Sustainability Report 2014

Extract from Meda's Annual Report 2014

MEDA

Meda in brief

Meda is a leading international specialty pharma company with a broad product portfolio reaching more than 80% of the global pharmaceutical market. Measured in sales, Meda is the 48th largest pharmaceutical company in the world.

At the end of 2014 Meda had 5,202 (3,326) employees, 2,996 (2,009) of which worked in sales and marketing. Over the past few years Meda's presence in growth markets has grown. The marketing organizations in these markets employ about 1,083 people (720).

Meda AB is the parent company and the head office is in Solna, Sweden.

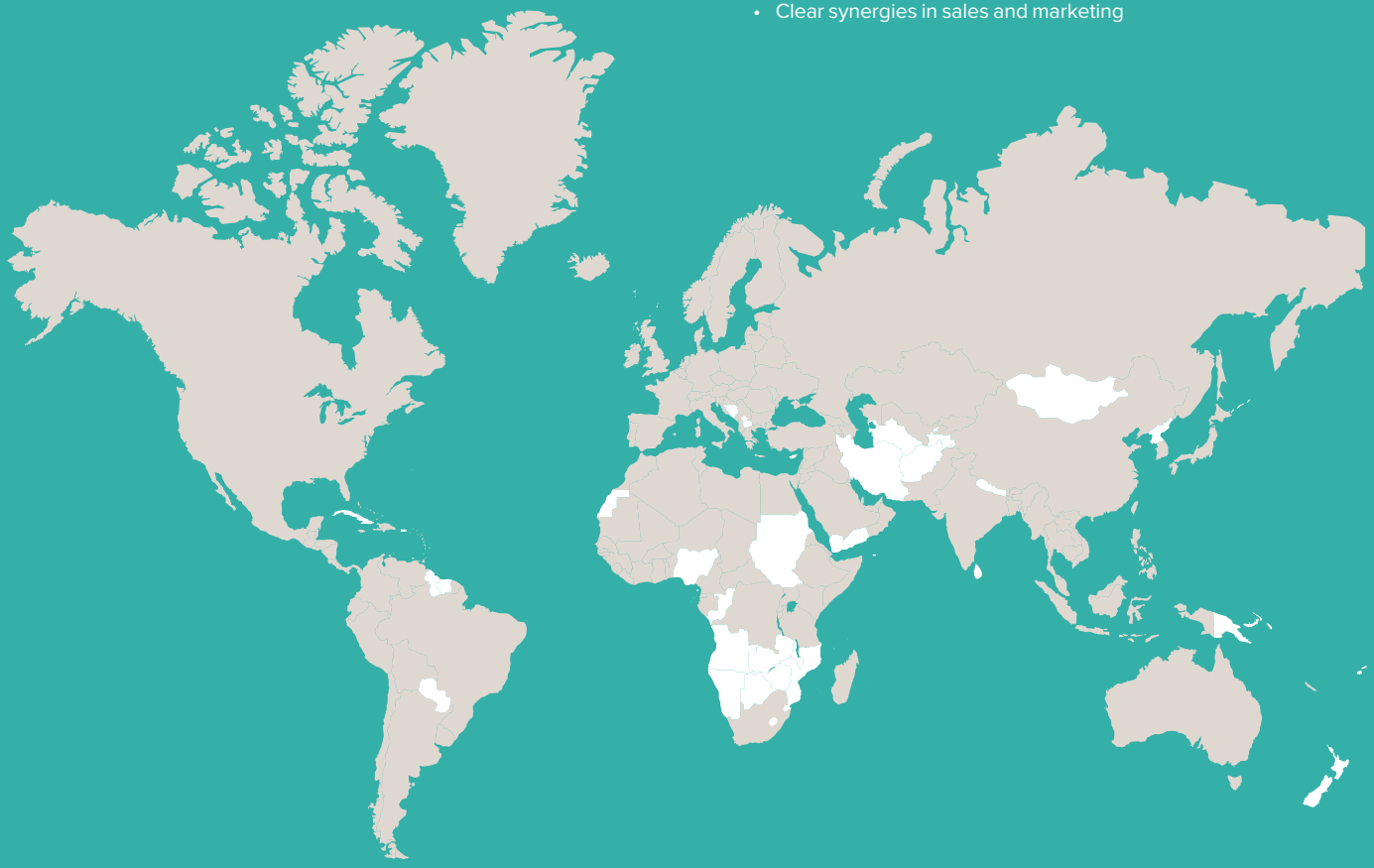
The concept of specialty pharma

There are various definitions of specialty pharma. In Meda's case it means the following:

The company has a specialized role in the value chain:
- A focus on sales and marketing
- No risky in-house drug research in early clinical phases

The company has specialist expertise in defined therapy and product areas:
- Respiratory, Dermatology and Pain and Inflammation
- Non-prescription drugs: OTC and consumer healthcare products (Cx)

The company offers niche products that meet particular medical needs:
- Comprehensive product portfolio in selected therapy areas
- Strong Cx portfolio
- Clear synergies in sales and marketing



Meda markets

15,352
Group sales reached SEK 15,352 million

4,700
EBITDA excl. nonrecurring effects amounted to SEK 4,700 million

150
Our pharmaceuticals are sold in more than 150 countries

5,202
At the end of 2014, Meda had 5,202 employees ...

2,996
... about 2,996 of whom in sales and marketing

60
Our sales organizations are present in over 60 countries

A big step forward

"Integration of Rottapharm is not just about extracting cost synergies, but creating something new and more efficient by combining the best from each organization."

A milestone is passed

2014 was an exciting year for us. In October we completed the acquisition of Rottapharm, our largest acquisition to date and an important milestone. It is a transformational acquisition that propels us into a leading position in European specialty pharma by increasing our scale, reach and profitability potential.

Specifically, the acquisition ensures a portfolio of strong clinically-proven consumer healthcare products, it creates an attractive portfolio of specialty products and it strengthens our presence in Emerging Markets. All in all, this has resulted in a better balance in our portfolio and has created a strong platform for future growth. The situation has improved in our growth segments in particular, where our key therapy areas now represent 50% of sales, consumer healthcare and OTC 40% of sales and Emerging Markets 17% of sales.

Integration well under way

The integration of Rottapharm is well under way and proceeding according to plan. Annual cost synergies of SEK 900 million are expected to be generated in full by 2016. We have a long history of speedy and successful integration of acquired companies and we are confident that we can meet both internal and external expectations for the Rottapharm integration. It is important to remember that integration is not just about extracting cost synergies, but creating something new and more efficient by combining the best from each organization. This is how to improve and lay the foundation for long-term value creation.

Platform for future growth

With the acquisition of Rottapharm we have established a strong platform to leverage future investments. This was the right move at the right time. And our journey will continue. We are committed to continuing the development of Meda into a world-leading specialty pharma company. This will be done through a combination of new acquisitions, organic growth initiatives and continuous efficiency measures. Our strong cash flow should enable a relatively rapid deleveraging of our balance sheet and allow for more value-accretive acquisitions and investments as soon as 2016. Meda's disciplined and outstanding acquisition process ensures that we have the right focus and that we are able to extract the necessary value at all times.

