

**novo nordisk**  
**FORM 20-F 2016**



**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 20-F**

(Mark One)

- REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934  
OR  
 ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
**For the fiscal year ended December 31, 2016**  
OR  
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
OR  
 SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 333-82318

**NOVO NORDISK A/S**

(Exact name of Registrant as specified in its charter)

**Not applicable**

(Translation of Registrant's name into English)

**The Kingdom of Denmark**

(Jurisdiction of incorporation or organization)

**Novo Allé**

**DK-2880 Bagsværd**

**Denmark**

**(Address of principal executive offices)**

Jesper Brandgaard

Executive Vice President and Chief Financial Officer

Tel: +45 4444 8888

E-mail: jbr@novonordisk.com

Novo Allé, DK-2880 Bagsværd, Denmark

(Name, Telephone, E-mail and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

**Title of each class:**

B shares, nominal value DKK 0.20 each

American Depositary Receipts,

each representing one B share

\* Not for trading, but only in connection with the registration of American Depositary Receipts, pursuant to the requirements of the Securities and Exchange Commission.

**Name of each exchange on which registered:**

New York Stock Exchange\*

New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the Annual Report:

A shares, nominal value DKK 0.20 each: 537,436,000

B shares, nominal value DKK 0.20 each: 2,012,564,000

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes  No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days,

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP  International Financial Reporting Standards as issued by the International Accounting Standards Board  Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow:

Item 17  Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

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## INTRODUCTION

In this Form 20-F the terms 'the Company', 'Novo Nordisk' and 'the Group' refer to the parent company Novo Nordisk A/S together with its consolidated subsidiaries. The term 'Novo Nordisk A/S' is used when addressing issues specifically related to this legal entity.

Throughout this Form 20-F the Company incorporates information on the various items by reference to its statutory *Annual Report 2016 and Annual Report 2015*, i.e. including the financial statements of Novo Nordisk A/S (hereafter "*Annual Report 2016*" and "*Annual Report 2015*", respectively). Therefore the information in this Form 20-F should be read in conjunction with our *Annual Report 2016 and Annual Report 2015*, which were furnished to the SEC on Form 6-K on February 9, 2017 and on February 10, 2016, respectively.

The Company publishes its financial statements in Danish kroner (DKK).

### Forward-looking statements

The information set forth in this Form 20-F contains forward-looking statements as the term is defined in the U.S. Private Securities Litigation Reform Act of 1995.

Words such as 'believe', 'expect', 'may', 'will', 'plan', 'strategy', 'prospect', 'foresee', 'estimate', 'project', 'anticipate', 'can', 'intend', 'target' and other words and terms of similar meaning in connection with any discussion of future operating or financial performance identify forward-looking statements. Examples of such forward-looking statements include, but are not limited to:

- statements of targets, plans, objectives or goals for future operations, including those related to Novo Nordisk's products, product research, product development, product introductions and product approvals as well as cooperation in relation thereto
- statements containing projections of or targets for revenues, costs, income (or loss), earnings per share, capital expenditures, dividends, capital structure, net financials and other financial measures
- statements regarding future economic performance, future actions and outcome of contingencies such as legal proceedings
- statements regarding the assumptions underlying or relating to such statements.

With reference to our *Annual Report 2016 and Annual Report 2015*, examples of forward-looking statements can be found under the headings, '2016 performance and 2017 outlook' in our *Annual Report 2016* and '2015 performance and 2016 outlook' in our *Annual Report 2015*, and elsewhere.

These statements are based on current plans, estimates and projections. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific. Novo Nordisk cautions that a number of important factors could cause actual results to differ materially from those contemplated in any forward-looking statements.

Factors that may affect future results include, but are not limited to, global as well as local political and economic conditions, including interest rate and currency exchange rate fluctuations, delay or failure of projects related to research and/or development, unplanned loss of patents, interruptions of supplies and production, product recall, unexpected contract breaches or terminations, government-mandated or market-driven price decreases for Novo Nordisk's products, introduction of competing products, reliance on information technology, Novo Nordisk's ability to successfully market current and new products, exposure to product liability and legal proceedings and investigations, changes in governmental laws and related interpretation thereof, including on reimbursement, intellectual property protection and regulatory controls on testing, approval, manufacturing and marketing, perceived or actual failure to adhere to ethical marketing practices, investments in and divestitures of domestic and foreign companies, unexpected growth in costs and expenses, failure to recruit and retain the right employees, and failure to maintain a culture of compliance.

## ITEM 1 IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS

For an overview of some, but not all, of the risks that could adversely affect our results or the accuracy of forward-looking statements in this document, reference is made to the overview of risk factors in our *Annual Report 2016* 'Risk management' on pages 40-43.

Unless required by law, Novo Nordisk is under no duty and undertakes no obligation to update or revise any forward-looking statement after the date of this document, whether as a result of new information, future events or otherwise.

### Enforceability of civil liabilities

The Company is a Danish corporation and substantially all of its directors and officers, as well as certain experts named herein, are non-residents of the United States. A substantial portion of the assets of the Company, its subsidiaries and such persons are located outside the United States. As a result, it may be difficult for shareholders of the Company to effect service within the United States upon directors, officers and experts who are not residents of the United States or to enforce judgments in the United States. In addition, there can be no assurance as to the enforceability in Denmark against the Company or its respective directors, officers and experts who are not residents of the United States, or in actions for enforcement of judgments of United States courts, of liabilities predicated solely upon the federal securities laws of the United States.

## PART I

### ITEM 1 IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS

Not applicable.

### ITEM 2 OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

### ITEM 3 KEY INFORMATION

#### A. SELECTED FINANCIAL DATA

#### Selected financial data

IFRS figures in DKK millions, except share and American Depositary Receipts ('ADR') data	2012	2013	2014	2015	2016
<b>Income statement data</b>					
Net sales	78,026	83,572	88,806	107,927	111,780
Operating profit from continuing operations	29,474	31,493	34,492	49,444	48,432
Operating profit	29,474	31,493	34,492	49,444	48,432
Net profit from continuing operations	21,432	25,184	26,481	34,860	37,925
Net profit	21,432	25,184	26,481	34,860	37,925
<b>Earnings per share</b>					
Earnings per share/ADR	7.82	9.40	10.10	13.56	14.99
Diluted earnings per share/ADR	7.77	9.35	10.07	13.52	14.96
<b>Balance sheet data</b>					
Total assets	65,669	70,337	77,062	91,799	97,539
Net assets	40,632	42,569	40,294	46,969	45,269
Capital stock	560	550	530	520	510
Treasury stock	(17)	(21)	(11)	(10)	(9)
Dividends per share/ADR*	3.60	4.50	5.00	6.40	7.60
Dividends per share/ADR in USD*	0.64	0.83	0.82	0.94	1.08
Number of shares	2,800	2,750	2,650	2,600	2,550

\*) Total dividend for the financial year 2016 including proposed final dividend of DKK 4.60 per share and interim dividend paid in August 2016 of DKK 3.00 per share. For USD translation the exchange rate at December 30, 2016 from Danmarks Nationalbank (The Central Bank of Denmark) is used (USD 1 = DKK 7.05)

Reference is made to 'Consolidated financial, social and environmental statements 2016', pages 57-106 in our *Annual Report 2016* for further data.

### Exchange rate information

The following tables set forth, for the calendar periods indicated, certain information concerning Danmarks Nationalbank's daily official exchange rates for U.S. dollars in terms of Danish kroner expressed in DKK per USD 1.00. These rates closely approximate the noon buying rate for Danish kroner for cable transfers in New York City as announced by the Federal Reserve Bank of New York for customs purposes on the relevant dates.

<b>DKK per USD</b>	Monthly average rate	Period end rate	High	Low
2012	5.76	5.66	6.15	5.53
2013	5.61	5.41	5.84	5.40
2014	5.65	6.12	6.12	5.35
2015	6.76	6.83	7.08	6.18
2016	6.75	7.05	7.17	6.43
<b>Last six months</b>				
August 2016		6.69	6.71	6.56
September 2016		6.68	6.69	6.59
October 2016		6.80	6.84	6.63
November 2016		7.00	7.05	6.71
December 2016		7.05	7.17	6.91
January 2017		6.92	7.16	6.92
February 2017 (through February 1)		6.89	6.89	6.89

On February 1, 2017, the latest available date, the Danmarks Nationalbank's daily official exchange rate was 6.89.

### B. CAPITALIZATION AND INDEBTEDNESS

Not applicable.

### C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not applicable.

### D. RISK FACTORS

For information on risk factors, reference is made to our *Annual Report 2016* 'Risk management' on pages 40-43. In addition to the risks included in 'Risk management' in our *Annual Report 2016*, we may be subject to other material risks that as of the date of this report are not currently known to us or that we deem less material at this point in time. Such risks include the risk that our IT security set-up may not prevent all forms of unauthorized access to our computer network systems for purposes of misappropriating assets, trade secrets or sensitive information, and the risks arising from current macro-economic conditions including the impact of fiscal austerity measures on our customers.

### PCAOB inspection of our independent auditors

With Novo Nordisk being a public company listed in the United States, our independent public accounting firm, PricewaterhouseCoopers, Statsautoriseret Revi-

sionspartnerselskab (CVR no 3377 1231), is registered with the Public Company Accounting Oversight Board ("PCAOB") and therefore required to undergo regular PCAOB inspections to assess the registered accounting firm's compliance with United States law and professional standards in connection with its audits of financial statements filed with the SEC.

## ITEM 4 INFORMATION ON THE COMPANY

### A. HISTORY AND DEVELOPMENT OF THE COMPANY

Novo Nordisk was formed in 1989 by a merger of two Danish companies, Nordisk Gentofte A/S and Novo Industri A/S. Novo Industri A/S was the continuing company and its name was changed to Novo Nordisk A/S. The business activities of Nordisk Gentofte were established in 1923 by August Krogh, H. C. Hagedorn and A. Kongsted, and the business activities of Novo Industri A/S were established in 1925 by Harald and Thorvald Pedersen. The business of both companies from the beginning was production and sale of insulin for the treatment of diabetes.

In November 2000 Novo Nordisk spun off its industrial enzyme division into a separate business, Novozymes A/S. In March 2015 an initial public offering of NNIT A/S, an international IT service provider, was completed whereby, Novo Nordisk A/S divested almost 75% of its interest held in NNIT A/S.

Novo Nordisk's B shares are listed on Nasdaq Copenhagen (Novo-B). Its American Depositary Receipts (ADR) are listed on the New York Stock Exchange (NVO).

Legal name:	Novo Nordisk A/S
Commercial name:	Novo Nordisk
Domicile:	Novo Allé, DK-2880 Bagsværd, Denmark
	Tel: +45 4444 8888
	Fax: +45 4449 0555
	Website: <a href="http://novonordisk.com">novonordisk.com</a>
	(The contents of this website are not incorporated by reference into this Form 20-F.)

Date of incorporation:	November 28, 1931
Legal form of the Company:	A Danish limited liability company
Legislation under which the Company operates:	Danish law
Country of incorporation:	Denmark

#### Important events in 2016

Reference is made to 'Accomplishments and results 2016', pages 1-15 in our *Annual Report 2016* for a description of important events in 2016.

#### Capital expenditure in 2016, 2015 and 2014

The total net capital expenditure for property, plant and equipment was DKK 7.1 billion in 2016 compared with DKK 5.2 billion in 2015 and DKK 4.0 billion in 2014. Net capital expenditure was primarily related to investments in a new production facility for a range of diabetes active pharmaceutical ingredients, a new diabetes care filling capacity and an expansion of the manufacturing capacity for biopharmaceutical products. The investments were financed with cash flow from operating activities. Apart from the divestment of NNIT A/S in 2015, no significant divestments took place in the period from 2014-2016.

Capital expenditure is expected to be around DKK 10.0 billion in 2017, primarily related to investments in additional capacity for active pharmaceutical ingredient production within diabetes care, a capacity expansion of the diabetes care filling and an expansion of the manufacturing capacity for biopharmaceutical products. The investments are expected to be financed with cash flow from operating activities.

#### **Public takeover offers in respect of the Company's shares**

No such offers occurred during 2016 or 2017 to date.

### **B. BUSINESS OVERVIEW**

Novo Nordisk is a global healthcare company and a world leader in diabetes care. The Company has one of the broadest diabetes product portfolios in the industry, including new generation insulin, a full portfolio of modern insulin as well as a human once-daily GLP-1 analog. In addition, Novo Nordisk also has a leading position within haemophilia care and growth hormone therapy, and Novo Nordisk's first product to treat obesity, Saxenda<sup>®</sup>, was launched in the United States in April 2015 and has now been launched in an additional 14 countries. Novo Nordisk manufactures and markets pharmaceutical products and services that make a significant difference to patients, the medical profession and the society. Headquartered in Denmark, Novo Nordisk employs approximately 42,500 employees in 75 countries and markets its products in more than 180 countries.

Reference is made to the section 'Our business' on pages 16-43 in our *Annual Report 2016*.

#### **Segment information**

Novo Nordisk is engaged in the discovery, development, manufacturing and marketing of pharmaceutical products and has two business segments: (i) diabetes and obesity care and (ii) biopharmaceuticals. The diabetes and obesity care segment covers insulin, GLP-1, other protein-related products (such as glucagon, protein-related delivery systems and needles) and oral anti-diabetic drugs. The biopharmaceuticals segment covers the therapy areas of haemophilia care, growth hormone therapy and hormone replacement therapy.

#### **Seasonality**

Sales of individual products in individual markets may be subject to fluctuations from quarter to quarter. However, the Company's consolidated operating results have not been subject to significant seasonality.

#### **Raw materials**

The impact on the overall profitability of Novo Nordisk from variations in raw material prices is unlikely to be significant. There is no raw material supply shortage that is expected to significantly impact the Company's ability to supply any significant market. The Company's production is largely based on common and readily available raw materials with relatively low price volatility. Certain specific raw materials are, however, less available. For these raw materials, it is the policy of Novo Nordisk to develop close and long-term relationships with key suppliers as well as to secure at least dual sourcing whenever possible and when relevant operate with a predefined minimum safety level of raw material inventories.

#### **Market and competition**

Novo Nordisk's insulin and other pharmaceutical products are marketed and distributed through subsidiaries, distributors and independent agents with responsibility for specific geographical areas. In 2016, Novo Nordisk reported based on a regional structure comprising the USA, Europe, International Operations, China and Pacific. However, a new regional structure was announced in September 2016. The new regional structure for reporting will be implemented in January 2017. The new regional structure is comprised of two main commercial units: North America (the United States and Canada) and International Operations. International Operations will cover all countries except for North Amer-

ica and will be organized in the following five regions: Europe; Latin America; AAMEO (Africa, Asia, Middle East & Oceania); Japan & Korea; and Region China. For 2016, the most important markets are the United States, China, Japan and the major European countries. In addition there is an increasing contribution to Novo Nordisk's total sales from the following markets: Brazil, India, Turkey, Algeria, Saudi Arabia, Iran, Argentina and Russia.

Market conditions within the pharmaceutical industry continue to change, including efforts by both private and governmental entities to reduce or control costs generally and in specific therapeutic areas.

Historically, the market for insulin has been more sensitive to the quality of products and services than to price. Most of the countries in which Novo Nordisk sells insulin subsidize or control pricing and in most markets insulin and GLP-1 are prescription drugs.

In 2016, payers globally have managed the cost of diabetes care by exerting pressure on the prices of Novo Nordisk's products and competitors have tried to capture market share from Novo Nordisk. In spite of this, Novo Nordisk maintained the leading position in the overall diabetes care market through the quality and innovative value of the company's diabetes care products. In the United States, pharmacy benefit managers and health plans have continued to leverage their increasing size and control to demand higher rebates which has impacted the price level and overall value of the market. Moreover, actions by companies in the diabetes care market to increase list prices have been lower than prior years and the introduction of new products by competitors has further increased the downward pressure on prices.

The Company enters into numerous contracts with customers, suppliers, agents and industry partners. Some of the most important contracts include: commercial contracts with pharmacy benefit managers, health plans and healthcare providers, in- and out-licensing of patent rights, large tender orders and long-term sub-supplier agreements.

Due to the increasing number of people with diabetes, the pharmaceutical market for treatment of diabetes continues to grow. Several of the major international pharmaceutical companies have entered the diabetes market, specifically in the area of oral products for treatment of type 2 diabetes. In the global insulin market, Novo Nordisk, Sanofi and Eli Lilly are the most significant companies measured by market share.

The roll-out of Tresiba<sup>®</sup> (insulin degludec), the once-daily new-generation insulin, continues and the product has now been launched in 52 countries. In the United States, where Tresiba<sup>®</sup> was launched broadly in January 2016, early feedback from patients and prescribers is encouraging, and the product has achieved wide commercial and Medicare Part D formulary coverage. By the end of 2016, Tresiba<sup>®</sup> had captured a 5.5% market share of the United States basal insulin market measured in weekly total prescriptions. In Japan, where Tresiba<sup>®</sup> was launched in March 2013 with similar reimbursement as insulin glargine U100, its share of the basal insulin market has grown steadily, and Tresiba<sup>®</sup> has now captured 39% of the basal insulin market measured by monthly value market share. Similarly, Tresiba<sup>®</sup> has shown solid penetration in other markets with reimbursement at a similar level to insulin glargine U100, whereas penetration remains modest in markets with restricted market access.

