

New York Stock Exchange Corporate Governance Standards (2006)

As an international company listed in New York, Novo Nordisk is in compliance with US securities law including the Sarbanes–Oxley Act and the New York Stock Exchange Corporate Governance Standards as a foreign private issuer except that, as permitted under such rules, Novo Nordisk continues to apply Danish practices in certain areas. Foreign listed companies are required to describe significant differences between New York Stock Exchange’s and the foreign companies’ corporate governance standards and the following significant differences exist between Novo Nordisk governance standards and those imposed by the New York Stock Exchange on US companies.

Corporate Governance Standards	Novo Nordisk’s approach
<ul style="list-style-type: none"> The standard is being fulfilled The standard is partially being fulfilled The standard is not being fulfilled 	
<p>1. Listed companies must have a majority of independent directors.</p>	<p>The requirement does not apply if a company is “controlled”, which the New York Stock Exchange defines as having more than 50% of the voting power of the listed company held by another company. Novo Nordisk is such a controlled company and is therefore exempt from this requirement in the same manner as US companies are.</p> <p>6 out of 11 board members may be deemed independent. Thus, the majority of board members are independent (as defined in NYSE’s standards).</p>
<p>2. In order to tighten the definition of “independent director” for purposes of these standards:</p>	
<p>2.(a) No director qualifies as “independent” unless the board of directors affirmatively determines that the director has no material relationship with the listed company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the company). Companies must identify which directors are independent and disclose the basis for that determination.</p>	<p>The Board has determined whether board members qualify as independent under Danish Corporate Governance Codes as well as Sarbanes Oxley Act and such determination is disclosed in the Annual Report. Further, the Annual Report provides detailed and individual information regarding the board members, but it does not explicitly identify which board members the Board considers to be independent under NYSE Corporate Governance standard.</p>
<p>2.(b) In addition, a director is not independent if:</p>	
<p>2.(b)(i) The director is, or has been within the last three years, an employee of the company, or an immediate family member is, or has been within the last three years, an executive officer, of the company.</p>	<p>In accordance with Danish law, four employees have been elected as board members by the Danish employees of the company.</p>

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The standard is being fulfilled

The standard is partially being fulfilled

The standard is not being fulfilled

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2.(b)(ii) The director has received, or has an immediate family member who has received, during any twelve months period within the last three years, more than \$100,000 in direct compensation from the listed company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service).

Rule 303A.02 defines "company", for purposes of the independence standards, to include "any parent or subsidiary in a consolidated group with the [listed] company. One board member serves as executive of the majority shareholder, Novo A/S, and thus may be deemed as being non-independent due to the receipt of remuneration as executive of Novo A/S.

No other board members or immediate family member receives or has received such fees from Novo Nordisk.

2.(b)(iii) (A) The director or an immediate family member is a current partner of a firm that is the company's internal or external auditor; (B) the director is a current employee of such firm; (C) the director has an immediate family member who is a current employee of such firm and participates in the firm's audit, assurance or tax compliance (but not tax planning) practice; or (D) the director or an immediate family member was within the last three years (but is no longer) a partner or an employee of such firm and personally worked on the listed company's audit within that time.

No board members or family member has been employed or affiliated with the auditor.

2.(b)(iv) The director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the listed company's present executive officers at the same time serves or served on that company's compensation committee.

No board members or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of Novo Nordisk's present executive officers at the same time serves or served on that company's compensation committee.

2.(b)(v) The director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from the listed company for property or services in an amount which in any of the last three fiscal years, exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues.

No board member is a current employee or has an immediate family member who is executive officer in a company that has paid or received the applicable amounts to/from Novo Nordisk (apart from Novo Nordisk's share buy back from Novo A/S).

3. To empower non-management directors to serve as a more effective check on management, the non-management directors of each company must meet at regularly scheduled executive sessions without management.

There are no executives on the Board. With the exception of agenda points reserved for the Board at each board meeting, Executive Management attend and may speak at the board meetings, without the right to vote, ensuring that the Board is sufficiently informed of the operations of the company.

4.(a) Listed companies must have a nominating/corporate governance committee composed entirely of independent directors.

The requirement does not apply if a company is "controlled", which the New York Stock Exchange defines as having more than 50% of the voting power of the listed company held by another company. Novo Nordisk is such a controlled company and is therefore exempt from this requirement in the same manner as US companies are.

The Chairmanship serves as nomination committee and presents proposals to the Board. However, Novo Nordisk has not established a separate nomination committee.

