NOVO NORDISK A S
Form 6-K
February 09, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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FORM 6-K

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REPORT OF FOREIGN PRIVATE ISSUER

Pursuant to Rule 13a-16 or 15d-16

of the Securities Exchange Act of 1934

February 9, 2017

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NOVO NORDISK A/S

(Exact name of Registrant as specified in its charter)

Novo Allé

DK- 2880, Bagsvaerd

Denmark

(Address of principal executive offices)

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Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F

Form 20-F [X] Form 40-F [ ]

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes [ ] No [X]

If “Yes” is marked, indicate below the file number assigned to the registrant in connection with Rule 12g-32(b):82-_____

novonordisk ANNUAL REPORT 2016 DEFINING TIMES FOR THE USBUSINESS RISKMANAGEMENT –Protecting long-term valuecreation ANEWERA OFDIABETES TREATMENT?

Allreferencescanbefound onp113. TheManagement review, asdefined bytheDanishFinancial Statements Act,isfound onpp1–56and 97. This Annual Report is Novo Nordisk's full statutory Annual Report pursuant to Section 149 of the Danish Financial Statements Act. A printed extract of this statutory Annual Report is available in English upon request. Further, a shortened printed version, consisting of the Management review and excerpts from the consolidated statements, is available inDanishupon request. Intheeventofanydiscrepancies, thefull statutoryAnnual Report shall prevail. The patients portrayed in this Annual Report have participated of their own accord and solely to express their personal opinions on topics referred to in the articles in which they appear. Use of their pictures as illustrations is in no way intended to associate themwith thepromotion ofanyNovoNordiskproducts. Anyand allviews and opinions expressed by patients in this report are solely their own. They have been invited to be included, and were in no way coerced. The views and opinions they express are entirely their own, and do not necessarily reflect theviews andopinions ofNovoNordisk. CONTENTS 1 Letter from theChairman 2 Letter from the formerCEO 3 Letter from the newCEO 4 Novo Nordisk at aglance 06 2016 performance and 2017outlook 14 Performance highlights 16 Ourstrategy 18 Doingbusiness the Novo NordiskWay 20 Pipelineoverview 22 Changing Diabetes ® 24 A new era of diabetestreatment? 26 Changing diabetes –One city at atime 28 Living with the stigma ofobesity 30 Changing haemophilia 32 Defining times for the USbusiness 36 The only constant in International Operations ischange 40 Riskmanagement –Protecting long-term valuecreation 44 Shares and capital structure 46 Corporategovernance 50 Remuneration 54 Board ofDirectors 56 ExecutiveManagement 58 Consolidated financial, social and environmental statements 107 Management's statement and Auditor'sreports 112 Productoverview 113 More information andreferences ACCOMPLISHMENTS AND RESULTS2016 OURBUSINESS FINANCIAL, SOCIAL ANDENVIRONMENTAL STATEMENTS GOVERNANCE, LEADERSHIPAND SHARES ADDITIONAL INFORMATION "MY DREAM IS TO ENCOURAGE OTHER PEOPLE WITH DIABETES AND TELL THEM THAT YOU CAN LIVE A VERY GOOD LIFE; EVEN BECOME A PROFESSIONAL CYCLIST!" MANATO OHARA Manato Ohara lives in Kanagawa, Japan, and was diagnosed with type 1 diabetes when he was 10 years old. He is now 12 years old and in first grade of junior high school. He likes playing football and racing his bike in the hope of taking part in the Talent ID Camps designed for juniors by Team Novo Nordisk.

ForNovoNordisk‘sshareholders,2016wasnotagood year.We startedtheyearonasharepriceof399.9 kronerandended on 254.7. That is the brutal fact. The drop was caused by lowered growth expectations for our business in the US, which accounts for aroundhalf ofNovoNordisk’s totalsales,andtheresultingrevisionof thecompany’s long-termfinancial targets. What we experienced in the US in 2016 was the interplay of several related developments; with the large and increasing number of people with diabetes in the US, diabetes care has become a major cost driver for insurers and health plans which, in turn, are pushing hard for better deals with healthcare providers and pharmaceutical companies inordertocurbcosts.Theorganisations withwhichNovo Nordisk negotiates rebates and access for its products are the pharmaceutical benefit managers (PBMs), which have seen their negotiating power increase due to a wave of consolidation that has leftonlyahandful ofverylargePBMs.Atthesametime,competition among the pharmaceutical companies within diabetes care intensified as new products entered an increasingly crowded marketplace. Asaconsequence ofthesedevelopments, andasweannounced in our half-year financial statement, contract negotiations for 2017 resulted in higher-than-anticipated rebates to obtain broader coverage for ourproducts. Due to the uncertainty it created regarding Novo Nordisk’s growth prospectsintheUSinthecoming years,thiswasnotwellreceivedby investors. Management has responded to this new situation through a number of measures aimed at prioritising the activities and innovative products with the greatest potential for making a positive change for the people whose lives and well-being depend on our medicines. On 1 September, the Board of Directors announced a number of changes to Novo Nordisk’s Executive Management, including a change ofCEO.Aftermorethan34yearswiththecompany, thepast 16 of which as CEO, Lars Rebien Sørensen retired on 31 December, passing onthebatontoLarsFruergaardJørgensen, whojoinedNovo Nordisk in 1991 and most recently held the post of executive vice president (EVP) in charge ofCorporate Development. The Board had been planning the CEO succession for some years, carefully evaluating a number of candidates for the role, and the Board unanimously found Lars Fruergaard Jørgensen to be the best candidate. He has a very successful 25-year track record at Novo Nordisk, during which he has time and again demonstrated his business acumen and his ability as a strategist, problem solver and great people leader. Furthermore, he personifies the Novo Nordisk Way in every conceivable manner, always bearing in mind what is bestforourpatients, employeesandshareholdersinthelong run. Duringhis16yearsasCEO,LarsRebienSørensenspearheaded Novo Nordisk’s transformation into a global, very successful and highly respected pharmaceutical company. On behalf of the Board of Directors, I want to thank him for his outstanding leadership, steady course and commitment to Novo Nordisk through both good and morechallenging timesduringhis34yearswiththecompany. Two other changes announced on 1 September took place with immediate effect: Jakob Riis, then EVP and head of Region China, Pacific&Marketing, wasappointed EVPandhead ofNorthAmerica Operations,whileMaziarMikeDoustdar,thenEVPandhead of International Operations, continued in this role, butwith responsibility for all territories except for NorthAmerica. Both Jakob Riis and Maziar Mike Doustdar are very experienced leaders who, throughout their careers with Novo Nordisk, have demonstrated their ability to lead their organisations through challenging times.On pp32–35and36–39,youcanreadmoreabout their plans for the US and InternationalOperations respectively. Following thesechanges, twoEVPs,JesperHøilandand JerzyGruhn, decided topursuecareersoutsideofNovoNordisk.Ithank themfor theircommitment and significant contributionstoNovoNordiskover manyyearsandwishthemallthebest. Based on Novo Nordisk’s performance in 2016, the Board will at the Annual General Meeting propose a final dividend of 4.60 kroner per share, in addition to the 3 kroner which was paid as an interim dividend in August 2016. Furthermore, the Board has decided to initiateanewsharerepurchaseprogramme ofupto16billionkroner, which will commence inFebruary 2017. On behalf of the Board, I would like to express my appreciation for theleadershipshownbyNovoNordisk’s management, thehardwork and dedication of the entire Novo Nordisk organisation, and the supportofourshareholdersinwhat provedtobeachallenging year. GöranAndo ChairmanoftheBoardofDirectors A CHALLENGING YEAR LETTER FROM THECHAIRMAN ACCOMPLISHMENTSANDRESULTS2016 1

Inmyletterinlastyear'sAnnualRepor t,Ipredictedthat2016wouldbe another exciting and challenging yea r for Novo Nordisk. And indeed it was. The excitement stems from th e important advances we made in R&D during the year, while our m ain challenge was related to our US business. Despitethischallenge,weendedt heyeargrowing salesby6% and adjustedoperatingprofitby6% ,bothinlocalcurrencies.Thiswas withintherangewehadannoun cedatthebeginning oftheyear, whenwepredictedsalesgrowth of5–9% andadjustedoperating profitgrowtho f5–9%, bothinlocalcurrencies. Salesgrowthwasprimarilydriven byVictoza ® ,Tresiba ® andSaxenda ® –keyproductswhichweexpect tobemajorgrowthdriversinthe comingyears. Measuredinlocalcurrencies,Vic toza ® accountedfor36% ofsales growth and remains the market lea der in the GLP-1 segment for the treatmentofadultswithtype2dia betes.Tresiba ® accountedfor47% ofsalesgrowthandcontinuestodow ellinallthemarketsinwhichitis competingwithotherinsulinproduc tsonequalreimbursementterms. SalesofSaxenda ® aredevelopingacc ordingtoplanfollowingitslaunch intheUSin2015,andthepro ducthasnowbeenlaunched in15 countries. Lookingathowsalesdevelopedfrom aregionalperspective,theshort versionisthatwehaddisappoin tingsalesintheUS,RegionChina rebounded to double-digit gro wth, while the rest of our regions performedinlinewitho urplans.IntheUS,salesofinsulin andNovoSeven ® did notmeetourexpectations.Insulin salesdecreasedb y2% inlocalcurrencies,primarily duetolowerNo voLog ® andNovoLog ® Mix70/30 pricesandthe lossofamajorcontractforthese twoprod uctsatthebeginning oftheyear. NovoSeve n ® salesdecreased in theUS, as somep atientsusingtheproductentered clinical trialswithacompetingproductin devel opment. For more details, seethe performancereportonpp6–13. In2017,wewillseelowernetprice sintheUSaswehadtoincrease therebatesweofferthepharmace uticalbenefit managers (PBMs)in ordertoensurebroa dmarketaccessforourproducts. Inresponse,wetookseveralmea surestoalignourcoststothisnew reality. Regrettably, this also meant w e had to lay off close to 1,000 of our 42,000 colleagues in the autumn . This was a difficult decision, but withemployeecostsbeing byfarthe largestcostitematNovoNordisk, there was no way of avoiding it. I would like to thank and wish our formercolleagues allthebestintheirfuturecareers. Whileitwasourchallenges inthe USandtherelatedconsequences mentionedabovethatattractedm ostattentionin2016,wealsohad exciting news from our pipelin e that will further strengthen our product portfolio in the coming ye ars. I would like to highlight three developments: • At the annual American Diabe tes Association (ADA) congress in June,wepresenteddatafromthe LEADERstudydemonstratingthat Victoza ® significantlyreducesthe riskofmajorcardiovascularevents and death in adults with typ e 2 diabetes. The results were also published in The New England Jo urnal of Medicine and have been submittedtotheFDAandtheEM Aforlabelupdateconsiderations. • In September, the results of the S USTAIN 6 study were presented at theEuropeandiabetesconferenc e(EASD) andpublishedinTheNew England Journal of Medicine. The se showed that semaglutide, our investigational glucagon-like pe ptide-1 (GLP-1) analogueinjected onceweekly,significantlyreduces theriskofmajoradversecardio- vascularеventsinadultswithtype 2diabetesathighcardiovascular risk. • InNovember,theheadlineresults oftheDEVOTEtrialinpeoplewith type2diabetesdemonstratedt hesafecardiovascularprofileand reducedriskofseverehypoglycaem iaofTresiba ® comparedtoinsulin glargineU100. Theabovedatafurtherstreng thentheclinicalprofileofourkey products,Victoza ® andTresiba ® .TheSUSTAINtrialhasnowbeen successfully completed, and in December we filed for regulatory approval of semaglutide in the US a nd in the EU for the treatment of type 2 diabetes. It is advances such as these, through which we find new ways to improve the treatment of people with diabetes and other seriouschronicconditions,thathaveg ivenmeimmensejobsatisfaction thro ughoutmyyearsatNovoNordisk. On this note, I would like to thank Novo Nordisk's employees for their contributionstoourresultsin2016,t hepeoplewhouseourproducts fortheirconfidenceinus,ourpartne rsandotherstakeholdersfortheir collaboration and our shareholders f or their continued support. It has beenanhonourtoworkforthisco mpanyfor34years,thelast16as itsCEO.Iowemanypeoplethanksfo rthesupporttheyhavegivenme overtheyears.Iwishy ouandNovoNordiskallthebest. REFLECTIONS ON2016 LETTER FROM LARS REBIEN SØRENSEN, CEO UNTIL 31 DECEMBER 2016 Lars RebienSørensen President and chief executiveofficer until 31 December2016 2 ACCOMPLISHMENTS AND RESULTS2016

I am proud and humbled to ha ve been trusted by the Board of Directors to succeed Lars Rebien S ørensen as CEO of Novo Nordisk. Whentheleadership change wasan nounced on1September 2016, I said that I love challenges and therefore cannot think of a more exciting time to be offered this job. On the one hand, Novo Nordisk has never had a stronger product portfolio, and on the other hand we are facing intense pressu re from payers andcompetitors. The challenges are reflected in our sh are price development in 2016. I remain confident that my managem ent team and the Novo Nordisk organisation have what it takes to overcome them. A short-term priority will naturally be to grow ma rket shares for our key products while c arefully managing our costbase. Since September, I have spent a lot o f time meeting with employees, patients, healthcare professio nals, policymakers, investors and professional organisations arou nd the world to understand how they see us and what they expect from us going forward. It was a very rewarding experience. Despite the current challenges, it left me in no doubt that Novo Nordisk is a very special company and that one of my key respo nsibilities is to keep it thatway. With this in mind, I would like to share my core beliefs regarding what it will take for Novo Nordisk to remain a successful and special company: Product innovation is and will be th e key to our success. If we fail to discover and develop new and better products for people with diabetes and other serious ch ronic conditions, we will not be successful. I acknowledge that the re is an increasing unwillingness to pay for innovation in cost-pressu red healthcare systems, but this should not be an excuse for haltin g innovation, because there is a huge need for better medical tre atments. It does, however, have other implications for us: we ha ve to 'raise the innovation bar' – focusing on projects with the hig hest chance of delivering break- through innovation, we have to source more innovation from outside our own organisation throu gh collaborations with academia and biotech companies, and… …we have to innovate the way we c ommercialise our products. Not only pharmaceutical companies bu t healthcare providers in general are being met with demands from payers to link the prices of their products and services to docume nted, improved health outcomes for patients. Creating such outcom es-based contracts is easier said than done, but we are working o n it as you can read in the article about our business intheUSonpp 32–35.Itisalsointhislight that our recent partnerships with te chnology companies such as IBM Watson Health and Glooko shou ld be seen. These partnerships aim to improve diabetes care via in sights from real-time, real-world evidence of the clinical be nefits of Novo Nordisk's diabetes treatments anddevices. It is not just what we do, but al so how we do it that makes Novo Nordisk a special company. The 'N ovo Nordisk Way' describes who we are, where we want to go and the values that characterise our company. Over the years, it has b ecome clear to me that the Novo Nordisk Way is the reason why man y of our employees are working here and not somewhere else. It is about always having patients' interests in mind, about always d oing what is best in the long run and about doing business in ac cordance with the 'Triple Bottom Line' business principle, which me ans that we always consider the financial, environmental an d social impacts of ourdecisions. In one area I personally think we need to do better: we should be moreagile. We have grown tremendously ov er the past decade, and with that comes new procedures, new governance bodies, new this, new that, all well intended, but at some point it just becomes too much. In the process, individual acc ountability risks getting lost and decision-making processes risk becoming too long. One of my priorities for 2017 is to simplify our way of working and thereby ma ke the organisation moreagile. At Novo Nordisk, we have a big responsibility for the 415 million people in the world with diabe tes, the millions more who have obesity and the thousands who live with haemophilia or growth disorde rs. They are our reason forbeing. My vision is that, under my tenure a s CEO, Novo Nordisk will solidify its position as the world's leadin g diabetes care company, be the world's leading company within medical treatment of obesity, be among theleading companies inha emophilia, and berecognised by our employees, the patients we s erve, our shareholders and other external stakeholders as an outstand ing company, both for what we doand howwedoit. I thank you all for yoursupport. THE ROADAHEAD LETTER FROM THECEO Lars Fruergaard Jørgensen President and chief executiveofficer from1January 2017 ACCOMPLISHMENTSANDRESULTS2016 3

STRATEGIC FOCUSAREAS NOVONORDISK AT AGLANCE Novo Nordisk is a global healthcare company, headquartered in Denmark, with more than 90 years of innovation and leadership in diabetes care. This heritage has given us experience and capabilities that also enable us to help people defeat other serious chronic conditions: haemophilia, growth disorders and obesity. 10.5 DKKBILLION HAEMOPHILIA SALES 420 THOUSAND PEOPLE LIVE WITHHAEMOPHILIA 3 Pursue leadership inhaemophilia 8.8 DKK BILLION HUMANGROWTH HORMONE SALES 3 OUT OF 10,000 CHILDREN LIVE WITH GROWTH HORMONE DEFICIENCIES 4 Expandleadership in growth disorders A GLOBAL ORGANISATION WITH A LOCALPRESENCE AFFILIATESOR OFFICESIN 77COUNTRIES 42,446 EMPLOYEES 16PRODUCTION SITESON 5CONTINENTS RESEARCHAND DEVELOPMENT FACILITIESON 3CONTINENTS 87.3 DKKBILLION DIABETES SALES 415 MILLION PEOPLE LIVEWITH DIABETES 1 Expandleadership indiabetes PRODUCTS MARKETED IN AROUND 170 COUNTRIES 1.6 DKKBILLION OBESITY SALES 600 MILLION PEOPLE LIVEWITH OBESITY 2 Pursue leadership inobesity NOVO NORDISK ANNUAL REPORT2016 4 ACCOMPLISHMENTS AND RESULTS2016

PATIENTS FINANCIALLY RESPONSIBLE SOCIALLY RESPONSIBLE ENVIRONMENTALLY RESPONSIBLE For more information, visit us on novonordisk.com or VALUECREATEDRESOURCES Return to shareholders Taxcontributions INTERNAL Financial resources to invest in R&D, production capacity and customeroutreach Contributions tocommunities Capitalprovided byinvestors EXTERNAL Biological research and manufacturing facilities Job creation andproductivity A skilled and diverseworkforce Rawmaterials Insights from patients and expertise from academic and educational institutions Improved health and quality of life for people with diabetes and other serious chronicdiseases FOCUS WE DISCOVER, DEVELOP AND MANUFACTURE INNOVATIVE BIOLOGICAL MEDICINES AND MAKE THEM ACCESSIBLE TO PATIENTS THROUGHOUT THEWORLD Capacity and competencebuilding PATIENTS Taking a patient-centred approach, Novo Nordisk provides innovation for the benefit of all of the company’s stakeholders. The Triple Bottom Line principle, anchored in the Novo Nordisk Way, is the foundation that makes it possible to optimise the use of resources and maximise value creation in a sustainable way. OUR BUSINESSMODEL HOW NOVO NORDISK CREATES AND SUSTAINSVALUE 59/41 % MEN/WOMEN INMANAGEMENT (0%) 28 MILLION PATIENTS USE OURDIABETES CARE PRODUCTS (+4%) 9.9 DKK BILLION EXPENSED ON COMPANY INCOME TAX (+14%) 37.9 DKK BILLIONIN NET PROFIT (+9%) 92 THOUSAND TONS OF CO 2 EMISSIONS (– 14%) 3,293 THOUSANDM 3 WATERCONSUMPTION (+5%) OUR STRATEGY NOVO NORDISKWAY THE TRIPLE BOTTOMLINE NOVO NORDISK ANNUAL REPORT2016 ACCOMPLISHMENTSANDRESULTS2016 5

2016PERFORMANCE AND 2017OUTLOOK FINANCIAL PERFORMANCE 2012 2013 2014 2015 2016 0 5 10 15 20 SALESGROWTH • In localcurrencies • In DKK asreported % 25 2012 * 2013 2014 * 2015 2016 0 20 40 60 80 100 SHARE OF GROWTH IN LOCAL CURRENCIES Pacific RegionChina International Operations Europe USA % *In2012and2014,Japan &Koreacontributed–1%to the totalgrowth. 2012 2013 2014 2015 2016 0 25 50 75 100 125 SALES BYSEGMENT Biopharmaceuticals Diabetes and obesitycare DKKbillion Novo Nordisk's 2016 performance for sales and adjusted operating profit growth were both in line with the guidance provided in February 2016, although in the lower end of the ranges reflecting a more challenging competitive situation in the USA. The free cash flow exceeded the outlook provided in February 2016, explained by a positive effect from settlement of tax cases related to prior years. Capital expenditure and other results were in line with the latest guidance provided in October2016. SALESDEVELOPMENT Sales increased by 6% measured in local currencies and by 4% in Danish kroner. Sales growth was realised within both diabetes care and biopharmaceuticals, with the majority of growth originating from Tresiba ® ,Victoza ® ,Saxenda ® and Norditropin ® whilesales ofmodern insulinandNovoSeven ® declined. All regions contributed to sales growth; however, the USA was the largest contributor with 37% share of growth measured in local currencies, followed by International Operations and RegionChina contributing 32% and 19% respectively. Salesgrowth of4% intheUSAwas positively impacted byapproximately 1 percentage point primarily dueto non-recurring adjustments to rebates in the Medicaid patient segment related to Norditropin ® .Sales growthinInternational Operations of 14% measured in local currencies was positively impacted by approximately 2.5 percentage points due to the significant inflationary effects in Argentina andVenezuela. In the following sections, unless otherwise noted, market data are based on moving annual total (MAT) from November 2016 and November 2015 provided by the independent data provider IMSHealth. DIABETES CARE SALES DEVELOPMENT Sales of diabetes and obesity careproducts increased by 6% measured in local curren- cies and by 4% in Danish kroner to DKK 88,949 million. Novo Nordisk is the world leader in diabetes care with a global value market share of27%. INSULIN Sales ofinsulin increased by3% measured inlocal currenciesand wereunchanged in DanishkroneratDKK63,059 million. Measured in local currencies, sales growth was driven by International Operations and Region China. Novo Nordisk is the global leader with 46% of the total insulin market and 45% of the market for modern insulin and new-generation insulin, bothmeasured involume. Sales ofnew-generationinsulin(Tresiba ® , Xultophy ® andRyzodeg ®)reachedDKK 4,459 million compared with DKK1,438 million in2015. Sales ofTresiba ® (insulindegludec),the once-daily new-generation insulin, reached DKK 4,056 million compared with DKK 1,270 million in 2015. The roll-out of Tresiba ® continues andtheproduct has now been launched in 52 countries. In the USA,whereTresiba ® was launchedbroadly in January 2016, the feedback from patients and prescribers is encouraging, and the product has achieved wide com- mercial and Medicare Part D formulary coverage.Bytheendof2016,Tresiba ® had captured a 5.5% market share of the US basal insulin market measured by weekly total prescriptions.InJapan,whereTresiba ® was launched in March 2013 with similar reimbursement as insulin glargine U100, its share of the basal insulin market hasgrown 6 ACCOMPLISHMENTS AND RESULTS2016 NOVO NORDISK ANNUAL REPORT2016

CONTINUED 2012 2013 2014 2015 2016 0 10 20 30 40 0 10 20 30 DKKbillion NETPROFIT • Net profit margin (right) Net profit(left) 2012 2013 2014 2015 2016 0 10 20 30 40 DEVELOPMENT INCOSTS Costs in % of sales • Sales anddistribution • Cost of goodssold • Research anddevelopment • Administration % 2012 2013 2014 2015 2016 0 10 20 30 40 50 OPERATING PROFIT Operatingprofit DKKbillion % 40 steadily,andTresiba ® has nowcaptured 39% of the basal insulin market measured by monthly value market share. Similarly, Tresiba ® has shownsolidpenetrationin other markets with reimbursement at a similar level to insulin glargine U100, whereas penetration remains modest in markets with restricted marketaccess. Xultophy ® (IDegLira),aonce-dailysingle-injection combination of insulin degludec (Tresiba ®)andliraglutide(Victoza ®),is currently marketed in nine countries, and launch activities are progressing as planned.InNovember2016,Xultophy ® 100/3.6 was approved by the US Foodand Drug Administration (FDA) and Novo Nordisk plans to launch the product infirst half of2017. Ryzodeg ® ,asolubleformulationofinsulin degludec and insulin aspart, has nowbeen marketed in 10 countries, and feedback from patients and prescribers is encour- aging. Sales of modern insulin decreased by 3% in localcurrenciesand by5% inDanishkroner to DKK 47,510 million. Sales declined in the USA, Europe and Pacific partly offset by a positive contribution from International Operations and China. Sales of modern insulin and new-generation insulin in total constitute 82% of Novo Nordisk's sales of insulin measured invalue. VICTOZA ® (GLP-1 THERAPY FOR TYPE 2DIABETES) Victoza ® sales increasedby12% inlocal currencies and by 11% in Danish kroner to DKK 20,046 million. Sales growth is driven by the USA and International Operations. The GLP-1 segment's value share of the total diabetes care market has increasedto 9.8% compared with 8.0% in 2015. Victoza ® is themarket leaderintheGLP-1 segment witha58% value marketshare. OTHER DIABETES AND OBESITYCARE Sales of other diabetes and obesity care, which predominantly consists of needles, oralantidiabeticproductsandSaxenda ® , increased by 26% in local currencies and by 24% in Danish kroner to DKK 5,844 million. Saxenda ® ,liraglutide 3mgfor weight management, was launched in May 2015 and sales were DKK 1,577 million in 2016 compared with DKK 460 million in 2015. In the USA, promotional activities are progressing as planned, and Saxenda ® isnowthe market-leading anti-obesity medication measured in value. Saxenda ® hasnowbeenlaunchedin15 countries. BIOPHARMACEUTICAL SALESDEVELOPMENT Sales of biopharmaceutical products increased by 4% measured in local curren- cies and by 2% in Danish kroner to DKK 22,831 million. Sales growth is primarily driven by International Operations, the USA, Europe andPacific. HAEMOPHILIA (BLEEDING DISORDERSTHERAPY) Sales of haemophilia products were unchanged in local currencies and decreased by 2% in Danish kroner to DKK 10,472 million. The sales development was negativelyimpactedbylowerNovoSeven ® sales in the USA due to increased compe- tition and patients participating in clinical trials with competing drugs, partly offset bytheroll-out ofNovoEight ® inEurope and the USA and by sales growth for NovoSeven ® inPacific. NORDITROPIN ® (GROWTH HORMONETHERAPY) Sales ofNorditropin ® increasedby14% measured inlocalcurrenciesand by12% in Danish kroner to DKK 8,770 million. The sales growth is primarily derived from the USA reflecting a significant positive non- recurring adjustment to rebates in the Medicaid patient segment relating to the period 2010–2015. This positive impact has been partly offset by lower volumes. Novo Nordisk is the leading company in the global growth hormone market with a 23% market share measured involume. OTHERBIOPHARMACEUTICALS Sales of other products within biopharma- ceuticals, which predominantly consist of hormone replacement therapy-related (HRT) products, declined by 6% measured in local currencies and by 7% in Danish kroner to DKK 3,589 million. The sales decline reflected a negative impact from thelaunchofagenericversionofVagifem ® in the USA in the fourth quarter. DEVELOPMENT IN COSTS AND OPERATINGPROFIT The cost of goods sold increased by 6% to DKK 17,183 million, resulting in a gross margin of 84.6%, compared with 85.0% in 2015 measured in Danish kroner. The gross margin was negatively impacted by a negative product mix due to lower NovoSeven ® sales partlycounteredby higherVictoza ® sales andanegativeprice impact reflecting lower modern insulin prices in the USA, which was partly offset by the positive contribution from the non- recurring Medicaid rebateadjustment. ACCOMPLISHMENTSANDRESULTS2016 7 NOVO NORDISK ANNUAL REPORT2016

Sales and distribution costs increased by 3% in local currencies and were unchanged in Danish kroner to DKK 28,377 million. The modest increase in costs is driven by sales force investments in selected countries in International Operations and promotional activities in selected countries within Pacific and Europe, partly offset by lower sales and distribution costs in the USA reflecting costmanagement. Research and development costs increased by 7% in both local currencies and Danish kroner to DKK 14,563 million. The increase in costs reflects higher research costs for diabetes and obesity projects as well as impairment charges of intangible assets related to a number of early-stageprojects in connection with the updated research and development strategy. Development costs increased due to the initiation of the PIONEER programme for oral semaglutide, where all 10 planned trials have been initiated, and the fast-acting insulin aspart phase 3b development programme. The increase in development costs was partly countered by lower costs related to the completion of the cardiovascularoutcomes trial DEVOTE and the SWITCH phase 3b development programme, both for insulin degludec, as well as the phase 3a pro- gramme SUSTAIN for theonce-weekly GLP-1 analogue semaglutide andlower Biopharmaceuticals development costs. Administration costs increased by 5% in local currencies and by 3% in Danish kroner to DKK 3,962 million. The higher administrative costs are mainly related to higher employee-related costs in Inter- national Operations. Other operating income (net) was DKK 737 million compared with DKK 3,482 millionin 2015. The lower level of income reflectsthe non-recurring income from the partial divestment of NNIT, an IT service and consultancy company, in connection with the Initial Public Offering on Nasdaq Copenhagen as well as non-recurring income related to the out-licensing of assets for inflammatory disorders,both in2015. Operating profit was unchanged in local currencies and decreased by 2% in Danish kroner to DKK 48,432 million. Adjusted for the income related to the partialdivestment of NNIT (DKK 2,376 million) and the income related to the out-licensing of assets for inflammatory disorders (DKK 449 million), both in2015. FINANCIAL ITEMS (NET) ANDTAX Financial items (net) showed a net loss of DKK 634 million compared with a netloss of DKK 5,961 million in2015. In line with Novo Nordisk's treasury policy, the most significant foreign exchange risks for the group have been hedged, primarily through foreign exchange forward con- tracts. The foreign exchange result was a loss of DKK 576 million compared with a loss of DKK 5,898 million in 2015. The result in 2016 reflects loss on foreign exchange hedging involving especially the US dollar, Japanese yen and Chinese yuan versus the Danishkrone. The effective tax rate for 2016 was 20.7%. The higher tax rate compared with the 2015 level of 19.8% reflects the tax-free gain from the partial divestment ofNNIT in 2015, offset by a positive effect from settlement of tax cases related to prior years and the reduction of the corporate income tax rate in Denmark from 23.5% in 2015 to 22.0% in2016. CAPITAL EXPENDITURE AND FREE CASHFLOW Net capital expenditure for property, plant and equipment was DKK 7.1 billion com- pared with DKK 5.2 billion in 2015. Net capital expenditure wasprimarily related to investmentsinanewproductionfacilityfor a range of diabetes active pharmaceutical ingredients, a new diabetes care filling capacity and an expansion of the manu- facturing capacity for biopharmaceutical products. Free cash flow was DKK 40.0 billion com- pared with DKK 34.2 billion in 2015. The 17% increasecomparedwith2015primarily reflects higher cash flow from operating activities including a lower level of tax payments in 2016 due to a positive effect fromsettlementoftaxcasesrelatedtoprior years. The higher free cash flow is further positively impacted by a higher net profit in 2016, partly countered by a planned increase in inventory levels and trade receivablesaswellasthenon-recurringcash impact from the partial divestment of NNIT in2015. OUTLOOK2017 For 2017, sales growth is expected to be in therangeofadeclineof1% toagrowthof 4%, measured in local currencies. This reflects expectations for continued robust performanceforVictoza ® andTresiba ® as wellasacontributionfromSaxenda ® and Xultophy ® .Thesesalesdriversare expected tobepartlycounteredbyanimpact from lowerrealisedpricesintheUSA,especiallyin the basal insulin and growth hormone segments, the loss ofexclusivity for products within hormone replacement therapy in the USA, further intensifying competition within diabetes and biopharmaceuticals especially in the USA, as well as adverse macro- economic conditions in several marketsin KEY INVOICING ANNUAL IMPACT ON NOVO NORDISK'S OPERATING HEDGING PERIOD CURRENCIES PROFITOFA5% MOVEMENT INCURRENCY (MONTHS) USD CNY JPY GBP CAD DKK 2,100 million DKK 320million DKK 200million DKK 90million DKK 80million
*Chineseyuantradedoffshore(CNH)usedasproxywhenhedging NovoNordisk'sCNYcurrencyexposure. 12 9 * 14 12 11 EXPECTATIONS 2 FEBRUARY 2017 –1%to4% Around2percentage pointshigher Salesgrowth • inlocal currencies • asreported Operating profitgrowth • inlocal currencies • asreported Net financials Effective tax rate Capital expenditure

Depreciation, amortisation andimpairment losses –2%to3% Around2percentage pointshigher LossofaroundDKK2.4billion 21%–23% Around DKK10.0billion AroundDKK3.0billion Freecashflow DKK 29–33billion OUTLOOK2017 The current expectations for 2017 are summarised in the table below: EXPECTATIONS AREASREPORTED, IFNOTOTHERWISE STATED 8 ACCOMPLISHMENTS AND RESULTS2016 NOVO NORDISK ANNUAL REPORT2016

cash flow is expected to be DKK 29–33 billion. The lower level of free cash flow comparedwiththeDKK40.0 billioninfree cashflowin2016reflectsincreasedcapital expendituresin2017andalowleveloftax payments in2016duetosettlementoftax cases related to prioryears. All of the above expectations are based on the assumptions that the global economic andpoliticalenvironmentwillnotsignificantly change business conditions for Novo Nordisk during 2017, and that currency exchange rates, especially the US dollar, will remain at thecurrentlevelversustheDanishkrone. Novo Nordisk has hedged expected netcash flows in a number of invoicing currencies and, all other things being equal, move- ments in key invoicing currencies will impact Novo Nordisk's operating profit as outlined inthetableontheoppositepage. FORWARD-LOOKING STATEMENT Novo Nordisk's reports filed with or furnished to the US Securities and Exchange Commission (SEC), including this document and the Form 20-F, both expected to be filed with the SEC in February 2017, and written information released, or oral statements made, tothepublicinthefuture by or on behalf of Novo Nordisk, may contain forward-looking statements. Words suchas'believe','expect','may','will','plan', 'strategy', 'prospect', 'foresee', 'estimate', 'project', 'anticipate', 'can', 'in and other words and terms of similar meaning in connection with any discussion of future operating or financialperformance identify forward-lookingstatements. Examples of such forward-lookingstate- mentsinclude, butarenotlimitedto: • statements of targets, plans,objectives or goals for future operations, including those related to Novo Nordisk's products, product research, product development, product introductions and product approvals as well as cooperation in relationthereto International Operations. Growth in 2017is expected to be unevenly distributed across the quarters as growth is expected to be impacted by two non-recurring events; the adjustment toMedicaid rebatesin2016for Norditropin ® ,whichprimarilyimpactsthe first quarter of 2017, and the launch of a genericversionofVagifem ® intheUSA, which impacts the first three quarters of 2017. Given the current level of exchange rates versus the Danish krone, growth reported in DKK is expected to be around 2 percentage points higher than the local currencylevel. For 2017, operating profit growth is expected to be in the range of a decline of 2% to a growth of 3%, measured in local currencies. The expectation for operating profit growth primarily reflects the modest outlook for sales growth. The outlook also reflects a modest increase in both sales and distribution costs to support continued launch activities and in research and development costs to support the progress of Novo Nordisk's pipeline. Given thecurrent level of exchange rates versus the Danish krone, growth reported in DKK is expected to be around 2 percentage points higher than the local currencylevel. For 2017, Novo Nordisk expects financial items (net) to be a loss of around DKK 2.4 billion. The current expectation reflects losses associated with foreign exchange hedging contracts,mainlyrelatedtotheUS dollar, Japanese yen and Chinese yuan versus the Danishkrone. Theeffective taxratefor2017isexpectedto be in the range of 21–23%, a level broadly similar to the statutory corporate tax rate in Denmark of22%. Capital expenditure is expected to be around DKK 10.0 billion in 2017, primarily related to investments in additional capacity for active pharmaceutical ingredient production within diabetes care, a capacity expansionofthediabetescarefilling andan expansionofthemanufacturing capacity for biopharmaceutical products. Depreciation, amortisation and impairment losses are expected to be around DKK 3.0billion. Free • statements containing projections of or targets for revenues, costs, income (or loss), earnings per share, capitalexpend- itures, dividends, capital structure, net financial and other financialmeasures • statements regarding future economic performance, future actions and outcome ofcontingencies suchaslegal proceedings • statements regarding the assumptions underlying or relating to suchstatements. In this document, examples of forward- looking statements can be found under theheading '2016performanceand2017 outlook' andelsewhere. These statements are based on current plans, estimates and projections. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific. Novo Nordisk cautions that a number of important factors, including those described in this document, could cause actual results to differ materially from those contemplated in any forward-lookingstatements. Factors that may affect future results include,butarenotlimitedto,global aswell as local political and economic conditions, including interest rate and currency exchange rate fluctuations, delay or failure of projects related to research and/or development, unplanned loss of patents, interruptions of supplies and production, product recalls, unexpected contract breaches or terminations, government- mandated or market-driven price decreases for Novo Nordisk's products, introduction of competing products, reliance oninformation technology, Novo Nordisk's ability to successfully market current and new products, exposure to productliability and legal proceedings and investigations, changes in governmental laws and related interpretation thereof, including on reimbursement,

intellectual property protection and regulatory controls on testing, approval, manufacturing and marketing, perceived or actual failure to adhere to ethical marketing practices, investments in and divestitures of domestic and foreign companies, unexpectedgrowth in costs and expenses, failure to recruit and retain the right employees, and failure to maintain acultureofcompliance. Please also refer to the overview of risk factors in 'Risk management –Protecting long-term value creation' on pp40–43. Unless required by law, Novo Nordisk is undernodutyandundertakes noobligation to update or revise any forward-looking statement after the distribution of this document, whether as a result of newinformation, futureeventsorotherwise. PERFORMANCE AGAINST LONG-TERM FINANCIAL TARGETS 2016 Target Operating profitgrowth (2.0%) 5% Operating profit growth adjusted * 3.9% Operating profit after tax to net operating assets 150.2% 125% Cash toearnings 105.4% Cash to earnings (three-yearaverage) 102.4% 90% *Growthinoperating profitfor2015 and2016 areadjustedforDKK2,376 millionforthepartialdivestmentofNNITand DKK449millionfortheincomerelatedtotheout-licensing ofassetsforinflammatory disorders,bothin2015. ACCOMPLISHMENTSANDRESULTS2015 9 NOVO NORDISK ANNUAL REPORT2016

RESEARCH ANDDEVELOPMENT 2016 was a year in which Novo Nordisk made significant progress in its researchand development pipeline and reached several milestones. Below are the highlights from the key development projects. On pp 20–21, the pipeline overview shows all thecompounds in clinical development, and further details on clinical trials can be found in the com- pany announcements and press releases published by Novo Nordisk during 2016, which are available on novonordisk.com. UPDATED R&DSTRATEGY In October 2016, Novo Nordisk updated its R&D strategy and priorities to reflect the increasingly challenging payer environment, particularly in the US market, by applying an even higher innovation threshold for pro- gressing R&D projects. Novo Nordisk will further intensify exploration of current assets inadjacentdiseaseareasofhigh unmetneed as well as identify new assets using our existingtechnology platform.Inaddition to the other areas, NASH (non-alcoholic steatohepatitis), diabetic kidney disease and cardiovascular disease are new areas to be pursued,bothinresearchanddevelopment. Asaresultoftheupdated R&Dstrategyand priorities, Novo Nordisk decided not to progress its current development projects within oral insulin and combinations involving oral insulin. In addition, a number of changes to the portfolio of early-stage projects were also implemented. Further- more, Novo Nordisk intends to strengthen its activities for in-licensing of early-and mid-stage projects as well as external academic collaborations. Novo Nordisk's current late-stage development portfolio wasnotaffected bythechanges. DIABETES In January and February 2016, the results fromthetwodouble-blinded phase 3btrials SWITCH 1 and 2 were announced. The primary endpoint of the SWITCH 1 trial was met by showing a statistically significantly lower rate of severe or blood glucose confirmed symptomatic hypoglycaemia during the maintenance period of 11% for people with type 1 diabetes treated with Tresiba ® comparedtoinsulinglargineU100. The primary endpoint of the SWITCH 2 trial was also met by showing a statistically significantly lower rate of severe or blood glucose confirmed symptomatic hypo- glycaemia during the maintenance period of 30% for people with type 2 diabetes treatedwithTresiba ® comparedtoinsulin glargine U100. indicated asanadjunct todietand exercise to improve glycaemic control in adultswith type 2 diabetes inadequately controlled on basal insulin (less than 50 units daily) or liraglutide (less than or equal to 1.8 mg daily). In November 2016, Novo Nordisk an- nounced the headline results from the DEVOTE trial, a long-term, randomised, double-blinded and event-driven trial conducted to confirm the cardiovascular safetyofTresiba ® (insulindegludec) compared to insulin glargine U100 when added to standard of care. In thetrial, more than 7,500 people with type 2 diabetes at high risk of major adverse cardiovascular events were treated for a period of approx- imately two years. The primary endpoint of the DEVOTE study was defined as the MACE composite outcome of the first occurrence of cardiovascular death, non- fatal myocardial infarction or non-fatal stroke and showed ahazard ratioof0.91 in favourofTresiba ® relativeto insulinglargine U100, with no statistically significant difference between the two treatments. In thetrial,Tresiba ® demonstratedsuperiority on the secondary confirmatory endpoint of severe hypoglycaemia: 27% fewer patients intheTresiba ® treatedgroupexperienced an episode of severe hypoglycaemia, resulting in a 40% overall reduction in total episodes of adjudicated severe hypoglycae- miawithTresiba ® comparedto insulin glargine U100. OBESITY AND OTHER AREAS In November 2016, Novo Nordisk initiated a phase 2 dose-finding trial in patients with NASH (non-alcoholic steatohepatitis) to investigate the effect of subcutaneous semaglutide once daily for 72 weeks onthe histological resolution of NASH. The trial will include 372 patients globally random- ised to one of three doses of semaglutide or placebo and is planned to conclude in 2019. HAEMOPHILIA In first half of 2016, Novo Nordisk sub- mitted the Marketing Authorisation Application (MAA) to the European Medicines Agency (EMA) and the Biologics Licence Application (BLA) to the FDA forthe approval of long-acting factor IX, nonacog beta pegol. Nonacog beta pegol is a glycopegylated recombinant factor IX with a significantly improved pharmacokinetic (PK) profile, developed for patients with haemophilia B. In February 2016, Novo Nordisk initiatedthe firstphase 3atrialwithoralsemaglutide, an oral formulation of Novo Nordisk's long- acting GLP-1 analogue semaglutide using EmisphereEligen ® technology.Theglobal PIONEER programme comprises 10 clinical trials intotal. In March 2016, Novo Nordisk announced that,intheLEADERstudy,Victoza ® signi- ficantly reduced the risk of thecomposite primary endpoint of cardiovascular (CV) death, non -fatal myocardial infarction and non-fatal stroke by 13%, and the secondary endpoint of CV mortality was also significantly reduced by 22% versus placebo, when added to standard ofcare in 9,340 adults with type 2 diabetes at high CVrisk. In April 2016, Novo Nordisk announced results from the SUSTAIN 6 trial, where semaglutide, a GLP-1 analogue admin- istered once weekly, when added to standard of care, statistically significantly reduced the risk of the composite primary endpoint of cardiovascular death, non-fatal

myocardial infarction and non-fatal stroke by 26% compared to placebo in a study with3,297 adults withtype2diabetes with elevated cardiovascular risk. In December 2016, Novo Nordisk filed semaglutide for regulatory approval in the US and the EU, based on the results from the six SUSTAIN trials. In October 2016, Novo Nordisk announced that it had received a Complete Response Letter (CRL) from the US Food and Drug Administration (FDA) regarding the New Drug Application (NDA) for fast-acting insulin aspart. In the letter, the FDA requested additional information related to the assay for the immunogenicity and the assay used to generate the clinical phar- macokinetics data before the review of the NDA could be completed. Novo Nordisk expects to resubmit the fast-acting insulin aspart NDA as a class II re-submissionwithin the next three months. In January 2017, Novo Nordisk announced that the European Commission had granted marketing authorisationforFiasp ® forthetreatmentof diabetes in adults and that Novo Nordisk had also received marketing authorisation forFiasp ® fromHealthCanada. In November 2016, Novo Nordisk an- nounced that the FDA had approved the NewDrugApplication(NDA)forXultophy ® 100/3.6, a once-daily, single-injection fixed combination of long-acting insulindegludec (Tresiba ®)andtheGLP-1analoguelira- glutide(Victoza ®).Xultophy ® 100/3.6is NOVO NORDISK ANNUAL REPORT2016 10 ACCOMPLISHMENTS AND RESULTS2016

SOCIAL PERFORMANCE Social performance has three dimensions: improving access to medical treatmentand quality of care for patients, offering a healthy and engaging working environ- ment, and providing assurance that responsible business practices are in place, with the aim of contributing to the communities in which the company operates. PATIENTS Of the 415 million people living with diabetes worldwide, three out of four livein low-and middle-income countries with weak healthcare systems, implying that millions of people have inadequate access to diabetescare. Novo Nordisk's strategy for global access to diabetes care addresses this unmet need. The company's long-term target is to reach 40 million people with its diabetes care products by 2020 –double the 2010 base-linenumber. Novo Nordisk provided medical treatments to an estimated 28 million people with diabetes worldwide in 2016, comparedwith 26.8 million in 2015. This 4% increase was drivenbysalesofhuman insulin(0.6million people) and modern and new-generation insulin (0.5 millionpeople). Current projections show that it will not be possible to reach this target. This is due to a more challenging market environment than anticipated in 2013 when the long-term target was set. Novo Nordisk remains committed to continuing its efforts to reach more patients and improve diabetes care. In 2016, thecompany announced anewNovo Nordisk Access to Insulin Commitment with a broader scope to replace thelongstanding differential pricing policy. It provides low- income countries and humanitarian relief organisations with an effective guarantee that Novo Nordisk will ensure availability of low-priced human insulin at a lower ceiling price than the previous pricing policy. In 2017,thepricewillbe4USdollarspervial. Novo Nordisk sold human insulin according to the company's differential pricing policy in 22 of the 48 Least Developed Countries in 2016, compared with 23 countries in 2015. The pricing policy is offered through government tenders or private market distributors to all Least Developed Countries (LDCs) as defined by the UN. In 2016, the ceiling price for insulin treatment perpatient per day was USD 0.18, while the average realised price for insulin sold under the programme was USD 0.15. The total number ofpeople treatedwithinsulinsold at or below the pricing policy price in the LDCs decreased from 411,000 in 2015 to 349,000 in2016. Beyondthisscheme, Novo Nordisk sells human insulin at similar prices in low-income countries. In 2016, an estimated 6.5 million people were treated with insulin below the LDC ceiling price worldwide compared with 5.5 million people in2015. Bytheendof2016, solidprogresshad been achievedbyChangingDiabetes ® pro- grammes in reaching more people with diabetes and building healthcare capacity. TheChangingDiabetes ® inChildren programme, launched in 2009, operates in nine countries and reaches more than 14,000 children, who receive insulin treatment free of charge. A total of 108 clinics have been set up, and more than 7,000 healthcare professionals have been trained or retrained. In 2017, the pro- gramme will be expanded to include another five low-income countries, with a new ambition of reaching 20,000 children. TheChangingDiabetes ® inPregnancy programme, also launched in 2009, has screened more than 48,000 women for gestational diabetes, and more than 4,800 women have been diagnosed and subse- quently treated. The Base of the Pyramid programme has been expanded in Kenya, Nigeria and Ghana, and in 2017 the programme will berolled out in Senegal. In 2014, Novo Nordisk launched Cities Changing Diabetes as a response to the dramatic rise of type 2 diabetes in cities, also called 'urban diabetes'. It is a partner- ship programme with University College London and Steno Diabetes Center plus a range of local partners, including diabetes and health communities, city governments, academic institutions, city experts and civil society organisations. The aim is to mapthe problem, share solutions and drive concrete action to fight the diabetes challenge in cities around the world. The partner cities are Copenhagen, Houston, Johannesburg, Mexico City, Shanghai, Tianjin, Vancouver and Rome, representing more than 70 millioncitizens. Donations through the World Diabetes Foundation (WDF) in 2016 amounted to 85 million Danish kroner. The WDF is an independent non-profit organisation established by Novo Nordisk in 2002 to help expand access to diabetes care. The foundation invests in sustainable initiatives to build healthcare capacity, with the aimof improving prevention and treatment of diabetes in developing countries. Since 2002, WDF has provided 122 million US dollarsinfunding to486 projectsin115 countries. These included projects witha focus on prevention and others aimed at reaching people inthemostremoterural areas. Read more on worlddiabetesfoundation.org . Novo Nordisk also provides financial support to improve global access to haemophilia care. In 2016, the company donated 21 million Danish kroner to the Novo Nordisk Haemophilia Foundation, established in 2005. The foundation supports projects and fellowships in developing and emerging economies. Initiatives focus on capacity building, awareness, diagnosis and patientregistries. Read more onnnhf.org. EMPLOYEES In November 2016, Novo Nordisk reduced its global workforce by 2% across its organisation. The decision was one of several actions to reduce operating costs in response to a challenging

competitive environment, especially in the USA. The workforce reductions affected R&D units, headquarter staff functions andpositionsin the global commercial organisation mainly in the USA. At the end of 2016, the total number of employees was 42,446, corres- ponding to 41,971 full-time positions,which is a 3% increase compared with 2015. The growth is primarily driven by expansion within the International Operations sales region and in Product Supply. Employee turnover increased from 9.2% in 2015 to 9.7% in 2016. Measured on a scale from 1 to 5, with 5 being the best score, the consolidatedscore in the annual employeesurvey, eVoice, was 4.4 in 2016, compared with 4.3 in 2015. The survey was conducted in the second quarter of 2016 and measures the extent to whichthe organisation is working in accord- ance with the Novo Nordisk Way. The 2016 result reflects a strong culture and commit- ment to the company'svalues. Bytheendof2016,genderdiversityamong managers was59% menand41% women. Of the newly promoted managers, 43% were women. All management teams, from entry level upwards, strive for enhanced diversity, with the aim of ensuring a robust pipelineoftalentformanagement positions. Theaverage frequency rateofoccupational accidents withabsence in2016was3.0per million working hours, unchanged from 2015. One Novo Nordisk employee in Pakistandiedinawork-relatedaccident. Novo Nordisk is working with azero-injury mindsetandhasalong-termcommitment CONTINUED NOVO NORDISK ANNUAL REPORT2016 ACCOMPLISHMENTS AND RESULTS 2016 11

to continuously improve safety performance. Thelinkbetween company valuesandsafety behaviour is emphasised to ensure that employeesalways makethesafechoice. ASSURANCE Training in business ethics is mandatory and a high priority. Annual business ethics training is required for all employees,includ- ing new hires. Business ethics training is therefore a key element of the onboarding programmes. In 2016, 99% of all relevant employees completed and documented their training and passed the related tests, compared with98% in2015.Thishigh level is attributed to the constant focus on and communication by senior management of the importance of business ethics com- pliance. A total of 52 business ethics reviewswere completed in 2016 with 234 findings, compared with 49 reviews in 2015 with 183 findings. It is Group Internal Audit's assessment thatthelevelofcompliance is sound. Closure of findings progressed as planned, and there were no overdue findings asof31December2016. The global facilitator team conducted 84 audits of units' adherence to the Novo Nordisk Way. These facilitations covered approximately 25,000 employees, 12% of whom were interviewed, while feedback was collected from almost 1,000 stake- holders. The facilitations in 2016, as in 2015, showed a high level of compliance with the Novo Nordisk Way. Corrective actions and corresponding deadlines were agreed with local management for all actions. See the article on p 18and novonordisk.com/about-novo-nordisk/ novo-nordisk-way.htmlfor further information. A total of 223 supplier audits, compared with 240 audits in 2015, were conducted in 2016 to assess suppliers'level of compliance with the company's standards for suppliers. These relate to quality as well as to Novo Nordisk's responsible sourcing policy coveringthe environment, labour, human rights and businessethics. These audits are undertaken by Novo Nordisk's Corporate Quality organisation. Of the audits carried out in 2016, 27 concerned responsible sourcing criteria, on par with 2015. Only high-risk suppliers, identified through a robust riskassessment, are selected for responsible sourcingaudits. There were no critical findings in2016. Novo Nordisk had six product recalls from the market in 2016, of which one was critical, compared with two in 2015.Two of the recalls were due to inappropriate product storage in the external distribution chain while four were due to products that did not fully meet specifications. Local health authorities were informed in all instances to ensure that distributors, phar- macies, doctors and patients received appropriate information. Read moreon pp41and51. In 2016, as in 2015, there were no failed inspections by regulatory authorities among those resolved at year-end. A total of 74 inspections were conducted in 2016 at Novo Nordisk's sites, at clinics conducting investigations for Novo Nordisk or for voluntary ISO 9001 certification, compared with 82 inspections in 2015. At year-end, 49 inspections had been passed and 25 wereunresolved. Novo Nordisk acts on its responsibility to respect human rights as set out in the UN Guiding Principles on Business and Human Rights, and observes due diligence. Novo Nordisk recognises that the company has a number ofpotential impacts withregardto human rights in its operations andbusiness relationships. Actions are taken focusing on salient issues beyond those already addressed by existing programmessuch as global labour standards and employee health and safety, bioethics, responsible sourcing and business ethics. In 2016, the focus was on human biosamples for research use, patient safety and security. The company has also strengthened con- sultations with patients. As of this year, reporting on respect of human rights,using the UN Guiding Principles Reporting Framework, is available in the Communi- cation on Progress at novonordisk.com/ annualreport. The consolidated reputation score was 79.2 in 2016, compared with 82.4 in 2015. Data was collected from January throughOctober 2016. Although still a strong score, the decline reflects a general trend across the healthcare sector. Reputation among key stakeholders–peoplewithdiabetes,general practitioners, diabetes specialists and employees –is an indicator of the extent to which the company lives up to their expect- ations and the likelihood that they will trust, supportandengage withthecompany. LONG-TERM SOCIAL TARGETS Novo Nordisk has set three long-term social targets to support long-term financial performance, balancing responsibility with profitability, with the aim of creating sustainable valueforshareholdersandother stakeholders. The social targets reflect strategic priorities to be a sustainable business: helping people live better lives, working the Novo Nordisk Way and safe- guarding thereputationofthecompany. For further information about social performance, see the social statement on pp 98–101and the Communication on Progress atnovonordisk.com/annualreport . 2012 2013 2014 2015 2016 0 10 20 30 40 50 PATIENTS REACHED WITH DIABETES CAREPRODUCTS Estimate • Realised Target(2020) Million 2012 2013 2014 2015 2016 1 2 3 4 5 WORKING THENOVONORDISK WAY Average score in annual employeesurvey • Realised Target Scale 2012 2013 * 2014 2015 2016 0 20 40 60 80 100 COMPANY REPUTATION Mean score among keystakeholders • Realised Target Scale *In2013, data forpeople with diabetes and employees are not included due to lack ofavailability. NOVO NORDISK ANNUAL REPORT2016 12

