AND INCLUSION FORUM

This year we took a bottom-up approach and established a global D&I Forum with 32 employees as members, representing 15 different locations from all functional areas. Their task was to look into data, initiatives and communication around Diversity & Inclusion.

¹ The measurement includes all managers globally who have people management responsibilities.

Attractive employer

Diversity brings new perspectives to the table. And ideas and innovative approaches from diverse employees are needed to develop our company and accelerate our sustainability impact.

Diversity among our employees also strengthens our attractiveness as an employer. And we are pleased to note that in August, Lundbeck was ranked the fifth most attractive workplace in Denmark in the Young Professional Attraction Index.

1m USD

COLLABORATION WITH LOCAL COMMUNITY RELIEF ORGANIZATIONS

This year Lundbeck North America committed USD 1m in support of Covid-19 relief efforts in communities where our employees work and live, mainly in the greater Chicago region, Seattle and San Diego. These **donations** enabled local non-profit organizations to provide interim housing and shelter, financial assistance, and primary healthcare and mental healthcare services to vulnerable community members. Lundbeck supports local relief efforts in many of the communities we are part of globally.

This comes on top of noteworthy recognition for Lundbeck Australia, Lundbeck Italy, Lundbeck Group Business Services in Poland, which earlier this year received recognition from Great Place to Work Institute, and Lundbeck U.S., which was recognized as a top employer by both the Chicago Tribune and Great Place to Work Institute.

Safe and healthy in the face of a pandemic year

As the pandemic swept across the world in early spring, employers like Lundbeck had to swiftly address new and pressing health and safety issues. Due to Covid-19, numerous extra health and safety activities have taken precedence to safeguard everyone working for Lundbeck.

Since the outbreak of Covid-19, we have been taking necessary precautions to ensure we can continue to provide treatments for the millions of people who rely on Lundbeck. Our supply chain and safety surveillance remain intact, and we have not experienced any supply disruptions due to the pandemic.

We have also had increased focus on our employees' mental health in these uncertain, unusual and unsafe times. To boost resilience, Lundbeck provided a short series of specific training to address mental health challenges, which everyone was encouraged to take.

[EXPLORE FACTBOOK →](#)



You are stronger
than you think

On a brilliant Sydney morning, it was a privilege to join the annual One Door Mental Health Wellness Walk with Lundbeck Australia as gold sponsors of this community event, now in its 8th year. Walking side by side with our advocacy group partners, people living with mental illness and their families, is a positive way to publicly demonstrate our commitment to brain health. "I'm proud of our 80 strong team, including alliance partners from Otsuka Australia, who participated in the event in separate Covid-safe groups across New South Wales, Queensland, South Australia, Victoria and Western Australia. When I explain to my children what I do at work and what Lundbeck stands for, it is this", says Fredrik Kjær, Managing Director Lundbeck Australia.



3

In this section

18

Introduction to factbook

19

Environment

22

Social

24

Governance

26

Reporting on targets

27

TCFD reference index

28

Accounting principles

30

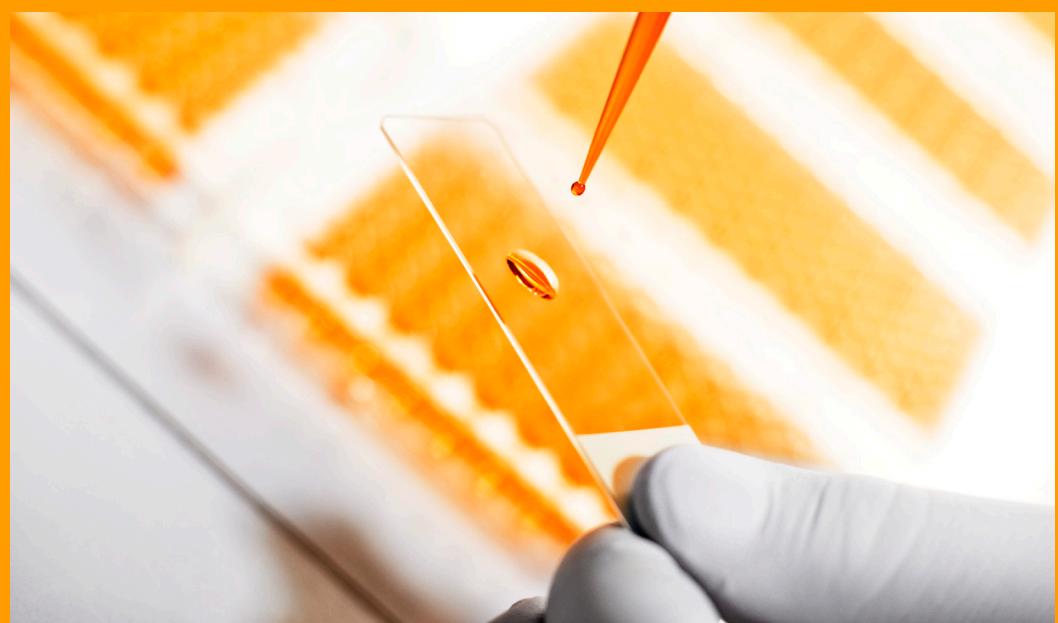
Assurance report

Facts and figures to support our progress

We continuously set ambitious targets, report on progress and disclose a set of externally assured, non-financial indicators across all areas of corporate sustainability and business ethics compliance. This Factbook offers sustainability analysts detailed facts, figures and references on how we govern, manage and monitor sustainability at Lundbeck. The Factbook covers Environmental, Social and Governance (ESG) issues.

19
Environmental responsibility

14%
reduction in carbon
emissions in 2020



A world of sustainability facts

The aim of this factbook is to provide targeted information on our Environmental, Social and Governance (ESG) and sustainability management and performance. You will find facts and figures, status on targets, and reference guidance on where to find further information.

