

Remuneration report 2019



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Statement by the Board

Statement by independent auditor

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1. Key developments in remuneration – 2019

1.1 Overall company performance in 2019

For 2019, sales increased by 9% in Danish kroner and by 6% at constant exchange rates (CER) to DKK 122.0 billion. Sales within Diabetes and Obesity care increased by 10% to DKK 102.8 billion (6% at CER), driven by Diabetes care growing 4% at CER and Obesity care growing 42% at CER. Sales within Biopharm increased by 7% to DKK 19.2 billion (4% at CER). Sales of GLP-1 increased by 27% in Danish kroner and by 22% at CER reflecting the solid launch of Ozempic®. Ozempic® has been launched in 25 countries and reached blockbuster status during 2019. Operating profit increased by 11% in Danish kroner and by 6% at CER in 2019. Diluted earnings per share increased by 3%. During the first quarter of 2019, Novo Nordisk filed Rybelsus® for regulatory approval in the USA and the EU. In September 2019, following priority review by the US FDA, the approval for Rybelsus® was obtained. Rybelsus® was launched in the fourth quarter of 2019 in the USA and the initial feedback is encouraging.

1.2 Key developments in Board remuneration in 2019

At the Annual General Meeting in March 2019 Laurence Debroux was elected as new member of the Board, increasing the number of Board members to 13, consisting of 9 shareholder-elected and 4 employee-elected members. The Remuneration Principles were changed to reflect that the Research & Development Committee had become a permanent Board committee. Finally, it was approved that the remuneration level for 2019 should be identical to the remuneration level for 2018 and that travel allowance should be denominated in DKK instead of EUR.

All remuneration in 2019 to the Board has been in line with the approved Remuneration Principles. Total Board remuneration has increased from DKK 17.2 million in 2018 to DKK 19.4 million in 2019. This reflects primarily the expansion of the Board by one member. The remuneration of the Chair of the Board amounted to DKK 3.1 million (DKK 2.7 million in 2018). The increase primarily reflects that Helge Lund was elected Chair only in March 2018 and consequently received less than a full-year Chair fee.

1.3 Key developments in executive remuneration in 2019

In 2019, the Annual General Meeting approved amendments to the Remuneration Principles in order to ensure that Novo Nordisk is able to reclaim incorrect payouts of incentives in case of a misstatement of data regardless of whether this originates due to wilful misconduct or gross negligence. As of April 2019, Jesper Brandgaard retired from Novo Nordisk and Ludovic Helfgott was appointed executive vice president, head of Biopharm. As of August 2019,

Lars Green resigned and Monique Carter was appointed executive vice president, head of People & Organisation.

All remuneration in 2019 to Executive Management was in line with the approved Remuneration Principles. Total remuneration of Executive Management amounted to DKK 213.5 million (DKK 182.4 million in 2018). The increase primarily reflects the solid business results leading to an increase in incentive outcome (% of maximum) of both the short-term and the long-term incentive.

The total remuneration for the chief executive officer in 2019 amounted to DKK 54.8 million (DKK 41.3 million in 2018) of which 36% is not yet finally determined and 49% is deferred. Of the total remuneration 32% is fixed and 68% is variable remuneration. The increase in total remuneration compared to 2018 is primarily a result of solid business results and individual performance by the chief executive officer leading to an increase in incentive outcome (% of maximum) of both the short-term and the long-term incentive as well as of base salary phase-in and annual adjustment.

The chief executive officer's base salary has been phased in over a three-year period (year-over-year) since he was appointed in 2017 with the last increase as of 1 January 2019. Use of phase-in is consistent with other employees in Novo Nordisk as they develop and progress in their roles. Further in 2019, the base salary was increased by 2% in line with other employees of the company. The phase-in and the annual adjustment have resulted in an increase in base salary for the chief executive officer by 30% from DKK 10.7 million in 2018 to DKK 13.9 million in 2019.

The short-term cash-based incentive (STI) has been based on targets aligned with our strategy and an assessment of the individual contribution. As a result of the solid performance in 2019, the Board determined that the short-term incentive for the chief executive officer for 2019 was 100% of the maximum short-term incentive (83% in 2018) equalling 12 months' base salary plus pension contribution.

The long-term share-based incentive (LTI) was based on financial and non-financial measures. The sales and operating profit performance combined with solid performance in relation to the non-financial measures in 2019 resulted in 82% of the maximum share allocation being allocated to the executives (70% in 2018). Thus, shares equalling 14.7 months' base salary plus pension contribution have been allocated (but not released) to the chief executive officer.

2. Remuneration of the Board of Directors

2.1 Remuneration principles

The company's Remuneration Principles provide the framework for the remuneration of the Board. These principles are available at

<https://www.novonordisk.com/about-novo-nordisk/corporate-governance/remuneration.html>.

In March 2019, the Annual General Meeting approved amendments to the Remuneration Principles in order to reflect that the Research & Development Committee had become a permanent Board committee. Moreover, the Annual General Meeting approved that travel allowance should be denominated in DKK instead of EUR in 2019.

There has been no deviation from the Remuneration Principles in the 2019 remuneration of the Board.

2.2 Remuneration composition

The remuneration of Novo Nordisk's Board comprises a fixed base fee, a multiplier of the fixed base fee for the Chairmanship and members of the Board committees, fees for ad hoc tasks and a travel allowance.

Remuneration composition

Table 1

Remuneration	Board of Directors
Base fee	✓
Board committee fee	✓
Travel allowance	✓
Fee for ad hoc tasks	✓
Short-term cash-based incentive programme (STI)	✗
Long-term share-based incentive programme (LTI)	✗
Pension	✗
Social securities taxes	✓
Expenses	✓
Other benefits	✓
Severance payment	✗

Base fee, Board committee fee, travel allowance and fee for ad hoc tasks

In 2019, the remuneration level was identical to that of 2018. No fees for ad hoc tasks were paid in 2019.

Social security taxes

In 2019, Novo Nordisk paid social security taxes imposed by authorities in the EU in relation to the Board members in line with the Principles.

Expenses

In 2019, Novo Nordisk reimbursed reasonable expenses relating to travel and accommodation for the Board members in line with the Principles.

