

Remuneration policy for the Board of Directors and Board of Management in ALK-Abelló A/S

1. Introduction

According to section 139a of the Danish Companies Act, the Board of Directors of ALK-Abelló A/S ('ALK' or the "Company") is required to prepare a remuneration policy (the "Policy") applicable to the Board of Directors and Board of Management and subject to approval by the shareholders at the General Meeting. The Board of Management means the executive officers registered with the Danish Business Authority as executive officers of ALK. The Policy for ALK is prepared in accordance with the Danish Companies Act.

The overall aim of the Policy is to provide a framework for remuneration at ALK, including specific guidelines for incentive pay. Specifically, the aim of this Policy is to ensure that ALK's shareholders have an effective say on remuneration, based on a clear, understandable and comprehensive overview of the remuneration that may be provided by ALK.

The objectives of the Policy are to:

- attract, motivate and retain qualified members of the Board of Directors and Board of Management
- ensure market competitive remuneration and conditions for the members of the Board of Directors and Board of Management
- align the remuneration components with the interests of shareholders
- contribute to the promotion of the value creation in ALK and the support to ALK's business strategy, and
- ensure that the individual members of Board of Management are rewarded to reflect the company performance and individual results as described in this Policy

This allows ALK to support the journey towards becoming the allergy company.

2. Board of Directors

Process

The Board of Directors reviews board fees annually. Fees are evaluated relative to Danish and European companies, as applicable, of comparable size and complexity to ALK.

The remuneration level for each year is approved by the Annual General Meeting.

Composition and size of remuneration

Members of the Board of Directors receive a fixed fee per year. Board members receive a fixed amount (the base fee) while the chairmanship receives multiples thereof. The Chairman's fee is calculated as three times the base fee and the Vice Chairman's fee as two times the base fee.

Service on Board committees entitles committee members to an additional committee fee. Committee Chairmen are entitled to one and a half times the committee fee.

Individual board members may be required to take on specific ad hoc tasks outside their normal duties assigned by the Board of Directors. In each such case, the Board of Directors shall determine a fixed fee (e.g. per diem) for the work carried out related to those tasks. The fixed fee will be disclosed in ALK's remuneration report.

Costs, expenses and benefits

All costs in relation to board meetings as well as other relevant expenses are reimbursed by ALK. Furthermore, ALK may grant board members a fixed travel allowance and compensation in connection with travel to board and committee related meetings outside their country of residence. Directors may also be provided reasonable benefits in the market context and take account of the individual circumstances and benefits provided to comparable roles.

If relevant, ALK pays social security and similar taxes imposed by foreign authorities in relation to the board members' fees.

Directors and Officers liability insurance

ALK takes out and pays for relevant insurances, including Directors and Officers liability insurance (the "D&O Insurance") for all members of the Board of Directors. The required coverage will be based on a benchmark review covering similar listed companies and advice on relevant coverage provided by ALK's insurance broker. The insurance terms as well as coverage will be reviewed and updated regularly.

Indemnification of members of the Board of Directors

On 14 March 2024, the general meeting adopted an indemnification scheme for members of the Board of Directors (the "Scheme"). The purpose of the Scheme is to provide additional coverage for the members of the Board of Directors in relation to the D&O Insurance. The Scheme is only applicable to claims raised by any third party (other than ALK group companies) against a member of the Board of Directors based on such board member's discharge of duties as member of the Board of Directors in case the D&O Insurance is utilised and coverage proves insufficient.

Indemnification under the Scheme is subject to the terms and conditions in the D&O Insurance applicable from time to time. Any indemnification under the Scheme shall be secondary to coverage under the D&O Insurance, i.e., ALK shall not provide indemnification under the Scheme before coverage under the D&O Insurance is exhausted.