LUNDBECK IN BRIEF

Lundbeck is a global pharmaceutical company with its head office in Denmark, doing business in more than 50 countries, with research facilities in Denmark and the U.S., and a vertical production set-up in Denmark (2 sites), Italy (1 site), and France (1 site).

SUSTAINABILITY STRATEGY

Lundbeck's sustainability activities aim to mitigate risks and adverse impacts related to our business activities and to contribute to solving societal challenges where we can. We remain committed to the UN Global Compact Principles and contribute to addressing seven of the UN Sustainable Development Goals.

ESG MANAGEMENT AT LUNDBECK

Environment, Social and Governance (ESG) on a corporate level is managed by Corporate Compliance & Sustainability, and on a topical level by selected subject matter experts. The Executive Management Group is the steering group for the sustainability strategy. Sustainability risk management is part of our general risk approach described in our [Annual Report](#).

GOVERNING DOCUMENTS

We build our governance around the principles in our [Code of Conduct](#), which are cascaded as needed into manuals, guidelines, policies and standard operating procedures.

OUR STAKEHOLDERS

ESG is a term frequently used in the financial sector, and investors and financial institutions are indeed key stakeholders for us. But equally important to our ESG and Sustainability work are stakeholder groups such as employees, civil society organizations, healthcare professionals, healthcare organizations, patient organizations, communities, suppliers, and third parties.

OUR MATERIAL ISSUES

Based on internal and external stakeholder dialogue and Sustainability Accounting Standards Board (SASB) Materiality Map® for Biotechnology & Pharmaceuticals¹, and SDG impact we continuously calibrate our material issues.

Our current top material issues are:

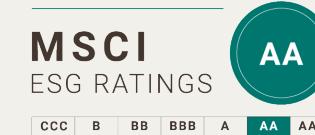
- Patient safety and product quality
- Access to medicine
- Responsible business conduct including anti-corruption, transparent interactions, and promotional compliance
- Employment conditions at Lundbeck and in our value chain, including diversity and inclusion
- The environment, including climate change

ASSURANCE

Selected 2020 indicators presented in the key performance indicators tables on page 19, 20, 21, 23 and 25 have been assessed by PwC in accordance with the ISAE 3000 standard to obtain limited assurance. The assurance report is found on page 30-31.

ESG ACHIEVEMENTS IN 2020

Lundbeck has significantly improved its ESG ratings in 2020 with a concerted effort to report relevant information for investors and analysts. Among our achievements are:



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¹ SASB Standards identify the subset of ESG issues most relevant to financial performance in each of 77 industries.

Environmental responsibility

Our R&D and manufacturing activities are largely based on chemical synthesis, meaning we use considerable amounts of organic solvents and energy, generating waste and air emissions. We manage these environmental impacts diligently to minimize any adverse environmental impacts including impacts from the end-use of our medicines.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Lundbeck believes that protecting the environment is a condition for good health and wellbeing. Our [Environmental work](#) is governed by our Code of Conduct, our [Health, Safety and Environment Policy](#), and [Health, Safety and Environment Strategy](#).

Lundbeck has several positions in relation to the environment. Read online about our positions on

Environmental management

Key performance indicator	Unit	2018	2019	2020	Note
Environmental incidents	No.	6	4	7	
Environmental incidents with impact on the environment	No.	1	0	2	1
Environmental near miss	No.	23	43	34	

Environmental Footprint, Climate Change, Water, and Biodiversity.

ENVIRONMENTAL MANAGEMENT

We have a long-standing history of strong environmental management. Lundbeck's corporate headquarters and our larger research, development and manufacturing facilities are certified to the [ISO 14001:2015](#) standard.

Our target is to have zero environmental incidents with impact on the environment. In 2020 we did not achieve this target due to two incidents that we have reported in accordance with the terms of our environmental permits. They were both minor and did not result in injunctions or fines. We also saw a small increase in environmental incidents without an impact on the environment from 4 to 7, but a drop in near misses from 43 to 34. We take the increase in incidents very seriously and thorough root cause analysis has been carried out in each case to learn and prevent repetition.

PHARMACEUTICAL RESIDUES

We acknowledge stakeholder concerns about pharmaceutical residues in the environment. Residues mainly come from patients' excretion of medicine taken to treat or prevent a disease. We test the environmental effects of new medicinal products and design processes with the least possible environmental impact.

We pursue approaches that balance healthcare needs and environmental considerations in line with the EFPIA's Eco-Pharmaco-Stewardship Initiative to minimize pharmaceuticals in the environment.

Status on 2020 sustainability targets

2020 target	Status	Comment	SDG
Reduce CO ₂ emissions by 4% in 2020 compared to 2019	Achieved	In 2020, we reduced CO ₂ emissions by 14%	 13 CLIMATE ACTION
Obtain 'Science Based Targets initiative (SBTi)' approval of new climate target	Achieved	In December 2020, we obtained an approval of our new climate target	 13 CLIMATE ACTION
Recycle 55% of the solvents used in chemical production	Achieved	We have recycled 68% of solvents	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Zero environmental incidents with an impact on the environment	Not Achieved	Two incidents with an impact on the environment resulted in us not meeting our target	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

¹ Sustainability target for 2020 of zero environmental incidents with an impact on the environment.

CLIMATE AND ENERGY MANAGEMENT

Lundbeck is committed to achieving a zero-carbon economy and setting science-based targets. In 2020, we had a new science-based target approved. We over-performed on our previous science-based target for emissions that expired in 2020.

In 2020, we continued our focus on saving energy and reducing carbon emissions, e.g. by replacing conventional fuel oil with bio-oil. In 2020, the indirect emissions from our purchased energy was also reduced. In total, we achieved a reduction in carbon emissions from production of 14% compared to 2019, achieving our yearly target of 4%. In the same period, our production volume increased and our energy consumption was almost unchanged. We have not purchased certificates of origin in 2020 to achieve this result.