Focused organization and strong performance

I am pleased that within our organization – despite being engaged in the extensive process of integrating Rottapharm – we were able to stay focused in the fourth quarter and deliver sales and profitability improvements exceeding our full-year target. Clearly, our stronger-than-expected, adjusted full-year EBITDA margin of 30.6% reflects our ability to generate dual-track value by driving the current business forward while also executing a successful integration. With a seasoned M&A team that has remained intact for many years and has a deep understanding of how to integrate companies, businesses and products, we are in a good position to bring the Rottapharm integration, which has had a strong start, to successful completion.

A world-leader in many respects

Our vision is to become a world-leading specialty pharma company. Meda has a resilient, strong and for a European company exceptional business model, and we are proud of our long history of creating tangible value for our stakeholders. Building long-term shareholder value is very important to us, but it is equally important to be a trusted partner in the communities in which we operate, and especially to be a good employer. Only by combining these perspectives can we build a truly great company.

Values driving our culture

At year-end, Meda had a total of 5,202 employees within various areas of expertise and countries. As we grow, we are focusing on preserving the organizational benefits of a small company while leveraging the operational strengths of a larger one. Meda's culture of fast decision-making, constant learning and client focus is an important asset in this respect.

Sustained progress in responsible business practices

We express continued support for the UN Global Compact and we have renewed our ongoing commitment to the initiative and its principles. We believe it is important to be a responsible player in the global pharmaceutical market. This is also expressed by being a reliable and trustworthy partner within the value chain.

In 2014 we continued the implementation of our follow-up system to monitor compliance with our Supplier Code of Conduct. We also continued to develop our Internal Control Standards and Business Conduct Guidelines covering communication and employee training, as well as our internal policies and processes relating to the UN Global Compact.

Our future is promising

We have accomplished great things this year and our future is promising. We are well-positioned to continue to develop Meda into a world-leading specialty pharma company. We are proud of our achievements so far and I wish to thank all Meda employees for their valuable contributions. Within Meda, the employees, with their vast knowledge and experience, their high level of commitment, their deep passion and their remarkable professionalism, are our greatest asset.

Together we will continue to make Meda a bigger, better and stronger company.

Dr. Jörg-Thomas Dierks
Chief Executive Officer

Disclaimer:
This is an extract from Meda's Annual Report 2014. The page references including references in the GRI table have been changed to facilitate navigation in this document. The CEO statement in this document is an extract from the Annual Report 2014 pp. 2–3. The full and formal sustainability report is presented in the Annual Report, pp. 43–60.

Content

About Meda's sustainability report 2014
Meda's Annual Report 2014 includes the company's complete sustainability report 2014, page 43–60. The sustainability report 2014 constitutes Meda's Communication on Progress Report to the UN Global Compact. Meda has applied the Global Reporting Initiative (GRI) guidelines 3.0 since 2010. The 2014 sustainability report fulfills level C+ and has been subjected to third party assurance. A complete GRI index is presented on page 58–59 and the auditor's assurance statement is presented on page 60.

Meda's 2014 sustainability report does not include Rottapharm except for created and distributed economic value, page 45 and employee data on page 50–51. Meda's sustainability report 2014 is also presented on the company website, www.meda.se/csr/

The report content is based on Meda's analysis of the business and our value chain from a sustainability perspective – identifying impact, stakeholders, risks and opportunities. Also, stakeholder input has been taken into account when defining the report content. Meda's stakeholders have been identified based on an analysis of the business, the value chain and the mutual impact and relevance. Since 2011 Meda has engaged with investors and public authorities on Meda's sustainability performance and the content of the sustainability report. The stakeholder dialogue has brought understanding of issues that stakeholders' value and what information they need in order for the report to support their decision-making.

The intention is that the Annual Report, including the sustainability report 2014, will meet the information requirements and provide a complete picture of Meda's social, economic and environmental impact and performance.

2014 sustainability objectives – follow up

Meda's approach is to always strive for continuous improvement. It is an everyday work that entails little revolution but rather systematic management, follow up and modification for improvement. Since a few years ago, Meda's sustainability efforts have addressed a number of areas of particular focus:

- Operational and environmental efficiency
- Sustainability governance
- Sustainable supply chain

The efforts have been quite even across these areas. However, over the past couple of years and with the growth of operations, sustainability in supply chain management as well as strengthening sustainability governance have increased in significance and scope.

In 2014 Meda made progress within several areas. Due to the acquisition of Rottapharm, certain processes were halted and as a result, certain objectives have not been met. These objectives will remain in place 2015. The results are as follows:

Completion of the implementation of a web-based system to monitor supplier compliance with the supplier code of conduct, and conduct the first review of the suppliers included in the system.

Implementation of the follow-up system was carried out according to plan. It covers first tier suppliers involving Meda expenditure of EUR 500,000 or more per year. In 2014, 83% of the requested suppliers performed the self-assessment. A review will be initiated in 2015.

Further development of internal control and the Business Conduct Guidelines with respect to communication and employee training.

This initiative was halted due to the acquisition of Rottapharm. The work will continue in 2015.

Development of internal policies and processes relating to the UN Global Compact in accordance with the action plan produced in 2013.

Meda's Business Conduct Guidelines are available to the public. Meda's whistleblower policy was published on the website, making this option available to external stakeholders. Actions remain to be taken in respect of the plan.

Continue to reduce the company's environmental impact. The key measurement is CO_2 emissions per employee.

Meda's CO_2 emissions per employee were the same in 2014 as in 2013. The most significant efforts have so far been made within own manufacturing units.

Meda in context

Improved access to medicine
In recent years, significant milestones for improving access to medicine have been achieved. For instance, substantial progress has been made towards several health-related millennium goals. However, there are still significant inequities across and within countries regarding access to and quality of healthcare. An estimated two billion people still do not have access to the health-related products they need, and their basic human right to health is not fulfilled. The pharmaceutical industry has an important role to play in helping to improve public health globally.

The cost of medicine has been a prioritized issue within the public sector and industry for some time in part because medications are largely financed by public funds. Despite intensive efforts to develop effective drugs at prices that make them available to many, and innovative access-oriented business models, there are still people who are denied the right to treatment due to cost, primarily in developing countries.

Population growth and greater life expectancy in combination with changes in lifestyles and eating habits are also challenging the industry and driving demand for new forms of healthcare and treatment.

Increasing demands for accountability
The industry's and Meda's responsibility extends beyond providing adequate therapies and products, requirements for good business practices and accountability keep increasing. The pharmaceutical industry has been strictly regulated for a long time and today, legislation is supplemented by ethical guidelines and self-regulation. There are, for instance, guidelines for cooperation between the industry and healthcare providers and professional organizations, as well as for good marketing practices.

Markets and stakeholders
The pharmaceutical industry is truly global and production and sales takes place in regions that pose various risks. Apart from manufacturing in Western Europe and North America, Meda is present in Eastern Europe, South America, Southeast Asia and Africa. This means the company must be aware and capable of handling the specific issues in these regions.

