

**Statutory Corporate Governance report for 2011 cf. article 107b of the Danish
Financial Statements Act**

Recommendation	The company complies	The company does not comply	The company complies/does not comply with the recommendation due to the following reason: According to the Danish Financial Statement Act sec.107b (1)(3), the company must state the reason for not complying with certain parts of the recommendations.
<p>1. The role of the shareholders and their interaction with the management of the company</p> <p>The company's shareholders, employees and other stakeholders have a joint interest in the company always being capable of adjusting to changing demands, which allows the company to continue to be competitive and to create value. Positive interaction between management and shareholders is therefore essential. Shareholder influence is exercised at the general meeting. As owners of the company, the shareholders should actively exercise their rights and use their influence resulting in the management protecting the interests of the shareholders as best as possible and ensuring an appropriate and balanced development of the company both in the short and the long term.</p> <p>Good corporate governance depends on appropriate frameworks which make it easy for the shareholders to enter into a dialogue with the management of the company. This can be encouraged by ensuring that the shareholders are always well-informed of the company's situation and outlook and that the general meeting serves as a forum for communication and discussion and is the place where shareholders express their views and make decisions.</p>			
<p><i>1.1. Dialogue between the company and its shareholders</i></p>			
<p>1.1.1. The Committee recommends that the Board of Directors, for example through investor relations activities, ensure an ongoing dialogue between the company and its shareholders in order that the Board of Directors knows the shareholders' attitude, interests and views in relation to the company and that investor relations material be made available to all investors on the company's website</p>	<p>X</p>		<p>Lundbeck has an ongoing dialogue with shareholders and is conducting regular roadshows, meetings and participate in investor conferences.</p> <p>The company website (www.lundbeck.com) gives the shareholders access to vast amounts of information about the company. Conference calls held after the presentation of full-year and interim reports are webcasted on the Internet to anyone interested, and the presentations are freely available at the company's website.</p> <p>All registered shareholders automatically receive notices of general meetings and can register for the meetings by fax or letter to the company or via the company's website. Finally, Lundbeck webcasts its general meeting on the Internet with simultaneous interpretation into English for the benefit of the company's large group of foreign shareholders.</p>
<p><i>1.2. Capital and share structure</i></p>			
<p>1.2.1. The Committee recommends that the Board of Directors every year evaluate whether the</p>	<p>X</p>		<p>The Board of Directors of Lundbeck analyses the company's need for capital on an ongoing basis, including an assessment of the company's capital</p>

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<p>company's capital and share structures continue to be in the interests of the shareholders and the company and account for this evaluation in the management commentary in the annual report and/or on the company's website.</p>			<p>structure from time to time.</p> <p>There is no universal answer to the question of what the optimum capital structure is for a specific company because the relationship between equity and interest-bearing debt relies on the specific characteristics that apply within the particular industry in which the business operates and, by extension, the operating and financial risk. However, companies in the pharmaceutical industry are often particularly well funded, which may be explained by the extended development projects and risks associated with research activities.</p> <p>The Board of Directors of Lundbeck pursues the policy that equity beyond the level which, based on a conservative estimate, would be considered sufficient to support the underlying business, should be distributed to the shareholders. The distribution to our shareholders takes place through annual dividends and if appropriate share buyback programmes.</p> <p>In the years ahead, the Board of Directors intends to pay dividends of 25-35% of the profit after tax, thereby aligning the company's dividend policy to that of its peers in the pharmaceutical industry.</p>
<p>1.3. General meeting</p>			
<p>1.3.1. The Committee recommends that the Board of Directors and the Executive Management promote active ownership, including shareholders' attendance at general meetings.</p>	<p>X</p>		<p>General meetings are convened by the company giving not less than three week's notice and not more than five weeks' notice. The company aims to ensure that all notifications of general meetings and agendas are clear and unambiguous, stating all relevant details for the shareholders to be able to form an adequate impression of the points to be discussed. Furthermore, all shareholders are entitled to have specific issues considered at the general meeting, subject to submitting a written request to the Board of Directors in time for the issue to be included in the agenda for the meeting.</p>

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1.3.2. The Committee recommends that the Board of Directors resolve or submit to the general meeting the question whether the general meeting shall be conducted by physical attendance or as a partly or entirely electronic general meeting.	X		As stated in the notice convening the general meeting, the meeting is conducted by physical attendance at Lundbeck's headquarters in Valby.
1.3.3 The Committee recommends that proxies given to the Board of Directors allow shareholders to consider each individual item on the agenda.	X		Shareholders who give proxy are given the opportunity to state their position on each item on the agenda.
1.3.4 The Committee recommends that all members of the Board of Directors and the Executive Management be present at the general meeting.	X		As a principal rule all members of the Board of Directors and the Executive Management are present at the general meeting.
1.4. Takeover bids			
1.4.1 The Committee recommends that the Board of Directors, from the moment it obtains knowledge that a takeover bid will be submitted, do not, without the acceptance of the general meeting, attempt to counter the takeover bid by making decisions which in reality prevent the shareholders from deciding on the takeover bid.	X		Lundbeck does not have any form of anti-takeover measures in the form of voting restrictions or other types of ownership limitations. If a specific takeover bid is made, the Board of Directors will consider such a bid individually with due consideration to the Danish Public Companies Act and the Rules for issuers of shares of the NASDAQ OMX Copenhagen as well as the guidelines already discussed and adopted by the Board of Directors.
1.4.2. The Committee recommends that the Board of Directors give the shareholders the opportunity to decide whether or not they wish to dispose of their shares in the company under the terms offered.	X		In the event of a serious take-over bid, the shareholders will be given the opportunity to decide whether or not they wish to dispose of their shares in the company under the terms offered.