Xultophy<sup>®</sup> (IDegLira), a once-daily single-injection combination of insulin degludec (Tresiba<sup>®</sup>) and liraglutide (Victoza<sup>®</sup>), has now been marketed in nine countries, and launch activities are generally progressing as planned. In November 2016, Xultophy<sup>®</sup> 100/3.6 was approved by the U.S. Food and Drug Administration ("FDA") and Novo Nordisk plans to launch the product in the United States in the first half of 2017.

Ryzodeg<sup>®</sup>, a soluble formulation of insulin degludec and insulin aspart, has now been marketed in 10 countries, and feedback from patients and prescribers is encouraging.

## Patents

To maintain and expand competitiveness, Novo Nordisk strives for the strongest possible protection for those inventions that are created during the development of new products. Novo Nordisk anticipates that the expiration of certain patents could impact sales within the coming years. However, through continued investments in research and development, Novo Nordisk strives to bring novel and innovative products to the market and thereby sustain strong patent protection in the future, as new generations of products replace currently marketed products.

For patent information on all Novo Nordisk's marketed products, reference is made to the section 'Consolidated social statement' on page 98 in our *Annual Report 2016*.

In addition to the compound patents discussed in 'Consolidated social statement' on page 101 in our *Annual Report 2016*, Novo Nordisk's key delivery devices are protected by several patents of which the first will expire in January 2019.

In the following section the patent protection of our key products within each business segment is considered. For key products with recent patent expiration or with patent expiration occurring within the coming years, geographical sales splits are provided and factors that may influence the potential impact of competitive product launches are discussed. Note that in addition to the compound patents mentioned, Novo Nordisk has, like other companies engaged in production based upon recombinant DNA technology, obtained licenses under various patents which entitle Novo Nordisk to use processes and methods of manufacturing covered by such patents.

### Sales of key products with recent or upcoming patent expiration:

Product	Total sales in 2016 (in DKK million)	USA	Europe	International Operations	Region China	Pacific
NovoLog <sup>®</sup> /NovoRapid <sup>®</sup>	19,945	56%	21%	10%	5%	8%
NovoLog <sup>®</sup> Mix /NovoMix <sup>®</sup>	10,482	20%	19%	21%	32%	8%
Prandin <sup>®</sup> /NovoNorm <sup>®</sup>	1,597	0%	9%	3%	81%	7%
NovoSeven <sup>®</sup>	9,492	46%	22%	20%	2%	10%
Norditropin <sup>®</sup>	8,770	51%	19%	12%	0%	18%
Vagifem <sup>®</sup>	2,995	73%	17%	1%	0%	9%

#### Patent situation of key diabetes care products

The total sales of NovoLog<sup>®</sup>/NovoRapid<sup>®</sup> were DKK 19,945 million in 2016 (DKK 20,720 million in 2015). The drug compound patent for NovoLog<sup>®</sup>/NovoRapid<sup>®</sup> has expired. The patent in Japan expired in December 2010 and the European patent expired in August 2011. In the United States NovoLog<sup>®</sup>/NovoRapid<sup>®</sup> was patent protected until December 2014. In addition to the drug compound patent, Novo Nordisk holds a formulation patent on NovoLog<sup>®</sup>/NovoRapid<sup>®</sup>, which provides coverage until June 2017 in all major markets.

The total sales of NovoLog<sup>®</sup> Mix/NovoMix<sup>®</sup> were DKK 10,482 million in 2016 (DKK 11,144 million in 2015). The drug compound patent for NovoLog<sup>®</sup> Mix /NovoMix<sup>®</sup> has expired in most countries. In Japan the drug compound patent expired in June 2014, in the United States the drug compound patent expired in December 2014 and in Europe the drug compound patent expired on a country-by-country basis throughout 2014 and into 2015. In addition, Novo Nordisk holds a formulation patent on NovoLog<sup>®</sup> Mix /NovoMix<sup>®</sup> in the United States, which provides coverage until December 2017.

Today, biosimilar versions of insulin can be approved in the United States via the 505(b)(2) pathway, and in the future the 351(k) pathway in the Public Health Service Act is also anticipated to be applicable. In the EU, a biosimilar pathway and guidelines are available for insulins, and the guideline for biosimilar products issued in Japan is also relevant for insulins. We believe that the formulation patent for NovoLog<sup>®</sup>/NovoRapid<sup>®</sup> in all major markets and for NovoLog<sup>®</sup> Mix /NovoMix<sup>®</sup> in the United States makes it chal-

lenging to develop a biosimilar version of these compounds prior to the expiry of the aforementioned patents without infringing Novo Nordisk's intellectual property. In China, biosimilars to NovoRapid<sup>®</sup> and NovoMix<sup>®</sup> have been filed for regulatory approval by a local competitor. Meanwhile, no biosimilar to either NovoLog<sup>®</sup>/NovoRapid<sup>®</sup> or NovoLog<sup>®</sup> Mix /NovoMix<sup>®</sup> is currently being tested in clinical trials for the triad markets of the EU, the United States and Japan.

The total sales of Prandin<sup>®</sup>/NovoNorm<sup>®</sup>, an oral antidiabetic drug, were DKK 1,597 million in 2016 (DKK 1,688 million in 2015) and together with other oral antidiabetic products of DKK 107 million in 2016 (DKK 134 million in 2015), the total sales of all oral antidiabetic products (OAD) were DKK 1,704 million in 2016 (DKK 1,822 million in 2015). Prandin<sup>®</sup>/NovoNorm<sup>®</sup> is no longer protected as the drug compound patent has expired in all key markets.

In Europe, generic copies of NovoNorm<sup>®</sup> were first introduced in Germany in 2010 and introductions of generic copies have subsequently been observed, e.g. in France, Italy, Spain and Belgium. During 2012, generic competition significantly reduced our European sales of NovoNorm<sup>®</sup> with most of the reduction, varying from country to country, occurring in the first 12 months following the introduction of generic competition. Our European sales of NovoNorm<sup>®</sup> continued to erode during 2016 due to generic competition, and we expect this trend to continue during 2017.

In the United States, generic copies of Prandin<sup>®</sup> were approved in July 2013 from respectively Caraco and Paddock, and Novo Nordisk has since then and throughout 2016 seen a significant decline in sales of Prandin<sup>®</sup> in the United States.

In China, NovoNorm<sup>®</sup> has been exposed to generic competition for several years without significantly impacting our sales. Therefore, we do not expect a significant decline in NovoNorm<sup>®</sup> sales in China in the short term due to generic competition.

#### *Patent situation of key biopharmaceuticals products*

The total sales of NovoSeven<sup>®</sup> were DKK 9,492 million in 2016 (DKK 10,064 million in 2015). While the drug compound patent for NovoSeven<sup>®</sup> has expired in all major markets, Novo Nordisk holds two formulation patents on the room temperature stable preparation of NovoSeven<sup>®</sup>, which provides coverage of this formulation until 2023 and 2024, respectively, in all major markets.

The expiry of the drug compound patent has had limited impact on sales of NovoSeven<sup>®</sup> due to the complexity relating to the regulatory pathways for 'biosimilar' coagulation factors in the United States, the EU and Japan.

The U.S. Health Care Reform includes the establishment of a regulatory pathway for approving biosimilar versions of originator proteins. Therefore, in the future, a biosimilar version of rFVIIa could be submitted to the FDA as a Biologics License Application ("BLA") under 351(k) of the U.S. Public Health Service Act and be approved if it fulfills the requirements, i.e. that the product is 'biosimilar' to its reference product and that no clinically meaningful differences between the products in terms of safety, purity and potency are seen.

In the EU, guidelines for the development of biosimilar products have been available since late 2005; however, to date these guidelines do not apply to coagulation factors because of their complexity. The guideline for biosimilar products in Japan includes requirements similar to those established in Europe.

To date, we have only seen approvals of competing rFVIIa products in Russia, Kazakhstan, Azerbaijan, Uzbekistan and Iran. New information is regularly being compiled to assess whether the clinical programs for these compounds could contribute towards fulfilling regulatory requirements in the United States, the EU and Japan. As such, we still believe that the expiry of our compound patent for NovoSeven<sup>®</sup> will continue to have an

insignificant impact in the near term on sales, results of operations and liquidity in the major geographical segments.

Total sales of Norditropin<sup>®</sup> were DKK 8,770 million in 2016 (DKK 7,820 million in 2015). Today, Norditropin<sup>®</sup> is not covered by a drug compound patent. However, the formulation used is covered by a formulation patent that expires in 2017 in the United States, Europe and Japan. Furthermore, the pen devices that patients use to inject growth hormone are covered by separate patents. Today, all Novo Nordisk growth hormone products are supplied in pen devices. While marketed growth hormone products in the United States are similar in terms of efficacy and safety profile and despite the presence of biosimilar growth hormone products on the market, Norditropin<sup>®</sup> is differentiated by its high level of temperature stability and the FlexPro<sup>®</sup> device in which it is offered. In 2016, sales of Norditropin<sup>®</sup> increased in the United States reflecting a significant positive non-recurring adjustment to rebates in the Medicaid patient segment relating to the period 2010-2015. This positive impact has been partly offset by lower volumes. The expiry of our compound patent for Norditropin<sup>®</sup> is not expected to significantly impact sales, results of operations and liquidity in any geographical segments in the near term, but a lower price level for Norditropin<sup>®</sup> is expected in the United States in 2017 as a result of formulary negotiations with pharmacy benefits managers and other payers concluded in 2016.

Total sales of Vagifem<sup>®</sup> were DKK 2,995 million in 2016 (DKK 3,228 million in 2015). The Vagifem<sup>®</sup> 10 mcg treatment regimen is protected by patent in the United States, EU and Japan. In the United States, three generic manufacturers have been granted access to the patent, one of them Amneal Pharmaceuticals who launched its authorized generic of Vagifem<sup>®</sup> in October 2016. This loss of exclusivity has led to a rapid erosion of Vagifem<sup>®</sup> sales in the United States during the fourth quarter of 2016. The erosion is expected to continue in 2017. In the EU and Japan, the patent expires in December 2021. The European patent is currently being opposed by two generic manufacturers.

### **Impact of regulation**

As a pharmaceutical company, Novo Nordisk depends on government approvals related to production, development, marketing and reimbursement of its products. Important regulatory bodies include the FDA, the European Medicines Agency, the Japanese Ministry of Health, Labour and Welfare and the Chinese Food and Drug Administration. Treatment guidelines from non-governmental organizations such as the European Association for the Study of Diabetes and the American Diabetes Association may also impact the Company.

### *Disclosure pursuant to Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012*

Pursuant to Section 13(r) of the Securities Exchange Act of 1934, Novo Nordisk is obliged to provide disclosure if, during 2016, it or any of its affiliates have engaged in certain Iran-related activities or transactions with persons designated under Executive Order 13224 or Executive Order 13382.

As a global organization, Novo Nordisk conducts business with customers in Iran, including the Government of Iran (the "GOI"). Novo Nordisk's activities in Iran relate primarily to sales of pharmaceutical products and devices within the diabetes and obesity care and biopharmaceutical business segments.

Novo Nordisk Pars ("NN Pars"), a wholly-owned affiliate of Novo Nordisk A/S located in Iran, contracts with four companies that may be GOI-controlled (Exir, Ferdows Distribution Co., Darou Pakhsh Distribution Co. and Hedjat Distribution Co.) to distribute its products. NN Pars also sponsors educational programs and congresses organized by GOI-controlled medical universities, and hosts health care professionals employed by these medical universities at similar programs in Iran and other locations. Additionally, NN Pars makes donations to GOI-controlled public health organizations focusing on diabetes awareness and policy. NN Pars receives payments from, and makes payments to Iranian banks (certain of which are owned by the GOI and/or are designated under Executive Or-

der 13224 or Executive Order 13382) relating to the sales of pharmaceutical products and devices.

In addition, in 2016, NN Pars purchased land from Barakat Industrial and Pharmaceutical Company ("Barakat"), a GOI-controlled land holding company, in order to construct a manufacturing facility in Iran. NN Pars will make monthly payments to Barakat for the duration of NN Pars' ownership of the land, which Barakat will use to facilitate delivery of utility services to the site from GOI-owned utility companies. Novo Nordisk expects to invest approximately EUR 70 million over the course of the next five years to build the manufacturing facility, which will be used for assembly and packaging of insulin pens for use in Iran.

The German affiliate of NNE Pharmaplan A/S, a wholly-owned subsidiary of Novo Nordisk A/S, contracts with SOHA Helal Iran Medical Devices Co., a GOI-controlled company, to provide raw materials and spare parts for production of dialysis and leucocyte filters and syringes.

Novo Nordisk's gross revenue related to transactions with GOI-owned or controlled entities in 2016 were not in excess of DKK 850 million. Novo Nordisk does not allocate its net profit on a country-by-country or activity-by-activity basis, other than as set forth in Novo Nordisk's consolidated financial statements prepared in accordance with IFRS as issued by the IASB; however, Novo Nordisk estimates that its net profit attributable to the transactions with the GOI discussed above would not exceed a de minimis percentage of the Group's total net profit in 2016.

In addition, Novo Nordisk conducts business with customers in Syria and Sudan. These activities relate to sales of pharmaceutical products and devices within the diabetes and biopharmaceutical business segments. Gross revenue related to transactions in 2016 was not in excess of DKK 30 million in any of the two countries. Novo Nordisk estimates that their net profits attributable to the transactions with Syria and Sudan would represent an even smaller de minimis percentage of the Group's total net profit in 2016.

The purpose of Novo Nordisk's Iran, Syria and Sudan-related activities is to provide access to important and life-saving pharmaceutical products such as insulin and haemophilia products to patients in these countries, and to improve the healthcare of the Iranian, Syrian and Sudanese people in accordance with a key component of Novo Nordisk's access to care strategy. For that purpose, Novo Nordisk intends to continue these activities.

### **C. ORGANIZATIONAL STRUCTURE**

For information regarding the organizational structure and securities exchange listings of Novo Nordisk A/S, the parent company Novo A/S and the Novo Nordisk Foundation and the ownership structure, reference is made to the sections 'Corporate governance' on pages 46-49 and 'Shares and capital structure' on pages 44-45 in our *Annual Report 2016*.

Companies in the Novo Nordisk Group are listed in the Company's *Annual Report 2016* on page 95, 'Companies in the Novo Nordisk Group.'

### **D. PROPERTY, PLANT AND EQUIPMENT**

The Company has its headquarters in Bagsværd, Denmark, where it occupies a number of buildings.

The Company believes that its current production facilities, including facilities under construction and planned for construction, are sufficient to meet its capacity requirements, including the capacity for meeting growing demand in the future for the products NovoLog<sup>®</sup>/ NovoRapid<sup>®</sup>, NovoLog Mix<sup>®</sup>/ NovoMix<sup>®</sup>, Levemir<sup>®</sup>, Victoza<sup>®</sup>, Tresiba<sup>®</sup>, Ryzodeg<sup>®</sup>, Xultophy<sup>®</sup>, Saxenda<sup>®</sup>, NovoEight<sup>®</sup>, Norditropin<sup>®</sup> and devices. Reference is made to the

sections 'Capital expenditures in 2016, 2015 and 2014' under Item 4 for more information about the current expansion programs. For the nature of the Company's property, plant and equipment, as of December 31, 2016 and 2015, reference is made to Note 3.2 'Property, plant and equipment' in our *Annual Report 2016*.

The major production facilities owned by the Company are located at a number of sites in Denmark, and internationally in the United States, France, China and Brazil. There are no material encumbrances on the properties; however, the facilities in Tianjin, China are constructed on land where the remaining term of the lease is 30 years.

Active pharmaceutical ingredient (API) production is located in Denmark, primarily in Kalundborg and with secondary locations in Hillerød, Bagsværd and Gentofte although two API production sites in the United States are being established.

The following table sets forth certain information regarding our major production sites.

