



Remuneration Report

2020

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INTRODUCTION

Remuneration & Nomination Committee

Members

Lars Rasmussen, Chairman and member since 2013

Lene Skole, member since 2015

Jeffrey Berkowitz, member since 2019

Responsibilities

A) Recommending and assisting with relevant remuneration policies and remuneration reports, including (i) such policies and reports as required by the Danish Companies Act and other applicable rules, regulations and recommendations; and (ii) a remuneration policy applicable for the Lundbeck Group in general.

B) Making proposals to the Board on remuneration for members of the Board and the Management.

C) Securing that the remuneration is in compliance with Lundbeck's remuneration policy and the assessment of the performance of the persons concerned.

REMUNERATION REPORT

This remuneration Report (the "Report") provides a detailed overview of the total remuneration of the Board of Directors (the "Board") and the Executive Management Board (the "Management") of H. Lundbeck A/S. The Executive Management Board means all managers registered with the Danish Business Authority (Erhvervsstyrelsen). The Report has been prepared in accordance with Article 139(b) of the Danish Companies Act and the principles set out in Lundbeck's Remuneration Policy (the "Policy") which was approved at the Annual General Meeting on 24 March 2020. The Policy can be found on Lundbeck's website:

<https://lundbeck.com/global/about-us/corporate-governance/remuneration>

The Report has a clear link to the Policy and describes how the Policy has been applied to ensure that Lundbeck's remuneration;

- a) is clear and understandable and contributes to Lundbeck's business strategy, long-term interests and sustainability;
- b) attracts, motivates and retains qualified members of the Board and of the Management;
- c) ensures alignment of the Board's and the Management's interests with the interests of Lundbeck, its shareholders and other stakeholders; and
- d) provides transparency to Lundbeck's shareholders and incorporates shareholder influence.

Lundbeck's remuneration of the Board and Management is proposed by the Remuneration & Nomination Committee and subsequently approved by the Board. The Management remuneration, including the nature and level of incentive pay, is assessed on an ongoing basis in the light of the remuneration levels of other Danish large-cap companies with international activities and in special circumstances we take into consideration levels in international companies. Benchmarks support setting a market aligned remuneration package when attracting or retaining qualified members.

2020 LUNDBECK COMPANY PERFORMANCE

In 2020, Lundbeck showed resiliency during unprecedented times. The strategic brands continued to show robust growth, both in volume and value, across all regions. At the same time several of our mature brands have shown remarkable resiliency. Across our operations and over the course of the pandemic, our employees have been able to adapt and have successfully shifted their working patterns depending on the situation in their country. Despite impact from COVID-19, Lundbeck delivered a strong financial year and maintained cost discipline.

Progress was made against our Expand and invest to grow strategy, expanding the operating space with a successful integration of Abide Therapeutics and Alder BioPharmaceuticals, and the launch of our newest strategic brand Vyepti that will become a strong growth driver for Lundbeck in the future. In 2020, Lundbeck transformed the R&D organization in order to enrich the pipeline with a steady stream of programs addressing specialist indications in neuroscience with high unmet medical need.

The financial performance in 2020 is directly reflected in the cash bonus for the financial year. Bonuses for fiscal year 2020 are paid out in February 2021.

Group financial performance

DKK-million	Financials reported FY 2020
Net revenue	17.762
EBIT	1.990

REMUNERATION OF THE BOARD

BOARD REMUNERATION - KEY POINTS

At the Annual General Meeting on 24 March 2020, remuneration for the Board was approved. It was decided to increase the fixed annual base fee for the Board from DKK 350,000 to DKK 400,000 to align with market rates in Denmark as well as increase the additional fee to Board members with permanent residence outside of Europe paid to compensate for time and effort spent on intercontinental travelling from DKK 350.000 to DKK 400.000. There have been no changes to Board composition or Committee composition during 2020.

Lundbeck's Board is responsible for approving the corporate strategy, setting goals for Management and for ensuring that members of Management and other senior managers have the right qualifications. The Board also evaluates Management performance and remuneration.

Remuneration is set at a level to attract and retain competent expertise from the international business community, to ensure members are motivated and accountable for the implementation of Lundbeck's business strategy and to safeguard the long-term interests and sustainability of Lundbeck and its business. The remuneration is primarily fixed by taking market median for comparable companies and the required competencies and workload into consideration.

