



ALK-Abelló A/S

REMUNERATION & NOMINATION COMMITTEE

TERMS OF REFERENCE



1. Introduction

- 1.1. The Remuneration & Nomination Committee (the Committee) has been established by the Board of Directors (the Board) of ALK-Abelló A/S (the Company) in accordance with article 7 of the Board's Rules of Procedure. The Committee shall – within its area of responsibility – support and advise the Board in fulfilling its responsibilities to shareholders, employees, and other stakeholders of the Company.
- 1.2. The Committee is to ensure that the policies, practices, nominations, and succession plans are consistent with and support the strategic direction and objectives of the Company as determined by the Board and the Annual General Meeting.

2. Members

- 2.1. The Committee shall consist of minimum three (3) members of the Board.
- 2.2. The Board appoints the members of the Committee and its Chairman. Appointment usually takes place at the Board meeting following the Annual General Meeting for a term expiring at the time of the next Annual General Meeting.
- 2.3. The Board may reappoint or remove any member of the Committee at any time. Any member who resigns from the Board must also resign from the Committee.
- 2.4. If the number of Committee members declines below three, the Board shall appoint a replacement to ensure the requirement of minimum three (3) members at the first meeting of the Board following the resignation of said member.
- 2.5. The Board will endeavour that a majority of the members of the Committee are independent members in accordance with the Danish Recommendations for Corporate Governance.
- 2.6. The Head of Human Resources shall be the Secretary to the Committee (the Secretary). The Secretary shall be in attendance at Committee meetings, except when discussing agenda items which the Committee determines should be discussed only by the Committee members.
- 2.7. The Company's CEO and/or other members of the Board of Management shall attend the Committee's meetings, if required. If invited by the Committee, other internal or external participants, e.g. advisors, may participate in a Committee meeting or a part thereof.

3. Meetings and Attendance

Meetings

- 3.1. The Committee shall meet at least four (4) times per year or as often as are deemed necessary. Any member may call for a meeting.
- 3.2. Meetings are planned in due time with agenda and materials for the meeting sent to all Committee members at least one week prior to the meeting. If necessary, the Chairman may call for a meeting at a shorter notice.
- 3.3. The Chairman can decide whether participation over the phone or via video conference is allowed.



- 3.4. The Chairman manages the Committee's agenda during the year and ensures relevant topics are discussed and analysed at a satisfactory level. The Head of Human Resources (or any other person appointed) supports the Chairman in preparing the agenda and materials for the meetings.

Voting and resolutions

- 3.5. Each member of the Committee has one vote and resolutions are passed by simple majority of votes. At least two (2) members of the Committee must be present at a meeting for agenda items to be deliberated and for a resolution to be passed.
- 3.6. A Committee resolution may be passed by e-mail, over the phone or in writing and will be as valid as if it had been passed at a duly called and held Committee meeting. The proposed resolution must be shared with all Committee members and the Chairman must seek to obtain a written, oral, or electronically transferred statement from the Committee members and ensure that the resolution is recorded in the Committee's minute book.

Minutes and reporting to the Board

- 3.7. The Chairman presides all meetings. If the Chairman is absent, the participating Committee members present elect a Chairman of the meeting.
- 3.8. The Secretary shall have the responsibility for taking minutes, circulating these to all members of the Committee and ensure they are recorded in the Committee's minute book.
- 3.9. Following each meeting, the Chairman reports to the Board on any matter that should be brought to the Board's attention for information, action, or approval.

Fee to Committee Members

- 3.10. All members of the Committee shall receive an annual fee approved by the Annual General Meeting.