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<p>2. The role of stakeholders and their importance to the company and the company's corporate social responsibility</p> <p>In order for a company to be able to adjust readily to changing demands and thus stay competitive and deliver value-adding performance, it is essential for the company to have, in addition to the dialogue with its shareholders, a good relationship with its stakeholders.</p> <p>The management of the company should operate and develop the company with due consideration of its stakeholders and to a reasonable extent engage in active dialogue with its stakeholders to develop and strengthen the company. Such dialogue may take place at investor meetings etc.</p>			
<p><i>2.1. The company's policy in relation to its stakeholders</i></p>			
<p>2.1.1. The Committee recommends that the Board of Directors identify the company's key stakeholders and their main interests in relation to the company.</p>	<p>X</p>		<p>The company's stakeholders are addressed and discussed on an ad hoc basis on the Board of Director meetings and strategy seminars.</p>
<p>2.1.2. The Committee recommends that the Board of Directors adopt a policy on the company's relationship with its stakeholders, including the investors, and ensure that the interests of the stakeholders are respected in accordance with the company's policy on such issues.</p>	<p>X</p>		<p>Lundbeck has an integrated corporate vision, mission and set of values that reflect the company's business concept, objectives and fundamental management principles. In addition, the company has a specific group communication policy and a code of conduct defining guidelines for interaction with stakeholders.</p> <p>The Board of Directors believes that the interests of the company, and thus also of its shareholders, are best safeguarded by maintaining an open, constructive and ongoing dialogue between the company and all its stakeholders. Lundbeck maintains a regular contact with its major stakeholders including investors, employees, partners, suppliers, organisations and authorities.</p>
<p><i>2.2. Corporate social responsibility</i></p>			
<p>2.2.1. The Committee recommends that the Board of Directors adopt a policy on corporate social</p>	<p>X</p>		<p>Lundbeck has adopted a policy on corporate social responsibility and supports the UN Global Compact.</p>

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responsibility.			
<p>3. Openness and transparency Shareholders, potential shareholders and other stakeholders have different needs for information about the company.</p> <p>Their understanding of and relations to the company depend on the amount and the quality of information published by the company. Openness and transparency are essential conditions for ensuring that the company's shareholders and other stakeholders are able to regularly evaluate and relate to the company and its future.</p> <p>Openness and mutual respect are prerequisites for a fruitful interaction between the company and its stakeholders.</p> <p>A thorough and updated communication strategy will help the company provide timely, trustworthy, accurate and up-to-date internal and external information of high quality and comply with the disclosure requirements in force from time to time.</p>			
<p><i>3.1. Disclosure of information to the market</i></p>			
3.1.1. The Committee recommends that the Board of Directors adopt a communication strategy.	X		Lundbeck has adopted an information and communication policy and has communication strategies for providing information to relevant stakeholders. The information and communication policy/strategies can be found at the company website (www.lundbeck.com).
3.1.2. The Committee recommends that information from the company to the market be published in both Danish and English.	X		All corporate and press releases as well as the annual report and the company magazine are published in both Danish and English
3.1.3. The Committee recommends that the company publish quarterly reports.	X		Quarterly reports are disclosed in corporate releases and published at the corporate web-site (www.lundbeck.com).

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<p>4. The tasks and responsibilities of the supreme and the central governing bodies</p> <p>The Board of Directors is responsible for safeguarding the interests of the shareholders with care and due consideration of the other stakeholders.</p> <p>The most important tasks of the Board of Directors include appointing a qualified Executive Management, establishing its tasks, conditions of employment and distribution of work and preparing guidelines for accountability, planning, follow-up and risk management. The Board of Directors is responsible for supervising the Executive Management and preparing guidelines for how to exercise this supervision.</p> <p>The Board of Directors is responsible for ensuring the professional development and retention or dismissal of the members of the Executive Management as well as ensuring that the remuneration of the members of the Executive Management reflects the long-term value creation in the company as well as the independent performance of the members of the Executive Management.</p> <p>Both the Board of Directors and the Executive Management shall ensure that the necessary financial resources are in place at any given time.</p> <p>The Board of Directors is in charge of the overall and strategic management of the company. The Board of Directors must define the company's strategic goals and make sure that the necessary conditions for achieving such goals are present in the form of financial as well as competence resources and is responsible for the proper organisation of the company's activities. It is essential that the Board of Directors ensures ongoing development of and follow-up on the company's strategic goals and determines whether the conditions for achieving these goals are present.</p>			
<p><i>4.1. Overall tasks and responsibilities</i></p>			
<p>4.1.1. The Committee recommends that the Board of Directors determine the company's overall strategy at least once every year with a view to sustaining value creation in the company.</p>	<p>X</p>		<p>At least once every year the Board of Directors assesses the company's overall strategy.</p>
<p>4.1.2. The Committee recommends that the Board of Directors at least once every year discuss and ensure that the necessary qualifications and financial resources are in place in order for the company to achieve its strategic goals.</p>	<p>X</p>		<p>At least once every year the Board of Directors assesses the qualification and financial resources at hand in order to ensure that the company can exercise on its strategic goals.</p>

