

United Nations Global Compact Communication on Progress 2014

CEO Statement of continued support in 2014

The magnitude of the world's global health and development challenges requires governments, civil society organisations, academia and the private sector to work together as partners. And the UN is uniquely positioned as the convener for the framing of a Post-2015 Development Agenda.

Via our participation in the UN Global Compact LEAD Novo Nordisk is actively engaged in the consultation process. We advocate for the importance of addressing diabetes and other non-communicable diseases, because this is the focus of our business. And we have been pleased to see that the draft Sustainable Development Goals indeed do include an ambition for universal health coverage with access to safe, quality and affordable essential medicines, and targets for reduction of premature mortality from non-communicable diseases through prevention and treatment. This is good news for the people living with diabetes today and those at risk, for their families and caretakers – and for the global community which will arguably stand to benefit. The cost of inaction far outweighs the investments needed in the health of current and future generations.

The UN Secretary General describes the diabetes pandemic as a 'tsunami in slow motion'. This vivid image conveys well what is at stake and why action is needed. Today, 387 million people in the world have diabetes, and by 2035 this number is believed to have surged to 592 million, if we don't see radical changes in the actions taken by the nations of the world to counter it.

Type 2 diabetes is a chronic condition caused by a combination of lifestyle and genetic factors. Unlike HIV/Aids and Ebola, diabetes is not contagious. But lifestyles are. And the unsustainable lifestyles with abundance of unhealthy diets and scarcity of physical exercise for many make a most dangerous cocktail, particularly in emerging economies that are experiencing fast change. Economically for the better, but perversely – because diabetes follows in the wake of economic growth - at the expense of the health of their populations who are, after all, the source of future growth. This correlation is clearly unhealthy and undesirable.

In 2014, Novo Nordisk launched Cities Changing Diabetes – a partnership programme to identify and address the root cause of urban diabetes in major cities around the world. This initiative is in the spirit of the UN Goals and the Global Compact's collaborative approach. It aims to identify windows of opportunity and, we believe, has the potential to drive transformative action.

Only time will tell if we are successful. But as a responsible company with an ambition to be in business for the next generations, we have an obligation to make a contribution for a better future. And we surely have an interest in finding sustainable solutions to those global challenges that will impact our prospects for prosperity and growth.

That is why we apply a Triple Bottom Line perspective in the way we do business. For 10 years now this principle has been instituted in the bylaws of the company as a signal to investors, business partners and future employees that we will always consider how our actions may affect people, communities and the environment. When we make decisions we strive to minimise any harm and maximise the positive contributions to society from the company's global operations.

Novo Nordisk remains committed to supporting the 10 UN Global Compact principles of responsible business and pursuing the obligations for Corporate Sustainability Leadership. These principles and ambitions are fully consistent with the Novo Nordisk values-based management approach, expressed in the Novo Nordisk Way.

Lars Rebién Sørensen
Chief executive officer

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Reporting to UN Global Compact

This Communication on Progress accounts for Novo Nordisk's activities during 2014 to be a sustainable business – resilient to change and profitable for the long term because we build our business on a values-based management approach, articulated in the Novo Nordisk Way. It complements our integrated Annual Report that accounts for performance during the year and presents the company strategy and priorities.

Novo Nordisk's annual reporting is prepared in accordance with the Danish Financial Statements Act (FSA). The Communication on Progress and the Annual Report fulfil the requirements in sections 99a and 99b that to account for the company's activities relating to social responsibility, reporting on business strategies and activities in the areas of human rights, labour standards, diversity, environment, anti-corruption and climate.

The Communication on Progress captures our contribution as a committed signatory to the UN Global Compact and an active member of the LEAD initiative. The Global Compact's 10 universally accepted principles in the areas of human rights, labour, environment and anti-corruption, and its approach to corporate sustainability are consistent with Novo Nordisk's business approach of balancing financial, social and environmental considerations – we call it the Triple Bottom Line business principle (TBL). In essence, TBL is about how we do business responsibly and profitably with a view to maximising sustainable value creation for society.

As a UN Global Compact member, Novo Nordisk is required to report progress in relation to the UN Global Compact principles on an annual basis. Being a LEAD member we demonstrate our sustainability governance and management processes through the 'Blueprint for Corporate Sustainability Leadership' model, which is also a part of the Communication on Progress.

See www.unglobalcompact.org

This UN Global Compact Communication on Progress has two parts:

- Part 1: UN Global Compact Communication on Progress
- Part 2: Blueprint for Corporate Sustainability Leadership – Demonstrating leadership in a NN context.

Novo Nordisk and UN Global Compact

Novo Nordisk has been an active subscriber to the UN Global Compact since 2002, and a co-founder and member of Global Compact LEAD from its inception in 2011. LEAD is a platform for a selected group of approximately 50 UN Global Compact companies to drive leadership to the next generation of sustainability performance. Over the years, our engagement with the Global Compact has been an inspiration in our efforts to embed sustainability into our business practices through policies and strategic initiatives towards achieving the aspirations expressed in the Global Compact. In 2014, we have contributed to LEAD through active participation in the steering group. Our engagement in the work streams under the UN Global Compact LEAD has focused on one: The Post-2015 Development Agenda – business input to the Sustainable Development Goals.

We also work actively with the Global Compact Nordic Network to ensure that the principles gain further ground in the Nordic countries and to share better practices for implementation among Nordic companies. We value the peer reviews and the interactions with other member companies, with whom we continue to learn and share better practices.

We would like to acknowledge the analyst team at Guilé Foundation who in their annual benchmark of companies in their investment portfolio offer valuable suggestions for continued improvement of the Communication on Progress.

In 2014, we made progress on all Global Compact principles, further implementing these principles in our business activities. These are our key accomplishments:

- **Human rights**
We made progress on our ongoing due diligence and had the opportunity to share our work at the UN Annual Forum in Geneva in December. We are following the UN Guiding Principles on Business and Human Rights, doing our due diligence to 'know and show' and have found a number of potential adverse impacts where we should and can enhance respect for people's rights.
- **Labour**
We launched Global Labour Guidelines that set the standard for minimum requirements for Novo Nordisk globally and which cover the first six principles of the UN Global Compact. We had the opportunity to share them at the Global Child Forum in Dubai in November.
- **Environment**
We conducted an Environmental Profit and Loss (EP&L) analysis of Novo Nordisk's impacts through the value chain which has informed our updated environment and climate strategy. We shared progress at international conferences including the UN Climate Summit in New York in September, 3GF in Copenhagen in October, and the Caring for Climate Summit in Lima in December.
- **Anti-corruption**
We strengthened our robust Business Ethics training, extending to third-parties, and participated in the UN Call to Action on Anti-corruption launched ahead of the 10th anniversary event in New York in December.

About Novo Nordisk

Headquartered in Denmark, Novo Nordisk is a global healthcare company with more than 90 years of innovation and leadership in diabetes care. The company also has leading positions within haemophilia care, growth hormone therapy and hormone replacement therapy. We believe that a healthy economy, environment and society are fundamental to long-term value creation. This is why we manage our business in accordance with the Triple Bottom Line business principle and consider the financial, environmental and social impact of our business decisions.

The strategic commitment to corporate sustainability has brought the company onto centre stage as a leading player in today's business environment, recognised for its integrated reporting, stakeholder engagement and consistently high sustainability performance.

Novo Nordisk reports its performance in relation to the triple bottom line. To see Novo Nordisk's financial, social and environmental performance in 2014, see [Annual Report 2014](#), pp 5-13.

For more information on Novo Nordisk's strategy, see [Annual Report 2014](#), pp 16-17.

The Novo Nordisk Way

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

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

In order to guide and support our employees the Novo Nordisk Way has been simplified and shortened to ten essentials, presenting the company's ambitions and values in a format that is easier to understand and more accessible for all employees.

Novo Nordisk Way Essentials

- *Essential 1:* We create value by having a patient centred business approach.
- *Essential 2:* We set ambitious goals and strive for excellence.
- *Essential 3:* We are accountable for our financial, environmental and social performance.
- *Essential 4:* We provide innovation to the benefit of our stakeholders.
- *Essential 5:* We build and maintain good relations with our key stakeholders.
- *Essential 6:* We treat everyone with respect.
- *Essential 7:* We focus on personal performance and development.
- *Essential 8:* We have a healthy and engaging working environment.
- *Essential 9:* We optimise the way we work and strive for simplicity.
- *Essential 10:* We never compromise on quality and business ethics.

The Novo Nordisk Way is supported by specific policies in areas relevant across the organisation.

[Read the full text of our policies](#)

Part 1: UN Global Compact – Communication on Progress

Human rights – Principles 1-2



Principle

1. Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence.
2. Businesses should make sure they are not complicit in human rights abuses.

Materiality and scope

Novo Nordisk was one of the first companies in the world to publicly endorse and commit to adhere to the Universal Declaration of Human Rights. Today, the Novo Nordisk Way, the foundation of Novo Nordisk’s values-based management system, emphasises in *Essential 6* that ‘we treat everyone with respect’. We are committed to supporting and respecting internationally recognised human rights throughout our operations and business relationships and have welcomed the UN Guiding Principles on Business and Human Rights.

We understand respect for human rights to be a minimum standard for conducting business with legitimacy and acknowledge that the private sector, as a member of society, can play an important role in protecting and promoting human rights. Specifically, Novo Nordisk can contribute by promoting fulfilment of the right to health globally through our business. As a world leader in diabetes care, we have a global responsibility and play a role in the development of sustainable healthcare solutions. Developing innovative biological medicines and making them accessible globally is a key contribution as ‘we provide innovation to the benefit of our stakeholders’ (*Essential 4*).

Commitments and memberships

In adherence to the UN Guiding Principles on Business and Human Rights we practice human rights due diligence to proactively prevent and mitigate adverse human rights impacts, and seek to remediate or participate in the remediation of any actual adverse human rights impacts that our business causes or contributes to.

We expect every employee to ‘treat everyone with respect’, according to our company values expressed in the Novo Nordisk Way. We also expect our business partners and other parties directly linked to our operations, products or services to respect human rights.

We pay particular attention to the rights of, as well as the challenges faced by, vulnerable groups, such as children, and the different risks that may be faced by women and men. In addition to working with respect for human rights, we pursue opportunities to support human rights where we can make a positive impact.

Novo Nordisk demonstrates its commitment to respect human rights and labour rights as a member of a number of organisations and initiatives. These include:

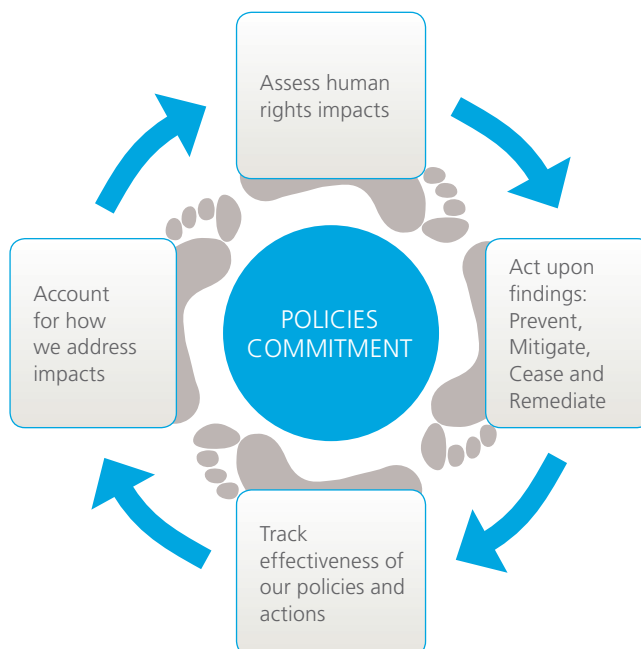
- **Global Business Initiative on Human Rights** – a member peer-learning network that advances human rights in a business context and helps us stay on top of the human rights agenda and share lessons learned with peers and stakeholders.
- **Danish Ethical Trading Initiative (DIET)** – a responsible sourcing network with focus on knowledge sharing between companies, trade unions and NGOs.
- **Pharmaceutical Supply Chain Initiative (PSCI)** – a group of major pharmaceutical companies that share a vision of better social, economic and environmental outcomes.
- **Institute on Human Rights and Business (IHRB)** – a network aiming to raise corporate standards and strengthen public policy by undertaking cutting-edge research.
- **Global Compact Nordic Network** – a peer-learning network among Nordic companies.
- **NCD Alliance** – an organisation focusing on policy development and advocacy around non-communicable diseases.

Other parties that we see as important stakeholders include:

- Amnesty International
- Coalition for Social Justice
- International Labour Organization (ILO)
- The International Organization for Standardization (ISO)
- International Diabetes Federation

Read more about our position on human rights

Figure 1: Human rights due diligence process



Responsibilities

Sustainability Committee

Novo Nordisk's Sustainability Committee has overall responsibility for the sustainability agenda and oversees implementation of the UN Global Compact principles and related commitments.

R&D Bioethics Council

R&D Bioethics Council is responsible for human rights issues related to Novo Nordisk's research and development.

Global People Board

Global People Board is responsible for employees' human rights. See 'Labour Principles 3–6' for more information.

Procurement Committee

Progress on the responsible sourcing programme is reported to the Procurement Committee.

Health Policy Committee

The Health Policy Committee steers and coordinates efforts to improve access to health.

[Read more about our boards and committees](#)

Relevant policies

- Novo Nordisk's procurement policy
- Novo Nordisk's people policy
- Novo Nordisk's global health policy
- Novo Nordisk's bioethics policy

[Read the full text of our policies](#)

Challenges in 2014

We recognise that conducting ongoing human rights due diligence is a complex task for a company with global operations with rapid growth in number of employees and supplier base. Furthermore, as we grow our business, we have increased operations and production in regions affected by various instabilities, including conflicts and weakness in upholding the rule of law. Operating in such contexts requires us to exercise additional due diligence to proactively prevent and mitigate potential adverse human rights impacts.

