

PEOPLE PLANET PROFIT

CSR REPORT
2011



BAVARIAN NORDIC

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1. BAVARIAN NORDIC AND CORPORATE SOCIAL RESPONSIBILITY

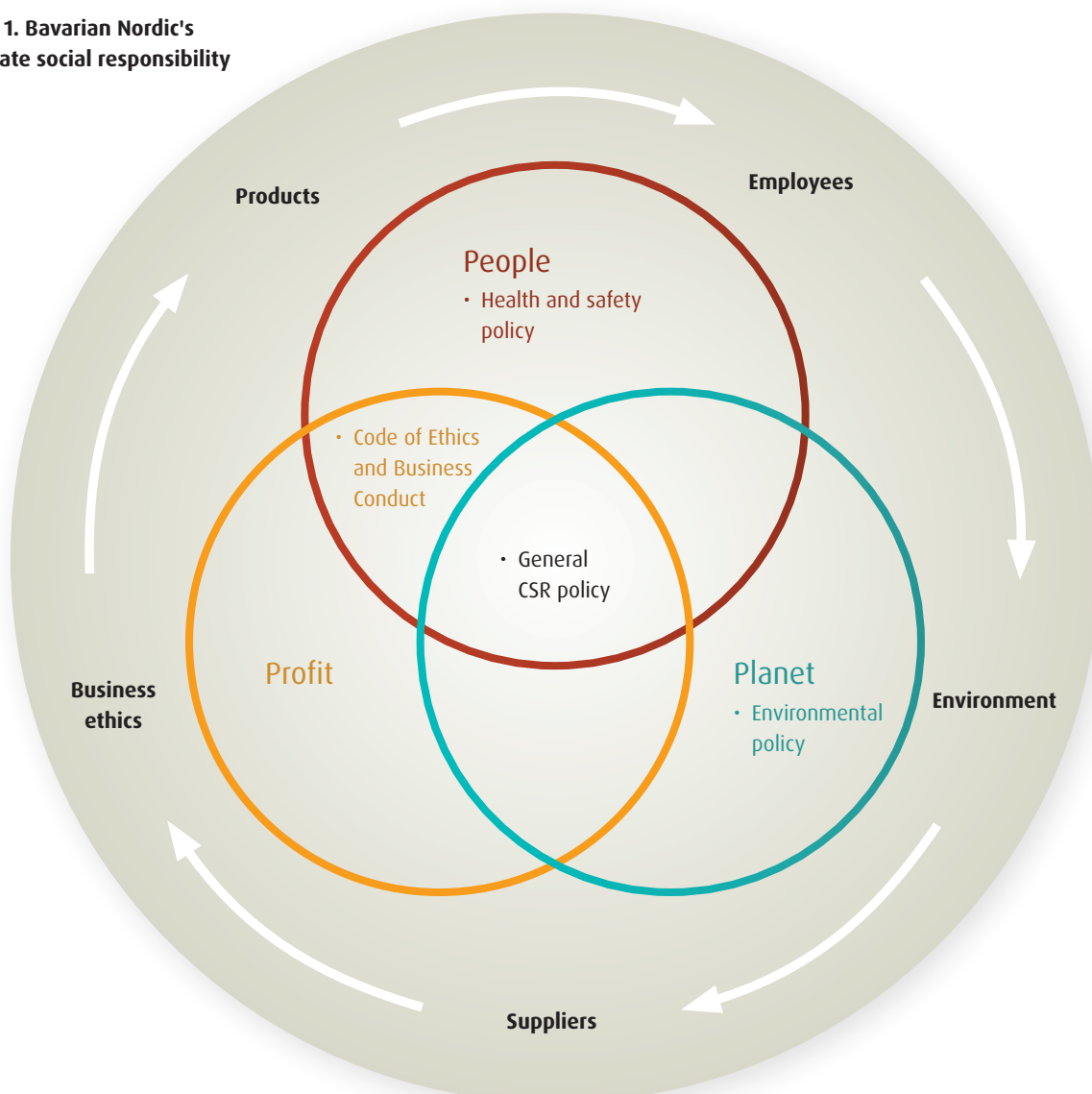
At Bavarian Nordic, we began a targeted effort to systematise our work with corporate social responsibility (CSR) in 2009. This is our third CSR report.

We have defined our work with social responsibility on the basis of a number of stakeholder groups and will continue to concentrate on the environment, our employees and our suppliers, as this is what is most relevant to our business. This year, we have also expanded the report to include business ethics, and have made the description of our products a separate area of focus. As a result, we now have five focus areas, all wholly or partly relat-

ed to the three main elements of our CSR work: people (social relationships), planet (the environment) and profit (finances), as shown in Figure 1. The figure also shows how our policies and other specific initiatives cover the three main elements; this is explained in greater detail below, in section 11 of the report.

In addition to a general CSR policy, we have policies within the areas we believe

Figure 1. Bavarian Nordic's corporate social responsibility model



are essential to our work. These policies are a natural extension of the various objectives we work towards as a company, and their purpose is to create commercial value for the Company. We do not as yet have an actual suppliers policy, but have instead incorporated these elements into our general CSR policy.

We also have a number of other elements to support the Company's CSR work. A general overview over the most important of these elements appears below, at the end of this report, in the section entitled 'CSR elements'.

Reporting principles

This CSR report was prepared with inspiration from the Global Reporting Initiative (GRI), a recognised framework for sustainability reporting. The GRI structure includes principles and indicators we use to measure and explain the Company's financial, environmental and social performance. We selected the areas to be reported based on a principle of materiality: we endeavoured to include the most important ways in which the Company has an either direct or indirect impact upon the world around it. Our manufacturing facilities are one of the chief sources of our impact on the environment, and we seek to provide a high degree of transparency through the carbon footprint we calculate and the environmental data we are reporting for 2011.

The scope of the report

This CSR report was prepared in accordance with Danish Financial Statements Act requirements with respect to corporate social responsibility reporting. The report covers the financial year of 1 January –

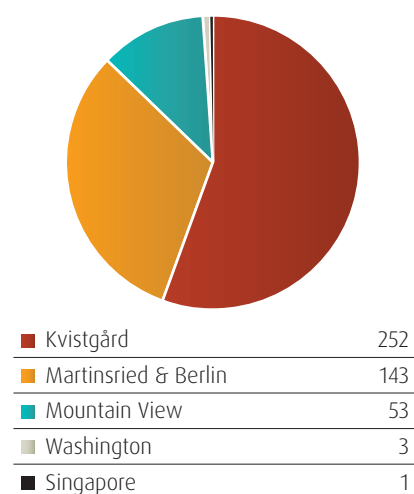
31 December 2011 and forms part of the annual report's management statement as signed and approved by the Board of Directors and Corporate Management on 8 March 2012.