The persons covered by the Scheme shall include the members of the Board of Directors. Excluded from indemnification under the Scheme are any claims raised against a board member arising out of such board member's fraud, criminal offences, wilful misconduct or, to the extent not indemnifiable in accordance with Danish law, gross negligence. The Scheme shall be capped at a market consistent level in due consideration of relevant third-party advice and the activities and risk profile of ALK to ensure that ALK does not provide unreasonable indemnification under the Scheme.

Incentive plans

The members of the Board of Directors are not eligible to participate in any form of variable remuneration at ALK such as any bonus, share options, warrants, performance shares or other incentive plans.

Employee-elected members of the Board of Directors will, however, continue to receive to their normal remuneration in relation to their employment with the Company. This includes eligibility to participate in the general incentive programmes for employees at ALK.

3. Board of Management

Process

Remuneration for members of the Board of Management is based on a recommendation by the Remuneration & Nomination Committee and subsequently considered, amended, if relevant, and approved by the Board of Directors annually in line with this Policy.

The employment terms and the remuneration to Board of Management are specifically agreed between each individual member of the Board of Management and the Board of Directors, and the remuneration normally includes all components listed under "Components and size".

In order to attract and retain the required expertise to add value for ALK's shareholders, the elements of remuneration for the Board of Management are determined on the basis of the work performed, the value created as well as remuneration levels among comparable Danish and other European companies. The Remuneration & Nomination Committee reviews market data for each executive's position, including information relating to the mix and levels of remuneration as well as the strategic journey of ALK.

The base salary is set by the Board of Directors and is normally reviewed once a year to ensure continued alignment to market levels, although the Board of Directors may adjust the salary at any time deemed appropriate.

Principles

ALK rewards the Board of Management in accordance with the four core principles set out below:

1. Alignment with shareholders

ALK's incentive pay plans will align the interests of the Board of Management in driving value creation for shareholders.

2. Pay for performance

An appropriate proportion of the remuneration package is performance-based to ensure that remuneration links to the achievement of key financial and non-financial objectives with a balance of short- and long-term performance components.

3. Market competitive remuneration

ALK offers market competitive remuneration opportunities, including incentive pay in order to attract, retain, and motivate the talent needed to achieve ALK's vision and business objectives.

4. Alignment with cultural values

Cultural beliefs underpin ALK's company culture and provide broad guidance to employees. Remuneration plans are designed and communicated in a manner that reinforces the linkage to business objectives, vision and culture.

Alignment between vision, strategy, performance and remuneration of the Board of Management

As new strategies are developed and approved, the Board of Directors will consider whether the Policy needs to be updated and approved at the Annual General Meeting earlier than every four years.

To ensure its ongoing success, ALK tracks progress against a number of key financial and/or non-financial performance indicators (KPIs) aligned with ALK's strategy, sustainability, long-term goals and value creation. A selection of ALK's KPIs are used directly into ALK's performance measures according to which we reward the Board of Management under the short-term incentive (STI) and long-term incentive (LTI) plans.

The following are examples of important KPI's to ensure continued value creation of ALK:

Category	KPIs related to (examples)
Financials	<ul style="list-style-type: none"> Total revenue Operating profit (EBIT)
Succeed in North America	<ul style="list-style-type: none"> Total revenue in North America Revenue from SLIT-tablets in North America
Complete and commercialise tablet portfolio	<ul style="list-style-type: none"> Revenue from SLIT-tablets Market and indication expansion
Consumer engagement and new horizons	<ul style="list-style-type: none"> Creating a patient-orientated interactive digital platform Progress on project milestones
Optimise for excellence	<ul style="list-style-type: none"> Quality in production and compliance Operational efficiency

Category	KPIs related to (examples)
People and planet	<ul style="list-style-type: none"> Reduction of CO₂ emissions Lost Time Injury frequency Diversity parameters

Components and size

The remuneration for the Board of Management consists of both fixed elements (Base Salary (as defined below), pension, incl social security, and benefits) and variable elements (short-term incentive and long-term incentives). The remuneration of the Board of Management is set to be on par with market compared to the level in similar listed Danish and European companies with global reach. For illustrative purposes, the relative size of each component in the total remuneration are on an indicative basis set out in the below table (based on STI and LTI bonus at minimum, target and maximum performance scenarios – where STI and LTI in the target scenario is set to the maximum percentage of annual base salary at the time of grant allowed in this Policy).

