

# Minutes from the Annual General Meeting 2019 in Novo Nordisk A/S

On 21 March 2019, at 2.00 pm (CET), the Annual General Meeting of Novo Nordisk A/S was held at Bella Center, Center Boulevard 5, DK-2300 Copenhagen S, Denmark.

**The agenda was as follows:**

1. The Board of Directors' oral report on the Company's activities in the past financial year.
2. Presentation and adoption of the statutory Annual Report 2018.
3. Approval of the remuneration of the Board of Directors for 2018 and the remuneration level for 2019.
  - 3.1. Approval of actual remuneration for 2018.
  - 3.2. Approval of remuneration level for 2019.
4. Resolution to distribute the profit according to the adopted statutory Annual Report 2018.
5. Election of members to the Board of Directors, including chairman and vice chairman.
  - 5.1. Election of chairman.
  - 5.2. Election of vice chairman.
  - 5.3. Election of other members to the Board of Directors.
6. Appointment of auditor.
7. Proposals from the Board of Directors:
  - 7.1. Reduction of the Company's B share capital by nominally DKK 10,000,000 by cancellation of B shares.
  - 7.2. Authorisation to the Board of Directors to allow the Company to repurchase own shares.
  - 7.3. Authorisation to the Board of Directors to increase the Company's share capital.
  - 7.4. Approval of changes to the Remuneration Principles.
8. Proposal from the shareholders:
  - 8.1. Reduction of price of insulin and other products if return on equity exceeds 7%.
9. Any other business.

Shares of a nominal value of approximately DKK 267.4 million were represented at the Annual General Meeting, equal to 55.97% of the Company's total share capital after deduction of the Company's holding of own shares. The capital represented corresponded to 123,475,214,680 votes, equal to 85.44% of the total number of votes after deduction of votes attached to the Company's holding of own shares.

A total of 950 admission cards were issued for the Annual General Meeting and 455 admission card holders were present. Of those present, shareholders with voting rights comprised 350. The Board of Directors received proxies for a total of 110,724,421,400 votes, equal to 89.67% of the votes represented. In addition, proxy voting instructions were received for a total of 123,965,940 votes, equal to 0.10% of the represented votes.

With respect to the results of the votes, reference is made to **Appendix 1** which includes a statement from the keeper of the Register of Shareholders, VP Investor Services. Only one electronic vote was carried out at the Annual General Meeting in respect of agenda item 8.1. As no formal vote was carried out in respect of the other agenda items, the statement reflects votes cast in accordance with proxy voting instructions and written votes; shareholders present are calculated as having voted in favour.

The Chairman of the Board of Directors, Helge Lund, welcomed the shareholders. The Chairman stated that the Annual General Meeting would be webcasted live in Danish and English to allow shareholders worldwide to follow the meeting. The Annual General Meeting would take place in English. It would be possible for the shareholders to speak either in Danish or in English and simultaneous interpretation would be available via headphones for everyone attending the Meeting.

The Chairman of the Board of Directors introduced the individual members of the Board of Directors, Executive Management and the Company's auditors.

The Chairman of the Board of Directors informed the general meeting that in accordance with Article 7.3 of the Company's Articles of Association, the Board of Directors had appointed Klaus Søgaard, attorney-at-law, as Chairman of the Meeting.

The Chairman of the Meeting explained the rules under the Danish Companies Act and the Company's Articles of Association concerning the convening of the Annual General Meeting and noted that the Annual General Meeting had been duly convened and formed a quorum.

The Chairman of the Meeting explained that items 1 and 2 on the agenda would be presented together.

**Item 1 on the agenda: The Board of Directors' oral report on the Company's activities in the past financial year.**

Novo Nordisk's President and chief executive officer, Lars Fruergaard Jørgensen, stated that for everyone at Novo Nordisk, 2018 has been a year of change and significant progress. Novo Nordisk had delivered on its targets for sales and operating profit, and Novo Nordisk had successfully launched Ozempic®, the new once weekly GLP-1 for people with type 2 diabetes, and taken crucial steps towards the regulatory submission of oral semaglutide. Lars Fruergaard Jørgensen noted that Novo Nordisk also had said goodbye to many good employees, as resources had been redirected to future growth drivers.

Lars Fruergaard Jørgensen informed that in 2018, Novo Nordisk had delivered on its growth guidance and pointed out that Novo Nordisk's sales growth in 2018 of 5% measured in local currencies was in the top of the range announced at the beginning of the year and that operating profit growth in 2018 of 3% measured in local currencies was within the range. Operating profit increased by 6% in 2018 when adjusting for severance cost and the priority review voucher for oral semaglutide.

Lars Fruergaard Jørgensen further stated that 2018 was characterised by an intense flow of new clinical data, especially the results from the ten PIONEER trials for oral semaglutide, which had enabled Novo Nordisk to submit oral semaglutide for regulatory approval in the US on 20 March 2019. Further, Lars Fruergaard Jørgensen informed that a number of organisational changes had been implemented throughout 2018 to ensure that this momentum is carried through 2019 and beyond, and which have enhanced Novo Nordisk's ability to adapt and succeed in a rapidly-changing business environment. This had unfortunately led to Novo Nordisk having to reduce the workforce by around 1,300 employees globally, which had been necessary to increase the agility of Novo Nordisk by freeing up resources for reallocation towards future key growth drivers, which already had had a positive impact on Novo Nordisk's performance.

