



Communication on Progress

Sustainability Report 2020



United Nations
Global Compact

ALK is committed to doing business in accordance with the UN Global Compact's Ten Principles. This report includes our progress within the areas of human rights, labour, environment and anti-corruption. cf. sections 99a, 99b, 107d of the Danish Financial Statements Act



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CEO letter

Growing our business makes Access to Allergy Care for All possible.



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Diversity and inclusion

We believe that diversity only brings value if it is present in combination with an inclusive culture.



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Turning waste into a resource

Two partnerships pave the way for reuse of waste.



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Responsible business conduct

Doing business with integrity is the foundation for growth.

Adding value to society

ALK-Abelló (ALK) is a global allergy solutions company, with a wide range of allergy treatments, products and services that meet the unique needs of people with allergy, their families and healthcare professionals.

ALK offers products, services and resources covering a wide range of allergies. The company also has products in related areas, including diagnosis and emergency treatment.

ALK's main product category, allergy immunotherapy (AIT) comes in three different forms: injections, sublingual drops and sublingual tablets. In addition to AIT, ALK produces and distributes bulk allergen extracts primarily for the US market, adrenaline auto-injectors, and allergen extracts for skin-prick tests.

ALK's AIT products are derived from allergenic source materials such as grass pollen, tree pollen and house dust mites. These are all by large grown at our production facilities in the USA, extracted locally and transported to Denmark for

final processing. Once the allergens are processed, they are formulated into injections, drops, tablets and bulk extracts. ALK produces the injections, drops and extracts in-house at our production facilities in Denmark, the USA, France and Spain, and collaborates with a supplier based in the UK for the manufacture of the tablets.

ALK's global headquarters are in Hørsholm, Denmark. Our unique manufacturing processes ensure that our products meet required quality standards and represent a significant barrier to potential competitors, making them an important factor in maintaining our market position. Globally, ALK is present in 41 countries either directly, via our 23 subsidiaries, or through partnerships with distributors in additional markets. ALK is predominantly present in Europe, where more than 70% of ALK's revenue is generated.

ALK is a publicly listed company and is owned by two majority shareholders: Lundbeckfonden (The Lundbeck Foundation) has a 40.3% interest and ATP has an 7.5% interest.

ALK's products are distributed through healthcare professionals. ALK also distributes home allergy tests directly to consumers through our sister brand klarify.

klarify also provides services, such as the klarify app which helps users track and manage their pollen allergy.

ALK has approximately 2,500 employees across the globe, the majority of which are based in Denmark and the rest of Western Europe (72%).

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. 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.

ALK at a glance



Established:

1923



Employees:

~2,500



Markets:

41



Patients in treatment with ALK products*:

~2m



The number of the most common global respiratory allergies covered by ALK's tablet portfolio:

5



Participated in clinical trials for the tablets:

>23,000

* covering AIT and anaphylaxis

ALK's business model

As a global allergy solutions company with almost a century of knowledge and expertise, ALK helps people to take control of their allergy and their life.



CEO Letter

Growing our business makes Access to Allergy Care for All possible

2020 will go down in history as the year of great challenges, a year when many companies and people were put under pressure. As a company, fortunately, we have emerged from the COVID crisis stronger. We have done this through the great support of our colleagues from around the globe. We demonstrated that despite difficulties, we stand united in the face of great challenges. In many ways, the global pandemic has shown us what is truly important; to create long-term value for people, the planet and the business.

Access to Allergy Care for All

For the majority of 2020, we conducted a large-scale materiality assessment to ensure that our contribution to global sustainable development aligns with our ambitions and that of our stakeholders. The outcome is a new sustainability strategy focused on the areas where we can make the most impact to the world. Our main focus continues to be on ensuring good health and well-being for all, which is now formalised in a new Access to Medicines strategy entitled 'Access to Allergy Care for All'. Access to Allergy Care for All, describes our ambition, purpose and long-term goals, with short-term milestones to measure progress. We want our products and solutions to be universally accessible, while ensuring that we continue to grow an ethical and profitable business. We believe that ALK's growth is closely linked to increased access to our treatment, and hence better patient outcomes.



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Carsten Hellmann,
President & CEO

In all our other areas of engagement, we have set short-term goals to ensure that we continue to contribute positively to global sustainable development.

Sustainability is an integrated part of our overall business strategy, which we execute by following the principles outlined in the Ten Principles of the UN Global Compact. We are proud to confirm our commitment to working within the areas of human rights, labour, environment and anti-corruption. We will continue to promote sustainable development, by contributing to the realisation of the UN Sustainable Development Goals, and to integrate the principles into the way we conduct business, while maintaining a close and transparent collaboration with our stakeholders.

11 out of 14 goals achieved

2020 also marked the conclusion of almost all of our previously set sustainability goals. I am very proud of the way the entire ALK organisation has pulled together to deliver these great results for the benefit of people and the planet.

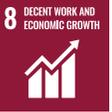
We reduced our CO₂ emissions and will continue to look for opportunities to invest in renewable energy to reduce our impact. Overall, we achieved 11 out of 14 of the sustainability goals we set in 2018. I am especially proud of the fact that more and more people are treated with our documented and registered products. I can also look back at a year, where we put the health and safety of our people front and centre. We set up a global Corona Task Force, ensured that our workplace is safe for all who were required at the sites and outlined a very conservative approach to battling the COVID pandemic. How our people reacted to all these changes, still leaves me in awe. The amount of flexibility and tenacity in the face of challenges that our people demonstrated has been inspiring. All this to ensure that people with allergy could continue their treatments.

Carsten Hellmann
President & CEO

2020 highlights

March klarify digital platform launched in Denmark	April klarify digital platform launched in the USA
May klarify digital platform launched in Slovakia	June klarify digital platform launched in Ireland
July Autoclave water saving equipment installed in Oklahoma	August Materiality assessment completed
Adolescent indication submitted for AIT against house dust mite allergy (HDM) in Canada	September Global Move for Allergy event held
October Two waste reuse partnerships established	New Access to Medicines strategy developed – Access to Allergy Care for All
EU paediatric indication secured for AIT against ragweed pollen	AIT against tree pollen allergy launched in 9 new markets
Adolescent indication submitted for AIT against HDM in 9 additional EU countries	November Diversity and inclusion goals and strategy completed
December New long- and short-term sustainability goals set	AIT against ragweed pollen allergy accessible in 6 new markets
Marketing authorisation for HDM tablet achieved in 8 new markets	

Sustainability performance 2020

PROMISE	2019-2020 GOALS	STATUS	COMMENT	SDG
 <p>PEOPLE</p> <p>We promise to build upon our heritage as a pioneer in allergy immunotherapy and bring allergy products and solutions to as many people with allergy as possible around the world.</p>	By 2020, we want to treat 2 million people with allergy with our allergy immunotherapy products, diagnostics and adrenaline auto-injectors.	✓ 2 million	Approximately 2 million people have been treated with ALK products.	
	By 2020, we want to engage with 20 million people through our consumer initiatives.	✓ 105 million	An estimated 105 million people have been engaged through our digital consumer platform klarify in 2019.	
	By 2020, we want to raise the Quality Mindset Maturity Index by 10% compared to baseline.	✓ 13%	The Quality Mindset Maturity Index rose 13% over the last two years.	
 <p>PEOPLE</p> <p>We promise to be a workplace characterised by a caring and creative nature where development, diversity, safety and work-life balance are seen as valuable assets. We call it The Human Organisation.</p>	By 2022, we want women to make up 30% of the shareholder-elected members of the Board of Directors.	→ 20%	The number of shareholder-elected women is 1 (20%).	
	By 2020, we want women to make up 30% of functional managers.	✗ 21%	The number of women on functional-manager level remained stable. The goal was not reached.	
	By 2020, we want women to make up 40% of mid-level managers.	✓ 41%	The number of women in mid-level management roles increased by three percentage points to 41%.	
	By 2020, the Lost Time Injury (LTI) frequency is <3.0.	✓ 2.9	In 2020, the number of work-related accidents with absence was 9, resulting in an LTI frequency of 2.9.	
	By 2020, the individual development score is greater than 78.	✓ 78	The 2019 development score was 78. A new survey will be conducted in 2021.	
	By 2020, the engagement score is equal to or greater than 80.	✓ 82	The engagement score in the 2019 Engagement Survey was 82. A new survey will be conducted in 2021.	
 <p>PLANET</p> <p>We promise to take care of the planet by taking actions that benefit the environment and the climate. We want to set ambitious goals that make positive changes to the planet.</p>	By 2020, energy and water efficiency considerations will be an integrated part of facilities upgrade plans.	✓ ✓	In 2020, energy and water efficiency were considered in all major facilities upgrade plans, especially concerning reuse of water.	
	By 2020, we want at least 30% of all consumed energy to come from renewable energy sources.	✓ 38%	In 2020, 38% of consumed energy came from renewable energy.	
	By 2020, we want to reduce CO ₂ emissions by 25% compared to a 2017-baseline.	✓ 32%	At the end of 2020, the CO ₂ emissions had decreased by 32% to 6,612 tonnes compared to baseline (9,658 tonnes).	
	By 2020, we want at least 45% of waste to be reused or recycled.	✗ 38%	In 2020, 38% of the waste produced at production sites was recycled/reused. The goal was not reached due to an overall decrease in the amount of waste.	
 <p>PROSPERITY</p> <p>We promise to continue to drive and grow an ethical business. We want to be the world leader in allergy by continuing to be proactive promoters of high business integrity with the aim of helping as many people with allergy as possible to better health and a better life.</p>	By 2020, we want to test all employees on a yearly basis about their knowledge of business ethics compliance.	✓ 94%	In 2020, 94% of eligible employees have completed the Code of Conduct training.	

New sustainability goal overview

	GOALS	MILESTONES	SDGS
 <p>People</p>	<p>People with allergy</p> <p>2030: Enable access to ALK allergy diagnosis, immunotherapy treatments and/or adrenaline products by increasing the number of patients by at least 100,000 annually</p>	<p>2025: Add children/adolescent indication to current indication in 10+ countries</p> <p>2022: Establish a business model for partnership programmes that improve Access to Allergy Care, and which can then be used as a template for other partnerships</p> <p>2023: Make ALK allergy diagnosis, immunotherapy treatments and/or adrenaline products accessible to at least 300,000 additional patients</p> <p>2025: Make ALK allergy immunotherapy and adrenaline available in countries with no access to ALK allergy products</p> <p>2025: Introduce tablet-based AIT in 5+ new countries</p>	 
	<p>2030: Strengthen knowledge about innovations in allergic disease via scientific communication to 200,000 healthcare professionals, and establish partnerships to train 50,000 healthcare professionals in allergy treatment and immunotherapy</p>	<p>2022: Strengthen knowledge about innovations in allergic disease via scientific communication to 20,000 healthcare professionals</p> <p>2022: Establish partnerships to train 4,000 healthcare professionals in allergy treatment and immunotherapy</p>	
	<p>Employees</p>	<p>2022: Maintain the injury frequency rate ≤ 3.0</p> <p>2025: Maintain gender balance of approximately 50% at Manager and Director levels</p> <p>2025: Strive to increase the number of women in VP and Senior Director positions to 35%</p>	  
 <p>Planet</p>	<p>Greenhouse gas emissions</p>	<p>2025: 60% reduction in CO₂-emissions including emissions from transport, travel and company cars against a 2019-baseline of total emissions from non-renewable sources</p>	
	<p>Waste</p>	<p>2022: Reuse/recycle 47% of waste</p>	 
	<p>Water</p>	<p>2022: Annual water consumption levels should not exceed 2019-baseline of 122,000 m³</p>	 
	<p>Energy</p>	<p>2022: Annual energy consumption levels should not exceed 2019-baseline of 47,000 MWh</p>	
 <p>Responsible business practices</p>	<p>Employee training</p>	<p>2022: Maintain ALK Code of Conduct employee training participation above 90%</p>	

Turning stakeholder input into an updated sustainability strategy

Throughout 2020, we conducted an in-depth materiality assessment to assess whether our actions and initiatives are in line with the expectations of our stakeholders.