<b>MAJOR PRODUCTION FACILITIES</b>	<b>Size of production area (square meters)</b>	<b>Major Production Activities</b>
Kalundborg, Denmark	176,000	<ul style="list-style-type: none"> <li>Active pharmaceutical ingredients for diabetes and obesity as well as products for diabetes</li> <li>Active pharmaceutical ingredients for haemophilia.</li> <li>Products for biopharmaceuticals</li> </ul>
Bagsværd, Denmark	118,000	<ul style="list-style-type: none"> <li>Products for diabetes and obesity</li> </ul>
Hillerød, Denmark	105,000	<ul style="list-style-type: none"> <li>Durable devices and components for disposable devices</li> <li>Products for diabetes and obesity</li> <li>Active pharmaceutical ingredients for haemophilia</li> </ul>
Tianjin, China	68,500	<ul style="list-style-type: none"> <li>Products for diabetes</li> <li>Production of durable devices</li> </ul>
Gentofte, Denmark	68,500	<ul style="list-style-type: none"> <li>Active pharmaceutical ingredients for glucagon and growth hormone therapy</li> <li>Products for growth hormone therapy, glucagon and haemophilia</li> </ul>
Montes Claros, Brazil	58,700	<ul style="list-style-type: none"> <li>Products for diabetes</li> <li>Gel production for active pharmaceutical ingredients</li> </ul>
Chartres, France	49,900	<ul style="list-style-type: none"> <li>Products for diabetes</li> </ul>
Måløv, Denmark	47,000	<ul style="list-style-type: none"> <li>Products for hormone replacement therapy</li> <li>Products for oral antidiabetes treatment</li> </ul>
Clayton, North Carolina, United States	34,200	<ul style="list-style-type: none"> <li>Products for diabetes and obesity</li> </ul>

In addition to the active production sites listed above, Novo Nordisk acquired a production plant in New Hampshire, United States in August 2014. The new facility will increase production capacity of active pharmaceutical ingredients for the portfolio of biopharmaceuticals, and is expected to be operational in 2018. The production area of the facility is 14,800 square meters. The expected amount of investments for this new facility is approximately DKK 800 million. The facility is financed by cash flow from operating activities.

In May 2015, Novo Nordisk initiated the construction of a new facility in Kalundborg, Denmark for producing API for NovoSeven® and future products for treating haemophilia. The facility is expected to be operational by the end of 2020. The production area of the

facility is 7,500 square meters. The expected amount of expenditures for this facility is approximately DKK 1,500 million. The facility is financed by cash flow from operating activities.

In November 2015, Novo Nordisk initiated the construction of a new facility in Hillerød, Denmark for producing medicines for the treatment of diabetes and obesity. The facility is expected to be ready for use in 2019. The production area of the facility is 10,300 square meters. The expected amount of expenditures for this facility is approximately DKK 2,100 million. The facility is financed by cash flow from operating activities.

In March 2016, Novo Nordisk initiated the construction of a new diabetes API production facility in Clayton, North Carolina, United States. The facility is expected to be ready for use in 2020. The expected amount of expenditures for this facility is approximately DKK 13,200 million. The facility will be financed by cash flow from operating activities.

## ITEM 4A UNRESOLVED STAFF COMMENTS

None.

## ITEM 5 OPERATING AND FINANCIAL REVIEW AND PROSPECTS

### Critical accounting estimates

Reference is made to Note 1.1 'Principal accounting policies and key accounting estimates' in our *Annual Report 2016*.

### New accounting pronouncements

Reference is made to Note 1.2 'Changes in accounting policies and disclosures' in our *Annual Report 2016*.

## A. OPERATING RESULTS

Reference is made to the section 'Forward-looking statements' contained on page 2 and the discussion under the caption 'Risk factors' contained under Item 3. Reference is further made to our *Annual Report 2016* 'Risk management' on pages 40-43.

The financial condition of the Group and its development are described in our *Annual Report 2016* and our *Annual Report 2015*. The information in this section is based on these reports and should be read in conjunction with the annual reports. The analysis and discussions included in the annual reports are primarily based on the consolidated financial statements which are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union.

### 2016 compared with 2015

The following portions of our *Annual Report 2016* constitute the Board of Directors' and Executive Management's discussion and analysis of results of operations (incorporated herein by reference):

'Accomplishments and results 2016' (pages 1-15)

### 2015 compared with 2014

The following portions of our *Annual Report 2015* constitute the Board of Directors' and Executive Management's discussion and analysis of results of operations (incorporated herein by reference):

'Accomplishments and results 2015' (pages 1-15)

**Segment information**

Reference is made to Note 2.2 'Segment information' in our *Annual Report 2016* for details on segmented results.

**Inflation**

Inflation for the three most recent fiscal years has not had a material impact on the Group's Net sales or Net profit.

**Foreign currencies**

The majority of Novo Nordisk's sales are in foreign currencies, mainly USD, EUR, CNY, JPY, GBP and CAD, while a significant proportion of production, research and development costs are carried in DKK. Consequently, Novo Nordisk has significant exposure to foreign exchange risks and engages in significant hedging activities where the most significant exposure and hedging are related to USD, CNY, JPY, GBP and CAD, while the EUR exchange rate risk is regarded as low due to the Danish fixed-rate policy towards EUR. Thus, Novo Nordisk does not hedge the EUR exchange rate risk. For further description of foreign currency exposure, reference is made to the disclosure in Note 4.2 'Financial risks' in our *Annual Report 2016* and for further description of foreign currency exposure and hedging activities, reference is made to the description of financial instruments in Note 4.3 'Derivative financial instruments' in our *Annual Report 2016*.

**Governmental policies**

Please refer to pages 16-43 'Our business' in our *Annual Report 2016* and Item 4.

**B. LIQUIDITY AND CAPITAL RESOURCES**

Novo Nordisk maintains a centralized approach to the management of the Group's financial risks. The overall objectives and policies for Novo Nordisk's financial risk management are outlined in the Novo Nordisk Treasury Policy, which is approved by the Board of Directors. The Treasury Policy governs the Group's use of financial instruments. For further information, reference is made to Item 11.

**Financial resources**

Reference is made to page 59 'Balance sheet' and page 60 'Statement of cash flows for the year ended 31 December' in our *Annual Report 2016*. In addition Novo Nordisk has obtained a credit rating from two independent external rating agencies.

Novo Nordisk believes its financial resources are sufficient to meet its requirements for at least the next 12 months.

**Cash flow in 2016, 2015 and 2014**

Reference is made to page 60 'Statement of cash flows for the year ended 31 December' in our *Annual Report 2016*.

The most significant source of cash flow from operating activities is sales of diabetes and obesity care and biopharmaceutical products. Generally, other factors that affect operating earnings, such as pricing, volume, costs and exchange rates, also have an impact on realized cash flow from operating activities.

There are no material restrictions on the ability of subsidiaries with material cash amounts to transfer funds to the Parent Company.

**Trade receivable program**

Trade receivable program, as of December 31, 2016, 2015 and 2014, respectively, are shown in Note 4.2 'Financial risks' in our *Annual Report 2016*.

**Debt financing**

No long-term loans were outstanding as of December 31, 2016 or 2015. Reference is made to page 57 'Balance sheet and Note 4.7 'Financial assets and liabilities' in our *Annual Report 2016* for information on Current debt.

**Financial instruments**

Novo Nordisk only hedges commercial exposures and consequently does not enter into derivative transactions for trading or speculative purposes. Currency hedging is done with foreign exchange forwards and foreign exchange options. Reference is made to Note 4.2 'Financial risks' and Note 4.3 'Derivative financial instruments' in our *Annual Report 2016* for further information on financial instruments including currency exposure.

**Commitments for capital expenditure etc.**

Contractual obligations for capital expenditure and other contingent liabilities as of December 31, 2016 and 2015, respectively, are shown in Note 5.3 'Commitments' in our *Annual Report 2016*.

The Executive Management of the Group believes that the obligations are covered by the Group's financial resources as well as expected future cash flows from operating activities.

**C. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES, ETC.**

Novo Nordisk's research activities utilize biotechnological methods based on genetic engineering, advanced protein chemistry and protein engineering. These methods have played a key role in the development of the production technology which is used in the manufacturing of insulin, GLP-1, recombinant blood clotting factors, human growth hormone and glucagon.

The focus of Novo Nordisk's research and development is on therapeutic proteins within diabetes, obesity, haemophilia and growth disorders.

Reference is made to note 2.3 'Research and development costs' in our *Annual Report 2016* for Research and development costs in 2016, 2015 and 2014, respectively. Novo Nordisk's research and development organization comprised approximately 6,000 employees as of December 31, 2016.

In general, we expect that growth in research and development spending will follow a trend in line with sales growth indicating that the research and development cost to sales ratio is expected to be relatively constant in the foreseeable future. Thus, we expect to continue an expenditure level of around 12-14% of sales in research and development activities going forward.

The development projects that accounted for the highest research and development spend in 2016 were related to the initiation of the 3a program, PIONEER, for oral semaglutide (OG217SC) which started recruiting in Q1 2016 as well as Tresiba® related to the finalisation of the cardiovascular outcome trial for DEVOTE, and the SWITCH trials. Further, research and development spend was driven by the finalisation of the phase 3a program, SUSTAIN, for injectable semaglutide.

Information related to the spend ratio on clinical development activities and research activities can be found in Note 2.3 'Research and development costs' in our *Annual Report 2016*.

Information related to selected research and development projects can be found under 'Pipeline overview' on pages 20-21 in our *Annual Report 2016*. Furthermore, a broader overview of our business activities can be found on pages 16-43 'Our business'.

ITEM 5 OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following Novo Nordisk compounds are currently in phase 3 development or have recently been filed for regulatory approval:

COMPOUND / BRAND NAME / INDICATION	Year entered into phase 3 or filed with the regulatory authorities	Patent expiration
Semaglutide (NN9535) / Type 2 diabetes	Phase 3 completed in 2016. United States: Filed for regulatory review December 2016. EU: Filed for regulatory review December 2016.	2031 <sup>1</sup>
Fast-acting insulin aspart (NN1218) / Type 1 & 2 diabetes	Phase 3 completed in 2015. United States: Filed for regulatory review December, 2015. Complete Response Letter received October 2016. EU: Approved in January 2017.	2030 <sup>2</sup>
Oral semaglutide (NN9924) / Type 2 diabetes	Phase 3 initiated in 2016.	2031 <sup>1</sup>
N9-GP (NN7999) / Haemophilia B	Phase 3 completed in 2013. United States: Filed for regulatory review May 2016. EU: Filed for regulatory review January 2016.	2027 <sup>1</sup>
N8-GP (NN7088) / Haemophilia A	Phase 3 completed in 2014. Filing for regulatory review in the United States and EU expected around 2018.	2032 <sup>3</sup>
NN8640 Once-weekly human growth hormone / Growth disorder	Phase 3 in AGHD started in 2014.	2034 <sup>4</sup>

<sup>1</sup> Current estimate

<sup>2</sup> Formulation patent (compound patent has expired)

<sup>3</sup> Current estimate United States. EU estimate 2034, Japan expiry 2034

<sup>4</sup> Current estimate United States. EU estimate 2035, Japan expiry 2035

During 2016 Novo Nordisk has not discontinued any development projects in phase 3.

In determining whether or not any project or group of related projects is significant, we consider the following qualitative and quantitative criteria:

- Assessment of the unmet medical need targeted with the specific project;
- The inherent project risk including the risk of safety issues, unsatisfactory tolerability profile, limitations on the efficacy of the compound;
- Timeline for completing the clinical testing and submitting an application for approval to regulatory authorities;
- Regulatory authorities' position towards approval and drug label;
- Changes in competitive landscape during the development and approval cycle including competing drugs being developed by others;
- Changes in medical practice during the development period;
- Position of payers, the medical society and patients towards treatment with drug and price of drug;
- Expected uptake in market following launch; and
- Expected net present value of the project.

In assessing the criteria listed above, and as described in 'Risk management' on pages 40-43 in our *Annual Report 2016*, it is important to note that at any one stage of development, due to the uncertainties inherent to clinical development and the regulatory approval process, there is a significant degree of uncertainty and risk that the project will not be successful. The nature of our development activities is such that a compound must first be proven to work by means of multiple clinical trials, which may require treatment of thousands of patients and could take years to complete. Even if initial results of preclinical studies or clinical trial results are promising, we may obtain different

results that fail to show the desired levels of safety and efficacy, or we may not obtain applicable regulatory approval for a variety of other reasons. The compound must be accepted by either the FDA, the European Medicines Agency or similar agencies around the world, each of which may have differing requirements. During each stage, there is a substantial risk that we will encounter serious obstacles which will further delay us, or that we will not achieve our goals and, accordingly, may abandon a product in which we have invested substantial resources. Furthermore, the commercial potential of a project is dependent on the label granted by the regulatory authority upon approval. The label specifies for which indications a product can be used, major and minor safety concerns associated with drug treatment as well as if the drug can be combined with other types of medication. Thus a label can restrict usage substantially.

Due to the risks and uncertainties involved in progressing through pre-clinical development and clinical trials, and the time and cost involved in obtaining regulatory approvals, we cannot reasonably estimate the nature, timing, completion dates and costs of the efforts necessary to complete the development.

Given the uncertainties related to the process of product development, during the periods presented in our 2016 Form 20-F no single project in product development was significant based on the qualitative and quantitative criteria. However, during the periods presented two groups of projects were considered significant; the diabetes and obesity care group and biopharmaceuticals group.

Reference is made to the caption 'Risk factors' contained under Item 3.

#### **D. TREND INFORMATION**

The key drivers behind Novo Nordisk's performance continue to be the changes in demographics globally reflecting a continuous growth in the proportion of people who live in cities (urbanization), an increasing proportion of elderly people and a growing problem of obesity. These trends have contributed to the significant increase in the number of people with diabetes worldwide. According to the International Diabetes Federation, the number of people with diabetes is expected to increase to around 642 million by 2040 from 415 million in 2015. Diabetes and obesity care is Novo Nordisk's largest segment comprising approximately 80% of sales. The epidemic growth in the number of people with diabetes, continuing transition from older to newer insulin generations, and new delivery devices and market share gains in some segments of the market are all driving Novo Nordisk's growth within the diabetes and obesity care segment. Further, the roll-out of a number of new products within diabetes and obesity care (Tresiba<sup>®</sup>, Ryzodeg<sup>®</sup>, Xultophy<sup>®</sup>, FIAsp<sup>®</sup> and Saxenda<sup>®</sup>) are expected drivers of sales in the segment.

The other segment of Novo Nordisk is biopharmaceuticals, which comprises haemophilia care, growth hormone therapy and hormone replacement therapy. In 2016, sales of haemophilia care products was unchanged measured in local currencies and declined slightly when measured in Danish kroner, driven by lower Novoseven<sup>®</sup> sales, partially offset by the continued roll-out of NovoEight<sup>®</sup> in the United States, Europe and Japan. With new competitive products likely to enter the market for treatment of haemophilia with inhibitors in 2017/18, Novoseven<sup>®</sup> sales are likely to be at risk of further erosion in subsequent years. The growth hormone therapy franchise benefited from increasing sales of the liquid formulation Norditropin<sup>®</sup>, delivered in ready-to-use prefilled devices. The sales growth in 2016 of Norditropin<sup>®</sup> was positively impacted by approximately 8 percentage points due to non-recurring adjustments to rebates in the Medicaid patient segment in the United States. Sales of the hormone replacement therapy product Vagifem<sup>®</sup> declined in 2016 due to the loss of exclusivity for the sale of Vagifem<sup>®</sup> in the United States since October 1, 2016.

In the United States, significant sales rebates are paid in connection with public healthcare insurance programs, such as Medicare and Medicaid, as well as rebates to pharmacy benefit managers (PBMs) and managed healthcare plans. Key customers in the

## ITEM 6 DIRECTORS, EXECUTIVE MANAGEMENT AND EMPLOYEES

United States include private payers, PBMs and government payers. Increasingly, PBMs and health plans play a key role in negotiating price concessions with drug manufacturers on behalf of private payers for both the commercial and government channels, and determining the list of drugs covered in the health plan's formulary. Specifically, there are two primary drivers:

- Payer pressure to reduce the overall drug costs has resulted in greater focus on negotiating higher rebates from drug manufacturers. Private payers are increasingly keen to adopt narrow formularies that exclude certain drugs, while securing increased rebates from the preferred brand.
- Recent industry consolidation among payers has led to increasing pricing pressure for pharmaceutical companies.

In 2016, payers have continued to leverage their size and control to demand higher rebates. Moreover, actions by companies in the diabetes care market to increase list prices have been limited and the introduction of new products by competitors has further increased the downward pressure on prices. As a result, the development in average prices after rebates for the Novo Nordisk portfolio in 2016 in the United States has been flat to slightly declining.

For 2017, the average prices for the Novo Nordisk portfolio in the United States after rebates are expected to be moderately lower compared with the levels in 2016, due to the challenging pricing environment, especially in the basal insulin segment following the launch of a biosimilar glargine in December 2016 but also in the human growth hormone segment.

For further information on trends, reference is made to the section 'Accomplishments and results 2016' on pages 1-15 in our *Annual Report 2016*. Information about expectations for the financial year 2017 can be found on page 8 in the subsection 'Outlook 2017.'

### **E. OFF-BALANCE SHEET ARRANGEMENTS**

Reference is made to Note 4.2 'Financial risks' and Note 5.3 'Commitments' in our *Annual Report 2016*.

### **F. TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS**

Reference is made to Note 5.3 'Commitments' in our *Annual Report 2016*.

## ITEM 6 DIRECTORS, EXECUTIVE MANAGEMENT AND EMPLOYEES

### **A. DIRECTORS AND EXECUTIVE MANAGEMENT**

Reference is made to pages 54-55 in our *Annual Report 2016* for name, position and period of service as director for the members of the Board of Directors.