Meda's value chain consists of the development, production, sales & marketing and the use of pharmaceutical products. These phases affect several stakeholder groups. Meda has identified the following stakeholders:

- Patients and consumers
- Healthcare providers
- Suppliers
- Employees
- Public authorities and agencies
- Owners/investors
- Analysts
- Distributors
- Wholesalers/retailers

Meda's ability to interact with stakeholders and meet their needs and expectations are crucial if the company is to remain a relevant player. Meda's dialogue with stakeholders is both informal and formal, and stakeholder input is mostly collected in the ordinary business processes. In 2014, one meeting took place with Meda, representative from our Board of Directors and one of Meda's investors on anti-corruption and internal control. Further, Meda responded to a number of investor surveys regarding our sustainability performance.

Current requirements and expectations have impacted Meda's definition of the company's prioritized sustainability issues.

MEDA – GENERATED AND DISTRIBUTED FINANCIAL VALUE

MSEK	2014	2013
Revenue[1)]	15,415	13,136
Operating expenses	–8,515	–7,463
Salaries and employee benefits	–2,137	–1,944
Payments to providers of funds	–639	–525
Dividend	–756	–680
Payments to governments	–551	–390
Societal investments	0	0
Remaining economic value	**2,817[2)]**	**2,134**

[1)] Net sales, financial income (excluding exchange gains) and recognized gains for the sale of non-current assets.
[2)] Excluding non-recurring effects of SEK 992 million, see Note 11 for the Group.

Meda's prioritized areas

Meda's vision is to become a world-leading specialty pharma company with a focus on sustainable and profitable growth to provide value for patients, shareholders and other stakeholders. In order to fulfill this vision, the company must be committed to responsible business practices. A materiality analysis in 2013 confirmed previously identified areas. Going forward, Meda will evaluate, further develop and adapt its sustainability efforts and priorities to the new Group which, as of Q4 2014, includes Rottapharm.

Meda's prioritized sustainability areas are:

Patient safety
Patient safety is Meda's highest priority, and subject to strict regulations imposed by authorities and by Meda. Read more on page 9.

Manufacturing and distribution
Good supplier relationships, high quality, knowledge of manufacturing conditions and thorough monitoring are essential to ensure product functionality and safety. Good Manufacturing Practice and Meda's Supplier Code of Conduct form the basis for these efforts. Read more on page 10.

Acquisitions
Meda's growth strategy involves a combination of organic growth and acquisitions. Acquisitions have historically been the main driver of the company's expansion by keeping the product portfolio relevant and ensuring access to new markets. Read more on page 11.

Employees
The skills and commitment of Meda's employees are key to the company's success. Meda is a decentralized organization that trusts its employees to act with integrity and to make their own decisions. Meda has established processes for employee relations, including routines relating to the working environment and safety. Read more on pages 11–12.

Governance
Sound business ethics and efficient governance are key to Meda retaining its license to operate and for value creation. Meda's Business Conduct Guidelines and the Swedish Corporate Governance Code outline the company's position and commitment. Read more on pages 13–14.

Environment
To achieve long-term success Meda must make use of natural resources in a sustainable way and keep reducing the company's environmental impact. Read more on pages 15–16.

Community engagement
Meda strives to maintain good relationships with the communities in which it operates. This includes providing expertise and products to communities with significant needs. Read more on page 17.

Risks and opportunities

Meda's operations and sustainability management are based on the conviction that high standards, responsibility and good relationships with the world around us will result in long-term gains. This approach must permeate all strategies, all decisions and all operations.

Meda's sustainability work is intended to improve the company's business opportunities and help Meda achieve its overall goals. Several of Meda's prioritized areas have inherent risks associated with doing business responsibly. An important aspect of the sustainability work is therefore to reduce those risks.

Sustainability and good conduct are issues of relevance for everyone at Meda. The company's management has a particular responsibility; it is the responsibility of every manager to ensure that the company-wide guidelines are implemented and adhered to.

Risk awareness enhances business opportunities

Faults in, or incorrect usage of a product could involve risks for patients or customers and are therefore the main risks faced by Meda. Most sustainability-related risks are believed to be in the manufacture and distribution of Meda's products. This is in part due to the fact that Meda does not have full knowledge or control as these operations are carried out by suppliers, distributors, wholesalers, retailers or healthcare authorities. Some of the considerations are delivery reliability, relationships with suppliers and distributors, business ethics and compliance with Meda's guidelines.

Similar risks exist in Meda's in-house production where production interruptions may affect delivery reliability. In-house production is associated with health and safety risks and environmental impact.

Meda's responsibility in relation to stakeholders such as patients and customers, owners and employees requires the company to manage its risks correctly. The risks vary among different geographies, and as Meda expands, the need to keep well-informed about local circumstances and monitor activities increases.

Examples of risk mitigating efforts include the following:

- Meda has communicated the company's Supplier Code of Conduct to suppliers and implemented a web-based monitoring system.
- Meda works with clear objectives for delivery performance in the company's supply chain.
- Meda has established routines for communication, follow-up and control to ensure correct implementation of the company's Business Conduct Guidelines within the organization. There is a particular focus on new countries and countries with a perceived increased risk of corruption.
- Meda has established management systems and routines for health & safety and the environment. These are employed at the company's own manufacturing units and used to monitor suppliers' performance.
- Meda has processes to assess risk in new markets.

Patient safety

Meda's mission is to provide effective and safe pharmaceuticals. Consequently, the health and safety of patients is always Meda's top priority.

Access to medicine is a core issue in this industry. Meda is committed to helping improve access to medicine where this is a problem. However, given the profile of Meda's product portfolio, the issue is considered to be of little relevance for Meda. However, this is an area that must be assessed over time.

Clinical trials

Meda focuses on development in the late clinical or registration phases and not on early research. This means that Meda's products have already been tested multiple times on humans. In cases requiring clinical trials, Meda enlists the help of specialized research companies.

In 2014 nine clinical trials were performed. Five were post approval commitments in the US or EU. Two were to expand registration and two were to defend a marketing claim.

The services are procured according to Meda's internal procedures for clinical trials. The procedures are based on the relevant standards such as the EU 2001/20EC directive and the OECD Good Clinical Practice (GCP) principles, an ethical and scientific quality standard with origins in the World Medical Association's Declaration of Helsinki.

Animal studies

The pharmaceutical industry has made considerable progress with regard to alternatives to animal studies when developing drugs. Despite this, animal studies are sometimes unavoidable, or even mandatory.

Meda's development is essentially focused on late-phase clinical studies. Consequently, the need for animal studies is extremely limited. In 2014 one animal study – an environmental toxicology study of the full life-cycle of a fish – was initiated as requested by a supervisory authority for conditional approval. The study will continue into 2015.

Meda complies with relevant guidelines and regulations relating to animal studies, such as those established in Good Laboratory Practice guidelines according to ISO 17025 and the OECD Principles of Good Laboratory Practice.

Pharmaceutical registration

Registering pharmaceutical products with the authorities is required before a new or modified product can be launched. All of Meda's marketing companies have local registration experts who manage registration of new and existing products. They also monitor and ensure that products are developed in accordance with the relevant legislation, public authority requirements and guidelines. To guarantee that the product is used correctly and for the right purpose, Meda also works in cooperation with local registration and pharmaceutical authorities on, for example, producing prescription information and user directions.

