



Communication on Progress

Sustainability Report 2019



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 and 99b of the Danish Financial Statements Act



The decade to deliver on our promise

As a global allergy solutions company, with a wide range of treatments, products and services to meet the needs of people with allergy, their families and doctors, we are in a unique position to make a difference. 2019 was a year where we took great strides to deliver on our promise to people and planet, while building a sustainable and robust company for the future.

We are proud to confirm our commitment to the principles of responsible conduct outlined in the Ten Principles of the UN Global Compact within the areas of human rights, labour, environment and anti-corruption. We will continue to promote sustainable development, and to integrate the principles into the way we conduct business, while maintaining a close and transparent collaboration with our stakeholders.

10 years to deliver

As business leaders it is our obligation to address global challenges in addition to creating long-term sustainable value for our companies. The choices we make today will impact whether or not we are in business tomorrow. Our commitment is not based on what makes us feel good or popular, but on which actions will help shape the future we want to see.

The start of this new decade means that we have just ten years to realise the UN Sustainable Development Agenda. I am excited to contribute to this at ALK. We are committed

to doing our part by supporting the Ten Principles of the UN Global Compact and setting increasingly ambitious targets that contribute to the achievement of the UN Sustainable Development Goals.

Delivering on our promise for a sustainable world

2019 has been a year of leadership development and cultural transformation at ALK as we began training our top 150 leaders to lead in today's volatile, uncertain, complex and ambiguous world.

This constantly changing environment demands more of us as colleagues, as global citizens and as people. This is why we launched a new Code of Conduct that better reflects how we view our role in society today. It incorporates our cultural beliefs, our good practices and aligns them with standards of professional conduct. For us, compliance is not only important internally, but also in how we interact with external stakeholders or act as private individuals.

I am proud to announce that ALK has become part of the Danish Government's newly established Climate Partnership within the life science industry. We hope that this new partnership can foster new ideas for how our industry as a whole can reduce its climate footprint.

This year, we also made the decision to continue the rollout of our free allergy companion app klara, which helps hundreds of thousands of people with allergy manage their allergies in an easy and convenient way.

In 2020, we will continue our efforts to reach our goals in our four areas of action - human rights, labour, environment and



“The choices we make today will impact whether or not we are in business tomorrow. Our commitment is not based on what makes us feel good or popular, but on which actions will help shape the future we want to see.”

anti-corruption. We will begin the process of setting new goals based on a new materiality assessment that will take ALK further on our journey to help more people with allergy, while protecting the planet and creating prosperity along the way.

Carsten Hellmann
President & CEO

ALK business model

At ALK, we want to make a difference by offering solutions for everyone who is affected by allergy – through a comprehensive range of products, services and resources that offer a fast-track to a more balanced life.

Foundation



R&D

With almost 100 years of experience, nobody knows allergy and allergic asthma like ALK. We continuously apply our scientific knowledge to help people take control of their allergy and their life.



Natural allergen sources

ALK's biological medicines are derived from natural allergen sources, such as pollen, which we harvest, purify and quality control at our own source materials facilities.



Production

Production of finished AIT products takes place at dedicated facilities subject to continuous quality assurance in compliance with EU, US and Japanese pharma standards. ALK has AIT manufacturing locations in four countries.



Sales and partnerships

In addition to our own sales organisation, ALK partners for growth with leading speciality pharma companies worldwide. We are present in 41 markets, either directly or via partnerships.



Employees

ALK relies on a highly skilled workforce of ~2,400 people united by a set of Cultural Beliefs: Do the right thing, Pursue growth and Build bridges.

Strategic priorities

Succeed in
North America

Complete and
commercialise
the tablet portfolio
for all relevant ages

Patient
engagement and
adjacent business

Optimise and
reallocate



Allergy solutions for life

More than 500 million people worldwide have allergies. 50 million are eligible for AIT treatment, but less than five million actually receive it. ALK is working to support people with allergy much earlier in their disease journey by engaging with them, informing them and mobilising them to seek treatment. We aim to commercialise every stage of the allergy journey.

Performance



Patients

ALK's tablet portfolio is helping to democratise AIT by covering the most common global respiratory allergies, and by bringing new treatment options to people without easy access to allergy specialists.



Doctors

We help allergists to drive better access and outcomes for all AIT-eligible patients, reaching out with support, disease information and treatment options.



Society

ALK addresses profound societal challenges by producing medicine targeting the leading causes of lost productivity and lost work days. We partner with payers and healthcare authorities to advance registered, documented AIT products.



Employees

We are committed to a sustainable work life and we keep a constant focus on being a great and safe place to work for motivated and satisfied employees.



Shareholder return

ALK works to create long-term value for our shareholders.

ALK Sustainability Framework

The purpose of our Sustainability Framework is to ensure a stronger link between our CSR activities and our business and a more focused approach to our sustainability ambitions.

The framework incorporates key elements from the Triple Bottom Line framework, the Ten Principles of the UN Global Compact and the UN Sustainable Development Goals.

This guides the overall strategy for our CSR work by acknowledging that being a sustainable company requires a company that has a balance in its activities. The framework is a visualisation of the role we play in bringing prosperity to our company, our people, people with allergy and consequently society as a whole.



PEOPLE

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.

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.



PLANET

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.



PROSPERITY

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.

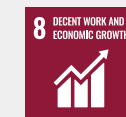
The Sustainable Development Goals

Following an internal assessment conducted in 2016, and a follow-up in 2018, we identified the following four SDGs as areas where we can have the most positive impact:



Good health and well-being

We contribute to healthy lives and promote well-being for patients and our employees at all ages.



Decent work and economic growth

We work systematically to improve the working environment in all parts of our organisation and to promote safety at work.



Responsible consumption and production

We strive for sustainable resource consumption through our production.

We continue to take measures to reduce the climate impact of our production processes.











Peace, justice and strong institutions

We promote peaceful and inclusive societies for sustainable development.

We work to reduce corruption and bribery in all its forms.

