

Nasdaq Copenhagen

Danish Corporate Governance Recommendations
Novo Nordisk A/S



Team Novo Nordisk, the world's first all-diabetes professional cycling team, are racing with 100 on their jersey to celebrate the 100-year anniversary of the discovery of insulin

Nasdaq Copenhagen – Danish Corporate Governance Recommendations (November 2017)

As a company incorporated in Denmark and with a primary listing on Nasdaq Copenhagen, Novo Nordisk is required to comply with Danish securities law and it is Novo Nordisk's intent to be guided by the Danish Corporate Governance Recommendations announced by Nasdaq Copenhagen (November 2017), prepared by the Danish Committee on Corporate Governance¹. Nasdaq Copenhagen has required Danish listed companies to report on the Danish Corporate

Governance Recommendations on a "comply-or-explain" basis. This implies that companies are required either to comply with the Danish Corporate Governance Recommendations or explain why they do not comply. Novo Nordisk complies with all except five of the Danish Corporate Governance Recommendations (November 2017).

Please also refer to Novo Nordisk's Corporate Governance Report 2020, which is available on Novo Nordisk's website.

3 February 2021

The Danish Corporate Governance Recommendations

● The recommendation is being fulfilled
 ● The recommendation is partially being fulfilled
 ● The recommendation is not being fulfilled

	The Danish Corporate Governance Recommendations	Novo Nordisk's approach
Chapter 1.	Communication and interaction by the company with its investors and other stakeholders <p>The company's investors, employees and other stakeholders have a joint interest in stimulating the Company's growth and that ensuring that the company always is in a position to adapt to changing demands, thus allowing the company to continue to be competitive and to create value.</p> <p>Therefore, it is essential to establish a positive interaction not only between management and investors, but also in relation to other stakeholders.</p> <p>Good corporate governance is also about establishing appropriate frameworks, that enable investors to enter into a dialogue with the company's management.</p> <p>Openness and transparency are required as to allow the company's investors and other stakeholders to have regular access to evaluate and relate to the company and its future, thus engaging in a constructive dialogue with the company on this basis.</p> <p>The company's management ensures an appropriate and balanced development of the company in the short and long term.</p>	
1.1. Dialogue between company, shareholders and other stakeholders		
● 1.1.1	<p>The committee recommends that the board of directors ensure ongoing dialogue between the company and its shareholders, so that the shareholders gain relevant insight into the company and in order for the board of directors to be aware of the shareholders' views, interests and opinions in respect to the company.</p>	<p>Novo Nordisk's Board of Directors ensures that the company through its investor relations activities has an ongoing dialogue with its shareholders so that the shareholders gain relevant insight into Novo Nordisk.</p> <p>To keep investors updated on performance and the progress of clinical development programmes, Novo Nordisk hosts conference calls with Executive Management following the release of financial results and at other key events. Executive Management and Investor Relations also travel extensively to ensure that all investors with a major holding of Novo Nordisk shares can meet with the company on a regular basis and other shareholders and potential investors also have access to the company's management and Investor Relations.</p> <p>Furthermore to ensure the Board of Directors is kept aware of the shareholders' views, interests and opinions on the company the chairman of the Board hosts conference calls with around 10 of the largest investors prior to the Annual</p>

1. Novo Nordisk will report on the new Danish Corporate Governance Recommendations (2020) in 2022 in connection with the Annual Report for 2021.

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		<p>General Meeting, participates in the annual shareholder meeting and receives written feedback on recent topics discussed with investors prior to Board meetings.</p> <p>Investor Relations materials and presentations and other shareholder reporting are available on Novo Nordisk's website, for example press releases, company announcements, annual reports, annual general meeting notice and agenda, etc.</p> <p>Novo Nordisk is well regarded in external rankings and solicits a perception study among key investor and analyst stakeholders to understand their view of the company.</p>
● 1.1.2	The committee recommends that the board of directors adopts policies on the company's relationship with its stakeholders, including shareholders and that the board of directors ensures that the interests of the stakeholders are respected in accordance with company policies.	<p>The Board has adopted the Novo Nordisk Way, which forms the foundation for how Novo Nordisk conducts its business. It builds on the Triple Bottom Line principle to be financially, socially and environmentally responsible, and includes a specific reference to the importance of building and maintaining good relations with stakeholders.</p> <p>Novo Nordisk subscribes to the AA1000 standard for stakeholder engagement, and conducts an annual review against the standard's principles of 'inclusivity, materiality, responsiveness and impact' by the independent auditors, which is included in the Annual Report.</p> <p>A corporate function, Commercial Strategy & Corporate Affairs, guides and coordinates engagements with stakeholders to ensure that stakeholders' interests are taken into account. Other functions, such as Investor Relations, manage dedicated stakeholder relations. The Board oversees such activities in this area.</p> <p>Novo Nordisk has a Tax Approach available online as well as a Tax Strategy 2025. Both were last approved by the Board of Directors in 2020.</p>
● 1.1.3	The committee recommends that the company publish quarterly reports.	Novo Nordisk publishes quarterly financial reports.
1.2 General meeting		
● 1.2.1	The committee recommends that in organising the company's general meeting, the board of directors plans the meeting to support active ownership.	<p>The Board of Directors and Executive Management promote active ownership and attendance at general meetings and organize general meetings in accordance herewith.</p> <p>All shareholders registered by name receive a notice convening general meetings electronically if they have requested so and their email address have been provided to Novo Nordisk. A proxy/vote form for voting by post is available on Novo Nordisk's website and in the InvestorPortal. It is also possible for shareholders to vote electronically by proxy or correspondence (written vote) through the InvestorPortal accessible via novonordisk.com.</p>
● 1.2.2	The committee recommends that proxies or votes by post for the general meeting allow shareholders to consider each individual item on the agenda.	Proxies/written vote forms for votes by post provided for the general meeting allow shareholders to consider each individual item on the agenda.