In our CSR report, we focus on our largest facilities: Kvistgård (headquarters, industrial production, quality control laboratories, technical services department and administration), Martinsried (research and development), Berlin (production of clinical trial materials) and Mountain View, California (research and development). Taken together, these facilities employ more than 99% of the Group's staff and are responsible for most by far of the energy and raw materials consumed. The other facilities – Washington, DC, and Singapore – are office facilities only and thus of minor importance in this respect.

Since we opened our production facility at Kvistgård in 2005, we have published annual 'green accounts' reporting on the environmental conditions of the Company. Starting in 2011, however, we decided to include this information in our CSR report instead, which has been expanded to include reporting on use of raw and ancillary materials, water use, wastewater amount and contents, waste amounts and air emissions. Another new feature is reporting on instances of non-compliance with environmental protection law; this data is shown below in section 10. Thus our 2011 CSR report includes several more GRI indicators than the 2010 CSR report did (see section 12 below).

We also included more employee-related data in our 2011 report.

Figure 2. Distribution of employees by facility location (year-end 2011)

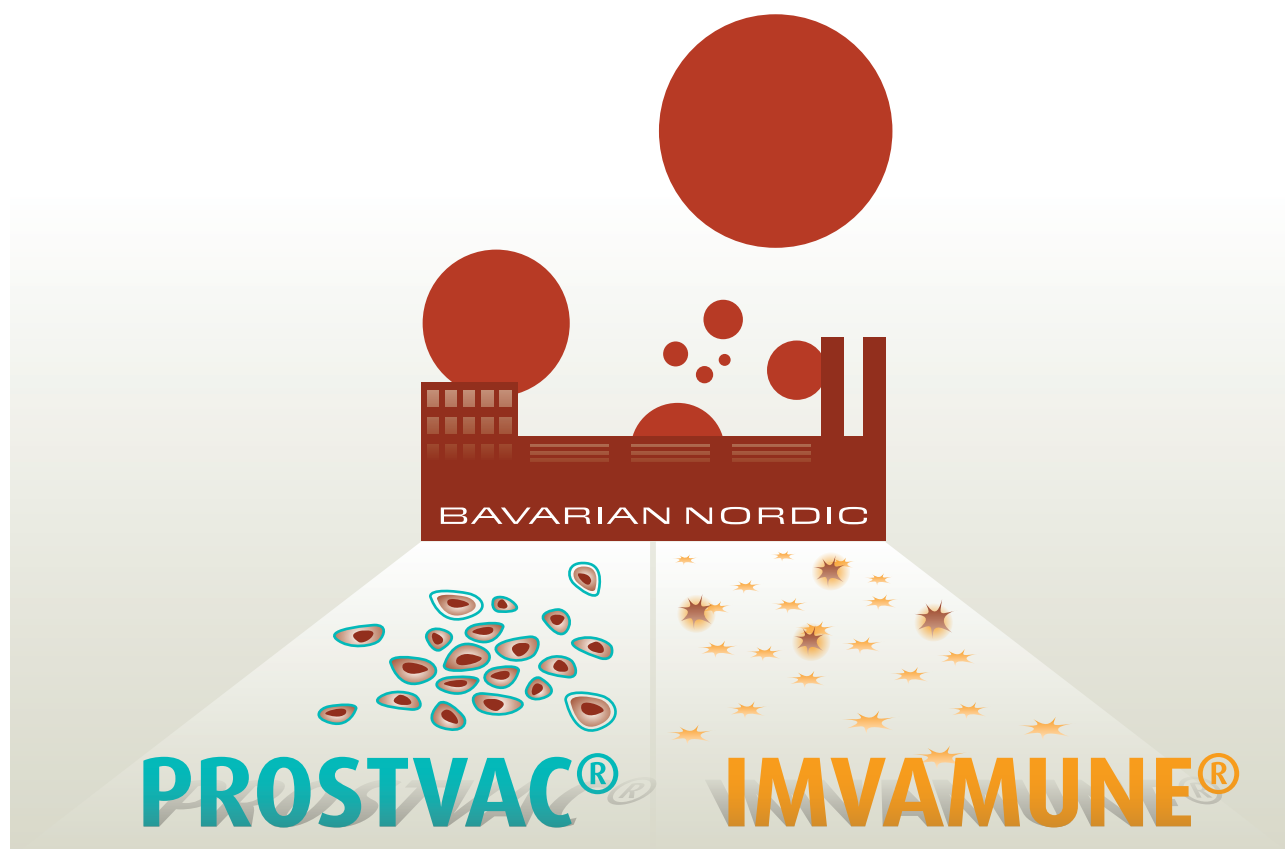


2. BAVARIAN NORDIC – IN BRIEF

Bavarian Nordic develops and manufactures innovative vaccines for the prevention and treatment of life-threatening diseases where there are as yet unmet needs. The Company's clinical pipeline focuses on cancer and infectious diseases.

Our two leading projects are PROSTVAC®, a therapeutic prostate cancer vaccine candidate in clinical Phase 3 development, and IMVAMUNE®, a third-generation smallpox vaccine being developed and supplied under contract with the US government. The Company has built a manufacturing facility at Kvistgård in Denmark solely for the production and quality control of the smallpox vaccine supplied to the US National Strategic Stockpile.

The Company is listed on the NASDAQ OMX Copenhagen and has roughly 21 thousand shareholders. For more information on the Company and its ownership structure, please see our 2011 annual report or the Company's website: www.bavarian-nordic.com.



3. POLICIES

Bavarian Nordic develops and manufactures vaccines for the prevention and treatment of life-threatening diseases where there are as yet unmet needs.