Reference is made to page 56 in our *Annual Report 2016* for name, position, age, year of appointment and year of joining Novo Nordisk for the members of Executive Management. On January 1, 2017, Lars Fruergaard Jørgensen replaced Lars Rebien Sørensen as president and CEO. Furthermore, effective September 1, 2016, Jerzy Gruhn and Jesper Høiland stepped down from the Executive Management of Novo Nordisk.

The Board of Directors has the overall responsibility for the affairs of the Company. Reference is made to pages 46-49 in our *Annual Report 2016*.

The activities of the members of Board of Directors and members of Executive Management outside the Company are included in our *Annual Report 2016* on pages 54-56.

There are no family relationships between the Board of Directors, Executive Management or between any of the members of the Board of Directors and any member of Executive Management. No director or member of Executive Management has been elected according to an arrangement or understanding with shareholders, customers, suppliers or others. As required by the Danish Companies Act, directors are elected at General Meetings by simple majority vote. In addition, four employee representatives are elected for four-year terms by the employees of Novo Nordisk A/S.

## B. COMPENSATION

Reference is made to the section 'Remuneration' on page 50-53 and Notes 5.1 and 5.2 in our *Annual Report 2016* regarding compensation.

## C. BOARD PRACTICES

Reference is made to 'Corporate governance' on pages 46-49 in our *Annual Report 2016* regarding board practices. The year of election for each member of the Board of Directors and the year of appointment for each member of Executive Management is included in our *Annual Report 2016* on pages 54-56.

## D. EMPLOYEES

Reference is made to the section entitled 'Employees' on pages 11-12 and 'Performance highlights' on page 15 in our *Annual Report 2016* regarding the total number of full-time employees in Novo Nordisk at year-end for the years 2012-2016.

In November 2016, Novo Nordisk reduced its global workforce by approximately 2%. The decision was one of several actions taken to reduce operating costs in the face of a challenging competitive environment, especially in the United States. The workforce reductions affected R&D units, headquarter staff functions and positions in the global commercial organization.

EMPLOYEES	2016	2015	2014
Employees outside Denmark as a percentage of total number of employees	57%	58%	57%

Executive Management believes that the Company has a good relationship with its employees in general and with the labor unions of the Novo Nordisk employees.

Novo Nordisk believes that the current personnel policy results in low staff turnover, high engagement, and ease in recruiting new employees. The Company has not experienced any significant labor disputes.

## E. SHARE OWNERSHIP

For information on the Board of Directors' and Executive Management's individual holdings of shares and restricted stock units and granting of shares, reference is made to the section 'Remuneration' on pages 50-53 and Note 5.2 'Management's holdings of Novo Nordisk shares' in our *Annual Report 2016*. The members of the Board of Directors and Executive Management and key management executives in the aggregate hold less than 1% of the beneficial ownership of the Company.

## ITEM 7 MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

For information on the Board of Directors' and Executive Management's individual holdings of and trading in Novo Nordisk shares during 2016, reference is made to the section 'Remuneration' on pages 50-53 and Note 5.2 'Management's holding of Novo Nordisk shares' in our *Annual Report 2016*. As of February 1, 2017 the Board of Directors and Executive Management owned 854,843 B shares excluding the holding of Novo Nordisk shares of former CEO Lars Rebien Sørensen.

In the period from January 1, 2017 until February 2, 2017, no B shares were sold or purchased by the members of the Board of Directors or Executive Management. The internal rules on trading in Novo Nordisk securities by members of the Board of Directors and Executive Management only permit trading in the 15 calendar-day period following each quarterly earnings announcement. Following the quarterly earnings announcement release on February 2, 2017, the Executive Management received 57,551 B shares in accordance with the long-term incentive program and a total of 34,492 B shares were sold, hence as of February 2, 2017, the Board of Directors and Executive Management owned 946,886 B shares.

To commemorate that the turnover of the group passed DKK 100 billion for the first time in 2015 all employees in the Company (excluding NNE A/S and Steno Diabetes Center A/S) as per January 1, 2016 were offered 50 restricted stock units. A restricted stock unit gives the holder the right to receive one Novo Nordisk B- share free of charge in February 2019 subject to continued employment.

It is estimated that 1,500,000 B shares will be needed for the program. No dividends will be paid on the restricted stock units and the holders will have no voting rights until the restricted stock units are converted to shares in February 2019.

Reference is made to Note 5.1 'Share based payment schemes' in our *Annual Report 2016*.

## ITEM 7 MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

### A. MAJOR SHAREHOLDERS

The total share capital of the Company is split in two classes, A shares and B shares, each with different voting rights. The A shares have 200 votes per DKK 0.20 of the A share capital and the B shares have 20 votes per DKK 0.20 of the B share capital. Treasury shares have no votes at the Annual General Meeting.

All of the A shares of the Company are held by Novo A/S, a wholly-owned subsidiary of the Novo Nordisk Foundation (the 'Foundation'). As of December 31, 2016, the A shares represented approximately 73% of the votes exercisable at the Annual General Meeting.

The Foundation is a self-governing and self-owned organization whose main purposes are to be a stable base for the business and research activities of the subsidiaries of Novo A/S, and to support medical research and other scientific, humanitarian and social objectives.

The purpose of Novo A/S in relation to Novo Nordisk A/S is to administer its portfolio of securities and minority capital interests and to administer and vote on the A shares and B shares in Novo Nordisk A/S, thereby creating a satisfactory financial return for the Foundation.

Under its statutes, the Foundation is governed by a Board of Governors, which must be comprised of at least six and not more than 12 members and at least two members must have a medical or scientific background. Members of the Foundation's Board of Governors are typically nominated by the chairman and elected by a two-thirds vote of the members who have themselves been elected pursuant to the statutes. Any member can be

## ITEM 7 MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

removed as provided for in the Danish Act on Foundations ('lov om erhvervsdrivende fonde'). In addition, employee representatives are elected for four-year terms by the employees of the subsidiaries of the Foundation, in accordance with Danish law. No person or entity exercises any kind of formal influence over the Foundation's Board. The Foundation's Board currently consists of nine persons, one of whom is also an employee elected member of the Board of Directors of Novo Nordisk A/S (Anne Marie Kverneland).

Under its statutes, Novo A/S is governed by a Board of Directors, which must be comprised of at least three and not more than six members who are elected annually by shareholder vote. According to the Foundation's statutes, its Board of Directors can and shall provide for members of its own Board of Directors to be elected to Novo A/S's Board of Directors. Novo A/S's Board of Directors currently has five members, with two directors who are also members of the Board of the Foundation (Sten Scheibye and Steen Risgaard) and two directors who are also members of the Board of Directors of Novo Nordisk A/S (Göran Ando and Jeppe Christiansen). The Chairman of the Foundation's Board of Governors (Sten Scheibye) serves as the Chairman of Novo A/S's Board of Directors.

According to the statutes, the Foundation, in exercising its voting rights through Novo A/S at Novo Nordisk A/S's General Meetings, must vote with regard for what is in Novo Nordisk's best interest. A shares held by Novo A/S cannot be sold or be subject to any disposition so long as the Foundation exists. The dissolution of the Foundation or any change in its objectives requires the unanimous vote of the Foundation's Board of Governors. Other changes in the Foundation's statutes require the approval of two-thirds of the members of the Foundation's Board of Governors. In addition, changes in the Foundation's statutes require approval of the Danish Foundation Authorities. According to its statutes, the Foundation is required to maintain material influence over Novo Nordisk A/S and its majority vote in Novo A/S.

For further information reference is made to 'Shares and capital structure' on pages 44-45 in our *Annual Report 2016* and to 'Shares and capital structure' on pages 44-45 in our *Annual Report 2015*.

The B shares of the Company are registered with Værdipapircentralen ('VP Securities') and are not represented by certificates. Generally, VP Securities does not provide the Company with information with respect to registration. However, set forth below is information as of February 1, 2017 with respect to (a) any shareholder who is known to the Company to be the owner of more than 5% of any class of the Company's securities and (b) the total amount of any class owned by Novo Nordisk A/S and its affiliates (treasury shares) and by the directors and Executive Management as a group:

Title of class	Identity of person or group	Shares owned	Percent of class	Percent of total votes
A shares	Novo A/S	537,600,400*	100.00	73.30
B shares	Novo A/S	163,814,000	8.14	2.20
B shares	Novo Nordisk A/S and subsidiaries (treasury shares)	51,694,676	2.57	0.00
B shares	Board of Directors and Executive Management	854,843**	0.04	0.01

\*) The number of A shares is calculated as an equivalent of the trading size (DKK 0.20) of the listed B shares but is not formally divided into number of shares. The A shares are not listed on any stock exchange.

\*\*\*) As of February 2, 2017 the shares owned by Board of Directors and Executive Management was 946,886 (corresponding to 0.05 percent of class and 0.01 percent of total votes).

In 2014 and 2015, shares with an aggregate purchase price of DKK 14.7 billion and DKK 17.2 billion, respectively, were repurchased under the Company's share repurchase program.

## ITEM 7 MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

In February 2016, Novo Nordisk announced a new DKK 14 billion share repurchase program which was increased by DKK 1 billion to DKK 15 billion in October 2016. Under this program and the previous share repurchase program completed in January 2016, 47,900,571 shares corresponding to DKK 15.1 billion were repurchased during 2016. The share repurchase program was completed in January 2017.

In February 2017, Novo Nordisk announced a new DKK 16 billion share repurchase program to be executed during the following 12 months.

After the shareholders' approval of the proposed reduction of the Company's share capital at the Annual General Meeting on March 18, 2016, 50,000,000 shares were canceled in April 2016, reducing the number of treasury shares accordingly.

As the B shares are in bearer form, it is not possible to give an accurate breakdown of the holdings and number of shareholders per country. It is, however, estimated that approximately 27% of the B share capital was held in Denmark as of December 31, 2016. Approximately 36% of the B share capital is estimated to be held in North America. The estimated total number of shareholders is more than 250,000 of whom more than 200,000 are estimated to be Danish residents and more than 30,000 to be resident in the United States.

### **B. RELATED PARTY TRANSACTIONS**

Related parties include the Novo Nordisk Foundation, Novo A/S, Novozymes A/S, Xellia Pharmaceuticals ApS (due to shared controlling shareholder, Novo A/S) and NNIT A/S being an associated company with shared controlled shareholding between Novo A/S and Novo Nordisk A/S. Novo Nordisk has access to certain assets of and can purchase certain services from Novo A/S and Novozymes A/S and vice versa. All agreements relating to such assets and services are based on the list prices used for sales to third parties where such list prices exist, or the price has been set at what is regarded as market price. The material terms of these agreements are renegotiated on a regular basis.

Related party transactions in 2016, 2015 and 2014 were primarily payments for services provided between the Novo Nordisk Group and the Novozymes Group, Xellia Pharmaceuticals ApS and transactions with associated companies. The overall financial impact of these related party transactions is limited.

As a result of the initial public offering of NNIT A/S in March 2015, Novo Nordisk A/S disposed 74.5% out of the 100% interest held in NNIT A/S. Consequently, NNIT A/S is an associated company. Being an associated company to Novo Nordisk A/S, NNIT A/S is considered to be a related party. For further information reference is made to Note 2.5 'Other operating income, net' in our *Annual Report 2016*.

Since December 31, 2016, there have been no significant transactions with related parties out of the ordinary course of business. For further information reference is made to Note 5.4 'Related party transactions' in our *Annual Report 2016* and Note 5.4 'Related party transactions' in our *Annual Report 2015*.

There have not been and there are no loans to members of the Board of Directors or Executive Management in 2016, 2015 or 2014.

### **C. INTERESTS OF EXPERTS AND COUNSEL**

Not applicable.

## ITEM 8 FINANCIAL INFORMATION

**A. CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION**

The financial statements required by this item accompany this annual report in the form of our *Annual Report 2016* (see Exhibit no. 15.1).

**Legal proceedings**

Reference is made to Note 3.6 'Provisions and contingent liabilities' in the *Annual Report 2016* regarding legal proceedings. After the date of the Annual Report 2016, the class action lawsuit that was filed against Novo Nordisk, Eli Lilly and Sanofi in the United States District Court for the District of Massachusetts on January 30, 2017 was voluntarily dismissed and re-filed on February 2, 2017 in the United States District Court for the District of New Jersey.

**Dividends**

At the Annual General Meeting in March 2015, the Board was granted an authorization to distribute extraordinary dividends. Hence the Board of Directors has been given authority to pay interim dividends without obtaining specific approval from the Annual General Meeting. In August 2016 Novo Nordisk introduced the first interim dividend of DKK 3.00 per share.

At the Annual General Meeting March 23, 2017, the Board of Directors will propose a final dividend of DKK 4.60 for each Novo Nordisk A and B share. The total dividend for 2016 of DKK 7.60 includes both the interim dividend of DKK 3.00 for each Novo Nordisk A and B share which was paid in August 2016, and the final dividend of DKK 4.60 for each Novo Nordisk A and B share to be paid in March 2017. The total dividend increased by 19% compared with the 2015 dividend of DKK 6.40 for each Novo Nordisk A and B share. The total dividend for 2016 corresponds to a payout ratio of 50.2%, whereas Novo Nordisk's peer group of comparable pharmaceutical companies operated with a payout ratio of around 56% in 2015. No dividends will be paid on the Company's holding of its treasury shares. For further information reference is made to 'Shares and capital structure', on pages 44-45 in our *Annual Report 2016*.

**B. SIGNIFICANT CHANGES**

No significant events have occurred since the date of the annual financial statements. For description of important events and achievements in 2016, reference is made to 'Accomplishments and results 2016', on pages 1-15 in our *Annual Report 2016*.

## ITEM 9 THE OFFER AND LISTING

**A. OFFER AND LISTING DETAILS**

The table below sets forth for the calendar periods indicated, in the first two columns, high and low prices for the B shares as reported by the Nasdaq Copenhagen and, in the third and fourth columns, high and low ADR prices as reported by the New York Stock Exchange.

SHARE PRICE	DKK per B share*		USD per ADR*	
	High	Low	High	Low
2012	196.20	129.60	34.05	22.83
2013	220.00	169.60	38.89	29.90
2014	286.20	198.00	49.11	36.61
2015	415.00	260.70	60.34	41.72
2016	406.70	218.20	58.16	30.89

**2015**

1 <sup>st</sup> Quarter	382.00	260.70	54.95	41.72
2 <sup>nd</sup> Quarter	400.20	353.90	58.21	53.39
3 <sup>rd</sup> Quarter	415.00	339.30	60.34	52.35
4 <sup>th</sup> Quarter	403.30	346.00	59.00	52.61

**2016**

1 <sup>st</sup> Quarter	406.70	305.10	58.16	46.17
2 <sup>nd</sup> Quarter	380.00	315.30	57.81	50.26
3 <sup>rd</sup> Quarter	384.80	274.30	57.41	41.27
4 <sup>th</sup> Quarter	288.90	218.20	41.96	30.89

August 2016	384.80	306.10	57.41	45.80
September 2016	317.70	274.30	46.55	41.27
October 2016	288.90	224.20	41.96	35.13
November 2016	243.50	218.20	35.96	30.89
December 2016	258.00	233.10	36.10	33.38
January 2017	261.70	238.40	37.08	34.58
February 1 2017	251.40	246.30	36.71	35.65

\*) Following the change in trading units as of January 2, 2014, all quotes for 2012 to 2013 are restated to reflect the new trading unit of DKK 0.2 per B share and a ratio of B shares to ADRs of 1:1.

Reference is made to our *Annual Report 2016* 'Shares and capital structure' on pages 44-45.

**B. PLAN OF DISTRIBUTION**

Not applicable.

**C. MARKETS**

The Company's share capital consists of A shares and B shares. As described above, the A shares are owned by the Novo Nordisk Foundation through its wholly-owned subsidiary Novo A/S and are not listed or traded on any stock exchange. The B shares have been publicly traded since 1974 and have been listed on Nasdaq Copenhagen since that time. The Nasdaq Copenhagen is the main trading market for the B shares.

American Depositary Receipts representing the B shares ('ADRs'), as evidenced by American Depositary Receipts issued by JP Morgan Chase Bank of New York, as the Depository, have been listed on the New York Stock Exchange since 1981. As of December 31, 2016, 208,409,325 B share equivalents (representing 10% of the outstanding B shares, adjusted for the treasury shares) were held in the form of ADRs.

**D. SELLING SHAREHOLDERS**

Not applicable.

**E. DILUTION**

Not applicable.

**F. EXPENSES OF THE ISSUE**

Not applicable.

## ITEM 10 ADDITIONAL INFORMATION

### A. SHARE CAPITAL

Not applicable.

### B. MEMORANDUM AND ARTICLES OF ASSOCIATION

This section summarizes certain material provisions of Novo Nordisk A/S's Articles of Association, certain other constitutive documents and relevant Danish corporate law. See Exhibit 1.1 to this Form 20-F for a translation into English language of the Articles of Association.

