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# Sustainability Report 2013

Extract from Meda's Annual Report 2013



## Meda in brief

Meda is a leading international specialty pharma company with a broad product portfolio and its own sales organization in close to 60 countries. Including the markets where distributors handle sales activities, Meda's products are sold in more than 120 countries. This means that Meda reaches 80% of the global pharmaceutical market. Measured in sales, Meda is the 48th largest pharmaceutical company and the 15th largest specialty pharma company in the world.

At the end of 2013 Meda had 3,062 (2,900) employees, 1,914 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 680 people.

Meda AB is the Group's 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 areas:

- Respiratory and Dermatology
- Over-the-counter drugs (OTC)

The company offers niche products that meet particular medical needs:

- Comprehensive product portfolio in selected therapy areas
- Clear synergies in sales and marketing



**13,114**

Group sales reached SEK 13,114 million

**3,734**

EBITDA amounted to SEK 3,734 million

**120**

Our pharmaceuticals are sold in more than 120 countries

**3,062**

At the end of 2013, Meda had 3,062 employees ...

**1,914**

... about 1,914 of whom in sales and marketing

**60**

Our sales organizations are present in close to 60 countries

# Entering the next phase



## **A trustworthy Meda**

Meda has a clear commitment to creating value for the various stakeholders. We express our continued support for the UN Global Compact and renew our ongoing commitment to the initiative and its principles. For us, it is equally important to be a responsible member of the global pharmaceutical market, as it is to be a reliable and trustworthy partner to the local community. During the year Meda has introduced a new system for supplier follow-up, and we have further developed our anti-corruption processes.

## **A sustainable Meda**

There has been significant progress in healthcare, but the needs are far from being met. Population growth, greater life expectancy and changes in lifestyles are increasing the need for care in different ways. Meda's most important mission is to provide effective and safe pharmaceuticals for patients and customers. Patient safety is therefore our highest priority. High quality in the manufacturing process is essential to ensure patient safety, and we strive to continuously improve our supply chain management practices and expand our market knowledge. Corporate social responsibility (CSR) risks relating to suppliers and partners are increasingly important to manage, particularly when entering new markets and facing new local regulations and business practices. It is also important to manage such risks when considering acquisitions of companies and products.

## **Our talent base is the foundation for future success**

Meda's future success is entirely dependent on the strength of our talent base. We have always put a high priority on attracting people who wish to make a difference. Today we have excellent breadth, depth and quality of both employees and management. The Meda Way provides leadership inspiration and summarizes the key drivers of our corporate culture. Fast decision making, continuous learning and client focus are imprinted on our DNA. At year-end, Meda had a total of 3,226 employees and contractors. To maintain speed and flexibility even as we grow, Meda increasingly provides corporate management training and specialist training.

Dr. Jörg-Thomas Dierks  
Chief Executive Officer

**Disclaimer:**

This is an extract from Meda's Annual Report 2013. 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 2013 pp. 2-3. The full and formal sustainability report is presented in the Annual Report, pp. 36–54.

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## Content

5	The CSR year in brief
6	Follow up of 2013 CSR objectives
7	Meda in context
8	Meda's prioritized areas
9	Risks and opportunities
10	Patient safety
11	Manufacturing and supply
12	Acquisitions
13	Employees
14	Governance
16	Environment
18	Community involvement
19	CSR objectives in 2014 and onwards
20	GRI index
22	Auditor's Limited Assurance Report on Sustainability Report

**About Meda's sustainability report 2013**

Meda's annual report 2013 includes the company's complete sustainability report 2013, p. 36–54. The sustainability report 2013 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 2013 sustainability report fulfills level C+ and has been subjected to third party assurance. A complete GRI index is presented on p. 52–53 and the auditor's assurance statement is presented on p. 54. Meda's sustainability report 2013 is also presented on the company website, [www.meda.se/csr/](http://www.meda.se/csr/)

The report content is based on Meda's analysis of the business and value chain from a sustainability perspective – identifying impact, stakeholders, risks and opportunities. Also, stakeholder input is taken into account when defining the report content. Meda's stakeholders are identified based on an analysis of the business, the value chain and the mutual impact and relevance. The stakeholder dialogue brings understanding of the issues that stakeholders' value and what information they want to receive in order for the report to support their decision making. In 2011–2013 Meda engaged with investors and public authorities on Meda's sustainability performance and the content of the sustainability report. The intention is that the annual report including the sustainability report 2013 meet that needs for information and provides a complete picture of Meda's social, economic and environmental impact and performance.

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## The CSR year in brief

The CSR work is conducted on the basis of continuous improvement. Prioritized areas during the year have therefore largely been the same as in the past: supplier assessments, environmental management, implementation of Meda's ethical guidelines (Business Conduct Guidelines) and further reinforcement of Meda's commitment to the UN Global Compact. CSR efforts relating to suppliers have increased in scope and significance. In 2013 Meda's CSR work included:

Initiated implementation of a web-based system to monitor suppliers. The system is based on risk analysis and enables Meda to have better control.

The Business Conduct Guidelines have been developed to more comprehensively cover anti-corruption and bribery legislation, including the UK Bribery Act and Swedish bribery laws. Communication and implementation processes have been enhanced.

An active dialogue with several investors and stakeholders. The interest in Meda's CSR efforts continues to be strong.

Gap analysis conducted of Meda's efforts with respect to the principles on human rights of the UN Global Compact (Meda joined in May 2012). The analysis will form the basis for a number of activities in 2014.

