

General Description of the Main Differences between the Swedish Corporate Governance Code and the Icelandic Guidelines on Corporate Governance

Background

Alvotech is a public limited liability company (*société anonyme*), created under, and governed by, the laws of the Grand Duchy of Luxembourg. A Luxembourg *société anonyme* is mainly governed by the Luxembourg law of 10 August 1915 on commercial companies, as amended, as well as the Luxembourg law of 24 May 2011 on the rights of shareholders at general meetings of listed companies, as amended, as well as the *société anonyme*'s articles of association. As a Luxembourg-governed company that is listed on Nasdaq Iceland Main Market, Alvotech is not required to adhere to the Luxembourg X Principles of corporate governance issued by the Luxembourg Stock Exchange and has chosen not to apply such rules; references to “Luxembourg law” herein refer to applicable Luxembourg corporate law without including the X Principles of corporate governance.

Alvotech complies with Guidelines on Corporate Governance, version 6, published by the Iceland Chamber of Commerce, Nasdaq Iceland and SA Confederation of Icelandic Enterprise (the “**Icelandic Guidelines**”), as its shares are traded on Nasdaq Iceland Main Market. Since Alvotech applies the Icelandic Guidelines, it is not obliged to, and will not, apply the Swedish Corporate Governance Code issued by the Swedish Corporate Governance Board (the “**Swedish Code**”). Accordingly, under Section 2.15.1 of the Nordic Main Market Rulebook for Issuers of Shares, Alvotech is required to publish on its website a general description of the main differences between the applicable corporate governance code and the corporate governance code applicable in the jurisdiction of the relevant exchange, i.e. Nasdaq Stockholm. This comparison identifies the rules of the Swedish Code that go further than the Icelandic Guidelines, also taking into account applicable Luxembourg law requirements.

Please note that the below comparison covers only the rules of the Swedish Code, the Icelandic Guidelines, and where relevant, Luxembourg law. For Swedish companies, relevant corporate governance rules can also be found in, *inter alia*, the Swedish Companies Act (Sw. *Aktiebolagslagen (2005:551)*), the Swedish Annual Accounts Act (Sw. *Årsredovisningslagen (1995:554)*), and Nasdaq Stockholm’s rules. This general description should not be relied on as an exhaustive list of the relevant provisions or as a replacement for specific legal advice.

I. The Shareholders’ Meeting

1. The company chair and as many members of the board as are required for a quorum are to be present at shareholders’ meetings. The chief executive officer is to attend. At least one member of the company’s nomination committee, at least one of the company’s auditors and, if possible, each member of the board is to be present at the annual general meeting. (Swedish Code Rule 1.3)
 - *Under the Icelandic guidelines, as many members of the board as are required for a quorum are to be present at shareholders’ meetings. (Icelandic Guidelines Art. 1.2.1)*
 - *Unlike the Swedish Code, the Icelandic Guidelines impose the additional requirement that a nominated party and other candidates for board membership shall be present unless there is a valid reason for their absence. (Icelandic Guidelines Art. 1.2.4)*
 - *Under Luxembourg law, the board members have a right to participate at shareholders’ meetings but there is no obligation for a certain number of board members to be present.*

2. The company's nomination committee is to propose a chair for the annual general meeting. The proposal is to be presented in the notice of the meeting. (Swedish Code Rule 1.4)
 - *There is no similar rule in the Icelandic Guidelines.*
 - *Under Luxembourg law, Alvotech is not required to have a nomination committee, however, Alvotech has created nomination and corporate governance committees.*

3. A shareholder, or a proxy representative of a shareholder, who is neither a member of the board nor an employee of the company is to be appointed to verify and sign the minutes of the shareholders' meeting. (Swedish Code Rule 1.5)
 - *There is no similar rule in the Icelandic Guidelines.*
 - *There is no similar rule under Luxembourg law.*

