



Novo Nordisk Limited

Gender Pay Report

2017/18

Introduction

In line with Gender Pay Gap Reporting (GPGR) regulations, all UK companies with more than 250 employees are required to publish their GPGR statistics using data as of 5th April 2018. The metrics cover the gap in pay, the gap in bonus payments, the proportion of men/women at different pay quartiles, and proportion of men/women receiving bonus pay-outs over the previous 12 months period (6 April 2017 to 5 April 2018).

At Novo Nordisk Limited, we are committed to treating pay equality, and diversity and inclusion, with the highest priority. We have a number of activities focused on ensuring that male and female employees are paid equally for work of the same value, and we do not tolerate discrimination on gender or any other protected grounds.

Novo Nordisk Limited employs significantly more women than men.

2018 Gender Pay Gap statistics

Our second GPGR figures are shown below:

Hourly pay

18.1%

Gender Pay Gap - Median

19.3%

Gender Pay Gap - Mean

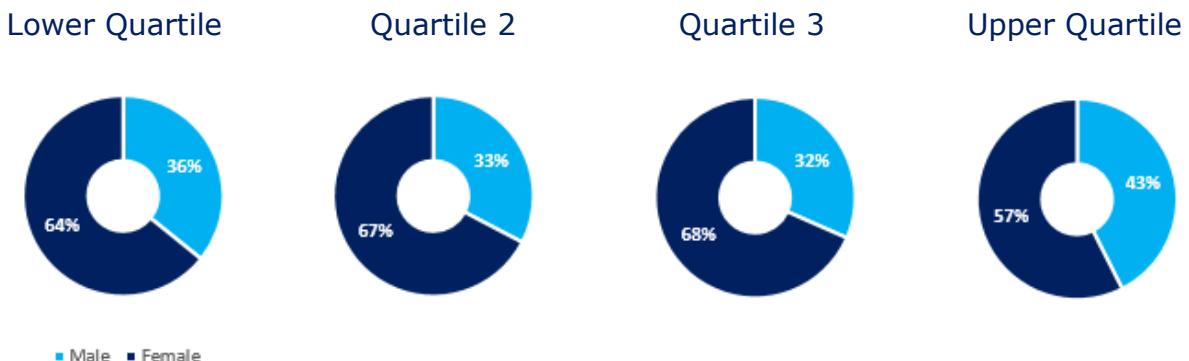
Key finding: the median hourly rate of female employees is 18.1% lower than male employees, compared with 12.3% in the previous year's report. The mean hourly rate of female employees is 19.3% lower than male employees, compared with 29.9% in last year.

The mean gap has decreased since last year, however we have seen an increase in the gap of Median salaries between male and female employees.

We are very pleased with the decrease in the Mean gender pay gap since our first report was published, and this is largely due to seeing progress towards a more representative gender balance in our support functions and our senior leadership roles. This is illustrated further in the metrics related to pay quartiles, detailed further in the report.

At the end of the 2017 performance year, we made a key change to the way we pay out bonuses for our Sales Force population. Up until this point, we paid out the year end bonus for our Sales Force in March. However, due to a change in the measures included in the Sales Incentive plan, we were in a position to make the final payment related to 2017 performance in February. As our Sales Force population is majority female, and as the method of calculation for the pay gap includes any bonus pay-outs made in March, it does mean that it is impacting on the earnings of those in Sales roles compared with those in non-Sales roles vs. last year, and therefore impacting on our Median pay gap vs. last year.

Gender representation: Gender Pay Quartiles



Key finding: overall Novo Nordisk Limited has a majority female workforce (64% female, 36% male).

We are pleased that we have maintained consistent female representation in the first three pay quartiles, which is also aligned to our overall workforce gender demographic. Compared to last year, the percentage split has adjusted in the upper and lower quartiles in the direction of a more balanced picture (% of males in lower quartile has increased compared to last year, and % of females in upper quartile has increased compared to last year). Therefore, we see progress in these two quartiles in the direction of aligning further towards the overall UK workforce gender demographic.

Bonus

21.9%

Gender Bonus Gap - Median

23.8%

Gender Bonus Gap - Mean

Key finding: The median bonus gap has reduced slightly compared to last year, and the Mean gap has significantly reduced by over 10 percentage points since last year.

As with last year's report, the predominant cause of this gap is linked to the lower representation of male employees in the support job levels, and the higher representation of male employees in the UK Leadership team. We are very pleased that when we compare the Median and Mean gap excluding these populations to the same metrics last year, we see a significant improvement in the Median pay gap:

	Median Pay Gap	Mean Pay Gap
Excluding Leadership Team and Support/para-professionals	7.46% (vs. 12.9% LY)	14.7% (vs. 14.5% LY)

In addition to the above two populations impacting on the data, there are two other causes we believe to be driving the gap:

1. *Bonus eligibility*

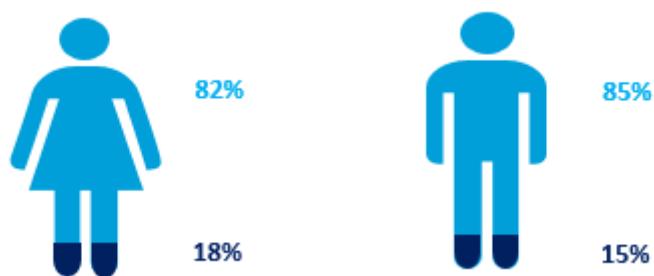
- Of the new joiners in the 2017/18 year not eligible to receive bonus (due to starting after the cut-off date – 1st October- for bonus pay-out) – **63%** were female
- Of the new joiners in the 2017/18 year eligible for a pro-rata bonus payment (due to starting mid-way through the year but before the cut-off date) – **59%** were female

2. *Part time employees*

In addition, 96% of our part time employees are female.