For Novo Nordisk supporting the right to health is at the core of our business. The main challenge is to meet the growing demand for diabetes care globally. See our actions on access to healthcare below.

Progress made in 2014

Human Rights

In 2014 we updated our position on human rights (see above) to further align it with the UN Guiding Principles on Business and Human Rights.

Also, we began a comprehensive company-wide due diligence process, consisting of two stages: corporate-level global functions, to be followed by local-level operations. We started with a human rights impact assessment by identifying Novo Nordisk's potential and actual impacts in our globally-implemented operations and functions. We assessed all human rights included in the International Bill of Human Rights.

For each identified human rights impact, we assessed:

- the specific Novo Nordisk business context,
- potentially affected stakeholders,

- the type of impact (if we cause, contribute to or are directly linked to the impact),
- severity of the impact and
- likelihood of the impact occurring, given our current management systems.

The main conclusion of this assessment is that Novo Nordisk has a number of impacts on a range of human rights, but that we have robust global management systems to address the majority of them. The assessment has also shown that we should and can take additional steps to prevent and mitigate our potential negative impacts on several human rights.

To act upon these findings, we initiated several work streams, including:

- Enhance operational-level grievance mechanisms closer to the affected people. For example, we are developing a formal grievance mechanism for scientists involved in innovation.
- Proactively prevent and mitigate potential severe human rights impacts in our security practices. We draw on the Voluntary Principles on Human Rights and Security in developing operational policies and human rights-integrated due diligence tools.
- Integrate management of local communities' right to water (as water stewardship) into the company's investment guideline and production operations.
- Practice additional due diligence on patients' rights in our lobbying and public affairs activities, on top of adherence to our public affairs code of conduct and business ethics practices.

In doing so, we consult potentially affected people, including patients, and build upon the stakeholder engagement processes we already have. We also engage local units and proactively reach out to a number of independent external experts. We have also drawn upon the Human Rights Assessment Tool for Pharmaceutical Companies, developed by the Danish Institute for Human Rights, for inspiration.

As we make progress in corporate-level due diligence (1st stage), we are at the same time building an enabling environment and capacities within the company (through global policies, procedures and tools as well as human rights understanding among respective functional experts). That should be instrumental in starting local-level due diligence (2nd stage).

Access to healthcare

Access to diabetes care is a global issue and the pharmaceutical industry is expected to shoulder its part of the growing responsibility.

Novo Nordisk has a long-standing commitment to access to healthcare as a universal human right. This commitment is an integral part of the company's Triple Bottom Line business principle and the Novo Nordisk Way. With type 2 diabetes reaching epidemic levels and growing most rapidly in South-East Asia and Africa, Novo Nordisk is scaling up its efforts to change diabetes, particularly in low- and middle-income countries. We have set ourselves a long-term target to double the number of people with diabetes treated with our diabetes care products, reaching 40 million people by 2020.

Changing Diabetes®

Changing Diabetes® is the Novo Nordisk response to the global diabetes challenge. Improving access to care is essential to changing diabetes. It is our aspiration to work with partners to break the diabetes 'Rule of Halves' by overcoming barriers to access to care. The diabetes Rule of Halves shows that: only half of the people with diabetes are diagnosed, half of those diagnosed are untreated, half of those treated do not achieve treatment targets, and only half of those who meet treatment

targets achieve a successful outcome in terms of improved health and quality of life (see Rule of Halves) discover and develop products that serve the diverse needs of people with diabetes globally, and to make them accessible to patients across the world. We are committed to offering a product portfolio that includes low-priced insulin.

We aim to ensure that our partnerships are multi-sectorial and that our efforts are firmly rooted in existing healthcare systems, meaning all programmes contribute to building local capacity, which can be scaled up over time. Our efforts across the world in recent years have shown us that business integration is essential to making access to care sustainable and making it work at scale. It is with this focus that in 2013, Novo Nordisk renewed its access to health strategy. The purpose of the renewed strategy for global access to diabetes care is to:

- contribute to breaking the Rule of Halves by overcoming barriers to access to care, in order to
- reach more people with quality treatments, and
- enable more people with diabetes to live better lives.

As part of the strategy, Novo Nordisk has set a long-term target to double the number of people we reach with our diabetes medicines in a decade - from 20 million in 2010 to 40 million in 2020. The 40by20 long-term target is also a contribution towards the **World Health Organization's non-communicable diseases target 25by25** - reducing premature mortality from chronic diseases by 25% by 2025.

In the run-up to 2020, our renewed strategy also entails a scaling-up of activities in three cross-cutting areas:

- Health for the next generation
- Reaching the base of the pyramid
- Building healthcare capacity

The efforts within the three areas described above are complemented by Novo Nordisk's financial support to World Diabetes Foundation (WDF) and the company's differential pricing policy for Least Developed Countries – all of which are elements of Novo Nordisk's strategy to improve global access to diabetes care.

WDF was founded by Novo Nordisk in 2002 with the objective of supporting sustainable projects at local level in developing countries. Through this commitment, Novo Nordisk is one of the largest contributors to the prevention of diabetes and improvement of diabetes care in the developing world. WDF is set up as an independent foundation with its own management and Board of Directors. In 2014, Novo Nordisk made a third donation to WDF of a maximum of DKK 654 million to be dispersed between 2015 and 2024.

For more information on the projects see the [WDF website](#).

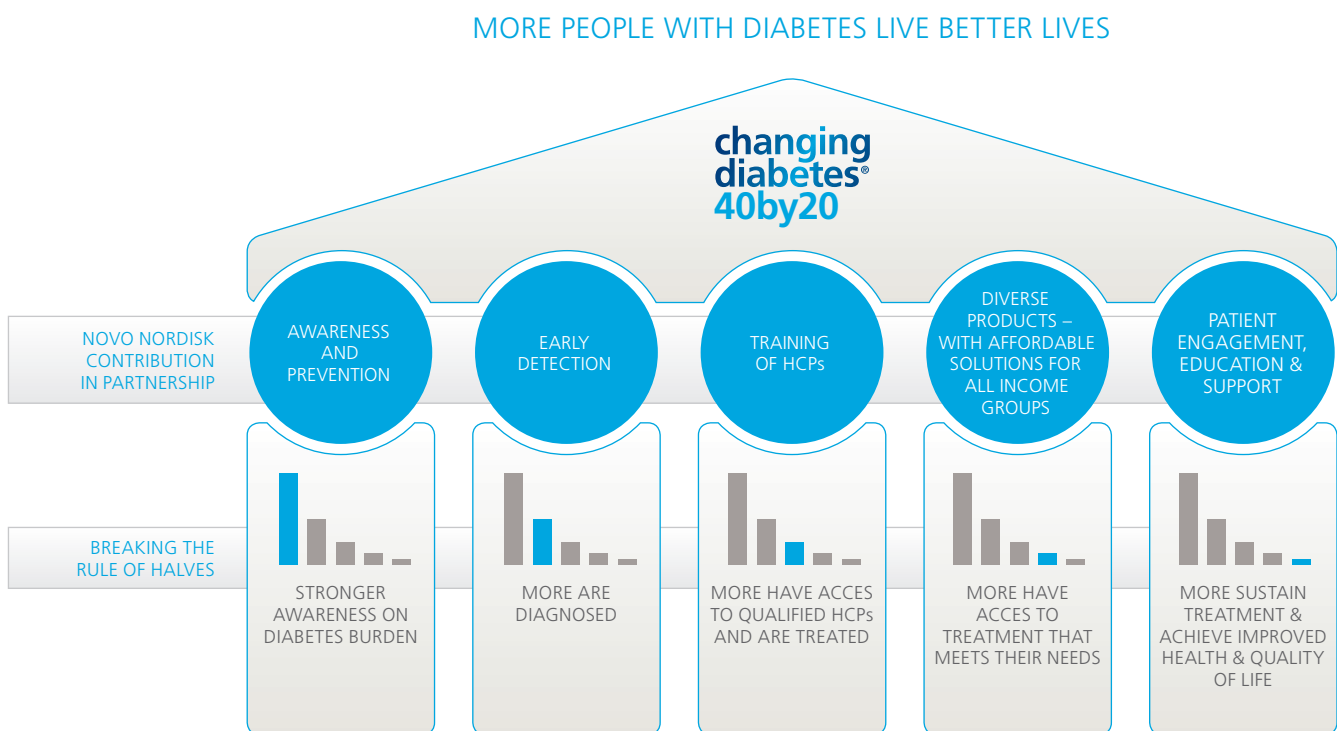
Novo Nordisk has a public position on access to diabetes care. Please see the position on our website [here](#).

For more information about our approach to access to care, please see website [here](#).

Changing Diabetes® in Children

There are more than half a million children with type 1 diabetes in the world. About half of these children live in resource-poor environments, often without the necessary diabetes treatment facilities. Children with type 1 diabetes have high mortality rates, with life expectancy of less than one year after diagnosis in

Figure 2: Elements in Changing Diabetes® 40by20 ambition



some countries in sub-Saharan Africa. This is the result of lack of awareness, and poor accessibility and affordability of diabetes care.

As a response, in 2009 Novo Nordisk established the Changing Diabetes® in Children programme - a five-year commitment to improve delivery of care to children with type 1 diabetes. The programme was in 2014 extended with an additional three years (2015-2017) to further strengthen the sustainability of the programme.

The Changing Diabetes® in Children programme is active in nine countries: Bangladesh, Cameroon, Democratic Republic of Congo, Ethiopia, Guinea, India, Kenya, Tanzania and Uganda.

Achievements in 2014 in collaboration with the programme partners include:

- 1,796 children were enrolled, bringing the total number of children in the programme to 13,199.
- 15 clinics were created to deliver care, totalling 108 clinics since 2009.
- 1,375 healthcare professionals working in the clinics were trained in special aspects of diabetes care for children, bringing the total of healthcare providers trained to 5,747.
- Patient education material was developed in English, French, Amharic and Swahili, and distributed to all programme countries. The materials are also being translated into Spanish.
- Partnerships with other pharmaceutical companies are an integral part of the programme, for example Novo Nordisk and Roche jointly support this programme with insulin and blood glucose monitoring equipment free of charge to the children.

Read more about Changing Diabetes® in Children

Changing Diabetes® in Pregnancy

Gestational diabetes (GDM) is estimated to occur in up to 28% of all pregnancies. Diabetes poses an extreme risk during pregnancy for both mother and child. In addition, a woman diagnosed with GDM is much more likely to develop type 2 diabetes 5–10 years after delivery, and children of women with GDM have a 4 and 8 fold increased risk of developing pre-diabetes and type 2 diabetes, respectively. In developing countries, women with GDM often go undiagnosed. The Changing Diabetes® in Pregnancy programme, established in 2009, aims to put focus on how screening and treating pregnant women for GDM can improve maternal health and prevent millions of future diabetes cases – both among the women and their children.

Achievements by 2014 in collaboration with programme partners include:

- Support to three country projects established with partners in Colombia, Nicaragua and India.
- 28,385 women screened for GDM/ 2,837 cases of GDM diagnosed, treated and educated.
- 3,700 healthcare professionals trained in GDM screening and management.
- 179,600 people reached through awareness campaigns.
- vA health-economic tool developed to inform policymaking in countries.
- Country analyses of GDM screening cost-effectiveness conducted in India and Israel.

Read more about Changing Diabetes® in Pregnancy

Affordability of insulin

Novo Nordisk works to improve affordability of treatment for people with diabetes, especially in low- and middle-income countries. In response to the call for concerted action at the UN High-level Meeting on Non-communicable Diseases in September 2011, Novo Nordisk further elaborated its commitment to the access to care agenda by promising to always have low-cost

insulin in its product portfolio.

Through the differential pricing policy for Least Developed Countries (as defined by the UN), Novo Nordisk sold insulin at an average price of 16 US cents per patient per day in 2014. Novo Nordisk also sold insulin at a similarly low price to many governments in middle-income countries through large public tenders. In 2014, we reached 4.3 million people with diabetes through these tenders. Our affordable pricing is one component of the wider partnership required to improve access to diabetes care. To see the reach of the differential pricing policy in 2014, go to our [Annual Report 2014](#), p 99.

Read more about our differential pricing policy

The Base of the Pyramid Project

In 2011, Novo Nordisk initiated a Base of the Pyramid (BOP) project. The project is currently running in four countries: India, Nigeria, Ghana and Kenya. In each of the countries, Novo Nordisk has applied innovative business models adapted to the local context in order to increase access to care for the working poor at BOP. The aim is to develop sustainable solutions that will create value for the people with diabetes, their communities and Novo Nordisk.

In Kenya, Novo Nordisk is working with distributors to limit price mark-ups and to ultimately control the price that patients have to pay at the pharmaceutical outlet. Novo Nordisk signed individual Memorandums of Understanding with every link in the distribution chain, and the price of insulin vials has been stamped on the package (500 KSH), making it more difficult for distributors and actors in the value chain to exceed the agreed price. Novo Nordisk is partnering with Phillips Healthcare Services Ltd., the Mission for Essential Drugs and Supplies (MEDS), several faith-based organisations, the Ministries of Health and Sanitation and the Royal Danish Embassy in Kenya.

In India, the project is based on social entrepreneurship which is enabling the creation of a network of health workers bringing diabetes care, testing and medicines to the doorsteps of people with diabetes. Education and training of doctors is managed by local key opinion leaders while the social entrepreneurs (typically a village doctor or pharmacist) organise awareness and a training camps for the patients and coordinate the Accredited Social Health Activist.