How we conducted the analysis

The materiality assessment was conducted in accordance with principles outlined in the GRI Standards (GRI 101) and posed an opportunity for ALK to explore and leverage the positive impact on societal challenges, while building a sound and profitable business. Issues deemed the most relevant for ALK were compared against the backdrop of the UN Sustainable Development Goals to determine our positive and negative impacts. The output is a materiality matrix that represents our most material topics.

Stakeholder inclusiveness

External input was collected from relevant suppliers, NGOs, investors and institutions through interviews and surveys. External sources such as sustainability ratings and assessments, and indices such as the Access to Medicine Index were also used in the assessment. The internal input was collected from more than 15 key business units such as Commercial Operations, Product Supply, Procurement, Human Resources (HR), Environment, Health and Safety (EHS) etc. as well as from employees more generally, through interviews and surveys of employees

in 18 different countries. Several internal documents, such as policies, annual reports, risk assessments, strategy documents, financial targets and employee engagement results, were also used.

Key findings

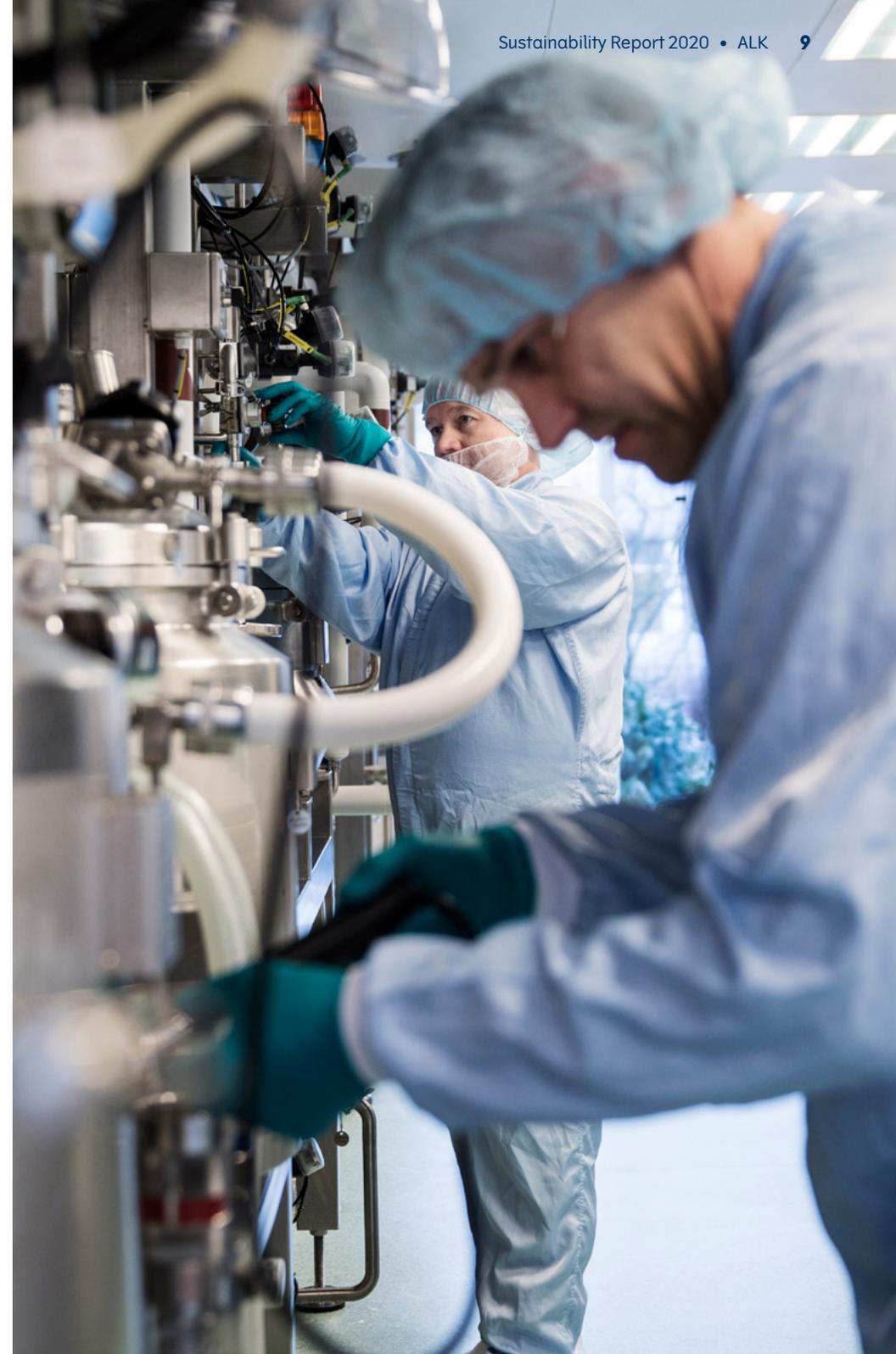
The assessment reconfirmed that ALK's biggest contribution to society stems from our products' and services' inherent benefits: making life with allergy simpler and healthier, but also substantially reducing the impact on global healthcare systems, through research and exploration of technologies.

The key issue identified that best benefits both society and ALK, and warrants increased strategic effort to optimise positive impact:

- Healthcare coverage and access to medicine for all

Furthermore, four issues were identified that best benefit both society and ALK, that warrant a continuous and systematic approach at operational level to ensure positive impacts:

- Structural changes in relation to gender equality and empowerment
- Green transition
- Just and strong institutions
- Partnerships



Materiality matrix

The assessment of the potential business impact from ALK's active commitment to the SDGs is based on our interest in exploring new business opportunities, enhancing customer satisfaction and reputation, savings, attracting and retaining talents and responsible employees, and meeting investor and stakeholder expectations.

The interlinkage of societal and business interest is visualised in a materiality matrix with societal impact on the y-axis and the potential ALK business impact on the x-axis. The SDGs were placed based on two dimensions; their significance to our economic, social and environmental impacts combined with the importance assigned to the issues in stakeholder input.

The materiality matrix shows three tiers: SDGs that best accommodate the purpose of ensuring a sound and profitable business, as well as contributing to the global effort to achieve the SDGs in 2030; SDGs that require a continuous and systematic approach by ALK; and SDGs that should be monitored by ALK to handle any unexpected impact.

Materiality matrix



Updated sustainability strategy

The matrix is the building block of a further-strengthened sustainability framework and strategy, which allows us to concentrate our efforts on contributing to two SDGs, while integrating the other SDGs into operational activities. Our core strategy contributes to SDG 3 (Good Health and Well-being) supported by SDG 9 (Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation).

By linking the access to medicines under SDG 3 with strengthened efforts to integrate research and technological development under SDG 9, ALK may spark business opportunities through evidence-based treatment, partnerships to build local healthcare capacity and the outreach to more patients through new forms of communication.

The new structure of the report reflects the updated sustainability strategy. We periodically review the matrix based on trends and stakeholder input to ensure that our prioritisation remains relevant.

Updated sustainability framework



Access to Allergy Care for All

Allergy is the most common chronic disease in the world. Allergic reactions to pollen, food and animals impact millions of peoples' work and everyday life and well-being. Allergic rhinitis affects 10-30% of the population. It is seen as the strongest risk factor for developing asthma and is described as a major global public health issue¹.

The purpose of the ALK Access to Medicines strategy is to enable **Access to Allergy Care for All**. Our products and services are relevant to populations across the entire globe, and our goal is to democratise and disseminate these to many more, earlier in their disease.

We apply two principles to enable Access to Allergy Care for All:

- Our primary focus is people with allergy and their need for a correct diagnosis and treatment
- Assisting healthcare systems and healthcare professionals is a precondition

for providing efficient allergy care. Without a healthcare infrastructure, people with allergy cannot benefit from our allergy solutions

In order to fulfil this purpose, we build on decades of research and development, and apply state-of-the-art pharmaceutical standards to deliver products and services to millions in need of effective allergy treatment.

Realisation of our strategy

Allergy care is especially important when it comes to children. Worldwide, 40-50% of children are affected by one or more common allergens², which has a significant impact on their schoolwork and social life³.

We are conducting several studies to investigate the efficacy of our medicines in younger populations, with the intention of securing children's indications for our tablets in several new markets, including emerging markets – although some clinical development activities were impacted by the COVID pandemic and associated containment measures. Subject to approval, these products could allow children to minimise their reliance on symptomatic treatments and, in some cases, could prevent the development of allergy-induced asthma exacerbations. With our solutions, we aim to

help diagnose and treat allergy much earlier, and thus contribute to a better quality of life for children.

Partnerships with the public and private healthcare sector are an important vehicle for ensuring access to allergy care. In countries with no access to allergy medicine, partnerships often form the first step to making ALK solutions accessible. In 2020, we explored several possibilities of expanding our treatments to new markets, both developed and emerging.

Allergy knowledge and competences among healthcare professionals are instrumental to ensuring better patient care. We engage systematically in educational activities, training, and dialogue to enhance insights into the diagnosis and treatment of allergic disease. In 2020, ALK reached more than 10,000 healthcare professionals through scientific publication views and downloads, attendance of ALK company-sponsored scientific symposia and webinars, and ALK coordinated medical expert meetings and scientific advisory boards. Several projects have been initiated as a collaborative effort with ALK strategic commercial partners and independent healthcare organisations to support training in allergy diagnosis and



SDG Target 3.8

ALK enables access to safe, effective, quality and affordable essential medicines and vaccines for all. ALK contributes to healthy lives and promotes well-being for people with allergy at all ages.



SDG Target 9.5

ALK enables increased accessibility to allergy immunotherapy, through research and development activities and technological development.

¹ Sánchez-Borges M, Martín BL, Muraro AM, et al. The importance of allergic disease in public health: an iCAALL statement. World Allergy Organ J. 2018;11(1):8. Published 2018 Apr 27. doi:10.1186/s40413-018-0187-2

² <https://www.aaaai.org/about-aaaai/newsroom/allergy-statistics>

³ Walker, Samantha & Khan-Wasti, Saba & Fletcher, Monica & Cullinan, Paul & Harris, Jessica & Sheikh, Aziz. (2007). Seasonal allergic rhinitis is associated with a detrimental effect on examination performance in United Kingdom teenagers: Case-control study. The Journal of allergy and clinical immunology. 120. 381-7. 10.1016/j.jaci.2007.03.034.

treatment in both developed and emerging markets.

