

# Rules of Procedure for the Board of Directors of Novo Nordisk A/S

CVR no. 24 25 67 90

Whereas Novo Nordisk A/S (the “Company”) is a Danish company with a primary listing of its B Shares on Nasdaq Copenhagen and – through a sponsored ADR programme – on the New York Stock Exchange,

whereas the Company as an internationally recognised global pharmaceutical company is committed to general principles of good corporate governance involving transparency, accountability, operational integrity and responsibility,

whereas the Company in accordance with the Danish Companies Act (“DCA”) has an obligation to formulate Rules of Procedure for its Board of Directors (the “Board”), and

whereas the Company in establishing such Rules of Procedure finds it appropriate to consider rules and recommendations on corporate governance which are internationally recognised,

the Board has approved the following Rules of Procedure:

#### **1. Election of board members**

- 1.1 In accordance with Article 10, Section 2 of the Articles of Association, the Board has between four and 10 members elected each year at the Annual General Meeting (“AGM”).
- 1.2 The Board shall recommend to the AGM who should be elected/re-elected for a one-year term as further specified in Clause 11 hereof. This does not prevent a member of the Board from resigning during the term.
- 1.3 In addition to the members elected by the AGM, the employees of the Company and of the group have the right under the DCA to elect among themselves representatives and their substitutes to the Board.
- 1.4 Members elected by the AGM and members appointed by the employees have the same rights and obligations.

- 1.5 Members and proposed members must to the Company disclose any other management position held or membership of other boards and such information shall be updated on a current basis by the members.

## **2. Chairmanship**

- 2.1 According to the Articles of Association, the AGM elects a chairman (the "Chair"), and a vice chairman (the "Vice Chair"). The Chair and the Vice Chair constitute the Chairmanship. In the absence of the Chair the Vice Chair steps in as acting Chair.
- 2.2 The role and responsibilities of the Chairmanship has been outlined in the Chairmanship Charter.

## **3. Nomination Committee**

- 3.1 The Board has established a nomination committee (the "Nomination Committee"). At the first board meeting following the AGM the Board shall among its members elect a chair of the Nomination Committee, and up to four ordinary members of the Nomination Committee.
- 3.2 At least half of the members of the Nomination Committee should qualify as independent as defined by the Danish Corporate Governance Code.
- 3.3 The role and responsibilities of the Nomination Committee have been outlined in the Nomination Committee Charter.
- 3.4 The Board can at any time between two AGMs change the above appointments with a simple majority.

## **4. Remuneration Committee**

- 4.1 The Board has established a remuneration committee (the "Remuneration Committee"). At the first board meeting following the AGM the Board shall among its members elect a chair of the Remuneration Committee, and up to four ordinary members of the Remuneration Committee.

- 4.2 At least half of the members of the Remuneration Committee should qualify as independent as defined by the Danish Corporate Governance Code.
- 4.3 The role and responsibilities of the Remuneration Committee have been outlined in the Remuneration Committee Charter.
- 4.4 The Board can at any time between two AGMs change the above appointments with a simple majority.

## **5. Audit Committee**

- 5.1 The Board has established an audit committee (the "Audit Committee"). At the first board meeting following the AGM the Board shall among its members elect a chair of the Audit Committee, and up to four ordinary members of the Audit Committee.
- 5.2 The members appointed to the Audit Committee shall qualify as independent as defined by the US Securities and Exchange Commission ("SEC"). At least one member of the Audit Committee shall qualify as a financial expert as defined by the SEC and be designated as such by the Board. Further, at least one member of the Audit Committee shall in accordance with applicable Danish law have competences in accounting and/or auditing. The members of the Audit Committee shall as a whole have competences relevant to the healthcare industry. The same person or persons may satisfy the US and Danish independence and financial expertise requirements. A member of the Audit Committee shall notify the Chair, as soon as practicable, of any event, situation or condition that may affect the evaluation of his or her independence.
- 5.3 The role and responsibilities of the Audit Committee have been outlined in the Audit Committee Charter.
- 5.4 The Board can at any time between two AGMs change the above appointments with a simple majority.