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1.3 Takeover bids		
1.3.1	The committee recommends that the company set up contingency procedures in the event of takeover bids, from the time that the board of directors has reason to believe that a takeover bid will be made. The contingency procedures should establish that the board of directors should not without the acceptance of the general meeting, attempt to counter the takeover bid by making decisions which, in reality, prevent the shareholders from deciding on the takeover bid themselves.	Novo Nordisk has set up contingency procedures in the event of takeover bids and adheres to the recommendation.
Chapter 2.		
	Tasks and responsibilities of the board of directors	
	<p>The board of directors shall diligently protect the interests of the shareholders with due consideration for the other stakeholders.</p> <p>The board of directors is responsible for the overall and strategic management of the company to ensure value creation in the company. The board of directors must lay down the strategic goals of the company and ensure that the prerequisites necessary to reach such goals exist, consisting of both financial resources and competencies, and appropriate organisation of the company's activities.</p> <p>The prerequisite for meeting the company's strategic goals is that the board of directors employs a competent executive board, lays down the division of responsibilities between the board of directors and the executive board, the tasks and employment relationships of the executive board, and also establishes clear guidelines for accountability, planning, follow-up and risk management. The board of directors must supervise the executive board and lay down guidelines for how to carry out the supervision.</p> <p>The board of directors is responsible for ensuring the development, retention or dismissal of the executive board, as well as for ensuring that remuneration of the executive board reflects the long-term value creation in the company and the results otherwise achieved by the executive board.</p> <p>The chairman of the board of directors organises, convenes and presides over meetings of the board of directors to ensure efficiency in the board's work and to create the best possible working conditions for the members individually and collectively. This ensures that the individual member's special knowledge and competencies are used in the best possible manner and to the benefit of the company.</p> <p>In order for the board of directors to be able to meet its obligations, the chairman, in collaboration with the other members of the board of directors, should ensure that members regularly update and improve their knowledge on matters relevant to the company as well as ensure that the special knowledge and competencies of each individual member are used in the best possible manner and for the benefit of the company.</p>	
2.1 Overall tasks and responsibilities		
2.1.1	The committee recommends that at least once annually the board of directors consider the matters that should be included in the board's performance of its work.	<p>The Board of Directors annually considers the matters that should be included in the Board's performance of its work. The Board has established its most important tasks in its Rules of Procedure and its annual calendar, and this includes how to supervise the work of Executive Management.</p> <p>The processes and procedures regarding the Board's work, including the Rules of Procedure of the Board of Directors, have been tailor-made to the Board and are regularly (and at least once a year) reviewed and updated, if necessary.</p> <p>The Rules of Procedure of the Board of Directors is available on Novo Nordisk's website.</p>
2.1.2	The committee recommends that at least once annually, the board of directors consider the overall strategy of the company with a view to ensuring value creation in the company.	Each year in June, the Board determines the overall strategy of Novo Nordisk at a Board meeting extending over 2-3 days, and this is done with a view to sustaining value creation. In addition, the Board discusses strategic questions at each Board meeting.

