

Sustainability Report 2017

Report on Corporate Social Responsibility



cf. sections 99a and 99b of the Danish Financial Statements Act



Sustainable growth for prevention, diagnosis and treatment of allergy

ALK is a global pharmaceutical company focused on the prevention, diagnosis and treatment of allergy and allergic asthma.

ALK's business model is based on an unrivalled understanding of allergens and how they affect the human body, as well as knowledge of the link between allergy and respiratory diseases such as asthma. This understanding enables ALK to develop and produce our biological medicines using complex manufacturing processes that are subject to comprehensive analyses and quality control at all stages. The knowledge about biological manufacturing and sourcing processes is key to protecting ALK's market position against new competitors.

ALK's product portfolio currently helps around 1.5 million people, but close to 50 million are suffering from severe respiratory allergies and asthma, and 500 million people worldwide are affected by allergic rhinitis.

We want to help many more people with allergy so to redefine ALK's position in the global allergy market, a new strategy was adopted in December 2017. The strategy aims to transform ALK into a broader-based allergy company. Building on our core allergy immunotherapy expertise we will introduce new, complementary products and services and

grow our tablets franchise to reach even more people with allergy. At the same time, ALK will engage with people with allergy earlier in their disease via digital platforms and other initiatives, smoothing their path to allergy immunotherapy treatment, and partnering more closely with prescribers to treat more patients.

ALK is present in 32 countries either directly or via partnerships, with distributors in additional markets. Headquartered in Hørsholm, Denmark, ALK employs around 2,300 people worldwide. With this global presence ALK makes a difference and contributes to the realisation of the UN Sustainable Development Goals pertaining to cleaner environment, reduction of climate impacts, good health and well-being of people with allergy and employees, inclusive societies, and a workplace that is open to a diverse workforce and offering equal opportunities for all.

At ALK, we plan and execute our CSR efforts based on issues that are material to our business: the environment, climate, our employees and people with allergy. This CSR report complements our annual report and follows the principles set forth by the UN Global Compact, concerning the environment, human rights, labour rights and anti-corruption.

Carsten Hellmann,
President & CEO

ALK at a glance



32 countries

ALK is present in most of the world



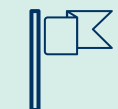
1.5 million people

treated with ALK products



150,000 patients

treated with SLIT-tablets



94 years

of pioneering allergy prevention,
diagnosis and treatment

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.

Through our production and product development, we aim for environmental sustainability and we contribute to the global agenda to reach the UN Sustainable Development Goals 12 and 13.



Responsible consumption and production

ALK strives for sustainable resource consumption in all operations.



Climate action

ALK continues to take measures to reduce the climate impact of our production processes.



Policy

We rely on the environment for our products, therefore protecting the environment is a major concern for us and for people with allergy, who feel the effects of climate change and increasing pollution, as their condition worsens year by year.

ALK's Global EHS (Environment, Health and Safety) policy concerns environmental protection in our daily work and strives to:

- Involve and commit our employees to participate in the daily environmental work
- Educate our employees and implement preventive actions to ensure that factors, which present environmental risks are monitored and constantly reduced
- Ensure that environmental issues are proactively integrated in planning and design
- Measure the results of our efforts and set new goals for continual 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, undertaking initiatives to promote and encourage stakeholders to develop and diffuse environmental and climate friendly technologies.

All production sites¹ adhere to the Global EHS policy and the integrated Global EHS Management System.



Action

To reach the long-term global EHS goals by 2018, we took several measures to reduce water and energy consumption, CO₂ emissions and waste generation:

- A global prioritisation process has taken place to reduce energy consumption and water usage
- Saving initiatives from all production sites were evaluated and prioritised for execution
- Supported renewable energy production by buying electricity from windmills in Denmark



Targets and results

Target: We continuously seek to reduce the risks posed by our operations on the environment and climate.

Target: We set goals that aim to reduce energy consumption, CO₂ emissions and water usage.

KPI: By the end of 2018, the energy consumption must not exceed the consumption in 2014.

Result: The current consumption is 4% above the 2014-level, and it will be a challenge to reach the energy goal by end of 2018. The production has gone up significantly since 2014. Besides, productivity and compliance issues influence the possibility to implement saving initiatives sufficient to reach the goal. However, in 2018 we will continue to look for and implement initiatives.