Lars Fruergaard Jørgensen then reviewed some of the other key developments in 2018. In 2018, the sales growth was 5% in local currencies and unchanged in Danish kroner. The sales growth was driven by the diabetes care and obesity segment, where the diabetes franchise grew by 4% in local currencies and accounted for 73% share of growth. The GLP-1 segment grew 18% in local currencies and was the primary growth driver, where Victoza® sales increased by 9% in local currencies and Ozempic® realised DKK 1.8 billion in sales.

Total insulin sales were broadly unchanged, reflecting 5% insulin sales growth in local currencies in International Operations driven by solid Tresiba® and Xultophy® volume growth. This was offset by the US insulin sales decline of 7% in local currencies, mainly driven by lower realised prices in the basal insulin segment. Within obesity, Saxenda® grew by 60% measured in local currencies and accounted for 30% share of growth. Biopharmaceuticals sales in local currencies were broadly unchanged, driven by continued solid execution of the strategic priorities. The sales growth of 5% was driven by both North America Operations and International Operations. In North America Operations sales increased by 3% in local currencies driven by GLP-1 sales increasing 19% and Saxenda® sales increasing 39%. In International Operations sales increased by 7% where all regions apart from Region Japan & Korea contributed to growth. For the global insulin franchise, sales were broadly unchanged in local currencies driven by North America Operations declining by 7%, partly countered by 5% sales growth in International Operations. The decline in North America was primarily driven by lower realised prices in the basal insulin segment.

Lars Fruergaard Jørgensen further noted that the GLP-1 sales growth of 18% was driven by the launch of Ozempic® in North America and the continued solid market volume growth of the GLP-1 class, and that Novo Nordisk during 2018 had taken a number of initiatives to strengthen its commercial execution. Lars Fruergaard Jørgensen then stated that he believed Novo Nordisk had entered 2019 well prepared to bring value to patients by maximizing its broad product portfolio.

Lars Fruergaard Jørgensen pointed out that Ozempic had now been launched in 11 countries. In the US, Novo Nordisk had expanded the market leadership with a combined new-to-brand market share of around 48% driven by solid uptake of Ozempic®. In Canada, Ozempic® had continued to increase new-to-brand prescription market share. Novo Nordisk's combined new-to-brand prescription market share was now around 81%. Ozempic® has also been launched in nine markets in Europe and by the end of December 2018, Ozempic® had gained around 13% total volume market share in the launched European countries combined. Lars Fruergaard Jørgensen further noted that the roll-out of Ozempic® would continue in 2019.

Lars Fruergaard Jørgensen then referred to research and development ("R&D"), where 2018 had been a year with a lot of exciting news from Novo Nordisk's pipeline which is expected to further strengthen Novo Nordisk's product portfolio in the coming years:

- The successful completion of the phase 3a PIONEER programme for oral semaglutide. In the PIONEER clinical trial program, oral semaglutide demonstrated statistically significantly greater reductions in both HbA<sub>1c</sub> and body weight when compared to the leading SGLT-2 and DPP-4 inhibitors as well as the leading injectable GLP-1 analogues, liraglutide and dulaglutide in a Japanese population. Following the completion of the PIONEER programme, two applications for oral semaglutide have been submitted for regulatory review by the US FDA, one for treatment of glycaemic control and one for cardiovascular risk reduction, both for adults with type 2 diabetes.
- For Ozempic®, an application had been submitted for regulatory review by the US FDA to obtain a cardiovascular risk reduction indication for adults with type 2 diabetes.
- The label for Tresiba® in the US had been updated based on data from the DEVOTE trial demonstrating a 40% lower rate of severe hypoglycaemia compared with insulin glargine U100.
- The initiation of the phase 3a programme STEP and the cardiovascular outcome trial SELECT, both with 2.4 mg injectable once-weekly semaglutide for people with obesity.
- The approval of Esperoct®, Novo Nordisk's long-acting factor eight product in the US and submissions for regulatory approval in the EU and Japan.

- Completion of the two phase 2 trials for concizumab and expected phase 3 initiation in the second half of 2019.
- Completion of the phase 2 trial for somapacitan, Novo Nordisk's once-weekly growth hormone, for children with growth hormone deficiency and expected initiation of phase 3 in Q2 2019. Moreover, a phase 3 trial with somapacitan in adults had been completed, and somapacitan is expected to be submitted for regulatory approval for adults with growth hormone deficiency in the US in Q3 2019.

Lars Fruergaard Jørgensen then referred to the outlook for 2019 and stated that 2019 is expected to be an exciting year with the continued roll-out of Ozempic® and hopefully regulatory approval of oral semaglutide in the US. Within obesity, Novo Nordisk will continue to expand its value market share leadership, and within biopharmaceuticals, Novo Nordisk will continue the solid strategic execution of returning the franchise to growth, despite NovoSeven® being affected by a competitive product launch. Lars Fruergaard Jørgensen further stated that, with the breadth of Novo Nordisk's diabetes care product portfolio, a key priority for 2019 will be to grow Novo Nordisk's market share.

Lars Fruergaard Jørgensen noted that prices will still be under pressure, especially in the US, that Novo Nordisk will be negatively impacted by DKK 2 billion due to the legislative changes in the US Medicare Part D coverage gap, and that Novo Nordisk therefore expect sales growth of 2 to 5% in 2019 measured in local currencies.

Lars Fruergaard Jørgensen hereafter noted that Novo Nordisk feels a great responsibility for helping the 425 million people in the world with diabetes, the 650 million who have obesity and the thousands who live with haemophilia or growth disorders, and that they are the reason for Novo Nordisk's existence.