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ENVIRONMENTAL PERFORMANCE Novo Nordisk measures environmental performance across four dimensions: use of resources, emissions, organic residues and waste. All of Novo Nordisk's production facilities are certified according to ISO 14001. The production of active pharma- ceutical ingredients in Kalundborg, Denmark, is also certified accordingto ISO50001. In line with expectations, use of resources and waste increased, while organic residues andCO 2 emissions fromenergyuseat production sites and product distribution decreased. RESOURCES Despite a sharp focus on process optimi- sations, energy use increased by 6% and water use by 5% due to increases in production, increased capacity and expansions to meet market demands. Two facilities are located in regions subject to high water stress, consuming 6% of the total water consumption used at Novo Nordisk sites. There were no water short- age incidents and, overall, waterconsump- tion at these facilities decreased in2016. EMISSIONS, ORGANIC RESIDUES ANDWASTE Novo Nordisk's climate action programme 2 aims to reduce CO emissionsthroughout the value chain. The current focus includes energy used in production, distribution of products, company cars and business flights. As of 2015, indirect emissions from the supply chain are included in theclimate action programme. Novo Nordiskengages with strategic suppliers with the aim of increasing energy efficiency and shifting to renewable energy. While energy consumption increased, the overallCO 2 emissionsfromenergyconsump- tion decreased from 107,000 tons to92,000 tons. This is a result of ongoing conversion tolessCO 2 intensiveenergysourcesaspart oftheefforttogrowtheshareofrenewable energy. At the end of 2016, 78% of all power for production came from renewable sources. All but one production site in Denmark use gas from biogas plants, and the facility in Brazil makes steam from certified wood. The remaining production facilities use naturalgas. CO 2 emissions fromproduct distribution decreased by 12% to 38,000 tons due to continuous conversion from air transport to distribution bysea. Organic residues, a by-product of the production of active pharmaceutical ingredients (API), decreased slightly due to changes in the product mix of API. The energy in these residues is first recoveredin biogas plants, and the digested slurry is then used as fertiliser on localfarmland. Waste increased by 9% compared with 2015, mainly due to increased pilot production where regeneration of ethanol is not possible. Reducing ethanol waste is a high priority for Novo Nordisk, and efficient regeneration plants enable repeated reuse of theethanol. LONG-TERM ENVIRONMENTALTARGETS The long-term ambition is to decouple consumption of water and energy from sales growth. The current target is set as a maximum of half of the percentage increase in sales in local currencies, measured as a three-year average. In 2016, sales increased by 6% in local currencies while energy consumption increased by6% and water consumption increased by 5%. The lower sales growth reflects the chal- lenging business environment in 2016, while the increased consumption of energy and water is the result of new capacity building to meet market demands. Under these circumstances, it is not feasible to meet the current targets for the foresee- able future. New targets are being developed to replacethem. In 2015, Novo Nordisk set a target for all production sites to use electricity from renewable sources by 2020. The company has signed up to the RE100 initiative, a coalition of companies, committed to 100% renewable electricity led by The Climate Group in partnership with CDP, a not-for-profit that runs the global disclosure system for environmental impacts. Novo Nordisk plans to set targets for other focus areas under the climate ambition programme. The ambition is to align the targets with the goals of the Paris Agree- ment to keep the rise in global temperature well below 2 degreesCelcius. For additional information about environ- mental performance, see the environmental statement onpp104–106and theCommu- nication on Progress at novonordisk.com/ annualreport. 0 1 2 3 4 2012 2013 2014 2015 2016 ENERGYCONSUMPTION • Realised Target (not toexceed) 1,000,000 GJ 2012 2013 2014 2015 2016 0 1 2 3 4 2012 2013 2014 2015 2016 0 20 40 60 80 WATERCONSUMPTION • Realised Target (not toexceed) 1,000,000m 3 % 100 SHARE OFRENEWABLE POWER FORPRODUCTION • Realised Target NOVO NORDISK ANNUAL REPORT2016 ACCOMPLISHMENTS AND RESULTS 2016 13

))) 2012 2013 2014 2015 2016 2015–2016 FINANCIAL PERFORMANCE Netsales 78,026 83,572 88,806 107,927 111,780 Change 4% Sales growth in local currencies 1 Currency effect (local currencyimpact) 11.6% 6.0% 11.9% (4.8%) 8.3% (2.0%) 8.4% 13.1% 5.5% (1.9%) Net sales growth asreported 17.6% 7.1% 6.3% 21.5% 3.6% Depreciation, amortisation and impairment losses 2,693 2,799 3,435 2,959 3,193 8% Operatingpro?t 29,474 31,493 34,492 49,444 48,432 (2% Net?nancials (1,663) 1,046 (396) (5,961) (634) (89% Pro?t before incometaxes 27,811 32,539 34,096 43,483 47,798 10% Net pro?t for theyear 21,432 25,184 26,481 34,860 37,925 9% Totalassets 65,669 70,337 77,062 91,799 97,539 6% Equity 40,632 42,569 40,294 46,969 45,269 (4% Capital expenditure,net 3,319 3,207 3,986 5,209 7,061 36% Free cash?ow 1 18,645 22,358 27,396 34,222 39,991 17% FINANCIAL RATIOS Percentage ofsales: Sales outsideDenmark 99.4% 99.4% 99.5% 99.7% 99.7% Sales anddistribution costs 27.6% 28.0% 26.2% 26.2% 25.4% Research and development costs 14.0% 14.0% 15.5% 12.6% 13.0% Administrative costs 4.2% 4.2% 4.0% 3.6% 3.5% Grossmargin 1 82.7% 83.1% 83.6% 85.0% 84.6% Net pro?tmargin 1 27.5% 30.1% 29.8% 32.3% 33.9% Effective taxrate 1 22.9% 22.6% 22.3% 19.8% 20.7% Equityratio 1 61.9% 60.5% 52.3% 51.2% 46.4% Return onequity 1 54.9% 60.5% 63.9% 79.9% 82.2% Cash toearnings 1 87.0% 88.8% 103.5% 98.2% 105.4% Payoutratio 1 45.3% 47.1% 48.7% 46.6% 50.2% Payout ratio adjusted for the partialdivestment of NNITA/S 45.3% 47.1% 48.7% 50.0% 50.2% LONG-TERM FINANCIAL TARGETS Targets Operating pro?tgrowth 31.7% 6.9% 9.5% 43.3% (2.0%) 5% Operating pro?t growthadjusted 31.7% 6.9% 9.5% 35.2% 2 3.9% 2 Operating pro?t growth in localcurrencies 20.2% 14.6% 12.7% 20.6% 0.2% Operating pro?t after tax to net operating assets 1 99.0% 97.2% 101.0% 148.7% 150.2% 125% Cash to earnings (three-year average) 103.7% 93.9% 93.1% 96.8% 102.4% 90% 1.Forde?nitions, please refer to p96.2.Adjusted forDKK2,376 millionfromthepartial divestment ofNNITand DKK449 millionfromtheincome relatedto theout-licensing of assets for in?ammatory disorders, both in2015. 2012 2013 2014 2015 2016 0 5 10 15 20 25 BIOPHARMACEUTICALS SALES Otherbiopharmaceuticals Human growthhormone Haemophilia DKKbillion 2012 2013 2014 2015 2016 0 25 50 75 100 125 SALESBYGEOGRAPHIC REGION Pacific RegionChina International Operations Europe USA DKKbillion 2012 2013 2014 2015 2016 0 20 40 60 80 100 DKKbillion DIABETES ANDOBESITY CARESALES Other diabetes and obesitycare Victoza ® New-generation insulin Modern insulin Humaninsulin NOVO NORDISK ANNUAL REPORT2016 14 ACCOMPLISHMENTS AND RESULTS2016 PERFORMANCE HIGHLIGHTS

2012 2013 2014 2015 2016 2015–2016 SOCIAL PERFORMANCE Change Least developed countries where Novo Nordisk sells insulin according to the differential pricing policy 35 35 32 23 22 (4%) Donations (DKKmillion) 3 84 83 84 105 106 1% New patent families (?rst?lings) 65 77 93 77 74 (4%) Employees(total) 34,731 4 38,436 4 41,450 4 41,122 42,446 3% Employeeturnover 9.1% 8.1% 9.0% 9.2% 9.7% Gender in Management (ratiomen:women) 61:39 61:39 60:40 59:41 59:41 Relevant employees trained in businessethics 99% 97% 98% 98% 99% Productrecalls 6 6 2 2 6 200% Failedinspections 1 0 0 0 0 – LONG-TERM SOCIAL TARGETS Targets Patients reached with Novo Nordisk diabetes care products (estimate inmillions) 22.8 24.3 24.4 26.8 28.0 40 by 2020 WorkingtheNovo NordiskWay (scale1–5) 4.3 4.4 4.3 4.3 4.4 4.0 Company reputation (scale0–100) N/A 82.9 5 80.8 82.4 79.2 =80 ENVIRONMENTAL PERFORMANCE Change Energy consumption (1,000GJ) 2,433 2,572 2,556 2,778 2,935 6% Water consumption (1,000m 3) 2,475 2,685 2,959 3,131 3,293 5% CO 2 emissions from energy consumption (1,000 tons) 122 125 120 107 92 (14%) Organic residues(tons) 99,209 110,228 110,095 124,049 114,805 (7%) Waste(tons) 19,213 20,387 30,720 34,715 37,940 9% LONG-TERM ENVIRONMENTAL TARGETS Targets Energy consumption (vs prioryear) 11% 6% (1%) 9% 6% Not to exceed4% 6 Water consumption (vs prioryear) 16% 8% 10% 6% 5% Not to exceed4% 6 Shareofrenewable powerforproduction 74% 74% 73% 78% 78% 100% by 2020 SHARE PERFORMANCE Change Basic earnings per share/ADR inDKK 1, 7 7.82 9.40 10.10 13.56 14.99 11% Diluted earnings per share/ADR inDKK 1, 7 7.77 9.35 10.07 13.52 14.96 11% Total number of shares (million), 31December 2,800 2,750 2,650 2,600 2,550 (2%) Treasury shares (million), 31December 87 103 57 52 46 (12%) Share capital (DKKmillion) 560 550 530 520 510 (2%) Dividend per share inDKK 7 3.60 4.50 5.00 6.40 7.60 8 19% Total dividend (DKKmillion) 9,715 11,866 12,905 16,230 19,048 8 17% Share repurchases (DKKmillion) 12,162 13,989 14,728 17,229 15,057 (13%) Closing share price(DKK) 7 183.30 198.80 260.30 399.90 254.70 (36%) 3. Donations to the World Diabetes Foundation and the Novo Nordisk Haemophilia Foundation, which are working to increase healthcare capacity in developing countries. 4. Includes employees in NNIT A/S. 5. Data for people with diabetes and employees are not included due to lack of availability. 6. The 4% equals 50% of the business growth measured as the increaseinsalesinlocalcurrencies asathree-year average. Fordetailed target de?nition, please refertop13.7.Share performance-related key?gures have been calculated re?ecting a trading unit of DKK 0.20. 8. Total dividend for the year including interim dividend of DKK 3.00 per share which was paid in August 2016. The remaining DKK 4.60 per share, corresponding toDKK11,448 million, hasnotyetbeen paid. 2012 2013 2014 2015 2016 0 10 20 30 40 50 EMPLOYEES (TOTAL) Pacific RegionChina International Operations Europe USA Thousand 2012 2013 2014 2015 2016 0 30 60 90 120 150 SALES ANDCO 2 EMISSIONS (2012 =INDEX 100) • Index sales inDKK • IndexCO 2 emissions Index 2012 2013 2014 2015 2016 0 8 16 24 32 40 CASH DISTRIBUTION TO SHAREHOLDERS Share repurchases in the calendar year Interim dividend for2016 Dividend for prioryear DKKbillion NOVO NORDISK ANNUAL REPORT2016 ACCOMPLISHMENTS AND RESULTS 2016 15

With a sharp focus on four selected therapeutic areas where the company has uniqueexpertise and capabilities and a values-based management system, Novo Nordisk's corporate strategy is framed by the company's purpose to defeat diabetes and other serious chronicconditions. OURSTRATEGY THE FOUR STRATEGICPRIORITIES 1. EXPANDLEADERSHIP INDIABETES According to the International Diabetes Federation,415millionpeopleworldwideare livingwithdiabetestoday,andthisnumberis predictedtoincreaseto642millionby2040. This corresponds to more than 10% of the world'sadultpopulation. 1 Theglobal marketfordiabetescareproducts is estimated by IMS to amount to more than 450 billion Danish kroner, of which Novo Nordisk products account for approximately 27%. 5 Historically,therehasbeenastrong growth trend due to the increasing number of people with diabetes and the availability ofnewandbettertreatmentsonthemarket. However, the competitive environment, especiallyintheimportantUSmarket, has become tougher in the past year as commercial payers have consolidatedand more products have entered or are due to enterthemarket,especiallywithintheinsulin segment. Diabetes care is by far Novo Nordisk's largest business area, accounting for approximately 80% of the company's total sales. Since 2007, all efforts in diabetes care have been focused on protein-based products, such as insulin and GLP-1, and today Novo Nordisk is the leader in both segments, with a market shareofmorethan40% oftheinsulinmarket and close to 60% of the GLP-1 market, measuredinvalue. 5 Novo Nordisk's ambition is to expand its leadership within these two segments, with the aim of improving treatment for people withtype1diabetesandservingthegrowing numberofpeoplewithtype2diabetes. Key to achieving this ambition is the new generationofinsulinandinsulincombination products,Tresiba ® ,Xultophy ® ,Ryzodeg ® , andFiasp ® aswellastheonce-dailyGLP-1 analogueVictoza ® .Alltheseproductshave very competitive clinical profiles and are delivered in convenient injection devices. Furthermore, Novo Nordisk will pursuelabel updates based on the positive results from the cardiovascular outcomes trials reported in2016:theLEADERtrialwithVictoza ® and theDEVOTEtrialwithTresiba ® .Readmoreon pp24–25. Novo Nordisk's research and development pipeline includes several innovative products. These include the once-weekly injectable GLP-1 analoguesemaglutide which, in a clinical trial, has also demonstrated a significant reduction in major cardiovascular events in adults with type 2 diabetes at high cardiovascular risk, and a once-daily tablet versionofsemaglutide settobecomethefirst orally available peptide for the treatment of type2diabetes.Readmoreonpp20–21and 24–25. NOVO NORDISK'SSTRATEGY STRATEGIC FOCUSAREAS PURPOSE Driving change to defeat diabetes and other serious chronic conditions Expandleadership indiabetes Pursueleadership inobesity Pursueleadership inhaemophilia Expandleadership in growth disorders PATIENTS Novo NordiskWay NOVO NORDISK ANNUAL REPORT2016 16 OURBUSINESS

2. PURSUELEADERSHIP INOBESITY Obesityisknowntobeamajorriskfactorfor developing serious diseases such as type 2 diabetes and was therefore a natural therapeutic area for Novo Nordisk to enter. Obesity has reached pandemic-like propor- tions,withmorethan600millionadults 2 worldwide having clinical obesity (defined as having a Body Mass Index (BMI) of 30 or above). 2 However,accordingtoourestimate, only 10 million people currently receive pharmacologicaltreatment 5 asthereare few pharmaceutical treatment options available for obesity, and reimbursement for these medications islimited. In 2015, Novo Nordisk entered the obesity marketwithSaxenda ® (liraglutide3mg), starting in the US. Today, the product is launchedin15countries.Bytheendof2016, Saxenda ® hasgainedmarketleadership,with 35% ofthevaluemarketshareintheUS. 5 Novo Nordisk's ambition is to pursue leadershipinobesity,bybringing products to market with an even better weight loss profile. The company has a strong pipeline tosupportthisambitionandisworkingwith stakeholders to increase recognition of obesity as a chronic disease. Read more on pp28–29. 3. PURSUELEADERSHIP INHAEMOPHILIA Haemophilia is an inherited or acquired bleeding disorder that prevents blood from clotting. An estimated 493,000 people worldwidearelivingwithsevereormoderate haemophilia. 5 Theglobalhaemophilia pharmaceutical market has a value of 64 billionkronerandisexpectedtogrow. 5 Novo Nordisk entered the haemophilia marketin1996withNovoSeven ® forthe treatment of people with haemophilia who develop antibodies(inhibitors) against traditionaltreatments.In2014,NovoNordisk expandedintothewiderhaemophilia market withNovoEight ® forpeoplewithhaemophilia AandwithNovoThirteen ® forlong-term prevention of bleeding in patients with congenital factor XIII A-subunitdeficiency. In 2016, the company submitted its long- acting factor IX (N9-GP) for the treatment of haemophilia B, for approval in Europe and the US. Furthermore, the company has a long-acting version of factor VIII (N8-GP), inphase3developmentforhaemophilia A. Buildingonthisstrongbase,NovoNordisk's ambition is to pursue leadership within haemophilia. Readmoreonpp30–31. 4. EXPAND LEADERSHIP IN GROWTH DISORDERS Novo Nordisk has been active in the treatmentofgrowthhormonedeficiency for four decades. The global market for growth disorder treatments is estimated tobe18billionkroner. 5 NovoNordisk's growthhormone,Norditropin ® ,isthe globalmarketleader,withamarketshareof 37% 5 ,measuredbyvalue.Thecompany's ambition is to expand its leadership in the growth hormone market. A key project is Novo Nordisk's long-acting growthhormone product,whichisinphase3development. REVISED R&D STRATEGY FOCUSES ON PATIENTS' UNMET MEDICALNEEDS Since1923,NovoNordisk hasbeeninbusinesstohelppeople with diabetes live with this condition in a way that does not prevent themfrompursuing theirdreamsofafulfilling life. Today,scientificadvances havebrought muchprogress,butliving wellwithdiabetesisstillonlyarealityfor a worryingly small proportion of people, with just 6% of people with diabetes estimated tolivealifefreefromdiabetes- relatedcomplications. 6 Theneedfor innovation remains as essential as ever before. But innovation has a price. It often takes more than 12 years to develop a new biological medicine, and millions ofwork hours are spent on the diligent process of testing a drug candidate for safety and efficacy before it is available on the pharmacyshelves. "In today's constrained economy, the threshold is higher for whatpayers are willing topayforinnovation. Asa consequence, all R&D projects must be much more rigorously scrutinised and subjected to thorough evaluation of their commercial viability before they advance through the pipeline," explainsMads Krogsgaard Thomsen,chiefscienceofficeratNovo Nordisk. "Meanwhile, we have the opportunity to investigate whether our newest innovations –for example semaglutide – canfulfil unmetmedical needsinareasthatwedidn'tthinkof originally." Based on this, Novo Nordisk announced in October 2016 that it willnowapplyanevenhigherinnovation thresholdforprogressing R&D projects and more intensely explore howto utiliseitscurrentkeyproductsandnewmolecules in adjacent disease areas where there are high unmet patient needs, including NASH (non- alcoholic steatohepatitis), diabetic kidney disease and cardiovasculardisease. As aresult, early-stage research projects have been re-evaluated, and some development projects within oral insulin and combinations involving oral insulin will not be progressed any further, despite encouraging clinicaldata. "With insulin prices being under pressure, the sad fact is that we can't create an economically viable case for launching oral insulin; we'll never recoup thatinvestment. Bystopping theseprojects,we've liberated resources to focus on other projects," Mads Krogsgaard Thomsensays. Moreattention isnowonnewdrugtargets, including in-licensing of early-and mid-stage projects as well as external academic collaborations. Novo Nordisk's current late-stage development portfolio is not affected by the updated strategy (see pipeline on pp20–21). "INTODAY'S CONSTRAINED ECONOMY, THETHRESHOLD ISHIGHERFORWHAT PAYERSAREWILLING TOPAYFOR INNOVATION." Mads

KrogsgaardThomsen Executive vicepresident andchief science officer at Novo Nordisk NOVO NORDISK ANNUAL REPORT2016 OUR BUSINESS 17

DOING BUSINESS THE NOVONORDISK Throughtimesofchange, itismoreimportant than evertostand onsolidground.TheNovo NordiskWayincluding theTripleBottomLinebusiness principleremainthefoundation ofthe company'svision,strategyand wayofdoingbusiness. "The Novo Nordisk Way describes the values-based management principle we've established and benefited from over many years," President and Chief Executive Officer (CEO) Lars Fruergaard Jørgensen explains. "In just one page, it outlineswhat we wish to achieve as an organisation, as well as the behaviours that are expected of all Novo Nordiskemployees. "Inafast-growing global organisation, our people have to make the right decisionson difficult matters on a daily basis –always bearing in mind what is best for patients, employees and shareholders in the long term. We need to provide clear and simple guidance to all employees that is consist- ently understood anywhere in the world. This is what the Novo Nordisk Waydoes." The Novo Nordisk Way includes 10 Essentials that set out specific behaviours stakeholders can expect to see from Novo Nordisk and its employees. All employees are held accountable for putting them into practice by 'living the Novo Nordisk Way', and managers at every levelare responsible for ensuring that they lead their unitsin adherence with the Novo Nordisk Way. This is assured through a rigorous internal audit process called facilitation (see box on p19). "It is well known that adherence tovalues, consistent behaviours and good govern- ance are vital for high performance, and the value of a strong company culture should never be underestimated," says Lars FruergaardJørgensen. "When we meet with investors, they want to understand the company's risks and how we pursue our strategy. They also ask about the quality of our management, whether we have the right management composition, and how we develop skills and nurture our people's talents. A strong corporate culture and stewardship are enablers for futureperformance." CREATING VALUE IN A SUSTAINABLEWAY The Triple Bottom Line principle, anchored in the company's Articles of Association and in the Novo Nordisk Way, is a lens for decision-making to ensure that effects on people, communities and theenvironment are accounted for andconsidered. The aim is to ensure long-term profitability by reducing risks related to business activities and to enhance the positive societal contributions from Novo Nordisk's global operations. "The Triple Bottom Line principle reminds ushowwedobusiness: wealways strive to conduct our activities in a financially, environmentally and socially responsible way, because we know this is aprerequisite for a sustainable business and long-term value creation," Lars Fruergaard Jørgensen explains. "We have an interest in maintaining sustainable growth and contributing to a prosperous society. And Novo Nordisk has a lot to offer, in particular when it comesto addressing the UN Global Goals 'health and well-being for all, of all ages' and 'respon- sible production and consumption'. One example of how we're tackling these challenges is our partnership platform, Cities Changing Diabetes," says Lars Fruergaard Jørgensen (see pp26–27). 18 NOVO NORDISK ANNUAL REPORT2016

NOVO NORDISK WAY In1923, ourDanishfounders began ajourneytochange 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 curediabetes. •Our ambition is to strengthen our leadership indiabetes. •We aspire to change possibilities in haemophilia and other serious chronic conditionswherewecanmakeadifference. •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 allowsustohelppatients livebetterlives,offeranattractivereturntoour shareholders and contribute to ourcommunities. •We never compromise on quality and businessethics. •Our business philosophy is one of balancing financial, socialand environmental considerations –we call it the Triple BottomLine. •Weareopen and honest, ambitious and accountable, and treateveryone withrespect. •We offer opportunities for our people to realise theirpotential. Everydaywemustmakedifficult choices, always keeping inmindwhat is bestforpatients, ouremployees and ourshareholders inthelong run. It's the Novo NordiskWay. ESSENTIALS 1. We create value by having a patient-centred business approach. 2. We set ambitious goals and strive forexcellence. 3. We are accountable for our financial, environmental and social performance. 4. We provide innovation to the benefit of ourstakeholders. 5. Webuild and maintain good relations with ourkey stakeholders. 6. We treat everyone withrespect. 7. We focus on personal performance anddevelopment. 8. We have a healthy and engaging working environment. 9. Weoptimise thewaywework and strive forsimplicity. 10.We never compromise on quality andbusiness ethics. SAFEGUARDING ADHERENCE TO THEVALUES Since 1997, Novo Nordisk has had a well-established process in place to ensure that the organisation adheres to the Novo Nordisk Way. Facilitations, which are a kind of values audit, measure how behaviours are conducted at unit level on an ongoing basis. Read more at novonordisk.com/about -novo-nordisk/novo -nordisk-way. html. Facilitations cover more than one-third of the global organisation each year. A consolidated annual report on findings, trends and recommendations for improvement is presented to Executive Management and the Board of Directors. In 2016, the report, covering facilitations of 84 units and almost 25,000 employees, concluded that there was a consistent high level of compliance, with 60% of units rated 'high level' and 40% 'satisfactory level'. However, the report also points to areas that require attention –in particular ensuring focus on people management, simplicity and balancing available resources with a strong performance culture (see p103). CORPORATE RESPONSIBILITY Novo Nordisk has global policies and programmes in place to ensure that: business is conducted ethically and responsibly at all times; activities or products do not harm people, communities or the environment; health and fair employment terms are safeguarded for employees of Novo Nordisk and suppliers; and the company meets its responsibilities as a corporate citizen through tax contributions and community support. Novo Nordisk adheres to the standards set by the UN Guiding Principles on Business and Human Rights and subscribes to the UN Global Compact 's 10 principles of responsible business conduct. A detailed account of the company's performance can be found at novonordisk.com/annualreport . Novo Nordisk continuously optimises business performance to make a positive contribution to sustainable development and to create and document shared value. For example, the company has the goal of all its production sites to be 100% powered by renewable energy by 2020 and has intensifiedfocusonreducingitsCO 2 footprint throughout the value chain. See more examples of how NovoNordisk creates shared value through its presence in growth economies, such as Algeria and Indonesia, at novonordisk.com/sustainability . Furthermore, Novo Nordisk supports the achievement of the UN Sustainable Development Goals. These are aplatform for companies to engage stakeholders at local, national and international levels in the pursuit of business goals that havean implication for global sustainable development. "WENEEDTO PROVIDECLEARAND SIMPLEGUIDANCETO ALLEMPLOYEESTHATIS CONSISTENTLY UNDERSTOOD ANYWHERE INTHE WORLD." LarsFruergaardJørgensen President and chief executiveofficer Samira Salhi Laboratorytechnician, Global Research, Denmark

PIPELINEOVERVIEW 2017 KEYMILESTONES Tresiba ® Label extension with SWITCH data in the US andthe EU Tresiba ® Submission of DEVOTEdata Victoza ® Label extension withLEADERdata intheUSand theEU Semaglutide –diabetes Feedback from regulatoryauthorities Semaglutide –diabetes Completion of SUSTAIN 7trial Fast-acting insulin aspart USresubmission Semaglutide –obesity Phase 2data N9-GP Feedback from regulatoryauthorities Phase1 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 andestablish the maximum tolerated dose. Phase2 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. Inphase 2,clinicaltrialsarecarriedouttoevaluate efficacy (andsafety) in specified populations of patients. The outcome of phase 2 trials is clinical proofofconceptandtheselectionofdoseforevaluation inphase 3trials. DIABETES Compound AND OBESI Indication TYCARE Description Phase1 Phase2 Phase3 Filed/ regulatory approval DIABETES Fast-acting insulin aspart NN1218 Type 1 and2 diabetes A new formulation of insulin aspart intended to accelerate onsetofaction, withthepotential todosebothbeforeand aftermeals. Semaglutide NN9535 Type 2 diabetes Aonce-weekly GLP-1analogue intended tooffer people with type 2diabetes theclinical benefits ofaGLP-1analogue with lessfrequent injections. OG217SC NN9924 Type 2 diabetes A long-acting oral GLP-1 analogue intended as aonce-daily tablet treatment for people with type 2diabetes. Anti-IL-21T1D NN9828 Type 1 diabetes A beta-cell preservation treatment intended for people newly diagnosed with type 1diabetes. LAI287 NN1436 Type 1 and2 diabetes A long-acting basal insulin analogue intended foronce- weeklydosing. Mealtime NN1406 Type 1 and2 diabetes A liver-preferential mealtime insulinanalogue. PYY1562 NN9748 Type 2 diabetes An appetite-regulating hormone, peptide YY, forthe treatment ofdiabetes. NOVO NORDISK ANNUAL REPORT2016 20 OURBUSINESS

Compound Indication Description Phase1 Phase2 Filed/ regulatory Phase 3 approval OBESITY ANDOTHER AREAS Semaglutide NN9536 Obesity A long-acting GLP-1 analogue intended as aonce-daily treat- ment forobesity. AM833 NN9838 Obesity A novel amylin analogue intended as aonce-weekly treatment forobesity. G530S NN9030 Obesity Anovelglucagon analogue which, incombination withsema- glutide, is intended for the treatment ofobesity. PYY1562 NN9747 Obesity An appetite-regulating hormone, peptide YY, which, alone or in combination with semaglutide, is intended for the treatment ofobesity. GG-co-agonist 1177 NN9277 Obesity A novel glucagon and GLP-1 co-agonist intendedfor the treatment ofobesity. Semaglutide NASH NN9931 NASH Along-acting GLP-1analogue intended asaonce-daily treatment for non-alcoholic steatohepatitis (NASH). A glycopegylated long-acting recombinant coagulation factor IX intended to offer prophylaxis and treatment of bleeds. N9-GP Haemophilia B NN7999 N8-GP Haemophilia A NN7088 A glycopegylated long-acting recombinant coagulation factor VIII intended to offer prophylaxis and treatment ofbleeds. Concizumab NN7415 Haemophilia A andB 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 foronce- weeklyinjections. BIOPHARMACEUTICALS HAEMOPHILIA Read more at novonordisk.com/investors andclinicaltrials.gov . 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 areassuch as haemophilia, regulatory guidelines may allow the design ofsingle-arm therapeutic confirmatory trials or trials that compare against historical control, for example, instead of existing treatment orplacebo. Phase3 Thephase inwhich a product undergoes regulatory authority review. Products listedunder thisphase arecurrentlyunder regulatory review inatleast oneofthetriadmarkets:theUS,theEUand Japan. Filed/regulatory approval NOVO NORDISK ANNUAL REPORT2016 OUR BUSINESS 21

• Many people who liveincitiesaredeveloping type 2 diabetes, due partly totheimpact ofurbanisation on health. 1 • Through the Cities Changing Diabetes programme, Novo Nordisk has made some striking discoveries concerning cultural and social factors that not only increase people's vulnerability to diabetes but also stand inthewayofdiagnosis and achieving good outcomes. • These insights have inspired action in eight cities, representingmorethan70millioninhabitants. 7 Findout which cities havejoined the programme on p 26. • Novo Nordisk is advocating for early diagnosis of diabetes through risk-based screening initiatives. • On World Diabetes Day 2016, more than 180,000 people participated in blood glucose screenings orrisk assessment activities. • The company is also involved in providing free screening through mobile clinics and programmes such as the ChangingDiabetes ® inPregnancyprogrammewhich, since 2009, have screened 48,142 womenfor gestational diabetes. ADDRESSING THE RISKFACTORS EARLY DIAGNOSIS More than 415 million people in the world arelivingwithdiabetes, 1 but almost halfof thesepeoplehavenot beendiagnosed. 6 The longer it takes to diagnose diabetes, the more likely it is that complications will arise –including damage to the eyes, kidneys, nerves and heart. The 'Rule of Halves' highlights that very fewpeople who receive the appropriate therapy achieve their treatment targets, putting the rest at risk of developing diabetes-related complications later inlife. Changing Diabetes ® is Novo Nordisk's response to the global diabeteschallenge, and goes beyond the discovery anddevel- opment of medicines. Together with partners, Novo Nordisk is addressing the biggest unmet needs in diabetes through a number of initiativesworldwide. Learn more atnovonordisk.com/ changingdiabetes . CHANGIN G DIABETES ® MILLION ADULTS ARE LIVING WITHDIABETES. 1 BY2040,THISISPROJECTEDTO INCREASE TO 642MILLION. 1 193 MILLIONADULTSWITH DIABETESHAVENOTBEEN DIAGNOSED . 1 65% OF ADULTS WITH DIABETESLIVEINCITIES–THIS IS PROJECTED TO INCREASE TO 74%BY 2040. 1 50% OF ADULTS WITH DIABETES ARE NOT DIAGNOSED UNTIL THE DISEASE HASPROGRESSED TO THE EXTENTTHAT THEY HAVE AT LEAST ONE COMPLICATION AT THE TIME OFDIAGNOSIS. 8 415 22 OURBUSINESS

• Novo Nordisk provides medical treatment to an estimated 28 million people with diabetes worldwide. However, it takes more than medicine for people with diabetes to achieve good healthoutcomes. • Novo Nordisk is engaged in educating healthcare professionals and patients in the management of diabetes, and also driving awareness of the psychosocial aspects of living with this condition. Through the Changing Diabetes ® inChildren(CDiC)programme,Novo Nordisk has facilitated the training of more than 7,000 healthcare professionals since2009. • With Team Novo Nordisk , a global all-diabetes sports team, spearheaded by a professional cycling team the company hopes to inspire, educate and empowerpeople living with diabetes. • Novo Nordisk's renewed Access to Insulin Commit- ment guarantees provision of low-priced human insulin to least developed countries, low-income countries and organisations working in humanitarian reliefsituations. • Novo Nordisk is building health capacity for diabetesand addressing medicine distribution challenges through the ChangingDiabetes ® inChildren(CDiC)andBase of the Pyramid programmes. Approximately 14,000 children with type 1 diabetes received care through CDiC in2016. • The World Diabetes Foundation (WDF) is an inde- pendent non-profit organisation established by Novo Nordisk to help expand access to care. Donations through the WDF amounted to 85 million kroner in2016. ACCESS TOCARE BETTER OUTCOMES 5MILLION DEATHS ARE CAUSED BY DIABETES ANNUALLY. 1 50MILLIONPEOPLEWITH DIABETESLACK ACCESS TOINSULIN. 9 3 IN 4PEOPLE WITH DIABETES LIVE IN LOW-AND MIDDLE- INCOME COUNTRIES. 1 IN PEOPLE WITH TYPE 2 DIABETES, LOWERING AVERAGE BLOODSUGAR 1c LEVELS (HbA) REDUCESTHE RISK OFCOMPLICATIONS. 10 OF WHOM ABOUT 50% RECEIVE CARE… OF WHOMABOUT 50% ACHIEVE TREATMENT TARGETS… OF WHOM ABOUT 50% ACHIEVEDESIRED OUTCOMES, MEANINGTHAT ONLY AROUND 6% OF PEOPLE WITH DIABETES LIVE A LIFE FREE FROM DIABETES-RELATED COMPLICATIONS. ABOUT 50% ARE DIAGNOSED… RULE OFHALVES 6 The Rule of Halvesillustratesthe global diabetessituation. Actual rates ofdiagnosis, treatment, targets andoutcomes vary in different countries. OUR BUSINESS 23 OF THE ESTIMATED 415 MILLIONPEOPLE WITHDIABETES…

Major adverse cardiovascular events(MACE) –including heart attack (myocardial infarc- tion) and stroke –have long been known to be the leading cause of death and large vessel complications in people with type 2 diabetes. 11 AccordingtotheAmericanHeart Association,atleast68% ofpeopleaged 65 oroverwithdiabetesdiefromsomeformof heartdiseaseand16% diefromstroke. 12 Furthermore, adults with diabetes are 2–4 times more likely to have heart disease or a strokethanadultswithoutdiabetes. 12 Yet standard type 2 diabetes treatments have not addressed this increased risk of cardio- vascular (CV)disease. “I’ve been concerned about the increased risk ofcardiovascular disease associated with diabetes for more than 20 years,” says Dr Steven Marso, medical director for cardio- logy, HCA Midwest Health, US. “Current diabetes therapies are effective at lowering blood glucose levels but there is, without doubt, an unmet need for a diabetes treat- ment that also addresses the associated CV risk. I believe a treatment that does both would ease the burden for people with diabetes and set a new standard for clinical care.” A NEW ERA OF DIABETES TREATMENT? Cardiovascular risks associated with diabetes are a concern for patients, healthcare professionals and payers. However, following recent clinical trial results for two Novo Nordisk GLP-1 analogues, hopes for improved treatment outcomes aregrowing. Jesper Lau Vicepresident, responsible forprotein and peptidechemistry 24

TRESIBA ® : CARDIOVASCULAR SAFETY AND HYPOGLY - CAEMIC BENEFIT CONFIRMED IN DEVOTE TRIAL 5 In November 2016, Novo Nordisk announced the results of DEVOTE, a cardiovascular (CV) outcomes trialto confirmtheCVsafetyofTresiba ® (insulindegludec). In addition to demonstrating the CV safetyprofileofTresiba ® , DEVOTEalso showed the superiority of this basal insulin in reducing the rate of severe adverse hypoglycaemia events, when compared to insulin glargine U100. DEVOTE FACTS: •A long-term, randomised, double-blinded, parallel group and event-driven trial conductedtoconfirmtheCVsafetyofTresiba ® comparedtoinsulinglargineU100, when added tostandard ofcare. •Atotalof7,637 people withtype2diabetes athigh riskofmajoradverse CVevents participated atmorethan400sites across20countries forapproximately twoyears. •The trial achieved its primary endpoint, demonstrating non-inferiority of major adversecardiovascularevents(MACE)withTresiba ® comparedtoinsulinglargine U100. •Thetrial'sprimary endpoint wasdefined astheMACE composite outcome ofthefirst occurrence of CV death, non -fatal myocardial infarction or non-fatal stroke and showedahazardratioof0.91infavourofTresiba ® comparedtoinsulinglargine U100,withnostatistically significant difference between thetwotreatments. •Inthetrial,Tresiba ® demonstratedsuperiorityonthesecondaryendpointofsevere hypoglycaemia:27%fewerpatientsinthegrouptreatedwithTresiba ® experienced an episode of severe hypoglycaemia, resulting in a 40% overall reduction in total episodes of adjudicated severe hypoglycaemia, and 54% experienced a relative reduction intherateofnocturnal severehypoglycaemia. Thesedifferences wereall statistically significant. Meeting the needs of patients –and their doctors –is at the core of Novo Nordisk's clinical research programme into more innovative treatments that deliveradditional benefits with fewer risks. Research into the long-termeffectsofVictoza ® (liraglutide), the company's GLP-1 analogue for the treatmentoftype2diabetes, hasproduced some exciting results inthis regard. "We knew from previous research that Victoza ® effectivelyreducesbloodglucose levelsinpeoplewithtype2diabetes," says Dr Alan Moses, senior vice president and chief medical officer atNovo Nordisk, "but the results of the LEADER study show that Victoza ® ,amongstotheroutcomes,also significantly reduces–by22% –theriskof cardiovascular death in adults with type 2 diabetes who are at high risk of major cardiovascularevents." 13 LEADERcomparedVictoza ® treatmentto placebo, bothinaddition tostandard ofcare comprising lifestyle modifications, glucose - lowering treatments and cardiovascular medications.ThestudyfoundthatVictoza ® significantly reduced the risk of the com- bined outcome (composite primary end- point) of CV death,heart attack or non-fatal strokeby13% 13 comparedtoplaceboin 9,340 adults with type 2 diabetes at high CVrisk. "Theresultsofthestudy,whichwereported inJune 2016,areexcitingonthreefronts. ParticipantstakingVictoza ® experiencedan early and sustained reduction in blood glucose levels, persistent weight loss, and a reduction in CV death and non-fatal myocardial infarction and stroke,"Dr Moses points out, adding that the safety profile of Victoza ® inalargepopulationforalong period of time has also been affirmed. "Altogether, the results further underline thatVictoza ® isanimportanttreatment optionforadultswithtype2diabetes." Todate,Victoza ® istheonlymarketedGLP-1 analogue to demonstrate a superior reduction in major CV events in a cardio-vascularoutcomestrial. 14 InOctober2016, Novo Nordisk announced the submission of a supplemental New Drug Application (NDA) to the US Food and Drug Admin- istration (FDA) and a Type II Variation application to the European Medicines Agency (EMA) to include data from LEADER intheproductinformationforVictoza ® . REDUCED RISK OF CARDIOVASCULAREVENTS The good news from Novo Nordisk'sGLP-1 analogue research continued with the results from the SUSTAIN 6 trialof once-weekly semaglutide. In the first dedicated premarketing cardiovascular outcomes trial in people with type 2 diabetes at high CV risk, semaglutide was shown to significantly reduce the risk of the composite primary endpoint of time to first occurrence of either CV death, heart attack or non-fatal stroke by 26% compared to placebo, when added to standard ofcare in 3,297 adults with type 2 diabetes at high CVrisk. 15 Furthermore, the trial showed that partici- pants experienced significantly reduced blood sugar levels and superior and sus- tained weight loss compared to standard ofcare. 15 "The results of SUSTAIN 6 were profound and exceeded our expectations," says Dr Moses. "This study was designed to demonstrate the cardiovascular safety of semaglutide, but it went beyond that and proved an actual and significant risk reduction in the composite cardiovascular events, even with the relatively smallstudy population and short trialduration." Novo Nordisk submitted semaglutide for regulatoryapprovalattheendof2016. PAVING THE WAY FOR IMPROVED TREATMENTOUTCOMES Mads Krogsgaard Thomsen, executive vice president and chief science officer ofNovo Nordisk, has high hopes for thecompany's GLP-1 analogues: "The positive findings from LEADER and SUSTAIN 6

give us reason to believe we can take type 2 diabetes treatment to a new level by offering glycaemic control, weight loss and a reduction in cardiovascular events for people with diabetes at risk of cardiovascular events. “This marks the beginning of a new era where our R&D focus in diabetes willlook much further than just glucose control,” headds. “I’VEBEEN CONCERNED ABOUTTHE INCREASEDRISKOF CARDIOVASCULAR DISEASE ASSOCIATEDWITH DIABETESFOR MORE THAN20 YEARS.” DrStevenMarso Medical directorforcardiology, HCA Midwest Health,US 25 NOVO NORDISK ANNUAL REPORT2016

The initiative is in high demand. One-third of Mexico City's 20 million citizens are either living with diabetes or have blood glucoselevels that indicateprediabetes. 1,7 Research for Cities Changing Diabetes, undertaken by the National Institute of Public Health (INSP), has unearthed a complex set of social and cultural factors in Mexico City that increase the risk of diabetes and thwart its effective management. 16 Explaining the rationale behind El Médico en Tu Casa, Minister of Health for Mexico City Dr Armando Ahued says: "The Cities Changing Diabetes research results sur- prised us and demonstrated that we need to continue educating our people in howto take care of their own health. They also showed that a lot of people are having difficulties going to a doctor or health centre. By initiating diabetes screening in people's homes, we increase our chances of encountering the 29% of people who are living with diabetes without knowing it." 16 FROM MEXICO CITYTO COPENHAGEN While the challenge faced by Mexico City is particularly acute, the world's fourth largest city is not alone in its fight against diabetes. Globally, more than two-thirds of people living with this chronic condition are urban residents –a proportion expected to rise to three-quarters by2040. 1 Eveninacitysuch as Copenhagen, dotted with green spaces, criss-crossed by cycle lanes and synonym- ous with healthy urban living, the Mayor's office recognises the need to reach people at increased risk ofdiabetes. Research for the Cities Changing Diabetes initiative conducted in Copenhagen has discovered emerging health inequalities and vulnerable communities. People without work, living alone or from a non-Western background are becoming increasingly isolated and are often beyond the reach of the healthcare system and health promo- tion initiatives. To identify and engage people with diabetes, the city therefore launched a newCenter for Diabetes in2016 in conjunction with the Danish Diabetes Association. Furthermore, in partnership with Denmark's largest trade union, 3F, the city initiated a peer support scheme for men over the age of 45 at high risk of developing diabetes. In its first year, the scheme provided invaluable support through social interactions with several hundred men, ranging from one-off conversations to regularget-togethers. Having overseen the new interventions in the city, Ninna Thomsen, Health Mayor of Copenhagen, is convinced of the benefits of collaborative working to improve public health. "Working witharange ofpartners has provided a fresh perspective on our city's diabetes challenge andhas enabled us to act with absolute conviction," she says. "We're optimistic for the future and will continue to work in partnerships to deliver initiatives that benefit Copen- hageners and inspireothers." TACKLING ANINTERNATIONAL HEALTH CHALLENGE For Novo Nordisk, playing the role of key partner in an international public health movement has been rewarding, as President and Chief Executive Officer Lars Fruergaard Jørgensen reflects: "Making a contribution to society beyond our core business of discovering and developing innovative medicines is part of the fabric of Novo Nordisk. Through Cities Changing Diabetes, we've been able to expand our network beyond the traditional reach of a healthcare company and are making valuable contributions to tackle one of the most pressing public health issues of our time." Across the globe, Cities Changing Diabetes continues to grow and evolve to address local differences. Action is underway in Tianjin, China, where approximately 300 primary care physicians are receiving training in how to manage diabetes. In Houston, US, more than 70 community partners, including faith organisations, are contributing to the movement to tackle urban diabetes. In 2016, Johannesburg, South Africa, and Vancouver, Canada, enrolled in the Cities Changing Diabetes programme and commenced their own mapping of urban diabetes. In early 2017, Rome, Italy, will followsuit. El Médico en Tu Casa itself has grown and is now being replicated in cities across Mexico and in Asia andSouth America. But Leslie Coria's focus remains closer to home as she works to improve the lives of the people of Mexico City. Looking back on an afternoon during which she cared forthree elderly ladies living with diabetes, she reflects: "My intention is to help and to play my part in each of their lives. It's very rewarding –and has changed my life both professionally andpersonally." Rapid urbanisation is fuelling the rise in non-communicable diseases in a phenomenon described by the World Health Organization (WHO) as the new urban epidemic. Now in its third year, the Cities Changing Diabetes pro- gramme is working in partnerships to halt the rise in type 2 diabetes in cities by focusing on some of the most vulnerable communities. CHANGING DIABETES –ONE CITY AT ATIME "Themain reasonIstudied medicine wasto help people. I really feel that I've done that here –in every sense of the word." The pride in the voice of Leslie Coria, one of 3,000 healthcare professionals involved in by Mexico City's El Médico en Tu Casa (the doctor in your home) initiative, is unmistak- able. Speaking between home visits, she provides door-to-door care to people less able to access health services. "When you go to patients' homes, you get to know their persona. You detect what's wrong and can really hit the nail on the head to treat the conditionwell." "MYINTENTION ISTOHELP AND TO PLAYMYPART IN EACH OFTHEIR LIVES." Leslie Coria Health care professional, El

Médico en TuCasa 26

Mexico City, where one-third of citizens have diabetes or prediabetes, is one of the cities enrolled in the Cities Changing Diabetes programme. Initiated in 2014 by Novo Nordisk, University College London and the Steno Diabetes Center, Cities Changing Diabetes is a response to the dramatic rise in type 2 diabetes in cities across the world. It is a first-of-its-kind partnership platform for cross-disciplinary, cross -sector collaboration. No one organisation and no one company can solve the challenge of urban diabetes alone, sothe programme is built on public–private partnerships between businesses, city leaders, planners, architects, healthcare professionals, academics, community leaders and others with a stake in the outcome. Working together, partners are setting out to create cities which help citizens live more healthily, and where people with diabetes can live life to the full. 27 COPENHAGEN Local partners pursuing four initiatives that support vulnerable citizens athigh risk ofdeveloping type 2 diabetes. HOUSTON More than 70 organisations collaborating to change citizens' perception of their own health, while improving trust in a more navigable health system. JOHANNESBURG By researching the scale and nature of the city's diabetes challenge, partners are setting the scene foraction. MEXICO CITY Partners working to improve diabetes care by establishing a specialised clinic, training doctors and including diabetes screening in the El médico en Tu Casaprogramme. ROME Due to join the programme officially in 2017, an extensive multi-stakeholder coalition is already in place working to map the diabetes challenge and identify actions. SHANGHAI Partners working to build local diabetes manage - ment capacity by training healthcare professionals in 240 community health centres. TIANJIN Partners working to improve diabetes care through the training of 300 primary carephysicians. VANCOUVER Based onnew research, thepartners areworking tomap the diabetes situation further and design actions totackle thechallenges .

WHAT ISOBESITY? Obesity is defined as abnormal or excessive fat accu- mulation that may impair health in people with a body massindex(BMI)greaterthanorequalto30. 2 BMI providesthemostconvenientpopulation-levelmeasureof overweight and obesity currently available. BMI itself, however, does not define health risk. BMI is a simple weight-for-height index that is commonly used to classify overweight and obesity in adults. It is calculated by dividing a person's weight in kilograms by the square of their heightinmetres(kg/m 2). ACCORDING TO THE WHO, OBESITY HAS REACHED PANDEMIC PROPORTIONS, WITHUPTO1.9BILLION ADULTS (18 YEARS AND OLDER) BEING OVERWEIGHT. 2 OF THESE, APPROXIMATELY 600 MILLION HAVE CLINICAL OBESITY (BMI =30). 2 LIVING WITH THESTIGMA OFOBESITY

“Obesity is one of the last remaining socially acceptable forms of prejudice: it’s still OK to make fun of fat people,” says Marty Enokson, Chair of the Canadian Obesity Network Public Engagement Committee and a paralegal from Edmonton, Canada, who has had obesity since childhood. “I’ve been called every hateful name imaginable and I experience discrimination daily. Yes, I’m obese. Yes,I’m fat. But it doesn’t define who I am. People need to realise that nobody chooses to be obese. Why would you? It’s disabling –try moving your body when it’s 505 pounds! I just want to be treated the same as other people: with dignity andrespect.” A CHRONICDISEASE Unfortunatelyobesityisalltoooftenseenas a sign of weak character or as a ‘lifestyle choice’. This view, coupled with the awkwardness many doctors feel about talking topeopleabouttheirweight, means that doctors rarely prescribe medication for obesity –instead relying on the ‘eat less, exercise more’ philosophy for weightloss. “This simple mantra is relevant advice, but obesity is very complex as it can be caused by genetic, physiological, environmental or psychological factors. So, for some people, behavioural modifications are notenough,” explains Heather Millage, vice president for the GLP-1 portfolio for Novo Nordisk in the US. In fact, clinical studies have shown that almost 80% of people who are overweight or have obesity experience weight regain after following a regimen of diet and exercisealone. 17 But withhealthorgan- isations, including the World Health Organization (WHO), American Medical Association and Canadian Medical Association, now recognising obesity as a chronic disease requiring long-term management, treatment options that help people with obesity achieve and maintain weight loss are greatlyneeded. IT’S NOT ABOUT THE WAY YOULOOK “I hope the designation of obesity as a chronic disease will make more people aware that the medical treatment of obesity is not about the cosmetic impact of reducing anumber on the scales. Obesity is associated with weight-related comorbid- ities such as hypertension, dyslipidaemia, type 2 diabetes andsome types of cancer,” says Heather Millage. “This is why it’s important that we develop medical treatment options forobesity.” Historically, pharmacotherapy treatment options for obesity were limited, and so Novo Nordisk’s GLP-1 receptor agonist Saxenda ® (liraglutide3mg)has beenwidely welcomed, Heather Millage reports. “Clinical trials haveshownthat Saxenda ® delivers significant weight loss in some people who are overweight or have obesity and, importantly, that this weight loss is sustained. 18 TheuptakeofSaxenda ® in countries where it’s not covered by medical insurance demonstrates the demand for thisproduct.” InadditiontoSaxenda ® ,NovoNordisk is committed to identifying and developing new treatment options for people with obesity. The company is currently invest- igating five new obesity treatments: a glucagon analogue, an amylin analogue, an appetite-regulating hormone (peptide tyrosine) and a glucagon and GLP-1 co-agonist in phase 1 trials, and a long-acting GLP-1 receptor agonist in phase 2 trials. Furthermore, dedicated researchers at Novo Nordisk’s head- quarters in Denmark and at itsobesity research unit in Seattle, US, are working to identify new targets for treatment and increase the scientific understanding of existing drugtargets. RECOGNISING THEDISEASE However, until there is wider recognition of obesity as a disease, effective treatment will not gainground. Obesity has long been an issue for developed countries, but with its prevalence now also increasing rapidly in developing countries, this pandemic can no longer be ignored –particularly as treating obesity-related comorbidities is placing a significant burden on healthcare systems worldwide. Treating the cause rather than the symptoms therefore makes financial as well as ethical sense, points out Heather Millage. “Obesity awareness and understanding is where type 2 diabetes was 20 years ago. We need to educate people and increase recognition of obesity as a disease, as it’s one of the world’s critical health issues. Novo Nordisk is in a strong position todo this because we have decades of experi- ence of doingexactly that with diabetes –and also because obesity is soclosely linked to type 2 diabetes,” shesays. “Weknow that it‘lltakemany yearstoget careand treatment ofobesity towherewe arewith diabetes, but we’recommitted to doing so.” “You choose what you eat, so obesity is self-inflicted, right?” Novo Nordisk knows that battling this pre- conception will take time –but gaining recognition of obesity as a chronic disease is the first hurdle to effective treatment. Marty Enokson has obesity andlives inCanada. NOVO NORDISK ANNUAL REPORT2016 OUR BUSINESS 29

CHANGING HAEMOPHILIA “Growing up, I heard stories of climbing big mountains from my uncle and had dreams of my own expeditions. A fewyears ago, I committed to climbing the Seven Summits –the highest peaks on each continent. To date, I’ve climbed five and will continue this quest over the next few years. It’s about living a life of mychoosing –a life that isn’t limited by my haemo- philia,” explains Chris Bombardier, amoun- tain climber and community advocate from theUS. ADDING LIFE TOYEARS Chris was diagnosed at birth with severe haemophilia B, which he says has played a dramatic role in his life path. “Haemophilia literally runs in my blood, and I couldn’t imagine my life without it. I live with a condition that’s almost impossible to describe to others; they just can’trelate. I have to fight through pain, feelings of isolation and being different from my peers,and face myfearofneedles –I’m terrified of them!” headmits. “I recently heard someone say ‘The goalof treatment is not simply to add years to the life of a person with haemophilia, but to add life to their years’, and this reallystruck a chord with me. I take pride in living the life I’ve always dreamed when I could so easily have givenin to my condition. Haemophilia can make things morecom- plicated and difficult, but with today’s treatment I really am adding so muchlife to myyears.” REDUCING LIMITATIONS Adding life to years is asentiment that also resounds with Novo Nordisk, as the com- pany has been committed to changing haemophilia for more than three decades. “We want to improve the lives of people living with haemophilia by providing treatment that will help them achieve greater independence and give them the opportunity to make even more choices,” explains Paul Huggins, who heads Novo Nordisk’s global marketing of biopharma - ceuticals. Novo Nordisk’s clinical development pro- gramme focuses ontheunmet needs inthis area, including the need for even better clinical outcomes, fewer intravenous infusions, lower risk of inhibitor formation and better treatment options for less common bleeding disorders. “Despite advances in treatment and care, bleeding in the joints remains among the most common complications of haemo- philia. Being in constant pain and living with restricted movement invariably has a psychological impact too. Improving joint health and mobility is therefore essential to reduce the limitations for people living with haemophilia –and to achieve this they need more treatment choices,” Paul Huggins continues. RISING TO THECHALLENGE Novo Nordisk’s most recent product launch forhaemophiliais NovoEight ® ,whichgives people with haemophilia A the option ofa treatment based on a well-researched molecule that is stable at room tempera- ture. “This provides an extra degree of portability which they don’t have with all other products,” Paul Huggins points out. “There’s actually been a proliferation of products for this patient community in the last few years, and competition in the marketplace has intensified. This is great news for patients and payers –and a challengeforus!But NovoEight ® has been well received; we have confidence in our product and are building momentum worldwide.” Novo Nordisk’s first-ever treatment for haemophilia,NovoSeven ® ,is also facing tough competition as a competitor product has reached the latter stages of clinical development.“NovoSeven ® treats bleeds in people with haemophilia with inhibitors when they happen. The competitorproduct is a weekly prophylactic, or preventive, treatment for patients with haemophilia A with inhibitors, which is obviously an option that this community of patients looks forward to,” explains PaulHuggins. “While we don’t yet know if this competi- tor product will successfully complete clinical development and receive regulatory approval, we’re already feeling its impact as the community of people with inhibitors is relatively small and a significant numberare taking part in the clinical trial –some of whomwouldnormallyuseNovoSeven ® . Novo Nordisk isworking forafuture where everyone with haemophilia isdiagnosed, hasaccesstocareand canlivealifewith asfewlimitations aspossible. Chris Bombardier has haemophilia B. 30 NOVO NORDISK ANNUAL REPORT2016

