

# novo nordisk

# COMMUNICATION ON PROGRESS 2016



This is our Communication on Progress in implementing the principles of the United Nations Global Compact and supporting broader UN goals.

We welcome feedback on its contents.



# COMMUNICATION ON PROGRESS 2016

## CEO STATEMENT OF CONTINUED SUPPORT FOR THE UN GLOBAL COMPACT IN 2016

In September 2016 the Board of Directors announced their decision that I would take on the mantle as CEO of Novo Nordisk after Lars Rebién Sørensen's successful 16 years' tenure. So, as of this year, it is my privilege to represent Novo Nordisk as we pledge our continued support to the UN Global Compact and its ten principles of responsible business conduct. In that regard, there is no change.

We believe Novo Nordisk stands on a solid foundation. It's not just what we do, but also how we do it that has brought Novo Nordisk to where it is today. We build our business on the Triple Bottom Line principle: we always strive to conduct our activities in a financially, environmentally and socially responsible way, because we know this is a prerequisite for a sustainable business and long-term value creation.

The Triple Bottom Line is anchored in the company's bylaws and in the Novo Nordisk Way which describes what we aspire to achieve and the behaviours which all employees are expected to show.

In today's complex global society, it is more important than ever to have common rules and standards for responsible business behaviour. This is why we support the Global Compact as a community of practice.

But it takes more than that to be successful in the long term. For business to thrive, we need social and economic development that enables people everywhere to live healthy lives in prosperous communities. This is why we welcome the UN Sustainable Development Goals (SDGs) as a useful framework to set direction towards a more sustainable future. In this effort, the Global Compact has a key role as a community of purpose.

The SDGs have set a new agenda which offers opportunities for fresh ways of thinking about how governments, civil society and business can work together towards common goals. This is encouraging. I believe that we need to form new partnerships to solve the enormous challenges we are confronted with.

At Novo Nordisk we have a long tradition for engaging with stakeholders to listen to their concerns, to learn with them, and to develop innovative solutions together. In everything we do, we take our point of departure from how our actions will help the patients we serve. Our goal is their goal: we want to see a world in which people can live the lives they want, even if they have a chronic disease. This is why our efforts to support the SDGs focus on the goal to provide good health and well-being. But we must also encourage responsible choices. This is why our second priority is the goal to promote responsible production and consumption – not just in our own operations, but with our partners throughout the entire Novo Nordisk value chain.

In this report we set out our actions towards putting the 10 Global Compact principles into practice. It is my hope that we inspire our readers to support the Global Compact.



**Lars Fruergaard Jørgensen**  
President and CEO



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## ABOUT THIS REPORT

This Communication on Progress reports on Novo Nordisk's activities in 2016, framed in the context of the UN Global Compact's 10 principles for responsible business conduct, in the areas of human rights, labour rights, environment and anti-corruption. For the first time, the report also adheres to the UN Guiding Principles Reporting Framework on the commitment to respect of human rights.

This report complements Novo Nordisk's Annual Report 2016 which presents our consolidated account of financial, social and environmental performance over the year and sets out the company's strategy and priorities.

The Annual Report 2016 presents information that is deemed material for providers of

financial capital in their decision-making, ie of such relevance and importance that it could substantively influence their assessments of Novo Nordisk's ability to create value over the short, medium and long term.

In preparing the Annual Report 2016 and the Communication on Progress 2016, we also adhere to the AA1000 assurance standard for stakeholder engagement and its principles of materiality, inclusivity and responsiveness. See more in the [independent assurance report](#)

Novo Nordisk's annual reporting is prepared in accordance with the Danish Financial Statements Act (FSA). Together, our Communication on Progress 2016 and the Annual Report 2016 fulfil the requirements

of FSA Sections 99a and 99b by accounting for the company's activities relating to social responsibility and reporting on business strategies and activities in the areas of human rights, labour standards, diversity, environment, anti-corruption and climate change. For the benefit of stakeholders with particular interests in these topics, the Communication on Progress report provides a higher level of detail concerning issues, our activities and results.

Communication on Progress 2016 presents 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 – which we call the Triple Bottom Line (TBL) principle. 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 on its 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 this report. Read more at [unglobalcompact.org](http://unglobalcompact.org).

# 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. This heritage has given us experience and capabilities that also enable us to help people defeat other serious chronic conditions: haemophilia, growth disorders and obesity.

We believe that a healthy environment, society and economy are fundamental to long-term value creation. This is why we manage our business in accordance with the Triple Bottom Line principle and consider the financial, environmental and social impact of our business decisions. By doing so, we believe we will be a sustainable business – resilient to change and profitable for the long term.

[Read more about the Triple Bottom Line](#)

## NOVO NORDISK WAY

Through times of change, it's more important than ever to stand on solid ground. The Novo Nordisk Way and its Triple Bottom Line principle remain the foundation for the company's vision, strategy and way of doing business.

[Read more about the Novo Nordisk Way in our Annual Report 2016](#)

## GOVERNANCE AT NOVO NORDISK

Responsibility for sustainability at Novo Nordisk resides with the CEO and Executive Management. For each UNGC area there is an internal governance structure in place, with policies and an anchor function at corporate level, supported by cross-organisational committees and boards. The corporate sustainability management and reporting function is mandated with responsibility to drive, support, challenge and account for the organisation's actions in pursuit of its strategy to be a sustainable business.

The Triple Bottom Line principle is embedded in governance mechanisms, performance measurement, and reward and incentive structures.

## OUR BUSINESS MODEL

Taking a patient-centred approach, Novo Nordisk provides innovation for the benefit of all of the company's stakeholders. The Triple Bottom Line principle, anchored in the Novo Nordisk Way, is the foundation that makes it possible to optimise the use of resources and maximise value creation in a sustainable way.

