




London Stock Exchange

The Combined Code on Corporate Governance (2008)

As an international company listed in London, Novo Nordisk is in compliance with UK securities law as a foreign issuer, except that, as permitted under such rules, Novo Nordisk continues to apply Danish practices. The following significant differences exist between Novo Nordisk governance standards and those stated in the UK Combined Code.

Combined Code

-  The code provision is being fulfilled
-  The code provision is partially being fulfilled
-  The code provision is not being fulfilled

Novo Nordisk's approach

A. Directors

A. 1 The Board

Main Principle

Every company should be headed by an effective board, which is collectively responsible for the success of the company.

Supporting Principles

The board's role is to provide entrepreneurial leadership of the company within a framework of prudent and effective controls which enables risk to be assessed and managed. The board should set the company's strategic aims, ensure that the necessary financial and human resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards and ensure that its obligations to its shareholders and others are understood and met.

All directors must take decisions objectively in the interests of the company.

As part of their role as members of a unitary board, non-executive directors should constructively challenge and help develop proposals on strategy. Non-executive directors should scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance. They should satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible. They are responsible for determining appropriate levels of remuneration of executive directors and have a prime role in appointing, and where necessary removing, executive directors, and in succession planning.

Code Provisions

A.1.1 The board should meet sufficiently regularly to discharge its duties effectively. There should be a formal schedule of matters specifically reserved for its decision. The annual report should include a statement of how the board operates, including a high level statement of which types of decisions are to be taken by the board and which are to be delegated to management.

The Board ordinarily meets seven times a year and a fixed annual calendar ensures that the Board addresses its main tasks in a timely manner. The Rules of Procedure of the Board describe matters reserved for its decision. The Annual Report includes a description of how the Board operates.

<p>Combined Code</p> <ul style="list-style-type: none"> The code provision is being fulfilled The code provision is partially being fulfilled The code provision is not being fulfilled 	<p>Novo Nordisk's approach</p>
<p>A.1.2 The annual report should identify the chairman, the deputy chairman (where there is one), the chief executive, the senior independent director and the chairmen and members of the nomination, audit and remuneration committees. It should also set out the number of meetings of the board and those committees and individual attendance by directors.</p>	<p>The elected persons are identified in the Annual Report.</p> <p>The number of Board and committee meetings and individual attendance are mentioned in Annual Report.</p>
<p>A.1.3 The chairman should hold meetings with the non-executive directors without the executives present. Led by the senior independent director, the non-executive directors should meet without the chairman present at least annually to appraise the chairman's performance (as described in A.6.1) and on such other occasions as are deemed appropriate.</p>	<p>All board members are non-executives. 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. The Chairman's performance is appraised annually on a written and anonymous basis as part of the Board's self-assessment process.</p>
<p>A.1.4 Where directors have concerns which cannot be resolved about the running of the company or a proposed action, they should ensure that their concerns are recorded in the board minutes. On resignation, a non-executive director should provide a written statement to the chairman, for circulation to the board, if they have any such concerns.</p>	<p>Board members (and executives) are entitled to have their opinion recorded in the minute book in case of disagreement. On resignation an exit interview is conducted by the Chairman and significant concerns are conveyed to the Board.</p>
<p>A.1.5 The company should arrange appropriate insurance cover in respect of legal action against its directors.</p>	<p>Appropriate insurance coverage has been arranged.</p>
<p>A.2 Chairman and Chief Executive</p> <p>Main Principle</p> <p>There should be a clear division of responsibilities at the head of the company between the running of the board and the executive responsibility for the running of the company's business. No one individual should have unfettered powers of decision.</p>	
<p>Supporting Principles</p> <p>The chairman is responsible for leadership of the board, ensuring its effectiveness on all aspects of its role and setting its agenda. The chairman is also responsible for ensuring that the directors receive accurate, timely and clear information. The chairman should ensure effective communication with shareholders. The chairman should also facilitate the effective contribution of non-executive directors in particular and ensure constructive relations between executive and non-executive directors.</p>	
<p>Code Provisions</p> <p>A.2.1 The roles of chairman and chief executive should not be exercised by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established, set out in writing and agreed by the board.</p>	<p>The Chairman is not identical to the CEO and their responsibilities are explicitly divided.</p>

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A.2.2 The chairman should on appointment meet the independence criteria set out in A.3.1 below. A chief executive should not go on to be chairman of the same company. If exceptionally a board decides that a chief executive should become chairman, the board should consult major shareholders in advance and should set out its reasons to shareholders at the time of the appointment and in the next annual report.