However, I strongly believe there's space for both products on the market. And we shouldn't forget thatNovoSeven ® has hada truly well-established safety profile in clinical trials for more than 30 years. So we'll continue to fight for our market share, to ensure that people with haemophilia have an effective product to treat the bleeds that may occur even when they are already on a prophylacticregimen." INCREASING TREATMENT CHOICES Treatment choices for people with haemophilia B could also increase in the near future, as Novo Nordisk submitted its long-acting factor IX (N9-GP) for approval in Europe and the US in 2016. In clinical trials, once-weekly N9-GP was found tobe efficacious in routine prophylaxis, treat- ment of bleeding episodes andsurgery for adults, adolescents and children,and showed potential in preventing bleeds in target joints. "It's noteworthy that participants reported a significant improvement in quality of lifeduring the trial," Paul Huggins pointsout. Novo Nordisk expects to submit its long-acting version of factor VIII (N8-GP) for regulatory approval in 2018, providing even more treatment options for people with haemophilia A. In addition, conci- zumab (a monoclonal antibody against Tissue Factor Pathway Inhibitor) is in phase1 development for haemophilia A and B (see R&D pipeline on pp20–21). BEYOND MEDICINE While treatment choices in developed countries are increasing, many people with haemophilia in developing countries are still not being diagnosed or do not receive proper care and treatment. That is why Novo Nordisk's commitment to haemophilia goes beyond products. In 2005, the com- pany founded the Novo Nordisk Haemo- philia Foundation (NNHF), which is driven by the vision that all people with haemo- philia or allied bleeding disorders should receive care and treatment wherever they live (seebox). "Our commitment to changing haemophilia goes beyond the discovery and develop- ment of medicines," explains Paul Huggins. "The NNHF, along with the HERO study, our advocacy work and partnerships, are just a few examples of what we're doing to help enable people with haemophilia tolive the life they want, with as few limitations aspossible." *Status on31December2016. WHAT IS HAEMOPHILIA? Haemophilia is an inherited or acquired bleeding disorder that prevents the blood from clotting. People with haemophilia either partially or completely lack an essential clotting factor needed to form stable blood clots. Without treatment, uncontrolled internal bleeding can cause stiffness, pain, severe joint damage and even death. Treatment with replacement clotting factors may be admin- istered when bleeding occurs or, increasingly, on a preventive basis (prophylactic treatment). People with haemophilia A, an estimated 350,000 3 haveabsent,decreased or defective production of the blood clotting factor VIII. People withhaemophilia B,ofwhomthere aresome70,000 20 havedeficiencies inproducingclottingfactorIX.Both types areinherited. "I especially love the challenges that climbing provides. It's not only the physical struggle to push my body farther than I can imagine but also the mental challenge. You get upcrazy early, it might be snowing or raining, and your mind wants to tell you it's stupid to be outside but somehow you push through. The reward: spectacular sunrises, epic views, the simplicity and peacefulness of the wilder- ness, and the satisfaction that you achieved yourgoal." CHRISBOMBARDIER, WHO HAS HAEMOPHILIAB NOVO NORDISK HAEMOPHILIA FOUNDATION Founded in 2005, the NovoNordisk Haemophilia Foundation (NNHF)is a non-profit organisation dedicated to defining andfunding sustainable pro- grammes which improve access toquality care benefitting people with haemophilia and allied bleeding disorders in the developing world. In collaboration with local partners and internationally renowned experts, theNNHF addresses three focus areas: capacity building, diagnosis and registry, and education andempowerment. To date,* the NNHF has supported more than 200 programmes in 68 countries, trained more than 28,000 healthcare professionals, diagnosed or retested almost 20,000 patients and reached more than 32,000 patients and family members with educational andempowering activities.Read more atnnhf.org . HAEMOPHILIA EXPERIENCES, RESULTS AND OPPORTUNITIES The Haemophilia Experiences, Results and Opportunities (HERO) study provides adeeper understanding of the psychosocial impact of livingwithhaemophilia andtheunmetneeds ofthehaemophilia community. ACCORDING TO THE HERO STUDY, 50% OF PEOPLE WITH HAEMOPHILIA ARE IN CONSTANT PAINAND59%HAVELIMITEDMOBILITY. 19

TheUSisbyfarNovo Nordisk's largest market, accounting forapproximately half of thecompany's total sales.Itisahugely complex healthcare market that ischanging rapidly.ForNovo Nordisk, thismeans challenges and opportunities ahead. DEFININGTIMES FOR THE USBUSINESS Novo Nordisk's US organisation is a leader in diabetes, a pioneer in obesity treatment and a trusted partner in haemophilia and growth hormone disorders. It has around 6,000 employees in the US. With the rising prevalence of both diabetes and obesity, the company's mission to drive change to improve patients' lives has never beenmore important. Today, Novo Nordisk is at a crossroads of challenges and opportunities in the US. Ontheonehand, thecompany hasasolid portfolio and pipeline of innovative medicines, and there is tremendousunmet need amongthe patient populations it serves, yet on the other hand it isbecoming increasingly tough for patients to access medicines and for the business to achieve the desired sales growth. After year upon year of double-digit growth, market conditions have changed, and volume growth does not always translate into sales growth. As the US healthcare system has transformed over the last few years, so tightening competition and pricing pressure have become flashpoints for the pharma- ceutical industry. Novo Nordisk is tackling the situation headon. In September 2016, Jakob Riis, who has been with the company for more than 20 years and has a proven track record of leading businesses through adversetimes, was appointed head of North America Operations. He is no stranger to the US business and brings withhimanew vision for thefuture. "This is a defining time for our business," explainsJakob Riis."We'veneeded totakea fresh look across the board to make sure that we operate effectively and that our medicines are accessible to thepatients who can benefit from them. This requires courage and openness to new approaches, as well as deep understanding of this evolving market and our customers'needs." UNDERSTANDING THE COMPLEX US OPERATING ENVIRONMENT This fresh look starts with embracing the realities of the market environment. The US healthcaresystemisrecognisedasoneofthe most, if not the most, complex –from deliv- ery of care to the cost of care. Navigating a pharmaceutical business through this envi- ronment is equallycomplex. Manufacturers, wholesalers, payers, pharmacy benefit managers (PBMs), healthcare professionals (HCPs) and patients are some of the manystakeholders in what is referred to as the valuechain. These different stakeholders bring different perspectives and, with these, various levels of change. Healthcare reform has put everyone on notice that quality and effi- ciency are paramount, and thepressure to deliver cost savings for a nationwith limited healthcare dollars isintense. According to Senior Vice President, Market Access in the US, Doug Langa, "We con- tinue to see consolidation, especially at the payer level. There used to be over a dozen major payers; today that number has been cut in half. Transversely, more competitors are developing more medicines, including biosimilars, today, especially in thediabetes area. This translates to greater bargaining power for payers and pricing pressure on pharmaceutical companies. We're also seeing more exclusive contracts, which potentially means less choice for patients and prescribers. There's a higher bar on innovation and payers taking on a 'good enough' mentality when deciding on formulary access. It's no longerenough to have superior data from clinical trials. There'sa heightened demand for'real- world' data, and that's why innovative contracting issoimportant." In some cases, innovative contracting means negotiating the price of apharma- ceutical product based on the actual improved health outcome it delivers for the patient, rather than on an up-front assessment of its clinicalvalue. "What many may not appreciate is that creating such outcomes-based contracts is not easy. Requirements regarding regulatory compliance, data collection, product labelling as well as new oper- ational and administrative processes that need to be in place are just some ofthe factors that add to the complexity, notjust for us, but for the payers who want these contracts. But we continue to try new approaches and test new models because we know it can and must be done," Doug Langa stresses. CHALLENGES WITH ACCESS AND AFFORDABILITY The complexity of the US market is also reflected in the price of medicines –a topic of heated debate. As the graphic on p 33 illustrates, numerous entities are involved in the process, and that means that different people pay different prices for medicines, depending on insurance coverage and other factors. So how does itwork? Manufacturers set the 'list price' and have full accountability for those prices. However, after the list price is set, drug manufacturers negotiate with payers in order for medicines to stay on their preferred drug list, or formulary. The revenue that companies receive after rebates, fees and other priceconcessions given to the payer is the 'net price'. The net price more closely reflects actual company sales. Across Novo Nordisk insulin prod- ucts, net price increases year over year have been mid-single digit. This brings the net price development closer to the Consumer Price Index –Urban, a common measure of the average price ofgoods. Yet the access and affordability issue isreal. "We're hearing from more and more people living with diabetes aboutthe "WE'VE NEEDED TO TAKEAFRESH LOOK ACROSS THE BOARD

TOMAKESURETHAT WEOPERATE EFFECTIVELYAND THATOURMEDICINES AREACCESSIBLETO THEPATIENTSWHO CAN BENEFITFROM THEM.“ Jakob Riis Executive vicepresident, North America Operations 32

Jakob Riis Executive vicepresident, North America Operations challenges they face affording healthcare, including the medicines we make. We take this issue seriously and are working to do more to better support patients. This is a responsibility that needs to be shared among all those involved in healthcare,and we're going to do our part," affirms Jakob Riis. The company recently took a position on pricing, outlining the three areas it intends to focus on to better address the issue: • Transforming the complex pricing system • Creating more pricing predictability, including a commitment to limit any possible future list price increases to no more than single-digit percentages annually • Reducing the burden ofout-of-pocket costs. "We're serious about doing more, but we can't do it alone," Jakob Riis continues. "That's why we welcome and will actively seek collaborations leading to sustainable solutions based on these three tenets, which we believe are key to making a positive impact on affordability forpatients. LISTPRICE (set by the manufacturer) Those exposed to the list priceinclude: • patients without insurance • patients who have insurance with a high deductible or are exposed to the Medicare coverage gap. REBATES/DISCOUNTS • Payments made to pharmacy benefit managers (PBMs) and/or insurance companies to ensure placement ondrug formularies. • Significant discounts mandated for government programmes (eg Medicaid). • Additional discounts negotiated. WHOLESALER FEES • Payments made to wholesalers tosupport stocking and distributing medicines through their supply chain networks (eg pharmacy, hospital). ADDITIONAL PRICE CONCESSIONS • Coupon, co-pay assistance programmes (especially for patients withdeductibles). • Administrative fees to group purchasing organisations andPBMs. NETPRICE (manufacturer 's realised price) Implications of the netprice: • Insured patients, onaverage, have aco-pay ofapproximately 1–1.40dollars perday for ourinsulin. 5 • Required for coverage of our medicines through government programmes (Medicaid, Veterans Affairs, Department of Defense, Medicare etc). • Support broad patient access tomedicines. THE EQUATION: FROM LIST PRICE TO NET PRICE IN THEUS DEDUCT DEDUCT DEDUCT EQUAL CONTINUED 33

“The other challenge we’re facing in the market is around uptake of newmedicines. Traditionally, you launched innovative medicines aggressively in terms of timing and investment, and within six months you knew the growth trajectory. That’s not necessarily the case in today’smarket. Uptake is slower and we need to adjustour launch strategies and spending accordingly. “All of these dynamics are forcing us to change how we approach the market and how we operationalise the US business. That means keeping our fingeron the pulse of the market, building new capabilities and refining our internalinfrastructure to achieve efficiency andagility.” SIMPLIFY ANDPRIORITISE While many pharmaceutical companies have been experiencing layoffs for a number of years, this has not beenthe case at Novo Nordisk. However, the market conditions and business realities in 2016 meant that the company needed to align its costs with expected future revenues and ensure it could invest in future oppor- tunities. As part of this process, a decision was taken to reduce the USworkforce. In October 2016, approximately 480 employees were notified that their positions had beeneliminated. “This was a difficult decision, but a necessary one,” explains Jakob Riis. “We can beproud of the professionalism of our employees and their dedication topatients throughout the process. We were also fortunate that some of thoseemployees found new roles in the company.” When approaching the organisational changes, key considerations for Novo Nordisk were aligning resourcesaround the most significant commercialpriorities, simplifying the structure and reducing complexity. For example, the company reassessedhow it would approach its payer customers in future. “We used to have market access work being conducted across several different areas of the company, so we saw an opportunity to optimise andsimplify by centralising that expertise under one market access function,” notes Doug Langa. “The newmarket access structure is in place and is responsible for leading our strategy by identifying customer value, securing profitable access and establishing innovative approaches with customers. We’re already seeing the benefits. This unified team is much more powerful and helps us stay ahead of emerging business trends and customer payment models.” IMPORTANT REGULATORY ANDCOMMERCIAL MILESTONES ACHIEVED IN2016 Novo Nordisk made significant strides in 2016 with regard to regulatory and commercial opportunities in the US. It launchedTresiba ® (insulindegludec),the new-generation, once-daily, long-acting basal insulin, and later also received a paediatric indication. The US Food &Drug Administration (FDA) also approved Xultophy ® 100/3.6(insulindegludec100 units/ml and liraglutide 3.6 mg/ml), a once-dailycombinationofTresiba ® and Victoza ® forthetreatment oftype2 diabetes. “We feel good about the scientific advancements we’re bringing forward and the progress we continue to makein meeting the medical needs of patients,” states Anne Phillips, MD, SVPClinical Development, Medical & RegulatoryAffairs in the US. “We have some additional work to do with our fast-acting insulin aspart filing as we received a Complete Response Letter from the FDA in October.However, we’re working with the agency to address its questions, as we believe fast-acting insulin aspart is an important option for patients who need improved bloodglucose control aroundmeals.” Within haemophilia, Novo Nordisk sub- mitted a biologics licence application (BLA) for the approval of the long-acting factor IX N9-GP (nonacog beta pegol) for people with haemophilia B. 2016 was equally eventful on the data front. At the annual AmericanDiabetes Association (ADA) Scientific Sessions, the company presented 53 data abstracts, including the highly anticipated LEADER study,whichdemonstratedthat Victoza ® significantly reduces the risk of major cardiovascular events and death in adults with type 2 diabetes. The results werealso published in The New England Journal of Medicine and have been submitted to the FDA for label consideration. The results of the SWITCH studies demonstrating favourable outcomes in terms of reduction in hypoglycaemic occurrences withTresiba ® inpeoplewith type 1 and type 2 diabetes were also presented at ADA and submitted to the FDA for label consideration. The headline results of the DEVOTE trial withTresiba ® involving morethan7,500 people with type 2 diabetesdemonstrated asafe cardiovascular profileand areduced riskofseverehypoglycaemiawithTresiba ® compared to insulin glargine U100. The results of the SUSTAIN 6study showing that semaglutide, aninvestigational PRESCRIPTION MEDICINES ACCOUNT FOR 10% OF TOTAL US HEALTHCARE SPENDING 24 10% Prescription drugs 32% Hospital care 20% Physician & clinicalservices 8% Home health &nursing homecare 8% Govt admin & netcost ofprivatehealthinsurance 22% Other HEALTHCARE SPENDING IN THE US ACCOUNTSFOR 3.2 TRILLION DOLLARS – 9,990DOLLARS PERPERSON. 21 HIGH-DEDUCTIBLE PLANS ARELEADING TOINCREASED PATIENT HEALTHCARE COSTS. BETWEEN 2006 AND 2015, OUT-OF-POCKET COSTS INCREASED BY NEARLY 230% FOR PEOPLE WITH HIGH- DEDUCTIBLE HEALTHPLANS. 23 89.1% OF PEOPLE LIVING IN THE US HADHEALTH INSURANCE IN Q3 2016, REPRESENTING A HISTORICAL HIGH. MORE PEOPLE

LIVING IN THEUS ARE ENROLLING IN HIGH-DEDUCTIBLE PLANS –PLANS DESIGNED TO HAVE LOWER PREMIUMS, BUTHIGHER OUT-OF-POCKET COSTS FORPATIENTS. 22 USHEALTHCARE SPENDING &INSURANCE TRENDS NOVO NORDISK ANNUAL REPORT2016 34 OURBUSINESS “The pricing system needs to be simplified, which includes making it more transparent. We also see value in creating more pricing predictability, so customers like pharmacy benefit managers and payers can effect- ively anticipate and budget for any possible price increases. With patients, we know that there’s a growing number of people with high-deductible health plans –health coverage with lower premiums –who face higher costs at the pharmacy counter, and we continue to see more cost sharingbeing pushed topatients.

R&D AND PRODUCTION IN THEUS Novo Nordisk continues to expand its research, develop- ment and production footprint in the US. The company's clinical, medical and regulatory activities are based at the headquarters in Plainsboro, New Jersey. In addition, Novo Nordisk has research centres in Indianapolis, Indiana, and Seattle, Washington, and two production sites in Clayton, North Carolina, and West Lebanon, NewHampshire. Novo Nordisk is currently investing nearly 2 billion dollars in a new production facility in Clayton, which willproduce active pharmaceutical ingredients for the company's diabetes care products. This facility will play a vital role in enabling Novo Nordisk to meet the needs of people living with diabetes in the US for years to come and create 700 new jobs. The facility is expected to be operational by 2020. Today, Novo Nordisk employs around 6,000people in theUS. glucagon-like peptide-1 (GLP-1) analogue administered once weekly, significantly reduces the risk of major adverse cardiovascularevents inadultswithtype2 diabetes at high cardiovascular risk, were published in The New England Journal of Medicine. In December, the company submitted a New Drug Application (NDA) for semaglutide to theFDA. THE WAYFORWARD "In 2016, we took decisions about where we need our business to go in 2017. We'll continue to strengthen and simplify our organisation and focus on the products that will drivegrowth,suchas Tresiba ® , Victoza ® andSaxenda ® .Wehavesome exciting innovations and new data that we believe will make a difference forpatients," says Jakob Riis, who notes that Novo Nordiskwill also belaunchingXultophy ® 100/3.6 on the US market in the first half of 2017. "The FDA's review of the supple- mental NDAs for the LEADER and SWITCH studies is expected to conclude in 2017and may support the value propositions for Victoza ® andTresiba ® respectively.Wealso have FDA action dates for both the sema- glutide and N9-GP applications," adds AnnePhillips. "We'll build on the strong progress we've made with outcomes-based contracting and look forward to new partnerships with customersthatdemonstratethevalueofour medicinesandmakeameaningful difference for patients. This includes ongoing efforts andnewcollaborationstoaddressthe pricing and affordability issue in the US with sustainable solutions," continues Jakob Riis. He also highlights the new opportunities emerging in 'digital health', where Novo Nordisk is partnering with technology companies including IBM Watson Health and Glooko to develop digital solutions for people with diabetes. "We're excitedabout the opportunities coming from combining Novo Nordisk's deep knowledge of diabetes with our partners' digital plat- forms and data analytics expertise. Despite the current challenges and changes in the US healthcare system, I'm optimistic about our future. We have the products, the people and the passion to be a successful business and realise our mission to drive change to improve patients' lives," Jakob Riisconcludes. WITHOUT MAJOR CHANGES, AS MANY AS1IN3USADULTS COULD HAVE DIABETES BY2050. 25 THE ESTIMATEDTOTAL COST OF DIAGNOSED DIABETESWAS 245 BILLIONDOLLARS IN2012. 26 ABOUT1IN11USADULTS (9.3%), OR MORE THAN 29 MILLION PEOPLE, HAVEDIABETES. 25 DIABETES INTHEUS $ 245bn OBESITYISACHRONIC PROGRESSIVEDISEASE. MORETHAN1IN3US ADULTS (36.5%),OR NEARLY 79MILLION ADULTS, LIVE WITH OBESITY. 27 THE ESTIMATED ANNUAL RESEARCHSUGGESTS MEDICALCOSTOF A33%INCREASE IN OBESITY IN THEUSWAS OBESITYPREVALENCE 190BILLIONDOLLARS OVER THE NEXTTWO IN2012. 28 DECADES. 29 OBESITY INTHEUS Novo Nordisk 's production facility in Clayton, North Carolina. $ 190bn OUR BUSINESS 35

On 1 January 2017, Novo Nordisk con- solidated its sales regions into two com- mercial units covering the entire world: International Operations (IO) and North America. The company previously hadfive sales regions, as reflected in the 2016 financial statements on pp68–69. IO is responsible for around half of Novo Nordisk's total revenue. Covering 95% of the world's population, it is clustered into five regions: Europe, Latin America, AAMEO (Africa, Asia, Middle East & Oceania), Japan & Korea and Region China. 7 This neworganisational structure, which was implemented in September 2016, is a recognition that success in international markets will be a key factor for Novo Nordisk's long-termgrowth. "It goes without saying that IO is adiverse unit, with different challenges and opportunities across its five regions," says Maziar Mike Doustdar, executive vice president and head of International Operations. "In Region Europe and Region Japan & Korea, economic growth and government budgets are under pressure,in particular from the higher costs associated withincreasedlifeexpectancy. 31 Region China and Region Latin America have transitioned from low -to middle-income economies andare now seeking to "IT GOES WITHOUTSAYING THAT INTERNATIONAL OPERATIONSISA DIVERSE UNITWITHDIFFERENT CHALLENGES ANDOPPORTUNITIES ACROSS ITS FIVEREGIONS." Maziar MikeDoustdar Executive vice president, International Operations THE ONLY CONSTANT IN INTERNATIONAL OPERATIONS ISCHANGE International Operations –Novo Nordisk's newly established commercial unit –covers fivegeographical regions and more than 190countries.Thisimmensely diverse unitis united byacommon goal:todeliver innovative solutions tofight theglobal diabetes epidemic. NOVO NORDISK ANNUAL REPORT2016 36 OURBUSINESS

EUROPE Total population: 540m 7 Adults withdiabetes: 28m 1 AAMEO Total population: 4,225m 7 Adults withdiabetes: 184m 1 JAPAN & KOREA Total population: 177m 7 Adults withdiabetes: 11m 1 LatinAmerica Total population: 634m 7 Adults withdiabetes: 49m 1 CHINA Total population: 1,384m 7 Adults withdiabetes: 112m 1 enhance economic development in theface ofglobal competition. 31 Andwithits more than100countries, 5 RegionAAMEOhas large economic and cultural variations and holds manyopportunities. “Solid local relationships will therefore be imperative to the success of International Operations, as we need to be a strong part of each community where we operate,” he continues. “Ultimately, we need to be agile, flexible and attuned to change, whether we’re talking about currency fluctuations, political risks or healthcare reforms. After all, the only constant in IO ischange.” However, Maziar Mike Doustdar also recognises common themes across IO: “What we’re seeing across the world is a desire from governments to optimise healthcare systems and controlexpend- itures. Our new commercial structure will allow us to share best practices and processes –something that’s increasingly important as global pharmaceutical pricing becomes more transparent and subject to international referencing. Above all though, there are two issues all our regions have in common: the fact that more and more people are getting diabetes and the need for innovative solutions to address this challenge.” IMPROVING AWARENESS ANDACCESS The International Diabetes Federation (IDF) estimates that around 384 million adults with diabetes live in countries covered by IO, and this figure is expected to rise to closeto 600millionpeopleby2040. 1 Maziar Mike Doustdar sees a clear role for IO in providing treatment for those people who need it so that they can live their lives to the full. “Only around half of thepeople living with diabetes around the world are diagnosed, and only half of these people receive treatment. We therefore have an obligation and an opportunity to increase awareness and access to care across the globe.” Increasing sales volumes will be a major growth driver in IO, and improving access to Novo Nordisk’s portfolio of novel diabetes products will be a key focus area.Moderninsulin,Victoza ® andnew- generation insulin already account for60% of sales, and the trend away from human insulinis set to continue. 5 “With one of the broadest product portfolios in the industry, we’re well positioned to accommodate all market needs in IO,” points out Maziar Mike Doustdar. “We can supply high-quality human insulin at very affordable prices in low-income markets, and modernand new-generation insulin and GLP-1 in markets with an ability and willingness to pay for innovative products withimproved patient outcomes. It’s crucial that wehave a clear strategy to find the balance between volume increases and value upgrades.” Novo Nordisk is currently market leader in diabetes in IO, supplying half of all insulin and holding a 23% share of the total diabetes valuemarket. 5 However,Maziar Mike Doustdar wants to do even better: “With our strong product pipeline, dedicated colleagues and commercial capabilities, I have no doubt that we’ll continue to expand Novo Nordisk’s diabetes leadership inIO.” With 20 different time zones and employ- ees of 125 different nationalities, IO literally never sleeps –which Maziar Mike Doustdar says makes it an exciting unit in which to work. “What gets me up in the morning is the great potential we have as a company to deliver better treatment for millions of people around the world,” he says. “We have a great opportunity to launch inno- vative products across IO, whether for people with diabetes, obesity, haemophilia or growth disorders. What matters is that we get it right each time and improve access to care forpatients.” THE NEW INTERNATIONALOPERATIONS CONTINUED NOVO NORDISK ANNUAL REPORT2016 OUR BUSINESS 37

REGION AAMEO Africa, Asia, Middle East &Oceania REGION EUROPE •Totalpopulation: •GDP percapita: 4,255m 7 USD3,340 32 •Healthcare cost percapita: •Adults withdiabetes: •Adult diabetes prevalence: •Diagnosis rate: •Employees*: USD181 33 184m 1 ~7.5% 1 48.4% 1 ~4,600 •Totalpopulation: •GDP percapita: 540m 7 USD32,450 32 •Healthcarecostpercapita:USD3,613 33 •Adults withdiabetes: •Adult diabetes prevalence: •Diagnosis rate: •Employees*: 28m 1 ~7.0% 1 60.7% 1 ~3,000 •Totalpopulation: •GDP percapita: 1,384m 7 USD8,580 32 •Healthcare cost percapita: •Adults withdiabetes: •Adult diabetes prevalence: •Diagnosis rate: •Employees*: USD420 33 112m 1 ~10.6% 1 47.3% 1 ~3,000 AAMEO is a geographically and culturally diverse region across four continents and more than 100 countries. Markets in AAMEO cover a broad range of economic development and healthcare systems and, as such, provide a wide array of challenges and opportunities. In 2016, countries in AAMEO were particularly susceptible to commodity price decreases and currency fluctuations. Furthermore, continued macroeconomic issues could placepressure on government expenditure in countries that are net exporters of energy and other commodities. 34 AAMEOis also hometo numerous countries with heightened political andsecurityrisks, 35 andtheserisks are likely to continue in 2017. There are, however, distinct and diverse opportunities across the region in spite of economic and market access risks. One priority will be to upgrade more patients from human to modern insulin, particularly in Least Developed Countries (LDCs), in order to ensure better treatment for people with diabetes. There will continue to be a focus on launching novel products, including Victoza ® ,privatemarket launches of Saxenda ® andtheintroductionofnew-generationinsulinsuchas Tresiba ® , Xultophy ® andRyzodeg ® across multiple markets. There will also be ongoing investments in manufacturing facilities in Iran, Algeria and Russia as part of Novo Nordisk's strategy to ensure product supply and deepen stakeholder ties in strategic markets inAAMEO. Constituting around 40% of total sales within the new IO commercial unit, Europe will continue to be a key market for Novo Nordisk. The region is typified bydeveloped healthcare systems in which strong competitiveandpricepressures persist. 36 The market access environment has been challenging over the last decade, with governments seeking to optimise health- care expenditures in response to slower economicgrowthandageingpopulations. 30 Novo Nordisk expects these trends to continue, in particular ongoing pricing negotiations in markets across the region and challenges from biosimilarproducts. Despite these challenges, 2017 will offer numerous opportunities to continue providing patients across Europe with innovative products for both diabetes and haemophilia. There is potential for an expandedlabel forVictoza ® following strong cardiovascular data from the LEADER study (see pp 24–25for details), further strengthening Novo Nordisk's leading position in the GLP-1market. Furtherlaunches ofTresiba ® andXultophy ® are planned, which will serve to cement uptake of new -generation insulin in the region and strengthen the company's presence in the basal segment. There will also be opportunities to broaden the biopharmaceuticals business through further launches of the recombinant factor VIII,NovoEight ® . China has been impacted by lower-than- previous rates ofeconomicgrowth. 37 The primary consequence for Novo Nordisk's business has been increased price pressure as the government seeks to rationalise health expenditure at national and pro- vincial levels. 37 Therehas also beenstiffer competition, in particular from local producers of both human and modern insulin. Competitors will continue to seek additional market share and share of voice through launches of new products and investment in provincial markets. Novo Nordisk has thus far been able to success- fully navigate this challenging environment by focusing on defending its insulinmarket share. In 2017, there will be opportunities to further develop the GLP-1 market in whichVictoza ® has establishedits leader- ship, potentially through enhanced re- imbursement coverage. There is also potential to capture the positive trend of upgrading from human to modern insulin, improving treatment outcomes for thousands of patients. This will occur within the broader context of continued strong growth in an insulin market where Novo Nordisk holds a leadership position. Novo Nordisk will seek to improve access to care through further reimbursement negotiations and other programmes intended to improve access to care and optimise use of moderninsulin. Selected events from around IO. REGION CHINA * Employee numbersonly cover regional sales organisations. NOVO NORDISK ANNUAL REPORT2016

•Totalpopulation: •GDP percapita: 177m 7 USD30,980 32 •Healthcarecostpercapita:USD3,238 33 •Adults withdiabetes: •Adult diabetes prevalence: •Diagnosis rate: •Employees*: 11m 1 ~7.9% 1 50.5% 1 ~1,100 •Totalpopulation: •GDP percapita: 634m 7 USD8,430 32 •Healthcarecostpercapita: USD714 33 •Adults withdiabetes: •Adult diabetes prevalence: •Diagnosis rate: •Employees*: 49m 1 ~12.0% 1 62.5% 1 ~900 Japan and Korea are mature markets with the associated challenges of slow economic growth, ageing populations and increased competition. One particular challenge in this region is a growing preference for oral antidiabetics, leading to negative insulin volumedevelopment. 5 Similarly,wider competitive pressure within the GLP-1 and insulin segments is set to intensify, with further competitor launches and biosimilar entries over the next two years. Despite these competitive challenges, Novo Nordisk maintains a promising outlook in theregion across its portfolio, in particular in relation to its novel products.Tresiba ® has already established basal leadership in Japan and been successfully launched in Korea, helping strengthen leadership in the broader insulin market. Opportunities will arisefromlaunches ofRyzodeg ® inboth markets as well as longer-term strategic concentration on increased use of insulin. Due to high growth in the GLP-1 segment, Novo Nordisk is in a strong position to maximiseVictoza ® inadvanceofprepar- ations for the launch of semaglutide in Japan and to target reimbursement of Victoza ® inKorea.Therewill also be opportunities to strengthen leadership in biopharmaceuticals, with continued focus on growth disorders and further uptake of NovoEight ® amongpeoplewithhaemo- philia A following its launch in Japan in 2014. Latin America was the fastest-growing business area under the company’s 2016 commercial structure. Strong performance has been underpinned by market share gains across the diabetes portfolio, in particular in the basal segment. The primary opportunity in 2017 will be to harness demand across the region for Novo Nordisk’s novel portfolio,includingVictoza ® andnew-generationinsulinsuchasTresiba ® andRyzodeg ® .Therewill also bescopeto broadenaccess to Saxenda ® ,whichwas launched in 2016 in both Mexico and Brazil, paving the way for further entries into the obesity market. While Latin America will provide business opportunities across the portfolio, the region will operate under macroeconomic challenges similar to those faced in 2016. A significant proportion of government revenues across the region are derived from exports of commodities, 39 andanydeteriorationin commodity prices could create cost pressures in the healthcare sector. Continuing inflationary issues are also likely to have an impact on planning and pricing discussions. Despite these challenges, Latin America will continue to provide growth opportunities through increases in market share and a market access environment that remains conducive to further penetration with Novo Nordisk’s novel portfolio. REGION JAPAN& KOREA Selected events from around IO. REGION LATIN AMERICA “THEREARETWO ISSUESALLOUR REGIONSHAVEIN COMMON:THEFACT THATMOREAND MOREPEOPLEARE GETTINGDIABETES ANDTHENEEDFOR INNOVATIVE SOLUTIONSTO ADDRESSTHIS CHALLENGE.” Maziar Mike Doustdar Executive vice president, International Operations IO INSHORT OF THE WORLD’S POPULATION IS COVERED BYIO 95% MORETHAN 190COUNTRIES EMPLOYEES OF125 NATIONALITIES 20 TIMEZONES IO COVERSFIVE CONTINENTS 39 * Employee numbersonly cover regional sales organisations. NOVO NORDISK ANNUAL REPORT2016

LONG-TERMRISKS Novo Nordisk aspires to be a sustainable business and takes anactive roleindealing with risksrelated toglobal development andlong-term prosperity, suchasglobal health, climate change, water scarcity and inequality. This includes setting science-based targets aligned with international agreements andthorough duediligence toensure adherence to universally accepted standards for responsible business practices. Actions are reported to investor-led indices, such as CDPonclimate risks, ATMIonaccesstomedicines andDJSIon economic, environmental andsocial performance. Find elaborate descriptions of Novo Nordisk's climate action initiatives, water stewardship, respect for human rights, access to health, diversity and inclusion, business ethics and responsible taxintheCommunication onProgress report and readmoreabout sustainability management atnovonordisk. com/sustainability . NOVO NORDISK'S RISK MANAGEMENT POLICY At Novo Nordisk, we will proactively manage risk to ensure continued growth ofourbusiness andtoprotect ourpeople, assets and reputation. This means that wewill: • utilise an effective and integrated risk management system while maintaining business flexibility • identify and assess material risks associated withour business • monitor, manage and mitigate risks. Read more about Novo Nordisk's risk management governance at novonordisk.com/about -novo-nordisk/ corporate-governance/risk -management.html . Jesper Brandgaard, Novo Nordisk's chief financial officer and chair of the company's Risk Management Board, rarely fails to remind investors and analysts that thereare risks associated with investing in Novo Nordisk. 2016 was a case inpoint. The most prominent market risk materialising in 2016 was a more chal- lenging business environment in the US. This was caused by a combination of several factors: through a wave of mergers and acquisitions, the main purchasers of medicines –pharmaceutical benefit managers (PBMs) –had strengthened their negotiating power, forcing pharmaceutical companies to either increase their rebates to get their products onto the PBMs' listsof approved, reimbursed products –or lose the contract. Novo Nordisk experienced both in 2016, during which other factors also put the US business under pressure. One such factor was the imminentlaunch of biosimilar basal insulin, which further strengthened the payers' negotiating position. Another was the loss ofmarket shares in the haemophilia business dueto patients switchingfromNovoSeven ® to enter clinical trials with a potential new competing product. As a result, Novo Nordisk's financial performance in 2016 ended in the lower end of the range than guided at the beginning of the year, and thecompany's long-term targets had to belowered. Reflecting on the market risks Novo Nordisk faced in 2016, Jesper Brandgaard acknowledges that while contract losses and higher rebate levels in the US hadbeen identified as risks in the company's risk management process, the impact and speed at which they had materialised had come as asurprise. In some other markets, the opposite happened, with the business developing more favourably than expected, for example in China, where market growth was higher and price pressure moremodest thanexpected. "It just shows that while the pharma industry is considered a safe haven intimes of change, there is no such thing as a safe haven," comments Jesper Brandgaard. "All industries have their individual risks." RESEARCH & DEVELOPMENT RISKS A set of risks specific to the pharmaceutical industry are those associated with the testing of new medicines for safety and efficacy during a rigorous process that can last more than 10 years. At any point in time in the process, there is the risk of studies showing that the potential new product is not sufficiently efficacious or that it has unacceptable sideeffects. In terms of Novo Nordisk's R&D risks, 2016 was unique on account of an extra- ordinarily high number of data releasesand regulatorymilestones. 2016 was a year of significant changes for Novo Nordisk, including from a risk management perspective. Some risks emerged faster and with a higher impact than expected, while others all but disappeared from Novo Nordisk's risk 'heatmap'. RISKMANAGEMENT –PROTECTING LONG-TERM VALUECREATION 40 NOVO NORDISK ANNUAL REPORT2016

RISK PROFILE AND MITIGATI NGACTIONS As a global busine ss, Novo Nordisk is exposed to risks throughout its value chai n, which stretches from early d iscovery of new medicines to patients taking their daily do se of life-saving medicine at hom e. Some risks can be foreseen well in advance so that action s can be taken, for example e nsuring back -up facilities and inv entories. Some can be calcula ted, such as the risk of not achi eving superior clinical results a nd a promising product candidat e having to be abandoned. O thers may come from unseen an gles, such as intruders into da ta systems, and may cause busin essdisruptions. Seeanovervi ewofNovoNordisk'skeyrisk sinthetableon pp42–43. ENTERPRISE RISKMA NAGEMENT Risk manageme nt is an enterprise-wide effo rt, and risks are assessed both in te rms of potential financial los s and potential reputational dama ge. The goal is to increase tr ansparency and communication to senior management on k ey risks, so that risks can be antic ipated early and responded to proactively in order to protect a nd enhance assets, people, pe rformance and reputation. Mana gement teams in all organisa tional areas are responsible for continuous identification, as sessment, miti- gation and reporti ng of current and emerging risks. The most significant risks are presented to the Board o f Directors on a quarterly basis. R ead more at novonordisk.com /about-novo- nordisk/co rporate-governance/risk -mana gement.html. "From an R&D perspective, the most significant potential risks, which would be disappointing results from the LEADER, DEVOTE and SUSTAIN key trials with Victoza ® ,Tresiba ® andsemaglutide respectively, did not materialise. In fact, results were even better than we'd hoped for," says Jesper Brandgaard. He also notes tworisksthatdidmaterialisein2016:delays in the US approvals of fast-acting insulin aspartandXultophy ® ."However,thiscanin no way change the picture that our overall R&D risk profile improved considerably during2016." SUPPLY, QUALITY AND PRODUCT SAFETY RISKS In terms of the company's ability to ensure a steady supply of high-qualityproducts to its customers, no significant risks materi- alised in 2016. "As always, we had many inspections from regulatory authorities during the year, but we've passed all the inpections that have been reported back to us at this point, and the findings that inspectors have made are some weknow how todeal with and which wedon't expect willlimitourability tosupply," hecontinues. Product recalls due to potential safety issues are not uncommon in the pharma- ceutical industry, and in 2016 Novo Nordisk had to make one critical recall from the market. It concerned one of the company's smallest products, an emergency kit used by people with diabetes whenexperiencing an episode of dangerously low blood sugar (severe hypoglycaemia). In September, certainbatches oftheproduct,GlucaGen ® Hypokit, were recalled in 31 countries because it was found that a small percent- age of needles (0.006%) were detached from the syringe. "It may seem like a small risk given the small percentage of faulty products, but when it comes to patient safety, we can't compromise," says Jesper Brandgaard. LEGAL RISKS At any given point in time, a pharma- ceutical company of Novo Nordisk'ssize is likely to be facing legal risks, forexample related to lawsuits filed by competitors or customers, or investigations by authorities into certain business practices. A summary of Novo Nordisk's ongoing cases can be found on p 80of this AnnualReport. Jesper Brandgaard urges investors to pay attention to such cases, as they can have significant financial or market impacts. As an example, he mentions a patent dispute between Novo Nordisk and Baxalta (now Shire) regarding the haemophilia product NovoEight ® .HadNovo Nordisklost the case, it could have been forced towithdraw the product from the US market, which would not only have affected the people using the product, but also led to a loss of reputation and future business for Novo Nordisk within haemophilia. The two companies settled the case outof court inSeptember,andNovoEight ® can thus remain on the USmarket. "THERE IS NOSUCHTHING ASASAFEHAVEN." JesperBrandgaard Chief financial officer and chair of Novo Nordisk's Risk Management Board CONTINUED 41 NOVO NORDISK ANNUAL REPORT2016

The development of a product candidate cantake more than 10 years and may be delayed, or even abandoned, at substantial expense. The process involves non-clinical tests and clinical trials, commer- cial product planning and regulatory approval, including approvalof the production facilities. Failures or delays may occur at production sites or throughout the extensive global supply chain,relating to procurement of ingre- dients andcomponents as well as distributionof products. Governments and private payers take measures to limit spending onmedicines by driving down prices, demanding higher rebates and restricting access to and reimbursement of new products. In some markets, political instability, conflict or weak enforcement ofthe rule of law may affect sales. At any time, established or new competitors may bring new products to market, leading to increased competition. Product quality and safety may be compromised if, for example, a production facility is found to be in non-compliance, a product is not within specifications or if side effects that were not detected in clinicaltrials become apparent when a product is used for alonger period oftime. DELAYS OR FAILURE OF PRODUCTS INPIPELINE WHAT IS THERISK? WHATIS THEIMPACT? WHAT ACTIONS ARETAKEN? SUPPLY DISRUPTIONS COMPETITION AND MARKET DEVELOPMENTS COMPROMISES TOPRODUCT QUALITY ANDSAFETY Patients would not benefit from innovative treatments and Novo Nordisk's future position as a leader could be jeopardised if the company is unable to bring innovative products to market. Any delays or failures of new products could have an adverse impact on sales, profitsand marketposition. Pharmacies and hospitals could face product shortages, with potential implications for patients' daily treatment needs, if Novo Nordisk is prevented from supplying products to markets. This could be due to breakdowns or quality failures at company sites or at key suppliers'production facilities. Patients would not have access to the clinical benefits of new products if Novo Nordisk is prevented from launching new products due to reimburse- ment restrictions. Lower average prices areexpected in the US. In other markets, prices could also come under pressure, while newer products could be niched for use in narrow sub-populations. Patients' health and lives could be put at risk and Novo Nordisk's reputation and licence to operate could be damaged if regulatory compliance is notensured. Insights into patients' unmet needs inform the selection of new product candidates. Clinical trials are run to demonstrate safety and efficacy. Assessments of commercial viability determine progress through stage gates. Consultations are held with regulators to review clinical findings and obtain guidance on clinical programmes. See more on pp20–21 and24–25. Annual inspections by regulatory authorities document GMP com- pliance, and alternative supply sites for criticalraw materials and back-up facilities are in place for key production plants and safety inventories, to prevent and respond to accidents or other disruptions tosupplies. Global productionreduces supplyrisks. See more on p103. Clinical trial data demonstrate the added value of new products. Real-world evidence is introduced to show health economic benefits. Nego- tiations with payers aim to ensure patients' access to the clinical benefits of new products. See more on pp32–35 and36–39. A robust quality manage- ment system, improvement plans and systematic senior management reviews arein place. Authorityinspections and internal quality audits are conducted atsites. When issues are foundwith production processes or marketed products, root causes are identified and corrected and, if necessary, products arerecalled. See more on pp46–49 and103. NOVO NORDISK ANNUAL REPORT2016 42 OURBUSINESS NOVO NORDISK'S KEYRISKS

Disruption to IT systems, such as breaches of data security or failure to inte- grate new systems, may happen across the global value chain, where well- functioning IT systems and infrastructure are criticalfor the company's ability to operateeffectively. Exchange ratefluctuations and transfer pricing dis- putes with tax authorities are external factors that may occur at anytime. Novo Nordisk's foreign exchange risk is most significant in USD, CNY and JPY, while the EUR exchange rate risk is regarded as low due to Denmark's fixed-rate policy vis-à-vis theeuro. In a tightly regulated industry, breach of legislation, industry codes or company policies may occur in connection with business interactions, such as with healthcare profes- sionals, business partners or other stakeholders. This could lead to lawsuits against Novo Nordisk or investigations by the authorities. The validity of patents that are critical for protecting Novo Nordisk's commercial products and candidates in the R&D pipeline may be challenged bycompetitors. INFORMATION TECHNOLOGY SECURITY BREACHES CURRENCY IMPACT AND TAX DISPUTES BREACH OFLEGISLATION OR ETHICAL STANDARDS LOSS OFINTELLECTUAL PROPERTY RIGHTS Patients' or other individ- uals' privacy could be com- promised if confidential information is disclosed, and breaches of IT security could have a severe impact on Novo Nordisk's ability to maintain operations and hence on its financial situation. In production environments, for example, breaches of IT securitycould impact Novo Nordisk's ability to produce and safeguard productquality. Novo Nordisk's cash flow and income statement would be negatively impacted if the local currency value in key sales regions depreciated against the Danish krone. Loss of major tax cases couldresult in significant tax adjust- ments and fines and could lead to a higher-than- expected tax level for the company. Breaches of legislation or ethical standards could compromise the integrityof the individuals involved and could cause damage to Novo Nordisk's reputation and financial situation. Loss of exclusivity for existing and pipeline products could impactNovo Nordisk's market position andvaluation. An information security strategy is in place to prevent intruders from causing damage to systems and gaining access to critical data and systems. Awareness campaigns, access controls and intrusion detection and prevention systems have been implemented. Internal audits of IT security are conducted to detect and mitigate anybreaches. Expected future cash flows for selected currencies are hedged to mitigate expo- sures. An integrated Treasury Management System is in place. Applic- able taxes are paid in jurisdictions wherebusiness activity generates profits. Multi-year transfer pricing agreements with tax authorities have been negotiated in key markets. Hedging activities and calculation of transfer pricing are subject to internalaudit. Due diligence, standard procedures and training are in place to ensure com- pliance with laws and regulations and prevent breaches of standards, with legal defence where relevant. Compliance with business ethics standards is subject to internalaudit. See more on pp18–19 and102–103. Throughout the process of drafting, filing and prose- cuting a patent application, internal controls are inplace to minimise vulnerability to invalidity actions. Patents at high risk of invalidity chal- lenge are proactively identified to prepare to defend Novo Nordisk's intellectual propertyrights. See more on pp74 and101. See more on pp72–73 and83. NOVO NORDISK ANNUAL REPORT2016 OUR BUSINESS 43

SHARES AND CAPITALSTRUCTURE Through open and proactive communication, the company aimsto provide the basis for fair and efficient pricing of itsshares. SHARE CAPITAL ANDOWNERSHIP Novo Nordisk's total share capital of DKK 510,000,000 isdividedintoanAsharecapital of nominally DKK 107,487,200 and a B share capital of nominally DKK 402,512,800. The company's A shares are not listed and are held by Novo A/S, a Danish public limited liability company wholly owned by the Novo Nordisk Foundation. The Foundation has a dual objective: to provide a stable basis for the commercial and research activities conductedbythecompanieswithintheNovo Group (of which Novo Nordisk is the largest), and to support scientific and humanitarian purposes. According to the Articles of Association of the Foundation, the A shares cannotbedivested.Asof31December2016, Novo A/S also held nominal value of DKK 32,762,800 ofBsharecapital.NovoNordisk's B shares are listed on Nasdaq Copenhagen and on the New York Stock Exchange as American Depository Receipts (ADRs). Novo Nordisk's A and B shares are calculated in units of DKK 0.20. Each A share carries 200 votes and each B share carries 20 votes. No complete record of all shareholders exists; however, based on available sources of information about the company's share- holders, as of 31 December 2016 it is estimated that shares were geographically distributed as shown in the chart on the oppositepage. Asof31December2016,the free float of listed B shares was 89.6% (of which approximately 11.5% are listed as ADRs), excluding the Novo A/S holding and Novo Nordisk's holding of treasury shares which, as of 31 December 2016, was DKK 9,133,450 nominally. For details about the sharecapital,seenote4.1onpp81–82. CAPITAL STRUCTURE AND DIVIDENDPOLICY Novo Nordisk's Board of Directors and Executive Management consider that the current capital and share structure of Novo Nordisk serves the interests of the share- holders and the company well, providing strategic flexibility to pursue Novo Nordisk's vision. Novo Nordisk's capital structure strategy offers a good balance between long-term shareholder value creation and competitive shareholder return in the short term.NovoNordisk'sguiding principleisthat any excess capital, after the funding of organic growth opportunities, investments and acquisitions, should be returned to investors.Thecompany'sdividendpolicy appliesapharmaceuticalindustrybenchmark toensureacompetitivepayoutratiofor dividendpayments,whicharecomplemented by share repurchase programmes. As illu- strated on the opposite page, Novo Nordisk has continuously increased both the payout ratio and the dividend paid over the last five years. The dividend for 2015 paid in March 2016 was equal to DKK 6.40 per A and B share of DKK 0.20 as well as for ADRs. This corresponds to a payout ratio of 46.6%, whichisslightlybelowthe2015pharmapeer group average of 56%. In August 2016, an interimdividendwasintroducedandaDKK 3.00 dividend per A and B share of DKK 0.20 as well as for ADRs was paid. For 2016, the Board of Directors will propose a final dividend of DKK 4.60 to be paid in March 2017, equivalent to a total dividend for 2016 ofDKK7.60andapayoutratioof50.2%. The company expects to distribute an interim dividend in August 2017 and further informa- tion regarding such interim dividend will be announced in connection with the financial report for the first six months of 2017. Novo Nordisk does not pay a dividend on its holding of treasury shares. Shareholders' enquiries concerning dividend payments and shareholderaccountsshouldbeaddressed toInvestorService.Readmoreontheback cover. During the 12-month period beginning 30 January 2016, Novo Nordisk repurchased shares worth DKK 15 billion. The share repurchase programme has primarily been conducted in accordance with Article 5 of Regulation No 596/2014 of the European Parliament and Council of 16 April 2014 (MAR). In such a programme, financial institutionsareappointedasleadmanagers to execute the repurchases independently andwithoutinfluencefromNovoNordisk. SHARE REPURCHASE PROGRAMME FOR2017/2018 For the next 12 months, Novo Nordisk has decidedtoimplementanewsharerepurchase programme. The expected total repurchase value of B shares amounts to a cash value of uptoDKK16billion.NovoNordiskexpectsto conduct the majority of the new share re- purchase programme according to the Safe Harbour Rules in MAR. In March 2017, at the Annual General Meeting, the Board of Directors will propose a further reduction in the company's B share capital, corresponding to approximately 2% of the total share capital, by cancelling 50,000,000 treasury shares.Aftertheimplementationoftheshare capital reduction,Novo Nordisk's share capital will amount to DKK 500,000,000, divided into A share capital of DKK 107,487,200 and BsharecapitalofDKK392,512,800. SHARE PRICEDEVELOPMENT Novo Nordisk's share price decreased by 36.3% between its2015closeofDKK399.9 andthe30December2016closeofDKK 254.7. For comparison, the Danish OMXC20 CAPstockindexdecreasedby1.9% andthe pharma peer group increased by 6.4% during 2016. The decrease inNovo Nordisk's share price during 2016

reflects Novo Nordisk’s competitive challenges inthe USduring2016aswellasthesignificant changes in the US pricing environment leading to a revision of the long-term financial targets inOctober 2016. Throughout 2016 several positive results from Novo Nordisk’s late-stage devel- opment portfolio were reported,including results from the SWITCH, LEADER and DEVOTE studies. The total marketvalue of Novo Nordisk’s B shares, excluding treasury shares, was DKK 513 billionas of 30December 2016. COMMUNICATION WITHSHAREHOLDERS To keep investors updated about per- formance and the progress of clinical development programmes, NovoNordisk hosts conference calls with Executive Management following key events and the release of financial results. Executive Management andInvestor Relations also travel extensively to ensure that all investors withamajorholding ofNovoNordisk shares can meet with the company on a regular basis and that a number of other investors and potential investors also have access to the company’s Management and Investor Relations. ANALYSTCOVERAGE Novo Nordisk is currently coveredby 37 sell-side analysts, including the major global investment banks that regularly produce research reports on Novo Nordisk. A list of analysts covering Novo Nordisk can be found at novonordisk.com under ‘Investors’. Other information which canbe accessed via this website includes company announcements from 1995 onwards, financial, social and environmental results, a calendar of investor-relevant events, investor presentations and background information. NOVO NORDISK ANNUAL REPORT2016 44 GOVERNANCE, LEADERSHIP ANDSHARES

0 8 16 24 32 40 400 450 500 550 600 DEVELOPMENT IN SHARE CAPITAL Sharecapital DKKmillion CASH DISTRIBUTION TOSHAREHOLDERS CASH DISTRIBUTION TOSHAREHOLDERS Share repurchases in the calendar year Interim dividend Dividend forprioryear Free cashflow DKKbillion GEOGRAPHIC DISTRIBUTION OFSHAREHOLDERS * % of share capital 2015 2016 Denmark North UKand Other America Ireland * Calculated using shareholders' registered homecountries. Note: Dividends are allocated to the year of dividend pay. Interim 2017 dividend is estimated based on financial outlook. 0 10 20 30 40 % 50 2013 (–4%) (–2%) (–2%) 2014 2015 20162013 2014 2015 2016 2017E 2017E Note: Treasury shares are included in share capital but have no votingright. SHARE AND OWNERSHIPSTRUCTURE OWNERSHIP STRUCTURE NovoNordisk Foundation NovoA/S Institutional and private investors 75.4% ofvotes 27.5% ofcapital 24.6% ofvotes 72.5% ofcapital B shares 2,013mshares A shares 537mshares Novo Nordisk A/S (–2%) SHARE PRICEPERFORMANCE SHARE PRICEPERFORMANCE Novo Nordisk share price and indexedpeers NovoNordisk Pharmaceutical industry peers * OMXC20CAP * Pharma peers comprise: AstraZeneca, Bristol-Myers Squibb, Eli Lilly, GlaxoSmithKline, J&J, Merck & Co, Novartis, Pfizer, Roche, Sanofi andTeva. DKK 420 360 300 240 180 Mar Jun Sep Dec Mar 2015 Jun Sep Dec 2016 PRICE DEVELOPMENT AND MONTHLY TURNOVER OF NOVO NORDISK BSHARES Turnover of B shares(left) Novo Nordisk's B share closing prices(right) 35 30 25 20 15 10 5 0 Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec 2016 DKKbillion DKK 630 540 450 360 270 180 90 0 NOVO NORDISK ANNUAL REPORT2016 GOVERNANCE, LEADERSHIP AND SHARES 45

GOVERNANCESTRUCTURE SHAREHOLDERS Shareholders have ultimate authority over the company and exercise their rights to makedecisionsatgeneralmeetings. Atthe annual general meeting, shareholders approvetheannual reportandanyamend- ments to the company's Articles of Asso- ciation. Shareholders also elect board membersandtheindependent auditor. Resolutions can generally be passed by a simple majority. However, resolutions to amend theArticlesofAssociationrequire two-thirds of the votes cast and capital represented, unless other adoption requirements are imposed by the Danish CompaniesAct. Novo Nordisk's share capital is divided into A shares, which are not listed, and B shares, which are listed.* The A shares constitute 21% of the share capital and each A share carries 200 votes. The B shares constitute the rest of the capital and each B share carries 20 votes. The Danish company Novo A/S, which is whollyowned by the Novo Nordisk Foundation, holds all the A shares and, as of 31December 2016, Novo A/S also holds approximately 8.1% of the B share capital, meaning that Novo A/S holds approximately 27.5% of the total share capital and 75% of the votes. The remaining B shares are held by a wide group of shareholders and, consequently, Novo A/S has the voting majority at the annual general meeting. However, all strategic and operational matters are solely decided by the Board of Directors and Executive Management of NovoNordisk A/S. Read more about shares andcapital structure on pp 44–45 and on novonordisk.com. BOARD OFDIRECTORS Novo Nordisk has a two-tier management structureconsistingoftheBoardofDirectors and Executive Management. The two bodies areseparate,andnooneservesasamember ofboth. The Board of Directors determines the company'soverallstrategyandfollowsupon its implementation, supervises the perform- ance, ensures adequate management and organisation and, as such, actively contrib- utes to developing the company as a focused, sustainable, global pharmaceutical company. The Board of Directors supervises Executive Management in its decisions and operations. The Board of Directors may also distribute extraordinary dividends, issue new sharesor buybacksharesinaccordancewith authorisationsgrantedbytheannual general meeting and recorded in the meeting minutes. For the minutes of annual general meetings, see novonordisk.com/about_us. The Board of Directors has 11 members, seven of whom are elected by shareholders and four by employees in Denmark. Novo Nordisk's Board of Directors met eight times during2016. Shareholder-elected board membersserve a one-yeartermandmaybere-elected. Members must retire at the first annual generalmeeting afterreachingtheage of 70.Twoboardmembersaremembersofthe Board of Directors of Novo A/S and may be regarded as representing the interests of the controllingshareholder,whilefiveofthe seven shareholder-elected board members are independent as defined by the Danish Corporate Governance Recommendations. Readmoreonpp54–55. A proposal for nomination of board members is presented by the Nomination Committee to the Board of Directors, taking into account required competences as defined by the Board of Directors' compe- tence profile and reflecting the results of a self-assessment process facilitated byinternal or external consultants. The assessment process is based on written questionnaires and evaluates the Board of Directors' composition and the skills of its members, including whether each board member and executive participates actively in board discussions and contributes with inde- pendentjudgement. The self-assessment conducted in 2016 was facilitated internally and revealed good collaborationbetween theBoardofDirectors and Executive Management. The process also resulted in increased focus by the Board on the research strategy and sales in the US as well as on strengthening the processes in relation to board nomination and executive succession. In order to support continued fulfilment of the Novo Nordisk Way, criteria for board members include integrity, accountability, fairness, financial literacy, commitment anddesire for innovation. Members are also expected to have experience of managing major companies that develop, manufacture and market products and services globally. The competence profile, which includes the nomination criteria, is available at novonordisk.com/about_us. CORPORATE GOVERNANCE

