

NOVO NORDISK WAY

Through its approach to business, Novo Nordisk aims to create shared value with its stakeholders.

Novo Nordisk's values-based management system, the Novo Nordisk Way, is a key ingredient in the company's corporate strategy. "It describes who we are, where we want to go and the values that characterise our company," explains President and Chief Executive Officer (CEO) Lars Rebien Sørensen.

He argues that it is an effective means of governing a fast-growing global organisation such as Novo Nordisk: "There's no way we could have a written rule for everything we do in this company. In many cases we have to rely on our people making the right decisions, and this is why the Novo Nordisk Way is so important. It applies to and sets the direction for all employees at Novo Nordisk – no matter what they do or where they work. It's a promise we make to each other and to our external stakeholders."

Lars Rebien Sørensen mentions some of the ways the company ensures that the Novo Nordisk Way becomes part of every employee, from traditional means such as employee induction programmes and leadership training to a unique feature called 'facilitations'. A group of senior employees have been appointed facilitators and they travel the global organisation to interview employees, managers and internal stakeholders of the organisational units they are facilitating, while also looking into documents and local business practices. Ultimately, this forms the basis for an assessment of the degree to which each particular unit is operating in accordance with the Novo Nordisk Way.

In 1923, our Danish founders began a journey to change diabetes. Today, we are thousands of employees across the world with the passion, the skills and the commitment to continue this journey to prevent, treat and ultimately cure diabetes.

- Our ambition is to strengthen our leadership in diabetes.
- We aspire to change possibilities in haemophilia and other serious chronic conditions where we can make a difference.
- Our key contribution is to discover and develop innovative biological medicines and make them accessible to patients throughout the world.
- Growing our business and delivering competitive financial results is what allows us to help patients live better lives, offer an attractive return to our shareholders and contribute to our communities.
- We never compromise on quality and business ethics.
- Our business philosophy is one of balancing financial, social and environmental considerations – we call it the Triple Bottom Line.
- We are open and honest, ambitious and accountable, and treat everyone with respect.
- We offer opportunities for our people to realise their potential.

Every day we must make difficult choices, always keeping in mind what is best for patients, our employees and our shareholders in the long run.

It's the Novo Nordisk Way.



The end product is a report evaluating the unit's performance against the Novo Nordisk Way and an action plan agreed with local management for how to do even better. Just as the facilitators can identify areas for improvement, they also identify best practices which can be shared throughout the company. Both Executive Management and the Board of Directors regularly receive reports on how well the organisation is living up to the Novo Nordisk Way.

THE TRIPLE BOTTOM LINE

A key element of the Novo Nordisk Way is the Triple Bottom Line business principle, which was written into the company's Articles of

their potential. When we provide affordable medicines in the world's poorest countries, we strengthen our business and reputation. And when we contribute to our communities, we earn stakeholder trust," he adds.

CREATING SHARED VALUE

Lars Rebien Sørensen is a firm believer that Novo Nordisk's long-term success depends on its ability to create both economic and societal development: "If we're not seen as creating value for the local communities in which we have a presence and the countries in which we do business, we will not be successful in the long run."

Contributions to communities are often measured in economic terms, such as job creation and tax payments. Novo Nordisk pays taxes in all jurisdictions where the company is present. It has a policy to 'pursue a competitive tax level in a responsible way', reflecting a continued focus on value creation without compromising business ethics. To manage uncertainties regarding tax payments, multi-year agreements, known as Advance Pricing Agreements, are negotiated in key jurisdictions and fully disclosed to tax authorities.

But there are more ways to generate value beyond commercial transactions. Often referred to as creating shared value, companies can earn returns in a sustainable way by developing solutions for the benefit of society. One example is in Kalundborg, Denmark, where Novo Nordisk's largest production site is located. Here, the company works with local stakeholders to promote sustainable development in the municipality. Its aim is to ensure that Kalundborg will develop into an even more attractive place to live and work, and a place where businesses will flourish.

Novo Nordisk's initiatives at country level aim to create value for society on a larger scale, for example by building capabilities in the healthcare system and improving access to healthcare. When successful, this strengthens the company's stakeholder relations, reputation and ultimately its chances of business success in that country.

An example of this philosophy in action can be seen in Algeria, one of Novo Nordisk's fastest-growing markets, where the company has had a successful partnership with the Ministry of Health for many years. Outcomes from this partnership include a Changing Diabetes® mobile clinic, which improves the competences of local healthcare professionals, and access to diabetes screening and care for underserved populations, and the Algerian Changing Diabetes® Barometer, which measures progress in the fight against diabetes.

DRIVING CHANGE ON A GLOBAL SCALE

Novo Nordisk proactively engages in dialogue on sustainable development with relevant partners worldwide. Since the Rio+20 Conference in 2012, the company has participated in the process leading up to the approval of the United Nations Sustainable Development Goals (SDGs), or, as they are often referred to, the Global Goals for Sustainable Development.

"The Global Goals are important for Novo Nordisk, not least because non-communicable diseases including diabetes are explicitly mentioned in the goal to provide 'health and well-being for all, of all ages'," says Lars Rebien Sørensen. "The Global Goals give us a platform from which we can engage local, national and international stakeholders in discussions on diabetes and sustainable development, but also on many other topics on our agenda."

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Association at the Annual General Meeting in 2004. It states that Novo Nordisk "strives to conduct its activities in a financially, environmentally and socially responsible way".

The Triple Bottom Line business principle frames Novo Nordisk's long-term strategy to be a sustainable business. It obliges everyone in the company to always consider how decisions and actions may affect people, communities and the environment. The aim is to ensure long-term profitability by reducing risks related to business activities and to enhance the positive contributions to society from Novo Nordisk's global operations.