A so called materiality analysis was conducted. This was an internal exercise involving the key functions and identified Meda's most significant sustainability issues based on Meda's value chain and stakeholders. The materiality analysis will be supplemented by input from external stakeholders in 2014. The results will guide Meda's future sustainability work.

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## Follow up of 2013 CSR objectives

Meda has had Group-wide objectives for its CSR work in place since 2010. Overall, it can be concluded that Meda's Group-wide CSR objectives for 2013 were fulfilled. The results with respect to the 2013 objectives were as follows:

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Meda will improve its model for monitoring supplier compliance with the Supplier Code of Conduct.

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Meda will continue to reduce the company's environmental impact. The overarching measurement is the amount of CO<sub>2</sub> emissions per employee.

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Internal control and the Business Conduct Guidelines will be further developed in the area of compliance monitoring. Anti-corruption routines will be improved.

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A Gap analysis will be conducted of Meda's operations in relation to the UN Global Compact. A plan of action will be drawn up.

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Meda purchases more than 95% of contract manufactured products from suppliers who accept Meda's Supplier Code of Conduct. In 2013 Meda began to implement a web-based system to improve monitoring and control. The system is designed on the basis of risk analysis conducted in 2012.

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Meda's CO<sub>2</sub> emissions were reduced by 3% in 2013, calculated as the amount of emissions per employee. Meda is taking active steps to reduce energy consumption, particularly within production.

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A new version of Meda's Business Conduct Guidelines was implemented in May 2013. Anti-corruption policies and routines have been more clearly defined, as has the significance of Meda's participation in the UN Global Compact. Communication and implementation processes have been developed.

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A Gap analysis focusing on the Global Compact's principles on human rights and labor rights issues was conducted during the summer and fall. An action plan has been developed based on the outcome.

## Meda in context

### Trends and drivers

There has been significant progress in healthcare, but the needs are far from being met. Although the right to health is one of the basic human rights, for around 250 million people this is not a reality. Population growth and greater life expectancy are increasing the need for care in different ways. Meanwhile, changes in lifestyles and eating habits due either to economic growth or the opposite, have increased the demand for healthcare and treatment. New and improved forms of treatment are needed and the pharmaceutical industry has an important role to play in helping to improve people's health globally.

It is not enough to merely provide effective therapies and products that meet specific needs. Demands for accountability and good business practices are increasing every year. This applies not least to the responsibility to patients and the community.

The pharmaceutical industry has for a long time been regulated by legislation and, in recent years, this has been supplemented by ethical guidelines and self-regulation. There are now, for example, guidelines for the industry's cooperation with healthcare providers and professional organizations and also for good marketing practices.

The costs associated with, and therefore also access to, medicines have been prioritized issues for a number of years now. This is partly due to the fact that medication is largely financed by public funds. Despite intensive efforts to develop effective drugs at prices that make them available to many, there are still people who are denied the right to treatment due to cost, primarily in developing countries.

The pharmaceutical industry has developed to the stage where it has both production and sales in regions that are generally associated with higher ethical and commercial risks. In Meda's case this includes Eastern Europe, South America, and Southeast Asia. Having a presence in these regions requires companies to be aware of, and capable of, handling the conditions there. Companies must act based on sound business principles and have efficient operations that can combat unethical business practices and corruption.

### Close relationships with stakeholders

Meda's value chain consists of the development, production, sales and marketing and use of Meda's products. These different areas, and the way in which the company is governed, affect a great many stakeholders. Based on the value chain, Meda has identified the following stakeholders:

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

Relationships with the various stakeholder groups and Meda's ability to meet their needs and expectations are crucial factors if the company is to remain a relevant player. Dialogue with stakeholders is both informal and formal. Most of the stakeholder input is collected through the ordinary business processes. Similar to last year, Meda has carried out in-depth interviews with selected owner representatives, who articulated a particular interest in Meda's sustainability work.

The preferences of stakeholders have a strong bearing on Meda's operations and development. Prevailing requirements and expectations have impacted Meda's definition of the company's prioritized CSR issues and CSR strategy.

## GENERATED AND DISTRIBUTED FINANCIAL VALUE

MSEK	2013	2012 Restated <sup>2)</sup>
Revenue <sup>1)</sup>	13,136	13,052
Operating expenses	-7,463	-7,250
Salaries and employee benefits	-1,944	-1,796
Payments to providers of funds	-525	-593
Dividend	-680	-680
Payments to governments	-390	-328
Societal investments	0	0
<b>Remaining economic value</b>	<b>2,134</b>	<b>2,405</b>

<sup>1)</sup> Net sales plus financial income (excluding exchange gains) as well as recognized gains for the sale of non-current assets.

<sup>2)</sup> The figures of 2012 have been converted for IAS 19.

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## Meda's prioritized areas

For a number of years now Meda has been focusing on areas identified as particularly important with respect to responsible business practices. In 2013 a materiality analysis was conducted with internal key functions which identified Meda's key issues based on the company's value chain and stakeholders. The results confirmed and honed in on the areas Meda had previously identified. This analysis will form the basis for future strategic determinations and goal setting.

Below is a brief description of the important areas and issues:

### **Patient safety**

Meda's most important mission is to provide effective and safe pharmaceuticals for patients and customers. Patient safety is therefore Meda's highest priority. The area is subject to strict regulations, imposed by both the authorities and Meda itself. Patient safety is the focus both in the development of new products and in supplying products that have already been launched. Read more on page 10.