KPI: By the end of 2018, the CO₂ emissions must be lowered by 5% compared to 2014.

Result: ALK has managed to lower the CO₂ emissions by 6% compared to 2014-level. We will continue to support renewable energy production.

- A quarterly follow-up on progress, including global and local EHS goals, was initiated
- In Hørsholm, a biogrinder now converts all organic waste from the kitchen into biogas
- In Post Falls, a project to reuse large amounts of acetone from the production was completed



Risks

As part of the EHS Management System, on-going screenings for environmental and climatic risks are conducted for routine and non-routine activities. No new risks were identified, and we continue to focus on the main risk factors first identified in 2005: energy consumption, CO₂ emissions and water usage.

Handling of chemicals poses a risk of spills, which is closely monitored. In 2017, no unintended spills and releases have occurred.

KPI: By the end of 2018, the water usage must not exceed the usage in 2014.

Result: ALK has successfully lowered the water usage in production by 5% compared to the 2014-level, mainly due to major achievements in Port Washington. Nevertheless, we will continue to look for and implement water saving initiatives.

Target: By 2030, ALK will reduce the amount of waste generation through prevention, reduction, recycling and reuse.

Results: See table.

In addition we have:

- Executed 20 energy and water saving initiatives

- Conducted an awareness campaign in Madrid aimed at teaching employees to save energy and water
- Bought 6,000 MWh of electricity from windmills in Denmark
- Conducted a mapping of the paper ALK uses in the packaging process, (labels, leaflets and boxes). The result indicated that it is not advisable to increase the amount of recycled paper as it might influence the manufacturing process negatively
- Received an award for our efforts to save energy and help reduce greenhouse gas emissions, through improvements and renovations at our site in Port Washington

Environment and Climate figures

	Unit	2014	2015	2016	2017
Energy – in real terms	MWh	40,960	41,926	40,230	46,356
Energy – adjusted*	MWh	44,699*	-	-	46,356
Energy – index	Index	100	-	-	104
CO ₂ emission – in real terms**	Ton	8,495	8,864	7,459	8,769
CO ₂ emission – adjusted*	Ton	9,305*	-	-	8,769
CO ₂ emission – index	Index	100	-	-	94
CO ₂ emission – from lost refrigerants	Ton	-	425	388	265
Water – total, in real terms	m ³	111,010	112,275	102,418	120,495
Water – from production, in real terms	m ³	79,629	80,016	81,130	89,596
Water production – adjusted*	m ³	94,089*	-	-	89,596
Water – index	Index	100	-	-	95
Waste – in real terms	m ³	75,578	75,692	79,915	91,654
Waste – in real terms	Ton	555	555	608	555
Waste for recycling	%	36	35	37	34

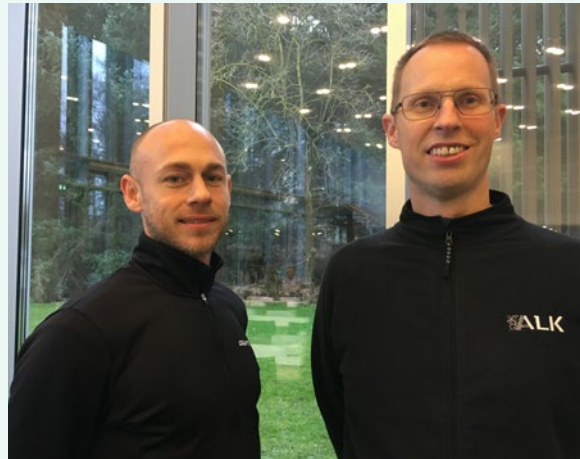
* To make figures comparable, base year 2014 has been adjusted in terms of building / re-building for new products, closing / selling production sites and acquisitions (ALK strives to follow the methodologies in the Green House Gas Protocol)

** The CO₂ emission includes Scope 1+2



Planned activities for 2018 and expected results

In 2018, we plan to reach the EHS goals that have been adopted in 2014 and we plan to set new, more ambitious long-term EHS goals for the years to come. Additionally, we expect to reduce the risk of spills and enhance the disposal of chemicals through implementation of an improved global chemical management system at all production sites.