A.3 Board Balance and Independence

Main Principle

The board should include a balance of executive and non-executive directors (and in particular independent non-executive directors) such that no individual or small group of individuals can dominate the board's decision taking.

Supporting Principles

The board should not be so large as to be unwieldy. The board should be of sufficient size that the balance of skills and experience is appropriate for the requirements of the business and that changes to the board's composition can be managed without undue disruption.

To ensure that power and information are not concentrated in one or two individuals, there should be a strong presence on the board of both executive and non-executive directors.

The value of ensuring that committee membership is refreshed and that undue reliance is not placed on particular individuals should be taken into account in deciding chairmanship and membership of committees.

No one other than the committee chairman and members is entitled to be present at a meeting of the nomination, audit or remuneration committee, but others may attend at the invitation of the committee.

Code Provisions

A.3.1 The board should identify in the annual report each non-executive director it considers to be independent. The board should determine whether the director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the director's judgement. The board should state its reasons if it determines that a director is independent notwithstanding the existence of relationships or circumstances which may appear relevant to its determination, including if the director:

- has been an employee of the company or group within the last five years;
- has, or has had within the last three years, a material business relationship with the company either directly, or as a partner, shareholder, director or senior employee of a body that has such a relationship with the company;

Novo Nordisk's approach

On appointment the Chairman met the independence criteria and the Chairman still meets the independence criteria.

The Board has determined whether board members qualify as independent under Danish Corporate Governance Recommendations 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 the Combined Code.

3 of the shareholder-elected and 2 of the employee elected board members hold board and executive positions in Novo Nordisk's majority shareholder, Novo A/S or the Novo Nordisk Foundation and 4 members are current employees (employee elected board members).

2 of the shareholder-elected board members have served on the board for more than nine years from the date of their first election.

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<ul style="list-style-type: none"> • has received or receives additional remuneration from the company apart from a director's fee, participates in the company's share option or a performance-related pay scheme, or is a member of the company's pension scheme; • has close family ties with any of the company's advisers, directors or senior employees; • holds cross-directorships or has significant links with other directors through involvement in other companies or bodies; • represents a significant shareholder; or • has served on the board for more than nine years from the date of their first election. • holds cross-directorships or has significant links with other directors through involvement in other companies or bodies; • represents a significant shareholder; or • has served on the board for more than nine years from the date of their first election. 	
<p>A.3.2 Except for smaller companies, at least half the board, excluding the chairman, should comprise non-executive directors determined by the board to be independent. A smaller company should have at least two independent non-executive directors.</p>	<p>The majority of shareholder-elected board members are independent (as defined in the Combined Code). However, the majority of the board members are not regarded as independent because the employees have elected 4 board members in accordance with Danish law.</p>
<p>A.3.3 The board should appoint one of the independent non-executive directors to be the senior independent director. The senior independent director should be available to shareholders if they have concerns which contact through the normal channels of chairman, chief executive or finance director has failed to resolve or for which such contact is inappropriate.</p>	<p>Shareholder concerns can be conveyed to the Chairmanship and to the Audit Committee. However, the Board has not explicitly appointed one director to be senior independent director (as defined in the Combined Code).</p>
<p>A.4 Appointments to the Board</p> <p>Main Principle</p>	
<p>Supporting Principles</p> <p>Appointments to the board should be made on merit and against objective criteria. Care should be taken to ensure that appointees have enough time available to devote to the job. This is particularly important in the case of chairmanships.</p> <p>The board should satisfy itself that plans are in place for orderly succession for appointments to the board and to senior management, so as to maintain an appropriate balance of skills and experience within the company and on the board.</p>	
<p>Code Provisions</p> <p>A.4.1 There should be a nomination committee which should lead the process for board appointments and make recommendations to the board. A majority of members of the nomination committee should be independent non-executive directors. The chairman or an independent non-executive director should chair the committee, but the chairman should not chair the nomination committee when</p>	<p>The Chairmanship serves as nomination committee and presents proposals to the Board. However, Novo Nordisk has not established a separate nomination committee. The Chairmanship's tasks, duties and responsibilities are described in the Rules of Procedure of the Board and the Chairmanship charter, which has been approved by the Board.</p>