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● 2.1.3	The committee recommends that the board of directors ensure that the company has a capital and share structure which supports that the strategy and long-term value creation of the company are in the interest of the shareholders and the company, and that the board of directors explain this in the management commentary and/or on the company's website.	The Board assesses regularly – and at least once a year in January – whether the capital and share structure supports that the strategy and long-term value creation of the company are in the interest of the shareholders and the company. The management commentary in the Annual Report contains the Board's assessment.
● 2.1.4	The committee recommends that the board of directors annually review and approve guidelines for the executive board; this includes establishing requirements for the executive board's reporting to the board of directors.	The Board of Directors reviews and approves at least once a year in December guidelines for Executive Management and an annual calendar has been established with a view to ensure reporting by Executive Management.
● 2.1.5	The committee recommends that at least once annually, the board of directors discuss the composition, developments, risks and succession plans of the executive board.	The Board of Directors annually discusses the composition, developments, risks and succession plans of the Executive Management as part of the annual organizational development process. In addition, the Board regularly reviews Executive Management's performance and succession.
2.2 Corporate social responsibility		
● 2.2.1	The committee recommends that the board of directors adopt policies on corporate social responsibility.	Corporate Social Responsibility is anchored in Novo Nordisk's Articles of Association, which states that the company seeks to conduct its business in a financially, environmentally and socially responsible way. This principled business approach is intended to ensure balanced decision-making with an aim to contribute to sustainable development: to balance short-term gains with long-term profitability and shareholder return with other stakeholder interests. Novo Nordisk accounts for its performance on all three dimensions in the Annual Report.
2.3 Chairman and vice-chairman of the board of directors		
● 2.3.1	The committee recommends appointing a vice chairman of the board of directors, who will assume the responsibilities of the chairman in the event of the chairman's absence, and who will also act as effective sparring partner for the chairman.	<p>The Board of Directors has a chairman and a vice-chairman who constitute the Chairmanship. The vice-chairman will assume the responsibilities of the chairman in the event of the chairman's absence.</p> <p>The Chairmanship's tasks, duties and responsibilities are described in the Rules of Procedure of the Board and the Charter of the Chairmanship, which have been approved by the Board. Both documents are available on Novo Nordisk's website.</p>
● 2.3.2	The committee recommends that, if the board of directors, in exceptional cases, asks the chairman of the board of directors or other board members to perform special activities for the company, including briefly participating in the day-to-day management, a board resolution to that effect should be passed to ensure that the board of directors maintains its independent, general management and control function. Resolutions on the chairman's or other board members' participation in day-to-day management and the expected duration thereof should be publicly announced.	Novo Nordisk agrees with the recommendation in principle, and will on a case-by-case basis disclose details as recommended.

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Chapter 3.	Composition and organisation of the board of directors <p>The board of directors should be composed so that it is able to execute its strategic, managerial and supervisory tasks.</p> <p>It is essential that the board of directors be composed so as to ensure effective performance of its tasks, through a constructive and qualified dialogue with the executive board. It is also essential that the members of the board of directors always act independently of special interests.</p> <p>The board of directors defines the competencies required by the company and regularly assesses whether its composition and the competencies of its members, individually and collectively, reflect the requirements imposed by the company's circumstances and affairs.</p> <p>Diversity improves the quality of the work and the interaction of the board of directors, e.g. through different approaches to the performance of management tasks.</p> <p>To increase value creation, the board of directors should annually evaluate the composition of its members and ensure the necessary integration of new talent, while maintaining continuity.</p> <p>In addition to the members of the board of directors elected by the general meeting, the board of directors may comprise members elected by the employees pursuant to the rules of the Companies Act.</p>	
3.1 Composition		
3.1.1	<p>The committee recommends that the board of directors annually evaluate and in the management commentary account for:</p> <ul style="list-style-type: none"> the competencies that it must have to best perform its tasks; the composition of the board of directors; and the special competencies of each member. 	<p>The Board of Directors has determined a Competence Profile for the shareholder-elected Board members. The Competence Profile is evaluated annually by the Nomination Committee and presented to the Board of Directors for approval. The Competence Profile is available on Novo Nordisk's website.</p> <p>A profile of the shareholder-elected Board members, including the general and special competences possessed by each shareholder-elected Board member, is included in the management commentary of the Annual Report, on Novo Nordisk's website and in the notice convening the Annual General Meeting. The Annual Report also includes an account of the current composition of the Board of Directors including diversity, and the notice includes an account of the proposed composition of the Board of Directors including diversity.</p>
3.1.2	<p>The committee recommends that the board of directors annually discuss the company's activities to ensure relevant diversity at management levels and prepare and adopt a policy on diversity. The policy should be published on the company's website.</p>	<p>Diversity and inclusion, and activities to ensure diversity and inclusion at management levels, are discussed at Board level at regular intervals, and at least once a year, as an integral part of the HR agenda. The Board has prepared and adopted a policy on diversity and inclusion, which is available on Novo Nordisk's website.</p>
3.1.3	<p>The committee recommends that the selection and nomination of candidates for the board of directors be carried out through a thorough and transparent process approved by the board of directors. When assessing its composition and nominating new candidates, the board of directors should, in addition to the need for competencies and qualifications, take into consideration the need for integration of new talent and diversity.</p>	<p>The Board has established a thorough and transparent process for nomination of candidates to the Board of Directors, which is formalised in the Rules of Procedure of the Board of Directors and the Nomination Committee Charter, which are available on Novo Nordisk's website. The Board takes the need for integration of new talent and diversity into consideration in addition to the need for competencies and qualifications when evaluating its composition.</p>
3.1.4	<p>The committee recommends that the notice convening a general meeting where the agenda includes the election of members to the board of directors, include (in addition to the statutory requirements) a description of the qualifications of the nominated candidates, including information about the candidates':</p> <ul style="list-style-type: none"> other executive functions, including positions on executive boards, boards of directors and supervisory boards, including board committees, in Danish and foreign enterprises; and 	<p>The recommended information is provided in the notice convening the Annual General Meeting.</p>