OVERVIEW OF BOARD REMUNERATION

DKK'000	Base Fee	Audit committee	Remuneration & Nomination committee	Scientific committee	Travel compensation	Total 2020	Total 2019
BOARD MEMBERS							
Lars Søren Rasmussen, Chairman	1.163	200	300			1.663	1.550
Lene Skole-Sørensen, Deputy	775		200	200		1.175	1.100
Lars Erik Holmqvist	388	200				588	550
Jeremy Max Levin	388			300	388	1.075	913
Jeffrey Berkowitz	388		200	200	388	1.175	963
Henrik Andersen	388	300				688	650
Rikke Kruse Andreasen, Employee representative	388					388	350
Ludovic Tranholm Otterbein, Employee representative	388					388	350
Henrik Sindal Jensen, Employee representative	388					388	350
Total	4.650	700	700	700	775	7.525	6.775

BOARD AND COMMITTEE FEE LEVELS

The Board members receive a fixed annual base fee while the Chairman receives three times the fixed annual base fee and the Deputy Chairman receives double the fixed annual base fee. See illustration below:

	Role	Multiplier	Annual fee (DKK'000)
Base fee	Member	1	400
	Deputy	2	800
	Chairman	3	1.200
Committee fee	Member		200
	Deputy		200
	Chairman		300
Additional fixed fee	Board members from overseas receive compensation for additional time and efforts spent on intercontinental travelling		400

REMUNERATION OF MANAGEMENT

MANAGEMENT REMUNERATION - KEY POINTS

All Management remuneration in 2020 was in line with the approved Policy.

There have been no changes to Management composition during 2020.

The total remuneration of Management in 2020 including tax indemnification to the CEO in the amount of DKK 2,7 million amounted to DKK 67,8 million (DKK 98,8 million in 2019) and the total remuneration of Management in 2020 excluding tax indemnification to the CEO amounted to DKK 65,1 million (DKK 62,8 million in 2019). The increase primarily reflects the impact of base salary adjustments.

The total remuneration split for the collective Management was 49% fixed and 51% variable remuneration. This split does not include the tax indemnification amount for the CEO. In 2020, all registered members of the Management were granted Long Term Incentives (LTI) in accordance with the share-based incentive program. The value of LTI programs granted in 2020 is in accordance with the guidelines from the Danish Business Authority for each Management member reported as the full grant cash value for the 2020 programme based on the specific Management member's individual fixed base salary and grant target. This constitutes a change to the 2019 Remuneration Report where the value of LTI was reported according to the accounting value based on the IFRS 2 standard, i.e. the annual accounting costs of the program. This is also the reason why the remuneration to Management stated in the Annual Report 2020 is lower than the amount stated in this Report. Lundbeck believes that this provides a fair and more transparent overview for its stakeholders.

In 2020, there were no severance pay arrangements.

Lundbeck is entitled to reclaim incentive remuneration (STI and LTI) paid in 2020 in full or in part in cases where incentive remuneration was paid to a member of Management based on information that subsequently proved to be misstated or incorrect and if the Management member has acted in bad faith.

An announcement with adjusted Supplementary Information to the Annual Report 2019 was published on 5 January 2021. Since the Supplementary Information was issued due to financial reporting nature and was not linked to Lundbeck's underlying performance it did not lead to any retro-actively actions for the remuneration paid in previous years and did therefore not result in reclaim of incentive remuneration during 2020.

Tax indemnification up to DKK 25 million in average

According to the service agreement with Deborah Dunsire, Lundbeck will indemnify Deborah Dunsire from the increase in income taxation on US wages and on realized as well as unrealized investment return from personal assets that will accrue as from the time Deborah Dunsire moved to Denmark and became subject to Danish taxation on worldwide income in accordance with Danish tax legislation and the Denmark/US double taxation agreement. The tax indemnification is estimated after year end and paid to Deborah Dunsire, subject to an end-of-year reconciliation. From 2020 and onwards the indemnification is capped at an average of DKK 25 million per year over Deborah Dunsire's period of service for Lundbeck. Since the cap is calculated as an average, the payment in a given year may exceed DKK 25 million, for example if payments in previous years were lower than DKK 25 million. In 2020 the tax indemnification is currently estimated at DKK 2,7 million. Unless specifically stated, the numbers mentioned in the report are without the tax indemnification.

REMUNERATION OF MANAGEMENT

REMUNERATION PACKAGE AND COMPONENTS

Remuneration packages for Lundbeck's Management consist of base salary, pension and other benefits that can be considered as fixed pay components. The fixed remuneration enables Management to take decisions with a long-term perspective, without undue considerations for short-term priorities. The variable remuneration mainly consists of short-term incentives and long-term incentives programs which are de-signed to promote performance in line with Lundbeck's growth strategy and to further align the interests of Management and shareholders. Employment agreements with members of the Management are ongoing (i.e. without a fixed term). If a member of the Management is terminated by Lundbeck, the person is entitled to salary during the notice period of 12 months. In addition to salary during the notice period, the CEO is entitled to 12 months' severance pay.

