



Remuneration Policy of the Board of Directors of Alvotech

(June 6 2023 Edition)

A. INTRODUCTION AND SCOPE

Alvotech (the “**Company**”), being a public limited liability company governed by the laws of Luxembourg and having its ordinary shares listed and admitted to trading on the main market in Iceland operated by Nasdaq Iceland and on the Nasdaq stock market in the United States of America, is subject to the Luxembourg law that came into effect on May 24, 2011 regarding the exercise of certain rights of shareholders’ at general meetings, as amended (the “**Luxembourg Shareholders’ Rights Law**”). This law requires that the Company adopt a policy for the remuneration of its members of the board of directors (the “**Board**”) ⁱ.

This remuneration policy (the “**Policy**”) has been proposed by the Company’s compensation committee (the “**Compensation Committee**”) to provide information on and guidance for the Compensation Committee and the remuneration of the Directors and key management. This Policy has been duly adopted in accordance with the requirements of the Luxembourg Shareholders’ Rights Law and, “The Guidelines on Corporate Governance”, published by the Icelandic Chamber of Commerce.

The Policy shall come into effect on June 6, 2023, subject to the submission of the Policy by the Company for an advisory vote during its annual general meeting of shareholders.

B. THE COMPENSATION COMMITTEE

1. ROLE

The Compensation Committee assists the Board in ensuring that compensation arrangements support the strategic aims of the Company, comply with legal and regulatory requirements and safeguard shareholders’ interests.

The Board has authority over and is responsible for the appointment and undertakings of the Compensation Committee. The Compensation Committee does not reduce the responsibilities of the Board or relieve it of any liability. Decision-making powers remain with the entire Board.

The Compensation Committee is responsible for, among other things:

- reviewing and approving the corporate goals and objectives, evaluating the performance of and reviewing and approving, (either alone or, if directed by the Board, in conjunction with a majority of the independent members of the Board) the compensation of the chief executive officer;
- overseeing an evaluation of the performance of and reviewing and setting or making recommendations to the Board regarding the compensation of the other executive officers;
- reviewing and approving or making recommendations to the Board regarding the incentive compensation and equity-based plans, policies and programs;
- reviewing and approving all employment agreement and severance arrangements for the executive officers;

- making recommendations to the shareholders regarding the compensation of the Directors and retaining and overseeing compensation consultants as a part of the process.

2. COMPOSITION

The Compensation Committee is composed of three Directors, unless the Board decides otherwise. The Board appoints the members of the Compensation Committee and its chairman.

The majority of the members of the Compensation Committee shall be independent of the Company. All of the members of the Compensation Committee shall possess the knowledge and the expertise needed to perform the tasks of the Compensation Committee.

3. MEETINGS

The Compensation Committee shall convene as often as necessary, but at least once per year to perform the tasks and duties in an efficient manner.

C. REMUNERATION OF THE DIRECTORS

The remuneration of the Directors is comprised of fixed remuneration and participation in an equity incentive plan. A Director may waive his or her right to all or any portion of his or her remuneration under this Policy by giving appropriate notice to the Company.

1. FIXED REMUNERATION

(a) Base salary

The Directors shall each receive a customary gross annual fixed remuneration payable in quarterly instalments.

In addition to the base salary for a Board seat, fees in a range from \$10,000 to \$25,000 are paid for:

- (i) the service as a chairperson or deputy chairperson of the Board; and
- (ii) the service by a Director on one or more of the Company's committees as a member or a chairperson.

Exceptional remuneration may be granted to a Director for a specific task or project, which is determined to be outside the scope of the normal activities and duties of such Directors.

All fees are net of any Luxembourg withholding taxes.

(b) D&O insurance

The Company shall provide each Director with customary D&O insurance.

(c) Expenses

Any ordinary and reasonable expenses of the Directors incurred in connection with the management of the Company shall be reimbursed by the Company in accordance with the Company's travel and expenses policy as in effect from time to time.

2. PARTICIPATION IN THE EQUITY INCENTIVE PLAN

In addition to the cash-based remuneration, each Director shall receive participation in the Company's management incentive plan (the "MIP", as may be amended from time to time, or any subsequent plan thereto) as compensation.

Such participation in the MIP by the Board enables the Company to attract and retain competent and dedicated individuals with relevant experience whose efforts will result in the growth and profitability of the Company, aligning such individuals' interests with the interests of the shareholders of the Company, in order to increase the Company's value.

Restricted Stock Units

On initial appointment to the Board, each Director shall receive under the MIP, an initial restricted stock unit award (the "RSUs") equal to the value of \$250,000, which will vest in three equal annual instalments on the first three anniversaries of the date of grant.

All vesting of the RSUs is subject to Director's continuous service on the applicable vesting date. However, for each eligible Director who remains in continuous service until immediately prior to the occurrence of a change in control (as such term is defined in the MIP), the shares subject to his or her then-outstanding RSUs will become fully vested immediately prior to the occurrence of such change in control event.