In all cases where pro-rata has been applied (due to start date or working pattern), we are unable to extrapolate the bonus figures to a full time equivalent, this also impacts on these numbers due to the larger majority in all categories being female.

Receiving a bonus



Key finding: 82% of female employees received a bonus compared with 85% of male employees receiving a bonus.

This is due to the majority of new hires ineligible for bonus (starting after the cut-off date) being female – **63%**.

Ongoing activities to drive diversity

We are confident that our focus areas over recent years related to improving diversity have been successful. These focus areas have included:

Maintaining focus on internal equity when making pay decisions

When making pay decisions – either as part of a job offer, annual salary increase, or promotion – we focus on internal equity and pay equality, and will continue to do so.

We have had a job evaluation approach to identify jobs of equal value since 2011, and we have implemented a new salary structure approach over the course of 2017, placing greater emphasis on internal equity when making pay decisions.

Driving diversity in management level vacancies

Over the period 2014 to date, the proportion of females in management roles has remained consistent between 53%-55%.

In 2017, 50% of managers were women.

For the last 5 years we have committed to interview at least 1 female candidate for all managerial level vacancies. We will continue this practice.

We have strengthened our internal talent pipeline, ensuring focus on developing internal successors to take on roles identified as “key positions”. Out of the key positions identified within the UK organisation, 67% of the successors identified as “Ready Now” or “Ready within 1-2 Years” are female.

If we consider successors only for the UK Leadership Team positions, a critical impacting factor on our Gender Pay Gap metrics, 71% of successors identified as “Ready Now” or “Ready within 1-2 years” are female.

We run an Aspiring Manager programme for those interested in pursuing a career in people management. In the last programme, running over the course of 2016/17, 80% of delegates were female.

As a result of these proactive measures, we therefore expect that more female employees will over time progress into the most senior leadership roles, narrowing the gender pay gap.

We have had a flexible working policy in place since 2003, which we have continued to review and update on a regular basis. We reviewed the policy over 2017 to enhance flexibility in terms of workplace and working from home, and introduced a sabbatical policy. We have a number of female managers with approved flexible working patterns.

A policy around secondments, job swaps and projects has been formalised, consolidating and outlining opportunities for all employees to further develop skills and knowledge.

- In 2017, 11 such career development initiatives were carried out; 5 out of the 7 (45%) were female.
- In 2018, 4 such career development initiatives were carried out; all of them (100%) were offered to female employees.

We hope that these flexible policies will enable more women to pursue their career at Novo Nordisk Limited, at the same time as having time for responsibilities outside of the workplace.

Ensuring no bias

All managers attended an HR basics training session in 2017, which covered employment legislation around discrimination.

Our recruitment process includes rigorous assessment centres and competency based questions, ensuring that all appointments are made based on merit demonstrated against objective criteria, and all decisions around hiring are fully documented.

Closing the gap further –

We are committed to closing the gap even further, and intend to continue the great activities we have been focusing on in recent years.

In addition, we will introduce new initiatives to support closing the gap in the areas we have identified that contribute to our gap.

Female specific development programmes

Starting in 2018, Novo Nordisk has developed a talent development programme for female leadership talents in Novo Nordisk. The goal of the REACH programme is to accelerate the readiness of successors to senior leadership positions.

Key elements of this programme are:

- Focus on high potential successors to senior leadership positions
- Focus on distinct skills in senior leadership (based on best practices/research) eg empowering executive presence, network and visibility, communicating with impact as well as a selection of strategic leadership skills for Novo Nordisk
- REACH has emphasis on visibility and gives the opportunity to interact and build strong networks across the organisation, with Novo Nordisk role models and executive management

Driving diversity in support/para-professional levels

We are currently working on developing an intern programme, which we expect to launch in 2019. This will be targeted at students with a placement year at university, attracting male and female colleagues into support/para-professional roles for a fixed period of time.

This should increase gender diversity within the support/para-professional job level, and hopefully attract talented individuals back to the organisation after completion of their studies.

We will also continue our focus on diversity at all levels in the organisation, and further, support the efforts to encourage more females enter professions within the STEM industry. Some initial ideas include:

- **Building the future pipeline in the STEM industry**
 - Activity in local schools; GCSE age, prior to selecting A-levels or college courses, targeted at showcasing different careers in Pharma, the difference that can be made, in a fun and interactive way.
- **Early talent focus**
 - Identify target universities within the UK with whom we will focus our engagement activities.

- **Internship Programme**
 - o Set up an internship programme where we can provide students a year in the industry.
- **Recruitment practices**
 - o Increase flexible working opportunities for senior leadership roles
 - o Partner with a recruitment company that specialises in recruiting part time/flexible working
 - o Update adverts to offer 80-100% working hours for certain roles, and/or actively promote working from home up to 40% of the time
- **Shadowing/partnering with organisations who are leading in gender diversity, to seek additional inspiration**

I confirm that the information provided in this report is accurate, and the data reported has been prepared in line with mandatory requirements.



Pinder Sahota

**General Manager and Corporate Vice President
Novo Nordisk Limited**