Share-based incentive

In 2019, no stock options, warrants or participation in other incentive schemes were offered to the Board members, except for employee-elected Board members, who may be eligible to participate in ordinary share programmes as employees in Novo Nordisk.

Other benefits

The professional fees in connection with assistance on tax-related matters incurred by Board members based outside of Denmark are reimbursed. The Chair is provided with an office and secretarial support in Novo Nordisk's headquarters in Bagsværd, Denmark.

2.3 Board remuneration benchmark

Board remuneration benchmark

Board fees are evaluated annually against relevant benchmarks of e.g. Nordic companies as well as European pharmaceutical companies similar to Novo Nordisk in size, complexity and market capitalisation.

The peer group against which Board remuneration has been assessed for 2019 comprised the following (set in May 2019):

European Pharma Peer Group - 7 pharma companies listed in Europe selected based on headcount, revenue and market capitalisation: AstraZeneca, Bayer, GlaxoSmithKline, Novartis, Roche, Sanofi and UCB.

Nordic peer group - 15 largest Nordic companies by market capitalisation: A.P. Møller-Mærsk, Assa Abloy, Atlas Copco, Coloplast, Equinor, Ericsson, H&M, Kone, Nesté, Nokia, Nordea, Sampo, Telenor, Volvo and Ørsted.

The benchmark of the Board remuneration for 2019 revealed the following market positioning:

Market positioning of Board remuneration 2019

Table 2

Benchmarks	European pharma	Nordic
Chair	Below the lower quartile	Between the median and upper quartile
Vice chair	Below the median	Above the upper quartile
Member	Between the lower quartile and the median	Above the upper quartile
Committees	Between the median and the upper quartile	Above the upper quartile

2.4 Board and committee fee levels 2019

Board and committee fee levels 2019

Table 3

	Board		Audit Committee		Nomination Committee		Remuneration Committee		R&D Committee	
	Multiplier	DKK	Multiplier	DKK	Multiplier	DKK	Multiplier	DKK	Multiplier	DKK
Chair	3.00	2,100,000	1.00	700,000	0.50	350,000	0.50	350,000	0.50	350,000
Vice chair	2.00	1,400,000	-	-	-	-	-	-	-	-
Member	1.00	700,000	0.50	350,000	0.25	175,000	0.25	175,000	0.25	175,000

Travel allowances for Board members and committee members 2019

Table 4

In home country with 5 hours or more of air travel	Outside home country but on home continent	On another continent than the home country
DKK 37,500 per meeting	DKK 37,500 per meeting	DKK 75,000 per meeting

2.5 Board remuneration 2019

The table below includes the total remuneration of each Board member in 2019. The total remuneration for each Board member supports the main focus of the Board on corporate strategy, supervision, organisation and governance, thus contributing to the long-term interest of the company.

Actual remuneration of the Board 2019¹

Table 5

DKK million	Fixed base fee	Fee for ad hoc tasks and committee work	Travel allowance	Total ⁴
Helge Lund ² (BC and NC)	2.1	0.4	0.6	3.1
Jeppe Christiansen (BV and RC)	1.4	0.4	0.1	1.9
Brian Daniels (RDM and RM)	0.7	0.4	0.4	1.5
Laurence Debroux ³ (AM)	0.5	0.3	0.3	1.1
Andreas Fibig (AM)	0.7	0.4	0.3	1.4
Sylvie Grégoire (AM, NM and RDM)	0.7	0.7	0.3	1.7
Liz Hewitt (AC and RM)	0.7	0.9	0.5	2.1
Mette Bøjer Jensen (NM)	0.7	0.2	0.1	1.0
Kasim Kutay (NM)	0.7	0.2	0.1	1.0
Anne Marie Kverneland (RM)	0.7	0.2	0.1	1.0
Martin Mackay (RDC)	0.7	0.4	0.3	1.4
Thomas Rantzau (RDM)	0.7	0.2	0.1	1.0
Stig Strøbæk (AM)	0.7	0.4	0.1	1.2
Total	11.0	5.1	3.3	19.4

BC = Board chair, BV = Board vice chair, AC = Audit Committee chair, AM = Audit Committee member, NC = Nomination Committee chair, NM = Nomination Committee member, RC = Remuneration Committee chair, RM = Remuneration Committee member, RDC = R&D Committee chair, RDM = R&D Committee member.

1. None of the Board members has received remuneration from companies in the Novo Nordisk Group other than Novo Nordisk A/S for this period. **2.** Novo Nordisk provides secretarial assistance to the Chair in Denmark. **3.** Ms Debroux was first elected in March 2019. **4.** Excluding social security taxes and other benefits paid by Novo Nordisk amounting in aggregate to less than DKK 1 million.

2.6 Board remuneration 2015–2019

A summary of the development of the Board remuneration in the five-year period 2015-2019 is provided in the table below.

Board remuneration 2015–2019

Table 6

DKK million	2015	2016	2017	2018	2019
Helge Lund ¹	0.3	—	1.4	2.7	3.1
% change	N/A	N/A	N/A	93%	15%
Jeppe Christiansen ²	1.5	1.8	1.7	1.8	1.9
% change	N/A	20%	(6%)	6%	6%
Brian Daniels ³	—	0.8	1.2	1.4	1.5
% change	N/A	N/A	50%	17%	7%
Laurence Debroux ⁴	—	—	—	—	1.1
% change	N/A	N/A	N/A	N/A	N/A
Andreas Fibig ⁵	—	—	—	0.9	1.4
% change	N/A	N/A	N/A	N/A	56%
Sylvie Grégoire ⁶	0.9	1.3	1.5	1.6	1.7
% change	N/A	44%	15%	7%	6%
Liz Hewitt ⁷	1.4	1.7	1.7	1.8	2.1
% change	N/A	21%	0%	6%	17%

Board remuneration 2015–2019 (continued)

Table 6

DKK million	2015	2016	2017	2018	2019
Mette Bøjer Jensen ⁸	—	—	—	0.8	1.0
% change	N/A	N/A	N/A	N/A	25%
Kasim Kutay ⁹	—	—	0.9	1.0	1.0
% change	N/A	N/A	N/A	11%	0%
Anne Marie Kverneland ¹⁰	0.6	0.7	0.9	1.0	1.0
% change	N/A	17%	29%	11%	0%
Martin Mackay ¹¹	—	—	—	1.2	1.4
% change	N/A	N/A	N/A	N/A	17%
Thomas Rantzau ¹²	—	—	—	0.8	1.0
% change	N/A	N/A	N/A	N/A	25%
Stig Strøbæk ¹³	0.9	1.0	1.1	1.1	1.2
% change	N/A	11%	10%	0%	9%