## ILLUSTRATIVE EXAMPLES

Shares and capital, annual report 2016

Cities Changing Diabetes, annual report 2016

Environment

A New Era, annual report 2016

Diversity

Ethics in biosamples

Climate Action

## RESOURCES

### EXTERNAL

Capital provided by investors

Insights from patients and expertise from academic and educational institutions

Raw materials

### INTERNAL

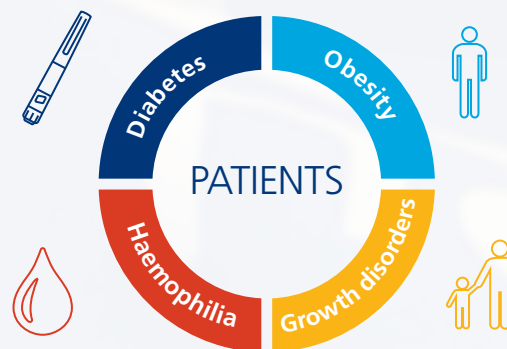
Financial resources to invest in R&D, production capacity and customer outreach

A skilled and diverse workforce

Biological research and manufacturing facilities

## FOCUS

We discover, develop and manufacture innovative biological medicines and make them accessible to patients throughout the world



## OUR STRATEGY

## VALUE CREATED

Improved health and quality of life for people with diabetes and other serious chronic diseases

Return to shareholders

Contributions to communities

Tax contributions

Job creation and productivity

Capacity and competence building

## ILLUSTRATIVE EXAMPLES

Access to Care

Health and Safety

Shares and Capital, annual report 2016

Take Action  
Our Programmes

Performance Highlights, annual report 2016

Labour Rights

Refugee programme



## NOVO NORDISK AND THE UN GLOBAL COMPACT

Novo Nordisk has been an active subscriber to the UN Global Compact since 2002 and a co-founder and member of the UN Global Compact LEAD since 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 level of sustainability performance. Novo Nordisk is also active in local networks, notably the Nordic Network, where we increased our commitment and level of engagement in 2016.

Over the years, our engagement with the Global Compact has been an inspiration for our efforts to embed sustainability in our business practices through policies and strategic initiatives aimed at achieving the aspirations expressed in the Global Compact. Throughout 2016, we continued our active participation in LEAD through work streams and active participation in the steering group. As in 2015, our engagement in the work streams under LEAD has focused on one issue: the 2030 Global Development Agenda

– business input on the UN Sustainable Development Goals.

### NOVO NORDISK AND THE SUSTAINABLE DEVELOPMENT GOALS

After the first full year with the UN Sustainable Development Goals (SDGs) as a common frame of reference, much of the important ground work appears to have been accomplished. Like many other leading businesses, Novo Nordisk has set priorities and begun to take action in pursuit of these 17 long-term goals.

In July 2016, the first 22 National Action Plans were presented at the high-level political forum at the UN headquarters in New York<sup>1</sup>. Having reviewed the plans developed so far, we believe it is evident that nations around the world are tackling the challenge head on. We welcome the conclusions in the report 'Better Business, Better World' from the Business and Sustainable Development Commission, launched in January 2017.

<sup>1</sup>. United Nations Department of Economic and Social Affairs. (2016). High-level Political Forum 2016: Sustainable Development Knowledge Platform. From <https://sustainabledevelopment.un.org/hlpf/2016>

However, one important question remains: how will progress and impact be measured? Novo Nordisk is participating in the debate on how the impact of private sector initiatives should be accounted for in the monitoring framework. We have initiated pilot programmes to explore how the impact of our initiatives can be measured against the targets set under the SDGs. We expect to be able to present the first results in our 2017 annual report.

In 2016, Novo Nordisk conducted an assessment of the SDGs in the context of our business operations in order to map out and address issues that will shape the future of the company. The conclusion is that Novo Nordisk's key contribution to the SDGs mainly relates to goals 3 and 12: Good Health and Well-being; and Responsible Consumption and Production.

These are the two goals we will focus on, as this is where we find the biggest potential for

Novo Nordisk to make a positive contribution through our core business. That said, we consider all goals to be interconnected and interdependent. Therefore, all goals are relevant and need to be considered. In our assessment, we have identified how we can, as a minimum, take action to not hinder the achievement of each goal. These actions are to a large extent already consistent with current policies and practices, yet we are identifying areas where we can and will do more. Moreover, it is important that the foundation of the work in pursuit of the SDGs is based on principles of good governance and respect for human rights.

The graphic illustrates our priorities. The large icons represent the goals towards which we are confident we can make a significant impact. For these goals, we have defined strategic priorities. The smaller icons illustrate how, as we pursue the priority goals, we also support achievement of other goals.

The Cities Changing Diabetes partnership is an example of how one initiative can achieve a positive impact on several goals. Cities Changing Diabetes addresses the growing burden of diabetes in urban settings. From climate change to obesity, we find many of the same root causes – and therefore also opportunities – for shared solutions when addressed in an integrated way.

For example, to strengthen the case for actions that provide climate and health benefits in cities, Novo Nordisk has joined forces with C40, Mexico City and Arup. At the C40 Mayors Summit in Mexico City in December 2016, the results of a pilot study were published that demonstrate how bike lanes, bike share programmes and better facilities for pedestrians in Mexico City result in benefits for people's health and well-being as well as reductions in carbon emissions. These are the kinds of multi-impact solutions we pursue through concerted action with partners with complementary competencies.

[Read about the Cities Changing Diabetes programme in the Annual Report 2016](#)

Throughout 2017, we will look forward to following the discussion on how to measure progress and impacts towards the SDG targets, as we continue to investigate how to measure our impact and identify potentials for upscaling our impact.

Novo Nordisk is currently assessing the degree to which the organisation is resilient, guided by the Future-Fit Business Benchmark. With this assessment, we will be able to understand and demonstrate how well Novo Nordisk is prepared to contribute to a sustainable future as a truly sustainable business.