## **6. Research & Development Committee**

- 6.1 The Board has established a research & development committee (the “R&D Committee”). At the first board meeting following the AGM the Board shall among its members elect a chair of the R&D Committee, and up to four ordinary members of the R&D Committee.
- 6.2 At least half of the members of the R&D Committee should qualify as independent as defined by the Danish Corporate Governance Code.
- 6.3 The role and responsibilities of the R&D Committee have been outlined in the R&D Committee Charter.
- 6.4 The Board can at any time between two AGMs change the above appointments with a simple majority.

## **7. Other board committees**

- 7.1 The Board can establish permanent or ad hoc committees. When establishing a permanent committee, the Board shall approve a separate charter for such committee, and when establishing an ad hoc committee specific terms of reference should be approved or the specific mandate be noted in the minute book of the Board.
- 7.2 If the Board in accordance with Clause 7.1 decides to establish other permanent committees, the Board shall at its meeting in the same way as described in Clauses 3-6 also appoint members to and a chair for such committees.
- 7.3 Unless otherwise specifically stated in the charter or mandate for a committee, all decisions will be made by the Board, and the committee will carry out its work on and under the responsibility of the Board.
- 7.4 Any committee shall regularly inform the Board of the present status of its work. Permanent committees shall make minutes of meetings, and such minutes shall be available to the Board.

## **8. The Corporate Secretary**

- 8.1 The Board shall appoint a corporate secretary (the "Corporate Secretary").
- 8.2 The Corporate Secretary shall assist the Board and the Chairmanship in their work and be instructed by the Board and the Chair of the Board.
- 8.3 The Corporate Secretary shall specifically secure that
  - 8.3.1 an agenda and relevant material necessary for a meeting of the Board are sent to the members of the Board (cf. Clause 13.3),
  - 8.3.2 minutes of Board meetings are kept and forwarded to the members of the Board, and
  - 8.3.3 the required books and records, cf. Clause 22.1, are being kept and inspected by the Board and are present at meetings of the Board to the extent required by law or by the Rules of Procedure or requested by the Chairmanship or the Board.
- 8.4 The Corporate Secretary is hereby authorised on behalf of the Board to sign and authorise copies of originally signed minutes, Articles of Association and committee charters.
- 8.5 The Chairmanship shall be involved in the appointment and dismissal of the Corporate Secretary. Should the Corporate Secretary want to pursue other positions, the reasons for such shall be informed to the Chairmanship.

## **9. Remuneration**

### **9.1 Remuneration Policy**

The Remuneration Committee shall periodically and at least once annually review and recommend to the Board the remuneration structure of the Board of Directors and Executive Management in accordance with the Charter for the Remuneration Committee.

## 9.2 Remuneration of the Board

9.2.1 It follows from Article 10, Section 10 of the Articles of Association that “The members of the Board shall receive an annual fee which is subject to approval by the General Meeting”.

9.2.2 The proposal shall be based on the ‘Remuneration Policy’.

9.2.3 Members of the Audit Committee, apart from employee representatives, may not directly or indirectly receive any compensation from the Company or any subsidiary thereof other than their compensation as members of the Board or of any other Board committee.

9.2.4 If the Board decides to establish other permanent or ad hoc committees, the Board shall when approving the relevant charter or terms of reference in accordance with Clause 7.1 decide on the size of the additional fee, if any.

## 10. Evaluation, orientations and education

10.1 The Board shall annually conduct an evaluation of its effectiveness as a collective body, such evaluation to include an assessment of each individual member and such member’s effectiveness and competences.

10.2 The evaluation programme shall be conducted by the Chair in collaboration with the Nomination Committee and be presented to the Board. The Chair and the Nomination Committee may employ professional advisors or consultants to assist with the preparation and the carrying-out of the evaluation programme.

