

Corporate Governance report 2025

cf. art. 107b of the Danish Financial Statement Act

ALK-Abelló A/S

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CVR no. 63 71 79 16



Statutory Corporate Governance Statement for the financial year 2025, cf. art. 107b of the Danish Financial Statement Act

This statement forms part of the management's review in ALK-Abelló A/S' 2025 annual report covering the period 1 January to 31 December 2025.

Governing bodies

ALK has a two-tier management structure consisting of the Board of Directors and the Board of Management. The two boards are independent of each other.

The Board of Directors defines the strategic framework for ALK's action plans and activities on the basis of objectives, strategies, and policies. Furthermore, on behalf of the shareholders, the Board of Directors supervises the organisation, monitors procedures and responsibilities, and sees that the company is managed appropriately and in accordance with legislation and ALK's Articles of Association.

The Board of Directors appoints a Board of Management to undertake the day-to-day management of ALK. The Board of Directors

sets out the terms and tasks of the Board of Management, supervises its work and seeks a constructive dialogue with the Board of Management regarding the implementation of the selected strategies and the overall development of the company.

Composition of the Board of Directors

The Board of Directors consists of 11 members. Seven members, including the Chair and the Vice Chair, are up for re-election each year at the Annual General Meeting (AGM). Four members are employee-elected and serving four-year terms.

At the AGM in 2025, Anders Hedegaard was re-elected as Chair of the Board of Directors. Lene Skole was re-elected as Vice Chair. Gitte Aabo, Lars Holmqvist, Bertil Lindmark, Alan Main, and Jesper Høiland were all re-elected.

None of the members elected by the shareholders have been employed with ALK within the last five years, and none of them have an interest in ALK other than the interests they may have as shareholders. The Board of Directors has an overweight of independent, shareholder-elected members, since five board members (out of seven) in 2025 can be considered independent according to the definitions set by the Danish Committee on Corporate Governance.

The Board of Directors represents international business experience from managerial positions in a variety of industries, particular regard is given to the members' insight into the management and globalisation of R&D driven companies. The Board of Directors is deemed to have the competences relevant to further ALK's development. The board members are

presented on pages 33-34 of the 2025 annual report along with details on their specific competences, managerial positions, etc.

The Board of Directors' activities

The Board of Directors' work follows a calendar, ensuring the consideration of all relevant topics over the year. In 2025, the Board of Directors held 10 meetings (13 in 2024); the meeting held on 13-14 March was a strategy seminar focusing on ALK's growth strategy adopted in 2024. All members have been present at the meetings, apart from Gitte Aabo, who was excused at one meeting and Alan Main who was excused at one meeting.

The Board of Directors has appointed three committees: The Audit Committee, the Remuneration & Nomination Committee, and the Scientific Committee. The committees'

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Recommendations on Corporate Governance

1. Interaction with the company's shareholders, investors and other stakeholders
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members can be seen below. The charters of the committees are available on the corporate website.

In 2025, The Audit Committee held four meetings (five in 2024), the Remuneration & Nomination Committee held five meetings (five in 2024), and the Scientific Committee met five times (three in 2024). All persons have been present at the committee meetings. An overview of meeting attendance can be found in the annual report on page 29.

Each year, the Board of Directors undertakes a thorough self-evaluation to review its performance, assessing both individual contributions and the Board's collective achievements. In 2025, the periodic assessment was conducted using a structured questionnaire distributed to both the Board of Directors and the Board of Management. The results were positive and the evaluation highlighted that the Board of Directors possesses the necessary skills and competences. The Board of Directors acknowledged the continued improvement in the collaboration with the Board of Management, which members assessed as stronger than ever, characterised by an open and trusting relationship. Key areas for future focus were agreed upon, including gaining further insights into ALK's AI strategy.

In addition, the Committees evaluated their work.

The Audit Committee confirmed that all relevant topics were appropriately addressed, the Committee composition was appropriate, and meetings were conducted efficiently and effectively. The Scientific Committee reported effective performance, with both materials and presentations of high quality. The Remuneration & Nomination Committee stated that meetings covered the relevant topics with adequate time allocated for robust discussions, and that materials prepared provided sufficient overview for the Committee to make recommendations to the Board of Directors. The competences and skills represented in the committees are considered adequate, with agreed focus areas established.

For the period until 22 March 2028, the Board of Directors is authorised to let ALK acquire up to 10% of the Company's own B shares at the market price for B shares on the date of acquisition, subject to a deviation of up to 10%.

For the period up to and including 15 March 2027, the Board of Directors is authorised to increase the company's share capital by one or more issues of new shares with a nominal value of up to DKK 11,141,196, equivalent to AA shares with a nominal value of up to DKK 1,012,836, and B shares with a nominal value of up to DKK 10,128,360. The Board of Directors has a standing authorisation to decide to pay extraordinary dividend.

