



# Sustainability report 2022

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Since 2019, ALK has been committed to the UN Global Compact corporate responsibility initiative and its principles in the areas of human rights, labor, environment and anti-corruption.



cf. sections 99a, 99b, 99d and 107d of the Danish Financial Statements Act  
cf. Article 8 of the EU Taxonomy



## Read the full annual report

Read more about last years financial performance in our 2022 annual report

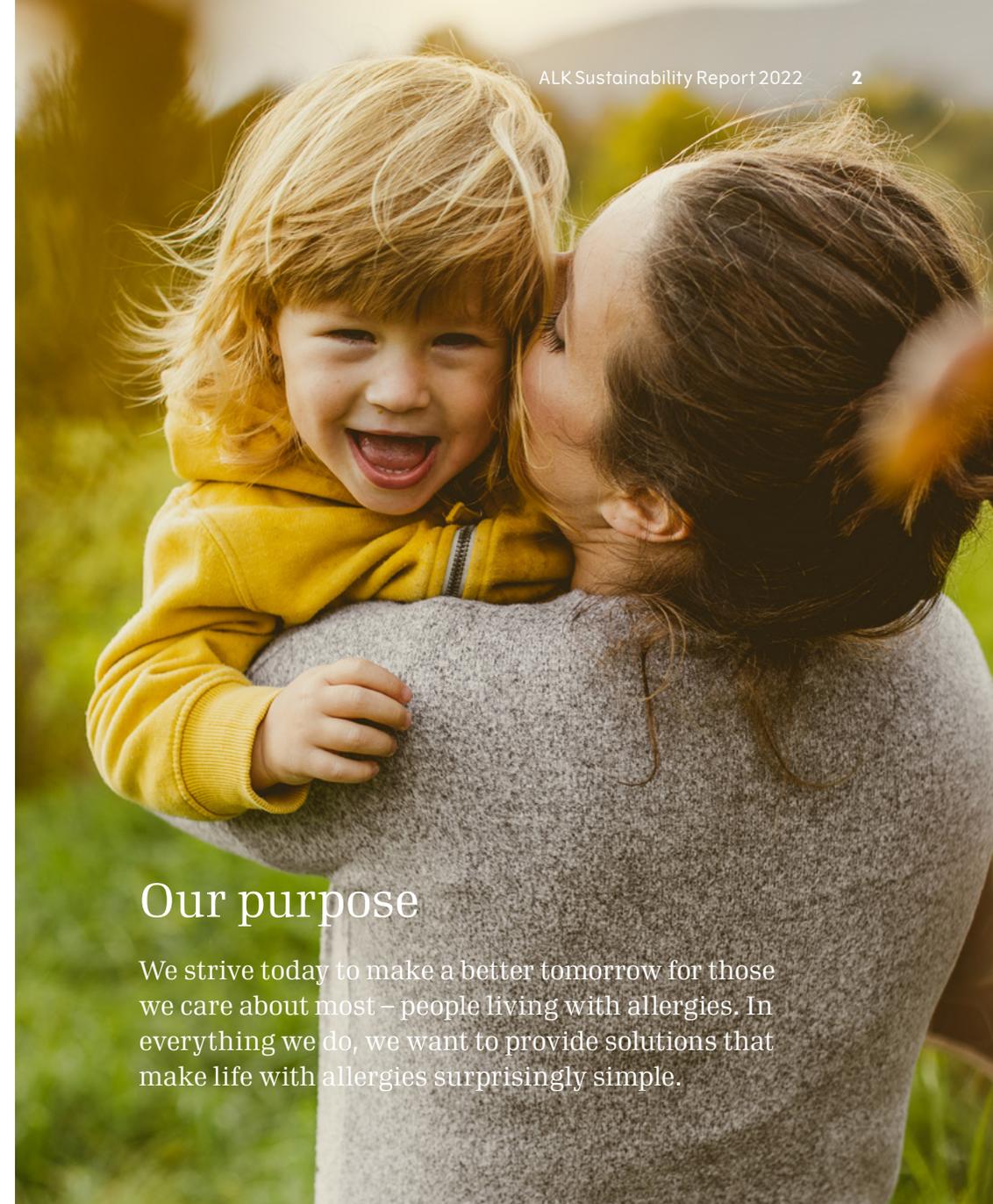


## Find out more on our website

Find more information about ALK on our website.



Go to p. 32 for links



## Our purpose

We strive today to make a better tomorrow for those we care about most – people living with allergies. In everything we do, we want to provide solutions that make life with allergies surprisingly simple.

# Introduction

**ALK continues to build on our 2022 progress by helping even more people with allergies and strengthening our sustainability efforts even further.**

## Commitments

We continue to support the 10 Principles of the UN Global Compact and remain an active signatory. In addition, we have committed to setting a new CO<sub>2</sub> reduction target according to the Science Based Targets methodology to align ourselves with the goals of the Paris Agreement to limit global warming to 1.5°C above pre-industrial levels.

## 2022 progress

We experienced continued progress across all our current focus areas: 'Access to allergy care', 'People', 'Environment' and 'Responsible business practices'.

ALK is driven by a strong purpose to help people who suffer from allergies. We are therefore pleased to see our Access to

Allergy Care targets were especially exceeded this year, underlining our commitment to bring more people back to nature with our range of diagnostics, allergy immunotherapy treatments, and services. Our efforts significantly reduce the burden of living with allergies to both the individual and society in general, as more people can be treated faster.

ALK is growing as a company and has increased the amount of medicines available to people with allergies globally. Despite this growth, we saw an overall reduction in our CO<sub>2</sub> emissions. However, our emissions of flight travel following the lift of COVID-19 travel restrictions increased as there was a strong need to meet face-to-face and reconnect across the business. We will be working to reduce these emissions going forward, as we set new science-based CO<sub>2</sub> reduction targets. We look forward to continuing our CO<sub>2</sub> reduction journey in 2023, based on a more comprehensive and ambitious framework.

In 2022, we updated our Governance Model to ensure ESG data progresses towards the same standards as the financial data. Going

## Our current focus areas

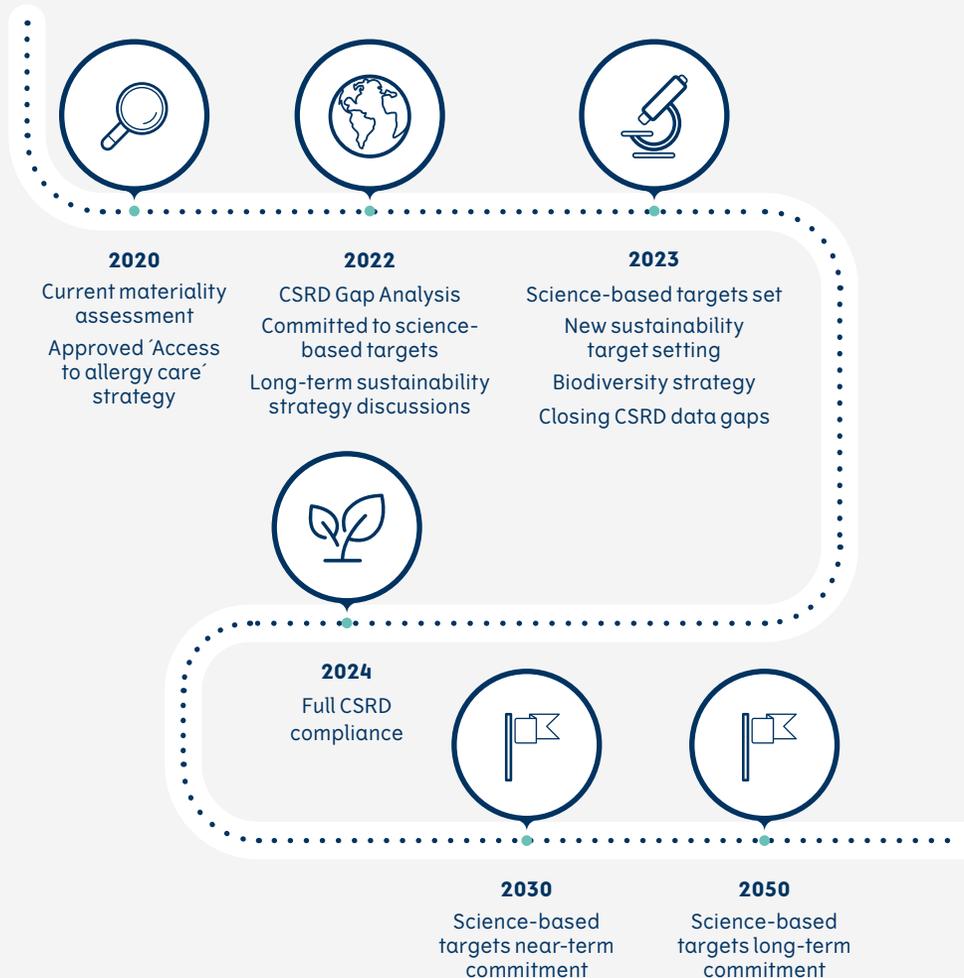
ALK's approach to sustainability encompasses four key themes to ensure sustainability for people, planet and the business. Our 'Access to allergy care' strategy describes our ambition and goals to make ALK solutions more universally accessible, while reducing our impact on the planet.