### **Manufacturing**

High quality in the manufacturing process is essential to ensure that the products have the appropriate inherent qualities and fill the right functions. For Meda, good relationships with and knowledge of the actual conditions under which suppliers and business partners operate is crucial in ensuring the expected quality. This involves setting up and monitoring relevant responsible business practice requirements and helping suppliers to develop in this area. Meda's Supplier Code of Conduct forms the basis for these efforts. Read more on page 11.

### **Sales and marketing**

The part of Meda's organization that employs the most people and is the most significant for profitability is sales and marketing of the company's products. This makes it a critical link in Meda's value chain which includes Meda's direct distribution to customers and wholesalers and sales through external distributors. Read more on page 11.

### **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. Acquisitions have helped to keep the product portfolio relevant and ensure access to new markets. Read more on page 12.

### **Employees**

The skill and commitment of Meda's employees is key to the company's success. It is their knowledge, relationships and initiatives that generate new products and sales. Meda has established processes for employee relations, including routines relating to the working environment and safety. Read more on pages 12–13.

### **Governance**

Running the company in a responsible way and adhering to good business ethics throughout the organization are key factors in Meda's ability to create value for stakeholders and to win their trust. Meda's Business Conduct Guidelines outlines the company's position and commitment.

Meda is listed on NASDAQ OMX Nordics Large Cap and applies the Swedish Corporate Governance Code. Good internal control is fun-

damental for effective and value-generating business operations, which in turn is essential to Meda's credibility on the market and to manage opportunities. Read more on pages 14–15.

### **Environment**

To achieve long-term success Meda must make use of natural resources in a sustainable way and constantly reduce the company's environmental impact. Read more on pages 16–17.

### **Community involvement**

Meda strives to maintain good relationships with the communities in which the company operates, and contributes its expertise and products to communities with significant needs. Meda prioritizes initiatives that promote people's health and well-being in the long term. Read more on page 18.

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## Risks and opportunities

The basis of Meda's operations and CSR strategy is the conviction that high ethical standards, responsibility and good relationships with the world around us bring about long-term gains. This approach must permeate all strategies, all decisions and all operations.

The main purpose of Meda's CSR work is 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, and accordingly, an important aspect of the CSR work is to reduce those risks.

CSR 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 guidelines in place are implemented and adhered to.

### **Risk analysis**

The materiality analysis that was conducted in the fourth quarter of 2013 supplements Meda's previous risk analysis. Faults in or incorrect usage of a product could involve risks for patients or customers and this is therefore the main risk faced by Meda. Most CSR-related risks are believed to be in the manufacture and distribution of Meda's products. This is 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 health care 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 environmental impact and the risk of accidents.

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 between different geographies and as Meda expands, the need for new knowledge and monitoring activities increases.

Examples of steps to reduce risks include the following:

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

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## Patient safety

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

Meda is constantly developing the product portfolio to provide drugs and products that meet actual needs. Several of the recent acquisitions have been aimed at complementing the existing offering and creating a more relevant portfolio.

Access to medicine is an extremely relevant issue in this industry. Meda is committed to helping improve access to medicine where this is an issue. However, due to Meda's product portfolio and geographical presence, the issue is of little relevance for Meda at this time. Meda does, however, donate medicine wherever possible (see page 50).

### Clinical trials

Meda does not focus on early research but instead on development in the late clinical or registration phases. This means that Meda's products have already been tested on humans multiple times. In cases requiring clinical trials, Meda engages specialized research companies. The services are procured according to Meda's internal procedures for clinical trials. The procedures are based on the EU 2001/20EC directive and Guidelines for Good Clinical Practice (GCP), an ethical and scientific quality standard with origins in the World Medical Association's Declaration of Helsinki.

### Drug registration

Registering pharmaceutical products with the authorities is required before a new or modified product can be launched in the market. The process is designed to protect patients and

guarantee the safe and correct manufacture of the new product.

- All of Meda's marketing companies have local registration experts who deal with the registration of new and existing products and monitor and develop products 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 is associated with the risk of side effects. Side effects can arise in various forms and degrees. Simultaneous use of other medicines or the consumption of certain foods or beverages can also alter a drug's effect. Pharmaceutical production, testing and manufacturing must be extremely carefully regulated to achieve the highest possible patient safety.

Meda has its own pharmacovigilance departments across the world working to ensure the safe use of medicines.

- 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 the drug, or restrictions may be placed on the use of the product.
- All potential side effects are reported to the relevant regulatory authority in each country.

### 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.

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## Manufacturing and supply

Meda has both proprietary and contracted production units. This gives the company access to new technology and flexibility, while achieving good cost control. Meda's proprietary units are in France, Germany and the US, and they account for around 30% of the company's total product supply. Meda is constantly working to improve both efficiency and quality.

The same delivery and reliability standards and other parameters apply to both Meda's proprietary production units and contract manufacturers delivering products to Meda.

### Requirements and monitoring

Meda has strict standards enforced both internally and for external suppliers and other business partners so that the company can fulfill its commitments to customers and other stakeholders.

- These standards relate to safety, quality, price, function and delivery reliability.
- Meda's internal standards relating to ethics, working environment and employment terms, environmental impact, animal welfare and management systems are described in the company's Business Conduct Guidelines.
- Equivalent requirements for suppliers are set out in the Supplier Code of Conduct.
- At the end of 2013 more than 95% of Meda's purchases were from suppliers who have accepted Meda's Supplier Code of Conduct.

Meda performs regular audits of contract manufacturers to check compliance with the requirements associated with the pharmaceutical industry's Good Manufacturing Practice (GMP) quality system. These audits are also subject to public authorities' standards. Compliance with the Supplier Code of Conduct is monitored in connection with quality audits. When required, Meda conducts specific audits with a focus on ethics and the environment.