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<p>4.(b) The nominating/corporate governance committee must have a written charter that addresses:</p>	<p>The role of the Chairmanship is described in the Rules of Procedure of the Board.</p>
<p>4.(b)(i) the committee's purpose and responsibilities – which, at minimum, must be to: identify individuals qualified to become board members, consistent with criteria approved by the board, and to select, or to recommend that the board select, the director nominees for the next annual meeting of shareholders; develop and recommend to the board a set of corporate governance principles applicable to the corporation; and oversee the evaluation of the board and management; and</p>	<p>The Chairmanship has in accordance with the Rules of Procedure of the Board, such responsibilities.</p>
<p>4.(b)(ii) an annual performance evaluation of the committee.</p>	<p>The performance of the Chairmanship is evaluated during the Boards self-assessment process.</p>
<p>5.(a) Listed companies must have a compensation committee composed entirely of independent directors.</p>	<p>The requirement does not apply if a company is “controlled”, which the New York Stock Exchange defines as having more than 50% of the voting power of the listed company held by another company. Novo Nordisk is such a controlled company and is therefore exempt from this requirement in the same manner as US companies are.</p> <p>The Chairmanship serves as a compensation committee and presents proposals to the Board. However, Novo Nordisk has not established a separate compensation committee.</p>
<p>5.(b) The compensation committee must have a written charter that addresses:</p>	<p>The role of the Chairmanship is described in Rules of Procedure of the Board.</p>
<p>5.(b)(i) the committee's purpose and responsibilities – which, at minimum, must be to have direct responsibility to:</p>	<p>The role of the Chairmanship is described in Rules of Procedure of the Board.</p>
<p>5.(b)(i)(A) review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and, either as a committee or together with the other independent directors (as directed by the board), determine and approve the CEO's compensation level based on this evaluation; and</p>	<p>The Chairmanship has in accordance with the Rules of Procedure of the Board, such responsibilities.</p>
<p>5.(b)(i)(B) make recommendations to the board with respect to non-CEO executive officer compensation, and incentive-compensation and equity-based plans that are subject to board approval; and</p>	<p>The Chairmanship has in accordance with the Rules of Procedure of the Board, such responsibilities.</p>
<p>5.(b)(i)(C) produce a compensation committee report on executive officer compensation as required by the SEC to be included in the company's annual proxy statement or annual report on Form 10-K filed with the SEC;</p>	<p>Details regarding board members as well as executives' remuneration are included in the Annual Report. However, a full compensation committee report as defined by NYSE is not prepared.</p>

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<p>5.(b)(ii) an annual performance evaluation of the compensation committee.</p>	<p>The performance of the Chairmanship is evaluated during the Boards self-assessment process.</p>
<p>6. Listed companies must have an audit committee that satisfies the requirements of Rule 10A-3 under the Exchange Act.</p>	<p>The Board has established an Audit Committee, which satisfies the requirements of Rule 10A-3 under the Exchange Act.</p>
<p>7.(a) The audit committee must have a minimum of three members.</p>	<p>The Audit Committee has two members.</p>
<p>7.(b) In addition to any requirement of Rule 10A-3(b)(1), all audit committee members must satisfy the requirements for independence set out in Section 303A.02.</p>	<p>All audit committee members satisfy the requirements of Rule 10A-3(b)(1) of the Exchange Act and section 303A.02 of the Listed Company Manual.</p>
<p>7.(c) The audit committee must have a written charter that addresses:</p>	<p>The Audit Committee has a written charter.</p>
<p>7.(c)(i) the committee's purpose – which, at minimum, must be to:</p>	<p>The charter addresses the Committee's purpose.</p>
<p>7.(c)(i)(A) assist board oversight of (1) the integrity of the company's financial statements, (2) the company's compliance with legal and regulatory requirements, (3) the independent auditor's qualifications and independence, and (4) the performance of the company's internal audit function and independent auditors; and</p>	<p>As outlined in the charter, the Audit Committee is responsible for assisting the Board with the oversight of (1) the external auditors, (2) the internal auditors, (3) the procedure for handling complaints regarding accounting, internal accounting controls, auditing or financial reporting matters, (4) the accounting policies, (5) the systems of internal controls, and (6) post completion reviews of investments. Thus, the charter may not include all of NYSE's requirements.</p>
<p>7.(c)(i)(B) prepare an audit committee report as required by the SEC to be included in the company's annual proxy statement;</p>	<p>As outlined in the charter, the Audit Committee prepares audit committee reports as required by the SEC.</p>
<p>7.(c)(ii) an annual performance evaluation of the audit committee; and</p>	<p>The charter addresses the annual performance evaluation of the Audit Committee.</p>
<p>7.(c)(iii) the duties and responsibilities of the audit committee – which, at a minimum, must include those set out in Rule 10A-3(b)(2), (3), (4) and (5) of the Exchange Act , as well as to:</p>	<p>The duties and responsibilities of the Audit Committee as described in the charter include those set out in the Exchange Act.</p>
<p>7.(c)(iii)(A) at least annually, obtain and review a report by the independent auditor describing: the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (to assess the auditor's independence) all relationships between the independent auditor and the company;</p>	<p>In accordance with the charter, the Audit Committee obtains and reviews such report from the independent auditor.</p>