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4.1.3. The Committee recommends that the Board of Directors at least once every year define its most important tasks related to the financial and managerial control of the company, including how to supervise the work of the Executive Management.	X		At least once every year the Board of Directors define its most important tasks related to the financial and managerial control of the company.
4.1.4. The Committee recommends that the Board of Directors annually discuss the company's activities to ensure diversity at management levels, including equal opportunities for both sexes, and that the Board of Directors set measurable objectives and in the management commentary in the annual report and/or on the company's website give an account of both the objectives and the progress made in achieving the objective.		X	The Board of Directors support equal opportunities for both sexes and annually discuss the company's activities to ensure diversity. Lundbeck has not prepared specific measurable objectives and do not report on progress in the annual report or on the company website.
4.2. Procedures			
4.2.1. The Committee recommends that the Board of Directors review its rules of procedure annually to ensure that they are adequate and always match the activities and needs of the company.	X		At least annually, the Board of Directors assesses the need for any changes in its rules of procedures.
4.2.2. The Committee recommends that the Board of Directors annually review and approve procedures for the Executive Management, including establish requirements for the Executive Management's timely, accurate and adequate reporting to the Board of Directors and for any other communication between the two governing bodies.	X		Communications between the Executive Management and the Board of Directors are regulated in the rules of procedure for the Executive Management, which annually is assessed for the need of changes. These procedures stipulate what matters the Executive Management should report to the Board of Directors, and how often to report such matters. In addition, meetings are held on a regular basis between the chairman or deputy chairman of the Board of Directors and the Executive Management with a view to continuously optimising communications and collaboration.

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<i>4.3. The chairman and deputy chairman of the Board of Directors</i>			
4.3.1. The Committee recommends that a deputy chairman of the Board of Directors be appointed, who must be able to act in the chairman's absence and also act as an effective sounding board for the chairman.	X		Annually, the Board of Directors elects a deputy chairman who chairs the meeting in the chairman's absence.
4.3.2. The Committee recommends the preparation of a scope of work and task list specifying the tasks, duties and responsibilities of the chairman and deputy chairman.	X		It is the duty of the chairman to provide for a good and trustful collaborative setting that ensures that the Board of Directors as a whole performs the tasks assigned to it and that the individual board members perform their duties satisfactorily. Board meetings are held with a frequency that allows for swift reaction, and extraordinary board meetings can quickly be convened with participation over the telephone or in a video conference. Decisions are made by all members of the Board of Directors. Neither of the committees have responsibilities that are independent of the Board of Directors and the work of the committees serves to assist the Board of Directors in its duties. The duties of the chairman and deputy chairman are set out in a description of tasks and duties.
4.3.3. The Committee recommends that the chairman of the Board of Directors organise, convene and chair meetings to ensure efficiency in the body's work and to create the best possible working conditions for the members, individually and collectively.	X		In connection with the ongoing evaluation of the work of the Board of Directors, the chairman is kept up-to-date about each individual member's know-how and skills to the benefit of the combined board efforts.
4.3.4. The Committee recommends that, if the Board of Directors in exceptional cases asks its chairman to perform special tasks for the company, including briefly participate in the day-to-day management, a board resolution to that effect	X		To ensure that the Board of Directors will maintain responsibility for the overall management and control function in case the chairman is asked to perform special tasks for the company, distribution of duties and duration of the agreements will be documented in minutes from the relevant Board of Directors meeting and disclosed in a company release.

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<p>should be passed and precautions taken to ensure that the Board of Directors will maintain responsibility for the overall management and control function. A reasonable distribution of duties must be ensured between the chairman, the deputy chairman, the other members of the Board of Directors and the Executive Management. Information about agreements on the chairman's participation in the day-to-day management and the expected duration hereof must be disclosed in a company announcement.</p>			
<p>5. Composition and organisation of the Board of Directors</p> <p>In companies where the Board of Directors constitutes the supreme governing body, the Board of Directors should be composed in such a way as to allow it to perform its managerial tasks, including overall and strategic tasks.</p> <p>It is essential that the Board of Directors of a company be composed in such a way as to ensure effective performance of its control tasks and, at the same time, ensure a constructive and qualified dialogue with the Executive Management. It is also essential that the members of the Board of Directors always act independently of special interests.</p> <p>Diversity improves the quality of the Board of Directors work and the cooperation between its members, including through different approaches to the performance of management tasks.</p> <p>The Board of Directors should regularly assess whether its composition and the skills of its members, individually and collectively, reflect the demands posed by the company's situation and circumstances. To increase value creation, the Board of Directors should carry out an evaluation of its members every year and ensure integration of new talent while maintaining continuity.</p>			
<p>5.1. Composition</p>			
<p>5.1.1. The Committee recommends that the Board of Directors annually specify the skills it must have to best perform its tasks and that the specification be posted on the website. Proposals for the</p>	<p>X</p>		<p>The required skills of the Board of Directors are annually assessed by the board. The specifications are posted on the company's website. Candidates nominated for the Board of Directors are described according to the recommendation in the notice convening the general meeting.</p>