“Improving access to allergy care is our greatest opportunity to positively influence our business and society in general.”

**Carsten Hellmann, President and CEO**

## ALK's sustainability journey



forward, the Board of Director's Audit Committee will oversee all sustainability and ESG disclosures, processes, controls, and assurance as an integrated part of the Committee's annual wheel.

Our strategic priorities at ALK are guided by continuous stakeholder engagement, and upcoming standards. In 2022, we collected valuable input from our employees at global and local meetings, our employee engagement survey, and ALK Learn sessions (our internal learning platform), as well as from several meetings with investors strongly engaged in sustainability. We also conducted a gap analysis comparing our current reporting with the upcoming requirements in the Corporate Sustainability Reporting Directive (CSRD) and will be aligning our reporting over the coming years as the standards come into force.

### Focus points of 2023 and beyond

While the Board of Directors assessed and confirmed our short- and long-term priorities, we will be identifying new

sustainability targets in all four of our focus areas to ensure that our commitments continue to be reflected by our actions.

Expanding access to allergy care to become relevant to even more people with allergies, will remain our main priority. As a pharmaceutical company producing allergy treatments with source materials originating from nature, we will also be prioritising and addressing biodiversity impacts and mitigation efforts. Other key priorities going forward will be to grow our insight on double materiality – how ALK impacts climate change, and how climate change impacts ALK's business – and further strengthen our sustainability policies and disclosures to reflect developments in sustainability reporting, due diligence and transparency.

We are on an ambitious growth journey and will continue to make our solutions more universally accessible, while ensuring a sustainable business model throughout ALK.

Best regards,

**Carsten Hellmann**  
 President & CEO

### Find out more

See our governance model on p.26 in the appendix

# Sustainability performance 2022

We have exceeded, or are on track to meet, all our ESG targets ahead of schedule.

	Milestones	Targets	2022 Results	Accumulative Results*
Access to Allergy Care	<b>2023:</b> Make ALK allergy diagnosis, immunotherapy treatments and/or adrenaline products accessible to additional patients	<b>100,000+ new patients annually</b>	<b>300,000</b>	<b>400,000</b>
	<b>2025:</b> Introduce tablet-based AIT in new countries	<b>5 countries</b>	China (Boao Lecheng) & United Arab Emirates	<b>4</b>
	<b>2025:</b> Add children and/or adolescent indication to current indication	<b>10+ countries</b>	<b>2</b>	<b>12</b>
	<b>2022:</b> Strengthen knowledge about innovations in allergic disease via scientific communication to healthcare professionals (HCPs)	<b>20,000 HCPs</b>	<b>25,200</b>	<b>55,000</b>
	<b>2022:</b> Establish partnerships to train healthcare professionals in allergy treatment and immunotherapy	<b>4,000 HCPs</b>	<b>4,250</b>	<b>8,050</b>
People	<b>2022:</b> Maintain the injury frequency rate**	<b>≤ 3.0 Max. 9 annually</b>	<b>1.7 6 accidents</b>	
	<b>2025:</b> Maintain gender balance at Manager and Director levels	<b>50% women</b>	<b>53%</b>	
	<b>2025:</b> Increase the number of women in VP and Senior Director positions	<b>35% women</b>	<b>34%</b>	
	<b>2022:</b> Increase the number of women in the shareholder-elected members of the Board of Directors	<b>30% women</b>	<b>29%</b>	
Environment	<b>2022:</b> Reuse/recycle waste	<b>47%</b>	<b>59%</b>	
	<b>2022:</b> Maintain annual water consumption levels below 2019-baseline	<b>122,000 m<sup>3</sup></b>	<b>116,500 m<sup>3</sup></b>	
	<b>2022:</b> Maintain annual energy consumption levels below 2019-baseline	<b>47,000 MWh</b>	<b>46,800 MWh</b>	
	<b>2025:</b> Reduction in CO <sub>2</sub> emissions from 1 <sup>st</sup> leg distribution, travel flights and company cars against a 2019-baseline of total non-renewable emissions	<b>60%</b>	<b>41%</b>	
Resp. bus.	<b>2022:</b> Maintain ALK Code of Conduct employee training participation	<b>90% participation</b>	<b>95%</b>	

■ On track or above target  
■ Target not met

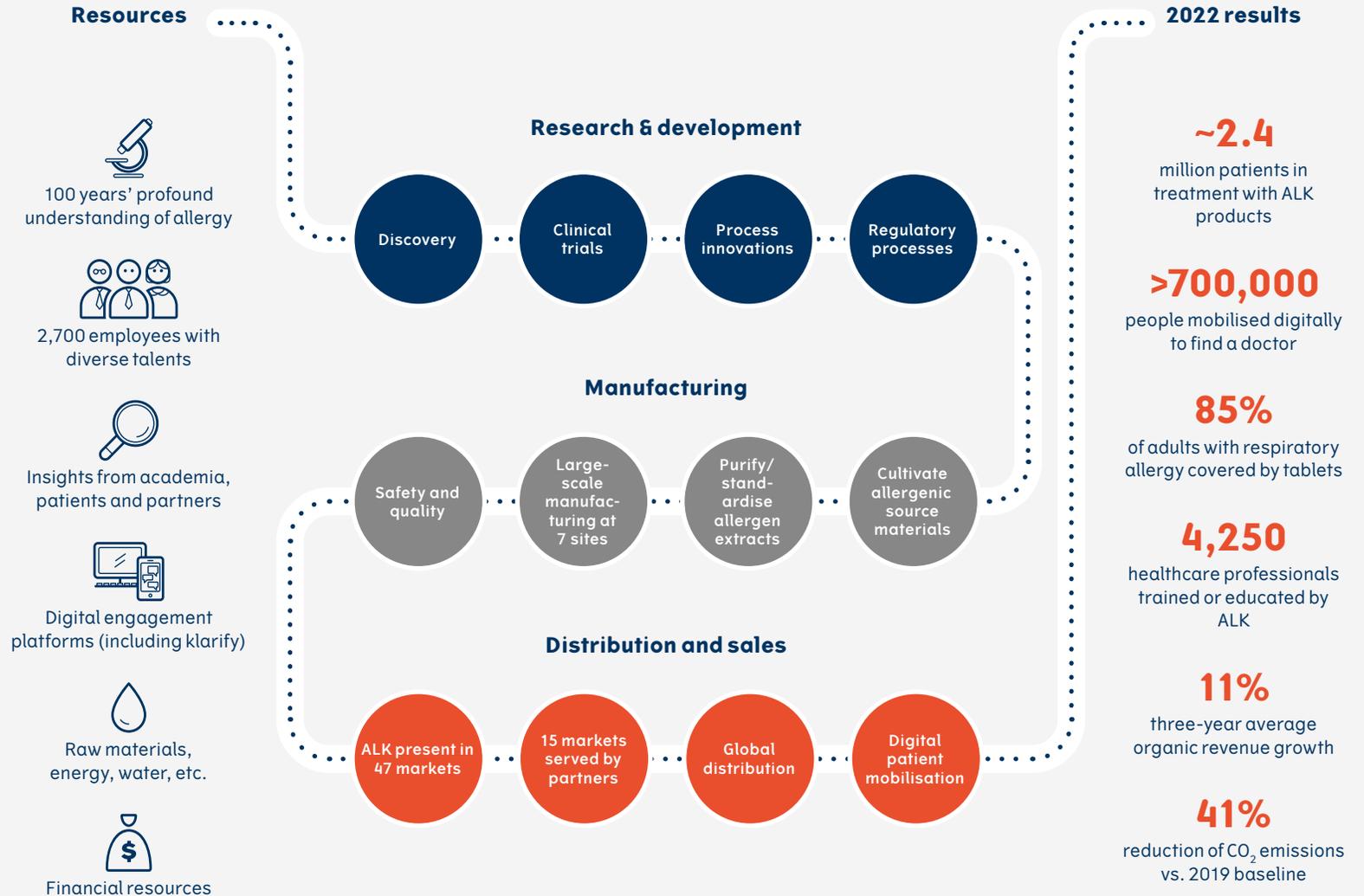
\* 2021 and 2022  
 \*\*number of cases per one million hours worked

## ALK at a glance

# Becoming relevant for more people with allergy

ALK is a global allergy solutions company with a wide range of diagnostics, allergy immunotherapy (AIT) treatments, and services to meet the unique needs of allergy sufferers, their families, and doctors around the world.