1. From 2014 to 2015 Mr Lund was a member of the Board and he was elected to the Board again in March 2017. In March 2018 he was elected as chair of the Board. 2. Mr Christiansen was first elected to the Board and as vice chair in March 2013. 3. Dr Daniels was first elected to the Board in 2016. 4. Ms Debroux was first elected to the Board in March 2019. 5. Mr Fibig was first elected to the Board in March 2018. 6. Ms Grégoire was first elected to the Board in March 2015. 7. Ms Hewitt was first elected to the Board in 2012. 8. Ms Bøjer Jensen has been an employee-elected member of the Board since March 2018. 9. Mr Kutay was first elected to the Board in March 2017. 10. Ms Kverneland has been an employee-elected member of the Board since 2000. 11. Mr Mackay was first elected to the Board in March 2018. 12. Mr Rantzau has been an employee-elected member of the Board since March 2018. 13. Mr Strøbæk has been an employee-elected member of the Board since 1998.

Tables 14 and 15 below include the annual changes in the company's performance and in the average remuneration of the company's employees during 2015 to 2019.

2.7 Shareholdings by the Board

As of 31 December 2019, the Board held shares in Novo Nordisk as follows:

Shareholdings by the Board

Table 7

	At the beginning of the year ¹	Additions during the year	Sold/transferred during the year	At the end of the year	Market value ² DKK million
Helge Lund ³	3,000	—	—	3,000	1.2
Jeppe Christiansen	23,779	—	—	23,779	9.2
Brian Daniels	2,100	—	—	2,100	0.8
Laurence Debroux	—	—	—	—	—
Andreas Fibig	—	—	—	—	—
Sylvie Grégoire	1,875	—	—	1,875	0.7
Liz Hewitt	3,350	—	—	3,350	1.3
Mette Bøjer Jensen	1,340	50	—	1,390	0.5
Kasim Kutay	—	—	—	—	—
Anne Marie Kverneland	9,720	50	(154)	9,616	3.7
Martin Mackay	2,000	—	—	2,000	0.8
Thomas Rantzau	632	50	—	682	0.3
Stig Strøbæk	2,050	50	—	2,100	0.8
Board of Directors in total	49,846	200	(154)	49,892	19.3

1. Following the change in the Board of Directors, the holding of shares at the beginning of the year has been updated compared with the Annual Report 2018. For new members shareholdings are included from the day they became members of the Board of Directors. 2. Calculation of market value is based on the quoted share price of DKK 386.65 at the end of the year. 3. In addition, Helge Lund holds 3,000 shares through Inkerman Holding AS, Norway.

3. Remuneration of Executive Management

3.1 Remuneration Principles

The company's Remuneration Principles provide the framework for the remuneration of Executive Management. These principles are available at

<https://www.novonordisk.com/about-novo-nordisk/corporate-governance/remuneration.html>.

In 2019, the Annual General Meeting approved amendments to the Remuneration Principles in order to ensure that Novo Nordisk is able to reclaim incorrect payouts of incentives in case of a misstatement of data regardless of whether this originates due to wilful misconduct or gross negligence.

The 2019 remuneration of executives did not deviate from the Remuneration Principles.

3.2 Remuneration composition

Remuneration packages for executives comprise a base salary, a short-term cash-based incentive, a long-term share-based incentive, a pension contribution and other benefits.

The fixed remuneration enables the executives to take decisions with a long-term perspective in mind without undue considerations for short- or long-term incentives. The variable remuneration is designed to promote performance in line with the company's strategy and to further align the interests of executives and shareholders.

Remuneration package components

Table 8

Remuneration	Executive Management	Comments
Base salary	✓	Accounts for approximately 15–35% of the total value of the remuneration package.*
Pension	✓	Up to 25% of the base salary and short-term cash-based incentive.
Fee for committee work	✗	
Travel allowance	✗	
Fee for ad hoc tasks	✗	
Short-term cash-based incentive programme (STIP)	✓	Up to 12 months' base salary plus pension contribution per year, typically based on base salary at the end of the year.
Long-term share-based incentive programme (LTIP)	✓	Up to 18 months' base salary plus pension per year for the chief executive officer and up to 13,5 months' base salary plus pension contribution per year for the executive vice presidents. At the end of the vesting period the shares allocated may be reduced or increased by up to 30%.
Expenses	✓	Reasonable expenses are reimbursed.
Other benefits	✓	Executive Management receives non-monetary benefits such as company cars, phones etc. Executives on international assignments may receive relocation benefits.
Recruitment arrangements	✓	When recruiting new executives who are not employed by Novo Nordisk at the time of employment the Board of Directors may grant a sign-on arrangement in the form of cash payment or share incentive programme.
Severance payment	✓	Up to 24 months' base salary plus pension contribution. Executive Management contracts entered into before 2008 exceed the 24-month limit, but will not exceed 36 months' base salary plus pension contribution.

* The interval 15-35% denotes the span between 'maximum performance' and 'on-target performance'.

Base salary

In 2019, the base salary of the executives increased by 2% in general in line with other employees of the company. Further, the base salary of the Chief Executive Officer has been phased-in over a three-year period (year-over-year) as from 1 January 2017 with the last increase related to phase-in as of 1 January 2019. The base salary of Karsten Munk Knudsen has been phased-in from his EVP appointment as of 15 February 2018. Due to an expansion of responsibilities during 2019, the base salary of Henrik Wulff has been adjusted accordingly.

Pension

In 2019, executives were eligible for a defined contribution pension scheme of 25% of base salary and short-term cash-based incentive. No executive has a prospective entitlement to a defined benefit pension scheme.

Short-term cash-based incentive

For 2019, the Board determined that the maximum possible short-term cash-based incentive would be maximum 12 months' base salary plus pension contribution for the chief executive officer, and 9 months' base salary plus pension contribution for executive vice presidents. The performance was linked to the achievement of a combination of a number of predefined corporate and individual targets.