10.3 The Board and Executive Management shall conduct a comprehensive orientation process for new members of the Board to become familiar with the Company’s vision, strategic direction, core values, including ethics, operations, financial matters, corporate governance practices and other key policies and practices and with the principal legal and regulatory frameworks affecting the Company.

- 10.4 The members of the Board are recommended to maintain and improve competences relevant for them as members of the Board. In consultation with the Chairmanship the individual members may obtain relevant education and training at the expense of the Company.
- 10.5 A member of the Board shall notify the Chair, as soon as practicable, of any event, situation or condition that may affect the evaluation of such members' competences or independency. Changes to the members' principal occupation or the acceptance – or termination – of positions on other boards shall always be notified hereunder.

### **11. Nomination of board members**

- 11.1 All shareholder-elected members of the Board are up for nomination and election each year.
- 11.2 The Nomination Committee will present proposals for nomination of candidates in accordance with the Charter of the Nomination Committee.

### **12. Term**

- 12.1 In accordance with the Articles of Association a person cannot be nominated for election or re-election if such person has reached the age of 70 at the time of the AGM.

### **13. Board meetings**

- 13.1 The Board shall annually make a plan for its ordinary meetings during the following year (the "Annual Wheel"), such Annual Wheel also to include preliminary plans and dates for the year thereafter.
- 13.2 The Board shall normally have 6–10 ordinary meetings during any one calendar year.
- 13.3 Board meetings are called by the Chairmanship with a notice of not less than seven days. In case of special urgency, the Board can be called with a shorter notice. The call for a meeting shall contain an agenda together with such material necessary for the members to prepare for the meeting.



- 13.4 In exceptional circumstances the Chairmanship can allow individual members to be present via telephone or video link, and the Chairmanship can further decide that a meeting should be conducted electronically or via circulation of documents.
- 13.5 The agenda for a board meeting shall normally at least include the following items:
- 13.5.1 The minute book with minutes of the most recent board meeting for approval and signing.
  - 13.5.2 The register of shareholdings of the members of the Board and of Executive Management (Købs- og Salgsbog).
  - 13.5.3 Report by the Chairmanship and Executive Management on the business of the Company since the last board meeting, including material business decisions, changes in expectations for the remaining part of the year and special risks, if any.
  - 13.5.4 Reports from the Board Committees.
  - 13.5.5 Presentation of the auditor's long form report when applicable and the signing of entries made since the last meeting of the Board.
  - 13.5.6 Decisions on specific transactions requiring approval by the Board.
- 13.6 In time for the AGM the Board shall appoint a chair of the meeting, approve the annual accounts and report, nominate members for election or re-election, decide on a proposal for the distribution of profits or the covering of losses and such other items as the Board, the Board Committees or shareholders suggest to be transacted at the AGM.
- 13.7 During the year the Chairmanship shall further secure that the agenda for meetings of the Board contains approval of periodical accounts and announcements, signing of auditor's records, securing the presence of the necessary basis for the audit, approval of budget, review of capital resources, review of insurance coverage, overall risk management and review of regulatory approvals.

13.8 The Chairmanship shall make sure that meetings of the Board are planned and scheduled in a way that secures that the Board has sufficient time required to perform its obligations.

13.9 The language at the meetings of the Board shall be English. Any member can through the Corporate Secretary require translation assistance.

#### **14. Attendance of non-members at meetings**

14.1 Unless otherwise decided by the Board each member of Executive Management has a right and an obligation to be present at board meetings and participate in the discussions. A member of Executive Management present at a board meeting may not vote.

14.2 The auditors of the Company shall be available at the meeting where the annual accounts are being presented to the Board. The auditors shall further be entitled to attend board meetings for the discussion of agenda items that have specifically been included on the agenda at the request of the auditors. Each member of the Board shall be entitled to request the presence of the auditors at a board meeting.