Remuneration

The Board of Directors is required to prepare a remuneration policy governing the remuneration for the Board of Directors and Board of Management, cf. sections 139 and 139a of the Danish Companies Act. Further, the Board of Directors is required to ensure that information on remuneration including incentives for the Board of Directors and Board of Management is provided in a remuneration report, cf. section 139b of the Danish Companies Act. The remuneration policy is subject to approval by share-

holders and was last approved at the AGM in 2024. The annual remuneration report is also subject to approval by shareholders and is approved at the AGM each year.

- 🔗 [The current remuneration policy is available at https://ir.alk.net/corporate-governance.](https://ir.alk.net/corporate-governance)
- 📄 [Remuneration report 2025.](#)

Board of Directors	Audit Committee	Remuneration & Nomination Committee	Scientific Committee
Anders Hedegaard, Chair		Chair	Member
Lene Skole ¹ , Vice Chair		Member	Member
Gitte Aabo	Chair		
Katja Barnkob ²			
Nanna Rassov Carlson ²			
Lars Holmqvist ¹	Member		
Jesper Høiland	Member		
Bertil Lindmark			Chair
Lise Lund Mærkedahl ²			
Alan Main		Member	
Johan Smedsrud ²			

¹ These board members are not regarded as independent in the sense of the definition contained in the Danish recommendations on Corporate Governance due to being affiliated with the Lundbeck Foundation which owns 40.3 % of ALK's shares
² Employee-elected members

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Risks related to financial reporting

ALK has designed a number of internal control and risk management systems to ensure that its financial statements provide a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act. The systems also support appropriate accounting policies and accounting estimates.

ALK's risk management and internal controls in connection with the financial reporting process, including IT and tax, are designed with a view to reducing risks to an acceptable level rather than eliminating the risk of errors and omissions in the Group's financial reporting.

Control environment

The primary responsibility for the Group's risk management and internal controls in relation to the financial reporting process rests with the Board of Directors and the Board of Management. These two boards are responsible for establishing and approving general policies, procedures and controls in key areas connected with the financial reporting process. The Board of Directors has established an Audit Committee with an advisory role relatively to the Board of Directors on internal controls in the financial reporting procedures, special financial and accounting issues, evaluation of financial reporting, and other financial information and risk management.

The Board of Directors will, on an on-going basis, assess if there is a need for estab-

lishing an internal audit. Based on the size, accounting, and auditing complexity of ALK, the financial controlling will be undertaken by the Corporate Finance function and the individual affiliates.

The Board of Management is responsible for the day-to-day maintenance of an efficient control environment and risk management systems in connection with the financial reporting process. Managers at various levels are responsible within their respective areas.

The policies, procedures and manuals that have been adopted are available on the Group's intranet, and the importance of compliance with these precepts is regularly emphasised. Guidelines for persons authorised to sign for the company are provided through a formalised and documented distribution of responsibilities. The risk of fraud is mitigated through organisational segregation of incompatible functions and the use of preventive and detective internal controls. The controls are both IT-based and manual.

ALK's control environment consists of its organisational structure and internal guidelines based on legislation and applicable recommendations.

ALK has established a whistle-blower scheme, which allows for confidential and anonymous reporting of potentially or suspected wrongdoings related to ALK's activities. The scheme minimises the risk of illegalities and irregularities within the areas of financial crime, environmental pollution or inappropriate conduct, as

well as other circumstances that may be to the detriment of ALK.

Risk assessment

There is a relatively greater risk of error in items in the financial statements that are based on estimates or that are generated through complex processes. ALK performs continual risk assessments to identify such items and to assess the scope of the related risks.

Note 1.2 to the financial statements of the annual report for 2025 ('Significant accounting estimates and judgements') contains a list of the estimates and assessments that are considered material to financial reporting including a reference to the respective notes where the estimates and assessments are described in further details.

Control activities

The purpose of the control activities is to prevent, detect and correct possible errors or irregularities. These activities are integrated in the company's accounting and reporting procedures and include procedures such as certification, authorisation, approval, reconciliation, result analysis, segregation of incompatible functions as well as controls relating to IT applications and general IT controls. The Corporate Finance function also conducts control activities aimed at ALK's subsidiaries and selected key processes.

Information and communication

The company maintains information and communications systems to ensure that its financial reporting is correct and complete.

Guidelines for reporting and end-of-month procedures are updated regularly and reviewed at least once a year. These guidelines are available to the relevant staff on ALK's intranet. Amendments to accounting procedures are announced and explained in instructions from the Corporate Finance function.