With nearly 100 years of experience in allergy, we believe it is our responsibility to share our knowledge particularly in markets that have little or no tradition of allergy immunotherapy. Through the World Allergy Organization (WAO), ALK regularly makes product donations for the benefit of WAO's World Training Schools (WATS), which use our products to train physicians in emerging markets.

We engage with the public and support patients' organisations all over the world in their work to ensure public health via awareness raising, patient care and promotion of the safe use of our products.

In addition, we continue our efforts to raise awareness about allergy in the general population through our sister brand's klarify digital platform. These tools help people with allergy to achieve a better standard of living,

by offering tips and guidance for alleviating and avoiding the symptoms of allergy. klarify is now available in six countries: the USA, Germany, the UK, Slovakia, Ireland and Denmark.

Target: We help create access to safe, effective, quality and affordable medicines and vaccines for people with severe allergy.

Goal: By 2020, we want to treat 2 million people with allergy with our allergy immunotherapy products, diagnostics and adrenaline auto-injectors.

Result: Approximately 2 million people have been treated with ALK products by the end of 2020.

Goal: By 2020, we want to engage with 20 million people through our consumer initiatives.

Result: The goal was reached in 2019.

New long-term targets have been set to drive broader accessibility to our treatments globally.

2030 COMMITMENTS

TARGETS

2030

Enable access to ALK allergy diagnosis, immunotherapy treatments and/or adrenaline products by increasing the number of patients by at least 100,000 annually

2025

Add children/adolescent indication to current indication in 10+ countries

2022

Establish a business model for partnership programmes that improve Access to Allergy Care, and which can then be used as a template for other partnerships

2023

Make ALK allergy diagnosis, immunotherapy treatments and/or adrenaline products accessible to at least 300.000 additional patients

2025

Make ALK allergy immunotherapy and adrenaline available in countries with no access to ALK allergy products

2025

Introduce tablet-based AIT in 5+ new countries

2030

Strengthen knowledge about innovations in allergic disease via scientific communication to 200,000 healthcare professionals, and establish partnerships to train 50,000 healthcare professionals in allergy treatment and immunotherapy

2022

Strengthen knowledge about innovations in allergic disease via scientific communication to 20,000 healthcare professionals

2022

Establish partnerships to train 4,000 healthcare professionals in allergy treatment and immunotherapy

Audrey Caillot and Angélique Challe participated in our Move for Allergy event to reconnect with colleagues across the world. Here they are, overlooking the beautiful countryside of France.

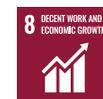


People



SDG Target 5.5

ALK ensures women's full and effective participation and equal opportunities for development and leadership at all levels.



SDG Target 8.2

ALK implements development programmes to upgrade employees' skills.

SDG Target 8.5

ALK protects labour rights and promotes safe and secure working environments for all employees.



SDG Target 10.2

ALK empowers and promotes the social and economic inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.



Diversity and inclusion

Throughout 2020, an international group of employees from Human Resources have been working on a project to establish a firm data foundation for our work with diversity and inclusion across the organisation. Lisbeth Kirk, SVP HR & Internal Communications says: *“We made significant progress and learned a lot about our organisation along the way. Although we have made progress regarding the number of women in management over the years, our initiatives and activities seemed to fall short of making an impact on senior management positions. With the support from the Board of Management, we decided to pursue the matter further, and carried out a ‘deep dive’ into the data to understand the actual causes behind the low representation of women in senior positions. We have spent the better part of 2020 researching, benchmarking with peers, as well as gathering insights to ensure that any initiative that we will introduce over the coming years yields a measurable impact.”*

The key findings of the investigation showed that if ALK is to achieve diversity and inclusion in all aspects and within all business areas, as is the intention, the diversity levers that need to be pulled will be to raise awareness about diversity and inclusion in the organisation, unconscious bias training and integration of specific diversity and inclusion considerations into key HR processes, and in our upcoming engagement survey. The latter will provide valuable data and insights across the global organisation.

“ We believe that diversity only brings value if it is present in combination with an inclusive culture. Through our leadership development activities, we are strengthening an inclusive culture at all levels of the organisation – from top management to employees. We are looking forward to kicking these initiatives off, and we are hopeful that they will be effective in ensuring a more diverse workforce across several different diversity characteristics, as well as reaching our target of having women make up 35% of VPs and Senior Directors in 2025.

Lisbeth Kirk
SVP, HR & Internal Communications



Human rights



Policy

ALK is committed to respecting human rights in our business operations. ALK follows the principles outlined in the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the UN Guiding Principles on Business and Human Rights. We aim to protect human rights and to ensure that ALK avoids being complicit in human rights abuses, as described in the UN Global Compact principles 1 and 2.

As part of several of our policies we:

- Take great care to protect human rights and to avoid being complicit in any human rights violations
- Prohibit all types of discrimination, offensive behaviour, harassment and retaliation, along with forced and child labour
- Educate our employees and implement preventative actions to ensure that health and safety risks are constantly reduced
- Ensure that occupational health and safety are proactively integrated into the planning and design of all projects

- Ensure a high standard of data protection and that the rights of data subjects are duly preserved and enforced in all areas of our business



Action

COVID

The major focus of 2020 has been to ensure both the physical and the mental well-being of employees during the global lockdowns in response to COVID. A conservative 'people before profit' approach was applied to ensure that no employee felt unsafe in coming to work.

The Board of Management, as well as other senior managers, communicated weekly via video updates to energise, reassure and share knowledge with employees globally and locally. Regular updates were shared via internal communication channels, and information and instructions were made available for all employees to ensure their protection. Cleanliness protocols were updated to ensure that the risk of infection at work was minimised.

For managers, tutorial videos and training material on how to lead remotely were made available. Flexibility was shown for employees in special situations, such as those with small children, or who were

otherwise living in circumstances that made working from home difficult.

Several initiatives were launched, such as the global Move for Allergy event, where all employees were encouraged to walk, run or cycle five kilometres to raise awareness about allergy. We also launched a global competition, Stay Connected. The primary goal of both initiatives was to reconnect employees across borders and departments.

Employee health and well-being

All employees are covered by a health programme, either made available through, or paid for, by ALK.

Together with Human Resources, the EHS organisation works to ensure that a healthy working culture exists at ALK, both in terms of the psychological environment and a healthy work-life balance. EHS representatives are located at all production sites to ensure that the EHS policy and relevant procedures are followed.

In Denmark, a workplace assessment by the Danish Working Environment Authority was conducted towards the end of 2020. Results of the assessment are pending.

Harassment, including sexual harassment is prohibited. ALK does not tolerate written or verbal harassment, bullying, unwanted sexual advances, physical or graphic harassment that shows hostility or aversion

toward an individual because of any characteristic protected by applicable law, including sex, race, religion or faith, political view, sexual orientation or other.

Safety

The safety of our employees is a responsibility we take very seriously, and we work to ensure that systems and processes are implemented globally to support a safe work environment.

We continued to monitor safety at all ALK locations, and workplace assessments are conducted regularly to ensure that we mitigate any health and safety risks. Safety training is adapted to local needs and allows flexibility in line with local laws and customs, if relevant. Additionally, health and safety considerations are built into facilities upgrade plans, with a special focus on heavy lifting, ergonomics and chemicals management.

In 2020, all relevant employees were trained in the Chemical Management System, which contains all ALK's safety data sheets and describes any hazards and precautions to be taken when using the chemicals.

Together with an external company, our Procurement department has made risk evaluation engineering reports. These also include general risks for people, such as the risk of fire, work-related accidents etc.



Human rights

Privacy and data protection

The ALK Data Protection Committee assists the Board of Management in fulfilling oversight responsibilities with regards to personal data protection and personal data use. The Committee meets quarterly to oversee the coordination, communication, training and risk management of personal data protection governance activities across the entire organisation.

In 2020, we continued work on ensuring the safety, and responsible use, of data in line with the General Data Protection Regulation and other relevant data protection regulations. Targeted training of groups of employees took place with a view to 'train the trainers' on the handling of personal data, as well as conducting awareness-raising activities in individual business units, where relevant.



Risks

A major unforeseen risk in 2020, and one that will remain in place during 2021, was the COVID pandemic. ALK set up a Corona Task Force to anticipate and mitigate the potential consequences of the virus. The Task Force's approach was both proactive, in that it developed a wide-ranging contingency plan to safeguard both employees and the ongoing supply of medicines, and conservative, in that it applied a 'safety first' principle to all the scenarios it considered.

Many employees were advised to work from home to the extent possible. The Task Force will continue to meet in 2021 until the threat of COVID subsides.

Our supply chain and operations are located in areas where the overall risk of human rights violations is considered low, as 99% of our main GxP suppliers are located in low-risk countries. However, as part of our commitment, in 2020, we continued to focus on mitigating human rights risks in high-risk countries. ALK's operations have a relatively small impact on human rights issues in the supply chain, however these risks are mitigated by the inclusion of human rights clauses, such as explicitly concerning child and forced labour in all new, large supplier contracts. Internally, human rights risks, in particular risks of discrimination and harassment are prevented and mitigated through various mechanisms. Each case is investigated fully, and appropriate action taken based on findings.

Although ALK is a relatively low-risk company when it comes to safety, we do not accept accidents as part of our operations and seek to prevent them from happening. Workplace risks at ALK include the potential risk of exposure to allergens, which are our main raw material. For employees who handle allergens as part of their daily work processes, we conduct periodic screenings, and provide allergy testing. Through our network of EHS employees, locally adapted information campaigns and training programmes on risks to safety are made

Human rights

available to all employees, with the aim of minimising the number of accidents.

Working with chemicals also represents a potential health risk and such risks are closely monitored and mitigated through mandatory health and safety training for all employees who handle chemicals as part of their work.

Disruption to IT systems, such as breaches of data security, may happen across the global value chain, where well-functioning IT systems and infrastructure are critical to our ability to operate effectively. We manage this risk, among other ways, by having a security strategy in place to prevent intruders from causing damage and gaining access to critical data and systems. Awareness campaigns, access controls, intrusion detection and prevention systems have all been implemented, and systems are continuously upgraded to ensure high security standards.

In all areas of operation, we comply with national and international legislation.



Targets and results

KPI: Anti-discrimination – number of incidents, including reports to the ALK Alertline.

Result: In 2020, there were no incidents of equal opportunity discrimination reported via ALK Alertline. However, there was one report concerning inappropriate behaviour reported through local HR. The report was followed up and found not to be supported by sufficient evidence.

Safety

Target: We promote safe and secure working environments for all employees.

Goal: By 2020, the Lost Time Injury (LTI) frequency will be <3.0.

Result: In 2020, the LTI frequency was 2.9. We will continue our efforts to prevent accidents from happening in the workplace.

Work-related injuries

	Unit	2016	2017	2018	2019	2020
Working environment						
Accidents with absence	Number	16	12	16	15	9
Lost Time Injury Frequency (LTIF) ¹	LTIF	4.4	3	3.8	3.5	2.9

¹ Number of work-related injuries with absence per million work hours. Note: The 2018 number is a 3-year average

KPI: Percentage of total workforce represented in formal joint management-worker health and safety committees.

Result: All employees at production sites are represented in joint management-worker health and safety committees, representing approx. 76% of total workforce.