### Risks and priorities

In general, Meda has received positive responses when communicating the Supplier Code of Conduct. A CSR risk analysis forms the basis for analysis of supplier self-assessments. The results of this analysis indicate that Meda's CSR risk exposure is low since the overwhelming majority of suppliers operate in Europe and North America where the implementation of legislation and regulations is well developed. Meda only has a few suppliers in countries where CSR risks are deemed high (China and India). Meda has a good understanding of the operations of these suppliers.

The risk analysis showed that Meda should aim to improve the system for regular monitoring of suppliers and develop a standardized model for CSR audits where risk analysis indicates such a need. To meet this need Meda started implementing a web-based monitoring system in 2013:

- The system will initially be used for suppliers with whom Meda has a purchase volume exceeding SEK 5 million in 2013 – just under 100 companies.
- The monitoring process consists of a standardized form based on Meda's Business Conduct Guidelines, the principles in UN Global Compact and other relevant standards.
- Based on the responses, each supplier will receive a CSR rating.
- These ratings will form the basis for a more detailed risk analysis and for decisions on whether a targeted CSR audit is warranted.
- The system may be used for additional suppliers in the future.

In cases where Meda considers a CSR audit of a supplier to be necessary, external expertise will be brought in. Meda does not intend to develop this type of expertise internally because the

assumption is that it will only be necessary in a few cases. The implementation will continue in the first half of 2014 and a complete follow-up of the suppliers included in the system will be completed before the end of 2014.

### Distribution

Distribution of Meda's products on the market is primarily carried out by local service providers, but managed by Meda.

- Meda has contracts with independent distributors in markets where Meda's products are sold but where Meda has no representation of its own.
- The distributors purchase products from Meda and distribute and sell them in the markets themselves.
- Meda's ambition is to increase its understanding of the ability of these distributors to comply with Meda's guidelines.

## 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. From 2000 to 2013 Meda made more than 30 major acquisitions of companies and product rights. The acquisitions have been key in the process of developing a relevant product portfolio that meets actual needs and creates value for patients and customers.

- When companies are acquired, Meda's Business Conduct Guidelines are implemented within the acquired company which is then responsible for educating its employees about the guidelines.
- The processes and governing documents used by the acquired company are harmonized with those of Meda.
- Meda monitors how well the harmonization and implementation of the Business Conduct Guidelines are progressing through internal controls.

Extensive investigations are conducted before acquisitions are made. CSR factors are part of the investigation process. Since Meda primarily acquires established products, manufacturing and environmental issues are the main focus of the investigation process.

## Employees

Meda has experienced considerable growth, primarily through acquisitions. The objective is to preserve the strengths of the small company, i.e. a flat and efficient organization and short decision-making paths and combine them with the resources of a large company. Here, Meda's culture is a valuable asset.

Meda's employees are of great importance for the company's success. The objective is to have skilled and well-motivated employees who are offered an attractive and supportive workplace. Meda is determined to develop its employees by offering opportunities and challenges as well as a stimulating, safe and healthy work environment.

### Meda's workforce

At the end of 2013 the Group had 3,062 employees (2,900), of which 53% (55) were women and 47% (45) were men. The majority work within sales and marketing. Out of Meda's 3,062 employees, 137 were temporarily employed. In addition, Meda had 164 contractors at the end of 2013.

As the Group grows, Meda strives to achieve a balance between enriching the organization by bringing in new expertise and taking advan-

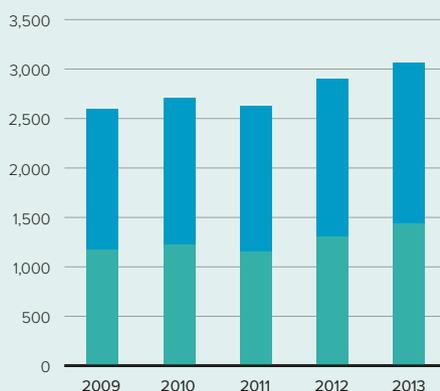
tage of existing experience and routines. Meda has grown a lot through acquisitions over recent years, which has led to staff turnover linked to this. In 2013, 480 employees left Meda either by termination, dismissal or outplacement. In 2013 staff turnover at Meda was 16% (15). Employees who are affected by organizational changes are offered support where relevant, in compliance with local legislation and practices.

### Professional development, equality and diversity

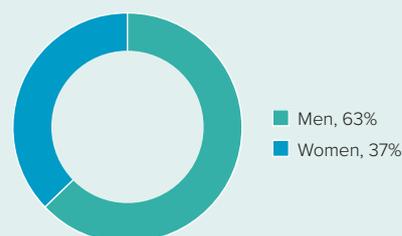
The skills and commitment of employees are key to Meda's development. Professional development is based on the needs of the individual and his/her role. Meda has a process of structured professional development, with a particular focus on product training when acquisitions are made. Meda is fully committed to ensuring that employees' rights and opportunities are safeguarded. This applies to both existing and potential employees.

Meda's Business Conduct Guidelines clearly state that all employees and applicants are to be treated equally. Discrimination based on, for example, gender, gender identity or gender

NO. OF EMPLOYEES  
GENDER DISTRIBUTION



GENDER DISTRIBUTION,  
MANAGERS, 2013



## Employees, continued

expression, ethnicity, religion or other belief systems, disability, sexual orientation or age is strictly prohibited within Meda. No cases of discrimination were reported in 2013. Meda empowers employees to work on continuous improvements and to raise ideas and proposals on all levels in the organization.