## OUR PRIORITIES IN SUPPORT OF THE UN SUSTAINABLE DEVELOPMENT GOALS

The graphic illustrates our priorities. The large icons represent those goals which we are confident that we can have a significant impact on. For these goals, we have defined strategic priorities. The smaller icons illustrate how, as we pursue the priority goals, we also support the achievement of other goals.





## CHALLENGES AND RISKS

Novo Nordisk aspires to be a sustainable business and takes an active role in addressing risks related to global development and long-term prosperity such as global health, climate change, water scarcity and inequality. This includes setting science-based targets aligned with international agreements and thorough due diligence to ensure adherence to universally-accepted standards for responsible business practices. Actions are reported to investor-led indices such as CDP on climate risks, Access to Medicines Index (ATMI) on access to medicines and the Dow Jones Sustainability Indices (DJSI) on economic, environmental and social performance.

This overview presents risks, impacts and actions specifically related to each of the areas covered by the UN Global Compact's principles for responsible business conduct. It complements the overview of the company's key risks, which are presented in the Annual Report 2016 on **pp 40–43**, where inadequate access to care and breaches to ethical standards are included. The other risks here do not meet the criteria for materiality (financial and reputational impact on the business).



# CHALLENGES AND RISKS



## HUMAN RIGHTS - COMMUNITIES

### WHAT IS THE RISK?



With global operations, Novo Nordisk has countless business interactions on a daily basis. Conducting ongoing due diligence to ensure respect for human rights is a complex task. We pursue business opportunities in regions affected by various instabilities, including conflicts and weak enforcement of the rule of law. These challenges are compounded by the fact that domestic laws do not always protect all human rights. In addition, current industry benchmark practices are not always in-line with the global authoritative standard set out in the UN Guiding Principles.

### WHAT IS THE IMPACT?



In the absence of a robust due diligence procedure, human rights could potentially be violated throughout the complex systems of our business operations.

### WHAT IS THE ACTION?



Due diligence at Novo Nordisk is informed by in-depth knowledge of local culture, political economy, history and events. We are committed to actively identifying and preventing human rights risks through systematically embedded policies and internal training. Notable changes in our business operations include investments in local assembly and packaging factories.



## HUMAN RIGHTS - PATIENTS

In some countries, availability, affordability, access and quality of care are inadequate. It requires a strong and sustainable healthcare system to provide good patient care. Where healthcare systems and infrastructure are weak, with lack of trained healthcare professionals, few care centres, and lack of awareness of diabetes in the general population, it is difficult for Novo Nordisk to provide the level of care these patients need. It requires a systemic approach to tackle these risks.

Inadequate access to care is a violation of the right to health, which states are obligated to guarantee their citizens. Patients who do not receive the medical treatment they need risk serious complications or even premature death.

Novo Nordisk invests in building awareness and understanding of diabetes and its causes. We work with local and national health authorities to advocate that they prioritise chronic diseases as a long-term commitment. Several specific initiatives are taken through pilot projects and research programmes, all of them executed through a multiple partnership-based approach that includes government, private organisations and patients.



## LABOUR RIGHTS

There is still a way to go in order to ensure that the standards Novo Nordisk expects of its suppliers are practiced in a sustainable way.

If Novo Nordisk's responsible sourcing standards are not consistently adhered to across the global supply chain, there is a risk of potential or actual adverse effect on the rights of the extended workforce.

Local Responsible Sourcing experts (LREs) are appointed to support suppliers' root cause analysis of challenges to meeting responsible sourcing standards at Novo Nordisk sites in Brazil, China and Russia. LREs are in place to support the development and implementation of corrective action plans, as well as improvements with the closure of audit findings.

CONTINUED ►

# CHALLENGES AND RISKS



## ENVIRONMENT

### WHAT IS THE RISK?



Setting company-wide targets on energy, water and waste remains a challenge for Novo Nordisk, given our large and diverse product portfolio. While current facilities and operations become even more efficient, with higher yields and volumes and less relative use of water and energy, new production facilities and expansions result in relatively steep annual increases.

### WHAT IS THE IMPACT?

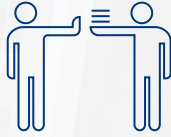


As the scope of our business increases, so too does the potential impact on the environment.

### WHAT IS THE ACTION?



Novo Nordisk's environmental policy covers the entire value chain from molecule to patient. In addition to ensuring compliance and robust management practices in accordance with the ISO 14001 standard, efforts include 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.



## ANTI-CORRUPTION

Financial pressure and continued growth in the number of employees may pose risks. External regulation is complex and increased focus on global enforcement of anti-corruption rules requires constant focus on compliance.

Any involvement by an employee, anywhere in the global organisation, in corruption or other breaches of legislation or Novo Nordisk business ethics standards, could have significant adverse effects, including financial costs and ramifications for the company's licence to operate.

Business ethics is emphasised in the Novo Nordisk Way and all employees in scope must be trained on an annual basis in business ethics standards. Novo Nordisk applies a global approach to the implementation of our standards, while regional and local management is expected to be actively involved in ensuring visibility, attention and effective communication.

# HUMAN RIGHTS

UN GLOBAL COMPACT PRINCIPLES

**BUSINESSES SHOULD:**

1. support and respect the protection of internationally proclaimed human rights
2. make sure they are not complicit in human rights abuses

**NOVO NORDISK POLICIES**

1. Position on Human Rights
2. Procurement policy
3. People policy
4. Occupational Health and Safety policy
5. Quality policy
6. Global Health policy
7. Bioethics policy
8. Position on Counterfeiting



## MATERIALITY AND SCOPE

The Novo Nordisk Way emphasises that we treat everyone with respect. We are committed to meeting our corporate responsibility to respect universally-accepted human rights throughout our operations, value chain and business relationships, as set out in the UN Guiding Principles on Business and Human Rights.