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nomination/replacement of members of the Board of Directors to be submitted to the general meeting should be prepared in the light hereof.			
5.1.2. The Committee recommends that the Board of Directors ensure a formal, thorough and transparent process for selection and nomination of candidates to the Board of Directors. When assessing its composition and nominating new candidates, the Board of Directors must take into consideration the need for integration of new talent and the need for diversity in relation to international experience, gender and age, etc.	X		<p>The goal of the Board of Directors is for the individual board members to complement each other with respect to international experience and qualifications, as this is the best way to be a qualified sounding board for the Executive Management. The Board of Directors proposals for new members are always accompanied by a thorough description of the candidate and the candidate's CV. The Board of Directors support equal opportunities for both sexes.</p> <p>Moreover, at the general meeting the Chairman of the Board of Directors reviews the recruitment criteria on which the board has based its recommendation for the shareholders in general meeting.</p>
5.1.3. The Committee recommends that a description of the nominated candidates' qualifications, including information about other executive functions, e.g. memberships of executive managements and Board of Directors, including board committees, held by the candidates in both Danish and foreign companies as well as information on demanding organisational tasks should accompany the notice convening the general meeting when election of members to the Board of Directors is on the agenda.	X		Candidates nominated for the Board of Directors are described according to the recommendation in the notice convening the general meeting.
5.1.4. The Committee recommends that every year, the annual report contain an account of the composition of the Board of Directors, including its diversity, and of any special skills possessed by the individual members.	X		A description of the Board of Directors in accordance with the recommendation is published in the company's annual report.

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<i>5.2. Training of members of the Board of Directors</i>			
5.2.1. The Committee recommends that new members joining the Board of Directors be given an introduction to the company.	X		Upon being elected to the company's Board of Directors, each new board member is given a thorough introduction to the company and its business area. This introduction includes discussions with the chairman of the Board of Directors, the Executive Management and other key employees, enabling the new board member to quickly gain the necessary insight into company-specific issues.
5.2.2. The Committee recommends that the Board of Directors annually assess whether the skills and expertise of its members need to be updated.	X		The Board of Directors annually assess the skills and expertise of its members
<i>5.3. Number of members of the Board of Directors</i>			
5.3.1. The Committee recommends that the Board of Directors have only so many members as to allow a constructive debate and an effective decision-making process enabling all members to play an active role.	X		The company's Board of Directors consists of 4-6 external directors elected by the shareholders in general meeting and 2-3 members elected by the company's Danish employees. The Board of Directors believes that its current size is appropriate, both in relation to the company's requirements and the Board of Directors assignments and skills.
5.3.2. The Committee recommends that in connection with the preparation for each year's general meeting, the Board of Directors consider whether the number of members is appropriate in relation to the requirements of the company.	X		The number of members on the board is assessed annually.
<i>5.4. The independence of the Board of Directors</i>			
5.4.1. In order for the members of the Board of Directors to act independently of special interests,	X		At least half of the members of the Board of Directors elected by the shareholders are independent in accordance with the cited definition.

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<p>the Committee recommends that at least half of the members elected by the general meeting be independent persons.</p> <p>The independent members of the Board of Directors may not:</p> <ul style="list-style-type: none"> • be, or have been within the last five years, a member of the Executive Management/managerial staff of the company or an associated company, • have received significant additional remuneration from the company/group or an associated company apart from a fee for its services in the capacity as a member of the Board of Directors, • represent the interests of a controlling shareholder, • within the last year, have had a material business relationship (e.g. personally or indirectly as a partner or an employee, shareholder, customer, supplier or member of a governing body of companies with similar relations) with the company or an associated company, • be, or have been within the last three years, an employee or partner of the external audit firm, • hold cross-memberships of governing bodies, • have been a member of the Board of Directors for more than 12 years, or • have close family ties with persons that are 			

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not regarded as independent persons.			
5.4.2. The Committee recommends that at least once every year, the Board of Directors list the names of the members who are regarded as independent persons and also disclose whether new candidates for the Board of Directors are considered independent persons.	X		The company's annual report disclose which of the board members elected by the shareholders, if any, are not independent, and the notice convening the general meeting also describe whether any new board candidates are considered to be independent.
5.5. Members of the Board of Directors elected by the employees			
5.5.1. The Committee recommends that the individual company explain, in the company's annual report or on its website, the system of employee-elected board members and the company's use hereof in companies where the employees have chosen to apply the provisions of the Companies Act on employee representation.	X		Pursuant to the relevant rules of the Danish Public Companies Act, the company's Danish employees elect a number of members to the Board of Directors. According to these rules, the number of employee representatives must equal half the number of members elected by the shareholders at the general meeting. The election is held by secret ballot. Eligible candidates must have been employed with Lundbeck during the last 12 months prior to the election date. The election period is four years, and employees who leave the company during the election period must retire from the Board of Directors. Board members elected by the employees have the same rights, duties and responsibilities and receive the same remuneration as members elected by the shareholders at the general meeting.
5.6. Meeting frequency			
5.6.1. The Committee recommends that the Board of Directors meet at regular intervals according to a predetermined meeting and work schedule or when meetings are deemed necessary or appropriate as required by the company and that the number of	X		The company's Board of Directors meets at least six times a year in scheduled ordinary meetings, to which should be added any extraordinary meetings convened and one annual two-day strategy seminar. The frequency of ordinary board meetings is disclosed in the annual report.