Sustainability performance 2019

| PROMISE | 2019-2020 GOALS | STATUS | COMMENT | SDG |
|---|---|--|---|--|
|  <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. | 1.9 million | Approximately 1.9 million people have been treated with ALK products. |  <p>3 GOOD HEALTH AND WELL-BEING</p> |
| | 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.me. | |
| | By 2020, we want to raise the Quality Mindset Maturity Index by 10% compared to baseline. | In progress | Our progress with the Quality Mindset Maturity Index will be reported in 2020. | |
|  <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. | 17% | The number of shareholder-elected women is 1 (17%). |  <p>8 DECENT WORK AND ECONOMIC GROWTH</p> |
| | By 2020, we want women to make up 30% of functional managers. | 22% | The number of women on functional-manager level increased by two percentage points to 22% versus 20% in 2018, which is a positive step forward. | |
| | By 2020, we want women to make up 40% of mid-level managers. | 38% | The number of women in mid-level management increased by four percentage points to 38%. | |
| | By 2020, the Lost Time Injury (LTI) frequency is <3.0. | 3.5 | In 2019, the number of work-related accidents with absence was 15, resulting in an LTI frequency of 3.5, above the target of 3.0, but improved from 3.8 in 2018. | |
| | By 2020, the individual development score is greater than 78. | 78 | The 2019 development score is 78. In order to better support their employees' development, additional training will be provided to managers. | |
| By 2020, the engagement score is equal to or greater than 80. | 82 | The engagement score in the 2019 Engagement Survey was 82, which means that most respondents are satisfied with working for ALK. | | |
|  <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 2019, energy and water efficiency were considered in all major facilities upgrade plans, especially concerning the reuse of water. |  <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> |
| | By 2020, we want at least 30% of all consumed energy to come from renewable energy sources. | 20% | In 2019, 20% of consumed energy came from renewable wind energy. | |
| | By 2020, we want to reduce CO ₂ emissions by 25% compared to a 2017-baseline. | 22% | At the end of 2019, the CO ₂ emissions had fallen by 14% to (7,552 tonnes) compared to baseline (8,762 tonnes). | |
| | By 2020, we want at least 45% of the waste to be reused or recycled. | 42% | In 2019, 42% of the waste produced at production sites was sent for recycling. | |
|  <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% | <p>In 2019, 94% of eligible employees have completed the anti-corruption training and test, an increase of 7 percentage points compared to 2018 (87%).</p> <p>A new Code of Conduct was launched 15 November. The new, updated version collects all broadly relevant ALK policies and procedures. Training of anti-corruption and broader Code of Conduct topics will commence in 2020, and first results will be published in the 2020 report.</p> |  <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p> |

Environment and climate

As part of our continued effort to support the UN Sustainable Development Goals, we strive to reduce our impact on the environment and climate through responsible consumption and production. We work towards improving environmental sustainability as part of our commitment to the UN Sustainable Development Goal 12.



Responsible consumption and production

We strive for sustainable resource consumption through our production.

We continue to take measures to reduce the climate impact of our production processes.

Environment and climate



Policy

Climate change is one of the biggest problems facing the world today. 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 consistently look for new 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 to participate in environmental work
- Educate our employees and implement preventive 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

Guided by principle 7, 8 and 9 of the UN Global Compact, we take a precautionary approach to environmental and climate challenges.

All production sites³ adhere to the Global EHS policy and the integrated Global EHS Management System.



Action

To reach the environmental milestones set in 2018, we took several measures to reduce water and energy consumption, waste and decrease CO₂ emissions.

In 2019 we became part of the Danish Government's newly established Climate

Partnership within the life science industry. This new partnership aims to contribute to the Government's ambitious goal of reducing Denmark's carbon emissions by 70% by 2030. The partnership will come up with concrete recommendations for activities that can reduce carbon emissions in the industry. These recommendations become part of the Danish Government's new climate action plan, which will be published in 2020.

Reduction of the use of plastic

A new project was launched aimed at reducing or eliminating the use of plastic as a packaging material for two specific products. The project team is currently exploring two scenarios; either switching to other materials such as cardboard or making the packaging material from recycled plastic.

At ALK Spain, reusable drinking bottles with an ALK logo have been distributed to all employees as a substitute for plastic bottles.

Green car fleet

ALK's United Kingdom and Ireland affiliate now uses only hybrid cars in its company car fleet, while Belgium's fleet is 50% hybrid and ALK Netherlands' fleet is approximately 60% fully electric and 15% hybrid. This is a big improvement on 2018.



Risks

Our key in-house production facilities are in Denmark, France, Spain and the USA. Although the sites 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. We conduct risk planning including for the prevention of unwanted events, and preventative inventory management, such as the build-up of contingency stocks in order to ensure an unbroken chain of production and supply.

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 2019, and we continue to focus on the main risk factors of energy consumption, CO₂ emissions and water usage.

Handling of chemicals poses a risk of spills, which is closely monitored. In 2019, no significant spills or releases occurred. We will maintain a sharp focus on which chemicals we use and how they are used.

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



Targets and results

Target: We implement preventative actions, monitor and constantly reduce risks, measure the results of our effort 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 2019, energy and water efficiency were considered in all major facilities upgrade plans, especially concerning the reuse of water. We will continue to explore ways to increase resource efficiency.

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

Result: In 2019, 20% of consumed energy came from renewable wind energy, with the largest contribution coming from our facilities in Hørsholm and Madrid that now run on 100% renewable electricity.

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

Result: At the end of 2019, the CO₂ emissions had fallen by 22% to (7,552 tonnes) compared to baseline (9,658 tonnes). This great development is largely due to our Madrid facility, which now runs on renewable electricity.

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

Result: In 2019, 42% of the waste produced at production sites was sent for recycling.

Overall, we are on the right track to deliver on our promise for the planet. We expect that these positive trends will continue and that we will reach the milestones by the end of 2020.

The increase in water usage between 2018 and 2019 is weather-related. We depend on water to irrigate our raw materials. The amount of water we use is dependent on the weather, especially rainfall. In dry seasons we use more water.



Planned activities for 2020 and expected results

A major focus in 2020 will be the setting of new, science-based environmental targets following the framework described by the Science Based Targets Initiative (SBTi).