Pharmacovigilance

All use of pharmaceuticals entails a risk of side effects in various forms and degrees. Simultaneous use of multiple medicines or the consumption of foods or beverages can alter a drug's effect. Meda has its own pharmacovigilance departments across the world working to ensure that medicines are used safely. Among other routines, they apply periodic reporting and risk management plans, to ensure proper standards. The aim is to detect, investigate and prevent any adverse effects from the use of Meda's pharmaceuticals. When required, changes may be made to basic information about a drug, or restrictions may be placed on the use of a product. All potential side effects are reported to the relevant regulatory authority in each country.

In 2014 one formal case of an insufficient description of the pharmacovigilance system was identified. There was no impact on patient safety. Corrective actions have been taken and the deviation has been remediated.

Complaints

Meda has an established system for handling medical and technical complaints. All complaints are investigated and corrective measures taken where necessary. Meda registers all complaints, allowing the company to track recurrent complaints of the same type and monitor any trends.

Manufacturing and distribution

Meda engages in both in-house and contract manufacturing. This mix gives access to new technology and flexibility while enabling good cost control to be maintained. Until Q4 2014, Meda's own manufacturing units were in France, Germany and the US. In Q4 2014, Meda acquired Rottapharm, expanding the scope of own manufacturing units to India, Ireland, Italy and Spain, and an additional unit in Germany. The integration is not yet complete and the Rottapharm units and their suppliers are not included in this sustainability report.

The same delivery and reliability standards and other parameters apply to both Meda's own manufacturing units, including the newly acquired ones, and to contract manufacturers delivering products to Meda.

Strict requirements

Meda enforces strict standards internally and for suppliers. The standards relate to safety, quality, price, function and delivery reliability. Meda's Business Conduct Guidelines cover ethics, working environment and employment terms, environmental impact, animal welfare and management systems. The equivalent requirements for suppliers are set out in the Supplier Code of Conduct, which was updated in 2014 to include human rights considerations. By the end of 2013, more than 95% of Meda's supplier spend in contract manufacturing was made from suppliers that have accepted Meda's Supplier Code of Conduct or has an equivalent. The corresponding data is not available for 2014. However, 83% of the requested suppliers performed the self-assessment of their compliance with Meda's Supplier Code of Conduct.

Monitoring compliance

Meda performs regular supplier audits to check compliance with the requirements set out in the industry's Good Manufacturing Practice (GMP) quality system. Management of relevant sustainability issues is to be reviewed in connection with quality audits. When required, Meda conducts specific audits with a focus on ethics and the environment. No such audits were performed in 2014.

Based on a sustainability risk analysis from 2013, Meda has taken action to improve knowledge and monitoring, as well as to improve actual sustainability performance in the supply chain.

In 2013 Meda launched a web-based monitoring system for Supplier Code of Conduct compliance:

- By the end of 2014 the system covered first tier suppliers from whom Meda has a purchasing volume exceeding SEK 5 million. This entailed – just under 100 companies in 20 countries. The system covers suppliers in Europe, India and the US.
- The monitoring process consists of a standardized survey based on Meda's Supplier Code of Conduct, the principles in UN Global Compact and other relevant internationally recognized standards.
- Each supplier receives a rating based on the responses.
- The rating will form the basis for a more detailed risk analysis and for decisions on whether a targeted audit is warranted.

Overall, the analysis indicates that Meda's exposure is quite low. The majority of Meda's suppliers operate in Europe and North America where the implementation of legislation and regulations is well-developed. Meda has a few suppliers in countries where sustainability risks are deemed high. Meda has overall a good understanding of the operations and performance of these suppliers. Meda plans to initiate another risk analysis in 2015, due, in particular, to the acquisition of Rottapharm. Going forward, empowering the purchasing and sales organizations as well as synchronizing Meda's company-wide approach will help improve to Meda's sustainability performance.

Distribution

Meda's products are primarily distributed in the market by local service providers. Meda has contracts with wholesalers or independent distributors in markets where Meda's products are sold but where the company lacks its own representation.

Meda plans to increase its understanding of the distributors' ability to comply with Meda's Business Conduct Guidelines. Distribution of Meda's products will be included in the risk analysis and strengthening activities described above.

Acquisitions

Meda's growth strategy involves a combination of organic growth and acquisitions. Thus far, acquisitions have been the main driver of Meda's expansion. From 2000 to 2013 Meda made more than 30 major acquisitions of companies and product rights, which were essential to growing a relevant product portfolio. In 2014 Meda was significantly expanded through the acquisition of Rottapharm. Read more about this acquisition on page 7 in the Annual Report.

Extensive investigation precedes an acquisition, and sustainability factors are part of the investigation process. Meda's acquisition and integration process includes implementing the company's Business Conduct Guidelines. The acquired company is responsible for implementing the guidelines and Meda for monitoring the harmonization and implementation process through internal controls.

Employees

The Meda Way

As Meda grows, the objective is to preserve the strengths of a lean and fast-moving company. This means having a decentralized and efficient organization with short decision paths.

To achieve a common approach across the entire company, Meda developed a new vision, mission and corporate values in 2014. The implementation of Meda's values included asking employees to define what the values mean to them and what they need to do, to live up to the values. In 2015 a follow-up will take place to determine how well the organization as a whole is living up to the values.

Meda's workforce[1)]

At the end of 2014 Meda had 4,675 employees (3,153), mainly in sales and marketing. Out of Meda's 4,675 employees, 159 (137) were employed on a temporary basis. In addition, Meda had 527 (173) contractors.

As the company grows, Meda strives to achieve a balance between bringing in new expertise and taking advantage of existing experience. The expansion has resulted in an above average employee turnover. In 2014, 764 (484) employees left Meda either by termination, dismissal or outplacement. Meda's employee turnover was 16% (15). Employees who are affected by organizational changes are offered support where this is relevant, in compliance with local legislation and practices.

Professional development

The skills and good judgment of Meda's employees determine the company's path. Meda strives to be an attractive and supportive workplace, offering a work environment characterized by opportunities and challenges as well as stimulating assignments. Professional development is based on employees' individual needs. There is a structured professional development process in place, with a particular focus on product training.

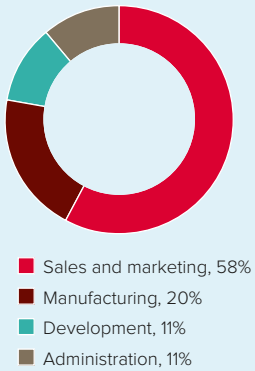
Diversity and equal rights

Of Meda's 4,675 employees, 56% (54) are women. Women hold 39% (37) of management positions. Meda strives to increase the percentage of female managers by clearly defining skills requirements for each position and by monitoring progress.