Employee innovation to reduce our carbon footprint

The best ideas to reduce our carbon footprint usually come from our employees who take action and ask the right questions. After reading an article about the benefits of using recycled aluminium, Iwan Grolin, an operator in the production in Hørsholm, realised that there was potential to reduce our aluminium waste. In collaboration with Patrick Vest from facility management, a recycling scheme was started. This year, 42% of our total annual aluminium waste has been recycled.

Our commitment to environment and people

At ALK in Denmark, the canteen staff prepares lunch for 700 people every day. Although the staff tries to reuse and repurpose as much of the food as possible, with initiatives such as “fill-a-box” where the employees can take home leftovers from the lunch buffet, some organic waste is still generated.

In order to reduce the amount of organic waste sent to the incineration plant, an organic waste grinder has been installed in the kitchen that allows for 70% of the waste to be turned into biogas. Kim Kresten Jensen, kitchen assistant, says: “It’s such a nice feeling that we are doing the right thing for the environment by generating biogas and besides that, we don’t have to carry the heavy waste bags to the waste containers outside.”

The staff has also managed to reduce the amount of water used in the kitchen by 20% after only a year, even though 3% more employees registered for the lunch scheme. “Water is of course essential for cooking food and cleaning, but so far it seems that we have reduced the water usage by 20% compared to 2016, just by changing the attitude a little. I’m a happy man,” says Jesper Mandal Langskov, Catering Manager.



Anti-corruption

ALK works against corruption and bribery in all its forms, and contributes to peaceful and inclusive societies around the globe.

16 PEACE, JUSTICE
AND STRONG
INSTITUTIONS



Peace, justice and strong institutions

ALK promotes peaceful and inclusive societies for sustainable development. ALK is committed to working against corruption and bribery in all its forms.



Policy

At ALK, we take a zero-tolerance approach to corruption, including fraud and bribery.

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

Anti-corruption considerations are an integrated part of our business partner handling process, and we continue to safeguard that our partners acknowledge and respect their responsibility when doing business with ALK.

Our commitment is expressed in ALK's Code of Conduct and ALK's Anti-corruption policy and pursues the goals laid down in UN Global Compact Principle 10.



Action

In 2017, we provided our employees with a new policy on Anti-corruption, followed by awareness training and testing of all employees.

All ALK employees are aware of and have easy access to our whistleblower hotline, the ALK Alertline, which provides our employees with an opportunity to report illegal or other serious concerns with respect to ethical behaviour in a secure and confidential manner. Our Alertline is administered by an

independent organisation, but processed internally, with oversight by the chairman of the Audit Committee.

The ALK Code of Conduct is integrated in our HR system, prompting all employees globally to read and sign off the Code of Conduct once a year.

As of this year, anti-corruption clauses are being introduced in large supplier agreements.

We have also provided all employees with guidelines on ethical conduct concerning interactions with healthcare professionals and the public. Specific employees who are very exposed have received targeted, in-depth training.



Risks

The main risks related to our activities include employees' and business partners' violation of our anti-corruption commitment and potential legal and financial consequences thereof.

Even though the risk of corruption is deemed low in connection with our business, we take corruption very seriously and have established multiple measures to ensure that anti-corruption initiatives are an integrated part of our business.

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
- Relevant external commercial partners are vetted concerning corruption
- Ad hoc screenings and assessments are documented and if needed, mitigation plans are developed



Targets and results

Target: ALK does not contribute to political parties or candidates of any kind.

Target: ALK works to eliminate corruption and bribery in the entire value chain.

KPI: Number of reports received through our whistleblower hotline, the ALK Alertline.

Result: No incidents of corruption and bribery or direct political contributions have been reported via the ALK Alertline in 2017.

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

Result: 94% of employees throughout the organisation have reported reading the ALK Code of Conduct.

KPI: Percentage of employees with seniority > three months who have passed the ALK Anti-corruption test.

Result: The test was launched in late November 2017, and so far, 85% of all managers have passed the test. We expect to be in full compliance by the start of 2018.



Planned activities for 2018 and expected results

During the course of 2018, we will increase our attention on business ethics by updating our Code of Conduct, we will conduct another test aimed at raising awareness about corruption, and provide in-depth, targeted integrity training where applicable.

The low occurrence of ALK Alertline reports has raised some questions internally. An assessment will be conducted in the beginning of 2018 to evaluate the cause.

A woman is carrying a young child on her back in a grassy field. The scene is backlit by a bright sun, creating a warm, golden glow and lens flare effects. The woman is wearing a light-colored top and dark shorts, and the child is wearing a striped shirt. The background shows a blurred landscape with trees and a bright sky.