In Nigeria and Ghana, the project is based on the concept of a one-stop Diabetes Support Centre. Novo Nordisk partners with public health institutions in urban settings where patients will find all the individual care needed to treat their diabetes in one dedicated location at the hospital. The one-stop Diabetes Support Centres aim to reduce inefficiencies in the system, increase the knowledge and skills of healthcare workers to treat diabetes, ensure constant availability of insulin, place a cap on mark-ups and provide follow-up and support to the patients. Most recently, a centre opened in Ghana in December 2014. For more information, see the news article on our corporate website [here](#).

Changing possibilities in haemophilia® – a corporate platform to improve access to haemophilia care

Novo Nordisk develops therapeutic treatments for people with haemophilia and rare bleeding disorders and makes them commercially available. Novo Nordisk is committed to Changing Possibilities in Haemophilia®. We know that our products only get us part of the way. We work with partners across the haemophilia community wherever possible, in order to reach our goals.

We engage with the haemophilia community to develop innovative projects that aim to improve haemophilia care. Through the [HERO initiative](#) we work to create a better understanding

of the psychosocial needs of people with haemophilia. Through the Access to Insights programme we support independent research proposals. We drive advocacy for haemophilia initiatives and campaign on World Haemophilia Day. We train health care professionals through the Global Haemophilia Network and the Haemophilia Academy.

[Read more about haemophilia care](#)

In addition, in 2005 Novo Nordisk's approach to fulfilling its commitment to social responsibility led to the establishment of the non-profit organisation Novo Nordisk Haemophilia Foundation (NNHF), based in Zurich, Switzerland. NNHF is dedicated to defining and funding sustainable programmes that improve access to quality care, benefiting people with haemophilia and allied bleeding disorders in the developing world, where 75% of the patient population lives. With local partners and renowned experts, NNHF addresses three focus areas: capacity-building, diagnosis and registration, as well as education and awareness. To date, the NNHF is supporting programmes in 59 countries and receives approximately DKK 20 million per year from Novo Nordisk. The work of the foundation is governed by the NNHF Council and in accordance with the guidelines and principles of the Swiss Foundation Code.

To date, the NNHF has provided grants and programme management support to 100 projects, 45 fellowships and 10 awards in 59 countries resulting in more than 19,000 healthcare professionals being trained, more than 17,450 patients diagnosed and more than 22,000 patients and family members being educated.

[Read more about Novo Nordisk Haemophilia Foundation](#)

Training in clinical research ethics

Staff and investigators involved in conducting Novo Nordisk-sponsored clinical trials must always be appropriately qualified. Hence, they are all trained in complying with Good Clinical Practices (GCP) requirements. Research activities will only take place in countries where the regulatory environment, infrastructure, medical standards, and Independent Ethics Committees (IEC) or Institutional Review Boards (IRB) in place are all adequate. Furthermore, Novo Nordisk only conducts trials in countries where we intend to market the products.

Human rights and Global Labour Guidelines

Based on a labour condition assessment in the workplace conducted in Novo Nordisk against the UN Guiding Principles on Business and Human Rights, a set of Global Labour Guidelines for employees have been developed and implemented globally. The Global Labour Guidelines cover the first 6 principles of the UN Global Compact relating to human and labour rights and encompass all employees in Novo Nordisk. The internal Novo Nordisk audit team provides assurance through facilitation meetings that the organisation is living up to the Novo Nordisk Way and Essentials, including Novo Nordisk's Global Labour Guidelines. The team has been trained in how to safeguard the Global Labour Guidelines. Through facilitation it is possible to detect potential 'adverse impacts' or other issues raised by employees during facilitations. Findings or patterns from facilitations will be tracked and reported and any findings will support Novo Nordisk in acting appropriately.

[Read more about human rights](#)

Labour – Principles 3-6



Principle

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
4. Businesses should uphold the elimination of all forms of forced and compulsory labour.
5. Businesses should uphold the effective abolition of child labour.
6. Businesses should eliminate discrimination in respect of employment and occupation.

Materiality and scope

Novo Nordisk strives to ensure that the freedom of association and the right to collective bargaining are upheld, that the company does not engage in forced and compulsory labour or child labour, and that the company works to ensure diversity and non-discrimination in respect of employment and occupation.

Novo Nordisk's approach to promoting diversity focuses on gender and nationality. These priorities are reflected in the diversity policy and the targets. However, we consider diversity to also include experience, competences, cultural background etc. We therefore find it important that any measures take a broader approach to recruitment and talent development in order to ensure the right diversity balance in our business. As stated in our *Essential 7* we focus on personal performance and development. In addition, *Essentials 4* and *6* in the Novo Nordisk Way are directly connected to the diversity approach: diversity is crucial to our ability to deliver innovative results to our stakeholders (*Essential 4*) and to our commitment to creating a culture characterised by respect (*Essential 6*).

For Novo Nordisk this implies requiring suppliers to respect our commitment to the UN Global Compact and, as the company grows globally, this means we will ensure a diverse workforce working in a healthy and safe working environment (*Essential 8*) and we continuously drive optimisation of the way we work and strive for simplicity (*Essential 9*).

As the pharmaceutical industry is highly specialised and regulated, child labour and forced labour are not perceived as a material problem for Novo Nordisk. Nevertheless, we are aware that this might be a different issue when it comes to our suppliers, especially within non-product related sourcing such as IT, cleaning,

marketing material. However, we aim to treat this area as we treat our product-related sourcing; conducting due diligence and assuming responsibility for our impacts.

Having a good work relationship between management and employees is important to the company. Therefore, we strive to ensure that all employees' working conditions are considered in the local governance structure and that employees have the opportunity to discuss working conditions with their local management team. Furthermore, freedom of association is regarded as a core element for employees.

Commitments and memberships

Novo Nordisk is committed to meeting its responsibility to respect human rights as defined in the United Nations Guiding Principles on Business and Human Rights. We are also committed to implementing the Children's Rights and Business Principles, the Women's Empowerment Principles and the principles of UN Global Compact. As such we work with the International Bill of Human Rights (including the Universal Declaration of Human Rights) and other relevant instruments, eg the UN Convention on the Rights of the Child.

As a member of a number of organisations and voluntary initiatives, Novo Nordisk shows its commitment to respecting equal rights and opportunities. The company demonstrates transparency and engagement on a global scale, in alignment with its values, leveraging credibility and role-modelling accountability.

See 'Human Rights – Principles 1-2 –for a full list.

Responsibilities

Board of Directors

The Board of Directors is responsible for and determines Novo Nordisk's overall diversity approach and follows up on its implementation, ensures adequate management and organisation, as well as supervises company's performance.

Sustainability Committee

The Sustainability Committee is responsible for occupational health and safety issues.

Global People Board

The Global People Board is responsible for overseeing strategy, performance and compliance in relation to the People Policy and the Occupational Health & Safety Policy. The Board's mandate includes responsibility for issues such as labour relations, human rights, diversity and equal opportunities.

Procurement Committee

Progress on the responsible sourcing programme is reported to Procurement Committee regarding labour issues in the supply chain.

Read more about our boards and committees

As a member of a number of organisations and voluntary initiatives, Novo Nordisk shows its commitment to respecting equal rights and opportunities. The company demonstrates transparency and engagement on a global scale, in alignment with its values, leveraging credibility and role-modelling accountability.

See 'Principles 1–2 – Human Rights' for a full list.

Relevant policies

- Novo Nordisk's occupational health and safety policy
- Novo Nordisk's procurement policy
- Novo Nordisk's diversity policy
- Novo Nordisk's people policy

[Read the full text of our policies](#)

Challenges in 2014

Novo Nordisk has solid management systems in place for human resources and occupational health and safety, covering headquarters, production sites, and research and development sites globally. The Global HR Compliance Office was established to sharpened focus on legal compliance and the need to comply and deal with changing legislation and relevant requirements globally.

With the global implementation of our Global Labour Guidelines in 2014, we are now working on how to set up appropriate management systems in our affiliates in order to track and monitor the guidelines to adhere to the UN Guiding Principles on Business and Human Rights.

In 2014 as part of the Responsible Sourcing programme challenges in relation to the responsible sourcing audit follow up process were identified and targeted for improvement via a review of this process, identified as a programme development activity, where the aim is to ensure a process where sustainable impact can be made and measured, process compliance is ensured and system challenges are overcome.

Progress made in 2014

Global Labour Guidelines implemented

Novo Nordisk's people policy refers to the UN Global Compact and, in order to document adherence with the UN Global Compact and the UN Guiding Principles on Business and Human Rights, a labour condition assessment was conducted globally in Novo Nordisk. The conclusion was that Novo Nordisk is in good shape in terms of adhering to the UN Global Compact and UN Guiding Principles on Business and Human Rights. However, in 2013 it was decided to develop and implement a set of Global Labour Guidelines.

In 2014, the Global Labour Guidelines were implemented. The guidelines cover the first 6 principles of the UN Global Compact relating to human and labour rights and encompass employees in Novo Nordisk. An interpretation guideline was made to assist Novo Nordisk affiliates in understanding the Global Labour Guidelines. The Novo Nordisk facilitation team provides assurance that the organisation is living up to the Novo Nordisk Way and Essentials, hereunder Novo Nordisk Global Labour Guidelines. The facilitation team has been trained in how to safeguard the Global Labour Guidelines. Through facilitation it is possible to detect potential 'adverse impacts' or other issues raised by employees during facilitations. Findings or patterns from facilitations will be tracked and reported.

Following the due diligence process in the UN Guiding Principles on Business and Human Rights, the focus areas which Novo Nordisk intends to track and report on in 2015, will be decided on. Finally, communication and awareness to internal stakeholders on the Global Labour Guidelines themes will be an ongoing focus.

[Read more about human rights](#)

Global HR Compliance Office

The Global HR Compliance Office serves as a single point of entry for human resources legal compliance-related matters. The office was established to meet the increased requirements within legal and business ethics compliance, which have implications for a range of human resources processes in Novo Nordisk. The office has an active role in ensuring that Novo Nordisk complies with legislation, relevant requirements, the UN Global Compact and related labour conditions, which are all key elements in the Novo Nordisk people policy. The office will ensure that a systematic approach is in place to mediate in case of an adverse event, ie the office will act as one point of contact ensuring how we take action. Furthermore, it handles legal issues related to personal data protection and Information Security related to human resource processes within Novo Nordisk. The office has implemented a user friendly website where employees can find relevant and helpful information.

[Read more about human rights](#)

Grievance mechanism and anti-retaliation

We are committed to providing our employees with access to mechanisms for raising workplace-related grievances. An employee can raise concerns directly with their manager, Human Resources or other local channels, or bring the matter to the Ombudsman.

Furthermore, employees can report suspected misconduct in a secure and confidential way via the Compliance Hotline. The Compliance Hotline procedure ensures that employees who raise concerns are protected from retaliation.

[Read more about the Compliance Hotline](#)

Freedom of association

The Novo Nordisk anti-retaliation policy includes union affiliation/non-affiliation. We respect our employees' right to associate freely, to join or refrain from joining labour unions and workers' councils. If employees have chosen not to be represented by a union, management and employees may address workplace-related topics in a suitable forum.

Health and safety strategy for 2020

The global Novo Nordisk health and safety strategy was approved in 2014. The strategy outlines the following:

- Novo Nordisk is committed to continuously improving the working environment.
- Novo Nordisk's 2020 ambitions are in place for the three strategic focus areas: Safety, Ergonomics and Well-being. Novo Nordisk embraces a zero-injury mind-set and will not accept people being injured as a result of our working conditions.
- Novo Nordisk is committed to a sustainable health and safety strategy and falling trends in injury frequency rate with absence towards 2020.
- Good workplace ergonomics is a key element in ensuring long-term health for employees.
- Novo Nordisk is committed to reducing work-related muscular/skeletal pain experienced by employees.
- Novo Nordisk wants to take on broader responsibility for our people's well-being and thereby develop a systematic approach to supporting sustainable business performance and the healthy growth of the company.
- Novo Nordisk strives to enable people to live longer, healthier and more productive lives.
- Novo Nordisk is committed to improve mental well-being and reduce the level of stress symptoms among our employees.

One global health and safety management system

The global roll-out of the Occupational Health and Safety (OHS) management system was finalised by the end of 2013, and thus, all units have adapted OHS assessment procedures in order to make them compatible with local conditions. The global OHS management system ensures appropriate processes for health and safety governance and also specifies minimum requirements.

Promoting the health of employees

Through our global employee health programme, NovoHealth, Novo Nordisk promotes and supports healthy living for all employees as a means of preventing type 2 diabetes and other lifestyle-driven diseases. This is part of our commitment to also prevent diabetes on our own turf. NovoHealth is based on four global standards – a smoke-free working environment and support to stop smoking, access to healthy food and beverages in the workplace, support in being physically active and offers of regular health checks. By 2015 all Novo Nordisk employees will be covered by the global NovoHealth programme, currently it covers around 80% of the workforce.

Type 2 diabetes is largely preventable and a healthy lifestyle is the best way to fight the diabetes epidemic. About nine cases in 10 could be avoided by making a few lifestyle changes. With our health standard check we can see that employees who regularly participate in health checks make healthy life style changes reduce the number of risk factors, resulting in a decreased risk of developing diabetes.