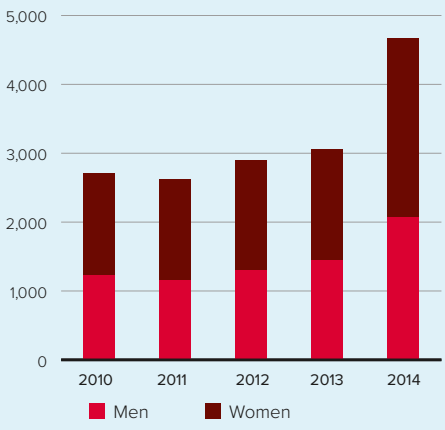
Meda is committed to safeguarding employees' rights and opportunities. Meda's Business Conduct Guidelines state that all employees and applicants are to be treated equally.

[1)] All emoloyee data concerns Meda's own employees, excl. contractors.

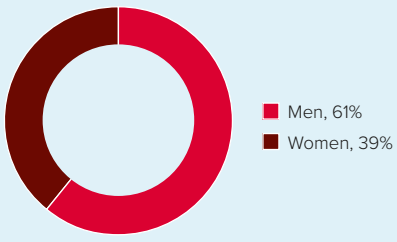
EMPLOYEES PER FUNCTION, 2014



NO. OF EMPLOYEES
GENDER DISTRIBUTION



GENDER DISTRIBUTION,
MANAGERS, 2014



Employees, continued

Discrimination based on gender, gender identity or gender expression, ethnicity, religion or other belief systems, disability, sexual orientation or age etc. is strictly prohibited within Meda. No case of discriminaton was reported in 2014.

Health and safety

Meda is committed to offering a safe, healthy and pleasant workplace. To ensure compliance with relevant occupational health and safety legislation, Meda has dedicated employee and workplace handbooks for countries with large operations, such as Sweden, Germany, France and the US.

All employees are entitled to form or join labor unions, and where such organizations exist, Meda works actively with them on health and safety issues.

Factory and laboratory employees are especially exposed to health and safety risks. Therefore, these units have specific health and safety procedures. Incidents and accidents are followed up and steps are taken to prevent recurrences.

In 2014 a total of 44 (40) work-related injuries were reported. They were mainly “mild trip, slip or fall” injuries affecting manufacturing employees. Meda’s vision is to minimize risks and eliminate work-related accidents.

In 2014 sick leave was 3.1% (3.2) and absence for 60 days or more was 1.0% (1.0). Sick leave is relatively evenly split between men and women and various age groups. Health monitoring and measures are managed at the local level.

Going forward, Meda’s human resources management will mainly be focusing on the integration of Rottapharm. A new organization will be set and responsibilities will be delegated. The roll out of the vision, the mission and the values must encompass the entire organization if the goals in The Meda Way are to be fulfilled. Group-wide governing documents, such as the Business Conduct Guidelines, will be communicated. As the company grows in new geographies and new cultures, it is increasingly important to establish a common understanding of what the guidelines mean.

SICK LEAVE (%)

	2014	2013	2012	2011
Women	3.7	4.0	3.6	3.7
Men	2.4	2.2	2.4	2.6
Total	**3.1**	**3.2**	**3.1**	**3.3**
By age				
50–	3.8	3.9	3.9	3.9
30–49	3.1	3.0	2.9	3.0
0–29	2.0	2.4	2.7	2.9
Continous sick leave >60 days	1.0	1.0	0.9	0.9

WORK RELATED INJURIES AND DISEASES

	2014	2013	2012	2011
Work related injuries	44	39	35	27
Injury rate	19	14	29	18
Work related diseases	–	1	2	2
Occupational deseases rate	–	1	7	3

Governance

Ethical conduct
Meda must be operated in a highly responsible and ethical manner – this extends beyond compliance with laws and regulations. Meda's ethical guidelines and the Business Conduct Guidelines, combined with the Swedish Corporate Governance Code are the principal guidelines.

The Business Conduct Guidelines cover among other aspects; business ethics and the company's relationships with employees, customers, suppliers, public authorities, competitors and other players.

The guidelines prohibit inappropriate advantages and donations to political parties or candidates. They permit Meda companies to engage in societal issues relevant to Meda's business. Meda's companies work locally with various issues, depending on the priorities in a particular market. Such activities are subject to Meda's internal guidelines. As of January 2014, the guidelines are available on Meda's corporate website.

It is the responsibility of each country manager to ensure that each employee understands Meda's Business Conduct Guidelines.

Guiding principles
Meda takes responsibility for operating within the framework of competition legislation in its global operations. The company's Business Conduct Guidelines supplement this type of legislation and prohibit partnerships or agreements with competitors on price, terms or similar aspects.

- Correct information: All information provided by Meda must be correct and issued in such a way so that the intended recipient can understand it and form an accurate opinion on it.
- Regulated market: Meda operates in a strictly regulated market. All products and services are subject to regulation and standards for content, manufacturing, how the product should be used and the effects of use. In some cases information is required about how to dispose of a product.
- Regulated communication: Meda always complies with national regulations on how to communicate information to patients and other interest groups.
- Good marketing practices: The company complies with the guidelines associated with good marketing practices. These may vary from country to country.
- Corruption and conflicts of interest: Meda's Business Conduct Guidelines provide details of Meda's zero tolerance for corruption and rules on how employees should handle situations where conflicts of interest may arise.

Corporate governance
Effective corporate governance is an essential consideration for Meda. As a listed company quoted on the large cap segment of Nasdaq Stockholm, Meda complies with the Swedish Corporate Governance Code. Meda has drawn up several governing documents, including the Business Conduct Guidelines and Internal Control Standards, which all affiliates within Meda must observe.

Monitoring compliance
Auditing and monitoring compliance with the Business Conduct Guidelines and Internal Control Standards are done through self-assessment and internal and external audits. Meda frequently conducts internal audits in countries perceived as having an elevated risk of corruption. These audits focus on sales, supplier relationships and incentives. Meda also conducts business continuity planning risk assessments focusing on product supply and external suppliers.

In 2014 Meda's corporate governance and internal control processes were enhanced in a number of ways. For instance, the security of Meda's IT environment was strengthened, focusing on new markets. As part of its 2015 sustainability objectives, Meda will continue to develop its system for monitoring compliance with the Business Conduct Guidelines. In 2014 Meda began mapping wholesalers and distributors within the scope of enforcing Meda's Business Conduct Guidelines. This project will be extended in 2015 to include the countries where Rottapharm is present.

In 2014 there was one confirmed case of a violation of the Business Conduct Guidelines. It was investigated and remedial actions was taken. Among other actions, new routines for review and documentation of payments have been implemented.

Whistleblowing
Meda has had an anonymous whistleblowing procedure in place since 2012. The procedure is available to employees as well as external stakeholders to report suspected irregularities.

Only one case has been reported through the whistleblowing channel until 2014 and three cases have been reported through other channels. Meda investigated all cases and found that none required remedial action.

Fulfilling the UN Global Compact principle
Meda is signatory to the UN Global Compact (UNGC) since 2012 and has undertaken to respect and promote its ten principles on human rights, labor rights, the environment and anti-corruption. Meda supports all internationally recognized principles on human rights as well as the ILO Core Conventions, and pledges to develop its efforts in these areas.