In doing so, we seek to create a continuing business that will ensure the Company's growth and investment in research and development and thus continue to contribute to a healthier and safer society. At the same time, we focus on working and acting responsibly with respect to the world we live in. We aim to do this by

- manufacturing high-quality vaccines.
- working actively to minimise our impact on the environment and climate.
- maintaining an active dialogue with our stakeholders – on a local, national and global level.
- providing a safe and healthy working environment for our staff that includes opportunities for professional and personal development.
- communicating our CSR policy to external collaboration partners, including our suppliers.

Environmental policy

At Bavarian Nordic, we design our vaccine production facilities and procedures so that there is no risk of viruses escaping into the indoor or outdoor environment through the air, our waste or our wastewater. We at Bavarian Nordic work continually to improve our environmental efforts.

Our aims are

- to encourage environmentally aware behaviour and prevent contamination and pollution throughout the Company.
- to reduce our environmental impact by
 - developing and using processes that have a minimum of environmental impact.
 - optimising our utilisation of materials and energy.
 - reducing emissions and waste.
- to comply with environmental protection regulations and relevant requirements.
- to gradually build an environmental management system based on the principles in the ISO 14001 standard.

Health and safety policy

A safe and healthy working environment is vital to employee safety and satisfaction at the workplace. We always comply with the applicable rules and regulations in this field and focus on systematically mapping both the physical and mental working environment so that the necessary preventive steps can be taken, for the benefit of individual employees as well as the Company as a whole. The aims of our general health and safety policy are

- to promote awareness of health- and safety-related behaviour in all employees as part of their day-to-day work and to produce proactive solutions to potential problems.
- to gradually develop a management system to facilitate this proactive safety work.

4. PRODUCTS

Bavarian Nordic helps make the world healthier, safer and more secure through its development and production of innovative vaccines for the prevention and treatment of life-threatening diseases. Through our research, we also wish to continue to contribute to human health with the development of new vaccines.

The Company's most advanced project within infectious diseases is our third-generation smallpox vaccine IMVAMUNE®, which is already being produced at our Kvistgård facility and supplied to governments around the world to form part of their national preparedness for potential bioterror attacks. The vaccine is not yet fully developed, but its favourable safety profile and the fact that it has been tested extensively in more than 3,400 people, both healthy and immunocompromised, has led to certain governments prioritising a stockpile of the vaccine for potential use in persons who do not tolerate the traditional smallpox vaccines (the first- and second-generation vaccines) used as recently as in the 1970s.

IMVAMUNE® is manufactured at our Kvistgård facility, which has been scaled up in recent years to its current capacity of four batches a week due to a large-scale contract with the US government. Under the current agreement, Bavarian Nordic will provide 20 million doses, two million of which were delivered in 2010 and four

million in 2011. Deliveries totalling 14 million doses are planned for 2012 and 2013.

The main processes involved in vaccine production are shown below in Figure 3.

The IMVAMUNE® vaccine is based on a live attenuated virus, so it cannot be heat sterilised, as that would destroy the active substance in the vaccine. For this reason, a scrupulous quality control and cleanliness assurance has been built into the entire process. The pharmaceutical industry works according to the rules of Good Manufacturing Practice, or GMP. GMP includes strict requirements with respect to a product's traceability, strength, quality and purity, which means that quality management is built into each step of the manufacturing process. GMP rules are laid down by the Danish, European and American health authorities; Bavarian Nordic supplies these markets and thus complies with these quality requirements. Product safety is crucial in our business, and quality and responsibility have been built into our systems and our entire corporate culture.

Figure 3. The IMVAMUNE® smallpox vaccine production process.

1. Cell production

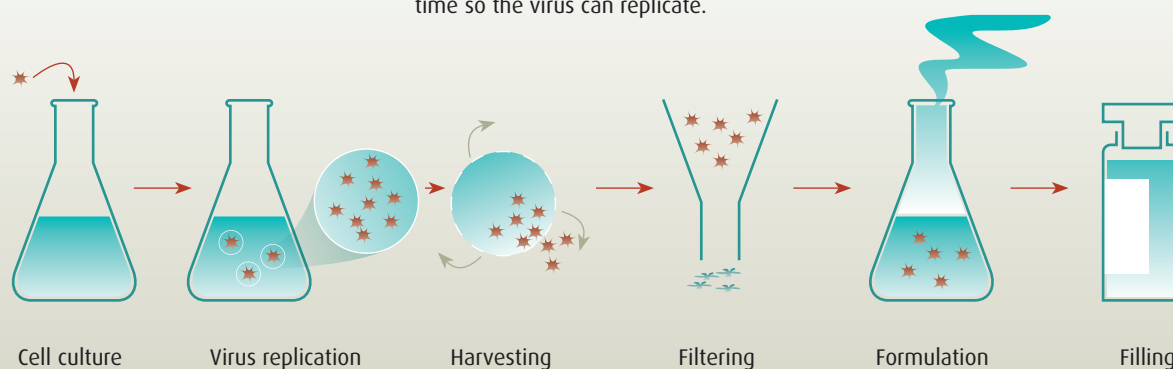
The first part of the process is the production of cells to be used in the subsequent cultivation of the virus.

2. Cell cultivation (virus growth)

The next step is the addition of the virus to the cells. The infected cells are allowed to stand for a given amount of time so the virus can replicate.

Separation (virus harvesting)

The virus is separated from the cells, purified and then either stored or packaged.



5. ENVIRONMENT

The environment plays an important role at Bavarian Nordic. When we built our factory in the Danish town of Kvistgård in 2005, we had a great deal of focus on its environmental impact. Since then, we have continually worked to minimise our environmental impact and continue to work actively with environmental, health and safety planning in new building projects as well.

Bavarian Nordic was categorised as a Level 1 company in 2007, i.e. the environmental protection authorities deem the Company to be at the forefront of environmental work within the categories of law-abiding conduct, systematisation and information. The Company intends to remain at this level.

Environmental parameters are regulated by the Danish environmental protection authorities through the environmental approval they grant and permission to use the municipal wastewater treatment system.

We substantially reduced our relative environmental impact in 2011, due to a far more efficient utilisation of our production facilities: although production has doubled, there has been no substantial rise in water and energy consumption above 2010 levels.

In 2012 we will be concentrating even more on how we can make our relative environmental impact more efficient with respect to the amount of energy

and water we use. In addition, we will perform an energy screening of our entire Kvistgård facility to determine how we can optimise our energy consumption.