Climate and energy

Key performance indicator	Unit	2018	2019	2020	Note
Carbon and air emission (total)	Tonne	16,016	17,056	14,751	1, 3
GHGs	CO ₂ e	15,973	17,012	14,712	
Organic solvents	Tonne	43	45	39	
Energy consumption (total)	MWh	94,312	99,605	100,724	2
Natural gas, methane, City gas, F-gas	MWh	31,365	33,060	33,961	
Gasoil, bio-oil, diesel	MWh	11,693	12,027	12,882	
District heating	MWh	12,711	12,925	12,330	2
Electricity	MWh	38,543	41,593	41,551	

¹ Scope 1 and 2 emissions. Estimated 95% of GHG emissions is CO₂ emissions.

² Data for district heating in 2019 updated.

³ Data for GHG's in 2019 has been updated due to updated district heating consumption.

LEADERSHIP IN CLIMATE ACTION**Carbon Disclosure Project (CDP)**

Lundbeck is once again proud to be on CDP's A List. Read our latest [CDP Report](#) online.

**Task Force on Climate-Related Financial Disclosures (TCFD)**

We support the TCFD recommendations. See the TCFD Reference Index on page 27 of this report.

**Science-Based Targets**

Lundbeck has obtained an approval of our science-based target, which includes most of our scope 3 emissions. Read more about our science-based target in the [impact section](#) of this report.



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Business Ambition for 1.5°C

Lundbeck has joined visionary leaders around the world by committing to a net-zero, 1.5°C future through the Business Ambition for 1.5°C Campaign. The campaign is an urgent call to action for companies to set ambitious science-based targets from a global coalition of UN agencies, businesses, and industry leaders.



CIRCULARITY, RESOURCE FLOWS AND RECYCLING

Over the years, we have refined the skills and technical capabilities of our chemical production to increase recycling of organic solvents and reduce hazardous waste. We set targets each year to improve and in 2020, we are proud to report that we achieved the target of internal recycling 55% of the solvents used in chemical production. This high-technological production process is developed in collaboration with The Technical University of Denmark.

We also made good progress on increasing the recycling of general waste. In 2020, we implemented a recycling program for all plastic foil, which is used to wrap pallet content at our API manufacturing site in Lumsås, Denmark. We have also successfully launched a recycling program for non-used final packaging material (carton packages and package leaflets) in our Finished Goods Department in Valby, Denmark. This means that in 2020, we have sent less waste to incineration. In 2021, we will increase the focus on general waste even though the amounts are relatively small, and we have set a target to recycle 62% of all waste.

We work continuously to reduce our consumption of water and waste water and have significantly done so over the years to a very low level. In 2020, we have made significant savings on water consumption mainly due to technological improvements and optimization activity in the cooling system circuit at our production site in Padova, Italy, but also due to a different production mix, as water is primarily used for cleaning equipment. We also managed reduction which can be partly contributed to automation of the waste water management system at our production site in Valbonne, France.

Circularity, resource flows and recycling

Key performance indicator	Unit	2018	2019	2020	Note
Finished goods production (total)	Units	2,258,194,100	2,252,128,380	2,514,461,932	
Chemical production (total)	Tonne	339	406	369	
Raw materials (total)	Tonne	3,758	4,127	3,874	
Organic solvents	Tonne	3,667	4,043	3,793	
API	Tonne	83	75	72	
Cleansing agent	Tonne	8	9	9	
Waste (total)	Tonne	12,525	14,157	15,025	3
Chemical waste	Tonne	11,384	12,900	13,577	
<i>Recycling</i>	Tonne	1,278	1,217	1,256	
<i>Incineration</i>	Tonne	6,226	7,057	6,507	1
<i>Biological treatment</i>	Tonne	3,880	4,626	5,815	
<i>Landfill</i>	Tonne	0	0	0	2
General waste	Tonne	1,141	1,256	1,448	3
<i>Recycling</i>	Tonne	679	769	985	3
<i>Incineration</i>	Tonne	460	487	459	
<i>Landfill</i>	Tonne	2	0	4	
Water consumption (total)	m ³	374,406	285,671	238,008	
Potable water	m ³	198,158	195,289	182,291	
Unfiltered water	m ³	176,248	90,382	55,717	
Waste water	m ³	344,731	252,219	201,937	

CUTTING SOLVENT AIR EMISSIONS

In October, the new Regenerative Thermal Oxidiser plant at our manufacturing facility in Lumsås, Denmark was inaugurated by our CEO. The EUR 9m project is an important statement of our commitment to the responsible production of medicines and sustainability. We expect to reduce our solvent air emissions to only 10% of what they are today.

¹ A part of waste for incineration from production facility in Lumsås (Denmark) 2018 and 2019 reclassified as biological treatment.

² Waste for landfill from production facility in Padova (Italy) in 2018 and 2019 reclassified as biological treatment.

³ Wood pallets included in recycling from 2020 only.

Management of social issues

In the social area, Lundbeck's most material issue is product and patient safety which is very robustly managed and governed. Access to medicine is a very material area and we have launched a new 2030 Access to Brain Health strategy to develop our efforts further in the coming years. We also consider conditions for people working for us and our business partners as part of our social responsibility.

ACCESS TO MEDICINE

For information on Lundbeck's drug donation program, our position papers, disease awareness material and patient support programs see the [impact section](#) of this report.

Pricing

Lundbeck acknowledges the challenges faced by healthcare systems under pressure from rising demands and we recognize concerns expressed on the affordability of innovative medicines. See more in our [global pricing position](#).

Combating counterfeit products

We take stringent measures to secure our supply chain and ensure that genuine Lundbeck medicines reach patients every time. We protect the integrity of our products by labeling packages with batch numbers, serial numbers and 2D matrix technologies.