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	<ul style="list-style-type: none"> demanding organisational tasks. <p>Furthermore, it should be indicated if the candidates to the board of directors are considered independent.</p>	
3.1.5	The committee recommends that members of the company's executive board be not members of the board of directors and that a resigning chief executive officer be not directly elected as chairman or vice chairman for the same company.	Novo Nordisk agrees with the recommendation in principle, and no members of the Board of Directors and the Executive Management serves as member of both bodies. Further, neither the chairman nor the vice chairman of the Board has been Chief Executive Officer of the company in the past.
3.1.6	The committee recommends that members of the board of directors elected by the general meeting be up for election every year at the annual general meeting.	Shareholder-elected Board members serve for a one-year term and may be re-elected at the Annual General Meeting.

3.2 Independence of the board of directors

3.2.1	<p>The committee recommends that at least half of the members of the board of directors elected by the general meeting be independent persons, in order for the board of directors to be able to act independently of special interests.</p> <p>To be considered independent, this person may not:</p> <ul style="list-style-type: none"> be or within the past five years have been a member of the executive board, or senior staff member in the company, a subsidiary or an associated company; within the last five years, have received significant remuneration from the company/group, a subsidiary or an associated company in a different capacity than as member of the board of directors; represent or be associated with a controlling shareholder; within the past year, have had significant business relations (e.g. personally or indirectly as partner or employee, shareholder, customer, supplier or member of management in companies with corresponding connection) with the company, a subsidiary or an associated company; be or within the past three years have been employed or been a partner in the same company as the auditor elected by the general meeting; be part of the executive management in a company with crossmanagement representation in the company; have been a member of the board of directors for more than 12 years; or be a close relative of persons who are not considered independent. <p>Even if a member of the board of directors is not covered by the above criteria, certain conditions may exist that will lead the board of directors to decide that one or more members cannot be regarded as independent.</p>	<p>More than half of the shareholder-elected Board members (seven of nine) are deemed independent.</p> <p>None of the shareholder-elected Board members have been members of Executive Management or senior staff of Novo Nordisk, a subsidiary or an associated company within the last five years.</p> <p>None of the shareholder-elected Board members have received significant remuneration from the company, a subsidiary or an associated company within the past five years.</p> <p>Two of the shareholder-elected Board members are related to Novo Nordisk's main shareholder Novo Holdings A/S as members of the Board of Directors and Executive Management of Novo Holdings A/S, respectively, and are thus not deemed independent.</p> <p>None of the shareholder-elected Board members have within the last year had a significant business relationship with Novo Nordisk, a subsidiary or an associated company.</p> <p>None of the shareholder-elected Board members have been employed with or been a partner in the same company as the external auditor.</p> <p>None of the shareholder-elected Board members are part of the executive management in a company with cross-management representation.</p> <p>None of the shareholder-elected Board members have served on the Board of Directors for more than 12 years.</p> <p>None of the shareholder-elected Board members have such family ties.</p> <p>The Board has also determined that no other conditions exist that will lead the Board to decide that more members cannot be regarded as independent.</p>
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3.3 Members of the board of directors and the number of other management functions