Monitoring

ALK uses a comprehensive, standardised financial management system, which contributes to the monitoring of the ALK Group's results. The system facilitates early detection and correction of possible errors and irregularities in the Group's financial reporting.

All companies report detailed monthly accounting data that are analysed and monitored at Group and regional level.

ALK applies a uniform accounting practice in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, which is described in the corporate accounting manual. The accounting manual contains accounting and assessment principles and reporting instructions, which must be strictly observed by all companies of the Group. The manual is updated and reviewed continually, and compliance with the manual is monitored at Group level.

The Board of Management informs the Audit Committee on the degree of compliance with the principles and instructions in the manual.

- 1. Interaction with the company's shareholders, investors and other stakeholders
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Recommendations on Corporate Governance

The Danish Committee on Corporate Governance (<https://corporategovernance.dk/english>) has drawn up a set of recommendations on corporate governance that has been adopted by Nasdaq Copenhagen. The recommendations, most recently updated in December 2020, are considered to be in compliance with the OECD's current principles of corporate governance.

According to section 107 b of the Danish Financial Statements Act and stock exchange rules in connection with the presentation of the annual report, ALK is required to disclose the extent to which the company complies with the recommendations, based on the 'comply or explain' principle. The table below provides an account of the extent to which, and the way in which ALK complies with the recommenda-

tions. In those instances where ALK has chosen a different practice, the rationale for this is explained.

● Complies
● Does not comply

Recommendation	The company <u>complies</u>	The company <u>explains</u> ¹
1. Interaction with the company's shareholders, investors and other stakeholders		
1.1. Communication with the company's shareholders, investors and other stakeholders		
1.1.1. The Committee recommends that the management through ongoing dialogue and interaction ensures that shareholders, investors and other stakeholders gain the relevant insight into the company's affairs, and that the board of directors obtains the possibility of hearing and including their views in its work.	●	<p>ALK interacts frequently with shareholders, investors, financial analysts, proxy advisers, and other financial stakeholders. The Board of Management participates in this dialogue and important findings are reported to the Board of Directors.</p> <p>The dialogue with non-financial stakeholders – such as employees, customers, healthcare professionals, people with allergy, partners, authorities, etc. – is structured according to various policies, including ALK's Sustainability framework. Key findings are reported to the Board of Directors regularly.</p> <p>The Board of Management is also available for interviews with the media upon request throughout the year to ensure transparency around ALK.</p>

¹ If the company does not comply with a recommendation, the company must specifically explain; *why* the company has decided not to comply with the recommendation, and *which* approach the company has chosen instead. A comprehensive explanation answers both questions and is considered as compliant. Thus, it is important that the company answers both questions in its explanation.

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Recommendation	The company <u>complies</u>	The company <u>explains</u> ¹
<p>1.1.2. The Committee recommends that the company adopts policies on the company's relationships with its shareholders, investors and if relevant other stakeholders in order to ensure that the various interests are included in the company's considerations and that such policies are made available on the company's website.</p>	●	<p>ALK's Investor Relations Policy describes the company's relations with financial stakeholders. The policy is available on ALK's main corporate website.</p> <p>The Board of Directors has adopted a communication policy in order to ensure effective communications with all stakeholders. The policy is available on ALK's main corporate website.</p> <p>Relationships with non-financial stakeholders are also governed by various policies, all available on ALK's main corporate website.</p>
<p>1.1.3. The Committee recommends that the company publishes quarterly reports.</p>	●	<p>ALK publishes quarterly reports, gives a webcast presentation of these, and meets with investors. ALK also gives interviews to the media regarding the quarterly financial performance.</p>
<p>1.2. The general meeting</p>		
<p>1.2.1. The Committee recommends that the board of directors organises the company's general meeting in a manner that allows shareholders, who are unable to attend the meeting in person or are represented by proxy at the general meeting, to vote and raise questions to the management prior to or at the general meeting.</p> <p>The Committee recommends that the board of directors ensures that shareholders can observe the general meeting via webcast or other digital transmission.</p>	●	<p>The Board of Directors encourages all shareholders to attend the Annual General Meeting (AGM) directly or to exercise their rights through proxies or postal votes. All shareholders are able to put forward in writing specific items to be included in the AGM agenda up to six weeks before the AGM. Additionally, all shareholders are able to submit questions for management prior to the AGM.</p> <p>The AGM is available as a live webcast, allowing all shareholders to observe the meeting.</p>
<p>1.2.2. The Committee recommends that proxies and postal votes to be used at the general meeting enable the shareholders to consider each individual item on the agenda.</p>	●	<p>The agenda includes a detailed account of the individual items. Proxies and postal vote forms are differentiated so that shareholders have the opportunity to state their position on each agenda item.</p>
<p>1.3 Takeover bids</p>		
<p>1.3.1. The Committee recommends that the company has a procedure in place in the event of takeover bids, containing a "road map" covering matters for the board of directors to consider in the event of a takeover bid, or if the board of directors obtains reasonable grounds to suspect that a takeover bid may be submitted. In addition, it is recommended that it appears from the procedure that the board of directors abstains from countering any takeover bids by taking actions that seek to prevent the shareholders from deciding on the takeover bid, without the approval of the general meeting.</p>	●	<p>ALK has a written procedure governing the role of the Board of Directors in the event of a takeover bid, according to which, the Board of Directors will not make any decisions or conduct transactions which, in reality, preclude the shareholders from making a decision.</p>