The UNGC's ten principles will be incorporated into the way in which Meda is governed and conducts its operations, and Meda's sustainability goals are aligned with the principles. To further align Meda's performance with the UNGC commitment, an action plan has been set out: The key points are:

- Supplier requirements: Update Meda's Supplier Code of Conduct to more clearly reflect the company's expectations of suppliers with respect to human rights, particularly the right to organize and collective bargaining. Status: Done.
- Product supply: Develop risk assessment of the product supply chain. Status: To do.

Governance, continued

- Human rights: Develop the Business Conduct Guidelines to further define Meda's support of the ILO Core Conventions and the UN Universal Declaration of Business and Human Rights. Status: To do.
- Knowledge improvement: Improve coordination of Meda's internal HR policies between different countries and develop internal training for employees in CSR risks, e.g. anti-corruption and discrimination. Status: To do.
- Whistleblowing: Introduce a process whereby external stakeholders can report issues. Status: Done.
- Marketing: Document and coordinate the various models for good marketing practices within the company to ensure that the practices in all countries meet the expected standards. Status: Done.

Risk management in expansion

Meda has experienced considerable growth since 2000. Some of Meda's new markets are deemed to be associated with relatively high risk in terms of corruption, human rights violations and environmental damage. Meda places particular emphasis on following up these aspects in high-risk markets. The company's operations in high-risk countries are almost entirely limited to sales and marketing. No development or manufacturing activities take place. Meda also takes steps to improve internal control in countries where the company has recently established operations.

Following the acquisition of Rottapharm, Meda will oversee its sustainability governance systematics and efforts. Previous assumptions on risks and the scope of mitigating activities may need to be revised. Also, several markets where Meda operates have new and stricter regulation, making it relevant for Meda to develop internal standards and routines as the ambition is to stay ahead of legislative requirements.

To learn more about routines on acquisitions, please see pages 7 and 50 in the Annual Report.

Environment

Meda's environmental impact primarily comes from:

- Energy consumption, emissions and waste from production.
- Energy consumption at offices and other premises.
- Emissions from goods transportation and travel.

The aim is to constantly reduce Meda's environmental impact. The company complies with all relevant environmental laws and applies an ISO 14001 certified environmental management system. Energy consumption, material consumption and hazardous waste are areas of priority.

Meda's environmental policy in brief

Meda's environmental policy states that the company is to:

- Comply with the environmental laws and ordinances in force.
- Consider commercial opportunities and risks from an environmental perspective.
- Reduce energy consumption.
- Consider the environment when purchasing goods and services.
- Ensure the safe and responsible management of chemicals.
- Limit water consumption and waste generation.
- Operate in accordance with ISO 14001.
- Raise environmental awareness among managers and other employees.

Manufacturing

Meda's environmental efforts mainly concern the manufacturing units in Germany, France and the US. These units are only engaged in formulating and packaging pharmaceuticals. These units have the environmental permits required by local law and EU regulations. All units are monitored and no deviations were noted in 2014.

Meda also complies with relevant regulatory requirements with respect to documenting the pharmaceutical residues in aquatic environments that arise from pharmaceutical use. The company also monitors research for new findings. The dominant opinion among experts in the field is that the amounts of pharmaceutical residues that it is possible to measure in the environment cannot be considered harmful to humans, animals or plant life.

Objectives and monitoring

Meda's units have their own objectives for energy, waste and, where applicable, wastewater. These objectives are regularly followed up and revised. Example of efforts to cut environmental impact in 2014 are increased monitoring of consumption and emissions, reduced gas consumption, increased waste recycling and substitution of PVC sleeves with less harmful material.

Environmental audits of all relevant units are conducted by a third party. In 2015, Meda's units will be audited to be recertified to ISO 14001.

Waste and wastewater

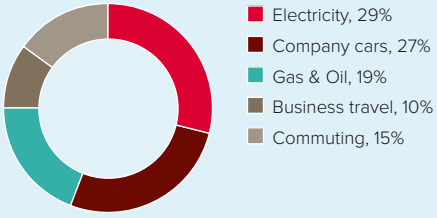
As the manufacturing units are only engaged in formulating and packaging pharmaceuticals, the amount of waste generated is relatively small and solvent emissions to air are minimal. Most waste consists of process water, mainly from equipment cleaning. The volume of hazardous waste generated is low and only small amounts of pharmaceutical residues are generated. All waste is handled in accordance with laws and established routines. Also, all facilities have permits to release process wastewater with regular wastewater for processing in treatment plants. They are in compliance with their permits with good margins.

WATER AND WASTE, MANUFACTURING AND DEVELOPMENT UNITS 2014

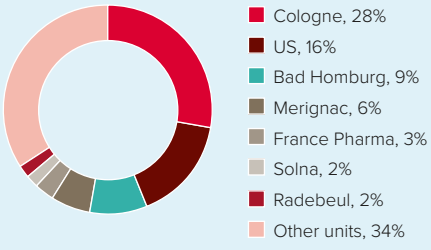
Water	83,810 m^3
of which process wastewater	49,342 m^3
Waste	1,153 tons
of which hazardous waste	94 tons

These values will be the basis for efficiency and improvement efforts in the years ahead to reduce water consumption and waste volumes.

GREENHOUSE GAS EMISSIONS BY CATEGORY, MEDA GROUP 2014



GREENHOUSE GAS EMISSIONS, GEOGRAPHIC DISTRIBUTION, MEDA GROUP 2014



Environment, continued

Energy and CO_2 emissions

Reducing energy consumption and greenhouse gas emissions is Meda's top environmental priority. Meda did not meet its 2014 goal for reducing CO_2 emissions per employee. The emissions level remained 9,3[1)] metric tons per employee.

- In 2014 Meda's direct and indirect CO_2 emissions were 28,429[2)] (29,248)[1)] metric tons equivalent to 9.3 metric tons per employee and 2,057 (2,230)[1)] metric tons per SEK thousand in net sales.
- Direct emissions originate from heating and the use of company cars.
- Indirect emissions come mainly from electricity consumption.

The most important short-term measures for reducing CO_2 emissions are related to energy consumption at the plants and office buildings. Meda has successfully implemented steps to reduce electricity consumption. Meda is also focusing on improving efficiency in goods transportation and on better coordination. Another priority is promoting alternatives to business trips by, for example increasing the use of video and telephone conferencing.

Meda has been participating in the Carbon Disclosure Project (CDP) for several years. In the CDP Nordic Report 2014, Meda was included in the Climate Disclosure Leadership Index (CDLI).

- Meda's CDP reporting in 2014 was awarded 95B/100 A (83 C). For more information on CDP, visit CDP's website.

Meda offsets the climate impact of its Swedish operations by investing in certified Clean Development Mechanism (CDM) projects. These projects are run in line with the intentions of the Kyoto Protocol and are monitored by the UN. They also meet comprehensive requirements with respect to measureable reductions in CO_2 emissions and positive social impacts.

[1)] Adjustment of 2013 data has been made to refelect that emissions from supply chain are not included for 2014. Hence, the 2013 figure differ from reported data in 2013.
[2)] These emission values are based on actual data from all of the production and development units and other operations in Sweden, the US, France and Germany. CO2 emissions for the whole of Meda were then extrapolated from this data.