	<i>Base Salary</i>	<i>Pension</i>	<i>Benefits</i>	<i>STI</i>	<i>LTI</i>
<i>Relative size at minimum</i>	85%	13%	2%	0%	0%
<i>Relative size at target</i>	45%	7%	2%	23%	23%
<i>Relative size at maximum</i>	31%	4%	3%	31%	31%

Base salary

The base salary, excluding pension and other benefits (the “Base Salary”), serves the purpose of attracting and retaining the best qualified members of the Board of Management as well as a balanced remuneration package in accordance with market terms relative to similar listed Danish and European companies with global reach. The level for the individual members of the Board of Management is set by considering the scope of the role, the level of experience of the individual, the geographical location of the role, and external economic environment.

During the annual evaluation of Base Salaries, individual performance, potential and current remuneration market competitiveness along with increases applied to the wider employee population will be combined to assess any proposed salary revision.

Pension and other benefits

The executive remuneration package at ALK can include pension contributions of up to 15% of the annual Base Salary. No other special pension schemes have been established for the Board of Management.

ALK may provide members of the Board of management with additional benefits with the purpose of providing a competitive package aligned with local practice such as, as car, phone, newspaper, etc. The total value of additional benefits may not exceed 10% of the annual Base Salary.

Directors and Officers liability insurance

ALK takes out and pays for relevant insurances, including Directors and Officers liability insurance for all members of the Board of Management. The required coverage will be based on a benchmark review covering similar listed companies and advice on relevant coverage provided by ALK’s insurance broker. The insurance terms as well as coverage will be reviewed and updated regularly.

Indemnification of members of the Board of Management

On 14 March 2024, the general meeting adopted an indemnification scheme for members of the Board of Management according to the same terms and conditions applicable to the indemnification of members of the Board of Directors, cf. above.

Incentive plans

To ensure a strong alignment of interests between ALK’s shareholders and the Board of Management, the executive remuneration package includes two variable components: short-term incentive (STI) and long-term incentive (LTI) plans.

The STI plan is an annual cash bonus linked to the achievement of pre-defined financial and non-financial KPIs, set collectively or individually for the members of the Board of Management.

The LTI plan is an equity-based plan linked to the creation of shareholder value, revenue and to the fulfilment of the strategic goals. The incentive plans aim to promote sound business decisions that ensure a sustainable balance between short-term results and long-term growth.

For further details on the policies for incentive plans, please refer to the table below. The table also describes specifically how variable elements of remuneration of Board of Management is linked to the business strategy, the long-term interests and sustainability of ALK, including its operation, criteria for determining awards (i.e., target and maximum opportunity) as well as performance measures and assessment of performance:

Type and objective of variable remuneration of Board of Management	<p>Short-term incentive plan (STI) – annual cash bonus</p> <p><i>To incentivise the achievement of ALK’s short-term objectives and ensure a clear link between value creation and bonus payment</i></p>
Link to the business strategy, long-term interest and sustainability	<p>The annual bonus is subject to fulfilment of annual KPIs.</p> <p>The selected annual KPIs will be aligned with the business strategy (e.g., the current strategic pillars) and thereby, also the long-term interests and sustainability of ALK.</p>
Operation	<p>A balance of financial and/or non-financial KPIs are set by the Board of Directors and their fulfilment is reviewed by the Remuneration & Nomination Committee and approved by the Board of Directors.</p> <p>The annual outcome varies with performance against financial and/or non-financial goals (KPIs) to ensure a balanced development of the business.</p> <p>If a member of Board of Management leaves ALK as a result of its own resignation or severe misconduct, customary good and bad leaver provisions apply.</p> <p>All payments made under the annual bonus will be subject to clawback provisions as detailed below.</p>
Target and maximum opportunity	<p>For the Board of Management, the STI target bonus can be up to 50% of the annual Base Salary with a potential max of up to double of the STI target bonus (i.e. up to 100% of the annual Base Salary).</p>
Performance measure and assessment of performance	<p>The specific measures, targets and weightings may vary from year to year in order to align with ALK’s strategy over each year. The measures will be dependent on ALK’s goals and will be directly linked to the strategic pillars ensure focus on the execution of the strategic plan.</p> <p>For a given year, at least 75% of the performance assessment is based on group performance targets and up to 25% is based on individual performance</p> <p>For each KPI a performance target is defined corresponding to STI target pay-out as well as a threshold below which there will be no pay-out and a maximum value above which there will be maximum pay-out.</p> <p>Subsequent to the end of a financial year, the Board of Directors assesses performance against each pre-determined KPI based on proper data sources which may include audited or reviewed financial figures, internal assessments and/or reports based on generally accepted methods of calculation or measurement, third-party information, reports and/or</p>

	<p>statements, or other form of information basis that may support the Board of Directors' KPI performance assessment in an objective manner.</p> <p>In the event one or more targets during the performance period may have become obsolete, irrelevant and/or improper due to circumstances which could not reasonably have been taken into consideration when fixing the target(s), e.g., strategy changes, M&A activity etc., the Board of Directors may waive or adjust such target(s).</p>
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Type and objective of variable remuneration of Board of Management	<p>Long-term incentive plan (LTIP) – equity-based scheme</p> <p><i>To incentivise and reward long-term value creation and align with shareholders' interest by fulfilling strategic goals.</i></p>
Link to the business strategy, long-term interest and sustainability	<p>Awards may be made as performance shares and/or share options. Vesting of awards will be subject to the fulfilment of KPIs over a three-year performance period.</p> <p>Awards will normally be made annually.</p>
Operation	<p>The outcome varies with performance against the fulfilment of KPIs over a three-year period with a threshold below which there will be no pay-out, and with the opportunity to perform above target.</p> <p>The KPIs are set by the Board of Directors and their fulfilment is reviewed by the Remuneration & Nomination Committee for approval by Board of Directors.</p> <p>Share options are exercisable no earlier than three years following the grant and will lapse if they remain unexercised seven years after the grant. The exercise price of the options may not be lower than the market price of ALK's shares at, or immediately before, the date of grant.</p> <p>If a member of Board of Management leaves ALK as a result of its own resignation or severe misconduct, customary good and bad leaver provisions apply.</p> <p>All awards made under the long-term incentive plan will be subject to clawback provisions as detailed below.</p>