14.3 The Chairmanship shall further be allowed to invite other relevant participants to be present during a meeting or at the discussion of a specific item on the agenda. Each individual member of the Board shall be allowed to require such non-members to leave the meeting after presentation of the matters for which they have been invited.

#### **15. Quorum and voting**

15.1 A quorum is formed when more than half of the members of the Board are present.

15.2 Resolutions are passed with simple majority. In case of a tie, the Chair (and in his or her absence the Vice Chair) shall have the casting vote.

## **16. Conflicts of interest**

- 16.1 The Board expects all members of the Board to act ethically at all times and to adhere to the 'Novo Nordisk Way' and other ethical or business conduct guidelines as applicable to the members of the Board. If an actual or potential conflict of interest arises for a member of the Board, such member shall promptly inform the Chair.
- 16.2 A member of the Board or of Executive Management may not participate in the consideration of matters where such member has a material interest therein, whether directly or indirectly, which may conflict with the interests of the Company, including: (1) agreements between the Company and such member; (2) legal proceedings against such member; or (3) agreements between the Company and third parties or legal proceedings against third parties if such member has a material interest therein, whether directly or indirectly, which may conflict with the interests of the Company.
- 16.3 The Board shall approve any agreements made between a member of the Board or of Executive Management and the Company as well as any agreement entered into between the Company and a third party if such member has a material interest therein, whether directly or indirectly.

## **17. Minutes**

- 17.1 The Board shall keep minutes of its meetings and its resolutions.
- 17.2 A board member disagreeing with a resolution passed by the Board shall be entitled to have the dissenting opinion recorded in the minute book.
- 17.3 Minutes of meetings are taken by the Corporate Secretary. The draft minutes shall be presented to the Chair in order for such draft minutes to be sent to all members of the Board no later than 10 calendar days following the meeting.
- 17.4 Comments on the minutes shall by the individual member be communicated to the Corporate Secretary within eight calendar days from receipt of the draft minutes.

- 17.5 The minutes shall be approved and signed at the following meeting. Members who have been absent at a meeting shall read the minutes and confirm this by signing the minutes.

## **18. Independent advice**

- 18.1 Prior to a board meeting where a specific issue is to be discussed or decided, any member of the Board can request that outside legal or other independent professional advice is obtained before a final discussion or final decision takes place.
- 18.2 A request under Clause 18.1 shall be directed to the Chair. The Chair can reject the request if the Chair considers that it is unfounded or will result in an unacceptable delay.
- 18.3 If the Chair approves the request, the Corporate Secretary shall immediately instruct an independent professional advisor and specify the mandate for such advisor.
- 18.4 All members of the Board shall immediately be informed about the decisions under Clauses 18.2–18.3.
- 18.5 In consultation with the member who has initiated the process the Chair shall decide to what extent the independent advisor shall be present at the meeting at which the issue in question will be discussed by the Board.

## **19. Reporting from Executive Management**

- 19.1 Executive Management shall ensure that the Board regularly receives full and adequate reporting regarding business and other matters of relevance to Novo Nordisk.
- 19.2 The reporting shall make it possible for the members of the Board to follow and monitor the development of the Company between the board meetings. The reporting shall at least include
- 19.2.1 a report for each board meeting describing the general development since the last report or meeting of the Board regarding business and other matters

of relevance to Novo Nordisk including an update on research and development;

19.2.2 a monthly report describing the sales development compared to performance of the same period last year and against the budget/forecast. Such monthly report is in the calendar quarters replaced by a quarterly financial report, cf. Clause 19.2.3;

19.2.3 a quarterly financial report, including performance compared to the same period in the previous year and to the budget/forecast. Such quarterly report shall also include the latest full-year estimate and risk reporting;

19.2.4 an annual draft budget for approval including Strategic Aspirations for the following year, and

19.2.5 an annual draft business strategy for the following 10 years for approval.