CO_2 EMISSIONS AS REPORTED TO CDP (TON)

	2014	2013	2012
Scope 1:			
Gas and oil[1)]	5,569	6,245	5,926
Company cars	7,781	7,619	7,528
Scope 2:			
Electricity	8,243	9,226	9,522
Scope 3:			
Business trips	2,920	3,258	3,251
Commuting	3,915	2,900	2,655
Supply chain	NA	5,300	5,146
Total	**28,429**	**34,548[2)]**	**34,028**
Per employee	9.3[3)]	11.3	11.7

Scope 1: Direct emissions from CO_2 sources owned or controlled by the reporting organization.
Scope 2: Indirect emissions caused by the organization's consumtion of energy.
Scope 3: Other indirect emissions that occur as a result of the organization's activities.

In 2014 Meda does not report on emissions in the supply chain due to lack of reliable data.

[1)] Cover Meda's manufacturing units
[2)] Excluding supply chain: 29,248
[3)] The equivalent for 2013, i.e. excl. Supply chain is 9.3.

ENERGY USE

	2014	2013	2012	2011
Natural gas, m^3	2,877,302	3,195,364	3,070,505	2,806,026
Company cars, driving distance, km	41,272,548	40,100,853	40,004,940	34,849,042
Electricity, MWh	24,472	24,324	22,406	24,160

	2014	2013	2012	2011
Natural gas, GJ	112,244	124,651	119,780	109,463
Company cars, driving distance, km[1)]	–	–	–	–
Electricity, GJ	88,099	87,566	80,662	86,976

[1)] Reporting on company cars cannot be converted to GJ as Meda does not collect information on fuel type.

Community engagement

Meda regards making a positive impact on the community as a duty and a privilege. Beyond running the core business and improving health and well-being through effective operations, Meda sponsors research and donates to charitable organizations.

AmeriCares

Since 2003, Meda has partnered with AmeriCares, an emergency response and global health organization committed to saving lives and building healthier futures for people in crisis in the United States and around the world.

Since its founding in 1982, AmeriCares has delivered more than USD 12 billion in humanitarian aid to 164 countries. The organization's emergency response experts have responded to the Southeast Asia tsunami, Hurricane Katrina, the Haiti earthquake and the West Africa Ebola outbreak, among other emergencies. In 2014 products donated by Meda were distributed in 26 countries.

MAP International

Meda has donated products to MAP International since 2001. MAP is a voluntary aid organization founded in 1954 that works to support some of the world's poorest people in over 115 countries.

The organization supplies clinics and hospitals in vulnerable areas with FDA approved drugs and medical equipment. MAP International also works to prevent and mitigate outbreaks of disease and to promote the construction of local healthcare facilities.

MAP International has played an important role in providing access to healthcare and drugs for millions of victims of disasters, such as: Typhoon Haiyan in the Philippines, the earthquake in Haiti, Ebola victims in West Africa and devastating hurricanes in the Caribbean.

In 2014 Meda's products reached people in need in 48 countries.

Meda has donated more than USD 31 million of product that has been shipped to 63 countries.

Project Hope

In addition to donations to the organizations above, Meda also donated pharmaceutical products in 2014 to organizations such as Project HOPE, Operation Gratitude, Operation Troop Aid and Operation Ukraine.

Founded in 1958, Project HOPE (Health Opportunities for People Everywhere) is dedicated to providing lasting solutions to health problems with the mission of helping people to help themselves. Together with the SS HOPE, the world's first peacetime hospital ship, Project HOPE now provides medical training and health education, and conducts humanitarian assistance programs in more than 30 countries.

Direct Relief

Meda regularly donates pharmaceutical products to Direct Relief. Since 1948 Direct Relief has been helping to improve the quality of life of people in extremely difficult situations. The organization provides high-demand medicines, OTC drugs, medical supplies and equipment, personal care products and nutritional supplements. In addition, the organization makes targeted capital donations and provides health worker education. In 2014 Meda's products reached nine countries via Direct Relief.

In addition to the above-mentioned initiatives, several local initiatives have been implemented in line with Meda's guidelines. For more information on local initiatives and other important donations supporting Meda's local operations, please visit www.meda.se and local geographical sites.

Sustainability objectives for 2015 and onwards

Meda's sustainability objectives continue to support a set of areas of particular focus: operational and environmental efficiency, responsible integration of new business, sustainability governance and a sustainable supply chain. Going forward, the objectives combine relatively short-term and long-term efforts. They are all aimed at driving Meda's sustainability performance and identifying risks and opportunities inherent in Meda's core business.

Operational and environmental efficiency

- Continue to reduce Meda's environmental impact. The key measurement is CO_2 emissions per employee.
- Re-certify relevant units to ISO 14001.
- Begin inclusion of Rottapharm in Meda's ISO 14001 Group certification.

Responsible integration of new business

- Include Rottapharm in Meda's sustainability framework.
- Perform a sustainability risk analysis of Rottapharm.

Sustainability governance

- Evaluate Meda's sustainability efforts and risk readiness.
- Further develop internal policies and processes in line with the UN Global Compact in accordance with the action plan.
- Further develop internal control and the Business Conduct Guidelines with respect to communication and employee training.

Sustainable supply chain

- Engage with suppliers based on their self-assessment initiated in 2014.
- Roll out Meda's Supplier Code of Conduct across Rottapharm's supplier base.
- Include relevant suppliers from Rottapharm's supplier base in Meda's supplier follow up system.

GRI content table

About Meda's sustainability report 2014
Meda reports its sustainability performance annually. The sustainability report refers to the fiscal year 2014. Meda applies GRI's guidelines for sustainability reporting, version 3.0. The information provided in the report meets the GRI requirements for application level C+. The information in this report has been reviewed by a third party (PwC) who confirms this statement. Meda's sustainability report covers the entire Group excluding Rottapharm's units unless indicated otherwise. The report provides a complete picture of Meda's social, economic and environmental impact and results.

Below is Meda's complete GRI table. The table includes the profile information that is mandatory for GRI Level C and performance indicators considered relevant. Visit Meda's website for GRI report application level table.