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 7.(c)(iii)(B) meet to review and discuss the company's annual audited financial statements and quarterly financial statements with management and the independent auditor, including reviewing the company's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations";	<p>The full Board (which includes all members of the Audit Committee) review and discuss annual audited financial statements and quarterly financial statements with management. The annual financial statements are also discussed with the independent auditor.</p>
 7.(c)(iii)(C) discuss the company's earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies;	<p>The full Board (which includes all members of the Audit Committee) discuss earnings press releases and financial information and earnings guidance provided to analysts and rating agencies.</p>
 7.(c)(iii)(D) discuss policies with respect to risk assessment and risk management;	<p>The full Board (which includes all members of the Audit Committee) discuss risk assessment and risk management.</p>
 7.(c)(iii)(E) meet separately, periodically, with management, with internal auditors (or other personnel responsible for the internal audit function) and with independent auditors;	<p>Audit Committee meets separately, periodically with management, internal auditors and independent auditors.</p>
 7.(c)(iii)(F) review with the independent auditor any audit problems or difficulties and management's response;	<p>The charter sets out that the Audit Committee shall at least annually discuss the independent auditor any audit problems or difficulties and management's response.</p>
 7.(c)(iii)(G) set clear hiring policies for employees or former employees of the independent auditors; and	<p>The Audit Committee has the responsibility of setting out hiring policies for the Internal Auditor, while Executive management has the responsibility of setting hiring policies for other employees of Novo Nordisk.</p>
 7.(c)(iii)(H) report regularly to the board of directors.	<p>The charter obliges the Audit Committee to report regularly to the Board.</p>
 7.(d) Each listed company must have an internal audit function.	<p>Novo Nordisk has established an internal audit function.</p>
 8. Shareholders must be given the opportunity to vote on all equity-compensation plans and material revisions to them.	<p>The remuneration policy is mentioned by the Chairman at the Annual General Meeting and the Incentive Guidelines are approved by the Annual General Meeting. However, under Danish law, the practice of voting on equity-compensation plans is not contemplated and accordingly, equity compensation plans are not subject to shareholder approval, unless it results in the issuance of new shares.</p>
 9. Listed companies must adopt and disclose corporate governance guidelines. Corporate governance guidelines shall include: <ul style="list-style-type: none"> • Director qualification standards. • Director responsibilities. • Director access to management and, as necessary and appropriate, independent advisors. • Director compensation. 	<p>Novo Nordisk has an integrated framework consisting of the Articles of Association, Rules of procedure of the Board, Description of Required competencies etc, which include rules and guidelines on corporate governance. These documents are disclosed.</p>

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<ul style="list-style-type: none"> • Director orientation and continuing education. • Management succession. • Annual performance evaluation of the board. 	
<p>10. Listed companies must adopt and disclose a code of business conduct and ethics for directors, officers and employees, and promptly disclose any waivers of the code for directors or executive officers.</p> <p>A code of business conduct and ethics shall include:</p> <ul style="list-style-type: none"> • Conflicts of interest. • Corporate opportunities. • Confidentiality. • Fair dealing. • Protection and proper use of company assets. • Compliance with laws, rules and regulations (including insider-trading laws). • Encouraging the reporting of any illegal or unethical behaviour. 	<p>Novo Nordisk has a framework of rules and guidelines, including but not limited to the Novo Nordisk Way of Management, which describe corporate values and required mind sets on business conduct and ethics.</p> <p>Most topics mentioned in the Listed Company Manual are addressed in this framework of rules and guidelines.</p>
<p>11. Listed foreign private issuers must disclose any significant ways in which their corporate governance practices differ from those followed by domestic companies under NYSE listing standards.</p>	<p>In the Annual Report and on Novo Nordisk's website, Novo Nordisk has disclosed significant differences between NYSE standards and Novo Nordisk practices.</p>
<p>12.(a) Each listed company CEO must certify to the NYSE each year that he or she is not aware of any violation by the company of NYSE corporate governance listing standards, qualifying the certification to the extent necessary.</p>	<p>Listed companies that are foreign private issuers are permitted to follow home country practice in lieu of the provisions of this section. Novo Nordisk is such a foreign private issuer and is therefore exempt from this requirement.</p>
<p>12.(b) Each listed company CEO must promptly notify the NYSE in writing after any executive officer of the listed company becomes aware of any material non-compliance with any applicable provisions of this Section 303A.</p>	<p>Novo Nordisk will comply with this provision.</p>
<p>12.(c) Each listed company must submit an executed Written Affirmation annually to the NYSE. In addition, each listed company must submit an interim Written Affirmation each time a change occurs to the board or any of the committees subject to Section 303A. The annual and interim Written Affirmation must in the form specified by NYSE.</p>	<p>Novo Nordisk is in compliance with this provision.</p>
<p>13. The NYSE may issue a public reprimand letter to any listed company that violates an NYSE listing standard.</p>	