Human Rights

At ALK, we respect human rights. We are dedicated to raising awareness about the UN Sustainable Development Goals. We promote good health and well-being, through our products and our efforts to have a positive impact on the right to health of people with allergy and our employees.



Good health and well-being

ALK contributes to healthy lives, and promotes well-being for people with allergy and employees of all ages.



Policy

ALK contributes to the health and well-being of our employees and people with allergy all over the world. All activities in connection with our business dealings 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 our policies we:

- Educate our employees and implement preventive actions to ensure that health or safety risks are monitored and constantly reduced
- Ensure that occupational health and safety are proactively integrated in planning and design of all projects
- Ensure a high standard of data protection and that the rights of the 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 interact in a dignified way



Action

Good health and well-being

Improving ergonomics continues to be a major focus area at all sites. In Post Falls, every quarter an ergonomist evaluates the ergonomic conditions and conducts training sessions.

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

The EHS organisation together with HR works to ensure that a healthy working culture exists at ALK, both in terms of the psychological environment and a healthy work-life balance.

All employees are allowed freedom of association, either formally in unions or internally in workers' councils.

In 2017, we have conducted several harassment trainings in the USA. A total of 171 employees have been trained.

Privacy and data protection:

In preparation for the EU General Data Protection Regulation in 2018, during 2017 a gap assessment was conducted and a global data mapping project has been established and initiated. A Data Protection policy

has been adopted, and activities to raise awareness have been initiated, to promote and anchor data protection throughout ALK.

Quality and patient safety

Quality is a strategic priority at ALK. We take our responsibility towards patient safety and public health very seriously. Quality is a mindset that we all apply as an integrated part of our daily work, and we will continue to train employees in order to ensure safety and well-being of people who use our products.

ALK Pharmacovigilance closely monitors all information about adverse events and adverse drug reactions which are openly available or reported directly to us. All ALK employees are required to report side effects within 24 hours of awareness.



Risks

Workplace risks at ALK include the potential risk of exposure to allergens, as ALK uses allergens (extracted from natural resources) as our main raw material. Working with chemicals also represent a potential health risk.

Activities in health risk reduction are closely monitored, in addition to providing allergy testing where possible. Locally adapted information campaigns and training programmes on risk issues are made available to all employees.

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



Targets and results

Target: ALK helps create access to safe, effective, quality and affordable medicines and vaccines for all people with allergy.

Target: ALK ensures good occupational health conditions and access to occupational healthcare services for all employees.

KPI: Absenteeism.

Result: The overall absenteeism has decreased by almost half a percentage point, which indicates a healthy trend. The increases have been investigated and have led to no further action (see table on page 11).

Absenteeism due to sickness

	2016	2017
Austria	1.27%	3.36%
Canada*	-	-
China	0.26%	0.52%
Czech Republic	0.40%	0.13%
Denmark	2.69%	2.49%
France	3.49%	3.57%
Germany	3.73%	4.39%
Italy	0.37%	0.50%
Netherlands	8.34%	3.28%
Nordic	0.52%	1.00%
Poland	5.70%	3.20%
Slovakia	4.00%	1.25%
Spain	1.73%	3.23%
Switzerland	4.20%	1.10%
Turkey	0.00%	0.74%
UK	1.14%	1.86%
USA*	-	-
Average	2.50%	2.04%

* USA will start reporting absence due to sickness from 2018 and Canada from 2019

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, 100% of women and men have access to healthcare services for work-related accidents or diseases.

Target: ALK protects and enforces the rights of data subjects.

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

Result: No breach of data protection was submitted to the national Data Protection Agencies anywhere in the world.

**Planned activities for 2018 and expected results**

The improvement of ergonomic conditions will still be a major focus area in 2018.

Implementation of a global chemical management system at all production sites will ensure compliance and that the chemical health and safety of ALK employees are of highest priority.

We will establish a privacy governance structure, and develop and maintain records of our personal data processing activities. We will also designate a Data Protection Officer.

In 2018, we will review trainings in Diversity & Inclusion in the USA to assess the need for additional training.

**Commitment to good health and well-being**

Awareness about the UN Sustainable Development Goals (SDGs) is rising globally, and in Turkey, Didem Abut Özyaydin, General Manager for Turkey and Israel, attended an event aimed at promoting learning, education and healthy lifestyle choices for children.

