

# Statutory Corporate Governance Statement for the financial year 2023

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

**ALK-Abelló A/S**  
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# Statutory Corporate Governance Statement for the financial year 2023, cf. art. 107b of the Danish Financial Statement Act

This statement forms part of the management's review in ALK-Abelló A/S' 2023 annual report covering the period 1 January to 31 December 2023.

## 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 2023, 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 and Alan Main were all re-elected, and Jesper Høiland was elected as new member of the Board. Jakob Riis did not seek re-election.

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 2023 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 competencies relevant to further ALK's development. The Board members are presented on pages 50-52 of the 2023 annual report along with details on their specific competencies, 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 2023, the Board of Directors held 11 meetings (eight in 2022); the meeting held on 1 November was a strategy seminar focusing on ALK's growth strategy. All members have been present at the meetings, apart from Lene Skole and Gitte Aabo, who both were excused at one meeting and Alan Main, who was excused at two meetings.

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

Committee and the Scientific Committee. The committees' members can be seen below. The charters of the committees are available on the corporate website.

In 2023, The Audit Committee held five meetings (four in 2022), the Remuneration & Nomination Committee held six meetings (four in 2022), while the Scientific Committee met six times (three in 2022). All persons have been present at the committee meetings. An overview of meeting attendance can be found in the annual report on page 45.

Every year, the Board of Directors evaluates its work, including the contributions of the individual board members as well as the achievements of the Board collectively. An external facilitator conducted the self-evaluation in 2023. The evaluation was based on a questionnaire to the Board members as well as the members of the Board of Management. The process evaluated topics such as information to the Board and the quality of the material that is submitted, organisation, risk management processes, strategy, Board dynamics, the Chair's leadership of the Board, Board competencies and composition, and the collaboration and interaction between the Board of Directors and the Board of Management.

The evaluation highlighted that the relevant skills and competencies remain well-balanced and adequate on the Board of Directors with the Chair receiving positive feedback. In general, key conclusions were positive. Board processes and meetings are conducted with the appro-

priate level of detail and with a continued satisfaction with the Board's work and efficiency. There was also good feedback to the Board committees.

The interaction between the Board of Directors and the Board of Management has been prioritised with strong support for the new members of the Board of Management. Focus is on continually enhancing the depth and clarity of the communications to and from the Board

of Directors, enhancing focus on ESG issues as well as on the long-term growth of the US operations together with ensuring the overall development of the company, including its R&D activities. In addition, the Audit Committee, the Remuneration & Nomination Committee and the Scientific Committee evaluated their work and their cooperation with the Board of Management. The outcome of the evaluations is that the committees are working well with an adequate composition.

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

\* 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

\*\* Employee-elected members

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. However, the Board has currently temporarily suspended dividend payments as part of ALK's growth strategy.

### **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 shareholders and was last approved at the AGM in 2023. The annual remuneration report is also subject to approval by shareholders and is approved at the AGM each year. The current

remuneration policy and the remuneration report for 2023 can be seen here <https://ir.alk.net/corporate-governance>

### **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 establishing 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 2023 ('Significant accounting estimates and judgments') 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.

### **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 are considered to be in compliance with the OECD's current principles of corporate governance. ALK's Board of Directors has continuously taken the Committee's guidelines into consideration and the Board's 'comply or explain' review of all 40 guidelines is available at <https://ir.alk.net/corporate-governance> ALK is in compliance with all the guidelines.

Design og produktion: **Noted**

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