*SpecialrightsattachedtoAsharesincludepre-emptivesubscriptionrightsintheeventofanincreaseintheAsharecapitalandpre-emptive sharestakepriorityforliquidation proceedings. Asharestakeprioritytordividendsbelow0.5% andBsharestakeprioritytordividendsbetween 0.5and5%. NOVO NORDISK ANNUAL REPORT2016 46 GOVERNANCE, LEADERSHIP ANDSHARES

Shareholder Meeting 2016 To ensure that discussions include multiple perspectives representing the complex, global pharmaceutical environment, the Board of Directors aspires to be diverse in gender and nationality. Currently, three shareholder-elected board members are female and five of the seven shareholder- elected board members are non-Nordic.In 2016, the Board of Directors adjusted its diversity ambition and set out new targets with the aim that by 2020 it will consist of at least two shareholder-elected board members with Nordic nationality and at least two shareholder-elected board members with a nationality other than Nordic –and at least three shareholder- elected board members of each gender. In accordance with section 99b of the Danish Financial Statements Act, Novo Nordisk discloses its diversity policy, targets and current performance in the UN Global Compact Communication on Progress, which is available at novonordisk.com/ annualreport. Under Danish law, Novo Nordisk's employees in Denmark are entitled to be represented by half of the total numberof board members elected at theannual general meeting. In 2014, employees elected four board members from among themselves –two male andtwo female, all Danes. Board members elected by employees serve a four-year term andhave the same rights, duties and responsibilities as shareholder-elected boardmembers. CHAIRMANSHIP The annual general meeting directly elects the chairman and the vice chairman of the Board of Directors. The Chairmanship carries out administrative tasks, such as planning board meetings to ensure a balance between overall strategy-setting and financial and managerial supervision of the company. Other tasks include reviewing the fixed asset investment portfolio. In March 2016, the Annual General Meeting re-elected the Chairman, Göran Ando, and the Vice Chairman, Jeppe Christiansen. In 2016, the Chairmanship particularly discussed the succession of the CEO and the reorganisation of theExecutive Management as well as thecompany's researchstrategy and performance inthe US.See novonordisk.com/about_us fora reportontheChairmanship's activities. AUDITCOMMITTEE The four members of the Audit Committee are elected by the Board of Directors from among its members. One member is an employee representative. Pursuant to the US Securities Exchange Act, two members qualify as independent while two members relyonanexemptionfromtheindependence requirements. In addition, two members have been designated as financial experts as defined by the US Securities and Exchange Commission (SEC). Under Danish law, two members qualify as independent –of whom one also qualifies as a financial expert. The Audit Committee assists the Board of Directors with oversight of the external auditors, the internal audit function, the procedure for handling complaints, financial, social and environmental reporting, business ethics compliance, significant investment projects (post-completion review), long-term incentive programmes, information security and other tasks. In 2016, the Board of Directors elected Liz Hewitt asChairman and Jeppe Christiansen, Sylvie Grégoire and StigStrøbækasmembers.In2016,theAudit Committee particularly discussed accounting policies and estimates, including tax, as well asinternalcontrolsandmanagement ofkey CONTINUED

Shareholder Meeting 2016 risks, such as information security. See novonordisk.com/about_us for areport on the Audit Committee'sactivities. NOMINATIONCOMMITTEE The Nomination Committee consists of four members. Two members qualify as inde- pendent, whileonememberisanemployee representative. The Nomination Committee assists the Board with oversight of the competence profile and composition of the Board, nomination of members and com- mittees, and other tasks on an ad hoc basis asspecificallydecidedbytheBoard.In2016, the Board of Directors elected Göran Ando as Chairman and Bruno Angelici, Liz Hewitt and Liselotte Hyveled as members. In 2016, the Nomination Committee particularly discussed long-term succession and profiles of potential candidates in addition to inter- viewing candidates. See novonordisk.com/ about_us for a report on the Nomination Committee'sactivities. REMUNERATIONCOMMITTEE The Remuneration Committee consists of four members. One member qualifies as independent, while one member is an employee representative. The Remuneration Committee assists the Board with oversight of the remuneration policy as well as the actual remuneration of board members, board committees and Executive Manage- ment.In2016,theBoardofDirectorselected Göran Ando as Chairman and Jeppe Christiansen, Søren Thuesen Pedersenand Mary Szela as members. In 2016, the Remuneration Committee particularly discussed remuneration levels for the executives following the reorganisationof Executive Management. Seenovonordisk. com/about_us for a report on the Remuneration Committee'sactivities. EXECUTIVEMANAGEMENT Executive Management is responsible for the day-to-day management of the company. In 2016, the Board of Directors decided to reorganise Executive Management, following which the president & CEO, Lars Rebien Sørensen, retired from the company at the end of 2016 and was succeeded by Lars Fruergaard Jørgensen, previously executive vice president of Corporate Development. In addition, two executives left the company. The executives Jakob Riis and Maziar Mike Doustdar, who are based outside Denmark with responsibility for North America Operations and International Operations respectively, are not registered with the Danish Business Authority. Executive Management now consists of the president & CEO plus five executives. They are responsible for the overall conduct of the business and all operational matters, the organisation of the company, allocation of resources, determination and implement- ation of strategies and policies, direction- setting, and ensuring timely reporting and provision of information to the Board of Directors and Novo Nordisk's stakeholders. ExecutiveManagement meetsatleastoncea monthandoftenmorefrequently.TheBoard of Directors appoints members of Executive Management and determines their remu- neration. The Chairmanship reviews the performance of the executives.To ensure theorganisationalimplementation ofthe strategy, Executive Management has established a Senior Management Board consisting of the chief executive officer, executive vice presidents and senior vice presidents. ASSURANCE The company's financial reporting and the internal controls of financial reporting processes are audited by an independent audit firm elected at the annual general meeting. As part of Novo Nordisk's com- mitment to its social and environmental responsibility, the company voluntarily includes an assurance report for social and environmentalreportingintheannual report. The assurance provider reviews whether the social and environmental performance information covers aspects deemed to be material, and verifies the internal control processes for theinformation reported. Novo Nordisk's internal audit function pro- vides independent and objectiveassurance, primarily within internal control of financial processes, IT and business ethics. To ensure that the internal financial audit function operates independently of Executive Management, its charter, audit planand

budget are approved by the Audit Com- mittee. The Audit Committee must approve the appointment, remuneration anddismis- sal of the head of the internal audit function. Three other types of assurance activity – quality audits, organisational audits and values audits, called facilitations –help ensure that the company adheres to high qualitystandardsandoperatesinaccordance with the Novo NordiskWay. COMPLIANCE WITH CORPORATE GOVERNANCE CODES NovoNordisk'sBsharesarelistedonNasdaq Copenhagen and on the New York Stock Exchange (NYSE) as American Depository Receipts (ADRs). The applicable corporate governance codes for each stock exchange and a review of Novo Nordisk's compliance are available at novonordisk.com/about_us. Inaccordancewithsection107bofthe Danish Financial Statements Act, Novo Nordisk discloses its mandatory corporate governance report at novonordisk.com/ about-novo-nordisk/corporate-governance/ Recommendations-and-practices.html. Today, Novo Nordisk adheres to all butthe followingrecommendations: • The responsibility for the remuneration policy applicable to the employees in general lies with Executive Management andnotwiththeRemunerationCommittee. • Two executive employment contracts entered into before 2008 allow for severance payments of more than 24 months'fixedbasesalarypluspension contribution. • ThemajorityofthemembersoftheAudit Committee, the Nomination Committee and the Remuneration Committee respectively are notindependent. Novo Nordisk complies with the corporate governance standards of NYSE applicable to foreign listed private issuers. As a controlled company, Novo Nordisk is not obliged to comply with all the standards established by NYSE. Furthermore, Novo Nordisk, as a foreign private issuer, is permitted to follow home country practice, which is the case in relation to independence requirements,audit committee, equity compensation plans, code of business conduct and ethics, and CEO certification. A summary of the significant ways in which Novo Nordisk's corporate governance practices differ from the NYSE corporate governance listing standards can befound inthecorporategovernance report at novonordisk.com/about-novo-nordisk/ corporate-governance/Recommendations-and-practices.html. NovoNordiskispartoftheNovoGroupand adherestotheCharterforCompaniesinthe NovoGroup,whichisavailableatnovo.dk. CORPORATE GOVERNANCE CODES AND PRACTICES COMPLIANCE GOVERNANCESTRUCTURE *TheChairmanship isdirectlyelected bytheannual general meeting. Danish and foreign laws andregulations ASSURANCE Audit of financial data and review of social and environmental data (internal and external) Corporate governance standards Facilitation and organisational audit (internal) Novo Nordisk Way Quality audit and inspections (internal andexternal) Board ofDirectors Shareholders Executive Management Organisation Chairmanship* Nomination Committee Remuneration Committee Audit Committee GOVERNANCE, LEADERSHIP AND SHARES 49

REMUNERATIONCOMPOSITION The remuneration of Novo Nordisk's Board of Directors comprises a fixed base fee, a multiplier of the fixed base fee for the Chairmanship and members of the board committees, fees for ad hoc tasks and a travel allowance. The fee for ad hoc tasks depends on the nature of the task.Further information on the remuneration of the Board of Directors is available at novonordisk.com/about_us . TRAVEL ANDEXPENSES All board members are paid a fixed travel allowance for each board meeting and per board committee meeting: 5,000 eurosper meeting in the member's home country with 5 hours or more travel, 5,000 euros per meeting outside the member's home country but on home country continent and 10,000 euros per meeting in another continent than the home country of the member. Expenses such as travel and accommodation inrelationtoboardmeetingsaswellasthose associated with continuing education are reimbursedandpaidinadditiontothetravel allowance. Novo Nordisk also pays social security taxes imposed by foreignauthorities. Furtherinformationontravelandexpensesis available atnovonordisk.com/about_us. The company's remuneration principles provideguidance fortheremunerationofthe Board of Directors and Executive Manage- ment. These principles are available at novonordisk.com/about-novo-nordisk/ corporate-governance/remuneration.html. ACTUAL BOARD REMUNERATION2016 2016 2015 Feefor Feefor DKKmillion Fixed basefee adhoctasksand committeework Travel allowance Total Fixed basefee adhoctasksand committeework Travel allowance Total Göran Ando 3 (BC, NC and RC) 1.8 0.5 0.5 2.8 1.7 – 0.1 1.8 Jeppe Christiansen (BV, AM andRM) 1.2 0.4 0.2 1.8 1.2 0.3 – 1.5 Bruno Angelici(NM) 0.6 0.2 0.3 1.1 0.6 0.1 0.1 0.8 BrianDaniels 1 0.5 – 0.3 0.8 – – – – Sylvie Grégoire 1 (AM) 0.6 0.3 0.4 1.3 0.5 0.2 0.2 0.9 Liz Hewitt (AC andNM) 0.6 0.7 0.4 1.7 0.6 0.7 0.1 1.4 Liselotte Hyveled 1 (NM) 0.6 0.2 0.1 0.9 0.6 0.1 – 0.7 Anne MarieKverneland 0.6 – 0.1 0.7 0.6 – – 0.6 Søren Thuesen Pedersen(RM) 0.6 0.1 0.1 0.8 0.6 0.1 – 0.7 Stig Strøbæk(AM) 0.6 0.3 0.1 1.0 0.6 0.3 – 0.9 Mary Szela 1 (RM) 0.6 0.2 0.4 1.2 0.5 0.2 0.2 0.9 Thomas PaulKoestler 2 0.1 – 0.1 0.2 0.6 0.1 0.2 0.9 Eivind Kolding 1,2 0.1 – – 0.1 0.5 – – 0.5 Formermembers 2 – – – – 0.2 0.2 0.2 0.6 Total 8.5 2.9 3.0 14.4 4 8.8 2.3 1.1 12.2 4 BC=Boardchairman,BV=Boardvicechairman,AC=AuditCommitteechairman,AM=AuditCommitteemember,NC=NominationC RC=RemunerationCommitteechairman,RM=RemunerationCommitteemember. 1. Sylvie Grégoire, Eivind Kolding and Mary Szela were ?rst elected in March 2015. Brian Daniels was ?rst elected in March 2016. 2. Thomas Paul Koestler and Eivind Kolding resigned as of March 2016. Former members includes fees to Helge Lund and Hannu Ryöppönen, who resigned as of March 2015. 3. Novo Nordisk provides secretarial assistance to the chairman in Denmark and the UK. 4. Excluding socialsecuritytaxespaidbyNovoNordiskamountingtolessthanDKK1million(lessthanDKK1millionin2015). BOARD AUDIT COMMITTEE NOMINATION COMMITTEE REMUNERATION COMMITTEE Multiplier DKK Multiplier DKK Multiplier DKK Multiplier DKK Chair 3.00 1,800,000 1.00 600,000 0.50 300,000 0.50 300,000 Vicechair 2.00 1,200,000 N/A N/A N/A N/A N/A N/A Member 1.00 600,000 0.50 300,000 0.25 150,000 0.25 150,000 BOARD AND COMMITTEE FEE LEVELS2016 NOVO NORDISK ANNUAL REPORT2016 50 GOVERNANCE, LEADERSHIP ANDSHARES REMUNERATION: BOARD OFDIRECTORS AttheAnnualGeneralMeetinginMarch2016anupdateoftheremunerationcompositionforthe Board of Directors for 2016/2017 was approved. The fixed base fee was left unchanged whereas thefeesfortheNominationCommitteeandtheRemunerationCommitteewerealigned,thetravel allowancelevelanduseforboardmemberswereincreasedandtheremunerationoftheChairman of the Board would include separate compensation for board committee work. In consequence, the total increase in the remuneration level for 2016/2017 for the board members was an average ofapproximately31% comparedtotheactualtotalremunerationfor2015/2016.

2016PERFORMANCE In February 2016, the Board of Directors decided to have the same structure for the 2016 long-term share-based incentive pro- gramme as for the 2015 programme and established the specific targets for 2016. The targetsandstructureoftheprogrammehave notbeenchanged sinceFebruary2016. In 2016, Novo Nordisk marginally exceeded the planned incentive target for economic value creation by 1.8%, primarily due to a favourable net impact from currencies and a lower than planned level of average invested capital. Sales were 1.3% below the target level in local currencies. Some of the non- financialtargetswerenotmet;among others thecompleteresponseletterreceivedfor fast-acting insulin aspart in the US, slower progress of the early-stage research portfolio than planned, the critical product recall of GlucaGen ® Hypokitacross31countriesanda lower than targeted reputation amongst key stakeholders. On this basis, 27% of the maximum share allocation will be granted to theparticipantsinthelong-termshare-based incentive programme. Thus, the chief executiveofficerwillreceivesharesequalling 3.2 months' fixed base salary plus pension contribution, while the other members of Executive Management will receive shares equalling2.4months'fixedbasesalaryplus pensioncontribution. In 2016, the predefined functional and individualbusinesstargetsfortheshort-term cash-based incentive programme were to a largeextentachievedbyeachexecutive. However, all executive cash bonuses have been discretionarily adjusted by the Board of Directors based on business performance in 2016. Consequently, the cash bonus for the chief executive officer for 2016 was 50% of themaximumcashbonusequalling6months' fixed base salary plus pension contribution, while the average cash bonus for the other members of Executive Management was 55% oftheirmaximumcashbonusequalling 4.5months'fixedbasesalarypluspension contribution. REMUNERATION COMPOSITION Novo Nordisk's RemunerationPrinciples providetheframefortheremunerationofthe Executive Management. Remunerationhas CONTINUED Months of base salary equivalent Performance Incentive impact CEO EVPs Long-term incentive targetbasis (index100) 6.0 4.5 Economic value creation 1 101.8% 18% 1.1 0.8 Incentive performance based on economic valuecreation 7.1 5.3 Sales adjustment 2 98.7% (13%) (0.9) (0.7) Total incentive based on financial targets 6.1 4.6 Non-financial targets achievement 3 52.5% (47.5%) (2.9) (2.2) Total incentive performance 3.2 2.4 Maximum performance 12 9 Performance aspercentage of maximum 27% 27% Performance aspercentage of target 53% 53% TOTAL REMUNERATION COMPOSITION AND PERFORMANCE OVERVIEW FOR CEO ANDEVPs Basesalary Benefits Bonus Pension LTIPperformance DKKmillion LONG-TERM INCENTIVE –PERFORMANCE2016 1. 10% incentive impact foreachpercentage pointperformance above/below 100% untilmax110% andmin90%. 2. 10% incentive impact foreachpercentage pointperformance above/below 100% untilmax103% andmin97%. 3.Reduction, ifperformance isbelow 85%, isdeducted fromincentive performance based onfinancial targets. 1.Includes executiveswhohavebeen registeredwiththeDanishBusiness Authorityinboth2015and2016fullyear. 0 10 20 30 40 50 2016 Maximum Chief executiveofficer 100% of maximum 100% of maximum 64% of maximum 59%of maximum Other registered membersof ExecutiveManagement 1 2016 Actual 2015 2015 Maximum Actual 2016 2016 Maximum Actual 2015 2015 Maximum Actual NOVO NORDISK ANNUAL REPORT2016 GOVERNANCE, LEADERSHIP AND SHARES 51 REMUNERATION: EXECUTIVEMANAGEMENT In 2016, the cash bonus for the chief executive officer under the short-term cash-based incentive programme was 50% of the maximum cash bonus, while the average cash bonus for the other members of Executive Management was 55% of their maximum cash bonus. The cash bonuses for Executive Management have been discretionarily adjusted based on business performance in 2016. The members of Executive Management received 27% of the maximum share allocation underthelong-termshare-basedincentiveprogramme.Thedeductionintheshareallocationwas a result of the company not meeting the targets for sales performance but also reflecting that someofthenon-financialtargetshavenotbeenmet.

beendesigned toaligntheinterestsofthe executiveswiththoseofthesharehold ers. Based on benchmark data, the Board of Directors decided to maintain the structure and level of the remuneration packages for Executive Management in 2016. Remunera- tion packages for executives comprise a fixed base salary, a cash-based incentive, a long- term share-based incentive, a pension contribution and other benefits. For execu- tives on international assignments, the remuneration package is generally based on an equalised host country net salary during the length of the assignment and relocation benefits including accommodation andschool arrangements. The split between fixed and variable remuneration is intended to result in areasonablepartofthesalarybeinglinkedto performance, while promoting sound, busi- ness decisions to meet the company's objectives.Allincentivesaresubjectto claw-back if it is subsequently determined thatpaymentwasbasedoninformationthat was manifestly misstated. The remuneration principles are available at novonordisk.com/ about-novo-nordisk/corporate-governance/ remuneration.html. FIXED BASESALARY The fixed base salary is intended to attract and retain executives with the professional andpersonalcompetencesrequiredtodrive the company'sperformance. CASH-BASEDINCENTIVE The short-term cash-based incentive is designed to incentivise individual perform- ance. The incentive is dependent on the achievement of predefined short-term financial, process, people and customer targets relating to the executive's functional area and linked to the company's Balanced Scorecard and the achievement of personal targets relating to the individual executive. The Chairmanship evaluates the degree of achievement for each member of Executive Management, basedoninputfromthechief executiveofficer. REMUNERATION PACKAGECOMPONENTS Remuneration Board of Directors Executive Management Comments relating to Executive Management Fixed fee/base salary Accounts for approximately 25–50%of the total value of the remunerationpackage.* Fee for committeework Fee for ad hoctasks Cash-basedincentive Upto12months' fixedbasesalary+pension contribution peryear. Share-basedincentive Upto12months' fixedbase salary +pension contribution peryear. Pension 25% offixedbasesalaryand cash-based incentive. Travel allowance and otherexpenses () Executive Management receives a minor tax- based travelallowance equal tothatofallother employees. Otherbenefits Executive Management receives non-monetary benefits suchascompany cars,phones etc. Executives on international assignments may receive relocationbenefits. Severancepayment Up to 24 months' fixed base salary + pension contribution. Executive Management contracts entered into before 2008 exceed the24-month limit, though will not exceed 36 months' fixed base salary plus pensioncontribution. planned performance. In line with Novo Nordisk's long-term financial targets, the calculation of economic value creation is basedonreportedoperatingprofitaftertax, reduced by a weighted average cost of capital-based return requirement onaverage investedcapital. To a large extent, the sales growth drives the financial development of the company and hence economic value creation. The payout derived from the economic value created can thus be adjusted in a negative or positive direction if the sales performance is lower or higher than the target level. The calculated economic value creation isfurther adjusted if certain non-financial targets are not met. Non-financial targets are deter- minedonthebasisofanassessment of the objectives regarded as particularly important for the fulfilment of the company's long-term performance. The non-financial targets are linked to the company's Balanced Scorecard within the categories of research and development, reputationandpatients, quality,peopleand environment. Targets within research and development were related to specific milestones, such as submission of product files to the regulatory authorities in the US and Europe within a certain time frame, achievement of marketing authorisations, executionoftrialsandadefined numberof product candidates to enterdevelopment from discovery. Targets within qualityrelated to recalls and warning letters, and targets within environment related to the emissions ofCO 2 fromenergyconsumptionforpro- duction. Based on these principles, a pro- portion of the calculated economic value creation is allocated to a joint pool for the participants, who includeExecutive Management andothermembersofthe Senior Management Board. Ifthetargetsforeconomicvaluecreationand sales growth are met, and at least 85% performance is reached for non-financial targets, the allocation to the joint pool will correspond to 6 months' base salary plus pension contribution for the chief executive officer and 4.5 months' base salary plus pension contribution for the other members of Executive Management. In February 2016, the Board of Directors determined that the 2016 maximum share allocation would be up to 12 months' fixed base salary plus pension contribution for the chief executive officer and up to 9 months' fixed base salary plus pension contribution for the other members of Executive Management. Further informa- tion on Novo Nordisk's share-basedincentives is available atnovonordisk.com/about_us. PENSION Thepensioncontributionisupto25% ofthe fixedbasesalaryincludingbonus.

OTHERBENEFITS Otherbenefitsareadded toensurethat overallremunerationiscompetitiveand aligned withlocalpractices. SEVERANCEPAYMENT Novo Nordisk may terminate employment by giving executives 12 months' notice. Executives may terminate their employment by giving Novo Nordisk 6 months' notice. In addition to the notice period, executives are entitledtoaseverancepaymentasdescribed intheoverviewoftheexecutiveremuneration packagecomponents. Further information on Novo Nordisk's severance payments is available atnovonordisk.com/about_us. In February 2016, the Board of Directors determined that the 2016 maximum bonus would be a maximum of 12 months' fixed basesalary plus pension contribution for the chief executive officer, a maximum of 8.5 months' fixed base salary plus pension contribution for executives on international assignments and a maximum of 8 months' fixed base salary plus pension contribution for the remaining members of Executive Management based in Denmark. SHARE-BASEDINCENTIVE The long-term share-based incentive programme is designed to promote the collective performance of Executive Management and align the interests of executives and shareholders. Share-based incentives are linked to both financial and non-financialtargets.Thelong-termincentive programme is based on a calculation of economicvaluecreationcomparedwith * Theinterval 25–50% states thespan between 'maximum performance' and 'on-target performance'. NOVO NORDISK ANNUAL REPORT2016 52 GOVERNANCE, LEADERSHIP ANDSHARES

2015 REMUNERATION OF EXECUTIVE MANAGEMENT AND OTHER MEMBERS OF THE SENIOR MANAGEMENTBOARD 2016 Fixed Share- Fixed Share- DKKmillion base salary 8 Cash bonus Pension Bene?ts based incentive 9 Total base salary 8 Cash bonus Pension Bene?ts based incentive 9 Total ExecutiveManagement Lars Rebien Sørensen 1,5 11.9 6.0 4.5 0.3 – 22.7 10.6 10.6 5.3 0.3 – 26.8 Lars Fruergaard Jørgensen 1 5.5 1.8 1.8 0.3 – 9.4 5.2 3.5 2.2 0.3 – 11.2 JesperBrandgaard 6.1 2.0 2.0 0.3 – 10.4 6.0 4.0 2.5 0.3 – 12.8 Jakob Riis 2 3.6 1.8 1.4 0.2 – 7.0 5.2 2.8 2.0 0.3 – 10.3 Mads Krogsgaard Thomsen 6.2 2.0 2.0 0.3 – 10.5 6.0 4.0 2.5 0.3 – 12.8 HenrikWulff 3 4.9 1.7 1.6 0.3 – 8.5 3.2 2.6 1.3 0.2 – 7.3 Non-registered members of ExecutiveManagement 4 6.2 2.8 2.9 0.4 – 12.3 10.6 9.4 4.9 0.6 – 25.5 Former members of ExecutiveManagement: KåreSchultz 5 – – – – – – 2.5 1.3 1.0 0.1 – 4.9 Former non-registered members of ExecutiveManagement 6 8.3 4.1 3.4 0.4 – 16.2 – – – – – – Share-basedincentive – – – – 11.4 11.4 – – – – 44.0 44.0 Executive Management intotal 52.7 8 22.2 19.6 2.5 11.4 108.4 49.3 8 38.2 21.7 2.4 44.0 155.6 Other members of the Senior Management Board intotal 6,7 77.7 8 22.5 25.2 20.1 15.0 160.5 73.1 8 20.6 22.2 18.3 47.8 182.0 1. Lars Rebien Sørensen, president and chief executive of?cer, retired from Novo Nordisk at the end of 2016. He was succeeded by Lars Fruergaard Jørgensen, previously executive vice president and head ofCorporateDevelopment,effective 1January 2017.2.Effective1September2016,JakobRiiswasappointed executivevicepresidentandheadofNorthAmericaOperations.Inlightofhisnewrole,Jakob Riis is no longer registered with the Danish Business Authority as an executive in Novo Nordisk A/S. Amounts in the table for 2016 include remuneration from January to August 2016. Remuneration from September to December 2016 is included within Non-registered members of Executive Management. 3. Effective 1 September 2016, Henrik Wulff was registered with the Danish Business Authority as an executive in Novo Nordisk A/S. Respective amounts in the table include remuneration for the full year. 4. Includes remuneration for Jakob Riis (September to December 2016) and Maziar Mike Doustdar. Amounts include taxes paid by Novo Nordisk due to the members' international employment terms. In addition, Jakob Riis and Maziar Mike Doustdar received bene?ts in accordance with Novo Nordisk's InternationalAssignment Guidelines,suchasaccommodation, children'sschoolfees,internationalhealthinsuranceandothertypesofinsurance,spouseallowanceandtax-?ling support,allofferednet of tax to the assignees. Including tax paid by Novo Nordisk, the bene?ts received in 2016 not included in the above table amount to DKK 3.3 million (DKK 1.8 million in 2015). 5. As of 31 December 2016, PresidentandCEOLarsRebienSørensenretiredfromNovo Nordisk.TheremunerationofLarsRebienSørensenfor2016isincludedinthetableabove,whereastheseverancepaymentofDKK65.7mi including participation in the share-based incentive programme for 2017, is not included. The remuneration of Kåre Schultz up to April 2015 is included in the table above, whereas the severance payment of DKK 72.7 million, including participation in the share-based incentive programme for 2015 and part of 2016, is not included. 6. Effective 1 September 2016, Jerzy Gruhn and Jesper Høiland stepped downfromtheExecutiveManagement ofNovo NordiskA/S.RespectiveamountsinthetableincluderemunerationforJanuary toAugust 2016.RemunerationforSeptembertoDecember2016isincluded as partofOthermembersoftheSeniorManagement Board.Inaddition, JerzyGruhnandJesperHøilandreceivedbene?ts inaccordancewithNovo Nordisk'sInternationalAssignment Guidelines,such asaccommodation, children'sschoolfees,internationalhealthinsuranceandothertypesofinsurance,spouseallowanceandtax-?ling support,allofferednetoftaxtotheassignees. Including taxpaidby Novo Nordisk, the bene?ts received in 2016 not included in the above table amount to DKK 4.3 million (DKK 3.6 million in 2015). 7. The total remuneration for 2016 includes remuneration of 33 Senior Vice Presidents (34 in 2015), four of whom have retired or left the company (three in 2015). The 2016 remuneration for the retired Senior Vice Presidents is included in the table above, whereas severance payments of DKK 69.0 million (DKK 25.8 million in 2015) are not included. 8. Excluding social security taxes paid amounting to DKK 1.9 million (DKK 1.3 million in 2015) for Executive Management and DKK2.2million(DKK1.4millionin2015)forothermembersoftheSeniorManagement Board.9.Thejointpoolofsharesislockedupforthreeyearsbeforeitistransferredtotheparticipants employedat theendofthethree-yearperiod.Thevalueisthecashamount ofthesharebonusgrantedintheyearusing thegrant-datemarketvalueofNovo NordiskBshares.Duringthelock-upperiod,thejointpool maypotentiallybereducedintheeventoflower-than-plannedvaluecreationinsubsequent years.Thesplitbetween ExecutiveManagement andothermembersisbasedonthesplitofparticipants atthe timeofestablishment ofthepool.

MANAGEMENT'SLONG-TERMINCENTIVEPROGRAMME Thesharesallocated tothejointpoolfor2013(254,513shares)werereleased totheindividual participants subsequent toapproval oftheAnnual Report2016bytheBoardofDirectorsand theannouncement ofthefull-year?nancial resultfor2016on2February 2017.Based ontheshare priceattheendof2016,thevalue ofthereleased sharesisasfollows: Number Marketvalue 1 Valueasof31December2016ofsharesreleased on2February2017 ofshares (DKKmillion) ExecutiveManagement Lars RebienSørensen 25,578 6.5 Lars Fruergaard Jørgensen 10,637 2.7 JesperBrandgaard 14,392 3.7 Mads Krogsgaard Thomsen 14,392 3.7 HenrikWulff 5,708 1.4 Non-registered members of Executive Management 3 10,637 2.7 Executive Management intotal 2 81,344 20.7 Other members of the Senior Management Board intotal 2 86,009 21.9 1. The market value of the shares released in 2017 is based on the Novo Nordisk B share price of DKK 254.70 at the end of 2016. 2. In addition, 87,160 shares (market value: DKK 22.2 million) were releasedtoretiredExecutiveManagement andSeniorManagement Boardmembers.3.NotregisteredwiththeDanishBusinessAuthorityasmembersoftheExecutiveManagement ofNovo NordiskA/S. In addition, 1,785shareswerereleasedtoanon-registeredmemberofExecutiveManagement whowasnotincludedinthejointpoolfor2013fortheSeniorManagement Board. Lars Rebien Sørensen serves as a board member of Carlsberg A/S, from which he received remuneration of DKK 1,050,000 in 2016 (DKK 838,306 as of March 2015); and as a board member of Thermo Fisher Scienti?c Inc, from which he received remuneration of USD 67,376 in 2016 (USD 223,865 in 2015). Jesper Brandgaard serves as chairman of the Board of Directors of SimCorp A/S, from which he receivedremunerationofDKK1,035,257 in2016(DKK730,488 in2015);andaschairmanoftheboardofNNITA/S,fromwhichherecei vedremunerationofDKK750,000 in2016(DKK562,500 in2015). TheNNITremunerationisincludedintheremunerationofExecutiveManagement presentedabove.MadsKrogsgaardThomsenservesasaboardmemberoftheUniversityofCopenhagen, fromwhichhe received remuneration of DKK 82,215 in 2016 (DKK 81,606 in 2015). Jakob Riis serves as a board member of ALK-Abelló A/S, from which he received remuneration of DKK 415,000 in 2016 (DKK 415,000 in2015).HenrikWulffservesasaboardmemberofAMBUA/S,fromwhichherecei vedremunerationofDKK300,000 in2016(DKK0in2015). NOVO NORDISK ANNUAL REPORT2016 GOVERNANCE, LEADERSHIP AND SHARES 53

Name(male/female) Firstelected Term Nationality Born Independence 1 Göran Ando(m) 2005 2017 Swedish March1949 Notindependent 2 Jeppe Christiansen(m) 2013 2017 Danish November1959 Notindependent 2,4 Bruno Angelici(m) 2011 2017 French April1947 Independent Brian Daniels(m) 2016 2017 American February1959 Independent Sylvie Grégoire(f) 2015 2017 Canadian/American November1961 Independent 4,5 Liz Hewitt(f) 2012 2017 British November1956 Independent 4,5 GÖRAN ANDO Chairman JEPPE CHRISTIANSEN Vicechairman BRUNO ANGELICI LIZ HEWITT SYLVIE GRÉGOIRE BRIAN DANIELS Formerly chief executive officer ofCelltech Group plc, UK (retired). Member of the Board of Novo Nordisk A/S since 2005, vice chair since 2006, chair since 2013, chair of the Nomination Committee since 2013 and chair of the Remuneration Committee since2015. Management duties: Symphogen A/S,Denmark (chair), member of the boards of Novo A/S, Denmark, Molecular Partners AG, Switzerland, EUSA Pharma Ltd., UK, and ICMEC, US. Senior advisor to Essex Woodlands Health Ventures Ltd., UK. Special competences: Medical qualifications and extensive executive background within the international pharmaceutical industry. Education: Specialism in general medicine (1978) and degree in medicine (1973), bothfrom Linköping Medical University,Sweden. Chief executive officer of Fondsmæglerselskabet MajInvestA/S,MajInvestHoldingA/SandEmlika ApS, all in Denmark. Member of the executive management of Maj Invest Equity A/S, Denmark. Member and vice chair of the Board of Novo Nordisk A/S since 2013. Member of the Remu- neration Committee and Audit Committee since 2015. Management duties: Haldor Topsøe A/S (chair), Maj Bank A/S (vice chair), and member of the boards of Novo A/S, KIRKBI A/S and Symphogen A/Sandmemberoftheboardofgovernorsof Det Kgl.Vajsenhus,allinDenmark. Special competences: Executive backgroundand extensive experience within the financial sector, in particularinrelationtofinancial andcapitalmarket issues, as well as insight into the investor perspective. Education: MScinEconomics(1985)fromthe University of Copenhagen,Denmark. Formerly executive vice president ofAstraZeneca, UK (retired). Member of the Board of Novo Nordisk A/S since 2011 and member of the Nomination Committee since2013. Management duties: Vectura Group plc, UK (chair),member oftheboardofSmithsGroupplc, UK, member of the Supervisory Board of Wolters Kluwer, Netherlands, and member of the Global Advisory Board of Takeda Pharmaceutical Company Limited,Japan. Special competences: Extensive global expe- riencewithtwocompaniesinthefieldsofpharma- ceuticals and medical devices, and in-depth knowledge of strategy, sales, marketing and governance ofmajor companies. Education: AMP (1993) from Harvard Business School and MBA (1978) from Kellogg School of Management at Northwestern University, bothin theUS. Formerly Group Director Corporate Affairs ofSmith & Nephew plc, UK (retired). Member of the Board of Novo Nordisk A/S since 2012, chair of the Audit Committee since 2015 (member since 2012) and memberoftheNominationCommitteesince2013. Management duties: Member of the board and chair of the audit committee of Savills plc, and member of the board and chair of the nomination committee of Melrose Industriesplc, bothintheUK.Externalmember ofand chairof the audit committee of the House of Lords Commission,UK. Special competences: Extensive experience within the field of medical devices,significant financial knowledge and knowledge of how large international companies operate. Education: BSc (Econ) (Hons) (1977) from UniversityCollegeLondon,UK,andFCA(UK Institute of Chartered Accountants)(1982). Formerly president of Human Genetic Therapies, Shire plc, US andSwitzerland (retired). Member of the Board of Novo Nordisk A/S and the Audit Committee since2015. Management duties: Corvidia TherapeuticsInc., US (chair), Metriopharm, Switzerland (executive chair) and member of the boards of Galenica AG, Switzerland, and PerkinElmerInc.,US. Special competences: In-depth knowledge of the regulatory environment in both the US and the EU, having experience of all phases of the product life cycle, includingdiscovery, registration, pre-launch and managing the life cycle while on the market. In addition, she has financial insight into P&Lresponsibility. Education: Pharmacy Doctorate degree (1986) from the State University of NY at Buffalo, US, BA in Pharmacy (1984) from Laval University, Canada, and ScienceCollegedegree (1980)fromSéminaire de Sherbrooke,Canada. Senior advisor with the Boston Consulting Group and venture partner with 5AM VentureManage - ment, LLC,both intheUS.Member oftheBoard ofNovoNordiskA/S since2016. Special competences: Extensive experience in clinical development, medical affairs and corporate strategy across a broad range of therapeutics areas within the pharmaceutical industry, especially in theUS. Education: MD (1987) from Washington University, St. Louis, US, BSc in Life Sciences (1981) and MA in Metabolism and Nutritional Biochemistry (1981), both from Massachusetts Institute of Technology, Cambridge, US. 1.Asdesignated byNasdaqCopenhagen inaccordancewithsection3.2.1 ofRecommendations onCorporateGovernance(updated

2014).2.Member oftheBoardofNovoA/S. 3. Elected by employees ofNovo Nordisk. NOVO NORDISK ANNUAL REPORT2016 54 GOVERNANCE, LEADERSHIP ANDSHARES BOARD OFDIRECTORS

Chief executive officer of Novelion Therapeutics Inc., US. Member of the Board of Novo Nordisk A/S and the Remuneration Committee since 2015. Management duties:Member oftheboards of Coherus Biosciences, Inc., Novelion Therapeutics Inc.and Suneva Medical Inc.,allintheUS. Special competences: In-depth understanding of the clinical, regulatory and marketing aspects of the pharmaceutical industry in NorthAmerica, having both operational and strategic expe- rience. Education: MBA (1991) from the University of Illinois at Chicago, US, and BSc nursing degree (1985) from the University of Illinois at Chicago, US. Name(male/female) Firstelected Term Nationality Born Independence 1 Liselotte Hyveled(f) 2014 2018 Danish January 1966 Notindependent 3 Anne Marie Kverneland(f) 2000 2018 Danish July1956 Notindependent 3 Søren Thuesen Pedersen(m) 2006 2018 Danish December1964 Notindependent 3 Stig Strøbæk(m) 1998 2018 Danish January 1964 Notindependent 3,4 Mary Szela (f) 2015 2017 American May1963 Independent LISELOTTE HYVELED SØREN THUESEN PEDERSEN ANNE MARIE KVERNELAND STIG STRØBÆK MARY SZELA Project vice president of Novo Nordisk's mealtime insulin projects fast-acting insulin aspart and liver-preferential mealtime insulin in Global Development. Member of the Board of Novo Nordisk A/S since 2014 andmember of the Nomination Committee since2015. Education: MSc in pharmaceutical science (1992) from Copenhagen University and Master of Medical Business Strategies (2011) from Copenhagen Business School, both in Denmark. Electrician and full-time union representative. Member of the Board of Novo Nordisk A/S since 1998 and member oftheAuditCommitteesince 2013. Education: Qualified electrician. Diploma in further training for board members (2003) from the Danish Employees' Capital Pension Fund(LD). External Affairs director in Quality Intelligence. MemberoftheBoardofNovoNordiskA/Ssince 2006 and member of the Remuneration Committee since2015. Management duties: Member oftheboards of HOFOR A/S, HOFOR Forsyning Holding PS, HOFOR Forsyning Komplementar A/S and HOFOR Forsyning A/S (Copenhagen Utilities), all inDenmark. Education: BSc in Chemical Engineering (1988) from the Engineering Academy ofDenmark. Laboratory technician and full-time union representative. Member of the Board ofNovo Nordisk A/S since2000. Management duties: Member of the board of the Novo Nordisk Foundation since2014. Education: Degree in Medical Laboratory Technology (1980) from Copenhagen University Hospital, Denmark. 4.PursuanttotheUSSecuritiesExchange Act,MsHewittandMsGrégoirequalify asindependent AuditCommitteemembers whileMrChristiansenandMrStrøbækrelyonanexemptionfromthe independence requirements.5. MsHewittandMsGrégoirequalify asindependent AuditCommitteemembers asdefined underpart8oftheDanishActonApprovedAuditorsandAuditfirms. NOVO NORDISK ANNUAL REPORT2016 GOVERNANCE, LEADERSHIP AND SHARES 55

LARS REBIEN SØRENSEN President andchief executive officer (CEO) until31 December2016 Lars Rebien Sørensen joined Novo Nordisk's Enzymes Marketing in 1982. He wasappointed president and chief executive officer in November2000. Other management duties: Vice chair of the board of Carlsberg A/S, Denmark, and member oftheboard ofThermoFisherScientific Inc.,US. Born: October1954. Lars Fruergaard Jørgensen joined Novo Nordisk in 1991asaneconomist.Hewasappointedexecutive vice president of IT, Quality & Corporate Develop- ment in January 2013, and in November 2014 he took over responsibility for Corporate People & Organisation and Business Assurance and became chief of staff. In January 2017, he was appointed presidentandchiefexecutiveofficer(CEO). Othermanagement duties: Chairoftheboardof NNE A/S,Denmark. Born: November1966. LARS FRUERGAARD JØRGENSEN President and chief executive officer(CEO) from1January2017 MadsKrogsgaard Thomsen joined Novo Nordisk in 1991 as head of Growth Hormone Research. He was appointed senior vice president of Diabetes R&D in 1994 and executive vice president and chiefscienceofficerinNovember2000. Other management duties: Vice chair of the boardoftheUniversityofCopenhagen, Denmark, and member of the editorial boards of inter- national, peer-reviewedjournals. Born: December1960. MADS KROGSGAARD THOMSEN Executive vice president, chief science officer (CSO) MAZIAR MIKE DOUSTDAR * Executive vice president, International Operations Jakob Riis joined Novo Nordisk in 1996 as a health economist. He was appointed senior vice president of International Marketing in 2005. In January 2013, he was appointed executive vice president and in 2015 he took over responsibility for sales in the China and Pacific regions. In September 2016, hewasappointed executivevicepresidentofNorth AmericaOperations. Other management duties: Chairoftheboard of Copenhagen Institute of Interaction Design, and member of the board and chair of the audit committeeofALK-Abelló A/S, bothinDenmark. Born: April1966. JAKOB RIIS * Executive vice president, North America Operations Maziar Mike Doustdar joined Novo Nordisk in 1992 asanoffice clerkinVienna, Austria.Hewas appointed senior vice president of Novo Nordisk's International Operations in 2013 and executive vice president with responsibility for International Operations in April 2015. In September 2016, he assumed additional geographical responsibility and was promoted to executive vice president of an expanded InternationalOperations. Born: August 1970. HENRIK WULFF Executive vice president, Product Supply Jesper Brandgaard joined Novo Nordisk in 1999 as senior vice president of Corporate Finance. He was appointed executive vice president andchief financial officer in November2000. Other management duties: Chair of the boards of SimCorp A/S and NNIT A/S, bothin Denmark. Born: October1963. JESPER BRANDGAARD Executive vicepresident and chief financial officer(CFO) Henrik Wulff joined Novo Nordisk in 1998 in the logistic and planning function. He wasappointed senior vice president of Product Supply in 2013 andexecutive vice president of Product Supply in April2015. Other management duties: Chair of theboard of Novo Nordisk Pharmatech A/S, and member of the boards of NNE A/S and Ambu A/S, all in Denmark. Born: November1970. * Not registered with the Danish Business Authority as a member of Executive Management of Novo Nordisk A/S. NOVO NORDISK ANNUAL REPORT2016 56 GOVERNANCE, LEADERSHIP ANDSHARES EXECUTIVEMANAGEMENT

Novo Nordisk remains committed to reporting its performance through itsintegrated reporting. InlinewiththeNovo NordiskTripleBottomLine principle, theConsolidated financial, socialand environmental statements arepresented along withtherelatednotes. Withineach ofthefinancial, socialand environmental statements, thenotes aregrouped intosectionsbased onhowNovo Nordiskviewsitsbusiness. Each of the sections has an introduction explaining the link between long-term targets and business priorities, and how this is reflected in NovoNordisk'sfinancial, socialand environmental statements. Toprovide transparency in the disclosed amounts, each note includes the relevant accounting policy,keyaccounting estimates and numerical disclosure. 58 Incomestatement and Statementof comprehensive income 59 Balancesheet 60 Statement of cash flows 61 Statement of changes in equity 62 Notes to the Consolidated financial statements 104 Statement of environmental performance 104 Notes to the Consolidated environmentalstatement CONSOLIDATED ENVIRONMENTAL STATEMENT (SUPPLEMENTARYINFORMATION) 98 Statement ofsocial performance 99 Notes to the Consolidated socialstatement CONSOLIDATED SOCIALSTATEMENT (SUPPLEMENTARYINFORMATION) CONSOLIDATED FINANCIAL, SOCIAL ANDENVIRONMENTAL STATEMENTS 2016 CONSOLIDATED FINANCIAL STATEMENTS NOVO NORDISK ANNUAL REPORT2016

NOVO NORDISK ANNUAL REPORT2016 INCOMESTATEMENT 58 CONSOLIDATED FINANCIALSTATEMENTS INCOMESTATEMENT AND STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31DECEMBER DKKmillion Note 2016 2015 2014 INCOME STATEMENT Netsales 2.1,2.2 111,780 107,927 88,806 Cost of goods sold 2.2 17,183 16,188 14,562 Grosspro?t 94,597 91,739 74,244 Sales and distributioncosts 2.2 28,377 28,312 23,223 Research and development costs 2.2,2.3 14,563 13,608 13,762 Administrative costs 2.2 3,962 3,857 3,537 Other operating income,net 2.2,2.5 737 3,482 770 –Non-recurring income from the partial divestment of NNITA/S 2.5 – 2,376 – Operatingpro?t 48,432 49,444 34,492 Financial income 4.8 92 85 167 Financial expenses 4.8 726 6,046 563 Pro?t before incometaxes 47,798 43,483 34,096 Incometaxes 2.6 9,873 8,623 7,615 Netpro?t fortheyear 37,925 34,860 26,481 EARNINGS PERSHARE Basic earnings per share(DKK) 4.1 14.99 13.56 10.10 Diluted earnings per share(DKK) 4.1 14.96 13.52 10.07))))) DKKmillion Note 2016 2015 2014 STATEMENT OF COMPREHENSIVE INCOME Net pro?t for theyear 37,925 34,860 26,481 Other comprehensiveincome: Items that will not be reclassi?ed subsequently to the Income statement: Remeasurements of de?ned bene?t plans 3.5 (205) (37) (247 Items that will be reclassi?ed subsequently to the Income statement: Exchange rate adjustments of investments insubsidiaries (7) (669) (39 Cash ?ow hedges, realisation of previously deferred (gains)/losses 4.3 682 2,216 (1,229 Cash?ow hedges, deferredgains/(losses) incurredduring theperiod 4.3 (1,911) (681) (2,225 Otheritems (74) 366 111 Tax on other comprehensive income, income/(expense) 2.6 324 (87) 977 Othercomprehensive incomefortheyear,netoftax (1,191) 1,108 (2,652 Totalcomprehensive incomefortheyear 36,734 35,968 23,829

NOVO NORDISK ANNUAL REPORT2016 CONSOLIDATED FINANCIAL STATEMENTS 59 BALANCESHEET BALANCESHEET AT 31DECEMBER DKKmillion Note 2016 2015 ASSETS Intangible assets 3.1 2,714 2,158 Property, plant andequipment 3.2 30,179 25,545 Investment in associatedcompany 5.7 809 811 Deferred income taxassets 2.6 2,683 6,806 Other ?nancial assets 4.7 1,388 1,339 Total non-currentassets 37,773 36,659 Inventories 3.3 14,341 12,758 Tradereceivables 3.4,4.7 20,234 15,485 Taxreceivables 1,552 3,871 Other receivables and prepayments 4.7 2,411 2,257 Marketable securities 4.2, 4.4,4.7 2,009 3,542 Derivative ?nancial instruments 4.2, 4.3,4.7 529 304 Cash atbank 4.2, 4.4,4.7 18,690 16,923 Total currentassets 59,766 55,140 Totalassets 97,539 91,799 EQUITY ANDLIABILITIES)) Sharecapital 4.1 510 520 Treasuryshares 4.1 (9) (10 Retainedearnings 46,111 46,816 Otherreserves (1,343) (357 Totalequity 45,269 46,969 Deferred income taxliabilities 2.6 13 6 Retirement bene?t obligations 3.5 1,451 1,186 Provisions 3.6 3,370 2,765 Total non-currentliabilities 4,834 3,957 Currentdebt 4.4,4.7 229 1,073 Tradepayables 4.7 6,011 4,927 Taxpayables 3,976 3,777 Otherliabilities 3.7,4.7 14,181 12,655 Derivative ?nancial instruments 4.3,4.7 2,578 1,382 Provisions 3.6 20,461 17,059 Total currentliabilities 47,436 40,873 Totalliabilities 52,270 44,830 Total equity andliabilities 97,539 91,799

NOVO NORDISK ANNUAL REPORT2016 STATEMENT OF CASHFLOWS 60 CONSOLIDATED FINANCIALSTATEMENTS STATEMENTOFCASHFLOWS FOR THE YEAR ENDED 31DECEMBER DKKmillion Note 2016 2015 2014 Netpro?t fortheyear 37,925 34,860 26,481 2.6 3.1,3.2 9,873 3,193 8,623 2,959 7,615 3,435 2.5 4.6 4.5 Reversal of non-cashitems: Income taxes in Incomestatement Depreciation, amortisation and impairment losses Non-recurring income from the partial divestment of NNIT A/S included inOther operating income Other non-cash items Change in working capital Interestreceived Interest paid Income taxespaid 2.6 – 3,882 (3,708) 114 (66) (2,899) (2,526) 5,908 (2,157) 55 (61) (9,374) – 4,163 (2,148) 131 (78) (7,907) Netcashgenerated from operating activities 48,314 38,287 31,692 2.5 3.1 3.2 Proceeds from the partial divestment of NNIT A/S Purchase of intangible assets Proceedsfromsaleofproperty,plant and equipment Purchaseofproperty,plant and equipment Proceedsfromsaleofother?nancial assets Purchase of other ?nancial assets Sale of marketable securities Purchase of marketable securities Dividend received from associated company 5.4 – (1,199) 7 (7,068) 23 (112) 2,064 (531) 26 2,303 (1,182) 15 (5,224) 32 (9) 1,500 (3,533) – – (321) 4 (3,990) 35 (24) 2,232 – – Netcashusedininvesting activities (6,790) (6,098) (2,064) Purchase of treasury shares,net Dividendspaid 4.1 4.1 (15,057) (23,830) (17,196) (12,905) (14,667) (11,866) Netcashusedin?nancing activities (38,887) (30,101) (26,533) Netcashgenerated from activities 2,637 2,088 3,095 4.4Cashand cashequivalents atthebeginning oftheyear Exchange gains/(losses) on cash andcash equivalents 15,850 (26) 13,676 86 10,513 68 Cashandcashequivalents attheendoftheyear 4.4 18,461 15,850 13,676

NOVO NORDISK ANNUAL REPORT2016 CONSOLIDATED FINANCIAL STATEMENTS 61 STATEMENT OF CHANGES INEQUITY STATEMENT OF CHANGES INEQUITY AT 31DECEMBER Otherreserves Share Treasury Retained Exchange rate adjust- Cash ?ow Taxand other Total other DKKmillion capital shares earnings ments hedges items reserves Total 2014 Balance atthebeginning oftheyear 550 (21) 41,137 (209) 1,233 (121) 903 42,569 Net pro?t for theyear 26,481 26,481 Other comprehensive income for theyear (247) (39) (3,454) 1,088 (2,405) (2,652) Total comprehensive income for theyear 26,234 (39) (3,454) 1,088 (2,405) 23,829 Transactions withowners: Dividends (note4.1) (11,866) (11,866) Share-based payments (note5.1) 371 371 Tax related to restricted stock units (note2.6) 58 58 Purchase oftreasury shares (note 4.1) (11) (14,717) (14,728) Saleoftreasuryshares(note4.1) 1 60 61 Reduction oftheBsharecapital (note4.1) (20) 20 – Balance attheendoftheyear 530 (11) 41,277 (248) (2,221) 967 (1,502) 40,294 2015 Net pro?t for theyear 34,860 34,860 Other comprehensive income for theyear (37) (669) 1,535 279 1,145 1,108 Total comprehensive income for theyear 34,823 (669) 1,535 279 1,145 35,968 Transactions withowners: Dividends (note4.1) (12,905) (12,905) Share-based payments (note5.1) 442 442 Tax related to restricted stock units (note2.6) 366 366 Purchase oftreasury shares (note 4.1) (10) (17,219) (17,229) Saleoftreasuryshares(note4.1) 1 32 33 Reduction oftheBsharecapital (note4.1) (10) 10 – Balance attheendoftheyear 520 (10) 46,816 (917) (686) 1,246 (357) 46,969 2016 Net pro?t for theyear Other comprehensive income for theyear 37,925 (205) (7) (1,229) 250 (986) 37,925 (1,191) Total comprehensive income for theyear 37,720 (7) (1,229) 250 (986) 36,734 Transactions withowners: Dividends (note4.1) (23,830) (23,830) Share-based payments (note5.1) 368 368 Tax related to restricted stock units (note2.6) 85 85 Purchase oftreasury shares (note 4.1) (9) (15,048) (15,057) Reduction oftheBsharecapital (note4.1) (10) 10 – Balanceattheendoftheyear 510 (9) 46,111 (924) (1,915) 1,496 (1,343) 45,269

NOVO NORDISK ANNUAL REPORT2016 SECTIONS IN THE CONSOLIDATED FINANCIAL STATEMENTS SECTION 1 BASIS OFPREPARATION 1. Principal accounting policiesand keyaccounting estimates, p63 2. Changes inaccounting policiesand disclosures, p64 3. General accounting policies, p64 SECTION 2 RESULTS FOR THEYEAR 1. Net sales and rebates, p65 2. Segment information, p67 3. Research and development costs, p70 4. Employee costs, p71 5. Otheroperating income, net,p71 6. Incometaxesand deferredincome taxes,p72 SECTION 3 OPERATING ASSETS AND LIABILITIES 1. Intangible assets, p74 2. Property,plant and equipment, p75 3. Inventories, p77 4. Trade receivables, p77 5. Retirement bene?t obligations, p78 6. Provisions and contingent liabilities, p79 7. Other liabilities, p80 SECTION 4 CAPITAL STRUCTURE AND FINANCINGITEMS 1. Sharecapital, distribution toshareholders and earnings pershare, p81 2. Financial risks, p83 3. Derivative ?nancial instruments, p85 4. Cashand cash equivalents, ?nancial resourcesand freecash ?ow, p86 5. Change inworking capital, p86 6. Other non-cash items, p87 7. Financial assetsand liabilities, p87 8. Financial incomeand expenses, p89 SECTION 5 OTHERDISCLOSURES 1. Share-based payment schemes, p90 2. Management’s holdings ofNovoNordiskshares,p92 3. Commitments, p93 4. Related party transactions, p94 5. Fee to statutory auditors, p94 6. Subsequent events, p94 7. Companies in the Novo Nordisk Group, p95 8. Financial de?nitions, p96 62 CONSOLIDATED FINANCIALSTATEMENTS NOTESTOTHECONSOLIDATED FINANCIAL STATEMENTS Basis ofpreparation Resultsfortheyear Operating assets andliabilities Capital structure and ?nancing items Other disclosures