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meetings held be disclosed in the annual report.			
5.7. Expected time commitment and the number of other executive functions			
5.7.1. The Committee recommends that each member of the Board of Directors assess the expected time commitment for each function in order that the member does not take on more functions than he/she can manage in a satisfactory way for the company.	X		The number of directorships each member is able to hold is subject to an individual assessment.
5.7.2. The Committee recommends that the annual report contain the following information about the members of the Board of Directors: <ul style="list-style-type: none"> • the member's occupation, • the member's other executive functions, e.g. memberships of executive managements and Board of Directors, including board committees, in Danish and foreign companies as well as demanding organisational tasks, and • the number of shares, options, warrants, etc. that the member holds in the company and its consolidated companies and any changes in such holdings during the financial year. 	X		The annual report contains information on the members of the Board of Directors in accordance to the recommendation.
5.8. Retirement age			
5.8.1. The Committee recommends that the company's articles of association fix a retirement age for members of the Board of Directors and that	X		Pursuant to the articles of association of H. Lundbeck A/S, a board member shall resign not later than at the general meeting in the calendar year in which the board member attains the age of 70. The annual report contains

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the annual report contain information on such retirement age as well as the age of each member of the board of directors.			information about the retirement age for members of the Board of Directors and the age of the individual directors.
5.9. Election period			
5.9.1. The Committee recommends that members of the Board of Directors elected by the general meeting be up for re-election every year at the annual general meeting.	X		Pursuant to the company's Articles of Association, board members elected by the general meetings are elected for a period of one year.
5.9.2. The Committee recommends that the annual report state when the individual member of the Board of Directors joined the body, whether the member was re-elected and when the current election period expires.	X		Lundbeck's annual report discloses the year in which each director was elected to the Board of Directors. As the Board of Directors elected by the shareholders in general meeting are elected for terms of one year at a time, the company does not disclose information about the expiry of the new election period.
5.10. Board committees			
5.10.1. The Committee recommends that the company publish the following information in the management commentary in its annual report or on the company's website: <ul style="list-style-type: none"> the terms of reference for the board committees, important activities of the committees during the year and the number of meetings held by each committee, and the names of the members of each committee, including the chairmen of the committees, as well as information on which members are independent members 	X		The specified information is published at the company's website or in the annual report

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and which members have special qualifications.			
5.10.2. The Committee recommends that a majority of the members of a board committee be independent members.	X		The majority of members of the Lundbeck Board committees are independent members in accordance with the cited definition in recommendation 5.4.1.
5.10.3. The Committee recommends that the Board of Directors establish an actual <u>audit committee</u> .	X		Lundbeck has established an audit committee consisting of three board members.
5.10.4. The Committee recommends that the following be taken into account in composing the audit committee: <ul style="list-style-type: none"> • the chairman of the Board of Directors should not be chairman of the audit committee, and • between them, the members should possess such an amount of expertise and experience as to provide an updated insight into and experience in the financial, accounting and audit conditions of companies whose shares are admitted to trading on a regulated market. 	X		Lundbeck consider that the members of the audit committee between them have the necessary skills and experience to handle the tasks assigned to the committee. Lundbeck's chairman of the Board of Directors is not chairman of the audit committee.
5.10.5. The Committee recommends that, prior to the approval of the annual report and other financial reports, the audit committee monitor and report to the Board of Directors about: <ul style="list-style-type: none"> • significant accounting policies • significant accounting estimates, • related party transactions, and 	X		In case of significant changes in accounting policies or estimates, related party transactions or changes in risks, the company's audit committee will deal with the changes and notify the Board of Directors.

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<ul style="list-style-type: none"> uncertainties and risks, including in relation to the outlook. 			
<p>5.10.6. The Committee recommends that the audit committee:</p> <ul style="list-style-type: none"> annually consider whether there is a need for an internal audit function, and if so, formulate recommendations on selecting, appointing and removing the head of the internal audit function and on the budget of the internal audit function, and monitor the Executive Management's follow-up on the conclusions and recommendations of the internal audit function. 	X		Lundbeck has an internal audit function. The audit committee monitor activities related to the internal audit function and Executive Managements follow-up on conclusions and recommendations from the internal audit function.
<p>5.10.7. The Committee recommends that the Board of Directors establish a <u>nomination committee</u> with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> describe the qualifications required in the two governing bodies and for a given position, state the expected time commitment for a position and evaluate the balance of skills, knowledge and experience available in the two governing bodies. annually evaluate the structure, size, composition and performance of the governing bodies and make recommendations to the Board of Directors with regard to any changes, 		X	<p>The tasks of a nomination committee are carried out by the Chairmanship who annually provides the Board of Directors with information about:</p> <ul style="list-style-type: none"> qualifications required in the two governing bodies and for a given position, the expected time commitment for a position and the balance of skills, knowledge and experience available in the two governing bodies. the structure, size, composition and performance of the governing bodies including suggested changes, skills, knowledge and experience of the individual members of the governing bodies, proposals submitted by relevant persons, including shareholders and members of the governing bodies, for candidates for executive positions. identified and recommended candidates for the governing bodies.

