

novonordiskfonden

# 2015

---

FACTS AND RESULTS

---

THE NOVO NORDISK FOUNDATION GROUP

### **Contents**

The Novo Nordisk Foundation Group .....	3
Governance of the Novo Nordisk Foundation .....	4
The Novo Nordisk Foundation in brief .....	4
The Foundation's strategic goals .....	5
Grants awarded by the Foundation .....	7
Research and innovation grants in open competition .....	8
Prizes .....	8
Strategic grants: research centres and stand-alone grants .....	9
Grants to Steno Diabetes Center .....	9
Grants for humanitarian and social purposes .....	10
The Foundation's Board and Secretariat .....	11
Compliance with recommendations of Foundation Governance .....	11
The Novo Nordisk Foundation Group and society in brief .....	13

## ***The Novo Nordisk Foundation Group***

The Novo Nordisk Foundation and the companies in the Novo Group comprise the Novo Nordisk Foundation Group.

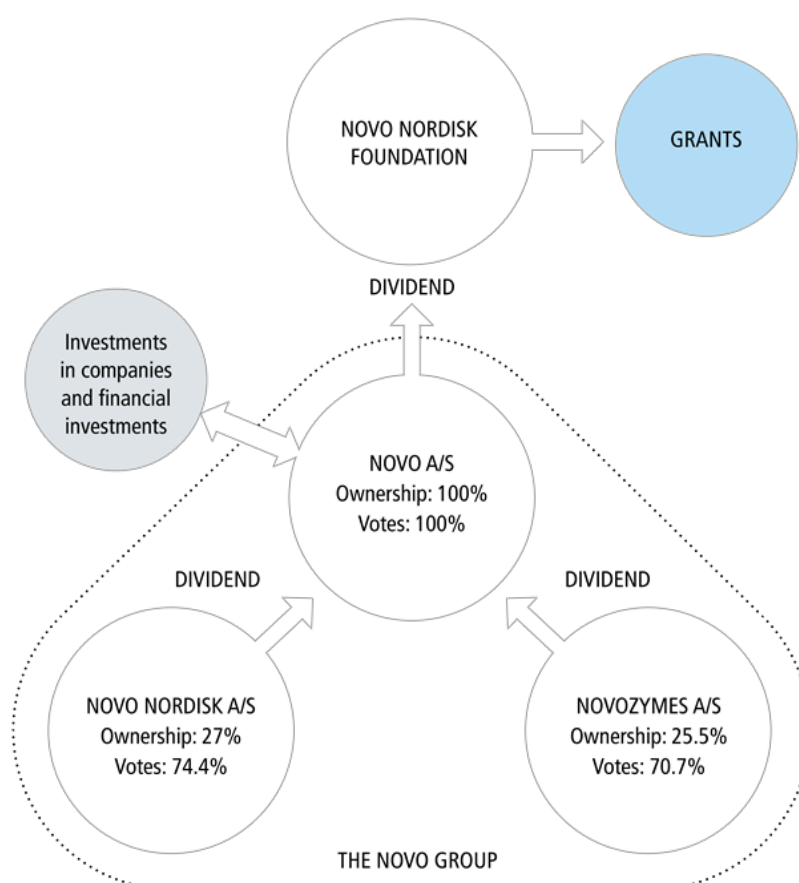
The Novo Nordisk Foundation is an independent Danish foundation with corporate interests. The Foundation has two main objectives:

- to provide a stable basis for the commercial and research activities of the companies in the Novo Group; and
- to support scientific, humanitarian and social causes.

The Foundation funds its grants through income primarily comprising dividends from Novo A/S, its wholly owned subsidiary. The income of Novo A/S derives from:

- dividends from Novo Group companies;
- dividends and returns from investment stakes in companies; and
- dividends and returns from financial investments.

**Figure 1. Organization and financial flow chart in the Novo Nordisk Foundation Group<sup>1</sup>**



<sup>1</sup> NNIT A/S became an independent member of the Novo Group when it was listed on the stock exchange on 6 March 2015 in connection with the sale by Novo Nordisk A/S of shares in NNIT A/S. At the end of 2015, Novo A/S and Novo Nordisk A/S each owned 25.5% of the share capital of NNIT A/S.