ALK is a world leader in respiratory allergies and holds emerging positions in food allergies and anaphylaxis. Its business model is centred around strong R&D skills, insight into immunology, unique manufacturing processes, and a desire to bring the best of modern science to the allergy field. Based on the industry's most comprehensive clinical data set and insights into patient behaviour, ALK wants to transform the clinical landscape from experience-based to evidence-based medicine for patients, practitioners and payers.





# Access to allergy care

**Number of countries where tablet-based allergy immunotherapy treatment was introduced in 2022:**

**+2**

China (Boao Lecheng) and United Arab Emirates

**New patients in 2022:**

**+300,000**

Increasing patients in treatment to 2.4 million

**Training of healthcare professionals since 2020:**

**8,050**

We exceeded our target to reach 4,000 healthcare professionals by 2022

**Number of countries where children & adolescent indications were approved in since 2020:**

**12**

We exceeded our target of 10 new country indications by 2025

# Access to allergy care

**The burden of living with allergies to both the individual as well as society is tremendous. At ALK we seek to ease this burden by providing better treatment options, expanding treatment access and enabling faster diagnosis.**

More than 500 million people worldwide have allergies<sup>1</sup>.

Many of them suffer in silence unnecessarily without clear avenues for support and treatment. We wish to bring people living with allergies back to nature by improving access to effective and clinically proven allergy diagnosis and treatment solutions to improve the lives of the individual and reduce the burden on already strained healthcare systems around the world.

The world we live in is changing; pollen counts are increasing, and plants are migrating geographically to areas with longer and earlier pollinator seasons

due to climate change<sup>2</sup>. This means that seasonal allergies are lasting longer and are becoming more severe<sup>3</sup>. As the prevalence and severity of respiratory allergies increases, we work internally in ALK and with our business partners to address the climate crisis and to improve access to diagnostics and treatments for respiratory allergies.

As of 2022, over 2.4 million people worldwide rely on ALK allergy diagnostics, allergy immunotherapy (AIT) treatments and/or adrenaline products, an increase of +300,000 patients from 2021, well in line with ALK's 2023 aspirations.

### **Expanding our geographical reach**

The number of people with allergies has risen steadily in the past 60 years, with higher incidence rates among children. It is expected that by 2050, half of the population will suffer from respiratory allergies<sup>4</sup>. To help more people, we are expanding our AIT and adrenaline products to additional countries, either by our own power or through partnerships, which often

form the first step in making ALK solutions available in countries with no access to AIT.

In 2022 we extended the reach of our tablet-based AIT products to the United Arab Emirates and the Boao Lecheng Pilot Zone in China – the first step towards making ALK's house dust mite tablet available in mainland China by 2024/25, subject to regulatory approval. We also entered into a partnership with Dr. Reddy's Laboratories which eventually will lead to the introduction of our house dust mite tablet in India.

Our partner, GrandPharma, continued its preparatory work to register and launch ALK's auto-injector Jext® in China, while ALK continues the development of a next-generation auto-injector ahead of a planned submission to the US FDA in 2024.

Meanwhile, we initiated a Phase I trial with a tablet treatment for peanut allergy – an important step in our quest for developing new, mainstream treatments for potentially life-threatening food allergies.

**“2030 Commitment: Enable access to ALK allergy diagnosis, immunotherapy treatments and/or adrenaline products by increasing the number of patients by at least 100,000 annually.”**

### **Access to allergy care strategy, 2020**

[▶ Find out more](#)

Go to p. 32 for reference list



## Saving lives with Jext®

Our adrenaline pens Jext® are used every day to save lives in cases of anaphylaxis caused by allergies. However, the pens are also used for people suffering cardiac arrest from severe trauma.

Following the outbreak of war in Ukraine, ALK was approached by Ukrainian authorities for medical support. We met this request by donating 25,000 Jext® pens. Together with devices and medicines from other pharma and medtech companies in Denmark, the pens were shipped directly to Ukraine to help victims of the war.



Jext contains a sterile solution of adrenaline within an auto-injector for emergency injection of a single dose of adrenaline into the outer thigh muscle.

### Approvals for children and adolescents

To service the increasing number of youth with respiratory allergies, we continue to progress our approvals for children and adolescents to ensure diagnosis and treatment much earlier in life. In 2022, two new approvals for children and/or adolescents were secured in Serbia and Canada, advancing our commitment towards full paediatric coverage across the tablet portfolio. Key initiatives in this respect are the ongoing, transatlantic paediatric Phase III trials in allergic rhinitis (MT-12 for the house dust mite tablet and TT-06 for the tree pollen tablet), both due for completion in 2023.

Furthermore, we are currently gathering data showing a correspondence between allergies in children and lower grades and academic achievements in school, indicating that early treatment and diagnosis may also have a positive impact on the academic performance of children.

### Engaging with practitioners and patients

We engage systematically in educational activities, training and dialogue with healthcare professionals to enhance insights into diagnosis and treatment of allergic diseases. Much of our engagement is done through digital platforms enabling us to reach more healthcare professionals within a shorter time and reduce our climate impact from travelling to physical meetings. As an example, our Digital Area Sales Manager in Norway held more than 50 digital meetings with healthcare professionals in 2022. If meetings had been held physically this would have required more than 80 flight trips and 16,000 kilometres driven.

2023 will see a further move towards multichannel marketing through increased digitisation of communication with healthcare professionals using insights from a new customer relationship

**“2030 Commitment: Educate 200,000 healthcare professionals and establish partnerships to train 50,000 healthcare professionals in allergy treatment and immunotherapy.” Access to Allergy Care strategy, 2020**



Klarify is ALK's digital platform providing tools to better manage allergy symptoms.

management system that will be rolled out globally after a successful test phase in the Nordic countries.

Since 2020, we trained 8,050 healthcare professionals in allergy and AIT treatment and educated 55,000 healthcare professionals in allergic disease innovations via scientific communication, exceeding our 2022 targets of 4,000 and 20,000, respectively. Additionally, we engaged with patient organisations all over the world to raise awareness about patient care and product safety.

Our Klarify digital platform was launched in Switzerland, Austria, the Netherlands, the Czech Republic, and Slovakia in 2022. The platform is now available in 11 countries

and aims to empower people to take action on their allergies by offering information and guidance on how to avoid or alleviate symptoms. In 2022, more than 700,000 consumers found a doctor using ALK's Consumer-to-Patient ecosystem, where ALK digitally takes consumers by the hand pre- and post- doctor visits.

ALK also made progress in pilot projects aimed at eliminating friction points on the path to prescription for the many untreated patients eligible for AIT treatment. This work will continue in 2023.

“ Training healthcare professionals is an important commitment for ALK. By disseminating latest knowledge about diagnosis, treatment options and support solutions to people living with allergies, we contribute to making more healthcare professionals able to treat earlier, more efficiently and more effectively”.

**Soren Niegel, Executive Vice President, Commercial Operations**

## Find out more

### Access to allergy care has two guiding principles:

- Focusing primarily on people with allergies and their need for correct diagnosis and treatment
- Supporting healthcare providers and professionals is a precondition for providing efficient allergy care. Without a healthcare infrastructure, people with allergies cannot benefit from our allergy solutions

### In this area we support:

#### UN Sustainable Development Goals



### Find out more

about our Access to Medicine Policy  
about our solutions to the treatment of allergy

Go to p. 32 for policy links



# People

## Injury frequency

**1.7**

We reached our goal of keeping injury frequency below 3.0

## Female managers and directors:

**53%**

We reached our 2025 goal of approximately 50% women at manager and director levels

## Female vice president and senior directors:

**34%**

We expect to reach our goal of 35% female vice president and senior directors before 2025

## Female shareholder-elected board members:

**29%**

We will be updating our target in 2023 according to new legislation §99b on gender representation

# People

**Building a cohesive organisation by connecting with colleagues supports our growth ambitions and our ambition to create a good work environment with high engagement.**

## Engagement and retention

The 2022 results of our employee engagement survey exceeded our expectations. With a participation rate of 95% globally, we have a very high validity of the results. Global engagement increased from 8.2 (on a 10-point scale) in 2021 to 8.3, and we saw improvements across all engagement drivers. The engagement result is 0.7 points above the healthcare benchmark and in the top-5 percentile. In addition to the high index scores, we received more than 11,000 employee comments.

