

# Recommendations on Corporate Governance 2024

**ALK-Abelló A/S**

Bøge Allé 6-8, DK-2970 Hørsholm, Denmark,  
CVR no. 63 71 79 16



# Recommendations on Corporate Governance 2024

In 2005, Nasdaq Copenhagen adopted a set of recommendations on corporate governance. The recommendations were most recently updated in December 2020. The recommendations 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 recommendations. In those instances where ALK has chosen a different practice, the rationale for this is explained.

This report constitutes a part of the management commentary on the annual report concerning the financial year 2024.

Recommendation	The company complies	The company explains <sup>1</sup>
<p>1. Interaction with the company’s shareholders, investors and other stakeholders</p>		
<p><b>1.1. Communication with the company’s shareholders, investors and other stakeholders</b></p>		
<p>1.1.1. <b>The Committee recommends</b> 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>	<p>●</p>	<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, health-care 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>

● Complies   ● Does not comply

<sup>1</sup> 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.

Recommendation	The company complies	The company explains <sup>1</sup>
<p>1.1.2. <b>The Committee recommends</b> 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. <b>The Committee recommends</b> 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><b>1.2. The general meeting</b></p>		
<p>1.2.1. <b>The Committee recommends</b> 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 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><b>The Committee recommends</b> that the board of directors ensures that shareholders can observe the general meeting via webcast or other digital transmission.</p>		<p>The AGM is available as a live webcast, allowing all shareholders to observe the meeting.</p>
<p>1.2.2. <b>The Committee recommends</b> 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><b>1.3. Takeover bids</b></p>		
<p>1.3.1. <b>The Committee recommends</b> 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>

Recommendation	The company complies	The company explains <sup>1</sup>
<b>1.4. Corporate Social Responsibility</b>		
<p>1.4.1. <b>The Committee recommends</b> 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.</p> <p><b>The Committee recommends</b> that the board of directors ensures compliance with the policy.</p>	●	<p>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.</p>
<p>1.4.2. <b>The Committee recommends</b> that the board of directors adopts a tax policy to be made available on the company's website.</p>	●	<p>ALK's tax policy is available on ALK's main corporate website.</p>

## 2. The duties and responsibilities of the board of directors

<b>2.1. Overall tasks and responsibilities</b>		
<p>2.1.1. <b>The Committee recommends</b> 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.</p>	●	<p>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.</p> <p>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.</p> <p>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.</p>
<p>2.1.2. <b>The Committee recommends</b> 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.</p>	●	<p>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.</p>

Recommendation	The company complies	The company explains <sup>1</sup>
<p>2.1.3. <b>The Committee recommends</b> 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. <b>The Committee recommends</b> 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. <b>The Committee recommends</b> 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><b>2.2. Members of the board of directors</b></p>		
<p>2.2.1. <b>The Committee recommends</b> 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. <b>The Committee recommends</b> that the chairperson in cooperation with the individual members of the board of directors ensures that the members are up-dated 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’ competencies and knowledge are up-to-date and how they can be applied in the best possible manner.</p>
<p>2.2.3. <b>The Committee recommends</b> 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 <sup>1</sup>
<h3>3. The composition, organisation and evaluation of the board of directors</h3>		
<h4>3.1. Composition</h4>		
<p>3.1.1. <b>The Committee recommends</b> that the board of directors on an annual basis reviews and in the management commentary and/or on the company’s website states</p> <ul style="list-style-type: none"> <li>• which qualifications the board of directors should possess, collectively and individually, in order to perform its duties in the best possible manner, and</li> <li>• the composition of and diversity on the board of directors.</li> </ul>		<p>The annual report sets out the composition of the Board of Directors, including the members’ individual competencies. 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 competencies of the Board of Directors, both collectively and individually. Details of the Board of Directors’ competencies are included in the notice convening the AGM, and collective competencies are further detailed in the Statutory Corporate Governance Statement, the annual report, and at the AGM.</p>
<p>3.1.2. <b>The Committee recommends</b> 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. <b>The Committee recommends</b> that candidates for the board of directors are recruited based on a thorough process approved by the board of directors.</p> <p><b>The Committee recommends</b> 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 &amp; 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 competencies, 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. ALK maintains a target of having a minimum of two board members (29%) of the under-represented gender out of a total of seven shareholder-elected members in line with the guidelines for equal representation by the Danish Business Authority.</p>
<p>3.1.4. <b>The Committee recommends</b> 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"> <li>• qualifications,</li> <li>• other managerial duties in commercial undertakings, including board committees,</li> <li>• demanding organisational assignments and</li> <li>• independence.</li> </ul>		<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 competencies, profession, independence, and other executive functions and directorships, including board committees.</p>

Recommendation	The company complies	The company explains <sup>1</sup>
<p>3.1.5. <b>The Committee recommends</b> 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>
<p><b>3.2. The board of director's independence</b></p>		
<p>3.2.1. <b>The Committee recommends</b> 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"> <li>• 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,</li> <li>• 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,</li> <li>• represent or be associated with a controlling shareholder,</li> <li>• 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,</li> <li>• 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,</li> <li>• be a CEO in a company with cross-memberships in the company's management,</li> <li>• have been a member of the board of directors for more than twelve years, or</li> <li>• be closely related to persons, who are not independent, cf. the above-stated criteria.</li> </ul> <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. <b>The Committee recommends</b> 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>