Environment and climate¹

| | Unit | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|----------------|-----------|-----------|------------|-----------|------------|
| Energy – in real terms | GJ | 150,934 | 144,828 | 169,276 | 168,034 | 164,639 |
| Energy – index | Index | - | - | - | 100 | 98 |
| CO ₂ emissions – in real terms ² | Tonnes | 7,830 | 6,282 | 9,658 | 9,228 | 7,552 |
| CO₂ emissions against baseline | % | | | 100 | | -22 |
| Direct GHG emissions ³ | Tonnes | | | 4,419 | 4,140 | 3,045 |
| Indirect GHG emissions ⁴ | Tonnes | | | 5,238 | 5,088 | 4,507 |
| CO ₂ emissions – index | Index | - | - | - | 100 | 82 |
| CO ₂ emissions – from lost refrigerants | Tonnes | 267 | 174 | 265 | 351 | 118 |
| Renewable energy – % of total energy consumption in real terms | % | 8 | 15 | 13 | 13 | 20 |
| Water – total, in real terms | m ³ | 112,275 | 102,418 | 120,960 | 117,252 | 122,461 |
| Water – from production, in real terms | m ³ | 80,016 | 81,130 | 90,061 | 88,564 | 85,890 |
| Water – index | Index | - | - | - | 100 | 104 |
| Waste water – in real terms | m ³ | 75,692 | 78,969 | 89,518 | 89,243 | 71,550 |
| Waste – in real terms | Tonnes | 555 | 608 | 555 | 600 | 803 |
| Waste for recycling | % | 35 | 37 | 34 | 34 | 42 |

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

² The CO₂ emissions include Scope 1+2

³ Scope 1 GHG Protocol

⁴ Scope 2 GHG Protocol

These will involve exploring further possibilities for buying clean energy to increase our proportion of energy from renewable sources, and reducing our CO₂ emissions. At our production site in Post Falls in the USA, we will explore the possibility of running the facility on renewable electricity to maintain the positive trend in CO₂ reduction.

In 2019, we defined a project to optimise our use of road transport out of Madrid in Spain, with the aim of reducing the total amount of transport mileage. The project will conclude in 2020.

We will also investigate the possibility of reusing some of the waste from production as agricultural fertiliser.

Fit for growth – how we simplify processes and do things smarter

Building a company that is fit to grow sustainably is no small undertaking. Project Fit for Growth is a new initiative with the aim of ensuring that we are ready to deliver the increased production volumes, while also finding ways to get even more out of our existing production setup. For example, saving water and energy by adjusting the ventilation systems specifically for each room, rather than at a whole building level or reusing water at different parts of the production processes.

Another example comes from the transportation of our products. Building a more robust supply means that we can bundle our deliveries into larger shipments, reducing the carbon emitted in the distribution of our products.



ALK's headquarters in
Hørsholm, Denmark

Anti-corruption

We work to prevent corruption and bribery in all its forms and support peaceful and inclusive societies around the world as part of our commitment to sustainable development.



Peace, justice and strong institutions

We promote peaceful and inclusive societies for sustainable development.

We are committed to working against corruption and bribery in all its forms.

Anti-corruption



Policy

We are committed to working against corruption in all its forms, by always acting professionally, fairly and with integrity.

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 integral part of our business partner-handling process, and we ensure that our partners 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.

Doing business with integrity extends to other good governance practices including interactions with healthcare professionals and responsible marketing practices. In 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 and The Ethical Committee for the Pharmaceutical Industry.



Action

In 2019, we continued our anti-corruption awareness training and tested all employees who were not on leave or on short-term contracts during the training period. The training and test included questions about everyday dilemmas and our whistle-blower hotline, ALK Alertline. Overall, 2,138 employees completed the training out of 2,281 eligible employees.

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.

All employees are aware of and have access to our whistle-blower hotline, the ALK Alertline, which allows our employees to report illegal behaviour or other concerns in a secure and confidential manner. The hotline allows employees to file a report in multiple languages, either by telephone or via an online form. The ALK Alertline is administered by an independent organisation, but processed internally, with oversight from the chairman of the Audit Committee. The Committee evaluates each report 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. To further strengthen our commitment to transparency, feedback culture and open dialogue, an awareness campaign was rolled out globally in 2019.

The ALK Code of Conduct is an integrated part of our business. Following an assessment at the beginning of 2019, a decision was made to update the Code of Conduct to raise compliance levels at ALK. The new, updated version collects all broadly relevant ALK policies and procedures, covering topics such as anti-corruption, competition, grants, donations and political contributions and more. The Code of Conduct was launched on 15 November.



Risks

The main risks related to our activities include employees' and business partners' violation of our 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 2019, the risk of corruption in connection with our business increased due to entry into new markets. When relevant, we conducted due diligence of third-party relationships. Additional investments were made according to need - for example, for consultants to investigate potential business partners in more detail.

The overall risk for ALK continues to be rated low, as we have established multiple measures to ensure that anti-corruption is an integrated part of our business, such as vetting of all 650 GxP suppliers, and conducting ad hoc evaluations depending on general risk assessments.

Anti-corruption

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 through 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 developed
- Ad hoc third-party due diligence of partners and suppliers, where relevant

Large contracts are reviewed and approved by Global Procurement, who will ensure compliance with our commitment to anti-corruption and sustainability.

We aim to maintain our standing by acting in compliance with all applicable regulations and legislation.



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 our whistle-blower hotline, the ALK Alertline.

Result: No incidents of corruption and bribery have been reported via the ALK Alertline in 2019. However, five cases concerning compliance matters were reported through other channels, of which two were closed as unfounded after internal investigation, and three are still being investigated.

KPI: Percentage of employees with seniority >three months who have read the ALK Code of Conduct.

Result: Towards the end of 2019, we developed a new Code of Conduct and for that reason, it was decided not to ask existing employees to confirm their familiarity with it. However, all new employees who became part of ALK in 2019 have read and signed off on the previous version of the Code of Conduct.

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

Result: 94% of eligible employees have completed the anti-corruption training and test, an increase of 7 percentage points compared to 2018 (87%).

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

Result: Training of anti-corruption and broader Code of Conduct topics will commence in 2020, and first results will be published in the 2020 report.



Planned activities for 2020 and expected results

A follow-up to the first campaign regarding our whistle-blower hotline, ALK Alertline, will be launched in 2020 with the intention of continuing the strong focus on good ethical conduct.

Following the launch of the Code of Conduct, we will develop new training material and expand our anti-corruption training with additional compliance areas. This will be the major focus in 2020.

**New Code of Conduct:**

How we drive and grow an ethical business

Trust is at the core of any good relationship – between individuals, between employer and employee, and in relationships with communities across the globe. Having policies and processes in place that can foster trust is essential to our ability to grow as a company and ultimately, to our ability to help people with allergy.

Our Code of Conduct was developed with our cultural beliefs, transparency and business integrity at its core, and it covers both internal policies and procedures, and local and global laws. Following these guidelines is a critical part of being an ALK employee.