3.3.1	The committee recommends that each member of the board of directors assess the expected time commitment for each function so that the member does not take on more functions than he/she can complete at a satisfactory level for the company.	Each Board member has assessed his/her expected time commitment, and that the Board member does not hold more positions than he/she can complete at a satisfactory level for the company.
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● 3.3.2	<p>The committee recommends that the management commentary, in addition to the provisions laid down by legislation, includes the following information about the members of the board of directors:</p> <ul style="list-style-type: none"> • the position of the relevant person; • the age and gender of the person in question; • the person's competencies and qualifications that are relevant to the company; • whether the member is considered independent; • the member's date of appointment to the board of directors; • expiry of the current election term; • the member's participation in the meetings on the board of directors and committee meetings; • other management functions, including memberships in executive boards, boards of directors, and supervisory boards, including board committees in Danish and foreign enterprises and demanding organisational tasks; and • the number of shares, options, warrants and similar owned by the member in the company, and other group companies, as well as changes to the member's portfolio of the mentioned securities which have occurred during the financial year. 	<p>The information mentioned in bullet no. 1-8 is included in the management commentary of the Annual Report.</p> <p>In relation to the information mentioned in bullet no. 9, Novo Nordisk has prepared a separate Remuneration Report that describes the remuneration awarded or due during 2020 to the members of the Board and Executive Management of Novo Nordisk A/S as registered with the Danish Business Authority. This report furthermore includes a description of key developments in remuneration in 2020, the actual remuneration of Board members and Executives, an overview of remuneration awarded during the previous 5 financial years, remuneration benchmarks and shareholdings by Board members and Executives. The Remuneration Report is available at novonordisk.com.</p> <p>Thus, information on number of shares, options, warrants and similar owned by the Board members in the company, and other Novo Nordisk group companies, as well as changes to the Board members' portfolio of the mentioned securities which have occurred during the financial year is disclosed in the Remuneration Report. Consequently, information mentioned in bullet no. 9 is disclosed in the Remuneration Report and not in the management commentary.</p>
● 3.3.3	<p>The committee recommends that the annual evaluation procedure, cf. section 3.5, include an evaluation of what is regarded as a reasonable level for the number of other management functions, where the number, level and complexity of the other individual management functions are taken into account.</p>	<p>The annual Board evaluation includes an evaluation of whether the number of other management functions, taking into account the number, level and complexity of such, is regarded as unreasonable.</p>
3.4 Board committees		
● 3.4.1	<p>The committee recommends that the company publish the following on the company's website:</p> <ul style="list-style-type: none"> • the terms of reference of the board committees; • the most important activities of the committees during the year and the number of meetings held by each committee; and • the names of the members of each committee, including the chairmen of the committees, as well as information regarding which members are independent members and which members have special competencies. 	<p>The Board has a Chairmanship and four Board committees (an Audit Committee, a Nomination Committee, a Remuneration Committee and a Research & Development Committee). Charters for all five committees, descriptions of most important activities during the year, and the number of meetings as well as names, positions, independence and the members' relevant competencies are available on Novo Nordisk's website.</p>
● 3.4.2	<p>The committee recommends that a majority of the members of a board committee be independent.</p>	<p>The Board of Directors wishes to allow for both a representative of the main shareholder as well as an employee representative to be on the committees while maintaining an operational structure of the committees with relative few members. Consequently, the composition of the Nomination Committee and the Remuneration Committee does not adhere to the recommendation.</p>
● 3.4.3	<p>The committee recommends that the members of the board of directors among its members set up an audit committee and that a chairman is appointed who is not the chairman of the board of directors.</p>	<p>The Board has established an Audit Committee and the chairman of the Board is not the chairman of the Audit Committee.</p>
● 3.4.4	<p>The committee recommends that, prior to the approval of the annual report and other financial reports, the audit committee monitor and reports to the board of directors about:</p> <ul style="list-style-type: none"> • significant accounting policies; • significant accounting estimates; • related party transactions; and • uncertainties and risks, including in relation to the outlook for the current year. 	<p>The Board has approved a Charter for the Audit Committee setting out its responsibilities and powers.</p> <p>As stated in the Charter, the Audit Committee is, amongst other things, responsible for oversight of and reporting to the Board on the elements described in the recommendation.</p>