### ***Governance of the Novo Nordisk Foundation***

The Novo Nordisk Foundation is subject to the Danish Foundation Act, and the Danish Business Authority therefore supervises the Foundation. In addition, the Foundation must comply with recommendations of the Committee on Good Foundation Governance. Further information is available on the Foundation's website at [www.novonordiskfoundation.com](http://www.novonordiskfoundation.com).

The Foundation organizes its commercial and grant-awarding activities separately.

- The Novo Nordisk Foundation is responsible for awarding grants, and the Foundation's Board decides the strategy for the grants and which grants to award.
- Novo A/S manages the commercial activities within the overall financial strategy set by the Foundation's Board, which has also laid down the Charter for the Novo Group. Through its ownership of Novo A/S, the Foundation's Board approves Novo A/S' annual report and the appointment of members to its Board.

The Foundation funds its grants from income that primarily comprises dividends from Novo A/S. The Foundation's Board ensures reasonable consolidation through suitable appropriation of funds, possibly in Novo A/S. This is to enable the Foundation to participate as necessary in future capital increases of Novo Nordisk A/S, Novozymes A/S and NNIT A/S or other companies in which Novo A/S has a substantial ownership stake.

### ***The Novo Nordisk Foundation in brief***

The Novo Nordisk Foundation is an independent Danish foundation with corporate interests. Its history dates back to 1922, when Nobel Prize Laureate August Krogh obtained a licence from the Insulin Committee of the University of Toronto to manufacture insulin in Scandinavia. The Foundation's vision is to contribute significantly to research and development that improves the health and welfare of people. The Foundation has the following main objectives, as set out in the Articles of Association:

1. to provide a stable basis for the commercial and research activities:
  - of Novo Nordisk A/S, which is engaged in research in, development, production and sale of pharmaceuticals and related products and services;
  - of Novozymes A/S, which is engaged in carrying out research in, development of, production of and trade in biological solutions;
  - of any future public or private limited companies in which the Foundation's subsidiary, Novo A/S, may hold a material equity interest or over which Novo A/S may have material influence, whether through proxy or otherwise;
2. to support physiological, endocrinological, metabolic and other medical research;
3. to support research hospital activities within diabetes in Denmark; and furthermore
4. to support other scientific as well as humanitarian and social purposes.

In the commercial arena, the Foundation's ambition is that the companies in the Novo Group (Novo Nordisk A/S, Novozymes A/S, NNIT A/S and Novo A/S) position themselves as internationally recognized and significant actors and create innovation and world-class business results. This is done through research-based products and services that improve the combating of disease and support the sustainable use of natural resources.

For grants, the Foundation strives to use its independence and flexibility to promote world-class public research at universities, hospitals and other not-for-profit organizations in Denmark and the other Nordic countries. The Foundation wants to contribute to developing Denmark and the other Nordic countries so that they are recognized as an international health science and biotechnology powerhouse. The Foundation believes that world-class research is best carried out through long-term support for the development of knowledge environments.

### ***The Foundation's strategic goals***

The Board of Directors of the Foundation adopted a grant-awarding strategy for 2014–2018 in 2013 and a financial strategy in 2015. The Foundation's strategic goals were implemented in 2014.

#### **SOCIETAL GOALS**

With Denmark as the Foundation's centre of gravity, the focus is:

- To promote world-class research and innovation in the medical, biotechnological and natural sciences and help to foster a world-class education system.
- To help to develop a knowledge-based society that contributes to long-term economic activity and job creation for improving general health and welfare.

#### **COMMERCIAL GOALS**

- Be a strong owner of the companies in the Novo Group.
- Generate attractive returns for the Foundation on its financial investment portfolio.
- Make investments with the main goal of promoting knowledge and world-class research.

#### **GOALS FOR GRANT ACTIVITIES**

- Strengthen biomedical and biotechnology research in selected fields.
- Fuel cross-disciplinarity.
- Advance individual scientific excellence.
- Spur imagination, inspiration and knowledge about science and technology.
- Build bridges between scientific discoveries and their commercial applications.
- Achieve social and humanitarian impact.