Lars Fruergaard Jørgensen stated that Novo Nordisk wants to ensure that people who need lifesaving insulin have access to it, and that this is achieved through differential pricing policy for lesser developed countries and through affordable options in the US. Through this, Novo Nordisk offers human insulin at a price that does not exceed 20% of the average realised price for Europe, the US, Canada and Japan, and this guarantee includes 78 countries as of 2019, the home of 124 million people with diabetes, as well as select humanitarian organisations.

Lars Fruergaard Jørgensen then explained that in the US, around 9% of the population does not have insurance coverage, meaning that many Americans need to make large out of pocket payments for their medicine, and he further noted that finding a solution to this problem requires the participation of all parties in the US health care system, including pharmaceutical companies like Novo Nordisk. Lars Fruergaard Jørgensen explained, inter alia, that rebate levels have increased dramatically over the years. In 2018, Novo Nordisk rebates and discounts consumed 68% of gross sales in the US. Further, since 2015, Novo Nordisk's insulin net prices have declined and the majority of the people in the US covered by health insurance are today able to get Novo Nordisk's insulin with a low co-pay, typically around USD 1-1.5 per day. Lars Fruergaard Jørgensen further noted that any person in the US in need of insulin can buy Novo Nordisk's human insulin for around USD 25 per vial, which corresponds to a daily treatment cost of a couple of dollars.

Lars Fruergaard Jørgensen expressed that his vision is that Novo Nordisk under his tenure as president and chief executive officer will have solidified its position as the world's leading diabetes care company, the world's leading company within medical treatment of obesity, and among the leading companies in haemophilia, in addition to being recognised by its employees, the patients it serves, Novo Nordisk's shareholders and other external stakeholders as an outstanding company, both for what Novo Nordisk does and how Novo Nordisk does it.

Lars Fruergaard Jørgensen then presented the statutory Annual Report 2018 and noted that the statutory Annual Report 2018 had been distributed electronically and in printed format on 1 February 2019 and 22 February 2019, respectively.

Lars Fruergaard Jørgensen reviewed the financial highlights of the consolidated financial statements.

In 2018, Novo Nordisk sales grew by 5% in local currencies, which was in the top of the 2 to 5% sales growth guidance range communicated at the beginning of the year. Operating profit increased by 3% in local currencies, which was within the 1 to 5% guidance range. Operating profit increased by 6%, when adjusting for severance cost and the priority review voucher for oral semaglutide.

Lars Fruergaard Jørgensen then moved on to cost development. Costs related to production was flat in Danish kroner, resulting in a gross margin of 84.2%. Sales and distribution costs increased by 7% in local currencies and 4% in Danish kroner. The development reflects higher promotional activities in North America Operations and International Operations to support Victoza®, Saxenda® and the launch activities for Ozempic®. R&D costs increased by 8% in local currencies and by 6% in Danish kroner reflecting higher costs for R&D as well as the expense of the priority review voucher used for oral semaglutide. Administration costs increased by 7% in local currencies and by 3% in Danish kroner. The higher administrative costs were impacted by severance-related costs. Operating profit increased by 3% in local currencies and decreased by 4% in Danish kroner.

Net financial items showed a gain of DKK 367 million compared to a loss of DKK 287 million in 2017. This development reflected a gain for the full year 2018 on foreign exchange hedging, especially the US dollar, partly offset by the cost of hedging due to the interest rate differentials versus the Danish krone. The effective tax rate for 2018 was 18.9%. The effective tax rate was positively impacted by a non-recurring change in tax provisions related to settlement of international tax cases covering multiple years. Furthermore, net profit increased by 1% and earnings per share increased by 4%.

The total balance sheet increased by DKK 8.4 billion to DKK 110.8 billion from the end of 2017 to the end of 2018. The increase in total assets was primarily driven by non-current assets due to an increase in property, plant and equipment primarily due to the ramp up of diabetes production investments in the US and higher investments in intangible assets. The free cash flow of DKK 32.5 billion in 2018 showed a flat development compared to 2017 reflecting increased investments in property, plants and equipment as well as investments in intangible assets offset by rebate payables in the US and higher net profit.

The Chairman of the Board of Directors, Helge Lund, noted that Novo Nordisk in 2018 had delivered on its guidance for sales growth and operating profit growth and achieved important R&D milestones, especially the completion of the PIONEER programme for oral semaglutide. Helge Lund then stated that Novo Nordisk focuses on returning cash to its shareholders whenever feasible through both dividend payments and share repurchases. Since 2015, dividends paid to shareholders per year have increased with 10% on average and has increased for 23 consecutive years.

Helge Lund explained that the remuneration of Executive Management was designed to attract and retain as well as to motivate the members of Executive Management to align the interests of the executives with those of the shareholders. The collective remuneration package of Executive Management comprises several components, including a short-term cash-based incentive programme and a long-term share-based incentive programme. In 2018, the average cash bonus for members of the executive management was 84% of the maximum cash bonus. In 2018, Novo Nordisk exceeded the planned incentive target for economic value creation primarily driven by higher operating profit, lower effective tax rate and partly offset by unfavourable net impact from currencies. Sales were above the target level in local currencies. All of the non-financial targets were reached. On this basis, 70% of the maximum share allocation will be allocated to the participants. The shares allocated have a three-year vesting period. The number of shares allocated may be reduced or increased by up to 30%, depending on whether the average sales growth per year in the three-year vesting period deviates from a target set by the Board of Directors.