We use transport companies that have been risk assessed, audited if evaluated necessary and managed through service agreements.

We collaborate with customs authorities to surveil shipments claiming to contain Lundbeck products and engage with international organizations dedicated to fighting counterfeit medicine.

PATIENT SAFETY

The Lundbeck Safety Board is the primary safety governance body at Lundbeck with a mandate to pause development activities globally for safety reasons, including to escalate safety issues directly to the CEO.

In 2019, a Chief Medical Officer role was introduced and fully implemented in procedures in 2020. The role is linked to the Chair role of the Lundbeck Safety Board.

A Covid-19 emergency plan (Business Continuity Plan) for patient safety was activated in March and is still ongoing, with solid planning securing no disruptions in safety obligations, procedures or staffing over the year.

In 2020, all employees globally were required to complete an online awareness training on patient safety / pharmacovigilance.

PRODUCT QUALITY

Product quality is paramount and a key priority at Lundbeck. All our sites are subject to both internal and external Good Process (GxP) audits as well as regulatory audits.

All Lundbeck sites hold the necessary certifications to operate as a pharmaceutical manufacturer, and we cascade our standards in our value chain through audits and trainings relating to Good Manufacturing Practices and Good Distribution Practices.

In 2020, there has been a reduction of physical audits due to the Covid-19 pandemic. But critical audits in our supply chain have been carried out via digital, physical and virtual audits.

PROMOTIONAL ACTIVITIES

Promotion of medicinal products is strictly regulated and monitored by local authorities and industry associations. We are committed to complying with applicable laws, regulations and industry codes. This means maintaining processes and providing extensive training to ensure that promotional activities are appropriately assessed.

Lundbeck's promotional and advertising review committee assesses promotional activities, including materials, produced at our headquarters. Our affiliates are responsible for ensuring that promotional activities, including materials, are assessed in accordance with applicable rules, before the materials are used within the specific local market.

Status on 2020 sustainability targets

2020 target	Status	Comment	SDG
Engage all Lundbeck offices in local World Mental Health Day activities	Achieved	63 Lundbeck and 3 partner offices participated	3 GOOD HEALTH AND WELL-BEING
Establish a product donation partnership	Achieved	Partnership agreement with IHP signed in December	3 GOOD HEALTH AND WELL-BEING
Strive to maintain an overall equal gender split for people managers globally	Achieved	Lundbeck maintains an equal gender split for people managers globally at 42/58%	5 GENDER EQUALITY
Reduce lost time accident frequency ≤ 5	Not Achieved	Lundbeck's lost time accident frequency at 5.5	8 DECENT WORK AND ECONOMIC GROWTH

WORKING AT LUNDBECK

Our employees are our most important and critical resource. At Lundbeck, we ensure respect for the individual and the continuous development of our employees. And we consider staying safe and healthy at work a fundamental right for all.

Diversity and inclusion

Lundbeck is a diverse company determined to build an inclusive high-performance culture that allows all employees to enrich their professional skills and career within Lundbeck without discrimination. In 2020, we conducted training on respect in the workplace and updated our global [Diversity and Inclusion Policy](#).

Employee satisfaction and development

All employees globally participate in an annual [Employee Satisfaction Survey](#), where results of the survey are shared internally, and action plans are put in place where necessary.

All employees are also appraised annually and have an opportunity to discuss individual training needs and career aspirations with their immediate manager.

For more information about working at Lundbeck, visit our [career pages](#).

Occupational Health and Safety

It is key for Lundbeck that we provide a safe and healthy workplace and inclusive culture. This is addressed and enforced through regular training, awareness campaigns, and internal audits.

Lundbeck's Health and Safety performance is governed by our Code of Conduct, our [Health and Safety Policy](#) and our [Health and Safety Strategy](#).

Due to Covid-19, this year's efforts have been directed at persons working on-site and those working from

home. For persons who have had to come to work physically on-site, Lundbeck has taken all precautions to keep these people safe. We are happy to report a decrease in accident frequency of 11% in 2020 compared to last year, due to preventive actions and less activities on our sites caused by Covid-19 measures. We were however not successful in reaching our 2020 target of a frequency of lost time accident rate below 5, with a rate for the full year of 5.5. We did unfortunately experience a serious working accident at our production site in Valbonne, where an employee sustained a bone fracture to his leg. Our systematic approach to risk assessment has kept the number of work-related diseases very low in recent years. Two allergy cases related to use of gloves were the work-related diseases registered in 2020.

Lundbeck's corporate headquarters and our larger research, development and manufacturing facilities are certified to the OHSAS 18001 Health and Safety Management System. In 2020, all applicable sites have qualified to replace our OHSAS certification with an ISO 45001 standard certification.

WORKING STANDARDS IN OUR VALUE CHAIN

All raw material suppliers for commercial production and Contract Manufacturing Organizations are subject to a human rights and environmental due diligence prior to engagement with Lundbeck, as well as ongoing monitoring. All such facilities located outside EU/ESS and North America are audited by qualified Lundbeck staff for health & safety, employment and environmental conditions.

Third parties and suppliers are contractually bound to adhere to local and internationally recognized labor, human rights and environmental standards.

Critical or material collaboration partners and suppliers are contractually required to adopt our [Third Party](#)

[Obligations](#), which bind them to adhere to relevant sections of Lundbeck's Code of Conduct.

HUMAN RIGHTS STATEMENT

In 2020, we updated our [human rights statement](#), expressing our commitment to respect human rights. Additionally, we are advocates for the respect of human rights in relation to mental health. It is a tragic fact that people living with mental health conditions can be amongst the most vulnerable in society, enduring incarceration, chaining, coercion and over-medicalization, stigma and exclusion.²

Data privacy

Read our [Data Privacy Policy](#) to find out more about how we at Lundbeck are committed to safeguarding the rights of patients, research and business partners and our employees, in accordance with applicable personal data legislation.