In accordance with the UN Guiding Principles, Novo Nordisk practices proactive human rights due diligence on an ongoing basis. Our business operations are global in scope, and our operating contexts are increasingly complex, which makes it essential for us to be vigilant and proactive in our due diligence. We have conducted a thorough review of business processes at the corporate level to identify actual and potential adverse impacts on human rights and children's rights, as enshrined in the International Bill of Human Rights and Conventions on the Rights of a Child.

The UK Modern Slavery Act<sup>2</sup> came into force in March 2015. Novo Nordisk will continue to make an annual disclosure on the steps we have taken to ensure that modern slavery does not take place in our business or supply chains. See section on labour rights on pp 19–25.

## COMMITMENTS AND MEMBERSHIPS

We actively promote strong implementation of the UN Guiding Principles throughout our value chain among business networks and in the global business community.

We are engaged in continuous mutual learning with, among others:

- The Global Business Initiative on Human Rights (GBI) – a business-led initiative committed to advance human rights and implementation of the UN Guiding Principles on Business and Human Rights.

- The Danish Ethical Trading Initiative (DIEH) – a responsible sourcing network that focuses on knowledge sharing between companies, trade unions and NGOs.
- The Pharmaceutical Supply Chain Initiative (PSCI) – a group of pharmaceutical and healthcare companies that shares knowledge and expertise. The goal is to promote responsible supply chain management and better business conditions by increasing leverage across the pharmaceutical industry.
- The Institute on Human Rights and Business (IHRB) – the leading international think tank on business and human rights with a mission to shape policy, advance practice and strengthen accountability in order to make respect for human rights part of everyday business. Novo Nordisk provides core funding with no conditions attached.
- The Global Compact Nordic Network – a local network under the umbrella of the UN Global Compact which serves as a learning forum.

## RESPONSIBILITIES

*Strengthening human rights governance*  
our daily human rights management is anchored in the Corporate Sustainability Management & Reporting function, with in-house expertise on business and human rights and children's rights. The work is guided by Novo Nordisk's Human Rights Strategic Forum consisting of cross-functional and cross-organisational members (Corporate Sustainability, Business Assurance, Corporate People & Organisation, R&D Bioethics, Global Patient Safety, Global Security, Corporate Procurement, Patient Partnering and Corporate Legal).

## R&D Bioethics Council

Novo Nordisk's R&D Bioethics Council (RDBC) is the governance body driving our bioethical performance, in accordance with our Bioethics policy. RDBC is responsible for the bioethics strategy and handling of risks and emerging issues. RDBC is appointed by and reports to R&D Management. RDBC governs initiatives related to bioethical issues in research and development.

## PROGRESS

### Policy Commitment

In 2016, Novo Nordisk's key achievements regarding progress in the area of human rights policy commitment included the following:

- Further embedding of our policy commitment set out in our Human Rights position\* through due diligence collaboration in relevant functions across the company's value chain, where human rights risks were identified. Work-streams to strengthen mitigation measures are ongoing.
- We practised, for a full first year as an annual wheel, the UN Guiding Principles Reporting Framework as our management tool in implementing the UN Guiding Principles, namely as our common framework in annual planning, action execution, annual review and executive briefings.
- We decided to use the UN Guiding Principles Reporting Framework for the 2016 annual public reporting on human rights.

“In accordance with the UN Guiding Principles, Novo Nordisk practices **proactive human rights due diligence** on an ongoing basis.”

## DUE DILIGENCE ON HUMAN RIGHTS

Throughout 2016, Novo Nordisk continued to make progress with our comprehensive group-wide due diligence processes. We pursued a deeper understanding of the company's potential human rights impacts and risks: we reviewed the risks already identified through impact assessments carried out since 2014 and we assessed changes in the nature of evolving business operations and operating contexts. We updated identification of all potential adverse impacts in which the company could become implicated in any way, whether by facilitating, contributing to, or being linked to corporate operations, products or services through business relationships.

As a global company, we have a number of potential adverse impacts on a wide range of human rights. This requires us to prioritise and sequence our actions, in order to address Novo Nordisk's salient human rights issues first. We determined our salient issues by following the principles and guidance set out in the UN Guiding Principles and its Reporting Framework. The overarching focus is risk to people. The primary determining factor is severity of the potential impact, while the secondary determining factor is its likelihood. We see high severity impacts as priorities, even though they are associated with low likelihoods. This is due to the potential difficulty of remedying harm done to people, should an adverse event occur.

Based on this analysis, we conducted extensive cross-organisational consultations during the latter half of 2015, taking into account independent expert inputs. This process led us to select the following areas as Novo Nordisk's salient human rights issues for 2016:

- 1) Human biosamples for use in research
- 2) Patient safety
- 3) Security

In addition to the salient issues, we continued to make steady progress in managing other potential human rights impacts throughout the year, including:

- Right to free and informed consent in clinical trials, including children's rights
- Right to Privacy
- Anti-counterfeit (Right to health)

Our management of labour rights and the right to a safe and healthy working environment (occupational health and safety) is communicated under the labour principles.

## HUMAN BIOSAMPLES FOR USE IN RESEARCH

As a research-based healthcare company, Novo Nordisk's research activities use human biosamples (molecules, cells, tissues and organs derived from the human body). Currently, our research activities rely on human biosamples from up to 5,000 donors a year<sup>3</sup>, which we acquire from global human biosample supply chains.

Current variation in regulation of donation and trading of human biosamples and limited legal enforcement is a challenging operating context. Although financial gain from human biosamples is banned by international conventions and in many jurisdictions, including European countries, it remains legal in many parts of the world and open trade of human biosamples is commonplace. Upstream supply chains are global, often multi-tiered and invisible with little traceability. In this operating context, we have identified our involvement in potential human rights impacts. These are:

- Potential exploitation of a position of vulnerability and the risk of coercion, e.g. people on low incomes, dependent relations with healthcare institutions, or low economic and social status. This could negatively impact donors' dignity, rights to free and informed consent, and health.