Finally, Helge Lund commented on what to expect for 2019. In the statutory Annual Report, Novo Nordisk had pre-

sented the outlook for 2019 which includes an expected sales growth in the range of 2 to 5% measured in local currencies. This reflected expectations for robust performance for the portfolio of new-generation insulin and the GLP-1 portfolio, now comprising both Victoza® and Ozempic® as well as a solid contribution from the obesity product Saxenda®. Sales growth was expected to be partly countered by intensifying global competition within diabetes care and biopharmaceuticals, especially within the haemophilia inhibitor segment, as well as continued pricing pressure within the basal insulin segment in the US. Furthermore, sales will be negatively impacted by approximately DKK 2 billion due to legislative changes to the US Medicare Part D coverage cap. Operating profit growth is expected to be in the range of 2 to 6% growth, measured in local currencies. The expectation for operating profit growth reflects the outlook for sales. Given the appreciation of the US dollar and related currencies versus the Danish krone, reported sales growth is expected to be around 2 percentage points higher than the local currency level, and reported operating profit 4 percentage points higher. Furthermore, based on the updated accounting principles for leases – IFRS16 – and the investment level, the long-term financial target for operating profit after tax to net operating assets has been adjusted from 125% to 80%. The target for cash to earnings had been adjusted from 90% to 85%, reflecting the investment level. The target for operating profit growth remains unchanged.

The Chairman of the Meeting proceeded to open the debate concerning items 1 and 2 on the agenda.

Claus Berner Møller, ATP, thanked the Chairman of the Board of Directors and the President and chief executive officer for their reports and noted that Novo Nordisk's performance for sales growth was 5% which was satisfactory taking into account the price pressure on insulin products in the US and fierce competition in the haemophilia segment. Claus Berner Møller mentioned, inter alia, that sales development for 2019 still looks promising due to the GLP-1 portfolio.

Claus Berner Møller then noted that 2018 had been a year in which the right corrective actions had been put into place, but that biopharmaceuticals had declined during the past couple of years. In this connection, Claus Berner Møller asked when a more positive financial development in biopharmaceuticals could be expected.

Claus Berner Møller referred to the 2018 Annual General Meeting, where ATP had reminded Novo Nordisk that the salary of the chief executive officer in the view of ATP was at a very high level. Regardless, the fixed base salary had increased in 2018, but was still at a lower level than that of the former chief executive officer, and the maximum total remuneration was now higher than that of the former chief executive officer. Claus Berner Møller mentioned that ATP supported the remuneration under the assumption that the target for achieving the maximum share allocation was a 'stretched target'.

The Chairman of the Board of Directors, Helge Lund, explained that growth in biopharmaceuticals is a strategic priority for Novo Nordisk. Helge Lund noted that, in Novo Nordisk's view, there are more opportunities to gain with Novo Nordisk's existing products and that Novo Nordisk is making good progress in its internal pipeline. Further, Helge Lund mentioned that Novo Nordisk is looking for complementing opportunities, and that in 2018 Novo Nordisk had made good progress in this regard as well.

Helge Lund explained that remuneration is a challenging topic, and that it is a balance between being competitive in order to attract as well as retain the right candidates and being able to justify the salary for Novo Nordisk's shareholders, stakeholders and the society. Helge Lund noted that Novo Nordisk expects to present revised Remuneration Principles at the next year's Annual General Meeting.

Michael Thøgersen, Danish Shareholders' Association, commented on the financial results for 2018 and mentioned that Novo Nordisk is in a growing market so some level of growth should be expected in the future. Michael Thøgersen queried whether there would still be a market for Victoza®, now that Novo Nordisk had introduced Ozempic®, and whether oral semaglutide would then be eroding the market for Ozempic®.



Michael Thøgersen referred to the Novo Nordisk's publicity in the US with regard to insurance and pricing of Novo Nordisk's products, and commended Lars Fruergaard Jørgensen for his presentation of this topic in his report. Michael Thøgersen then noted that Novo Nordisk had reduced its workforce by approximately 1,300 employees globally, and noted that the underlying reasons should be further explained to the public.

Michael Thøgersen commented on the increase in salary for the Executive Management. Michael Thøgersen noted that this was partly due to the expansion of the Executive Management, but that he expected an increase in salary to reflect an increase in net profit and sales, which had not been the case for the past three years.

Finally, Michael Thøgersen enquired about the pending trials in the US.

Lars Fruergaard Jørgensen noted that Novo Nordisk's growth in sales measured in local currencies actually had increased by 5% and that the growth was expected to be in the range of 2 to 5% in 2019. Further, Lars Fruergaard Jørgensen explained that the underlying business in Novo Nordisk had grown in 2018 and that Victoza® was doing well, but that Novo Nordisk saw a significant shift from Victoza® to Ozempic®, however, this was part of Novo Nordisk's overall plan. Lars Fruergaard Jørgensen then pointed out that Novo Nordisk's oral semaglutide was a matter of breakthrough science, and that Novo Nordisk sees a distinct position in the market for both oral semaglutide and Ozempic®.

Lars Fruergaard Jørgensen remarked that 9 out of 10 in the US have access to Novo Nordisk's products through arrangements where the rebates that Novo Nordisk gives apply. In respect of Americans who have low quality insurance with high deductibles, a current legislative proposal seek to remedy the issue. All Americans are, however, currently able to buy a vial of insulin for USD 25, generally bringing the daily cost down to approximately USD 1-2.