The corporate measures were aligned with the strategic priorities of the company and performance was assessed along the four dimensions: Sales, Operating profit, Market share and the execution of the strategic plan. Sales and operating profit performance have been solid. Market shares performance has likewise progressed positively. Targets linked to the execution of the strategic plan included sales execution, R&D, business development, digital health, organisational efficiency, environmental and organisational development.

Individual measures were linked to the personal leadership skills, the evolution of the culture of the company and business performance relating to the individual's area of responsibility.

The Board has assessed the performance of the executives in relation to the business and individual targets. Based on this assessment the Board determined that the average short-term incentive for the executives was 100% of the maximum short-term incentive (84% in 2018). Consequently, the short-term incentive for the chief executive officer for 2019 was 12 months' base salary plus pension contribution, while the average short-term incentive for the executive vice presidents (who have been registered executives in 2019 for the full year) was 9 months' base salary plus pension contribution.

Long-term share-based incentive

The executives have in 2019 participated in a long-term incentive programme consisting of a one-year performance period (2019) and a three-year vesting period (2020-2022). If the targets for economic value creation and sales growth were met, and at least 85% performance was reached for non-financial targets during the one-year performance period, the allocation of shares would correspond to 9 months' base salary plus pension contribution for the chief executive officer and 6.75 months' base salary plus pension contribution for the executive vice presidents. The maximum share allocation after the one-year performance period is up to 18 months' base salary plus pension contribution for the chief executive officer and up to 13.5 months' base salary plus pension contribution for the executive vice presidents.

In 2019, Novo Nordisk exceeded the target for economic value creation by 6%, primarily driven by higher underlying operating profit coupled with a net favourable currency impact. Sales were 2% above the target level in constant exchange rates. All of the non-financial targets were reached in 2019. On this basis, 82% of the maximum share allocation will be allocated to the executives. Thus, shares equalling 14.7 months' base salary plus pension contribution have been allocated to the chief executive officer, whereas shares equalling 11 months' base salary plus pension contribution have been allocated to the executive vice presidents. The shares allocated have a three-year vesting period (2020-2022). At the end of the vesting period the shares allocated to each executive may be reduced or increased by up to 30%. The reduction or increase will depend on whether the actual average annual sales growth during the three-year vesting period is lower or higher compared to a target determined by the Board.

Expenses

In 2019, executives received reimbursement for reasonable expenses in relation to travel etc.

Other benefits

In 2019, executives received non-monetary benefits in relation to company cars, phones etc. in line with the Remuneration Principles.

Recruitment arrangements

In 2019, no sign-on arrangements were agreed on or paid out to the registered executives.

Notice period and severance payment

As of 15 April 2019, former registered executive Jesper Brandgaard has retired from Novo Nordisk. Until April 2020 Jesper Brandgaard will, however, continue to provide certain services for Novo Nordisk. A severance payment of DKK 27.7 million is to be paid in April 2020.

Claw-back

In 2019, there was no legal or factual basis on which to exercise claw-back or request repayment of incentives for current or former executives.

3.3 Executive remuneration benchmark

Executive remuneration benchmark

Executive remuneration is evaluated annually against relevant benchmarks of e.g. Nordic companies and European pharmaceutical companies similar to Novo Nordisk in size, complexity and market capitalisation.

The peer group against which executive remuneration has been assessed for 2019 comprised the following (set in October 2019): European Pharma Peer Group - 8 pharma companies listed in Europe selected based on headcount, revenue and market capitalisation: AstraZeneca, Bayer, GlaxoSmithKline, Merck KGaA, Novartis, Roche, Sanofi and UCB.

Nordic peer group - 14 Nordic companies selected based on market cap and/or revenue: A.P. Møller-Mærsk, Assa Abloy, Atlas Copco, Carlsberg, Coloplast, Ericsson, Equinor, Kone, Nokia, Novozymes, Sandvik, UPM-Kymmene, Volvo and Ørsted.

The benchmark of the CEO remuneration at 'on-target performance' for 2019 revealed the following market positioning:

Market positioning of CEO remuneration 2019

Table 9

Benchmarks	European pharma	Nordic
Chief executive officer	Below the lower quartile	Above the upper quartile

3.4 Executive remuneration in 2019

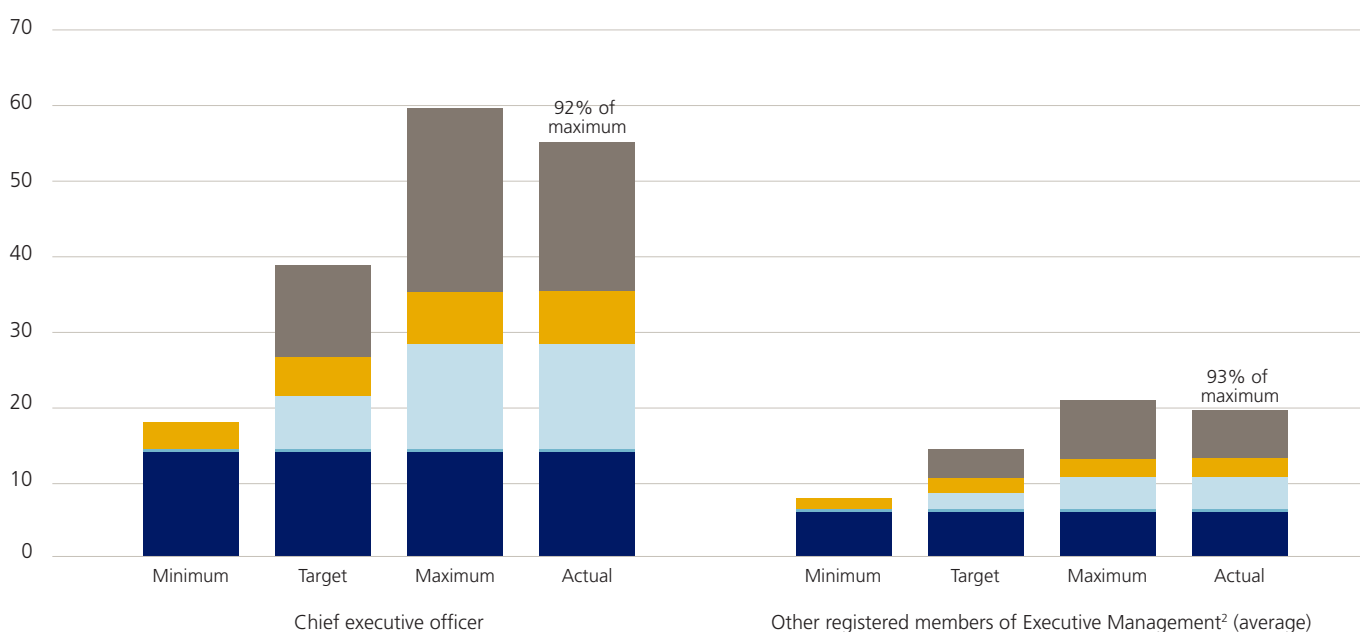
The graphs in table 10 illustrate the 2019 total remuneration and performance of the chief executive officer and other executives as compared to minimum, on-target and maximum performance.