“Following a set of guidelines, we all sign off on, makes it easier for us to do the right thing, because what is expected of us as employees is well-defined. But the key to driving and growing an ethical business is holding ourselves accountable to these standards. Our new Code of Conduct allows us to expect more from each other and from our business partners, and it gives our stakeholders a clear understanding of who we are and where we stand as a company.”

Kristoffer Fog
Senior Director,
Corporate Affairs & Legal



Human rights

At ALK, we respect human rights and we expect our business partners, suppliers and customers to do the same. People with allergy depend on us for solutions they can trust, and in turn we empower them to take control of their life. We promote good health and well-being through our products and our work to support the right to good health both for people with allergy and our employees.

3 GOOD HEALTH
AND WELL-BEING



Good health and well-being

We contribute to healthy lives and promote well-being for people with allergy and employees at all ages.

Human rights



Policy

ALK contributes to the good health and well-being of our employees and people with allergy all over the world. All our activities 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
- Promote fair working conditions, equal pay for equal work, freedom of association and collective bargaining
- 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

- Do not accept offensive behaviour in any form. At ALK, everyone has the right to be treated with respect and to dignified interactions.
- Ensure public health via patient care and the safe use of our products



Action

Good health and well-being

All employees are covered by a health programme, either made available through, or paid for by ALK. All employees have freedom of association, either formally in unions or internally in workers' councils.

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.

The majority of relevant employees have access to and have been trained in the newly implemented global Chemical Management System, which describes hazards and precautionary measures in relation to chemicals. In 2019, approximately 5,000 hours were spent on training relevant employees. Additionally, health and safety considerations are built into facilities upgrade plans, with a special focus on heavy lifting, ergonomics and chemical management.

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

We are determined to continue raising awareness about allergies and related diseases. In 2019, we continued engaging with people with allergy via our online platform klarify.me and our allergy companion app klara.

In 2019, we launched a new allergy immunotherapy tablet for tree pollen allergy. In addition, we continue to invest in clinical studies to expand into new markets and reach many more people with allergy, including children and adolescents.

Partnerships

We are always looking for new opportunities to engage with companies or NGOs to expand access to our medicines. ALK is the official sponsor of the Emerging Societies Program: World Allergy Training School (WATS). The main objective of WATS is to develop learning communities appropriate to a specific regional context, which will help build sustainable capacity in the field of allergy.

Additionally, we engage with allergy patients' organisations and support their work in raising awareness about allergy and asthma. In 2019, we funded Asthma-Allergy Denmark's Hay Fever Schools. The purpose of which is to educate children and adults on how to manage their allergies.

In 2019, we also donated ALK products to the University of Maryland Children's Hospital (UMCH). UMCH launched the Breathmobile® programme to offer free, comprehensive, preventative care to undeserved children aged 2-18. The patients receive diagnostic services, medication and education, and the programme contributes significantly with direct medical cost savings¹.

Privacy and data protection

In 2019, the GDPR 2.0 project was launched to ensure even better protection of personal data across ALK. Additional awareness and training activities were rolled out in 2019, covering additional employees. The project will continue in 2020.

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 2019, we also optimised several quality-related IT tools to ensure compliance with expectations from healthcare authorities, facilitate continuous improvements and increase efficiency.

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 EFPIA's and PhRMA's Principles for Responsible Clinical Trial

¹ <https://www.ncbi.nlm.nih.gov/pubmed/20934626>

Human rights

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 2019, 13 external inspections of our sites were successfully completed.

During 2019, ALK had three minor product recalls. None of the recalls affected the safety of patients and corrective actions have been implemented to avoid similar cases from happening in the future.

All ALK employees are required to report any case of side effects from ALK products within 24 hours of learning about them.



Risks

Meeting quality standards in our production and manufacturing processes is a prerequisite for ALK's competitive strength. Our production processes and quality standards have been developed

and optimised over many years. To mitigate the risks, we invest significantly in ensuring robustness and compliance.

Workplace risks at ALK include the potential risk of exposure to allergens which are our main raw material. Working with chemicals also represents a potential health risk. We conduct periodical screenings for employees who use chemicals in their daily work. Any risks are mitigated through mandatory health and safety training for all employees who handle allergens and chemicals as part of their work.

Activities in health risk reduction are closely monitored. Allergy testing for employees is provided where possible. Locally adapted information campaigns and training programmes on risk issues are made available to all employees.

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. This includes, for example monitoring changes in the products' benefit-risk balance and promotion of the products' safe and effective use. The structures and processes related to these activities are called 'ALK's pharmacovigilance system' and are a vital part of our licence to operate. 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.

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 being upgraded to higher security standards. In addition, new screen savers with the ALK IT security rules have been installed on all ALK computers to increase awareness.

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



Targets and results

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 1.9 million people have been treated with ALK products. We expect to reach 2 million people by 2020, as a result of our recent product launches that allow people with allergy more convenient access to allergy immunotherapy.

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

Result: An estimated 105 million people have been engaged through our digital consumer platform klarify.me. This is the first time we have a KPI for engaging with people with allergy, and we are pleased to see the positive result.

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. We will report on our progress next year.

Human rights

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 |
|---|-------------|
| Denmark | 2.4% |
| North America ¹ | 1.3% |
| Western Europe ² | 3.5% |
| Eastern Europe and International Markets ³ | 2.4% |
| Total Absence | 2.7% |

¹ The United States of America and Canada

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

³ Czech Republic, Slovakia, Poland, Turkey, China, Hong Kong

Result: All lost time rates are within normal limits. None provide cause for concern, nevertheless we have followed up with countries with increased rates and no further actions were required.

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

Result: At ALK, all employees regardless of gender 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: Three non-critical incidents of data breaches involving non-sensitive personal data were submitted to the national Data Protection Agencies during 2019, at present resulting in no further actions from the agencies. As a consequence, additional awareness campaigns and training of employees were conducted, as well as technical reviews of our IT systems.



Planned activities for 2020 and expected results

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

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 2020, we will further develop the Quality Mindset Maturity Index and continue training our employees and upgrading quality-related IT systems.

In 2020, we will expand our digital engagement activities to cover several more countries, including the USA.



@the_tonik

Antibiotic stewardship:

Partnering for responsible use of antibiotics

The use of antibiotics is the single most important factor leading to a rise in antibiotic resistance around the world and at least 700,000 deaths globally from drug-resistant diseases¹. Antibiotic resistance is a clinical and public health crisis, which threatens further progress on many of the UN Sustainable Development Goals, including in health, inequality and responsible consumption and production¹.