- Sourcing and handling of human biosamples involves risk of breach of sensitive personal data protection rights and rights to privacy and other related rights, eg non-discrimination, work and family life.

### Specific policies

In-line with Novo Nordisk's bioethics 2020 strategy and human rights commitment, we have developed and are implementing the following specific policies that address human rights risks: Novo Nordisk's Position on Human Biosamples and Global Procedures on Consent to Donation of Human Biosamples, and Financial Transaction relating to Human Biosamples. In 2016 we made significant progress in developing our Global Instruction for Evaluation of Suppliers, by visiting and engaging our suppliers and their supply chains across the globe and by putting in place internal and external compliance measures to best mitigate adverse human rights impacts throughout our supply chains for human biosamples.

We welcome the World Medical Association's publication of the *Declaration of Taipei on Ethical Considerations regarding Health Databases and Biobanks*<sup>4</sup> in 2016. It concerns protecting and balancing the rights of individuals who donate human biosamples and personal health information for use in research, versus the public benefit resulting from the research. Novo Nordisk's approach to the acquisition and use of human biosamples elaborated in these policies is already well aligned with this Declaration.

### Stakeholder engagement

Our management of human biosamples is anchored in Human Biosample Governance in Global Research, R&D Management, and is also guided by the R&D Bioethics Council, the Human Biosample Expert Group and the Human Rights Strategic Forum. We conduct ongoing awareness raising and training activities among broad stakeholder groups on

“As a global company, we have a number of **potential impacts** on a wide range of human rights.”

our measures to address ethical and human rights issues, including seminars, department meetings, newsletters and information on our intranet.

Externally, we are active in advocacy with international and national groups for harmonisation and strengthening of high international ethical standards, eg the International Society for Biological and Environmental Repositories.

#### *Assessing impacts, integrating findings and taking action*

In 2016, our Human Biosample Governance team has evaluated 32 partners and vendors in our human biosample supply chains across the globe, and we engaged them on assessment and management of human rights and ethical risks in their supply chains (eg free and informed consent, the ban on commercial transactions and privacy) including how they can propagate the same compliance requirements to their suppliers. We also conduct ongoing monitoring of our use of business partners (suppliers) in their compliance performance, so that Novo Nordisk's sourcing is restricted to those deemed acceptable. Through engagement some suppliers who are not in compliance with our standards demonstrated their willingness to become acceptable by changing their practices to meet our requirements. Over the course of 2016 we have made good progress by implementing the Global Procedures on Consent to Donation of Human Biosamples and Financial Transactions relating to Human Biosamples as components of our global human biosample governance framework.

#### *Tracking performance*

In 2016 Novo Nordisk made substantial progress regarding the issue of human biosamples. We also made good progress in building awareness among research and development staff who use human biosamples.

During 2016 we made significant progress in knowing our business partners and thereby managing human rights risks through our business relationships and human biosample supply chains. During our pilot phase in 2015 – our baseline – we reviewed four out of over 70 known suppliers, of which only one was found acceptable for engagement, while three were found to be non-compliant. By December 2016, we knew of over 120 suppliers. In 2016, we conducted reviews of some of these suppliers, which resulted in approval of some, while others were asked to address nonconformities. Relations were discontinued with those that were found unacceptable. To ensure that donors' human rights are respected throughout our supply chains, we recognise the need for continuous engagement so that our partners transmit the same requirements to their supply chains.

#### *Remediation*

We have not received any complaints or provided remedy with regards to human biosamples. Through the new global Human Biosample Supplier Evaluation Programme, we will set expectations for our business partners that they report any actual adverse human rights impacts to us if they discover or are informed that they caused or contributed to such impacts. Additionally, they should stop the abuses of and ensure effective remedy to victims.

#### **PATIENT SAFETY**

All healthcare companies, by nature of the business, have potential adverse human rights impacts on the right to health. All medicines have potential side effects as well as benefits. This is addressed by companies' rigorous quality management systems, including management of benefit-risk profiles, from the research phase to marketed products.

Pharmacovigilance systems monitor the safety, quality and efficacy of pharmaceutical products. This includes identifying risks

in relation to a medicine, eg with regard to the quality of the medicine and device, side effects, if precaution is needed for certain patient groups or medication errors. Risk areas are communicated to patients, healthcare professionals and national health authorities and influence public health care decision-making. However, there is variation in pharmacovigilance legislations especially outside OECD countries and in some areas limited enforcement and lack of capacity to fully implement pharmacovigilance systems pose barriers for effective safety monitoring and communication. In developing countries with weak or no pharmacovigilance legislation in place and in areas with limited enforcement, the number of reported side effects tends to be low. In analysing these contexts of our operations, we have decided to take proactive measures for patients' safety, beyond domestic legal requirements.

#### *Specific policies*

At Novo Nordisk, our robust quality management system ensures that we adhere to local and international legislation and that safety information is handled in the same way globally, and in compliance with our Quality Policy.

#### [Read our Quality Policy](#)

As an integral part of our quality management system, internal safety committees provides multi-disciplinary assessments of safety data from multiple sources for any product or medical device throughout the product lifecycle.

#### *Stakeholder engagement*

Novo Nordisk collaborates with multiple external partners to provide input on pending legislation and exchange insights on pharmacovigilance – including how to optimise communication to patients. We engage with other pharma companies and health authorities, such as the European

“All healthcare companies, by the **nature of the business**, have potential adverse human rights impacts on the right to health.”

Medicines Agency Stakeholder Meetings, EFPIA Pharmacovigilance Expert Group, EFPIA Anti-counterfeit Working Group, and local trade associations where affiliate employees represent Novo Nordisk on a national level.

