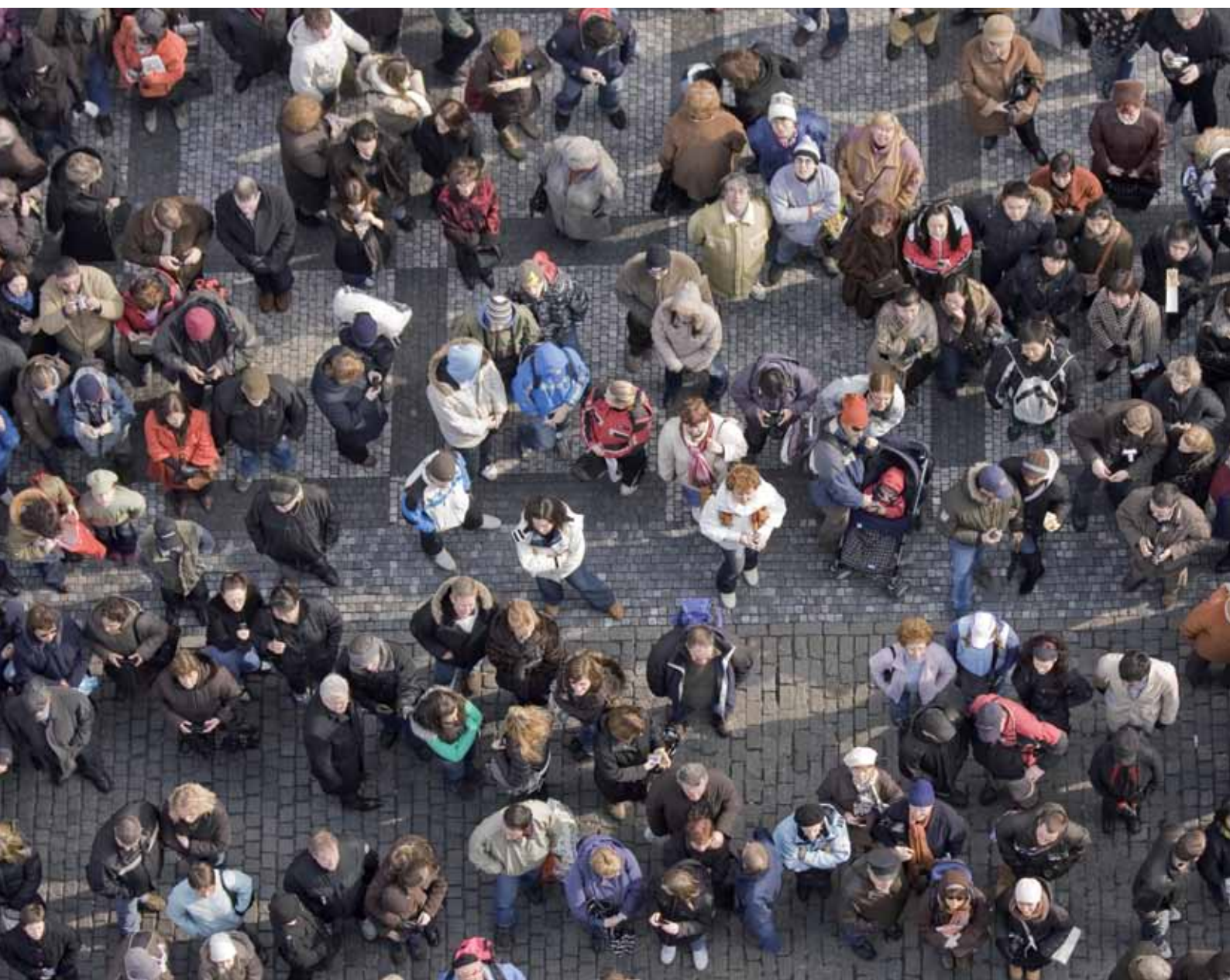


SSI AND SOCIETY 2010 - 2011

STATENS
SERUM
INSTITUT



GOALS, ACTIONS AND RESULTS OF SSI'S
WORK ON CORPORATE SOCIAL RESPONSIBILITY

Social responsibility – tradition and business strength

Statens Serum Institut (SSI) is a state-owned enterprise that has spent over a century facing and overcoming major social challenges in the Danish health sector. However, SSI's responsibility extends beyond this. Social responsibility work integrates the Institute's traditional core tasks of controlling infectious diseases with a wish to continue to further develop its modern and ethics-based enterprise.