We installed two new steam boilers in 2010 to replace the rather old one we had before, as the old boiler had overcapacity, which resulted in a high level of energy consumption. The new solution also gave us a better operational reliability in connection with service and maintenance, since there are now two boilers. One of the results of this improvement is that energy consumption at the facility has not increased to any significant degree, even though production volume is up by about 100%. NO_x and CO emissions are also down from previous levels: more detailed figures can be found in section 10 below.

Carbon footprint

Bavarian Nordic's carbon footprint figures can be seen in Table 1 of section 10 and in Figure 4 below. The carbon footprint data shows the Company's energy consumption and emissions expressed in tonnes of CO₂.

Total global CO₂ emissions dropped by 2%, from 3,787 tonnes in 2010 to 3,700 tonnes in 2011. CO₂ emissions from Kvistgård in 2011 were largely the same as in 2010, although there was a small reduction of less than 1%. Relative emissions per batch fell to half the level they were year before: this is due to the fact that the Kvistgård facility doubled the number of batches it produced while total emissions remained almost unchanged.

The total emissions figure of 3,400 tonnes of CO₂ corresponds to the emissions produced by about 285 Danish households.¹

Bavarian Nordic's targets can be seen in section 10 below.

Figure 4. Carbon footprint: global CO₂ emissions

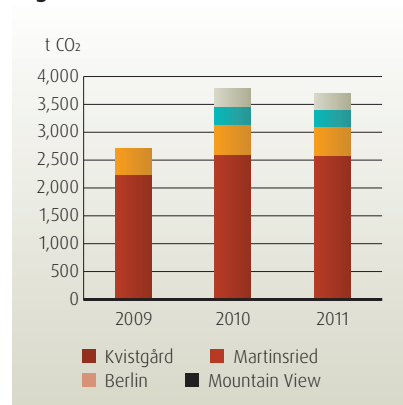
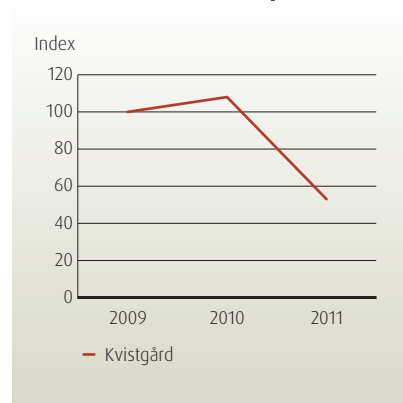


Figure 5. Carbon footprint, Kvistgård. Indexed CO₂ emissions per batch



Total global CO₂ emissions dropped by 2%, to 3,700 tonnes in 2011. Relative emissions per batch fell to half the level they were year before.

¹ A Danish household is estimated to emit roughly 13 tonnes of CO₂ per year, corresponding to 2.1 persons with an annual average emission of 6.2 tonnes of CO₂ each. Sources: Statistics Denmark and 'CO₂ emissions in eco-societies', project report dated July 2009 by Pöyry Energy Consulting.

6. EMPLOYEES

At Bavarian Nordic, we believe that it pays to have a good working environment, both for the Company and for its employees. A good working environment should ensure satisfied and efficient workers and a low rate of absence due to illness.

A vital part of a good working environment is a strong sense of identity and shared culture: this is especially important when an organisation is growing rapidly. For this reason, we laid down a set of values in 2011 that describe who we are and how we work at Bavarian Nordic. We are currently working actively to implement these values throughout the organisation, also by setting up a management development training course for all managers and introducing new employee performance review forms that are based on our values.

Personal and organisational development

We are an innovative knowledge-based company, and it is important for us to attract and retain highly qualified workers. Also for this reason, we want to offer our staff a good working environment that provides them with development opportunities as well. There are plentiful opportunities at Bavarian Nordic, both for development within a field of work by rotation between production, laboratory

and office jobs or for development vertically within the management hierarchy. As a result, we are happy to recruit internally, and we focus on staff development potential in our annual employee performance reviews.

It is crucial that our employees have the necessary tools and techniques to perform well in their jobs now and in future. Our goal is, as a minimum, for our workers and managers to always have the skills to look for and find their own job. For this reason, we focus on continuing training and education and on upgrading qualifications, also using our employee performance reviews to evaluate needs and wishes in this respect.

Employee health and job satisfaction

At Bavarian Nordic we strive towards a good, healthy work-life balance. We work actively to counteract stress. We have a focus on stress indicators in daily work life and offer help in handling stress as needed.

Our values

Excellence

- We show ambition and openness to novel approaches
- We are goal oriented and deliver on our promises
- We show determination to succeed and perform above expectations and market standards

Agility

- We adapt with speed and flexibility to business challenges and opportunities
- We are accountable and willing to make decisions

Dedication

- We show commitment and motivation to the development of the business
- We show initiative and persistence in what we do
- We are enthusiastic in how we work and show a deep felt interest in what we are here for

The overall Bavarian Nordic absence rate for 2011 was 3.7%, which is lower than the rate for 2010. The average absence rate measured for the pharmaceutical industry in Denmark as a whole was 5.8%.

All staff at Kvistgård are included in our corporate health insurance policy, which ensures fast and professional help and treatment at private hospitals and from psychologists, chiropractors, physiotherapists, etc., should the need arise.

A good, safe working environment

We must always ensure that Company employees can do their jobs under safe and secure conditions, and we work continually to optimise workplace safety. The number of work-related accidents that occurred in 2011 was lower than in 2010 and 2009.

The accident rate at Bavarian Nordic is substantially below the average accident rate for white-collar and blue-collar workers at Danish business enterprises.²

Figure 6. The accident rate at Bavarian Nordic compared with the DI (Confederation of Danish Industry) statistics for work-related accidents (all occupational groups).

A large number of new employees were hired at Kvistgård in 2011, so there was a great deal of focus on giving them a careful and complete introduction and start, along with sufficient time to learn new work processes and procedures. This was one of the factors behind the low accident rate in 2011.

The Company's occupational health and safety work at our different sites varies to comply with different countries' regulatory

requirements. At Kvistgård, workplace assessments are used regularly to chart health and safety factors, and relevant improvement initiatives based on these assessments are put forward, prioritised and translated into an action plan. In compliance with Danish regulations, a number of health and safety groups plus one health and safety committee are appointed that have both management and worker representatives. Regular committee meetings are held over the course of the year at which members follow up on action plans in order to improve working conditions and safety.