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<p>it is dealing with the appointment of a successor to the chairmanship. The nomination committee should make available its terms of reference, explaining its role and the authority delegated to it by the board.</p>	
<p>A.4.2 The nomination committee should evaluate the balance of skills, knowledge and experience on the board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment.</p>	<p>The Board has established such qualifications that it deems necessary to be present at the Board and regularly evaluates these.</p>
<p>A.4.3 For the appointment of a chairman, the nomination committee should prepare a job specification, including an assessment of the time commitment expected, recognising the need for availability in the event of crises. A chairman's other significant commitments should be disclosed to the board before appointment and included in the annual report. Changes to such commitments should be reported to the board as they arise, and their impact explained in the next annual report.</p>	<p>Tasks and responsibilities of the Chairman are described in the Rules of Procedure of the Board and the Chairmanship charter approved by the Board.</p> <p>The Chairman's other significant commitments are disclosed in the Annual Report. Changes in such commitments will be reported to the Board and the impact evaluated at the Board's self assessment process. Such evaluation is not disclosed.</p>
<p>A.4.4 The terms and conditions of appointment of non-executive directors should be made available for inspection. The letter of appointment should set out the expected time commitment. Non-executive directors should undertake that they will have sufficient time to meet what is expected of them. Their other significant commitments should be disclosed to the board before appointment, with a broad indication of the time involved and the board should be informed of subsequent changes.</p>	<p>Terms and conditions are stated in Danish Companies Act, Articles of Association and Rules of Procedure of the Board. Prior to election, non-executive directors disclose their other significant commitments and confirm that they will have sufficient time to meet what is expected of them. Subsequent changes are also disclosed.</p>
<p>A.4.5 The board should not agree to a full time executive director taking on more than one non-executive directorship in a FTSE 100 company nor the chairmanship of such a company.</p>	<p>None of the executives has more than one non-executive directorship in a FTSE 100 or C20 company or the Chairmanship of such a company.</p>
<p>A.4.6 A separate section of the annual report should describe the work of the nomination committee, including the process it has used in relation to board appointments. An explanation should be given if neither an external search consultancy nor open advertising has been used in the appointment of a chairman or a non-executive director.</p>	<p>A short statement about the nomination process is included in the Annual Report, and, a detailed description is included on the Novo Nordisk's website.</p>
<p>A.5 Information and Professional Development</p> <p>Main Principle</p> <p>The board should be supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties. All directors should receive induction on joining the board and should regularly update and refresh their skills and knowledge.</p>	

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Supporting Principles

The chairman is responsible for ensuring that the directors receive accurate, timely and clear information. Management has an obligation to provide such information but directors should seek clarification or amplification where necessary.

The chairman should ensure that the directors continually update their skills and the knowledge and familiarity with the company required to fulfil their role both on the board and on board committees. The company should provide the necessary resources for developing and updating its directors' knowledge and capabilities.

Under the direction of the chairman, the company secretary's responsibilities include ensuring good information flows within the board and its committees and between senior management and non-executive directors, as well as facilitating induction and assisting with professional development as required.

The company secretary should be responsible for advising the board through the chairman on all governance matters.

Code Provisions

A.5.1 The chairman should ensure that new directors receive a full, formal and tailored induction on joining the board. As part of this, the company should offer to major shareholders the opportunity to meet a new non-executive director.

A.5.2 The board should ensure that directors, especially non-executive directors, have access to independent professional advice at the company's expense where they judge it necessary to discharge their responsibilities as directors. Committees should be provided with sufficient resources to undertake their duties.

A.5.3 All directors should have access to the advice and services of the company secretary, who is responsible to the board for ensuring that board procedures are complied with. Both the appointment and removal of the company secretary should be a matter for the board as a whole.

A.6 Performance Evaluation

Main Principle

The board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.

Novo Nordisk's approach

Board members receive induction on joining the Board and update and refresh regularly their skills and knowledge.

All board members (including new non-executive directors) are present at the Annual General Meeting and major shareholders have the opportunity to meet new board members, however no majority shareholder is invited to separate meetings with new board members.

Board members are allowed to take independent professional advice and a formal procedure has been agreed and described in the Rules of Procedure of the Board.

