



Novo Nordisk Limited

Gender Pay Report

2016/17

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 at 5th April 2017. 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 payouts over the previous 12 month period (6 April 2016 to 5 April 2017).

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.

2017 Gender Pay Gap statistics

Our first GPGR figures are shown below:

Hourly pay

12.3%

Gender Pay Gap - Median

29.9%

Gender Pay Gap - Mean

Key finding: the median hourly rate of female employees is 12.3% lower than male employees. The mean hourly rate of female employees is 29.9% lower than male employees.

We believe that the mean is skewed by a predominantly male UK Leadership Team, and a population of female employees only within the Support/para-professional family of jobs. Excluding these two populations, the numbers significantly reduce:

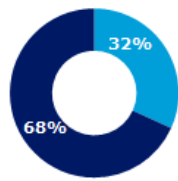
	Median Pay Gap	Mean Pay Gap
Excluding Leadership Team	11.8%	12.7%
Excluding Leadership Team and Support/para-professionals	-2.3%	5.2%

When determining salaries for individuals we take great care to ensure not only that the salary is competitive in the marketplace, but that it is also aligned with similar roles internally. When comparing the contractual salaries of employees against jobs of similar level, the gender pay gap is much smaller, and in approximately 50% of our job levels we see the gender pay gap is in favour of female employees.

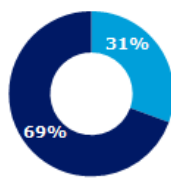
Finally, 23 of our 24 employees on part time contracts are women. This skews the gender pay gap to a certain extent, as the methodology to calculate the hourly rates of pay and bonus set out under the regulations does not enable companies to extrapolate earnings up to full time equivalent figures.

Gender representation: Gender Pay Quartiles

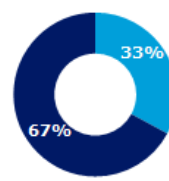
Lower Quartile



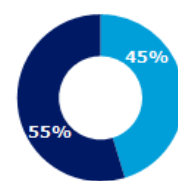
Quartile 2



Quartile 3



Upper Quartile



■ Male
■ Female

Key finding: overall Novo Nordisk Limited has a majority female workforce (66% female, 34% male). Female employees make up 67-69% of those employees in the first three pay quartiles. Novo Nordisk Limited employs 10% more women than men in the highest quartile.

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. We believe that the fact we employ 10% more women than men in the higher pay quartile is a reflection of our equality policies and an indicator that there is progress from our efforts to ensure equality of pay and representation at the highest level.

We believe the **key cause** of the gender pay gap is down to the limited representation of females in our senior manager and leadership roles, and limited representation of males in our support and para-professional roles.

Our UK Leadership Team has fluctuated in terms of gender diversity over the period 2014 to date, between 11%-33%, and currently stands at 17% (1 out of 6 leadership team members are female).

This is illustrated by comparing the mean and median pay gap figures in each quartile:

	Mean Pay Gap	Median Pay Gap
Lower Quartile	7.92%	3.00%
Quartile 2	0.73%	1.69%
Quartile 3	0.90%	1.90%
Upper Quartile	30.98%	6.96%

Bonus

22.6%

Gender Bonus Gap - Median

36.1%

Gender Bonus Gap - Mean

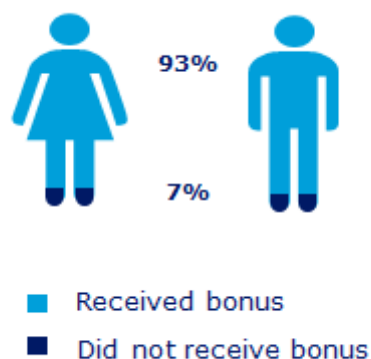
Key finding: The median bonus paid to female employees is 22.6% lower than the median bonus paid to male employees. On average, the bonus paid to female employees in the 12 month period up to and including March 2017 is 36.1% lower than the average bonus paid to male employees.

Similarly to the hourly pay rates, we also believe these numbers are reflective of the fact that we have a higher proportion of males in the UK Leadership team, where variable pay represents a much greater proportion of total compensation compared to other levels of job within the organisation. Equally, the all-female support/para-professional job level have a higher fixed pay and lower variable pay proportion of total compensation. If you exclude the Leadership population from these figures:

	Median Pay Gap	Mean Pay Gap
Excluding Leadership Team	22.1%	22.7%
Excluding Leadership Team and Support/para-professionals	12.9%	14.5%

In addition, as 96% of our part time employees are female, and we are unable to extrapolate the bonus figures to a full time equivalent, this also impacts on these numbers.

Receiving a bonus



Key finding: 93% of female employees received a bonus. This is the same as the percentage of male employees receiving a bonus.

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 4 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 27

key positions identified within the UK organisation, 79% 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, 75% 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, 57% 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 2016, 7 such career development initiatives were carried out; 4 out of the 7 (57%) were female.
- In 2017, 16 such career development initiatives were carried out; 13 out of the 16 (81%) were female.

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.

Driving diversity in support/para-professional levels

We are currently working on developing an intern programme, which we expect to launch in 2018. 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.

Aspiring Director Programme

We are developing a Talent programme for individuals who have been identified as successors to positions within our Executive Leadership Team. The programme will be designed to provide fast-track development to these talented individuals to ensure that they are ready to take up Director positions at the point they become vacant.

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. We will appoint a focus group to consider how we can continue to enhance and improve on diversity. Some initial ideas include:

- **Building the future pipeline in the STEM industry**
 - o 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.

- **Accountability**
 - o Set up internal taskforce to identify ways to improve opportunities for females to progress into leadership roles

- **Internal networks**
 - o Assign junior female employees/talents with successful female Managers as mentors

- **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**