The misuse of antibiotics is a primary driver of this issue with up to 50% of all antibiotics prescribed not needed or not optimally effective as prescribed².

Penicillin allergy is the most common drug allergy. However, 9 out of 10 patients who report a penicillin allergy are not truly allergic when assessed by skin testing³. Patients who do not have a true penicillin allergy may be unnecessarily treated with broad-spectrum antibiotics, contributing to the spread of multidrug-resistant bacteria⁴.

Since 2017, we have had a partnership with the Centers for Disease Control and Prevention to support penicillin allergy delabelling and antibiotic optimisation. In 2019, more than 150 news outlets picked up our press release reaching a potential audience of more than 72 million people.

¹ No time to wait: Securing the future from drug-resistant infections – https://www.who.int/docs/default-source/documents/no-time-to-wait-securing-the-future-from-drug-resistant-infections-en.pdf?sfvrsn=5b424d7_6

² <https://www.cdc.gov/antibiotic-use/healthcare/index.html>

³ Blumenthal KG et al. – Addressing Inpatient Beta-Lactam Allergies: A Multihospital Implementation – <https://europepmc.org/article/PMC/5484001>

⁴ Bhattacharya S – The facts about penicillin allergy: a review – <https://www.ncbi.nlm.nih.gov/pubmed/22247826>

Labour rights

We support Sustainable Development Goal 8 and promote decent work and economic growth in all areas of operation. We commit to ensuring safe working conditions, fair employment and access to training and education for all employees.

8 DECENT WORK AND ECONOMIC GROWTH



Decent work and economic growth

We work to be an attractive workplace for all by focusing on improving the working environment in all parts of our organisation and ensuring safety at work.

Frank Phillips,
Collections Supervisor,
Post Falls, USA



Labour rights



Policy

Our global Human Resources policy seeks to create an appealing working environment, so we can 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.

To ensure that employees can continue to develop their skills, we offer internal and external training opportunities for all employees.

We continue to:

- Provide equal opportunities for all regardless of age, gender, race, ethnicity, religion, sexual orientation and ability
- Provide fair wages by aligning our compensation with that of other pharmaceutical companies in the geographical areas where we operate
- Ensure the well-being of employees and their families by being involved in local initiatives, practices and procedures with respect for local traditions, conditions and needs

- Develop the competencies of employees at all levels
- Prohibit all types of discrimination, harassment and retaliation, along with forced and child labour

We act in compliance with national legislation in the countries in which we operate, and we follow the UN Global Compact Principles 3-6.



Action

Community engagement

In Post Falls, USA, our employees have participated in the annual Community Day, where everyone had a day off to participate in community service. In Denmark, we continued to support students with educational visits both at our headquarters and as a potential employer at university fairs, raising awareness about allergy and Science, Technology, Engineering, Mathematics (STEM) education.

Employee engagement

In Spring 2018, a new and simpler engagement survey was introduced. The same engagement survey was rolled out to all employees globally in October 2019. More than 2,000 employees responded (87%). All teams were encouraged to conduct a team development follow-up session, using the results from the survey. Units with a low

engagement score were requested to create action plans and a follow-up engagement survey for these teams was conducted at the end of 2019.

Diversity

A diversity and inclusion policy has been distributed outlining our commitment to ensure equal opportunities for all. In addition, we have created internal guidelines to ensure an environment free of harassment. Awareness about both policies was raised internally during 2019.

As part of the Diversity and Inclusion project, launched at the end of 2018, a study was conducted during 2019 to determine the specific barriers to advancement for women in management. We aim to ensure equal treatment and opportunities, as well as non-discrimination between men and women, promoting a business culture based on respect and fair treatment for all employees.

As part of our diversity and inclusion policy, we apply relevant and objective criteria when making decisions about hiring or ending employment, promotions or changes in responsibility, and compensation.

At ALK Spain, an Equality Plan was launched to ensure equal treatment and opportunities, as well as non-discrimination between men and women, promoting a business culture based on respect and fair treatment for all employees of the company. The plan includes specific actions that will be implemented

in e.g., employee selection, promotions, development, compensation, work-life balance, and treatment of employees who are at risk of exclusion or gender violence.

Safety

The health and 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 healthy and safe work environment. Furthermore, we also assess work processes to ensure that we mitigate any health and safety risks.

All employees at production sites who handle chemicals were trained in the Chemical Management System in 2019. The Chemical Management System contains all ALK's safety data sheets and describes any hazards and the precaution to be taken when using the chemicals.

We continued to monitor safety at all ALK locations. Safety training is adapted to local needs and allows flexibility in line with local laws and traditions.

Child labour

In 2019, we maintained the focus on high-risk countries and are working to increase awareness about child labour, both internally and externally.

We continue to add child labour clauses to all new, large supplier contracts.

Labour rights



Risks

Our production processes and the general nature of our business require that we use skilled labour. Combined with the fact that our production facilities are located at sites in Denmark, France, Spain and the USA, the risk of labour rights violations in our operations is rated as low.

Although ALK is not a high-risk company regarding safety, we do not accept accidents as part of our operations and seek to prevent them from happening. Feeling healthy and safe at work is a huge part of making the workplace a positive place to be for everyone.

The vast majority of our main suppliers are located in countries with a low risk of child labour and safety and labour violations, so our main risks stem from their suppliers. Nevertheless, we acknowledge the risk and take mitigating actions when needed, for example by using a generic questionnaire that is mandatory for all ALK sites as part of our Supplier Management System, and by adding clauses to supplier contracts.



Targets and results

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

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

Result: In 2019, the number of work-related accidents with absence was 15, resulting in an LTI frequency of 3.5, above the target of 3.0. The result is not satisfactory, and we must strengthen the effort to prevent injuries.

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. The committee consists of 80 employees from different functional areas (4.6% of total FTEs).

Target: We take immediate and effective measures to eradicate child labour in all its forms by 2025.

KPI: Percentage of operations and suppliers identified as having significant risk of incidents of child labour.

Result: An evaluation has been conducted to determine how many suppliers are located in high-risk areas for child labour.

- Total number of suppliers: 9,000
- Number of suppliers in risk areas: 20
- Total spend in risk areas: 0.3%
- Percentage of suppliers in risk areas: 0.2%

Target: We promote equal opportunity for all.

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

Result: The 2019 development score is 78. In order to better support their employees' development, additional training will be provided to managers.

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

Result: The engagement score in the 2019 Engagement Survey was 82, which means that most respondents are satisfied with working for ALK.