Recommendation	The company complies	The company does not comply	The company complies/does not comply with the recommendation due to the following reason: According to the Danish Financial Statement Act sec.107b (1)(3), the company must state the reason for not complying with certain parts of the recommendations.
<ul style="list-style-type: none"> annually evaluate the skills, knowledge and experience of the individual members of the governing bodies and report such details to the Board of Directors, consider proposals submitted by relevant persons, including shareholders and members of the governing bodies, for candidates for executive positions, and identify and recommend to the Board of Directors candidates for the governing bodies. 			
<p>5.10.8. The Committee recommends that the Board of Directors establish a <u>remuneration committee</u> with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> make proposals, for the approval of the Board of Directors prior to approval at the general meeting, on the remuneration policy, including the overall principles of incentive pay schemes, for members of the Board of Directors and the Executive Management, make proposals to the Board of Directors on remuneration for members of the Board of Directors and the Executive Management and ensure that the remuneration is consistent with the company's remuneration policy and the evaluation of the performance of the persons concerned. The committee should have information about the total amount of remuneration that members of the Board of 	X		<p>Lundbeck has established a remuneration committee responsibly of the company's overall remuneration strategy and remuneration of the members of the Executive Management. The objective of the committee is partly to ensure a consistently competitive remuneration, also in a regional perspective, partly to ensure a reasonable balance between remuneration and performance.</p> <p>Furthermore, it is the duty of the committee to ensure that all option/warrant programmes set up for members of the Executive Management are competitive but also conform to best practice in similar companies and industries.</p>

Recommendation	The company complies	The company does not comply	The company complies/does not comply with the recommendation due to the following reason: According to the Danish Financial Statement Act sec.107b (1)(3), the company must state the reason for not complying with certain parts of the recommendations.
<p>Directors and the Executive Management receive from other companies in the group, and</p> <ul style="list-style-type: none"> oversee that the information in the annual report on the remuneration of the Board of Directors and the Executive Management is correct, true and sufficient. 			
<p>5.10.9. The Committee recommends that the remuneration committee do not consult with the same external advisers as the Executive Management of the company.</p>	X		The remuneration committee and Executive Management do not consult with the same external advisers.
<p><i>5.11. Evaluation of the performance of the Board of Directors and the Executive Management</i></p>			
<p>5.11.1. The Committee recommends that the Board of Directors undertake an annual evaluation of the performance and achievements of the Board of Directors and of the individual members of the body.</p>	X		The Board of Directors has adopted a formal evaluation procedure to ensure systematic evaluation of the work of the Board of Directors and the individual members.
<p>5.11.2. The Committee recommends that the chairman be in charge of the evaluation of the Board of Directors, that the outcome be discussed in the Board of Directors and that the details of the procedure of self-evaluation and the outcome be disclosed in the annual report.</p>	X		The chairman is in charge of the evaluation of the Board and the outcome is disclosed in the annual report.
<p>5.11.3. The Committee recommends that the Board of Directors at least once every year evaluate the work and performance of the Executive Management in accordance with pre-</p>	X		The evaluation of the work and results of the Executive Management forms a natural part of the regular meetings held by the chairman of the Board of Directors and the CEO. A performance plan for Executive Management is established annually.

Recommendation	The company complies	The company does not comply	The company complies/does not comply with the recommendation due to the following reason: According to the Danish Financial Statement Act sec.107b (1)(3), the company must state the reason for not complying with certain parts of the recommendations.
defined criteria.			
5.11.4. The Committee recommends that the Executive Management and the Board of Directors establish a procedure according to which their cooperation is evaluated annually through a formalised dialogue between the chairman of the Board of Directors and the chief executive officer and that the outcome of the evaluation be presented to the Board of Directors.	X		The Board of Directors has adopted a formal evaluation procedure to ensure systematic evaluation of the work of the Board of Directors and Executive Management. Further, ongoing evaluation of the cooperation between Executive Management and the Board of Directors is part of the regular meetings held by the chairman of the Board of Directors and the CEO.
<p>6. Remuneration of members of the governing bodies</p> <p>Openness and transparency about all important issues regarding the principles for and amounts of the total remuneration offered to members of the governing bodies are essential. The principles of the remuneration policy should support a long-term value-creation for the company.</p> <p>Competitive remuneration is a prerequisite for attracting and retaining competent members of the governing bodies. The total remuneration package, i.e. the fixed and variable components and other remuneration components, should be reasonable versus the market and reflect the governing body members' independent performance, responsibilities and value creation in the company. The variable components of the remuneration should be based on actual achievements over a period of time with a view to long-term value creation.</p>			
<p><i>6.1. Content and form of the remuneration policy</i></p>			
6.1.1. The Committee recommends that the Board of Directors adopt a remuneration policy applicable to the Board of Directors and the Executive Management.	X		Lundbeck has a remuneration policy for Executive Management and the Board of Directors which is described in the annual report and posted on the company's website, www.lundbeck.com .
6.1.2. The Committee recommends that the remuneration policy and any changes to the policy be approved by the general meeting of the company.	X		Any changes to the remuneration policy mentioned under 6.1.1. are subject to approval at the general meeting.