Total remuneration composition and performance overview for chief executive officer and EVPs – 2019

Table 10

■ Base salary ■ Benefits ■ STI ■ Pension ■ LTI¹

DKK million



1. The graph does not reflect the potential adjustment after three-years vesting of up to +/- 30% of the numbers of LTIP shares allocated for 2019 performance 2. Includes executives who have been registered with the Danish Business Authority for the full year of 2019.

The table below includes the total remuneration of each executive in 2019. None of the executives has received remuneration from companies in the Novo Nordisk Group other than Novo Nordisk A/S for this period. The fixed remuneration enables the executives to take decisions with a long-term perspective in mind without undue considerations for short- or long-term incentives. The variable remuneration is designed to promote performance in line with the

company's strategy. The variable remuneration is based on a number of targets that must be achieved before the incentive is released to the executive. Targets are aligned to short-term and long-term strategic priorities in the corporate strategy and thereby ensure that the long-term interests and the sustainability of the company are considered. The variable remuneration is provided as STI and LTI.

Actual remuneration of Executive Management for 2019

Table 11

DKK million	Base salary	Short-term incentive	Pension	Benefits	Total ⁶	Long-term incentive ⁷	Total	Fixed	Variable	Total
Executive Management										
Lars Fruergaard Jørgensen - President and CEO	13.9	13.9	7.0	0.3	35.1	19.7	54.8	17.7	37.1	54.8
Monique Carter ¹ - People & Organisation	1.3	1.3	0.6	0.7	3.9	2.1	6.0	2.3	3.7	6.0
Karsten Munk Knudsen - Finance, Legal & Procurement	5.1	3.9	2.3	0.3	11.6	5.6	17.2	6.7	10.5	17.2
Camilla Sylvest - Commercial Strategy & Corporate Affairs	5.2	3.9	2.3	0.3	11.7	5.6	17.3	6.8	10.5	17.3
Mads Krogsgaard Thomsen - Research & Development	7.2	5.4	3.2	0.3	16.1	7.7	23.8	9.3	14.5	23.8
Henrik Wulff - Product Supply, Quality & IT	5.9	4.6	2.6	0.3	13.4	6.2	19.6	7.7	11.9	19.6
Non-registered executives ^{4,5}	17.2	19.0	5.7	1.2	43.1	17.9	61.0	21.7	39.3	61.0
Former executives:										
Jesper Brandgaard ²	2.1	1.3	0.8	0.1	4.3	2.2	6.5	2.7	3.8	6.5
Lars Green ³	3.5	2.2	1.4	0.2	7.3	—	7.3	4.6	2.7	7.3
Executive Management in total	61.4	55.5	25.9	3.7	146.5	67.0	213.5	79.5	134.0	213.5

1. Effective August 2019, Monique Carter became executive vice president in Novo Nordisk's Executive Management. Amounts in the table include remuneration from the effective date in 2019 with the exception of short-term incentive, which covers the full year. 2. Jesper Brandgaard retired from Novo Nordisk in April 2019. Until April 2020 Jesper Brandgaard will continue to provide certain services for Novo Nordisk. Remuneration of Jesper Brandgaard from January to April 2019 is included in the above table. 3. Effective from 31 August 2019, Lars Green decided to leave Novo Nordisk. The remuneration of Lars Green from January to August 2019 is included in the table above. 4. On 1 April 2019, Novo Nordisk's Executive Management was expanded to include Ludovic Helfgott. Amounts in the table include remuneration from 1 April 2019. 5. Includes remuneration for Maziar Mike Doustdar, Ludovic Helfgott and Doug Langa. Maziar Mike Doustdar, Ludovic Helfgott and Doug Langa received benefits and recruitment arrangements in accordance with their contracts and local guidelines. The benefits and recruitment arrangements received in 2019 not included in the above table amounted to DKK 10.7 million (DKK 0.9 million in 2018). 6. Excluding social security taxes paid amounting to DKK 2.7 million (DKK 1.2 million in 2018) for Executive Management. 7. The shares are locked up for three years before they are transferred to the participants employed at the end of the three-year period. The value is the cash amount of the long-term incentive granted in the year using the grant-date market value of Novo Nordisk B shares. For shares allocated for the 2019 performance, the amount of shares may potentially be reduced or increased depending on whether the actual average annual sales growth during in the three-year vesting period is lower or higher compared to a target determined by the Board.

The difference in the total remuneration to executive management in the above table compared to note 2.4 - Employee Cost in Novo Nordisk Annual Report 2019 is mainly related to long-term incentives. The disclosure in note 2.4 is based on IFRS recognition principles where the long-term incentive programmes are expensed over the grant year and the subsequent 3 years of vesting. The long-term incentive included in the above table is the total cost of the 2019 programme.

3.5 Breakdown of CEO remuneration 2019

Finally determined / Not finally determined. The shares allocated to the executives under the long-term incentive programme for 2019 is subject to a three-year vesting period where the shares allocated might be reduced or increased by up to 30%. The reduction or increase will depend on whether the actual average annual sales growth during the three-year vesting period is lower or higher compared to a target determined by the Board. Consequently, DKK 19.7 million (equalling 36%) of Lars Fruergaard Jørgensen's remuneration relating to 2019 has not yet been finally determined, while DKK 35.1 million (equalling 64%) has been finally determined.