Of Meda's (3,062) employees, 53% (55) are women. In management positions the distribution is 37% (37) women and 63% (63) men. Meda strives to increase the percentage of female managers through clearly defined skill set requirements for each position. The results are actively followed up.

### Health and safety

Meda will offer a safe, healthy, pleasant place to work. In order to ensure compliance with relevant occupational health and safety legislation, Meda has dedicated staff and workplace handbooks for the larger operating countries, such as Sweden, Germany, France and the US.

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

Meda's factories and laboratories present to the biggest health and safety risks within the Group. These units have systematic procedures to ensure a safe and secure working environment. Both accidents and incidents are followed up and steps taken to prevent recurrences.

- In 2013 a total of 39 (35) work-related injuries were reported. They were mainly "mild trip, slip or fall" injuries affecting manufacturing employees.
- The accident frequency is considered to be low. Meda monitors the number of accidents in order to take action should the frequency increase.
- The long-term vision is to eliminate the risk of accidents and operate the company without any work-related accidents occurring.

Sick leave is relatively evenly split between men and women and the various age groups:

- In 2013 sick leave was 3.2% (3.1).
- Absence for 60 days or more was 1.0% (0.9).
- Monitoring sick leave and any necessary measures are handled at the local level.

### SICK LEAVE (%)

	2013	2012	2011	2010	2009
Women	4.0	3.6	3.7	4.5	3.6
Men	2.2	2.4	2.6	2.6	2.5
<b>Total</b>	<b>3.2</b>	<b>3.1</b>	<b>3.3</b>	<b>3.6</b>	<b>3.1</b>
By age					
50–	3.9	3.9	3.9	4.1	4.4
30–49	3.0	2.9	3.0	3.6	2.7
0–29	2.4	2.7	2.9	3.4	2.7
Continuous sick leave >60 days	1.0	0.9	0.9	1.2	0.9

### WORK RELATED INJURIES AND DISEASES

	2013	2012	2011	2010
Work related injuries	39	35	27	31
Lost working days in relation to work related injuries	88	22	15	37
Work related diseases	1	2	2	3
Lost working days in relation to work related diseases	30	93	33	14

The collection of data for work related injuries and diseases started in 2010.

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## Governance

### Ethical conduct

Meda's operations affect people's lives and health. Accordingly, in addition to comply with laws and regulations, the company must be operated in a responsible and ethical manner.

This area is governed by Meda's ethical guidelines and the Business Conduct Guideline, combined with the Swedish Corporate Governance Code.

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

- The guidelines expressly prohibit any influence that aims to create inappropriate advantages for Meda and/or for individual employees.
- Similarly, attempts to influence political parties or candidates through donations are not permitted.
- The guidelines have been developed to focus more on the issue of anti-corruption.
- Meda's companies are permitted to be engaged in societal issues that are relevant to Meda's business. Meda's companies work locally with various issues depending on the priorities in a particular market.
- The activities of local companies are subject to Meda's internal guidelines for ethical conduct in accordance with the 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 of the information provided by Meda must be correct and issued in such a way 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 the 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.

### 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 concentrated to late-phase clinical studies. Consequently, the drugs are tested on humans several times and the company's need for animal studies is therefore extremely limited. In 2013, Meda did not conduct any animal studies.

Meda complies with relevant guidelines and regulations relating to animal studies, such as those established in Good Laboratory Practice according to ISO 15189 and the OECD Principles of Good Laboratory Practice.

### Corporate governance

Effective corporate governance is an essential consideration for Meda. As a listed company quoted on the Nordic Large Cap segment of NASDAQ OMX 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.

- Auditing and monitoring are done with the help of external resources and through self-assessment.
- Self-assessment includes the local units following up their compliance with Meda's Business Conduct Guidelines and Internal Control Standards, as well as other rules and guidelines.
- The company conducts business continuity planning risk assessments that focus on product supply and external suppliers.

In 2013 Meda's systems for corporate governance and internal control were enhanced in the following ways:

- The Business Conduct Guidelines were updated in May 2013 with clearer wording on anti-corruption and Meda's undertakings under the UN Global Compact, focusing mainly on human rights and labor rights.
- The processes for communication and implementation of the Business Conduct Guidelines were improved and correct implementation will now be assured at the country level within the sales organization and at the corresponding organizational level within other functions.
- Further development of the security aspects in Meda's IT environment was conducted.
- In 2013, there was one incident of breach to the Business Conduct Guidelines reported from Meda's affiliate in Dubai. Corrective actions were immediately taken. Also, Meda further improved the process for internal control.

Meda has a Whistleblower Policy and a process by which employees can report irregularities outside the normal line organization. The employees are entitled to remain anonymous.

As part of its 2014 CSR objectives, Meda will continue to develop the model to monitor compliance with the Business Conduct Guidelines.

Read more in the Corporate Governance report on page 63 in the Annual Report.

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## Governance, continued

### UN Global Compact

Meda joined the UN Global Compact (UNGC) in May 2012. This means that Meda has undertaken to promote UNGC's 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.

Promoting the UNGC's ten principles will be part of the way in which Meda is governed and pursues its operations. In 2013 Meda analyzed how well the company was fulfilling its UNGC commitment. This analysis was conducted with help from external experts and resulted in a plan of action to be implemented in 2014 and 2015. 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. This will be done in 2014 in connection with the development of the system for supplier monitoring.
- **Product supply** Develop risk assessment of the product supply chain. This will be done in 2014 in connection with the implementation of a new system for supplier monitoring.
- **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. This will be done at the next update planned for no later than spring 2015.
- **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.
- **Whistleblowing** Introduce a process whereby external stakeholders can report issues.