The remuneration package to each of the Management members is established on the basis of, and is in compliance with the Remuneration Policy. The purpose and maximum of each remuneration component, how the components were used in 2020 and the components' compliance with the Policy are outlined in the below table:

Fixed Component	Policy description	2020 remuneration	Purpose
Base salary	The fixed annual base salary is annually assessed for each Management member. It is competitive and no maximum salary levels apply.	The 2020 fixed base salary was adjusted for the CEO by 3,0% on 1 January 2020. Other Management was adjusted an average of 2,3% on 1 June. This is in line with market adjustments.	Attract and retain the talent, competencies and skillsets required to meet Lundbeck's business strategy and long-term interests as well as secure economic, financial, innovational and R&D sustainability.
Pension	Individually negotiated up to 26.1 % of the fixed annual base salary.	CEO pension contribution is 17,0% of fixed annual base salary and other Management is 26,1% of fixed annual base salary.	Planning for retirement and long-term savings.
Other benefits	Company car in accordance with company car policy (including running expenses), supplemental training, mobile phone, private home phone, tablet, membership fees, newspapers and health insurance. Typically, not above 10% of the fixed annual base salary. Furthermore, tax indemnification to the CEO.	CEO actual benefits adds up to 4 % of the fixed annual base salary (1 % of total remuneration without tax indemnification). Other executives' benefits add up to approx. 5 % of the fixed annual base salary (less than 3 % of their total remuneration for 2020).	Attract and retain the talent, competencies and skillsets required to meet Lundbeck's business strategy and long-term interests as well as secure economic, financial, innovational and R&D sustainability.
Variable Component	Policy description	2020 remuneration	Purpose
Short-Term Incentive Scheme (STI)	STI payment levels for CEO in percentage of the fixed annual base salary: Min: 0 % - Target: 100 % - Max: 117% STI payment levels for other Management in percentage of fixed annual base salary. Min: 0 % - Target: 33.33 % - Max: 50 % See STI program design details on the next page.	The total STI payout for the CEO was 111% of base salary. For other Management members the payout ranged from 45 –47% of fixed annual base salary. Financial goals/KPIs (70%) ended up above target which resulted in company performance payout above target for the CEO and other Management. Individual payout (30%) was based on an assessment of each Management members objective and is further described on page 9.	Ensure focus on important primarily short-term KPIs and reward results that are necessary to successfully implement and execute Lundbeck's business strategy and short-term goals. Ensure that Lundbeck is in a financial position to invest in future long-term growth by meeting short-term financial goals.
Long-Term Incentive Scheme (LTI)	LTI grant levels for CEO in percentage of the fixed annual base salary: Minimum: 0 % - Maximum: 100% LTI grant levels for other Management in percentage of the fixed annual base salary: Minimum: 0 % - Maximum: 50 % See LTI program design details on the next page.	Grant to the CEO was equal to 100% of fixed annual base salary and grant to other Management members was equal to 50% of fixed annual base salary.	Incentivise and reward long-term value creation. Align with shareholders' interests by providing a link to the performance of Lundbeck's shares, for Management to have an incentive to drive innovation to Lundbeck grow on a long-term sustainable basis. Further, the LTI serves the purpose of ensuring loyalty towards Lundbeck and its long-term value creation and ensuring retention of Management members.
Termination/ Severance	The service contracts with the Management are as a main rule ongoing. Contractual termination notice for Lundbeck will be twelve (12) months and contractual termination notice for each Management member is (6) months.	In addition to salary during the notice period, the CEO is entitled to 12 months severance pay. In 2020, there has been no termination and no severance pay arrangements for the Management.	N/A

REMUNERATION OF MANAGEMENT

The Cash-Based Short-Term Incentive Scheme (STI)

In 2020, the Management participated in a cash-based short-term incentive scheme (STI). On an annual basis, the Board assess the performance of the Management in relation to pre-determined company performance financial goals (EBIT and revenue) and individual targets. The design of the programme can be seen in below table:

Component	Chief Executive Officer	Other Management	
Instrument	Cash	Cash	
Time frame	1 year	1 year	
Min cash (of base salary)	0%	0%	
Target cash (of base salary)	100%	33%	
Max cash (of base salary)	117%	50%	
KPIs	Financial goals Individual goals	Financial goals Individual goals	
KPI – financial goals	70%	70%	
Measure	EBIT	50%	50%
	Revenue	20%	20%
KPI - Individual goals	30%	30%	
Measure	Predefined individual annual goals for each Management member	Goals subject to Board assessment	Goals subject to CEO assessment

In 2020, the CEO as well as other Management members received a company performance payout (accounting for 70% of total cash bonus) based on financial KPI performance at a level above target. KPIs, pay-out level and individual performances are described in more details for each Management member on page 9.