*"The Foundation supports free and independent research of the highest quality, especially at universities and hospitals. The research results belong to the researchers and the public research institutions at which they work. The Foundation also supports innovation, education and the dissemination of knowledge.*

*Through the Foundation's commercial and grant-awarding activities, we strive to contribute to a knowledge-based society in which research and development within the health sciences, biotechnology and the natural sciences in Denmark and the other Nordic countries is strengthened to benefit the health and welfare of people and drive value creation in the region."*





### ***Grants awarded by the Foundation***

#### **Grant highlights of the year**

In 2015, the Foundation received 1892 applications and awarded 291 grants.

The Foundation's Board follows two principles when awarding grants. One is to award grants in open competition; the other is that the Board may proactively launch or support stand-alone initiatives not subject to open competition.

The Foundation's Board is responsible for establishing the grant categories, instruments, budget and thematic fields. Administratively, applications and the grants awarded are divided into the following four categories and purposes.

- **Research and innovation grants awarded in open competition following calls for applications within physiological, endocrinological, metabolic and other medical research and other scientific purposes (biotechnology, innovation and art history):** The Foundation received and processed 1343 research applications in the research and innovation grants category. Of these, women submitted 37% and men 63%, with 254 (almost 19%) receiving a grant following peer assessment. Women comprised 36% of the grant recipients and men 64%. The total awarded was DKK 609.9 million.
- **Strategic grants: research centres and stand-alone grants (research, education, outreach, etc):** The Foundation received 69 project applications and awarded 17 grants. The Foundation also awarded four education prizes. In 2015, the Foundation received 346 applications to participate in the Copenhagen Bioscience Conferences and approved 252. The total awarded for new grants was DKK 432.3 million.
- **Steno Diabetes Center:** the Foundation supports Steno Diabetes Center, the research hospital of Novo Nordisk A/S, and the development costs for the new Steno Diabetes Center Copenhagen in the Capital Region of Denmark. The total awarded was DKK 109.6 million.
- **Humanitarian and social purposes:** The Foundation received and processed 47 applications from organizations for humanitarian and social causes and 83 applications from individual people for various social purposes. Fifteen grants were awarded to 14 organizations whose purpose is to improve the health and welfare of people. The total awarded to humanitarian and social organizations internationally and in Denmark in 2015 was DKK 7 million.

The gross overhead ratio for administering grants in 2015 was 8.6% of the grants paid out and 6.7% of the gross total of grants awarded. The equivalent figures in 2014 were 7.2% and 5.4%, respectively. The overhead ratio in 2015 includes costs such as personnel costs, renovating the Foundation's offices, furniture, rent, consultancy fees, travel expenses and honorariums for committee and Board members. The overhead ratio also includes a service agreement with Novo A/S for providing services such as accounting and legal services, human resources, information technology, financial activities and activities within the Pre-seed Programme.

For further information, see the Foundation's website at [www.novonordiskfoundation.com](http://www.novonordiskfoundation.com), which lists the names of grant recipients in 2015 and in previous years.

### **Research and innovation grants in open competition**

*The Foundation annually supports numerous research activities in the form of project grants, scholarships and fellowships, research leader programmes, prizes and symposia. The grants are awarded through the Foundation's 13 specially created scientific committees. In 2015, these committees comprised nearly 50 experienced experts at a high international level.*

The Foundation supports research and innovation in open competition based on calls for applications. The Foundation awards grants through the following procedures. The Foundation's Board establishes several expert committees, selects the committee members, establishes the rules of procedure for the committees, decides on specific grant instruments and approves the annual budgets for each grant instrument. The committees then implement the grants within these frameworks decided by the Foundation's Board. Peer review of the applications ensures that grants are awarded for the projects of the highest quality and with the most potential and to the most qualified applicants within the relevant research field. The Foundation's Board sets the frameworks for each committee annually by describing the mandate for each committee. In addition, the Board provides an in-depth mandate to the chair of each committee.