Target: We ensure good occupational health conditions and access to occupational healthcare services for all employees.

KPI: Lost time rate.

Absence due to sickness

	2019	2020
Denmark	2.4%	1.9%
North America ¹	1.3%	1.5%
Western Europe ²	3.5%	5.4%
Eastern Europe and International Markets ³	2.4%	1.5%
Total Absence	2.7%	3.1%

¹ The United States of America and Canada

² France, Spain, Germany, Finland, Sweden, Norway, Italy, Ireland, Austria, Switzerland, United Kingdom, Belgium, the Netherlands

³ Czech Republic, Slovakia, Poland, Turkey, China, Hong Kong, Russia, Slovenia, Jordan

Result: Due to ALK's conservative approach to handling the COVID pandemic we only saw a slight increase in the lost time rate from 2.7% in 2019 to 3.1% in 2020.

KPI: Percentage of workers, by gender, who have access to services made available or paid for by ALK for work-related accidents or diseases.

Result: At ALK, all employees have access to healthcare services for work-related accidents or diseases.

Target: We protect and enforce the rights of data subjects.

KPI: Number of incidents or complaints submitted to the national Data Protection Agency concerning breaches of data protection.

Result: During 2020, no incidents of data breaches were submitted to national Data Protection Agencies.

Human rights



Planned activities for 2021 and expected results

To protect data privacy, a number of awareness campaigns have been conducted and further technical and risk evaluations and measures are being reviewed and considered.

To further strengthen the ALK Global EHS setup and ensure the right allocation of resources at each site, a worldwide assessment exercise will commence in 2021.

We will continue our efforts to eliminate or reduce the number of work-related accidents. EHS will initiate knowledge-sharing activities with a view to updating work processes in order to reduce the number of accidents. In 2021, risk assessments in relation to specific, selected work processes will be executed. Risk assessments in relation to ergonomics will also be conducted. Over the next two years, the following safety goal was set:

2022

Maintain the injury frequency rate

≤ 3.0



Labour rights



Policy

Our global HR policy seeks to create an appealing working environment to attract, develop and retain well-qualified and engaged employees.

We foster an open and honest relationship with employees. We respect their right to be informed, heard and to voice their concerns in an open and transparent manner. All employees have access to internal and external training opportunities to ensure that they can continue to develop their skills.

We continue to:

- Provide equal opportunities for all, regardless of age, gender, race, ethnicity, sexual orientation, religion or ability
- Provide fair wages by aligning our compensation with that of other companies in the geographical areas where we operate
- Provide re-employment opportunities in the event redundancies cannot be avoided. If there is no chance of re-employment, social plans are developed in line with local laws and customs

- Promote fair working conditions, equal pay for equal work, and freedom of association and collective bargaining
- Ensure the well-being of employees and their families by being involved in local initiatives, practices and procedures with respect for local customs, conditions and needs
- Develop the competencies of employees at all levels

We act in compliance with national legislation in the countries in which we operate, and we follow the UN Global Compact Principles 3-6, as well as the eight fundamental rights described in the ILO Core Conventions.



Action

All employees have freedom of association, and can exercise this right either formally in unions or internally in workers' councils. Employees in seven European countries have workers' council representation.

Employee engagement

In 2020, a new employee engagement survey provider was identified, and a survey will be conducted in 2021. In 2020, a survey regarding ALK's work with sustainability,

including work with SDG 8 covering Decent Work and Economic Growth was conducted as part of the updated materiality assessment. A total of 631 (26%) employees responded to the survey, most of them in Europe. 75% of the respondents perceived ALK as actively engaged in SDG 8.

Employee development

All employees' performance is reviewed once annually, and performance objectives are set for the coming year. All employees have access to annual development agreement talks with their direct managers. In 2020, 90% of employees completed an annual year-end review and 71% completed a development agreement.

Diversity and inclusion

At ALK, we promote equal opportunities and believe that an organisation representing diversity in all its aspects, at all organisational levels, and within all competency areas, creates higher engagement and innovation, and provides the basis for better business decisions and results. We aim to create a diverse and inclusive work environment where different perspectives, abilities, capabilities, talents and experiences meet. To support our ambition, we have a global diversity policy and internal guidelines to ensure:

- Respect for the fundamental rights of people

- That ALK fosters an inclusive environment for everyone, regardless of age, gender, race, ethnicity, religion, disability, sexual orientation, gender identity, personality, tenure, education, economic background, organisational function etc.
- That relevant and objective criteria are applied when making decisions about hiring or dismissals, promotions or changes in responsibility, and compensation

The Diversity and Inclusion project continued to gather insights and data during 2020 in order to set realistic and achievable goals for women in management. Succession plans have been developed for all key positions at ALK, including for diversity characteristics. As part of our work to continuously improve our gender balance and ensure talent development, a new programme was launched in 2020: ASPIRE. ASPIRE is specifically developed to nurture and grow talent in the organisation, that has the potential and aspiration to rise to more senior roles, either as a specialist or as manager. The programme encompasses several focus areas including age, gender, and geographic location.

The Board of Directors

At the end of 2020, the Board of Directors consisted of five shareholder- and three employee-elected members. Of the

Labour rights

shareholder-elected members, one was a woman and two of the employee-elected members were women (see page 23). Two of the members were independent. The average age of the shareholder-elected members was 58 years. 60% of the Board of Directors was of Danish nationality.

In November, ALK announced that two new, independent members of ALK's Board of Directors would be nominated at the company's next Annual General Meeting. If approved, the majority of shareholder-elected members would be independent.

The Board of Directors wishes to ensure diversity at all management levels and ALK is consequently building up an internal recruitment pool that will ensure a high degree of diversity. The Nomination Committee constituted by the chairmanship is responsible for selection and nomination of candidates for the Board of Directors. The selection is based on a process that defines the need for new talent, diversity, age and gender. The process is open and transparent, and the candidates are approved by the Board of Directors. More details about the Board of Directors' competences are available on our website <https://ir.alk.net/corporate-governance/board-of-directors>.

cf. section 107d of the Danish Financial Statements Act



Risks

The general nature of our production process and administrative activities require that we rely mainly on skilled labour. Combined with the fact that our production facilities are located at sites in the highly developed countries of Denmark, France, Spain and the USA, the risk of labour rights violations is generally low. This extends to our supply chain as well, as the majority of our suppliers, and 99% of our biggest suppliers, are located in areas with no significant risk of labour rights violations.

Our main risks in relation to labour rights violations stem from second and third tier suppliers. Nevertheless, we take mitigating actions when needed, for example by using a standardised questionnaire that is mandatory for all ALK sites as part our Supplier Management System, and by adding clauses to supplier contracts.

ALK's risks with regards to diversity are not fully explored on all diversity characteristics. For some characteristics, such as age and gender, the risks are deemed to be insubstantial. The overall gender and age distribution of employees at ALK is healthy, however, this picture is not replicated at all management levels. As a result, although not substantial, ALK nevertheless has a potentially elevated risk of missing opportunities for



Labour rights

growth. This risk is mitigated through several internal programmes, approved in November 2020, to ensure a healthy talent pipeline and, initially, to improve the balance of one diversity characteristic, gender.



Targets and results

Employee engagement

Goal: By 2020, the individual development score is greater than 78.

Result: The 2019 development score was 78. No employee engagement survey was conducted in 2020.

Goal: By 2020, the engagement score is equal to or greater than 80.

Result: The 2019 engagement score was 82. No employee engagement survey was conducted in 2020.

Diversity and inclusion

Target: We promote equal opportunity for all.

Goal: By 2022, we want women to make up 30% of the shareholder-elected members of the Board of Directors.

Result: The number of shareholder-elected women is 1 (20%). However, action has been taken, and two new members have been nominated, one of whom is a woman. Should their nominations be approved, the number of shareholder-elected members on ALK's Board would increase from five to seven, which would mean that 29% of the Board are female (see page 23).

Goal: By 2020, we want women to make up 30% of functional managers and 40% of mid-level managers.

Result: The number of women on functional-manager level remained stable at 21% versus 22% in 2019. The goal was not met. Due to the relatively small number of people at ALK at this level (24) small fluctuations

may give slightly varying results year by year. Actions, such as unconscious bias training, re-evaluation of internal processes etc. will be taken in 2021 to potentially improve the gender balance at this level in the future.

The number of women in mid-level management roles increased by three percentage points to 41%, and the goal was achieved. We expect that this development will have a positive influence on the number of women in senior management over the coming years (see page 23).

KPI: Local residents are employed, including in management positions.

Result: 93% of our employees are on permanent contracts, and locals are recruited at all levels at our headquarters and our 23 global subsidiaries.

KPI: Total number and rates of new employee hires and employee turnover by age group, gender, and region.

Result: ALK continued to show a healthy trend in the gender and age distribution of new hires. A higher number of women versus men were hired on temporary contracts, which mirrored the fact that a higher number of women were hired in general. Although more women were hired on part-time contracts, this imbalance is not unique to ALK. 64% of new hires are aged 39 or younger. A notable statistic was also the percentage of new, female hires, with women making up 66% of all new hires, and over 70% in the 30-39 and 60+ age groups (see appendix page 41). The vast majority of new hires were based in Denmark (39%) and Western Europe (36%), which was consistent with the overall number of employees in these regions (72% of the total workforce).

Employee turnover rate

Overall, the employee turnover rate figures (10%) were within normal limits and were in line with previous years, which means that the COVID crisis had a minimal impact on ALK's workforce from a retention point of view. Meanwhile, involuntary turnover was

Number of new hires by gender and region

	2018		2019		2020	
	Men (%)	Women (%)	Men (%)	Women (%)	Men (%)	Women (%)
Denmark	61 (45)	75 (55)	46 (38)	75 (62)	53 (32)	112 (68)
North America	54 (49)	57 (51)	42 (48)	45 (52)	37 (51)	36 (49)
Western Europe	49 (36)	88 (64)	34 (30)	78 (70)	35 (23)	115 (77)
International Markets	14 (41)	20 (59)	11 (34)	21 (66)	16 (50)	16 (50)
Total	178 (43)	240 (57)	133 (38)	219 (62)	141 (34)	279 (66)

Number of employees by contract type and gender

	2018		2019		2020	
	Men (%)	Women (%)	Men (%)	Women (%)	Men (%)	Women (%)
Permanent	867 (39)	1,374 (61)	867 (38)	1,399 (62)	878 (38)	1,437 (62)
Temporary	40 (31)	88 (69)	51 (36)	89 (64)	50 (29)	121 (71)
Total	907 (38)	1,462 (62)	918 (38)	1,488 (62)	928 (37)	1,558 (63)
Total both genders	2,369		2,406		2,486	
Gender diversity women %	62%		62%		63%	

Labour rights

maintained at 3%, which was the same as in 2019. The turnover by gender also remained stable. Looking at turnover by age group, the highest turnover percentages were in the age group 29 and younger, and 60+ (14% for both). This was mostly attributable to voluntary turnover for the 29 and younger group, and retirement for the 60+ group. Geographically, the turnover rates have remained stable and mirror the results from 2019 (see appendix on page 40).

KPI: Ratio of basic salary of women to men by employee category, by significant locations of operation.