- **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.

### Risk management during expansion

Meda has experienced considerable growth over the past ten years. Much of this expansion has been achieved through acquisitions of companies and exclusive product rights, and through long-term partnerships.

A thorough review is conducted before acquisitions are made. CSR factors are included in the review process. Since Meda primarily acquires established products, production and environmental issues are the main focus of the review process.

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 nor manufacturing activities take place.

Meda also takes steps to improve internal control in countries where the company has recently established operations.

Development and manufacturing take place primarily in the US, Germany, France and Sweden.

Acquired companies and products are integrated immediately into the Meda Group. This means that Meda's CSR work and guidelines are introduced into recently acquired companies.

# Environment

Meda's environmental impact comes primarily from:

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

The goal is to constantly reduce Meda's environmental impact and operate in a sustainable manner in the long term. The company complies with all relevant environmental laws and uses an ISO 14001 certified environmental management system (EMS). The aim is to achieve higher standards than those required under the law. Prioritized areas are energy consumption, hazardous waste and material consumption.

### 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 production units in Germany, France and the US. These production units are only engaged in formulating and packaging pharmaceuticals.

Meda complies with relevant regulatory requirements from governmental authorities 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 are possible to be measured in the environment cannot be considered harmful to humans, animals or plant life.

- The production facilities have all the environmental permits required under the law in the respective countries and according to EU regulations.
- All units are actively monitored and no deviations were noted in 2013.

Meda's EMS is certified according to ISO 14001. The Group's units have their own objectives for energy consumption and waste generation, and, where applicable, for wastewater and emission levels.

- These objectives are regularly followed up and revised.
- Since 2012, all of the production facilities, the development laboratory in Radebeul and the offices in Solna and Bad Homburg are covered by the ISO 14001 certification. Environmental audits of all relevant units/facilities are conducted by a third party.
- Environmental audits of all relevant units/facilities are conducted by a third party.

### Water and waste

As the production units are only engaged in formulating and packaging pharmaceuticals the amount of waste generated is relatively small and solvent emissions to air are minimal. All of the company's facilities have permits within the framework of current operations to release process wastewater with regular wastewater for processing in treatment plants. They are in compliance with their permits with good margins.

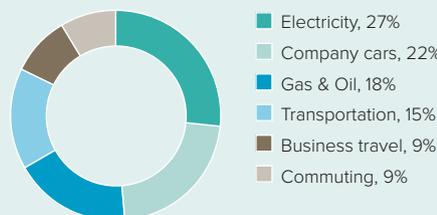
- Most of the waste consists of process water, coming mainly from equipment cleaning.
- The volume of hazardous waste generated is low.
- Only small amounts of pharmaceutical residues are generated.
- Meda handles production and laboratory waste in accordance with laws and established routines.

## WATER AND WASTE, MANUFACTURING AND DEVELOPMENT UNITS

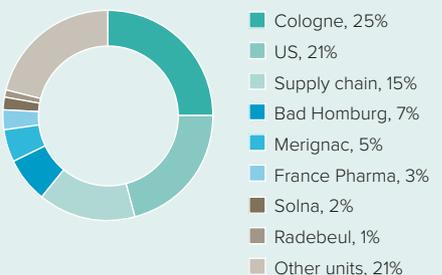
	2013
Water	93,970 m <sup>3</sup>
of which process wastewater	50,423 m <sup>3</sup>
Waste	1,112 tons
of which hazardous waste	86 tons

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 2013



## GREENHOUSE GAS EMISSIONS, GEOGRAPHIC DISTRIBUTION, MEDA GROUP 2013



## Environment, continued

### Energy and carbon dioxide emissions<sup>1)</sup>

Reducing energy consumption and greenhouse gas emissions is Meda's top environmental priority. Meda met its 2013 goal for reducing CO<sub>2</sub> emissions per employee when the emissions level fell from 11.7 to 11.3 metric tons per employee, a reduction of 3%.

- In 2013 Meda's direct and indirect carbon dioxide emissions were 34,548 (34,028) metric tons equivalent to 11.3 (11.7) metric tons per employee and 2,630 (2,607) metric tons per SEK thousand in net sales<sup>2)</sup>.
- Direct emissions originate from heating and the use of company cars.
- Indirect emissions come mainly from electricity consumption.

The increase in CO<sub>2</sub> emissions in 2013 is linked to the growing number of employees and increased energy consumption for heating purposes, where the latter is mainly weather related. The most important long-term measures for reducing CO<sub>2</sub> emissions are related to energy consumption at the plants. 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. Participation in CDP supports the company's continuing environmental and climate initiatives and also provides the company with feedback on reports and measures implemented.

- Meda's CDP reporting in 2013 was awarded 83 C/100 A (73 C). For more information on CDP, visit CDP's website.
- Meda's score for transparency and actual results has improved from 61 D in 2011 to 83 C in 2013.

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<sub>2</sub> emissions and positive social impacts.

### CO<sub>2</sub> EMISSIONS AS REPORTED TO CDP (TON)

	2013	2012	2011
<b>Scope 1:</b>			
Gas and oil	6,245	5,926	5,416
Company cars	7,619	7,528	6,621
<b>Scope 2:</b>			
Electricity	9,226	9,522	9,261
<b>Scope 3:</b>			
Business trips	3,258	3,251	2,957
Commuting	2,900	2,655	2,770
Supply chain	5,300	5,146	4,996
<b>Total</b>	<b>34,548</b>	<b>34,028</b>	<b>32,021</b>
Per employee	11.3	11.7	12.2

Scope 1: Direct emissions from CO<sub>2</sub> sources owned or controlled by the reporting organization.