Fixed / Variable. Base salary, benefits and pension calculated on the basis of base salary are fixed remuneration while short-term cash-

based incentive (including pension calculated on the basis of short-term cash-based incentive) and long-term share-based incentive are variable remuneration dependent on the achievement of pre-defined targets. Consequently, DKK 17.7 million (equalling 32%) of Lars Fruergaard Jørgensen's remuneration relating to 2019 has been fixed remuneration, while DKK 37.1 million (equalling 68%) has been variable.

Cash / Deferred. Shares allocated to the executives under the long-term incentive programme for 2019 as well as pension have not been paid out, but will be paid out later (and, additionally, the long-term incentive programme is subject to changes). Consequently, the total cash received by Lars Fruergaard Jørgensen for 2019 was DKK 28.1 million (equalling 51%) while the deferred remuneration relating to 2019 to potentially be transferred later amounted to DKK 26.7 million (equalling 49%).

Breakdown of CEO remuneration for 2019 – ratios

Table 12

DKK million and %	Finally determined	Not finally determined	Total	Fixed	Variable	Total	Cash	Deferred	Total
Lars Fruergaard Jørgensen	35.1	19.7	54.8	17.7	37.1	54.8	28.1	26.7	54.8
	64%	36%	100%	32%	68%	100%	51%	49%	100%

3.6 Executive remuneration 2015–2019

A summary of the development of the executive remuneration, of employee remuneration and of company performance in the five-year period 2015-2019 is provided in the table below.

Executive remuneration 2015–2019

Table 13

DKK million	2015	2016	2017	2018	2019
Lars Fruergaard Jørgensen ¹	15.7	10.7	31.8	41.3	54.8
% change	N/A	(32%)	197%	30%	33%
Monique Carter ²	—	—	—	—	6.0
% change	N/A	N/A	N/A	N/A	N/A
Karsten Munk Knudsen ³	—	—	—	13.1	17.2
% change	N/A	N/A	N/A	N/A	31%
Camilla Sylvest ⁴	—	—	3.5	15.2	17.3
% change	N/A	N/A	N/A	334%	14%
Mads Krosgaard Thomsen ⁵	18.4	11.9	17.6	21.5	23.8
% change	N/A	(35%)	48%	22%	11%
Henrik Wulff ⁶	10.3	9.6	14.3	16.8	19.6
% change	N/A	(7%)	49%	17%	17%
Former executives:					
Jesper Brandgaard (retired in 2019) ⁷	18.4	11.8	17.6	21.5	6.5
% change	N/A	(36%)	49%	22%	(70%)
Lars Green (resigned in 2019) ⁸	—	—	7.3	15.2	7.3
% change	N/A	N/A	N/A	108%	(52%)

1. Lars Fruergaard Jørgensen was appointed executive vice president and chief information officer in January 2013 and in January 2017 he was appointed president and chief executive officer. Lars Fruergaard Jørgensen's base salary has been phased in over a three-year period (year-over-year) since his appointment to chief executive officer as from 1 January 2017. **2.** Monique Carter was promoted to executive vice president in August 2019. **3.** Karsten Munk Knudsen was promoted to executive vice president and chief financial officer in February 2018. **4.** Camilla Sylvest was promoted to executive vice president in October 2017. **5.** Mads Krosgaard Thomsen was appointed executive vice president and chief science officer in November 2000. **6.** Henrik Wulff was promoted to executive vice president in April 2015. **7.** Jesper Brandgaard was appointed executive vice president and chief financial officer in November 2000. Mr Brandgaard retired from Novo Nordisk's Executive Management as of 15 April 2019. **8.** Lars Green was promoted to executive vice president in 2017. Mr Green resigned from Novo Nordisk's Executive Management as of 31 August 2019.

Employee remuneration

Table 14

	2015	2016	2017	2018	2019
Average employee remuneration excl. registered executives (DKK million) (parent company)	0.75	0.76	0.75	0.80	0.79
Average remuneration growth (parent company)	N/A	0.8%	(1.3%)	7.5%	(1.9%)
Average employee remuneration excl. registered executives (DKK million) (group)	0.73	0.73	0.72	0.73	0.75
Average remuneration growth (group)	N/A	0.8%	(1.9%)	1.5%	2.8%
CEO/Employee ratio (group)	55.0	35.9	44.1	56.4	72.8

Among other things, the average remuneration is impacted by severance costs and for those countries with long notice periods (e.g. Denmark) the timing difference between recognition of the severance costs and the corresponding reduction in the number of employees. Furthermore, the group numbers are impacted by currency fluctuations between the years.

Company performance

Table 15

Group	2015	2016	2017	2018	2019
Sales growth	21.5%	3.6%	(0.1%)	0.1%	9.1%
Sales growth (constant exchange rates)	8.4%	5.5%	2.3%	4.6%	5.6%
Operating profit growth adjusted	35.2%	3.9%	1.1%	(3.5%)	11.1%
Operating profit growth adjusted (constant exchange rates)	12.7%	6.2%	4.8%	2.8%	5.6%
Parent company	2015	2016	2017	2018	2019
Sales growth	18.2%	4.2%	12.0%	10.2%	10.3%
Operating profit growth	48.1%	(15.1%)	27.9%	1.7%	18.5%

3.7 Long-term incentive programme 2019

Long-term incentive programme 2019 – targets

Table 16

KPI	KPI weight	Measure	Achievement	Outcome	Performance	Months of base salary equivalent		
						CEO	EVP	
Economic value creation								
Long-term incentive target basis (100%)						4.5	3.4	
Financial targets	2019 economic value creation	50%	Degree of target achievement index 90-110	106%	158%	7.1	5.3	
	Sales growth							
	Long-term incentive target basis (100%)						4.5	3.4
	2019 sales growth	50%	Degree of target achievement index 97-103	102%	169%	7.6	5.7	
Total financial targets		100%		104%	163%	14.7	11.0	
Non-financial targets	R&D: Achievement of marketing authorisation for specific product	20%		✓	100%			
	R&D: Successful achievement of milestones in clinical trial	10%		✓	100%			
	R&D: Successful achievement of milestones in clinical trial	10%		✓	100%			
	R&D: Progress in the pipeline within other chronic diseases	10%	Target achievement below 85% results in a reduction	✓	100%			
	R&D: Submission of product files to the regulatory authorities in the US and Europe of a certain product	10%		✓	100%			
	R&D: Achievement of marketing authorisation in the EU and the US for specific product	10%		✓	100%			
	Environmental: Contracts in place to increase use of renewable energy	10%		✓	100%			
	Societal: Progress in societal activities	10%		✓	100%			
	Efficiency: Progress in organisational development	10%		✓	100%			
	Total non-financial targets		100%			100%	No reduction	No reduction
Total months allocated						14.7	11.0	
Maximum allocation, months						18.0	13.5	
Performance as percentage of maximum						82%	82%	
Performance as percentage of target						163%	163%	