SSI's objective is to prevent and control infectious diseases, congenital disorders and biological threats. The Institute has a long tradition within the area and has thus shared responsibility for building a modern society with low disease incidents. In SSI's view, the prevention and control tasks and our business activities, including vaccine production and research on new vaccines against tuberculosis, malaria and HIV, enable us to play a proactive role in relation to improving social, ethical and environmental conditions in Denmark and internationally.

Joining the UN Global Compact

In 2010, SSI joined the UN Global Compact and its ten principles within human rights, employee rights, environmental protection and anti-corruption. In accordance with these principles of responsibility, SSI wishes to ensure fair treatment of its stakeholders, minimize any impacts on the environment and contribute positively to accomplishing social tasks.

SSI's first CSR report

In accordance with the guidelines and obligations following from joining the UN Global Compact, SSI has chosen to report on its social responsibility work. This report focuses on SSI's social responsibility work from December 2010 to December 2011 – the so-called Communication of Progress, COP.

In future, SSI will submit its report in connection with the Annual Report. The reporting will continue as a separate CSR report, whereas the Annual Report will focus on financial developments. With this business communication strategy, SSI wishes to achieve more targeted communication with our customers, employees, suppliers and society.

Our next progress report will be published as early as spring 2012. Consequently, the strategic focus of the current CSR report will be limited, and we will not be able to report on a number of key figures until the end of the fiscal year 2011. However, our ambition to put social responsibility, environmental protection and ethics on the agenda remains the same.

Happy reading

Nils Strandberg Pedersen
Executive Director, CEO



About SSI

Statens Serum Institut is a state-owned enterprise under the Ministry of Health and Prevention. For more than a century, the Institute's main task has been to ensure prevention and control of infectious diseases, including monitoring activities and the function of being Denmark's national laboratory. Our tasks have continuously been expanded, and today the Institute is an international research, production and service enterprise.

The combination of SSI being a prevention and control organization as well as a modern biotechnological enterprise provides synergies that strengthen both prevention and control and our business transactions. The knowledge basis is broader and flexibility greater – both when new and unexpected threats occur and when safeguarding our research and strategic development work.

A considerable part of SSI's annual revenue of almost DKK 1.5bn is generated by exports. The Institute has approximately 1,400 employees. Statens Serum Institut is managed by a Management Board comprising six directors, one of whom is the CEO, as well as the Institute Council. None of the members of the Institute Council are members of the Management Board.

| The Danish Ministry of the Interior and Health | | | | |
|--|----------------------------------|---|---|--|
| Statens Serum Institut | | | | |
| | Epidemiology | Diagnostics | Vaccines | Diagnostic Media and Reagents, etc. |
| Prevention and control of infectious diseases | • Surveillance | • Development and performance of specialized diagnosis | • Production of childhood vaccines | • Ensuring the supply and special development of reagents, sera etc. for diagnostics |
| | • Epidemic investigation | | • Ensuring the supply of other vaccines etc. | |
| | • Advice | • Laboratory based-surveillance | • Research into new vaccines | |
| | • Research | | • Advice | |
| | • Biological safety preparedness | | | |
| Commercial activities | | • Sales of quality-assured diagnostics to the health sector | • Exports of vaccines and other biological products | • Sales to the Danish health sector and the food industry etc. |
| | | | • License agreements | • Exports |
| | | | • Contract work | • Contract work |

National prevention and control of infectious diseases in a globalized world

Infectious diseases are contributory causes for one third of all deaths worldwide, and the infection situation is far from stable. Globalization means that infectious diseases may spread at a speed not seen before, just as new types of food-borne infections and problems with resistant bacteria threaten public health and therapeutic strategies.

The Institute's task is to ensure research-based prevention and control that can handle current infection threats and anticipate and prevent new threats. The core areas of our prevention and control of infectious diseases are:

- Epidemiology: Monitoring, advising on and investigating the area of infectious diseases
- Specialized diagnosis: Developing and performing specialized diagnosis of infectious and congenital diseases
- Biopreparedness and biosecurity: Operational preparedness against biological terrorism and biosecurity tasks for authorities
- Vaccines supply: Ensuring the supply of vaccines, etc. through production or procurement.