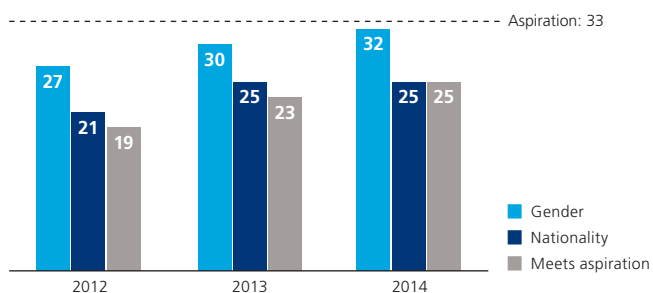
Actively promoting equal opportunities and diversity

Novo Nordisk's Diversity Aspiration has operated with a target of having at least one non-local and at least one person of each gender in all of Novo Nordisk's 33 senior management teams by the end of 2014. Progress has been steady, yet not satisfactory, and the goal was not met despite efforts to enhance diversity in recruiting and internal promotions. Senior management teams are defined as those one to two levels below the CEO, namely the management teams of the executive vice presidents and the senior vice presidents. The target is enforced by a 'comply or explain' principle, requiring the head of each management group to either comply with the diversity aspiration or explain to Executive Management why it has not yet been possible to achieve.

Our objective is to have a high-performing organisation where everyone has opportunity to realise their potential and we need to attract the best talent across genders and cultural backgrounds. In particular there is a leaking pipeline of women for senior management positions.

In all, 76% of our senior management teams are now diverse in both gender and nationality, while 90% are gender-diverse.

Figure 3: Diversity aspiration in senior management teams



Novo Nordisk's Diversity Strategy has advancement of women in leadership as one of its key pillars, directly aligned with the Women's Empowerment Principles (1, 2, 4 and 7). Activities undertaken at corporate level in 2014 include the following:

- Further embedding of diversity into the annual organisational review, which requires every business unit to develop and nominate female successors to global key positions and to ensure robust talent pipeline development.
- Constant external and internal benchmarking and institutionalised accountability and transparency with target-setting and monitoring of gender and national diversity.
- Development of a Human Resources IT system that tracks gender balance in recruitment (currently in Denmark) as well as internal talents (globally).
- Continued leadership development and scaled networking programmes in different regions targeted at female managers to help them clarify their leadership ambitions and career paths.

To create focus and promote long-term sustainable change, Novo Nordisk has extended its Diversity Aspiration to now include all management teams, from entry level upwards. In recruitment and promotions candidates of both genders and from more than one nationality should be considered, while still honouring the principle that the best person must be chosen for the job.

Organisational audit

The organisational audit (OA) is an intensive annual process that analyses and evaluates key business needs and challenges, and identifies relevant actions for the upcoming year. In line with these challenges, organisational capability is assessed with specific focus on identifying successors to all key global positions in the company and top talents in the global organisation. Each business area prepares an organisational audit report, and the most important business challenges are discussed and finalised by Executive Management. The final report is approved by the Board of Directors.

Since 2010, diversity has been part of the organisational audit as a critical theme that all business areas should address. In addition to the focus on building a strong global talent base, this process requires all business units to develop and nominate female successors to global key positions, and to ensure robust female talent pipeline development and representation in global talent programmes. Each management level must track and demonstrate progress in developing its talent pipeline to assume upcoming positions. Managers are challenged on how they are handling succession preparedness and how they are addressing challenges.

Corporate Balanced Scorecard

In 2011, Novo Nordisk incorporated diversity in the corporate Balanced Scorecard to require all business areas to set locally anchored outcome targets for diversity. Relevant targets to meet the diversity aspiration, address diversity challenges and drive change are defined locally, as culture, business needs and challenges vary broadly across the organisation.

In the corporate Balanced Scorecard, specific diversity targets are defined for each senior vice president area throughout the global organisation to explore and address local diversity challenges.

SPECTRA

Novo Nordisk runs a three-day corporate leadership development programme for women called SPECTRA. The purpose is to encourage women to clarify their own career ambitions, increase their impact and influence, and develop career strategies. The programme also creates opportunities for participants to gain inspiration from senior female role models and extend their global network.

WINN

Women in Novo Nordisk (WINN) is a women's network that aims to provide women with opportunities to network, discuss advancement and development of their careers, and gain inspiration from internal and external speakers.

For information about diversity in Board of Directors, see [Annual Report 2014](#), pp 46-47

To see our diversity performance in 2014, visit our [Annual Report 2014](#), p 97

Responsible sourcing

Novo Nordisk has a risk-based approach to managing environmental, ethical and social issues in the supply chain. With the risk approach as a solid foundation, a sharpened focus has been put on continuous improvements via diversified supplier engagement, including supplier capability building as a supplement to auditing, see 'Labour – Principles 3-6'. The strategic priorities of the Responsible Sourcing programme are to:

- further invest in Novo Nordisk's capability building
- further integrate responsible sourcing into sourcing practices across Novo Nordisk
- ensure there are differentiated and dynamic risk management models in place
- implement differentiated supplier engagement approaches
- collaborate effectively with external stakeholders to achieve synergies and optimise resources.

In 2013, a conceptual approach to implement Novo Nordisk's responsible sourcing standards with suppliers beyond tier 1 was developed based on interpretation of the UN Guiding Principles on Business and Human Rights. In 2014, Novo Nordisk has worked closely with an external consultant to further develop a robust and scalable process for assessing risk beyond tier 1, to ensure we take action with relevant suppliers.

In 2014, an external review of the company's responsible sourcing standards was conducted in connection with the beyond tier 1 project. In 2015, the responsible sourcing standards will be updated to reflect current external requirements, including adherence to the UN Guiding Principles on Human Rights and Business.

Read more about responsible sourcing

Labour issues in the supply chain

With an increasingly global supply chain, Novo Nordisk's share of products and services sourced from countries with potential labour issues continues to grow which means our need to understand the risks related to social, environmental and ethical performance of our suppliers is more relevant as ever. To this end a number of activities have been undertaken in line with the Responsible Sourcing strategy and as part of the programme in 2014 with focus on both internal and external stakeholders. Additionally, the operational ownership for the Responsible Sourcing programme changed from Global Quality to Corporate Procurement in 2014, thus ensuring closer anchoring of the programme with the sourcing business.

Ensuring that all Novo Nordisk employees who interact with suppliers understand and can identify potential labour issues, integrate responsible sourcing into daily sourcing practises has remained in focus throughout 2014 during which time responsible sourcing has been added as a key factor in the selection criteria for new suppliers.

Training (face-to-face or via e-learning, or both) of Novo Nordisk employees also remains a priority and each year we ensure at least 95% of sourcing employees globally are trained to recognise and take action with suppliers where potential responsible sourcing issues in our supply chain may exist. Additional activities to improve employee awareness on responsible sourcing issues include a twice yearly publication of the RS INSIGHT newsletter.

Also in 2014 Novo Nordisk made progress with the approach to address labour issues in supply chains beyond tier 1, a project which links to the overall work currently undertaken in the area of human rights in Novo Nordisk. The beyond tier 1 approach aims to develop a robust process for due diligence of the supply chain to ensure we understand and evaluate the risk beyond our first tier and take action with required suppliers where we have leverage.

Risk-based approach to responsible supply chain management
In Novo Nordisk, we continue to work with a risk-based approach to managing environmental, ethical and social risks in the supply chain. Our methodology builds on a common set of screening principles and our risk models are tailored to fit specific sourcing areas, allowing effective identification and management of risks.

For direct product-related spend for goods/ services directly incorporated in a final product and/or part of production 11.6% of suppliers (39 of 336) have been identified as high risk.

For indirect spend related to investment projects eg goods and services related to production, 1.4% (19 out of 1,345) were identified as high-risk.

For the remainder of indirect spend, the largest part of the total spend, for goods/services not directly incorporated in a final product or as part of production, 0.47% of suppliers (142 out of approx. 37,500 suppliers) were identified as high risk.

Also in 2014 our risk assessment was extended to include new areas such as Contract Licence Manufacturing, Global Development Outsourcing Management and Chemistry Manufacturing Control. Action plans for all high-risk suppliers are in place to ensure as a first step contract coverage (via inclusion of responsible sourcing contract clauses with suppliers). This is a KPI with a 90% target. Other actions may include supplier self-assessment questionnaires and responsible sourcing audits.

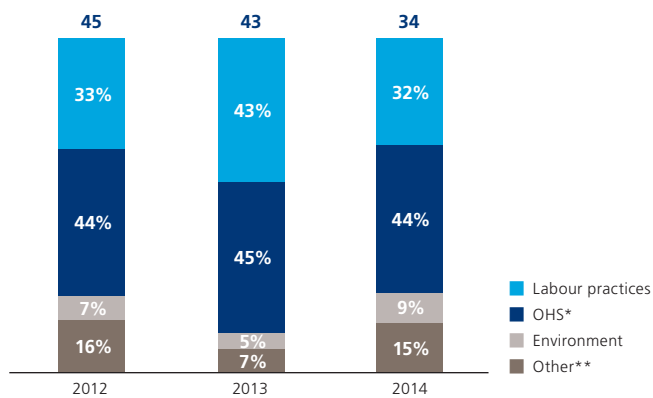
Closure of actions resulting from responsible sourcing audits is also a key performance indicator, the target is 80%. Performance on both indicators is reported annually to the Novo Nordisk Procurement Committee.

Responsible sourcing audits

Suppliers' performance in relation to our responsible sourcing standards is also evaluated via responsible sourcing audits. In July 2014 an overall audit rating was introduced and is now given to all responsible sourcing audits. The purpose of this rating, aside from ensuring reporting consistency across all types of Novo Nordisk audits, is to ensure focus, especially at management level, when performance is low and attention is required. Since July six audit ratings have been given (where one was rated 'low level of compliance').

A total of 25 responsible sourcing audits have been carried out in 2014, resulting in 34 major findings. The findings are distributed among labour practices (32%), occupational health and safety (44%), environment (9%), and other including business integrity and sub-suppliers (15%). We engage with suppliers where findings are identified to ensure action plans are in place including time frames for completion of the corrective action plans.

Figure 4: Responsible sourcing audits



* Occupational health and safety

** Including business integrity and sub-suppliers

The main challenge relating to responsible sourcing audits is to ensure timely implementation of action plans and sustainable improvements. Therefore, a key activity for the responsible sourcing programme in 2014 was to identify gaps and possible areas of improvement in our current follow up process. Implementation of an improved process will take place during 2015 and will focus on local anchoring by appointment of Local Responsible Sourcing Experts (LRSE) to drive the responsible sourcing audit process. Moreover, focus will be on capabilities, tools and systems and include a review of the key performance indicators and target setting in this area.

In addition to responsible sourcing auditing of our high risk suppliers, deployment of a responsible sourcing check at quality audits has been implemented. The purpose of this is to check for obvious responsible sourcing risks at suppliers and to determine if additional activities are required, eg dialogue or visit to the supplier, a full responsible sourcing audit, etc. The checks are conducted by our own team of quality auditors. In total 114 checks have been completed since the checks were implemented.

Focus on continuous improvements in the supply chain

As a key strategic priority, supplier capability building supplements responsible sourcing contract coverage, self-assessment and auditing, and has also continued as a focus during 2014 as outlined in the examples below.

Following the pilot in China of the service provider approach in 2013, which focused on supplier capability building in how to understand and use the Novo Nordisk responsible sourcing standards for business partners, the associated responsible sourcing audits have now been completed. The plan is to further roll out the approach globally, focus for 2015 will likely be Brazil and our new production site in Russia.

For critical supplier issues, such as the excessive working hours' case found during a responsible sourcing audit at a supplier in China in 2013, actions tailored to the specific issue(s) and supplier(s) are implemented. For this supplier, a factory improvement plan has now been initiated and with continued support from a local consultant, and our supplier's commitment to improve, progress is being made to ensure enhanced processes and systems and ultimately to improve conditions and reduce working hours.

As a member of the Pharmaceutical Supply Chain Initiative's committee on supplier capability building, Novo Nordisk

actively supports the development of industry aligned and coordinated activities to support social, ethical and environmental improvements in the pharmaceutical supply chain.

In 2014 we continued our partnership with the Danish Ethical Trading Initiative and other Danish companies in the multi-stakeholder initiative with focus to implement responsible sourcing for suppliers who are agents or intermediaries. The guideline, developed in 2013 has now been published and has been used to support a training pilot completed in 2014 with these types of suppliers. Feedback from the training has been extremely positive and further sessions are being planned for Denmark, Norway and UK in 2015.

In 2014 we also piloted a new approach in Bangladesh for preparing contract licence manufacturers for audits which included a workshop to ensure adequate understanding of the responsible sourcing standards for business partners and audit preparation through self-assessment and use of the Novo Nordisk responsible sourcing supplier handbook.

[Read more about responsible sourcing](#)

Employee engagement activities

TakeAction is an employee programme designed to encourage and support employees in integrating the Novo Nordisk Way into everything they do. The programme provides an opportunity to engage in voluntary activities and a forum for sharing best practices. All activities are developed and undertaken by Novo Nordisk employees during working hours insofar as they support the company's business objectives and cover social and/or environmental objectives in their local communities.

TakeAction activities are divided into three categories addressing social issues in the local community, helping the environment or positively affecting the lives of the people whose healthcare needs we serve. In 2014, more than 102 TakeAction activities were carried out at 18 Novo Nordisk local offices. In all, 3,284 employees volunteered a total of 11,666 hours.

Besides volunteering, our employees raised funds through raffles, donations, flea markets, marathons and auctions. The fundraising projects reported in 2014 raised a total of 105,951 US dollars to support local initiatives, organisations and causes.

[Read more about Novo Nordisk's employee engagement programme, TakeAction](#)

Environment – Principles 7-9



Photo: DONG Energy A/S

Principle

7. Businesses should support a precautionary approach to environmental challenges.
8. Businesses should undertake initiatives to promote greater environmental responsibility.
9. Businesses should encourage the development and diffusion of environmentally friendly technologies.