Result: The ratio has been calculated by taking the average base pay of women and men at three professional levels, and at the same job grade. The pay ratio remained stable with minor fluctuations, which was not deemed a cause for concern. The only exception was France. ALK France conducts an annual assessment of gender equality to comply with local law. Equality is assessed on a number of metrics, including pay gap, individual salary, promotion and gender pay ratio among the 10 highest-paid employees. ALK France gained 94 out of 100 in the assessment conducted for 2019. Part of the explanation could be the difference in pay between large cities and urban areas, types of positions occupied by women versus men and seniority. It is also worth noting that due to ALK's size the number of employees compared on each level is relatively small and may also affect the score. ALK will conduct a new assessment in March 2021

that will explore the pay gap results in depth (see page 41).



Planned activities for 2021 and expected results

Although the number of women in senior management is showing an upward trend, to reach our new goals, we will initiate several programmes, measure progress regularly and continuously evaluate their impact towards achieving a more equal gender balance. Furthermore, we will expand our diversity data foundation to look into additional diversity characteristics.

Going forward, a new categorisation method for management levels will be applied, reflecting actual roles and responsibilities, on the basis of the job the grading levels defined in our HR-system Workday. As the goals set in 2018 have expired, two new goals have been set. Applying the new categorisation, ALK has achieved gender balance at Manager and Director level and will seek to maintain this positive development. The 2019-baseline figures show that women make up 45% and 52% at Director and Manager-level respectively. For ALK to successfully increase the number of women at VP and Senior Director-level, several activities will be initiated in the following years. A combined target for 2025 was set to advance the percentage of women at this level to 35% (baseline 25%).

Number of women in management

	2016	2017	2018	2019	2020
Board of Directors (shareholder-elected only)					
Women	17% (1)	17% (1)	20% (1)	17% (1)	20% (1)
Men	83% (5)	83% (5)	80% (4)	83% (5)	80% (4)
Board of Directors					
Women	22% (2)	22% (2)	25% (2)	33% (3)	38% (3)
Men	78% (7)	78% (7)	75% (6)	67% (6)	62% (5)
Board of Management					
Women	20% (1)	0% (0)	0% (0)	0% (0)	0% (0)
Men	80% (4)	100% (4)	100% (4)	100% (4)	100% (4)
Functional managers					
Women	22% (5)	19% (4)	20% (4)	22% (5)	21% (5)
Men	78% (18)	81% (17)	80% (16)	78% (18)	79% (19)
Mid-level managers					
Women	38% (36)	35% (37)	34% (41)	38% (44)	41% (50)
Men	63% (60)	65% (68)	66% (78)	62% (73)	59% (73)
First-line managers					
Women	53% (124)	55% (141)	54% (139)	53% (144)	51% (146)
Men	47% (111)	45% (116)	46% (119)	47% (126)	49% (138)
Total at all management levels					
Women	48% (166)	47% (182)	46% (184)	47% (193)	46% (201)
Men	52% (178)	53% (205)	54% (217)	53% (222)	54% (235)

2025
Maintain gender balance of approximately

50%

at Manager and Director level

2025
Strive to increase the number of women in
VP and Senior Director positions to

35% in 2025

Planet



6 CLEAN WATER AND SANITATION

SDG Target 6.3

ALK prioritises water efficiency across operations through responsible resource consumption.



7 AFFORDABLE AND CLEAN ENERGY

SDG Target 7.2

ALK is committed to increasing the share of renewable energy in our operations.



12 RESPONSIBLE CONSUMPTION AND PRODUCTION

SDG Target 12.5

ALK aims to reduce waste generation through prevention, reduction, recycling and reuse.



13 CLIMATE ACTION

SDG Target 13.1

ALK applies a precautionary approach to climate challenges and seeks to reduce GHG emissions across the value chain.

Turning waste into a resource

One of ALK's most successful products to date treats house dust mite allergy, which affects millions of people worldwide. The starting material for the majority of these allergy immunotherapy products comes from the USA, where house dust mites are grown with a precisely formulated food source, in specially designed chambers, that are custom built and maintained at the exact temperature and moisture levels needed for the mites to thrive. This is important because it takes 600,000,000 mites to produce each kilogram of house dust mite source material.



Focus on

Waste as soil supplement

Cultivating mites and purifying them into an extractable form for use as an active ingredient, yields tonnes of waste in terms of excess mite food and proprietary purifying compounds. Glycerine is one of the organic compounds used as a cleaning agent to purify the mites. These are all necessary steps to ensure a high-quality pharmaceutical product. For much of 2020, we have looked for ways in which we could put some of that waste to good use.

The mite by-product is very high in organic matter and has many nutrients that can be beneficial to plants, insects, and soil microbes. This product could potentially reduce the amount of fertiliser needed on our rotational fields, increase soil biodiversity and is a great way to reuse our waste.

“We have found two very useful ways to repurpose our waste,” says Tim Davis, Vice President, Product Supply North America: “We learned that the nutritional content of the house dust mites’ waste could be used as soil supplement on our farm fields, where we grow grasses and trees. It is a win-win situation for us, as this means that we will use a clean, natural soil supplement in our fields and stop 20-30 metric tonnes of waste from ending up in a landfill.”

**Focus on**

Feeding microbes

Until recently, our glycerine waste has either been sent to a landfill or other means of waste disposal. This year, we established a partnership with a local municipality that uses the glycerine to feed the beneficial microbes in their sewage treatment facility.

“ We are happy that we found a way to work with the local community and their scientists to find a new use for the glycerine that we use in our production process. This is a great example of how circular thinking helps both us and the municipality to reduce both costs and environmental impact, as resources are reused. This partnership has helped us reduce waste by 30-40 metric tonnes, and we will continue to look for new ways to reduce, reuse or recycle waste generated in our processes.”

Tim Davis
VP, Product Supply North America



Environment and climate



Policy

Climate change is one of the biggest problems facing the world today, and an issue that concerns many of our stakeholders. Some studies suggest that climate change might affect plant and pollen cycles, making allergy seasons longer¹ and air pollution worse. Rising temperatures could also cause more allergies in the future and make asthma attacks more severe². We acknowledge that we, as a manufacturing company, are both part of the problem and contributors to the solution, which is why we strive for sustainable resource consumption and take measures to reduce the climate impact of our production processes. We consistently look for ways we can reduce our resource consumption in cultivating and harvesting raw materials, as well as the manufacturing, packaging and transportation of our medicines.

ALK's global Environment, Health and Safety (EHS) policy sets the standards for environmental protection in our daily work and strives to:

- Involve our employees in environmental work
- Educate our employees and implement preventative actions to ensure that

factors, which represent environmental risks are monitored and constantly reduced

- Ensure that environmental issues are proactively integrated into planning and design work
- Measure the results of our efforts and set new goals for continuous improvements, particularly within the areas of energy consumption, CO₂ emissions and water usage

All production sites³ adhere to the Global EHS policy and are covered by the Global EHS Management System. Guided by principles 7, 8 and 9 of the UN Global Compact, we take a precautionary approach to environmental and climate challenges.



Action

Since the launch of our new Code of Conduct, all sites have been encouraged to take a precautionary approach to environmental and climate challenges. These include:

- Being conscious of how impact can be reduced in our daily work
- Taking an active role in reducing risks

- Reporting any situation that may pose both immediate and long-term risk to the environment

These expectations extend beyond our environmental reporting scope (production sites only) and include all sites around the globe. All employees are required to follow the guidelines listed above to ensure that positive changes, however small, can be made, where applicable.

A large-scale internal review was initiated in 2020 to explore in-depth the possibilities of further reducing greenhouse gas emissions, water consumption and waste, as preparation for potentially setting science-based environmental targets, as described in the Science Based Targets Initiative (SBTi). Due to travel restrictions imposed by various governments to combat the global pandemic, it has not been possible to fully explore and commit to initiating the SBTi process in 2020, as originally planned. Assuming the situation eases during 2021, the full results of this global review will be shared in our next report.

At our site in Oklahoma, we upgraded two pieces of machinery that repurpose wastewater instead of sending it to a treatment plant. The upgrades reduced water consumption for 2020 by 30-40% at the site.

As part of our commitment to ensure that we contribute to the European Union's and Danish government's ambition to reduce

CO₂ emissions, in 2020, we began gathering and assessing our emissions, guided by the GHG Protocol Corporate Value Chain (Scope 3) Standard. Initially, we are looking into emissions in relation to employee travel, company cars and transportation of our goods.

In 2020, no incidents of non-compliance with environmental laws and regulations were recorded through our internal systems.

Good farming practices

The source materials used in our products are largely cultivated in the USA. A working group, ALK's Crop Production Team, is responsible for ensuring that our farming practices follow ecosystem-based approaches designed to improve sustainability and preserve biodiversity. ALK has been farming the same soil in Plummer, Idaho since 1996. Based on annual samples taken every autumn, we have dramatically increased the level of nutrient exchange (Cation Exchange Coefficient value), increased the level of organic matter (which decreases erosion and increases soil biodiversity), increased the pH by adding lime to bring the soil to more of a neutral (natural) pH value, and decreased the amount of non-native, invasive, and noxious weeds on the property through proper management. We have also planted more than five hundred trees on the property that bring numerous benefits to the soil, the ground water, and the atmosphere.

¹ Pieter De Frenne – Using archived television video footage to quantify phenology responses to climate change – <https://doi.org/10.1111/2041-210X.13024>

² <https://www.aafa.org/media/1634/extreme-allergies-global-warming-report-2010.pdf>

³ Hørsholm, Madrid, Vandeuil, Varennes, Port Washington, Post Falls and Oklahoma



Environment and climate



Risks

Although our key in-house production facilities are located in areas that have not historically been affected by natural disasters, this geographical spread calls for risk planning in order to avoid emergencies, such as lack of, or poor access to raw materials: for instance, pollen.

As part of the EHS Management System, ongoing assessments for environmental and climate risks are conducted for routine and non-routine activities. No new risks were identified in 2020, and we continue to focus on monitoring and mitigating risks related to energy consumption, CO₂ emissions, waste and water usage, through relevant departments and business units.

Handling of chemicals poses a risk of spills, which is closely monitored. In 2020, no significant spills or releases occurred. We will maintain a sharp focus on which chemicals we use and how they are used, with the aim of constant improvement.

ALK has yet to explore in full the impact of our upstream and downstream (Scope 3) activities, however, due to our relatively small operation, the impact on a global scale is likely not very high.



Targets and results

Target: We implement preventative actions, monitor and constantly reduce risks, measure the results of our efforts and set new goals for continuous improvements.

Target: We seek to reduce energy consumption, CO₂ emissions and water usage.

Goal: By 2020, energy and water efficiency considerations will be an integrated part of facilities upgrade plans.

Result: In 2020, energy and water efficiency were considered in all major facilities upgrade plans, especially concerning the reuse of water.

Goal: By 2020, we want at least 30% of all consumed energy to come from renewable energy sources.

Result: In 2020, 38% of consumed energy came from renewable energy. Our facilities in Denmark, Spain and France now run on 100% renewable electricity, through purchasing of green electricity certificates.

Goal: By 2020, we want to reduce CO₂ emissions by 25% compared to a 2017-baseline.

