

The Novo Nordisk way

As a focused healthcare company, Novo Nordisk is committed to leading the fight against diabetes. In this promise lies a clear business rationale and a social commitment deeply rooted in the company's way of doing business.

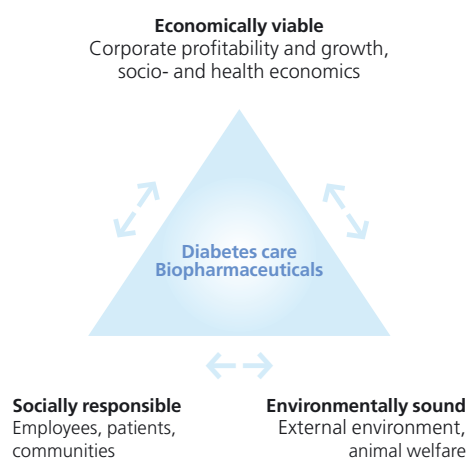
Effective prevention, early diagnosis and optimal treatment improve the health of people with diabetes. This is what drives Novo Nordisk's mission of changing diabetes. As a world leader in diabetes care, the company pursues its aspiration to defeat diabetes while building its business on sustained and balanced growth.

Novo Nordisk's strong position in diabetes care builds on more than 80 years of experience. Since the first successful experiments in 1922, extracting insulin from the pancreas of cows and pigs, Novo Nordisk's production has been based on biotechnology. Fermentation is the core process, today using genetically modified microorganisms to produce insulin.

A values-based approach

Novo Nordisk is a public limited liability company. Within this framework, shareholders

The Triple Bottom Line – a broad business principle



have the ultimate authority to exercise decisions for the company. The company 'strives to conduct its activities in a financially, environmentally and socially responsible way'. This statement is anchored in the articles of association and embraces the principles upon which the company was founded.

This formal commitment to sustainable development and balanced growth has been built into the corporate governance structures, management tools and individual performance assessments. The Brundtland Commission's principle of 'preserving the planet while improving the quality of life for its current and future inhabitants' resonates well with Novo Nordisk's business rationale and its values-based approach. This is what lies behind the Triple Bottom Line which the company has adopted as a broad business principle. It ensures that decision-making balances financial growth with corporate responsibility, short-term gains with long-term profitability and shareholder return with other stakeholder interests.

Ownership structure

Novo Nordisk's ownership is split between holders of A and B shares. A shares are held by Novo A/S, a holding company fully owned by the Novo Nordisk Foundation and established in 1999 to manage the Foundation's assets and to actively invest in life science businesses. With approximately 25% of the total share capital and approximately 71% of the votes, it maintains a controlling influence with a long-term view to value creation. The A shares held by Novo A/S cannot be divested.

The Novo Nordisk Foundation is a private, self-governing institution. Its objectives are to provide a stable basis for the commercial and research activities undertaken by the companies in the Novo Group and to support scientific, humanitarian and social purposes. The majority of its grants go to medical and scientific projects.

Corporate governance

Novo Nordisk is committed to the principles of good corporate governance such as trans-

parency, accountability, openness, integrity and responsibility in its operations. The company is in general in compliance with current codes of good corporate governance at stock exchanges in Copenhagen, New York and London, where the Novo Nordisk B share is listed.


As a Danish public limited liability company, Novo Nordisk has a two-tier board structure consisting of two separate bodies: the non-executive Board of Directors and Executive Management.

Engaged with stakeholders

Novo Nordisk holds itself accountable to the company's shareholders and other stakeholders as well as individuals or groups affected by its business in local communities. Stakeholders are customers – that is healthcare professionals, people with diabetes and others whose healthcare needs it serves – policy-makers, educators, employees, investors, suppliers and other business partners, and society at large. To better manage its risks and act on opportunities, Novo Nordisk proactively maintains engagements with a broad range of stakeholders within its sphere of interest.

Defining materiality

Ongoing interactions with stakeholders, trendspotting, business monitoring and the integrated systematic risk management process are tools to identify the issues that are material to Novo Nordisk's business. The company's response to current and emerging business and societal challenges, in turn, is shaped in a closer dialogue with representatives of the stakeholders affected by the issue. As a result of this process, Novo Nordisk frames its strategic response and defines its targets. The company regularly reviews its key priorities to ensure that they reflect current agendas, and reports on progress against performance targets.

 See the Novo Nordisk Way of Management and more about the company at novonordisk.com/annual-report
Click: Who we are

The Novo Nordisk Way of Management

The Novo Nordisk Way of Management is the framework for how the company does business. It consists of three elements:

- The Vision sets the company's direction for the future. It expresses what Novo Nordisk strives for, how the company will work and how it is guided by its values in its endeavours to find the right balance between compassion and competitiveness – between commercial business interests and the obligations of a responsible business
- The Charter describes the company values, its commitment to the Triple Bottom Line and sustainable development, its Fundamentals – 11 management principles – and follow-up methods to provide ongoing systematic and validated documentation of performance in respect of the Novo Nordisk Way of Management
- Global company policies, giving operational guidelines within 15 specific areas.

Setting priorities

The Novo Nordisk Way of Management is supported by a range of management tools.

Long-term priorities and objectives are identified through a 10-year Strategic Planning Process, inspired by ongoing trendspotting and 20-year diabetes scenarios, which is revisited

annually. Short-term targets, in turn, are managed through the *Balanced Scorecard*. Corporate goals, both financial and non-financial, are cascaded through the organisation to functional areas and translated into individual or team performance targets.

A range of internal procedures are in place, such as the quality management system, the risk management system, internal controls, assurance, audits and a whistleblower function.

Annual employee surveys serve as a dialogue tool about employee engagement and working climate. An ombudsman function gives employees access to fair process in cases of intercompany disputes.

Methodology

The set of specific follow-up methods includes three key activities.

Organisational development is assessed through annual *Organisational Audits*, commissioned by the Board of Directors and Executive Management. This process, conducted at senior management level, includes an assessment of 'linking business and organisation' and succession management, and takes a retrospective and a forward-looking perspective.

The *annual reporting* accounts for financial and non-financial performance against short-term and long-term targets, strategies, activities, risk profile and key business opportunities.

Facilitations are a unique set-up across the



The Novo Nordisk Way of Management is the company's governance framework.

Novo Group, anchored in the holding company. The facilitators, a global team of senior people with deep insights into the business, evaluate how well the practices and understanding of the Novo Nordisk Way of Management are embedded in the organisation.

Novo Nordisk's Vision



We will be the world's leading diabetes care company.

Our aspiration is to defeat diabetes by finding better methods of diabetes prevention, detection and treatment. We will work actively to promote collaboration between all parties in the healthcare system in order to achieve our common goals.



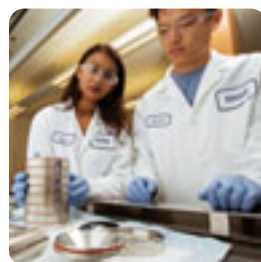
We will offer products and services in other areas where we can make a difference.

Our research will lead to the discovery of new, innovative products, also outside diabetes. We will develop and market such products ourselves whenever we can do it as well as, or better than, others.



We will achieve competitive business results.

Our focus is our strength. We will stay independent and form alliances whenever they serve our business purpose and the cause we stand for.



A job here is never just a job.

We are committed to being there for our customers whenever they need us. We will be innovative and effective in everything we do. We will attract and retain the best people by making our company a challenging place to work.



Our values are expressed in all our actions.

Decency is what counts. Every day we strive to find the right balance between compassion and competitiveness, the short and the long term, self and commitment to colleagues and society, work and family life.