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● 3.4.5	<p>The committee recommends that the audit committee:</p> <ul style="list-style-type: none"> • annually assesses the need for an internal audit function and, in such a case, presents mandates and recommendations on selecting; appointing and removing the head of any internal audit function and on the budget of the internal audit function; • ensure that if an internal audit has been established, a description of its functions is approved by the board of directors; • ensure that if an internal audit has been established, adequate resources and competencies are allocated to carry out the work; and • monitor the executive board's follow-up on the conclusions and recommendations of the internal audit function. 	<p>The Audit Committee has determined that it is appropriate to have an Internal Audit function. In accordance with its Charter, the Audit Committee carries out the tasks included in the recommendation.</p> <p>The Audit Committee reviews and approves the Internal Audit Charter on an annual basis.</p> <p>The Audit Committee receives quarterly updates on work performed by the Internal Audit function.</p>
● 3.4.6	<p>The committee recommends that the board of directors establish a nomination committee, which is at least, responsible for the following preparatory tasks:</p> <ul style="list-style-type: none"> • describing the qualifications required by the board of directors and the executive board and for a given position, indicating the time expected to be spent carrying out a specific position, as well as assessing the competencies, knowledge and experience found in the two governing bodies; • annually assessing the structure, size, composition and results of the board of directors and the executive board and recommend any changes to the board of directors; • annually assessing the competencies, knowledge, experience and succession of the individual members of management, and report to the board of directors in this respect; • recommending candidates for the board of directors and the executive board; and • proposing an action plan to the board of directors on the future composition of the board of directors, including proposals for specific changes. 	<p>The Board has established a Nomination Committee. The Board has approved a Charter for the Nomination Committee setting out its responsibilities and powers.</p> <p>The primary focus for the Nomination Committee remains with defining the qualifications and assessing the composition and skills of the Board of Directors while at the same time ensuring the continuity and alignment in the succession planning of the Board of Directors, while the Chairmanship is responsible for succession management and recommending candidates for the Executive Management.</p>
● 3.4.7	<p>The committee recommends that the board of directors establish a remuneration committee, which is at least, responsible for the following preparatory tasks:</p> <ul style="list-style-type: none"> • recommending the remuneration policy (including the "General Guidelines for incentive-based Remuneration") to the board of directors and the executive board for approval by the board of directors prior to approval by the general meeting; • making proposals to the board of directors on remuneration for members of the board of directors and the executive board, as well as ensuring that the remuneration is in compliance with the company's remuneration policy and the assessment of the performance of the persons concerned. The committee should have information on the total remuneration that members of the board of directors and the executive board receive from other companies in the group; • recommending a remuneration policy applicable for the company in general; and • assisting with the preparation of the annual remuneration report. 	<p>The Board has established a Remuneration Committee and has approved a Charter for the Remuneration Committee setting out its responsibilities and powers.</p> <p>In accordance with its Charter, the Remuneration Committee carries out the tasks regarding remuneration to the Board of Directors and Executive Management, while the responsibility of the remuneration policy applicable for the company in general lies with Executive Management.</p> <p>The Remuneration Committee assists with the preparation of the Remuneration Report.</p>
● 3.4.8	<p>The committee recommends that the remuneration committee do not consult with the same external advisers as the executive board of the company.</p>	<p>The Remuneration Committee may engage independent advisers as it determines necessary to carry out its duties. The Remuneration Committee does not consult the same external advisers as Executive Management.</p>

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The Danish Corporate Governance Recommendations

Novo Nordisk's approach

3.5 Evaluation of the performance of the board of directors and the executive board

<p>● 3.5.1</p>	<p>The committee recommends that the board of directors establishes an evaluation procedure for an annual evaluation of the board of directors and the individual members. External assistance should be obtained at least every third year. The evaluation should inter alia include:</p> <ul style="list-style-type: none"> • contribution and results; • cooperation with the executive board; • the chairman's leadership of the board of directors; • the composition of the board of directors (including competencies, diversity and the number of members); • the work in the committees and the committee structure; and • the organisation and quality of the material that is submitted to the board of directors. <p>The evaluation procedure and the general conclusions should be described in the management commentary and on the company's website. The chairman should account for the evaluation of the board of directors, including the process and general conclusions, on the general meeting prior to the election of the board of directors.</p>	<p>The Board conducts an annual Board evaluation of its performance, which, inter alia, includes an assessment of the contribution and results, the cooperation with the Executive Management, the chairman and Chairmanship, the composition of the Board as well as the performance of the Board committees.</p> <p>The chairman of the Board has overall responsibility for the Board evaluation in collaboration with the Nomination Committee. Every third year, the evaluation is facilitated by external consultants.</p> <p>The outcome of the Board evaluation is discussed by the Board, and both the process and the outcome of the evaluation are described in the Annual Report and on Novo Nordisk's website.</p> <p>Furthermore, the chairman of the Board presents the process and result of the annual Board evaluation at the Annual General Meeting prior to the election of the Board.</p>
<p>● 3.5.2</p>	<p>The committee recommends that at least once annually, the board of directors evaluate the work and performance of the executive board in accordance with pre-defined criteria. Furthermore, the board of directors should evaluate the need for changes to the structure and composition of the executive board, in light of the company's strategy.</p>	<p>The Board evaluates the performance of each Executive as well as the need for changes to the structure and composition of the Executive Management continuously on an informal basis and formally once a year during the organisational development process. The chairman of the Board of Directors also conducts at least one annual interview with each Executive.</p>
<p>● 3.5.3</p>	<p>The committee recommends that the executive board and the board of directors establish a procedure according to which their cooperation is evaluated annually through a formalised dialogue between the chairman of the board of directors and the chief executive officer, and that the outcome of the evaluation be presented to the board of directors.</p>	<p>The collaboration between the Board of Directors and Executive Management is evaluated as part of the annual Board evaluation procedure. This is discussed between the Board and Executive Management as well as between the chairman of the Board of Directors and the Chief Executive Officer.</p>

Chapter 4.