Result: At the end of 2020, the CO₂ emissions had decreased by 32% to 6,612 tonnes

Environment and climate

compared to baseline (9,658 tonnes). This great development is largely due to purchasing of green electricity certificates in France.

Goal: By 2020, we want at least 45% of our waste to be reused or recycled.

Result: In 2020, 38% of the waste was reused or recycled. The target was not met, mainly due to an overall decrease in the amount of waste generated, which decreased by almost 30 tonnes in 2020.



Planned activities for 2021 and expected results

A major focus in 2021 will be to explore further possibilities for increasing the share of renewable energy used at our facilities in order to reduce our CO₂ emissions.

We will explore the possibility of setting up holding tanks at our Oklahoma facility that will transform wastewater and use it for irrigation of our orchard. If successful, this project could potentially repurpose up to 2,000 m³ of water annually.

As the targets set in 2018 expired at the end of 2020, new targets have been set to continue our positive contribution to SDGs 6, 7, 12 and 13.

2025

60% reduction in CO₂ emissions

including emissions from transport, travel and company cars versus a 2019-baseline of total emissions from non-renewable sources

2022

Reuse / recycle 47%

of waste

2022

Annual water consumption levels should not exceed 2019-baseline of

122,000 m³

2022

Annual energy consumption levels should not exceed 2019-baseline of

47,000 MWh

Environment and climate¹

	Unit	2016	2017	2018	2019	2020
Energy – in real terms	MWh	40,230	47,021	46,676	47,055	45,439
Energy – index	Index	-	-	99	101	97
Energy intensity		39.91	37.08	36.41	34.05	31.06
CO ₂ emissions – in real terms ²	Ton	6,002	9,658	8,077	8,198	6,612
CO ₂ emissions intensity	Ton	5.95	7.62	6.30	5.93	4.52
CO₂ emissions against baseline	%		100	-16	-15	-32
Direct GHG emissions ³	Ton	2,112	2,822	2,989	3,134	3,232
Indirect GHG emissions ⁴	Ton	3,847	6,835	5,088	5,064	3,380
CO ₂ emissions – index	Index	-	-	84	101	81
CO ₂ emissions – from lost refrigerants	Ton	174	265	351	129	193
Renewable energy share	%	15	13	13	20	38
Water – total, in real terms	m ³	102,418	120,960	117,252	122,461	110,530
Water – from production, in real terms	m ³	81,130	90,061	88,564	85,890	81,535
Water – index	Index	-	-	97	104	90
Water intensity		0.10	0.10	0.09	0.09	0.08
Waste water – in real terms	m ³	78,969	89,518	88,564	71,550	55,704
Waste – in real terms	Ton	608	555	600	882	853
Hazardous waste	Ton	36	28	54	75	81
Waste intensity		0.60	0.44	0.47	0.64	0.58
Waste for recycling	%	37	33	33	38	38

¹ The Environment and climate table only includes data from our production facilities in Hørsholm, Madrid, Varennes, Port Washington, Post Falls and Oklahoma. In our collection and reporting, we follow the Global Reporting Initiative (GRI) Standard 305 and GHG Protocol.

² The CO₂-emissions represent a combined Scope 1+2 figure.

³ Scope 1 GHG Protocol. This figure includes the two most material emission types for ALK, refrigerants and CO₂-emissions.

⁴ Scope 2 GHG Protocol. This figure includes the two most material emission types for ALK, refrigerants and CO₂-emissions.

Energy sources included are electricity, natural gas, gas oil, diesel and district heating. All environmental data have been recalculated this year, and some minor reporting discrepancies were found and corrected. Intensity data in this table is calculated as consumption / cost of sales.

We adhere to the principles of the Green House Gas Protocol (GHG protocol) when reporting on GHG emissions.



Responsible business practices



SDG Target 16.5

ALK complies with laws and seeks to meet international standards in all areas of operations, including in interactions with suppliers and business partners. ALK promotes peaceful and inclusive societies, and is committed to substantially reducing corruption and bribery in all their forms.

Responsible business conduct



Policy

ALK's Code of Conduct describes the standards, norms and principles for our interactions with stakeholders, and outlines our expectations when it comes to professionalism, honesty and integrity. ALK's managers are responsible for ensuring that each employee is familiar with the code and its importance. The Code of Conduct contains summarised versions of all broadly relevant policies including:

- Interactions with healthcare professionals
- Human rights
- Anti-corruption and fraud
- Competition
- Marketing practices
- Grants, donations and political contributions

In all of these areas, we follow international standards and codes of ethics, such as the codes set out by the European Federation of Pharmaceutical Industries and Associations (EFPIA), The Ethical Committee for the Pharmaceutical Industry, the UK Bribery Act, and the US Foreign Corrupt Practices Act as well as other international standards.

Our Code of Conduct specifically prohibits:

- Offering or accepting anything of value that could be interpreted as an attempt to influence behaviour that could inappropriately influence decisions
- Engaging with companies where there is a personal conflict of interest
- Promotion of ALK pharmaceutical products to the general public, with the exception of markets where this is expressly permitted
- Collusion, conflicts of interest, price fixing or other anti-competitive behaviour
- Interactions with healthcare professionals and patients' organisations that do not serve a legitimate purpose

The Code of Conduct was developed in close collaboration with other relevant internal stakeholders. All subsequent revisions have been signed off by the Board of Management. The Code of Conduct is available in eight languages. All employees must read and sign off on the Code of Conduct and undergo Code of Conduct training once annually. The Code of Conduct can be downloaded from our website: <https://www.alk.net/code-conduct>

In the development of branded and non-branded promotional material, ALK complies with national laws, codes of practice, regulatory legislation and standards for good ethical practice. The material must be

accurate, balanced, fair and be approved by a medically qualified signatory, prior to publication. In addition, ALK strives to develop promotional material that is unbiased and representative of the local population.

ALK is committed to ensure transparent and ethical interactions with healthcare professionals, healthcare and patients' organisations and the general public.

Tax policy

ALK's tax policy is publicly available on our website. The ALK Group must be in compliance with all relevant tax regulations and tax guidelines (including the OECD guidelines on base erosion and profit shifting). ALK does not engage in tax reduction measures such as tax avoidance, use of tax shelters or transactions with significant reputational risk.

Anti-corruption

We are committed to working against corruption in all its forms, and we take a zero-tolerance approach to corruption, including facilitation payments, kickbacks, fraud and bribery. No ALK employees are allowed to accept gifts of significant value.

Anti-corruption considerations are an integrated part of our business partner and supplier-handling process, and we ensure that our partners and suppliers acknowledge and respect this responsibility when doing business with us. Legal entities within the

ALK group may adopt local policies and procedures that are more stringent than those contained in the ALK policy.

Our commitment is set out in ALK's Code of Conduct and ALK's anti-corruption policy and supports the UN Global Compact Principle 10 and UN Sustainable Development Goal 16.

Suppliers

A typical ALK supplier would be an international, well-established supplier to the pharmaceutical industry, and often located in either the USA or Europe. All suppliers of critical production materials are vetted and categorised based on risk in relation to quality, finance, EHS and sustainability. Business Review Meetings are held on a frequent basis. ALK maintains auditing rights for high-risk suppliers. In cases where supplies come from a third party (a tier 2 supplier), the original supplier must be an already-approved ALK supplier.

Quality and patient safety

Quality is a strategic priority for us, as it concerns both patient safety and public health. It is essential to our daily work, and we continue to develop the methods we use to train our employees, in order to ensure standardisation and consistency and thereby, the safety and well-being of people who use our products. In the production of our treatments, we adhere to GxP requirements. All these requirements are described in various procedures within the Quality Management System.



Responsible business conduct

Safety, privacy and respect are watchwords in our clinical trials, which we conduct in close collaboration with healthcare professionals, scientists and people with allergy. We are also committed to the EFPIA's and the Pharmaceutical Research and Manufacturers of America's (PhRMA) Principles for Responsible Clinical Trial Data Sharing guidelines in a manner that safeguards the privacy of patients, respects the integrity of national regulatory systems, and protects proprietary information.

Production and manufacturing processes are subject to periodic and routine inspections by regulatory authorities as part of their monitoring processes, in order to ensure that all manufacturers adhere to the prescribed requirements and standards. In 2020, four external inspections of our sites were successfully completed. Two were performed on-site, while the other two were performed remotely.

During 2020, ALK had no product recalls or critical product issues. ALK has a rigorous safety reporting system in place ensuring that safety data from any source, including clinical trials and from the market, are collected and analysed systematically by ALK's global pharmacovigilance team. We do this to ensure that the safety profile of our products stays beneficial, and that relevant authorities are aware of any safety issues arising from our products. ALK's pharmacovigilance processes are also

subject to periodic and routine inspections by regulatory authorities and partners.

All ALK employees are required to report any case of side effects from ALK products within 24 hours of learning about them. In 2020, all employees were required to read and sign that they understood this obligation. Furthermore, the reporting of side effects was included as a theme in the annual Code of Conduct training, which was completed by 94% of employees globally.

Animal welfare

ALK is committed to focusing on animal welfare throughout our research and development of new medicines. ALK must select professional animal suppliers, who are well recognised, and accredited (according to the Federation of European Laboratory Animal Science Associations' (FELASA) guidelines) to serve the pharmaceutical industry. Our commitment to animal welfare also covers the shipment and transport of animals to our animal facilities, which must also comply with international and national laws and be established to house laboratory animals in a manner that favours natural behaviour.

Scientific work involving laboratory animals, must be planned to minimise distress and pain, to refine experiments, to choose the right animal species and to reduce the number of animals. Furthermore, all studies must be planned and executed in a way that recognize the 3 R's: replacement, refinement

Responsible business conduct

and reduction. ALK strives to avoid any unnecessary repetition of animal studies. Transgenically altered animals will be used when more exact research results can be obtained or when the use of transgenic animals requires fewer animals than conventional research.



Action

In 2020, we continued our anti-corruption awareness training as part of our extended Code of Conduct training. The themes covered in the training ranged from corruption, harassment, conflicts of interest, interactions with suppliers and healthcare professionals, and more.

To further strengthen our commitment to transparency, and to promote a culture where feedback and open dialogue are welcome, we continued our awareness-raising efforts by including guidance on the various ways in which employees can raise concerns, and how to approach situations where they believe the Code of Conduct may have been violated.

We continue to add anti-corruption clauses to new, large supplier agreements, which generally also contain audit rights, allowing us to access documentation to verify each supplier's compliance. In 2020, no observations of violations were made in

supplier assessments in relation to human rights, labour rights, environment and corruption.

In 2020, no incidents of anti-competitive behavior, anti-trust, and monopoly practices have been reported through ALK Alertline.

Reaching our sustainability goals is an important issue for the Board of Management and the Board of Directors and, in 2020, sustainability goals became a part of the Board of Management's incentive programme. The new sustainability goals, set in 2020, have been integrated into the balanced score card process for 2021.

ALK employees are made aware of the different grievance mechanisms that exist at least annually, such as escalating issues through their reporting line, HR, EHS or via ALK Alertline. Employees can file a report via ALK Alertline in multiple languages, either by telephone or via an online form. A direct link was made available on ALK's mobile intranet Air for easy access to filing a report.