NOVO NORDISK ANNUAL REPORT2016 CONSOLIDATED FINANCIAL STATEMENTS 63 BASIS OFPREPARATION SECTION 1 BASIS OFPREPARATION All entities in the Novo Nordisk Group follow the same Group accounting policies. This section gives a summary of the signi?cant accounting policies, Management's key accounting estimates, new International Financial Reporting Standards (IFRS) requirements andother accounting policies in general. A detailed description of accounting policies and key accounting estimates related to speci?c reported amounts is presented in each note to the relevant ?nancial items. 1.1 PRINCIPAL ACCOUNTING POLICIES AND KEY ACCOUNTINGESTIMATES The Consolidated ?nancial statements included in this Annual Report have been preparedinaccordance withInternational Financial Reporting Standards as endorsed by the EU and further Danish disclosure requirements for annual reports of listedcompanies. Measurement basis The Consolidated ?nancial statements have been prepared onthehistorical cost basis except for derivative ?nancial instruments, equity investments and marketable securitieswhich aremeasured atfairvalue. The principal accounting policies set out below have been applied consistentlyinthepreparation oftheConsolidated ?nancial statements for all theyears presented. Principal accounting policies Novo Nordisk's accounting policies are described in each of the individual notes to the Consolidated ?nancial statements. Considering all the accounting policies applied, Management regards the ones listed in the table below asthemostsigni?cant accounting policiesfortherecognition and measurement of reportedamounts. Key accounting estimates andjudgements The use of reasonable estimates and judgements is an essential part of the preparation of the Consolidated ?nancial statements. Given the uncertainties inherent in Novo Nordisk's business activities, Management must make certain estimates regarding valuation and judgements that affect the application of accounting policies and reported amounts of assets, liabilities, sales, costs, cash ?ows and related disclosures at the date(s)oftheConsolidated ?nancial statements. The key accounting estimates identi?ed are those that have a signi?cant riskofresulting inamaterial adjustment. Management bases itsestimates onhistoricalexperienceand variousotherassumptions thatareheldto be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis and, if necessary, changes are recognised in the period in which the estimate is revised. Management considersthecarrying amounts recognised inrelationtothekeyaccounting estimates mentioned below tobereasonable and appropriate based oncurrentlyavailable information. However,theactual amounts maydiffer from the amounts estimated as more detailed information becomes available. Inaddition, Management makes judgements intheprocessofapplying the entity's accounting policies, for example regarding recognition of deferred income taxassetsortheclassi?cation oftransactions. Management regards thoselistedbelow tobethekeyaccounting estimates and judgements used in the preparation of the Consolidated ?nancial statements. Please refer to the speci?c notes for further information on the key accounting estimates and judgements aswellasassumptions applied. Principal accounting policies Key accounting estimates andjudgements Note Net sales andrebates Estimate of sales deductions andprovisions for sales rebates 2.1 Research anddevelopment – 2.3, 3.1and 3.2 Derivative ?nancial instruments – 4.3 Income taxes anddeferred income taxes Judgement regarding deferred income tax assets andprovision for uncertain taxpositions 2.6 Property, plant andequipment including impairment – 3.2 Inventories Estimate of indirect production costscapitalised 3.3 Tradereceivables Estimate of allowance for doubtful tradereceivables 3.4 Provisions and contingent liabilities Estimate ofongoing legal disputes, litigations and investigations 3.6 Applying materiality The Consolidated ?nancial statements are a result of processing large numbers of transactions and aggregating those transactions into classes according to their nature or function. When aggregated, the transactions are presented in classes of similar items in the Consolidated ?nancial statements. If a line item is not individually material, it is aggregated with otheritemsofasimilarnatureintheConsolidated ?nancial statements or in thenotes. There are substantial disclosure requirements throughout IFRS. Management provides speci?c disclosures required by IFRS unless the information is considered immaterial to the economic decision-making of theusersofthese?nancial statements ornotapplicable. Basis ofpreparation Results for theyear Operating assets andliabilities Capital structure and ?nancing items Other disclosures

NOVO NORDISK ANNUAL REPORT2016 BASIS OFPREPARATION 64 CONSOLIDATED FINANCIALSTATEMENTS 1.2 CHANGES IN ACCOUNTING POLICIES ANDDISCLOSURES AdoptionofneworamendedIFRSs Based on an assessment of new or amended and revised accounting standards and interpretations ('IFRSs') issued by the International Accounting Standards Board(IASB),and IFRSsendorsed bytheEuropean Unioneffective onorafter1January 2016, ithas been assessed thatthe application of these new IFRSs has not had a material impact on the Consolidated ?nancial statements in 2016, and Management does not anticipate any signi?cant impact on future periods from the adoption of these newIFRSs. New or amended IFRSs that have been issued but have not yet come into effect and have not been earlyadopted In addition to the above, IASB has issued a number of new or amended and revised accounting standards and interpretations that have not yet comeintoeffect. Ingeneral, thefollowing standards areexpected tohave themostsigni?cant impact oncurrentaccounting regulation: • IASBhas issued IFRS 9'Financial Instruments', witheffective date 1January 2018. Thiswasendorsed bytheEUin2016, and NovoNordisk plans toadopt itontheeffective date. IFRS 9ispartofIASB'sproject to replace IAS 39, and the new standard will substantially change the classi?cation and measurement of ?nancial instruments and hedging requirements. NovoNordisk has assessed theimpact ofthestandard and determined that it will not have any signi?cant impact on the Consolidated ?nancial statements. • IASB has issued IFRS 15 'Revenue from contracts with customers', with effective date 1 January 2018. The standard was endorsed by the EU in 2016, and Novo Nordisk plans to adopt it on the effective date. IFRS 15 ispartoftheconvergence projectwithFASBtoreplaceIAS18and other standards, and the new standard will establish a single, comprehensive framework for revenue recognition. Novo Nordisk has performed an analysis of the impact, including areas such as variable considerations, right of return, licences and agent relationships. Based on the analysis, it is assessed that the standard will not have any signi?cant impact on the revenue recognition or measurement. However, implementation is expected to result in extended disclosures regarding types of revenue and relatedrisks. • IASB has issued IFRS 16 'Leases' with effective date 1 January 2019. It currently awaits EU endorsement. Novo Nordisk plans to adopt it on the effective date. The changes in lease accounting requires capitalisation of the majority of the Group's operating lease contracts representing approximately 4–6% ofthetotalassets. Thiswillhave animpact onthe Group'sassets and an equivalent impact onliabilities.Hence, itwill affect the?nancial ratiosrelated tothebalance sheet.IFRS16 requiresthelease payments tobesplitbetween adepreciation charge included inoperating costsand an interestexpense onlease liabilities included in?nance costs. However,theimpact onnetpro?t willbeimmaterial. 1.3 GENERAL ACCOUNTINGPOLICIES Principles ofconsolidation The Consolidated ?nancial statements incorporate the ?nancial statements of the parent company Novo Nordisk A/S andentities controlled by Novo Nordisk A/S. Control exists when Novo Nordisk has effective power overtheentityand has theright tovariable returnsfromtheentity. Where necessary, adjustments are made to the ?nancial statements of subsidiaries to bring their accounting policies in line with Novo Nordisk Grouppolicies. Allintra-Grouptransactions, balances, income and expenses are eliminated in full whenconsolidated. The results of subsidiaries acquired or disposed of during the year are included intheconsolidated income statement fromtheeffective date ofacquisition and uptotheeffective date ofdisposal, asappropriate. Comparative ?gures arenotrestatedfordisposed oracquired companies. Translation of foreigncurrencies Functional and presentationcurrency Itemsincluded inthe?nancial statements ofeach ofNovo Nordisk'sentities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The Consolidated ?nancial statements are presented in Danish kroner (DKK), which is also the functional and presentation currencyoftheparentcompany. Translation of transactions andbalances Foreign currencytransactions aretranslated intothefunctional currency using the exchange rates prevailing at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Incomestatement. Translationdifferences onnon-monetary items, suchasequity investments classi?ed as ?nancial assets available for sale, are recognised in Other comprehensive income. Translation of Groupcompanies Financial statements of foreign subsidiaries are translated into Danish kroner attheexchange ratesprevailing attheendofthereportingperiod for balance sheet items, and at average exchange rates for income statement items. All effects of exchange rate adjustments are recognised in the Income statement, withtheexceptionofexchange rateadjustments ofinvestments in subsidiaries arisingfrom: • thetranslation offoreign subsidiaries' netassetsatthebeginning ofthe yeartotheexchange ratesattheendofthereportingperiod • the translation of foreign

subsidiaries’ statements of comprehensive income fromaverage exchange ratestotheexchange ratesattheendof the reportingperiod. Thesespeci?c exchange rateadjustments arerecognised inOther comprehensive income.

NOVO NORDISK ANNUAL REPORT2016 CONSOLIDATED FINANCIAL STATEMENTS 65 RESULTS FOR THE YEAR Pricingmechanisms intheUSmarket In the USA, signi?cant sales rebates are paid in connection with public healthcare insurance programmes, namely Medicare and Medicaid, as well asrebatestopharmacy bene?ts managers (PBMs)and managed healthcare plans. Key customers in the USA include private payers, PBMs and government payers. Increasingly, PBMs and managed healthcare plans play a key role in negotiating price concessions with drug manufacturers on behalf of private payersforboththecommercial and government channels, and determining thelistofdrugs coveredbythehealth plans' formularies. Speci?cally, there are two primarydrivers: • Payerpressuretoreduce theoveralldrug costshas resulted ingreater focus onnegotiating higher rebates from drug manufacturers .Private payers areincreasingly keen toadopt narrow formularies that exclude certaindrugs,while securing higher rebatesfromthepreferredbrand. • Recent industry consolidation among payers has led to increasing pricing pressure for pharmaceutical companies. In 2016, payers have continued to leverage their size and in?uence to demand higher rebates. Moreover, actions by companies in the diabetes caremarket toincreaselistpriceshave been limited, and theintroduction of new products by competitors has further increased the downward pressure onprices. SECTION 2 RESULTS FOR THEYEAR Basis ofpreparation Results for theyear Operating assets andliabilities Capital structure and ?nancing items Otherdisclosures 2.1 NET SALES ANDREBATES Accounting policies Revenuefromgoods soldisrecognised when NovoNordisk hastransferred the signi?cant risks and rewards to the buyer, the Group no longer has managerial involvement, and the amount of revenue can be measured reliably. Sales are measured at the fair value of the consideration received or receivable. When sales are recognised, Novo Nordisk also records estimates foravarietyofsalesdeductions, including productreturnsaswell as rebates and discounts to government agencies, wholesalers, health insurance companies, managed healthcare organisations and retail customers. Sales deductions are recognised as a reduction of gross sales to arrive at net sales. Where contracts contain customer acceptance provisions, Novo Nordisk recognises sales when the acceptance criteria aresatis?ed. Revenue recognition for new product launches is based on speci?c facts and circumstances relating to those products, including estimated demand and acceptance rates for well-established products with similar market characteristics. Where shipments of new products are made on a sale-or- return basis, without suf?cient historical experience for estimating sales returns,revenueisonlyrecordedwhen thereisevidence ofconsumption or when therightofreturnhasexpired. Keyaccounting estimateofsalesdeductions and provisions for salesrebates Sales deductions are estimated and provided for at the time the related sales are recorded. These estimates of unsettled obligations require use of judgement, asnotallconditions areknown atthetimeofsale, forexample totalsalesvolumetoagiven customer. The estimates arebased onanalyses ofexisting contractual obligations and historicalexperience. Provisionsarecalculated onthebasis ofapercentage of sales for each product as de?ned by the contracts with the various customer groups. Provisions for sales rebates are adjusted to actual amounts asrebates, discounts and returnsareprocessed. Novo Nordisk considers the provisions established for sales rebates to bereasonable and appropriate based oncurrentlyavailable information. However, the actual amount of rebates and discounts may differ from the amounts estimated by Management as more detailed information becomes available. Operating pro?t in 2015 was positively affected by the divestment of NNIT A/S, explaining the decrease from 2015 to 2016. Further, the development re?ects a modest increase in sales countered by a negative currency impact and increased research and development costs related to pipeline activitiesand build-upofresearchsitesintheUSA. The article '2016 performance and 2017 outlook' on p 6 includes Management's reviewoftheresultsfortheyear,which isnotpartofthe audited ?nancial statements. USHEALTH INSURANCE 2016 Q Express Scripts Q CVS Health Q OptumRx Q Prime Q All otherPBMs Chart represents percentage of insured lives PBM:Pharmacy Bene?t Manager Source: Health Strategies Group(www.healthstrategies.com) 32% 10% 26% 24% 8% This section comprises notes related to the results for the year and hence provides information related to Novo Nordisk's long-term ?nancial target forgrowth inoperating pro?t. Operating pro?t decreased by2% in 2016 (increaseof43% in2015). Sales increased by 4% driven by market share gain in selected markets, underlying market volume growth and changes inproductmix,forexample upgrade to next-generation products such as new-generation insulin and GLP-1. The global net impact of pricing has been moderately negative across the portfolio in 2016. Hence, the overall growth in local currency net sales is related to volume growth and changes in product mix rather than changes inprice.

NOVO NORDISK ANNUAL REPORT2016 RESULTS FOR THE YEAR 0 2,000 4,000 6,000 8,000 10,000 2014 2015 2016 PROVISIONS FOR SALESREBATES Q US Managed Care Q US Medicare QUS Medicaid QOther sales rebates DKKmillion 66 CONSOLIDATED FINANCIALSTATEMENTS 2.1 NET SALES AND REBATES(CONTINUED) GROSS-TO-NET SALESRECONCILIATION))))) DKKmillion 2016 2015 2014 Grosssales 198,924 182,779 131,841 US Managed Care andMedicare (40,874) (33,235) (17,522 US wholesaler charge-backs (25,416) (22,030) (12,858 US Medicaid rebates (10,862) (9,838) (5,578 Other US discounts and salesreturns (5,147) (4,685) (2,972 Non-US rebates, discounts and salesreturns (4,845) (5,064) (4,105 Total gross-to-net salesadjustments (87,144) (74,852) (43,035 Netsales 111,780 107,927 88,806 Sales discounts and salesrebatesarepredominantly issued inRegion USA. As such, rebates amount to 59% of gross sales in Region USA (56% in 2015 and 48% in2014). In addition, political pressure to contain healthcare costs has led several other countries to impose signi?cant price reductions on pharmaceutical products. As such, governments in countries in Region Europe have implemented concerted austerity measures, while government-mandated price cuts have been introduced in Region China, Paci?c and major countries in Region International Operations. US Managed Care and Medicare For Managed Care and Medicare, rebates are offered to a number of PBMsand managed healthcare plans. Theserebateprogrammes allow the customer to receive a rebate after attaining certain performance parameters relating to formulary status or pre-established market shares relative to competitors. Rebates are estimated according to the speci?c terms in each agreement, historical experience, anticipated channel mix, growth rates and market share information. Novo Nordisk adjusts the provisionperiodically to re?ect actual salesperformance. US wholesalercharge-backs Wholesaler charge-backs relate to contractual arrangements between Novo Nordisk and indirect customers in the US whereby products are sold at contract prices lower than the list price originally charged to wholesalers. A wholesaler charge-back represents the difference between the invoice price to the wholesaler and the indirect customer’s contract price. Accruals are calculated for estimated charge-backs using a combination of factors such as historical experience, current wholesaler inventory levels, contract terms and the value of claims received but not yet processed. Wholesaler charge- backs aregenerally settledwithin 30days oftheliability being incurred. USMedicaid Medicaid is a government insurance programme, and Medicaid rebates have been calculated using a combination of historical experience, product and population growth, price increases, and the impact of contracting strategies. Further, the calculation involves interpretation of relevant regulations that are subject to changes in interpretative guidance from government authorities. Although provisions are made for Medicaid rebates atthetimesalesarerecorded,theactual rebatesrelatedtothespeci?c sale will typically be invoiced to Novo Nordisk 6 –9 months later. Due to thetimelag, therebateadjustments tosalesinanyparticular periodmay incorporate adjustments of provisions from priorperiods. Other US discounts and salesreturns Other discounts are provided to wholesalers, hospitals, pharmacies etc, and are usually linked to sales volume or provided as cash discounts. Accruals arecalculated based onhistoricaldata and recordedasareductioningross sales at the time the related sales are recorded. Sales returns are related to damaged or expiredproducts. Arrangements with certain healthcare providers may require Novo Nordisk to make refunds to the healthcare providers if anticipated treatment outcomes do not meet prede?ned targets. PROVISIONS FORSALESREBATES DKK million 2016 2015 2014 16,508 11,002 7,950 56,954 (53,217) 45,190 (40,958) 26,107 (23,876) At the beginning of the year Additional provisions, including increases to existing provisions Amount used during the year Adjustments, including unused amounts reversed during the year Effect of exchange rateadjustment (822) 548 – 1,274 (220) 1,041 Attheendoftheyear 19,971 16,508 11,002 Unsettledrebatesarerecognised asProvisionswhen thetiming oramount is uncertain. Where absolute amounts are known, the rebates are recognised as Other liabilities. Wholesaler charge-backs are netted against trade receivable balances. Hence, provisions for sales rebates include US Managed Care, Medicare, Medicaid and other minor rebate types, as well as rebates inCanada. In 2016 the Centers for Medicare & Medicaid Services (CMS) in the USA published its ?nal rule implementing Affordable Care Act including changes toreimbursement undertheMedicaid programme impacting the adjustment for prior yearsprovision.

NOVO NORDISK ANNUAL REPORT2016 CONSOLIDATED FINANCIAL STATEMENTS 67 RESULTS FOR THE YEAR Segment performance is evaluated on the basis of operating pro?t consistent with the Consolidated ?nancial statements. Financial income and expenses and income taxesaremanaged atGroupleveland arenot allocated to business segments. Further, non-recurring incomefrom thepartial divestment ofNNITA/Sin2015 wasnotallocated tosegments. There are no sales or other transactions between the business segments. Costs have been split between business segments according to a speci?c allocation with the addition of a minor number of corporate overhead costs allocated systematically between the segments. Other operating income has been allocated to the two segments based on the same principle. Segment assets comprise the assets that are applied directly to the activities of the segment, including intangible assets, property, plant and equipment, other ?nancial assets, inventories, trade receivables, and other receivables and prepayments. Nooperating segments have been aggregated toformthereported business segments. BUSINESS SEGMENTS DKKmillion 2016 2015 2014 2016 2015 2014 2016 2015 2014 1.Thepartoftotalassetsthatremains unallocated toeither ofthetwobusiness segments includes Investment inassociated company, Deferredincome tax assets, Other?nancial assets, Tax receivables, Marketable securities, Derivative ?nancial instruments and Cash at bank and onhand. Segment sales Diabetes andobesity care Biopharmaceuticals Total New-generation insulin 4,459 1,438 658 NovoRapid ® /NovoLog ® 19,945 20,720 17,449 NovoMix ® /NovoLog ® Mix 10,482 11,144 9,871 Levemir ® 17,083 18,300 14,217 Total moderninsulin 47,510 50,164 41,537 Humaninsulin 11,090 11,231 10,298 Victoza ® 20,046 18,027 13,426 Other diabetes andobesity care 5,844 4,730 4,061 –of which Saxenda ® 1,577 460 – Diabetes andobesitycaretotalsales 88,949 85,590 69,980 Haemophilia 10,472 10,647 9,304 Norditropin ® (human growthhormone) 8,770 7,820 6,506 Otherbiopharmaceuticals 3,589 3,870 3,016 Biopharmaceuticals total sales 22,831 22,337 18,826 Segment key?gures Total net sales Change inDKK (%) Change in local currencies (%) Cost of goodssold Sales and distribution costs Research and development costs Administrative costs Other operating income, net Income from partial divestmentof NNIT A/S (not allocated tosegments) Operating pro?t Operatingmargin Depreciation, amortisation and impairment losses expensed Additions to Intangible assetsand Property, plant andequipment Assets allocated to business segments Non-allocatedassets 1 Totalassets 88,949 85,590 69,980 22,831 22,337 18,826 111,780 107,927 88,806 3.9% 22.3% 6.9% 2.2% 18.6% 3.9% 3.6% 21.5% 6.3% 6.0% 8.9% 8.8% 3.6% 6.3% 6.2% 5.5% 8.4% 8.3% 14,337 13,725 12,482 2,846 2,463 2,080 17,183 16,188 14,562 24,387 24,926 20,373 3,990 3,386 2,850 28,377 28,312 23,223 11,481 10,475 9,318 3,082 3,133 4,444 14,563 13,608 13,762 3,128 3,051 2,790 834 806 747 3,962 3,857 3,537 486 488 516 251 618 254 737 1,106 770 – – – – – – – 2,376 – 36,102 33,901 25,533 12,330 13,167 8,959 48,432 49,444 34,492 40.6% 39.6% 36.5% 54.0% 58.9% 47.6% 43.3% 45.8% 38.8% 2,674 2,514 2,438 519 445 997 3,193 2,959 3,435 6,144 4,991 3,245 2,123 1,415 1,066 8,267 6,406 4,311 55,081 46,444 40,748 14,798 11,759 10,914 69,879 58,203 51,662 27,660 33,596 25,400 97,539 91,799 77,062 2.2 SEGMENTINFORMATION Accounting policies Operating segments arereportedinamanner consistent withtheinternal reporting provided to Executive Management and the Board ofDirectors. We consider Executive Management to be the operating decision -making body, as all signi?cant decisions regarding business development and direction are taken in thatforum. Businesssegments NovoNordisk operates intwobusiness segments based ontherapies: Diabetes and obesity care andBiopharmaceuticals. The Diabetes and obesity care business segment includes research, development, manufacturing and marketing ofproductswithin theareasof insulin, GLP-1 and related delivery systems, oral antidiabetic products (OAD) andobesity. TheBiopharmaceuticals business segment includes research, development, manufacturing and marketing of products within theareas of haemophilia, growth hormone therapy and hormone replacementtherapy.

NOVO NORDISK ANNUAL REPORT2016 RESULTS FOR THE YEAR • USA • Europe: the EU, EFTA, Albania, Bosnia-Hercegovina, Macedonia, Serbia, Montenegro andKosovo • Region China: China, HongKong and Taiwan • Paci?c: Japan, South Korea,Canada, Australia and NewZealand • International Operations: all othercountries. Asof1January 2016, thegeographical regions werechanged toalign with management structure. As such, the USA became a separate region, and Canada joined Japan and South KoreatoformRegion Paci?c, together with Australia and New Zealand (previously included in International Operations).Comparative ?gures have been updated tore?ect thenew regional structure. Asof1January 2017, International Operationshas been expanded tocover all territories except for the USA and Canada. It is organised in the following ?ve regions: Europe; Latin America; Africa, Asia, Middle East & Oceania; Japan &Korea;and Region China. Sales areattributed togeographical regions according tothelocation ofthe customer. Allocation of property, plant and equipment, trade receivables, allowance for trade receivables and total assets is based on the location of theassets. 68 CONSOLIDATED FINANCIALSTATEMENTS 2.2 SEGMENT INFORMATION(CONTINUED) Geographical areas In2016, NovoNordisk operated in?ve geographical regions: GROWTHANALYSIS Shareof Localcurrencies Growth growth New-generation insulin 212% 51% Moderninsulin (3%) (25%) Humaninsulin 2% 4% Victoza ® 12% 36% Other diabetes andobesity care 26% 21% Diabetes and obesitycare 6% 87% Haemophilia 0% (1%) Norditropin ® (human growthhormone) 14% 18% Otherbiopharmaceuticals (6%) (4%) Biopharmaceuticals 4% 13% Totalsales 6% 100% 80% 9% SALES BY BUSINESS SEGMENT2016 Q Diabetes and obesity care Q Haemophilia Q Human growthhormone QOther biopharmaceuticals 3% 8% GEOGRAPHICALAREAS DKKmillion 2016 2015 2014 2016 2015 2014 USA Europe Sales by businesssegment: New-generation insulin NovoRapid ® / NovoLog ® NovoMix ® /NovoLog ® Mix Levemir ® Total moderninsulin Human insulin Victoza ® Other diabetes andobesity care –of which Saxenda ® 2,246 11,058 2,032 12,247 25,337 1,827 14,146 2,142 1,366 33 12,184 2,779 12,982 27,945 1,884 12,570 1,237 452 – 9,822 2,421 9,088 21,331 1,772 8,674 680 – 886 4,200 2,025 2,503 8,728 2,103 3,391 677 28 545 4,239 2,181 2,929 9,349 2,014 3,394 680 1 223 3,999 2,317 2,939 9,255 2,222 3,130 786 – Diabetes and obesity caretotal 45,698 43,669 32,457 15,785 15,982 15,616 Haemophilia Norditropin ® (human growth hormone) Otherbiopharmaceuticals 4,710 4,495 2,291 5,086 3,625 2,559 4,348 2,750 1,794 2,520 1,661 716 2,405 1,675 736 2,189 1,654 691 Biopharmaceuticals total 11,496 11,270 8,892 4,897 4,816 4,534 Totalsalesbybusinessandgeographical segment 57,194 54,939 41,349 20,682 20,798 20,150 Sales growth in local currencies 1 Currency effect (local currencyimpact) 4.0% 0.1% 11.0% 21.9% 11.5% (0.0%) 1.5% (2.1%) 1.6% 1.6% 0.2% 0.2% Total sales growthas reported 4.1% 32.9% 11.5% (0.6%) 3.2% 0.4% Property, plant andequipment Tradereceivables Allowance for doubtful trade receivables Totalassets 4,599 10,426 (41) 18,349 3,047 6,456 (25) 12,594 2,211 4,175 (20) 8,842 22,040 3,304 (166) 63,407 19,097 3,203 (139) 64,590 17,411 3,314 (194) 53,974 1. Additional non-IFRS measure; please refer to p 96 forde?nition.

NOVO NORDISK ANNUAL REPORT2016 CONSOLIDATED FINANCIAL STATEMENTS 69 RESULTS FOR THE YEAR The country of domicile is Denmark, which is part of Region Europe. Denmark is immaterial to Novo Nordisk's activities in terms of geographical size and the operational business segments. 99.7% of total sales are realised outsideDenmark. Sales toexternal customers attributed totheUSAarecollectivelythemost material totheGroup.TheUSAistheonlycountrywhere sales contribute morethan10%oftotalsales. In 2016, Novo Nordisk had three major wholesalers distributing products, representing 21%, 13% and12% respectivelyoftotalnetsales(21%, 12% and 11% in 2015 and 18%, 10% and 11% in 2014). Net sales to the ?rst twowholesalers arewithin bothdiabetes and biopharmaceuticals, whereas the third is only withindiabetes. GROWTHANALYSIS Localcurrencies Growth Shareof growth USA Europe International Operations RegionChina Paci?c 4% 2% 14% 12% 5% 37% 5% 32% 19% 7% Totalsales 6% 100% 19% 13% 51% 9% SALES BY GEOGRAPHICAL AREA2016 Q USA Q Europe Q International Operations Q Region China QPaci?c 8% Netsaleswillbeimpacted byexchange rate?uctuations, whereas Financial income and Financial expenses will be impacted by the corresponding resultsofhedging activities. Pleaserefertonotes4.2, 4.3 and 4.8 formore details onhedging. Forpatent expiryinkeymarkets byproduct, please refertonote2.5 tothe Consolidated social statement. 2016 2015 2014 2016 2015 20142016 2015 2014 International Operations RegionChina Paci?c 558 1,971 2,183 1,258 5,412 3,240 1,141 546 70 365 1,852 2,227 1,391 5,470 3,172 926 620 – 118 1,519 1,858 1,265 4,642 2,564 790 628 – – 1,059 3,363 547 4,969 3,361 255 1,697 – – 866 3,036 410 4,312 3,537 213 1,594 – – 618 2,338 334 3,290 3,051 171 1,388 – 769 1,657 879 528 3,064 559 1,113 782 113 495 1,579 921 588 3,088 624 924 599 7 317 1,491 937 591 3,019 689 661 579 – 10,897 10,553 8,742 10,282 9,656 7,900 6,287 5,730 5,265 1,936 1,079 138 1,998 1,107 153 1,694 843 128 158 15 3 195 15 5 171 13 4 1,148 1,520 441 963 1,398 417 902 1,246 399 3,153 3,258 2,665 176 215 188 3,109 2,778 2,547 14,050 13,811 11,407 10,458 9,871 8,088 9,396 8,508 7,812 13.8% (12.1%) 16.7% 4.4% 15.3% (10.3%) 11.5% (5.6%) 4.1% 17.9% 13.3% (0.4%) 4.6% 5.8% 4.6% 4.3% (0.3%) (6.8%) 1.7% 21.1% 5.0% 5.9% 22.0% 12.9% 10.4% 8.9% (7.1%) 1,283 4,126 (1,011) 8,343 953 3,539 (997) 7,251 1,144 3,390 (776) 7,199 2,095 1,773 0 5,697 2,291 1,541 0 5,603 2,230 1,538 0 5,629 162 605 (5) 1,743 157 746 (5) 1,761 140 624 (5) 1,418

NOVO NORDISK ANNUAL REPORT2016 RESEARCH AND DEVELOPMENT COST BYBUSINESS SEGMENT (NOTE2.2) DKKmillion 2016 2015 2014 Diabetes and obesitycare 11,481 10,475 9,318 Biopharmaceutical s 3,082 3,133 4,444 13,608 13,762 Total 14,563 RESEARCH AND DEVELOPMENTCOSTS RESULTS FOR THE YEAR DKKmillion 2016 2015 2014 Internal andexternal research and development costs 7,494 7,352 7,646 Employee costs (note2.4) 6,149 5,584 5,200 Amortisation and impairment losses, intangible assets (note3.1) 427 247 425 Depreciation and impairment losses, property, plant and equipment (note 3.2) 493 425 491 Total research and developmentcosts 14,563 13,608 13,762 As percentage ofsales 13.0% 12.6% 15.5% Ingeneral, researchcomprises20–30% and development 70–80% of research and development costs. The split between research and development will ?uctuate in individual years depending on the composition of the clinical development portfolio. In 2016, development within Diabetes and obesity care comprises approximately 72% (75% in2015 and 81% in2014), and development within Biopharmaceuticals comprisesapproximately 74% (69% in2015 and 67% in 2014). Research costs include the costs of the very early stages of the drug development cyclefromtheinitial drug discoveryuntilthedrug isreadyfor administration to humans. The activities initially focus on identifying a single drug candidate with a pro?le that will support a decision to initiate development activities. Before selection of the ?nal drug candidate, it is tested in animals to gather ef?cacy, toxicity and pharmacokinetic information. Development costsareincurredfromthestartofphase 1,when thedrug is administered to humans for the ?rst time; these are the projects captured inthepipeline overviewonp20. The ?nal productisbeing developed, and subsequent clinical trials (phase 2 and 3) are conducted to further test the drug in humans, using the results from these trials to attempt to obtain marketing authorisation, permitting Novo Nordisk to market and sell the developed products. 70 CONSOLIDATED FINANCIALSTATEMENTS 2.3 RESEARCH AND DEVELOPMENTCOSTS Accountingpolicies Novo Nordisk's research and development is focused on therapeutic proteins within the class of insulins and GLP-1s for diabetes treatment, blood-clotting factors for haemophilia and human growth hormone for growth de?ciency disorders, as well as proteins for weight management. The research activities utilise biotechnological methods based on genetic engineering, advanced protein chemistry and protein engineering. These methods have played a key role in the development of the production technology used to manufacture insulin, GLP-1, recombinant blood -clotting factors, human growth hormone andglucagon. In line with industry practice, Novo Nordisk expenses all internal research costs.Internal development costsarealsoexpensed asincurred,asthesedo not qualify for capitalisation as intangible assets until marketing approval by a regulatory authority is obtained or highly probable, due to regulatory and otheruncertainties inherent inthedevelopment ofnew products. Research and development activities are carried out by Novo Nordisk's research and development centres, mainly in Denmark, USA and China, while researchand development trialsarecarriedoutallovertheworld. Novo Nordisk also enters into partnerships and licenceagreements. Research and development costs primarily comprise employee costs, internal and external costs related to execution of studies, including manufacturing costs,facility costsoftheresearchcentres,and amortisation, depreciation and impairment losses related to intangible assets and property, plant and equipment used in the research and development activities. For a review of the development in research and development costs, refer top7and p10,'2016 performance and 2017 outlook',which isnotpartof theaudited ?nancial statements. Averylimited partoftheresearchand development activities isrecognised outside Research and development costs: • Up-frontpayments and milestones paid topartnerships priortoorupon regulatory approval arecapitalised asintangible assets and amortised as Costofgoods soldovertheuseful life • Royaltyexpenses paid topartnerships after regulatory approval are expensed asCostofgoods sold • Royaltyincome receivedfrompartnerships isrecognised aspartofOther operating income, net • Contractual researchand development obligations tobepaid inthe future arediscloseD separately asCommitments innote5.3. RESEARCH AND DEVELOPMENT COSTSRATIO Q Research QDevelopment DIABETES AND OBESITYCARE 20–30% 70–80% BIOPHARMACEUTICALS 20–30% 70–80%

NOVO NORDISK ANNUAL REPORT2016 CONSOLIDATED FINANCIAL STATEMENTS 71 RESULTS FOR THE YEAR 2.4 EMPLOYEECOSTS Accountingpolicies Wages, salaries, social security contributions, annual leave and sick leave, bonuses and non-monetary bene?ts are recognised in the year in which the associated companyd services are rendered by employees of Novo Nordisk. Where Novo Nordisk provides long-term employee bene?ts, the costsareaccrued tomatch therendering oftheservicesbytheemployees concerned. EMPLOYEECOSTS)) DKKmillion 2016 2015 2014 Wages andsalaries 24,651 23,289 21,306 Share-based payment costs (note5.1) 368 442 371 Pensions –de?ned contributionplans 1,829 1,715 1,607 Pensions –de?ned bene?t plans 145 154 142 Other social securitycontributions 1,853 1,783 1,617 Other employeecosts 2,110 2,117 1,944 Total employee costs for theyear 30,956 29,500 26,987 Employee costs capitalised as intangible assets and property,plant andequipment 1 (1,258) (957) (866 Change in employee costscapitalised asinventories (127) (191) (206 Total employeecosts in the Incomestatement 29,571 28,352 25,915 Included in the Incomestatement: Cost of goodssold 7,841 7,239 6,224 Sales anddistribution costs 12,447 12,231 10,334 Research and development costs 6,149 5,584 5,200 Administrative costs 2,721 2,658 2,426 Other operating income, net 413 640 1,731 Total employeecosts in the Incomestatement 29,571 28,352 25,915 1.This re?ects annual employee costscapitalised asintangible assetsand property, plant and equipment that will subsequently be included in depreciation and impairment losses. Average number of full-time employees 2 41,993 40,342 40,164 Year-end number of full-time employees 2 41,971 40,638 40,957 2.Thenumber from2014 includes approximately 2,400 full-timeequivalent employees in NNITA/S. REMUNERATION TO EXECUTIVE MANAGEMENTAND BOARD OFDIRECTORS DKKmillion 2016 2015 2014 Salaryand cashbonus 77 89 71 Pension 20 22 18 Bene?ts 4 10 7 2 Share-basedincentive 11 44 27 Severancepayments 1,4 66 73 32 Executive Management intotal 1,2,3 184 235 150 Fee to Board ofDirectors 14 12 9 Total 198 247 159 1.Pleaserefer to note5.1and'Remuneration', pp50–53, forfurtherinformation. 2.As of 31 December 2016, president and CEO Lars Rebien Sørensen retired from Novo Nordisk. The 2016 remuneration for Lars Rebien Sørensen is included in the above table together with a severance payment of DKK 65.7 million. EVPs Jerzy Gruhn and Jesper Højland stepped down from the Executive Management of NovoNordisk. The 2016 remuneration forJerzyGruhnand JesperHøiland is included intheabove table. EVP KåreSchultz leftNovoNordiskasof30April 2015. The 2015 remuneration for Kåre Schultz is included in the above table together with a severance payment of DKK 72.7 million. In November 2014, EVP Lise Kingo decided to leave Novo Nordisk. The 2014 remuneration for Lise Kingo is included in theabove tabletogether withaseverance payment ofDKK32.2 million. 3.Total remuneration for registered members of Executive Management amounts to DKK138 million(DKK108 millionin2015). 4.Bene?ts areincluded inOtheremployee costs,and severance payments areincluded inWagesand salariesinthetabletotheleft. 2.5 OTHER OPERATING INCOME,NET Accountingpolicies Other operating income, net comprises licence income and income of a secondary nature in relation to the main activities of Novo Nordisk. Licence income isrecognised onanaccrual basis inaccordance withthetermsand substance of the relevant agreement. Operating pro?t from the wholly owned subsidiary NNE A/S, not related to Novo Nordisk's mainactivities, isrecognised asOtheroperating income. Otheroperating incomealso includes income from sale of intellectualproperty rights. Divested subsidiaries are recognised in the consolidated income statement until control is lost. Net gain or loss on divestments is determined as the difference between the sales proceeds and the carrying amount of net assets. InMarch 2015, Novo NordiskA/Sdisposed of74.5% ofits100% interest in NNIT A/S. In total, DKK 2,376 million of non-recurring income from the partial divestment after cost of DKK 150 million was recorded as Other operating income in2015. Atotalconsideration ofDKK2,303 millionwas receivedand recordedinthecash ?ow statement.

NOVO NORDISK ANNUAL REPORT2016 RESULTS FOR THE YEAR INCOME TAXESEXPENSED))) DKKmillion 2016 2015 2014 Current tax on pro?t for theyear 8,981 9,648 8,562 Deferred tax on pro?t for theyear 3,014 (1,130) (748 Tax on pro?t for theyear 11,995 8,518 7,814 Adjustments recognised for current tax of prioryears (3,191) 3 (313 Adjustments recognised for deferred tax of prioryears 1,069 102 114 Income taxes inthe Income statement 9,873 8,623 7,615 Current tax on Othercomprehensive income for theyear (28) – 99 Deferred tax on Othercomprehensive income for theyear (296) 87 (1,076 Tax on other comprehensive income for the year,(income)/expense (324) 87 (977) Adjustments recognised for prior years include adjustments caused by events that occurred in the current year related to current and deferred tax of prior years. Such adjustments predominantly arise from tax payments regarding tax disputes and reversal of associated tax liability recognised in prioryears.))) DKKmillion 2016 2015 2014 Computation of effective taxrate: Statutory corporate income taxrate inDenmark 22.0% 23.5% 24.5% Deviation in foreignsubsidiaries' tax rates compared with theDanish tax rate(net) 0.2% (2.9%) (1.9% Non-taxable income frompartial divestment ofNNIT A/S – (1.3%) – Non-taxable incomeless non-tax-deductible expenses(net) 0.1% 0.1% (0.0% Others, including adjustment of prioryears (1.6%) 0.4% (0.3% Effective taxrate 20.7% 19.8% 22.3% Theimpact ofthedeviation inforeign subsidiaries' taxratescompared with theDanishtaxrateismainly drivenbySwissand USbusiness activities. 72 CONSOLIDATED FINANCIALSTATEMENTS 2.6 INCOME TAXES AND DEFERRED INCOMETAXES INCOME TAXES Accounting policies The tax expense for the period comprises current and deferred tax and interest on tax cases ongoing or settled during the year, including adjustments to previous years and changes in provision for uncertain tax positions. Tax is recognised in the Income statement, except to the extent that it relates to items recognised in Equity or Other comprehensive income. Ongoing tax disputes, primarily related to transfer pricing cases, are included as part of Deferred tax assets, Tax receivables andTax payables. Management judgement regarding recognition of deferred income taxassetsand provision for uncertain taxpositions Novo Nordisk is subject to income taxes around the world. Signi?cant judgement and estimates arerequiredindetermining theworldwide accrual for income taxes, deferred income tax assets and liabilities, and provision for uncertain taxpositions. Novo Nordisk recognises deferred income tax assets if it is probable that suf?cient taxable income will be available in the future against which the temporarydifferences and unused taxlossescanbeutilised. Management has considered future taxable income and used judgement in assessing whether deferred income taxassetsshould berecognised. In the course of conducting business globally, tax and transfer pricing disputes with tax authorities may occur, and Management judgement is applied toassessthepossible outcome ofsuchdisputes. Themostprobable outcome is used as the measurement method, and Novo Nordisk believes thattheprovisionmade foruncertain taxpositions notyetsettledwithlocal tax authorities is adequate. However, the actual obligation may deviate and is dependent on the result of litigations and settlements with the relevant taxauthorities. Taxapproach Novo Nordisk's tax approach is to pursue a competitive tax level in a responsible way. This means paying tax in jurisdictions where business activity generates pro?ts. As a general rule, Novo Nordisk subsidiaries pay corporate taxes in the countries in which they operate.'Competitive tax level' implies achieving a tax level around the peer-group average. 'Responsible way'implies doing business inaway that meetsexpectations of a good corporate citizen. This means paying taxes where pro?ts are earned in accordance with international transfer pricing rules. It means having a balanced tax risk pro?le and not engaging in tax-avoidance activities. Accordingly, a well-established subsidiary of Novo Nordisk will, ingeneral, paytaxesinthecountryinwhich itoperates. Advance pricing agreements To create certainty regarding tax payments, Novo Nordisk has applied for so-called advance pricing agreements (APAs) in key countries. An APA is an up-front agreement between the tax authorities in two (or more) countries, covering the pricing methodologies for relevant intercompany transactions, therebydetermining thetaxable income forthecountriesinquestion. AnAPAtypically coversafuture periodof?ve taxyears.NovoNordisk's APA programme currently covers the USA andJapan.

NOVO NORDISK ANNUAL REPORT2016 CONSOLIDATED FINANCIAL STATEMENTS 73 RESULTS FOR THE YEAR DEFERRED INCOME TAXES Accounting policies Deferred income taxes arise from temporary differences betweenthe The taxvalue oftaxlosscarry-forwardsisincluded indeferred taxassets distribution ofearnings isplanned. Thepotential withholding taxamounts to DKK 330 million for 2016 (DKK 288million in 2015). Tax on currency adjustments relating to internal pro?t on inventories isrecognised inOther comprehensive income. Thevalue offuture tax deductions in relation to share programmes is recognised as deferred tax until the shares are paid out to the employees. Any difference between theestimated taxdeduction and costsrealised intheIncomestatement is charged toEquity. 2.6 INCOME TAXES AND DEFERRED INCOME TAXES(CONTINUED) INCOME TAXESPAID DKKmillion 2016 2015 2014 accounting and taxable values oftheindividual consolidated companies and fromrealisable taxlosscarry-forwardsusing theliability method. totheextentthatthetaxlossesand othertaxassetsareexpected tobe Income taxes paidin Denmark for utilised infuture taxable income. Thedeferredincome taxesaremeasured currentyear 5,506 5,926 5,538 according tocurrenttaxrulesand atthetaxratesexpected tobeinforce Income taxes paid outsideDenmark onelimination ofthetemporarydifferences. Ingeneral, theDanishtax for currentyear 2,645 3,040 2,282 rules related to company dividendsprovide exemption from tax for most Income taxespaid/ repatriated pro?ts. No provision is made for income taxes that would be repayments relating to prioryears (5,252) 408 87 payable onthedistribution ofunremitted earnings unless aconcrete Totalincometaxespaid 2,899 9,374 7,907 The income taxes paid in 2016 relating to prior years include both repayments and adjustments arising fromtaxdisputes primarilyregarding transferpricing. DEVELOPMENT IN DEFERRED INCOME TAX ASSETS ANDLIABILITIES Property, Other, including Provisions taxloss Offset DKKmillion plantand equipment Intangible assets Inventories andother liabilities carry- forwards within countries Total 2016 Net deferredtaxasset/(liability) at1January (765) (337) 3,593 2,559 1,750 – 6,800 Income/(charge) to the Incomestatement (188) (23) (2,390) (632) (850) (4,083) Income/(charge) to Other comprehensive income – – (27) 54 269 296 Income/(charge) toEquity 1 – – – – (355) (355) Effect of exchange rateadjustment (13) 1 – 24 – 12 Net deferred tax asset/(liability) at 31December (966) (359) 1,176 2,005 814 – 2,670 Classi?ed asfollows: Deferredtaxassetat31December 183 96 2,400 2,081 930 (3,007) 2,683 Deferredtaxliability at31December (1,149) (455) (1,224) (76) (116) 3,007 (13) 1.Deferred taxrelatedto value adjustment ofrestricted stockunits. Inaddition, DKK440 millionrelatedto current taxhasalsobeen charged to Equity. Thenetcharge to Equityis DKK 85million. 2015 Net deferredtaxasset/(liability) at1January (715) 15 2,668 2,053 1,371 – 5,392 Income/(charge) to the Incomestatement (18) (368) 689 362 363 1,028 Income/(charge) to Other comprehensive income – – 236 8 (331) (87) Income/(charge) toEquity – – – – 356 356 Effect of exchange rateadjustment (32) 16 – 136 (9) 111 Net deferred tax asset/(liability) at 31December (765) (337) 3,593 2,559 1,750 – 6,800 Classi?ed asfollows: Deferredtaxassetat31December 219 186 4,650 2,566 1,897 (2,712) 6,806 Deferredtaxliability at31December (984) (523) (1,057) (7) (147) 2,712 (6) SPECIFICATION OF TAX LOSS CARRY-FORWARDS AT 31DECEMBER DKKmillion 2016 2015 Recognised deferred tax losscarry-forwards 39 34 Unrecognised tax losscarry-forwards 235 243 Classi?ed as follows: Expiry within oneyear 19 – Expiry within two to ?veyears – 7 Expiry after more than ?veyears 216 236

NOVO NORDISK ANNUAL REPORT2016 OPERATING ASSETS ANDLIABILITIES Impairment ofassets Intangible assetswithaninde?nite useful lifeand intangible assetsnotyet available forusearenotsubject toamortisation butaretestedannually for impairment, irrespective of whether there is any indication that they may beimpaired. Assetsthataresubject toamortisation, suchasintangible assetsinuse orwithade?nite useful life, and othernon-currentassetsarereviewedfor impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Factors considered material thatcouldtrigger animpairment testinclude thefollowing: • Development ofacompeting drug • Changes inthelegal framework covering patents, rights and licences • Advances inmedicine and/or technology thataffect themedical treatments • Lower-than-predictedsales • Adverse impact on reputation and/or brandnames • Changes intheeconomic livesofsimilarassets • Relationship to other intangible assets or property, plant andequipment • Changes or anticipated changes in participation rates or reimbursement policies. If the carrying amount of intangible assets exceeds the recoverable amount based ontheexistenceofoneormoreoftheabove indicatorsof impairment, any impairment is measured based on discounted projected cash ?ows. Impairments are reviewed at each reporting date for possible reversal. 74 CONSOLIDATED FINANCIALSTATEMENTS SECTION 3 OPERATING ASSETS ANDLIABILITIES DEVELOPMENT IN OPERATING PROFIT AFTER TAX TONET OPERATING ASSETS Q Net operating assets (average) Q Operating pro?t aftertax • OPAT/NOA (right handscale) 45,000 40,000 35,000 30,000 25,000 20,000 15,000 10,000 5,000 0 2014 2015 2016 DKKmillion % 180 160 140 120 100 80 60 40 20 0 Basis ofpreparation Results for theyear Operating assets andliabilities Capital structure and ?nancing items Otherdisclosures 3.1 INTANGIBLEASSETS Accounting policies Patents and licences, including acquired patents and licences for ongoing research and development projects, are carried at historical cost less accumulated amortisation and anyimpairment loss.Amortisation isbased on the straight-line method over the estimated useful life, which is the shorter of the legal duration and the economic useful life, not exceeding 15 years. The amortisation of patents and licences begins after regulatory approval has beenobtained. Internal development of computer software and other directly attributable development costs related to major IT projects for internal use are recognised as intangible assets if the recognition criteria are met, for example a signi?cant business system where the expenditure leads to the creation of a durable asset. Amortisation is based on the straight-line method over the estimated useful life of 3 –15 years. The amortisation begins when theassetisinthelocation and condition necessary forittobe capable ofoperating inthemanner intended byManagement. Research and development projects Internal research costs are charged in full to the consolidated income statement intheperiodinwhich theyareincurred.Consistentwithindustry practice, internal development costs are also expensed until regulatory approval isobtained orhighly probable; please refertonote2.3. For acquired ongoing research and development projects, the probability effect is re?ected in the cost of the asset, and the probability recognition criteria are therefore always considered satis?ed. As the cost of acquired ongoing researchand development projectscanoften bemeasured reliably, these projects ful?l the capitalisation criteria as intangible assets on acquisition. However, further internal development costs subsequent to acquisition aretreatedinthesame way asotherinternal development costs. Thissectionpresentsdetails ontheoperating assetsthatformthebasis for the activities of Novo Nordisk, and related liabilities. These net assets impact Novo Nordisk’s long-term target for Operating pro?t after tax to net operating assets’ (OPAT/NOA); for ade?nition please refer to p 96. For 2016, OPAT/NOA amounts to 150%, representing an increase of more than 70 percentage points over the last ?ve years. The increase is explained by the low level of acquired intangible assets and a stable operating asset base despite signi?cant business growth. The fact thatNovoNordisk, inline with industry practice, does not capitalise internal development costs also impacts OPAT/NOA. The overall approach to managing operating assets is to retain assets for research, development and production activities under the company’s own control, and, generally, to lease non-core assets related to administration and distribution. This is a key factor in maintaining high quality inthecompany’s products. Furthermore,being able atalltimes to deliver products to customers is a key priority; consequently, the total production capacity re?ects thispriority,and theinventorylevelincludes a level of safetystock. ImpactofrebatesintheUSA Asigni?cant factorinthedevelopment ofnetoperating assetsrelatestothe provision for sales rebates in the USA, presented as Provisions under current liabilities in the Balance sheet. The increase in 2016 re?ects the combined increase in the Managed care and Medicare Part D rebates and is related to contract enhancements and price protection. This is countered by the effect offaster collectionfrompharmacy bene?t managers and authorities.

NOVO NORDISK ANNUAL REPORT2016 CONSOLIDATED FINANCIAL STATEMENTS 75 OPERATING ASSETS ANDLIABILITIES 8,000 7,000 6,000 5,000 4,000 3,000 2,000 1,000 0 8 7 6 5 4 3 2 1 0 2014 2015 2016 DEVELOPMENT IN CAPITALEXPENDITURE QCapitalexpenditure,net • Capitalexpenditure/sales DKKmillion % ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT BY GEOGRAPHICAL AREA2016 Q USA Q Europe Q International Operations Q Region China 69% 25% 4% 2% Capital expenditure in 2016 was primarily related to investments in new production facilities for active pharmaceutical ingredients for diabetes care, newdiabetes care?lling capacity, expansion ofthemanufacturing capacity for biopharmaceutical products and the construction of new research facilities. In August 2014, Novo Nordisk acquired a production plant in New Hampshire, USA. The ambition is that the new facility will increase production capacity for active pharmaceutical ingredients for the biopharmaceuticals portfolio, and itisintended tobeoperational in2018. In May 2015, Novo Nordisk initiated the construction of a new facility in Kalundborg, Denmark, for producing active pharmaceutical ingredients for NovoSeven ® and future products for treating haemophilia. The facility is intended tobeoperational bytheendof2020. In August 2015, Novo Nordisk announced the intention to construct new facilities inClayton, USA,and Måløv, Denmark. The facilities inClayton will produce activepharmaceutical ingredients, and thefacility inMåløv will befortableting and packaging oforalproducts. Thefacilities areintended tobeoperational during 2020. InNovember2015, NovoNordisk initiated theconstruction ofnewinsulin facility in Hillerød, Denmark. The ambition is that the facility will serve as abackup production facility fortheUSmarketand actasalaunch sitefor newinjectable diabetes products. Thefacility isintended tobeoperational during 2019. 3.1 INTANGIBLE ASSETS(CONTINUED) INTANGIBLEASSETS DKKmillion 2016 2015 Patents andlicences 1,591 1,139 Ongoing and developedsoftware 1,123 1,019 Total 2,714 2,158 Additions to intangible assets amounts to DKK 1,199 million related to researchand development projectswithin biopharmaceuticals (DKK1,182 million in 2015 research and development projects within diabetes and obesitycare). In2016, animpairment lossofDKK416 million(DKK243 million in2015) relatedtopatents and licences wasrecognised. Intangible assets not yet in use amount to DKK 1,247 million (DKK 1,261 million in2015), primarilypatents and licences inrelationtoresearchand development projects. Impairment tests in 2016 and 2015 of patents and licences not yet in use are based on Management’s projections and anticipated net present value of estimated future cash ?ows from marketable products. Management has used a pre-tax discount rate (WACC)of7% based ontheriskinherent intherelatedactivity’scurrent business model and industry comparisons. Terminal values used are based on the expected life of products, forecasted life cycle and cash ?ow over thatperiod, and theuseful lifeoftheunderlying assets. AMORTISATION AND IMPAIRMENTLOSSES DKKmillion 2016 2015 Cost of goodssold Sales and distribution costs Research and development costs Administrative expenses Other operating income, net 186 11 427 3 8 127 11 247 0 7 Total amortisation and impairmentlosses 635 392 3.2 PROPERTY, PLANT ANDEQUIPMENT Accountingpolicies Property, plant and equipment is measured at historical cost less accumulated depreciation and any impairment loss. The cost of self- constructed assets includes costs directly and indirectly attributable to the construction of the assets. Subsequent cost is included in the asset’s carrying amount orrecognised asaseparate assetonlywhen itisprobable thatfuture economic bene?ts associated withtheitemwill?ow to Novo Nordisk and the cost of the item can be measured reliably. In general, construction of major investments is self-?nanced and thus no interest on loans iscapitalised aspartofthecost.Depreciationisbased onthestraight- linemethod over theestimated useful livesoftheassets: • Buildings: 12–50years • Plantand machinery: 5–16years • Otherequipment: 3–10years • Land: notdepreciated. The depreciation commences when the asset is available for use, in other wordswhen itisinthelocation and condition necessary forittobecapable ofoperating inthemanner intended byManagement. Theassets’residual values and useful livesarereviewedand adjusted, if appropriate, at the end of each reporting period. If the asset’s carrying amount is higher than its estimated recoverable amount, it is written down totherecoverableamount; please refertonote3.1foradescription of impairment of assets. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, and are recognised in the Incomestatement. Plantand equipment withnoalternative usedeveloped aspartofaresearch and development project is expensed. However, plant and equipment with an alternative useorused forgeneral researchand development purposes iscapitalised and depreciated over itsestimated useful lifeasresearchand development costs.