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Recommendation	The company <u>complies</u>	The company <u>explains</u> ¹
1.4. Corporate Social Responsibility		
1.4.1. The Committee recommends that the board of directors adopts a policy for the company's corporate social responsibility, including social responsibility and sustainability, and that the policy is available in the management commentary and/or on the company's website. The Committee recommends that the board of directors ensures compliance with the policy.	●	The Board of Directors is responsible for ALK's sustainability strategy and purpose, including the annual, statutory sustainability reporting. All relevant sustainability-related policies are available on ALK's main corporate website.
1.4.2. The Committee recommends that the board of directors adopts a tax policy to be made available on the company's website.	●	ALK's tax policy is available on ALK's main corporate website.
2. The duties and responsibilities of the board of directors		
2.1. Overall tasks and responsibilities		
2.1.1. The Committee recommends that the board of directors in support of the company's statutory objects according to its articles of association and the long-term value creation considers the company's purpose and ensures and promotes a good culture and sound values in the company. The company should provide an account thereof in the management commentary and/or on the company's website.	●	The Board of Directors regularly evaluates the company's purpose and continuously works to ensure and endorse a strong culture, supported by sound values, in the company. ALK has a set of Cultural Beliefs to inspire and empower its employees to do their very best every day in the pursuit of new and better treatments and solutions for people with allergy. Each belief is further clarified through a set of behaviours, supported by intensive cultural training. Additionally, in connection with the annual employee performance review, the employee's adherence to the Cultural Beliefs is evaluated. Long-term value creation for the benefit of patients, healthcare professionals, financial stakeholders, employees, and other stakeholders, are fundamental principles for the Board. Efforts and results are reported in the annual report.
2.1.2. The Committee recommends that the board of directors at least once a year discusses and on a regular basis follows up on the company's overall strategic targets in order to ensure the value creation in the company.	●	The Board of Directors considers the company's overall strategy every year and the Board monitors progress on a regular basis with a view to sustaining value creation in the company.

Recommendation	The company <u>complies</u>	The company <u>explains</u> ¹
<p>2.1.3. The Committee recommends that the board of directors on a continuously basis takes steps to examine whether the company's share and capital structure supports the strategy and the long-term value creation in the interest of the company as well as the shareholders. The Committee recommends that the company gives an account thereof in the management commentary.</p>	●	<p>The Board of Directors regularly evaluates the capital and share structure, the strategy, budgets, and long-term financial ambitions, as well as proposals for the allocation of profits. The evaluation is contained in the annual report and further described at the AGM.</p>
<p>2.1.4. The Committee recommends that the board of directors prepares and on an annual basis reviews guidelines for the executive management, including requirements in respect of the reporting to the board of directors.</p>	●	<p>The tasks and duties of the Board of Management have been laid down in the Board of Directors' rules of procedure, and in instructions and authorisations adopted by the Board of Directors. Procedures have been agreed for ongoing management reporting and the reporting of risks, audits, etc.</p> <p>Once a year, the Board of Management presents a report on risk management to the Audit Committee and the Board of Directors.</p>
<p>2.2. Members of the board of directors</p>		
<p>2.2.1. The Committee recommends that the board of directors, in addition to a chairperson, appoints a vice chairperson, who can step in if the chairperson is absent and who can generally act as the chairperson's close sparring partner.</p>	●	<p>The Board of Directors has a Vice Chair who chairs board meetings in the Chair's absence and acts as sparring partner for the Chair.</p>
<p>2.2.2. The Committee recommends that the chairperson in cooperation with the individual members of the board of directors ensures that the members are updated and supplement their knowledge of relevant matters, and that the members' special knowledge and qualifications are applied in the best possible manner.</p>	●	<p>As part of the Board's self-evaluation (see recommendation 3.5.1.), it is discussed whether the members' competences and knowledge are up-to-date and how they can be applied in the best possible manner.</p>
<p>2.2.3. The Committee recommends that if the board of directors, in exceptional cases, requests a member of the board of directors to take on special duties for the company, for instance, for a short period to take part in the daily management of the company, the board of directors should approve this in order to ensure that the board of directors maintains its independent overall management and control function. It is recommended that the company publishes any decision on allowing a member of the board of directors to take part in the daily management, including the expected duration thereof.</p>	●	<p>The rules of procedure specify that the Chair may not perform other duties for the company that are not a natural part of his duties as Chair of the Board of Directors, apart from ad-hoc tasks which he may be requested to carry out by and for the Board of Directors. The same applies for other board members.</p>