Though the results were good, there are areas for further development; ‘managing

demands of workload’, and ‘career advancement and skills development’ were two areas in focus in 2022 and will continue to be so going forward, as ALK offers specific support to mitigate workload issues and identifies additional ways to develop and train leaders and employees.

Employee turnover was 13% in 2022 (2021: 13%), reflecting a very high demand for skilled labour in key locations, particularly in the first half-year, both in the healthcare industries and other sectors. Although ALK shares this challenge with other employers in the healthcare industry, we continue to focus on retaining our employees by seeking to ensure an engaging work environment.

## Employee development

Development opportunities continue to be one of the major drivers of employee engagement and is key to our success. We invest in training and developing all employees through job assignments and training activities. Additionally, our ASPIRE

program identifies talents globally. At the corporate level, ASPIRE focuses on two talent groups; Key Talents with potential to become part of senior management, and Early Career Talents who are at the beginning of their career. For both groups, comprising a total of 69 talents as of 2022, strong individual development plans are established and supported by the Board of Management. Furthermore, we trained 150 leaders from across ALK through our Leading with Impact program for senior-level leaders, educating them on agile and inclusive leadership. In addition, 162 managers and supervisors across Product Supply were trained in how to further strengthen the manufacturing excellence mindset through our global Manufacturing Excellence program.

As a part of the annual development agreement for all employees, performance, goals and ambitions are discussed with the manager. These dialogues enable a strong, continuous feedback culture as a mechanism for ensuring positive

“ Building a cohesive organisation is important for us at ALK. We are therefore very pleased with our high employee engagement score. We will continue to support employee growth and development ambitions, as well as promote a strong company culture through our values and purpose in order to maintain a sense of pride in our daily work.”

**Lisbeth Kirk, Senior Vice President, Human Resources, Sustainability and Internal Communications**

professional development for the individual employee aligned to the business strategy.

### Learning for all

ALK Learn is an internal learning platform for all employees. The purpose is to educate employees on topics of relevance to ALK and the individual. All sessions are virtual and held by either internal or external facilitators and when possible, recorded for future reference. In 2022, we had sessions on: 'Finance for non-financials', 'Health & Wellbeing', 'Sustainability at ALK', and 'Understanding cultural differences'. The sessions on average attracted audiences of 300 employees.

### Health & wellbeing

Based on input from last year's engagement survey, we saw a need to focus on health and wellbeing across the organisation. 12 workshops were held with approximately 210 managers globally to help them facilitate conversations with employees about work priorities and address potential signs of burnout and stress. Human Resource support was also given to managers in departments with low scores for health and wellbeing. 4 out of 5 departments with low engagement survey

scores in 2021 showed improved results in 2022.

In addition to the global focus on psychological safety, various health initiatives were introduced locally. In the USA, Wellness@ALK was introduced to secure physical and mental well-being through action. Over the course of the year, Wellness@ALK encouraged all US employees to take part in their own wellness by offering a fitness challenge, a health risk assessment, and various wellness-related webinars. Response from employees was encouraging. Wellness@ALK will continue in the USA in 2023 and further be introduced in Canada.

### Safety of our employees

In 2022, we had six occupational accidents at ALK facilities (2021: 1), resulting in an injury frequency rate of 1.7 (2021: 0.3). The accidents were related to organisation of work. Root-cause analyses have been conducted to ensure that preventative measures are implemented. We ensure access to occupational healthcare services for all employees through healthcare coverage and insurance for work-related accidents or diseases.



## wALK the tALK

In 2022, ALK focused on connecting employees across the organisation after two years with COVID-19 restrictions where many employees have been working from home.

We saw a strong need to meet in person and reconnect, but also to make sure that everyone is aligned and informed about our strategy and purpose. Therefore, we introduced wALK the tALK meetings at sites where employees could meet, get inputs from specialists and people who suffer from allergies, and also ask questions directly to local and senior management. wALK the tALK events took place at 12 sites across 9 countries in 2022, and additional meetings are planned for 2023.



Søren Niegel, EVP, Commercial Operations, answers questions from employees at our site in Kungsbacka, Sweden

Workplace assessments are conducted regularly to ensure we mitigate health and safety risks. Safety training is adapted to local needs and allows flexibility in line with local laws. All relevant employees are trained in the Chemical Management System, which contains our safety data sheets and describes common hazards and the precautions to be taken.

We will continue to monitor risks related to safety, health and well-being in 2023 and continue to focus on securing a safe and healthy workplace. In 2023, we will implement an updated risk matrix to strengthen insights on the severity of our incidents.

**Diversity and inclusion**

Diversity and inclusion principles are integrated into our key processes such as talent management, succession planning, mentoring and sponsorship programmes, unconscious bias training, flexible working options, regular pay-gap assessments, and paid parental leave. Our engagement survey helps to shed a light on the perception of inclusion related to these elements. The 2022 results showed an improvement in the diversity and inclusion score from 8.0 in 2021 to 8.3, but we do see a need to expand and

improve these elements in 2023. We believe that diversity and inclusion at all levels delivers better business results, and our ambition is to continue building an inclusive work environment that fosters a sense of belonging, where different perspectives, abilities, talents and experiences are valued.

In 2022, we took a further step towards reaching our goal of increasing gender representation at vice president and senior director levels. 34% of the vice presidents and senior directors are women, up from 29% in 2021. We aim to achieve 35% female representation by 2025 at the latest. These steps help to strengthen the pipeline towards representation in senior vice president and executive vice president positions.

Our distribution of men and women at manager and director levels remained within our target of maintaining a gender balance of approximately 50%, with 53% women in 2022, unchanged from 2021. In 2023 we will set a new target for gender representation in senior management, following the new guidelines for §99b.



Our Guangzhou office employees in China enjoyed our Move for Allergy initiative by taking a walk together on Guangzhou international bio-island.

**Move for Allergy**

Our annual ‘Move for Allergy’ event emphasises the importance of collaboration, interconnectivity and having a sense of belonging. The event connects colleagues on the same day all around the world by encouraging everyone to exercise either by walking, running or cycling – alone or in small groups.

## ALK's cultural beliefs

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



In 2022, ALK hired 555 new employees (2021: 487), 63% of which are women (2021: 58%). The gender pay ratio (men to women) among all employees was 1.14 (1.18 in 2021).

### The Board of Directors

ALK's Board of Directors consists of seven shareholder-elected members and three employee-elected members. Two shareholder-elected members are women, corresponding to 29% female representation. We will be updating our target as the new legislation §99b on gender representation comes into force in 2023.

In addition, two of the employee-elected members are women, and three of the shareholder-elected members have nationalities other than Danish. Four of the shareholder-elected members are independent according to the definitions set by The Danish Committee on Corporate Governance.

The Remuneration and Nomination Committee is responsible for the selection and nomination of candidates for the Board of Directors. Selection is assessed by the Board of Directors and is based on a transparent process that defines the desired

profile, taking into account the need for new talent, diversity, age and gender. Our diversity targets and results are disclosed in line with cfi. section 99b and 107d of the Danish Financial Statements Act.

### Human rights and labour rights

We support the UN Guiding Principles on Business and Human Rights, and our work with human rights is an integrated part of our support to the UN Global Compact.

Our high-level risk assessment of human rights and labour rights was updated in 2022. We continue to recognise health and safety, anti-discrimination and general working conditions at our own sites as important focus areas. We have not identified any signs of adverse human rights impacts in 2022 at our own sites or with our suppliers.

Activities are enforced through policies, actions, targets and training, as well as grievance mechanisms and our whistle-blower function – ALK Alertline. Please refer to section Responsible Business Practices for additional information.