II. The Nomination Committee

1. The company is to have a nomination committee. The nomination committee is to propose candidates for the post of chair and other members of the board, as well as fees and other remuneration to each member of the board. In its assessment of the board's evaluation and in its proposals in accordance with Swedish Code Rule 4.1, the nomination committee is to give particular consideration to the requirements regarding breadth and versatility on the board, as well as the requirement to strive for gender balance. The nomination committee is also to present proposals on the election and remuneration of the statutory auditor. The nomination committee's proposal to the shareholders' meeting on the election of the auditor is to include the audit committee's recommendation (or that of the board of directors if it does not have an audit committee).¹ If the proposal differs from the alternative preferred by the audit committee, the reasons for not following the committee's recommendation are to be stated in the proposal. The auditor or auditors proposed by the nomination committee must have participated in the audit committee's selection process if the company is obliged to have such a procedure.² (Swedish Code Rule 2.1)
 - *Unlike the Swedish Code, the Icelandic Guidelines do not explicitly include proposals on remuneration as part of the nomination committee's tasks. Under the Icelandic Guidelines, the board must publish the Company's remuneration policy in connection with its annual general meeting and it shall be approved at the annual general meeting. (Icelandic Guidelines Art. 2.7.2)*
 - *Unlike the Swedish Code, Luxembourg law does not require companies to appoint a nomination committee.*

2. The shareholders' meeting is to appoint members of the nomination committee or to specify how they are to be appointed. This decision is to include a procedure for replacing members of the nomination committee who leave before its work is concluded. The

¹ This rule corresponds to the requirements regarding the board's proposal for the post of auditor if the company does not have a nomination committee, see article 16.5 of the European Parliament and Council Regulation (EU) No. 537/2014 of 16 April 2014 on specific requirements regarding statutory audit of public interest entities and repealing Commission Decision 2005/909/EC, in its original version.

² Those companies which according to their latest annual or consolidated accounts fulfil at least two of the following three criteria: an average number of employees during the financial year of less than 250; a total balance sheet not exceeding EUR 43 million; and an annual net turnover not exceeding EUR 50 million. Also, listed companies that have an average market capitalisation of less than EUR 100 million based on the closing price for the previous three calendar years are exempted from the requirement that the auditor or auditors proposed must have participated in the audit committee selection process.

shareholders' meeting is to provide written instructions to the nomination committee.³ (Swedish Code Rule 2.2)

- *Unlike the Swedish Code, under the Icelandic Guidelines the board can be mandated by the general meeting to appoint the members of the nomination committee or be delegated the task of the shareholders to establish rules of procedure for the nomination committee. (Icelandic Guidelines comment to Art. 1.4 and 1.5.6)*
- *Unlike the Swedish Code, the Icelandic Guidelines have no provision that the decision to appoint members of the nomination committee shall include a procedure for replacing members of the nomination committee who leave before its work is concluded. The Icelandic Guidelines state that the manner in which appointment to the nomination committee is made shall be indicated in the Company's corporate governance statement. (Icelandic Guidelines Art. 1.5.1)*
- *Unlike the Swedish Code, under Luxembourg law, when a nomination committee is appointed, the committee is typically appointed by the board and not by the shareholders, and composed of members of the board.*
- *Unlike the Swedish Code, under Luxembourg law, when a nomination committee is appointed, there is no requirement that the decision to appoint members of the nomination committee shall include a procedure for replacing members of the nomination committee who leave before its work is concluded.*

3. The nomination committee is to have at least three members, one of whom is to be appointed committee chair. The majority of the members of the nomination committee are to be independent of the company and its executive management.⁴ Neither the chief executive officer nor other members of the executive management are to be members of the nomination committee. At least one member of the nomination committee is to be independent of the company's largest shareholder in terms of votes or any group of shareholders who act in concert in the governance of the company. (Swedish Code Rule 2.3)

- *The Swedish Code requires that the nomination committee consist of three members, while the Icelandic Guidelines permit the nomination committee to consist of only two members provided that both members are independent of the company. (Icelandic Guidelines Art. 1.5.2)*
- *Under Luxembourg law, when a nomination committee is appointed, there are no mandatory requirements as to its composition.*

4. Members of the board of directors may be members of the nomination committee but may not constitute a majority thereof. Neither the company chair nor any other member of the board may chair the nomination committee. If more than one member of the board is on the nomination committee, no more than one of these may be dependent of a major shareholder in the company.⁵ (Swedish Code Rule 2.4)

- *Both the Swedish Code and the Icelandic Guidelines allow for board members to be members of the nomination committee provided that they do not constitute a majority of the committee. The Icelandic Guidelines require that at least one committee member shall be independent of major shareholders. The Icelandic Guidelines also require the board to evaluate whether its members are independent of major shareholders and*

³ The instructions, which do not need to be approved annually, may form part of the shareholders' meeting's decision to appoint members or comprise a separate document. The instructions may permit the nomination committee to incur costs for the company for the work of the committee.