Lars Fruergaard Jørgensen then explained that the reduction of Novo Nordisk's workforce was not something Novo Nordisk had taken lightly. Lars Fruergaard Jørgensen noted that the reorganizational changes were necessary to ensure that resources were allocated to the right activities going forward.

Finally, Lars Fruergaard Jørgensen explained that Novo Nordisk has a number of legal disputes in the US, that Novo Nordisk does not agree with these claims, and that Novo Nordisk unfortunately could not comment any further on this topic as the disputes were still ongoing.

The Chairman of the Board of Directors, Helge Lund, explained that Novo Nordisk benchmarks executive remuneration with relevant Danish, Nordic and European companies. Helge Lund noted that the primary reasons for the increase were the change in the long-term incentive scheme included in the revised Remuneration Policy approved at the 2018 Annual General Meeting, the increase in members of Executive Management as well as the phase-in of the remuneration to new members of Executive Management.

Bjørn Hansen thanked the Chairman of the Board of Directors and the President and chief executive officer for their reports and proposed that the Board of Directors consider introducing a monthly salary cap of DKK 2 million for each member of Executive Management. Bjørn Hansen then mentioned that decreases in the Novo Nordisk's share price should be avoided, and that there was still a lot of potential for Novo Nordisk in the European market compared to the US market.

Susanne Rugh noted that Novo Nordisk's pipeline did not seem large enough to support the long-term growth potential of Novo Nordisk. Susanne Rugh queried how many years it would take to build a pipeline strong enough to sustain growth in the long term.

Kjeld Beyer congratulated Novo Nordisk for its results in 2018. Kjeld Beyer noted that environmental information was included in the statutory Annual Report for 2018 and commented on Novo Nordisk's involvement in decreasing CO<sub>2</sub>



emissions. Further, Kjeld Beyer queried whether Novo Nordisk would consider taking any action with regard to possible effects on people with diabetes from chemtrails left by airplanes and from 5G technology.

Lars Fruergaard Jørgensen firstly stated that Novo Nordisk was not planning for a decrease in Novo Nordisk's share price but could not comment on the share price.

Lars Fruergaard Jørgensen then explained that Novo Nordisk has a late stage pipeline as well as existing products which are expected to be able to drive growth for many years, and noted that a growth in Novo Nordisk would also require a growth in the pipeline in order to sustain growth. Lars Fruergaard Jørgensen noted that it typically takes 10 years before a product in research gets to the market, and that Novo Nordisk has early stage products in its pipeline as well.

Finally Lars Fruergaard Jørgensen stated that to the best of Novo Nordisk's knowledge there is no connection between diabetes and the issues raised by Kjeld Beyer, and that no action is expected to be taken.

Steen Møller noted that it is reasonable that Novo Nordisk's President and chief executive officer receives a decent salary. He noted that the chief executive officer should buy Novo Nordisk shares.

The Chairman of the Board of Directors, Helge Lund, explained that the current remuneration of Executive Management consists of fixed base remuneration as well as a short-term and long-term incentive program. Helge Lund further noted that there is a shareholding requirement for members of Executive Management, where members must hold a certain percentage of their base salary in Novo Nordisk's shares to align the member's interests with the shareholders.

As there were no further comments, the Chairman of the Meeting concluded that the general meeting had taken account of the report.

## **Item 2 on the agenda: Presentation and adoption of the statutory Annual Report 2018.**

Reference is made to the comments under item 1 above.

No further shareholders wished to take the floor. The Chairman of the Meeting concluded that the statutory Annual Report for 2018 was approved.

## **Item 3 on the agenda: Approval of the remuneration of the Board of Directors for 2018 and the remuneration level for 2019.**

The Chairman of the Board of Directors stated that the 2018 Annual General Meeting had approved an increase of the annual base fee from DKK 600,000 to DKK 700,000 for 2018. The Board fee is composed of a fixed annual base fee for the members, a multiplier of the fixed base fee for the Chairmanship and members of the board committees, fees for ad hoc tasks and travel allowance.

The actual remuneration paid to the members of the Board of Directors for 2018 amounted to DKK 17.2 million and corresponded to the level approved by the Annual General Meeting in 2018. On this background, the Board of Directors proposed that the Annual General Meeting adopted the actual remuneration for 2018.

The Board of Directors proposed a remuneration level for 2019 identical to the remuneration level for 2018. Further, as the Board of Directors had decided that the Research & Development Committee should be a permanent board committee, the Board of Directors proposed that the Chairman of the Research & Development Committee receives 0.50 times the base fee in addition to the base fee and that members of the Research & Development Committee receive 0.25 times the base fee in addition to the base fee. In addition, travel allowance was proposed to be denominated in DKK instead of EUR in 2019, but otherwise remained at the same level as in 2018.

The Chairman of the Meeting concluded that the actual remuneration for 2018 and the remuneration level for 2019 was approved.

#### **Item 4 on the agenda: Resolution to distribute the profit according to the adopted statutory Annual Report 2018.**

The Chairman of the Board of Directors explained that an interim dividend of DKK 3.00 per share was paid in August 2018, and that the Board of Directors was proposing that the final dividend for 2018 be DKK 5.15 per share to be paid in March 2019. The total dividend for 2018 would therefore be DKK 8.15 – an increase of 4% compared to 2017, corresponding to a pay-out ratio of 50.6%.

Moreover, the Board of Directors had approved a new share repurchase programme of up to DKK 15 billion to be executed over 12 months starting February 2019, which could be reduced in size if significant bolt-on acquisition opportunities arise in 2019.