“For me,” she says, “being a responsible company is key to a thriving business.” Teaching children to care about health early on can have a positive impact as they grow. Raising awareness about the SDGs, especially with legislators, is a vital step towards making sure that the goals are reached by 2030. With allergies on the rise, education can play a role in limiting the number of children who end up developing asthma.

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.



Decent work and economic growth

ALK works 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.



Policy

ALK's Global HR policy seeks to create a working environment which appeals to all employees at ALK, so we can attract, develop and retain well-qualified and engaged employees.

We ensure that all employees can develop their skills, either through internal or external training.

At ALK, 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.

We continue to:

- Provide fair wages by aligning our compensation with that of other pharmaceutical companies in the geographical areas of our operations
- Ensure the well-being of employees and their families by being involved in local initiatives, practices and procedures in keeping with the local traditions, conditions and needs
- Be proactive in the integration of safety aspects in planning and design of projects

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

Engagement

Due to an unusual activity level in Denmark, France and the USA in 2017, the engagement survey will be conducted in 2018.

Women in management

We continue to focus on increasing the number of women in management positions and look for solutions as we uncover the barriers affecting the number of women in high positions.

Safety

We have increased focus on safety throughout the organisation, by almost doubling the EHS resources at production sites during 2017.

A new Global Chemical Safety Advisor will secure and improve health and safety conditions for employees exposed to chemicals.

We continue to collect data about safety from all locations with the purpose of developing local mitigation plans.

Child labour

In 2017, we maintained the focus on high-risk countries, where we increased vigilance and are working to increase awareness about child labour both internally and externally.

In order to reduce the risk of child labour in connection with our suppliers' suppliers, we now use a generic questionnaire that is mandatory for all ALK sites, as part of the introduction of a new Supplier Management system.



Risks

ALK is not a high-risk company with regards to safety. However, we do not accept accidents as part of our operations, and seek to prevent them from happening.

As we rely heavily on skilled labour, the risk of labour violations in our operations is low.

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.



Targets and results

Target: ALK promotes safe and secure working environments for all employees.

KPI: By end of 2018 the number of accidents with absence per million working hours must not exceed 3.0 at a 3-year average.

Result: In 2017, the number of accidents with absence was 13, resulting in an LTI frequency² of 3.2, still slightly above the long-term target of 3.0.

KPI: Number of work-related accidents.

Result: The number of work-related accidents dropped significantly from 15 in 2016, to 8 accidents in 2017 (LTI = 2.7). We believe that this is the result of increased safety awareness, which we must maintain.

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

Result: The total number of workforce represented in joint management-worker health and safety committees was 4.9%, an increase of 0.5 percentage point compared to 2016.

Target: ALK promotes equal opportunity for all.

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

Result: In 2017, there have been no incidents of discrimination reported through ALK Alertline.

KPI: Increase the proportion of women among shareholder-elected board members to one or two by 2018.

Result: The number of shareholder-elected women is 1, and is in line with the target.

KPI: Increase the number of women in management positions with 5 percentage points compared to 2014.

Result: The number of women in management positions has increased by 5 percentage points compared to 2014.

KPI: Local residents are employed including for management positions.

Result: More than 93% of our employees are on fixed term 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 table below).

Target: ALK takes immediate and effective measures to eradicate child labour and forced labour in all its forms by 2025.

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

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

- Total number of suppliers: 7,000
- Number of suppliers in risk areas: 18
- Total spend in risk areas: 0.24%
- Percentage of suppliers in risk areas: 0.26%

Even though the risk of child labour is low, we are adding child labour clauses in all new supplier contracts.

Employees by contract type

	Denmark		North America		Europe		International markets		Total 2017	
	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time
	Permanent	711	59	427	4	749	101	105	2	1,992
Temporary	32	11	1	4	58	9	28	0	119	24

² Lost Time Injury = number of accidents with absence per million working hours

Employer conditions and social responsibility figures

	Unit	2014	2015	2016	2017
Accidents with absence*	Number	8	10	16	13
Number of accidents with absence per million work hours (three year average)	LTI-frequency	4.3 (3.2)	4.0 (3.9)	4.4 **	3.2 **
Total EHS training annually***	Hours	-	-	-	2,978
Employees trained***	%	-	-	-	32