All board members may contact the secretary of the Board (the General Counsel). The secretary of the Board is ensuring that Board procedures are complied with. Removal of the secretary is a matter for the Board.

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Supporting Principles

Individual evaluation should aim to show whether each director continues to contribute effectively and to demonstrate commitment to the role (including commitment of time for board and committee meetings and any other duties). The chairman should act on the results of the performance evaluation by recognising the strengths and addressing the weaknesses of the board and, where appropriate, proposing new members be appointed to the board or seeking the resignation of directors.

Code Provisions

A.6.1 The board should state in the annual report how performance evaluation of the board, its committees and its individual directors has been conducted. The non-executive directors, led by the senior independent director, should be responsible for performance evaluation of the chairman, taking into account the views of executive directors.

The annual assessment process is described in the Annual Report which include an assessment of the Chairman.

A.7 Re-election

Main Principle

All directors should be submitted for re-election at regular intervals, subject to continued satisfactory performance. The board should ensure planned and progressive refreshing of the board.

Code Provisions

A.7.1 All directors should be subject to election by shareholders at the first Annual General Meeting after their appointment, and to re-election thereafter at intervals of no more than three years. The names of directors submitted for election or re-election should be accompanied by sufficient biographical details and any other relevant information to enable shareholders to take an informed decision on their election.

The shareholders elect 6-10 board members. Shareholder-elected board members serve for a one-year term and can be re-elected by the Annual General Meeting. Biographical details are provided to shareholders.

In accordance with Danish law 4 board members are employee-elected and serve for a four year term.

A.7.2 Non-executive directors should be appointed for specified terms subject to re-election and to Companies Acts provisions relating to the removal of a director. The board should set out to shareholders in the papers accompanying a resolution to elect a non-executive director why they believe an individual should be elected. The chairman should confirm to shareholders when proposing re-election that, following formal performance evaluation, the individual's performance continues to be effective and to demonstrate commitment to the role. Any term beyond six years (e.g. two three-year terms) for a non-executive director should be subject to particularly rigorous review, and should take into account the need for progressive refreshing of the board. Non-executive directors may serve longer than nine years (e.g. three three-year terms), subject to annual re-election. Serving more than nine years could be relevant to the determination of a non-executive director's independence (as set out in provision A.3.1).

Shareholder-elected board members serve for a one-year term and can be re-elected by the Annual General Meeting.

The Board nominates candidates for re-election after the annual performance evaluation. Biographical details that are provided to shareholders prior to (re)election and constitute non-executive directors' recommendation.

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Novo Nordisk's approach

B. REMUNERATION

B.1 The Level and Make-up of Remuneration

Main Principle

Levels of remuneration should be sufficient to attract, retain and motivate directors of the quality required to run the company successfully, but a company should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

Supporting Principles

The remuneration committee should judge where to position their company relative to other companies. But they should use such comparisons with caution, in view of the risk of an upward ratchet of remuneration levels with no corresponding improvement in performance.

They should also be sensitive to pay and employment conditions elsewhere in the group, especially when determining annual salary increases.

Code Provisions

B.1.1 The performance-related elements of remuneration should form a significant proportion of the total remuneration package of executive directors and should be designed to align their interests with those of shareholders and to give these directors keen incentives to perform at the highest levels. In designing schemes of performance-related remuneration, the remuneration committee should follow the provisions in Schedule A to this Code.

B.1.2 Executive share options should not be offered at a discount save as permitted by the relevant provisions of the Listing Rules.

B.1.3 Levels of remuneration for non-executive directors should reflect the time commitment and responsibilities of the role. Remuneration for non-executive directors should not include share options. If, exceptionally, options are granted, shareholder approval should be sought in advance and any shares acquired by exercise of the options should be held until at least one year after the non-executive director leaves the board. Holding of share options could be relevant to the determination of a non-executive director's independence (as set out in provision A.3.1).

A significant part of the executives' remuneration is performance-related and is linked to predefined corporate and individual targets. Also, the performance related elements are designed to align their interests with those of shareholder.

The Annual General Meeting has approved the Guidelines for incentive-based remuneration. These Guidelines describe the framework for incentive programmes for the Board and Executive Management. All incentive programmes offered to the Board and/or Executive Management shall comply with the Guidelines. However, the individual schemes in place under the Guidelines are not approved by the Annual General Meeting as provided for in Schedule A.