The Chairman of the Meeting concluded that the Board of Directors' proposal was approved.

#### **Item 5 on the agenda: Election of members to the Board of Directors, including chairman and vice chairman.**

The Chairman of the Meeting explained that in accordance with Article 10 (2) of the Articles of Association, the Annual General Meeting shall elect between 4 and 10 members to the Board of Directors each year, including the chairman and vice chairman.

The Chairman of the Board of Directors explained the Board of Directors' annual self-evaluation process, which included all members of the Board of Directors and of the Executive Management.

In 2018, the self-evaluation was facilitated internally and evaluated topics such as board dynamics, strategy, executive succession and board composition. In addition, each individual member of the Board of Directors and Executive Management received feedback on their individual performance.

The Chairman of the Board of Directors stated that the self-evaluation had revealed a generally good performance by the Board of Directors as well as a good collaboration between the Board of Directors and Executive Management. The process also resulted in continued focus on the corporate strategy process, including implementation of the R&D strategy, sourcing of external innovation, and commercialisation of Novo Nordisk's products. Furthermore, there was an increasing focus on Novo Nordisk's development of people culture and leadership.

The Chairman of the Meeting noted that all candidates' executive functions, board memberships, educational backgrounds, and competences, and their independence were described in the notice convening the Annual General Meeting.

Under item 5.1, the Board of Directors proposed re-election of Helge Lund as chairman.

The Chairman of the Meeting stated that no other proposals for candidates had been received. With the consent of the Annual General Meeting, Helge Lund was re-elected as chairman of the Board of Directors for a one-year term.

Under item 5.2, the Board of Directors proposed re-election of Jeppe Christiansen as vice chairman.

The Chairman of the Meeting stated that no other proposals for candidates had been received. With the consent of the Annual General Meeting, Jeppe Christiansen was re-elected as vice chairman of the Board of Directors for a one-year term.

Under item 5.3 on the agenda, the Board of Directors proposed re-election of the following members of the Board of Directors: Brian Daniels, Andreas Fibig, Sylvie Grégoire, Liz Hewitt, Kasim Kutay and Martin Mackay. Further, the Board of Directors had proposed election of Laurence Debroux.

The Chairman of the Meeting gave the floor to the Chairman of the Board of Directors to comment on the proposed election of Laurence Debroux as a new member of the Board of Directors.

The Chairman of the Board of Directors explained that Laurence Debroux is a French national and is group chief financial officer and executive board member of Heineken as well as member of the board of directors of EXOR and of HEC school of management. Previously, Ms. Debroux was chief financial officer at JCDecaux in France and held a number of different positions at Sanofi Aventis. The Board of Directors recommended election of Ms. Debroux due to her significant experience with financial and accounting practices, extensive global experience within the pharmaceutical industry and experience from executive positions in major international companies. The selection process had been undertaken by the Nomination Committee with the assistance of an executive search firm. Several suitable candidates were identified. It was a requirement that diversity was taken into account with regard to experience, background, gender and origin.

The Chairman of the Board of Directors noted that, following Ms. Debroux' election, the Board of Directors would consist of 6 male and 3 female shareholder-elected members, and 2 Nordic and 7 non-Nordic shareholder-elected members. Consequently, the Board of Directors would have fulfilled its ambition of having at least two shareholder-elected members with Nordic nationality, at least two shareholder-elected members with a nationality other than Nordic, and at least three shareholder-elected members of each gender.

The Chairman of the Meeting established, with the consent of the Annual General Meeting, that all candidates suggested by the Board of Directors were elected.

#### **Item 6 on the agenda: Appointment of auditor.**

The Chairman of the Meeting stated that the Board of Directors had proposed re-appointment of the Company's auditor, PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab ('PwC').

The Chairman of the Meeting established, with the consent of the Annual General Meeting, that PwC was re-appointed.

#### **Item 7 on the agenda: Proposals from the Board of Directors.**

The Chairman of the Meeting stated that in order for the proposals under items 7.1 and 7.3 to be adopted, at least two thirds of the total number of votes in the Company shall be present at the Annual General Meeting, and that approval by at least two-thirds of the votes cast at the Annual General Meeting as well as of the voting share capital represented at the Annual General Meeting was required. The other proposals required simple majority.

#### **Item 7.1 on the agenda: Reduction of the Company's B share capital by nominally DKK 10,000,000 by cancellation of B shares.**

The Chairman of the Meeting stated that the Board of Directors proposed that the Company's B share capital be reduced by a nominal value of DKK 10,000,000 from DKK 382,512,800 to DKK 372,512,800 by cancelling part of the Company's own holding of B shares at a nominal value of DKK 10,000,000 divided into 50,000,000 B shares of DKK 0.20 each. These B shares were repurchased for the total sum of DKK 15,404,000,000 which meant that, in addition to the nominal reduction amount, DKK 15,394,000,000 had been distributed to the shareholders.

Adoption of the proposal implies an amendment to Article 3.1 of the Articles of Association of the Company. The amendment will take effect as from implementation of the capital reduction.

The Chairman of the Meeting established, with the consent of the Annual General Meeting, that the reduction of share capital and the proposed amendment to the Articles of Association were approved with the required majority.

**Item 7.2 on the agenda: Authorisation to the Board of Directors to allow the Company to repurchase own shares.**

The Chairman of the Meeting stated that the Board of Directors had proposed that an authorisation is granted to allow the Company to repurchase own shares of up to a total nominal amount of DKK 48,000,000, corresponding to 10% of the share capital, subject to a holding limit of 10% of the share capital. The repurchase must take place at a price equal to the share price quoted at the time of the repurchase with a deviation of up to 10%. The authorisation will be valid until the Annual General Meeting in 2020.