#### General

Novo Nordisk A/S is a limited liability company organized under the laws of Denmark and registered with the Danish Business Authority under CVR number 24256790. Novo Nordisk A/S's objectives are to carry out research and development and to manufacture and commercialize pharmaceutical, medical and technical products and services as well as any other activity related thereto as determined by its Board of Directors. It strives to conduct its activities in a financially, socially, and environmentally responsible way. Novo Nordisk A/S's objectives are set out in Article 2 of its Articles of Association.

#### Powers of the Board of Directors

All members of the Board of Directors have equal voting rights, and all resolutions are passed by a simple majority of votes. However, in the event of a tie, the Chairman shall have the casting vote. The Board of Directors forms a quorum when at least a majority of its members is present.

According to the Danish Companies Act, no member of the Board of Directors or the Executive Management may take part in the consideration of any business involving agreements between any member of the group and himself, legal actions brought against himself, or any business involving agreements between any member of the Group and any third party or legal actions brought against any third party, if he has a major interest therein that might conflict with Novo Nordisk A/S's interests. The Danish Companies Act also prohibits Novo Nordisk A/S from granting loans or providing securities to any member of the Board of Directors and anyone particularly close to such a member of the Board of Directors.

The remuneration of the Board of Directors must be approved by Novo Nordisk A/S's shareholders at the Annual General Meeting.

According to Novo Nordisk A/S' 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 General Meeting.

#### Rights, restrictions and preferences attaching to the shares

If the shareholders at an Annual General Meeting approve a recommendation by the Board of Directors to pay dividends, dividends shall be distributed as follows: a priority dividend of 1/2% of the nominal share capital to the holders of A shares and then up to a dividend of 5% to the holders of B shares. Any distribution of additional dividends shall be subject to the provision that the holders of A shares shall never receive a total dividend exceeding the percentage rate of the dividend paid to the holders of B shares. A shares take priority for dividends below 0.5%. B shares take priority for dividends between 0.5% and 5. However, in practice, A shares and B shares receive the same amount of dividends per share of DKK 0.01. Dividends on A shares shall be remitted to the shareholders at the addresses entered in the Company's Register of Shareholders as at the date of the Annual General Meeting. Dividends on B shares shall be paid with fully

discharging effect for the Company through a central securities depository and an account-holding bank to shareholders registered by VP Securities at the time of payment.

At the Annual General Meeting in March 2015, the Board of Directors was granted authority to distribute extraordinary dividends. This authority has been included in the Articles of Association of Novo Nordisk A/S. Hence the Board of Directors has been granted authority to pay interim dividends without obtaining specific approval from the Annual General Meeting. Any Board resolution to pay extraordinary dividends must be accompanied by a balance sheet showing that sufficient funds are available for distribution. An authorized auditor must review the balance sheet.

Subject to the preference mechanism described above, the A shares and the B shares rank as equal in the event of a return on capital by the company. Upon a winding-up, liquidation or otherwise, the B shares rank ahead of the A shares with regard to payment of each share's nominal amount. All shares rank as equal in respect of further distributions from a winding-up.

Each A share of DKK 0.20 carries 200 votes and each B share of DKK 0.20 carries 20 votes at the General Meeting. A shares are non-negotiable instruments whereas B shares are negotiable instruments.

The holders of A shares have a pro-rata right of first refusal with regard to any A shares sold by another shareholder. However, currently all A-shares are owned by Novo A/S and according to the Articles of Association of Novo A/S, the A shares cannot be divested.

The share capital has been fully paid up and shareholders are not liable to further capital calls by Novo Nordisk A/S. No shareholder shall be obliged to have his shares redeemed in whole or in part. There is no sinking fund provision in the Articles of Association. There is no provision in the Articles of Association discriminating against any existing or prospective holder of such securities as a result of such shareholder owning a substantial number of shares. The members of the Board of Directors do not stand for reelection at staggered intervals and there is no cumulative voting arrangement.

### **Changes in shareholders' rights**

Changes in the rights of holders of A shares or B shares require an amendment of the Articles of Association. Unless stricter requirements are made under the Danish Companies Act for any such resolution to be passed, (i) at least 2/3 of the total number of votes in Novo Nordisk A/S shall be represented at the General Meeting, and (ii) at least 2/3 of the votes cast and of the voting share capital shall vote in favor of such a resolution. If the quorum requirement in (i) is not fulfilled, the Board of Directors shall within two weeks convene another General Meeting at which the resolution may be passed irrespective of the number of votes represented.

### **General Meetings**

Novo Nordisk A/S's General Meetings shall be held at a venue in the Capital Region of Denmark. The Annual General Meeting shall be held before the end of April in every year. Extraordinary General Meetings shall be held as resolved by the General Meeting or the Board of Directors, or upon the request of the auditors or shareholders representing in total at least 5% of the share capital. The Extraordinary General Meeting shall then be called not later than two weeks after receipt of such request.

General Meetings shall be called by the Board of Directors not earlier than five weeks and not later than three weeks prior to the General Meeting. The notice calling such General Meeting, stating the agenda for the meeting, shall be published on the Company's website: [novonordisk.com](http://novonordisk.com) (the contents of this website are not incorporated by reference into this Form 20-F). The notice convening the meeting shall also be forwarded in writing to all shareholders entered in the Register of Owners who have so requested.

A shareholder's right to attend and vote at a General Meeting shall be determined by the shares or ADRs which such shareholder owns at the applicable record date. The Danish record date is one week prior to the General Meeting. Any shareholder who is entitled to attend the General Meeting is required to apply for an admission card to such General Meeting no later than three days prior to the date of such General Meeting. ADR holders who wish to attend the General Meeting in Denmark should contact Kasper Veje, Investor Relations, tel + 1 609-235-8567 or via e-mail to kpvj@novonordisk.com.

The shares held by each shareholder at the Danish record date shall be calculated based on the registration of the shareholder's shares in the Register of Owners as well as any notification received by the Company with respect to registration of shares in the Register of Owners, which have not yet been entered in the Register of Owners.

#### **Ownership restrictions**

There are no limitations on the rights of non-resident or foreign owners to hold or vote the shares imposed by the laws of Denmark, Novo Nordisk A/S's Articles of Association, or any other of its constituent documents.

#### **Change of control**

There is no provision in the Articles of Association, nor any other constituent document, that would have an effect of delaying, deferring or preventing a change in control of Novo Nordisk A/S and that would operate only with respect to a merger, acquisition or corporate restructuring involving the company (or any of its subsidiaries). However, based on the current shareholder structure, the voting rights held by holders of A shares outlined above afford the Novo Nordisk Foundation, acting through its wholly-owned subsidiary Novo A/S, to have veto power against any change of control.

#### **Ownership disclosure**

According to the Danish Securities Trading Act and the Danish Companies Act, shareholders of Novo Nordisk A/S must notify the Danish Financial Supervisory Authority and Novo Nordisk A/S of their ownership if they own 5% or more of the voting rights or share capital. Also, shareholders must notify changes in holdings if thresholds of 5%, 10%, 15%, 20%, 25%, 50% or 90% and 1/3 and 2/3 of the voting rights or share capital are crossed.

#### **Changes in capital**

Novo Nordisk A/S's Articles of Association do not contain conditions governing changes in the capital more stringent than those contained in the Danish Companies Act.

### **C. MATERIAL CONTRACTS**

There have been no material contracts outside the ordinary course of business.

### **D. EXCHANGE CONTROLS**

There are no governmental laws, decrees, or regulations in Denmark (including, but not limited to, foreign exchange controls) that restrict the export or import of capital, or that affect the remittance of dividends, interest or other payments to non-resident holders of the B shares or the ADRs.

There are no limitations on the right of non-resident or foreign owners to hold or vote the B shares or the ADRs imposed by the laws of Denmark or the Articles of Association of the Company.

### **E. TAXATION**

#### **Danish Taxation**

The following summary outlines certain Danish tax consequences to U.S. Holders (defined below):

### *Withholding Tax*

Generally, Danish withholding tax is deducted from dividend payments to U.S. Holders at a 27% rate, the rate generally applicable to non-residents in Denmark without regard to eligibility for a reduced treaty rate. Under the current Convention between the Government of the United States of America and the Government of the Kingdom of Denmark for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (the 'Current Convention'), however, the maximum rate of Danish tax that may be imposed on a dividend paid to a U.S. Holder that does not have a 'permanent establishment' (as defined therein) in Denmark is generally 15% and, for certain pension funds, 0% (each, the 'Treaty Rate'). U.S. Holders eligible for the Treaty Rate may apply to the Danish tax authorities to obtain a refund to the extent that the amount withheld reflects a rate in excess of the Treaty Rate (any such amount, the 'Excess Withholding Tax').

Any U.S. Holders of ADRs wishing to apply for a refund of Excess Withholding Tax will have to provide a Danish Claim for Refund of Danish Dividend Tax, a properly completed U.S. Internal Revenue Service Form 6166 and additional documentation including: proof of dividend received; proof of ownership of the ADR and eligibility for the dividend received and proof that the dividend received was reduced by an amount corresponding to the Danish withholding tax. These documentation requirements may be expanded and may be subject to change. Refund claims must be filed within the three-year period following the date in which the dividend was paid in Denmark.

Information on tax reclaims, how they should be filed and the requisite tax forms may be obtained from:

JPMorgan Chase Bank, N.A.  
c/o Globe Tax Services, Inc.  
1 New York Plaza, 34th Floor  
New York, New York 10004 USA  
Phone: +1 (800) 929 5484 or +1 (212) 747 9100

U.S. Holders should consult their tax advisers regarding dividend withholding tax refunds.

### *Sale or Exchange of ADRs or B Shares*

Any gain or loss realized on the sale or other disposition of ADRs or B shares by a U.S. Holder that is not either a resident of Denmark or a corporation that is doing business in Denmark is not subject to Danish taxation. In addition, any non-resident of Denmark may remove from Denmark any convertible currency representing the proceeds of the sales of ADRs or B shares in Denmark.

### **U.S. Taxation**

The following summary outlines certain U.S. tax consequences for U.S. Holders (defined below) of owning and disposing of ADRs or B shares. A 'U.S. Holder' is a holder who, for U.S. federal income tax purposes, is a beneficial owner of ADRs or B shares that is eligible for the benefits of the Current Convention and is (i) a citizen or individual resident of the United States, (ii) a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States or any political subdivision thereof, or (iii) an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source. This discussion applies only to a U.S. Holder that holds ADRs or B shares as capital assets for U.S. tax purposes and does not apply to persons that own or are deemed to own 10% or more of Novo Nordisk voting stock. In addition, this discussion does not describe all of the tax consequences or potentially different tax consequences that may be relevant in light of the U.S. Holder's particular circumstances, including tax consequences applicable to U.S. Holders subject to special rules, such as certain financial institutions, entities classified as partnerships for U.S. federal income tax purposes, persons subject to the provisions of the U.S. Internal Revenue Code and Treasury regulations thereunder commonly known as the Medicare contribution tax, per-

sons subject to the alternative minimum tax, or persons holding ADRs or B shares in connection with a trade or business conducted outside of the United States. This discussion is based, in part, on certain representations by the Depositary and assumes that each obligation under the deposit agreement will be performed in accordance with its terms. This discussion assumes that the Company is not, and will not become, a passive foreign investment company for U.S. federal income tax purposes.

For U.S. federal income tax purposes, the holders of ADRs will be treated as the beneficial owners of the underlying B shares. Accordingly, no gain or loss for U.S. federal income tax purposes will be recognized if a U.S. Holder exchanges ADRs for the underlying B shares represented by those ADRs or B shares for ADRs.

The U.S. Treasury has expressed concern that parties to whom American depositary receipts are released before shares are delivered to the depositary (referred to as a 'pre-release'), or intermediaries in the chain of ownership between holders and the issuer of the security underlying the American depositary receipts, may be taking actions that are inconsistent with the claiming of foreign tax credits by holders of American depositary receipts. These actions would also be inconsistent with the claiming of the reduced rates of tax, described below, applicable to dividends received by certain non-corporate U.S. Holders. Accordingly, the creditability of Danish taxes, and the availability of the reduced tax rates for dividends received by certain non-corporate U.S. Holders, each described below, could be affected by actions taken by such parties or intermediaries.

#### *Taxation of Distributions*

For U.S. federal income tax purposes, distributions on ADRs or B shares received by U.S. Holders, before reduction for any Danish tax withheld, generally will be included in the U.S. Holder's income as foreign source dividend income and will not be eligible for the dividends-received deduction generally available to U.S. corporations. The amount of any dividend income paid in Danish kroner will be the U.S. dollar amount calculated by reference to the exchange rate in effect on the date of the U.S. Holder's, or, in the case of ADRs, the Depositary's receipt of the dividend regardless of whether the payment is in fact converted into U.S. dollars at that time. If the dividend is converted into U.S. dollars on the date of receipt, a U.S. Holder should not be required to recognize foreign currency gain or loss in respect of the dividend income. A U.S. Holder may have foreign currency gain or loss if the dividend is converted into U.S. dollars after the date of receipt. U.S. Holders that receive a refund of Danish withholding tax after the dividend is received, as discussed above under the section 'Danish Taxation – Withholding Tax,' may be required to recognize foreign currency gain or loss with respect to the amount of the refund. U.S. Holders should consult their tax advisers regarding whether any foreign currency gain or loss should be recognized in connection with distributions on ADRs or B shares.

Subject to applicable limitations and conditions under U.S. federal income tax law and the discussion above regarding concerns expressed by the U.S. Treasury, dividends paid to certain non-corporate U.S. Holders may be taxable at favorable rates. In order to be eligible for the favorable rates, a non-corporate U.S. Holder must fulfill certain holding period and other requirements.

Subject to applicable limitations under U.S. federal income tax law and the discussion above regarding concerns expressed by the U.S. Treasury, a U.S. Holder may be eligible to credit against its U.S. federal income tax liability Danish taxes withheld from dividends on ADRs or B shares at a rate not exceeding the applicable rate under the Current Convention. Danish taxes withheld in excess of the applicable rate under the Current Convention will not be eligible for credit against a U.S. Holder's federal income tax liability. The rules governing foreign tax credits are complex and, therefore, U.S. Holders should consult their tax advisers regarding the availability of foreign tax credits in their particular circumstances.

Alternatively, subject to applicable limitations, U.S. Holders may elect to deduct Danish taxes withheld from dividend payments. An election to deduct foreign taxes instead of

claiming a foreign tax credit must apply to all taxes paid or accrued in the taxable year to foreign countries and possessions of the United States.

#### *Sale or Exchange of ADRs or B Shares*

A U.S. Holder will recognize capital gain or loss for U.S. federal income tax purposes on a sale or other disposition of ADRs or B shares, which will be long-term capital gain or loss if the U.S. Holder held the ADRs or B shares for more than one year. The amount of the gain or loss will equal the difference between the U.S. Holder's tax basis in the ADRs or B shares disposed of and the amount realized on the disposition, in each case as determined in U.S. dollars. Such gain or loss will generally be U.S. source gain or loss for foreign tax credit purposes.

#### *Information Reporting and Backup Withholding*

Payments of dividends and sales proceeds that are made within the United States or through certain U.S. related financial intermediaries may be subject to information reporting and backup withholding, unless (i) the U.S. Holder is a corporation or other exempt recipient or (ii) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding.

The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the holder's U.S. federal income tax liability and may entitle it to a refund, provided that the required information is timely furnished to the Internal Revenue Service.

Certain U.S. Holders who are individuals (and certain entities closely held by individuals) may be required to report information relating to securities issued by a non-U.S. person or foreign accounts through which such securities are held, subject to certain exceptions (including an exception for securities held in accounts maintained by U.S. financial institutions). U.S. Holders should consult their tax advisers regarding their possible reporting obligations with respect to the ADRs or B shares.

The foregoing sections offer a general description and U.S. Holders should consult their tax advisers to determine the U.S. federal, state, local and foreign tax consequences of owning and disposing of ADRs or B shares in their particular circumstances.

### **F. DIVIDENDS AND PAYING AGENTS**

Not applicable.

### **G. STATEMENT BY EXPERTS**

Not applicable.

### **H. DOCUMENTS ON DISPLAY**

Documents referred to and filed with the SEC together with this Form 20-F can be read and copied at the SEC's public reference room located at 100 F Street, NE, Washington, DC 20549. Please call the United States Securities and Exchange Commission at 1-800-SEC-0330 for further information on the public reference rooms.

Copies of the Form 20-F as well as our *Annual Report 2016* and *Annual Report 2015* can be downloaded from the Investors pages at [novonordisk.com](http://novonordisk.com). The contents of this website are not incorporated by reference into this Form 20-F. The Form 20-F is also filed and can be viewed via EDGAR on [www.sec.gov](http://www.sec.gov).

### **I. SUBSIDIARY INFORMATION**

Not applicable.

## ITEM 11 QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISKS

### **Financial exposure and financial risk management**

For a description and discussion of the Company's foreign exchange risk management, interest rate risk management, counterparty risk management and equity price risk management, reference is made to Note 4.2 'Financial risks' and 'Risk management' on pages 40-43 in our *Annual Report 2016*.

### **Sensitivity analysis**

When conducting a sensitivity analysis, the Group assesses the change in fair value on the market-sensitive instruments following hypothetical changes in market rates and prices. The rates used to mark-to-market the instruments are market data as of December 30, 2016.

