Remuneration Policy for
Lundbeckfonden and Lundbeckfond Invest A/S (together ‘the Foundation’)

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1. Introduction & Purpose
This remuneration policy (the “Policy”) describes the framework and practice for the remuneration of Board of Directors and employees in two legal entities; Lundbeckfonden (LF) and Lundbeckfond Invest A/S (LFI). The policy creates the framework for both entities which together are referred to as the Foundation and comprise a very broad range of activities; Business ownership, financial asset management, direct biotech investments, grants activities for scientific research etc. The different activities are grouped in one organisation, and the two legal entities have identical Board of Directors (the “Board”), CEO and Leadership Team (LT).

The remuneration policy applies to all employees in the Foundation and the purpose is to define the framework for remuneration ensuring that:

a) The Foundation can attract, develop, motivate and retain qualified employees, including members of the Board, CEO and the LT.

b) Remuneration components support the Foundation’s short-term and long-term objectives.

c) Interests of the CEO and Leadership Team converge with the interests of the Foundation.

d) Remuneration practice in the Foundation takes into consideration market practice as well as recommendations for good corporate governance and foundation governance.

e) Transparency is provided to the Foundation’s stakeholders.

2. General Remuneration in the Foundation
Remuneration in the Foundation consists of four components, i.e.

- fixed base salary (applies to all)
- performance based incentives (applies to selected employees)
- company pension contribution (applies to all)
- other benefits in kind

The term Total Compensation is used as the aggregate value of the four remuneration components.

2.1 Remuneration components
**Fixed base salary** is the dominant component in the remuneration in the Foundation. The level is defined by the role and position of the individual employee, who will fulfil objectives and responsibilities as agreed with his/her superior, and thereby contribute to realising the Foundation’s strategy while adhering to the Foundation’s cultural values and leadership principles. Benchmarks from the talent pool and peers in Denmark are used for guidance regarding the level of fixed base salary, but other factors such as education, professional experience and competencies etc. are also considered. Further, attention is given to the principle of equal pay for equal jobs when deciding on salary levels.
The fixed base salary will be competitive, taking total compensation into consideration, but not excessive. No maximum salary levels apply. Fixed base salary is reviewed once a year and may be adjusted accordingly. Fixed base salary is paid in cash only.

*Performance based incentives* is used in accordance with market practice for further motivating, rewarding and driving the right behaviour and performance. The incentive structure in the Foundation includes four different programmes:

a) An annual bonus programme for the CEO (‘CEO bonus’). In line with the recommendations for Foundation governance, the CEO is primarily paid a fixed base salary but in addition also offered a short-term incentive programme to ensure alignment between the CEO’s remuneration and the long-term development of the Foundation Group, which comprise a broad range of commercial and philanthropic activities. The bonus is based on several elements, including the financial results of the subsidiaries and the financial investment activities. The incentive is capped as a percentage of the annual fixed base salary. Settled bonus is paid in cash.

b) An annual/short term incentive programme (‘STIP’) applicable to selected managers/employees across the organisation. The purpose of the incentive is to create an incentive for participants to go the extra mile in the strategy execution and to ensure market conformity for the remuneration of employees in key positions. The pay-out is settled once a year, based on pre-defined performance criteria (KPIs) and business behaviour. In case of misconduct the CEO can decide to reduce or cancel bonus settlement regardless of performance.

c) Invest Incentive Programme for investment professionals working with financial investments. The purpose of this incentive is to ensure participants’ attention on creating a high and stable revenue from the investment activities and to align with market practice for asset Management professionals to attract and retain qualified resources. A shared bonus pool is defined once a year based on rolling last four years’ results. The incentive is capped as a monetary value, based on the role and position of the participants. Settled bonus is paid in cash.

d) BioCapital Incentive Programme for investment professionals working with the direct biotech investments. The purpose of this incentive is to ensure participants’ focus on financial value creation from equity investments and to align with market practise for investment professionals in this sector. A shared bonus pool is defined based on the financial return of the portfolio for a rolling period of six years. The incentive is capped as a monetary value based on the role and position of the participants. Settled bonus is paid in cash.
Performance based incentives are subject to claw back. Claw back comes into effect if bonus has been paid out based on information which has subsequently proven misstated or inaccurate and if the beneficiary has actively or passively acted in bad faith.

*Company pension contribution* provides employees with pension payments for retirement and a basic financial cover in case of critical illness, loss of employability or death. In general, employees are covered by mandatory defined contribution plans with a pension insurance company to which the Foundation and the employee jointly contributes. An amount of 14% of fixed base salary is paid by the Foundation and 5% of fixed base salary is paid by the employee. Historical arrangements do exist where employees are paid pension contribution as a cash allowance.

*Other benefits in kind* includes health insurances, health checks and customary employment benefits such as mobile phone, broadband connection at home etc. Further, members of LT and selected employees are offered a cash transport allowance. Only the CEO has a company paid car.

Situational benefits, such as maternity/paternity leave are also offered to employees. In extraordinary cases, relocation allowance may also be relevant, e.g. when recruiting a non-resident candidate.