#### [Find out more](#)

Board of Directors composition and competences are available on our website. Go to p. 32 for link

## Find out more

### ALK follows internationally recognised standards:

The Universal Declaration of Human Rights  
The International Labour Organization's Declaration on Fundamental Principles and Rights at Work  
The UN Guiding Principles on Business and Human Rights

### ALK policies on human rights and labour rights:

Code of Conduct  
Conflicts of Interest Policy  
Diversity and Inclusion Policy  
Environment, Health and Safety Policy  
Harassment Policy

### In this area we support:

#### UN Global Compact Principles 1-6



#### UN Sustainable Development Goals



Go to p. 32 for policy links

#### [Find out more](#)

See the detailed ESG data on p.28



# Environment and climate

**Our CO<sub>2</sub> reduction:**

**41%**

We will be setting a new target in 2023 according to the Science Based Targets methodology

**Our energy consumption in 2022:**

**46,800 MWh**

We achieved our 2022 target to not exceed the 2019 baseline of 47,000 MWh

**We reused or recycled waste:**

**59%**

We achieved our 2022 target to reuse or recycle 47% of waste

**Our water consumption in 2022:**

**116,500 m<sup>3</sup>**

We achieved our 2022 target to not exceed our 2019 baseline of 122,000 m<sup>3</sup>

# Environment and climate

**Climate change is chiefly an environmental issue, but it is also a serious threat to respiratory health.**

Global warming can lead to longer allergy seasons and poorer air quality, triggering more severe allergy symptoms. As an allergy care company, ALK will contribute to mitigating anthropogenic greenhouse gas effects threatening respiratory health. In 2022 we committed to setting science-based targets in line with the goals of the Paris Agreement – limiting global warming to 1.5°C above pre-industrial levels.

## Assessing and mitigating environmental risks

All ALK production sites adhere to our Global Environmental Health and Safety (EHS) policy and are covered by our Global EHS Management System. Accordingly, we continuously assess environmental and climate risks related to energy, CO<sub>2</sub>,

waste and water consumption. In 2022, no incidents of non-compliance with environmental laws and regulations were recorded through our internal systems (2021: 0).

Climate risk planning, mitigation and adaptation strategies are becoming increasingly important as the threat of droughts and flooding could affect the cultivation and collection of our allergenic source material. To mitigate these risks, we are distributing our crops across a wider range of locations in the USA and Europe to secure a stable supply of allergenic source materials, and we will continue to assess climate risk planning, mitigation and adaptation strategies in 2023, including a materiality risk assessment of climate impacts on our own operations and along the value chain.

## Preparing science-based targets

Although our CO<sub>2</sub> emissions are relatively low compared to many other industries, reducing CO<sub>2</sub> emissions is imperative

for ALK. In 2022, we saw a need to align our existing CO<sub>2</sub> emission target with an established framework, and therefore committed to setting science-based targets. We have since engaged with an external partner to validate data and reduction initiatives for scope 1, 2 and 3 emissions, and we will be setting, communicating and reporting our updated targets in 2023.

Working with the external partner, we developed a better understanding of the transition needed to reduce scope 1, 2 and 3 emissions. We have already introduced a series of initiatives to decrease scope 1 and 2 emissions, including an increased focus on renewable energy, implementing energy efficient initiatives, and promoting the addition of electric cars to our company fleet. We will continue investigating material categories in line with our science-based targets commitment.

We have established a framework for accounting and reporting on our scope 3

“ Although we are already taking measures to reduce our CO<sub>2</sub> emissions, committing to science-based targets pledges our alignment with the Paris Agreement, both at our own sites and throughout our supply chain. Our contribution to limiting anthropogenic climate change through this commitment will help to ensure a healthier environment, as well as a healthier society.”

**Christian Houghton, Executive Vice President, Product Supply**

emissions (1st leg distribution and flight travel). This expanded documentation showed that a large part of our emissions derive from flight travel, which increased this year following the lift of COVID-19 travel restrictions. However, we saw an overall decrease in scope 1 and 2 emissions, as well as greenhouse gas intensity per net revenue. These are all signs that we are taking good steps towards achieving a net reduction in CO<sub>2</sub>, despite growing as a business. We will continue these reduction initiatives and increase our focus on reducing flight travel with our improved scope 3 transparency. We look forward to continuing our CO<sub>2</sub> reduction journey in 2023 based on a more comprehensive and ambitious framework.

### Energy consumption

We continue to advance our efforts to reduce energy consumption and promote renewable energy use. Several initiatives were implemented in 2022 supporting these efforts. Our Hørsholm, Denmark site

installed steam vessels to generate heat for manufacturing processes, which run on certified CO<sub>2</sub>-neutral wind electricity rather than the previous natural gas source. Additionally, our Vandeuil, France production site optimised the heat recovery of a cold unit, which allowed the shutdown of a gas boiler previously responsible for providing hot water in half the plant.

We continue to focus on increasing our renewable energy consumption and purchase renewable energy certificates audited by independent third parties where 100% renewable energy consumption is currently unavailable. Total energy consumption was 46,800 MWh in 2022 (2021: 46,000), achieving our 2022 target of not exceeding the 2019 baseline of 47,000 MWh.

### Waste management

Reducing, reusing and recycling waste are important steps in minimising our environmental impact. We therefore try to incorporate circular economy concepts at



The transition to renewable energy is an important initiative for ALK. 53% of our energy consumption comes from renewable sources, and renewable energy certificates are purchased where renewable energy consumption is currently unavailable.



every step of our business, for instance by replacing plastic products with recyclable cardboard packaging where possible.

At our Post Falls, USA site, we promote circular economy initiatives by using part of the nutritional content from the house dust mites that we cultivate, as a soil supplement for the fields where we harvest grass and tree pollen. The remaining house dust mite process material is sold as a bulking agent for wastewater treatment facilities.

We continue to optimise waste management with the goal of achieving zero landfill waste. We aim to improve waste recovery and sorting, and handle expiry dates for chemicals to avoid unnecessary waste. As an example, our two production sites in France have implemented selective waste sorting with a supplier waste recycling system to ensure component reuse. Non-recoverable waste such as chemicals are incinerated in efficient plants with heat recovery, electricity production and recovery of components. As a result, 59% of waste is reused or recycled over all our sites, up from 50% in 2021, and in line with our goal of 47% waste recovery by 2022.

Total waste from production sites was 1,135 tonnes (2021: 880). This increase is due to improved documentation of waste fractions rather than an actual increase of waste production at our sites

### Water

Water is an important resource in our production and cultivation of our allergenic source materials such as grass, birch and ragweed pollen. We are therefore increasing our focus on reducing water use at all levels of the business. We have initiated a replacement of our water for injection (WFI) production system in Hørsholm, Denmark with an industrial water treatment system, which will save both water and energy consumption when installation is complete in 2025. Additionally, the site has installed steam generators which will divert roughly 1,500 m<sup>3</sup> of wastewater. The same water will be reused again as it condenses, is cooled by water designated for heating the building, and returns into the steam system, resulting in 10% energy savings on building heating. This process is currently under construction and is expected to be implemented in 2023.



### Case

## ALK sustainability award

In 2022, a global sustainability award initiative was announced, where one ALK team would be given an award in recognition of their daily achievements benefitting people with allergies and the environment.

In 2022, the sustainability award was granted to the project team in France who worked hard over the past two

years to replace plastic packaging with biodegradable cardboard for ALK's allergy immunotherapy drops brand OSIRIS®. This switch has reduced CO<sub>2</sub> emissions of the packaging by 95%, saved packaging costs, and allowed for more colours on the packaging, making it easier for people with allergies and healthcare professionals to recognise the product. The sustainability award initiative will continue in 2023, in an effort to encourage teams to consider sustainability in their daily operations and decisions.



OSIRIS® is ALK's immunotherapy drop brand administered under the tongue at home, avoiding the need for regular doctor visits. Our new colourful and biodegradable packing makes product recognition easier for people with allergies.

In 2022, overall water consumption was 116,500 m<sup>3</sup>, meeting our 2022 target to not exceed the 2019 baseline of 122,000 m<sup>3</sup>.

### Biodiversity

As a manufacturer of biological medicines based on nature derived allergens, ALK acknowledges the importance of biodiversity for securing existing and novel pollen solutions, which could be under threat due to species and habitat decline. We are therefore taking steps to make a positive impact on biodiversity at our sites where we cultivate allergenic source materials, including the integration of sustainable farming practices into our daily work. As an example, our Post Falls, USA facility utilises GPS data to increase specificity of pesticide application, plants nitrogen-fixing species in our crop rotations, applies Integrated Pest Management principles to minimise pesticide use, and integrates natural and semi-natural habitats on our land. Additionally, our organic birch farm pilot project in Tri City, USA yielded its first harvest in 2022, and we will continue to investigate this method of production in the future to potentially apply the method elsewhere.

We will continue to expand on our biodiversity initiatives into 2023 and beyond, such as exploring alternative crop rotations, utilising cover crops during the winter, and testing no-till or minimum-till farming practices.