Scope 2: Indirect emissions caused by the organization's consumption of energy.

Scope 3: Other indirect emissions that occur as a result of the organization's activities.

1) Minor corrections of data presented previous years have been performed.

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. CO<sub>2</sub> emissions for the whole of Meda were then extrapolated from this data.

### ENERGY USE

	2013	2012	2011	2010
Natural gas, m <sup>3</sup>	3,195,364	3,070,505	2,806,026	3,474,937
Company cars, driving distance, km	40,100,853	40,004,940	34,849,042	43,144,653
Electricity, MWh	24,324	22,406	24,160	24,710

	2013	2012	2011	2010
Natural gas, GJ	124,651	119,780	109,463	135,557
Company cars, driving distance, km <sup>3)</sup>	–	–	–	–
Electricity, GJ	87,566	80,662	86,976	88,956

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

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## Community involvement

Meda considers it to be the company's duty to make a positive contribution to society. The company helps improve health and well-being through its effective operations. Furthermore, Meda contributes to the community via donations to charitable organizations and sponsorship of research. Meda also maintains a Children's Fund which has supported several projects aimed at children in need in developing countries since it was established in 2002.

### **Karolinska institutet**

In 2008 Meda decided to donate a total of SEK 35 million to Karolinska institutet (KI) for research on inflammatory diseases. The donation was part of KI's Breakthrough for Life (Genombrott för livet) campaign. The campaign is supporting research in areas where KI is already a leader and where financial investment can help bring about research breakthroughs over the next few years.

In 2011, thanks to Meda's donation, KI was able to establish a professorship in clinical therapy research of inflammatory diseases. KI is expected to play a key role in this development, largely thanks to the cutting edge research in the field, new approaches to prevention and early treatment, as well a uniquely close link between basic and patient-centric research.

### **Meda's Children's Fund**

Meda's Children's Fund is a charitable foundation for disadvantaged children. The Fund has been active since 2002 and since then has supported a range of projects. In 2013 Meda's Children's Fund donated SEK 2 million to the Hand in Hand organization for a project in India that is focusing primarily on supporting women's education and helping them get into the workforce, which in turn will enable more children to go to school instead of having to go to work. The project also makes direct investments in schools.

### **AmeriCares**

Since 2003, Meda has been a partner of AmeriCares, a non-profit organization that delivers drugs, medical supplies and aid to people in need around the world.

Since it was founded in 1982, the organization has supplied more than USD 9 billion in humanitarian aid to 137 countries. AmeriCares has helped mitigate the effects of cyclones in Bangladesh, earthquakes in Peru and Pakistan, Hurricane Katrina in the US, famine in Darfur and the tsunami in Southeast Asia.

In 2013, products donated by Meda were distributed in 31 countries.

### **Map international**

Meda has been donating 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 and devastating hurricanes in the Caribbean.

In 2013, Meda's products reached people in need in 47 countries.

### **Direct relief international**

Meda regularly donates pharmaceutical products to Direct Relief International. Since 1948, Direct Relief International 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 2013, Meda's products reached nine countries via Direct Relief International.

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## CSR objectives in 2014 and onwards

The objectives for 2014 will build on the results that have been achieved so far. The Group-wide objectives are as follows:

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Complete the implementation of a web-based system for monitoring supplier compliance with the Supplier Code of Conduct, and conduct the first review of the suppliers included in the system.

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

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Develop internal policies and processes relating to the UN Global Compact in accordance with the action plan developed in 2013.

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Continue to reduce the company's environmental impact. The overarching measurement is the levels of carbon emissions per employee.

# GRI-index

## About Meda's sustainability report 2013

Meda reports its sustainability performance annually. The sustainability report refers to the fiscal year 2013. Meda applies the GRI voluntary guidelines for sustainability reporting 3.0. The information provided in the report meets the GRI requirements for application level C+. The infor-

mation in this report has been reviewed by a third party (PwC) who confirms this statement. Meda's sustainability report covers the entire Group 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 2013 SR: Sustainability Report, Extract from Meda's Annual Report 2013	Reporting: Fully/Partially	Comment 2013
<b>1. STRATEGY AND ANALYSIS</b>			
1.1 CEO's comments	AR 2–3		
1.2 Risks and opportunities	AR 6–7, 9, 11		
<b>2. ORGANIZATIONAL PROFILE</b>			
2.1 Organization name	AR 120		
2.2 Primary brands, products, and services	AR 11, 12–13, 19–30		
2.3 Organizational structure	AR 8–9, 32, 105 (Note 16)		
2.4 Location of headquarters	AR 120		
2.5 Countries where the organization is active	AR 16–17, SR 2		
2.6 Ownership and legal form	AR 63		
2.7 Markets	AR 8–9, 16–17, SR 2		
2.8 Company size	AR 1, 56–57		
2.9 Significant changes during the reporting period	AR 1, 56–57		Product acquisitions were performed in 2013 but they do not bring significant changes as referred to by this indicator.
2.10 Awards received in the reporting period			No awards received in 2013.
<b>3. REPORT PARAMETERS</b>			
<b>Report profile</b>			
3.1 Reporting period	SR 20		
3.2 Most recent reporting date			Meda's 2012 sustainability report was published as part of the 2012 annual report in April 2013.
3.3 Reporting cycle	SR 20		
3.4 Contact person for questions regarding the report	SR 120		Paula Treutiger, Investor Relations. Email: IR@meda.se
<b>Report scope and boundary</b>			
3.5 Process for defining report content	SR 4, 7–8		
3.6 Boundary of the report	AR 74 (Note 1)		The sustainability report applies the same reporting policies as the annual report, unless stated otherwise. No additional boundaries have been imposed.
3.7 Limitations on the scope of the report	SR 16		Environmental performance data for waste and water are limited to Meda's production units.
3.8 Reporting policies for joint ventures	AR 74 (Note 1)		Please see the Group's note on reporting principles.
3.10 Explanation for any re-statements from former reports	SR 7, 17		
3.11 Significant changes in scope, boundaries, or measurement methods compared with reports from previous years	SR 12–13		Employee turnover is calculated as number of people leaving/ total number of employees. Improved reporting of lost time due to accident by alignment to recommended reporting practice.
3.12 Table identifying location of all parts of the GRI	SR 20–21		This is Meda's complete GRI index.
3.13 Policy and practice for external assurance	SR 4, 22		
<b>4. GOVERNANCE, COMMITMENTS AND ENGAGEMENTS</b>			
<b>Governance</b>			
4.1 Governance Structure	AR 63, 114–115		
4.2 Role of the Chairman of the Board	AR 65–66		Bert-Åke Eriksson is Chairman and Dr. Jörg-Thomas Dierks is CEO and President of Meda.
4.3 Independent or non-executive board members	AR 65–66		
4.4 Mechanisms to provide proposals or direction to the Board of Directors	AR 63, SR 14		No additional formal processes in place.