Recommendation	The company complies	The company does not comply	The company complies/does not comply with the recommendation due to the following reason: According to the Danish Financial Statement Act sec.107b (1)(3), the company must state the reason for not complying with certain parts of the recommendations.
6.1.3. Committee recommends that the remuneration policy include a thorough description of the components of the remuneration for members of the Board of Directors and the Executive Management.	X		The remuneration policy includes a thorough description of the components of the remuneration for members of the Board of Directors and Executive Management. The remuneration policy is described in the annual report and posted on the company's website, www.lundbeck.com
6.1.4. The Committee recommends that the remuneration policy include: <ul style="list-style-type: none"> the reasons for choosing the individual components of the remuneration, and a description of the criteria on which the balance between the individual components of the remuneration is based. 	X		The remuneration policy for the Board of Directors and Executive Management includes the reasons for choosing the individual components of the remuneration and a description of the criteria on which the balance between the individual components of the remuneration is based. The remuneration policy is described in the annual report and posted on the company's website, www.lundbeck.com
6.1.5. The Committee recommends that, if the remuneration policy includes variable components, <ul style="list-style-type: none"> limits be set on the variable components of the total remuneration package, a reasonable and balanced linkage be ensured between remuneration for governing body members, expected risks and the value creation for shareholders in the short and long term, there be clarity about performance criteria and measurability for award of variable components, and there be criteria ensuring that vesting periods for variable components of remuneration agreements are longer than one calendar year. 	X		<p>The remuneration of the Executive Management and the company's executives consists of a combination of a fixed salary, bonus and share based instruments. The Board of Directors believes that this split of the remuneration into three components ensure that the company's management retains its focus on the company's operations in the short term as well as the longer term strategies/objectives. This will in turn ensure that management endeavours to optimise shareholder value.</p> <p>The value of the Executive Management's bonus programme can not exceed 6 months salary for EVPs and 9 months salary for the CEO. There are no unusual severance packages for members of the Executive Management.</p>

Recommendation	The company complies	The company does not comply	The company complies/does not comply with the recommendation due to the following reason: According to the Danish Financial Statement Act sec.107b (1)(3), the company must state the reason for not complying with certain parts of the recommendations.
6.1.6. The Committee recommends that remuneration of members of the Board of Directors do not include share or warrant programmes.	X		Members of the company's Board of Directors receive a fixed annual remuneration. The remuneration do not include bonus and incentive programmes.
6.1.7. The Committee recommends that if members of the Executive Management receive share-based remuneration, such programmes be established as roll-over programmes, i.e. the options are granted periodically and should not be exercisable earlier than three years from the date of grant. An explanation of the relation between the redemption price and the market price at the time of grant should be provided.	X		Executive Management receives stock-based remuneration that meets the specified requirements. The remuneration programme is described in the annual report and on the company's website, www.lundbeck.com . The Board of Directors believes that the LTI programmes implemented promote long-term behavior. The LTI warrant implemented programmes are valued according to Black & Scholes.
6.1.8. The Committee recommends that, in exceptional cases, companies should be able to reclaim in full or in part variable components of remuneration that were paid on the basis of data, which proved to be manifestly misstated.	X		In accordance with the recommendations, in exceptional cases, the company is entitled to reclaim in full or in part financial benefits received by the executive, if it is ascertained that the financial benefits were received on the basis of information that subsequently proves to be misstated, and provided that the executive is acting in bad faith.
6.1.9. The Committee recommends that termination payments should not amount to more than two years' annual remuneration.	X		The Board of Directors has adopted a general policy that severance payments to Executive Management should not amount to more than two years' annual remuneration.
6.2. Disclosure of the remuneration policy			
6.2.1. The Committee recommends that the remuneration policy be clear and easily understandable and that it be disclosed in the annual report and posted on the company's website.	X		The remuneration policy is described in the annual report and posted on the company's website, www.lundbeck.com .

Recommendation	The company complies	The company does not comply	The company complies/does not comply with the recommendation due to the following reason: According to the Danish Financial Statement Act sec.107b (1)(3), the company must state the reason for not complying with certain parts of the recommendations.
6.2.2. The Committee recommends that the company's remuneration policy and compliance with this policy be explained and justified in the chairman's statement at the company's general meeting.	X		At the company's general meeting, the chairman addresses the company's remuneration policy and compliance with the policy.
6.2.3. The Committee recommends that the total remuneration granted to each member of the Board of Directors and the Executive Management by the company and other consolidated companies be disclosed in the (consolidated) financial statements and that the linkage with the remuneration policy be explained.		X	Lundbeck disclose the individual remuneration paid to the CEO and the combined remuneration paid to the other members of the company's Executive Management. It is the company's judgement that disclosure of the remuneration paid to each individual member of the Executive Management will not add additional value for shareholders and other stakeholders. Lundbeck disclose the individual remuneration granted to each member of the Board of Directors in the annual report.
6.2.4. The Committee recommends that the details of any defined-benefit schemes offered to members of the Board of Directors or the Executive Management and the actuarial value of such schemes as well as changes during the year be included as part of the information on the total remuneration.	X		Lundbeck do not offer defined-benefit schemes to members of the Board of Directors or the Executive Management.
6.2.5. The Committee recommends that the most important aspects of retention and severance programmes be disclosed in the company's annual report.	X		Most important aspects of retention and severance programmes are disclosed in the annual report.
6.2.6. The Committee recommends that the proposal for remuneration of the Board of Directors for the current financial year be approved by the shareholders at the general meeting.	X		At the company's general meeting, the chairman addresses the remuneration of the Board of Directors. The remuneration appears from the company's annual report and is approved each year at the company's general meeting.