Absence

The overall Bavarian Nordic absence rate for 2011 was 3.7%, which is lower than the rate for 2010. The average absence rate measured for the pharmaceutical industry

in Denmark as a whole was 5.8%.³ The decrease in the absence rate was mainly due to a lower number of employees with a long-term illness.

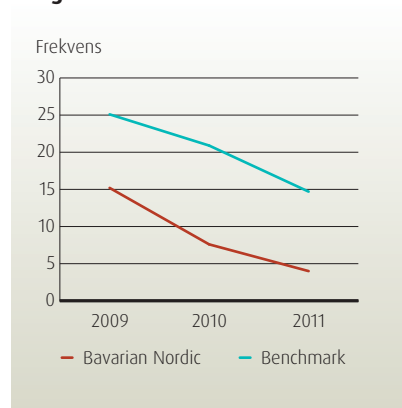
We have been working actively for several years on dialogue-based sickness absence management, ahead of legislative trends. We generally achieve a quicker return to work by handling each case individually, also including an option to return to work part-time or with other tasks at first.

Because the Company's absence registration system is not automated, it is a time-consuming task both for the individual employee and for the administrative staff that handle payroll- and personnel-related functions. We are still working to implement an efficient and more cost-effective system and to draft uniform guidelines for registering absence across the Group.

Employee turnover

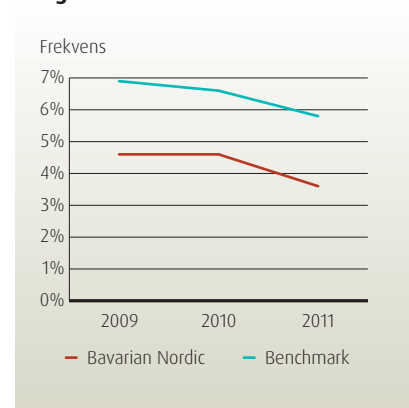
Employee turnover is included in the CSR report this year, for the first time. The actual turnover figures and targets can be seen in Table 7 of section 10 below.

Figure 6. Accident rate



Accidents per million working hours. Compared with the DI (Confederation of Danish Industry) statistics for work-related accidents (all occupational groups).

Figure 7. Absence



Compared with DI (Confederation of Danish Industry) statistics for absence (pharmaceutical industry).

² Confederation of Danish Industry, 'Work-related accidents: Personnel 2011' (in Danish), based on 2010.

³ Confederation of Danish Industry, 'Absence statistics: Personnel 2011' (in Danish), based on 2010.

7. SUPPLIERS

We want to lay down a number of guidelines for our collaboration with raw materials suppliers as an integrated element of Bavarian Nordic's CSR policy.

In 2010, we mapped out the geographical locations of our raw materials suppliers and found that they are primarily located in North America and the EU, in countries that have public regulatory authorities monitoring social and environmental parameters. Against this backdrop, we decided to implement social and environmental conditions as part of the purchasing process by including in our contracts information on the Company's business ethics and our expectations that our suppliers comply with basic ethical, social and environmental guidelines.

We will also include social and environmental parameters as a regular feature of our supplier auditing procedure. In accordance with Good Manufacturing Practice (GMP) and our own supplier management system currently in place, all our raw

materials suppliers are subject to audit visits every other year. This gives us a unique opportunity to discuss our suppliers' own CSR work with them. Starting in 2011, we are also reporting on the number of supplier audits we conduct; see section 10 below.

New potential suppliers will also be evaluated with respect to their geographical location and thus the risk they represent, and an assessment will be made as to whether any action is necessary.

In 2012 we will begin including CSR experience as a point of evaluation in the auditing process. We will review the results of these audits over the course of the year and discuss whether any new steps need to be taken.

We decided to implement social and environmental conditions as part of the purchasing process by including in our contracts information on the Company's business ethics and our expectations that our suppliers comply with basic ethical, social and environmental guidelines.

8. BUSINESS ETHICS

Bavarian Nordic prioritises business ethics as a natural part of its underlying business concept. We want to be seen as credible and reliable in the eyes of our collaboration partners and the rest of the world around us.

Bavarian Nordic has developed a Code of Ethics and Business Conduct that must be observed by everyone in the Company. Management is obliged to take violations of the code seriously.

The Company's management has also decided to introduce a whistleblower scheme that makes it compulsory to report possible violations. This system is intended both to ensure protection of people who report potential violations of the law and to ensure that such reports are investigated and corrective action taken if necessary. The preliminary work to establish the programme has begun, and implementation is expected sometime in 2012.

The Code of Ethics and Business Conduct contains rules within a large number of areas, including:

- Compliance with laws, rules and regulations
- Conflicts of interest
- Gifts, free services and entertainment
- Corrupt practices

Breach of the Code may result in disciplinary action being taken, perhaps even termination of employment.

The Code also includes the rules and regulations in the Foreign Corrupt Practices Act (FCPA) and the Truth in Negotiations Act (TINA) that are relevant in connection with the Company's business transactions and negotiations in the USA.

The Company also otherwise commits itself to cooperating in connection with investigations organised by authorised individuals working on behalf of authorities with legitimate rights.

9. INDEPENDENT AUDITOR'S REVIEW REPORT

To the Executive Board of Bavarian Nordic A/S

We have reviewed the key performance indicators on page 14, with supporting tables 1 to 7, for 2011 as disclosed in **Bavarian Nordic A/S' Corporate Social Responsibility Report 2011** ("the Report"). The purpose of our review was to issue a report thereon. The data are the responsibility of the Company's Management. Our responsibility is to express a conclusion based on our review.

Scope of review

We conducted our review in accordance with the Danish Standard on Assurance Engagements ("*RS 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information*"). The

purpose was to obtain limited assurance that the data presented are in accordance with the reporting practice described in the Report on pages 22 and 23 as well as with information submitted by the reporting units.

Our review was based on an assessment of the risk of material misstatement. We have evaluated the basis of accounting applied and analysed correlations with the Company's activities.

The review was limited primarily to inquiries of company personnel and analytical procedures, and thus a limited level of assurance is lower than the assurance which would have been obtained if we had performed an audit.