PHYSICALLY AND MENTALLY HEALTHY

In 2020, Lundbeck joined the International Association for Suicide Prevention's Cycle the Globe campaign aimed at raising awareness about suicide prevention and supporting World Suicide Prevention Day. 330 Lundbeck colleagues around the world participated in the campaign and biked a grand total of 67,204 kilometers to raise awareness about suicide prevention and keep themselves physically and mentally healthy – particularly important during a Covid-19 period.

Health and safety

Key performance indicators	Unit	2018	2019	2020	Note
Work-related accidents with absence	No.	25	23	20	
Work-related near miss	No.	494	554	470	
Work-related accidents without absence	No.	98	91	66	
Work-related diseases	No.	1	2	2	
Frequency of lost time accidents	Frequency	7.5	6.2	5.5	1
Fatalities	No.	0	0	0	

¹ Sustainability target for 2020 of lost time accidents frequency ≤ 5.

² <https://www.uhc2030.org/blog-news-events/uhc2030-blog/putting-mental-health-firmly-into-uhc-efforts-is-critical-to-the-success-of-uhc-and-will-reap-benefits-far-beyond-the-health-sector-555439/>

Governance and compliance

Our Code of Conduct Compliance Program ensures that relevant risks are identified, that procedures to manage them are established, understood and being followed, and that monitoring activities identify and manage needed improvements.

RESPONSIBLE BUSINESS CONDUCT

Our [Code of Conduct](#) is the backbone of our ethics and compliance culture and is available in 11 different languages. It conveys our commitments and expectations to our employees for areas critical to the pharmaceutical industry. All employees and third parties working on Lundbeck's behalf are obliged to observe the Code of Conduct and any stricter local regulations.

COMPLIANCE MANAGEMENT

The global and local procedures around the Code of Conduct contain more operational requirements and good practices. Lundbeck maintains a Good Practice (GxP) quality management system for patient and product safety to control risks, continually improve processes and meet regulatory expectations.

Our audits and monitoring efforts aim to validate understanding of the requirements and capture suggestions for improvements of the processes and controls. Lundbeck's auditors provide feedback with corrective and preventive actions to ensure local management ownership and follow-up.

TRANSPARENT INTERACTIONS

We are committed to transparency and we are a member of the European Federation of Pharmaceutical Industries Associations (EFPIA).

We [disclose the transfers of value](#) we make to individual healthcare professionals and patients and to their respective organizations. In 2020, we disclosed the value of 26,729 interactions with healthcare professionals across 36 countries where such disclosures are either mandatory or voluntary.

Read more about interactions with [healthcare professionals and patients](#), a [methodological note on disclosures](#) and [Lundbeck's EFPIA Disclosure Code, Self-Certification Scheme](#).

SUPPLIER AND THIRD PARTY DUE DILIGENCE

Our supplier and third party due diligence process specifically looks at identifying and mitigating risks in relation to: conflict of interest; financial crime including bribery, tax evasion and violations of trade sanctions; promotional misconduct; human and labor rights violations; and significant environmental impacts.

The due diligence process takes a risk-based approach and targets goods, services and collaborations where the risks are most prevalent: in chemical manufacturing, customs clearance, product price negotiations, obtaining product marketing authorizations, organizing promotional or educational events, and when selling Lundbeck products.

In 2020, our internal experts conducted 100 due diligences to identify and mitigate 35 specific risks in relation to suppliers and third parties.

Read more about our [due diligence](#) process on our webpage, see the [areas covered](#) by our due diligence process, and the contractual [obligations](#) that third parties are required to adhere to.

ENABLING SAFE REPORTING

We encourage everyone to have ongoing dialogue on compliance and ethics with their colleagues and manager. However, we realize that some questions, dilemmas or concerns might not be discussed openly, which is why we have a [Compliance Hotline](#) and a

Status on 2020 sustainability targets

2020 target	Status	Comment
Annual Code of Conduct training completed by all employees at work globally	Achieved	Annual training launched in November. Achieved a 99.8% completion rate
Work to increase proportion of healthcare professionals supporting disclosure of collaborations compared to the previous reporting year	Achieved	We have developed a data model, established baselines, identified gaps and evaluated approaches

86%

ANNUAL TRAINING

Every year, we ask all employees to complete our global Code of Conduct training. In 2020, the e-learning featured ethical dilemmas relating to working from home, using Social Media, managing conflict of interest and personal accountability. In short videos, key managers presented their personal perspectives on good practices. The feedback was positive: 86% of our employees rated the training as either 4 or 5 stars (1-5 scale).

non-retaliation policy. Our substantiation rate has over the past five years been in the range of 30% to 50%. In 2020, we have worked to increase visibility of the compliance hotline via internal awareness campaigns and externally on localized Lundbeck websites. Read more on what [allegations can be reported](#).

AUDITS AND MONITORING

Internal audits

Due to the global Covid-19 pandemic we shifted focus from physical audits and monitoring to virtual and desktop based approaches in 2020. We have been able to scale up certain activities as the time effectiveness of monitoring, for instance, a commercial event virtually has provided us with opportunities to join more activities than what is possible physically. Thus we can report an increase in the total number of internal audit activities in 2020.

External audits

Also due to the global Covid-19 pandemic we have in 2020, where possible, conducted virtual and desktop based audits to ensure business continuity from an audit and monitoring perspective. In cases where it was not possible to conduct a virtual or desktop audit, such activities were postponed, for instance HSE audits. Hence the decrease in total number of external audit activity in 2020.

CLINICAL TRIALS

Clinical trials are outsourced and continuously monitored on regulatory Good Practice requirements, as well as all relevant requirements from Lundbeck's Code of Conduct.