4. Responsibilities related to Nomination

- 4.1. The Committee assists the Board in connection with the nomination and appointment of candidates for the Company's two management bodies – the Board and the Board of Management – and supports with the following preparatory tasks:
- 4.1.1. Describing and specifying the qualifications required by the Board and the Board of Management and for a given position, indicating the time expected to be spent carrying out a specific position, as well as assessing competencies, knowledge and experience found in the Board and the Board of Management.
 - 4.1.2. At least once a year, assessing and evaluating the competencies, knowledge, experience, and succession of the individual members of the Board and the Board of Management and reporting on this to the Board of Directors.
 - 4.1.3. At least once a year, assessing the size, composition and results of the Board and the Board of Management and preparing recommendations for the Board on specific changes in the management bodies based on the assessment.
 - 4.1.4. Recommending suitable candidates for the Board and the Board of Management based on the required qualifications and ensuring an up to date succession plan.



4.1.5. Supervising the Board of Management's policy for engagement of employees at executive level, and monitoring and updating the Company's diversity policy for the Board's approval.

4.2. The Committee is to ensure a formal, thorough and, for the Board members, transparent process for the selection and nomination of candidates.

5. Responsibilities related to Remuneration

5.1. The Committee assists the Board in ensuring that the Board, the Board of Management, and key employees reporting to the CEO are remunerated fairly and appropriately and supports with the following preparatory tasks:

Remuneration policy and report

5.1.1. Submitting recommendations, monitoring and preparing updates of and amendments to the Company's Remuneration policy which balances the interests of the shareholders against rewarding and motivating the Company's Board of Management for approval by the Board prior to the presentation of the Remuneration policy at the Annual General Meeting.

5.1.2. Reviewing the remuneration of the Board, the Board of Management, and key employees reporting to the CEO to ensure compliance with the Remuneration policy and link to company and individual performance.

5.1.3. Reviewing the annual Remuneration report to ensure information on remuneration for the Board and Board of Management is adequate, transparent, and accurate and is prepared in accordance to the Danish Companies Act and assisting with the preparation of the Remuneration report for the Board's approval prior to presentation at the Annual General Meeting.

Remuneration for the Board of Directors

5.1.4. Reviewing the remuneration of the Board including the fees for the members of the Board committees and prepare proposals on the remuneration and fees.

Remuneration of the Board of Management

5.1.5. Evaluating the total remuneration, including the relative weight between the pay components (base pay, pension, benefits, short-term incentives, and long-term incentives).

5.1.6. Reviewing the remuneration and preparing proposals for changes in base salary, pension, short-term incentive, long-term incentive grants or any other contract terms.

5.1.7. Preparing proposals for KPIs linked to short-term and long-term incentive plan for approval by the Board.

5.1.8. Conducting an annual assessment of individual accomplishments relative to the KPI's linked to the short-term incentive plan including recommendation for bonus pay-out.



- 5.1.9. Preparing proposals for any termination settlement for members of the Board of Management. Termination payments to any departing key employee reporting to the CEO must be reported to the Committee at the first coming meeting.
- 5.1.10. Ensuring succession planning for the Board of Management and key employees reporting to the CEO are consistent with and support the strategic direction and objectives of the Company as determined by the Board.
- 5.1.11. Preparing proposals for one-time payments for the Board of Management or key employees reporting to the CEO.

Remuneration of key employees reporting to the CEO

- 5.1.12. The Committee approves all changes in the remuneration for key employees reporting to the CEO following the principle of all changes being approved by the “manager’s manager”.

Employee share-, option-, and other equity plans

- 5.1.13. Reviewing and making recommendations to the Board regarding the design of all equity-based plans, including changes to existing plans or design of any type of new plan.
- 5.1.14. Keeping all plans under review with regards to legislative, regulatory and market developments.
- 5.1.15. Reviewing and making recommendations to the Board regarding proposed aggregate and individual grants under each plan.
- 5.1.16. Reviewing performance measures for each equity plan and making recommendations to the Board on awards made under each plan.

6. Approval, Amendment and Publication of the Terms of Reference

- 6.1. The Terms of Reference have been approved by the Board and shall be reviewed once a year and changed as needed. Significant changes and additions to the Terms of Reference shall be presented to the Board of Directors for approval.
- 6.2. The Terms of Reference are published on the Company’s website.

Approved by the Board of Directors on 18 March 2021.