### **Interest rate sensitivity analysis**

For information on Interest rate sensitivity analysis in the financial year of 2016, reference is made to Note 4.2 'Financial risks' in our *Annual Report 2016*.

### **Foreign exchange sensitivity analysis**

For information on Foreign exchange sensitivity analysis in the financial year of 2016, reference is made to Note 4.2 'Financial risks' and 'Risk management' on pages 40-43 in our *Annual Report 2016*.

## ITEM 12 DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

### ITEM 12A DEBT SECURITIES

Not applicable.

### ITEM 12B WARRANTS AND RIGHTS

Not applicable.

### ITEM 12C OTHER SECURITIES

Not applicable.

### ITEM 12D AMERICAN DEPOSITARY SHARES

Novo Nordisk's ADR program is administered by J.P. Morgan Depositary Receipts Group as Depositary, JPMorgan Chase Bank, N.A., 4 New York Plaza, New York, United States.

The ADRs are traded under the code NVO on the New York Stock Exchange and the underlying security is the Novo Nordisk B share, NOVOB on Nasdaq Copenhagen. Each ADR represents one deposited Novo Nordisk B share. One ADR carries the same voting rights as one Novo Nordisk B share. The Depositary distributes relevant notices, reports and proxy materials to the holders of the ADRs. When dividends are paid to shareholders, the Depositary converts the amounts into U.S. dollars and distributes the dividends to the holders of the ADRs.

The holder of an ADR may have to pay the following fees and charges related to services in connection with the ownership of the ADR up to the amounts set forth in the table below.

SERVICE	Fee
Issuance or delivery of an ADR, surrendering of an ADR for delivery of a Novo Nordisk B share, cancellation of an ADR, including issuance, delivery, surrendering or cancellation in connection with share distributions, stock splits, rights and mergers	A maximum of USD 5.00 for each 100 ADRs (or portion thereof), to be paid to the Depositary
Distribution of dividend to the holder of the ADR	A maximum of USD 0.05 per ADR (or portion thereof), to be paid to the Depositary
Transfer of the Novo Nordisk B shares from the Danish custodian bank to the holder of the ADR's account in Denmark	USD 20.00 cabling fee per transfer, to be paid to the Depositary
Taxes and other governmental charges the holder of the ADR has to pay on any ADR or share underlying the ADR	As necessary

J.P. Morgan, as Depositary, has agreed to reimburse certain reasonable expenses related to Novo Nordisk's ADR program and incurred by Novo Nordisk in connection with the program. In the year ended December 31, 2016, the Depositary reimbursed USD 1,698,710 for costs related to investor relations activities.

## PART II

### ITEM 13 DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

### ITEM 14 MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

None.

### ITEM 15 CONTROLS AND PROCEDURES

#### **Evaluation of disclosure controls and procedures**

Novo Nordisk maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in reports that Novo Nordisk files or submits under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the United States Securities and Exchange Commission, and that such information is accumulated and communicated to management of the Company, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Novo Nordisk Management, including the Chief Executive Officer and Chief Financial Officer, evaluated the Company's disclosure controls and procedures as of December 31, 2016. Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that as of December 31, 2016, the Company's disclosure controls and procedures were effective at the reasonable assurance level.

In designing and evaluating the disclosure controls and procedures, Management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

#### **Report of Novo Nordisk Management on Internal Control over Financial Reporting**

Novo Nordisk's Management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, the Chief Executive Officer and Chief Financial Officer, and effected by the Company's Board of Directors, Management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS as issued by the IASB and as endorsed by the European Union.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Novo Nordisk Management, including the Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2016, using the criteria established in the *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ('COSO'). Based on this assessment, Novo Nordisk Management,

including the Chief Executive Officer and Chief Financial Officer, concluded that, as of December 31, 2016, the Novo Nordisk Group's internal control over financial reporting was effective based on criteria stated in *Internal Control – Integrated Framework (2013)* issued by the COSO.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2016 has been audited by PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab, Denmark, an independent registered public accounting firm, as stated in their report which appears on page 46 of this Form 20-F.

#### **Changes in internal controls over financial reporting**

There were no changes in the Company's internal control over financial reporting that occurred during the year ended December 31, 2016 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

### **ITEM 16A AUDIT COMMITTEE FINANCIAL EXPERTS**

The Audit Committee is comprised of four members elected by the Board of Directors. Two members qualify as independent as defined by the SEC. One member is designated as chairman and two members are designated as Audit Committee Financial Experts as defined by the SEC.

In March 2016, the Board of Directors re-elected the following individuals to the Audit Committee: Liz Hewitt (Audit Committee Chairman and Financial Expert), Jeppe Christiansen (Audit Committee Member and Financial Expert), Sylvie Grégoire (Audit Committee Member) and Stig Strøbæk (Audit Committee Member). See Item 16D below. Financial expert Liz Hewitt is independent as defined by the SEC. Jeppe Christiansen, an additional financial expert, relies on an exemption from the independence standards.

### **ITEM 16B CODE OF ETHICS**

Novo Nordisk has a vision and a set of essentials named the Novo Nordisk Way. The Novo Nordisk Way describes who Novo Nordisk as a company is, where Novo Nordisk wants to go and how its employees work. The Novo Nordisk Way is principle-based and describes corporate essentials and the required values and mindset of employees on business conduct and ethics including a number of the topics required by the Sarbanes-Oxley Act and the NYSE Listed Company Manual. In addition to the Novo Nordisk Way, a number of policies and related procedures have been established including a Business Ethics Code of Conduct and related business ethics requirements on how to conduct business in Novo Nordisk are outlined. The Novo Nordisk Way and our Business Ethics Code of Conduct apply to all employees in Novo Nordisk including the Chief Executive Officer and Chief Financial Officer.

For further information on the Novo Nordisk Way, reference is made to 'Doing business the Novo Nordisk Way' on pages 19-20 in our *Annual Report 2016*. The Novo Nordisk Way may be found on our website at [novonordisk.com](http://novonordisk.com) (the contents of the website are not incorporated by reference into this Form 20-F) and our Business Ethics Code of Conduct has been filed as Exhibit 11.1 hereto.

### **ITEM 16C PRINCIPAL ACCOUNTANT FEES AND SERVICES**

Reference is made to Note 5.5 'Fee to statutory auditors' in our *Annual Report 2016* regarding fees paid to our statutory auditors.

#### **Statutory Audit Fees**

Statutory audit fees consist of fees billed for the annual audit of the Company's Annual Report, the financial statements of the Parent Company, Novo Nordisk A/S, and financial

## ITEM 16 EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

statements of wholly-owned affiliates including audit of internal controls over financial reporting (Sarbanes-Oxley Act, Section 404). The fees also include fees billed for other audit services, which are those services that only the statutory auditor can provide, and include the review of documents filed with the SEC.

### Audit-Related Fees

Fees for audit-related services consist of fees billed for assurance and related services that are related to the performance of the audit or review of the Company's social and environmental reporting included in our *Annual Report 2016* and also include consultations concerning financial accounting reporting standards.

### Tax Fees

Fees for tax advisory services include fees billed for tax compliance services, tax consultations, such as assistance and representation in connection with tax audits and appeals and transfer pricing.

### Other Fees

Fees for other services comprise fees billed for other permitted services such as compliance reviews in connection with healthcare laws and regulations and assessment of their impact on the distribution chain, review of IT security plans and preparation of Benchmark reports etc.

### Pre-approval policies

The Audit Committee assesses and pre-approves all audit and non-audit services provided by the statutory auditors. The pre-approval includes the type of service and a fee budget. Furthermore, the Audit Committee receives a quarterly update on actual services provided and fees realized.

## ITEM 16D EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Novo Nordisk's ADRs are listed on the New York Stock Exchange, the corporate governance rules of which require a foreign private issuer such as Novo Nordisk to have an Audit Committee that satisfies the requirements of Rule 10A-3 under the U.S. Securities Exchange Act of 1934, as amended. These requirements include a requirement that the Audit Committee be composed of members that are "independent" of the issuer, as defined in the Rule, subject to certain exemptions.

Of the current members of Novo Nordisk's Audit Committee, Stig Strøbæk is a current employee of Novo Nordisk who has been elected to the Board of Directors by the employees pursuant to the Danish Companies Act (Selskabsloven) which requires any limited liability company with more than 35 employees on average over a three-year period to organize a vote in which the employees are entitled to decide whether they would like employee representation on the Board of Directors. Stig Strøbæk is not an executive officer of Novo Nordisk. Accordingly, his service on the Audit Committee is permissible pursuant to the exemption from the independence requirements provided for by paragraph (b)(1)(iv)(C) of Rule 10A-3. In addition, one member, Jeppe Christiansen, serves as a board member of Novo A/S (the controlling shareholder of Novo Nordisk A/S), and relies on an exemption in paragraph (b)(1)(iv)(B) of Rule 10A-3. Novo Nordisk does not believe the reliance on such exemptions would materially adversely affect the ability of the Audit Committee to act independently and to satisfy the other requirements of the Rule 10A-3.

## ITEM 16E PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

	Total Number of Shares Purchased (a)*	Average Price Paid per Share in DKK (b)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (c)	Maximum Approximate Value of Shares that may yet be purchased under the Plans or Programs in DKK (d)
<b>2015 repurchase program</b>				
Status year end 2015**	43,582,251	365.48	43,582,251	1,571,609,801
January 1-31, 2016	3,985,000	377.97	47,567,251	65,390,102
February 1, 2016	171,964	380.25	47,739,215	0
<b>Total***</b>	<b>47,739,215</b>	<b>366.57</b>	<b>47,739,215</b>	<b>0</b>
<b>2016 repurchase program****</b>				
				14,000,000,000
February 2-28, 2016	3,330,000	336.80	3,330,000	12,878,456,000
March 1-31, 2016	3,184,000	368.97	6,514,000	11,703,649,480
April 1-30, 2016	3,794,000	367.05	10,308,000	10,311,048,099
May 1-31, 2016	2,800,000	361.49	13,108,000	9,298,872,931
June 1-30, 2016	3,338,000	355.69	16,446,000	8,111,579,057
July 1-31, 2016	2,920,000	371.24	19,366,000	7,027,567,530
August 1-31, 2016	3,896,003	320.37	23,262,003	5,779,407,247
September 1-30, 2016	4,291,000	300.23	27,553,003	4,491,111,615
October 1-31, 2016****	4,272,334	268.37	31,825,337	4,344,542,834
November 1-30, 2016	7,080,662	230.51	38,905,999	2,712,356,299
December 1-31, 2016	4,837,608	247.52	43,743,607	1,514,969,612
<b>Total</b>	<b>43,743,607</b>	<b>308.27</b>	<b>43,743,607</b>	<b>1,514,969,612</b>

\*) All shares purchased through a publicly announced program.

\*\*) Shares purchased under 2015 repurchase program during 2015.

\*\*\*) As of February 1, 2016, Novo Nordisk had repurchased a total of 47,739,215 B shares equal to a transaction value of DKK 17,499,999,226. The DKK 17.5 billion share repurchase program announced 30 January 2015 was thereby concluded.

\*\*\*\*) In October 2016 the DKK 14.0 billion share repurchase program announced February 2016 was increased by DKK 1 billion to DKK 15.0 billion.

### Note to column (a) and (d)

The Board of Directors has authorization from the annual shareholders' meeting to acquire up to 10% of the share capital at the price quoted at the time of the purchase with a deviation of up to 10%. This authorization is renewed annually at the annual general meeting. If the limit of 10% is reached, a number of shares would have to be cancelled before further purchases can be made. The cancellation of shares must be approved by the shareholders.

Under this authorization, a share repurchase program for 2015 of DKK 17.5 billion was completed in February 2016. A new share repurchase program for 2016 of DKK 14.0 billion initiated in February 2016, and increased by DKK 1 billion to DKK 15.0 billion in October 2016, was completed in January 2017. The shares have been purchased through a bank directly in the market.

Column (a) shows shares Novo Nordisk purchased as part of our share repurchase program initiated in February 2015 (completed in February 2016) and our share repurchase program initiated in February 2016.

### Notes to columns (c) and (d)

In order to maintain capital structure flexibility, the Board of Directors intends to propose at the Annual General Meeting on March 23, 2017, a reduction in the B share capital, by cancellation of 50 million shares (nominal value DKK 0.20) of current treasury B shares,

## ITEM 16F CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

to DKK 392,512,800. This would correspond to a 1.96% reduction of the total share capital.

## ITEM 16F CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

## ITEM 16G CORPORATE GOVERNANCE

Novo Nordisk A/S is a public limited company incorporated in Denmark and admitted to trading on Nasdaq Copenhagen. As a result, it follows the Danish Corporate Governance Recommendations as amended on May 6, 2013 (last updated in November 2014) in respect of its corporate governance practices. Novo Nordisk has ADRs listed on the New York Stock Exchange (the "NYSE") and is therefore required to comply with U.S. Securities laws, including the Sarbanes-Oxley Act and the NYSE Corporate Governance Standards (the "NYSE Standards") applicable to listed companies as described in the NYSE Listed Company Manual's section 303A. As a foreign private issuer, Novo Nordisk is permitted to follow the corporate governance practice of its home country in lieu of certain provisions of the NYSE Standards.

Novo Nordisk complies with the requirements of the SEC and NYSE except that Novo Nordisk as a "controlled company" (a listed company of which more than 50% of the voting power for the election of directors is held by an individual, a group or another company) pursuant to section 303A.00 of the NYSE Listed Company Manual is not obliged to comply with sections 303A.01 (majority independent directors), 303A.04 (nominating/corporate governance committee) and 303A.05 (compensation committee) of the NYSE Listed Company Manual.

Moreover, Novo Nordisk as a foreign private issuer is permitted to follow home country practice in lieu of sections 303A.02 (independence tests), 303A.03 (executive sessions), 303A.07 (audit committee), 303A.08 (shareholder approval of equity compensation plans), 303A.09 (corporate governance guidelines), 303A.10 (code of business conduct and ethics) and 303A.12 (a) (certification requirements).

Below is a list of practices followed by Novo Nordisk as a foreign private issuer that differ from certain corporate governance requirements under the NYSE Standards:

### **Independence requirements**

Under the NYSE Standards, listed companies must have at least a majority of independent directors and no director qualifies as "independent" unless the board of directors affirmatively determines that the director has no material relationship with the listed company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the company).

Under the Danish Corporate Governance Recommendations, at least half of the elected members of the Board, excluding any members that have been elected by employees of the company, must be independent. Employees are entitled to be represented by half of the total number of Board members elected at the general meeting.

Under the NYSE Standards a director is not deemed independent if the director is, or has been within the last three years, an employee of the listed company, or an immediate family member is, or has been within the last three years, an executive officer, of the listed company. Rule 303A.02 defines 'listed company', for purposes of the independence standards, to include 'any parent or subsidiary in a consolidated group with the listed company or such other company as is relevant to any determination under the independence standards set forth in this Section 303A.02(b)'.

Four employees have in accordance with the requirements in the Danish Companies Act been elected as Board members by the Danish employees of the Company. No Board member or the Board member's immediate family members have within the last three years been an employee or executive of Novo Nordisk A/S or any parent or subsidiary in a consolidated group with Novo Nordisk A/S or received any fees from Novo Nordisk A/S.

The Board has determined whether Board members qualify as independent under the Danish Corporate Governance Recommendations. The Board has also determined whether the Board members, who are members of the Audit Committee, qualify as independent under Rule 10A-3 in the Securities Exchange Act. 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 independent under the NYSE Standards.

### **Remuneration Committee**

Pursuant to the NYSE Standards listed companies must have a compensation committee composed entirely of independent directors. Compensation committee members must satisfy the additional independence requirements specific to compensation committee membership set forth in section 303A.02(a)(ii). The NYSE Standards states that in affirmatively determining the independence of any director who will serve on the compensation committee of the listed company's board of directors, the board of directors must consider all factors specifically relevant to determining whether a director has a relationship to the listed company which is material to that director's ability to be independent from management in connection with the duties of a compensation committee member.

As a controlled company, Novo Nordisk A/S is exempt from the requirement to establish a separate compensation committee in the same manner as U.S. companies are. At a Board of Directors meeting immediately following the Annual General Meeting the members of the Remuneration Committee is elected. When electing the members the Board of Directors considers all factors relevant to determine whether the members of the Remuneration Committee have a relationship to Novo Nordisk A/S which is material to the director's ability to be independent from management when performing its duties. At least a majority of the members of a board committee shall qualify as independent as defined by the Danish Corporate Governance Standards. Under the Danish Corporate Governance Recommendations one member of the Remuneration Committee qualifies as independent and three members qualify as non-independent, including the chairman. Hence, the composition of the Remuneration Committee does not conform to the Danish Corporate Governance Recommendations. This is due to the fact that the Board of Directors finds that it is beneficial for Novo Nordisk that the composition of the Remuneration Committee allows for both the Chairmanship, which consists of two non-independent Board members and which historically was responsible for oversight of remuneration, as well as an employee representative, who also qualifies as a non-independent Board member, being on the Remuneration Committee while maintaining an operational structure of the Remuneration Committee with relative few members.