NOVO NORDISK ANNUAL REPORT2016 OPERATING ASSETS ANDLIABILITIES 76 CONSOLIDATED FINANCIALSTATEMENTS 3.2 PROPERTY, PLANT AND EQUIPMENT(CONTINUED) PROPERTY, PLANT ANDEQUIPMENT Assetsin DKKmillion Landand buildings Plantand machinery Other equipment courseof construction Total 2016 Costatthebeginning oftheyear 18,003 22,035 3,516 7,616 51,170 Additions during theyear 1,434 280 433 4,921 7,068 Disposals during theyear (196) (429) (111) – (736) Transfer from/(to) otheritems 738 1,069 243 (2,050) 0 Effect of exchange rateadjustment 211 210 49 52 522 Costattheendoftheyear 20,190 23,165 4,130 10,539 58,024 Depreciationand impairment lossesatthebeginning oftheyear 7,448 15,900 2,277 – 25,625 Depreciation for theyear 786 1,342 304 – 2,432 Impairment losses for theyear 11 37 78 – 126 Depreciationand impairment lossesreversedondisposals during theyear (174) (392) (104) – (670) Effect of exchange rateadjustment 111 192 29 – 332 Depreciationand impairment lossesattheendoftheyear 8,182 17,079 2,584 – 27,845 Carrying amount attheendoftheyear 12,008 6,086 1,546 10,539 30,179 2015 Costatthebeginning oftheyear 17,391 20,410 3,882 5,801 47,484 Additions during theyear 334 456 222 4,212 5,224 Disposals during theyear (159) (366) (228) – (753) Disposals related to partial divestment ofNNIT A/S (188) (2) (657) – (847) Transfer from/(to) otheritems 658 1,565 264 (2,487) 0 Effect of exchange rateadjustment (33) (28) 33 90 62 Costattheendoftheyear 18,003 22,035 3,516 7,616 51,170 Depreciationand impairment lossesatthebeginning oftheyear 6,933 14,910 2,505 – 24,348 Depreciation for theyear 761 1,381 328 – 2,470 Impairment losses for theyear 8 65 24 – 97 Depreciationand impairment lossesreversedondisposals during theyear (140) (332) (215) – (687) Depreciation reversed related to partial divestment of NNITA/S (61) (2) (387) – (450) Effect of exchange rateadjustment (53) (122) 22 – (153) Depreciationand impairment lossesattheendoftheyear 7,448 15,900 2,277 – 25,625 Carryingamount attheendoftheyear 10,555 6,135 1,239 7,616 25,545 DEPRECIATION AND IMPAIRMENTLOSSES DKKmillion 2016 2015 Cost of goodssold 1,952 2,008 Sales anddistribution costs 51 54 Research and development costs 493 425 Administrative costs 57 53 Other operating income, net 5 27 Totaldepreciation andimpairment losses 2,558 2,567

NOVO NORDISK ANNUAL REPORT2016 CONSOLIDATED FINANCIAL STATEMENTS 77 OPERATING ASSETS ANDLIABILITIES 3.4 TRADERECEIVABLES Accountingpolicies Tradereceivables arerecognised initially atfairvalue and subsequently measured at amortised cost using the effective interest method, less allowance for doubtful tradereceivables. The allowance is deducted from the carrying amount of Trade receivables and the amount of the loss is recognised in the Income statement under Sales and distribution costs.Subsequent recoveriesofamounts previously writtenoff arecreditedagainst Sales and distribution costs. Key accounting estimate of allowancefor doubtful tradereceivables Novo Nordisk's customer base comprises government agencies, wholesalers, retail pharmacies, managed care and other customers. Management makes allowance for doubtful trade receivables in anticipation of estimated losses resulting from the subsequent inability of customers to make required payments. If the ?nancial circumstances of customers were to deteriorate, resulting in an impairment of their ability to make payments, an additional allowance could be required in future periods. When evaluating the adequacy of the allowance for doubtful trade receivables, Management analyses trade receivables and examines historical bad debt, customer concentrations, customer creditworthiness and payment history, current economic trends and changes in customer payment terms. Please refer to note4.2 forageneral description ofcreditrisk. Signi?cant sales to countries within International Operations, and the fact thatmany ofthesecountrieshave lowcreditratings, mean that the relativeimpact ofcountrieswithin International Operationsonthe allowance for doubtful trade receivables is increasing. Instability and sharp currency depreciation are impacting the political climate in Russia and Argentina, and Novo Nordisk is monitoring developments closely. Payment historyaswellascurrenteconomic conditions and indicators aretaken into account inthevaluation oftradereceivables. The increase in trade receivables compared with 2015 is mainly caused by the USA where payment terms for major customers have been extended acrosstheindustry. NovoNordisk has usedatradereceivable programme to partly reduce theimpact. Pleaserefertonote2.2 forageographical splitoftradereceivables and allowance for doubtful trade receivables and note 4.2 for the trade receivableprogramme. TRADERECEIVABLES) DKKmillion 2016 2015 Trade receivables(gross) 21,457 16,651 Allowance for doubtful tradereceivables 1,223 1,166 Trade receivables(net) 20,234 15,485 Trade receivables (net) equals a creditperiod of66days(52daysin2015). Age analysis oftradereceivables –Not yetdue 18,980 14,605 –Overduebybetween 1and 179 days 1,079 880 –Overduebybetween 180 and 360 days 175 0 Trade receivables with credit riskexposure 20,234 15,485 MOVEMENTS IN ALLOWANCEFOR DOUBTFUL TRADERECEIVABLES Carryingamount atthebeginning oftheyear 1,166 995 Con?rmed losses (13) (28 Reversal of allowance for con?rmed losses (9) (26 Allowance for possible losses during theyear 117 257 Effect of exchange rateadjustment (38) (32 Allowanceattheendoftheyear 1,223 1,166 3.3 INVENTORIES Accountingpolicies Inventories arestated atthelowerofcostand netrealisable value. Cost isdetermined using the?rst-in,?rst-outmethod. Costcomprisesdirect production costssuchasrawmaterials, consumables and labour aswellas indirect production costs. Production costs for work in progress and ?nished goods include indirect production costs such as employee costs, depreciation, maintenance etc. If the expected sales price less completion costs to execute sales (net realisable value) is lower than the carrying amount, a write-down is recognised fortheamount bywhich thecarrying amount exceedsitsnet realisable value. Inventory manufactured prior to regulatory approval (pre-launch inventory) is capitalised but immediately provided for, until there is a high probability of regulatory approval for the product. Before that point, a write-down is made against the carrying amount of inventory at its recoverable amount and recorded as research and development costs. Once there is a high probability ofregulatory approval being obtained, thewrite-downrecorded isreversed,uptonomorethan theoriginal cost. Key accounting estimate of indirectproduction costscapitalised Indirect production costs account for 50% of the net inventory value, re?ecting a lengthy production process compared with low direct raw material costs. The production of both Diabetes and obesity care and Biopharmaceutical products is highly complex from fermentation to puri?cation and formulation, including quality control of all production processes. Furthermore, the process is very sensitive to manufacturing conditions. These factors all in?uence the parameters for capitalisation of indirectproduction costsatNovoNordisk and thefull costoftheproducts. Indirect production costs are measured using a standard cost method, which is reviewed regularly to ensure relevant measures of capacity utilisation, production lead time, cost base and other relevant factors, hence inventory is valued at actual cost. When calculating total inventory, Management must make certain judgements about cost of production, standard cost variances and idle capacity in estimating indirect production costs for capitalisation. Changes in the parameters for calculation of indirect production

costs could have an impact on the gross margin and the overall valuation ofinventories. INVENTORIES)))) DKKmillion 2016 2015 Rawmaterials 2,285 2,020 Work inprogress 9,379 8,549 Finishedgoods 4,035 3,608 Total inventories(gross) 15,699 14,177 Inventory write-downs atyear-end 1,358 1,419 Total inventories(net) 14,341 12,758 Indirect production costs includedin work in progress and?nished goods 7,103 6,436 Share oftotal inventories (net) 50% 50% MOVEMENTS ININVENTORY WRITE-DOWNS Inventorywrite-downsatthebeginning oftheyear 1,419 1,165 Inventory write-downs during theyear 861 978 Utilisation of inventorywrite-downs (672) (472 Reversal of inventorywrite-downs (250) (252 Inventorywrite-downsattheendoftheyear 1,358 1,419 Allwrite-downsinboth2015 and 2016 relatetofully impaired inventory.

NOVO NORDISK ANNUAL REPORT2016 OPERATING ASSETS ANDLIABILITIES Actuarial gains and lossesarising fromexperienceadjustments and changes in actuarial assumptions are charged or credited to Other comprehensive income in the period in which they arise. Past service costs are recognised immediately in the Incomestatement. Pension plan assetsareonlyrecognised totheextentthatNovoNordisk is able to derive future economic bene?ts such as refunds from the plan or reductions of future contributions. Novo Nordisk manages the allocation and investment of pension plan assets with the purpose of meeting the long-termobjectives. Themain objectivesaretomeetpresentand future bene?t obligations, provide suf?cient liquidity to meet such payment requirements, and provide a total return that maximises the ratio of the plan assets to the plan liabilities by maximising return on the assets at an appropriate level ofrisk. The Group's de?ned bene?t plans are pension plans and medical plans and are usually funded by payments from Group companies and by employees tofunds independent ofNovoNordisk.Where aplan isunfunded, aliability fortheretirementbene?t obligation isrecognised intheBalance sheet. Costs recognised for retirement bene?ts are included in Cost of goods sold, Sales and distribution costs,Researchand development costs,and Administrative costs. The netobligation recognised intheBalance sheetisreportedasnon-currentliabilities. 78 CONSOLIDATED FINANCIALSTATEMENTS 3.5 RETIREMENT BENEFITOBLIGATIONS Accounting policies De?ned contribution plans Novo Nordiskoperates anumber ofde?ned contribution plans throughout the world. These plans are externally funded in entities that are legally separate from the Group. Novo Nordisk's contributions to the de?ned contribution plans are charged to the Income statement in the year to which theyrelate. De?ned bene?tplans Inafew countries, Novo Nordiskstilloperates de?ned bene?t plans. The de?ned bene?t plans for Germany cover all employees employed before November2003. Obligations relating toemployees employed after 2003 arecoveredbyade?ned contribution plan. InSwitzerland, theemployee pension scheme is set up as a combined de?ned bene?t and de?ned contribution plan, andis mandatory. InGermany and Switzerland, thede?ned bene?t plans arereimbursed by theinternational insurerAllianz regardless of thevalue of theplan assets. Theriskrelated totheplan assets inthesecountries isthereforelimited to counterparty riskagainst Allianz. Theplan inJapan coversallemployees and issetupasacombined de?ned bene?t and de?ned contribution plan. Theplan intheUSAisstructuredas a post-retirement healthcare plan covering all employees. From 2012, this plan was frozen such that it no longer credited future service or admitted new participants and a new de?ned contribution plan was established covering all employees in USA. Recognition of de?ned bene?t plans The costs for the year for de?ned bene?t plans are determined using the projected unit credit method. This re?ects services rendered by employees to the valuation dates and is based on actuarial assumptions primarily regarding discount rates used in determining the present value of bene?ts and projected rates of remuneration growth. Discount rates are based on themarket yieldsofhigh-rated corporatebonds inthecountryconcerned. RETIREMENT BENEFITOBLIGATIONS DKKmillion Germany Switzerland Japan USA Other 2016 Total 2015 Total Atthebeginning oftheyear 763 344 370 433 358 2,268 1,975 Current servicecosts 27 37 31 24 38 157 148 Past service costs andsettlements – (34) – – (15) (49) (46) Interestcosts 18 3 4 18 8 51 47 Remeasurement (gains)/losses 1 145 5 15 – 35 200 44 Plan participant contributionsetc – 11 – – 5 16 25 Bene?ts paidto employees (5) (17) (23) (11) (11) (67) (34) Effect of exchange rateadjustment (3) 1 23 14 – 35 109 Attheendoftheyear 945 350 420 478 418 2,611 2 2,268 2 FAIR VALUE OF PLAN ASSETS Atthebeginning oftheyear 472 223 296 – 91 1,082 944 Interestincome 12 2 3 – 3 20 20 Settlements – – – – (6) (6) (22) Remeasurement gains/(losses) 1 (3) – (2) – – (5) 7 Employercontributions 23 26 26 11 16 102 96 Plan participant contributionsetc – 11 – – 5 16 22 Bene?ts paidto employees (5) (17) (23) (11) (11) (67) (34) Effect of exchange rateadjustment (2) 1 19 – – 18 49 Attheendoftheyear 497 246 319 – 98 1,160 1,082 Net retirement bene?t obligations attheendoftheyear 448 104 101 478 320 1,451 1,186 1.Netremeasurement ofDKK205 million(DKK37millionin2015) primarilyrelatedto changes in?nancial assumptions, is included inOthercomprehensive income. 2.Thepresentvalue ofpartlyfunded retirementbene?t obligations amounts to DKK1,887 million(DKK1,711 millionin2015). Thepresentvalue ofunfunded retirementbene?t obligations amounts to DKK 724 million (DKK 557 million in2015).

NOVO NORDISK ANNUAL REPORT2016OPERATING ASSETS ANDLIABILITIES 3.5 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED) Pleaserefertonote5.3 foramaturity analysis ofthenetretirementbene?t obligation. Novo Nordisk does not expect the contributions over the next ?ve years to differ signi?cantly from currentcontributions. Actuarial valuations are performed annually for all major de?ned bene?t plans. Assumptions regarding future mortalityarebased onactuarial advice inaccordance withpublished statisticsand experienceineach country. Other assumptions suchasmedical costtrendrateand in?ation arealso considered in thecalculation. Signi?cant actuarial assumptions for the determination of the retirement bene?t obligation (not considering plan assets) are discount rate and expected future remuneration increases. Thesensitivityanalysis below has been determined based on reasonably likely changes in the assumptions occurring attheendoftheperiod. 1%-point 1%-point DKKmillion increase decrease Discount rate(decrease)/increase (404) 509 Future remuneration (decrease)/increase 106 (94) Thesensitivities above considerthesingle change shown withtheother assumptions assumed to be unchanged. In practice, changes in one assumption may be accompanied by offsetting changes in another assumption, although thisisnotalways thecase. 3.6 PROVISIONS AND CONTINGENT LIABILITIES Accountingpolicies Provisions for sales rebates and discounts granted to government agencies, wholesalers, retail pharmacies, managed care and othercustomers are recorded at the time the related revenues are recorded or when the incentives are offered. Provisions are calculated based on historical experience and the speci?c terms in the individual agreements. Unsettled rebates are recognised as Provisions when the timing or amount is uncertain. Where absolute amounts are known, the rebates are recognised as Other liabilities. Please refer to note 2.1 for further information on sales rebates andprovisions. PROVISIONS)) DKKmillion Provisions forsales rebates Provisions forlegal disputes Provisions forproduct returns Other provisions 1 2016 Total 2015 Tota l Atthebeginning oftheyear 16,508 1,397 803 1,116 19,824 13,631 Additional provisions, including increases to existingprovisions 56,954 963 323 448 58,688 46,618 Amount usedduring theyear (53,217) (53) (416) (305) (53,991) (41,721 Adjustments, including unused amounts reversed duringthe year (822) (428) 56 (97) (1,291) (56 Effect of exchange rateadjustment 548 36 1 16 601 1,352 Attheendoftheyear 19,971 1,915 767 1,178 23,831 19,824 Non-currentliabilities – 1,915 460 995 3,370 2,765 Currentliabilities 19,971 – 307 183 20,461 17,059 1. Other provisions consist of various types of provision, including employee bene?ts such as jubilee bene?ts, company -owned life insurance etc. Assets related to company-owned life insurance are presented as part of Other ?nancial assets. Fornon-currentliabilities, provisionsforproductreturnswillbeutilised in2017 and 2018 and otherprovisionswillbeutilised in2017. Inthecaseofprovisions forlegal disputes, thetimeofsettlement cannot bedetermined. CONSOLIDATED FINANCIAL STATEMENTS 79 Provisions for legal disputes are recognised where a legal or constructive obligation has been incurred as a result of past events and it is probable that there will be an out?ow of resources that can be reliably estimated. In thiscase, NovoNordisk arrivesatan estimate based onanevaluation ofthe most likely outcome. Disputes for which no reliable estimate can be made are disclosed as contingent liabilities. Novo Nordisk issues credit notes for expired goods as a part of normal business. Where there is historical experience or a reasonably accurate estimate ofexpected future returnscanotherwisebemade, aprovisionfor estimated product returns is recorded. The provision is measured at gross salesvalue. Provisionsaremeasured atthepresentvalue oftheanticipated expenditure for settlement of the legal or constructive obligation using a pre-tax discount rate that re?ects current market assessments of the time value of money and the risks speci?c to the obligation. The increase in the provision duetothepassage oftimeisrecognised asa?nancial expense. Key accounting estimate regarding ongoing legal disputes, litigations andinvestigations Provisionsforlegal disputes consistofvarioustypesofprovisionlinked to ongoing legal disputes. Management makes judgements about provisions and contingencies, including the probability of pending and potential future litigation outcomes, which, by their very nature, are dependent on inherently uncertain future events. When determining likely outcomes of litigations etc, Management considers the input of external counsels on each case, aswellasknown outcomes incaselaw. Although Management believes that the total provisions for legal proceedings are adequate based on currently available information, there canbenoassurance thattherewillnotbeanychanges infacts ormatters, or that any future lawsuits, claims, proceedings or investigations will not bematerial.

NOVO NORDISK ANNUAL REPORT2016 OPERATING ASSETS ANDLIABILITIES 80 CONSOLIDATED FINANCIALSTATEMENTS 3.6 PROVISIONS AND CONTINGENT LIABILITIES(CONTINUED) Contingent liabilities Novo Nordisk is currently involved in pending litigations, claims and investigations arising out of the normal conduct of its business. While provisions that Management deems to be reasonable and appropriate have been made for probable losses, there are uncertainties connected with these estimates. Novo Nordisk does not expect the pending litigations, claims and investigations, individually and in the aggregate, to have a material impact on Novo Nordisk's ?nancial position, operating pro?t or cash ?ow inaddition totheamounts accrued asprovisionforlegal disputes. Pending litigation against NovoNordisk As of 31 January 2017, Novo Nordisk, along with the majority of incretin-based product manufacturers in the USA, is a defendant in product liability lawsuits related to use of incretin-based medications. To date, 224 plaintiffs have named Novo Nordisk in product liability lawsuits, predominantly claiming damages forpancreatic cancerthatallegedly developed as a result of using Victoza ® and other GLP-1/DPP-IV products. 149 of the NovoNordisk plaintiffs have alsonamed otherdefendants intheirlawsuits. MostNovoNordiskplaintiffs have ?led suitinCalifornia federal and statecourts. In November 2015, the California federal and state courts overseeing the vast majority of cases in the incretin-based products liability litigation issued anorder granting thedefendants' motion forsummary judgment on federal pre-emptioninallpancreatic cancercasesbeforethosecourtsas ofmid-Q42015. Asaresultoftheserulings, 219 ofthepancreatic cancer claims naming NovoNordisk have been dismissed orstayed pending the outcome of an appeal. Currently, Novo Nordisk does not have any individual trials scheduled in 2017. Novo Nordisk does not expect the pending litigations tohave amaterial impact onNovoNordisk's ?nancial position, operating pro?t or cash?ow. On 11 January 2017, a class action lawsuit was ?led against Novo Nordisk, former CEO Lars Rebien Sørensen and CFO Jesper Brandgaard in the United States District Court for the District of New Jersey by the Lehigh County Employees' Retirement System on behalf of all purchasers of Novo Nordisk American Depository Receipts (ADRs) between April 2015 and October 2016. The lawsuit alleges that Novo Nordisk colluded with other insulin manufacturers to increase drug prices, arti?cially in?ated its?nancial results and made materially misleading statements to potential investors. Subsequently, two other class action lawsuits were ?led against Novo Nordisk, former CEO Lars Rebien Sørensen and CFO Jesper Brandgaard, in the same court. These lawsuits contain broadly similar allegations asthelawsuit ?led on11January 2017. NovoNordisk doesnot expectthelitigation tohave amaterial impact onNovo Nordisk's?nancial position, operating pro?t or cash?ow. or cash?ow. Pending claimsagainst NovoNordisk andinvestigations involving Novo Nordisk In February 2011, the U.S. Attorney's Of?ce for the District of Massachusetts served Novo Nordisk with a subpoena calling for the production of documents regarding potential civil and criminal offences relating to the company's marketing and promotional practices for the following products: NovoLog ® , Levemir ® and Victoza ® . This matter is being conducted by the US Attorney for the District of Columbia. Novo Nordisk continues to cooperate with the US Attorney in thisinvestigation. Novo Nordiskdoesnotexpecttheinvestigation tohave amaterial impact onNovo Nordisk's?nancial position, operating pro?t orcash ?ow. In November 2014 and March 2016, the Washington State Attorney General's Of?ce served Novo Nordisk with two Civil Investigative Demands calling fortheproduction ofdocuments and information regarding Novo Nordisk's haemophilia-related patient support programme, SevenSECURE ® , as well as information relating to the marketing and promotion of NovoSeven ® RT. Novo Nordisk continues to cooperate with the Washington State Attorney in this investigation. Novo Nordisk does notexpecttheinvestigation tohave amaterial impact onNovo Nordisk's ?nancial position, operating pro?t or cash ?ow. In March 2016, the United States Department of Justice ('DOJ') served Novo Nordisk with a Civil Investigative Demand calling for the production of documents and information regarding Novo Nordisk's haemophilia - related patient support programmes, as well as information relating to the marketing and promotion of NovoSeven ® RT. The investigation is being conducted by DOJ in conjunction with the U.S. Attorney's Of?ce for the Western District of Oklahoma. Novo Nordisk continues to cooperate with DOJand theU.S.Attorneys'Of?ce inthisinvestigation. NovoNordisk does not expect the investigation to have a material impact on Novo Nordisk's ?nancial position, operating pro?t or cash ?ow. InMarch 2016, theU.S.Attorney'sOf?ce fortheSouthern District ofNew YorkservedNovo NordiskwithaCivilInvestigative Demand calling for the production of documents and information regarding Novo Nordisk's contracts and business relationships with pharmacy bene?ts managers (PBMs) concerning NovoLog ® , Novolin ® and Levemir ® . Novo Nordisk continues to cooperate with the U.S. Attorney's Of?ce for the Southern District of New York in this investigation.

Novo Nordisk does not expect the investigation tohave amaterial impact onNovo Nordisk's?nancial position, operating pro?t or cash?ow. On 18 January 2017, the Minnesota State Attorney General's of?ce served NovoNordisk withaCivilInvestigative Demand calling fortheproduction of documents and information relating topricing and tradepracticesfor Novo Nordisk's long acting insulin products, including Levemir ® and Tresiba ® ,from1January 2008 untilnow. NovoNordisk iscooperating with the Minnesota Attorney General in this investigation. Novo Nordisk does not expect the investigation to have a material impact on Novo Nordisk's ?nancial position, operating pro?t or cash ?ow. Inaddition totheabove, theNovo NordiskGroupisengaged incertain litigation proceedings and variousongoing audits and investigations. In the opinion of Management, neither settlement or continuation of such proceedings nor such pending audits and investigations are expected to have amaterial effect onNovo Nordisk's?nancial position, operating pro?t or cash?ow. 3.7 OTHERLIABILITIES OTHERLIABILITIES On30January 2017, aclassaction lawsuit was ?led against NovoNordisk, EliLilly and Sano? intheUnitedStates DistrictCourt fortheDistrictof DKKmillion 2016 2015 Massachusetts onbehalf ofaU.S.classofpurchasers ofinsulin products, whoallege thattheirout-of-pocket costsforinsulin products(Novolog ® Employee costspayable 5,068 4,545 and Levemir ® for Novo Nordisk) were based on arti?cially in?ated Accruals 4,911 4,285 benchmark prices. The lawsuit alleges that insulin manufacturers, including Sales rebatespayable 1,718 1,555 Novo Nordisk, negotiated signi?cantly discounted prices withPharmacy VAT and dutiespayable 1,072 896 Bene?t Managers attheexpenseoftheclassmembers, and concealed the Payables regarding clinicaltrials 324 532 existenceoftheserebates. NovoNordisk doesnotexpectthelitigation to Amount owed to associatedcompany 245 259 have amaterial impact onNovo Nordisk's?nancial position, operating pro?t Otherpayables 843 583 Total otherliabilities 14,181 12,655

NOVO NORDISK ANNUAL REPORT2016 CONSOLIDATED FINANCIAL STATEMENTS 81 CAPITAL STRUCTURE AND FINANCIALITEMS 2014 2015 2016 CASHDISTRIBUTIONTOSHAREHOLDERS Share repurchases in the calendar year Interim dividend for2016 Dividend for prior year • Payout ratio (right hand scale) DKKbillion Dividends are allocated to the year ofpayment. 0 8 16 24 32 40 0 10 20 30 40 % 50 SECTION 4 CAPITAL STRUCTURE AND FINANCINGITEMS Basis ofpreparation Resultsfortheyear Operating assets andliabilities Capital structure and ?nancing items Other disclosures 4.1 SHARE CAPITAL, DISTRIBUTION TO SHAREHOLDERS AND EARNINGS PERSHARE SHARECAPITAL DKKmillion Ashare capital Bshare capital Totalshare capital Development in sharecapital: Share capital2012 107 453 560 Cancelled in 2013 – (10) (10) Cancelled in 2014 – (20) (20) Cancelled in 2015 – (10) (10) Sharecapital atthebeginning oftheyear 107 413 520 Cancelled in 2016 – (10) (10) Sharecapital attheendoftheyear 107 403 510 Attheendof2016, thesharecapital amounted toDKK107 million inAsharecapital and DKK403 millioninBsharecapital (equal to2,013 million Bshares of DKK0.20). This section provides an insight into Novo Nordisk's capital structure, earnings pershare, freecash ?ow and ?nancing items. Thefreecash ?ow impacts Novo Nordisk's long-term target for 'Cash to earnings (three-year average)'. Cashtoearnings isde?ned as free cash ?ow asapercentage ofnetpro?t'. Free cash ?ow isthecash amount generated thatisavailable for future investments in Novo Nordisk and distribution to shareholders without consuming prior years'cash creationretained inthecompany. Novo Nordiskhasalowdebt-to-equity ratiore?ecting growth based onlimited debt?nancing. Furtherinformation onthecompany's capital structurecan befound in Sharesand capital structure'onpp44–45. Management asseses that the main ?nancial risk is foreign exchange exposure,whereNovoNordisk aims toreducetheshort-termimpact from movements inkeycurrenciesbyhedging future cash ?ows. Notes 4.2 and 4.3 include more information in thisrespect. Cashdistribution toshareholders InAugust 2016, NovoNordisk introduced aninterimdividend resulting in ahigher cash payment in2016. Thenetcash distribution toshareholders in the form of dividends and share repurchases amounts to DKK 38.9 billion, compared with free cash ?ow of DKK 40.0 billion. This is in line with the guiding principle of paying out excess capital to investors after funding organic growth and potentialacquisitions.

NOVO NORDISK ANNUAL REPORT2016 CAPITAL STRUCTURE AND FINANCIALITEMS 82 CONSOLIDATED FINANCIALSTATEMENTS 4.1 SHARE CAPITAL, DISTRIBUTION TO SHAREHOLDERS AND EARNINGS PER SHARE (CONTINUED) TREASURYSHARES Accountingpolicies Treasurysharesarededucted fromthesharecapital oncancellation attheirnominal value ofDKK0.20 pershare. Differences between thisamount and the amount paid toacquire orreceivedfordisposing oftreasurysharesarededucted directlyinEquity.))) 2016 2015 Numberof Numberof As %of share As %of share Bshares Bshares Marketvalue capitalbefore capitalafter of DKK0.20 of DKK0.20 DKKmillion cancellation cancellation (million) (million) Holding atthebeginning oftheyear 20,862 2.0% 52 57 Cancellation of treasuryshares (19,995) (1.9%) (50) (50 Holding of treasury shares, adjusted forcancellation 867 0.1% 0.1% 2 7 Transfer regarding restricted stockunits (1,760) (0.2%) (4) (1 Purchase during theyear 15,057 1.9% 48 48 Sale during theyear – – – (2 Valueadjustment (2,533) – – – Holdingattheendoftheyear 11,631 1.8% 46 52 Treasury shares are primarily acquired to reduce the company's share capital. In addition, a limited part is used to ?nance Novo Nordisk's long-term share-based incentive programme (restricted stock units) and restricted stock units toemployees. NovoNordisk'sguiding principle isthat anyexcesscapital, after thefunding oforganic growth opportunities and potential acquisitions, should bereturnedto investors. NovoNordiskapplies apharmaceutical industrypayout ratioto dividend payments, which arecomplemented byshareрepurchase programmes. The purchase oftreasurysharesduring theyearrelatestotheremaining partofthe2015 shareрepurchase programme totalling DKK1.6billion and the DKK15billion shareрepurchase programme ofNovoNordiskBsharesfor2016, ofwhich DKK1.5billion isoutstanding atyear-end.The programme ends on 31January 2017. Transferoftreasurysharesrelatesto thelong-termshare-based incentive programme and restricted stockunitsto employees. The holding of treasury shares amounts to 45,667,252 shares of DKK 0.20 at year-end, corresponding to DKK 9 million of the share capital (52,168,703 shares and DKK 10 million of the share capital in 2015). At year-end, 4.6 million shares of the holding of treasury B shares are regarded as hedges for the long-term share-based incentive programme and restricted stock units toemployees. CASHDISTRIBUTION TO SHAREHOLDERS DKKmillion 2016 2015 2014 Interim dividend for theyear 7,600 – – Dividend for prioryear 16,230 12,905 11,866 Share repurchases for the calendar year 15,057 17,196 14,667 Total 38,887 30,101 26,533 The total dividend for 2016 amounts to DKK 19,048 million (DKK 7.60 per share). At the end of 2016, ?nal dividend of DKK 11,448 million (DKK 4.60 per share) is included in Retained earnings. The interim dividend of DKK 7,600 million (DKK 3.00 per share) was paid in August 2016. The declared dividend for 2015 included inRetained earnings was DKK16,230 million (DKK6.40 pershare)which was paid inMarch 2016. Nodividend isdeclared ontreasuryshares. EARNINGS PERSHARE Accountingpolicies Earnings pershareispresented asboth basic and diluted earnings pershare.Basicearnings pershareiscalculated asnetpro?t divided bytheaverage number ofsharesoutstanding .Dilutedearnings pershareiscalculated asnetpro?t divided bythesum ofaverage number ofsharesoutstanding, including thedilutive effect oftheoutstanding jointsharepool.Please referto'Financial de?nitions' onp96foradescription ofthecalculation ofthedilutive effect. DKKmillion 2016 2015 2014 Net pro?t for theyear 37,925 34,860 26,481 Average number of shares outstanding Dilutive effect of outstanding joint share pool 1 in 1,000shares in 1,000shares 2,529,945 4,784 2,571,219 6,479 2,621,226 8,992 Average number ofsharesoutstanding, including dilutive effect of outstanding jointsharepool in 1,000shares 2,534,729 2,577,698 2,630,218 Basic earnings per share Diluted earnings pershare DK K DK K 14.99 14.96 13.56 13.52 10.10 10.07 1. For further information on the outstanding joint share pool, please refer to note5.1.

NOVO NORDISK ANNUAL REPORT2016 CONSOLIDATED FINANCIAL STATEMENTS 83 CAPITAL STRUCTURE AND FINANCIALITEMS 4.2 FINANCIALRISKS Novo Nordisk has centralised management of the Group's ?nancial risks. The overall objectives and policies for the company's ?nancial risk management are outlined in an internal Treasury Policy, which is approved by the Board of Directors. The Treasury Policy consists of the Foreign Exchange Policy, the Investment Policy, the Financing Policy and the Policy regarding Credit RiskonFinancial Counterparts, and includes adescription ofpermitted useof?nancial instruments and risklimits. Novo Nordisk only hedges commercial exposures and consequently does not enter into derivative transactions for trading or speculative purposes. Novo Nordisk uses a fully integrated Treasury Management System to manage all?nancial positions. Allpositions aremarked-to-marketbased on real-timequotes, and riskisassessed using generally accepted standards. Foreign exchangerisk Foreign exchange riskistheprincipal ?nancial riskforNovo Nordiskand as such has a signi?cant impact on the Income statement, Other comprehensive income, Balance sheetand Statement ofcash ?ows. The overallobjectiveofforeign exchange risk management istoreducethe short-term negative impact of exchange rate ?uctuations on earnings and cash ?ow, therebyincreasing thepredictability ofthe?nancial results. The majority of Novo Nordisk's sales are in USD, EUR, CNY, JPY, GBP and CAD. The foreign exchange risk is most signi?cant in USD, CNY and JPY, while theEURexchange rateriskisregarded aslowbecause ofDenmark's ?xed-rate policy towardsEUR. NovoNordisk hedges existing assetsand liabilities inkeycurrenciesaswell asfuture expected cash ?ows uptoamaximum of24months forward. Hedge accounting isapplied tomatch theimpact ofthehedged itemand thehedging instrument intheconsolidated income statement. Management has chosen toclassify theresultofhedging activities aspart of ?nancial items. During 2016, the hedging horizon varied between 9 and 14 months for USD,CNY,JPY,GBP and CAD.Currencyhedging isbased onexpectations offuture exchange ratesand mainly usesforeign exchange forwards and foreign exchange optionsmatching theduedates ofthehedged items. Expected cash ?ows are continually assessed using historical in?ows, budgets and monthly sales forecasts. Hedge effectiveness is assessed on a regularbasis. The?nancial contractsexistingatyear-endcovertheexpected future cash ?ow forthefollowing number ofmonths: 2016 2015 USD 12months 11months CNY 1 9months 11months JPY 14months 12months GBP 12months 12months CAD 11months 11months 1.Chinese yuan traded offshore (CNH)isusedasaproxywhen hedging NovoNordisk's CNY currencyexposure. KEYCURRENCIES) Exchange rate DKK per100 2016 2015 2014 USD Average 673 673 562 Year-end 706 683 612 Year-endchange 3.4% 11.6% 13.1% CNY Average 101 107 91 Year-end 102 105 99 Year-endchange (2.9%) 6.1% 11.2% JPY Average 6.21 5.56 5.32 Year-end 6.03 5.67 5.12 Year-endchange 6.3% 10.7% (0.4% GBP Average 911 1,028 925 Year-end 869 1,011 952 Year-endchange (14.0%) 6.2% 6.7% CAD Average 508 527 509 Year-end 524 492 527 Year-endchange 6.5% (6.6%) 4.4% Foreign exchange sensitivityanalysis: A5% increase/decrease inthefollowing currencieswould impact Novo Nordisk'soperating pro?t asoutlined inthetable below: DKKmillion Estimatedfor 2017 2016 USD 2,100 2,000 CNY 320 300 JPY 200 150 GBP 90 85 CAD 80 70

NOVO NORDISK ANNUAL REPORT2016 CAPITAL STRUCTURE AND FINANCIALITEMS 84 CONSOLIDATED FINANCIALSTATEMENTS 4.2 FINANCIAL RISKS(CONTINUED) At year-end, a 5% increase/decrease in all other currencies versus EUR and DKKwould affect thehedging instruments' impact onOther comprehensive DKKmillion 5% increase 5% decrease inallother inallother currenciesagainst currenciesagainst DKKand EUR DKK and EUR 2016 Other comprehensive income Incomestatement (2,477) 94 2,478 (89) Total (2,383) 2,389 2015 Other comprehensive income (2,135) 2,250 Incomestatement 74 (96) Total (2,061) 2,154 Theforeign exchange sensitivity analysis compriseseffects fromtheGroup's cash, Trade receivables and Trade payables, current and non-current loans, current and non-current ?nancial investments, foreign exchange forwards and foreign exchange options at year-end 2016. Anticipated currency transactions, investments andnon-current assets are not included. Interest raterisk Changes ininterestratesaffect Novo Nordisk's?nancial instruments. Atthe end of 2016, a 1 percentage point increase in the interest rate level would, all else being equal, result in a decrease in the fair value of Novo Nordisk's ?nancial instruments ofDKK3million (adecreaseinthefairvalue of DKK 22 million in2015). The ?nancial instruments included in the sensitivity analysis consist of marketable securities and non-current loans. Foreign exchange forwards and foreign exchange options are not included because of the limited effect thataparallel shiftininterestratesinallcurrencieswould have on theseinstruments. Liquidityrisk The liquidity risk is considered to be low, and Novo Nordisk has no debt ?nancing. Novo Nordisk ensures the availability of the required liquidity through a combination of cash management, highly liquid investment portfolios and uncommitted aswellascommitted facilities. NovoNordisk usescash poolsforoptimisation and centralisation ofcash management. Creditrisk Credit risk arises from the possibility that transactional counterparties may default ontheirobligations, causing ?nancial lossesfortheGroup. Novo Nordisk considers its maximum credit risk on ?nancial counterparties to be DKK 21,228 million (2015: DKK 20,769 million). Inaddition, Novo Nordisk considers its maximum credit risk on Trade receivables, Other receivables less prepayments and Other ?nancial assets to be DKK 22,974 million (2015: DKK 18,202 million). Please refer to note 4.7 for details of the Group's total ?nancial assets. To manage credit risk on ?nancial counterparties, Novo Nordisk only enters into derivative ?nancial contracts and money market deposits with ?nancial counterparties possessing a satisfactory long-term credit rating from two out of the three selected ratings agencies: Standard and Poor's, Moody's and Fitch.Furthermore,maximum creditlinesde?ned foreach counterparty diversify the overall counterparty risk. The credit risk on bonds islimited, asinvestments aremade inhighly liquid bonds withsolidcreditratings. The table below shows Novo Nordisk's credit exposure on cash, ?xed-income marketable securities and ?nancial derivatives. Credit exposure on Cash at bank and on hand, Marketable securities and Derivative ?nancial instruments (marketvalue) Cashat bankand Marketable Derivative ?nancial income and theIncomestatement asoutlined inthetable below: DKKmillion onhand securities 1 instruments Total 2016 AAA-range 2,007 2,007 AA-range 12,442 309 12,751 A-range 5,971 220 6,191 BBB-range Not rated or belowBBB-range 83 194 2 83 196 Total 18,690 2,009 529 21,228 2015 AAA-range 1,027 1,027 AA-range 6,797 2,513 133 9,443 A-range 9,959 171 10,130 BBB-range Not ratedor 101 101 belowBBB-range 66 2 68 Total 16,923 3,542 304 20,769 1.Netyieldonthebond portfoliois–0.05% (–0.10% in2015). Novo Nordisk has no signi?cant concentration of credit risk related to Trade receivables or Other receivables and prepayments, as the exposure is spread over alarge number ofcounterparties and customers. NovoNordisk continues to monitor the credit exposure in Region International Operations due to the increasing sales and low credit ratings of many countries in this region. Trade receivableprogrammes Novo Nordisk's subsidiaries in Japan and USA employ trade receivable programmes wheretradereceivables aresoldonafull non-recoursetermto optimise workingcapital. At year-end, the Group had derecognised receivables without recourse having duedates after 31Decemberamounting to: DKKmillion 2016 2015 2014 Japan 2,259 1,899 1,669 USA 2,754 945 0 In addition, full non-recourse off-balance sheet factoring arrangement programmes are occasionally applied by Novo Nordisk af?liates around the world,withlimited impact ontheGroup'stradereceivables. Please refertonote2.2 forthesplitofallowance fortradereceivables by geographical segment.

NOVO NORDISK ANNUAL REPORT2016CAPITAL STRUCTURE AND FINANCIALITEMS CONSOLIDATED FINANCIAL STATEMENTS 85 Cash ?owhedges Value adjustments of the effective part of cash ?ow hedges are recognised directly in Other comprehensive income. The cumulative value adjustment of these contracts is transferred from Other comprehensive income to the Income statement under Financial income or Financial expenses when the hedged transaction isrecognised intheIncomestatement. Foroptions, this cumulative value adjustment isre?ected inthevalue oftheoption. Discontinuance of cash ?owhedging When a hedging instrument expires or is sold, or when a hedge no longer meetsthecriteriaforhedge accounting, anycumulative gain orlossexisting in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Income statement underFinancial income orFinancial expenses. Fair valuedetermination Thefairvalue ofderivative ?nancial instruments ismeasured onthebasis of quoted marketpricesof?nancial instruments traded inactivemarkets. Ifan active market exists, the fair value is based on the most recently observed marketpriceattheendofthereportingperiod. Ifa?nancial instrument isquoted inamarketthatisnotactive, Novo Nordisk bases its valuation on the most recent transaction price. Adjustment is made for subsequent changes in market conditions, for instance byincluding transactions insimilar?nancial instruments assumed to be motivated by normal business considerations. If an active market does not exist, the fair value of standard and simple ?nancial instruments, suchasforeign exchange forward contracts, interest rateswaps, currencyswaps and unlisted bonds, ismeasured according to generally accepted valuation techniques. Market -based parameters are usedtomeasure thefairvalue. 4.3 DERIVATIVE FINANCIALINSTRUMENTS Accountingpolicies Use of derivative ?nancialinstruments Thederivative ?nancial instruments areusedtomanage theexposureto market risk. None ofthe derivatives are held for trading. NovoNordiskuses forward exchange contracts and currencyoptions to hedge forecast transactions, assets and liabilities.Theoverallpolicyisto hedge approximately 75%oftotalcurrencyexposure. Currently,netinvestments inforeign subsidiaries arenothedged. Initial recognition and measurement On initiation of the contract, Novo Nordisk designates each derivative ?nancial contractthatquali?es forhedge accounting asoneof: • hedges ofthefairvalue ofarecognised assetorliability (fairvalue hedge) • hedges ofthefairvalue ofaforecast?nancial transaction (cash?ow hedge). Allcontractsareinitially recognised atfairvalue and subsequently remeasured atfairvalue attheendofthereportingperiod. Gains and losses on currency options that do not meet the criteria for hedge accounting arerecognised directlyintheIncomestatement under Financial income or Financialexpenses. Fair valuehedges Value adjustments of fair value hedges are recognised in the Income statement along withanyvalue adjustments ofthehedged assetorliability that are attributable to the hedged risk. HEDGINGACTIVITIES DKKmillion Contract amount atyear-end at 2016 Positive fair value year-end at Negative fair value year-end Contract amount atyear-end at 2015 Positive fair value year-end at Negative fairvalue year-end Forward contractsUSD 36,579 16 2,081 34,279 85 819 Forward contracts CNH, JPY, GBP and othercurrencies 10,070 199 110 7,351 117 92 Forward contracts, cash ?ow hedges 46,649 215 2,191 41,630 202 911 Currency optionsUSD 588 50 – 5,285 20 – Currency optionsJPY 190 11 – 248 3 – Currency options, cash ?ow hedges 1 778 61 – 5,533 23 – Forward contractsUSD 9,953 223 300 1,891 42 400 Forward contracts CNH, JPY, GBP and othercurrencies 3,087 79 87 862 17 71 Forward contracts, fair valuehedges 13,040 302 387 2,753 59 471 Timevalue ofcurrencyoptions (hedge accounting notapplied) – 2 – – 43 – Total hedgingactivities 60,467 580 2,578 49,916 327 1,382 Recognised in the Incomestatement 304 387 102 471 Recognised in Other comprehensive income 2 276 2,191 225 911 Presented in the Balance sheetas: Derivative ?nancial instruments (currentassets/liabilities) 529 2,578 304 1,382 Cash atbank 51 23 1.Includes expired currency options of DKK 51 million deferred for realisation in2017. 2.Realisation in2016 ofpreviouslydeferred lossamounts to DKK682 million, astheremaining DKK4millionwillnotberealiseduntil2017. Furthermore,anadditional lossof DKK1,911millionasof31December2016 hasbeen deferred forrealisationin2017 and 2018.

NOVO NORDISK ANNUAL REPORT2016 CAPITAL STRUCTURE AND FINANCIALITEMS 86 CONSOLIDATED FINANCIALSTATEMENTS 4.3 DERIVATIVE FINANCIAL INSTRUMENTS(CONTINUED) The above ?nancial contracts regarding cash ?ow hedging are expected to impact the Income statement within the periods shown below. The split is based onan estimate ofwhen thecash ?ow hedges areexpected tobereclassi?ed tofairvalue hedges withthefairvalue thenbeing transferred toFinancial income orFinancial expenses. Thecash ?ow impact isanimmediate consequence ofthereclassi?cation 2016 2015 Positive fairvalue Negative fairvalue Positive fairvalue Negative fairvalue DKKmillion atyear-end atyear-end atyear-end atyear-end ExpectedtimingofIncomestatementimpact 0–12months 236 2,191 225 907 Morethan12months 40 – – 4 Totalcash?ow hedges forwhichhedge accounting isapplied 276 2,191 225 911 FREE CASHFLOW)) DKKmillion 2016 2015 2014 Net cash generated from operating activities Net cash used in investing activities Net purchase of marketable securities 48,314 (6,790) (1,533) 38,287 31,692 (6,098) (2,064 2,033 (2,232 Free cash?ow 2 39,991 34,222 27,396 2. Additional non-IFRS measure; please refer to p 96 forde?nition. CHANGE IN WORKING CAPITAL)))) DKKmillion 2016 2015 2014 Inventories (1,583) (1,401) (1,805 Tradereceivables (4,749) (2,444) (2,134 Other receivables and prepayments (154) 493 (296 Tradepayables 1,084 (23) 858 Otherliabilities 1,526 1,604 1,665 Adjustment for the partialdivestment of NNITA/S – (207) – Change inworking capitalbefore exchange rateadjustments (3,876) (1,978) (1,712 Exchange rateadjustments 168 (179) (436 Cash?ow change inworking capital (3,708) (2,157) (2,148)) 4.5 CHANGE IN WORKINGCAPITAL Accounting policies Working capital is de?ned as current assets less current liabilities and measures theliquid assetsNovoNordisk has available forthebusiness. 4.4 CASH AND CASH EQUIVALENTS, FINANCIAL RESOURCES AND FREE CASH FLOW Accounting policies TheStatement ofcash ?ows showshowincome and changes inbalance sheet items affect cash and cash equivalents, in other words the cash generated or used in theperiod. Cash from operating activities converts income statement items from the accrual basis ofaccounting tocash basis.Assuch, starting withnet pro?t, non-cashitemsarereversedand actual payments included. Further, the change in working capital is taken into account as this shows the development in money tied up in the balance sheet. Cash from investing activitiesshowspayments relatedtothepurchase and saleof Novo Nordisk's long-term investments. This includes ?xed assets such as constructionofnewproduction sites,intangible assetssuchaspatents and licences, and ?nancial assets. Cash and cash equivalents consist of cash offset by short-term bank loans. Financial resources consist of cash and cash equivalents, marketable securities with original maturity of less than three months and undrawn committed credit facilities expiring after more than one year. The Statement of cash ?ows is presented in accordance with the indirect method commencing with Net pro?t for the year. Cash ?ows in foreign currencies aretranslated toDKKattheaverage exchange ratefortherespectiveyear.) DKKmillion 2016 2015 2014 CASH ANDCASH EQUIVALENTS Cashatbank and onhand (note4.2) 18,690 16,923 14,396 Current debt (bank overdrafts) (229) (1,073) (720 Cash andcash equivalents attheendoftheyear 18,461 15,850 13,676 FINANCIAL RESOURCES Cashand cashequivalents 18,461 15,850 13,676 Marketable securities (note4.7) 2,009 3,542 1,509 Undrawn committed creditfacility 1 8,178 8,209 8,188 Total ?nancial resources 28,648 27,601 23,373 1.Theundrawn committed credit facility in2016 is aEUR1,100millionfacility (EUR1,100millionin2015 and EUR1,100millionin2014) committed byaportfolio of international banks. The facility matures in2019.

NOVO NORDISK ANNUAL REPORT2016CAPITAL STRUCTURE AND FINANCIALITEMS Unrealised gains and lossesarising fromchanges inthefairvalue of ?nancial assets classi?ed as available for sale are recognised in Other comprehensive income. When?nancial assetsclassi?ed asavailable forsale aresoldorimpaired, theaccumulated fairvalue adjustments areincluded in the Incomestatement. Thefairvalues ofquoted investments (including marketable securities)are based on current bid prices at the end of the reporting period. Financial assets for which no active market exists are carried at fair value based on a valuation methodology or at cost if no reliable valuation model can be applied. Loans andreceivables Loans and receivables are non-derivative ?nancial assets with ?xed or determinable payments that are not quoted in an active market. If collection is expected within one year (or in the normal operating cycle of thebusiness iflonger), theyareclassi?ed asCurrent assets. Ifnot,theyare presented as Non-currentassets. Trade receivables and Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for allowance. Provision for allowance is made for Trade receivables when there is objective evidence that Novo Nordisk will notbeable tocollectallamounts dueaccording totheoriginal termsofthe receivables. The provision for allowance is deducted from the carrying amount of Trade receivables, and theamount ofthelossisrecognised intheIncome statement under Sales and distribution costs. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are creditedagainst Sales and distribution costsintheIncomestatement. 4.7 FINANCIAL ASSETS ANDLIABILITIES Accountingpolicies Depending onthepurpose, NovoNordisk classi?es investments intothe following categories: • Available-for-sale ?nancial assets • Loans andreceivables • Financial assetsatfairvalue through theIncomestatement (derivatives). Management determines the classi?cation of its investments on initial recognition and re-evaluates thisattheendofeveryreporting periodtothe extentthatsuchaclassi?cation ispermitted and required. Recognition and measurement Purchases and salesofinvestments arerecognised onthesettlement date. Investments areinitially recognised atfairvalue. Available-for-sale ?nancial assets and ?nancial assets at fair value are subsequently carriedatfairvalue. Loansand receivables arecarriedat amortised costbased ontheeffective interestmethod. Fairvalue disclosuresaremade separately foreach classof?nancial instruments attheendofthereportingperiod. Disposal ofinvestments Investments areremovedfromthebalance sheetwhen therights toreceive cash ?ows from the investments have expired or have been transferred, and Novo Nordisk has transferred substantially all the risks and rewards of ownership. Available-for-sale ?nancialassets Available-for-sale ?nancial assets consist of equity investments and marketable securities. Equity investments are included in Other ?nancial assetsunless Management intends todispose oftheinvestment within 12months oftheendofthereportingperiod. Inthat case, thecurrentpart is included in Other receivables andprepayments. CONSOLIDATED FINANCIAL STATEMENTS 87 4.6 OTHER NON-CASHITEMS Forthepurpose ofpresenting theStatement ofcash ?ows, non-cashitemswitheffect ontheIncomestatement mustbereversedtoidentify theactual cash ?ow effect fromtheIncomestatement. Theadjustments arespeci?ed asfollows: OTHER NON-CASHITEMS))) DKKmillion 2016 2015 2014 Reversals of non-cash income statementitems Interest income andinterest expenses, net (note 4.8) 13 11 (62 Capital gain oninvestments etc(note4.8) (16) (15) (34 Result of associated company(note 4.8) (24) (14) – Share-based payment costs (note5.1) 368 442 371 Changes in non-cash balance sheetitems Increase/(decrease) in provisions (note3.6) 4,007 6,193 3,138 Increase/(decrease) in retirement bene?t obligations (note3.5) 265 155 343 Remeasurements of retirement bene?t obligations (note3.5) (205) (37) (247 Otheradjustments Exchange rateadjustments onworking capital (168) 179 436 Other, primarily exchange rateadjustments (358) (1,006) 218 Total other non-cashitems 3,882 5,908 4,163

NOVO NORDISK ANNUAL REPORT2016 CAPITAL STRUCTURE AND FINANCIALITEMS 88 CONSOLIDATED FINANCIALSTATEMENTS 4.7 FINANCIAL ASSETS AND LIABILITIES(CONTINUED) FINANCIAL ASSETS BYCATEGORY Financial assets Available- measuredat for-sale fairvalue ?nancial throughthe Loans Cash assetsat Income and andcash DKKmillion fairvalue statement receivables equivalents Total 2016 Other ?nancial assets 699 689 1,388 Trade receivables (note3.4) 20,234 20,234 Otherreceivables 2,411 2,411 –less prepayments and VATreceivables (1,584) (1,584) Marketable securities (bonds) (note4.2) 2,009 2,009 Derivative ?nancial instruments (note4.3) 529 529 Cashatbank and onhand (note4.4) 18,690 18,690 Total?nancial assetsattheendoftheyearbycategory 1 2,708 529 21,750 18,690 43,677 Total?nancial assetsattheendoftheyearbycategory, 2015 4,279 304 17,151 16,923 38,657 1.Financial assetsareallduewithin oneyearexceptforDKK72milliondue in2018. FINANCIAL LIABILITIES BYCATEGORY Financial liabilities measuredat Financial fairvalue liabilities throughthe measuredat Income amortised DKKmillion statement cost Total 2016 Current debt (note4.4) 229 229 Tradepayables 6,011 6,011 Other liabilities (note3.7) 14,181 14,181 –less VAT and duties payable (note3.7) (1,072) (1,072) Derivative ?nancial instruments (note4.3) 2,578 2,578 Total?nancial liabilities attheendoftheyearbycategory 2 2,578 19,349 21,927 2.All ?nancial liabilitiesaredue within oneyearexceptforDKK79milliondue in2018. 2015 Current debt (note4.4) 1,073 1,073 Tradepayables 4,927 4,927 Other liabilities (note3.7) 12,655 12,655 –less VAT and duties payable (note3.7) (896) (896) Derivative ?nancial instruments (note4.3) 1,382 1,382 Total?nancial liabilities attheendoftheyearbycategory 3 1,382 17,759 19,141 3.All?nancial liabilitiesaredue within oneyear. Foradescription ofthecreditquality of?nancial assetssuchasTradereceivables, Cashatbank and onhand, Marketable securities, Current debtand Derivative?nancial instruments, refertonotes4.2 and 4.3. FAIR VALUE MEASUREMENTHIERARCHY DKKmillion 2016 2015 Active marketdata 2,675 4,279 Directly or indirectly observable market data 529 304 Not based on observable market data 33 – Total?nancial assetsatfairvalue 3,237 4,583 Active marketdata – – Directly or indirectly observable market data 2,578 1,382 Not based on observable market data – – Total?nancial liabilities atfairvalue 2,578 1,382 Financial assets and liabilities measured at fair value can be categorised using the fair value measurement hierarchy above. There have not been any transfers between thecategories 'Active market data' and 'Directlyorindirectlyobservable market data' during 2016 or2015. Therearenointangible assetsoritemsof property,plant and equipment measured atfairvalue.