Risks

The main risks related to our activities include employees' and business partners' violation of our Code of Conduct and anti-corruption commitment, along with any resulting legal and financial consequences.

More than 99% of our major suppliers are located in Europe and North America, regions generally perceived as being low risk with regards to corruption. In 2020, the risk of corruption and unethical business practices remained unchanged. However, we continue to conduct due diligence of third-party relationships, where relevant, on a risk-based approach, either internally or through partners. The classification of risks in relation to corruption is based on international indicators such as Transparency International's Corruption Perceptions Index.

Mechanisms for mitigating and preventing corruption and bribery include:

- An annual assessment of the risks in relation to our industry and the countries in which we operate, by the ALK Risk Committee
- The vetting of relevant external commercial partners in relation to corruption
- Ad hoc screenings and assessments, which are documented and if needed, mitigation plans are developed
- Ad hoc, third-party due diligence of partners and suppliers, where relevant

Responsible business practices are an integrated part of our operations, either through national and international codes of ethics, or our own positions. Should ALK's

risk map change, necessary measures will be taken to ensure that those risks are mitigated, either through increased monitoring or by modifying our governance processes.

Meeting quality standards in our production and manufacturing processes is a prerequisite for ALK's licence to operate and our competitive strength. Our production processes and quality standards have been developed and optimised over many years. To mitigate risks, we invest significantly in ensuring robustness and compliance in our processes.

Overall risk of counterfeiting of ALK medicines is considered low. The main risks in connection with our products come from failures to report side effects. We monitor the effects of our products both before and after they gain marketing authorisations. If, despite the high levels of quality and safety, a situation should occur in which it is necessary to recall a product, ALK has procedures in place to ensure that this can be managed swiftly and efficiently.

Large contracts are reviewed and approved by Global Procurement who, jointly with the Legal department, ensure compliance with our commitment to responsible business conduct, anti-corruption and sustainability. We aim to maintain our standing by acting in compliance with all applicable regulations and legislation.

Responsible business conduct



Targets and results

Target: We do not contribute to political parties or candidates of any kind.

KPI: Amount contributed to political parties.

Result: No political contributions have been made on behalf of ALK or reported via the ALK Alertline.

Target: We work to eliminate corruption and bribery in the entire value chain.

KPI: Number of reports regarding corruption and bribery received through ALK Alertline.

Result: No incidents of corruption or bribery were reported via ALK Alertline in 2020. However, two cases concerning other matters were reported through ALK Alertline and four cases via other channels, of which, the allegations were substantiated in one case, three were closed as unfounded after internal investigations, one was deemed to be outside the scope of ALK Alertline, and one is still being investigated.

KPI: Percentage of employees who have read the ALK Code of Conduct.

Result: 95% of employees read and signed off on our Code of Conduct in 2020.

KPI: Percentage of employees who have passed the ALK anti-corruption training and test.

Result: In 2020, ALK's anti-corruption training was expanded to a broader Code of Conduct training, which is why this KPI is no longer applicable. Corruption, bribery and fraud are part of, and will continue to be a recurring topic, in our Code of Conduct training in the future.

Goal: By 2020, we want to test all employees on a yearly basis about their knowledge of business ethics compliance.

Result: 94% of employees successfully completed the Code of Conduct training. Employees on long-term sick leave, parental leave or who left the company in the period when the training was open are not part of this statistic.

Goal: By 2020, we want to raise the Quality Mindset Maturity Index by 10% compared to baseline.

Result: The Quality Maturity Mindset Index (QMMI) is calculated by rating each site or area on how well they apply the Quality Mindset. The index rose 13% over the last two years, which is a significant improvement.



Responsible business conduct



Planned activities for 2021 and expected results

A new Sustainability Committee will be established with overall responsibility for ensuring the implementation and monitoring of the ALK Sustainability Policy and its governance. The Committee will consist of several key business units, critical to the realisation of the new sustainability strategy, including members from the extended Board of Management.

Having a strong Quality Mindset is striving to meet or exceed the needs and expectations of our colleagues and customers and to continuously improve the quality of our work. In 2021, we will further develop the Quality Mindset Maturity Index and continue training our employees and upgrading quality-related IT systems.

We will continue our efforts in training employees on topics covered in our Code of Conduct. The selection of topics will be determined based on developments in society, as well as based on our own internal assessments. An additional policy is under development specifically concerning conflicts of interest.

An assessment will be conducted to ensure that our whistle-blower hotline, ALK Alertline meets our requirements going forward, and whether additional safeguards need to be in place to protect anonymity.

To ensure continued focus on responsible business conduct, a new goal has been set.

.....

2022

Maintain ALK Code of Conduct
employee training participation

above 90%



Appendices



Appendix

Our work with sustainability

Sustainability reporting principles

ALK uses Global Reporting Initiative's (GRI) Sustainability Standards as guidance to determine report content in terms of stakeholder inclusiveness, context, materiality and completeness. The report's quality is defined by balance, comparability, accuracy, timeliness, clarity and reliability.

The reporting period covered by this report extends from 1 January 2020 to 31 December 2020.

Reporting scope

The reporting scope is differentiated based on the principles outlined above. The environmental data in this report covers only ALK's production sites in the USA, Denmark, Spain and France. All other data regarding human rights, labour rights and responsible business practices cover the entire ALK group, unless otherwise specified. Data from 2019 will henceforth be used as the baseline for our sustainability work and reporting.

Governance

ALK's sustainability planning and activities reflect actual and potential risks and opportunities covering human rights, labour rights, climate and environment, and anti-corruption – directly or via ALK's suppliers and partners.

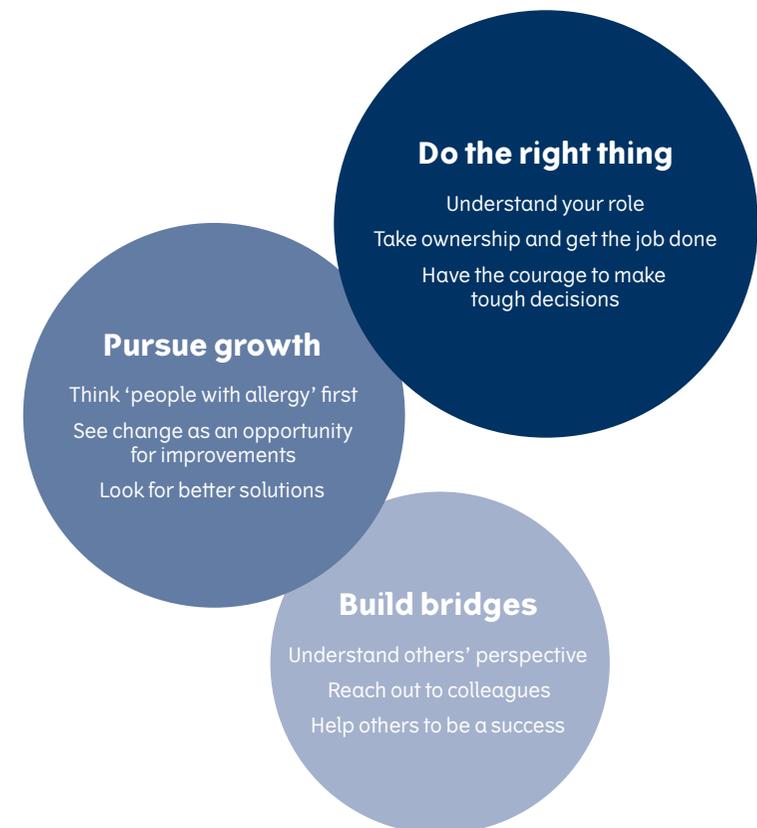
The oversight, accountability, and responsibility for the ALK sustainability purpose and strategy rests with ALK's

Governance structure



ALK's cultural beliefs

Our **cultural beliefs and behaviours** describe the aspiration for our company culture and encompass the attitude and mindset required to become the world leader in allergy.



Appendix

Our work with sustainability

Board of Directors, who have delegated this responsibility to the Board of Management.

Relevant business units across ALK are responsible for the daily management of the Access to Allergy Care for All strategy and the operational-level targets, including monitoring of development, risk identification and management, integration into decision-making and processes and internal reporting to the ALK Sustainability team. The ALK Sustainability team coordinates and supports implementation and daily management of the sustainability strategy. The team is also responsible for monitoring sustainability performance and for supporting the organisation with expertise within sustainability, as well as reporting on risks, activities and progress to the Board of Management and Board of Directors. The identification and planning of connected activities are conducted by the ALK Sustainability team, with final approval by the ALK Sustainability Committee.

The achievement of ALK's sustainability goals is guided by a set of guidelines, the ALK Code of Conduct, which promotes ALK's cultural beliefs and business integrity, and underlines the obligation to comply with legislation and the UN Global Compact which we signed in 2019. All ALK employees must observe the Code of Conduct in relation to customers, colleagues, shareholders,

society, suppliers and partners. Our cultural beliefs and behaviours describe our company culture and encompass the attitude and mindset required to transform ALK into the world leader in allergy.

Due diligence, risk management and grievance mechanisms

Sustainability-related risk assessments are carried out as an integrated part of business-relevant risk assessment schemes and procedures, or as a sustainability due diligence process.

The ALK Risk Committee assists the Board of Management with the overall responsibility of risk management. The ALK Risk Committee normally meets twice a year, or more, if required. The committee assesses risks relating to the entire ALK Group, including risks that could prevent us from reaching strategic and financial goals and risks that could damage our reputation. The committee is also responsible for overseeing the mitigation of these risks. Sustainability risk assessments are integrated into the overall due diligence processes and procedures.

ALK takes additional responsibility by vetting relevant external partners through the Procurement department to minimise sustainability-related risks. ALK encourages suppliers and business partners to adhere to our standards in the areas of human rights

and labour rights, the environment and anti-corruption.

In addition to the ALK Alertline, our whistleblower scheme, ALK has several internal grievance mechanisms for attending to less serious issues. These include, but are not limited to, preventative/protective functions within: Employee Representative Groups, HR, EHS and Legal. These business units and groups are responsible for managing and resolving grievances and relevant matters are reported to the Board of Directors.

Reports received through the ALK Alertline are administered by an independent organisation, but processed internally, with oversight from the chairman of the Audit Committee. Each report is evaluated and, if substantiated, corrective and preventative actions are taken. No retaliation towards the employee is allowed, regardless of whether the reports are made through the ALK Alertline or other channels.

External stakeholders such as customers, patients and the general public are able to make complaints through customer service or other similar channels. Depending on the nature of the requests, these are handled either internally or externally.

Grievance mechanisms that are applied by ALK for both internal and external

stakeholders are inspired by Principle 31 of the UN Guiding Principles for Business and Human Rights.

Transparency

At ALK, we do business with integrity and are committed to respecting the legal requirements and industry ethical codes of each individual market in which we operate.

We are committed to providing open and honest information about our sustainability efforts, results and related policies, both internally and externally in relation to our stakeholders.

Our work with sustainability centres on an ambition to contribute to the 2030 Agenda for Sustainable Development and is monitored on the basis of relevant indicators that have been developed by the GRI, and other relevant standards. In addition to these, we follow the principles outlined in the UN Global Compact, OECD Guidelines for Multinational Enterprises, International Labor Organisation (ILO), UK Bribery Act, UK Modern Slavery Act and the US Foreign Corrupt Practices Act.