The Chairman of the Meeting established, with the consent of the Annual General Meeting, that the authorisation to repurchase own shares was approved.

**Item 7.3 on the agenda: Authorisation to the Board of Directors to increase the Company's share capital.**

The Chairman of the Meeting stated that the Board of Directors had proposed to extend the Board of Directors authorisations in Articles 5.3 (for employees without pre-emptive rights for shareholders) and 5.4 (with or without pre-emptive rights for existing shareholders) for a period of two years until 21 March 2021 and to limit the maximum share capital increase to be a total of nominally DKK 2,000,000 for the authorisation under Article 5.3 and a total of nominally DKK 48,000,000 for the authorisation under Article 5.4, subject to a total cap of nominally DKK 48,000,000 for both proposals.

The amended Article 5.3 will be worded as follows:

*“Until 21 March 2021, the Board of Directors shall be authorised, without granting any pre-emptive rights to the shareholders, to increase the share capital in one or more stages by issuing B shares of up to a total nominal value of DKK 2,000,000 and to offer those shares to the employees of the Company or its subsidiaries at a price which is lower than the market price of the B shares.”*

The amended Article 5.4 will be worded as follows:

*“(a) Until 21 March 2021, the Board of Directors shall be authorised to increase the share capital in one or more stages with pre-emptive rights for the existing shareholders by up to a total nominal amount of DKK 48,000,000. The capital increase may take place by payment in cash. The capital increase may take place at a subscription price lower than the market price, provided that the capital increase takes place proportionately between A shares and B shares. The holders of A shares shall in such case have a pre-emptive right to subscribe for new A shares, and holders of B shares shall have a pre-emptive right to subscribe for new B shares. If the capital increase takes place at market price, the capital increase may take place by proportionate issuance of A shares and B shares or by issuance of B shares only. In case of issuance of A shares as well as B shares, the holders of A shares shall have a pre-emptive right to subscribe for new A shares, and holders of B shares shall have a preemptive right to subscribe for new B shares. In case of issuance of B shares only, the holders of both classes of shares shall have proportionate pre-emptive subscription rights for the new B shares.*

*(b) Until 21 March 2021, the Board of Directors is authorised to increase the share capital in one or more stages without pre-emptive rights for the existing shareholders by issuing B shares for up to a total nominal amount of DKK 48,000,000. The capital increase shall take place at market price and may take place either by payment in cash or by contribution of assets other than cash.*

*(c) The authority given to the Board of Directors under Articles 5.3 and 5.4(a)-(b) above can in the aggregate only be exercised to increase the share capital by a maximum nominal amount of DKK 48,000,000."*

The Chairman of the Meeting established, with the consent of the Annual General Meeting, that the proposed amendments to the Articles of Association were approved with the required majority.

#### **Item 7.4 on the agenda: Approval of changes to the Remuneration Principles.**

The Chairman of the Meeting stated that the Board of Directors had proposed that the Annual General Meeting approved certain changes to the principles for remuneration of board members and executives in Novo Nordisk, including the general guidelines for incentive-based remuneration (the 'Remuneration Principles').

The Chairman of the Board of Directors explained that the changes were proposed to ensure that Novo Nordisk is able to reclaim incorrect pay-outs of incentives based on a misstatement of data regardless of whether this originates due to willful misconduct or gross negligence to align with the Danish recommendations on corporate governance, and to reflect that the Research & Development Committee has become a permanent Board committee.

The Chairman of the Meeting established, with the consent of the Annual General Meeting, that the revised Remuneration Principles were approved.

#### **Item 8 on the agenda: Proposal from the shareholders.**

##### **Item 8.1 on the agenda: Reduction of price of insulin and other products if return on equity exceeds 7%.**

The Chairman of the Meeting stated shareholder Frank Aaen had proposed that Novo Nordisk reduces the price of insulin and other products if Novo Nordisk's return on equity exceeds 7%.

Peder Hvelplund, on behalf of Frank Aaen, motivated the shareholder proposal and noted that Novo Nordisk has a high profit margin, but that such margin was achieved by disregarding the interests of patients and the healthcare system. Peder Hvelplund referred to a study from Yale University which showed that a number of people with diabetes ration their insulin causing diabetes-related deaths. Peder Hvelplund mentioned that this was not solely Novo Nordisk's fault and pointed out the fact that Novo Nordisk offers human insulin for around USD 25 per vial in the US. Peder Hvelplund then stated that even though there are costs related to the development of medicine, this does not justify Novo Nordisk's high profit margin.

The Chairman of the Board of Directors stated that the Board of Directors did not support the proposal. Pricing of Novo Nordisk's pharmaceutical products is agreed with health care authorities and buyers around the world, and the agreed prices reflect the innovation and clinical benefits as well as risks that has been undertaken by Novo Nordisk in developing the pharmaceutical products. Further, the Chairman of the Board of Directors pointed out that Novo Nordisk has ensured that its insulin is available at affordable prices through a differentiated pricing policy and through affordable options in the US. Finally, the Chairman of the Board of Directors explained that Novo Nordisk's profit is used to finance innovation in new medicines through R&D and capital expenditures, that the remaining part of profit is distributed to the shareholders through dividends and share buyback, and that the current model in Novo Nordisk's view is serving the shareholders well.