Lundbeck registers clinical trial protocols and discloses the results of clinical trials, regardless of outcome, in a publicly accessible clinical trial registry ([ClinicalTrials.gov](#)). In addition, clinical trial protocols and results information submitted by Lundbeck to the EudraCT

database is made publicly available by the European Medicines Agency (EMA) via its clinical trial registry: <https://www.clinicaltrialsregister.eu>. Clinical trial reports will be accessible on the EudraCT site in accordance with EMA POLICY/0070. Non-interventional studies may also be disclosed if, for example, they are considered to provide important safety data.

Lundbeck will seek to ensure that disclosure of clinical trial information follows the IFPMA, EFPIA, JPMA, and PhRMA joint position paper "Disclosure of Clinical Trial Information via Clinical Trial Registries and Databases", the Declaration of Helsinki and other relevant clinical trial disclosure requirements.

ANIMAL TESTING

It is required by Health Authorities that animals are used to ensure that new medicines are safe and efficacious. Lundbeck is committed to ensure [ethical treatment of animals](#) used in laboratory settings.

Lundbeck's Animal Care and Use Committee oversees all experiments on animals and reviews animal models on a continuous basis using the principles of replacement, refinement and reduction of animals (3Rs) to which we are fully committed. We also work with others on the 3Rs for continuous improvements and actively support the National 3R Center in Denmark.

All employees working with animals have appropriate and documented education (FELASA standards) and training.

Our animal testing approval committee consists of: a Chairman (SVP level), a researcher with hands-on experience, a representative from Animal facilities, laboratory animal veterinarians, a lay person and an external expert in laboratory animal science.

PUBLIC AND POLITICAL INFLUENCE

We comply with the Danish lobby codex for pharma-

ceutical association. Global affiliates follow local legislation.

Our EU lobbying activities are registered in the official transparency register, but we currently do not have any activities.

In the U.S., we are required to report quarterly to Congress (searchable through a public database) the costs associated with lobbying on behalf of Lundbeck (which includes our consultants and trade association dues attributable to lobbying), and also discloses the issues we lobby on.

CORPORATE GOVERNANCE

Our [governance framework](#) consists of rules and principles that support sustainable financial performance and long-term value creation for our shareholders and

for our societies. More information is also available in our [Statutory Corporate Governance Report](#).

TAX POLICY

[Lundbeck's Tax policy](#) is reviewed and approved by our Board of Directors annually. For 2020, Lundbeck disclosed country by country level tax in countries classified as tax havens by the IMF and EU, and plans to extend disclosures further in the coming years. Lundbeck is not engaged in artificial or opaque structures that are intended for tax avoidance or have no commercial substance.

BOARD LEVEL COMMITTEES

The Board of Directors has set up three advisory committees: The Audit Committee, the Remuneration & Nomination Committee and the Scientific Committee. More can be read in our [Statutory Corporate Governance Report](#).

Governance and compliance

Key performance indicators	Unit	2018	2019	2020	Note
Total sum of all audits	Number	383	314	344	
Sum of internal audits	Number	226	132	212	
Patient & product safety audits	Number	66	75	71	
Health, Safety & Environment audits	Number	17	7	8	
Business ethics and internal control audits	Number	143	50	133	1
Sum external audits	Number	157	182	132	
Patient & product safety audits	Number	144	166	120	
Health, Safety & Environment audits	Number	10	14	2	
Business ethics and compliance audits	Number	3	2	10	
Compliance hotline reports	Number	15	28	24	

Sustainability targets

Issue	2021 target	2020 target	SDG impact
Access to brain health	<p>Ensure all disease awareness sponsorships within psychiatry measurably support suicide prevention or mental health awareness</p> <p>Donate treatment for at least 900 patients through new product donation partnerships in low- and middle-income countries</p>	<p> Engage all Lundbeck offices in local World Mental Health Day activities</p> <p> Establish a product donation partnership</p>	3 GOOD HEALTH AND WELL-BEING
Business ethics	<p>Annual Code of Conduct training completed by all employees at work globally</p> <p>Increase proportion of healthcare professionals supporting disclosure of collaborations compared to the previous reporting year</p>	<p> Annual Code of Conduct training completed by all employees at work globally</p> <p> Work to increase proportion of healthcare professionals supporting disclosure of collaborations compared to the previous reporting year</p>	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Climate action	Reduce total carbon footprint across own operations, supply and distribution in line with our Science-Based Target ¹	<p> Reduce CO₂ emission by 4% in 2020 compared to 2019</p> <p> Obtain 'Science Based Targets initiative (SBTi)' approval of new climate target</p>	13 CLIMATE ACTION
Environmental management	<p>Recycle 60% of the solvents used in chemical production</p> <p>Recycle 62% of all general waste</p>	<p> Recycle 55% of the solvents used in chemical production</p> <p> Zero environmental incidents with an impact on the environment</p>	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Diversity and inclusion	<p>Build an inclusive organization with a first initiative focusing on unconscious bias across the organization</p> <p>Maintain an overall equal gender split for people managers globally</p>	<p> Strive to maintain an overall equal gender split for people managers globally</p>	10 REDUCED INEQUALITIES 5 GENDER EQUALITY
Health and safety	Reduce lost time accident frequency ≤ 5	<p> Reduce lost time accident frequency ≤ 5</p>	8 DECENT WORK AND ECONOMIC GROWTH

Achieved Not achieved

Climate-Related Financial Disclosures (TCFD) Reference Index

Reporting according to TCFD

Lundbeck supports the TCFD recommendations and believes they provide a useful framework to increase transparency on climate-related risks and opportunities within financial markets. As part of our support for the TCFD recommendations, Lundbeck comprehensively reports on governance, strategy, business opportunities, and risks related to climate change through the Climate Disclosure Project (CDP). In the table to the right is a summary and reference index. You can find our latest full **CDP disclosure** on our website.