Remuneration of management

Openness and transparency about all important issues regarding company policy on, and amounts of, the total remuneration offered to members of the management are essential. Company policy on remuneration should support a long-term value creation for the company.

Competitive remuneration is a prerequisite for attracting and retaining competent members of the management of the company. The company should have a remuneration policy, according to which the total remuneration package, i.e. the fixed and variable components and other remuneration components, as well as other significant employment terms, are at a reasonable level and reflect management's performance, responsibilities and value creation for the company.

The variable component of the remuneration (the incentive-based scheme) should be based on actual achievements over a period of time with a view to long-term value creation, so as not to promote short-term and risky behaviour.

The board of directors should consider the need to include external consultants in relation to the preparation of the remuneration policy and its implementation.

Information on management remuneration should be compiled in a remuneration report.

● The recommendation is being fulfilled
 ● The recommendation is partially being fulfilled
 ● The recommendation is not being fulfilled

	The Danish Corporate Governance Recommendations	Novo Nordisk's approach
4.1 Form and content of the remuneration policy		
● 4.1.1	<p>The committee recommends that the board of directors prepare a remuneration policy for the board of directors and the executive board, which includes:</p> <ul style="list-style-type: none"> • a detailed description of the components of the remuneration for members of the board of directors and the executive board; • the reasons for choosing the individual components of the remuneration; • a description of the criteria that form the basis for the balance between the individual components of the remuneration; and • an explanation for the correlation between the remuneration policy and the company's long-term value creation and relevant related goals. <p>The remuneration policy should be approved by the general meeting at least every fourth year and upon any material amendments and it should be published on the company's website.</p>	<p>In 2020, a new Remuneration Policy was adopted by the Annual General Meeting describing Board and Executive remuneration. The policy replaces Novo Nordisk's Remuneration Principles and was introduced to comply with changed EU legislation. The new policy is applicable to Board remuneration as of 2020, while it is applicable to Executive remuneration as of 2021. Consequently, the Remuneration Principles applied to Board remuneration relating to the period up to and including 2019 and to Executive remuneration for the period up to and including 2020.</p> <p>The Remuneration Policy contains a detailed description of the components of the remuneration, and includes the reasons for choosing the individual components of the remuneration, as well as a description of the criteria that form the basis for the balance between the individual components of the remuneration as well as a description of the correlation between the remuneration policy and the company's long-term value creation and relevant related goals.</p> <p>The Remuneration Policy and any changes hereto are approved by the Annual General Meeting and are described in the management commentary in the Annual Report. The Remuneration Policy and the Remuneration Principles are available on Novo Nordisk's website.</p>
● 4.1.2	<p>The committee recommends that if the remuneration policy includes variable components:</p> <ul style="list-style-type: none"> • limits should be set on the variable components of the total remuneration package; • a reasonable and balanced composition should be maintained between remuneration for members of management and the value creation for shareholders in the short and long term; • clarity should be established about performance criteria and measurability for the award of variable components; • variable remuneration should not only consist of short term remuneration components, and that long-term remuneration components must have a vesting or maturity period of at least three years; and • the company should have the ability to reclaim, in full or in part, variable components of remuneration that were paid on the basis of information, which subsequently are found to be incorrect. 	<p>Members of Executive Management are remunerated in parts with variable components. Board Members receive no variable remuneration.</p> <p>The variable components of the Executive remuneration are based on actual achievements over a period of time with a view to short and long-term value creation. The variable components for Executive remuneration during 2020 are described in the Remuneration Principles, as approved by the Board and the shareholders at the Annual General Meeting, reflecting the terms described in the recommendation.</p> <p>Share-based incentive remuneration has a vesting period of three years.</p> <p>Novo Nordisk has the right to reclaim in full or in part variable components of remuneration that were paid on the basis of data that prove to be manifestly misstated.</p>
● 4.1.3	<p>The committee recommends that remuneration of members of the board of directors does not include share options or warrants.</p>	<p>As described in the Remuneration Policy approved by the Annual General Meeting, the remuneration of the Board does not consist of share option schemes or other incentive schemes.</p>
● 4.1.4	<p>The committee recommends that if, in relation to long-term incentive programmes, a share-based remuneration is used, the programmes should have a vesting or maturity period of at least three years after being allocated and should be roll-over programmes, i.e. the options should be granted periodically.</p>	<p>Every year, the Board establishes a long term incentive programme and allocates a number of shares to each Executive in case and to the extent certain predefined criteria have been met. The shares allocated for a given year have a three-year vesting period and are granted periodically as further described in the Remuneration Policy.</p>
● 4.1.5	<p>The committee recommends that the total value of the remuneration relating to the notice period, including severance pay, does not exceed two years of remuneration, including all components of the remuneration.</p>	<p>Except for one Executive employment contract entered into before 2008, the total value of the remuneration relating to the notice period, and of the severance pay, for each individual Executive does not exceed two years of remuneration, including all components of the remuneration.</p>