Internationally recognized research

Research and development at a high international level are important for ensuring effective prevention and control of infectious diseases and further developing SSI's business activities.

SSI spends approximately 20% of its revenue on research and development, the majority of which is obtained from external sources. The Institute pursues an active patenting policy and submits 2-4 new patent applications every year.

For many years, SSI has published more than 300 scientific articles per year, almost all of them featured in international journals.

Completely new fields of research are continuously cultivated. Most recently, external donations of DKK 187m made it possible to establish a national bio bank at SSI, which will consolidate Denmark's leading position in register-based research.

Statens Serum Institut's research efforts are prioritized as follows:

- Diagnosis and monitoring of infectious diseases and resistance to antibiotics
- Vaccinology
- Diagnosis and prevention of congenital diseases including genetic and biochemical markers tracing diseases and their development
- Epidemiological research to map causal relations

SSI researcher is awarded the Novo Nordisk Prize 2011

The Novo Nordisk Prize 2011 was awarded to Peter Lawætz Andersen, Head of Research at the Department of Infectious Disease Immunology at Statens Serum Institut, for his ground-breaking tuberculosis research. His work has improved diagnostics and resulted in a new vaccine with the potential to eradicate the disease.

Tuberculosis is one of the deadliest diseases in the world, causing two to three million deaths a year. It is estimated that one-third of the world's population is infected – mainly in developing countries.

Modern biotech enterprise

Statens Serum Institut is a modern biotech enterprise selling high-quality products and services at home and abroad in connection with prevention and control activities.

The main business areas are shown in table 1:

| Table 1: Statens Serum Institut's business areas | | | | |
|--|--|---|--|---|
| | Diagnostics | Vaccines | Diagnostic media and reagents | Contract work |
| Services | <ul style="list-style-type: none"> Quality-assured diagnostic analyses within microbiology, biochemistry, genetics, immunology and prenatal and neonatal diagnostics | <ul style="list-style-type: none"> Production, procurement and sale of vaccines at home and abroad. Combined vaccines and mono components | <ul style="list-style-type: none"> Development, production and sales of in-vitro diagnostic media and reagents for clinical microbiology, veterinary diagnostics, food control as well as environmental and hygiene control | <ul style="list-style-type: none"> Services from research to products |
| Products | <ul style="list-style-type: none"> Almost 600 different diagnostic analyses | <ul style="list-style-type: none"> IPV (polio) BCG (tuberculosis) Diphtheria Tetanus aP pertussis Various combined vaccines | <ul style="list-style-type: none"> Substrates and reagents Antisera and antibodies Sampling material Indicators for sterilization control Diagnostic kits | <ul style="list-style-type: none"> Quality control Filling and completion Preparation of active ingredients Quality Control and registration |
| Strategic focus | <ul style="list-style-type: none"> Implementation of the latest technologies Research on genetic markers and introduction to molecular biology Implementation of the latest technologies Research on genetic markers and introduction to molecular biology methods Introduction of new, innovative analyses | <ul style="list-style-type: none"> New combined vaccines and vaccines against tuberculosis, malaria, Chlamydia and HIV Adjuvant system to improve immune response Improved diagnosis of tuberculosis | <ul style="list-style-type: none"> In-vitro diagnostics Diagnostic kits based on modern technologies | <ul style="list-style-type: none"> After an expansion of the production capacity, SSI also offers to carry out production of active ingredients for bio-pharmaceuticals on a large scale |

| Key figures, 2010 in DKKm | | | | |
|---------------------------|-----|-----|-----|--------------------------|
| Revenue | 352 | 781 | 119 | Not separately disclosed |
| Exports | 22 | 290 | 57 | |

Social responsibility work

SSI's social responsibility work was formalized in 2008 following a management decision to integrate social responsibility in the Institute's activities: In that connection, a social responsibility workshop was held. The institute's strategic opportunities and challenges were analyzed, and the current CSR efforts were mapped. A task force, comprising key employees from e.g. HR, Procurement, Environment and Safety, and QA, is responsible for actually implementing SSI's social responsibility strategy, including drawing up, coordinating and following up on the action plans. The team is led by the head of Corporate Affairs who reports to the Management Board. Corporate Affairs staff members act as project owners and secretaries..