Recommendation	The company complies	The company explains ¹
<p>3. The composition, organisation and evaluation of the board of directors</p>		
<p>3.1. Composition</p>		
<p>3.1.1. The Committee recommends that the board of directors on an annual basis reviews and in the management commentary and/or on the company's website states</p>	●	<p>The annual report sets out the composition of the Board of Directors, including the members' individual competences. In connection with the proposal of candidates at the AGM, when all members are up for election, the Board of Directors performs an annual evaluation (see 3.5) and considers the competences of the Board of Directors, both collectively and individually. Details of the Board of Directors' competences are included in the notice convening the AGM, and collective competences are further detailed in the Statutory Corporate Governance Statement, the annual report, and at the AGM.</p>
<ul style="list-style-type: none"> • which qualifications the board of directors should possess, collectively and individually, in order to perform its duties in the best possible manner, and • the composition of and diversity on the board of directors. 		
<p>3.1.2. The Committee recommends that the board of directors on an annual basis discusses the company's activities in order to ensure relevant diversity at the different management levels of the company and adopts a diversity policy, which is included in the management commentary and/or available on the company's website.</p>	●	<p>The Board of Directors has adopted a Diversity and Inclusion Policy, that applies to all employees at ALK. The policy aims to promote diversity at all levels, and to ensure that all employees have equal opportunities to release their full potential, regardless of age, gender, race, ethnicity, religion, disability, sexual orientation, etc. The policy is subject to periodic review to ensure its continued relevance. The policy is published on ALK's main corporate website. The sustainability statement accounts for specific targets, actions, and goals.</p>
<p>3.1.3. The Committee recommends that candidates for the board of directors are recruited based on a thorough process approved by the board of directors.</p> <p>The Committee recommends that in assessing candidates for the board of directors – in addition to individual competencies and qualifications – the need for continuity, renewal and diversity is also considered.</p>	●	<p>The Remuneration & Nomination Committee is responsible for the identification and nomination of candidates for the Board of Directors. Identification is based on a process which defines the competences, experience and qualifications needed in the Board. When assessing a candidate's qualifications, past results and experience are considered, as is the need for new talent, continuity, and diversity in the Board. The process is open and transparent, and candidates are approved for nomination by the Board of Directors.</p>
<p>3.1.4. The Committee recommends that the notice convening general meetings, where election of members to the board of directors is on the agenda – in addition to the statutory items – also includes a description of the proposed candidates'</p> <ul style="list-style-type: none"> • qualifications, • other managerial duties in commercial undertakings, including board committees, • demanding organisational assignments and • independence. 	●	<p>Together with the notice convening the general meeting at which election to the Board of Directors is on the agenda, a description is sent out of all candidates nominated for election with respect to competences, profession, independence, and other executive functions and directorships, including board committees.</p>
<p>3.1.5. The Committee recommends that members of the board of directors elected by the general meeting stand for election every year at the annual general meeting, and that members are nominated and elected individually.</p>	●	<p>The members of the Board of Directors elected by the general meeting are elected for one year at a time. All board members are nominated and elected on an individual basis.</p>

Recommendation	The company complies	The company explains ¹
<p>3.2. The board of director's independence</p>		
<p>3.2.1. The Committee recommends that at least half of the members of the board of directors elected in general meeting are independent in order for the board of directors to be able to act independently avoiding conflicts of interests.</p> <p>In order to be independent, the member in question may not:</p> <ul style="list-style-type: none"> • be or within the past five years have been a member of the executive management or an executive employee in the company, a subsidiary or a group company, • within the past five years have received large emoluments from the company/group, a subsidiary or a group company in another capacity than as member of the board of directors, • represent or be associated with a controlling shareholder, • within the past year have had a business relationship (e.g. personally or indirectly as a partner or an employee, shareholder, customer, supplier or member of a governing body in companies with similar relations) with the company, a subsidiary or a group company, which is significant for the company and/or the business relationship, • be or within the past three years have been employed with or a partner in the same company as the company's auditor elected in general meeting, • be a CEO in a company with cross-memberships in the company's management, • have been a member of the board of directors for more than twelve years, or • be closely related to persons, who are not independent, cf. the above-stated criteria. <p>Even if a member of the board of directors does not fall within the above-stated criteria, the board of directors may for other reasons decide that the member in question is not independent.</p>		<p>The majority of the shareholder-elected members are independent (five out of a total of seven).</p>
<p>3.2.2. The Committee recommends that members of the executive management are not members of the board of directors and that members retiring from the executive management does not join the board of directors immediately thereafter.</p>		<p>No members of the Board of Directors are simultaneously members of the Board of Management. ALK has no plans to offer a resigning member of the Board of Management a seat on the Board of Directors immediately after resignation.</p>
<p>3.3. Members of the board of directors and the number of other managerial duties</p>		