Conclusion

During our review, nothing has come to our attention that causes us to believe that the key performance indicators, with supporting tables 1 to 7, for 2011 have not

- been obtained from the reporting units in accordance with the Company's procedures in this respect;
- on this basis, been presented in accordance with the reporting practice described.

Copenhagen, 8 March 2012

Deloitte

Statsautoriseret Revisionspartnerselskab

Preben J. Sørensen
State Authorised Public Accountant

10. KEY FIGURES AND TARGETS

List of key figures

For some of the key figures below, there is underlying data explained in the tables indicated.

Figures for raw and ancillary materials, water, wastewater, waste, and non-compliance with and violations of other laws are stated for Kvistgård only. We will be working to include key figures from more of our sites in the long term.

	Unit	Table	2011	2010	2009
Carbon footprint, global	t CO ₂	1	3,700	3,787	2,705
Carbon footprint, Kvistgård, Index per batch	-	1	53	108	100
Raw and ancillary materials, etc.	-	2	-		
Water	m ³	-	10,789		
Process wastewater	m ³	3	6,917		
Solid waste	tonnes	4	131		
Recycled waste	%	4	10		
Incidents of non-compliance with environmental protection legislation	number	6	2		
Violation of other legislation	number	-	0		
Absence without leave	%	7	3.7	4.6	4.6
Employee turnover	%	7	15.0		
Accident rate		7	4.0	7.6	15.2
Supplier audits	number	-	25		

1. Carbon footprint

CO₂ emissions have dropped by roughly 2%. Kvistgård's emissions increased by less than 1%, but relative emissions decreased by 51%.

Kvistgård, where the Company's industrial production and a large share of its total laboratory activities take place, is also the facility that contributes most to the Company's total carbon footprint. The largest source of CO₂ emissions is the use of electrical power, followed by the use of natural gas for heating. The power is used to run ventilation systems, a refrigeration compressor, process equipment, refrigerators, freezers, air compressors, office equipment and lighting; the natural gas is used for heating and steam production.

In 2011, we laid the groundwork for setting environmental and climate impact targets. We have made Kvistgård's carbon footprint a key figure per batch, which due to competition reasons is indexed, with the year 2009 as index 100. In 2012 and going forward, we will endeavour to continue to reduce our relative climate impact, and we will carry out energy screening of the Kvistgård facility.

The emissions factor for natural gas (Kvistgård) has been changed, as we have decided to use the Danish Energy Agency as a source going forward. We also switched the emission factors for 2009-2010 to Danish Energy Agency figures.

Due to new information, the figures for Mountain View have been altered for 2010 compared with last year's report, and this is one of the reasons why CO₂ emissions for 2010 are higher than previously reported.

The figure for heat consumption at Martinsried was not read off the meter, but is an estimate based on 2010 figures.

	Unit	2011	2010	2009
Carbon footprint – global	t CO ₂	3,700	3,787	2,705
Direct emissions (scope 1)				
Heating	t CO ₂	1,225	1,356	956
Electricity generation	t CO ₂	3	3	1
Fugitive emissions	t CO ₂	8	4	6
Transport of employees (motor vehicles)	t CO ₂	65	72	68
Transport of raw materials (internal)	t CO ₂	1	0	0
Indirect emissions (scope 2)				
Electrical power, purchased	t CO ₂	2,110	2,010	1,494
Heating, purchased	t CO ₂	288	342	180
Cooling, purchased	t CO ₂	-	-	-
Carbon footprint, Kvistgård	t CO ₂	2,565	2,587	2,223
Carbon footprint, Kvistgård, index per batch	-	53	108	100

2. Raw and ancillary materials

As Kvistgård is the Company's production facility and thus responsible for the highest consumption of energy, water, raw materials, etc., we decided to start out by reporting this data for our Kvistgård site alone.

Chicken eggs are used as a raw material in production and inoculated with MVA-BN® to produce the active substance of the vaccine. Ready-mixed media (nutrients) are used to culture the biological agents, and ready-made saline solutions to purify the active substance. Disinfectants are used, along with acids and bases to clean systems and equipment and to adjust the pH of the wastewater before discharging it into the municipal sewer system. Disinfectants are also used to disinfect the eggs before further processing. Glycol is used in the cooling/refrigeration systems, along with small amounts of corrosion inhibitors for the production of steam and CFC coolants for refilling.

By most measures, both production and raw materials consumption in 2011 were twice what they were in 2010.

	Unit	2011	2010	2009
Eggs	pcs.	790,090	285,948	266,496
Various ready-mix media, etc.	litres	184,560	100,643	85,371
Acid/base	litres	10,962	5,065	4,333
Salt (NaCl)	tonnes	9	9	6
Cleaning agents, disinfection	litres	27,238	9,112	4,454
Plastic bags	pcs.	15,314	6,675	8,288
Cooling agents, propylene glycol, etc.	litres	610	500	1,208
CO ₂	m ³	3,116	2,385	3,357
N ₂	Nm ³	777	649	899
Propane	kg	385	605	374
Agar plates	pcs.	128,165	97,980	78,210
Media for process simulation	litres	8,717	6,636	4,922

3. Wastewater

The figures stated are for Kvistgård only. Process wastewater is heat-inactivated, cooled and pH adjusted before being discharged into the public sewer system. Inactivation is a procedure that ensures that all virus remnants are rendered 100% harmless, and the system is checked for operational problems before discharge. This treatment ensures that the discharged wastewater complies with the requirements in the Company's permit to use the municipal sewer system, which was issued in October 2004. Wastewater is tested and analysed once or twice a year, and the amounts specified below are based on an average of the findings.

	Unit	2011	2010	2009
Process wastewater	m ³	6,917	12,871	7,740
Phosphorus	kg	20	41	5
Nitrogen	kg	161	223	29
Total organic carbon (TOC)	kg	530	1,115	110
Chlorides	kg	2,628	1,416	389

4. Solid waste

Industrial waste consists primarily of two fractions: disposable process equipment and egg waste. Disposable process equipment includes production bags, tubing and other disposable equipment. The bags are autoclaved and sent to incineration. The egg waste is also sent to incineration. Hazardous waste includes organic solvents, acids, bases, hazardous clinical waste, etc.