Based on the company's performance in relation to the KPIs in the long-term incentive programme, the executives are entitled to 82% of the maximum. The shares allocated to the executives are described in table 19 below. The shares allocated to the executives under the long-term incentive programme for 2019 are subject to a three-year vesting period where the shares allocated might be reduced or increased by up to 30%. The reduction or increase will depend on whether the actual average annual sales growth during the three-year vesting period is lower or higher compared to a target determined by the Board.

3.8 Long-term incentive programme 2016 – vested shares

The members of Executive Management in 2016 have participated in a long-term incentive programme consisting of a one-year performance period (2016) and a three-year vesting period (2017-2019).

The shares allocated after the one-year performance period (2016)

have been locked up for a three-year period. The number of shares has not subsequently been reduced by the Board as the financial performance in the vesting period reached specified threshold levels. Hence, the original number of shares allocated after the one-year performance period will on 5 February 2020 be transferred to current and former executives as specified in table 18 below. No dividend has been paid to the executives during the one-year performance period or the three-year vesting period.

Long-term incentive programme 2016 – vested shares

Table 17

	Number of shares	Market value ¹ (DKK million)
Executive Management		
Lars Fruergaard Jørgensen	4,729	1.8
Monique Carter	—	—
Karsten Munk Knudsen	2,058	0.8
Camilla Sylvest	1,842	0.7
Mads Krosgaard Thomsen	5,246	2.0
Henrik Wulff	4,253	1.7
Non-registered executives	4,170	1.6
Executive Management in total	22,298	8.6

1. The market value of the shares released in 2020 is based on the Novo Nordisk B share price of DKK 386.65 at the end of 2019.

3.9 Long-term incentive programmes 2017-2019 – unvested shares

Executives have been eligible to participate in long-term share-based incentive programmes in 2017-2019. The LTIP 2019 is further described in section 3.7 above. Table 19 below includes an overview of allocated but not yet vested shares to each executive. All information included in the table, including the number of shares and the calculation of value of the shares, is based on the allocation at

the time of the establishment of the respective programmes. However, the number of shares allocated may be reduced or increased, depending on whether the performance of the company in the respective three-year periods deviates from targets determined by the Board. The performance of the company and consequently the number of shares to finally be granted to each executive will only be determined after the end of each of the three-year periods and, thus, below is not an expression of the actual value of each programme.

Table 18

Long-term incentive programmes 2017–2019 - unvested shares

	Grant date	Vesting date	Number of shares allocated ¹	Value per share at grant date	Total market value at launch (DKK million) ²	Months of base salary at year-end equivalent
Lars Fruergaard Jørgensen						
2017 Shares allocated	February 2017	February 2021	43,850	237	9.4	8.2
2018 Shares allocated	February 2018	February 2022	58,938	304	16.5	12.6
2019 Shares allocated	February 2019	February 2023	66,218	322	19.7	14.7
Monique Carter						
2019 Shares allocated	February 2019	February 2023	6,895	322	2.1	8.2
Karsten Munk Knudsen						
2018 Shares allocated	February 2018	February 2022	16,578	304	4.6	9.4
2019 Shares allocated	February 2019	February 2023	18,682	322	5.6	11.0
Camilla Sylvest						
2017 Shares allocated	February 2017	February 2021	6,037	237	1.3	5.5
2018 Shares allocated	February 2018	February 2022	16,578	304	4.6	9.4
2019 Shares allocated	February 2019	February 2023	18,682	322	5.6	11.0
Mads Krogsgaard Thomsen						
2017 Shares allocated	February 2017	February 2021	16,962	237	3.6	6.2
2018 Shares allocated	February 2018	February 2022	22,885	304	6.4	9.4
2019 Shares allocated	February 2019	February 2023	25,788	322	7.7	11.0
Henrik Wulff						
2017 Shares allocated	February 2017	February 2021	13,751	237	2.9	6.2
2018 Shares allocated	February 2018	February 2022	18,421	304	5.2	9.4
2019 Shares allocated	February 2019	February 2023	20,757	322	6.2	11.0
Non-registered executives						
2017 Shares allocated	February 2017	February 2021	23,496	237	5.0	5.5 to 6.2
2018 Shares allocated	February 2018	February 2022	36,842	304	10.4	9.4
2019 Shares allocated	February 2019	February 2023	60,196	322	17.9	11.0
Former registered executives - Jesper Brandgaard³						
2017 Shares allocated	February 2017	February 2021	16,962	237	3.6	6.2
2018 Shares allocated	February 2018	February 2022	22,885	304	6.4	9.4
2019 Shares allocated	February 2019	February 2023	7,522	322	2.2	3.2

1. For the long-term incentive programme for 2017 performance, the maximum share allocation for the chief executive officer was 12 months' fixed base salary plus pension contribution and 9 months' fixed base salary plus pension contribution for the executive vice presidents. In the three-year vesting period, the number of allocated shares may potentially be reduced in the event of lower-than-planned value creation in subsequent years. For the long-term incentive programmes for 2018 performance and 2019 performance, the maximum share allocation for the chief executive officer was 18 months' fixed base salary plus pension contribution and 13.5 months' fixed base salary plus pension contribution for the executive vice presidents. For shares allocated for the 2018 and 2019 long-term-incentive programmes, the number of shares may potentially be reduced or increased depending on whether the actual average annual sales growth during the three-year vesting period is lower or higher compared to a target determined by the Board. 2. The share price used to calculate market value at launch is adjusted for expected dividend. 3. Jesper Brandgaard retired from Novo Nordisk in April 2019. Until April 2020 Jesper Brandgaard will continue to provide certain services for Novo Nordisk. Remuneration of Jesper Brandgaard from January to April 2019 is included in the above table.