#### *Assessing impacts, integrating findings and taking action*

Novo Nordisk receives reports of side effects and other safety information from multiple sources on an on-going basis. We enter these reports into the Novo Nordisk safety database and report them to the health authorities. Safety information is reviewed by safety experts regularly in order to identify any safety signals. Safety signals can be new types of side effects or higher frequency of side effects – either in general or in certain patient groups. If safety signals are identified, Novo Nordisk's safety committees take appropriate and immediate action, such as updating information on the package leaflet or potentially discontinuing the production of the given product or device, as agreed with health authorities. In parallel, some health authorities also independently review safety information. This dual system to analyse data ensures that patient safety is protected in the most optimal way.

Furthermore, we have procedures in place to ensure that we react promptly and adequately at all times if a Novo Nordisk product on the market or used in clinical trials is suspected of being affected by a significant product defect. In 2016 there were six product recalls, of which one was critical because patient safety could have been put at risk (for further information, see our Annual Report 2016).

Medication errors due to mix-ups are a well-known risk for all products and can have severe health consequences for the patients. To prevent the potential public health impact, we have risk minimisation measures in place to improve differentiation of Novo Nordisk products, which includes trade names, label

text, colour branding of the carton, container label and cartridge holder, plus tactile differentiation on certain products.

In 2015, Novo Nordisk initiated a project to optimise reporting of side effects from patients and healthcare professionals especially in developing countries with weak or no pharmacovigilance legislation in place, and to optimise communication to patients about product safety. Geographical focus areas during 2015–2016 were selected as pilots based on a) high sales countries with low numbers of reported side effects (eg Egypt, Saudi Arabia), b) affiliates covering several countries with low numbers of safety reporting (eg Middle Africa), and c) business areas with low safety reporting in parts of their areas (eg Denmark covering Faroe islands and Greenland). In each country/business area, relevant local approaches were identified and adapted for the specific contexts of local operations. Examples of locally-driven actions taken so far include awareness raising activities on safety reporting targeted at healthcare professionals, patients, clinics and hospitals, pharmacies and government authorities. A dedicated project team in Global Safety in our corporate headquarters ensures focus and commitment, and provides supportive guidance and tools, including a side effect reporting video and video brochure.

#### *Tracking performance*

In order to monitor the effectiveness of our quality management system, Novo Nordisk Global Safety Compliance Management and Global Safety Management board meetings keep track and assess key indicators including: timeliness and quality of reports of side effects, technical complaints, Periodic Safety Update Reports and safety variations submissions, identified safety signals, number of potential and actual recalls, and audit and inspection findings.

#### *Remediation*

In addition to Novo Nordisk's Customer Complaint Centre, we also aim to facilitate reporting of concerns, complaints and adverse events.

For marketed products we have a responsibility to prevent and mitigate the risk of a continued or reoccurring impact. This is ensured through continuous monitoring of the safety profile of our products and by ensuring appropriate actions are taken in case of a safety signal, as elaborated above. For clinical trial products, Novo Nordisk carries product liability for all of our products, and liability as assumed under the special laws, acts and/or guidelines for conducting clinical trials in any country, unless others have shown negligence.

#### **SECURITY**

It is the role of host states to maintain the rule of law and to provide security. However, as Novo Nordisk expands its production activities globally, we are faced with the risk-based need to engage private security providers to safeguard our employees, products, information and assets. We recognise that it requires active management in order for a company to ensure that such security respects human rights.

To that end, we developed a security strategy in 2016 consistent with internationally recognised human rights principles including the Voluntary Principles on Security and Human Rights, international humanitarian law and explicitly the UN Children's Rights and Business Principles (Principle Eight) concerning children's rights vis-à-vis security. We have not been informed of any use of force, fatalities or involvement in human rights abuses in provision of security during 2016.

#### *Stakeholder engagement*

Governance of security was strengthened during 2016, in conjunction with our Crisis Response management. Global Security is in

“Novo Nordisk collaborates with multiple external partners to provide input to upcoming legislation.”

ongoing dialogue with each line of business to ensure continuous review of security risk management and the above-mentioned internationally recognised human rights principles. Externally, we are actively engaged with the following organisations, primarily for best practice sharing purposes: International Security Management Association, European Institute of Corporate Security Management, European Federation of Pharmaceutical Industries and Associations' Security Working Group, Interpol, Europol, National Law Enforcement Agencies and Secret Service Agencies, and the Global Business Initiative on Human Rights.

#### *Assessing impacts, integrating findings and taking action*

In 2016, mandatory annual security risk assessments were introduced for all production sites where Novo Nordisk owns sites or factories or is in a business partnership. During 2016, we conducted human rights due diligence in provision of security at Novo Nordisk's sites in Algeria, Brazil, India and France, and all private security providers were found to be in compliance. Understanding the important role played by civil society organisations in this field, we actively sought civil society partners. In Algeria, we approached Algeria League for the Defence of Human Rights (LADDH) with whom we jointly developed and conducted human rights training for our private security provider and its guards, using the publicly available tools provided by the Democratic Control of Armed Forces (DCAF) and the International Committee of Red Cross (ICRC)\* as well as Children's Rights and Business Principles Eight.\*\* Trainers include a children's rights specialist. LADDH and our private security provider now have a formal agreement that they conduct biannual human rights and children's rights training, which we trust will lead to local capacity development. For our site in Brazil, we worked with International Alert, an experienced NGO

and one of the founding members of the Voluntary Principles on Security and Human Rights, to conduct human rights training to our private security provider.

#### *Tracking performance*

During 2016 both our Global Internal Audit and Supplier Audit continued to integrate security and human rights. Global Security also conducts reviews to assess actions against risks, standard operating procedures and standards. In terms of integrating internationally recognised human rights principles into the provision of security, in 2016 we made progress by formally contracting an additional four (compared to one in 2015) private security providers following an assessment of their commitment to respect human rights and children's rights and by providing human rights and children's rights training to security providers at two sites.