Materiality and scope

Novo Nordisk has a long tradition of effective management of environmental challenges such as chemical pollution, genetically modified organisms and climate change. Although environment is a highly relevant topic, the pharmaceutical industry is less exposed than other industries due to a limited industry footprint and prioritisation by stakeholders. Nevertheless, pharmaceutical players have become increasingly environmentally responsible. Novo Nordisk is committed to the Triple Bottom Line business principle expressed in the Novo Nordisk Way as it is addressed in *Essential 3*: We are accountable for our financial, environmental and social performance. Staying at the forefront of the industry to deliver on that commitment will become increasingly challenging because good practice is a moving target and our environmental footprint will grow significantly in the future due to the growth of our business.

In relation to applying the precautionary principle, Novo Nordisk's contained use of approved genetically modified organisms (GMOs) for research and production is based upon approximately 25 years of risk assessments and safety records. No damage to human health or the environment has ever been recorded. Field surveys have not shown living GMOs in the surrounding soil. Nevertheless, Novo Nordisk continuously aims to eliminate and reduce uncertainties, and develop additional precautionary approaches.

The continued decoupling of environmental impact from business growth is achieved through even more efficient manufacturing processes. Further, the manufacturing of insulin and biopharmaceutical products are mostly based on biological processes, resulting in less use of chemicals than chemical synthesis of medicines.

In 2014, Novo Nordisk published an Environmental Profit & Loss account (EP&L) for our activities in 2011. We have used the EP&L as a basis for a review of our Environmental strategy 2020. The

EP&L indicated that Novo Nordisk's footprint in the supply chain based on spending, is significant and we have therefore decided to investigate further if and how we can reduce this footprint.

[For more information see the EP&L report](#)

Commitments and memberships

Novo Nordisk subscribes to the International Chamber of Commerce's Business Charter for Sustainable Development.

Organisations that we support or are a member of include:

- **WWF's Climate Savers Programme** – a programme that sets and meets goals to reduce members' carbon emissions, advance projects to protect their resources from climate impacts and ensure the sustainability of their core business. Novo Nordisk's participation in the programme ended in 2014, when we met the absolute reduction target set with WWF.
- **United Nations: Caring for Climate initiative** – an initiative which aims to advance the role of business in addressing climate change.
- **Danish Ethical Trading Initiative (DIEH)** – a responsible sourcing network with focus on knowledge sharing between companies, trade unions and NGOs.
- **Prince of Wales Corporate Leaders Group on Climate Change** a group that brings together business leaders from major UK, EU and international companies who believe that there is an urgent need to develop new and longer-term policies for tackling climate change.

Other important stakeholders include:

- Intergovernmental Panel on Climate Change (IPCC)
- World Resources Institute (WRI)
- United Nations Environment Programme (UNEP)
- CDP (formerly known as the Carbon Disclosure Project)
- Danish Society for Nature Conversation

Responsibilities

Sustainability Committee

The Sustainability Committee has overall responsibility for setting direction for the strategic and proactive management of the sustainability agenda in Novo Nordisk. This includes implementation of strategies in support of the company's long-term strategy for sustainable growth and in accordance with voluntary commitments. The committee is the company's highest authority with regard to environmental, bioethical and occupational health & safety issues.

R&D Bioethics Council

Oversees environmental ethics in research and development and makes recommendations for the Sustainability Committee's approval. More specifically in relation to principle 7, the council ensures that we apply the precautionary principle in the use of gene technology by conducting risk assessments prior to use.

[Read more about our boards and committees](#)

Relevant policies

- Novo Nordisk's bioethics policy
- Novo Nordisk's environment policy
- Novo Nordisk's procurement policy

[Read the full text of our policies](#)

Challenges in 2014

Long-term environmental targets

The company's environmental policy covers the entire value chain from molecule to patient, and in addition to ensuring compliance and sound management practices at production sites in accordance with ISO 14001, efforts include even more efficient manufacturing processes, a focus on smarter use of resources and materials in the discovery and development of new products, and innovation projects in partnership with suppliers, healthcare providers and local communities. As production and sales continue to grow, it becomes increasingly challenging to keep minimising environmental impact in absolute terms.

As indicated in 2013, growing as a business can pose challenges in continuing to reduce the negative environmental footprint. In 2014, we have continued to expand the production capacity, which has resulted in continued increased water consumption. From 2013 to 2014, Novo Nordisk's water consumption increased with 10%. As illustrated in the infographic below, 70% of the water is used at production sites located in water scarce regions in Brazil, China and Denmark. These sites have particular focus on water stewardship.

Progress made in 2014

Long-term environmental targets

Novo Nordisk has chosen three long-term environmental targets to support long-term financial performance, balancing responsibility with profitability, with the aim of creating sustainable value for shareholders and other stakeholders. The environmental targets for consumption of energy and water and CO₂ emissions contribute to optimising production efficiency and reducing environmental impacts. The targets are ambitious and reflect the aspiration of continuous decoupling of environmental impacts from business growth, measured as increase in sales in local currencies.

Novo Nordisk met its long-term target of reducing CO₂ emissions by 10% in absolute measures from a 2004 baseline of 217,000 tons to be less than 195,000 tons in 2014. Since 2004 Novo Nordisk has reduced CO₂ emissions from energy consumption with 97,000 tons, equal to 45%, while in the same period the company has grown by 206% measured in sales. Key drivers have been process optimisations, conversion to renewable energy supplies and more than 700 energy-saving projects, which have led to a total reduction in CO₂ emissions of 45,000 tons annually since 2005. In 2015, Novo Nordisk will evaluate whether a new reduction target for CO₂ emissions from energy consumption for production will continue to support business priorities.

To see how we perform against our long-term environmental targets, see [Annual Report 2014](#), p 13.

Climate action

The main focus of our climate action strategy is to continue our focus on reducing emissions from production (scope 1 and 2). The confidence we have previously shown in our expectations of meeting our 2014 target, set in 2006, of a 10% absolute reduction in CO₂ emissions did pay off, as we indeed did meet our target in 2014 with a total reduction in CO₂ emissions of 45%. We are committed to achieve reductions at a rate that lies at the upper end of the recommendations of the UN Intergovernmental Panel on Climate Change. We are also extending the scope of our climate strategy to encompass emissions from relevant business activities. We focus on reducing and reporting emissions from company cars, product distribution and business travel. Some of the key activities in 2014 were:

- Product distribution: continued focus was on further decrease in the volumes transported by air.
- Company car guidelines will help the affiliates set targets and report emissions.
- Business travel: with the roll-out of an updated IT platform, Novo Nordisk employees now have access to a tool for easy web meetings, ensuring an alternative to travelling.

In 2014, Novo Nordisk is now expanding its scope of emission reporting in Novo Nordisk's Annual Report to include CO₂ emissions from business flights and leased company cars. In 2014, business flights resulted in an estimated emission of CO₂ of 68,000 tons, which is 6% less than in 2013 as the result of a focus on keeping costs low. Estimated CO₂ emissions from leased company cars increased with 1% from 71,000 tons to 72,000 tons due to a growing workforce.

In 2014, Novo Nordisk submitted information to the 12th CDP report. Novo Nordisk has continuously reported its CO₂ emissions, actions, risks and opportunities since the first CDP report was requested in 2002. The 2014 disclosure score for Novo Nordisk was 97 points, which is 1 point higher than in 2013, and the performance score remained at 'B'. This score keeps Novo Nordisk in the top 10 healthcare companies in the CDP 2014. In the Nordic CDP Report 2014, Novo Nordisk has been included in the Climate Performance Leadership Index.

Read news article about the CDP score

Energy consumption

In 2014, 2,556,000 GJ energy was consumed at production sites around the world. Energy consumption decreased by 1% despite increased production as a result of the focus on optimisations in the production processes and relatively lower consumption

Figure 5: Energy consumption, energy type and CO₂ emissions in 2014

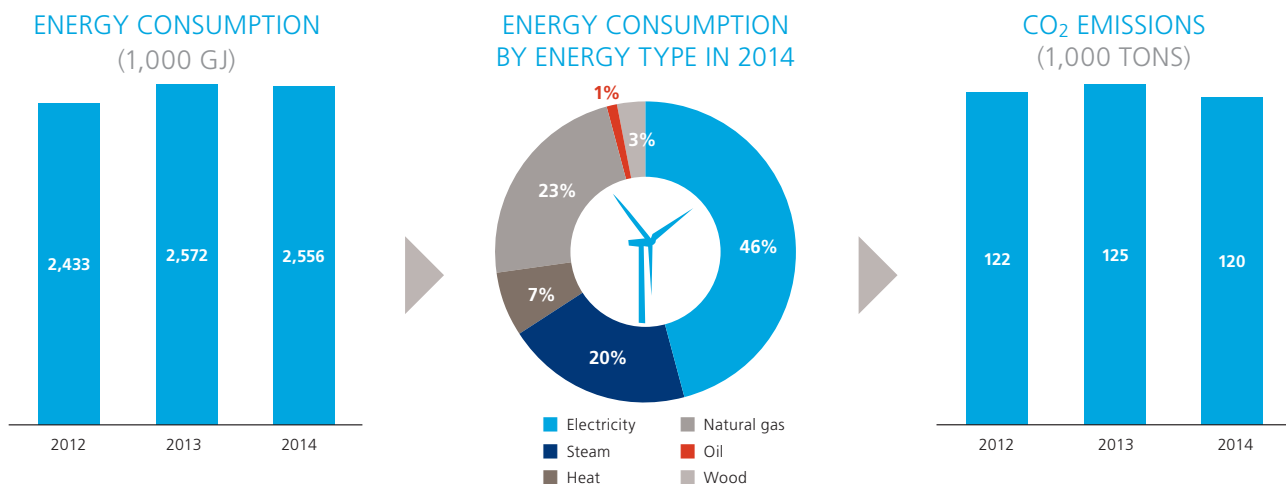
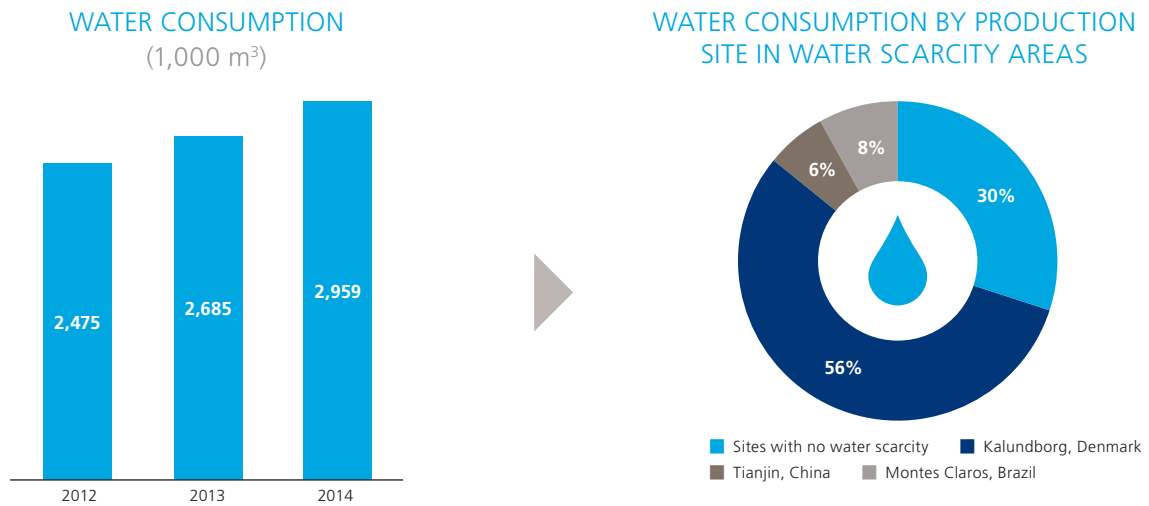


Figure 6: Total water consumption and consumption by water scarcity area



maintained in the utility supply.

The energy consumed in 2014 was based on six types of energy ranging from oil (1%) to electricity (46%). Basing the energy consumption on these types of energy led to a total CO² emission of 120,000 tons CO² in 2014. This equals a 4% decrease compared with 2013, which is linked to the decrease in the consumption of energy. The relatively higher decrease in CO² is a result of a change at a filling plant to a supplier with less CO² intensive power production.

Water consumption

In 2014, 2,959,000 m³ water was consumed at production sites around the world. Water consumption increased by 10% compared with 2013, following increased production. Raised internally requirements regarding the quality of water used in production have led to a relatively higher water usage.

70% of the water is used at production sites located in water scarce regions in Brazil, China and Denmark. These sites have particular focus on water stewardship.

Anti-corruption – Principle 10



Principle

10. Businesses should work against all forms of corruption, including extortion and bribery.

Materiality and scope

Each day, Novo Nordisk employees bring ethical standards to work. Doing business globally entails many challenges, particularly when working in diverse cultures where concepts of appropriate business conduct can vary widely. Making the right choices becomes more complex – and more important – with the pressures of a competitive business environment.

Ethical business conduct is about values and integrity as well as compliance and risk mitigation. Taking a proactive approach also presents opportunities such as enhanced trust in the company and improved relationships with key stakeholders.

Institutionalising ethical conduct requires more than codes and standards; it requires the fostering of a strong, values-based corporate culture. The Novo Nordisk Way and Essential 10 outlines expectations for employee behaviour by stating that ‘we never compromise on quality and business ethics’, which is also supported by our business ethics policy, as well as detailed procedures for how we operate.