3.10 Shareholdings by Executive Management

As of 31 December 2019, Executive Management held shares in Novo Nordisk as follows:

Shareholdings by Executive Management

Table 19

	At the beginning of the year ¹	Additions during the year	Sold/transferred during the year	At the end of the year	Market value ¹ DKK million	Minimum shareholding requirement met ³
Lars Fruergaard Jørgensen	132,628	17,700	—	150,328	58.1	Yes
Monique Carter	—	3,025	—	3,025	1.2	N/A
Karsten Munk Knudsen	47,002	7,813	(7,813)	47,002	18.2	Yes
Camilla Sylvest	2,133	2,550	—	4,683	1.8	Yes
Mads Krogsgaard Thomsen	223,135	21,818	(40,178)	204,775	79.2	Yes
Henrik Wulff	57,575	11,737	—	69,312	26.8	Yes
Non-registered executives	17,304	23,379	(10,910)	29,773	11.5	Yes
Executive Management in total	479,777	88,022	(58,901)	508,898	196.8	

1. Calculation of market value is based on the quoted share price of DKK 386.65 at the end of the year. 2. To further align the interests of the shareholders and executives, the chief executive officer should hold Novo Nordisk B shares corresponding to two times the annual gross salary, and the executive vice presidents should hold shares corresponding to one time the annual gross salary. Basis for calculation of the annual gross salary for an individual executive for a given year is defined as 12 times fixed monthly base salary plus 25% pension contribution as of 1 April 2019. The minimum shareholding requirement is generally phased in over a five year period following the year of appointment. When an executive's holding of shares is calculated, both vested and non-vested shares (ADRs) are included such as personally owned shares in deposit and non-vested shares from the long-term share-based incentive programme.

The Board of Directors' statement on the Remuneration Report

The Board of Directors has today considered and adopted the Remuneration Report of Novo Nordisk A/S for the financial year 2019.

The Remuneration Report is prepared in accordance with section 139b of the Danish Companies Act.

The Remuneration Report will be presented to the Annual General Meeting 2020.

Bagsværd, 5 February 2020

Board of Directors

Helge Lund
Chair

Jeppe Christiansen
Vice chair

Brian Daniels

Laurence Debroux

Andreas Fibig

Sylvie Grégoire

Liz Hewitt

Mette Bøjer Jensen

Kasim Kutay

Anne Marie Kverneland

Martin Mackay

Thomas Rantzau

Stig Strøbæk

Independent auditor's statement on the Remuneration Report

To the shareholders of Novo Nordisk A/S

According to section 139b of the Danish Companies Act, Management is responsible for preparing a remuneration report in accordance with the remuneration policy adopted at the General Meeting.

Our opinion on the audit of the Consolidated Financial Statements and the Parent Company Financial Statements does not include the Remuneration Report, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements and the Parent Company Financial Statements for 2019, it is, however, our responsibility pursuant to section 147 of the Danish Companies Act to verify that all disclosures required under section 139b(3) of the Danish Companies Act are included in the company's Remuneration Report for 2019.

We found no reason to point out any omissions with respect to the disclosures included in the Remuneration Report for 2019.

Hellerup, 5 February 2020

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 3377 1231

Mogens Nørgaard Mogensen
State Authorised Public Accountant
mne21404

Mads Melgaard
State Authorised Public Accountant
mne34354

Appendix:

Remuneration 2015–2019 for the chair of the Board and chief executive officer

A summary of the development of the remuneration of the chair of the Board of Novo Nordisk A/S in the five-year period 2015-2019 is provided in the table below.

Remuneration 2015-2019 for the chair of the Board of Directors

DKK million	2015	2016	2017	2018	2019
Base fee	1.7	1.8	1.8	2.0	2.1
Fee for ad hoc tasks and committee work	0.0	0.5	0.6	0.4	0.4
Travel allowance	0.1	0.5	0.6	0.6	0.6
Total	1.8	2.8	3.0	3.0	3.1
Change	0.2	1.0	0.2	0.0	0.1
% change	13%	56%	7%	0%	3%

In 2015 and up until March 2017, the Board was chaired by Göran Ando. Since March 2017, Helge Lund has chaired the Board.

A summary of the development of the remuneration of the chief executive officer of Novo Nordisk A/S in the five-year period 2015-2019 is provided in the table below.

Remuneration 2015-2019 for the chief executive officer

DKK million	2015	2016	2017	2018	2019
Base salary	10.6	11.9	8.5	10.7	13.9
Pension on base salary	2.6	3.0	2.1	2.7	3.5
Short-term incentive	10.6	6.0	9.2	8.9	13.9
Pension on short-term incentive	2.7	1.5	2.3	2.2	3.5
Benefits	0.3	0.3	0.3	0.3	0.3
Long-term incentive	13.3	3.7	9.4	16.5	19.7
Total	40.1	26.4	31.8	41.3	54.8
Change	6.8	(13.7)	5.4	9.5	13.5
% change	20%	(34%)	20%	30%	33%

In 2015 and 2016 Lars Rebien Sørensen was chief executive officer of the company. The remuneration of Lars Rebien Sørensen for 2015 and 2016 is included in the table above, whereas the severance payment of DKK 65.7 million, including participation in the long-term incentive programme for 2017, is not included. Since 1 January 2017, Lars Fruergaard Jørgensen has held the position as chief executive officer. Lars Fruergaard Jørgensen's base salary has been phased in over a three-year period (year-over-year) since his appointment to chief executive officer as from 1 January 2017. Lars Fruergaard Jørgensen's base salary has in 2017 to 2019 developed as follows: Based on a review of benchmark data from European pharmaceutical companies which were similar in size and complexity to Novo Nordisk, the Board decided to increase the base salary for Danish based members of Executive Management effective 1 November 2017. In addition the base salary has, in line with other employees of the company, been increased by 2% p.a. If these changes had been applied to the base salary of Lars Rebien Sørensen, his base salary would have developed to the same level as Lars Fruergaard Jørgensen's in 2019.