#### *Remediation*

As part of our human rights engagement and formal contractual negotiations, Novo Nordisk requires private security providers to have grievance mechanisms in place and to report to us all incidents including any use of force and involvement in human rights abuses. In 2016, we have not received any human rights complaints or concerns related to security guard force on our sites or our business partners' sites. The Novo Nordisk Compliance Hotline, as well as OECD National Contact Points for Responsible Business in home and host countries, can also be contacted in the case of negative impacts resulting from interaction with private security providers.

#### **RIGHT TO FREE AND INFORMED CONSENT IN CLINICAL TRIALS, INCLUDING CHILDREN'S RIGHTS**

In 2016, Novo Nordisk revised the template for the material (informed consent form) that is used to convey information to patients who are interested in participating in our

clinical trials. These revisions have significantly improved the readability of the material and tests have shown that readers better understand the key concepts in informed decision-making about participation in clinical research: eg voluntarism, randomisation and placebo control. Likewise, we have improved information given to trial participants about their rights and access to grievance mechanisms in case they have concerns or complaints. For children participating in trials, we take careful measures to ensure that we respect children's rights to express their own views freely in all matters affecting them. The views of the child have been given due weight corresponding to the age and maturity of the child, in-line with the Convention on the Rights of the Child (Art.12). These revisions have been completed with the help of health literacy experts and patient organisations.

Apart from this improvement project, we have global management systems that ensure our adherence to the international ethical standards applicable to clinical trials: staff and investigators involved in conducting Novo Nordisk-sponsored clinical trials must always be appropriately qualified. Hence, they are all trained in compliance 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 product.

#### **RIGHT TO PRIVACY**

As a healthcare company we have potential impacts on the right to privacy for particular people in a number of ways, including sensitive personal data on participants in clinical trials and human biosample donors in biobanks, patient safety and customer complaint data and human resources data. As a global

**“We recognise the role of host states to maintain the rule of law and to provide security.”**

\* <http://www.securityhumanrightshub.org/content/toolkit>

\*\* <https://www.unicef.org/csr/203.htm>



company, we store and transfer data in and across different jurisdictions, and we recognise that domestic law may not adequately protect the right to privacy in some jurisdictions and in challenging contexts it may not be enforced. In this context, we have in place a comprehensive Personal Data Protection compliance programme across the company's global value chain, which is designed to safeguard all personal data that we hold and process irrespective of where in the world the data is located. The Personal Data Protection compliance programme includes:

- Written standards detailing how employees must protect personal data, such as: a) procedures for providing individuals with notice of how their personal data will be processed, b) procedures allowing individuals to request access, correction, and deletion of their personal data, and to object to processing of their data, and c) legally binding agreements with third parties who process data on our behalf that require them to implement strict technological and organisational measures to protect personal data.
- A governance structure to ensure the company effectively implements the compliance programme.
- Training for employees on how to comply with written standards.
- Communication pathways to disseminate updates on compliance requirements to employees and to solicit complaints and reports of non-compliance.
- Monitoring and auditing processes to ensure that the requirements are being followed and that the programme is effectively implemented.
- Processes and commitment to investigate any potential non-compliance.

- Disciplinary sanctions for non-compliance with the requirements.

The compliance programme is continually reviewed to ensure that it meets the requirements of relevant national and international laws, including the forthcoming EU General Data Protection Regulation.

#### ANTI-COUNTERFEIT (RIGHT TO HEALTH)

Counterfeit products pose risks to health and the lives of patients, due to their potential lack of efficacy or their toxicity. To ensure patient safety, we have been implementing a comprehensive anti-counterfeit programme. Our position on counterfeiting describes our approach and actions\*. Our anti-counterfeit programme includes:

- A governance structure, Anti-Counterfeit Steering Committee, to ensure vigilant risk assessment and implementation of anti-counterfeit product strategy.
- A quality management system that investigates alleged occurrences of counterfeited Novo Nordisk products.
- International collaboration with regulatory bodies, scientific and trade organisations, law enforcement agencies and other stakeholders to investigate counterfeit products and to inform legislation and new anti-counterfeit measures.
- Regular monitoring and analysis of trends and risks through information exchange with external collaborators (mentioned above), investigation of suspected counterfeit cases reported via our local offices or authorities, and internal monthly counterfeit surveillance reports reviewed by management and key specialists.
- Timely and open communication about cases of counterfeit products found in the Novo Nordisk supply chain to minimise the risk to patients that use of such products may pose.

- Awareness raising for patients to urge them to buy products only from legitimate sources, avoiding internet sellers, and to report suspected counterfeit products.
- Training employees globally to better equip them on how to report suspected counterfeit products.
- Legal action against those involved in counterfeiting of Novo Nordisk products.

On an operational level, we engage local investigation firms in China to perform market searches and help health authorities track down and seize counterfeit products. Outside China, we conduct investigations of suspected counterfeit products based on risk analysis.

#### ACCESS TO HEALTHCARE

For Novo Nordisk, supporting each individual's fundamental right to health, through our innovation and efforts to improve access to healthcare for people no matter their location, is core to our business. The main challenge is to meet the growing demand for diabetes care globally.

#### CHANGING DIABETES®

Through the Changing Diabetes® platform, Novo Nordisk aims to proactively work to break the Rule of Halves for diabetes. The Rule of Halves is an illustration of the global diabetes situation which highlights the need to improve prevention, detection and treatment of diabetes. We have developed several key programmes to address the different areas and needs in the communities in which we operate. These are Changing Diabetes® in Children, Changing Diabetes® in Pregnancy, Base of the Pyramid and Access to Care.