Our commitments, efforts and goals are disclosed in our Sustainability Report and on our website, and follow the Danish Financial Statements Act sections 99a, 99b and 107d.

Appendix

Explanation of calculations

Employee data

All employee data in this report is presented as headcount. Part-time work is defined as any work below the local national standard in the countries in which we operate. Temporary employment is defined as employment, with a pre-agreed end-date.

All employee-related data are downloaded from our internal HR-system Workday, with the exception of LTIF data, which is reported directly to the EHS organisation.

Germany, although within scope as a significant location of operations, is excluded from pay ratio by function calculations because local customs discourage implementation of a job grade system. The ratio is calculated by comparing the average employee base pay, only on those job grade levels in which the opposite gender is represented. Should there be no comparable men or women at a certain pay grade, these averages are removed from the ratio. ALK also reports a raw pay gap ratio,

which includes the base pay and allowances of all employees except the CEO, to ensure an accurate representation of average employees.

The turnover ratio is calculated by dividing the number of employees who left the company by the average number of employees in the reporting year.

Absence is calculated as number of workdays with absence due to sickness, divided by total scheduled working days.

People with allergy

The data regarding the number of people treated is calculated based on actual sales numbers combined with assumptions in markets where ALK is not directly involved in the manufacture of the final product.

Suppliers

Supplier data is made available through our internal SAP system and evaluated based on geographical location.

Environment

Our GHG emissions are calculated based on the GHG Protocol Corporate Accounting and Reporting Standard. Only production sites are within scope for environmental reporting within Scope 1 and 2. CO₂ Scope 1 + 2 emissions include all material types of fuels and refrigerants, including HFCs, gas oil, diesel, heating etc. Renewable energy is subtracted from reported total CO₂-emissions.

Quality

The Quality Maturity Mindset Index is calculated by rating each site or area on how well they apply the Quality Mindset. Having a strong Quality Mindset is striving to meet or exceed the needs and expectations of our colleagues and customers and to continuously improve the quality of our work. The index measures the overall quality compliance maturity of a site or area.

Appendix

Key figures

Employee turnover by type and region

	2018										2019						2020													
	Average		Voluntary		Involuntary		Retirement		Total		Average		Voluntary		Involuntary		Retirement		Total		Average		Voluntary		Involuntary		Retirement		Total	
	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%
Denmark	770	63	8%	42	5%	2	0%	107	14%	827	85	10%	26	3%	3	0%	114	14%	776	68	9%	27	3%	7	1%	102	13%			
North America ¹	455	38	8%	19	4%	4	1%	61	13%	489	49	10%	28	6%	1	0%	78	16%	489	32	7%	22	4%	3	1%	57	12%			
Western Europe ²	870	33	4%	33	4%	4	0%	70	8%	932	37	4%	19	2%	2	0%	58	6%	914	23	3%	28	3%	8	1%	59	6%			
Eastern Europe and Intl. Markets ³	108	15	14%	6	6%	0	0%	21	19%	84	4	5%	6	7%	0	0%	10	11%	132	9	7%	3	2%	0	0%	12	9%			
Total Turnover	2,209	149	7%	100	5%	10	0%	259	12%	2,400	175	7%	79	3%	6	0%	260	11%	2,310	132	6%	80	3%	18	1%	230	10%			

¹ The United States of America and Canada ² France, Spain, Germany, Finland, Sweden, Norway, Italy, Ireland, Austria, Switzerland, United Kingdom, Belgium, Netherlands ³ Czech Republic, Slovakia, Poland, Jordan, Turkey, China, Hong Kong, Russia, Slovenia Jordan

Employee turnover by type and age group

	2018										2019						2020													
	Average		Voluntary		Involuntary		Retirement		Total		Average		Voluntary		Involuntary		Retirement		Total		Average		Voluntary		Involuntary		Retirement		Total	
	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%
29 and younger	229	30	13%	10	4%	0	0%	40	17%	308	27	9%	6	2%	0	0%	33	11%	216	24	11%	6	3%	0	0%	30	14%			
30-39	627	56	9%	17	3%	0	0%	73	12%	690	43	6%	16	2%	0	0%	59	9%	684	45	7%	31	5%	0	0%	76	11%			
40-49	706	45	6%	34	5%	0	0%	79	11%	743	68	9%	29	4%	0	0%	97	13%	715	43	6%	23	3%	0	0%	66	9%			
50-59	510	16	3%	28	5%	0	0%	44	9%	527	31	6%	22	4%	0	0%	53	10%	549	18	3%	18	3%	1	0%	37	7%			
60 and older	132	2	2%	11	8%	10	8%	23	17%	135	6	4%	6	4%	6	4%	18	13%	146	2	1%	2	1%	17	12%	21	14%			

Employee turnover by type and gender

	2018										2019						2020													
	Average		Voluntary		Involuntary		Retirement		Total		Average		Voluntary		Involuntary		Retirement		Total		Average		Voluntary		Involuntary		Retirement		Total	
	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%
Female	1,359	85	6%	52	4%	7	1%	144	11%	1,488	96	6%	45	3%	6	0%	147	10%	1,438	75	5%	40	3%	10	1%	125	9%			
Male	845	64	8%	48	6%	3	0%	115	14%	912	79	9%	33	4%	0	0%	113	12%	871	57	7%	40	5%	8	1%	105	12%			

Appendix

Key figures

Number of new hires by gender and age

	29 and younger	30-39	40-49	50-59	60+	Total
2018						
Women	84	73	54	29	0	240
Men	66	47	39	22	4	178
Total	150	120	93	51	4	418
Age group % of all hires	36%	29%	22%	12%	1%	N/A
% women	56%	61%	58%	57%	0%	57%
2019						
Women	77	54	56	32	0	219
Men	55	41	24	11	2	133
Total	132	95	80	43	2	352
Age group % of all hires	38%	27%	23%	12%	1%	N/A
% women	58%	57%	70%	74%	0%	62%
2020						
Women	91	93	60	30	5	279
Men	50	36	33	20	2	141
Total	141	129	93	50	7	420
Age group % of all hires	34%	31%	22%	12%	2%	N/A
% women	65%	72%	65%	60%	71%	66%

Ratio of basic salary of women to men by significant locations of operation

Pay ratio – of women to men	2019			2020		
	Management	Professional	Support	Management	Professional	Support
Average of Total Base Pay 100 % FTE						
ALK	89	101	103	88	99	98
Denmark	94	100	102	90	101	100
France	80	94	101	74	85	101
Spain	97	93	97	100	98	98
United States	99	90	94	101	88	92

Note: Significant locations of operation are defined as countries with more than 200 employees. ALK has a relatively small number of employees in each category that are used as a base for pay gap comparison. Small differences in seniority, specialist area and geographic location may disproportionately affect the final results, especially when divided into locations.

Number of employees by location

Number of employees	2018		2019		2020	
	Men (%)	Woman (%)	Men (%)	Woman (%)	Men (%)	Woman (%)
Denmark	288 (35)	537 (65)	287 (35)	529 (65)	286 (34)	559 (66)
North America	238 (49)	248 (51)	243 (50)	246 (50)	250 (50)	255 (50)
Western Europe	318 (35)	598 (65)	317 (34)	619 (66)	313 (33)	642 (67)
International Markets	63 (44)	79 (56)	71 (43)	94 (57)	79 (44)	102 (56)
Total	907 (38)	1,462 (62)	918 (38)	1,488 (62)	928 (37)	1,558 (63)
Total number of employees	2,369		2,406		2,486	

Appendix

ESG key figures

ESG key figure overview

	Unit	2020	2019	2018	2017	2016
Environmental data						
CO ₂ e Scope 1	Ton	3,232	3,134	2,989	2,822	2,112
CO ₂ e Scope 2	Ton	3,380	5,064	5,088	6,835	3,847
Energy Consumption	GJ	163,582	169,398 ¹	168,035	169,275	144,826
Renewable Energy Share	%	38	20	13	13	15
Water Consumption	m ³	110,530	122,461	117,252	120,960	102,418
Social data						
Workforce ²	Headcount	2,486	2,406	2,369	2,284	2,168
Gender Diversity	%	63	62	62	62	63
Gender Diversity, percentage of women on all management levels	%	46	47	46	47	48
Gender Pay Ratio of men to women	Times	1.14	1.13	1.12	1.16	1.23
Employee Turnover Ratio, voluntary and involuntary	%	10	11	12	12	12
Absence due to sickness		3.1	2.7	n/a	n/a	n/a
Governance data						
Gender Diversity, Board	%	20	17	20	17	17
Board Meeting Attendance Rate	%	98	97	98	96	97
CEO Pay Ratio ³	Times	34	29	33	49	n/a ⁴

¹ A reporting discrepancy was found post-publication of the 2020 annual report. The figure is updated to 169,398 from 164,639 reported last year.

⁴ In 2016, ALK did not have a CEO for the full year

Environment

CO₂ Scope 1 + 2 emissions include all material types of fuels and refrigerants, including HFCs, gas oil, diesel, heating etc. Renewable energy is subtracted from reported total CO₂-emissions. Energy consumption in GJ is calculated as MWh*3.6. All environmental data is reported for production sites only (Hørsholm, Madrid, Vandeuil, Varennes, Port Washington, Post Falls and Oklahoma).

Social

Workforce is calculated as the headcount of permanent + temporary employees on 31 December 2020. All data is downloaded from ALK's internal HR system Workday. The gender pay ratio is calculated by comparing the median total compensation of men to women. The CEO is excluded. The turnover ratio is calculated by dividing the number of employees who left the company by the average number of employees in the reporting year. Absence is calculated as number of working days with absence due to sickness, divided by total working days.

Governance

The CEO pay ratio is calculated as total compensation divided by median staff total compensation. The Board Meeting Attendance rate is calculated as (number of meetings*number of members)-meetings not attended/(number of meetings*number of members)*100.

Appendix

Indicator overview

THEME	PAGE	UN GC	UN SDGS	GRI	NASDAQ
Employees Topics covered: Freedom of association, non-discrimination, diversity and inclusion, work-life balance, types of employment	15-19, 20-23, 31-33, 37-38	1, 2, 3, 4, 5	    	102-41, 102-8, 202-2, 401-1, 401-2, 403-1, 403-2, 403-3, 403-4, 404-3, 405-1, 405-2, 406-1, 407-1, 408-1, 409-1, 412-2, 416-1,	S2-S10, G4, G7
People with allergy Topics covered: product safety, access to medicines, R&D, clinical trials	31-35	1, 2	 	417-2, 417-3	
Environment/climate Topics covered: energy, waste, water, GHG emissions	27-29, 39	7, 8, 9	   	302-1, 302-2, 302-4, 303-1, 304-2, 305-1, 305-2, 305-5, 306-2, 306-3, 307-1	E1-E10
Governance Topics covered: CEO pay ratio, responsible business practices, Code of Conduct, suppliers, Management, stakeholder interaction	3, 4, 9-23, 27-29, 31-35, 37-38, 42	6, 8, 10	 	102-9, 103-1, 103-2, 205-1, 205-2, 205-3, 206-1, 414-1, 414-2, 415-1, 418-1, 419-1	S1, G3, G5, G6, G8
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