	Unit	2011	2010	2009
Total waste	tonnes	131	100	76
Hazardous waste	tonnes	24	8	4
Incineration	%	71	80	83
Recycling	%	10	11	11
Special treatment	%	18	8	6

5. Air emissions

Air emissions were measured in 2011 after we installed two new boilers to replace the old one. The figures stated for 2009 and 2010 are estimated on the basis of measurements made in 2007.

	Unit	2011	2010	2009
NO _x /NO ₂	kg	272	353	353
CO	kg	77	163	163

6. Non-compliance with environmental protection legislation

Bavarian Nordic received a request from the environmental protection authorities for compliance with section 8 of the Danish environmental permits act because we built a concrete facing wall without having given the authorities advance notice first. The environmental authorities also issued a enforcement notice to secure compliance with a condition in connection with a way to prevent spillover into the storm drain system. Both matters have been resolved, and there are no longer any outstanding issues with the environment authorities.

We have received no complaints from next-door neighbours or others. We are aware of the importance of maintaining a good dialogue with our neighbours. When Bavarian Nordic established a presence in Kvistgård, we invited our neighbours to an information meeting, just as our neighbours and the public in general were involved through two consultation exercises held in connection with the environmental assessment process. We have also carried out several projects based on suggestions from our neighbours. In our daily work, we are occasionally in contact with our neighbours, especially in matters to do with noise, which is what affects them most directly. Also because of this contact, we are aware of the impact we can have in connection with both our production and our construction projects.

	Unit	2011
Violations of terms, etc. and accidental discharge	Number	2
Complaints	Number	0

7. Employees

The number of employees increased in 2011, by 14% globally and by 19% at Kvistgård. The increase is primarily due to new hires at Kvistgård resulting from a higher level of activity, with production volume having doubled. The rate of absence was lower in 2011.

Approximately one third of the employees in Kvistgård are under collective agreements with the shortest possible notice at changes of 3x24 hours.

Employee turnover has increased in 2011, which partly may be explained by the fact that shiftwork was introduced in the production during the year, which may have led to increased number of resignations amongst the employees.

The 2011 accident rate was a little over half what it was the year before, in spite of the fact that the 2010 level was considered a minimum level and that many new employees were hired in 2011.

Our target for 2012 is to maintain the accident rate at 2010 or 2011 levels.

	Unit	2011	2010	2009
Employees, total (year-end)	Number	452	412	360
Employees, total (converted to full-time equivalents, average over the year)	Number	429	377	337
Distribution:				
Kvistgård	Number	245	206	177
Martinsried and Berlin	Number	131	128	126
Mountain View	Number	49	37	28
Washington, DC	Number	3	4	4
Singapore	Number	1	2	2
Absence	%	3.6	4.6	4.6
Employee turnover	%	15.0	-	-
Employee groups, Kvistgård				
Under collective agreement	Number	71	-	-
White-collar workers without management responsibility	Number	145	-	-
White-collar workers with management responsibility	Number	34	-	-
Executive managers	Number	2	-	-
Accidents, total	Number	3	5	9
Kvistgård	Number	3	4	8
Martinsried and Berlin	Number	0	1	1
Mountain View	Number	0	0	0
Washington, DC	Number	0	0	0
Singapore	Number	0	0	0
Accident rate		4.0	7.6	15.2

11. CSR ELEMENTS

	People	Planet	Profit
Our values	●	●	●
Quality system	●		
Policies			
General CSR policy	●	●	●
Environmental policy		●	
Health and safety policy	●		
Suppliers policy	●	●	●
Trade in Company shares		●	
Handling of inside information			●
Code of Ethics and Business Conduct			
Code of Ethics and Business Conduct			●
Gifts, gratuities, and entertainment			●
Complying with laws and regulations			●
Conflicts of Interest			●
Foreign Corrupt Practices Act (FCPA)			●
Truth in Negotiations Act (TINA)			●
Government investigations			●
Creating accurate records and preserving Company records			●
Timekeeping requirements			●
Working conditions			
Stress management and conflict management	●		
Dialogue-based sickness absence management	●		
Health insurance	●		
Staff association	●		
Phantom share scheme	●		●
Tools			
Management development training course	●		
Employee performance reviews	●		
Ethics hotline for reporting violations, etc.	●	●	●
Special groups and committees			
Values work group	●	●	●
Health and safety work group	●		
Health and safety committee	●		
Environment work group	●		
CSR group	●	●	●

12. GRI INDICATORS

Just like the CSR reports of previous years, this report was inspired by elements from the Global Reporting Initiative (GRI)⁴, a recognised framework for sustainability reporting. The GRI structure includes principles and indicators used to measure and explain financial, environmental and social performance. Our 2011 report has been expanded to include many new GRI indicators plus the list below of all the indicators and their implementation.

GRI ref..	Description	Reference
Profile Disclosure		
1.2	Description of key impacts, risks, and opportunities.	Section 1
2.1	Name of the organization.	Section 1
2.2	Primary brands, products, and/or services.	Section 2
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Annual Report
2.4	Location of organization's headquarters.	Section 1
2.5	Number of countries where the organization operates.	Section 1
2.6	Nature of ownership and legal form.	Section 2
2.7	Markets served.	Section 2
2.8	Scale of the reporting organization.	Section 10 and Annual Report
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Annual Report
2.10	Awards received in the reporting period.	None
3.1	Reporting period.	Section 1
3.2	Date of most recent previous report.	Section 1
3.3	Reporting cycle	Section 1
3.4	Contact point for questions regarding the report or its contents.	Back cover
3.5	Process for defining report content.	Section 1
3.6	Boundary of the report.	Section 1
3.7	State any specific limitations on the scope or boundary of the report.	Section 1
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	Section 13
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.	Section 10
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Section 1, 3 & 13
3.12	Table identifying the location of the Standard Disclosures in the report.	Section 12
3.13	Policy and current practice with regard to seeking external assurance for the report.	Section 9
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Annual Report
4.3	The number of members of the highest governance body that are independent and/or non-executive members.	Annual Report
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance.	Section 3 & 6