The executives are not offered share options.

The level of remuneration for non-executive directors reflects the time commitment and responsibility. Remuneration to non-executive directors does not include share options.

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<p>B.1.4 Where a company releases an executive director to serve as a nonexecutive director elsewhere, the remuneration report should include a statement as to whether or not the director will retain such earnings and, if so, what the remuneration is.</p>	<p>The Annual Report identifies executives' outside board memberships (if any) and includes a statement on whether the executive retains the earnings and what such earning is.</p>
<p>B.1.5 The remuneration committee should carefully consider what compensation commitments (including pension contributions and all other elements) their directors' terms of appointment would entail in the event of early termination. The aim should be to avoid rewarding poor performance. They should take a robust line on reducing compensation to reflect departing directors' obligations to mitigate loss.</p>	<p>Executives' employment contracts contain compensation provisions stipulating a maximum of 3 years salary plus pension contribution as severance payment in case of early termination as further described in the Annual Report.</p>
<p>B.1.6 Notice or contract periods should be set at one year or less. If it is necessary to offer longer notice or contract periods to new directors recruited from outside, such periods should reduce to one year or less after the initial period.</p>	<p>None of the executives' employment contracts contains notice periods exceeding one year.</p>
<p>B.2 Procedure</p> <p>Main Principle</p> <p>There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his or her own remuneration.</p>	
<p>Supporting Principles</p> <p>The remuneration committee should consult the chairman and/or chief executive about their proposals relating to the remuneration of other executive directors. The remuneration committee should also be responsible for appointing any consultants in respect of executive director remuneration. Where executive directors or senior management are involved in advising or supporting the remuneration committee, care should be taken to recognise and avoid conflicts of interest.</p> <p>The chairman of the board should ensure that the company maintains contact as required with its principal shareholders about remuneration in the same way as for other matters.</p>	
<p>Code Provisions</p> <p>B.2.1 The board should establish a remuneration committee of at least three, or in the case of smaller companies two, independent non-executive directors. In addition the company chairman may also be a member of, but not chair, the committee if he or she was considered independent on appointment as chairman. The remuneration committee should make available its terms of reference, explaining its role and the authority delegated to it by the board. Where remuneration consultants are appointed, a statement should be made available of whether they have any other connection with the company.</p>	<p>The Chairmanship serves as a remuneration committee and presents proposals to the Board. However, Novo Nordisk has not established a separate remuneration committee. The role of the Chairmanship is described in the Rules of Procedure of the Board and the Chairmanship charter approved by the Board, which are available on Novo Nordisk's website.</p>

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<p>B.2.2 The remuneration committee should have delegated responsibility for setting remuneration for all executive directors and the chairman, including pension rights and any compensation payments. The committee should also recommend and monitor the level and structure of remuneration for senior management. The definition of 'senior management' for this purpose should be determined by the board but should normally include the first layer of management below board level.</p>	<p>Remuneration of the CEO is proposed by the Chairman and approved by the Board. Remuneration of executives except for the CEO is determined between the CEO and the Chairmanship and presented to the Board.</p>
<p>B.2.3 The board itself or, where required by the Articles of Association, the shareholders should determine the remuneration of the non-executive directors within the limits set in the Articles of Association. Where permitted by the Articles, the board may however delegate this responsibility to a committee, which might include the chief executive.</p>	<p>The Board determines the proposal for its own remuneration. The remuneration of the board members for the previous and current year is presented for approval to the Annual General Meeting as a separate agenda item.</p>
<p>B.2.4 Shareholders should be invited specifically to approve all new long-term incentive schemes (as defined in the Listing Rules) and significant changes to existing schemes, save in the circumstances permitted by the Listing Rules.</p>	<p>The Annual General Meeting has approved the Guidelines for incentive-based remuneration. These Guidelines describe the framework for incentive programmes for the Board and Executive Management. All incentive programmes offered to the Board and/or Executive Management shall comply with the Guidelines. The principles for incentive schemes are also described in the Annual Report which is approved by the shareholders.</p>
<p>C. ACCOUNTABILITY AND AUDIT</p> <p>C.1 Financial Reporting</p> <p>Main Principle</p> <p>The board should present a balanced and understandable assessment of the company's position and prospects.</p>	
<p>Supporting Principles</p> <p>The board's responsibility to present a balanced and understandable assessment extends to interim and other price-sensitive public reports and reports to regulators as well as to information required to be presented by statutory requirements.</p>	
<p>Code Provisions</p> <p>C.1.1 The directors should explain in the annual report their responsibility for preparing the accounts and there should be a statement by the auditors about their reporting responsibilities.</p>	<p>The Annual Report contains such explanations and statements.</p>
<p>C.1.2 The directors should report that the business is a going concern, with supporting assumptions or qualifications as necessary.</p>	<p>The Annual Report contains such reporting.</p>