The broad scope of business ethics in Novo Nordisk covers anti-corruption, fraud, bribery, off-label promotion, and transparency regarding payments to Healthcare Professionals (HCPs) that apply to all employees, including the Board of Directors. More specifically, Novo Nordisk has separate global policies on interactions with HCPs (covering hospitality at events) and Third Party Representatives. Novo Nordisk’s approach to business ethics consists of these elements:

- Setting direction
- Training the organisation annually
- Implementing the standards in daily business decisions
- Monitoring and different follow-up activities, incl. audits and investigations of cases of potential misconduct.

[Read more about business ethics](#)

Commitments and memberships

Novo Nordisk supports the 10th UNGC principle on anti-corruption and we are committed to anti-corruption and maintaining high business ethics standards.

In relation to business ethics, we constantly learn and seek knowledge from different stakeholders, such as:

- **Transparency International** which tracks practices country-by-country through its Corruption Perception Index.
- **The Organisation for Economic Co-operation and Development (OECD) – OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.**
- World Economic Forum (WEF) – Partnering against Corruption Initiative.
- International and national industry associations such as **European Federation of Pharmaceutical Industries and Associations (EFPIA)** and **Pharmaceutical Research and Manufacturers of America (PhRMA)**, where we follow and influence discussions on the research, development and manufacturing of medicinal products for human use in Europe and the US.

Responsibilities

Audit Committee

The Audit Committee oversees Novo Nordisk’s global business ethics strategy.

Executive Management

Executive management oversees the global business ethics strategy together with the Audit Committee.

Business Ethics Board

The Business Ethics Board is in charge of the development and implementation of the global business ethics strategy to ensure governance and alignment across the organisation and sets the direction for business ethics and ensures ongoing development of the global compliance programmes on a global and regional level and monitors business ethics risks.

[Read more about our boards and committees](#)

Relevant policies

- Novo Nordisk’s business ethics policy
- Novo Nordisk’s procurement policy
- Novo Nordisk’s risk management policy

[Read the full text of our policies](#)

Challenges in 2014

As Novo Nordisk is growing rapidly in terms of number of employees, it is important that new employees are guided by a strong set of values that clearly state the behaviour expected of a Novo Nordisk employee. Emphasising the business ethics element in the Novo Nordisk Way and in the onboarding programmes are ways of dealing with this challenge. Novo Nordisk applies a global approach to the implementation of our standards, but has focus on regional and local management’s active involvement through increased visibility and communication.

An increasing part of Novo Nordisk’s growth will come from emerging markets that are traditionally rated low in terms of transparency, eg on the Corruption Perception Index. The global compliance organisation is responding by increasing the number of regional and local employees dedicated to compliance and implementing specific measures addressing the issues arising in high-risk markets.

The complex external regulations combined with an increase in

the global enforcement of the anti-corruption rules require Novo Nordisk to continuously improve its process for risk identification and mitigation, and ensure that global and local requirements are met at all times.

Progress made in 2014

Third-party due diligence and training

Novo Nordisk has a well-established process to identify and manage our relationship with high risk third parties, in particular those that interact with public officials and healthcare professionals on our behalf. We perform detailed due diligence on our high risk third parties and require compliance with our business ethics principles. We include business ethics clauses in all contracts with high risk third parties, and require that they annually certify that they comply with our business ethics principles. Further, our due diligence process is under constant revision in general to strengthen third-party compliance in both the short and long term. Novo Nordisk is continuing its efforts on developing its risk assessment of third parties and ensuring that high-risk third parties also receive face-to-face training in our business ethics procedures.

Business Ethics training

The Business Ethics Compliance Office supports the development and implementation of effective education and training programmes related to compliance. Training activities for employees are split between corporate certification of procedures for all employees in scope, e-learning courses targeting a broad audience, and tailored face-to-face training focusing on in-depth and interactive dialogue with key employee groups. All employees, including the Board of Directors have to pass an annual test to ensure that our corporate procedures have been both read and understood. Further, we have improved our documentation of other training activities and linked this to our global learning management system to help create a single global overview of learning points and improvement opportunities.

Figure 7: Business ethics: Education and compliance training in Novo Nordisk



To support the implementation of the global ethics procedures and ensure consistent and relevant business ethics advice to all employees, the Business Ethics Compliance Office has introduced a global framework, which will effectively link and communicate global and local requirements to the employees in a simple and user friendly format.

Communication and advice

To ensure support for consistent and uniform business ethics communication, a toolbox has been developed, which includes advice, dilemma cases, monitoring tools and guidance for use by management and compliance professionals in all regions. The toolbox is promoted to all managers and is being widely used across the organisation.

Continued communication on business ethics to all employees is included in the global and regional compliance programmes.

Transparency

Novo Nordisk reports in accordance with the disclosure requirements under the US Sunshine Payments Act, the French Loi Bertrand Act and the EFPIA Disclosure Code, in which pharmaceutical companies are required to report on value transfers to healthcare professionals and healthcare organisations. Novo Nordisk has set up a system to achieve compliance with all federal, state, local and regional transparency requirements worldwide, while maintaining or improving operational consistency and efficiency.

Read about our performance in 2014 in relation to business ethics training [Annual Report 2014](#), p 12.

Public affairs transparency

Novo Nordisk takes a stakeholder approach to engaging in health policy discussions about quality diabetes care. We enter into dialogue with regulatory bodies, payers and policymakers and the diabetes community, focusing on the tremendous unmet need for better prevention, early detection and better quality treatment in diabetes care. Citizens have a right to expect political processes to be transparent and to take place in compliance with the law as well as with due respect to ethical principles, avoiding undue pressure or illegitimate or privileged access to information or decision-makers.

The European Commission and European Parliament have established a transparency register that encourages any external organisation working to influence the EU institutions to sign up to a voluntary code of conduct and a register of interest representatives. Reporting of Novo Nordisk's advocacy expenditures is available via the [EU register](#).

In relation to Novo Nordisk's lobbying efforts in the US, the lobby expenditures for 2014 are available via this [register](#). The number includes in-house lobbying staff (time and expenses), fees for external lobbying firms and membership fees to industry organisations associated with carrying out lobbying activities.

Political Action Committee in the US

The voluntary Novo Nordisk Political Action Committee (PAC) now has more than 850 members in Novo Nordisk Inc. Created in 2006, the PAC solicits funds only from those Novo Nordisk employees who are US citizens and have executive or managerial responsibilities. The funds raised are used to make contributions to candidates for federal office as approved by an employee-run board representing all parts of the company. The amounts that may be contributed to and by a PAC are limited, and steps are taken to ensure that employee contributions are strictly voluntary and made without coercion.

In 2014, the Novo Nordisk Inc. PAC has contributed 286,200 US dollars to 154 Congressional candidates from the two major US political parties in both the Senate and the House of Representatives.

Global compliance programme

The global compliance programme is structured according to the seven elements for an effective business ethics compliance programme set out by the US Office of the Inspector General of the Department of Health & Human Services:

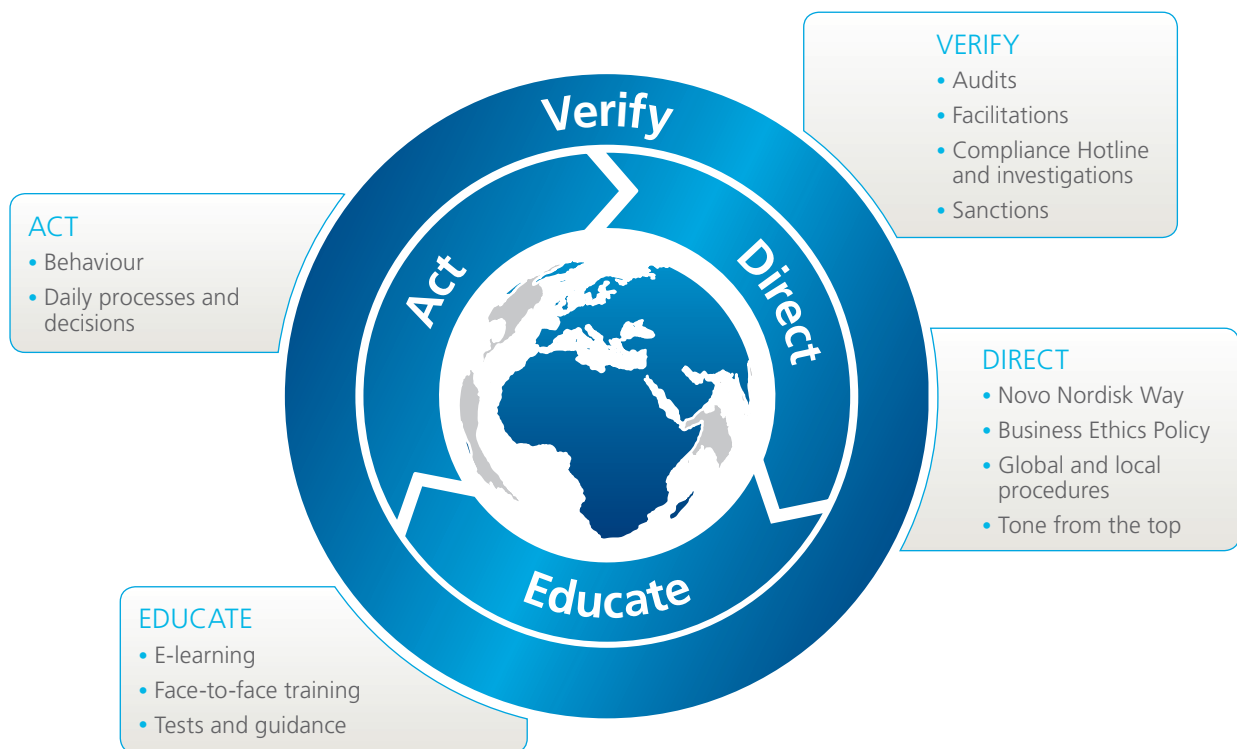
- Implementing written business ethics policies and procedures
- Designating a compliance officer and compliance committees
- Conducting effective training and education
- Developing effective lines of communication
- Conducting internal monitoring and audits
- Enforcing standards through well-publicised disciplinary guidelines
- Responding promptly to detected problems and undertaking corrective action.

The Compliance Hotline

Concerns over business ethics compliance are reported through the Compliance Hotline (our whistle-blower function). Independent and objective investigations are carried out for all cases, including those reported and identified internally. This approach is designed to give employees security, full anonymity and confidence in reporting concerns. Further, it is communicated to all employees that non-compliance with the business ethics principles will result in disciplinary sanctions ranging from counselling/retraining to warning or, in severe cases, dismissal in accordance with our internal guidelines.

[Read more about the Compliance Hotline](#)

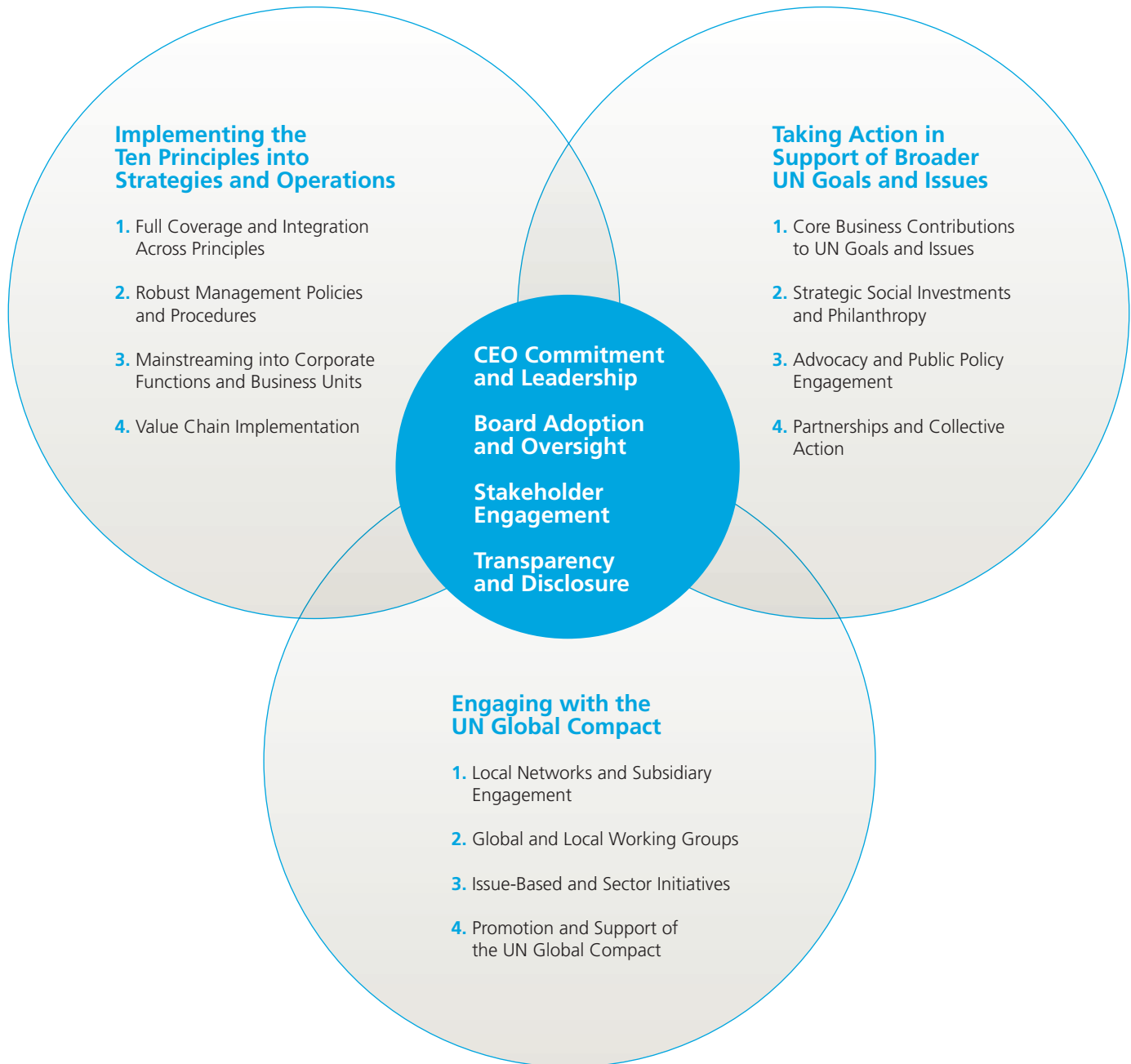
Figure 8: Compliance programme in Novo Nordisk



Part 2: Blueprint for Corporate Sustainability – Leadership in a Novo Nordisk context

As a UNGC LEAD member, we support the ‘Blueprint for Corporate Sustainability Leadership’ model and have chosen to organise our account of activities in support of the Global Compact and broader UN goals around this model. We find that it is well aligned with how we operationalise the Triple Bottom Line in our business.

