

## FAQ: The Novo Nordisk Foundation and governance in the Novo Group

### **Q: How is it decided who should be a member of the Board of the Novo Nordisk Foundation?**

**A:** The Board comprises 10 members: seven elected under the Foundation's [Articles of Association](#) and three employee-elected members.

Members are appointed for 1 year at a time, except for the employee-elected members who serve 4-year terms

New members under the Articles of Association are elected by existing Board members.

New candidates for election to the Board under the Articles of Association are nominated by the Board's Remuneration & Nomination Committee, which comprises two or more members elected by and among the current Board members.

Proposals for new members are based on a [competency profile](#) that describes the competencies the Board of Directors should possess.

The employee-elected Board members are elected by employees of the Novo Group, including the two operating companies Novo Nordisk A/S and Novonosis A/S (typically it has been two from Novo Nordisk and one from Novonosis).

### **Q: Who appoints the Chair and Vice Chair of the Board?**

**A:** The Board elects its Chair and Vice Chair annually at the ordinary board meeting in March/April each year by a simple majority vote.

### **Q: For how long may Board members serve?**

**A:** Members elected under the Articles of Association are elected for 1-year terms, subject to a mandatory retirement age of 75. Our competency profile states that members should not serve more than 12 years.

### **Q: What are the requirements for Board composition and competencies?**

**A:** Two of the members elected under the Articles of Association must have experience from Novo Group companies, two members must have a background within medical or natural science, and two must have commercial insight but be independent of the Novo Group.

### **Q: How does the Foundation ensure independence on the Board?**

**A:** A majority of members (right now four of seven members) elected under the Articles of Association must be independent.

**Q: How is the Board's performance evaluated?**

**A:** The Board conducts an annual self-evaluation of its work, the Chairmanship and the collaboration with the Foundation's Executive Management. The Chairmanship facilitates this process, sometimes using external consultants in accordance with Recommendations on Foundation Governance.

**Q: Who is the Chair of the Board of the Novo Nordisk Foundation accountable to?**

**A:** The Chair is accountable to the Foundation's Board. Moreover, The Danish Business Authorities oversees enterprise foundations to ensure that they are managed responsibly in accordance with legislation and the foundations' articles of association.

**Q: How does the Board discuss the position or performance of a specific Board member?**

**A:** Such matters are handled under the Board's rules of procedure in an annual evaluation process. When a member of the Board is to be discussed, the member will leave the room.

**Q: How can the Board dismiss its Chair?**

**A:** The Chair is elected by the Board annually. Any member of the Board can propose to elect a different Chair at the annual election.

**Q: The Foundation's current Chair also chairs the Foundation's Remuneration & Nomination Committee. What are the rules for his involvement in the Committee's discussions about his positions?**

**A:** The Remuneration & Nomination Committee identifies and nominates candidates for the Board. However, if the position of a member of the Committee is to be discussed, the person will leave the room and not take part in the discussions in the Committee. Ultimately, the entire Board will vote on the suggested changes to the Board.

**Q: What are the rules for the Chairs' involvement in board discussions about his own positions?**

**A:** Same as with the Remuneration & Nomination Committee.

**Q: What is the overall responsibility of the Board of the Novo Nordisk Foundation?**

**A:** The Board has the overall responsibility for strategy, asset management, oversight of the companies in the Novo Group, and grant decisions. The Board must ensure the Foundation is properly organised and compliant with the Danish Foundation Act.

**Q: Who oversees the Board and the Foundation?**

**A:** The Danish Business Authorities oversees enterprise foundations to ensure that they are managed responsibly in accordance with legislation and the foundations' articles of association. The Novo Nordisk Foundation submits an annual report of its compliance with the [Recommendations on Foundation Governance](#) issued by the Committee on Good Foundation Governance.

**Q: How is the ownership structured between the Foundation, Novo Holdings and the companies in the Novo Group (Novo Nordisk and Novonesis)?**

**A:** The Foundation wholly owns Novo Holdings A/S, which in turn holds the controlling shares in Novo Nordisk and Novonesis.

**Q: Your principles of good governance state that there should be an overlap between the chairmanships of the Novo Nordisk Foundation and Novo Holdings. Why is this not the case at present?**

**A:** Lars Rebien Sørensen has, based on an approval from the Novo Nordisk Foundation Board, stepped down from the Board of Novo Holdings because of his becoming Chair of Novo Nordisk, thereby avoiding having a Chair position at all three levels in the Novo Group. The Board of the Novo Nordisk Foundation has found that the current overlap between the two Boards (Steen Riisgaard and Lars Green) will be able to ensure the relevant alignment during this period.

**Q: How is arm's-length maintained between the Foundation and the companies?**

**A:** The Novo Nordisk Foundation aims for the Novo Group companies to have independent boards and an independent chair to ensure an arm's length relationship and balance of power. An exception has been made to this principle for a temporary period (see note of exceptions).

**Q: According to the Foundation's governance principles, the Chairs of Novo Nordisk and Novonosis should be independent. Why is this not currently the case at Novo Nordisk?**

**A:** This decision to propose Lars Rebien Sørensen as Chair of Novo Nordisk was made by the Board of the Novo Nordisk Foundation as a temporary exception to the general principle. The Foundation Board finds that the need to have a chair in Novo Nordisk with deep experience from the company and the pharma industry in general currently calls for an exception to this general principle.

**Q: Who decides who sits on the boards of Novo Holdings, Novo Nordisk, and Novonosis?**

**A:** The Novo Nordisk Foundation's Remuneration & Nomination Committee proposes and approves members of the Novo Holdings Board. Novo Nordisk and Novonosis each have their own independent boards, which are elected by the companies' shareholders. Novo Holdings nominates two members to each of the two company boards.

**Q: Why is Cees de Jong classified as independent in his role as Vice Chair of Novo Nordisk given his role as Chair of Novonosis?**

**A:** We believe Cees de Jong qualifies to be an independent member as defined by the [Committee for Good Corporate Governance](#).

**Q: Why is Lars Green considered a dependent member of the Novo Nordisk Foundation Board?**

**A:** As described on our website, Lars Green is considered a dependent member of the Novo Nordisk Foundation Board due to his previous position as a member of the executive management at Novonosis.

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