Peder Hvelplund stated that despite of the costs of R&D, the profit margin was still high, and that Novo Nordisk should change this to help ensure a well-functioning health care system.

The Chairman of the Meeting conducted an electronic vote concerning item 8.1 on the agenda. The Chairman of the Meeting noted that the shareholder proposal was rejected by 99.61% of the votes. Reference is made to Appendix 1 for detailed information on the vote.

**Item 9 on the agenda: Any other business.**

The Chairman of the Meeting asked if anyone wished to take the floor.

Kjeld Beyer noted in relation to chemtrails and 5G technology, that there is censorship in Denmark on, *inter alia*, Google. Further Kjeld Beyer emphasized the possible effects of these issues and referred to a music video produced by him and available on YouTube.

As no one else wished to speak under this item, the Chairman of the Meeting declared that the agenda was completed and gave the floor to the Chairman of the Board of Directors.

The Chairman of the Board of Directors then declared the Annual General Meeting closed.

The Annual General Meeting was closed at 15:52.

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Klaus Søggaard  
Chairman of the Meeting

## Voting results\* from the Annual General Meeting in Novo Nordisk A/S 21 March 2019

No.	Agenda item	Number of shares for which valid votes have been cast			Proportion of the votes in %	Total number of valid votes	Number of votes IN FAVOUR	Number of votes AGAINST	Number of votes ABSTAIN
		A-shares	B-shares	Total					
2.	Adoption of the statutory Annual Report 2018	537,436,000	799,400,734	1,336,836,734	85.44	123,475,214,680	123,420,875,660	5,233,540	49,105,480
3.1	Approval of actual remuneration of the Board of Directors for 2018	537,436,000	799,400,734	1,336,836,734	85.44	123,475,214,680	123,448,051,460	15,395,720	11,767,500
3.2	Approval of the remuneration level of the Board of Directors for 2019	537,436,000	799,400,734	1,336,836,734	85.44	123,475,214,680	123,446,913,360	16,164,000	12,137,320
4.	Resolution to distribute the profit	537,436,000	799,400,734	1,336,836,734	85.44	123,475,214,680	123,468,749,980	2,251,280	4,213,420
5.1	Election of Hejge Lund as chairman	537,436,000	799,400,734	1,336,836,734	85.44	123,475,214,680	122,517,595,700		957,618,980
5.2	Election of Jeppe Christiansen as vice chairman	537,436,000	799,400,734	1,336,836,734	85.44	123,475,214,680	122,627,928,960		847,285,720
5.3	Election of other members to the Board of Directors:								
	a) Brian Daniels	537,436,000	799,400,734	1,336,836,734	85.44	123,475,214,680	123,391,393,280		83,821,400
	b) Laurence Debroux	537,436,000	799,400,734	1,336,836,734	85.44	123,475,214,680	123,421,447,460		53,767,220
	c) Andreas Flbig	537,436,000	799,400,734	1,336,836,734	85.44	123,475,214,680	120,655,173,600		2,820,041,080
	d) Sylvie Grégoire	537,436,000	799,400,734	1,336,836,734	85.44	123,475,214,680	123,291,889,260		183,325,420
	e) Liz Hewitt	537,436,000	799,400,734	1,336,836,734	85.44	123,475,214,680	123,129,414,820		345,799,860
	f) Kasim Kulay	537,436,000	799,400,734	1,336,836,734	85.44	123,475,214,680	123,019,426,960		455,787,720
	g) Martin Mackay	537,436,000	799,400,734	1,336,836,734	85.44	123,475,214,680	123,382,042,140		93,172,540
6.	Re-appointment of PricewaterhouseCoopers as auditor	537,436,000	799,400,734	1,336,836,734	85.44	123,475,214,680	122,566,826,240		908,388,440
7.	Proposals from the Board of Directors:								
7.1	Reduction of the Company's B share capital from DKK 382,512,800 to DKK 372,512,800	537,436,000	799,400,734	1,336,836,734	85.44	123,475,214,680	123,412,369,520	58,853,280	3,991,880
7.2	Authorisation to the Board of Directors to allow the Company to repurchase own shares	537,436,000	799,400,734	1,336,836,734	85.44	123,475,214,680	123,427,916,080	37,412,740	9,885,860
7.3	Authorisation to the Board of Directors to increase the share capital:								
	a) without pre-emptive rights for the benefit of employees	537,436,000	799,400,734	1,336,836,734	85.44	123,475,214,680	119,837,156,180	3,229,661,240	408,397,260
	b) with pre-emptive rights for existing shareholders	537,436,000	799,400,734	1,336,836,734	85.44	123,475,214,680	123,227,965,840	236,559,960	688,880
	c) without pre-emptive rights for existing shareholders	537,436,000	799,400,734	1,336,836,734	85.44	123,475,214,680	122,763,846,000	688,889,500	21,479,180
7.4	Approval of changes to the Remuneration Principles	537,436,000	799,400,734	1,336,836,734	85.44	123,475,214,680	122,526,171,260	735,852,520	213,190,900
8.	Proposal from the shareholders:								
8.1	Reduction of price of insulin and other products if return on equity exceeds 7%	537,436,000	799,400,734	1,336,836,734	85.44	123,475,214,680	126,203,920	122,987,530,620	361,480,140

\* Only one electronic vote was carried out at the Annual General Meeting in respect of agenda item 8.1. As no formal vote was carried out in respect of the other agenda items, Appendix 1 reflects votes cast in accordance with proxy voting instructions and written votes; shareholders present are calculated as having voted in favour of these items.





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