

Principles for remuneration of board members and executives in Novo Nordisk A/S*

The Remuneration Principles are designed to attract, retain and motivate the members of the Board of Directors and of Executive Management. Remuneration has been designed to align the interests of the board members and the executives with those of the shareholders.

1. The Board of Directors

1.1 Process

The Board of Directors reviews board fees at regular intervals based on recommendations from the Chairmanship. When preparing its recommendation the Chairmanship will be guided by relevant benchmarks that include other major Danish companies. The remuneration of the board members for the past and current year is approved by the Annual General Meeting as a separate agenda item.

1.2 Size

Each board member shall receive a fixed fee per year. Ordinary board members receive a fixed amount (the base fee) while the Chairmanship receives a multiple thereof: the chairman receives 2.5 times the base fee and the vice chairman receives 1.5 times the base fee.

Service on the Audit Committee entitles board members to an additional fee: the Audit Committee chairman receives 1.25 times the base fee and Audit Committee members receive 0.5 times the base fee.

Individual board members may take on specific ad hoc tasks outside their normal duties assigned by the Board. In each such case the Board shall determine a fixed fee (eg per diem) for the work carried out related to those tasks.

In addition all Board members that do not reside in Denmark are paid a fixed travel allowance when attending Board meetings in Denmark. No travel allowance will be paid to Board members when attending Board meetings outside Denmark.

* In Section VI, 2 of the Nørby Committee's Recommendations on Corporate Governance referred to as "Remuneration Policy"

Expenses, such as travel and accommodation in relation to board meetings as well as relevant education, are reimbursed.

Board members are not offered stock options, warrants or participation in other incentive schemes and no other amounts or benefits are paid to the board members.

2. The Executive Management

2.1 Process

Executive remuneration is proposed by the Chairmanship and subsequently approved by the Board.

2.2 Size

Executive remuneration is evaluated annually against a Danish benchmark of large companies with international activities. This information is supplemented by information on remuneration levels for similar positions in the international pharmaceutical industry. To ensure comparability, executive positions are evaluated in accordance with an international position evaluation system which among other parameters includes and reflects the development of the company size measured in terms of company revenue and number of employees.

The remuneration package consists of a fixed base salary, a short-term cash bonus, a long-term share-based incentive, a pension contribution and other benefits.

For executives being expatriated at the request of the company, the remuneration package is based on current Danish remuneration levels, including pension entitlements, while a specific expatriation package is added for the period of expatriation.

2.3 Fixed base salary

The fixed base salary accounts for approx 40% to 60% of the total value of the remuneration package.

2.4 Incentive programmes

In addition to the fixed base salary, the executives may be eligible for incentive-based remuneration consisting of 1) a Short-term Incentive Programme, and 2) a Long-term Incentive Programme. The short-term incentive programme may result in a maximum payout per year equal to four months' fixed base salary plus pension contribution. The long-term incentive programme may result in a maximum grant per year equal to eight months' fixed base salary plus pension contribution. Consequently, the aggregate maximum amount that may be granted as incentives for a given year is equal to 12 months fixed base salary plus pension contribution. For further details on the incentive programmes please refer to the appendix: "Guidelines for incentive-based remuneration for the Board of Directors and Executive Management of Novo Nordisk A/S".

2.5 Pension

The pension contribution is 25% to approx 30% of the fixed base salary including bonus.

2.6 Other benefits

The executives receive non-monetary benefits such as company car, phone etc. Such other benefits are approved by the Board by delegation of powers to the Chairmanship. The Chairmanship informs the Board of the process and outcome. In addition the executives may participate in customary employee benefit programmes, e.g. employee share purchase programmes.

2.7 Stock options

Executives may until 2011 hold stock options granted in previous years (2003 and before). None of these options have been or will be re-priced.

2.8 Termination of employment

Novo Nordisk may terminate the employment by giving executives a notice of 12 months. Executives may terminate the employment by giving Novo Nordisk a notice of six months.

2.9 Severance payment

In addition to the notice period executives are, in the event of termination – whether by Novo Nordisk or by the individual – due to a merger, acquisition or takeover of Novo Nordisk, entitled to a severance payment of 36 months' fixed base salary plus pension contribution. In case of termination by Novo Nordisk for other reasons, the severance payment is three months' fixed base salary plus pension contribution per year of employment as an executive, however, in no event less than 12 and no more than 36 months' fixed base salary plus pension contribution.

3. Overview

The below table provides an overview of the remuneration for members of the Board of Directors and Executive Management:

	Board of Directors	Executive Management
Fixed base salary	Yes	Yes
Fee for Committee work	Yes	No
Fee for ad hoc tasks	Yes	No
STIP (Short-term Incentive Programme)	No	Up to four months' fixed base salary plus pension contribution per year
LTIP (Long-term Incentive Programme)	No	Up to eight months' fixed base salary plus pension contribution per year

Pension	No	25–30% of fixed base salary and bonus
Other benefits	No	As approved by the Board by delegation of powers to the Chairmanship
Severance payment	No	Based on tenure of employment, 12–36 months' fixed base salary plus pension contribution

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