



## **Charter of the Chairmanship of the Board of Directors of Novo Nordisk A/S**

### **1. Definition**

According to the Articles of Association, the Annual General Meeting elects a chairman (the "Chairman"), and a vice chairman (the "Vice Chairman"). The Chairman and the Vice Chairman constitute the Chairmanship.

### **2. Purpose**

The Chairmanship shall assist the Board in the resolution of planning, remuneration, nomination and other assignments as decided by the Board of Directors.

### **3. Membership**

The Chairmanship consists of the Chairman and the Vice Chairman.

With the exception of agenda items reserved for the Chairmanship's internal discussion at each meeting, the Chief Executive Officer and the Chief Financial Officer attend the Chairmanship meetings. The Corporate Secretary is acting as secretary for the Chairmanship.

### **4. Responsibilities**

#### **4.1 General responsibility**

The Chairmanship shall:

- 4.1.1. prepare the Board's Annual Wheel and issues to be discussed
- 4.1.2. prepare each meeting of the Board, including preparation of the agenda
- 4.1.3. stay informed about work being carried out in committees established by the Board
- 4.1.4. between meetings of the Board have meetings with members of Executive Management, as needed
- 4.1.5. prepare material for the Board's decision-making concerning employment, termination and remuneration of the members of Executive Management and annually carry out an evaluation of Executive Management and

- 4.1.6 recommend fee structure and level for Board membership and Board activities in accordance with Clause 5 hereof
  - 4.1.7 conduct a self-assessment programme for the Board in accordance with Clause 7 of the Rules of Procedure
  - 4.1.8. ensure the preparation of material concerning nomination of candidates for election or re-election of members of the Board in accordance with Clause 6 hereof
  - 4.1.9 conduct an annual review of the company's investment portfolio supplemented with ad hoc investment reviews whenever significant investments are being prepared for Board of Directors approval, and
  - 4.1.10 carry out such other tasks as specifically decided by the Board or which otherwise follow from legislation, the Articles of Association, the Rules of Procedure for the Board of Directors or this Charter.
- 4.2 The Chairmanship shall ensure that the Board annually reviews and endorses a succession plan for Executive Management.
- 4.3 The Chairman represents the Board externally to investors, press and other third parties if comments by the Board are required or appropriate.

## **5. Remuneration**

### 5.1 Remuneration principles

The Chairmanship shall periodically and at least once annually review and recommend to the Board the 'Principles for remuneration of board members and executives in Novo Nordisk A/S' to be recommended by the Board for adoption by the Annual General Meeting. If required, the Chairmanship shall also review other parts of the company's remuneration structures.

### 5.2 Remuneration of the Board

In due time, the Chairmanship shall present a proposal for remuneration of the Board in respect of next calendar year. The proposal shall be based on the 'Principles for remuneration of board members and executives in Novo Nordisk A/S'.

### 5.3 Remuneration of Executive Management

- 5.3.1 The Chairmanship shall present a proposal to the Board of Directors for base salary and key terms including severance packages, when the company hires new executives. The Chairmanship shall approve all other employment contract terms for members of Executive Management. The proposal shall be based on the 'Principles for remuneration of board members and executives in Novo Nordisk A/S'.

5.3.2 Annually, the Chairmanship shall evaluate:

- the performance of the CEO, and
- the CEO's evaluation of the other members of Executive Management and their fulfilment of targets, goals and objectives in relation to short and long-term incentive programmes.

Based on these evaluations, the Chairmanship shall determine the following and subsequently inform the Board of Directors:

- Adjustments in base salary (incl pension contributions) and level of fringe benefits for executives
- Fulfilment of short-term incentive programmes and payout for each executive
- Establishment of targets for the short-term incentive programme for the CEO
- Review the CEO's establishment of targets for the short-term incentive programme for the other members of Executive Management
- Fulfilment of long-term incentive programmes and payout for each executive
- Targets for the long-term incentive programmes.