If the CEO or an LT member serves as Board member in his/her capacity as employee of the Foundation, the board fees, value of warrants or other compensation elements will be deducted in such member’s base pay.

**2.2 Process**

Once a year following the annual performance and appraisal dialogues, the individual’s total compensation may be adjusted. Target performance is used for such considerations if any incentive scheme applies.

With regard to STIP, the bonus settlement is dependent on the individual’s conduct i.e. business behaviour, compliance with the Foundation’s business processes and values, which is reviewed in the annual development discussions.
3 Remuneration of the CEO and the Leadership Team (LT)
The remuneration to the CEO and members of the Leadership Team is intended to ensure the Foundation’s continued ability to attract and retain qualified members with the desired competencies within specific key areas, and to ensure the fulfilment of the Foundation’s strategic journey.

3.1 Remuneration components for CEO and LT

<table>
<thead>
<tr>
<th>Remuneration Component</th>
<th>Applies to</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed base salary</td>
<td>All</td>
</tr>
<tr>
<td>Performance based incentives</td>
<td></td>
</tr>
<tr>
<td>- CEO bonus</td>
<td>CEO</td>
</tr>
<tr>
<td>- STIP</td>
<td>All members of LT excluding the CEO</td>
</tr>
<tr>
<td>- Invest Incentive Programme</td>
<td>Only SVP Invest</td>
</tr>
<tr>
<td>- BioCapital Incentive Programme</td>
<td>Only SVP BioCapital</td>
</tr>
<tr>
<td>Company pension contribution</td>
<td>All</td>
</tr>
<tr>
<td>Customary employment benefits</td>
<td>All</td>
</tr>
<tr>
<td>Other benefits</td>
<td></td>
</tr>
<tr>
<td>- Company car</td>
<td>CEO</td>
</tr>
<tr>
<td>- Transport cash allowance</td>
<td>All members of LT excluding the CEO</td>
</tr>
<tr>
<td>Termination and severance payments</td>
<td>The Foundation can terminate members of LT with 9 months’ notice(^1). The Foundation can terminate the CEO with a 24 months’ notice. The Foundation has no contractual obligations regarding the use of severance payments for CEO and LT.</td>
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</table>

3.2 Process
The remuneration to the LT is reviewed on an annual basis. The Board’s Chairmanship decides any adjustment to the Total Compensation level, based on input from the CEO and benchmarks when applicable. With regards to the CEO’s compensation the Board decides based on input from the Chairmanship. The fixed base salary is then adjusted accordingly to change the total compensation level.

4 Remuneration of the Boards
The remuneration to members of the Boards is based on fixed remuneration only in line with the recommendations of foundation governance. No performance based incentive or other variable remuneration is offered to members of the Boards.

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\(^1\) For historical reasons one member of the LT has a 12-months’ notice period.
4.1 Remuneration Components
All ordinary Board members receive a fixed annual base fee.

The Chair receives 3 x annual base fee, while the Deputy Chair receives 2 x annual base fee.

Further, the members of the Investment Committee and the Grants and Prizes Committee receives an additional committee member fee of 1.2 x the annual base fee of LF. The chair of a committee receives 1.5 x the committee fee. Furthermore, members of the Grants and Prizes Panel receive an annual fee.

No additional fee is paid to Board members to cover travelling, accommodation, etc. Instead, Board members are reimbursed for direct costs associated with the Board work.

No pension schemes are included in the remuneration to the Boards and no special termination terms apply to the Board members in the event of resignation from the Board. There are no special retention or redundancy schemes for the Board Members.

In addition to the Board fee received from LF and LFI, a Board member may also serve as a Board member of a strategic ownership. Such board fees are additional to the fee paid by LF and LFI.

Board members of LF and LFI who are employee elected representatives of strategic ownerships (subsidiaries), are not restrained from receiving variable remuneration from that specific position.

4.2 Process
Board fees are reviewed by the Board itself on annual basis and any change is based on appropriate benchmarks.

5 Governance and practice
Remuneration decisions in the Foundation, such as salary adjustments, bonus settlements, etc. is always grandparent approved. Due to the organisational size of the Foundation, the CEO usually acts as grandparent.
In case of remuneration decisions regarding members of the LT, the Chairmanship acts as grandparent and in case of the CEO the Board acts as grandparent. In general, the CEO is accountable for the Foundation to comply with the remuneration policy and to bring any deviances forward to the Board.

The Board can decide to deviate from the policy to the extent the deviation is legally acceptable under applicable law.

5.1 Reporting and review of remuneration
The CEO will provide the Chairmanship with an overview of paid remuneration to the LT as a minimum once a year. The overview will include members of the LT as well as senior employees in the investment teams, dependant on the nature and value of incentive schemes. Further, considerations on gender diversity in the Foundation are included.

At least every third year, the CEO prepares a discussion with the Chairmanship on current incentives, including historical pay-outs and considerations of the fit-for-purpose, regarding future short-term and long-term objectives for the Foundation.

The remuneration policy is updated on an annual basis.

6 Effective date and publication
The policy is effective from the date of the Board approval and is made available on the Foundation’s website.

Approved by the Board, 12 March 2024.