Summary and reference index of Lundbeck's TCFD reporting

	Governance	Strategy	Risk management	Metrics and targets
A	<p>Describe the board's oversight of climate-related risks and opportunities.</p> <p>The CEO has the overall responsibility of the sustainability strategy and presents major decisions to the board when relevant.</p> <p>CDP 1.1b</p> <p>A key risk overview is reviewed by our Audit Committee and shared with the Board of Directors.</p> <p>CDP 2.2</p>	<p>Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.</p> <p>Our risks and opportunities all have low impact, except physical risks of exposure to extreme weather events that can affect our sites, partners and suppliers, and conversely the opportunity to maintain a strong and resilient supply chain and own production.</p> <p>CDP 2.3a and CDP 2.4a</p>	<p>Describe the organization's processes for identifying and assessing climate-related risks.</p> <p>Risks on both company and asset level, covering both direct operations and our upstream and downstream value chain, are identified and managed in our corporate risk management system.</p> <p>The Risk Office assesses the overall risk exposure and discusses it with the Executive Management.</p> <p>CDP 2.2</p>	<p>Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</p> <p>Emissions are reported annually in accordance with the Greenhouse Gas (GHG) Protocol (revised edition) in our CDP response and are broken down by type, country and business division.</p> <p>CDP 4</p>
B	<p>Describe management's role in assessing and managing climate-related risks and opportunities.</p> <p>Risks including related mitigating actions and opportunities are assessed regularly by the Executive Management and reviewed together with the Board of Directors.</p> <p>CDP 1.2a</p>	<p>Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.</p> <p>CDP 3.1d, 3.1e and 3.1f</p>	<p>Describe the organization's processes for managing climate-related risks.</p> <p>The Risk Office assesses the overall risk exposure and discusses it with the Executive Management. A key risk overview is reviewed by our Audit Committee and shared with the Board of Directors.</p> <p>CDP 2.2</p>	<p>Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks.</p> <p>Lundbeck discloses our Scope 1, Scope 2 and Scope 3 emissions through our CDP submittal and publishes our Scope 1 and 2 emissions in our Sustainability Report and on our website.</p>
C		<p>Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p> <p>We do prepare scenario analysis using climate modeling scenarios predicting temperature increases. In 2021, our process for this analysis will be evaluated with a view to strengthen cross-functional involvement.</p> <p>CDP 3.1b</p>	<p>Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.</p> <p>See above.</p> <p>CDP 2.2</p>	<p>Describe the targets used by the organization to manage climate-related risks and opportunities.</p> <p>We have several targets to manage our climate-related risks and opportunities. See the Impact section of this report for our new science-based target.</p> <p>CDP 4.1a</p>

Accounting principles

Lundbeck is committed to transparency and disclosure. Here you will find the accounting principles, including the definitions for the key performance indicators we report on.

Reporting period

All reported data are covering a full year period (1 January to 31 of December 2020).

Controls

For the HSE data gathered at local sites, the quality assurance process makes sure that all attached documentation is crosschecked and signed off by management. It is a requirement that data must be traceable back to the primary source. Deviations in data of more than 5% compared to the previous year must always be explained.

Scope

The scope for reporting Lundbeck HSE data is all sites of development, research and chemical/pharmaceutical production owned/controlled by Lundbeck. Administration is not included unless being part of a site of development, research or chemical/pharmaceutical production. Sales organizations are not included and development, research and chemical/pharmaceutical production sites of less than 50 employees are not included. This scope covers 40-45% of all Lundbeck Group employees, but the reported scope is assumed to cover a significantly larger proportion of the Group's total values on the reported HSE KPIs. The scope of the business ethics reporting is all sites and all employees.

Definitions

Air emission

Solvent emissions are established from online systems/meters in the discharge or from consumption and fixed evaporation percentages.

Biological treatment

Waste treated in a biological treatment plant. Sludge is disposed to the soil.

Business ethics and compliance audits (external)

Compliance reviews of third parties and suppliers (based on contractual requirements and requirements stipulated in Lundbeck's third party obligations), and information security reviews of external personal data processors.

Business ethics and internal control audits (internal)

Compliance reviews, financial audits and reviews, audits and monitoring of field-based activities and employees.

Carbon and air emission

Carbon and air emission include GHGs and organic solvents.

Chemical production

Chemical production of Active Pharmaceutical Ingredients (API).

GHG emissions

CO₂e emission includes scope 1 (own produced energy) and scope 2 (purchased energy). Energy consumption is converted to CO₂e emission by emission factors from public sources or from our energy suppliers. CO₂ emission is an estimated 95% of total GHGs.

Compliance hotline reports

Reported concerns that involve legal, serious financial and reputational risks as specified at <https://www.lundbeck.com/global/compliance-hotline>.

Energy consumption

Energy is divided into: gas (natural gas/methane or city gas), gasoil, bio-oil, district heating and electricity.

Environmental incident

Accidental and unintentional release where the released substance is out of control and has had or is having a negative effect on the external environment. Incidents have an impact on the environment only if severity is rated "High" or "Catastrophic".

Environmental near miss

Contained spill (no or little spill) which did not have an adverse environmental effect/impact. The near miss could have escalated to an environmental incident had the circumstances been a little different.

Fatalities

An accident or injury resulting a casualty.

Definitions – continued

Finished goods production

Pharmaceutical production is established in production units (e.g. one package of finished goods).

Frequency of lost time accidents

Statistics and frequency of lost time due to absence is only based on data related to internal Lundbeck employees. Number of employees are pulled from a database for the reporting year. Number of employees consist of corporate full-time, part-time and temporary employees. Employees do not include contractors from various maintenance firms, who are given direction by their own supervisor who in turn is given direction by a Lundbeck (or subsidiary) employee.

Total number of man-hours is calculated using an estimate of 225 working days a year, 7.4 hours per day. The absence frequency is estimated as the number of lost days per 1 million work hours.

