Lundbeckfonden’s Sustainability Policy

1. Introduction
Lundbeckfonden is an enterprise foundation with multiple roles as owner, investor and philanthropist. Our aspiration is to fulfil these roles in a way that is environmentally, socially and financially sustainable and we believe in the value of good corporate governance. We have signed the UN Global Compact and use the ten principles on human rights, labour rights, environment, and anti-corruption to guide our work across all activities.

Our activities are centred around bioscience, human health and Denmark’s healthcare sector and delivered through a wide range of external commitments and partnerships. This policy defines the guiding principles for our work on sustainability covering all areas.

2. Our sustainability focus areas
Based on our purpose, strategy and core activities we have chosen four SDG focus areas to guide our value creation. These are:

**Improving health and quality of life starting with the brain**
Bringing new biomedical discoveries to the lives of patients and their relatives is a core part of the Foundation’s purpose. Our scientific grants focus on neuroscience with the potential to generate discoveries related to brain diseases, our ownerships are focused on the healthcare industry and our biotech investments focus on companies who address unmet medical needs.

**Supporting responsible economic growth and job creation**
Our roles as long-term business owners and direct investors gives us a co-responsibility for the economic and societal footprint of Denmark’s healthcare sector. We seek to carry out our ownership roles in ways where financial value creation is well balanced with the need for long-term societal value and well-being of employees.

**Pioneering innovation within healthcare**
We invest in research, people and companies at the frontier of their fields in order to drive innovation. We support our companies and university partners in their quest for innovation and we have grants and investments which are dedicated to early-stage innovation in lifescience.
Promoting sustainable practices and good governance
Our multiple roles as owner, investor and philanthropist require extensive collaboration with external partners and stakeholders. We want to be a responsible and constructive partner, who is transparent, reliable and guided by clear principles, which also reflect our internal practices.

3. Sustainability in practices

3.1. Our internal practices

Environmental issues
Although our climate footprint is primarily by our ownerships and investments, we seek to reduce our internal CO2e-emissions. Being an enterprise Foundation with no production activities and facilities, we have no scope 1 emissions to report. We track and report our scope 2 emissions and have taken measures to be able to track scope 3 emissions in the future.

As air travel is a significant part of our CO2 footprint, we seek to limit unnecessary travel and use high quality carbon offsetting to compensate for air travel that we deem necessary in our activities. We have also taken actions to encourage our employees to transition to electrical vehicles for work related transportation.

Social issues
The employees of the Foundation represent different genders, educational backgrounds, experiences, ages, and nationalities. We see our differences as a source of innovation and quality assurance and we want to foster an environment where our employees thrive.

We regularly conduct employee engagement surveys to track wellbeing and progress. Employee remuneration is based on market benchmarking based on external data to ensure fairness in our structures. We also disclose diversity data in our annual reporting.

Governance
Our governance structure is based on four core principles: Compliance, independence, transparency, and checks & balances.
We annually review our governance vis-à-vis Denmark’s two sets of official ‘Recommendations; The Recommendations on Foundation Governance, which applies to enterprise foundations and the Recommendations on Corporate Governance, which applies to listed companies. We disclose and explain all potential cases of divergence and strongly oppose all kinds of corruption and violations of human rights and avoid partners and vendors etc. that do not adhere to these values.

3.2. Good R&D practise

We consider animal experiments and clinical trials instrumental in the advancement of scientific discoveries and the development of new medicines. The Foundation is not directly engaged in scientific experiments but expects all grant recipients, direct investments and ownerships to comply with the principles of ‘Good Research Practise’ set forth by the Medical Research Councils.

With regard to the use of animals in research, the Foundation expects its partners and recipients to actively support the 3Rs (replacement, reduction & refinement) in their approach to animal-based research and assume responsibility for ensuring that all animal experiments conducted at Danish or foreign institutions comply with the national rules and legislation.

With regard to clinical trials, we expect our partners and grant recipients to conduct all trials and clinical research activities in accordance with national laws, international conventions, as well as international ethical and human rights principles. These principles respect the rights, integrity, and dignity of all participants - to ensure their safety and well-being.

With regard to our philanthropic grants and activities, our aim is to support projects of high scientific standard and we believe that scientific research data should be reproducible. We also believe that scientific leaders should engage themselves in building the next generation of scientific talents and invest time in talent development and diversity and inclusion. We also take active measures to ensure an inclusive and non-biased application, screening and selection process

3.3. Responsible investment and ownership

The Foundation consider ESG-performance when evaluating the attractiveness of new financial investment cases and exclude investments in companies which produce controversial weapons or tobacco.
Financial investments are screened biannually through an independent third party ESG rating and analytics firm to assess compliance with ESG-standards or breaches of exclusion criteria. We expect our external financial managers to have high ESG-standards.

We encourage our strategic ownerships and direct investments to pursue an ambitious sustainability agenda and use our Board representation to push the agenda further.

Overall, we expect our strategic ownerships to show;

- A commitment to UN Global Compact
- A sustainability and ESG strategy which is tracked and reported regularly
- A commitment to innovation and the people and talent agenda
- Active measures to track impact and performance across relevant environmental, social and governance (ESG) factors.

We acknowledge that sustainability efforts must be proportional to company size, resources and maturity level and therefore seek to balance our push for sustainability considerations with company maturity through a proactive approach combining guidance, policies, advisory and resource allocation.

4. Reporting

We track and report our progress on sustainability through our annual sustainability report and our biannual ‘Communication of Progress’ report to UN Global Compact. We also conduct a specific ‘Sustainability Review’ once per year with our Board of Directors.