### EU taxonomy

We have performed an eligibility screening of our activities to report under Article 8 of the EU Taxonomy Regulation<sup>1</sup>. It is our conclusion that none of our revenue is derived from products or services associated with activities included in the Climate Delegated Act<sup>2</sup>, and as such we do not have any eligible turnover. We have also screened our capital (CapEx) and operational (OpEx) expenditure. The activities assessed include, but are not

limited to, waste management, transport, and construction and real estate. Our capital and operational expenditure screening identified some activities which could be classified as eligible. This included the steam generators installed at our Hørsholm site (Activity 7.6 - renovation of existing buildings). Other activities were also identified as potentially eligible (our company cars, facilities and other minor expenditures). However, due to a need to further develop our reporting foundation and processes related to reporting according to the EU Taxonomy, we have chosen to report none of our capital and operational expenditure as taxonomy-eligible for 2022. For accounting policies on revenue, CapEx and OpEx please see consolidated financial statement in the 2022 Annual Report

### EU Taxonomy disclosure

2022	Revenue		OpEx		CapEx	
	DKKkM	%	DKKkM	%	DKKkM	%
Taxonomy-eligible activities	0	0%	0	0%	0	0%
Taxonomy-non-eligible activities	4,511	100%	3,568	100%	353	100%
<b>Total</b>	<b>4,511</b>	<b>100%</b>	<b>3,568</b>	<b>100%</b>	<b>353</b>	<b>100%</b>

<sup>1</sup> Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020

<sup>2</sup> Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021

## Find out more

### ALK follows internationally recognised standards:

Greenhouse Gas Protocol  
EU Taxonomy

### ALK policies on environment and climate:

Code of Conduct  
Environment, Health and Safety Policy

### In this area we support:

#### UN Global Compact Principles 7-9



#### UN Sustainable Development Goals



#### Science Based Targets



Go to p. 32 for policy links

### Find out more

See the detailed ESG data on p. 28



# Responsible business practices

Employees trained in Code of Conduct:

**95%**

Exceeding our target of 90%  
participation rate

# Responsible business practices

**ALK is committed to conducting business ethically and responsibly, as well as ensuring that all stakeholders in our value chain act with integrity. We are committed to comply with all relevant laws, guidelines and international standards in every aspect of our operations.**

Our Code of Conduct describes the required standards of behaviour for our interactions with stakeholders and outlines the expectations of all ALK employees when it comes to professionalism, honesty and integrity. The Code of Conduct addresses ALK's policies related to responsible business practices. Additionally, our Third-Party Code of Conduct describes the required standards of behaviours for third party stakeholders, including suppliers, and specifically outlines requirements regarding human rights issues.

## **Continuous training efforts**

ALK conducts annual Code of Conduct training for our employees, available online in seven languages. All employees are additionally required to acknowledge that they have read and understood the Code of Conduct. In 2022, 95% of our employees (2021: 97%) completed the internal Code of Conduct training. In 2023, we will take steps to provide additional training especially on anti-corruption, fair competition and interaction with healthcare professionals for selected employee groups.

## **Interactions with third parties**

Our Third-Party Code of Conduct specifically outlines our expectations for interactions with suppliers and other third parties. No observations of violations were made in supplier assessments in relation to human rights, labour rights, the environment and anti-corruption in 2022.

In 2022, we formalised a partnership with EcoVadis, a digital supplier evaluation platform, to enable more accurate,

structured and documented supplier risk assessments. 26 key suppliers were initially assessed in 2022, and we continue to broaden the scope by evaluating more suppliers in 2023.

## **Forced and child labour**

We have a zero tolerance towards child and forced labour, as stated in our employee Code of Conduct and Third-Party Code of Conduct. We continue to engage proactively with suppliers through collaboration and open dialogue to ensure compliance with our Third-Party Code of Conduct, and we focus on supplier transparency to assess the risk of child and forced labour through our due diligence process for third parties. We adhere to the 2015 Modern Slavery Act and publish an annual statement according to its requirements.

## **Anti-corruption**

We uphold our commitment against corruption in all its forms and continue to take a zero-tolerance approach to corruption, including facilitation payments, kickbacks,

fraud and bribery. ALK employees are only allowed to give or receive gifts or hospitality which are modest, appropriate and infrequent. Additional restrictions apply when interacting with public officials, healthcare professionals and patient organisations. No corruption cases were identified in 2022.

## **Ethics hotline: ALK Alertline**

We encourage employees and other stakeholders to report, in good faith, serious and sensitive concerns within the scope of our Whistleblowing Policy. Guidance on how to raise concerns regarding unlawful behaviour or violations of ALK's policies, including the Code of Conduct, are part of ongoing awareness campaigns and annual training. Both employees and other stakeholders can file reports via ALK Alertline in multiple languages, either by phone or via an online form.

In 2022, a total of 11 cases were raised (2021: 8). All closed cases were diligently investigated, and appropriate remedial actions were taken. No disciplinary actions



ALK holds a quality mindset and culture across the organisation.

were needed. Three investigations are still ongoing.

### **Risk Assessment**

We conduct risk assessments on an ongoing basis to guide us on where select attention is required. The risk assessments, which amongst other things, cover anti-corruption and bribery risks, are conducted internally together with the relevant business units to ensure a comprehensive overview of the business and its risks. Based on the risk assessments, we revise our compliance programme as required.

### **High quality healthcare products**

Quality is a strategic priority for ALK, as it concerns both patient safety and public health and ensures standardisation and consistency of our products.

Meeting quality standards in our production and manufacturing processes is a prerequisite for ALK's licence to operate and is our competitive strength. To mitigate risks, we invest significantly in ensuring robustness and compliance in our processes, personnel training and manufacturing facilities. We adhere to GxP requirements described in various procedures within our Quality Management System.

Production and manufacturing processes are subject to periodic and routine inspections by regulatory authorities. In 2022, two (2021: 3) authority inspections of our manufacturing sites were successfully completed.

### **Patient safety**

ALK has a rigorous safety reporting system in place ensuring that safety data from any source, including clinical trials, are collected and analysed systematically by ALK's global pharmacovigilance team. This ensures that the safety profile of our products stays beneficial, and the relevant authorities can be made aware of any safety issue arising from our products.

The main risks related to our products come from failures to report side effects. We monitor the effects both before and after products gain marketing authorisations. If a situation should occur in which it is necessary to recall a product, ALK has procedures in place to ensure swift and efficient management of the situation. During 2022, ALK issued four product recall notices (2021:1).

In 2023, we will continue to strengthen the quality mindset and quality culture across the organisation as we train employees, roll

out systematic problem-solving tools and develop employees through online training frameworks.

### **Clinical trials**

We conduct clinical trials in close collaboration with authorities, healthcare professionals, scientists and people with allergies. Safety, privacy, ethics and respect are the foundation of our clinical trials. We are committed to the EFPIA and PhRMA Principles for Responsible Clinical Trial Data Sharing. In this way, we share data in a manner that safeguards the privacy of patients, respects the integrity of national regulatory systems and protects proprietary information.

### **Animal welfare**

Animal welfare is a focus throughout our research and development of new medicines. We select professional, well-recognised and accredited suppliers, according to the Federation of European Laboratory Animal Science Associations' (FELASA) guidelines. Our commitment to animal welfare also covers the shipment and transport of animals to our animal facilities.

Alternative approaches to replace the use of animals are implemented whenever possible. This strategy is known as 'the three R's':

replace, reduce and refine. Each experiment is carefully assessed for value gained to assure that no experiments are performed that will not justify the use of animals over alternatives. We strive to avoid any unnecessary repetition of animal studies and conduct testing on the cellular level whenever possible to minimise the number of animals needed for research.

### Data ethics

As a pharmaceutical company, ALK processes data from clinical trials, research and development, human resources, customer interactions and pharmacovigilance. We utilise data to expand scientific and medical understanding, ensure patient safety, generate a firmer evidence base to improve our products and services, and deliver treatments to the right patients with the right commercial potential, efficiently and sustainably.

Our Data Ethics Policy adhere to applicable laws which respect people's privacy and ensures ethical considerations, such as sharing data responsibly and avoiding bias when using algorithms. We apply our Data Ethics Policy in the absence of formal legal requirements. The management of data ethics is carried out by relevant business

units, who have integrated these principles in their work. We commit to mitigating risks and resolving grievances through our internal procedures or, if relevant, in collaboration with stakeholders. This constitutes our reporting according to cf. section 99d of the Danish Financial Statements Act.

### Privacy and data protection

In 2022, we continued to work on ensuring and increasing the safe and responsible use of data in line with data protection regulations like the General Data Protection Regulation (GDPR). There were no data breaches reported to any Supervisory Authority in 2022. We continue our global awareness campaign to avoid phishing attacks, and we conducted several data protection trainings during 2022 to support employee awareness when processing personal data.

### Responsible tax management

ALK's Tax Policy covers both direct and indirect taxes and applies to the whole ALK Group. Responsible tax management implies a commitment to tax compliance in line with applicable best practice guidelines issued by the OECD.