In the absence of established reporting standards, we simply respond directly to each of the 49 action points in a table format.



Implementing the Ten Principles into Strategies and Operations

Full Coverage and Integration Across Principle

Indicator/subject

Novo Nordisk

<p>1. Implement all the ten UN Global Compact principles into strategies and operations.</p>	<p>All 10 principles are inherent in the Novo Nordisk Way and incorporated in relevant company policies. Oversight of adherence to policies is ensured through a committee and board structure, while strategy and implementation is anchored with functional areas.</p> <p>In practice we work with the 10 principles through activities embedded into the business:</p> <ul style="list-style-type: none"> • Principles 1–2 Human rights (across the value chain) • Principles 3–6 Labour (human resources, responsible sourcing, diversity) • Principles 7–9 Environment (environmental management systems, product stewardship) • Principle 10 Anti-corruption (business ethics, responsible sourcing) <p>Reference: UNGC CoP – Part 1</p>
<p>2. Design corporate sustainability strategy to leverage synergies between and among issue areas and deal adequately with trade-offs.</p>	<p>Novo Nordisk's corporate strategy is underpinned by the Triple Bottom Line business principle, which ensures that financial, social and environmental impacts are considered when decisions are made. This requires systematic and respectful engagements with key stakeholders to stay attuned to their interests and expectations. The aim is to ensure long-term profitability by mitigating risks and minimising negative impacts from business activities, and to enhance the positive contributions to society from the company's global operations.</p> <p>Reference: Access to health, business ethics, bioethics, health & safety</p>
<p>3. Ensure that different corporate functions coordinate closely to maximize performance and avoid unintended negative impact.</p>	<p>In Novo Nordisk, several boards and committees have been established to ensure that vital cross-organisational issues and tasks are attended to and coordinated in a timely manner. The committees and boards are established with representation from executive and senior management areas and headed by a member of Executive Management or an appointed senior vice president. This means that all boards and committees operate with a mandate from Executive Management.</p> <p>The committees and boards include Global People Board, External Affairs Board, R&D Bioethics Board, Procurement Committee, Business Ethics Board, and the Sustainability Committee, with short- and medium-term priorities and targets that are cross-organisational. These are managed through the Balanced Scorecard, which is a company-wide tool to measure and monitor progress.</p> <p>In 2015, the committee and board structure will be reviewed as part of a process of regularly adjusting the internal governance structure to reflect the company's business and stakeholder landscape.</p> <p>Reference: UNGC CoP – Part 1</p>

Robust Management Policies and Procedures

Indicator/subject

Novo Nordisk

<p>4. Assess risks and opportunities on an ongoing basis at both enterprise and product level and undertake due diligence to ensure that the company identifies any negative impacts caused by its operations and activities.</p>	<p>Novo Nordisk has developed a dynamic approach to risk management to ensure that key risks are effectively identified, assessed and managed so they will not affect the company's ability to achieve our business objectives. Four times a year, the Risk Management Board meets to set the strategic direction for risk management, and analyse the risk and control information generated by the individual business areas. This process helps to reduce blind spots and considers potential cross-functional impacts. Both financial and non-financial risks are assessed and quantified in terms of potential financial impact and reputational damage.</p> <p>Reference: Risk management</p>
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5. Develop strategies and policies specific to the company's operating context – as well as scenarios for the future – and establish measurable short, medium, and long term goals.
- See item 3 above. Novo Nordisk has long-term targets for social and environmental performance, as well as for financial performance, all supporting profitable and sustainable business growth.
- A long-term target has been set to reach 40 million people in 2020 with its diabetes care products, a doubling from the baseline number in 2010. Novo Nordisk also has ambitious long-term targets for energy and water consumption which reflect the aspiration of continuously decoupling environmental impacts from business growth.
- Reference: [Access to health, Annual Report 2014](#), pp 4-5
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6. Engage and educate employees through training activities, the development and adjustment of business processes, and sound incentive schemes.
- The Novo Nordisk Way is the foundation of the values-based management system in Novo Nordisk. From vision to policies, it describes how people working for Novo Nordisk put values into action and it defines the principles for how the company does business. It sets direction for all Novo Nordisk employees, and exists to assure and safeguard the strong company culture of responsible and sustainable business practices and engaged employees and stakeholders. The Novo Nordisk Way states that we manage the company by the Triple Bottom Line business principle. All units are held accountable for applying the Triple Bottom Line business principle through internal value audits that evaluate each business unit's operations vis-à-vis the Novo Nordisk Way. These value audits are conducted by a team of senior people with a deep understanding of our business and business environment. This process helps us adjust business processes.
- In keeping with our aim to attract, retain and motivate talented employees in the competitive global pharmaceutical market, compensation at Novo Nordisk is designed to be competitive and reward short-term as well as long-term performance. This is the case both for employees and management (see also item 7) below regarding performance system for employees).
- Reference: [Wages and Benefits, Novo Nordisk Way](#), Remuneration report in [Annual Report 2014](#) pp 49-51
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7. Implement a system to track and measure performance based on standardised performance metrics.
- We use different systems to track performance within occupational health and safety, environmental management, people management, business ethics, supply chain etc. The overall performance on sustainability is tracked through the annual Balanced Scorecard which includes sustainability targets.
- The corporate Balanced Scorecard is cascaded into business units, departments and teams, and finally tied to each employee's performance management process called 3P (People, Performance, Process).
- The 3P system supports goal-setting, mid-year review and year-end appraisals, where information is documented to support ongoing performance and development conversations throughout the year. 3P ensures alignment of individual goals with the organisation's goals and priorities to drive results and meet customer needs. Furthermore, we report on various financial and non-financial performance metrics through our annual report.
- Reference: Remuneration report in [Annual Report 2014](#), pp 49-51
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Mainstreaming into Corporate Functions and Business Unit

Indicator/subject	Novo Nordisk
<p>8. Place responsibility for execution of sustainability strategy in relevant corporate functions (procurement, government affairs, human resources, legal, etc.) and ensure that no function is operating in conflict with sustainability commitments and objectives of company.</p>	<p>Novo Nordisk's strategy for sustainability is based on the Triple Bottom Line principle, which means the company sets goals, manages and accounts for performance on three dimensions: financial, social and environmental. The aim is to ensure long-term profitability by minimising any negative impacts from business activities and maximising the positive footprint from its global operations: improved health, employment, economic prosperity and social equity. The Triple Bottom Line model illustrates how long-term value is created by considering all three aspects and making balanced decisions with patient interests at the core.</p> <p>Responsibility for execution of our sustainability efforts lies in the relevant functions, while oversight is coordinated by the Corporate Sustainability team and anchored with the Sustainability Committee.</p> <p>We manage emerging sustainability issues through our corporate functions until they reach a level of maturity that makes it possible to implement them through the line on business. The programmes for climate action, business ethics and responsible sourcing are examples of how sustainability issues were first managed and operationalised in a corporate function before being handed over to line of business.</p> <p>The Corporate Sustainability department is in charge of coordinating Novo Nordisk's sustainability efforts, monitoring the sustainability performance of the company, and initiating action on issues identified through our trend-spotting.</p> <p>The Sustainability Committee has the overall responsibility for our sustainability efforts ensuring that no conflicts exist between sustainability commitments and business objectives.</p> <p>Reference: Corporate Strategy in Annual Report 2014, pp 16-17</p>
<p>9. Align strategies, goals and incentive structures of all business units and subsidiaries with corporate sustainability strategy.</p>	<p>See item 8 above. Short- and long-term corporate targets and priorities are tracked through the Balanced Scorecard (see item 7).</p> <p>An example of how Novo Nordisk is creating both business and societal value has been showcased in the Blueprint for Change case studies. The strategic objective is to identify the drivers of shared value creation, measure realised benefits for both society and the organisation, and share this information with our stakeholders. The publications so far include cases on climate action, the value of clinical studies and how the company has worked to change diabetes in China, the US, Bangladesh, Indonesia, India and Turkey.</p> <p>Reference: Blueprint for Change cases</p>
<p>10. Assign responsibility for corporate sustainability implementation to an individual or group within each business unit and subsidiary.</p>	<p>See item 3 above on governance and item 6 on department responsibilities.</p>

Value Chain Implementation

Indicator/subject	Novo Nordisk
<p>11. Analyse each segment of the value chain carefully, both upstream and downstream, when mapping risks, opportunities and impacts.</p>	<p>See items 4, 8 and 9 above. As stated in the Novo Nordisk Way, our key contribution is to discover and develop innovative biological medicines and to make them accessible to patients throughout the world. By systematically tuning in to the economic, social and environmental implications of business decisions, and by continuously listening to and engaging with key stakeholders, we can respond earlier and better to the risks and opportunities facing the company such as bioethics, business ethics and access to health in developing countries.</p> <p>Novo Nordisk's social and environmental responsibility extends throughout the value chain, including the company's suppliers. Novo Nordisk has implemented global standards for responsible sourcing, setting the bar for suppliers' performance in terms of compliance with laws and regulations, environment, health and safety, labour practices, business ethics, including safety and rights of clinical trial patients and healthy volunteers, animal welfare and sub-suppliers.</p> <p>Reference: Responsible sourcing</p>

12. Communicate policies and expectations to suppliers and other relevant business partners.	Novo Nordisk's social and environmental responsibility extends throughout the value chain, including the company's suppliers.
	Novo Nordisk has implemented global standards for responsible sourcing, setting the bar for suppliers' performance in terms of compliance with laws and regulations, environment, health and safety, labour practices, business ethics, including safety and rights of clinical trial patients and healthy volunteers, animal welfare and sub-suppliers.
	Reference: Responsible sourcing
13. Implement monitoring and assurance mechanisms within company's sphere of influence.	See item 12 above. In addition, Novo Nordisk risk-screens its supply chain and conducts supplier audits among high-risk suppliers.
	Reference: UN Global Compact (CoP) – Part 1, Principles 3–6; Responsible sourcing
14. Undertake awareness-raising, training and other types of capability building with suppliers and other business partners.	See item 12 above. A part of Novo Nordisk's responsible sourcing approach is to engage with business partners to build capabilities. This happens to some extent today with key suppliers that have challenges with issues such as working time. An example is in Russia, where we provided face-to-face training regarding business ethics, health & safety and responsible working conditions to the main contractor and subcontractors involved in the construction of a new production facility.
	Reference: UNGC CoP – Part 1, Principles 3–6

Taking Action in Support of Broader UN Goals and Issues

Core Business Contributions to UN Goals and Issues

Indicator/subject	Novo Nordisk
15. Align core business strategy with one or more relevant UN goals / issues.	<p>The UN Millennium Development Goals (MDGs), defined by world leaders in 2000, call for global partnerships between governments, civil society and businesses. As a leading provider of diabetes treatments, we take part in this global effort to address the challenges of the diabetes pandemic and improve access to health. Novo Nordisk has for many years based its business conduct on a multi stakeholder approach by engaging in dialogue with key parties such as NGOs, governmental regulators, healthcare professionals and patients. We have a number of activities and initiatives supporting the MDGs:</p> <ul style="list-style-type: none"> • MDG 3 Promote gender equality and empower women: diversity aspiration • MDG 4 Reduce child mortality: Changing Diabetes® in Children, the Novo Nordisk Haemophilia Foundation • MDG 5 Improve maternal health: Jom Mama project, Changing Diabetes® in Pregnancy • MDG 6 Combat HIV/AIDS, malaria and other diseases: access to health activities • MMDG 7 Ensure environmental sustainability: environmental management, climate action • MDG 8 Global partnership for development: UNGC: Caring for Climate. <p>Novo Nordisk is also actively involved in the Global Compact LEAD contribution to the UN Sustainable Development Goals process. For Novo Nordisk it is important to ensure that there is a focus in the SDGs on healthy people and a healthy planet, and the potential synergies between the two.</p>

- 16.** Develop relevant products and services or design business models that contribute to UN goals / issues.
- Through Novo Nordisk 'Base of the Pyramid' (BoP) projects in Nigeria, Kenya and India, we are exploring new ways of working in partnerships to build sustainable access to diabetes care. The models used in the different countries are adapted to address local barriers to care and to meet the needs of the people with diabetes – in a scalable, sustainable and yet profitable way. One example is how Novo Nordisk is working with distributors in Kenya to limit price mark-ups and ultimately to control the price that the patient has to pay at the pharmacy. We signed individual Memorandum of Understanding (MoU) agreements with every link in the distribution chain, and the price of a vial of insulin has been stamped on the package, making it difficult for distributors to exceed the agreed price.
- The Changing Diabetes® in Children and Changing Diabetes® in Pregnancy are other examples of how Novo Nordisk supports the development of services that contribute to UN goals. Other examples are the offering of human insulin in least developed countries at differential pricing, and the current project exploring the business model for people living with diabetes at the base of the pyramid.
- Novo Nordisk's partnerships with its energy supplier in Denmark, DONG Energy, which supported Novo Nordisk's ability to achieve its long-term target for reduction of CO2 emissions, also expanded renewable energy capacity and became a model for new business partnership solutions.
- Reference: [Novo Nordisk press release](#) on Access to Medicine Index 2014

- 17.** Adopt and modify operating procedures to maximise contribution to UN goals / issues.
- See item 15 above.