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

Result: In 2019, there have been no incidents of equal opportunity discrimination reported via ALK Alertline. However, there were a few cases reported through local Human Resources: One discrimination concern and two regarding inappropriate behaviour. Two complaints resulted in termination and one was found to be not supported by sufficient evidence.

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 (17%). In 2019, we had one seat up for election to which we appointed a man, after careful consideration of the qualities and experience of both male and female candidates. We are committed to increasing the number of women on ALK's Board of Directors to 30% and remain focused on finding the right match and meeting the 2022-goal.

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

Labour rights

Accidents and training

| | Unit | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|--------|------|------|-------|-------|-------|
| Working environment | | | | | | |
| Accidents with absence ¹ | Number | 10 | 16 | 12 | 16 | 15 |
| Lost Time Injury Frequency (LTIF) ² | LTIF | 3.9 | 4.4 | 3 | 3.8 | 3.5 |
| Total EHS training annually ³ | Hours | - | - | 2,978 | 3,018 | 4,983 |
| Employees trained ³ | % | - | - | 32 | 39 | 31 |

¹ From 2016, the data includes all ALK affiliates. Before 2016 only production locations

² Number of work-related injuries with absence per million work hours. Note: The 2018 number is a 3-year average

³ Calculated for the first time in 2017, ALK employees from production sites

Number of new hires by gender and region

| | 2017 | | 2018 | | 2019 | |
|-----------------------|------|-------|------|-------|------|-------|
| | Men | Women | Men | Women | Men | Women |
| Denmark | 55 | 98 | 61 | 75 | 46 | 75 |
| North America | 91 | 86 | 54 | 57 | 42 | 45 |
| Western Europe | 39 | 89 | 49 | 88 | 34 | 78 |
| International Markets | 16 | 19 | 14 | 20 | 11 | 21 |
| Total | 201 | 292 | 178 | 240 | 133 | 219 |

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

| Pay ratio – of women to men | 2018 | | | 2019 | | |
|--|------------|--------------|---------|------------|--------------|---------|
| | Management | Professional | Support | Management | Professional | Support |
| Average of Total Base Pay 100 % FTE | | | | | | |
| ALK | 93 | 97 | 102 | 89 | 101 | 103 |
| Denmark | 97 | 101 | 102 | 94 | 100 | 102 |
| France | 83 | 82 | 100 | 80 | 94 | 101 |
| Spain | 98 | 95 | 93 | 97 | 93 | 97 |
| United States | 98 | 83 | 91 | 99 | 90 | 94 |

Note: Significant locations of operation are defined as countries with more than 200 employees

Result: The number of women on functional-manager level increased by two percentage points to 22% versus 20% in 2018, which is a positive step forward. The number of women in mid-level management increased by four percentage points to 38%. For detailed information see page 22.

KPI: Local residents are employed including in management positions.

Result: 94% of our employees are on permanent contracts, and locals are recruited at all levels. All ALK employees are encouraged to develop their skills in order to ensure their continued employability (see page 22).

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

Result: ALK continues to show a healthy trend in the gender and age distribution of new hires. Although a higher number of women than men are hired on temporary contracts, the number correlates well with the fact that a higher number of women are hired in general. More than 80% of new hires are aged between 20 and 49. 33% of all new hires are aged between 20 and 29, which is a positive development. A notable statistic is also the percentage of new, female hires in the two age groups 40-49 and 50-59. More than 70% of them are women, highlighting the need to continue our effort in creating a more balanced gender distribution across ALK.

Employee turnover

Overall, the employee turnover figures (11%) are at a reasonable level and in line with previous years. This is particularly positive during a period where we are in a cultural transformation. The turnover percentage for women (10%) is slightly lower than that of men (12%), which is also not a cause for concern. Looking at turnover by age group, the highest turnover percentages are in the age group 40-49 and 60+ (13% for both). This is mostly due to voluntary turnover. Geographically, the highest turnover (16%) is in the North America region and the lowest (6%) in the Western Europe region. Part of the explanation for the high turnover rate in North America is due to a 32% increase in involuntary departures combined with a 22% increase in voluntary departures. This is mostly due to two contributing factors: First, ALK experienced an increase in the competition for talent in the North American market, where especially the USA has the lowest unemployment rate in 50 years at 3.6%, which explains the increase in voluntary departures. A second contributing factor is the increased number of terminations due to strategic restructuring and low performance, which resulted in a higher than usual number of involuntary departures. By contrast, in Western Europe fewer involuntary departures and retirements are behind the overall decrease in turnover (see appendix on page 25).

Labour rights

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. The pay ratio shows a positive trend on Professional and Support levels, where the lowest pay difference is 90, which is not ideal, but a significant improvement compared to 2018 (83). However, at Management level in France, Denmark and ALK broadly, the ratio difference has increased. The reason for this could be the turnover of employees in key positions, and an increased number of women in senior management. In France, the pay ratio of women to men is 80, down from 83 in 2018. Part of the explanation could be the difference in pay between large cities and urban areas. This result invites further investigation into why the difference exists and what can be done about (see page 21).



Planned activities for 2020 and expected results

Although the number of women in senior management is showing an upwards trend, we will evaluate and implement a concrete action plan to achieve a more equal gender balance. The Diversity and Inclusion Board will evaluate whether to include additional diversity metrics such as age and nationality, from 2020, as one of the new goals in our sustainability work.

The less-than-satisfactory results revealed in the pay ratio at management level need further investigation. An action plan will follow, succeeding a thorough investigation.

In 2019, a new leadership programme aimed at ALK's top 150 leaders was launched. The training is a significant investment in preparing leaders to be a driving force in the cultural transformation of ALK. You can read more about the programme on page 23.

Safety at work will continue to be an area of focus in the coming years. We will continue our efforts to eliminate or reduce the number of work-related accidents, and EHS will initiate knowledge-sharing activities to better understand how we can reduce or eliminate the number of accidents.