Lars Rebien Sørensen underlines that the Triple Bottom Line principle is about maximising the value of the company in the long term. "Because," as he said in a recent interview with *Harvard Business Review*, "in the long term, social and environmental issues become financial issues. There's really no hocus pocus about this. And Novo Nordisk is part-owned by a Danish foundation that obliges us to maximise the value of the company for the long term.

"When we convert to renewable energy, we reduce costs. When we provide a safe workplace and challenges for each individual, employees can realise

PIPELINE OVERVIEW

DIABETES AND OBESITY CARE

Compound	Indication	Description	Phase 1	Phase 2	Phase 3	Filed/ regulatory approval
Diabetes						
Xultophy® NN9068	Type 2 diabetes	A combination of insulin degludec and liraglutide in a once-daily single injection. Approved in Europe.	██████████	██████████	██████████	██████████
Faster-acting insulin aspart NN1218	Type 1 and 2 diabetes	A new formulation of insulin aspart intended to accelerate onset of action, with the potential for increased flexibility of dosing.	██████████	██████████	██████████	██████████
Semaglutide NN9535	Type 2 diabetes	A once-weekly GLP-1 analogue intended to offer the clinical benefits of a GLP-1 analogue with less frequent injections to people with type 2 diabetes.	██████████	██████████	██████████	██████████
OG2175C NN9924	Type 2 diabetes	A long-acting oral GLP-1 analogue intended as a once-daily tablet treatment for people with type 2 diabetes.	██████████	██████████	██████████	██████████
OI338GT NN1953	Type 1 and 2 diabetes	A long-acting basal insulin analogue intended to offer the clinical benefits of a basal insulin analogue in a once-daily tablet.	██████████	██████████	██████████	██████████
Anti-IL-21 T1D NN9828	Type 1 diabetes	Intended as a beta-cell preservation treatment for people who are newly diagnosed with type 1 diabetes.	██████████	██████████	██████████	██████████
Dual-agonist NN9709	Type 2 diabetes	A GLP-1/GIP dual-agonist intended as a once-daily treatment for people with type 2 diabetes.	██████████	██████████	██████████	██████████
LAI287 NN1436	Type 1 and 2 diabetes	A long-acting basal insulin analogue intended for once-weekly dosing.	██████████	██████████	██████████	██████████
Mealtime NN1406	Type 1 and 2 diabetes	A liver-preferential mealtime insulin analogue.	██████████	██████████	██████████	██████████
OI320GT NN1957	Type 2 diabetes	A long-acting basal insulin in an oral formulation intended as a once-daily tablet treatment.	██████████	██████████	██████████	██████████
PYY 1562 NN9748	Type 2 diabetes	An appetite-regulating hormone, peptide tyrosine, for the treatment of diabetes.	██████████	██████████	██████████	██████████

Phase 1



Studies in a small group (usually 10–100) of healthy volunteers, and sometimes patients, to investigate how the body handles, distributes and eliminates new medication and establish the maximum tolerated dose.

Phase 2



Studies in large groups of patients (usually 1,000–3,000) comparing a new medication with a commonly used drug or placebo for both safety and efficacy. Phase 3a covers trials conducted after efficacy is demonstrated and prior to regulatory submission. Phase 3b covers clinical trials completed during and after regulatory submission. In small therapeutic areas such as haemophilia, regulatory guidelines may allow the design of single-arm therapeutic confirmatory trials or trials that compare against historical control, for example, instead of existing treatment or placebo.

Phase 3



Studies of various dose levels in a larger group of patients (usually 100–1,000) to learn about the new medication's effect on the condition and its side effects. In phase 2, clinical trials are carried out to evaluate efficacy (and safety) in specified populations of patients. The outcome of phase 2 trials is clinical proof of concept and the selection of dose for evaluation in phase 3 trials.

Filed/regulatory approval



The phase in which a product undergoes regulatory authority review. Products listed under this phase are currently under regulatory review in at least one of the triad markets: the US, the EU and Japan.

Compound	Indication	Description	Phase 1	Phase 2	Phase 3	Filed/ regulatory approval
 Obesity						
Semaglutide NN9536	Obesity	A long-acting GLP-1 analogue intended as a once-daily treatment for obesity.				
AM833 NN9838	Obesity	A novel amylin analogue intended as a once-weekly treatment for obesity.				
G530L NN9030	Obesity	A novel glucagon analogue which, in combination with liraglutide, is intended for the treatment of obesity.				
PYY 1562 NN9747	Obesity	An appetite-regulating hormone, peptide tyrosine, which, alone or in combination with semaglutide, is intended for the treatment of obesity.				

BIOPHARMACEUTICALS

 Haemophilia						
N9-GP NN7999	Haemophilia B	A glycopegylated long-acting recombinant coagulation factor IX intended to offer prophylaxis and treatment of bleeds.				
N8-GP NN7088	Haemophilia A	A glycopegylated long-acting recombinant coagulation factor VIII intended to offer prophylaxis and treatment of bleeds.				
Concizumab NN7415	Haemophilia A and B	A monoclonal antibody against Tissue Factor Pathway Inhibitor (TFPI) intended for bleeding prevention after subcutaneous administration.				
 Growth disorders						
Somapacitan NN8640	Growth disorders	A long-acting human growth hormone intended to offer once-weekly injections.				

Read more at novonordisk.com/investors and clinicaltrials.gov.

2016 KEY MILESTONES

Tresiba®	SWITCH and DEVOTE results
Victoza®	LEADER results
Semaglutide	Phase 3a completion
Oral semaglutide	Phase 3a initiation
Xultophy®	Expected feedback from regulatory filing in the US
Faster-acting insulin aspart	Expected feedback from regulatory filing in the US
N9-GP	Regulatory filing in the US