## **20. Organisation**

20.1 The Board is in charge of the overall management of the affairs of the Company and the group and shall ensure a proper organisation of the operations of the Company and the group. The Board shall ensure that the Company is managed properly and in compliance with the DCA, the Articles of Association of the Company as well as any other legislation, and the Board shall supervise the day-to-day management of the Company by Executive Management.

20.2 The Board shall through the Audit Committee discharge its obligations under DCA, Article 115, with respect to an effective control of the bookkeeping, presentation of accounts, the asset management and financial resources of the Company, including sufficient liquidity.

20.3 Executive Management is in charge of the day-to-day running of the Company. The day-to-day running does not include transactions which are unusual or of major im-

portance, as Executive Management is only authorised to undertake such transactions upon special authorisation by the Board, unless the delay in obtaining such authorisation by the Board could reasonably be expected to have a material adverse effect on the Company.

- 20.4 Executive Management shall ensure that the bookkeeping and asset management of the Company is conducted under applicable laws and regulations.
- 20.5 Executive Management shall ensure financial resources of the Company, including sufficient liquidity, cf. DCA, Article 118.
- 20.6 The Board shall set out the principles for the division of tasks and obligations between the Board on the one hand and Executive Management on the other hand in a separate set of Guidelines for Executive Management.

## **21. Secrecy**

- 21.1 All information, oral as well as written, which a board member receives is confidential. This shall include all documents received by Board members.
- 21.2 The members of the Board are obligated to keep papers and documents concerning the Company in such a way so as to ensure that no unauthorised persons may gain access thereto.
- 21.3 If a board member resigns, such member must destroy or return to the Corporate Secretary all confidential documents in its possession and all confidential documents such member has received as a board member, including all copies thereof.
- 21.4 If a board member dies, the duty to return documentation rests with the estate.
- 21.5 The members of the Board shall observe secrecy with respect to all information they receive as board members. This duty of secrecy comprises not only business secrets and operational secrets, employees' salaries and other terms and conditions of employment, and matters concerning profits, prices and wages, but also any other mat-

ters dealt with at board meetings, unless such matters may be disclosed in accordance with a resolution passed by the Board or in accordance with statutory provisions.

- 21.6 Insofar as Executive Management participates in board meetings or receives information on what has been discussed at board meetings, a duty of secrecy shall apply to Executive Management in accordance with rules applicable to the Board.

## **22. Books and records**

- 22.1 The Board shall ensure that the Company keeps all required books and records including a register of shareholders, a separate register of major shareholders and a separate register of the shareholdings of the members of the Board and of Executive Management.
- 22.2 The Board shall also ensure that the Company issues required rules and guidelines concerning the trading of shares in the Company or other securities issued by the Company and issues such other rules and guidelines which are required under the Danish Capital Markets Act and by the relevant securities regulators and by the exchanges on which the shares of the Company are listed.

## **23. Changes to and deviations from the Rules of Procedure**

- 23.1 The Board can at any time decide to amend or change these Rules of Procedure.
- 23.2 An amendment or a change in accordance with Clause 23.1 shall, if adopted at a meeting of the Board legally convened in accordance with Clause 13, be made with a simple majority in accordance with Clause 15.2.
- 23.3 A decision in accordance with Clause 23.1 can under extraordinary circumstances be made without a formal meeting if the decision is supported by a majority of the full Board.

23.4 If warranted due to special circumstances and in the best interest of the Company, these Rules of Procedure may be deviated from by the Board with the majority stated in Clauses 23.2–23.3.

#### **24. Publication of the Rules of Procedure**

24.1 These Rules of Procedure shall be made available on the Company's website.

#### **25. Adoption of Rules of Procedure**

25.1 These Rules of Procedure have been approved by the Board at its meeting held on 4 December 2020.

25.2 Following the AGM the Rules of Procedure shall be presented to and approved by any new member of the Board.