Standard information/indicator	AR: Annual Report 2014 SR: Sustainability Report, extract from AR 2014	Reporting: Fully/ Partially	Comment
1. STRATEGY AND ANALYSIS			
1.1 CEO's comments	SR 3		
1.2 Risks and opportunities	AR 4–5, 10–11, 67–68 SR 6, 8, 14		
2. ORGANIZATIONAL PROFILE			
2.1 Organization name	AR 130		
2.2 Primary brands, products, and services	AR 4–5, 24–25 SR 10		
2.3 Organizational structure	AR 18–19, 99 (Note 15), SR 11		See parent's Note 15
2.4 Location of headquarters	AR 130		
2.5 Countries where the organization is active	AR Front cover inside,18–21		
2.6 Ownership and legal form	AR 69		
2.7 Markets	AR Front cover inside, 14–16, 18–22		
2.8 Company size	AR 1, 62–66		
2.9 Significant changes during the reporting period	AR 1, 64–65		
2.10 Awards received in the reporting period	AR 65 SR 16		
3. REPORT PARAMETERS			
Report profile			
3.1 Reporting period	SR 19		
3.2 Most recent reporting date			Meda's 2013 sustainability report was published as part of the 2013 annual report in April 2013.
3.3 Reporting cycle	SR 19		
3.4 Contact person for questions regarding the report	AR 130		Lina Andersson, Head of Global Sustainability. Email: lina.andersson@meda.se
Report scope and boundary			
3.5 Process for defining report content	SR 4, 6–7		
3.6 Boundary of the report	AR 86 (Note 1) SR 4, 10		The sustainability report applies the same reporting policies as the annual report, unless stated otherwise. See 3.7.
3.7 Limitations on the scope of the report	SR 15		Environmental performance data for waste and water are limited to Meda's production units. The Sustainability report does not include Rottapharm except for economic value creation (page 6) and employee data (page 11–12). Employee data reported on page 11–12 concerns own employees.
3.8 Accounting policies for the Group	AR 86 (Note 1)		See the Group's Note 1 on reporting principles.
3.10 Explanation for any re-statements from former reports	SR 6, 15–16		
3.11 Significant changes in scope, boundaries, or measurement methods compared with reports from previous years	SR 4, 10–12, 15–16, 19		As of 2014 employee data is reported as head count. Data for 2013 has been re-stated to enable comparability. See page 11–12. CO_2 emissions from supply chain is not reported in 2014 due to lack of reliable data. In cases where a description of the performance in 2014 vs. 2013 is given, the data for 2013 has been adjusted. See page 15–16.
3.12 Table identifying location of all parts of the GRI	SR 19–20		This is Meda's complete GRI index.
3.13 Policy and practice for external assurance	SR 4, 21		
4. GOVERNANCE, COMMITMENTS AND ENGAGEMENTS			
Governance			
4.1 Governance Structure	AR 69, 72–73		

Standard information/indicator	AR: Annual Report 2014 SR: Sustainability Report, extract from AR 2014	Reporting: Fully/ Partially	Comment
4.2 Role of the Chairman of the Board	AR 70		Martin Svalstedt is Chairman and Dr. Jörg-Thomas Dierks is CEO and President of Meda.
4.3 Independent or non-executive board members	AR 74–75		
4.4 Mechanisms to provide proposals or direction to the Board of Directors	AR 52, 69–70		No additional formal processes in place.
4.8 Internally developed statements of mission or basic values, code of conduct, and principles for sustainable/responsible entrepreneurship	AR 12, 65 SR 5, 10, 13–14		
4.12 External declarations, principles, and initiatives	AR 2–3, 65 SR 13–14		Meda complies with the requirements and guidelines in the Swedish Code of Corporate Governance, ISO 14001, GRI, and GxP (regulatory frameworks that govern the pharmaceutical industry).
Stakeholder engagement			
4.14 Stakeholder groups	SR 4, 6		
4.15 Identification and selection of stakeholders	SR 4, 6–7		
4.16 Approaches to stakeholder engagement	SR 4–6, 10		
4.17 Key topics and concerns that have been raised in dialogues with stakeholders	SR 6–7		
PERFORMANCE INDICATORS			
ECONOMIC PERFORMANCE INDICATORS			
EC 1 Direct economic value generated and distributed	SR 6	Fully	
EC 3 Coverage of the organization's defined benefit plan obligations	AR 95–96 (Note 8) 105–108 (Note 27)	Fully	See Group's Note 8 and 27.
EC 4 Significant financial assistance received from government		Fully	Meda has not received significant financial assistance from the government 2014.
EC 8 Development and impact of infrastructure investments and services provided primarily for public benefit	SR 17	Partially	
ENVIRONMENTAL INDICATORS			
EN 3 Direct energy consumption by primary energy source	SR 15–16	Fully	
EN 4 Indirect energy consumption by primary energy source	SR 15–16	Fully	
EN 8 Total water withdrawal by source	SR 15	Partially	
EN 16 Total direct and indirect greenhouse gas emissions by weight	SR 15–16	Fully	
EN 18 Initiatives to reduce greenhouse gas emissions and reductions achieved	SR 15–16	Partially	
EN 21 Total water discharge by quality and destination	SR 15	Partially	
EN 22 Total weight of waste by type and disposal method	SR 15	Partially	
EN 26 Initiatives to mitigate environmental impacts of products and services	SR 15–16	Partially	
EN 28 Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations		Fully	No such incidents in 2014.
SOCIAL INDICATORS			
Labor practices and decent work			
LA 1 Total workforce by employment type and region	AR 65, 94 (Note 7) SR 11	Fully	See Group's Note 7.
LA 2 Employee turnover	SR 11	Fully	
LA 7 Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region	SR 12	Partially	No fatalities within Meda's operations in 2014.
LA 13 Composition of governance bodies and breakdown of employees per category according to indicators of diversity	AR 72–79, 94 (Note 7) SR 11–12	Fully	Meda does not report broken down by ethnicity/minority group as it is prohibited by Swedish law to record such information. See Group's Note 7.
Human rights			
HR 2 Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	SR 10	Fully	
HR 4 Total number of incidents of discrimination and actions taken	SR 12	Fully	
Society			
SO 4 Actions taken in response to incidents of corruption	SR 13	Fully	One case of fraud was detected in 2014. It was investigated and corrective actions were taken.
SO 5 Participation in political decision-making processes and lobbying	SR 13	Partially	
SO 6 Total value of all contributions and gifts to political parties		Fully	Meda does not contribute with gifts or services to political processes or institutions as referred to by this indicator.
SO 8 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations		Fully	No such incidents in 2014.
Product responsibility			
PR 1 Life cycle stages in which health and safety impacts of products and services are assessed	SR 8–10, 13–16	Partially	
PR 3 Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	SR 9, 13	Fully	Meda operates in a strictly regulated market. All products and services are subject to regulation and requirements with regard to content, production, use, how the product will be used, and the effects of use. In some cases information about how the product will be discarded must also be submitted.
PR 9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services		Fully	Meda was not imposed any fine in 2014 as referred to by this indicator. One formal complaint was filed due to insufficient description of the pharmaconvigilance system. There was no impact on patient safety and corrective actions were taken.

Auditor's limited assurance report on sustainability report

To Meda AB (publ)

Introduction

We have been engaged by the management of Meda AB (publ) to undertake an examination of Meda's Sustainability Report for the year 2014.

Responsibilities of the Board and Management for the Sustainability Report

The Board of Directors and the Group Management are responsible for the preparation of the Sustainability Report in accordance with the applicable criteria, as explained on page 43, 45-46 in the Sustainability Report, and are the parts of the Sustainability Reporting Guidelines (published by The Global Reporting Initiative, GRI) which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Responsibilities of the auditor

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed.

We conducted our limited assurance engagement in accordance with RevR 6 Assurance of Sustainability Reports issued by FAR. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement conducted in accordance with IAASB's Standards on Auditing and Quality Control and other generally accepted auditing standards in Sweden. The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

Our procedures are based on the criteria defined by the Board of Directors and the Group Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Group Management.

Stockholm, 27th March 2015
PricewaterhouseCoopers AB

Mikael Eriksson
Authorised Public Accountant

Fredrik Ljungdahl
Expert Member of FAR

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