

Guidelines for incentive-based remuneration for the Board of Directors and Executive Management of Novo Nordisk A/S

These Incentive Guidelines apply to incentive programmes for the Board of Directors and Executive Management in Novo Nordisk A/S, where remuneration is dependent on individual or company performance.

The Board of Directors

The members of the Board of Directors are remunerated with a fixed fee and are not offered stock options, warrants or participation in other incentive programmes where remuneration is dependent on individual or company performance.

Executive Management

Executive Management (meaning the executives registered as executives with the Danish Commerce and Companies Agency) may be entitled to participate in the following incentive programmes: 1) a Short-term Incentive Programme and 2) a Long-term Incentive Programme.

The short-term incentive programme may result in a maximum payout per year equal to four months' fixed base salary plus pension contribution. The long-term incentive programme may result in a maximum grant per year equal to eight months' fixed base salary plus pension contribution. Consequently, the aggregate maximum amount that may be granted as incentives for a given year is equal to 12 months' fixed base salary plus pension contribution for each member of Executive Management.

Apart from the above-mentioned programmes, members of Executive Management are not offered stock options, warrants or participation in other incentive programmes where remuneration is dependent on individual or company performance.

Short-term Incentive Programme (STIP)

The STIP consists of a cash bonus which is linked to the achievement of a number of pre-defined functional and individual business targets for each member of Executive Management. The targets for the chief executive officer are fixed by the chairman of the Board of Directors while the targets for the executive vice presidents are fixed by the chief executive officer. The chairman of the Board evaluates the degree of target achievement for each member of the Executive Management, and cash bonuses for a particular financial year – if any – are paid at the beginning of the subsequent financial year.

The cash bonus for each participating member cannot exceed an amount equal to four months' fixed base salary plus pension contribution per year. The calculation of the cash bonus – if any – for a year is typically based on the salary in December.

Long-term Incentive Programme (LTIP)

Each year in January the Board of Directors decides whether or not to establish an LTIP for that calendar year.

The LTIP is based on an annual calculation of shareholder value creation as compared to the budgeted performance for the year.

In line with Novo Nordisk's long-term financial targets, the calculation of shareholder value creation is based on reported operating profit after tax reduced by a Weighted Average Cost of Capital (WACC)-based return requirement on average invested capital.

A proportion of the calculated shareholder value creation is allocated to a joint pool for participants, which in addition to Executive Management includes other members of the Senior Management Board.

For members of Executive Management the joint pool operates with a yearly maximum allocation per participant equal to eight months' fixed base salary plus pension contribution.

The joint pool may, subject to the Board of Directors' assessment, be reduced in case of a lower than planned performance on significant research and development projects and key sustainability projects. Targets for non-financial performance related to sustainability and research and development projects may include achievement of certain milestones within set dates.

Once the joint pool has been approved by the Board of Directors the total cash amount is converted into Novo Nordisk A/S B shares at market price. The market price is calculated as the average trading price for Novo Nordisk A/S B shares on NASDAQ OMX Copenhagen in the open trading window following the release of financial results for the year prior to the bonus year; i. e. in the open trading window following immediately after the Board of Directors approval of the programme.

The shares in the joint pool are allocated to the participants on a pro rata basis: the chief executive officer participates with three units, executive vice presidents participate with two units each and other members of the Senior Management Board participate with one unit each.

The shares in the joint pool for a given year will be locked up for three years before it is transferred to the participants, including Executive Management. Upon resignation during the lock-up period by a participant, the shares will remain in the joint pool to the benefit of the other participants.

In the lock-up period the Board of Directors may remove shares from the joint pool in case of lower than planned value creation in subsequent years, eg if the economic profit falls below a predefined threshold compared to the budget for a particular year.

In the lock-up period the market value of the joint pool will change dependent upon the development in the Novo Nordisk B share price and consequently the interests of the participants including Executive Management are aligned with those of the shareholders.

No dividends are paid on shares in the bonus pool in the lock-up period and the shares in the bonus pool are administered as part of Novo Nordisk's holding of treasury shares.

Novo Nordisk continuously covers its obligations under the LTIP through its holding of treasury shares.

In the examples below – that have been included for illustrative purposes only – it is assumed that the maximum number of shares – corresponding to eight months' worth of fixed base salary is allocated to the

bonus pool. It is further assumed that the number of shares in the bonus pool is not reduced during the lock-up period.

Example 1: If the share price increases by 10% per annum and the fixed base salary increases by 4% per annum in the lock-up period, the value of the shares at payout will correspond to approximately 10 months' fixed base salary in the year of payout.

Example 2: If the share price stays flat and the fixed base salary increases by 4% per annum in the lock-up period, the value of the shares at payout will correspond to approximately seven months' fixed base salary in the year of payout.

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