Health, Safety & Environment audits

Process for verifying that our internal operations, as well as the operations of our suppliers and third parties, meet our expectations and requirements with regards to health & safety performance, human and labor rights performance (applicable for suppliers and third parties), and environmental performance.

Patient & product safety audits

Includes the following audit areas: Good Clinical Practice, Good Laboratory Practice, Good Manufacturing Practice, Good Distribution Practice, Medical Regulatory Clinical Quality Assurance (MRC QA), Pharmacovigilance Audits, Chemistry, Manufacturing, and Controls Quality Assurance (CMC QA), Corporate Product Quality (CPQ), and Animal Welfare.

Raw materials

Consumption of organic solvents, Active Pharmaceutical Ingredients (API) and cleansing agents. Organic solvents consist of chemical compounds used in research and production.

Total sum of all audits

Consolidated sum of Patient and product safety audit, Health, Safety & Environment audits, Business Ethics and compliance audits (external), Business Ethics and Internal Control audits (internal).

Waste

Waste is divided into "Chemical waste" and "General waste". For some categories of waste, data from November and December are based on assumptions, due to lack of primary data.

Water consumption

The total quantity of water used. Potable water from supplier (tap water). Unfiltered water is water from own well/ground water.

Waste water

Waste water includes tap water and treated/discharged ground water.

Work-related accident with absence

An undesired event or exposure that gives rise to personal injury and results in more absence than the day the event took place.

Work related accident without absence

An undesired event or exposure that gives rise to personal injury.

Work related diseases

A disease that is caused by prolonged exposure at work and recognized as a disease by the competent authority. Chronic work-related diseases are only recorded once in Lundbeck data collecting process.

Work related near miss

A sudden, unexpected incident or situation where no personal injury occurs, but a notable event so that injury could have resulted had circumstances been a little different.

LOOKING FOR MORE?

Detailed accounting principles can be found at our [website](#).

REPORTING TO REGULATION

Our Sustainability Report is released as part of the Annual Reporting suite.

The Sustainability Report contains Lundbeck's non-financial reporting on sustainability according to the Danish Financial Statements Act. This report is Lundbeck's statutory statements on 99a, 99b and 107d, and consequently, the 2020 Sustainability Report is part of the [2020 Management Review](#).

The report is prepared in line with the requirements for non-financial reporting as outlined in the EU Reporting Directive.

Independent Limited Assurance Report to the Management of H. Lundbeck A/S

The Management of H. Lundbeck A/S (“Lundbeck”) engaged us to provide limited assurance on the Selected data described below for the period 1 January – 31 December 2020 in accordance with Lundbeck’s Accounting principles.

Our conclusion

Based on the procedures we performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected data for the year ended 31 December 2020 have not been prepared in all material respects, in accordance with the accounting principles as stated on pages 28-29 of this report ('Accounting principles').

This conclusion is to be read in the context of what we state in the remainder of our report.

What we are assuring

The scope of our work was limited to assurance on Selected data for the period 1 January – 31 December 2020 in the section "Factbook" (pages 17-25) in Lundbeck's Sustainability Report 2020, namely ("Selected data")

- Environmental management: data on "Environmental incidents with impact on the environment" (page 19)
- Climate and energy: data on "Carbon and air emissions (total)" and "Energy consumption (total)" (page 20)

- Circularity, resource flows and recycling: data on "Finished goods production (total)", "Chemical production (total)", "Organic solvents", "Waste (total)", "Biological treatment", "Recycling (General waste)", "Water consumption (total)" and "Waste water" (page 21)
- Health and safety: data on "Work-related accidents with absence", "Work-related diseases", "Frequency of lost time accidents" and "Fatalities" (page 23)
- Governance and compliance: data on "Sum of internal audits", "Sum external audits" and "Compliance hotline reports" (page 25)

We assessed the Selected data using Lundbeck's Accounting principles as set out on pages 28-29 of this report.

Professional standards applied and level of assurance

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' and, in respect of the greenhouse gas

emissions, in accordance with International Standard on Assurance Engagements 3410 'Assurance engagements on greenhouse gas statements', issued by the International Auditing and Assurance Standards Board. Greenhouse Gas quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our independence and quality control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other ethical requirements founded on fundamental principles of integrity, objectivity,

professional competence and due care, confidentiality and professional behaviour. The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. Our work was carried out by an independent multidisciplinary team with experience in sustainability reporting and assurance.

Understanding reporting and measurement methodologies

The Selected data in scope needs to be read and understood together with the Accounting principles, as set out on pages 28-29 of this report, which Lundbeck Management is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Work performed

We are required to plan and perform our work in order to consider the risk of material misstatements of the Selected data. In doing so and based on our professional judgement, we:

- made inquiries and conducted interviews with Lundbeck's management with responsibility for management and reporting of the Selected data, to assess reporting and consolidation processes, use of company-wide systems and controls performed;
- checked data on a sample basis to underlying documentation, and evaluated the appropriateness of quantification methods and compliance with the Accounting principles;
- conducted analytical review of the Selected data and trend explanations submitted by all reporting entities for consolidation at Group level; and
- evaluated the obtained evidence.

Management's responsibilities

Management of the Lundbeck Group is responsible for:

- designing, implementing and maintaining internal control over information relevant to the preparation of the Selected data that is free from material misstatement, whether due to fraud or error;
- establishing objective Accounting principles for preparing the Selected data;
- measuring and reporting the Selected data based on the Accounting principles and evidencing the Selected data; and
- the content of the Lundbeck's Sustainability Report 2020 and Accounting principles.

Our responsibility

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Selected data are free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures performed and the evidence obtained; and

- reporting our conclusion to the Management of Lundbeck.

Copenhagen, 4 February 2021

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
(CVR no. 3377 1231)

Lars Baungaard
State Authorized Public Accountant

Torben Jensen
State Authorized Public Accountant