Recommendation	The company <u>complies</u>	The company <u>explains</u> ¹
<p>3.3.1. The Committee recommends that the board of directors and each of the members on the board of directors, in connection with the annual evaluation, cf. recommendation 3.5.1., assesses how much time is required to perform the board duties. The aim is for the individual member of the board of directors not to take on more managerial duties than the board member in question is able to perform in a satisfactory manner.</p>	●	<p>The Board of Directors and each member of the Board of Directors assess the time commitment necessary for Board work so that each member only takes on as many functions as can be performed in a way that is satisfactory to the company.</p>
<p>3.3.2. The Committee recommends that the management commentary, in addition to the statutory requirements, contains the following information on the individual members of the board of directors:</p> <ul style="list-style-type: none"> • position, age and gender, • competencies and qualifications relevant to the company, • independence, • year of joining the board of directors, • year of expiry of the current election period, • participation in meetings of the board of directors and committee meetings, • managerial duties in other commercial undertakings, including board committees, and demanding organisational assignments, and • the number of shares, options, warrants, etc. that the member holds in the company and its group companies and any changes in such holdings during the financial year 	●	<p>The annual report outlines all the information recommended, including position, age, gender, competences, qualifications, independence, year of joining the Board, attendance at Board and committee meetings, managerial duties in other commercial undertakings, including board committees, and demanding organisational assignments.</p>
<p>3.4. Board committees</p>		
<p>3.4.1. The Committee recommends that the management describes in the management commentary:</p> <ul style="list-style-type: none"> • the board committees' most significant activities and number of meetings in the past year, and • the members on the individual board committees, including the chairperson and the independence of the members of the committee in question. <p>In addition, it is recommended that the board committees' terms of reference are published on the company's website.</p>	●	<p>The Board of Directors has appointed an Audit Committee, a Remuneration & Nomination Committee, and a Scientific Committee. The members of the committees, including the chairs of the committees, are presented on ALK's main corporate website, which also shows which members of the Board of Directors are independent. The activities and numbers of meetings of the committees are presented in the annual report. The charters of the committees are available on ALK's main corporate website. The committees' activities are furthermore outlined in the Statutory Corporate Governance Statement and in the Board's report to the general meeting.</p>
<p>3.4.2. The Committee recommends that board committees solely consist of members of the board of directors and that the majority of the members of the board committees are independent.</p>	●	<p>The board committees consist solely of members of the Board of Directors. The majority of members of the board committees are independent.</p>

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- 5. Risk management

Recommendation	The company <u>complies</u>	The company <u>explains</u> ¹
<p>3.4.3. The Committee recommends that the board of directors establishes an audit committee and appoints a chairperson of the audit committee, who is not the chairperson of the board of directors.</p> <p>The Committee recommends that the audit committee, in addition to its statutory duties, assists the board of directors in:</p> <ul style="list-style-type: none"> • supervising the correctness of the published financial information, including accounting practices in significant areas, significant accounting estimates and related party transactions, • reviewing internal control and risk areas in order to ensure management of significant risks, including in relation to the announced financial outlook, • assessing the need for internal audit, • performing the evaluation of the auditor elected by the general meeting, • reviewing the auditor fee for the auditor elected by the general meeting, • supervising the scope of the non-audit services performed by the auditor elected by the general meeting, and • ensuring regular interaction between the auditor elected by the general meeting and the board of directors, for instance, that the board of directors and the audit committee at least once a year meet with the auditor without the executive management being present. <p>If the board of directors, based on a recommendation from the audit committee, decides to set up an internal audit function, the audit committee must:</p> <ul style="list-style-type: none"> • prepare terms of reference and recommendations on the nomination, employment and dismissal of the head of the internal audit function and on the budget for the department, • ensure that the internal audit function has sufficient resources and competencies to perform its role, and • supervise the executive management's follow-up on the conclusions and recommendations of the internal audit function. 		<p>The Board of Directors has appointed an Audit Committee. The Chair of the Board of Directors is not chair of the Audit Committee and the Audit Committee members possess the relevant expertise and experience.</p> <p>The Audit Committee reviews all relevant aspects of financial and ESG reporting, including risks and controls, and reports its conclusions to the Board of Directors.</p> <p>The Audit Committee reviews annually the need for internal audit. At present, ALK has not established an internal audit function.</p>