### **Nomination Committee**

Under the NYSE Standards listed companies must have a nominating/corporate governance committee composed entirely of independent directors, which requirement does not apply to Novo Nordisk A/S as a controlled company. The Novo Nordisk A/S Nomination Committee consists of two members who are independent, and two members who are non-independent, including the chairman. A majority of the members of a board committee shall qualify as independent as defined by the Danish Corporate Governance Recommendations. Hence, the composition of the Nomination Committee does not conform to the Danish Corporate Governance Recommendations. This is due to the fact that the Board of Directors finds that the composition of the Nomination Committee allows for both a representative of the majority shareholder, who qualifies as a non-independent Board member, as well as an employee representative, who also qualifies as a non-independent Board member, being on the Nomination Committee while maintaining an operational structure of the Nomination Committee with relative few members.

**Audit Committee**

Under Section 303A.06 of the NYSE Standards, listed company audit committees must be composed entirely of independent directors as set out in section 303A.02 and, in the absence of an applicable exemption, Rule 10A-3(b)(1). The Novo Nordisk A/S Audit Committee has four members. Two of the members satisfy the independence requirements of Rule 10A-3(b)(1) of the Securities Exchange Act and section 303A.02 of the NYSE Listed Company Manual.

One Audit Committee member is an employee representative relying on the exemption from the independence requirements in Rule 10A-3(b)(1) provided for by paragraph (b)(1)(iv)(C) of Rule 10A-3 and one Audit Committee member serves as board member of Novo A/S relying on the exemption provided for in paragraph (b)(1)(iv)(B) of Rule 10A-3. See Item 16D above for further details.

Further, Novo Nordisk's Audit Committee, is among other things, responsible for oversight of and reporting to the Board on the elements described in section 303A.07(b)(i)(A) of the NYSE Listed Company Manual. However, with respect to legal and regulatory requirements, the Audit Committee's oversight responsibility only includes oversight of compliance with legal and regulatory requirements relating to business ethics compliance.

**Equity-compensation plans**

Under Section 303A.08 of the NYSE Standards, shareholders must be given the opportunity to vote on all equity compensation plans and material revisions thereto, with certain limited exceptions. Novo Nordisk's Remuneration Principles are approved by the Annual General Meeting and describe the framework for incentive programs for the Board and Executive Management. All incentive programs offered to the Board and/or Executive Management shall comply with this framework. However, under Danish law, the practice of voting on equity-compensation plans is not contemplated and accordingly, equity compensation plans are only subject to shareholder approval if they result in the issuance of new shares (and not if treasury shares are used).

**Code of business conduct and ethics**

Under Section 303A.10 of the NYSE Standards, listed companies must adopt and disclose a code of business conduct and ethics for directors, officers and employees, and promptly disclose any waivers of the code for directors or executive officers. Novo Nordisk has a global framework of rules and guidelines, including but not limited to the Novo Nordisk Way and a Business Ethics Code of Conduct, which describe the corporate principles on ethical business conduct. While certain topics mentioned in the NYSE Listed Company Manual are addressed in this framework of rules and guidelines, there may be topics which are not covered.

**CEO certification**

Under Section 303A.12(a) of the NYSE Standards, each listed company Chief Executive Officer must certify to the NYSE each year that he or she is not aware of any violation by the listed company of NYSE Standards, qualifying the certification to the extent necessary. Novo Nordisk has opted to follow Danish law and regulations which do not contemplate such certifications. However, in accordance with NYSE Standards, Novo Nordisk will notify the NYSE promptly in writing if it becomes aware of any non-compliance with NYSE Standards applicable to the Company.

**ITEM 16H MINE SAFETY DISCLOSURE**

Not applicable.

**PART III****ITEM 17 FINANCIAL STATEMENTS**

See response to Item 18.

**ITEM 18 FINANCIAL STATEMENTS**

The financial statements required by this item accompany this annual report in the form of our *Annual Report 2016* (see Item 19).

**Reconciliation of non-IFRS financial measures**

In the Financial statements, Novo Nordisk discloses certain financial measures of the Group's financial performance, financial position and cash flows that reflect adjustments to the most directly comparable measures calculated and presented in accordance with IFRS. The inclusion of non-IFRS measures has been expressly permitted by the Danish Business Authorities and thereby exempted from the prohibition in Item 10(e)(1)(ii)(C) of Regulation S-K. However, these non-IFRS financial measures may not be defined and calculated by other companies in the same manner and may thus not be comparable with such measures.

The non-IFRS financial measures presented in our *Annual Report 2016* are:

- Free cash flow;
- Cash to earnings;
- Operating profit after tax to net operating assets;
- Financial resources at the end of the year; and
- Sales growth in local currencies.

**Free cash flow**

Novo Nordisk defines free cash flow as 'net cash generated from operating activities less net cash used in investing activities' excluding 'Net change in marketable securities'.

A positive free cash flow shows that the Group is able to finance its activities and that external financing is thus not necessary for the Group's operating activities. Therefore, management believes that this non-IFRS liquidity measure provides useful information to investors in addition to the most directly comparable IFRS financial measure 'Net cash generated from operating activities'.

The following table shows a reconciliation of free cash flow to 'Net cash generated from operating activities'.

<b>Reconciliation of free cash flow</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
DKK million			
Free cash flow	39,991	34,222	27,396
+ Net purchase of marketable securities	1,533	(2,033)	2,232
+ Net cash used in investing activities	6,790	6,098	2,064
<b>= Net cash generated from operating activities</b>	<b>48,314</b>	<b>38,287</b>	<b>31,692</b>

### Cash to earnings

Cash to earnings is defined as 'free cash flow as a percentage of net profit'.

Management believes that Cash to earnings is an important performance metric because it measures the Group's ability to turn earnings into cash and is, therefore, in the eyes of management a meaningful measure for investors to understand the development of the Group's net cash generated from operating activities. Because management wants this measure to capture the ability of the Group's operations to generate cash, free cash flow is used as the numerator instead of net cash flow.

The following table shows the reconciliation of Cash to earnings to the most comparable IFRS financial measure 'Cash flow from operating activities/earnings in %':

<b>Reconciliation of cash to earnings</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
DKK million			
Free cash flow	39,991	34,222	27,396
/ Net profit (as reported in the Annual Report)	37,925	34,860	26,481
<b>= Net cash generated from operating activities</b>	<b>105.4%</b>	<b>98.2%</b>	<b>103.5%</b>
Net cash generated from operating activities	48,314	38,287	31,692
/ Net profit (as reported in the Annual Report)	37,925	34,860	26,481
<b>= Cash flow generated from operating activities / net profit in %</b>	<b>127.4%</b>	<b>109.8%</b>	<b>119.7%</b>

### Operating profit after tax to net operating assets

Operating profit after tax to net operating assets is defined as 'operating profit after tax (using the effective tax rate) as a percentage of average inventories, receivables, property, plant and equipment, intangible assets and deferred tax assets less non-interest bearing liabilities including provisions and deferred tax liabilities (where average is the sum of above assets and liabilities at the beginning of the year and at year-end divided by two)'.

Management believes Operating profit after tax to net operating assets is a useful measure in providing investors and management with information regarding the Group's performance. The calculation of the financial target Operating profit after tax to net operating assets is a widely accepted measure of earnings efficiency in relation to total capital employed. Management believes that the income level relative to total capital employed, as measured by Operating profit after tax to net operating assets, is an effective measure of increases or decreases, as the case may be, in shareholder value generation.

The following table reconciles Operating profit after tax to net operating assets with 'Operating profit/equity in %', the most directly comparable IFRS financial measure:

<b>Reconciliation of Operating profit after tax to net operating assets</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
DKK million			
Operating profit after tax	38,407	39,654	26,800
/ Average non-interest bearing balance sheet items	25,578	26,668	26,537
<b>= Operating profit after tax to net operating assets (as reported in the Annual Report) in %</b>	<b>150.2%</b>	<b>148.7%</b>	<b>101.0%</b>

<b>Numerator</b>			
Reconciliation of Operating profit after tax to Operating profit			
Operating profit after tax	38,407	39,654	26,800
/ (1 minus effective tax rate) in %	79.3%	80.2%*	77.7%
<b>= Operating profit (as reported in the Annual Report)</b>	<b>48,432</b>	<b>49,444</b>	<b>34,492</b>
<b>Denominator</b>			
Reconciliation of Average non-interest bearing balance sheet items to Equity			
Non-interest bearing balance sheet items at the beginning of the year	26,505	26,830	26,243
+ Non-interest bearing balance sheet items at the end of the year	24,651	26,505	26,830
/ 2			
= Average non-interest bearing balance sheet items as used in Operating profit after tax to net operating assets	25,578	26,668	26,537
Non-interest bearing balance sheet items at the end of the year	24,651	26,505	26,830
+ Investment in associated company	809	811	-
+ Other financial assets	1,388	1,339	856
+ Marketable securities	2,009	3,542	1,509
+ Derivative financial instruments	529	304	30
+ Cash at bank and in hand	18,690	16,923	14,396
- Loans	-	-	-
- Current debt	(229)	(1,073)	(720)
- Derivative financial instruments	(2,578)	(1,382)	(2,607)
<b>= Equity (as reported in the Annual Report)</b>	<b>45,269</b>	<b>46,969</b>	<b>40,294</b>
Operating profit (as reported in the Annual Report)	48,432	49,444	34,492
/ Equity (as reported in the Annual Report)	45,269	46,969	40,294
<b>= Operating profit/Equity in %</b>	<b>107.0%</b>	<b>105.3%</b>	<b>85.6%</b>

\*) The effective tax rate in 2015 was impacted by 1.3% from the non-taxable income from partial divestment of NNIT A/S.

### Financial resources at the end of the year

Financial resources at the end of the year is defined as the sum of cash and cash equivalents at the end of the year, bonds with original term to maturity exceeding three months and undrawn committed credit facilities.

Management believes that the Financial resources at the end of the year is an important measure of the Group's financial strength from an investor's perspective, capturing the robustness of the Group's financial position and its financial preparedness for unforeseen developments.

<b>Reconciliation of financial resources at the end of the year</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
DKK million			
Financial resources at the end of the year	28,648	27,601	23,373
- Marketable securities at the end of the year	(2,009)	(3,542)	(1,509)
- Undrawn committed credit facilities	(8,178)	(8,209)	(8,188)
<b>= Cash and cash equivalents at the end of the year (as reported in the Annual report)</b>	<b>18,461</b>	<b>15,850</b>	<b>13,676</b>

### Sales growth in local currencies

Sales growth in local currencies is defined as sales for the current year measured at prior year average exchange rates compared with sales for prior year measured at prior year average exchange rates.

Management believes that the sales growth in local currencies is relevant information for investors in order to understand the underlying development in sales by adjusting for the impact of currency fluctuations.

## ITEM 19 EXHIBITS

**a. Annual Report**

The following pages from our *Annual Report 2016*, furnished to the SEC on Form 6-K, dated February 9, 2017, are incorporated by reference into this Form 20-F. The content of websites, scientific articles and other sources referenced on these pages are not incorporated by reference into this Form 20-F.

	<b><u>Page(s) in the Annual Report</u></b>
<b>Management Discussion and Analysis</b>	
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**b. Exhibits**

List of exhibits:

<b><u>Exhibit No.</u></b>	<b><u>Description</u></b>	<b><u>Method of filing</u></b>
1.1	Articles of Association of Novo Nordisk A/S	Incorporated by reference to the Registrant's Report furnished to the SEC on Form 6-K on March 21, 2016.
8.1	Companies in the Novo Nordisk Group	Incorporated by reference to page 95 of our <i>Annual Report 2016</i> filed on Form 6-K dated February 9, 2017.
11.1	Novo Nordisk Business Ethics Code of Conduct	Filed together with this Form 20-F for 2016.
12.1	Certification of Lars Fruergaard Jørgensen, President and Chief Executive Officer of Novo Nordisk, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed together with this Form 20-F for 2016.
12.2	Certification of Jesper Brandgaard, Executive Vice President and Chief Financial Officer of Novo Nordisk, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed together with this Form 20-F for 2016.
13.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Filed together with this Form 20-F for 2016.
15.1	Extracts from Registrant's Annual Report for the fiscal year ended December 31, 2016.	Incorporated by reference to the portions of Registrant's Report furnished to the SEC on Form 6-K on February 9, 2017 identified in Item 19.a of this Form 20-F.
15.2	Extracts from Registrant's Annual Report for the fiscal year ended December 31, 2015.	Incorporated by reference to the portions of the Registrant's Report furnished to the SEC on Form 6-K on February 10, 2016 identified in Item 19.a of the Form 20-F filed on February 10, 2016.
15.3	Consent of independent registered public accounting firm.	Filed together with this Form 20-F for 2016.

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Shareholders of Novo Nordisk A/S

In our opinion, the consolidated financial statements listed in the index appearing under Item 19(a) present fairly, in all material respects, the financial position of Novo Nordisk A/S and its subsidiaries at 31 December 2016 and 31 December 2015, and the results of their operations and their cash flows for each of the three years in the period ended 31 December 2016 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board and in conformity with International Financial Reporting Standards as adopted by the European Union. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of 31 December 2016, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the Report of Novo Nordisk Management on Internal Control over Financial Reporting, appearing under Item 15. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Bagsværd, Denmark  
February 1, 2017

SIGNATURES

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**SIGNATURES**

The Registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

**NOVO NORDISK A/S**

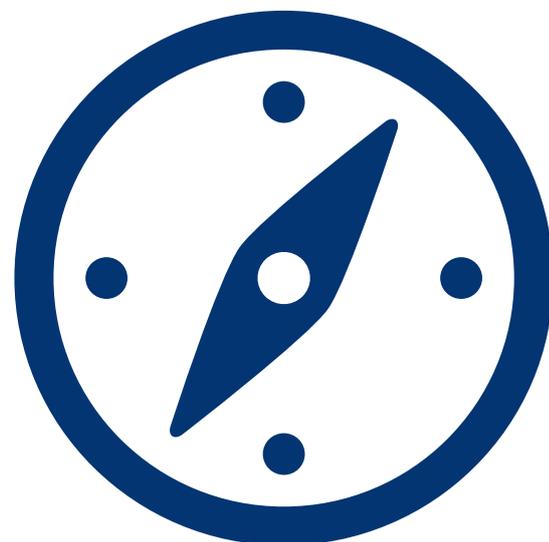
/s/ Lars Fruergaard Jørgensen

Name: Lars Fruergaard Jørgensen  
Title: President and Chief Executive  
Officer

/s/ Jesper Brandgaard

Name: Jesper Brandgaard  
Title: Executive Vice President and  
Chief Financial Officer

Bagsværd, Denmark  
Dated: February 9, 2017



# Novo Nordisk Business Ethics Code of Conduct

Dear Colleagues,

The Novo Nordisk Way describes who we are, where we want to go and the values that characterise our company.

One of our values is that we never compromise on business ethics (Novo Nordisk Way, Essential 10).

This means we apply high integrity standards globally and across the value chain in our efforts to create long-term business value.

Our integrity must never be open to doubt or put at risk. Violations of our integrity would undermine the trust that patients and society place in us. Ultimately, this could result in losing our license to operate leaving us unable to provide products to patients whose lives and wellbeing depend on them.

This Business Ethics Code of Conduct explains Novo Nordisk's expectations of you.

I am confident that this Code and the supporting Business Ethics Compliance Framework will help you resolve the questions that may arise as part of your job.

Please take time to read this Code, keep it in mind and use it to guide your decisions and actions.

By doing so, you are living the Novo Nordisk Way.

**Sincerely,**

**Kim Bundegaard**

Chief Compliance Officer and Chair of Business Ethics Board



## Applies to

- This Code applies to all Novo Nordisk employees.
- Business partners who act on our behalf as Third Party Representatives must also follow this Code.

## Roles and Responsibilities

### Employee

- Read this Code, and apply its principles in your daily work.
- Report possible or actual violations of this Code.

### Manager

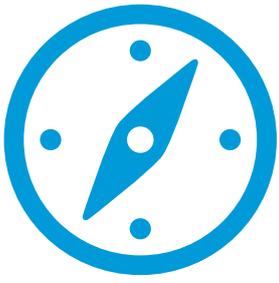
- Read this Code and apply its principles in your daily work.
- Lead by example and never ignore or accept unethical behaviour.
- Ensure that employees reporting to you understand how to apply this Code in their daily work.
- Ensure that relevant local limits and processes are established in your area to support compliance with this Code.
- Ensure that Third Party Representatives you select and engage in your area are identified, evaluated, trained and monitored, see section 4.
- Report possible or actual violations of this Code, see section 2.



**ALEX SILVERBERG**  
Alex has diabetes type 1  
and lives in Sweden

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# 1. Our Commitment to Business Ethics

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**Novo Nordisk's Business Ethics Policy [1] states that:  
In Novo Nordisk, we will act with integrity in our efforts to deliver competitive results. This means that we will:**

- apply consistently high business ethics standards across the value chain
- address day-to-day dilemmas guided by the Novo Nordisk Way
- be transparent about our business decisions and practices
- hold ourselves accountable for acting with integrity and in compliance with the UN Global Compact.