The committees and the other external international experts also serve as the Foundation's windows to the research community. Committee members are active and recognized researchers, experts in their fields with a valuable overview of a research field, often supplemented by experience gained as members of other research councils or academic assessment committees. The committee members are therefore very qualified to assess the applications received and to select the best projects to receive grants.

The Foundation has rules for eligibility to help ensure the impartial assessment of all applications. The rules are available at the website of the Foundation: [www.novonordiskfonden.dk/en/content/rules-eligibility](http://www.novonordiskfonden.dk/en/content/rules-eligibility).

The Foundation's oldest and largest committees are responsible for deciding grants within the medical and health sciences. The Committee on Medical and Health Sciences Research implements the Foundation's project grants and scholarships within clinical and basic biomedical research in Denmark. The Nordic Research Committee implements the Foundation's research projects and scholarships within endocrinology and experimental physiology in the Nordic countries.

The Foundation's other committees decide on grants for research within biomedicine and biotechnology, innovation, nursing, general practice and family medicine, art history and art.

From 2015, depending on the committee, the tenure of committee members has been set at either 4 years with the possibility of being reappointed for an additional period of up to 2 years or 5 years with the possibility of being reappointed for an additional period of up to 5 years. Committee members may be re-elected once and must retire in the year in which they become 70 years old. The Foundation's Board appoints the members of the committees and approves the rules of procedure of each committee.

International assessors are used either individually or in panels or committees as ad hoc experts and are released once their assessment is complete.

### **Prizes**

The Foundation awards annual prizes for outstanding research contributions. Several of the prizes are awarded in partnership with scientific associations in Denmark, the Nordic countries, the rest of Europe and the United States.

For further information out the Foundation's Prizes, see: <http://novonordiskfonden.dk/en/content/novo-nordisk-foundation-prizes>



### ***Strategic grants: research centres and stand-alone grants***

The Foundation has a vision of contributing to solving some of the challenges that threaten global health and welfare such as diabetes and the depletion of natural resources. With this in mind, the Foundation's Board strategically decides the overall theme of an individual initiative for which grants are awarded. In terms of research activities, international experts assess the applications submitted.

#### ***Research centres***

Since 2007, the Foundation has awarded grants totalling almost DKK 3.7 billion towards establishing four large research centres and a national biobank at public research institutions in Copenhagen. The centres' respective fields of research are proteins, stem cells, metabolism and biosustainability.

The ambition is to create a cluster of research centres within biomedicine and biotechnology that comprise outstanding knowledge environments with world-class infrastructure and research. This is being achieved by offering optimal frameworks for developing and strengthening scientific competencies that allow the centres to attract some of the world's best researchers and talented scientists. The grants for the centres have a long-term perspective and are awarded for a minimum of 10 years.

The research centre cluster is based in Greater Copenhagen, in which the University of Copenhagen, the Technical University of Denmark and several university hospitals and research institutions are located and several biopharmaceutical and biotechnology companies are headquartered. This sows the seeds for a dynamic and innovative environment with opportunities for creating both national and international collaboration across scientific disciplines, thereby positioning Greater Copenhagen as an international beacon within bioscience research.

#### ***Stand-alone grants***

The Foundation's Board continually gives priority to awarding grants for numerous projects with a specific theme that is important for society. These grants are called stand-alone grants.

The topics for the projects are wide ranging and can cover research, education and outreach projects, innovation and the like. In many cases, the projects are funded in partnership with other parties, both private and public. Every project receives a grant of up to 5 years in duration.

The Foundation helps to inspire and enthuse young people and students at primary schools and upper-secondary schools and those in higher education and to increase the general public's interest in the natural sciences and research.

Another characteristic of stand-alone grants from the Foundation is that they are ambitious and have a broad perspective.

### ***Grants to Steno Diabetes Center***

Under its Articles of Association, the Foundation funds the operation of Steno Diabetes Center A/S, which is a specialist outpatient clinic that carries out treatment, prevention, research and education within diabetes. Steno Diabetes Center A/S provides high-quality treatment for nearly 6000 people with diabetes. The Center also provides teaching, guidance and research within the treatment and prevention of diabetes.

