

# Novo Nordisk revamps board after dispute with investor

- ◆ Chair and six directors to step down
- ◆ Foundation puts forward candidates

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The chair and six independent directors of Novo Nordisk are stepping down after a dispute with the Danish drugmaker's majority shareholder, the Novo Nordisk Foundation, as it grapples with slowing profit growth and a fall in its share price.

Helge Lund, chair of the company known for its weight loss and diabetes drugs, said the board was calling an extraordinary general meeting to elect new directors because the foundation was pushing for a "more extensive reconfiguration" than it had proposed.

"Following dialogue with the Novo Nordisk Foundation regarding the future composition of the board of directors, it has not been possible to

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reach a common understanding," Lund said. Shares in Novo Nordisk fell 1.6 per cent on the news.

The foundation said it was putting forward five candidates for the board, including Lars Rebien Sørensen as chair, and will nominate another two next year. Sørensen is already the foundation's chair and recently joined the board as an observer after the company's chief executive Lars Fruergaard Jørgensen was ousted this year.

Sørensen, who was Jørgensen's predecessor as Novo Nordisk chief, said the board moves should not be seen as a "coup" and that he intended to step down as chair of Novo's board in two to three years.

Novo Nordisk was operating in a "new reality", he noted, including "competing in a more dynamic and consumer-

oriented obesity market". Sørensen said the foundation wanted to move faster than the current board but added that it fully supported the new chief executive Mike Doustdar and the "transformation" plans announced last month that include 9,000 job cuts. He said the board had been too slow to recognise changes in the market, leading to the job cuts that he called a "huge failure".

The proposed new board members include people from pharma and med tech backgrounds, such as the former chief scientific officer of Pfizer, Mikael Dolsten. Some analysts asked why the foundation had not proposed more people with US or consumer industry experience. Sørensen said he intended to propose directors with experience in fast-moving consumer goods next year.

"Given the fast-moving environment in which Novo Nordisk operates, we believe that it is in the best interest of the company and its shareholders to implement a board renewal as soon as possible," Sørensen said.

Novo Nordisk has slipped behind its US rival, Eli Lilly, in the race to dominate the lucrative US obesity market.

Investors were also disappointed by a key clinical trial for a new weight-loss drug last December.

The dramatic fall in the company's share price — down more than 55 per cent in the past year — led to the ousting of Jørgensen. He was replaced this summer by Doustdar, who previously ran the company's international division.

Kasim Kutay, chief of Novo Holdings, who oversees the foundation's investments, will remain on the board with four members elected by employees. The meeting will be on November 14.

Lund, whose executive experience was in energy, has also recently stepped down as chair of BP after the oil major came under pressure from activist shareholder Elliott Management.