⁴ For assessment of independence with regard to the company and its management, see Swedish Code Rule 4.4.

⁵ For assessment of independence with regard to the company's major shareholders, see Swedish Code Rule 4.5.

make these conclusions available to shareholders. (Icelandic Guidelines Art. 1.5.2 and 2.3.5)

- *Under Luxembourg law, when a nomination committee is appointed, it is typically composed of members of the board of directors; there are no mandatory requirements for its composition.*
5. If any committee member has been appointed by a particular owner, that owner's name is to be stated. If any member leaves the committee, this information is to be announced. If a new member is appointed to the nomination committee, the corresponding information about the new member is to be provided. The website is also to provide information on how shareholders may submit recommendations to the nomination committee. (Swedish Code Rule 2.5)
- *Unlike the Swedish Code, the Icelandic Guidelines have no information requirements on the nomination committee regarding the announcement of a particular owner's name who appointed a member of the committee, a committee member leaving the committee, or a new member being appointed. (Icelandic Guidelines Art. 1.5.5 and 2.3.5)*
 - *Under Luxembourg law, when a nomination committee is appointed, there are no such mandatory requirements for the nomination committee.*
6. The nomination committee's proposals are to be presented in the notice of the shareholders' meeting at which the elections of board members or auditors are to be held as well as on the company's website. When the notice of the shareholders' meeting is issued, the nomination committee is to issue a statement on the company's website explaining its proposals regarding the board of directors with regard to the requirements concerning the composition of the board contained in Swedish Code Rule 4.1. The committee is to provide specific explanation of its proposals with respect to the requirement to strive for gender balance contained in Swedish Code Rule 4.1. If the outgoing chief executive officer is nominated for the post of chair, reasons for this proposal are also to be fully explained. The statement is also to include an account of how the nomination committee has conducted its work and, for certain companies,⁶ a description of the diversity policy⁷ applied by the nomination committee in its work. The following information on candidates nominated for election or re-election to the board is to be posted on the company's website⁸:
- i. the candidate's year of birth, principal education and professional experience;
 - ii. any work performed for the company and other significant professional commitments;
 - iii. any holdings of shares and other financial instruments in the company owned by the candidate or the candidate's related natural or legal persons⁹;
 - iv. whether the nomination committee, in accordance with Swedish Code Rules 4.4 and 4.5, deems the candidate to be independent of the company and its executive management, as well as of major shareholders in the company. Where circumstances

⁶ The diversity policy requirement applies to listed companies which fulfil more than one of the requirements stated in chapter 6, section 10, paragraph 1, points 1–3 of the Annual Accounts Act (1995:1554).

⁷ The diversity policy may consist of Swedish Code Rule 4.1.

⁸ If a board member is nominated by a party other than the nomination committee, the nominating party is to submit the required information to the company, including the nominating party's assessment of the nominee's independence with regard to the company, its management and major shareholders in the company.

⁹ The company itself chooses how to define a related party in the light of the purpose of the provision to clarify the board member's influence on and financial exposure to the company.

exist that may call this independence into question, the nomination committee is to explain its position regarding candidates' independence;

- v. in the case of re-election, the year that the person was first elected to the board.

(Swedish Code Rule 2.6)

- *Unlike the Swedish Code's rules on notices for shareholders' meetings, the Icelandic Guidelines contain shorter timeframes regarding disclosure of certain information, no explicit requirements on the nomination committee's reasoning concerning an outgoing chief executive officer nomination as board chair, and more disclosure requirements regarding information on board candidates. (Icelandic Guidelines Art. 1.1.2–1.1.6)*

III. The Tasks of the Board of Directors

1. The principal tasks of the board of directors include:

- i. appointing, evaluating and, if necessary, dismissing the chief executive officer;
- ii. establishing the overall goals and strategy of the company;
- iii. identifying how sustainability issues impact risks to and business opportunities for the company;
- iv. defining appropriate guidelines to govern the company's conduct in society, with the aim of ensuring its long-term value creation capability;
- v. ensuring that there is an appropriate system for follow-up and control of the company's operations and the risks to the company that are associated with its operations;
- vi. ensuring that there is a satisfactory process for monitoring the company's compliance with laws and other regulations relevant to the company's operations, as well as the application of internal guidelines;
- vii. ensuring that the company's external communications are characterised by openness, and that they are accurate, reliable and relevant.