- 1. Interaction with the company's shareholders, investors and other stakeholders
- 2. The duties and responsibilities of the board of directors
- 3. The composition, organisation and evaluation of the board of directors
- 4. Remuneration of management
- 5. Risk management

Recommendation	The company <u>complies</u>	The company <u>explains</u> ¹
<p>3.4.4. The Committee recommends that the board of directors establishes a nomination committee to perform at least the following preparatory tasks:</p> <ul style="list-style-type: none"> • describing the required qualifications for a given member of the board of directors and the executive management, the estimated time required for performing the duties of this member of the board of directors and the competencies, knowledge and experience that is or should be represented in the two management bodies, • on an annual basis evaluating the board of directors and the executive management's structure, size, composition and results and preparing recommendations for the board of directors for any changes, • in cooperation with the chairperson handling the annual evaluation of the board of directors and assessing the individual management members' competencies, knowledge, experience and succession as well as reporting on it to the board of directors, • handling the recruitment of new members to the board of directors and the executive management and nominating candidates for the board of directors' approval, • ensuring that a succession plan for the executive management is in place, • supervising executive managements' policy for the engagement of executive employees, and • supervising the preparation of a diversity policy for the board of directors' approval. 		<p>The Board of Directors has decided that, in order to consolidate the work of the two committees, the Remuneration Committee and the Nomination Committee have been merged into one committee covering both remuneration and nomination: the Remuneration & Nomination Committee.</p> <p>The Remuneration & Nomination Committee prepares the recommended tasks in relation to nominations, recruitment, succession planning, diversity policy, etc.</p> <p>Furthermore, the committee discusses all relevant aspects concerning remuneration for the Board of Directors and the Board of Management, including the information presented in the annual report and the remuneration report, as well as proposals to the AGM.</p>
<p>3.4.5. The Committee recommends that the board of directors establishes a remuneration committee to perform at least the following preparatory tasks:</p> <ul style="list-style-type: none"> • preparing a draft remuneration policy for the board of directors' approval prior to the presentation at the general meeting, • providing a proposal to the board of directors on the remuneration of the members of the executive management, • providing a proposal to the board of directors on the remuneration of the board of directors prior to the presentation at the general meeting, • ensuring that the management's actual remuneration complies with the company's remuneration policy and the evaluation of the individual member's performance, and • assisting in the preparation of the annual remuneration report for the board of directors' approval prior to the presentation for the general meeting's advisory vote. 		<p>See 3.4.4.</p>

Recommendation	The company complies	The company explains ¹
<p>3.5. Evaluation of the board of directors and the executive management</p>		
<p>3.5.1. The Committee recommends that the board of directors once a year evaluates the board of directors and at least every three years engages external assistance in the evaluation.</p> <p>The Committee recommends that the evaluation focuses on the recommendations on the board of directors' work, efficiency, composition and organisation, cf. recommendations 3.1.-3.4. above, and that the evaluation as a minimum always includes the following topics:</p> <ul style="list-style-type: none"> • the composition of the board of directors with focus on competencies and diversity • the board of directors and the individual member's contribution and results, • the cooperation on the board of directors and between the board of directors and the executive management, • the chairperson's leadership of the board of directors, • the committee structure and the work in the committees, • the organisation of the work of the board of directors and the quality of the material provided to the board of directors, and • the board members' preparation for and active participation in the meetings of the board of directors. 	●	<p>The Board of Directors performs an annual evaluation of its work, efficiency, composition, and organisation, as well as the cooperation with the Board of Management. The evaluation is undertaken by the Chair, often in collaboration with an external facilitator.</p> <p>The evaluation is typically conducted by way of questionnaires, and often followed by individual interviews with all members of the Board of Directors and Board of Management.</p>
<p>3.5.2. The Committee recommends that the entire board of directors discusses the result of the evaluation of the board of directors and that the procedure for the evaluation and the general conclusions of the evaluation are described in the management commentary, on the company's website and at the company's general meeting.</p>	●	<p>The outcome of the evaluation is discussed by the Board of Directors and relevant parties, including the Board of Management. The procedure and outcome are presented in the annual report's Statutory Corporate Governance statement and accounted for at the AGM.</p>
<p>3.5.3. The Committee recommends that the board of directors at least once a year evaluates the work and results of the executive management according to pre-established criteria, and that the chairperson reviews the evaluation together with the executive management. In addition, the board of directors should on a continuous basis assess the need for changes in the structure and composition of the executive management, including in respect of diversity, succession planning and risks, in light of the company's strategy.</p>	●	<p>The Board of Directors performs an annual evaluation of the work of the Board of Management and reviews and evaluates the results together with the Board of Management. This review, among others, is based on the findings from the annual self-evaluation process, (see 3.5.1.). The Board of Directors continuously assesses the need for changes in the structure and composition of the Board of Management, in light of the company's strategy.</p>