Recommendation	The company complies	The company explains <sup>1</sup>
<b>3.3. Members of the board of directors and the number of other managerial duties</b>		
<p>3.3.1. <b>The Committee recommends</b> 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. <b>The Committee recommends</b> 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"> <li>• position, age and gender,</li> <li>• competencies and qualifications relevant to the company,</li> <li>• independence,</li> <li>• year of joining the board of directors,</li> <li>• year of expiry of the current election period,</li> <li>• participation in meetings of the board of directors and committee meetings,</li> <li>• managerial duties in other commercial undertakings, including board committees, and demanding organisational assignments, and</li> <li>• 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.</li> </ul>	●	<p>The annual report outlines all the information recommended, including position, age, gender, competencies, 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>
<b>3.4. Board committees</b>		
<p>3.4.1. <b>The Committee recommends</b> that the management describes in the management commentary:</p> <ul style="list-style-type: none"> <li>• the board committees' most significant activities and number of meetings in the past year, and</li> <li>• the members on the individual board committees, including the chairperson and the independence of the members of the committee in question.</li> </ul> <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 &amp; 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. <b>The Committee recommends</b> 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>

Recommendation	The company complies	The company explains <sup>1</sup>
<p>3.4.3. <b>The Committee recommends</b> 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><b>The Committee recommends</b> that the audit committee, in addition to its statutory duties, assists the board of directors in:</p> <ul style="list-style-type: none"> <li>• supervising the correctness of the published financial information, including accounting practices in significant areas, significant accounting estimates and related party transactions,</li> <li>• reviewing internal control and risk areas in order to ensure management of significant risks, including in relation to the announced financial outlook,</li> <li>• assessing the need for internal audit,</li> <li>• performing the evaluation of the auditor elected by the general meeting,</li> <li>• reviewing the auditor fee for the auditor elected by the general meeting,</li> <li>• supervising the scope of the non-audit services performed by the auditor elected by the general meeting, and</li> <li>• 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.</li> </ul> <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"> <li>• 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,</li> <li>• ensure that the internal audit function has sufficient resources and competencies to perform its role, and</li> <li>• supervise the executive management’s follow-up on the conclusions and recommendations of the internal audit function.</li> </ul>		<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>

Recommendation	The company complies	The company explains <sup>1</sup>
<p>3.4.4. <b>The Committee recommends</b> that the board of directors establishes a nomination committee to perform at least the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>• 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,</li> <li>• 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,</li> <li>• 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,</li> <li>• handling the recruitment of new members to the board of directors and the executive management and nominating candidates for the board of directors' approval,</li> <li>• ensuring that a succession plan for the executive management is in place,</li> <li>• supervising executive managements' policy for the engagement of executive employees, and</li> <li>• supervising the preparation of a diversity policy for the board of directors' approval.</li> </ul>		<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 &amp; Nomination Committee.</p> <p>The Remuneration &amp; 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. <b>The Committee recommends</b> that the board of directors establishes a remuneration committee to perform at least the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>• preparing a draft remuneration policy for the board of directors' approval prior to the presentation at the general meeting,</li> <li>• providing a proposal to the board of directors on the remuneration of the members of the executive management,</li> <li>• providing a proposal to the board of directors on the remuneration of the board of directors prior to the presentation at the general meeting,</li> <li>• ensuring that the management's actual remuneration complies with the company's remuneration policy and the evaluation of the individual member's performance, and</li> <li>• 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.</li> </ul>		<p>See 3.4.4.</p>

Recommendation	The company complies	The company explains <sup>1</sup>
<b>3.5. Evaluation of the board of directors and the executive management</b>		
<p>3.5.1. <b>The Committee recommends</b> 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><b>The Committee recommends</b> 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"> <li>• the composition of the board of directors with focus on competencies and diversity</li> <li>• the board of directors and the individual member's contribution and results,</li> <li>• the cooperation on the board of directors and between the board of directors and the executive management,</li> <li>• the chairperson's leadership of the board of directors,</li> <li>• the committee structure and the work in the committees,</li> <li>• the organisation of the work of the board of directors and the quality of the material provided to the board of directors, and</li> <li>• the board members' preparation for and active participation in the meetings of the board of directors.</li> </ul>	●	<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. <b>The Committee recommends</b> 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. <b>The Committee recommends</b> 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>

Recommendation	The company complies	The company explains <sup>1</sup>
<h2>4. Remuneration of management</h2>		
<h3>4.1. Remuneration of the board of directors and the executive management</h3>		
<p>4.1.1. <b>The Committee recommends</b> 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.</p>		<p>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.</p>
<p>4.1.2. <b>The Committee recommends</b> 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.</p>		<p>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.</p>
<p>4.1.3. <b>The Committee recommends</b> 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>		<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>
<p>4.1.4. <b>The Committee recommends</b> 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.</p>		<p>ALK operates with agreements on termination payments that do not exceed two years’ annual remuneration.</p>
<p>4.1.5. <b>The Committee recommends</b> that members of the board of directors are not remunerated with share options and warrants.</p>		<p>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.</p>
<p>4.1.6. <b>The Committee recommends</b> 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.</p>		<p>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 willful misconduct.</p>

Recommendation	The company <u>complies</u>	The company <u>explains</u> <sup>1</sup>
<h2>5. Risk management</h2>		
<h3>5.1. Identification of risks and openness in respect of additional information</h3>		
<p>5.1.1. <b>The Committee recommends</b> 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. <b>The Committee recommends</b> 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**

**ALK-Abelló A/S**  
Bøge Allé 6-8  
DK-2970 Hørsholm  
Denmark  
CVR no. 63 71 79 16