The Center has contracted with the Capital Region of Denmark to treat people with diabetes and, under this agreement, the Center operates as part of Denmark's publicly funded healthcare system. People with type 1 or type 2 diabetes receive treatment on an outpatient basis. The treatment offered is more comprehensive than basic treatment and includes ophthalmology, chiropody, clinical dietitians and clinical physiology. The Foundation supports the operation of Steno Diabetes Center's hospital and clinical research activities. In 2015,

the Foundation provided DKK 29 million to the Steno Diabetes Center towards operating the hospital in 2016.

The Novo Nordisk Foundation and the Capital Region of Denmark, with input from Novo Nordisk A/S, have collaborated on a vision that will ensure that people with diabetes in Denmark receive world-class treatment. The culmination of this collaborative vision will be the transfer of Steno Diabetes Center A/S to the Capital Region of Denmark on 1 January 2017. In 2015, the Foundation provided a grant of DKK 40 million for developing the new Steno Diabetes Center Copenhagen initiative in 2015–2016 with a view to constructing a new building at Herlev Hospital to accommodate the new Center in 2017–2020. The Foundation envisages funding the construction of the building and also envisages supporting the supplementary treatment, clinical research, education and disease prevention activities. The Center is expected to have a capacity to treat 11,000–13,000 people annually compared with the 6000 people currently treated annually by Steno Diabetes Center.

In 2015, the Foundation provided support to the Steno Health Promotion Center, which carries out research into patient education, lifestyle changes and in primary, secondary and tertiary prevention. The Foundation also supported the STAR (Steno Training and Application of Resources) project, an international education programme that aims to improve the treatment of people with diabetes in such countries as China, India and Indonesia by teaching and disseminating new knowledge about diabetes, and the Steno-REACH diabetes education programme, which aims to address the shortfall of health professionals in diabetes in low- and medium-income countries.

### ***Grants for humanitarian and social purposes***

The Foundation awards grants annually for humanitarian and social purposes with the aim of improving the health and welfare of people. In 2015, the Foundation awarded grants totalling DKK 7 million for humanitarian and social purposes.

### ***The Foundation's Board and Secretariat***

#### **The Foundation's Board**

The Foundation's Board has nine members: six members elected under the Foundation's Articles of Association, two of whom must have insight into research in the medical or natural sciences, and three employee representatives from Novo Nordisk A/S and Novozymes A/S. Of the members elected under the Articles of Association, three are independent members based on the *Recommendations on Foundation Governance* of the Committee on Foundation Governance.

The Chair of the Foundation's Board chairs the Board of Novo A/S, and the Foundation's Vice Chair is also a member of the Board of Novo A/S. Board members elected under the Foundation's Articles of Association serve for 1 year, with an election taking place before the end of April every year. Members whose terms have ended may be re-elected until the year in which they reach 70 years of age. Regarding the gender diversity of the Board, the nine members include six men and three women. One member of the Board is a citizen of a country other than Denmark.



The Novo Nordisk Foundation's Board of Directors (March 2015):  
Lars Fugger, Mariane Philip, Sten Scheibye, Bo Ahrén, Karsten Dybvad, Anne Marie Kverneland, Steen Riisgaard, Karen Lauberg lauritsen, Lars Bo Køppler

For further details about the Foundation's current Board,  
see: [www.novonordiskfonden.dk/en/content/board-directors](http://www.novonordiskfonden.dk/en/content/board-directors).

#### **Secretariat**

For further details about the Foundation's current Secretariat,  
see: [www.novonordiskfonden.dk/en/content/executive-management-and-secretariat](http://www.novonordiskfonden.dk/en/content/executive-management-and-secretariat).

### ***Compliance with recommendations of Foundation Governance***

In June 2014, the Folketing (parliament) passed new legislation on foundations with corporate interests that entered into force on 1 January 2015. The Committee on Good Foundation Governance has prepared a set of recommendations, *Recommendations on Foundation Governance*, which the foundations with corporate interests must address and explain in their annual report if they do not comply (the "comply or explain" principle).