The Share-Based Long-Term Incentive Scheme (LTI)

In 2020, Lundbeck continued its revolving long-term incentive program. The terms and conditions of the program are set out in the table below. The CEO was granted Restricted Cash Units with a value of 100% of the annual fixed base salary and other Management were granted Restricted Share Units with a value of 50% of the fixed annual base salary. The grant is based on a discretionary assessment made by the Board of Directors.

Component	Chief Executive Officer	Other Management
Instrument	Restricted Cash Units	Restricted Shares Units
Max grant (of base salary)	100%	50%
Grant criteria	BoD discretionary assessment	BoD discretionary assessment
Time of vesting	After 3 year	After 3 year
Vesting criteria	Continued employment EBIT KPI Board approval	Continued employment EBIT KPI Board approval

The value of the 2020 program at time of vesting in February 2023 depends on the number of instruments vesting and on the development in Lundbeck's share price. The numbers of long-term incentives vesting may be reduced or lapse entirely if the vesting conditions are only achieved partially or not achieved at all.

Since the long-term incentives contribute to loyalty and retention of the Management and the value of the long-term incentives is directly linked to the market performance of Lundbeck, i.e. the development of the share price itself, and an EBIT KPI, the long-term incentive program contributes to the long-term interests, sustainability and the results of Lundbeck.

Provided that the long-term incentives vest, they will be exercised free of charge for the Management member (no exercise price applies) due to the nature of the instrument. There is no possibility to get an additional grant based on any company overperformance.

A list of unvested long-term incentives held by Management and long-term incentive program that vested in 2020 can be found on page 10.

REMUNERATION OF MANAGEMENT

OVERVIEW OF MANAGEMENT REMUNERATION

The table below comprises an overview of the structure and remuneration to the members of Management in 2020 and includes a compare to 2019 remuneration:

DKK m	Fixed remuneration				Variable Remuneration				2020 total remuneration			2019 total remuneration	
	Base Salary	Pension	Other benefits	Total fixed 2020	STI	LTI ⁽¹⁾	Termination/ Severance pay	Total variable 2020	Total without tax indemnification to CEO	Tax indemnification 2020	Total with tax indemnification to CEO	Total without tax indemnification to CEO	Total with tax indemnification to CEO
Deborah Dunsire - President & CEO	9,6⁽³⁾	0,0	0,4	10,0	9,1	8,2	-	17,4	27,4	2,7	30,1	26,5	62,5
<i>In % of total remuneration without tax compensation</i>	36%	0%	1%	37%	33%	30%	-	63%	100%	-	-	-	-
Anders Gøtzsche - EVP & CFO	5,0	1,3	0,2	6,5	2,4	2,5	-	4,9	11,4	-	11,4	11,1	11,1
<i>In % of total remuneration</i>	44%	11%	2%	57%	21%	22%	-	43%	100%	-	-	-	-
Jacob Tolstrup - EVP, Commercial Operations	3,9	1,0	0,2	5,1	1,7	1,9	-	3,6	8,7	-	8,7	8,7	8,7
<i>In % of total remuneration</i>	44%	12%	2%	58%	20%	22%	-	42%	100%	-	-	-	-
Lars Bang - EVP, Product Devopment & Supply	4,0	1,1	0,2	5,3	1,8	2,0	-	3,8	9,1	-	9,1	8,9	8,9
<i>In % of total remuneration</i>	44%	12%	2%	58%	20%	22%	-	42%	100%	-	-	-	-
Johan Luthman - EVP, R&D	3,8	1,0	0,2	5,0	1,7	1,9	-	3,6	8,6	-	8,6	7,6	7,6
<i>In % of total remuneration</i>	44%	12%	2%	58%	20%	22%	-	42%	100%	-	-	-	-
Total remuneration	26,3	4,4	1,2	31,9	16,7	16,5	-	33,2	65,1	2,7	67,8	62,8	98,8
<i>In % of total remuneration without tax indemnification</i>	40%	7%	2%	49%	25%	26%	-	51%	100%	-	-	-	-
Total remuneration in Annual Report 2020 ⁽²⁾	26,3	4,4	1,2	31,9	16,7	11,4⁽²⁾	-	28,1	60,0	2,7	62,7	54,8	90,8

Notes:

- (1) The value of the long-term incentive (LTI) representing the actual full grant value for the 2020 programme based on the individual Management member's fixed base salary and grant target. The amount of shares vesting may be reduced if vesting criteria are not met.
- (2) The value of the long-term incentive program in the annual report is calculated using the IFRS 2 accounting principle, where the grant value of the LTI in the year of the grant is distributed and expensed over the three-year vesting period.
- (3) This includes a 17% pension payment amounting to DKK 1,4m.