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	The Danish Corporate Governance Recommendations	Novo Nordisk's approach
4.2 Disclosure of remuneration		
4.2.1	The committee recommends that the company's remuneration policy and compliance with this policy be explained and justified annually in the chairman's statement at the company's general meeting.	The Remuneration Policy and the approval of the remuneration of the Board members are included as separate agenda items at the Annual General Meeting.
4.2.2	The committee recommends that shareholders at the general meeting consider proposals for approval of remuneration for the board of directors for the current financial year.	The approval of the remuneration of the Board members for the preceding and current year are included and approved as a separate agenda item at the Annual General Meeting.
4.2.3	<p>The committee recommends that the company prepares a remuneration report that includes information on the total remuneration received by each member of the board of directors and the executive board from the company and other companies in the group and associated companies for the last three years, including information on the most important content of retention and resignation arrangements and that the correlation between the remuneration and company strategy and relevant related goals be explained.</p> <p>The remuneration report should be published on the company's website.</p>	<p>Every year, the Board establishes a long term incentive programme and allocates a number of shares to each Executive in case and to the extent certain predefined criteria have been met. The shares allocated for a given year have a three-year vesting period and are granted periodically as further described in the Remuneration Policy.</p> <p>The Remuneration Report is available on Novo Nordisk's website.</p>
Chapter 5.	Financial reporting, risk management and audits <p>Each member of the board of directors and the executive board is responsible for ensuring that the preparation the annual report and other financial reports is carried out in accordance with current legislation, applicable standards and any further requirements concerning financial statements stipulated in the articles of association, etc.</p> <p>The annual report and other financial reports should be supplemented by additional financial and non-financial information, if deemed necessary or relevant in relation to the information needs of the recipients.</p> <p>The members of the board of directors and executive board must ensure that the financial reporting is easy to understand and well-balanced and provides a true and fair view of the company's assets, liabilities, financial position, results and cash flow. The management commentary must give a true and fair presentation of the state of affairs, including value creation and the future outlook.</p> <p>When considering and approving the annual report, the board of directors must specifically decide whether the financial reporting is based on the going concern assumption including any particular assumptions and in such cases, any associated qualifications.</p> <p>Effective risk management and an effective internal control system contribute to reducing strategic and business risks, to ensuring compliance with current rules and regulations and to ensuring the quality of the basis for management decisions and financial reporting. It is essential that risks are identified and managed appropriately.</p> <p>Effective risk management and internal control are a precondition for the board of directors and the executive board to efficiently perform the tasks incumbent upon them. Consequently, it is essential that the board of directors ensures effective risk management and effective internal controls.</p> <p>An independent and competent audit is essential for the board of directors' work.</p>	
5.1 Identification of risks and transparency about other relevant information		
5.1.1	The committee recommends that the board of directors consider and in the management commentary account for the most important strategic and business-related risks, risks in connection with the financial reporting as well as for the company's risk management.	The Board of Directors consider and account for such risks in the management commentary in the Annual Report.

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5.2 Whistleblower scheme		
● 5.2.1	The committee recommends that the board of directors establish a whistleblower scheme for expedient and confidential notification of serious wrongdoing or suspicions thereof.	The Board has established a whistleblowing scheme.
5.3 Contact to auditor		
● 5.3.1	The committee recommends that the board of directors ensure regular dialogue and exchange of information between the auditor elected by the general meeting and the board of directors, including that the board of directors and the audit committee meet with the auditor elected by the general meeting at least once annually without the executive board present. This also applies to the internal auditor, if any.	<p>The Board, via the Audit Committee, maintains a regular dialogue and exchange of information with the external auditor.</p> <p>The Board and the Audit Committee meet with the Internal Audit function and the external auditor at least once per year without the Executives being present. Also, the Internal Audit function and the external auditor participate in the Board meeting where the financial reports are approved.</p>
● 5.3.2	The committee recommends that the audit agreement and auditors fee be agreed by the board of directors and the auditor elected by the general meeting based on a recommendation from the audit committee.	The auditor agreement and the auditor's fee are approved by the Board on the basis of a recommendation from the Audit Committee.