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Novo Nordisk's approach

C.2 Internal Control

Main Principle

The board should maintain a sound system of internal control to safeguard shareholders' investment and the company's assets.

Code Provisions

C.2.1 The board should, at least annually, conduct a review of the effectiveness of the group's system of internal controls and should report to shareholders that they have done so. The review should cover all material controls, including financial, operational and compliance controls and risk management systems.

The Audit Committee reviews and assesses on behalf of the Board once a year Novo Nordisk's internal control systems in line with the US Sarbanes Oxley Act Section 404.

C.3 Audit Committee and Auditors

Main Principle

The board should establish formal and transparent arrangements for considering how they should apply the financial reporting and internal control principles and for maintaining an appropriate relationship with the company's auditors.

Code Provisions

C.3.1 The board should establish an audit committee of at least three, or in the case of smaller companies two, independent non-executive directors. In smaller companies the company chairman may be a member of, but not chair, the committee in addition to the independent non-executive directors, provided he or she was considered independent on appointment as chairman. The board should satisfy itself that at least one member of the audit committee has recent and relevant financial experience.

The Board has established an Audit Committee consisting of three non-executive directors. One Audit Committee member is, however, considered non-independent (as defined in the Combined Code) due to his board membership of the Novo Nordisk Foundation. The Board has satisfied that at least one member have recent and relevant financial experience.

C.3.2 The main role and responsibilities of the audit committee should be set out in written terms of reference and should include:

- to monitor the integrity of the financial statements of the company, and any formal announcements relating to the company's financial performance, reviewing significant financial reporting judgements contained in them;
- to review the company's internal financial controls and, unless expressly addressed by a separate board risk committee composed of independent directors, or by the board itself, to review the company's internal control and risk management systems;
- to monitor and review the effectiveness of the company's internal audit function;
- to make recommendations to the board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor;

The charter of the Audit Committee sets out that the committee shall assist the Board with the oversight of

- the external auditors,
- the internal audit function,
- the procedure for handling complaints regarding accounting, internal accounting controls, auditing or financial reporting matters, and business ethics matters (whistleblowing),
- financial reporting,
- post completion and post investment reviews of investments,
- other tasks.

Consequently, the Audit Committee carries out all the tasks listed in the Code provision.

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<ul style="list-style-type: none"> • to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements; • to develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm; and to report to the board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken. 	
<p>C.3.3 The terms of reference of the audit committee, including its role and the authority delegated to it by the board, should be made available. A separate section of the annual report should describe the work of the committee in discharging those responsibilities.</p>	<p>The charter of the Audit Committee is available on Novo Nordisk's homepage and the tasks of the Audit Committee are described in the Annual Report.</p>
<p>C.3.4 The audit committee should review arrangements by which staff of the company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The audit committee's objective should be to ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.</p>	<p>The Audit Committee reviews such arrangements.</p> <p>Employees of Novo Nordisk may anonymously report an issue or complaint regarding financial fraud or business ethics violations via the Whistleblower function on the Novo Nordisk website.</p>
<p>C.3.5 The audit committee should monitor and review the effectiveness of the internal audit activities. Where there is no internal audit function, the audit committee should consider annually whether there is a need for an internal audit function and make a recommendation to the board, and the reasons for the absence of such a function should be explained in the relevant section of the annual report.</p>	<p>The Audit Committee monitors and reviews the effectiveness of the internal audit activities.</p>
<p>C.3.6 The audit committee should have primary responsibility for making a recommendation on the appointment, reappointment and removal of the external auditors. If the board does not accept the audit committee's recommendation, it should include in the annual report, and in any papers recommending appointment or re-appointment, a statement from the audit committee explaining the recommendation and should set out reasons why the board has taken a different position.</p>	<p>The Audit Committee has the primary responsibility for making a recommendation on the appointment, reappointment and removal of the external auditors.</p>
<p>C.3.7 The annual report should explain to shareholders how, if the auditor provides non-audit services, auditor objectivity and independence is safeguarded.</p>	<p>Such explanation is provided, however, only on Novo Nordisk's website.</p>