REMUNERATION OF MANAGEMENT

BREAKDOWN OF CEO REMUNERATION

According to the service agreement with Deborah Dunsire, Lundbeck shall pay the difference in taxation on investment returns from personal assets between the US and Denmark. This tax compensation totaled DKK 2,7 million in 2020 (DKK 36 million in 2019).

The remuneration paid to Lundbeck's CEO, **Deborah Dunsire** totaled DKK 27,4 million in 2020 without tax indemnification (DKK 26,5 million in 2019). The total remuneration with tax indemnification totaled 30,1 million in 2020 (DKK 62,5 million in 2019).

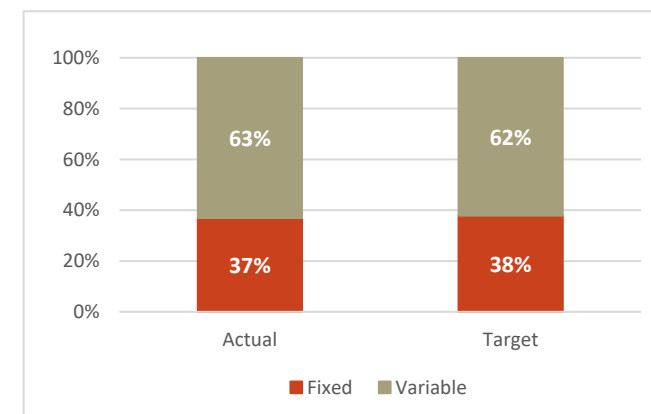
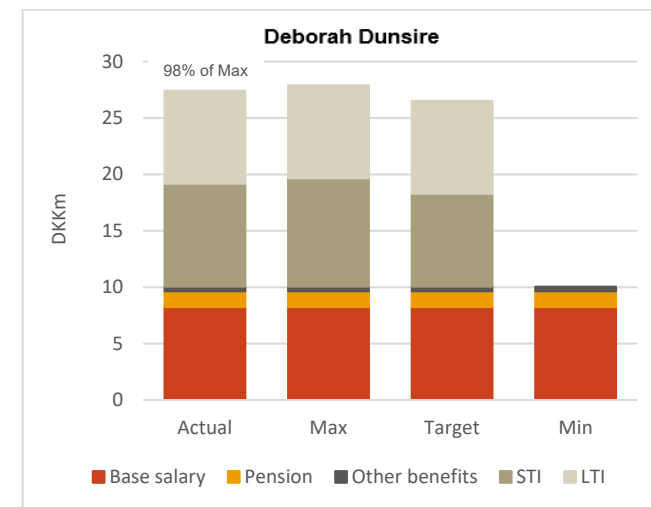
The fixed base salary, including a pension payment of DKK 1,4 million, amounted to DKK 9,6 million being 37% of the total remuneration without tax indemnification.

Other benefits amounted to DKK 0.4m being 4% of the annual fixed base salary and 1% of total remuneration without tax indemnification. Other benefits mainly consisting of company car allowance and family health insurance coverage.

The cash-based bonus (STI) totaled DKK 9,1 million, corresponding to 95% of the maximum bonus. The bonus payout reflects above target company performance on EBIT and revenue KPIs and above target performance on individual goals as, amongst other, a result of successful execution and implementation of the Expand and Invest to Grow strategy, given the successful integration of Alder Pharmaceuticals and the launch of Vyepiti in the U.S.

Deborah Dunsire was granted Restricted Cash Units under Lundbeck's long-term incentive program with a value of 100% of the fixed annual base salary. The grant will vest after 3 years if the vesting conditions are met. The terms and conditions of the program are described on page 6.

CEO paymix illustrations for 2020 without tax indemnification:



REMUNERATION OF MANAGEMENT

BREAKDOWN OF OTHER MANAGEMENT REMUNERATION

Anders Götzsche Remuneration totaled DKK 11,4 million. The annual fixed salary was DKK 5,0 million contributing with 44% of the total remuneration in 2020. The cash-based bonus (STI) totaled DKK 2,4 million, corresponding to 94% of the maximum bonus. The bonus payout reflects above target company performance on EBIT and revenue KPIs and above target performance on achievement of individual goals such as execution on Lundbecks digital journey and securing high level of global business compliance.

Jacob Tolstrup Remuneration totaled DKK 8,7 million. The annual fixed salary was DKK 3,9 million corresponding to 44% of the total remuneration in 2020. The cash-based bonus (STI) totaled DKK 1,7 million, corresponding to 90% of the maximum bonus. The bonus payout reflects above target company performance on EBIT and revenue KPIs and above target achievement of individual goals such as successfully driving profitable sales growth for strategic products.