SSI's social responsibility strategy

Social responsibility is part of SSI's identity and core tasks. SSI contributes to preventing and combating infectious diseases, including a modern society with low disease incidents. However, SSI's responsibility goes further than Danish society with a significant focus on "forgotten and overlooked" diseases such as tuberculosis, malaria and HIV, which threaten mainly developing countries. For example, SSI is in charge of a major health research project in Guinea-Bissau, West Africa.

SSI's identity and tradition are continued in the commercial area, where the strategy is always to develop these areas based on ethically acceptable production and the safeguarding of a decent framework for our employees.

Thus, working on social responsibility in a formalized framework has come naturally to SSI. With its long-standing tradition for working with environmental protection, ethics and employee conditions, SSI is also very aware of the problems that arise when doing operating in a global business community. SSI has a solid foundation for initiating its social responsibility work, but acknowledges the constant challenge to address and improve the social obligations that follow from being a producer for the world market.

SSI has therefore chosen to focus on the various business risks and advantages combined with current activities within the framework of the ten UN Global Compact principles.



Pictures from the research station in Guinea-Bissau, West Africa.

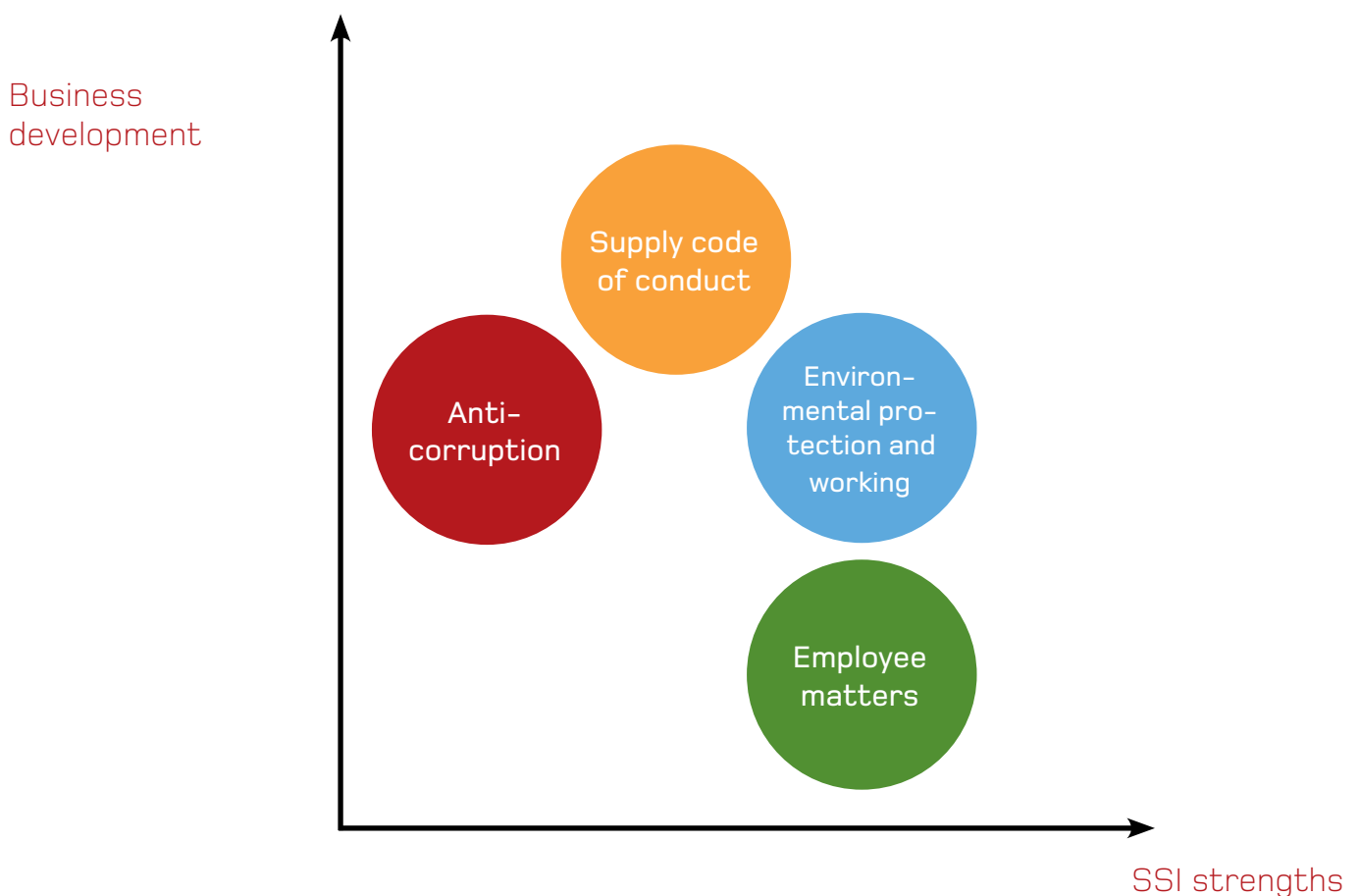
Risk areas at SSI:

- Clinical trials in African countries
- Supply chain management
- Agents acting unethically – use of corruption and bribery
- CO2 emissions, pollution, packaging, waste and reuse
- Ethics in connection with experimental use of animals

SSI strengths:

- Diversity policy/ethnic equality
- Energy policy
- Senior employee policy
- Equal opportunities policy
- Waste sorting
- Working environment – registration of near-miss incidents
- Research into "overlooked" diseases (malaria, HIV and TB)
- Rejection of problematic supplier countries

In the light of the above, the following action areas were chosen for 2011:



¹ Near-miss incidents are understood to be incidents that could directly have resulted in an accident or damage to plant and machinery.

Goals and actions

Employees and the working environment

SSI is a large workplace with diverse activities and employees – everyone from unskilled workers to internationally recognized researchers, each of whom contributes to SSI's operation and development.

SSI constantly seeks to create a stimulating working environment in which our employees experience wide-ranging independence and can enjoy good in-house career opportunities. Employee satisfaction – including a good physical and mental working environment – is essential both for retaining existing employees and creating an efficient and productive workplace.

In 2011, SSI worked with the following two areas:

- Competence development
- Improvement of our physical and psychological working environment

Dyslexia project

The dyslexia project is a competence developing project with the goal of strengthening employees with reading and writing difficulties. This will be achieved through individual teaching, use of IT facilities and creating openness about the problem, e.g. through educating ambassadors and involving managers and colleagues. The key goal is more satisfied, flexible and motivated employees.

Since its introduction in 2010, the project has attracted significant interest. The concrete objective is to start up one beginners' class and one intermediate class each semester and to consider the possibility of starting a class focusing on English.

” In 2011, three beginners' classes, two intermediate classes and two English classes were started. The project is a huge success with very satisfied participantse ”

From unskilled to skilled worker

SSI attaches great importance to employee competence development. In 2011, we made great efforts to identify and describe opportunities for unskilled employees to obtain certificates for their specialist skills through a merit agreement. The initiative was conceived in cooperation with the Danish Centre for Development of Human Resources (SCKK) and included the project "From unskilled to skilled worker". This project focuses on motivating more managers and employees to make employees embark on an education and establish direct cooperation with technical and vocational schools. Consequently, a large event held in the autumn promoted the various opportunities for unskilled employees to enter into merit agreements. The event was a great success with approximately 100 participants.


The project has put competence development of unskilled employees on the agenda, including focusing even greater attention on opportunities for earning merit by completing an education as part of their professional development at SSI.

” In 2011, we made great efforts to identify and describe opportunities for unskilled employees to obtain certificates for their specialist skills through a merit agreement ”