Number of women in management

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|-----------|-----------|-----------|-----------|-----------|
| Board of Directors (shareholder-elected only) | | | | | |
| Women | 17% (1) | 17% (1) | 17% (1) | 20% (1) | 17% (1) |
| Men | 83% (5) | 83% (5) | 83% (5) | 80% (4) | 83% (5) |
| Board of Directors | | | | | |
| Women | 22% (2) | 22% (2) | 22% (2) | 25% (2) | 33% (3) |
| Men | 78% (7) | 78% (7) | 78% (7) | 75% (6) | 67% (6) |
| Board of Management | | | | | |
| Women | 20% (1) | 20% (1) | 0% (0) | 0% (0) | 0% (0) |
| Men | 80% (4) | 80% (4) | 100% (4) | 100% (4) | 100% (5) |
| Functional managers | | | | | |
| Women | 22% (5) | 22% (5) | 19% (4) | 20% (4) | 22% (5) |
| Men | 78% (18) | 78% (18) | 81% (17) | 80% (16) | 78% (18) |
| Mid-level managers | | | | | |
| Women | 35% (28) | 38% (36) | 35% (37) | 34% (41) | 38% (44) |
| Men | 65% (52) | 63% (60) | 65% (68) | 66% (78) | 62% (73) |
| First-line managers | | | | | |
| Women | 54% (113) | 53% (124) | 55% (141) | 54% (139) | 53% (144) |
| Men | 46% (96) | 47% (111) | 45% (116) | 46% (119) | 47% (126) |
| Total at all management levels | | | | | |
| Women | 46% (149) | 48% (166) | 47% (182) | 46% (184) | 47% (193) |
| Men | 54% (178) | 52% (178) | 53% (205) | 54% (217) | 53% (222) |

Number of employees by contract type and gender

| | 2017 | | 2018 | | 2019 | |
|--------------------------|-------|-------|-------|-------|-------|-------|
| | Men | Women | Men | Women | Men | Women |
| Permanent | 831 | 1,310 | 867 | 1,374 | 867 | 1,399 |
| Temporary | 35 | 108 | 40 | 88 | 51 | 89 |
| Total | 866 | 1,418 | 907 | 1,462 | 918 | 1,488 |
| Total both genders | 2,284 | | 2,369 | | 2,406 | |
| Gender diversity women % | 62% | | 62% | | 63% | |

Leading with Impact

In 2019, a new leadership programme, Leading with Impact, was kicked-off, introducing a completely new way of working at ALK.



The aim is to enable the top 150 ALK senior leaders to be a driving force in the cultural transformation of ALK. Key elements in the development programme are: agility training to encourage speed and progress in decision-making and the accomplishment of goals, as well as working closer together cross-organisationally. In addition, the programme includes the strengthening of essential leadership skills such as coaching, communication, feedback and driving high-performing teams.

“To be the world leader in allergy, helping many more people with allergy to a better life in the future than the one percent of people with allergy, we help today, we have to do something different. This new leadership programme is tailor-made for ALK. It is designed to bring our leaders together across functions and countries to anchor a new culture and mindset. We are introducing a new way of working based on agility mindset and behaviours. It is very different from the way we work today, and it will take time to learn. I have seen it work and I have seen how it accelerates a cultural transformation once we start incorporating this mindset into our workday. I am confident that this investment in our top management will be a strong lever in creating success for ALK in the future.”

Carsten Hellmann
President & CEO

The Human Organisation

A new concept was introduced to all ALK employees during our Spirit Days in the spring of 2019, when all employees were invited to participate in defining what an attractive workplace will look like in the future. Under the headline The Human Organisation, employees identified what they believed would be a vital part of a future workplace.

Much of the input gathered reflected global trends in future workplace development, including flexibility, development, diversity, communication, inspiring surroundings, great colleagues and great leadership. In 2020, we will continue the work initiated last year and begin to implement some of the ideas about The Human Organisation.



Our work with sustainability

At ALK, the Board of Management and the Board of Directors decide on the overall Sustainability Framework, including setting strategic goals. The two entities work independently of each other. Everyday prioritisation, actions and monitoring are managed in the cross-functional working group, the CSR Committee.

The commitment, assessment, definition, implementation, measurement and communication of ALK's sustainability strategy, is based on the UN Global Compact's Management Model.

Due diligence and risk assessment

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, risks that could entail the termination or limitation of our licence to operate and risks that could damage our reputation. The committee is also responsible for the mitigation of these risks.

The sustainability risk assessments are integrated into the overall due diligence processes and procedures. We have established specific procedures to process

reports of illegal and unethical behaviour through a whistle-blower scheme, ALK Alertline, as well as other channels where employees can file complaints, e.g., confidentially to local or global Human Resources or to local or global Environment, Health and Safety representatives.

ALK takes additional responsibility by vetting relevant external partners through the Procurement department to minimise the risk of child labour and corruption. 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, and large suppliers are encouraged to follow ALK's Code of Conduct in their operations.

Transparency

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.

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.

Our work with sustainability centres around an ambition to contribute to the 2030 Agenda for Sustainable Development and is monitored on the basis of relevant indicators developed by the Global Reporting Initiative (GRI), and other relevant standards. Our commitments, efforts and goals are disclosed in our Annual Report and on our website.

Stakeholder engagement

We continue to foster an open dialogue with all our stakeholders, including healthcare professionals, investors and academia. Their input, as well as global trends and developments are used to guide current and future activities and strategic planning in sustainability.

ALK at a glance

ALK is a global allergy solutions company, with a wide range of treatments, products and services to meet the unique needs of people with allergy, their families and doctors.



Established in

1923



Employees

~2,400



Markets

41



Patients in treatment with ALK products*

~1.9m



People with allergy covered by portfolio of new, evidence-based tablets

>80%



Subjects who have participated in clinical trials for the tablets

>22,000

* covering AIT and anaphylaxis

Appendix

Employee turnover by type and age group

| | 2017 | | | | | | | | 2018 | | | | 2019 | | | | | | | | | | |
|----------------|---------|-------------|-------|-------------|-------|-------------|-------|-------------|-----------|-------------|-------------|-------------|------------|-------------|---------|-------------|-------|-------------|-------|-------------|-------|-----------------|-----|
| | Average | Voluntary | | Involuntary | | Retirement | | Average | Voluntary | | Involuntary | | Retirement | | Average | Voluntary | | Involuntary | | Retirement | | Total all types | |
| | Count | Turn-over % | Count | Turn-over % | Count | Turn-over % | Count | Turn-over % | Count | Turn-over % | Count | Turn-over % | Count | Turn-over % | Count | Turn-over % | Count | Turn-over % | Count | Turn-over % | Count | Turn-over % | |
| 29 and younger | 168 | 26 | 15% | 6 | 4% | 0 | 0% | 229 | 30 | 13% | 10 | 4% | 0 | 0% | 308 | 27 | 9% | 6 | 2% | 0 | 0% | 33 | 11% |
| 30-39 | 571 | 53 | 9% | 23 | 4% | 0 | 0% | 627 | 56 | 9% | 17 | 3% | 0 | 0% | 690 | 43 | 6% | 16 | 2% | 0 | 0% | 59 | 9% |
| 40-49 | 664 | 51 | 8% | 22 | 3% | 0 | 0% | 706 | 45 | 6% | 34 | 5% | 0 | 0% | 743 | 68 | 9% | 29 | 4% | 0 | 0% | 97 | 13% |
| 50-59 | 488 | 18 | 4% | 30 | 6% | 0 | 0% | 510 | 16 | 3% | 28 | 5% | 0 | 0% | 527 | 31 | 6% | 22 | 4% | 0 | 0% | 53 | 10% |
| 60 and older | 141 | 2 | 1% | 8 | 6% | 14 | 10% | 132 | 2 | 2% | 11 | 8% | 10 | 8% | 135 | 6 | 4% | 6 | 4% | 6 | 4% | 18 | 13% |