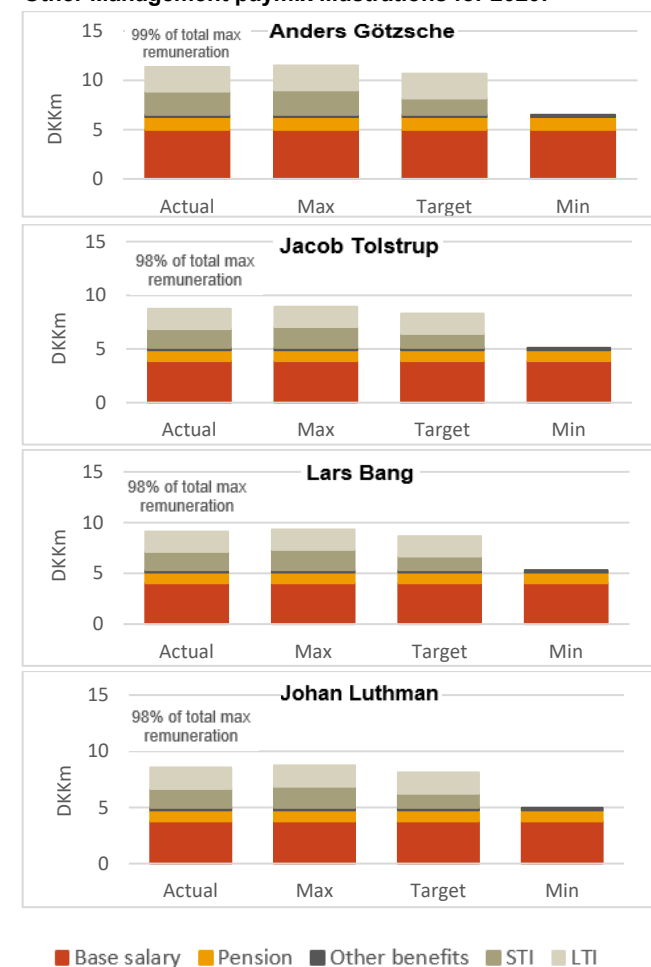
Lars Bang Remuneration totaled DKK 9,1 million. The annual fixed salary was DKK 4,0 million corresponding to 44% of the total remuneration in 2020. The cash-based bonus (STI) totaled DKK 1,8 million, corresponding to 90% of the maximum bonus. The bonus payout reflects above target company performance on EBIT and revenue KPIs and above target performance on achievement of individual goals such as reliable and cost-efficient supply chain in 2020.

Johan Luthman Remuneration totaled DKK 8,6 million. The annual fixed salary was DKK 3,8 million corresponding to 44% of the total remuneration in 2020. The cash-based bonus (STI) totaled DKK 1,7 million, corresponding to 90% of the maximum bonus. The bonus payout reflects above target company performance on EBIT and revenue KPIs and above target achievement of individual goals such as successful ongoing transformation of R&D.

All the Management members received other benefits adding up to approximately 5% of the fixed base salary and less than 3% of their total remuneration. A majority of this is related to company car allowance.

All the Management members have been granted long-term incentives (LTI) in the form of Restricted Share Unites corresponding to a value of 50% of their fixed annual base salary.

Other Management paymix illustrations for 2020:



REMUNERATION OF MANAGEMENT

LTI OVERVIEW – VESTED AND UNVESTED PROGRAMMES

The Management is – subject to Board decision - eligible to participate in long-term, share-based incentive programmes when they join Lundbeck. The program design is further described on page 6. The table below includes an overview of all active long-term incentive programmes as of 31 December 2020 and all long-term incentive programs that vested in 2020. Provided that the long-term incentives vest, they will be exercised free of charge for the Management member (no exercise price applies) due to the nature of the instrument.