Stock Options

On the date of each annual meeting of shareholders, each Director will receive subject to the approval of the meeting, stock options (the "SOs") under the MIP. Such SOs shall have a value of up to \$230,000, which will be subject to a three-year vesting period and the exercise price of which will be determined on the date of the respective annual general meeting approving the grant of such SOs.

3. REMUNERATION-RELATED LEGAL ACTS

The Directors hold their positions through agreements concluded with the Company or any other entity of the Alvotech group. The Directors are appointed by the general meeting of shareholders for a term not exceeding six years. They are eligible for reappointment and may be removed at any time by the general meeting of shareholders with or without cause.

D. FINAL PROVISIONS

1. GENERAL PRINCIPLES

This Policy ensures that each Director is aligned with and contributing to the business strategy, long-term interests, and sustainability of the Company and plays an important role in successfully promoting and fostering the implementation of the corporate strategy and the short-term as well as long-term development of the Company.

The Company therefore provides strong incentives linked to the development of the Company by:

- a) providing compensation to motivate the achievement of long-term goals in order to promote the Company's business strategy, long-term value and creation and sustainability;
- b) providing adequate compensation in consideration of the responsibilities, competency, commitment, workload, time spent and performance of each Director; and
- c) ensuring that the Company continues to attract and retain Directors and employees who consistently perform at or above expected levels and contribute to the success of the Company.

2. MEASURES TO AVOID AND MANAGE CONFLICT OF INTERESTS

In the event that a Director has a direct or indirect financial interest that conflicts with the interest of the Company in any transaction of the Company, such Director shall make known to the Board the conflict of interest and shall cause a record of this statement. The Director may not take part in the discussions relating to that transaction and may not vote on any resolutions relating to that transaction.

Any conflict of interest must be reported at the next general meeting of shareholders prior to such meeting taking any resolution on any other item.

3. ADOPTION AND AMENDMENTS

This Policy has been adopted by the Compensation Committee.

In case of an amendment, the revised Policy shall describe and explain all significant changes and shall be submitted to an advisory vote at the following general meeting of shareholders.

In line with best practice and in the interest of the Company's shareholders, the Policy will be presented at each annual general meeting of shareholders and shall be submitted for an advisory vote.

4. DEROGATION PROCEDURE

In exceptional circumstances, the Company can temporarily derogate from this Policy regarding the remuneration of the Directors. Exceptional circumstances are situations in which the derogation from this Policy is necessary to serve the long-term interests and the sustainability of the Company or to assure its viability.

The Company may temporarily deviate from this Policy and its individual components, including from the individual remuneration components of the Policy or may introduce new remuneration components if this is necessary for the long-term wellbeing of the Company.

Any deviation from the terms of this Policy shall be reflected in the next remuneration report to be submitted to the general meeting of the shareholders.

5. DISCLOSURE

This Policy is made public without delay on the website of the Company and remains publicly available.

ⁱ Article 7a of the Luxembourg Shareholders' Rights Law requires that:

- (i) Companies establish a remuneration policy as regards directors and shall submit it to a vote by the shareholders at the general meeting.
- (ii) The company shall pay remuneration to its directors only in accordance with a remuneration policy that has been submitted to such a vote at the general meeting.
- (iii) In exceptional circumstances, companies may temporarily derogate from the remuneration policy, provided that the policy includes the procedural conditions under which derogation can be applied and that it specifies the elements of the policy from which derogation is possible.
- (iv) Companies shall submit the remuneration policy to a vote by the general meeting at every material change and, in any case, at least every 4 years.
- (v) The remuneration policy shall contribute to the company's business strategy and long-term interests and sustainability and shall specify how it contributes to these objectives.
- (vi) The remuneration policy shall explain how the pay and employment conditions of employees of the company were taken into account when establishing the remuneration policy.
- (vii) Where the company awards variable remuneration, the remuneration policy shall set clear, comprehensive, and varied criteria for the award of the variable remuneration.
- (viii) Where the company awards share-based remuneration, the remuneration policy shall specify vesting periods and, where applicable, retention of shares after vesting and shall explain how the share-based remuneration contributes to the objectives set out in the first subparagraph.
- (ix) The remuneration policy shall indicate the duration of contracts or arrangements with directors and the applicable notice periods, the main characteristics of supplementary pension or early retirement schemes and the terms of the termination and payments linked to termination.
- (x) The remuneration policy shall explain the decision-making process followed for its determination, review, and implementation, including measures to avoid or manage conflicts of interest and, where applicable, the role of the Compensation Committee or other committees concerned. Where the policy is revised, it shall describe and shall explain all significant changes and how it takes into account the votes and views of shareholders on the policy and reports since the most recent vote on the remuneration policy by the general meeting of shareholders.