NOVO NORDISK ANNUAL REPORT2016 CONSOLIDATED FINANCIAL STATEMENTS 89 CAPITAL STRUCTURE AND FINANCIALITEMS 4.8 FINANCIAL INCOME ANDEXPENSES Accounting policies Asdescribed innote4.2, Management has chosen toclassify theresultof hedging activitiesaspartof?nancial itemsintheIncomestatement. Financial itemsareprimarilyrelatedtoforeign exchange elements and are mainly impacted by the cumulative value adjustment of cash ?ow hedges transferred from Other comprehensive income to the Income statement when thehedged transaction isrecognised intheIncomestatement. Further,value adjustments offairvalue hedges arerecognised inFinancial income and Financial expenses along with any value adjustments of the hedged asset or liability that are attributable to the hedged risk. Finally, value adjustments of assets and liabilities in non-hedged currencies will impact Financial incomeand Financial expenses. FINANCIALINCOME DKKmillion 2016 2015 2014 Interestincome 52 56 101 Financial gainfrom currency options(net) – – 32 Capital gain oninvestments etc 16 15 34 Result of associated company 24 14 – Total ?nancialincome 92 85 167 FINANCIALEXPENSES DKKmillion 2016 2015 2014 Interestexpenses 65 67 39 Foreign exchange loss(net) 1 335 504 288 Financial loss fromforward contracts(net) 158 5,232 125 Financial loss fromcurrency options(net) 83 162 – Other ?nancial expenses 85 81 111 Total ?nancialexpenses 726 6,046 563 1. Primarily related to trade receivables, other receivables and tradepayables. FINANCIAL IMPACT FROM FORWARDCONTRACTS AND CURRENCY OPTIONS,SPECIFIED))))) DKKmillion 2016 2015 2014 Forwardcontracts Income/(loss) transferredfrom Other comprehensive income (705) (2,237) 1,104 Value adjustment oftransferred contracts 62 (3,212) (1,160 Unrealised fair value adjustments of forwardcontracts (85) (412) (355 Foreign exchange gain/loss on forward contracts 570 629 286 Financial income/(expense) from forward contracts (158) (5,232) (125 Currencyoptions Realised income/(loss) transferredfrom Other comprehensive income 23 21 125 Value adjustment oftransferred options 0 (12) (12 Foreignexchange gain/loss oncurrency options (106) (171) (81 Financial income/(expense) from currencyoptions (83) (162) 32

NOVO NORDISK ANNUAL REPORT2016 OTHERDISCLOSURES 90 CONSOLIDATED FINANCIALSTATEMENTS SECTION 5 OTHERDISCLOSURES Thissectionprovidesdetails onnotesthatarestatutoryorbytheirnature ofsecondary importance forunderstanding the?nancial performance ofNovoNordisk.Alistofsubsidiaries intheNovoNordisk Groupisalso included here. Long-term share-based incentiveprogramme Foradescription oftheprogramme, please referto'Remuneration' in 'Governance, leadership and shares',pp50–53. Senior Management Board On 1 February 2017, the Board of Directors approved the transfer of a total of 96,705 Novo Nordisk B shares to a joint pool for the ?nancial year 2016. Thisallocation amounts onaverage to3.2 months' ?xed base salary plus pension contribution for the CEO, 2.4 months' ?xed base salary plus pension contribution permember ofExecutiveManagement asof1March 2016 and 2.1 months' ?xed base salary for Senior Vice Presidents, corresponding toavalue atlaunch oftheprogramme ofDKK29million. Thefull amount was expensed in2016, astheshareswillremain inthejoint poolifamember oftheSeniorManagement Boardleaves NovoNordisk. The expense for2016 re?ects thosesharesthatvestedbased onserviceand performance. Thegrant date oftheprogramme was February2016, and theshareprice used for the conversion was the average share price (DKK 330) for Novo Nordisk B shares on Nasdaq Copenhagen in the period 3 –17 February 2016, adjusted for expected dividend. Based on the split of participants when the joint pool was established, approximately 35% of the pool will be allocated to members of Executive Management and 65% to other members oftheSeniorManagement Board. The shares allocated to the joint pool for 2013 were released to the individual participants subsequent to approval of the Annual Report 2016 bytheBoardofDirectorsand after theannouncement ofthe2016 full-year ?nancial resultson2February2017. Thesharesallocated correspondto avalue atlaunch oftheprogramme ofDKK51million, expensed in2013. Management group below Senior Management Board The management group below the Senior Management Board has a share-based incentive programme with similar performance criteria. For 2016, atotalof224,055 shareswereallocated tothepoolforthisgroup, corresponding to a value at launch of the programme (adjusted for expected dividends) ofDKK68million. Thecostsofthe2016 programme are amortised over the vesting period from 2016 –2019 at an annual amount ofDKK17million. The shares allocated to the pool for 2013 were released to the individual participants subsequent to approval of the Annual Report 2016 by the Board of Directors and after the announcement of the 2016 full-year ?nancial results on 2 February 2017. The shares allocated correspond to a value at launch of the programme of DKK 126 million amortised over theperiod2013–2016. Thenumber ofsharestobetransferred (501,824 shares) is lower than the original number of shares allocated to the share pool,assomeparticipants had leftthecompany beforetheprogramme's release conditions weremet. Basis ofpreparation Results for theyear Operating assets andliabilities Capital structure and ?nancing items Otherdisclosures 5.1 SHARE-BASED PAYMENTSCHEMES Accounting policies Share-basedcompensation Novo Nordisk operates equity-settled, share-based compensation plans. The fairvalue oftheemployee servicesreceivedinexchange forthegrant of sharesisrecognised asanexpenseand allocated overthevesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares granted, excluding the impact of anynon-market vesting conditions. Thefairvalue is?xed atthegrant date, and adjusted forexpected dividends during thevesting period. Non-market vesting conditions areincluded inassumptions about thenumber of shares that are expected to vest. At the end of each reporting period, Novo Nordisk revises its estimates of the number of shares expected to vest. NovoNordisk recognises theimpact oftherevisionoftheoriginal estimates, if any, in the Income statement and in a corresponding adjustment to Equity (change in proceeds) over the remaining vesting period. Adjustments relating to prior years are included in the Income statement in the year of adjustment. SHARE-BASEDPAYMENT Expensed intheIncomestatement DKKmillion 2016 2015 2014 Restricted stock units to employees Long-term share-based incentive programme (Senior Management Board) 1,2 245 29 135 108 141 66 Long-term share-based incentive programme (management groupbelow Senior Management Board) 3 94 199 164 Share-based paymentexpensed intheIncomestatement 368 442 371 1.Expensefortheyearre?ects thefullvalue atlaunch oftheprogramme (adjusted for expected dividend) for the year as vesting conditions aremet. 2.Theprogramme includes formermembers ofSeniorManagement Boardwithatotal value ofDKK3million(DKK16millionin2015 and DKK0millionin2014). 3.Expense for the year re?ects the value at launch(adjusted for expected dividend) of thelastfourprogrammes, amortised overfouryears. Restrictedstockunitstoemployees To commemorate the Group's net sales passing DKK 100 billion for the ?rst time in 2015, all employees in the Company (excluding NNE A/S and Steno Diabetes Center A/S) as of January, 2016 were

offered 50 restricted stock units. A restricted stock unit gives the holder the right to receive one Novo NordiskBsharefreeofcharge inFebruary2019 subject tocontinued employment. ThecostoftheDKK508 million programme isamortised over the vestingperiod. On 1 April 2016, restricted stock units from the 90th anniversary programme from2013 weregranted toNovoNordisk employees. Thecost of the DKK 467 million programme has been amortised over the vesting period.

NOVO NORDISK ANNUAL REPORT2016 CONSOLIDATED FINANCIAL STATEMENTS 91 OTHERDISCLOSURES Valueat OUTSTANDING RESTRICTED Cancelled STOCK UNITS Issued 1 Released (accumulated) Outstanding launchdate DKKmillion Vestingdate Restricted stock units toemployees 2013 Restricted stockunits 2,590,000 (2,590,000) – – 467 Q22016 2016 Restricted stockunits 1,465,411 – – 1,465,411 508 Q12019 Outstanding restricted stockunits toemployees 4,055,411 (2,590,000) – 1,465,411 Shares allocated to jointpools for Senior ManagementBoard 2012 Shares allocated to jointpool 487,730 (487,730) – 0 73 Q12016 2013 Shares allocated to jointpool 254,513 (8,993) 2 – 245,520 51 Q12017 2014 Shares allocated to jointpool 293,044 (9,369) 2 – 283,675 66 Q12018 2015 Shares allocated to jointpool 378,943 – (522) 378,421 108 Q12019 2016 Shares allocatedto joint pool 3 96,705 – – 96,705 29 Q12020 Outstanding shares in joint poolfor Senior Management Board 1,510,935 (506,092) (522) 1,004,321 Shares allocated topools for management groupbelow Senior ManagementBoard 2012 Shares allocatedto pool 1,559,235 (1,366,594) (177,262) 15,379 234 Q12016 2013 Shares allocatedto pool 622,190 (22,620) 2 (97,746) 501,824 126 Q12017 2014 Shares allocatedto pool 683,728 (34,061) 2 (76,704) 572,963 155 Q12018 2015 Shares allocatedto pool 879,988 – (72,415) 807,573 251 Q12019 2016 Shares allocatedto pool 3 224,055 – – 224,055 68 Q12020 Outstanding shares in pool formanagement group below Senior Management Board 3,969,196 (1,423,275) (424,127) 2,121,794 Outstandingattheendof2016 9,535,542 (4,519,367) (424,649) 4,591,526 1.All restricted stockunitsand sharesallocated to Management poolsarehedged bytreasuryshares. 2.Released shares from 2013–2014 Management pools relate to NNIT employees following the IPO of NNITA/S. 3.2016 programme releasedsubsequent to approval oftheAnnual Report 2016 on1February2017. 5.1 SHARE-BASED PAYMENT SCHEMES(CONTINUED) GENERAL TERMS ANDCONDITIONS OFLAUNCHED PROGRAMMES Restricted stock units toemployees Shares for Senior Management Board Shares for management groupbelow Senior Management Board 2016 2015 2014 2016 2015 2014 2016 2015 2014 Number of shares awardedin theyear 1,465,411 – – 96,705 378,943 293,044 224,055 879,988 683,728 Valuepershareatlaunch (DKK) 346 – – 304 285 226 304 285 226 Vestingperiod 3years – – 3years 3years 3years 3years 3years 3years Allocated torecipients Feb.2019 Feb.2020 Feb.2019 Feb.2018 Feb.2020 Feb.2019 Feb.2018 Total market value atlaunch (DKKmillion) 508 – – 29 108 66 68 251 155 Expensed in theIncome statement (DKKmillion) 169 – – 29 108 66 17 63 37 Amortisation period of 2016to Expensed Expensed Expensed 2016to 2015to 2014to theprogramme 2019 – – in2016 in2015 in2014 2019 2018 2017))) OUTSTANDING RESTRICTED STOCK UNITS 2016 2015 Outstanding atthebeginning oftheyear 7,158,636 7,960,080 Released restricted stock units toemployees (2,590,000) – Released shares from 2012 Management pool (1,808,729) (1,787,640 Released shares from 2012–2014 Management pools 1 – (120,638 Cancelled shares from Management pool (174,552) (152,097 Allocated restricted stock units to employees (2013programme) 220,000 – Allocated restricted stock units to employees (2016programme) 1,465,411 – Shares allocated to Management pools 320,760 1,258,931 Outstandingattheendoftheyear 4,591,526 7,158,636 1. Released 2012–2014 programme following the partial divestment ofNNIT A/S.

NOVO NORDISK ANNUAL REPORT2016 OTHERDISCLOSURES 92 CONSOLIDATED FINANCIALSTATEMENTS 5.2 MANAGEMENT'S HOLDINGS OF NOVO NORDISKSHARES The internal rulesfortrading inNovoNordisksecuritiesbyboardmembers, executives and certainemployees onlypermittrading inthe15-calendar-dayperiod following each quarterlyannouncement. MANAGEMENT'S HOLDING OFSHARES At thebeginning of theyear 1 Additions during theyear Sold/transferred during theyear At theend of theyear Marketvalue 2 DKKmillion GöranAndo 13,000 2,100 (100) 15,000 3.8 BrunoAngelici 2,500 2,500 0.7 JeppeChristiansen 3,529 4,750 8,279 2.1 BrianDaniels – 1,200 1,200 0.3 LizHewitt 2,725 2,725 0.7 LiselotteHyveled 4,948 2,100 (1,093) 5,955 1.5 Anne Marie Kverneland 10,471 100 (282) 10,289 2.6 SylvieGrégoire 875 875 0.2 Søren ThuesenPedersen 1,615 200 1,815 0.5 StigStrøbæk 1,950 100 2,050 0.5 MarySzela 935 935 0.2 Board of Directors intotal 42,548 10,550 (1,475) 51,623 13.1 Lars RebienSørensen 392,365 41,210 (30,000) 403,575 102.8 Lars Fruergaard Jørgensen 101,360 13,765 (5,000) 110,125 28.1 JesperBrandgaard 186,205 27,435 (27,335) 186,305 47.5 Mads Krogsgaard Thomsen 280,355 27,435 (10,070) 297,720 75.8 HenrikWulff 73,810 13,765 87,575 22.3 Non-registered members of ExecutiveManagement 102,530 26,965 (8,000) 121,495 30.9 Executive Management intotal 1,136,625 150,575 (80,405) 1,206,795 307.4 Other members of the Senior Management Board 645,187 236,030 (352,028) 529,189 134.8 Joint pool for Executive Management and othermembers oftheSeniorManagement Board 3 994,777 86,769 (313,305) 768,241 4 195.7 Total 2,819,137 483,924 (747,213) 2,555,848 651.0 1.Following thechange intheBoardofDirectorsand theretirementofmembers ofExecutiveManagement and theSeniorManagement Board,theholding ofsharesatthebeginning oftheyearhasbeen updated compared withtheAnnual Report2015. 2.Calculation ofmarketvalue isbased onthequoted sharepriceofDKK254.70 attheend oftheyear. 3.The annual allocation to the joint pool is locked up for three years before it is transferred to the participants employed at the end of each three-year period. Based on the split of participants when the joint pool was established, approximately 35% of the pool will be allocated to the members of Executive Management and approximately 65% to other members oftheSeniorManagement Board.Inthelock-upperiod, thejointpoolmay potentially bereduced intheeventoflower-than-planned value creationinsubsequent years. 4.Thejointpoolincludes the2013 programme releasedon2February2017 butexcludes236,080 sharesassigned to retiredExecutiveManagement and SeniorManagement Board members.

NOVO NORDISK ANNUAL REPORT2016OTHERDISCLOSURES 5.3 COMMITMENTS Commitments Totalcontractual obligations and recognised non-currentdebt can be speci?ed asfollows (payments duebyperiod): 2016 More Within DKKmillion 1year 1–3 years 3–5 years than 5years Total Retirementbene?t obligations 43 83 78 1,247 1,451 Total non-current liabilities recognised in the Balancesheet 43 83 78 1,247 1,451 Operatingleases 1 1,214 2,061 1,697 2,329 7,301 Researchand development obligations 2,199 1,069 138 – 3,406 Purchaseobligations relating toinvestments in property, plantand equipment 521 – – – 521 Otherpurchase obligations 4,335 2,166 926 – 7,427 Totalobligations not recognised inthe Balancesheet 8,269 5,296 2,761 2,329 18,655 Totalcontractual obligations 8,312 5,379 2,839 3,576 20,106 1year years 2015 Within DKKmillion 1–3 years 3–5 years More than 5 Total Retirementbene?t obligations 71 134 118 863 1,186 Totalnon-current liabilitiesrecognised in the Balancesheet 71 134 118 863 1,186 Operatingleases 1 1,084 1,631 1,248 2,390 6,353 Researchand development obligations 1,586 691 180 – 2,457 Purchaseobligations relating toinvestments in property, plantand equipment 586 0 0 0 586 Otherpurchase obligations 3,835 1,769 795 112 6,511 Totalobligations not recognised inthe Balancesheet 7,091 4,091 2,223 2,502 15,907 Totalcontractual obligations 7,162 4,225 2,341 3,365 17,093 1. No material ?nance lease obligations exist in 2016 or2015. CONSOLIDATED FINANCIAL STATEMENTS 93 The operating lease commitments are related to non-cancellable operating leases primarilyforpremises, company carsand of?ce equipment. Approximately 79% of the commitments are related to leases outside Denmark. Thelease costsfor2016 and 2015 wereDKK1,513 million and DKK 1,293 millionrespectively. The purchase obligations primarily relate to purchase agreements regarding medical equipment and consumer goods. Novo Nordisk expects to fund thesecommitments withexisting cash and cash ?ow fromoperations. Research and development obligations entail uncertainties in relation to the period in which payments are due because a proportion of the obligations aredependent onmilestone achievements. Theduepériodsdisclosed are based on Management's best estimate. Novo Nordisk has engaged in researchand development projectswithanumber ofexternalenterprises. DKKmillion 2016 2015 Otherguarantees 808 748 Other guarantees primarily related to guarantees issued by Novo Nordisk in relation to rented property Security fordebt 68 78 Land, buildings and equipment etcatcarrying amount WorldDiabetes Foundation (WDF) AttheAnnual General Meeting in2014,anew donation was agreed toby theshareholders.According tothisagreement, NovoNordiskA/Sisobliged tomake annual donation totheFoundation intheperiod2015 to2024 of0,01%ofthenetinsulin sales oftheGroup.Theannual donation inthe period2015 to2016 cannot exceedDKK8million peryear. The new donation is given in addition to the existing donation from 2008, according towhich NovoNordisk A/Sisobliged tomake annual donation to theFoundation of0,125% ofthenetinsulin salesoftheGroup.Theannual donation in the period 2012–2017 cannot exceed the lower of DKK 80 million or 15% of the taxable income of Novo Nordisk A/S in the ?nancial year inquestion. The total donation per year according to the two donation programmes willnotexceedthelowerofDKK88millionor15% ofthetaxable income ofNovo NordiskA/Sinthe?nancial yearinquestion. For the years 2018 –2024 the donation is 0,1% of the net insulin sales of theGroup.Theannual donation inthisperiodcannot exceedthelowerof DKK 90 million or 15% of the taxable income of Novo Nordisk A/S in the ?nancial year inquestion." In2016,thedonation amounts toDKK85 million (DKK86 million in2015 and DKK66million in2014),which isrecognised inAdministrative costsin theIncomestatement. Disclosure regarding change ofcontrol The EU Takeover Bids Directive, as partially implemented by the Danish Financial Statements Act, contains certain rules relating to listed companies on disclosure of information that may be of interest to the market and potential takeover bidders, in particular in relation to disclosure of change of controlprovisions. Thecompany's Asharesarenotlistedand areheldbyNovoA/S,a Danish public limited liability company wholly owned by the Novo Nordisk Foundation. According totheArticlesofAssociation oftheFoundation, the Asharescannot bedivested. Forinformation ontheownership structure ofNovoNordisk,please referto'Shares and capital structure'onpp44–45. For information on change of control clauses in relation to employee contracts for Executive Management of Novo Nordisk, please refer to 'Remuneration' onpp50–53. In addition, Novo Nordisk discloses that the Group does not have any signi?cant agreements towhich theGroupisapartyand thattake effect, alter or terminate upon a change of control of the Group following implementation ofatakeoverbid.

NOVO NORDISK ANNUAL REPORT2016 OTHERDISCLOSURES 5.5 FEE TO STATUTORYAUDITORS DKKmillion 2016 2015 2014 Statutoryaudit 24 24 24 Audit-relatedservices 4 4 4 Tax advisoryservices 9 8 8 Otherservices 4 7 11 Total fee tostatutory auditors 41 43 47 5.6 SUBSEQUENTEVENTS Subsequent to31December2016, twoclassaction lawsuits were?led and aCivilInvestigative Demand wasserved.Please refertonote3.6 fordetails on the cases. Novo Nordisk does not expect these cases, or other subsequent events, to have a material impact on Novo Nordisk's ?nancial position, operating pro?t or cash?ow. 94 CONSOLIDATED FINANCIALSTATEMENTS 5.4 RELATED PARTYTRANSACTIONS Novo Nordisk A/S is controlled by Novo A/S (incorporated in Denmark), which owns27.5% ofthesharecapital inNovoNordisk A/S,representing 75.4% of the total number of votes, excluding treasury shares. The remaining sharesarewidely held. Theultimate parentoftheGroupisthe Novo Nordisk Foundation (incorporated in Denmark). Both entities are considered related parties. Being an associated company of Novo Nordisk A/S, NNIT Group is considered a related party. Due to joint ownership, associated companies and Management of Novo Nordisk A/S, the Novozymes Group and Xellia Pharmaceuticals are also considered related parties. The Grouphas had thefollowing material transactions withrelatedparties:))) DKKmillion 2016 2015 2014 Novo Nordisk Foundation Donations to StenoDiabetes Center A/S via NovoNordisk (69) (69) (51 Services provided by NovoNordisk (3) (3) – Services provided by NovoNordisk Foundation 31 – – NovoA/S Services provided by NovoNordisk (2) (3) (5 Sale of NNIT A/S Bshares – (797) – Dividend payment from NovoNordisk 5,052 2,687 2,418 NNITGroup Services provided by NovoNordisk (30) (32) – Services provided byNNIT 1,239 1,316 – Dividend payment fromNNIT (26) – – Novozymes Group Services provided by NovoNordisk (163) (185) (189 Services provided byNovozymes 150 165 142 Xellia Pharmaceuticals Services provided by NovoNordisk (108) (11) (28) NovoNordisk has transferred theactivities ofStenoDiabetesCenterto Capital Region ofDenmarkasof1January 2017. There have notbeen anytransactions withtheBoardofDirectors or Executive Management of NNIT A/S, Novozymes A/S, Novo A/S, the Novo Nordisk Foundation, Xellia Pharmaceuticals ApS or associated companies. InNovoNordisk A/S,therehave been notransactions withthe Board of Directors or Executive Management besidesremuneration. For information on remuneration to the Management of Novo Nordisk, please referto'Remuneration' onpp50–53and note2.4,'Employee costs'. There are no loans to the Board of Directors or Executive Management in 2016, norweretherein2015 or 2014. There arenomaterial unsettled transactions withrelatedpartiesattheend of theyear.

NOVO NORDISK ANNUAL REPORT2016OTHERDISCLOSURES CONSOLIDATED FINANCIAL STATEMENTS 95 5.7 COMPANIES IN THE NOVO NORDISKGROUP Activity: • Sales and marketing • Production • Research and development • Services/investments Company andcountry Percentageof sharesowned Activity Parentcompany Novo NordiskA/S,Denmark – • • •• Subsidiaries byregion USA Novo Nordisk US Bio Production, Inc., United States 100 • Novo Nordisk US Holdings Inc., United States 100 • Novo Nordisk Pharmaceutical Industries Inc., United States 100 • • NovoNordiskInc.,UnitedStates 100 NovoNordiskResearchCenterIndianapolis,Inc.,UnitedStates 100 • Paci?c Novo Nordisk Pharmaceuticals Pty. Ltd., Australia 100 • Novo Nordisk Canada Inc.,Canada 100 • Novo Nordisk Region Paci?c A/S,Denmark 100 • Novo Nordisk Pharma Ltd.,Japan 100 •• Novo Nordisk Pharmaceuticals Ltd., NewZealand 100 • Novo Nordisk Pharma Korea Ltd., SouthKorea 100 • Europe Novo Nordisk Pharma GmbH, Austria 100 • S.A. Novo Nordisk Pharma N.V.,Belgium 100 • Novo Nordisk Pharma d.o.o.,Bosnia-Hercegovina 100 • Novo Nordisk Pharma EAD,Bulgaria 100 • Novo Nordisk Hrvatska d.o.o.,Croatia 100 • Novo Nordisk s.r.o., Czech Republic 100 • Novo Nordisk Pharmatech A/S, Denmark 100 •• Novo Nordisk Region Europe A/S,Denmark 100 • Novo Nordisk Production SAS, France 100 • Novo Nordisk Pharma GmbH,Germany 100 • Novo Nordisk Hellas Epe.,Greece 100 • Novo Nordisk Hungária Kft.,Hungary 100 • Novo Nordisk Limited,Ireland 100 • Novo Nordisk S.P.A.,Italy 100 • UAB Novo Nordisk Pharma,Lithuania 100 • Novo Nordisk Farma dooel,Macedonia 100 • Novo Nordisk B.V., Netherlands 100 • Novo Nordisk Scandinavia AS,Norway 100 • Novo Nordisk Pharmaceutical Services Sp. z.o.o., Poland 100 • Novo Nordisk Comércio Produtos Farmace˜ uticos Lda., Portugal 100 • Novo Nordisk Farma S.R.L.,Romania 100 • Novo Nordisk Pharma d.o.o. Belgrade (Serbia),Serbia 100 • Novo Nordisk Slovakia s.r.o.,Slovakia 100 • Novo Nordisk, d.o.o.,Slovenia 100 • Novo Nordisk Pharma S.A.,Spain 100 • Novo Nordisk Scandinavia AB,Sweden 100 • Novo Nordisk Health Care AG, Switzerland 100 • • Novo Nordisk Pharma AG,Switzerland 100 • Novo Nordisk Holding Limited, United Kingdom 100 • Novo Nordisk Limited, United Kingdom 100 • Company andcountry Percentageof sharesowned Activity International Operations Aldaph SpA,Algeria 100 •• Novo Nordisk Pharma Argentina S.A., Argentina 100 • Novo Nordisk Produção Farmacêutica do Brasil Ltda., Brazil 100 • Novo Nordisk Farmacêutica do Brasil Ltda., Brazil 100 • Novo Nordisk Farmacêutica Limitada,Chile 100 • Novo Nordisk Colombia SAS,Colombia 100 • Novo Nordisk Pharma Operations A/S, Denmark 100 • NovoNordiskRegionInternationalOperationsA/S,Denmark 100 • Novo Nordisk Egypt LLC,Egypt 100 • Novo Nordisk India Private Limited,India 100 • Novo Nordisk Service Centre (India) Pvt. Ltd., India 100 • PT. Novo Nordisk Indonesia, Indonesia 100 • Novo Nordisk Pars,Iran 100 • Novo Nordisk Ltd,Israel 100 • Novo Nordisk Kenya Ltd.,Kenya 100 • Novo Nordisk Pharma SARL,Lebanon 100 • Novo Nordisk Pharma (Malaysia) Sdn Bhd,Malaysia 100 • NovoNordiskPharmaOperations(BASEA)SdnBhd,Malaysia 100 • Novo Nordisk Mexico S.A. de C.V.,Mexico 100 • Novo Nordisk Servicios Profesionales S.A. de C.V., Mexico 100 • Novo Nordisk Farmacéutica S.A. de C.V.,Mexico 100 • NovoNordiskPharmaSAS,Morocco 100 • Novo Nordisk Pharma Limited,Nigeria 100 • NovoNordiskPharma(Private)Limited,Pakistan 100 • NovoNordiskPanamaS.A.,Panama 100 • NovoNordiskPharmaceuticals(Philippines)Inc.,Philippines 100 • Novo Nordisk Limited LiabilityCompany, Russia 100 • NovoNordiskProductionSupportLLC,Russia 100 • Novo Nordisk Region Europe Pharmaceuticals A/S,Denmark 100 • Novo Investment Pte Limited, Singapore 100 • Novo Nordisk Farma OY,Finland 100 • Novo Nordisk Pharma (Singapore) Pte Ltd., Singapore 100 • NovoNordisk,France 100 • Novo Nordisk (Pty) Limited, SouthAfrica 100 • Novo Nordisk Region International Operations AG, Switzerland 100 • Novo Nordisk Pharma (Thailand) Ltd.,Thailand 49 • Novo Nordisk Tunisie SARL,Tunisia 100 • Novo Nordisk Saglik Ürünleri Tic. Ltd. Sti., Turkey 100 • Novo Nordisk Pharma Gulf FZ-LLC, United Arab Emirates 100 • Novo Nordisk Venezuela Casa de Representación C.A.,Venezuela 100 • •• • RegionChina NovoNordisk(China)PharmaceuticalsCo.,Ltd.,China 100 Beijing Novo Nordisk Pharmaceuticals Science & Technology Co., 100 Ltd.,China NovoNordiskRegionChinaA/S,Denmark 100 • Novo Nordisk Hong Kong Limited, HongKong 100 • Novo Nordisk Pharma (Taiwan) Ltd.,Taiwan 100 • Other subsidiaries andassociated companies NNE A/S,Denmark 100 • NNIT A/S,Denmark 26 • Companies without signi?cant activities are not included in the list. In addition to the companies listed above, NNE A/S has its own subsidiaries.

NOVO NORDISK ANNUAL REPORT2016 OTHERDISCLOSURES 96 CONSOLIDATED FINANCIALSTATEMENTS 5.8 FINANCIALDEFINITIONS ADR An American Depositary Receipt (or ADR) represents ownership of the sharesofanon-UScompany and tradesinUS?nancial markets. Basicearnings pershare(EPS) Netpro?t divided bytheaverage number ofsharesoutstanding. Diluted earnings pershare Netpro?t divided byaverage number ofsharesoutstanding, including the dilutive effect of the outstanding restricted stock units. Effective tax rate Incometaxesasapercentage ofpro?t beforeincome taxes. Equityratio Totalequity atyear-endasapercentage oftotalassetsatyear-end. Grossmargin Grosspro?t asapercentage ofsales. Net pro?t margin Net pro?t asapercentage ofsales. Number ofsharesoutstanding Thetotalnumber ofshares, excluding theholding oftreasuryshares. Operating margin Operating pro?t asapercentage ofsales. Othercomprehensive income (OCI) Other comprehensive income comprises all items recognised in Equity for the year other than those related to transactions with owners of the company. Examples ofitemsthatarerequiredtobepresented inOCIare: • Exchange rateadjustments ofinvestments insubsidiaries • Remeasurements ofde?ned bene?t plans • Changes infairvalue of?nancial instruments inacash ?ow hedge. Payoutratio Totaldividends fortheyearasapercentage ofnetpro?t. Return onequity (ROE) Netpro?t fortheyearasapercentage ofshareholders' equity (average). Non-IFRS ?nancial measures In the Annual Report, Novo Nordisk discloses certain ?nancial measures of the Group's ?nancial performance, ?nancial position and cash ?ows that re?ect adjustments to the most directly comparable measures calculated and presented in accordance with IFRS. These non-IFRS ?nancial measures maynotbede?ned and calculated byothercompanies inthesame manner, and maythusnotbecomparable withsuchmeasures. Thenon-IFRS?nancial measures presented intheAnnual Reportare: • Cash toearnings • Financial resourcesattheendoftheyear • Free cash?ow • Operating pro?t after tax to net operating assets • Sales growth in localcurrencies. Cash toearnings Cashtoearnings isde?ned as'freecash ?ow asapercentage ofnetpro?t'. Financial resourcesattheendoftheyear Financial resources at the end of the year is de?ned as the sum of cash and cash equivalents attheendoftheyear,bonds withoriginal termtomaturity exceeding threemonths and undrawn committed creditfacilities. Free cash?ow NovoNordisk de?nes freecash ?ow as'netcash generated fromoperating activities' less'netcash usedininvesting activities'excluding netchange in marketable securities. Operating pro?t after taxtonetoperating assets (OPAT/NOA) Operating pro?t after taxtonetoperating assetsisde?ned as'operating pro?t after tax (using the effective tax rate) as a percentage of average inventories, receivables, property,plant and equipment, intangible assets and deferred tax assets less non-interest-bearing liabilities including provisions and deferred tax liabilities (where average is the sum of the above assets and liabilities at the beginning of the year and at year-end divided bytwo)'. Salesgrowth inlocalcurrencies Sales growth inlocalcurrenciesisde?ned assalesfortheyearmeasured at prior-year average exchange rates compared with sales for the prior year measured at prior-year average exchange rates.

NOVO NORDISK ANNUAL REPORT2016QUARTERLY FINANCIAL FIGURES 2015 AND2016 PART OFMANAGEMENT'SREVIEW NOTAUDITED QUARTERLY FINANCIAL FIGURES 2015 AND 2016 97 QUARTERLY FINANCIAL FIGURES 2015 AND2016 DKKmillion Q1 2015 Q2 Q3 Q4 Q1 201 6 Q2 Q3 Q4 Netsales 25,200 27,059 26,792 28,876 27,212 27,459 27,537 29,572 Sales by businesssegment: New-generation insulin 271 330 376 461 626 983 1,143 1,707 Moderninsulin 11,498 12,604 12,500 13,562 11,715 11,806 11,770 12,219 Humaninsulin 2,897 2,784 2,772 2,778 2,725 2,667 2,760 2,938 Victoza ® 3,957 4,486 4,680 4,904 4,591 4,952 5,106 5,397 Other diabetes andobesity care 1,195 1,075 1,223 1,237 1,374 1,391 1,513 1,566 Diabetes and obesity caretotal 19,818 21,279 21,551 22,942 21,031 21,799 22,292 23,827 Haemophilia 2,734 2,757 2,371 2,785 2,836 2,530 2,285 2,821 Norditropin ® (human growthhormone) 1,830 2,083 1,842 2,065 2,407 2,158 2,003 2,202 Otherbiopharmaceuticals 818 940 1,028 1,084 938 972 957 722 Biopharmaceuticals total 5,382 5,780 5,241 5,934 6,181 5,660 5,245 5,745 Sales by geographical segment: USA 12,011 13,820 13,939 15,169 13,730 13,947 14,174 15,343 Europe 4,977 5,222 5,200 5,399 5,016 5,298 5,093 5,275 International Operations 3,423 3,596 3,111 3,681 3,516 3,331 3,326 3,877 RegionChina 2,847 2,284 2,415 2,325 2,875 2,509 2,534 2,540 Paci?c 1,942 2,137 2,127 2,302 2,075 2,374 2,410 2,537 Grosspro?t 21,326 23,200 22,945 24,268 22,978 23,414 23,551 24,654 Sales anddistribution costs 6,147 7,175 6,951 8,039 6,741 6,867 6,860 7,909 Research and development costs 3,250 3,035 3,289 4,034 3,304 3,331 3,458 4,470 Administrative costs 854 887 952 1,164 908 873 1,015 1,166 Other operating income, net 2,782 379 227 94 284 154 202 97 Non-recurring income from the partial divestment of NNITA/S 2,376 – – – – – – – – Operatingpro?t 13,857 12,482 11,980 11,125 12,309 12,497 12,420 11,206 Net?nancials (1,372) (1,934) (1,844) (811) (356) 105 (119) (264) Pro?t before incometaxes 12,485 10,548 10,136 10,314 11,953 12,602 12,301 10,942 Incometaxes 2,609 2,205 1,753 2,056 2,498 2,634 2,498 2,243 Netpro?t 9,876 8,343 8,383 8,258 9,455 9,968 9,803 8,699 Depreciation, amortisation and impairment losses 663 648 633 1,015 624 717 736 1,116 Totalassets 77,457 81,313 85,195 91,799 82,368 88,269 87,340 97,539 Totalequity 32,108 39,111 43,109 46,969 37,284 42,585 41,327 45,269 FINANCIALRATIOS As percentage ofsales Sales anddistribution costs 24.4% 26.5% 25.9% 27.8% 24.8% 25.0% 24.9% 26.7% Research and development costs 12.9% 11.2% 12.3% 14.0% 12.1% 12.1% 12.6% 15.1% Administrative costs 3.4% 3.3% 3.6% 4.0% 3.3% 3.2% 3.7% 3.9% Grossmargin 1 84.6% 85.7% 85.6% 84.0% 84.4% 85.3% 85.5% 83.4% Operatingmargin 1 55.0% 46.1% 44.7% 38.5% 45.2% 45.5% 45.1% 37.9% Equityratio 1 41.5% 48.1% 50.6% 51.2% 45.3% 48.2% 47.3% 46.4% SHARERATIOS Basic earnings per share/ADR (inDKK) 1 3.80 3.24 3.27 3.25 3.72 3.93 3.88 3.46 Diluted earnings per share/ADR (inDKK) 3.79 3.23 3.26 3.24 3.71 3.92 3.87 3.46 Average number of shares outstanding (million) –basic 2,597 2,578 2,566 2,553 2,544 2,536 2,527 2,513 Average number of shares outstanding (million) –diluted 2,604 2,584 2,572 2,560 2,550 2,541 2,531 2,517 EMPLOYEES Numberoffull-timeemployees attheendoftheperiod 39,062 39,658 40,261 40,638 41,571 42,265 42,605 41,971 1. For de?nitions, please refer to p96.

NOVO NORDISK ANNUAL REPORT2016 STATEMENT OF SOCIALPERFORMANCE 98 CONSOLIDATED SOCIALSTATEMENT SUPPLEMENTARYINFORMATION STATEMENT OF SOCIALPERFORMANCE FOR THE YEAR ENDED 31DECEMBER 1 Note 2016 2015 2014 PATIENTS Patients reached with Novo Nordisk diabetes care products (estimate inmillions) 2.1 28.0 26.8 24.4 Least developed countries where Novo Nordisk sells insulinaccording to the differential pricingpolicy 2.2 22 23 32 Donations (DKKmillion) 2.3 106 105 84 Animals purchased forresearch 2.4 77,920 67,240 64,533 New patent families (?rst?lings) 2.5 74 77 93 EMPLOYEES Employees (total) 3.1 42,446 41,122 41,450 Employee turnover 3.1 9.7% 9.2% 9.0% WorkingtheNovoNordiskWay (scale1–5) 4.4 4.3 4.3 Gender in Management (ratio men:women) 3.1 59:41 59:41 60:40 Frequency of occupational accidents (number/million workinghours) 3.2 3.0 3.0 3.2 ASSURANCE Relevant employees trained in business ethics 99% 98% 98% Business ethics reviews 4.1 52 49 42 Ful?lment ofaction points fromfacilitations oftheNovoNordisk Way 4.2 95% 94% 95% Supplieraudits 4.3 223 240 224 Productrecalls 4.4 6 2 2 Failedinspections 4.5 0 0 0 Company reputation (scale0–100) 4.6 79.2 82.4 80.8 1. Includes approximately 2,400 employees inNNIT A/S.

NOVO NORDISK ANNUAL REPORT2016STATEMENT OF SOCIALPERFORMANCE General reporting standards andprinciples The Consolidated socialstatement has been prepared inaccordance with theDanishFinancial Statements Act(FSA),sections99a and 99b. Section 99a requires Novo Nordisk to account for the company's activities relating to social responsibility, reporting on business model, signi?cant risks,business strategies, and activities inthe areasofhuman rights, labour standards, environment, anti-corruption and climate. Section 99b requires Novo Nordisk to account for the gender diversity at Board level by reporting on targets and policies ensuring increased gender diversity over time. Adetailed discussion ofrisks,policiesand performance isavailable in Novo Nordisk's annual Communication on Progress to the UN Global Compact at novonordisk.com/annualreport and on the UN Global Compact's website atunglobalcompact.org/COP . Novo Nordisk adheres to the following internationally recognised voluntary reporting standards and principles (for overview,readmoreonp113): • TheInternational Integrated Reporting Framework, <IR>,developed by the International Integrated Reporting Council.Theframework consists ofasetofcontent elements and guiding principles intended toimprove thequality ofinformation available toprovidersof?nancial capital. • The UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labour, environment and anti-corruption. As a signatory, Novo Nordisk reports onprogressduring 2016 initsCommunication onProgress,which can be found atnovonordisk.com/annualreport . SECTION 1 BASIS OFPREPARATION • The framework AA1000APS(2008) and AA1000AS(2008) states that reporting must provide a complete, accurate, relevant and balanced pictureoftheorganisation's approach toand impact onsociety. To Novo Nordisk, AA1000APS(2008) is a component in creating a generally applicable approach to assessing and strengthening the credibility of the Group'spublic reportingofsocialand environmental information. Novo Nordisk has designed processes to ensure that the qualitative and quantitative information that documents the social and environmental dimensions ofperformance isassured, aswellasthesystems thatunderpin the data and performance. The principles outlined in AA1000APS(2008) have been applied asdescribed below. Inclusivity Asapharmaceutical business withglobal reach, NovoNordisk iscommitted to being accountable to those stakeholders who are impacted by the organisation. From a social responsibility perspective, the key stakeholder groups arepatients whorely onNovoNordisk products, employees at Novo Nordisk and throughout the Group's value chain, and local communities. Novo Nordisk maps its stakeholders and has processes in place to ensure inclusion of stakeholder concerns and expectations. In addition, Novo Nordisk continuously develops its stakeholder engagement and sustainability capacity atcorporateand af?liate levels. SUPPLEMENTARYINFORMATION CONSOLIDATED SOCIAL STATEMENT 99 NOTES TO THE CONSOLIDATED SOCIALSTATEMENT Basis ofpreparation AssurancePatients Employees In the Consolidated social statement, Novo Nordisk reports on three dimensions of performance: patients, employees and assurance. Progress is reported on three long-term targets: reach more patients with diabetes careproducts, ensurethattheorganisation isworking inaccordance with the Novo Nordisk Way and company reputation (read more on pp 11, 12 and15). Renewed long-term commitment toproviding access to affordableinsulin Novo Nordisk has renewed its long-term commitment to providing access toaffordable insulin withanexpanded scope. Human insulin willbeoffered at a guaranteed ceiling price (4 US dollars per vial in 2017) to least developed and low-income countries as well as to selected humanitarian relief organisations. The new commitment replaces the long-standing differential pricing policy. NovoNordisk's long-termtarget toreach40million peoplewithitsdiabetes careproductsin2020 isintended toenhance accesstoquality ofcare. In2016, theestimated number reached was 28millionpatients, compared with26.8 million in2015, a4% increase. Current projectionsshowthatitwillnotbepossible toreachthetarget, of 40million patients by2020, which wassetin2013 fromabaseline of 20million in2010. Thisisduetoamorechallenging marketenvironment than anticipated. Novo Nordisk remains committed to continuing its efforts to reach more patients and to improve diabetes care. In 2016, the company announced a new Novo Nordisk Access to Insulin Commitment. This provides low-income countries and selected humanitarian organisations with an effective guarantee that Novo Nordisk will ensure availability oflow-pricedhuman insulin, and providesalowerceiling price than the previous differential pricing policy. To support the long-term targets, the social statement contains additional performance information of strategic importance, such as least developed countries buying insulin according to the differential pricing policy, employee turnover, gender diversity, training of employees in business ethics, supplier audits andproduct quality. 0 2 4 6 8 PATIENTS REACHED WITH INSULIN SOLD AT OR BELOW THE DIFFERENTIAL PRICING POLICYPRICE

Million 2014 2015 2016

NOVO NORDISK ANNUAL REPORT2016 STATEMENT OF SOCIALPERFORMANCE Responsiveness The report reaches out to a wide range of stakeholders, each with speci?c needs and interests. To most stakeholders, however, the Annual Report is justoneelement ofinteraction and communication withthecompany. The Annual Report re?ects how the company is managing operations in ways thatrespond toand considerstakeholder concernsand interests. Applyingmateriality Novo Nordisk leans on the International Integrated Reporting Council's de?nition ofmateriality, which statesthat'amatterismaterial ifitis of such relevance and importance that it could substantively in?uence the assessments of providers of ?nancial capital with regard to the organisation's ability tocreatevalue overtheshort,medium and long term'. In determining whether a matter is material, Executive Management and the Board of Directors consider whether the matter could substantively affect the company's strategy, its business model, its ability to access required resources or its key stakeholders. The most material matters are included in the AnnualReport. In assessing which information to include in the Annual Report, legal requirements and disclosure commitments made by Novo Nordisk are considered. Furthermore, it is assessed whether information is tied directly or indirectly to Novo Nordisk's ability to create value over the short, medium and long term. The outcomes of formal reviews, research, stakeholder engagement and internal materiality discussions are presented to Executive Management and theBoardofDirectorsasaproposal forcontentintheManagement review, while disclosures in the Financial, Social and Environmental statements are approved by the AuditCommittee. The conclusion from the external assurance provider is available in the Independent assurance reportonp111. Principles ofconsolidation The Consolidated social statement and disclosures cover the Novo Nordisk Group comprising Novo Nordisk A/S and entities controlledby Novo NordiskA/S. SOCIALACCOUNTINGPOLICIES Theaccounting policies setoutbelow and inthenotes have been applied consistently inthepreparation of theConsolidated social statement forall theyearspresented. Changes to accounting policies anddisclosures There have been nomaterial changes totheaccounting policiesand disclosures for2016. OTHER ACCOUNTINGPOLICIES Working the Novo NordiskWay Working the Novo Nordisk Way is an employee assessment measured on a scaleof1–5,with5being thebest, and isasimple average ofrespondents' answers to all mandatory questions in the annual employee survey, eVoice. For2016, theeVoiceresponseratewas 96%, compared with91% in2015. Relevant employees trained in business ethics Themandatory business ethicstraining isbased onglobally applicable e-learning, standard operating procedures (SOPs) and related tests released annually bytheNovoNordisk Business EthicsCompliance Of?ce. Thetarget groups for the individual SOPs vary in size and are de?ned by Novo Nordisk in each SOP. The target groups are all employees in Novo Nordisk at the end of the reporting period except employees on leave, student assistants, PhDs and postdocs. The percentage of employees completing the training is calculated as the percentage of completion of both the SOPs and the relatedtests,based oninternal registrations. SECTION 2 PATIENTS 100 CONSOLIDATED SOCIALSTATEMENT Materiality Key issues are identi?ed through ongoing stakeholder engagement and trendspotting, and areaddressed byprogrammes oraction plans withclear and measurable targets. Long-termtargets aresettoguide performance instrategic areas. Theissuespresented intheAnnual Reportaredeemed to have a signi?cant impact on the Group's future business performance and maysupport stakeholders in their decision-making. SUPPLEMENTARYINFORMATION 2.2 LEAST DEVELOPED COUNTRIES WHERE NOVO NORDISK SELLS INSULIN ACCORDING TO THE DIFFERENTIAL PRICINGPOLICY Accountingpolicies Novo Nordisk has formulated a differential pricing policy for the Least Developed Countries (LDCs) as de?ned by the UN. The differential pricing policy is part of Novo Nordisk's global initiative to promote access to healthcare for all LDCs. The purpose of the policy is to offer human insulin invialstoallLDCsatorbelow amarketpriceof20% oftheaverage prices for human insulin in vials in the Western world. The Western world is de?ned asEurope(theEU,Switzerland and Norway),theUSA,Canada and Japan. Thenumber ofLDCswhereNovoNordisk sellshuman insulin invials according to the differential pricing policy is measured by direct or indirect sales by Novo Nordisk via government tender or private market sales to wholesalers, distributors or non-governmental organisations. 2.1 PATIENTS REACHED WITH NOVO NORDISK DIABETES CARE PRODUCTS (ESTIMATE) Accountingpolicies Thenumber offull-yearpatients reached withNovoNordisk diabetes care products, excluding devices and PrandiMet ® , is estimated by dividing NovoNordisk's annual salesvolume bytheannual usage doseperpatient foreach productclassasde?ned bytheWorldHealthOrganisation (WHO). PrandiMet ® isnotincluded asnoWHO-de?ned dosage exists. The WHO-de?ned daily dosage has not changed since 1982 and may not re?ect the recommended or prescribed

daily dose accurately. Actual doses are based on individual characteristics (eg age and weight) and pharmacokinetic considerations. Despite this uncertainty, Novo Nordisk assesses thistobethemostconsistent wayofreporting. Development Theestimated number offull-yearpatients reached withNovoNordisk's diabetes careproductsincreased from26.8 million in2015 to28.0 million NUMBER OFLDCs 2016 2015 2014 in2016. The development re?ects an overallincreaseinthenumber of people treatedwithNovoNordisk'sinsulin products, and was mainly driven TotalLDCs 48 48 48 byhuman insulin (0.6millionpeople) and modern and new-generation insulin (0.5 millionpeople). LDCs not buying according to pricingpolicy 4 3 2 LDCs with nosales 22 22 14 Total LDCs buying insulin according to pricingpolicy 22 23 32

NOVO NORDISK ANNUAL REPORT2016STATEMENT OF SOCIALPERFORMANCE 1.Formulation patent until2017. 2.In January 2017, TEVA ?led an Abbreviated New Drug Application(“ANDA”) for Liraglutide Injection,18mg/3 ml(6mg/ml) (“Liraglutide”) withtheUSFDA. 3.Formulation patent providing exclusivityto thecomposition ofexcipientsusedinthe drugproducts. 4.Room temperature-stable formulation patent until2023. 5.Process patents until2028 inChina, Germany and Japan and until2030 intheUS. 6.Data protection runs until2025. 7.Patent covers low-dose treatment regimen. 8.Licensed to three generic manufacturers from October2016. 2.5 MARKETED PRODUCTS IN KEY MARKETS (ACTIVEINGREDIENTS) USA Germany China Japan Diabetescare: NovoRapid ® (NovoLog ®) Expired 1 Expired 1 Expired 1 Expired 1 NovoMix ® 30 (NovoLog ® Mix70/30) Expired 1 Expired Expired Expired Levemir ® 2019 2019 Expired 2019 NovoNorm ® (Prandin ®) Expired Expired Expired 2016 Victoza ® 2 2022 2022 2017 2022 Tresiba ® 2029 2028 2024 2027 Ryzodeg ® 2029 2028 2024 2027 Xultophy ® 2029 2028 2024 2027 Obesity: Saxenda ® 2022 2022 2017 2017 Biopharmaceuticals: Norditropin ® (Norditropin ® SimpleXx ®) 2017 3 2017 3 2017 4 2017 3 NovoSeven ® Expired 4 Expired 4 Expired 4 Expired 4 NovoEight ® N/A 5 N/A 5 N/A 5 N/A 5 NovoThirteen ® (TRETTEN ®) 2021 6 Expired N/A Expired Vagifem ® 10mcg 2022 7,8 2021 7 N/A 2021 7 SUPPLEMENTARYINFORMATION ANIMALSPURCHASED 2016 2015 2014 Mice, rats andother rodents Pigs Rabbits Dogs Non-humanprimates Othervertebrates 76,049 891 347 227 406 0 65,335 939 443 214 302 7 62,423 818 574 374 344 0 77,920 67,240 64,533 The number of animals purchased for research in 2016 increased by 16% compared with2015 duetoanincreaseinearly-phase research. Inall, 98% of the animals purchased were rodents. The variation in the purchase of large animals from year to year re?ects the different development phases the research projects havereached. 2.5 NEW PATENT FAMILIES (FIRSTFILINGS) Accountingpolicies New patent families (?rst?lings) isrecordedasthenumber ofnewpatent applications thatwere?led during theyear. Development A total of 74 new patent families were established in 2016, a slight decreaseof4% compared with?ling activityin2015, when 77patent families wereestablished. The patent expiry dates for the product portfolio are shown in the table below. Thedates providedareforexpiryintheUSA,Germany, China and Japan of patents on the active ingredient, unless otherwise indicated, and include extensions of patent term (including for paediatric extension, where applicable). For several products, in addition to the compound patent, Novo Nordisk holds other patents on manufacturing processes, formulations or uses that may be relevant for exclusivity beyond the expiration of the active ingredient patent. Furthermore, regulatory data protection mayapply. CONSOLIDATED SOCIAL STATEMENT 101 2.4 ANIMALS PURCHASED FORRESEARCH Accountingpolicies Animals purchased for research is recorded as the number of animals purchased for all research undertaken by Novo Nordisk either in-house or by external contractors. The number of animals purchased is based on internal registration ofpurchased animals and yearlyreports fromexternal contractors. 2.2 LEAST DEVELOPED COUNTRIES WHERE NOVO NORDISK SELLS INSULIN ACCORDING TO THE DIFFERENTIAL PRICING POLICY(CONTINUED) Novo Nordisk sold human insulin according to the company’s differential pricing policyin22oftheworld’s48LDCs,compared with23in2015. The total estimated number of people treated with insulin sold at or below the differential pricing policy price in the LDCs was approximately 349,000 in 2016, compared withapproximately 411,000 in2015. Thedecline ismainly attributed to lower sales in Sudan and sales exceeding the ceiling price in the Democratic Republic of Congo(DRC). In2016,an estimated 6.5million people weretreated with insulin forless than 0.18USdollarperday worldwide, compared with 5.5million people in2015. Novo Nordisk operated in Cambodia, Laos, Myanmar and the DRC, but didnotsellinsulin atthedifferential pricehere.Thegovernments inthose countries were offered the opportunity to buy insulin at the differential price,buttheinsulin soldtherein2016 wassoldtotheprivatemarket. NovoNordisk isunable toguarantee thatthepriceatwhich thecompany sells the insulin will be re?ected in the price to the consumer. Printing the price on the actual product is one initiative to avoid mark-ups on price. While Novo Nordisk prefers to sell insulin at the differential price through government tenders, the company is willing to sell to private distributors andagents. 2.3 DONATIONS Accountingpolicies Donations by Novo Nordisk to the World Diabetes Foundation and the Novo NordiskHaemophilia Foundation arerecognised asanexpensewhen thedonation ispaid outorwhen anunconditional commitment todonate has been made. For additional information regarding the World Diabetes Foundation, please refer to note 5.3 in the Consolidated ?nancial statements. DKKmillion 2016 2015 2014 World DiabetesFoundation Novo Nordisk Haemophilia Foundation 85 21 86 19 66 18 Totaldonations 106 105 84

NOVO NORDISK ANNUAL REPORT2016 STATEMENT OF SOCIALPERFORMANCE 102 CONSOLIDATED SOCIALSTATEMENT SECTION 3 EMPLOYEES SUPPLEMENTARYINFORMATION GENDER IN MANAGEMENT2016 Q Men QWomen 0 20 40 60 80 100 EVP/SVP CVP/VP/GM Managers Total % SECTION 4 ASSURANCE 4.1 BUSINESS ETHICSREVIEWS The number of business ethics reviews is recorded as the number of business ethics reviews and trend reports performed by Group Internal Audit in af?liates, production sites and headquarter areas. Any gaps between procedures and behaviour are identi?ed and presented to Management and theBoardofDirectorsas?ndings. Anaction plan forthe closureof?ndings isagreed upon, and GroupInternal Auditfollows up ontheimplementation oftheagreed actions beforeclosing the?ndings. Development A total of 52 business ethics reviews were completed in 2016 with 234 ?ndings, compared with49reviewswith183 ?ndings in2015. It isGroup Internal Audit's assessment that the overall business ethics compliance level is sound. Closure of ?ndings progressed as planned, and there were nooverdue?ndings asof31December2016. 3.1EMPLOYEES Accountingpolicies The number of employees is recorded as all employees except externals, employees onunpaid leave, interns, bachelor and masterthesisemployees, and substitutes atyear-end. Therateofturnoverismeasured asthenumber ofemployees, excluding temporary employees, who left the Group during the ?nancial year compared with the average number of employees, excluding temporary employees. Diversity in Novo Nordisk is reported as the percentage split by gender in all managerial positions and for newly appointed managers. Managerial positions arede?ned asallmanagers inNovoNordisk (global joblevelincl CEO, EVP, SVP, CVP, VP, Director, Manager and Team Leader). New managers are de?ned as all employees who have moved to a managerial position within thelast12months –bothpromotedand externally hired. 1 1 EMPLOYEES 2016 2015 2014 USA Europe –of which in Denmark International Operations Paci?c RegionChina 6,128 22,529 18,221 7,875 1,558 4,356 6,193 6,205 21,871 22,136 17,398 17,664 7,198 6,550 1,471 1,462 4,389 5,097 Totalemployees 42,446 41,122 41,450 Full-timeemployees 41,971 40,638 40,957 Employeeturnover 9.7% 9.2% 9.0% Increase inemployees 3% (1%) 8% Shareofwomen among newly appointed managers 43% 44% 42% 1. Includes approximately 2,400 employees inNNIT A/S. In November 2016, Novo Nordisk reduced its workforce by 2% across its global organisation. Thedecision taken was oneofseveralactions toreduce operating costs in response to a challenging competitive environment in 2017, especially in its large US market. The reductions primarily affected R&D units, headquarter staff functions as well as positions in the global commercial organisation, mainly in the USA. Around half of the lay-offs were in Denmark. At the end of 2016, the total number of employees was 42,446, corresponding to41,971 full-timepositions, which isa3% increase compared with 2015. The growth is primarily driven by expansion within theInternational Operationssalesregion and inProductSupply. Among employees asawhole, thegender splitwasapproximately 50:50 in 2016, which isthesame asin2015. 3.2 FREQUENCY OF OCCUPATIONAL ACCIDENTS Accountingpolicies The frequency of occupational accidents with absence is measured as the internally reported number of accidents using full-time employees, excluding externals, employees on unpaid leave, interns, bachelor and master thesis employees, and substitutes, per million nominal working hours.Anoccupational accident withabsence isany work-relatedaccident causing atleastonedayofabsence inaddition tothedayoftheaccident. Development The average frequency rate of occupational accidents with absence in 2016 was 3.0 per million working hours, unchanged from 2015. The number of occupational accidents withabsence increased by1% compared with2015. OneNovoNordisk employee inPakistan died inawork-relatedaccident. Novo Nordisk works with a zero-injury mindset and has a long-term commitment to continuously improving safety performance. The link between company values and safety behaviour isemphasised toensurethat employees always make thesafe choice.