## Find out more

### ALK follows internationally recognised standards:

European Federation of Pharmaceutical Industries and Associations (EFPIA)  
The Ethical Committee for the Pharmaceutical Industry (ENLI)  
The International Federation of Pharmaceutical Manufacturers and Associations (IFPMA)  
The UK Bribery Act  
The US Foreign Corrupt Practices Act  
The Universal Declaration of Human Rights

### In this area we support:

#### UN Global Compact Principles 10



#### UN Sustainable Development Goals



### ALK policies for responsible business practices:

Anti-corruption Policy  
Code of Conduct  
Data Ethics Policy  
Data Protection Policy  
IT Security Policy  
Third Party Code of Conduct  
Quality Manual  
Stakeholder & Communications Policy  
Tax Policy  
Whistleblowing Policy

### Find out more

about the 2022 UK Modern Slavery Act statement

about how to contact the external Alertline

Go to p. 32 for link

See the detailed ESG data on p.29



# Appendix



# Our work with sustainability

## Sustainability reporting principles

ALK seeks to align with the draft European Financial Reporting Advisory Group (EFRAG) standards as guidance to determine report content, policies and disclosures. The reporting period covered by this report extends from 1 January to 31 December 2022.

## 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 Board of Directors is responsible for the strategy and the Board of Director's Audit Committee oversees all sustainability/ESG disclosures, processes, controls and assurance.



### Reporting scope

The environmental data in this report covers 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 is used as the baseline for our sustainability work and reporting.

### Due diligence, risk management and grievance mechanisms

The ALK Risk Committee assists the Board of Management with the overall responsibility of risk management. The ALK Risk Committee meets at least twice a year. The committee assesses risks and mitigation strategies relating to the entire ALK Group, including significant sustainability related risks. With regards to Third Parties, ALK assesses suppliers and other business partners through due diligence processes in the Procurement and Legal departments to minimise risks.

Employees and other stakeholders can report serious and sensitive concerns through Alertline which serves as our grievance mechanism.

### Transparency

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, 99d and 107d. Further details of the risks associated with the Danish Financial Statements Act can be found in ALK's Annual Report.



#### Find out more

about our organisation:  
<https://www.alk.net/sustainability>

## ESG key figures – Environment and climate

	Unit	2022	2021	2020	2019
<b>Emissions</b>					
Total scope 1 emissions	Tonnes CO <sub>2</sub> eq	4,857	5,801	5,521	5,479
- Scope 1 emissions - direct energy consumption	Tonnes CO <sub>2</sub> eq	3,252	4,325	3,960	4,168
- Scope 1 emissions- company cars	Tonnes CO <sub>2</sub> eq	1,371	1,406	1,368	1,311
- Scope 1 emissions- ozone depleting substances	Tonnes CO <sub>2</sub> eq	234	70	193	N/A
Scope 2 location-based emissions	Tonnes CO <sub>2</sub> eq	5,329	6,533	6,497	6,511
Scope 2 market-based emissions	Tonnes CO <sub>2</sub> eq	372	2,833	3,020	3003
Total scope 1 and 2 emissions (market-based)	Tonnes CO <sub>2</sub> eq	5,229	8,634	8,541	8,482
Total scope 3 emissions	Tonnes CO <sub>2</sub> eq	5,800	3,180	2,848	6,670
- Scope 3 emissions, 1st leg distribution	Tonnes CO <sub>2</sub> eq	2,691	2,555	1,886	2,426
- Scope 3 emissions, travel flights	Tonnes CO <sub>2</sub> eq	3,109	625	962	4,244
Total emissions (location-based)	Tonnes CO <sub>2</sub> eq	15,986	15,514	14,866	18,660*
Total emissions (market-based)	Tonnes CO <sub>2</sub> eq	11,029	11,814	11,389	15,152
GHG intensity per net revenue	Tonnes CO <sub>2</sub> eq/DKKm	2.68	3.02	3.26	4.63
CO <sub>2</sub> reduction since 2019	%	41	37	39	N/A
<b>Energy</b>					
Fuel consumption from coal and coal products	MWh	0	0	0	0
Fuel consumption from crude oil and petroleum products	MWh	1,719	1,695	1,619	1,387
Fuel consumption from natural gas	MWh	15,255	15,909	14,759	15,595
Consumption of electricity and district heating	MWh	29,799	29,205	28,545	29,784
Total energy consumption	MWh	46,766	44,923	46,811	46,762
Renewable energy consumption	%	53	45	38	20
Energy intensity per net revenue	MWh/DKKm	11.3	11.5	13.4	14.3

	Unit	2022	2021	2020	2019
<b>Water</b>					
Water used for irrigation	m <sup>3</sup>	23,550	42,218	28,996	36,571
Water consumed	m <sup>3</sup>	116,642	127,823	110,530	122,461
Water intensity per net revenue	m <sup>3</sup> /DKKm	28.3	32.6	31.7	37.4
<b>Waste</b>					
Landfilled waste	Tonnes	181	203	339	86
Incinerated waste	Tonnes	280	239	186	260
Other disposal of waste	Tonnes	0	0	0	0
Total waste recycled and reused	Tonnes	674	367	326	226
	%	59	45	38	38
Total waste generated	Tonnes	1,135**	809	851	572

\*Baseline for CO<sub>2</sub> reduction target

\*\*Increase is related to improved and expanded documentation of waste fractions

## ESG key figures – People/Social

	Unit	2022	2021	2020	2019
<b>Health and Safety</b>					
Work-related fatalities	#	0	0	0	0
Work-related accidents with absence	#	6	1	9	15
	Rate	1.7	0.3	2.9	3.5
Total absence due to sickness	% working days	3.2	3.1	3.1	2.7
<b>Engagement</b>					
Participation rate	%	95	93	N/A	N/A
Engagement score	Index points	8.3	8.2	N/A	N/A

ESG key figures – People/Social

	Unit	2022	2021	2020	2019
<b>Workforce Demographics</b>					
	Total Headcount	2,731	2,593	2,486	2,406
Workforce	China	133	81	52	41
	Denmark	932	902	850	823
	France	# 378	379	387	373
	Germany	# 134	129	119	115
	Poland	89	78	79	78
	Spain	363	343	333	305
	USA	491	479	491	473
	Employee age distribution	<30	324	298	274
	30-50	# 1,643	1,585	1,572	1,498
	50+	764	707	663	620
Employee turnover	rate	13	13	10	11
New hires	#	555	487	420	352
Female new hires	%	63	58	66	62
Gender diversity - total workforce	% females	63	62	64	62
	# females	1,711	1,619	1,580	1,503
Gender diversity - all management levels	% females	49	49	46	47
	# females	226	220	202	193
Gender diversity - EVP & SVP	% female	25	22	21	21
	# females	5	4	4	4
Gender Diversity - VP & Senior Director	% females	34	29	26	N/A
	# female	22	18	15	13
Gender Diversity - Manager & Director	% females	53	53	51	N/A
	# female	199	187	172	166
Gender Pay Ratio	Times	1.14	1.18	1.14	1.13
CEO annual compensation ratio	Ratio	33	34	34	29

ESG key figures – Responsible business practices

	Unit	2022	2021	2020	2019
<b>Business Ethics</b>					
Alertline cases	#	11	8	6	8
Cases related to discrimination*	#	1	0	0	1
Fines, penalties and compensation for damages as a result of violation regarding social and human rights factors	DKK	0	0	0	0
Amount contributed to political parties	DKK	0	0	0	0
Breaches of data protection incidents submitted to the national Data Protection Agency	#	0	0	0	3
<b>Governance</b>					
Board Diversity	% female	29	33	20	17
Board Independence	%	57	50	40	50
Board meeting attendance rate	%	97	94	98	97
Third Party Code of Conduct	Yes/No	Yes	Yes	No	No
Ethics & Anti-Corruption Policy	Yes/No	Yes	Yes	Yes	Yes
Whistleblower protection policy	Yes/No	Yes	Yes	Yes	Yes
Code of Conduct employee certification	%	95	97	94	90
Data Privacy Policy	Yes/No	Yes	Yes	Yes	Yes
GDPR Compliance	Yes/No	Yes	Yes	Yes	Yes

\*Disclosed for closed investigations only

## Definitions of calculations

### Environment and climate

All environmental data is reported for main production sites (Hørsholm, Madrid, Oklahoma, Post Falls, Port Washington, Vandeuil and Varennes). Some figures have been corrected from previous years due to improved reporting and documentation of data.