* From 2016 data includes all ALK locations. Before, only data from production locations was included

** The actual LTI-frequency. A three year average is not possible due to note above

*** Calculated for the first time in 2017

	Unit	2014	2015	2016	2017
Board of Directors (shareholder-elected only)					
Women	% (numbers)	17% (1)	17% (1)	17% (1)	17% (1)
Men	% (numbers)	83% (5)	83% (5)	83% (5)	83% (5)
Board of Directors					
Women	% (numbers)	33% (3)	22% (2)	22% (2)	22% (2)
Men	% (numbers)	67% (6)	78% (7)	78% (7)	78% (7)
Board of Management					
Women	% (numbers)	20% (1)	20% (1)	20% (1)	0% (0)
Men	% (numbers)	80% (4)	80% (4)	80% (4)	100% (4)*
Functional managers					
Women	% (numbers)	14% (3)	22% (5)	22% (5)	19% (4)
Men	% (numbers)	86% (19)	78% (18)	78% (18)	81% (17)
Mid-level managers					
Women	% (numbers)	30% (24)	35% (28)	38% (36)	35% (37)
Men	% (numbers)	70% (56)	65% (52)	62% (60)	65% (68)
First-line managers					
Women	% (numbers)	50% (110)	54% (113)	53% (124)	55% (141)
Men	% (numbers)	50% (110)	46% (96)	47% (111)	45% (116)
Total at management level					
Women	% (numbers)	42% (142)	46% (149)	46% (166)	47% (182)
Men	% (numbers)	58% (199)	54% (178)	54% (193)	53% (205)

* As of December 2017, the Board of Management only consists of 4 members, but for the majority of the year (11 months), women made up 20% of the Board of Management



Planned activities for 2018 and expected results

In 2018 we will focus on the development of a diversity policy, and reporting on following indicators has been transferred to 2018:

- Total number and rates of new employee hires and employee turnover by age group, gender, and region
- Local residents are employed, including for management positions. Training and career opportunities are offered to local residents
- Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operations
- Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained

Additionally, in 2018 we will evaluate and set new targets concerning women in management positions.

CSR Organisation

At ALK, the Board of Management and the Board of Directors decide on the overall CSR framework, including the setting of strategic goals. The two entities work independently of each other. For everyday management, prioritisation and actions, a cross-functional working group has been established.

The identification and planning of ALK's CSR activities are based on the UN Global Compact scheme, the UN Guiding Principles for Human Rights and Business and the OECD Guidelines for Multinational Enterprises.

Due diligence and risk assessment

The ALK Risk Committee assists the Board of Management with the overall responsibility of risk management. On a quarterly basis, the committee assesses risks relating to the entire ALK Group, including risks that could prevent ALK from reaching strategic and financial goals, risks that could entail the termination or limitation of ALK's licence to operate and risks that could damage ALK's reputation. The committee is also responsible for mitigation of these risks.

The CSR risk assessments are integrated in the overall due diligence processes and procedures. ALK has established specific procedures to process reports of illegal and

unethical behaviour through a whistleblower scheme.

ALK takes additional responsibility by vetting external partners through the Procurement Department to reduce 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.

Transparency

ALK is committed to providing open and honest information about our CSR efforts, results and related policies, both internally and externally in our relation to our stakeholders.

As an ethical company, ALK is committed to respecting the legal requirements of each individual market in which we operate.

Our work with CSR centres on an ambition to contribute to the 2030 Agenda for Sustainable Development, and is monitored on the basis of relevant indicators developed by GRI, and other relevant standards. Our CSR commitments, efforts and goals are disclosed in our annual report and on our website.

Stakeholder engagement

This year, we have been involved in several different activities with the aim of contributing to sustainable development in relevant areas of our operations.

In Denmark, we have increased the number and frequency of educational visits both at our HQ and at universities across Denmark.

In Turkey, we engaged with the local Danish consulate and were part of an event aimed at raising awareness about healthy living

for children. The purpose of the event was to reduce the level of preventable diseases, by promoting healthy lifestyle choices.

In the USA, at our site in Post Falls, our employees spent a full day volunteering in the community for a cause of their choice.

In Spain, our employees contributed to the national campaign against gender violence.

On a global level, we launched a Moving Closer concept and vowed to increase our engagement with doctors and people with allergy to increase awareness and ensure good health and well-being for people with allergy.