<p>Shareholding requirement</p>	<p>In order to align the interests of the Board of Management with the interests of the shareholders, members of the Board of Management are required to hold a specific portion of shares in ALK in order to remain eligible to participate in the LTI plan.</p> <p>The CEO is required to hold shares in ALK of a value corresponding to the CEO's annual Base Salary before taxes. Other members of the Board of Management are each required to hold shares in ALK of a value corresponding to 6 months' Base Salary before taxes.</p> <p>Members of the Board of Management may build up their shareholding over a period of five years from being promoted to or employed as member of the Board of Management.</p> <p>The Board of Directors may in extraordinary circumstance grant exemptions from the shareholding requirement.</p>
<p>Target and maximum opportunity</p>	<p>At the time of the award the combined fair value of share options and performance shares is up to 50% of each executive's annual Base Salary.</p> <p>At vesting, the number of instruments under the programme will be paid out at 0-200% of the number awarded, depending on the fulfilment of the KPIs in the programme.</p> <p>Additionally, 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 4 times the annual Base Salary at the time of award of the share options and/or performance shares concerned.</p>
<p>Performance measure and assessment of performance</p>	<p>The KPIs may be financial and/or non-financial, which are aligned with the business strategy (e.g., revenue, earnings and cash flow) and thereby, also the long-term interests and sustainability of ALK.</p> <p>The selected KPIs relate to the creation of shareholder value, revenue and to fulfilment of the strategic goals over the vesting period.</p> <p>For each KPI a performance target is defined corresponding to the target number of instruments vesting as well as a threshold below which there will be no instruments vesting and a maximum value above which there will be maximum number of instruments vesting.</p> <p>Subsequent to the end of the vesting period, the Board of Directors assesses performance against each pre-determined KPI based on proper data sources which may include audited or reviewed financial figures, internal assessments and/or reports based on generally accepted methods of calculation or measurement, third-party information, reports and/or statements, or other form of information basis that may support the Board of Directors' KPI performance assessment in an objective manner.</p> <p>In the event one or more targets during the three-year performance period may have become obsolete, irrelevant and/or improper due to circumstances which could not reasonably have been taken into consideration when fixing the target(s), e.g., strategy changes, M&A activity etc., the Board of Directors may waive or adjust such target(s).</p>

Clawback

ALK has, to the fullest extent possible under applicable law, the right to recover (clawback) in full or in part variable remuneration and/or other payments or awards in the event of such remuneration having been granted, earned or paid out based on information which subsequently turns out to be incorrect or misstated, or if the recipient acted in bad faith, with gross negligence and/or wilful misconduct.

Deferral periods

The long-term incentive plans do not include any requirements for an additional holding period beyond the stated vesting periods, which is considered sufficiently long-term by the Board of Directors and the Remuneration & Nomination Committee for these purposes.

Duration of contracts and their notice periods for Board of Management

The service agreements applicable to the members of the Board of Management are generally entered into for an indefinite period of time.

ALK may terminate the employment of a member of the Board of Management by giving up to 12 months' notice. Members of the Board of Management may terminate their employment with ALK by giving up to 12 months' notice.

Termination payments and early retirement plans

ALK operates with agreements on termination payments that do not exceed two years' annual remuneration. ALK does not offer any early retirement plans for the Board of Management.

Treatment of outstanding incentive awards

Plan	Treatment of leavers
Short-term incentive	Any executive who is considered a 'good' leaver, may, subject to performance, be entitled to a pro-rata share of the annual bonus if they leave their position during the course of a financial year. Furthermore, customary bad leaver provisions apply to STI bonus to members of the Board of Management in case of leaver scenarios.
Long-term incentive	If an executive is considered a 'good' leaver, such executive may, subject to performance, be entitled to a pro-rata part of their LTIP award based upon the time elapsed between the date of grant and the termination date. Furthermore, customary bad leaver provisions apply to LTI bonus to members of the Board of Management in case of leaver scenarios.

Award of extraordinary remuneration

The Board of Directors may, in special cases and upon recommendation by the Remuneration & Nomination Committee, award extraordinary remuneration, e.g., cash bonus, relocation costs, share-based remuneration as well as other extraordinary remuneration, in respect of retention and recruitment to Board of Management, provided that such extraordinary remuneration is deemed to support ALK's long-term interests and the interests of ALK's shareholders.

The value of such total extraordinary remuneration may not exceed an amount equal to 300% of the individual's total compensation package for the full calendar year, where share-based incentive plans are determined at fair value at grant date. This amount is inclusive of any remuneration the Board of Directors deems appropriate in order to compensate an individual for loss of incentive remuneration from a former employer.

If the member of the Board of Management leaves ALK within 12 months after employment as a result of the member's own resignation and the resignation is not due to ALK's material breach, or the employment of the member of the Board of Management is terminated for cause by ALK within 12 months after employment, at least 50% of the extraordinary remuneration will be reclaimed by ALK. ALK is always entitled to reclaim extraordinary remuneration in accordance with the provisions on clawback set out above.