Be transparent about our business decisions and practices

This Code spells out in further detail what integrity means to Novo Nordisk and it sets a global standard.

The global standard is the minimum that must be followed across Novo Nordisk. In some countries, local laws, regulations or industry codes may be more stringent than this Code. Where this is so, we follow the more stringent rules.

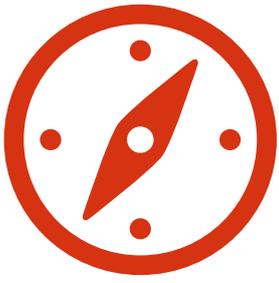
All the principles you need to know can be found in this Code.

More detailed requirements and resources are available at the **Business Ethics Compliance Framework**.

We do not accept violations of this Code and the supporting Business Ethics Compliance Framework. Employees who violate this Code will be held accountable and disciplinary actions will be issued in line with Novo Nordisk's Disciplinary Sanction Guidelines and local law.

All the principles you need to know can be found in this Code

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## 2. Ask Questions and Raise Concerns

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**An open and honest dialogue is a precondition for Novo Nordisk to maintain and continuously strengthen our integrity.**

When you have a question or a concern about a potential or actual breach of this Code, the right thing is to raise your question or concern to relevant people.

First, talk to your manager about it. If you are not comfortable with this, contact:

- Local Legal and Compliance
- HR
- Business Ethics Compliance Office or Group Internal Audit.

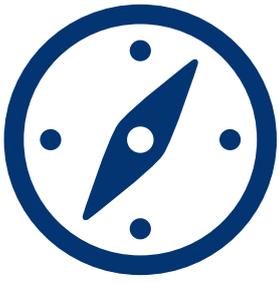
Employees and externals can also report concerns to our Compliance Hotline via the Internet or by phone. Nine language options are available. All reports are treated confidentially and you have the option to report anonymously. To contact our Compliance Hotline, use this link or visit the **Business Ethics Compliance Framework**.

It is important that you know that Novo Nordisk will not accept any retaliation against anyone who raises a concern in good faith. A good-faith report is one that you believe to be true and that you do not make with the aim of harming others. You do not have to know all the facts, as long as you report in good faith.

All reports are treated confidentially and you have the option to report anonymously.

For contact details, visit the [Business Ethics Compliance Framework](#)

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## 3. Business Ethics in General

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### Bribes and Improper Advantages

**Novo Nordisk does not accept bribery or any other form of corrupt business behaviour.**

We comply with all laws on bribery and corruption such as the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act and local anti-corruption laws and industry codes in the countries where we operate.

We do not offer, give or accept bribes or any form of improper advantage, and we do not allow others to give bribes on our behalf. This applies in all interactions with our stakeholders.

Bribes and improper advantages can be monetary such as cash payments or illegal rebates. But they also include non-monetary items such as improper gifts, meals, products, travel expenses, or other items that ultimately mean the transfer of something of value in return for some special consideration.

It does not matter whether you use your own private money or Novo Nordisk's funds to pay a bribe or improper advantage. Both are against this Code.

Keep in mind that perception matters and that your behaviour can be considered a bribe or an improper advantage regardless of your intention.

Novo Nordisk does not accept bribery or any other form of corrupt business behaviour.

### Facilitation Payments

**Novo Nordisk prohibits facilitation payments worldwide.**

Facilitation payments are gifts or payments made to a public official to speed up an administrative or otherwise routine task that should be performed anyway. Examples include processing papers for customs clearance, issuing visas and other actions by an official.

If you are asked to make a facilitation payment, refuse to pay. Only if there is a threat to your life or health, should a payment be necessary. Contact your manager to discuss the appropriate way to deal with the situation. Always report any facilitation payment made to the Compliance Hotline and ensure that it is booked as a 'facilitation payment' in Novo Nordisk's books.

Always report any facilitation payment made to the Compliance Hotline.

## Fraud

### **Preventing and detecting fraud is a priority for Novo Nordisk.**

You must not engage in any kind of fraud against Novo Nordisk, any of our business partners or government entities.

The meaning of fraud varies from country to country, but generally, it means deliberately deceiving a person or company to unjustly obtain an unauthorised benefit, such as money, property or services. Examples are:

- theft of funds, inventory or any other asset from Novo Nordisk, including false expense reports
- manipulation of accounting information or financial statements
- misuse or forgery of any document (for example records, data, accounts, expense claims or contracts)

## Conflict of Interest

### **Personal interests must not have or even appear to have an undue influence on our professional judgment.**

A conflict of interest occurs when you have a professional or personal interest that may affect your ability to perform your job without bias. It may relate to your own personal interests, or those of a family member, a friend or another entity you are involved with.

Often, a conflict of interest can be resolved acceptably for both you and Novo Nordisk. So, if you believe you are involved in an actual or potential conflict of interest, let your manager know immediately, so that an appropriate solution can be found. Managers must ensure that employees who have a conflict of interest are not involved in relevant decision-making.

## Gifts, Hospitality and Entertainment

### **Novo Nordisk does not give or accept gifts, hospitality or entertainment that could raise concerns about our integrity.**

Keep in mind that when you give or accept gifts, hospitality and entertainment in interactions with business partners, this could lead to a conflict of interest and be seen as a bribe or improper advantage.

#### **To avoid this, you must:**

- not ask for gifts, hospitality or entertainment from our current or potential business partners
- ensure that any offer or receipt of gifts, hospitality or entertainment is of reasonable value, infrequent, related to a business purpose, customary for that business relation and cultural practice, and in line with any local requirements. Lavish or inappropriate gifts, hospitality or entertainment are prohibited



Novo Nordisk does not give or accept gifts, hospitality or entertainment that could raise concerns about our integrity.

- never invite or pay for expenses unrelated to business meetings, or related to spouses, family members or other companions. Likewise, you must not accept offers from business partners to pay for expenses unrelated to business meetings, or relating to your spouse, family members or other companions.

Stricter rules apply for interactions with Public Officials, Healthcare Professionals (HCPs) and Healthcare Organisations (HCOs).

Read and comply with the limits and requirements applicable to your area at the **Business Ethics Compliance Framework – ‘Gifts, Hospitality and Entertainment’**.

## Grants, Donations and Sponsorships

**Novo Nordisk gives contributions to organisations in support of healthcare, continuing medical education, research, or for charitable purposes in line with ‘Novo Nordisk Triple Bottom Line commitment’.**

We never offer or give such contributions to unduly influence the recipients or to undermine their independence.

To ensure this, remember that we never offer or give grants, donations and sponsorships:

- to individuals
- to improperly encourage or reward prescription, recommendation, or purchase of Novo Nordisk products or to influence regulatory, pricing, or reimbursement decisions
- for the purpose of pre-approval or off-label promotion (as explained below).

If you receive a request for grants, donations and sponsorships, read and comply with the requirements at the **Business Ethics Compliance Framework – ‘Grants, Donations and Sponsorships’**.

## Off-label Communication

**Novo Nordisk promotes its products in accordance with the approved product label.**

We never engage in promotion of our products prior to marketing authorisation, nor do we promote our products for use in indications that are not included in the product labelling approved by local regulatory authorities. ‘Off-label promotion’, as we call it, is prohibited.

Information about products that have not yet been approved or information that is not consistent with approved product labelling may be provided only on request or to support proper exchange of scientific information – in both cases only by our medically and scientifically qualified staff.

If you provide product information as part of your job, read and comply with the requirements at the **Business Ethics Compliance Framework – ‘Off-label Communication’**.

# Books and Records

**Novo Nordisk maintains accurate books and records of our business dealings. In this way, we can always trace how we make or receive payments and for what reason.**

When you provide anything of value to a company, entity or individual outside the Novo Nordisk group, make sure that the recorded entry is booked correctly and states the purpose, nature and participants related to such transaction, for example when settling expenses related to business travel in Concur.

Do not create records that are false, incomplete, or altered or that do not reflect the true nature of transactions. This is considered fraud and is not accepted.

Be especially cautious when it comes to transfers of value to HCPs and HCOs. This is to ensure that we can report and disclose such transfers in line with our procedures, applicable local laws, regulations and industry codes, see also section 4.

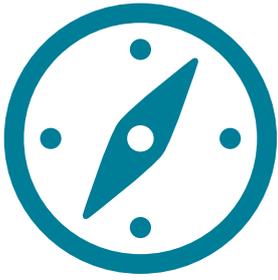
If you process or approve payments, read and comply with the requirements and supporting guidance at the **Business Ethics Compliance Framework** – ‘Books and Records’.



Do not create records that are false, incomplete, or altered or that do not reflect the true nature of transactions. This is considered fraud and is not accepted.



**Abdul Aziz Al-Armally**  
Abdul has Haemophilia A and lives in Kuwait



## 4. Business Ethics in Our Interactions with Stakeholders

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### Public Officials

**Novo Nordisk interacts with Public Officials ethically, responsibly and transparently. We never give or offer anything of value to unduly influence a Public Official.**

The term Public Official is broad. For example, it covers politicians, officers, and others employed in government departments, in companies owned or partially owned by a government and in international organisations. Most medical and scientific personnel are seen as Public Officials when they work in government-owned hospitals, clinics, universities or similar facilities. In many countries, Public Officials also include HCPs.

It is important that you recognise that our interactions with Public Officials are subject to strict International laws and local rules in the countries where we operate.

If you interact with Public Officials, read and comply with the requirements and supporting guidance at the **Business Ethics Compliance Framework** – 'Public Officials'.

### Healthcare Professionals and Healthcare Organisations

Novo Nordisk believes that interactions with HCPs and HCOs have a profound and positive impact on the quality of patient treatment and future innovations.

We engage with HCPs and HCOs as part of our research and development activities, for example in clinical trials. We also sponsor and arrange meetings with HCPs to inform them about the medical aspects of our products, or to provide, exchange or obtain other scientific or educational input.

Where allowed, we also give samples of Novo Nordisk products to HCPs to enable HCPs to familiarise themselves with our products.

All these interactions are based on a valid scientific/business purpose and in compliance with all laws and industry codes.



We never give or offer anything of value to Healthcare Professionals or Organisations to influence their prescribing or purchasing decisions and we are transparent with regard to our contributions.

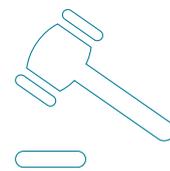
We never give or offer anything of value to HCPs or HCOs to unduly influence their prescribing or purchasing decisions and we are transparent with regard to our contributions.

If you interact with HCPs or HCOs, read and comply with the requirements and supporting guidance at the **Business Ethics Compliance Framework** – ‘Interactions with HCPs/HCOs’.

## Patients and Patient Organisations

**At Novo Nordisk we focus on doing what is best for the patient. We consider the exchange of information with patients and patient organisations to be vital for our continued improvement of products and treatments. Valuable insights can come from these relationships.**

We comply with local and international laws, regulations and industry codes and ensure transparency and high ethical standards in our interactions with patients and patient organisations. In addition, we follow the codes developed by individual patient organisations and respect their independence.



If you interact with patients and patient organisations, read and comply with the requirements and supporting guidance at the **Business Ethics Compliance Framework** – ‘Patients and Patient Organisations’.

## Third Party Representatives

**Sometimes we hire companies or individuals who are not part of Novo Nordisk to provide services for us and represent us in interactions with Public Officials and/or HCPs or HCOs. For example, they may represent us in public tenders, perform lobbying, marketing or sales promotional activities on our behalf or organise our educational meetings for HCPs. We call them ‘Third Party Representatives’ or ‘TPRs’.**

Because Third Party Representatives represent Novo Nordisk in critical relationships, they may expose us to liability and reputational damage, if they do not follow our Business Ethics standards. Therefore, we require them to agree to follow this Code.

Before we engage certain high-risk Third Party Representatives, we evaluate their integrity based on information collected from various sources. We also educate them in the standards of this Code.

During the business relationship, we continually monitor our Third Party Representatives’ compliance with this Code and the terms of the contract. If a Third Party Representative violates this Code, we will request immediate action. If necessary, we will terminate the business relationship.

If you interact with Third Party Representatives, read and comply with the requirements and supporting guidance at the **Business Ethics Compliance Framework** – ‘Third Party Representatives’.

If you interact with Third Party Representatives, read and comply with the requirements and supporting guidance at the **Business Ethics Compliance Framework** – ‘Third Party Representatives’.

# Definitions

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This list contains definitions of abbreviations and terms used in this document.

<b>Term</b>	<b>Definition</b>
<b>Bribery</b>	To offer, promise or give any undue advantage or anything of value, directly or indirectly, to a public official, business partner or any person, to obtain or retain business or other improper business advantage.
<b>Healthcare Organisation (HCO)</b>	Any legal person that is a healthcare, medical or scientific association or organisation (regardless of the legal or organisational form) such as a hospital, clinic, foundation, university or other teaching institution or learned society (except for patient organisations), through which one or more Healthcare Professionals provide services. This definition also includes Healthcare Institutions (HCI). Note that the meaning of 'HCO'/'HCI' may vary from country to country.
<b>Healthcare Professional (HCP)</b>	Any member of the medical, dental, pharmacy or nursing professions or any other person who, in the course of his/her professional activities, may prescribe, purchase, supply, recommend, or administer a medicinal product. This includes also any official or employee of a government agency or other organisation (whether in the public or private sector) that may prescribe, purchase, supply or administer medicinal products. In some cases, HCPs may also be covered by the term 'Public Officials' by international anti-corruption laws. Note that the meaning of 'HCP' may vary from country to country
<b>Public Official</b>	(i) An officer or employee or person acting in an official capacity for or on behalf of a government, including any government department, agency or instrumentality; (ii) an officer or employee or person acting in an official capacity for or on behalf of a public international organisation including any department, agency or instrumentality and any entity thereof; or (iii) a political party official, candidate for political office, or person acting in an official capacity of a political party official or candidate for office.
<b>UN Global Compact</b>	A voluntary UN initiative based on commitments from companies to implement universal sustainability principles and to take steps to support the United Nations' goals. Novo Nordisk has made a commitment to comply with the principles of the UN Global Compact. Principle 10 on anti-corruption states that "businesses should work against corruption in all its form, including extortion and bribery."
<b>Third Party Representative</b>	Any company or individual that is not part of the Novo Nordisk group but is engaged by Novo Nordisk to provide certain services and, as part of the performance of such services, acts on behalf of or in the interest of Novo Nordisk towards Public Officials and/or Healthcare Professionals/Healthcare Organisations. Guidance on how to identify if a current or potential business partner is a Third Party Representative is available at Business Ethics Compliance Framework (link) –'Third Party Representatives'.
<b>Off-label promotion</b>	Off-label promotion means any communication to an external audience that is designed to promote an off-label use of a product. Off-label use means any use of a product that is not consistent with the currently approved product labelling or any use of an unapproved product. Product means any Novo Nordisk medicinal product or medical device (approved or unapproved). The product labelling is the information on the package insert as approved by the appropriate regulatory authority. The meaning of promotion varies from country to country. In the EU, it is defined as 'any form of door-to-door information, canvassing activity or inducement designed to promote the prescription, supply, sale or consumption of medicinal products'.

## **Certification on the effectiveness of disclosure controls and procedures in Form 20-F for 2016**

I, Lars Fruergaard Jørgensen, certify that:

1. I have reviewed this annual report on Form 20-F of Novo Nordisk A/S;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial

statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: February 9, 2017

/s/ Lars Fruergaard Jørgensen

Lars Fruergaard Jørgensen  
President and Chief Executive Officer

## **Certification on the effectiveness of disclosure controls and procedures in Form 20-F for 2016**

I, Jesper Brandgaard, certify that:

1. I have reviewed this annual report on Form 20-F of Novo Nordisk A/S;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial

statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: February 9, 2017

/s/ Jesper Brandgaard

Jesper Brandgaard  
Executive Vice President and  
Chief Financial Officer

**CERTIFICATION OF LARS FRUERGAARD JØRGENSEN, CHIEF EXECUTIVE OFFICER OF NOVO NORDISK A/S, AND JESPER BRANDGAARD, CHIEF FINANCIAL OFFICER OF NOVO NORDISK A/S, PURSUANT TO SECTION 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Novo Nordisk A/S (the "Company") on Form 20-F for the period ending December 31, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned hereby certify that to the best of our knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 9, 2017

/s/ Lars Fruergaard Jørgensen

Lars Fruergaard Jørgensen  
President and Chief Executive Officer

/s/ Jesper Brandgaard

Jesper Brandgaard  
Executive Vice President and  
Chief Financial Officer

Exhibit 15.3

**Consent of independent registered public accounting firm**

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-82318 and No. 333-83724) of Novo Nordisk A/S of our report dated February 1, 2017 relating to the Consolidated Financial Statements and the effectiveness of internal control over financial reporting, which appears in this Form 20-F.

/s/ PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Copenhagen, Denmark  
February 9, 2017