Recommendation	The company complies	The company does not comply	The company complies/does not comply with the recommendation due to the following reason: According to the Danish Financial Statement Act sec.107b (1)(3), the company must state the reason for not complying with certain parts of the recommendations.
<p>7. Financial reporting</p> <p>Each member of the Board of Directors and the Executive Management is responsible for preparing the annual report and other financial reports in accordance with current legislation, applicable standards and any further requirements concerning financial statements stipulated in the articles of association, etc.</p> <p>The members of the said governing bodies must ensure that the financial reporting is easy to understand and balanced and provides a true and fair view of the company's financial position, performance and cash flow. The management commentary must give a true and fair presentation of the state of affairs, including the outlook.</p>			
<p><i>7.1. Other relevant information</i></p>			
<p>7.1.1. The Committee recommends that the annual report and other financial reports be supplemented by additional financial and non-financial information, if deemed necessary or relevant in relation to the information needs of the recipients.</p>	X		<p>Lundbeck strives to deliver financial reports in accordance to best practise, consequently all annual reports and other financial reports are supplemented by additional financial and non-financial information, if deemed necessary or relevant in relation to the information needs of the recipients.</p>
<p><i>7.2. Going concern assumption</i></p>			
<p>7.2.1. The Committee recommends that, upon consideration and approval of the annual report, the Board of Directors decide whether the business is a going concern, including supporting assumptions or qualifications where necessary.</p>	X		<p>Upon consideration and approval of the annual report, the Board of Directors decide whether the business is a going concern, including supporting assumptions or qualifications where necessary.</p>
<p>8. Risk management and internal control</p> <p>Effective risk management and an effective internal control system contribute to reducing strategic and business risks, to ensuring observance of current rules and regulations and to ensuring the quality of the basis for management decisions and financial reporting. The company's choice of strategy naturally involves risk. It is essential that the risks are identified and communicated, and that the risks are managed appropriately.</p> <p>Effective risk management and internal control are a precondition for the Board of Directors and the Executive Management to efficiently perform the tasks</p>			

Recommendation	The company complies	The company does not comply	The company complies/does not comply with the recommendation due to the following reason: According to the Danish Financial Statement Act sec.107b (1)(3), the company must state the reason for not complying with certain parts of the recommendations.
bestowed upon them. Consequently, it is essential that the Board of Directors ensures effective risk management and effective internal control systems.			
<i>8.1. Identification of risks</i>			
8.1.1. The Committee recommends that the Board of Directors at least once every year identify the most important business risks associated with the realisation of the company's strategy and overall goals as well as the risks associated with financial reporting.	X		Lundbeck takes a systematic approach to risk management. The Board of Directors evaluates the company's risk management process once a year. The company has identified the most significant risks, which are monitored in an ongoing process by management as well as the Board of Directors.
8.1.2. The Committee recommends that the Executive Management currently report to the Board of Directors on the development within the most important areas of risk and compliance with adopted policies, frameworks etc. in order to enable the Board of Directors to track the development and make the necessary decisions.	X		The most significant risks are monitored on an ongoing basis by management as well as the Board of Directors to ensure that necessary decisions are made.
<i>8.2. Whistleblowing</i>			
8.2.1. The Committee recommends that the Board of Directors decide whether to establish a whistleblowing scheme for expedient and confidential notification of possible or suspected wrongdoing.	X		Lundbeck has established a whistleblower scheme for expedient and confidential notification of possible or suspected wrongdoing.
<i>8.3. Openness about risk management</i>			
8.3.1. The Committee recommends that the management commentary in the annual report	X		The company's risk management activities are disclosed in the annual report.

Recommendation	The company complies	The company does not comply	The company complies/does not comply with the recommendation due to the following reason: According to the Danish Financial Statement Act sec.107b (1)(3), the company must state the reason for not complying with certain parts of the recommendations.
include information about the company's management of business risks.			
9. Audit Ensuring an independent, competent and thorough audit is an essential element of the work of the Lundbeck Board of Directors.			
<i>9.1. Contact to auditor</i>			
9.1.1. The Committee recommends that the Board of Directors maintain a regular dialogue and exchange of information with the auditor.	X		The audit committee holds several annual meetings with external and internal auditors to identify significant risk areas and discuss substantial accounting issues. Based on the discussions, the audit committee reports back to the Board of Directors. To close the year-end audit, the external auditors prepare a long-form audit report, which is presented to the audit committee for their review and discussion. At the subsequent board meeting, at which the financial statements are approved, the external auditors review the long-form audit report together with the members of the Board of Directors.
9.1.2. The Committee recommends that the auditor agreement and auditors' fee be agreed between the Board of Directors and the auditor on the basis of a recommendation from the audit committee.	X		The company's audit committee negotiates the audit agreement, including fees to the auditors, and presents the agreement for approval by all members of the Board of Directors.
9.1.3. The Committee recommends that the Board of Directors and the audit committee meet with the auditor at least once every year without the Executive Management present. This also applies to the internal auditor, if any.	X		The Board of Directors and the audit committee meet with the external and internal auditors at least once every year without the Executive Management present.

Recommendation	The company complies	The company does not comply	The company complies/does not comply with the recommendation due to the following reason: According to the Danish Financial Statement Act sec.107b (1)(3), the company must state the reason for not complying with certain parts of the recommendations.
<i>9.2. Internal audit</i>			
9.2.1. The Committee recommends that the Board of Directors, on the basis of a recommendation from the audit committee, once every year decide whether to establish an internal audit for support and control of the company's internal control and risk management systems and state the reasons for its decision in the annual report.	X		The Board of Directors has set up an internal audit function to assist the audit committee. Main task of the internal audit function is to assess internal control systems and risk management systems. Based on the work conducted by the internal auditors (and external auditors), the audit committee reviews and assess the internal control systems and the management's guidelines for such systems annually, and either recommends that the Board of Directors approve the systems or ensures that necessary improvements are implemented.