Combined Code

- The code provision is being fulfilled
- The code provision is partially being fulfilled
- The code provision is not being fulfilled

Novo Nordisk's approach

D. RELATIONS WITH SHAREHOLDERS

D.1 Dialogue with Institutional Shareholders

Main Principle

There should be a dialogue with shareholders based on the mutual understanding of objectives. The board as a whole has responsibility for ensuring that a satisfactory dialogue with shareholders takes place.

Supporting Principles

Whilst recognising that most shareholder contact is with the chief executive and finance director, the chairman (and the senior independent director and other directors as appropriate) should maintain sufficient contact with major shareholders to understand their issues and concerns.

The board should keep in touch with shareholder opinion in whatever ways are most practical and efficient.

Code Provisions

D.1.1 The chairman should ensure that the views of shareholders are communicated to the board as a whole. The chairman should discuss governance and strategy with major shareholders. Non-executive directors should be offered the opportunity to attend meetings with major shareholders and should expect to attend them if requested by major shareholders. The senior independent director should attend sufficient meetings with a range of major shareholders to listen to their views in order to help develop a balanced understanding of the issues and concerns of major shareholders.

The Chairman ensures that the views of shareholders are communicated to the Board. The Chairman discusses governance and strategy with the majority shareholder on a regular basis. All board members are present at the Annual General Meeting.

D.1.2 The board should state in the annual report the steps they have taken to ensure that the members of the board, and in particular the non-executive directors, develop an understanding of the views of major shareholders about their company, for example through direct face-to-face contact, analysts' or brokers' briefings and surveys of shareholder opinion.

Novo Nordisk has included such statement in the Annual Report.

D.2 Constructive Use of the Annual General Meeting

Main Principle

The board should use the AGM to communicate with investors and to encourage their participation.

Code Provisions

D.2.1 At any general meeting, the company should propose a separate resolution at the AGM on each substantially separate issue, and should in particular propose a resolution at the AGM relating to the report and accounts. For each resolution, proxy appointment forms should provide shareholders with the option to direct their proxy to vote either for or against the resolution or to withhold their vote. The proxy form and any announcement of the results of a vote

Each issue is dealt with separately at the Annual General Meeting and a separate resolution relates to the Annual Report and accounts. Furthermore, proxy appointment forms provide shareholders with the option to direct their proxy to vote either for or against each resolution or to withhold their vote.

Combined Code  The code provision is being fulfilled  The code provision is partially being fulfilled  The code provision is not being fulfilled	Novo Nordisk's approach
 should make it clear that a 'vote withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes for and against the resolution.	
 <p>D.2.2 The company should ensure that all valid proxy appointments received for general meetings are properly recorded and counted. For each resolution, after a vote has been taken, except where taken on a poll, the company should ensure that the following information is given at the meeting and made available as soon as reasonably practicable on a website which is maintained by or on behalf of the company:</p> <ul style="list-style-type: none"> • the number of shares in respect of which proxy appointments have been validly made; • the number of votes for the resolution; • the number of votes against the resolution; and • the number of shares in respect of which the vote was directed to be withheld. 	<p>Novo Nordisk ensures that all valid proxy appointments received for general meetings are properly recorded and counted. If a formal vote is taken Novo Nordisk intend to comply with the provision by making the listed information available on the Novo Nordisk website.</p>
 <p>D.2.3 The chairman should arrange for the chairmen of the audit, remuneration and nomination committees to be available to answer questions at the AGM and for all directors to attend.</p>	<p>All Board members (including the Chairman of the Audit Committee) and all executives are present at the Annual General Meeting, and are available to answer questions.</p>
 <p>D.2.4 The company should arrange for the Notice of the AGM and related papers to be sent to shareholders at least 20 working days before the meeting.</p>	<p>The Articles of Association provide that notice is sent no earlier than 4 and no later than 2 weeks before the Annual General Meeting. However, the date of the general meeting as well as all significant proposals are published earlier as such information is included in the announcement of the annual results.</p>