NOVO NORDISK ANNUAL REPORT2016STATEMENT OF SOCIALPERFORMANCE SUPPLEMENTARYINFORMATION 4.2FULFILMENTOFACTIONPOINTS FROMFACILITATIONSOFTHENOVO NORDISKWAY Accountingpolicies Facilitation is the internal audit process for assessing compliance with the Novo Nordisk Way. The assessment is based on review of documentation followed by an on-site visit where randomly selected employees, management and stakeholders areinterviewed. Anyidenti?ed gaps related to Novo Nordisk Way are identi?ed and presented to Management as ?ndings. The facilitator and management agree on an action plan to close the ?ndings. The percentage of ful?lment of action points is measured as an average of timely closure of action points issued in the current year and the two previous years. The reason for using a three-year average as the basis for the calculation is that action lead times typically vary from a few months to more than ayear. FACILITATIONS ANDFINDINGS 2016 2015 2014 Ful?lment ofaction points 95% 94% 95% Facilitations 84 65 69 Findings 283 257 213 A total of 84 units were facilitated covering approximately 25,000 employees, 12% of whom were interviewed. In addition, feedback on those units was collected from almost 1,000 stakeholders. Overall, the facilitations in2016, asin2015, showed a‘high level’ofcompliance with the Novo Nordisk Way. Corrective actions and corresponding deadlines were agreed with local management for all actions. The main areas of improvement identi?ed, covering morethan half ofall?ndings, concerned Essential 2 ‘We set ambitious goals and strive for excellence’, Essential 7 ‘We focus onpersonal performance and development’ and Essential 9 ‘We optimise thewayweworkand striveforsimplicity’. ThetenEssentials arepartoftheNovo NordiskWay.Readmoreonpage p19. 4.3 SUPPLIERAUDITS Accountingpolicies The number of supplier audits concluded by Novo Nordisk’s Supplier Audit department includes thenumber ofresponsible sourcing audits and quality audits conducted inthe areasofdirectand indirectspend materials. BY TYPE OFAUDIT 2016 2015 2014 Responsible sourcingaudits 27 28 25 Qualityaudits 196 212 199 Total supplieraudits 223 240 224 Thenumber ofaudits concluded in2016 decreased by7% compared with 2015.Moreaudits wereconducted in2015,mainly due toManagement’s decision tobuild new factories.Therewerenocritical?ndings in2016. CONSOLIDATED SOCIAL STATEMENT 103 4.4 PRODUCTRECALLS Accountingpolicies Thenumber ofproductrecallsisrecordedasthenumber oftimes NovoNordisk has instituted arecalland includes recallsinconnection with clinical trials. A recall can affect various countries but only counts as one recall. Development In 2016, Novo Nordisk had six instances of product recalls compared with two in 2015; one was critical. Two of the recalls were due to inappropriate product storage in the external distribution chain while four were due to productsthatdidnotfully meetspeci?cations. Localhealth authorities were informed in all instances to ensure that distributors, pharmacies, doctors and patients received appropriateinformation. 4.5 FAILEDINSPECTIONS Accountingpolicies The number of failed inspections is measured in relation to the US Food &DrugAdministration (USFDA), European Medicines Agency (EMA),the Japanese Pharmaceuticals & Medical Devices Agency (PMDA), Lloyd’s Register Quality Assurance (LRQA) and domestic authorities for strategic manufacturing sites. Failed inspections are de?ned as inspections where Warning Letters or EMA non-compliance letters related to GMP inspections are received, GMP/ISO certi?cates for strategic sites are lost, pre-approval inspections result in a Warning Letter, study conclusions arechanged due toGCP/GLPinspection issues, ormarketing orimport authorisations arewithdrawn due toinspection issues.Strategic sitesarede?ned asthe manufacturing sitesinBrazil, China, Denmark, FranceandtheUSA. Development In2016, asin2015, therewerenofailed inspections among thoseresolved atyear-end.In2016, 74inspections wereconducted compared with82 in 2015. At year-end, 49 inspections had been passed and 25 were unresolved, as ?nal inspection reports had not been received or the ?nal authority acceptance was pending, which is normal. All but ?ve 2015 inspections have been explicitlypassed; among theunresolvedweretwo USFDA GMPinspections. 4.6 COMPANYREPUTATION Accountingpolicies Company reputation is measured annually using the RepTrak ® methodology developed by Reputation Institute. The total score is measured as the mean company reputation score among people with diabetes, general practitioners, diabetes specialists and employees across15keymarkets. Reputation is measured on a scale of 0 –100, with 100 being the best possible score. A score above 80 is considered excellent; a score between 70and 80isconsidered strong. Datawas collectedfromJanuary through October2016. The data for external stakeholders are collected through annual surveys carried out by external consultancy ?rms. The employee data are collected fromtheannual employee survey.Forafew ofthemarkets, historicaldata are not available for all the external stakeholder groups included. This has been assessed as having no material impact on the numbers reported nor on development trends. COMPANYREPUTATION BY

STAKEHOLDERGROUP 2016 2015 2014 People withdiabetes 73.8 73.9 71.9 Employees 82.7 83.8 84.0 Generalpractitioners 79.5 85.4 82.2 Diabetesspecialists 80.8 86.4 85.1 Totalscore 79.2 82.4 80.8 Thedecline inscoreamong general practitioners and diabetes specialists re?ects ageneral trendacrossthepharmaceutical sector.

NOVO NORDISK ANNUAL REPORT2016 STATEMENT OF ENVIRONMENTALPERFORMANCE Signi?cant reductions inCO 2 emissionsfromenergy consumption In 2015, Novo Nordisk set a bold target pledging that all production siteswillrunonelectricityfromrenewable sourcesby2020. Theshareof electricityfromrenewable sourcesremained at78% in2016, involume 283 millionkWh.Ofthe16production sites,11arenowfully supplied with electricityfromrenewable sources.Withregard tofuel usedforsteam and heat production, seven of the eight production sites in Denmark use bio-natural gas, which isbiogas produced fromliquid manure, foodwaste and organic waste from the industry. The biogas is upgraded to meet the quality requirements of natural gas and feeds into the natural gas distribution system. The facility in Brazil uses certi?ed wood to produce the steam used in production. The remaining production facilities use natural gas. SUPPLEMENTARYINFORMATION104 CONSOLIDATED ENVIRONMENTALSTATEMENT STATEMENT OFENVIRONMENTAL PERFORMANCE FOR THE YEAR ENDED 31DECEMBER NOTESTOTHECONSOLIDATED ENVIRONMENTAL STATEMENT Basis ofpreparation Emissions, organic residues andwasteResources Note 2016 2015 2014 RESOURCES Energy consumption (1,000GJ) 2.1 2,935 2,778 2,556 Water consumption (1,000m 3) 2.2 3,293 3,131 2,959 EMISSIONS, ORGANIC RESIDUES ANDWASTE Share of renewablepower for production 3.1 78% 78% 73% CO 2 emissions from energy consumption (1,000tons) 3.1 92 107 120 CO 2 emissions from transport (1,000tons) 3.1 38 43 57 Organic residues(tons) 3.2 114,805 124,049 110,095 Waste(tons) 3.3 37,940 34,715 30,720 Non-hazardous waste(ratio) 3.3 34% 42% 50% Breaches of regulatory limit values 3.4 42 28 9 In the Consolidated environmental statement, Novo Nordisk reports on performance in terms of resources and emissions, organic residues and waste. Progressisreportedagainst thelong-termtargets tocontinuously reduceenvironmental impacts. Readmoreonpp13and15. To support the three long-term targets, the environmental statement contains additional performance information of strategic importance such as organic residue, waste and breaches ofregulatory limitvalues.

NOVO NORDISK ANNUAL REPORT2016STATEMENT OF ENVIRONMENTALPERFORMANCE SUPPLEMENTARYINFORMATION CONSOLIDATED ENVIRONMENTAL STATEMENT 105 General reporting standards andprinciples The Consolidated environmental statement has been prepared in accordance with the same standards as those for the Consolidated social statement. Readmoreinsection1'Basis ofpreparation' oftheConsolidated socialstatement onp99. Principles ofconsolidation The Consolidated environmental statement covers the productionsites 2 including of?ce buildings and R&D at the sites, except for COemissions from transport, which covers external suppliers used to distribute Novo Nordiskproducts. ENVIRONMENTAL ACCOUNTINGPOLICIES The accounting policies set out below have been consistently applied in preparation oftheConsolidated environmental statement forallt heyears presented. Changes to accounting policies anddisclosures Thefollowing disclosurechange has been made toalign withManagement priorities: • 'Share ofrenewable powerforproduction' hasbeen added, asitisa strategic focusarea. SECTION 1 BASIS OFPREPARATION SECTION 2RESOURCES SECTION 3 EMISSIONS, ORGANIC RESIDUES ANDWASTE CO 2 emissions from transport (productdistribution) CO 2 emissions from product distribution are calculated by external transportation suppliers as the estimated emissions from product distribution in metric tons. CO 2 emissions are calculated as the worldwide distribution of semi-?nished and ?nished products, raw materials and components by air, sea and road between production sites and from production sites to af?liates, direct customers and importing distributors. CO 2 emissions from product distribution from af?liates to pharmacies, hospitals and wholesalers are notincluded. 2.1 ENERGYCONSUMPTION Accountingpolicies Energy consumption ismeasured asbothdirectsupply ofenergy (internally produced energy), which is energy Novo Nordisk produces from mainly biogas, natural gas and wood, and indirect supply of external energy (externally produced energy), which is electricity, steam and district heat. The consumption of fuel (internally produced energy) and externally produced energy isbased onmeterreadings and invoices. Totalenergyconsumption 2,935 2,778 2,556 1. Not allocated consists of consumption that cannot be directly linked to the production of either Diabetes and obesity care or Biopharmaceuticals, ieof?ce buildings and researchactivities. In 2016, energy consumption increased by 6% compared with 2015, primarily due to the new biopharmaceutical production facility in New Hampshire, USA,which was included inthecorporatereporting forthe?rst time. In addition, production increased within some areas in both Diabetes and obesity care andBiopharmaceuticals. 2.2 WATERCONSUMPTION Accountingpolicies Waterconsumption ismeasured based onmeterreadings and invoices. It includes drinking water, industrial water andsteam. WATERCONSUMPTION IN1,000 M 3 2016 2015 2014 Diabetes and obesitycare 2,866 2,753 2,568 ENERGYCONSUMPTION Biopharmaceuticals 260 213 209 IN1,000 GJ 2016 2015 2014 Notallocated 1 167 165 182 Diabetes and obesitycare 2,050 2,006 1,816 Total waterconsumption 3,293 3,131 2,959 Biopharmaceuticals 460 322 316 Notallocated 1 425 450 424 1. Not allocated consists ofconsumption that cannot be directly linked to the production of either Diabetes and obesity care or Biopharmaceuticals, ieof?ce buildings and researchactivities. In2016, waterconsumption increased by5% compared with2015, primarily due to increased production within some areas in both Diabetesand obesitycareand Biopharmaceuticals, including anew biopharmaceuticals facility inNew Hampshire, USA.Morethan half ofthe waterisusedattheproduction siteinKalundborg, Denmark. Two facilities are located in regions subject to high water stress, consuming 6% of the total water used at Novo Nordisk sites. There have been no water shortage incidents and overall, water consumption at these facilities decreased in2016. 3.1 CO 2 EMISSIONS Accountingpolicies Share of renewable power forproduction Share of renewable power is reported according to the Greenhouse Gas (GHG) Protocol Scope 2 Guideline. It is calculated as the sum of electricity ineach countrythatcomesfrom100% renewable sources,eithersourced from the market orself-produced. CO 2 emissions from energyconsumption The amount of CO 2 emissions from energy consumption covers consumption at production sites measured in metric tons. CO 2 emissions from energy consumption are calculated according to the GHG Protocol and based onemission factors fromthepreviousyear.

NOVO NORDISK ANNUAL REPORT2016 3.4 BREACHES OF REGULATORY LIMIT VALUES Accountingpolicies Breaches of regulatory limit values cover all breaches reported to the environmental authorities. Development Incidents withbreaches ofregulatory limitvalues increased from28in2015 to 42 in 2016. The majority of the breaches were related to wastewater, with minor impacts on the environment. As in 2015, most of the breaches are related to pH and COD/BOD at one facility. A new neutralisation plant is intended to solve the pH issue, and in relation to COD/BOD, a root cause analysis has been conducted and anaction plan prepared. STATEMENT OF ENVIRONMENTALPERFORMANCE SUPPLEMENTARYINFORMATION 100 80 60 40 20 0 201620152014 WASTEDISPOSAL Q Recycling Q Incineration with energyrecovery Q Incineration without energy recovery Q Special treatment Q Land?lling % 3.3WASTE Accountingpolicies Wasteismeasured asthesumofnon-hazardous and hazardous waste disposed ofbased onweight receipts. Non-hazardous waste (ratio)iscalculated asapercentage ofthetotal amount ofwaste disposed of. TONS OFWASTE 2016 2015 2014 Non-hazardouswaste Hazardouswaste 13,077 24,863 14,500 15,492 20,215 15,228 Totalwaste 37,940 34,715 30,720 Non-hazardous waste(ratio) 34% 42% 50% Thetotalamount ofwaste increased by9% compared with2015. Non-hazardous waste decreased by 10% while hazardous waste increased by 23%. This is mainly due to higher pilot production at a multi purpose production plant in Denmark where regeneration of ethanol is not possible due to risk of contamination. The ethanol, not suitable for biogas, is categorised as hazardous waste and disposed of as ‘special treatment’. It is transported toathird-partymanufacturing plant that canreusetheethanol. Reducing ethanol waste is a high priority for Novo Nordisk, and ef?cient regeneration plants atAPIsitesenable repeated reuseoftheethanol. 106 CONSOLIDATED ENVIRONMENTALSTATEMENT 3.1 CO 2 EMISSIONS(CONTINUED) CO 2 EMISSIONS IN1,000TONS 2016 2015 2014 Share of renewablepower forproduction 78% 78% 73% CO 2 emissions from energy consumption 92 107 120 –Diabetes and obesitycare 78 88 94 –Biopharmaceuticals 11 6 10 –Notallocated 1 3 13 16 CO 2 emissions from transport 38 43 57 Total CO 2 emissions 130 150 177 1. Not allocated consists of consumption that cannot be directly linked to the production of either Diabetes and obesity care or Biopharmaceuticals, ieof?ce buildings and researchactivities. Theshareofrenewable electricityremained stable at78% in2016. NovoNordisk has atarget ofreaching 100% electricityforproduction from renewable sourcesby2020. Overall,11outof16production sitesnowuse electricity exclusively from renewable sources. Whileenergy consumption increased inorder tomeetmarketdemands, the overall CO 2 emissions from energy consumption for production decreased by 14% in 2016 compared with 2015. This is a result of the efforts to increasetheuseofrenewable energy and theongoing conversiontoless CO 2 intensive energysources. Emissions from transport (product distribution) decreased by 12% compared with 2015, due to increased distribution by sea as opposed to airtransport.79% oftheemissions fromtransportarefromairtransport. Distributing as many products as possible by sea remains a priority for NovoNordisk,asseatransportreducesbothCO 2 emissions and costs. 3.2 ORGANICRESIDUES Accountingpolicies Organic residues consist of recycled biomass and ethanol from the production of the active pharmaceutical ingredients (API). The biomass is measured in m 3 and converted to tons. The amount of ethanol is calculated based onvolume and concentration and thenconvertedtotons. The residues are primarily used in biogas plants where energy is recovered. The digested slurry is then used as fertilizers on local farmland after it has been used in biogasproduction. ORGANIC RESIDUES (TONS) 2016 2015 2014 Biomass 108,751 113,453 101,729 Recyclableethanol 6,054 10,596 8,366 Total organicresidues 114,805 124,049 110,095 The total amount of organic residues, a by-product of production of API, decreased by 7% due to changes in the product mix of API. Ethanol decreased by43% fromarelativehigh levelin2015 when impurities inthe ethanol waste resulted inlower regeneration.

NOVO NORDISK ANNUAL REPORT2016MANAGEMENT STATEMENT Mads Krogsgaard Thomsen RegisteredExecutive Management Lars Fruergaard Jørgensen President andCEO Jesper Brandgaard CFO HenrikWulff Board ofDirectors BrunoAngeliciGöranAndo Chairman Jeppe Christiansen Vicechairman BrianDaniels SylvieGrégoire LizHewitt LiselotteHyveled Anne Marie Kverneland Søren ThuesenPedersen StigStrøbæk MarySzela MANAGEMENT STATEMENT CONSOLIDATED FINANCIAL STATEMENTS 107 STATEMENT BY THE BOARD OF DIRECTORS AND EXECUTIVEMANAGEMENTONTHEANNUALREPORT Today, the Board of Directors and Executive Management approved the Annual Report of Novo Nordisk A/S for the year 2016. The Board of Directors and Executive Management are jointly responsible for ensuring the integrity and quality of thereport. The Annual Report has been prepared in accordance with the International Integrated ReportingFramework. The Consolidated ?nancial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act. Further, the Financial statements of the parent company and Management's Review have been prepared in accordance with the Danish Financial StatementsAct. In our opinion, the Consolidated ?nancial statements and the Financial statements of the parent company give a true and fair view of the ?nancial position at 31 December 2016, the results of the Group's and parent company's operations, and consolidated cash ?ows for the ?nancial year 2016. Furthermore, in our opinion, Management's Review includes a true and fair account of the development in the operations and ?nancial circumstances, of the results for the year, and of the ?nancial position of the Group and the parent company as well as a description of the most signi?cant risks and elements of uncertainty facing the Group and the parentcompany. Novo Nordisk's Consolidated social and environmental statements have been prepared in accordance with the reporting principles of materiality, inclusivity and responsiveness of AA1000APS(2008) and social and environmental accounting policies. They give a true and fair account and a balanced and reasonable presentation of the organisation's social and environmental performance in accordance with theseprinciples. We recommend that the Annual Report be adopted at the Annual General Meeting. Bagsværd, 1February 2017

NOVO NORDISK ANNUAL REPORT2016 INDEPENDENT AUDITOR'S REPORT Basis forOpinion We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the ?nancial statements section of our report. We believe that the auditevidence wehave obtained issuf?cient and appropriate toprovideabasis forour opinion. Independence We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements that are relevant to ouraudit ofthe?nancial statements inDenmark. Wehave alsoful?lled our otherethical responsibilities inaccordance withtheIESBACode. Key Audit Matters Key audit matters are those matters that, in our professional judgment, wereofmostsigni?cance inouraudit ofthe?nancial statements for2016. These matters were addressed in the context of our audit of the ?nancial statements asawhole, and informing ouropinion thereon, and wedonot provideaseparate opinion onthesematters. To the shareholders of Novo Nordisk A/S Ouropinion Inouropinion, theConsolidated ?nancial statements give atrueand fair view of the Group's ?nancial position at 31 December 2016 and of the resultsoftheGroup'soperations and cash ?ows forthe?nancial year 1January to31 December2016 inaccordance with International Financial Reporting Standards asadopted bytheEUand furtherrequirements inthe Danish Financial Statements Act. Moreover,inouropinion, theFinancial statements oftheParentCompany give atrueand fairviewoftheParentCompany's ?nancial position at 31December2016 and oftheresultsoftheParentCompany's operations for the ?nancial year 1 January to 31 December 2016 in accordance with theDanishFinancial Statements Act. What we haveaudited Novo Nordisk A/S' Consolidated ?nancial statements and the Financial statements of the parent company for the ?nancial year 1 January to 31 December 2016, pp 57–96 and pp 114 –118, comprise income statement, balance sheet, statement ofchanges inequity, and notesto the?nancial statements including summary ofsigni?cant accounting policiesfortheGroupaswellasfortheParentCompany and statement ofcomprehensive incomeand statement ofcash ?ow fortheGroup. Collectivelyreferredtoasthe"?nancial statements". 108 INDEPENDENT AUDITOR'SREPORT INDEPENDENT AUDITOR'SREPORT We have tested relevant controls including applicable information systems and Management's reviewcontrols. We have obtained Management's calculations for accruals under applicable schemes and assessed the signi?cance of assumptions applied by comparing themtotheGroup'sstated commercial policies, thetermsofthe applicable contracts, third party data and historical levels of paid rebates anddiscounts in the US business. We have compared the assumptions to contracted prices, historical rebates, discounts, allowances and to current payment trends. We have alsoconsidered thehistoricalaccuracy oftheGroup'sestimates inprevious years. We have formed an independent assessment of the most signi?cant elements of the accrual at 31 December 2016 using third party data and compared thisexpectation totheactual accrual recognised bytheGroup. We have tested relevant controls regarding capture of data and completeness and howManagement assesses theneed foraprovision. We have discussed the status of signi?cant known actual and potential litigation within-houselegal counsel. Wehave obtained and substantively tested evidence to support the decisions and rationale for provisions held or decisions not to recognise provisions, including correspondence with legal counsel and other counter-parties to litigation and considered Management's assessment of the probability of defending any litigation and thereliabilityofestimating anyprovisions. We have developed an independent expectation of the litigation provision based on product litigation history and other available evidence to assess the valuation and completeness of the provisions recognised by the Group. We have obtained con?rmations from external legal counsel to con?rm our understanding ofsettledand outstanding litigation and assertedclaims. We have evaluated signi?cant adjustments to legal provisions recorded during theyeartodetermine iftheywereindicative ofmanagement bias. Wehave tested thecompleteness of theexternal legal counsels fromwhom wehave asked fordirectcon?rmation bytesting legal expenses onasample basis and comparing tointernal documents. Key Audit Matter How ouraudit addressed theKeyAudit Matter Revenue recognition relating to rebates and discounts in the US business The Group sells to various customers in the USA, which can fall under certain commercial and government mandated contracts and reimbursement arrangements, ofwhich themostsigni?cant areManaged Care, Medicare, Medicaid andcharge-backs to wholesalers. These arrangements result in deductions to gross sales in arriving at net salesand give risetoobligations fortheGrouptoprovidecustomerswith rebates, discounts and allowances, which for unsettled amounts are recognised asanaccrual. We have focused on this area as rebates, discounts and allowances are complex and because establishing an appropriate accrual requires

signi?cant judgement and estimation by Management. This judgement is particularly complex in aUS healthcare environment in which competitive pricing pressure and product discounting are growing trends. Refer to Note2.1. Litigations The pharmaceutical industry is heavily regulated, which increases inherent litigation risk, and litigation and contingent liabilities may arise from product-speci?c and general legal proceedings, fromguarantees, marketing practices, unethical behaviour or government investigations connected with the Group'sactivities. We have focused on this area as the amounts involved are potentially material and the valuation of the provision is based on application of material judgement and estimation, and is therefore associated with uncertainty. Accordingly, unexpected adverse outcomes could signi?cantly impact theGroup'sreportedpro?t and statement of?nancial position. Refer to Note3.6.

NOVO NORDISK ANNUAL REPORT2016INDEPENDENT AUDITOR'S REPORT INDEPENDENT AUDITOR'S REPORT 109 We have tested relevant controls regarding capture of data and completeness and howManagement assesses theneed foraprovision. In understanding and evaluating Management's judgements, we have considered the status of recent and current tax authority audits and enquiries, theoutcome ofpreviousclaims, judgemental positions taken in tax returns and current year estimates and developments in the tax environment. Auditor'sResponsibilitiesfortheAuditoftheFinancial Statements Our objectives are to obtain reasonable assurance about whether the ?nancial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable inDenmarkwillalways detectamaterial misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to in?uence the economic decisions of users taken onthebasis ofthese?nancial statements. Aspartofanaudit inaccordance withISAsand theadditional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit.We also: • Identify and assess the risks of material misstatement of the ?nancial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is suf?cient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than foroneresulting fromerror,asfraud may involvecollusion, forgery, intentional omissions, misrepresentations or the override of internal control. • Obtainanunderstanding ofinternal controlrelevanttotheaudit inorder to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's andthe Parent Company's internal control. • Evaluate the appropriateness of accounting policies used and the reasonableness ofaccounting estimates and relateddisclosuresmade by Management. • Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast signi?cant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the ?nancial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Group or the ParentCompany toceasetocontinue asagoing concern. Statement on Management'sReview Management isresponsible forManagement's Review(pp1–56and p97). Our opinion on the ?nancial statements does not cover Management's Review, and wedonotexpressanyformofassurance conclusion thereon. Inconnection withouraudit ofthe?nancial statements, ourresponsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the ?nancial statements or our knowledge obtained in the audit, or otherwise appears to be materiallymisstated. Moreover, we considered whether Management's Review includes the disclosuresrequiredbytheDanishFinancial Statements Act. Based ontheworkwehave performed, inourview, Management's Reviewisinaccordance withtheConsolidated ?nancial statements and the Financial statements of the Parent Company and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review. Management's Responsibility for the FinancialStatements Management is responsible for the preparation of Consolidated ?nancial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of Financial statements of the Parent Company that give a trueand fairviewinaccordance withtheDanishFinancial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of ?nancial statements that are free from material misstatements, whether due to fraudor error. In preparing the ?nancial statements, Management is responsible for assessing theGroup'sand ParentCompany's ability tocontinue asagoing concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or Parent Company or to cease operations, orhasnorealisticalternative buttodoso. Uncertain taxpositions TheGroupoperates inacomplexmultinational taxenvironment and there are open tax and transfer pricing cases with domestic and foreign tax authorities. We have focused on this area as the amounts involved are potentially material and thevaluation oftaxassetsand liabilities

isassociated with uncertainty and judgement. Refer to Note2.6. Inaddition, wehave usedourownlocaland international taxspecialists, evaluated the adequacy of Management’s key assumptions and read correspondence with tax authorities to assess the valuation of tax assets andliabilities.

NOVO NORDISK ANNUAL REPORT2016 INDEPENDENT AUDITOR’S REPORT 110 INDEPENDENT AUDITOR’S REPORT •Evaluate the overall presentation, structure and content of the ?nancial statements, including the disclosures, and whether the ?nancial statements represent the underlying transactions and events in a manner that achieves fairpresentation. •Obtainsuf?cient appropriateauditevidenceregarding the?nancial information oftheentitiesorbusinessactivitieswithintheGroupto expressanopinionontheConsolidated ?nancialstatements.We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion. We communicate with those charged with governance (the Board of Directors) regarding, among other matters, the planned scope and timing of the audit and signi?cant audit ?ndings, including any signi?cant de?ciencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, relatedsafeguards. From the matters communicated with those charged with governance, we determine those matters that were of most signi?cance in the audit of the ?nancial statements of the current period and are therefore the key audit matters. We describe these matters in our Auditor’s Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest bene?ts of suchcommunication. Bagsværd, 1February 2017 PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab (CVR no. 3377 1231) Mogens NørgaardMogensen State Authorised PublicAccountant TorbenJensen State Authorised PublicAccountant

NOVO NORDISK ANNUAL REPORT2016INDEPENDENT ASSURANCE REPORT INDEPENDENTASSURANCEREPORT 111 INDEPENDENT LIMITEDASSURANCE REPORTONTHESOCIAL AND ENVIRONMENTAL REPORTING Bagsværd,1February2017 PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab (CVR no. 3377 1231) Mogens NørgaardMogensen State Authorised PublicAccountant TorbenJensen State Authorised PublicAccountant Tothe Stakeholders of NovoNordisk A/S We have undertaken a limited assurance engagement of the consolidated social and environmental information of the Annual Report (the report) of Novo Nordisk A/S for 2016 which comprises parts of the Management's Review (pp 11–13, and 15) and the Consolidated social and environmental statements on pp 98 –106. The assurance engagement have also covered the nature and extent of Novo Nordisk's adherence to the AA1000 AccountAbility Principles Standard (2008) (AA1000APS) principles (inclusivity, materiality and responsiveness) with respect to stakeholder dialogue. Novo Nordisk's responsibility for the consolidated social and environmental information Novo Nordisk's management is responsible for preparation of the consolidated social and environmental information (the information) in accordance with the accounting policies described on pp 99 –106 and for the Novo Nordisk approach towards adherence to AA1000APS. This responsibilityincludesdesign,implementation andmaintenance ofinternal controlsrelevanttoensurethatdataarefreefrommaterialmisstatements, whetherduetofraudorerror. Ourindependence and quality control We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other ethical requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, con?dentiality and professional behavior. We also qualify as independent as de?ned by the AA1000 Assurance Standard (2008) (AA1000AS). The ?rm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control includ- ing documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. Our work was carried out by an independent multidisciplinary team with experience in sustainability reporting and assurance. Ourresponsibility Our responsibility is to express a limited assurance conclusion on the information in the report based on the procedures we have performed and the evidence we have obtained. Furthermore, our responsibility is, by applying the AA1000AS, to express a moderate assurance conclusion and make recommendations for the nature and extent of Novo Nordisk's adherence to the AA1000APS principles. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board. ISAE 3000 requires that we plan and perform this engagement to obtain limited assurance about whether the information are free from materialmisstatement. Alimitedassuranceengagement undertaken inaccordance withISAE3000 involvesassessingthesuitabilityofNovoNordisk'suseofstatedaccounting policiesasthebasisforthepreparationoftheinformation. Furthermore, it involves assessing the risks of material misstatement of the information whether due to fraud or error, responding to the assessed risksasnecessary in the circumstances, and evaluating the overall presentation of the information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessedrisks. Moreover, we have planned our work based on the AA1000AS to perform a Type 2 engagement and to obtain moderate assurance regarding the nature and extent of Novo Nordisk's adherence to the principles of inclusivity, materiality andresponsiveness. The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quanti?cation methods and reporting policies, and agreeing or reconciling with underlying records. We conducted interviews with members of Executive Management, Corporate Sustainability, Region North America and an external stakeholder engaged in the Cities Changing Diabetes programme in Houston, USA. We have assessed Novo Nordisk's adherence to the principles of inclusivity, materiality and responsiveness and con?rmed the existence of systems and procedures to support Novo Nordisk's Triple Bottom Line governance and stakeholder relationships. Our work focused on how the UN Sustainable Development Goals (SDGs) are aligned with the business strategy and the Cities Changing Diabetesprogramme. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of

assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether Novo Nordisk's consolidated social and environmental information have been prepared, in all material respects, in accordance with the social and environmental accounting policies applied and stated on pp 99–106. Limited assurance conclusion Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the consolidated social and environmental information presentedin Novo Nordisk's 2016 annual report are not prepared, in all material aspects, in accordance with the social and environmental accounting policies as stated on pp 99–106. Furthermore, nothing has come to our attention causing us to believe that Novo Nordisk does not adhere to the AA1000APS principles. Observations and recommendations According to AA1000AS, we are required to include observations and recommendations for improvements in relation to adherence to the AA1000APS principles. We have no signi?cant recommendations regarding inclusivity, materiality andresponsiveness. Regardinginclusivity Novo Nordisk continues to demonstrate a strong commitment to account- ability with systems and processes in place to support stakeholder engage- ment around sustainability issues. Stakeholder inclusivity is integrated across the business and in new initiatives. Novo Nordisk has continued to engage and include stakeholders in the initiatives to help citizens at risk of diabetes and people living with diabetes. Stakeholder engagement has also been extended to address the relevant SDGs. Regarding materiality Novo Nordisk continues to discuss, evaluate and determine material issues on an ongoing basis through a number of core business processes. The Social and Environmental Committee further strengthens the alignment of business strategy and the material societal challenges as set out in the SDGs. Work is ongoing to quantify the impacts of Novo Nordisk's activities and contribution to the delivery on theSDGs. Regardingresponsiveness Novo Nordisk's commitment to being responsive to stakeholder needs and concerns is evident from the increasing involvement and focus, at both international, country and city level, on care and prevention of diabetes and other chronic diseases and also on responding to the SDGs. Novo Nordisk is considered to be understanding of and responsive to stakeholder concerns within the Cities Changing Diabetes programme and other strategic stakeholder engagement activities.

NEW-GENERATION INSULIN ANDCOMBINATIONS • Tresiba ® ,insulindegludec • Ryzodeg ® ,insulindegludec/insulinaspart • Xultophy ® ,insulindegludec/liraglutide MODERNINSULIN • Levemir ® ,insulindetemir • NovoRapid ® ,insulinaspart • NovoRapid ® PumpCart ® ,pre-filledinsulinpumpcartridge • NovoMix ® 30,biphasicinsulinaspart • NovoMix ® 50,biphasicinsulinaspart • NovoMix ® 70,biphasicinsulinaspart HUMANINSULIN • Insulatard ® ,isophane(NPH)insulin • Actrapid ® ,regularhumaninsulin • Mixtard ® 30,biphasichumaninsulin • Mixtard ® 40,biphasichumaninsulin • Mixtard ® 50,biphasichumaninsulin GLUCAGON-LIKEPEPTIDE-1 • Victoza ® ,liraglutide OTHER PRE-FILLED INSULIN DELIVERYSYSTEMS • FlexTouch ® ,U100,U200 • FlexPen ® • InnoLet ® OTHER INSULIN DELIVERYSYSTEMS • PumpCart ® ,NovoRapid ® cartridgeto beusedinpump • Cartridge • Vial INSULINPENS • NovoPen ® 5 • NovoPen ® 4 • NovoPen ® 3 • NovoPenEcho ® ,withmemoryfunction NEEDLES • NovoFine ® Plus • NovoFine ® • NovoTwist ® • NovoFine ® AutoCover ORAL ANTIDIABETIC AGENTS • NovoNorm ® ,repaglinide GLUCAGON • GlucaGen ® ,glucagonfordiagnosticuse • GlucaGen ® Hypokit,glucagonemergencykit forsevere hypoglycaemia HAEMOPHILIA • NovoSeven ® ,recombinant factorVIIa,also availablewithpre-filled syringe in an increasing number ofcountries • NovoEight ® ,recombinant factorVIII • NovoThirteen ® ,recombinant factorXIII HUMAN GROWTHHORMONE • Norditropin ® ,somatropin(rDNA origin) • Norditropin ® FlexPro ® ,pre-filledmultidosedeliverysystem • Norditropin ® NordiFlex ® ,pre-filledmultidosedeliverysystem • Norditropin ® NordiLet ® ,pre-filledmultidosedeliverysystem • Norditropin ® SimpleXx ® ,durablemultidosedeliverysystem • NordiPen ® • PenMate ® ,automaticneedleinserter(forNordiPen ® andNordiFlex ®) HORMONE REPLACEMENTTHERAPY • Vagifem ® ,estradiol hemihydrate • Activelle ® ,estradiol/norethisteroneacetate • Kliogest ® ,estradiol/norethisteroneacetate • Novofem ® ,estradiol/norethisteroneacetate • Trisequens ® ,estradiol/norethisteroneacetate • Estrofem ® ,estradiol GLUCAGON-LIKEPEPTIDE-1 • Saxenda ® ,liraglutide3mg DIABETESCARE BIOPHARMACEUTICALS OBESITYCARE A selectionof Novo Nordisk‘s injection devices. The product overview on this page makes reference to our 2016 product offering. The names used are European product trade names with accompanying generic names. Tradeand generic names may differ inothermarkets. PRODUCT OVERVIEW NOVO NORDISK ANNUAL REPORT2016 112 ADDITIONALINFORMATION

Marketdataonpp16,17and37arefromIMSMIDASHealth2016. Design and production: ADtomic Communications. Accounts and notes: Team2Graphics. Printing: Bording PRO as, February 2017. Photography: Yasuhiro Nakaoka, JesperEdvardsen, UlrikJantzen, JesperWestleyJørgensen, TobiasSelnæs Markussen, GerardoLariosGarcía,ThomasLarsen,TedFahn, RobTaub,Jennifer Ludwig, BruceMcCarthyandWilliHansen. NovoNordiskprovidesadditional disclosuretosatisfylegal requirementsand stakeholderinterests.Additionalreports can bedownloadedfromnovonordisk.com/annualreport. MATERIALITY Information deemed material for providers of financial capital in their decision-making is included in the Annual Report, ie of such relevance and importance that it could substantively influence their assessments of Novo Nordisk's abilitytocreatevalueovertheshort,mediumandlongterm. ANNUALREPORT The full statutory Annual Report is available onlineat novonordisk.com/annualreport . A printed extract excluding the financial statements of the parent company is availablein English. This Annual Report is prepared in accordance with the International Financial Reporting Standards and the Danish Financial Statements Act. Moreover, it meets the requirements of an integrated report, as per the Inter- national Integrated Reporting Framework. An shortened, printed version, consisting of theManage - ment review and excerpts from the consolidated state- ments, is available inDanish. FORM20-F The Form 20-F is filed using a standardised reporting form so that investors can evaluate the company alongside US domestic equities. It is an annual reporting requirement by the US Securities and Exchange Commission (SEC) for foreign private issuers with equity shares listed on exchanges in the UnitedStates. CORPORATE GOVERNANCEREPORT The corporate governance report discloses Novo Nordisk's compliance with Danish Corporate Governance Recommendations to meet requirements of the Danish Financial Statements Act. UNITED NATIONS GLOBALCOMPACT The Communication on Progress to the UN Global Compact is a voluntary reporting on performance towards its 10 principles on human rights, labour rights, environment and anti-corruption and additional progress reporting on corporate sustainability leadership and UN goals. It complements the Annual Report to meet the requirements of the Danish Financial Statements Act, sections 99a and 99b, on corporate responsibility and gender diversity. It also adheres to the UN Guiding Principles Reporting Framework on respect of human rights. MORE INFORMATION ANDREFERENCES ADDITIONALREPORTING NEWS ANDUPDATES FORMORE NEWS FROM NOVO NORDISK, VISIT novonordisk.com/investors novonordisk.com/media novonordisk.com/sustainability References: 1.InternationalDiabetesFederation.IDFDiabetes Atlas, 7thedn.Brussels,Belgium. InternationalDiabetesFederation2015.2.WorldHealthOrganization. ObesityandOverweight.FactsheetNo311.January2015.3.StonebrakerJS,etal.Astudyofvariationsinthereportedhaemophilia Aprevalencearoundtheworld. Haemophilia ,2010;16:20–32.4.EFPIA(n.d.).GrowthProblems.Fromhttp://www.efpia.eu/diseases/68/59/Growth -Problems.5.NovoNordisk.Internaldataonfile.2016.6. HartJT.RuleofHalves:implicationsofincreasingdiagnosisandreducingdropoutforfutureworkloadandprescribingcostsinprimaryca Pract1992;42(356):116– 119. 7. United Nations, Department of Economic and Social Affairs. Population Division 2014. World Urbanization Prospects: The 2014 Revision, Highlights (ST/ESA/ SER.A/352).8.UKProspectiveDiabetesStudy(UKPDS).Diabetologia ,1991;34(12):877–890.9.ACCISS(2015).FactSheetonInequitiesandInefficiencies intheglobal insulin market. Health Action International . From http://haiweb.org/wp-content/uploads/2015/11/ACCISS -Fact-Sheet-1-Inequalities-in-Insulin-Market.pdf. Accessed September 2016.10.StrattonIM.Associationofglycaemia withmacrovascularandmicrovascularcomplicationsoftype2diabetes(UKPDS35):prospectiveobservationalstudy.BMJ321. 2000;(7258):405 –412.11.Matheus AS,TannusLR,CobasRA,PalmaCC,NegratoCA,Gomes&MB.Impactofdiabetesoncardiovasculardisease:anupdate. IntJHypertens 2013; 2013:653789 –653789. 12. American Heart Association (4 November 2016). Cardiovascular Disease & Diabetes. From http://www.heart.org/HEARTORG/Conditions/ More/Diabetes/WhyDiabetesMatters/Cardiovascular-Disease-Diabetes_UCM_313865_Article.jsp#.WHN54dIrKUk. 13. Marso SP, et al. Liraglutide and Cardiovascular Outcomes in Type 2 Diabetes. New England Journal of Medicine 2016; 375(18):1797–1799. 14. Pfeffer MA, et al. Lixisenatide in Type 2 Diabetes and Acute Coronary Syndrome.New England Journal ofMedicine 2016;374(11):1094–1096.15.MarsoSP,etal.Semaglutide andCardiovascularOutcomesinPatientswithType2Diabetes.New England Journal ofMedicine

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NOVO NORDISK ANNUAL REPORT2016 THE PARENTCOMPANY INCOMESTATEMENT FOR THE YEAR ENDED 31DECEMBER BALANCESHEET AT 31DECEMBER 114 FINANCIAL STATEMENTS OF THE PARENT COMPANY FINANCIAL STATEMENTS OF THE PARENT COMPANY2016 The following pages comprise the ?nancial statements of the parent company, being the legal entity Novo Nordisk A/S. Apart from ownership of the subsidiaries in the Novo Nordisk Group, the activity within the parent company mainly comprises sales, research and development, production, corporate activities and supportfunctions. DKKmillion Note 2016 2015 Sales Cost of goodssold 2 3 68,671 11,496 65,911 11,974 Grosspro?t 57,175 53,937 Sales anddistribution costs 3 19,768 14,528 Research and development costs 3 11,974 11,265 Administrative costs 3 1,736 1,686 Other operating income, net 1,861 3,644 Non-recurring income from thepartial divestment of NNITA/S – 1,732 Operatingpro?t 25,558 30,102 Pro?tinsubsidiaries, netoftax 9 17,817 14,800 Financial income 4 192 554 Financial expenses 4 847 6,099 Pro?t before incometaxes 42,720 39,357 Incometaxes 5 4,929 4,734 Net pro?t for theyear 37,791 34,623 DKKmillion Note 2016 2015 ASSETS Intangible assets 7 1,775 1,918 Property, plant andequipment 8 20,825 17,797 Financial assets 9 22,166 16,057 Total ?xed assets 44,766 35,772 Rawmaterials 1,809 1,541 Work inprogress 7,284 6,503 Finishedgoods 2,090 1,524 Inventories 11,183 9,568 Tradereceivables 1,648 1,729 Amounts owed by af?liated companies 13,112 10,752 Taxreceivables 1,209 3,708 Otherreceivables 807 624 Receivables 16,776 16,813 Deferred income taxassets 6 268 1,668 Marketable securities 2,007 3,539 Derivative ?nancial instruments 529 304 Cashatbank and onhand 17,560 15,493 Total current assets 48,323 47,385 Totalassets 93,089 83,157 EQUITY ANDLIABILITIES Sharecapital 510 520 Net revaluation reserve according to the equitymethod 8,948 4,977 Development costsreserve 962 860 Retainedearnings 34,278 40,001 Totalequity 44,698 46,358 Deferred income taxliabilities 6 – 15 Otherprovisions 10 800 717 Totalprovisions 800 732 Currentdebt 19 778 Derivative ?nancial instruments 2,578 1,382 Tradepayables 2,266 2,288 Amounts owed to af?liated companies 37,134 26,380 Taxpayables 163 188 Otherliabilities 10 5,431 5,051 Current liabilities 47,591 36,067 Totalliabilities 47,591 36,067 Total equity andliabilities 93,089 83,157

NOVO NORDISK ANNUAL REPORT2016THE PARENTCOMPANY FINANCIALSTATEMENTSOFTHE PARENTCOMPANY 115 STATEMENT OF CHANGES INEQUITY Net))))) DKKmillion Share capital revaluation reserve Development costreserve Retained earnings 2016 2015 Balance atthebeginning oftheyear 520 4,977 860 40,001 46,358 40,294 Appropriated from Net pro?t for theyear 14,772 14,772 21,443 Totaldividend 19,048 19,048 16,230 Appropriated from Net pro?t for the year to Net revaluationreserve 3,971 3,971 (3,050 Effect ofcash ?ow hedges transferred totheIncomestatement 614 614 2,162 Fairvalue adjustments ofcash ?ow hedges fortheyear (1,742) (1,742) (614 Interim dividends paid during theyear (7,600) (7,600) – Dividends paid for previousyear (16,230) (16,230) (12,905 Share-based payments (note3) 163 163 246 Tax credit related to restricted stockunits 102 102 9 Purchase of treasuryshares (15,057) (15,057) (17,229 Sale of treasuryshares – – 33 Reduction of the B sharecapital (10) 10 – – Exchange rateadjustments ofinvestments insubsidiaries (7) (7) (669 Developmentcosts 102 (102) – – Otheradjustments 306 306 408 Balance attheendoftheyear 510 8,948 962 34,278 44,698 46,358 Proposed appropriation of netpro?t: Interim dividend for theyear 7,600 – Finaldividend fortheyear 11,448 16,230 Appropriated to Net revaluation reserve 3,971 (3,050 Transferred to Retained earnings 14,772 21,443 Distribution of netpro?t 37,791 34,623 Please refertonote4.1totheConsolidated ?nancial statements regarding average number ofshares, treasurysharesand totalnumber ofAand Bsharesin Novo NordiskA/S.

NOVO NORDISK ANNUAL REPORT2016 THE PARENTCOMPANY 116 FINANCIAL STATEMENTS OF THE PARENT COMPANY NOTES 1 ACCOUNTINGPOLICIES The ?nancial statements of the parent company have been prepared in accordance withtheDanishFinancial Statements Act(ClassD)and other accounting regulations for companies listed on NASDAQCopenhagen. The accounting policiesforthe?nancial statements oftheparentcompany are unchanged from the last ?nancial year. The accounting policies are the same as for the Consolidated ?nancial statements with the adjustments described below. Foradescription oftheaccounting policiesoftheGroup, please refertotheConsolidated ?nancial statements, pp63–64. No separate statement of cash ?ows has been prepared for the parent company; please refertotheStatement ofcash?ows fortheGrouponp60. SUPPLEMENTARY ACCOUNTING POLICIESFOR THE PARENTCOMPANY Financialassets In the ?nancial statements of the parent company, investments in subsidiaries are recorded under the equity method, using the respective shareofthenetassetvalues insubsidiaries. Netpro?t ofsubsidiaries less unrealised intra-Group pro?ts is recorded in the Income statement of the parentcompany. To the extent net pro?t exceeds declared dividends from such companies, net revaluation of investments in subsidiaries is transferred to Net revaluation reserve under Equity according to the equity method. Pro?ts in subsidiaries are disclosed as pro?t aftertax. Fairvalue adjustments of?nancial assetscategorised as‘Available forsale’ are recognised in the Income statement. Tax For Danish tax purposes, the parent company is assessed jointly with its Danish subsidiaries. The Danish jointly taxed companies are included in a Danish on-account tax payment scheme for Danish corporate income tax. All current taxes under the scheme are recorded in the individual companies. Novo Nordisk A/S and its Danish subsidiaries are included in the joint taxation of the parent company,Novo A/S. Novo Nordisk recognises deferred income tax assets if it is probable that suf?cient taxable income willbeavailable inthefuture against which the temporary differences can beutilised. Equity The new Danish Financial Statements Act effective from 1 January 2016 requires an equity reserve corresponding to capitalised development costs. The effect at the beginning of the year is DKK 860 million, which is the carrying amount ofdevelopment costspriorto1January 2016. 2SALES DKKmillion 2016 2015 Sales by businesssegment Diabetes and obesity care Biopharmaceuticals 68,472 199 65,665 246 Totalsales 68,671 65,911 Sales by geographicalsegment USA 33,398 32,234 Europe 13,197 13,861 International Operations 9,609 9,184 RegionChina 7,234 6,316 Paci?c 5,233 4,316 Totalsales 68,671 65,911 Sales areattributed togeographical segment based onlocation ofthe customer. For de?nitions of segments, please refer to note 2.2 to the Consolidated ?nancial statements. 3 EMPLOYEECOSTS)) DKKmillion 2016 2015 Wages andsalaries 11,032 10,012 Share-based payment costs 163 246 Pensions 996 902 Other social securitycontributions 230 216 Other employeecosts 326 335 Total employee costs for theyear 12,747 11,711 Employee costs capitalised as intangible assets and property, plant andequipment (236) (103 Change in employee costs capitalised as inventories (145) (145 Total employee costs in the Incomestatement 12,366 11,463 For information regarding remuneration to the Board of Directors and ExecutiveManagement, please refer to‘Remuneration’ onpp50–53and note2.4 totheConsolidated ?nancial statements. 2016 2015 Average number offull-time employeesinNovoNordiskA/S 16,683 15,437 4 FINANCIAL INCOME AND FINANCIALEXPENSES DKKmillion 2016 2015 Interest income relating tosubsidiaries 111 88 Income from associatecompany 64 47 Other ?nancial income 17 419 Total ?nancialincome 192 554 Interest expenses relating tosubsidiaries 50 16 Foreign exchange loss(net) 324 648 Other ?nancial expenses 473 5,435 Total ?nancialexpenses 847 6,099 5 INCOMETAXES Uncertain tax positions are presented individually as part of Tax receivables/ Taxpayables.

NOVO NORDISK ANNUAL REPORT2016THE PARENTCOMPANY FINANCIAL STATEMENTS OF THE PARENTCOMPANY 117 6 DEFERRED INCOME TAXASSETS/(LIABILITIES) DKKmillion 2016 2015 Net deferredtaxasset/(liability) at1January 1,653 1,484 Income/(charge) to the Incomestatement (1,375) 94 Income/(charge) toEquity (10) 75 Netdeferred taxasset/(liability) at31December 268 1,653 The Danishcorporatetaxratewas 22% in2016 (23.5% in2015). Deferredtaxhas been calculated based onexpected realisation, re?ecting thereductionin theDanishcorporatetaxrate.The effect ofthechange, DKK0million(DKK102 million in2015), isincluded intotaldeferred income tax. 7 INTANGIBLEASSETS DKKmillion 2016 2015 Costatthebeginning oftheyear Additions during the year Disposals during theyear 3,363 414 – 2,205 1,158 – Costattheendoftheyear 3,777 3,363 Amortisation atthebeginning oftheyear 1,445 1,081 Amortisation during theyear 141 121 Impairment losses for theyear 416 243 Amortisation and impairment lossesreversedondisposals during theyear – – Amortisation attheendoftheyear 2,002 1,445 Carrying amount attheendoftheyear 1,775 1,918 Intangible assetsprimarily relateto patents and licences, internally developed software, and costsrelatedto majorITprojects. 8 PROPERTY, PLANT ANDEQUIPMENT Assetsin)) DKKmillion Landand buildings Plantand machinery Other equipment courseof construction 2016 2015 Costatthebeginning oftheyear 12,805 16,638 2,303 6,209 37,955 34,571 Additions during theyear 1,217 161 234 3,172 4,784 3,856 Disposals during theyear (138) (401) (30) – (569) (472 Transfer from/(to) otheritems 611 884 209 (1,704) – – Costattheendoftheyear 14,495 17,282 2,716 7,677 42,170 37,955 Depreciationand impairment lossesatthebeginning oftheyear 5,715 12,871 1,572 20,158 18,885 Depreciation for theyear 538 898 167 1,603 1,653 Impairment losses for theyear 10 19 78 107 48 Depreciation reversed on disposals during theyear (127) (369) (27) (523) (428 Depreciationand impairment lossesattheendoftheyear 6,136 13,419 1,790 – 21,345 20,158 Carrying amount attheendoftheyear 8,359 3,863 926 7,677 20,825 17,797

NOVO NORDISK ANNUAL REPORT2016 THE PARENTCOMPANY 118 FINANCIAL STATEMENTS OF THE PARENT COMPANY Non-current Current 800 241 717 277 Totalotherprovisions 1,041 994 Provisions for pending litigations are recognised as Other provisions. Furthermore,aspartofnormal business NovoNordisk issuescreditnotesfor expired goods. Consequently, a provision for future returns is made, based on historical product returnstatistics. Forinformation onpending litigations, please refertonote3.6 tothe Consolidated ?nancial statements. 11 RELATED PARTYTRANSACTIONS For information on transactions with related parties, please refer to note 5.4 to the Consolidated ?nancial statements. 12 FEE TO STATUTORYAUDITORS DKKmillion 2016 2015 Statutoryaudit 8 8 Audit-relatedservices 3 2 Tax advisoryservices 3 3 Otherservices 1 2 Totalfeetostatutoryauditors 15 15 9 FINANCIALASSETS Investments Amounts owedby Investment inassociated Other securities and DKKmillion insubsidiaries af?liates company investments 2016 2015 153Costatthebeginning oftheyear Investments during the year Divestments during theyear 8,779 75 – 1,467 2,592 (619) 367 50 (48) 10,766 2,717 (667) 10,357 1,354 (945) Costattheendoftheyear 8,854 3,440 153 369 12,816 10,766 (106) 47 37327,709 17,050 64 (4,936) (77) (26) 90 38 (1) Valueadjustments atthebeginning oftheyear Pro?t/(loss) beforetax Share ofresultafter taxinassociated companies Income taxes on pro?t for theyear Market value adjustment Dividends received Divestments during theyear Effect of exchange rateadjustment Otheradjustments (13,587) – (105) (252) 28,023 17,050 64 (4,936) (77) (13,613) 38 (16) (252) 28,527 20,719 47 (3,882) 351 (17,408) (472) (12) 153 Valueadjustments attheendoftheyear 25,879 (16) 85 333 26,281 28,023 Unrealisedinternal pro?t atthebeginning oftheyear Change for the year –charged to Income statement Effect of exchange rateadjustment (22,732) 5,703 98 (22,732) 5,703 98 (19,945) (2,037) (750) Unrealisedinternal pro?t attheendoftheyear (16,931) – – – (16,931) (22,732) Carryingamountattheendoftheyear 17,802 3,424 238 702 22,166 16,057 Carryingamount ofinvestments insubsidiaries doesnotinclude capitalised goodwill attheendoftheyear.Foralistofcompanies intheNovoNordiskGroup, please refertonote5.6 totheConsolidated ?nancial statements. 10 OTHERPROVISIONS 13 COMMITMENTS ANDCONTINGENCIES DKKmillion 2016 2015 DKKmillion 2016 2015 Commitments Operatingleases 1,303 1,255 Research and development obligations 3,406 2,457 Purchase obligations relating toinvestments in property, plant andequipment 818 893 Other purchase obligations 4,485 4,296 Guarantees given forsubsidiaries 10,661 6,418 Otherguarantees 192 227 Operating leasesexpiring withinthefollowing periods fromthebalancesheetdate Within oneyear 228 209 Between oneand ?ve years 709 642 After ?veyears 366 404 Total operating leases 1,303 1,255 Theoperating lease costsfor2016 and 2015 were DKK 327 million and DKK 293million respectively. Security fordebt Land, buildings and equipment etc at carryingamount 64 74 Novo Nordisk A/S and its Danish subsidiaries are jointly taxed with the Danish companies in the Novo A/S Group. The joint taxation also covers withholding taxes in the form of dividend tax, royalty tax and interest tax. The Danish companies are jointly and individually liable for the joint taxation. Any subsequent adjustments to income taxes and withholding taxesmaylead toalarger liability. Thetaxfortheindividual companies is allocated infull onthebasis oftheexpected taxable income. Forinformation onpending litigation and othercontingencies, please refer tonotes3.6 and 5.3 totheConsolidated ?nancial statements.

ADR holders’ enquiries concerning dividend payments, transfer of ADR certificates, consolidation of accounts andtracking of ADRs should be addressed to: JP Morgan Chase Bank,N.A. PO Box64504 4 New York Plaza, Floor12 New York, NY 1004, USA Attention: Depositary ReceiptsGroup Tel +1 800 9901135 Tel +1 651 4532128 (From outside the UnitedStates) jpmorgan.adr@wellsfargo.com N O V O N O R D I S K A / S A N N U A L R E P O R T 2 0 1 6 Manato Ohara livesin Kanagawa, Japan, and has type 1diabetes. Headquarters Novo NordiskA/S NovoAllé 2880 Bagsværd Denmark Tel +45 4444 8888 CVR number 24 25 6790 novonordisk.com Investor Service Enquiries and feedback concerning the Annual Reportshould beaddressed to: annualreport@novonordisk .com Shareholders’ enquiries concerning dividend payments andshareholder accounts should be addressed to: shareholder@novonordisk.com

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf of the undersigned, thereunto duly authorized.

NOVO NORDISK A/S

Date: February 9, 2017

Lars Fruergaard Jørgensen

Chief Executive Officer