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Recommendation	The company <u>complies</u>	The company <u>explains</u> ¹
4. Remuneration of management		
4.1. Remuneration of the board of directors and the executive management		
4.1.1. The Committee recommends that the remuneration for the board of directors and the executive management and the other terms of employment/service is considered competitive and consistent with the company's long-term shareholder interests.	●	The Board of Directors considers that remuneration for the Board of Directors and the Board of Management is competitive and consistent with the company's long-term shareholder interests.
4.1.2. The Committee recommends that share-based incentive schemes are revolving, i.e. that they are periodically granted, and that they primarily consist of long-term schemes with a vesting or maturity period of at least three years.	●	Members of the Board of Management are eligible for share-based incentive programmes. The aim of granting share-based incentive programmes is to incentivise and reward over the long-term, and to align with shareholders' interests by being linked to the fulfilment of strategic goals. Whether referring to share options or performance shares, the maturity period is three years. The exercise price may not be lower than the market price at, or immediately before, the date of grant. Grants are made annually.
4.1.3. The Committee recommends that the variable part of the remuneration has a cap at the time of grant, and that there is transparency in respect of the potential value at the time of exercise under pessimistic, expected and optimistic scenarios.	●	<p>ALK's long-term and short-term incentive programmes (LTI and STI) have caps at the time of grant which are linked to the Board of Management member's annual base salary.</p> <p>In addition, a cap applies to the maximum total value gain from share options and/or performance shares at exercise and/or vesting, respectively, granted in a calendar year. The cap is four times the annual Base Salary at the time of grant of the share options and/or performance shares concerned. When deciding on new incentive programmes, ALK's Board of Directors will be providing an overview of the potential value of the programmes in pessimistic, expected, and optimistic scenarios.</p>
4.1.4. The Committee recommends that the overall value of the remuneration for the notice period, including severance payment, in connection with a member of the executive management's departure, does not exceed two years' remuneration including all remuneration elements.	●	ALK operates with agreements on termination payments that do not exceed two years' annual remuneration.
4.1.5. The Committee recommends that members of the board of directors are not remunerated with share options and warrants.	●	The members of the Board of Directors receive a fixed fee and are not offered any bonus, share options, performance shares, warrants, or other incentive plans.
4.1.6. The Committee recommends that the company has the option to reclaim, in whole or in part, variable remuneration from the board of directors and the executive management if the remuneration granted, earned or paid was based on information, which subsequently proves to be incorrect, or if the recipient acted in bad faith in respect of other matters, which implied payment of a too large variable remuneration.	●	According to its remuneration policy, ALK has the right to recover in full or in part variable remuneration and/or other payments or awards in the event that such remuneration has been granted, earned or paid, on the basis of information which subsequently is found to be incorrect or misstated, or if the recipient acted in bad faith, with gross negligence and/or wilful misconduct.

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Recommendation	The company <u>complies</u>	The company <u>explains</u> ¹
<p>5. Risk management</p> <p>5.1. Identification of risks and openness in respect of additional information</p>		
<p>5.1.1. The Committee recommends that the board of directors, based on the company's strategy and business model, considers, for instance, the most significant strategic, business, accounting and liquidity risks. The company should, in the management commentary, give an account of these risks and the company's risk management.</p>	●	<p>The annual report and quarterly reports contain additional financial and non-financial information. The annual report contains a detailed account of ALK's risk management.</p> <p>Identification and evaluation of risks form part of the strategic work of the Board of Directors and are included in the annual report, where a detailed account of commercial, market, production, accounting, and financial risks is given.</p>
<p>5.1.2. The Committee recommends that the board of directors establishes a whistleblower scheme, giving employees and other stakeholders the opportunity to report serious violations or suspicion thereof in an expedient and confidential manner, and that a procedure is in place for handling such whistleblower cases.</p>	●	<p>ALK has established a Code of Conduct and a whistleblower scheme and has a procedure for handling whistleblower cases. The whistleblower scheme was implemented in 2013.</p>

Design and production: **Noted**

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