Strategic Social Investments and Philanthropy

Indicator/subject

Novo Nordisk

- 18.** Pursue social investments and philanthropic contributions that tie in with the core competences or operating context of the company as an integrated part of its sustainability strategy.
- Since diabetes care is our primary business, our philanthropic contributions focus on support for the World Diabetes Foundation (WDF). WDF acts as a catalyst, moving diabetes higher on the global agenda and focusing on 'neglected areas' of diabetes care that are important both from a health and socioeconomic standpoint and are of particular relevance to the poor. Projects focus among other things on avoiding diabetes complications and reaching people in the most remote rural areas.
- People with haemophilia and related bleeding disorders are the focus of the Novo Nordisk Haemophilia Foundation. Its purpose is to address the significant need for improving care in the developing world and raise awareness about haemophilia and bleeding disorders.
- Reference: [World Diabetes Foundation](#); [Novo Nordisk Haemophilia Foundation](#)
- 19.** Coordinate efforts with other organisations and initiatives to amplify – and not negate or unnecessarily duplicate – the efforts of other contributors.
- See item 15 above on Novo Nordisk's multistakeholder approach. Furthermore, we are engaged in a range of business organisations, think tanks, advocacy organisations, academic research and sustainability networks. We also support and collaborate with patient organisations within our therapy areas. In relation to supporting organisations and initiatives such as WDF, the Novo Nordisk Haemophilia Foundation, Changing Diabetes® in Children and Changing Diabetes® in Pregnancy, it is important for Novo Nordisk that efforts take place within existing healthcare systems and in agreement with ministries of health – among other things to limit duplication of efforts.
- Reference: [Stakeholder engagement](#); [Patient group donations](#)
- 20.** Take responsibility for the intentional and unintentional effects of funding and have due regard for local customs, traditions, religions, and priorities of pertinent individuals and groups.
- Novo Nordisk's subsidiaries make decisions on local charitable donations. A corporate sponsorship guideline has been developed and is available for voluntary use. We assist patient groups in advocating in support of patients and caregivers. We conduct this type of collaboration in an open and transparent manner in order to ensure the independence and integrity of patient groups and our own high ethical standards. We disclose how we work with patient groups in Europe.
- Reference: [Patient group donations](#)

Advocacy and Public Policy Engagement

Indicator/subject

Novo Nordisk

- 21.** Publicly advocate the importance of action in relation to one or goals/issues.

Novo Nordisk is active in advocating the importance of action in relation to UN goals. Novo Nordisk is committed to women's empowerment by supporting the Women's Empowerment Principles produced by the UN Development Fund for Women (UN Women) and the UN Global Compact.

In 2014, Novo Nordisk has engaged with UNICEF on its Children's Rights and Business: Innovation & Action programme and contributed to the development of the Poverty Footprint.

See also items 15 and 23.

- 22.** Commit company leaders to participate in key summits, conferences, and other important public policy interactions in relation to one or more UN goals / issues.

Novo Nordisk leaders participate in the annual meetings at the World Economic Forum in Davos and UNGC-hosted events, such as the Climate Summit in September 2014.

Other engagements include participation in the Caring for Climate Initiative, where Novo Nordisk has had a seat in the steering committee since its inception, and contributions to the Sustainable Energy for All platform.

See also item 21.

Partnerships and Collective Action

Indicator/subject

Novo Nordisk

- 23.** Develop and implement partnership projects with public or private organisations (UN entities, government, NGOs, or other groups) on core business, social investments and/or advocacy.

Novo Nordisk is engaged in a number of partnerships including the Changing Diabetes in Children programme which is a partnership to improve access to diabetes care for children with type 1 diabetes. The programme has both local and global partners, including the relevant ministries of health, diabetes associations, World Diabetes Foundation, Roche and the International Society for Paediatric and Adolescent Diabetes (ISPAD). Another partnership is the Changing Diabetes in Pregnancy programme which is currently supporting projects in Colombia in partnership with the District Government of Barranquilla and the World Diabetes Foundation and in Nicaragua in partnership with the World Diabetes Foundation, the Pan American Social Marketing Organisation (PASMO) and Population Services International (PSI) to build sustainable capacity for screening and management of diabetes in pregnancy in these two countries.

In 2014, Novo Nordisk also initiated a partnership with the international health organisation PATH to assess barriers in the procurement and supply of essential diabetes medicines and technologies in the public health systems of developing countries. Evidence will be gathered by performing a global landscape analysis and country assessments in two African countries.

Novo Nordisk is also collaborating with the NCD Alliance to raise awareness of major NCDs including diabetes, and putting them higher on the health and political agendas.

- 24.** Join industry peers, UN entities and/or other stakeholders in initiatives that contribute to solving common challenges and dilemmas at the global and/or local levels with an emphasis on initiatives that extend the company's positive impact on its value chain..

See item 23 above. We work with peers in initiatives such as BSR Healthcare Working Group, Pharmaceutical Supply Chain Initiative, Danish Initiative on Ethical Trading, SustainAbility, CSR Europe and the International Integrated Reporting Council). Novo Nordisk was also a founding partner of Sustainia, an alliance of international organisations and companies working to create sustainable growth. Sustainia demonstrates and visualises the attractive societies these solutions could realise if companies, scientists, politicians and civil society worked together to implement existing solutions at large scale.

Reference: [Sustainia](#)

Engaging with the UN Global Compact

Local Networks and Subsidiary Engagement

Indicator/subject

Novo Nordisk

25. Contribute to the building and operating of at least one UN Global Compact Local Network and help elevate performance of other companies through training, mentoring, COP peer review, etc.

We regularly attend meetings of the UNGC Nordic Network, sharing best practices for implementation among Nordic companies. This Communication on Progress is peer-reviewed by select members of the UNGC Nordic Network.

Novo Nordisk's affiliate in China is also a member of the local network. Affiliates do not generally have the resources to engage in broad sustainability initiatives, and prioritise specific initiatives related to our therapy areas.

Our sustainability experts are sought-after speakers at sustainability/CSR conferences globally and we willingly share our approach, experience and lessons learned with other companies at such events.

26. Encourage subsidiaries to engage with UN Global Compact Local Networks and to participate actively in events and activities.

Our commitment to UNGC is company-wide. One of our wholly owned subsidiaries, NNE Pharmaplan, has also signed up to UNGC and submits its own CoP.

27. Publish sustainability information related to each individual subsidiary separately or reference it explicitly in the Communication on Progress of Corporate Headquarters.

In general, our affiliates do not publish sustainability information. Our Annual Report and UNGC CoP represent consolidated information on the company's performance.

Reference: [Annual Report 2014 website](#)

Global and Local Working Groups

Indicator/subject

Novo Nordisk

28. Participate in relevant global or local working groups and share experiences, networks, tools and good practices with other UN Global Compact participants.

See items 25 and 23.

29. Take active part in defining scope and objectives of new working groups when relevant.

Novo Nordisk was a co-founder of UNGC LEAD and has played an active role in the conception and development of all of the work streams. Currently our engagement is focused on the Post-2015 development agenda.

Novo Nordisk has published integrated annual reports since our 2004 reporting cycle and we have long advocated for widespread adoption of integrated reporting. We have therefore joined the efforts of the International Integrated Reporting Council (IIRC) to develop an international integrated reporting framework that ultimately could lead to an international standard for reporters and report users.

We have been an active member of the Working Group under the IIRC since its inception. We believe that agreement on how to move from reporting silos to integrated reporting is very important and we have been pleased to be able to contribute to the development of the framework.

Issue-Based and Sector Initiatives

Indicator/subject

Novo Nordisk

30. Join and help advance one or more existing UN Global Compact initiatives, e.g. Caring for Climate, CEO Water Mandate, Women's Empowerment Principles, and Global Business Initiative on Human Rights.

Novo Nordisk is committed to UNGC: Caring for Climate, Women's Empowerment Principles and Global Business Initiative on Human Rights.

Reference: UNGC CoP – Part 1

31. Spearhead need-driven development of new issue-based or sector initiatives within the UN Global Compact and the wider United Nations.

Since 2011 we have been part of UN's Every Woman Every Child initiative. Novo Nordisk commits to Every Woman Every Child through the Changing Future Health initiative, which is committed to advancing the prevention of non-communicable diseases (NCDs) with a focus on improving maternal, new-born and child health. The overarching aim is to give a healthy start to life by supporting young couples prior to pregnancy with the aim of improving health before, during and after pregnancy in mother, father and child.

See also items 23 and 29.

Issue-Based and Sector Initiatives

Indicator/subject	Novo Nordisk
32. Advocate the UN Global Compact to business partners, peers and the general public.	Novo Nordisk explores how to make use of and promote the UNGC platform. As part of our work on the 'New Geographies of Sustainability' project, which was developed together with UNGC and Business for Social Responsibility, we engaged with local UNGC networks in China, Brazil and India to discuss the changing landscape of sustainability in emerging economies.
33. Encourage suppliers and other business partners to join the UN Global Compact, and take on mentoring role on issues related to the initiative.	See item 32 above.
34. Participate in activities to further develop and strengthen the UN Global Compact.	See item 29 above.

The cross-cutting components
CEO Commitment and Leadership

Indicator/subject	Novo Nordisk
35. CEO publicly delivers explicit statements and demonstrates personal leadership on sustainability and commitment to the UN Global Compact.	Our CEO statement in the UNGC CoP demonstrates the commitment. Furthermore, members of our Executive Management participate in UNGC-hosted events at the World Economic Forum in Davos Council for Corporate Responsibility. See also item 21.
36. CEO promotes initiatives to enhance sustainability of the company's sector and leads development of industry standards.	See item 35 above.
37. CEO leads executive management team in development of corporate sustainability strategy, defining goals and overseeing implementation.	The CEO and his Executive Management team are held accountable for the non-financial performance of the company by the Board of Directors. Our sustainability approach is executed through our boards and committees. See also item 3.
38. Make sustainability criteria and UN Global Compact principles part of goals and incentive schemes for CEO and executive management team.	The Board of Directors oversees development of corporate strategy and long-term targets. An example of how it oversees actual implementation is through executive remuneration, which is tied to long-term financial and non-financial performance. Reference: Remuneration report in Annual Report 2014 pp 49-51

Issue-Based and Sector Initiatives

Indicator/subject	Novo Nordisk
39. Board of Directors (or equivalent) assumes responsibility and oversight for long term corporate sustainability strategy and performance.	See item 38 above.
40. Board of Directors (or equivalent) assumes responsibility and oversight for long term corporate sustainability strategy and performance.	The Board of Directors has historically worked without permanent committees and continues to do so, except where good corporate governance requires a dedicated committee to cover areas such as audit, nomination and remuneration. As a principle, Novo Nordisk believes that each board member must have the opportunity to contribute actively to all discussions and have access to all relevant information. Sustainability issues are therefore the responsibility of the entire Board of Directors, and an annual review of the company's sustainability strategy and performance is part of the Board's annual wheel.
41. Board (or committee), where permissible, approves formal reporting on corporate sustainability (Communication on Progress).	The Board of Directors approves the financial and non-financial reporting as part of its sign-off of the Annual Report. The UNGC CoP is approved by Executive Management.

Stakeholder Engagement

Indicator/subject	Novo Nordisk
42. Publicly recognise responsibility for the company's impacts on internal and external stakeholders.	See item 43 below.
43. Define sustainability strategies, goals and policies in consultation with key stakeholders.	In 2014 we have worked on a next-generation sustainability strategy. In this process, key external stakeholders, including representatives from UNGC, were invited to share their perspectives on challenges and future success criteria. Based on their inputs, the strategic priorities were set and consultations and collaborations now concern strategy refinement and implementation of specific aspects.
44. Consult stakeholders in dealing with implementation dilemmas and challenges and invite them to take active part in reviewing performance.	See item 43 above.
45. Establish channels to engage with employees and other stakeholders to hear their ideas and address their concerns, and protect 'whistle-blowers'.	Addressing concerns is an integrated part of business and takes place through our compliance hotline or our Ombudsperson. Sharing ideas takes place at department and managers' meetings, at regular intervals, just as web-based internal media call for input and comments from employees on sustainability-related subjects. Reference: Compliance Hotline

Transparency and Disclosure

Indicator/subject	Novo Nordisk
46. Share sustainability information with all interested parties and respond to stakeholder inquiries and concerns.	This is part of our annual reporting .
47. Ensure that Communication on Progress covers all aspects of the Leadership Blueprint and utilise, where appropriate, the Global Reporting Initiative framework.	The UNGC CoP is supplementary reporting to our Annual Report, and can be downloaded via our Annual Reporting webpage. In 2013 Novo Nordisk decided to discontinue reporting against the GRI framework and instead to continue developing the reporting in line with the framework for integrated reporting.
48. Integrate Communication on Progress into annual financial report or publish them together.	See item 47 above.
49. Secure external verification of Communication on Progress or seek other methods for legitimisation by external stakeholders.	In addition, the Annual Report has been assured according to AA1000AS. Novo Nordisk has used AA1000AS in the assurance process since 2002. This assurance process is aligned with the internal control processes in the company, from individual affiliates and facilities to board level. Reference: Independent assurance report in Annual Report 2014 , p 111