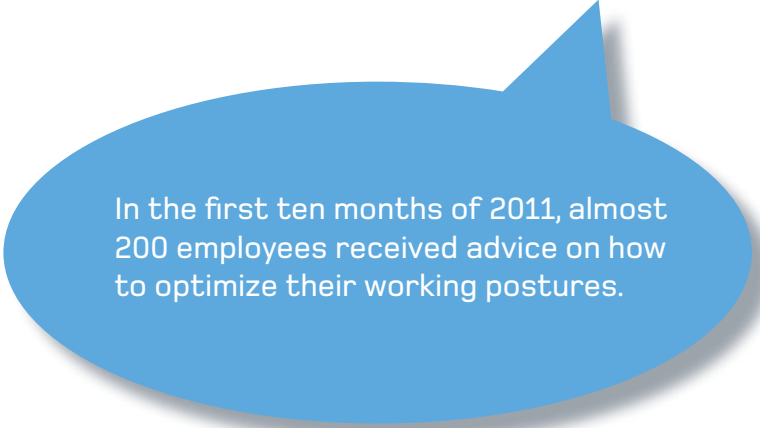
Ergonomics and fitness training

SSI offers new employees advice on ergonomics. The goal is for all our employees to have a working life with the minimum of physical inconvenience.

SSI has also decided to offer preventive fitness training during working hours to relevant employees and departments.



Approx. 10% of SSI's employees attend our preventive fitness training.



In the first ten months of 2011, almost 200 employees received advice on how to optimize their working postures.

Environmental protection and energy

SSI wishes to be among the most environmentally conscious enterprises in the health and vaccine industry. We therefore focus clearly on continuously reducing the impact of SSI's activities on both the climate and environment. The major environmental and climate impacts of the Institute's activities include solid waste as well as direct and indirect emission of greenhouse gases from our energy consumption.

In order to reduce our impact on the climate and environment, we wish to motivate our employees to adopt energy-efficient behavior and work in accordance with SSI's energy and environmental policy. SSI makes annual investments in new energy-saving and environmental-protection measures – especially in connection with reconstructions, expansions and changes to SSI's activities and products.

As part of our environmental control, we are working on establishing a certified energy and environmental management system that will be regularly maintained.

In 2011, SSI focused on three main areas within energy and environmental protection:

- Energy savings – heating
- Waste sorting
- Hazardous chemical substances

Setting up heat recirculation

In 2011, we installed a flue gas cooler that moves heat from the flue to the central heating system rather than emitted it to the atmosphere, as was previously the case. We estimate the annual potential savings to be approximately DKK 200,000.

Improved waste sorting and reduced waste

SSI aims to increase the amount of reusable waste. We focus on reusable plastics fractions and sorting hard plastics in particular. SSI also audits departments producing the most waste.

In 2011, our target was to reduce the volume of clinical high-risk waste by 5 %.

” Preliminary figures for 2011 show that the volume of clinical high-risk waste was reduced by as much as 12 %. A reduction that far exceeded all expectations ”

Substitution plans for carcinogenic substances

SSI has decided to prepare a substitution plan for the most carcinogenic substances with the aim of reducing the use of the most carcinogenic substances to a minimum.

Persistent substitution efforts in 2011 have resulted in an end to the use of Uranyl acetate, Hydroquinone, Nickel Chloride, Chloroform and Formaldehyde in many departments.

Human rights

SSI wishes to influence suppliers and partners to act responsibly within human rights, employee rights, environmental protection and anti-corruption in accordance with SSI's corporate social responsibility policy.

Our aim is to involve suppliers and partners in making SSI's activities sustainable, which includes ensuring fair treatment of its stakeholders, minimizing any negative impacts on the environment and contributing positively to accomplishing social tasks.

In 2011, SSI decided to start drawing up a Supply Code of Conduct that will contribute towards making social responsibility demands on our suppliers.

Initially, we will use the tendering process to focus on suppliers.



Anti-corruption

SSI condemns any kind of corruption and bribery, both in connection with trading and in our employees' daily work.

In 2011, we carried out a mandatory anti-corruption course for selected employees, including key employees in commercial areas, procurement and the Legal Department. The course was held in collaboration with a lawyer and was tailored to suit employees who frequently or occasionally conclude commercial agreements with countries where there is a potential or customary risk of corruption.

The course introduced employees to Danish legislation, including sanctions, as well as new and more severe legislation in e.g. the USA and Great Britain. It also focused on trading with e.g. Eastern Europe and Russia.

In addition, a written zero tolerance anti-corruption policy was drafted, including internal guidelines and fact sheets on e.g. legislation. This work will continue in 2012.

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A total of 30 employees took part in the tailored anti-corruption

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DISEASES, BIOLOGICAL THREATS
AND CONGENITAL DISORDERS

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