The Foundation follows all recommendations except the recommendation on the election period for board members. The Committee recommends that board members be elected for a minimum period of 2 years and a maximum period of 4 years. In 2004, the Foundation's Board decided, with the approval of the public authorities, to change the election period for members elected under the Articles of Association from 3 years to 1 year. The Board assesses that an election period of 1 year better allows for coordinating the succession in the boards of the whole Novo Nordisk Foundation Group.

In 2015, the Foundation's Board set a target for diversity of the Board. The Foundation's Board aims that, by 2019, at least one member of the Board elected under the Articles of Association will be a citizen of a country other than Denmark, and at least two members elected to the Board under the Articles of Association will be women and two will be men.

For an overview of how the Foundation complies with the recommendations, see: [www.novonordiskfonden.dk/en/content/corporate-governance](http://www.novonordiskfonden.dk/en/content/corporate-governance).

### ***The Novo Nordisk Foundation Group and society in brief***

**Grants for public research:** In 2015, the Foundation awarded grants worth a total of DKK 1.159 billion (€156 million) gross and paid out DKK 914 million (€123 million). The money was spent primarily for public research at universities and hospitals. Grants cancelled amounted to DKK 132 million (€18 million), and repayments were DKK 13.4 million (€1.8 million). The net grants were therefore DKK 1.027 billion (€138 million).

**Investments in private research and development:** In 2015, Novo Nordisk A/S spent DKK 13.608 billion (€1.83 billion) on research and development activities and Novozymes A/S DKK 1.896 billion (€255 million). In addition, Novo A/S made additional investments in research and development in companies that it owns.

**Research hospital activities, Steno Diabetes Center A/S:** Novo Nordisk A/S, the Foundation and the Capital Region of Denmark jointly funded Steno Diabetes Center A/S with DKK 186.1 million in 2015. The treatment provided benefited nearly 6000 people with diabetes. The Foundation also funded international education programmes on diabetes for professionals in low- and middle-income countries and supported research on health promotion and the development of Steno Diabetes Center A/S.

**Generating new knowledge:** The Foundation's grants help to create, retain and develop dynamic knowledge and research environments at public research institutions. They also help to create the basis for educating highly skilled graduates and developing highly talented researchers who can find jobs in both private companies and public research institutions. In 2015, recipients of Foundation grants published more than 2000 articles in various scientific publications to benefit global society as a whole.

**Commercializing research at an early stage:** The Foundation provides funding that enables researchers in the Nordic countries to identify the commercial potential of their research discoveries and mature the sustainability of their innovation. The focus is on the commercial application and use of promising research discoveries such as the development of new diagnostic methods, therapies, medical devices and technologies that can result in establishing new biotechnology companies.

**Jobs in Denmark:** The grants awarded by the Foundation in 2015 have generated an estimated 1500 science-related jobs, primarily in the public research and education sectors in Denmark. At the end of 2015, Novo Nordisk A/S employed 17,029 people in Denmark, Novozymes A/S 2715 people and NNIT A/S 1547 people. In addition, the investment in life-science companies by Novo A/S supports at least 1500–2000 jobs in Denmark.

**Taxes paid:** In 2015, the activities of the Novo Nordisk Foundation Group resulted in corporate taxes paid in Denmark of about DKK 6 billion (€808 million).

**Sustainable activities:** The companies in the Novo Group must comply with a special charter that obligates the companies to demonstrate financial, environmental and social responsibility and to deliver products that improve how people live and work. Both Novo Nordisk A/S and Novozymes A/S produce annual Communication on Progress reports that detail the initiatives the companies take to support and implement the principles of the United Nations Global Compact. Other investments made through Novo A/S must not contravene the charter.

**Environmental and climate awareness:** Novo Nordisk A/S and Novozymes A/S focus on reducing the amount of energy and water used and carbon dioxide (CO<sub>2</sub>) emitted. This has resulted in considerable reductions for both companies in 2015 and previous years.

**Humanitarian and social support:** The Foundation supports numerous well-known humanitarian and social organizations every year based on the applications received. In 2015, the Foundation awarded grants to 14 humanitarian and social organizations.

Read more about the Novo Nordisk Foundation and society in the 2015 report on the Foundation's website at [www.nvonordiskfoundation.com](http://www.nvonordiskfoundation.com).