5.4 The Chairmanship shall determine in relation to executives any settlement of claims in connection with severance.

## **6. Nomination of board members**

6.1. Re-nomination of existing members and nomination of new members shall be based upon an evaluation of

6.1.1 competences required on the Board (see Clause 6.2)

6.1.2 independence of the members or a defined part hereof (see Clause 6.3)

6.1.3 performance of the existing members

6.1.4 changes in existing members' principal occupation or significant changes in other board positions

6.1.5 an assessment of the composition of the Board in relation to diversity

6.1.6 an assessment of the optimal structure, size and composition of the Board.

6.2 Competences. The Chairmanship shall annually analyse which general competences are necessary to be represented on the Board taking into consideration the Company's position as both a large Danish company and a substantial player in the international pharmaceutical industry and present such competence profile to the Board. In general,

the Board shall through its members have experience from management of companies which develop, manufacture and market their products and services globally, and the experience shall include but not be limited to general and financial management, sales and marketing management and management of R&D within the international pharmaceutical or related industry.

- 6.3 Independence. The Chairmanship shall annually review developments in respect of independence criteria for boards of directors. The Chairmanship shall also evaluate which independence criteria that it believes should be applied and the number of members who should qualify as independent under such criteria.
- 6.4 The Chairmanship shall present the result of the considerations in Clauses 6.1 through 6.3 – including a ‘competence profile’ and a proposal for the definition of independence – to the Board in time for the Board to discuss and define the general criteria and to issue a recommendation to the shareholders in time for the Annual General Meeting.
- 6.5 Based on the general criteria approved by the Board in accordance with Clause 6.1 and based on the self-assessment carried out in accordance with Clause 7 of the Rules of Procedure for the Board of Directors, the Chairmanship shall prepare for and present to the Board a specific proposal for nomination of individual members for election or re-election at the Annual General Meeting as Chairman, Vice Chairman and board members. As deemed necessary, the Chairmanship may consult major shareholders to seek opinions.
- 6.6 Further, the Chairmanship shall prepare for and present to the Board a specific proposal for election or re-election of individual members as committee members.
- 6.7 When assessing individual members for nomination the Chairmanship shall take into consideration that all existing and new members must have sufficient time to participate in and contribute to the work of the Board.

## **7. Chairmanship reporting**

- 7.1 The Chairmanship shall prepare the annual reporting on remuneration of board members and executives that is required by applicable law or deemed appropriate to be included in Novo Nordisk’s financial reporting.
- 7.2 The Chairmanship shall regularly inform the Board of Directors of discussions and present recommendations to the Board of Directors. Further, the Board of Directors will receive the agenda for the Chairmanship meetings in advance of the upcoming board meeting.

## **8. Miscellaneous**

The Chairmanship may engage independent advisors as it determines necessary to carry out its duties.

The Chairmanship shall have available appropriate funding as determined necessary by the Chairmanship for the fulfilment of its tasks and duties.

The Chairmanship shall, once a year

- conduct a performance evaluation of the Chairmanship and report such evaluation to the Board of Directors
- evaluate the adequacy of this Charter and recommend any proposed changes to the Board of Directors.

## **9. Meetings**

The Chairmanship shall meet as often as it determines appropriate, but at least in preparation for each board meeting. Further, the Chairmanship shall meet upon request of a member of the Chairmanship or the Chief Executive Officer.

Meetings shall be convened at not less than eight days' notice, and such notice shall include an agenda for the meeting in question. Any written material relating to the individual agenda items shall, to the extent possible, be forwarded to the members together with the notice convening the meeting.

Under special circumstances, a committee resolution may be passed over the phone or in writing.

## **10. Chairmanship member fee**

Both members of the Chairmanship shall receive an annual fee to be proposed by the Board and approved by the Annual General Meeting (cf Clause 5).

Copenhagen, 7 December 2011

**The Board of Directors of Novo Nordisk A/S:**

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Sten Scheibye

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Göran Ando

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Bruno Angelici

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Henrik Gürtler

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Ulrik Hjulmand-Lassen

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Thomas Koestler

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Anne Marie Kverneland

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Kurt Anker Nielsen

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Søren Thuesen Pedersen

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Hannu Ryöppönen

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Stig Strøbæk

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Jørgen Wedel