⁴ <http://www.globalreporting.org>

GRI ref.	Description	Reference
Economic performance indicators		
EC1	Direct economic value generated and distributed.	Annual Report
Environmental performance indicators		
EN1	Materials used by weight or volume.	Section 10
EN2	Percentage of materials used that are recycled input materials.	Section 10
EN3	Direct energy consumption by primary energy source.	Section 10
EN4	Indirect energy consumption by primary source.	Section 10
EN5	Energy saved due to conservation and efficiency improvements.	Section 5
EN8	Total water withdrawal by source.	Section 10
EN16	Total direct and indirect greenhouse gas emissions by weight.	Section 10
EN17	Other relevant indirect greenhouse gas emissions by weight.	Section 10
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Section 5
EN19	Emissions of ozone-depleting substances by weight.	Section 10
EN20	NOx, SOx, and other significant air emissions by type and weight.	Section 10
EN21	Total water discharge by quality and destination.	Section 10
EN22	Total weight of waste by type and disposal method.	Section 10
EN23	Total number and volume of significant spills.	Section 10
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous.	Section 10
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Section 10
Social performance indicators		
LA1	Total workforce by employment type, employment contract, and region.	Section 10
LA2	Total number and rate of employee turnover by age group, gender, and region.	Section 10
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Annual Report
LA4	Percentage of employees covered by collective bargaining agreements.	Section 10
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Section 10
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Section 10
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Section 6
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Section 6
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Section 7
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	Section 6 & 7
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	Section 10
S01	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Section 5
S03	Percentage of employees trained in organization's anti-corruption policies and procedures.	Section 8
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Section 10
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Section 4

13. REPORTING PRINCIPLES

The basis data for this report covers the entities stated in the table. All data for resource and raw materials consumption and finished products comprises only the

production facility in Kvistgård. Data has been gathered to the extent it has been accessible within the boundaries of our existing systems.

Indicator	Reference	Entities included
Carbon Footprint (tCO ₂)	Table 1	K, M, B, C ¹⁾
Other environmental data	Table 2-6	K
Accident rate	Table 7	K, M, B, C, W, S
Absence	Table 7	K, M, B
Number of employees	Table 7	K, M, B, C, W, S
Employee turnover	Table 7	K

K: Kvistgård, M: Martinsried, B: Berlin, C: California (Mountain View), W: Washington, S: Singapore

¹⁾ The comparison figure for 2009 in table 1 does not include Berlin and Mountain View. These entities are included in the calculation from 2010 and onwards.

Carbon Footprint

Setting a starting point

Our carbon footprint calculations are based on the standard and recommendations of the Greenhouse Gas Protocol Initiative⁵ for calculating an organisation's total carbon emissions, which include the six greenhouse gasses addressed by the Kyoto Protocol – CO₂, CH₄, N₂O, HFCs, PFCs and SF₆ – calculated in tonnes of CO₂ equivalents. Emissions sources are divided into three scopes: direct emissions from activities under the Company's control

(Scope 1), emissions from the consumption of electrical power (Scope 2) and indirect emissions from products and services (Scope 3).

According to the recommendations, organisations should report on Scope 1 and Scope 2 as a minimum, and this is what we have decided to do in our carbon footprint statement.

We calculated the total carbon emissions from our locations at Kvistgård, Martinsried, Berlin and Mountain View with

a view to establishing a starting point for the following four different types of emissions:

Natural gas and oil

This figure is based primarily on current consumption as measured by monthly meter readings. Oil used for emergency generators, however, is estimated on the basis of oil consumption over a five-year-period. Greenhouse gas emissions from the combustion of fossil fuels are calculated on the basis of an average emission factor.

⁵ www.ghgprotocol.org

⁶ http://www.ens.dk/da-DK/KlimaOgCO2/CO2Kvoter/produktionsenheder/co2_rapportering/Documents/standardfaktorer%202011.pdf

⁷ <http://www.pge.com/myhome/environment/calculator/assumptions.shtml>

⁸ Energinet, an independent public enterprise under the Danish Ministry of Climate, Energy and Building: <http://www.energinet.dk/DA/KLIMA-OG-MILJOE/Miljoedeklarationer/Sider/Miljoedeklaration-af-1-kWh-el.aspx>

⁹ IEA, The International Energy Agency, an independent organisation working to ensure reliable, cheap and clean energy for its 28 member countries.

¹⁰ AGFW, Der Energieeffizienzverband für Wärme, Kälte und KWK e. V.

Fugitive emissions

Fugitive emissions include CO₂ from the use of dry ice and CO₂ gas plus emissions of greenhouse gasses from cooling and refrigeration systems.

Electricity

Electrical power consumption is based on meter readings recorded at the year-end. The calculation of greenhouse gas emissions from electrical power consumption is based on specific emission factors provided by the power company and an average emission factor for the generation of power in Germany.

Mileage (km)

This figure is calculated on the basis of receipts from petrol companies and includes motor vehicles owned or leased by the Company. Greenhouse gas emissions are calculated on the basis of an average fuel-specific emission factor for ordinary cars in Denmark and Germany.

Emission factors

In calculating CO₂ emissions, specific emission factors based on emission type and geographic location were used. CO₂ emissions from the combustion of natural gas, oil, petrol, diesel fuel and LPG and from fugitive emissions were deemed to have a general global effect with minor local differences. Emission factors from these sources are based on data provided

by the Danish Energy Agency⁶, except for natural gas emission factors for Mountain View, which are based on figures from The Pacific Gas and Electric Company⁷, a provider of natural gas and electricity in California.

Emissions for locally purchased electricity were determined on the basis of local conditions. Emission factors for Kvistgård are based on factors for Denmark as a whole.⁸ Emission calculations for electrical power at Mountain View are based on emission factors provided by The Pacific Gas and Electric Company. Emission calculations for electrical power purchased in Germany are based on general German emission factors⁹; emission calculations for district heating purchased in Germany are based on emission factors published by the German confederation of energy efficiency improvement within heating, cooling, and combined heat and power generation.¹⁰

Absence

Absence data cover registration of staff sick days, child sick days, hospital visits and admissions, and absence as a result of work-related accidents. Leave – also maternity and paternity leave – is not included in these figures. The absence rate was calculated by dividing the number of

total days of absence with the average annual number of full-time employees times the number of working days

Employee turnover

Staff turnover is calculated as the number of employees that left their jobs divided by the average number of employees over the course of the year.

Accidents

Work-related accident data relates to accidents resulting in more than one day of absence. The definition of 'work-related accident' in Danish law is the definition applicable in this document.

The accident rate is calculated using the total yearly number of working hours of the Group based on the average annual number of full-time employees times the number of annual working hours. Holidays are not included.

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