### CO<sub>2</sub> emissions

ALK adheres to the principles of the Green House Gas (GHG) Protocol when reporting on emissions. Emissions are measured in metric tonnes of CO<sub>2</sub> equivalents according to Global Warming Potential values published by the IPCC based on a 100-year time horizon.

Scope 1 emissions include direct energy consumption (natural gas, gas oil, diesel and petrol), where emission conversion factors are calculated using the UK's Department for Environment, Food and Rural Affairs (DEFRA) calculation methodology, supported by the GHG Protocol. Scope 1 also includes company car emissions, which are estimated based on fuel type and either fuel consumption or mileage of company cars. Fuel consumption or mileage in December, and in some cases November, were estimated based on average monthly consumption or mileage over the year. Emission conversion factors are calculated using the DEFRA calculation methodology. Scope 1 also includes emissions of ozone-depleting substances, which are defined as those listed in the Montreal Protocol on Substances that Deplete the Ozone Layer, including CFCs, Halons, Halogenated CFCs, methyl tetrachloride,

methyl chloroform, HCFCs, HBFCs, methyl bromide, bromochloromethane, hydrofluorocarbons.

Scope 2 emissions include energy consumed for electricity and district heating, where emission conversion factors are calculated using the United States Environmental Protection Agency (US EPA) eGRID emission values, or for facilities outside the US, emission values from the International Energy Agency (IEA). Scope 2 location-based emissions are calculated based on average energy generation emission factors for defined locations, while scope 2 market-based emissions are calculated based on emissions calculated from specific energy purchase contracts, and therefore consider renewable energy purchase certificates.

Scope 3 emissions include 1st leg distribution emissions, which are emissions arising from intra-company shipments and shipments from ALK product supply sites to ALK commercial fulfilment centers/warehouses. These emissions are calculated using the GHG Protocol scope 3 screening tool, which uses a spend-based methodology, with the values for December estimated based on average monthly spend over the year. Emission conversion factors are calculated using IEA tank-to-wheel emission (TTW) values. The wheel-to-tank (WTT) emissions in % compared to the TTW emissions for various liquid fuels are calculated based on the DEFRA 2022 emissions factors. Since the third-party transportation and business travel represent a diverse mix of transportation modes and fuel types, the average calculated is considered to

be representative. Scope 3 also includes travel flight emissions which are reported using a WTT CO<sub>2</sub> report provided by AMEX for all ALK business travel flights in 2022, except in China where flight emissions are estimated using a spend-based method and the GHG Protocol scope 3 screening tool for January-October, and actual emission values for November-December. TTW flight emission values are calculated using IEA values. Travel flight emissions for 2019-2021 do not include flights from China.

GHG intensity and CO<sub>2</sub> reduction are calculated using scope 1, scope 2 market-based and scope 3 emissions. CO<sub>2</sub> reduction is compared to a 2019 baseline considering scope 1, scope 2 location-based and scope 3 emissions.

### Energy

Energy consumption is calculated based on meter readings and/or invoices of all energy types at production sites.

### Water

Water consumption is measured by meter readings and/or invoices in all production sites.

### Waste

Waste is estimated in some sites where waste cannot be directly weighed. The types of materials present in the waste include paper, electronics, medical waste, wood, metal, general solid bio-waste, oil, and chemical waste.

### People

#### Health & safety

Work-related incidents are defined as occurrences arising out of or in the course of work that result in injury or fatality. Injuries that occur when working from home are work related if the injury occurs while the worker is performing work from home, and the injury is directly related to the performance of work rather than the general home environment or setting. Incident cases are reported to our EHS department and include the number of incidents as well as important background details related to the incidents.

Work related accidents are defined as work-related incidents resulting in an individual being physically or mentally unable to work, as diagnosed by a competent medical professional. The rate of work-related accidents, expressed as lost time injury frequency (LTIF) is determined by dividing the number of accidents by the total hours worked, multiplied by 1,000,000 to give number of cases per one million hours worked.

Absence due to illness is calculated as number of total working days with absence due to any illness, work related or otherwise, divided by total working days.

#### Engagement

Participation rate and engagement score are collected from a survey conducted by a third party.

**Workforce Demographics**

All employee-related data is downloaded from our internal HR-system, Workday, and is relevant as of 31 December 2022. All figures consider active (permanent and temporary) employees. Non-guaranteed hour employees, and employees outside our own workforce are not included. Temporary employment is defined as employment with a pre-agreed end-date.

Workforce headcount is broken down for countries with more than 50 employees. The employee turnover ratio is calculated by dividing the number of employees who left the company by the average number of employees in the reporting year.

The gender diversity figures from 2021 and earlier do not include Germany, as job grades were not yet approved by the works council in that region.

The CEO annual compensation ratio is determined by the annual total compensation of the CEO against the median annual total compensation for all active (permanent and temporary) employees, excluding the CEO. Annual total compensation includes salary, bonus, allowances, pension and all one-time payments over the course of a year.

**Responsible Business Practices  
Business ethics**

Alertline cases are taken from our external system, Ethics Point. Cases related to discrimination are defined as ‘discrimination on the grounds of an individual’s uniqueness such as perspectives, work and life experiences, age, gender, race, ethnicity, religion, sexual orientation, ability, or any

other characteristics’. Discrimination concerns can be raised through several channels such as our whistle-blower hotline, alertline, or through Employee Representative Groups, HR, EHS and Legal.

When reporting on bribery, bribes can take the form of money, gifts, loans, fees, hospitality, services, discounts, the award of a contract or any other advantage or benefit, and it comprises any financial or other inducement or reward for an action which is illegal, unethical, a breach of trust or improper in any way. When reporting on corruption, this is defined as ‘abuse of entrusted power by someone for personal gain’.

**Governance**

Board diversity is measured by the percentage of female non-executive members.

Board independence is measured by the percent of independent, non-executive members.

The Board Meeting Attendance rate is calculated as (number of meetings\*number of members)-meetings not attended/(number of meetings\*number of members)\*100.

Code of Conduct training is calculated by the percentage of employees completing the training based on internal registrations.

**Disclosure requirements,  
cf. §99a, 99b, 99d and 107d of  
the Danish Financial Statements Act**

<b>Disclosure requirements</b>	<b>See page</b>
<b>99a</b>	
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Diversity & inclusion policy	14-15, 32

# Report references

In this list you can find all link references in the report.

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ALK 2022 Annual report:  
<https://ir.alk.net/financial-reporting>

ALK website:  
<https://alk.net>

ALK LinkedIn:  
<https://www.linkedin.com/company/alk-abello>

ALK Twitter:  
[https://twitter.com/ALK\\_net](https://twitter.com/ALK_net)

## Access to Allergy Care

### Page 08

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2. D'Amato G, Annesi-Maesano, I, D'Amato, M, Outdoor Allergens, Pollens and Molds and Their Relationship to Climate Changes. Encyclopedia of Respiratory Medicine (Second Edition), 2022; 410-417.

3. Zhang Y, Steiner AL, Pollen season is getting longer and more intense with climate change – here's what allergy sufferers can expect in the future, 2022:<https://theconversation.com/pollen-season-is-getting-longer-and-more-intense-with-climate-change-heres-what-allergy-sufferers-can-expect-in-the-future-179158>

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ALK Access to Medicine Policy:  
<https://www.alk.net/sustainability>

ALK's solutions to the treatment of allergy:  
<https://www.alk.net/our-solutions>

## People

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Composition of the Board of Directors, its members, and their competences:  
<https://ir.alk.net/corporate-governance/board-of-directors>.

ALK Code of Conduct:  
<https://www.alk.net/sustainability>

ALK Diversity and Inclusion Policy:  
<https://www.alk.net/sustainability>

## Environment and Climate

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ALK Code of Conduct:  
<https://www.alk.net/sustainability>

ALK Environment, Health and Safety Policy:  
<https://www.alk.net/sustainability>

## Responsible business practices

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ALK Anti-Corruption Policy:  
<https://www.alk.net/sustainability>

ALK Code of Conduct:  
<https://www.alk.net/sustainability>

ALK Data Ethics Policy:  
<https://www.alk.net/sustainability>

ALK Third Party Code of Conduct:  
<https://www.alk.net/sustainability>

ALK Stakeholder & Communications Policy:  
<https://ir.alk.net/corporate-governance>

ALK Tax Policy:  
<https://www.alk.net/tax-policy>

ALK Whistleblowing Policy:  
<https://www.alk.net/sustainability>

ALK 2022 UK Modern Slavery Act statement:  
<https://www.alk.net/sustainability>

Contact the external Alertline:  
<https://secure.ethicspoint.eu/domain/media/en/gui/33411/index.html>

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