4. Governance

Policy determination process and changes

The remuneration for the Board of Management is recommended by the Remuneration & Nomination Committee and subsequently approved by the Board of Directors. Levels for the remuneration of the Board of Management are evaluated against a benchmark of comparable Danish companies as well as other European companies. The Remuneration & Nomination Committee reviews at least every second year market data for each executive's position, including information relating to the mix and levels of remuneration.

If the Board of Directors proposes material changes to the Policy, these changes shall be presented at the General Meeting. In any event, the Board of Directors shall at least every four years present the Policy at the General Meeting for approval. The Policy will be in force until the General Meeting decides to make any amendments.

The Remuneration & Nomination Committee consults the Board of Management as part of the Remuneration & Nomination Committee's continuous review and considerations relating to the Policy. The Board of Management has, however, no decision-making power in respect of the Policy and members of the Board of Management are excluded from participating in the considerations of Policy matters if such participation may conflict with the interests of ALK.

In the opinion of the Board of Directors, there are no risks of conflicts of interest pertaining to the Board of Directors' preparation and review of the Policy, given that remuneration of the Board of Directors is subject to approval of the General Meeting.

Alignment to remuneration paid to employees

When making decisions about executive remuneration and preparing the Policy, the Board of Directors takes into account the arrangements in place for ALK's wider workforce. The remuneration structure applicable to the Board of Management includes components (such as Base Salary, pension, and other benefits) that are widely applicable for employees in ALK while certain components (such as LTI plans and company car) generally are available for employees at a certain employee level. Variations in the remuneration offered to employees may vary across employee types and levels with a similar level and impact as well as locations to accommodate for local market practices.

The approach to determine the compensation of employees globally follows the same principles as for the Board of Management. ALK offers local market-based compensation considering the employee's total pay compared to the local market as well as the individual's experience and performance.

Deviations from the Policy

The Board of Directors may, under exceptional circumstances and based on a recommendation from the Remuneration & Nomination Committee, temporarily deviate from this Policy on elements related to the terms applicable to members of the Board of Management, provided that such deviation is deemed to be in the long-term interests of ALK and/or ALK's shareholders or made for the purpose of ALK's sustainability.

In the event of a deviation from the Policy, this will be explained and disclosed to the shareholders as part of ALK's remuneration report.

Existing arrangements

The Remuneration & Nomination Committee may make any remuneration payments (including vesting of incentives) and termination payments, notwithstanding that they are not in line with the Policy, if the terms were agreed:

- In accordance with the remuneration policy applicable at the relevant point of time; or

- At a time when the relevant individual was not a member of Board of Management, and in the opinion of the Remuneration & Nomination Committee, the payment was not made in respect of joining Board of Management.

Updates to the Policy

The following significant update to the Policy has been made since the General Meeting's approval of the remuneration policy adopted at the Annual General Meeting held on 23 March 2023:

- **Indemnification scheme:** ALK has updated its indemnification scheme for members of the Board of Directors and the Board of Management. The purpose of the Scheme is to provide additional coverage for the members of the Board of Directors and the Board of Management in relation to ALK's D&O Insurance.

For the purpose of the above update, the General Meetings' voting and views on ALK's remuneration policy and remuneration report since the General Meeting's approval of the remuneration policy adopted at the Annual General Meeting held on 23 March 2023 have, to the extent applicable, generally been taken into account.

5. Approval and publication

This Policy was considered and approved at ALK's Annual General Meeting held on 14 March 2024.

The Policy is applicable to remuneration relating to the financial year 2024 and later as well as to agreements on remuneration concluded, amended and/or extended following the approval of the Policy on 14 March 2024.

This Policy is published on ALK's website at: <https://ir.alk.net/corporate-governance>.