Standard information/indicator

4.8 Internally developed statements of mission or basic values, code of conduct, and principles for sustainable/responsible entrepreneurship	AR 59, SR 11, 14–16		
4.12 External declarations, principles, and initiatives	AR 58, SR 5, 14–15		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, 7		
4.15 Identification and selection of stakeholders	SR 4, 7		
4.16 Approaches to stakeholder engagement	SR 4, 7, 11		
4.17 Key topics and concerns that have been raised in dialogues with stakeholders	SR 7–8		

PERFORMANCE INDICATORS

ECONOMIC PERFORMANCE INDICATORS

EC 1 Direct economic value generated and distributed	SR 7	Fully	
EC 3 Coverage of the organization's defined benefit plan obligations	AR 83–84 (Note 8), AR 91–95 (Note 25)	Fully	
EC 4 Significant financial assistance received from government		Fully	Meda has not received significant financial assistance from the government 2013.
EC 8 Development and impact of infrastructure investments and services provided primarily for public benefit	SR 18	Partially	

ENVIRONMENTAL INDICATORS

EN 3 Direct energy consumption by primary energy source	SR 16–17	Fully	
EN 4 Indirect energy consumption by primary energy source	SR 16–17	Fully	
EN 8 Total water withdrawal by source	SR 16	Partially	
EN 16 Total direct and indirect greenhouse gas emissions by weight	SR 16–17	Fully	
EN 17 Other relevant indirect greenhouse gas emissions by weight	SR 17	Fully	
EN 18 Initiatives to reduce greenhouse gas emissions and reductions achieved	SR 16–17	Partially	
EN 21 Total water discharge by quality and destination	SR 16	Partially	
EN 22 Total weight of waste by type and disposal method	SR 16	Partially	
EN 26 Initiatives to mitigate environmental impacts of products and services	SR 16–17	Partially	
EN 28 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations		Fully	No such incidents in 2013.

SOCIAL INDICATORS

Labor practices and decent work

LA 1 Total workforce by employment type and region	AR 32, 82 (Note 7), SR 12	Fully	
LA 2 Employee turnover	SR 12	Fully	
LA 7 Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region	SR 13	Partially	No fatalities within Meda's operations in 2013.
LA 13 Composition of governance bodies and breakdown of employees per category according to indicators of diversity	AR 32, 82 (Note 7), 114–117, SR 12–13	Fully	Meda does not report broken down by ethnicity/minority group as it is prohibited by Swedish law to record such information.

Human rights

HR 2 Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	SR 11	Fully	
HR 4 Total number of incidents of discrimination and actions taken	SR 11	Fully	

Society

SO 4 Actions taken in response to incidents of corruption	SR 14	Fully	One incident of non-compliance with Meda's Business Conduct Guidelines was reported in 2013. Proper actions have been taken.
SO 5 Participation in political decision-making processes and lobbying	SR 14	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 2013.

Product responsibility

PR 1 Life cycle stages in which health and safety impacts of products and services are assessed	SR 8–11, 13–17	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 14	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	No such incidents in 2013.

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# Auditor's limited assurance report on sustainability report

## To the readers of the Meda AB Annual Report 2013

### Introduction

We have been engaged by the management of Meda AB to undertake a limited assurance engagement of the Meda Sustainability Report for the year 2013. The company has defined the scope of the Sustainability Report in the table of contents.

### Responsibility of the Board and Management for the Sustainability Report

The Board of Directors and Executive Management are responsible for the ongoing activities regarding environment, occupational health & safety, social responsibility, and sustainable development, and for the preparation and presentation of the Sustainability Report in accordance with applicable criteria.

### Responsibility of the Auditor

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

We have 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 an audit. Accordingly, we do not express a reasonable assurance opinion.

The criteria on which our procedures are based are the parts of the Sustainability Reporting Guidelines G3, 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 and disclosed. 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 opinion 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 above stated criteria.

Stockholm, March 31, 2014  
PricewaterhouseCoopers AB

Mikael Eriksson  
Authorised Public Accountant

Fredrik Ljungdahl  
Expert Member of FAR



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