Name and position	Program ⁽¹⁾	Grant date	Vesting date	No of instruments primo 2020	No of instruments Granted 2020	No of instruments Canceled 2020	No of instruments vested 2020	No of instruments ultimo 2020	Share price at grant date (DKK) ⁽²⁾	Value at grant (mDKK) ⁽³⁾	Value at vesting (mDKK) ⁽⁴⁾	Value at YE 2020 (mDKK) ⁽⁵⁾
Deborah Dunsire President & CEO	RCU 2018	Feb 2018	Feb 2022	9.175	-	-	-	9.175	316	2,9	-	1,9
	RCU 2019	Feb 2019	Feb 2022	27.917	-	-	-	27.917	287	8,0	-	5,8
	RCU 2020	Feb 2020	Feb 2023	-	30.012	-	-	30.012	275	8,2	-	6,3
Anders Gøtzsche EVP & CFO	RSU 2017	Feb 2017	Feb 2021	6.608	-	-	-	6.608	291	1,9	-	1,4
	RSU 2018	Feb 2018	Feb 2022	6.222	-	-	-	6.222	316	2,0	-	1,3
	RSU 2019	Feb 2019	Feb 2022	8.375	-	-	-	8.375	287	2,4	-	1,7
	RSU 2020	Feb 2020	Feb 2023	-	8.960	-	-	8.960	275	2,5	-	1,9
Jacob Tolstrup EVP, Commercial Operations	RSU 2016 ⁽⁶⁾	Feb 2016	Feb 2020	4.854	-	-	4.854	-	242	1,2	1,4	-
	RSU 2017	Feb 2017	Feb 2021	4.030	-	-	-	4.030	291	1,2	-	0,8
	RSU 2018	Feb 2018	Feb 2022	5.770	-	-	-	5.770	316	1,8	-	1,2
	RSU 2019	Feb 2019	Feb 2022	6.512	-	-	-	6.512	287	1,9	-	1,4
	RSU 2020	Feb 2020	Feb 2023	-	6.967	-	-	6.967	275	1,9	-	1,5
Lars Bang EVP, Product Development & Supply	RSU 2016 ⁽⁶⁾	Feb 2016	Feb 2020	7.690	-	-	7.690	-	242	1,9	2,2	-
	RSU 2017	Feb 2017	Feb 2021	6.385	-	-	-	6.385	291	1,9	-	1,3
	RSU 2018	Feb 2018	Feb 2022	6.012	-	-	-	6.012	316	1,9	-	1,3
	RSU 2019	Feb 2019	Feb 2022	6.785	-	-	-	6.785	287	1,9	-	1,4
	RSU 2020	Feb 2020	Feb 2023	-	7.258	-	-	7.258	275	2,0	-	1,5
Johan Luthman EVP, R&D	RSU 2019	Feb 2019	Feb 2022	6.456	-	-	-	6.456	287	1,9	-	1,3
	RSU 2020	Feb 2020	Feb 2023	6.738	-	-	-	6.738	275	1,9	-	1,4

Notes:

- (1) RSU (Restricted Share Units) and RCU (Restricted Cash Units).
- (2) Average share price for the first 10 days following FY announcement. Not adjusted for dividend.
- (3) Value based on grant date share price (10 days average price after FY announcement).
- (4) Based on shareprice on 6 February 2020 (the full FY announcement date) – 291,30 per share.
- (5) Value based on share price as of year end 2020 – 208,80 per share.
- (6) Due to structure change in the LTI programme for 2016, Jacob Tolstrup and Lars Bang were the only participants in the RSU 2016 programme

COMPARABLE OVERVIEWS

DEVELOPMENT IN BOARD REMUNERATION 2018–2020

DKK'000	2018 Actual	2019 Actual	2020 Actual	Annualized Change in % 2020 vs 2019
Board members				
Lars Søren Rasmussen, Chairman	1.550	1.550	1.663	7%
Lene Skole-Sørensen, Deputy	1.100	1.100	1.175	7%
Lars Erik Holmqvist	550	550	588	7%
Jeremy Max Levin	650	913	1.075	18%
Jeffrey Berkowitz	413	963	1.175	16% ⁽¹⁾
Henrik Andersen	488	650	688	6%
Rikke Kruse Andreasen, Employee representative	263	350	388	11%
Ludovic Tranholm Otterbein, Employee representative	263	350	388	11%
Henrik Sindal Jensen, Employee representative	117	350	388	11%

DEVELOPMENT IN MANAGEMENT REMUNERATION 2018-2020

DKKm	2018 Actual	2019 Actual	2020 Actual	Annualized Change in % 2020 vs 2019
Name of Management member				
Deborah Dunsire - President & CEO - <i>without tax indemnification</i>	9,6	26,5	27,4	3%
Deborah Dunsire - President & CEO - <i>with tax indemnification</i>	9,6	62,5	30,1	-52%
Anders Götzsche - EVP & CFO ⁽²⁾	13,4	11,1	11,4	1%
Jacob Tolstrup – EVP, Commercial Operations	8,5	8,7	8,7	0%
Lars Bang – EVP, Product Development & Supply	8,7	8,9	9,1	2%
Johan Luthman – EVP, R&D	0,0	7,6	8,6	3% ⁽³⁾

Notes:

- (1) Jeffrey Berkowitz was appointed member of Lundbeck's Remuneration & Nomination Committee in May 2019 and the annualized change in % reflects an annualization of the 2019 remuneration to allow for a 1:1 comparison versus 2020 remuneration.
- (2) Anders Götzsche was interim CEO from November 2017 to August 2018.
- (3) Johan Luthman joined H. Lundbeck A/S in February 2019, and the annualized change in % reflects an annualization of the 2019 remuneration to allow for a 1:1 comparison versus 2020 remuneration.