Employee turnover by type and region

| | 2017 | | | | | | | | 2018 | | | | 2019 | | | | | | | | | | |
|---|--------------|-------------|-----------|-------------|-----------|-------------|-----------|--------------|------------|-------------|-------------|-------------|------------|-------------|--------------|-------------|-----------|-------------|-----------|-------------|-----------|-----------------|------------|
| | Average | Voluntary | | Involuntary | | Retirement | | Average | Voluntary | | Involuntary | | Retirement | | Average | Voluntary | | Involuntary | | Retirement | | Total all types | |
| | Count | Turn-over % | Count | Turn-over % | Count | Turn-over % | Count | Turn-over % | Count | Turn-over % | Count | Turn-over % | Count | Turn-over % | Count | Turn-over % | Count | Turn-over % | Count | Turn-over % | Count | Turn-over % | |
| Denmark | 718 | 68 | 9% | 35 | 5% | 6 | 1% | 770 | 63 | 8% | 42 | 5% | 2 | 0% | 827 | 85 | 10% | 26 | 3% | 3 | 0% | 114 | 14% |
| North America ¹ | 379 | 37 | 10% | 37 | 10% | 2 | 1% | 455 | 38 | 8% | 19 | 4% | 4 | 1% | 489 | 49 | 10% | 28 | 6% | 1 | 0% | 78 | 16% |
| Western Europe ² | 835 | 33 | 4% | 14 | 2% | 6 | 1% | 870 | 33 | 4% | 33 | 4% | 4 | 0% | 932 | 37 | 4% | 19 | 2% | 2 | 0% | 58 | 6% |
| Eastern Europe and Intl. Markets ³ | 100 | 12 | 12% | 3 | 3% | 0 | 0% | 108 | 15 | 14% | 6 | 6% | 0 | 0% | 84 | 4 | 5% | 6 | 7% | 0 | 0% | 10 | 11% |
| Total Turnover | 2,070 | 150 | 7% | 89 | 4% | 14 | 1% | 2,209 | 149 | 7% | 100 | 5% | 10 | 0% | 2,400 | 175 | 7% | 79 | 3% | 6 | 0% | 260 | 11% |

¹ The United States of America and Canada

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

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

Employee turnover by type and gender

| | 2017 | | | | | | | | 2018 | | | | 2019 | | | | | | | | | | |
|--------|---------|-------------|-------|-------------|-------|-------------|-------|-------------|-----------|-------------|-------------|-------------|------------|-------------|---------|-------------|-------|-------------|-------|-------------|-------|-----------------|-----|
| | Average | Voluntary | | Involuntary | | Retirement | | Average | Voluntary | | Involuntary | | Retirement | | Average | Voluntary | | Involuntary | | Retirement | | Total all types | |
| | Count | Turn-over % | Count | Turn-over % | Count | Turn-over % | Count | Turn-over % | Count | Turn-over % | Count | Turn-over % | Count | Turn-over % | Count | Turn-over % | Count | Turn-over % | Count | Turn-over % | Count | Turn-over % | |
| Female | 1261 | 85 | 7% | 43 | 3% | 10 | 1% | 1359 | 85 | 6% | 52 | 4% | 7 | 1% | 1488 | 96 | 6% | 45 | 3% | 6 | 0% | 147 | 10% |
| Male | 773 | 65 | 8% | 46 | 6% | 4 | 1% | 845 | 64 | 8% | 48 | 6% | 3 | 0% | 912 | 79 | 9% | 33 | 4% | 0 | 0% | 113 | 12% |

Appendix

ESG key figure overview

| | Unit | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|----------------|---------|---------|---------|--------------------|--------------------|
| Environmental data | | | | | | |
| CO ₂ e Scope 1 | Tonnes | 3,045 | 4,140 | 4,419 | 6,282 ¹ | 7,830 ¹ |
| CO ₂ e Scope 2 | Tonnes | 4,507 | 5,088 | 5,238 | | |
| Energy Consumption | GJ | 164,639 | 168,034 | 169,276 | 144,828 | 150,934 |
| Renewable Energy Share | % | 20 | 13 | 13 | 15 | 8 |
| Water Consumption | m ³ | 122,461 | 117,252 | 120,960 | 102,418 | 112,275 |
| Social data | | | | | | |
| Workforce ² | Headcount | 2,406 | 2,369 | 2,284 | 2,168 | 1,952 |
| Gender Diversity | % | 63 | 62 | 62 | 62 | 64 |
| Gender Diversity, percentage of women on all management levels | % | 47 | 46 | 47 | 48 | 46 |
| Gender Pay Ratio of men to women | Times | 1.13 | 1.12 | 1.16 | 1.23 | 1.19 |
| Employee Turnover Ratio, voluntary and involuntary | | 11 | 11 | 12 | 11 | - |
| Absence due to sickness | | 2.7 | n/a | n/a | n/a | n/a |
| Governance data | | | | | | |
| Gender Diversity, Board | % | 17 | 20 | 17 | 17 | 17 |
| Board Meeting Attendance Rate | % | 97 | 98 | 96 | 97 | 98 |
| CEO Pay Ratio ³ | Times | 29 | 33 | 49 | n/a ⁴ | 24 |

* Prior to 2017, ALK did not collect Scope 1 and 2 data separately

** Workforce represents a headcount of all employees at the end of the year (full-time, part-time and temporary)

*** The CEO Pay Ratio is calculated as CEO total compensation/median employee total compensation

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