(Swedish Code Rule 3.1)

- *Unlike the Swedish Code, the Icelandic Guidelines have no specific requirements that the board shall: (i) identify how sustainability issues impact risks to and business opportunities for the Company, (ii) define appropriate guidelines to govern the company's conduct in society, or (iii) ensure that the company's external communications are characterised by openness, and that they are accurate, reliable, and relevant. However, under the Icelandic Guidelines, the board must set a policy for sustainability for the Company, a written code of ethics and a policy on diversity. (Icelandic Guidelines Art. 2.9.1 and 2.9.2)*
- *Under Luxembourg law, the board of directors is the independent corporate body of the company which is vested with the broadest powers to act in the name of the company. The board is responsible for setting the corporate strategy and it is generally in charge of the management of the company. As a matter of principle, all powers reside with the board of directors except for those powers reserved by law, or the articles of association to the general meeting of shareholders.*

2. The board is to approve any significant assignments the chief executive officer has outside the company. (Swedish Code Rule 3.2)

- *Unlike the Swedish Code, the Icelandic Guidelines have no provisions requiring the board to approve any significant assignments the chief executive officer has outside of the company. However, under the Icelandic Guidelines, the CEO shall submit any other projects undertaken by him/her, which are unrelated to the Company, to the Board for discussion and the board shall annually evaluate the work of the chief executive officer*

and the Company's corporate governance statement must include information on the CEO's other commissions of trust and connections with any principal clients or competitors of the Company and major shareholders in the Company. (Icelandic Guidelines Art. 2.6.3, 4.1.1 and 4.2.3)

- *Unlike the Swedish Code, Luxembourg law does not require the appointment of a chief executive officer.*

IV. The Size and Composition of the Board

1. Deputies for directors elected by the shareholders' meeting are not to be appointed. (Swedish Code Rule 4.2)
 - *Unlike the Swedish Code, the Icelandic Guidelines do not prohibit the appointment of deputies for directors elected by the shareholders' meeting.*
 - *Under Luxembourg law, alternate directors are not permitted.*
2. Members of the board are to be appointed for a period extending no longer than to the end of the next annual general meeting. (Swedish Code Rule 4.7)
 - *Unlike the Swedish Code, the Icelandic Guidelines do not require that board members are to be appointed for a period extending no longer than to the end of the next annual general meeting. However, under the Icelandic Guidelines, the board shall conduct an annual assessment of its work, size, composition and procedures. (Icelandic Guidelines Art. 2.6.2)*
 - *Under Luxembourg law, the term of office for members of the board of directors is determined by the general meeting of shareholders, but may not exceed six years under Luxembourg law and three years according to Alvotech's articles of association. Directors can be re-elected for successive terms.*

V. The Tasks of Directors

1. There are no material deviations between the Swedish Code and the Icelandic Guidelines regarding the tasks of directors.

VI. The Chair of the Board

1. The chair of the board is to be elected by the shareholders' meeting. If the chair relinquishes the position during the mandate period, the board is to elect a chair from among its members to serve until a new chair has been elected by the shareholders' meeting. (Swedish Code Rule 6.1)
 - *Unlike the Swedish Code, the Icelandic Guidelines do not specify that the board chair is to be elected by the shareholders' meeting and if the chair relinquishes the position during the mandate period, the board is to elect a chair from among its members to serve until a new chair has been elected by the shareholders' meeting.*
 - *Unlike the Swedish Code, the board chair is, in principle, appointed by the board under Luxembourg law.*

VII. Board Procedures

1. There are no material deviations between the Swedish Code and the Icelandic Guidelines regarding board procedures.

VIII. Internal Controls

1. There are no material deviations between the Swedish Code and the Icelandic Guidelines regarding internal controls.

IX. Evaluation of the Board of Directors and the Chief Executive Officer

1. There are no material deviations between the Swedish Code and the Icelandic Guidelines regarding the evaluation of the Board of Directors and the Chief Executive Officer.

X. Information on Corporate Governance and Sustainability

1. There are no material deviations between the Swedish Code and the Icelandic Guidelines regarding information on corporate governance and sustainability.