COMPARABLE OVERVIEWS

DEVELOPMENT IN EMPLOYEE REMUNERATION 2019-2020

DKKm	2019 Actual	2020 Actual	Change in % 2020 vs 2019
Average employee remuneration excl. registered Executive Management (H. Lundbeck A/S)	0,8	0,9	9%
CEO/Employee ratio (H. Lundbeck A/S) - <i>without tax indemnification</i>	33,1	30,4	1%
CEO/Employee ratio (H. Lundbeck A/S) - <i>with tax indemnification</i>	78,1	33,4	-57%

FINANCIAL PERFORMANCE 2019-2020

Group results DKKm	2019 Actual	2020 Actual	Change in % 2020 vs 2019
Net Revenue	17.036	17.762	4%
EBIT ⁽¹⁾	3.608	1.990	-45%
Shareprice (End of year)	254,4	208,8	-18%

Parent Company results DKKm	2019 Actual	2020 Actual	Change in % 2020 vs 2019
Net Revenue	9.464	10.733	13%
EBIT ⁽¹⁾	1.092	-592	-154%

Notes:

- (1) The decrease in EBIT result from 2019 to 2020 is primarily driven by:
- Investments in launch and development activities for eptinezumab which aligns with Lundbeck's 'Expand and Invest to Grow' strategy.
 - Write-down of the full value of foliglurax due to the negative outcome of the AMBLED study.

MANAGEMENT'S STATEMENT

MANAGEMENT'S STATEMENT

The Board of Directors has today considered and adopted the Remuneration Report 2020 of H. Lundbeck A/S.

The Remuneration Report is prepared in accordance with section 139 (b) of the Danish Companies Act.

The Remuneration Report is submitted to the General Meeting for an advisory vote.

Valby, 4 February 2021

Board of Directors



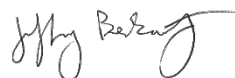
Lars Søren Rasmussen
Chairman



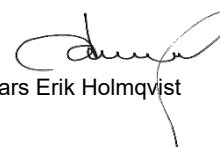
Lene Skole-Sørensen
Deputy Chairman



Henrik Andersen



Jeffrey Berkowitz



Lars Erik Holmqvist



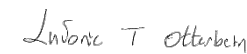
Jeremy Max Levin



Rikke Kruse Andreassen
Employee representative



Henrik Sindal Jensen
Employee representative



Ludovic Tranholm Otterbein
Employee representative

INDEPENDENT AUDITOR'S REPORT ON REMUNERATION REPORT

To the shareholders of H. Lundbeck A/S

We have examined whether the remuneration report for H. Lundbeck A/S for the financial year 1 January - 31 December 2020 contains the information required under section 139 b, subsection 3 of the Danish Companies Act.

We express reasonable assurance in our conclusion.

The Board of Directors' responsibility for the remuneration report

The Board of Directors is responsible for the preparation of the remuneration report in accordance with section 139 b, subsection 3 of the Danish Companies Act. The Board of Directors is also responsible for the internal control that the Board of Directors deems necessary to prepare the remuneration report without material misstatement, regardless of whether this is due to fraud or error.

Auditor's independence and quality management

We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

PricewaterhouseCoopers are subject to the International Standard on Quality Control, ISQC 1, and thus applies a comprehensive quality control system, including documented policies and procedures concerning compliance with ethical requirements, professional standards and current statutory requirements and other regulation.

Auditor's responsibility

Our responsibility is to express a conclusion on the remuneration report based on our examinations. We conducted our examinations in accordance with *ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and additional requirements under Danish auditor regulation to obtain reasonable assurance in respect of our conclusion.

As part of our examination, we checked whether the remuneration report contains the information required under section 139 b, subsection 3 of the Companies Act, number 1 - 6, on the remuneration of each individual member of the Executive Board and the Board of Directors.

We believe that the procedures performed provide a sufficient basis for our conclusion. Our examinations have not included procedures to verify the accuracy and completeness of the information provided in the remuneration report, and therefore we do not express any conclusion in this regard.

Conclusion

In our opinion the remuneration report, in all material respects, contains the information required under the Companies Act, section 139 b, subsection 3.

Hellerup, 4 February 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 3377 1231



Lars Baungaard
State Authorised Public Accountant
mne23331



Torben Jensen
State Authorised Public Accountant
mne18651