“To ensure patient safety, we have been implementing a **holistic anti-counterfeit programme.**”

## CHANGING DIABETES® IN CHILDREN

Children with type 1 diabetes in developing countries are a particularly vulnerable patient group. Countless go undiagnosed, the consequences of which are fatal. It is estimated that 542,000 children under the age of 15 have type 1 diabetes worldwide<sup>5</sup> and an undiagnosed child has an average life expectancy of just one year in some parts of Sub-Saharan Africa. In 2009, this motivated Novo Nordisk to create the Changing Diabetes® in Children programme, which to date has involved 13,970 children in nine countries<sup>6</sup>. Besides providing insulin, the programme works to teach these children how to successfully manage their condition and live healthy lives. The programme also works closely with local health authorities to establish sustainable healthcare systems. Novo Nordisk's global partners in the programme are Roche, the International Society for Paediatric and Adolescent Diabetes (ISPAD) and the World Diabetes Foundation (WDF). In November 2016, the programme was extended to five new countries: Cambodia, Ivory Coast, Myanmar, Senegal and Sudan; the renewed goal is to reach 20,000 children.

### *Challenges and risks*

The two main challenges related to implementing Changing Diabetes® in Children in the involved countries are high turnover of medical staff and sustainability of established care. The high turnover of staff is especially challenging because availability of trained staff is often very limited and it takes time to train new staff to replace doctors and nurses treating children with type 1 diabetes. Another important challenge is ensuring that the local health system takes full ownership including funding of care for the children to ensure sustainability. This is paramount when dealing with a chronic disease such as type 1 diabetes. In order to mitigate the risks, the programme is designed with a focus on sustainability in all components, by building on existing structures without creating parallel

systems, and with full support from local health authorities.

## CHANGING DIABETES® IN PREGNANCY

Launched in 2009, the Changing Diabetes® in Pregnancy programme works to diagnose and treat gestational diabetes (GDM), a temporary condition affecting one in seven<sup>5</sup> pregnant women that, if left untreated, can have long-term consequences for both mother and child, including type 2 diabetes and obesity. GDM is a condition that affects 18 million live births, but it can often be managed by a healthy diet and lifestyle. In collaboration with the diabetes and maternal health communities and professional societies, the programme works to raise awareness of the importance of access to diagnosis and management of GDM. Since it began, Changing Diabetes® in Pregnancy has tested over 48,000 women for GDM, diagnosed over 4,800 with GDM and trained over 4,200 healthcare professionals in the diagnosis of GDM<sup>6</sup>.

### *Challenges and risks*

In many low- and middle-income countries blood glucose testing is not yet an integrated part of antenatal care. Common challenges faced when introducing testing for, and management of, GDM in pregnancy include lack of awareness among the general public and healthcare providers, lack of trained healthcare staff to perform the testing and provide the correct counselling, lack of functional diagnostic equipment and testing supplies, logistical challenges, and systemic, practical and human constraints when it comes to referral and follow-up. Though the purpose of the Changing Diabetes® in Pregnancy programme is to address these very challenges, the programme seeks to mitigate risks by working through local partners in close collaboration with local health authorities and independent experts.

## BASE OF THE PYRAMID

Approximately one third of the world's population lacks regular access to healthcare and three in four people with diabetes live in low- and middle-income countries<sup>7</sup>. This is one of the many motivators behind the Base of the Pyramid programme. Started by Novo Nordisk in collaboration with partners such as governments, pharmaceutical companies and various local stakeholders including health ministries and hospitals, the aim is to improve access to diabetes care among the working poor through the formation of long-term public-private partnerships. Besides providing access to medicine, the Base of the Pyramid programme also educates people with diabetes in managing their condition, raises diabetes awareness, screening and diagnosis. Since it began in 2010, the programme has been rolled out in Kenya, Ghana, Nigeria and India, and improved access to insulin for over 5,600 people with diabetes, trained over 1,650 healthcare professionals and reached 2 million people with awareness campaigns.

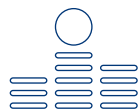
### *Challenges and risks*

One of the characteristics of a strong and sustainable healthcare system is its ability to follow-up on patient care. When dealing with chronic diseases, such as diabetes, which requires continuous and life-long care, follow-up is paramount. The challenges that the Base of the Pyramid programme encounters include weak healthcare systems and infrastructure, lack of trained healthcare professionals, few care centres, and lack of awareness of diabetes in the general population. A further challenge is lack of understanding that providing affordable medication is not sufficient alone to address the barriers to diabetes care. Making local and national health authorities in the programme countries prioritise chronic diseases is a long-term commitment. The Base of the Pyramid programme addresses all of these challenges by its multiple partnership-based approach including governmental, private and patient-association sectors.

“For Novo Nordisk, supporting each person's fundamental right to health is at the core of our business.”

## RIGHT TO HEALTH – OUR PROGRAMMES

### access to insulin commitment



CEILING PRICE FOR 2017

**4,00 US DOLLARS/VIAL**

OF HUMAN INSULIN (AVERAGE OF 10–15 CENTS PER DAY)



**THREE IN FIVE PEOPLE**

WITH DIABETES LIVING IN LOW- AND MIDDLE-INCOME COUNTRIES **ARE UNDIAGNOSED**



**50 COUNTRIES**

QUALIFY UNDER OUR ACCESS TO INSULIN COMMITMENT **IN 2017**



**> 48,000**

PREGNANT WOMEN HAVE BEEN **TESTED** FOR GDM



**> 4,800**

PREGNANT WOMEN HAVE BEEN **DIAGNOSED** WITH GDM



**> 4,200**

HEALTHCARE PROFESSIONALS **TRAINED IN DIAGNOSIS AND MANAGEMENT OF DIABETES**

**50%**

OF PEOPLE WITH DIABETES HAVE AT **LEAST ONE COMPLICATION** AT TIME OF DIAGNOSIS

**193**

MILLION PEOPLE WITH DIABETES **ARE NOT DIAGNOSED**

**changing diabetes®**

**415**

MILLION ADULTS **LIVE WITH DIABETES**  
BY 2040, THIS IS PROJECTED TO INCREASE TO **642 MILLION**

**50**

MILLION PEOPLE WITH DIABETES **LACK ACCESS TO INSULIN** GLOBALLY

### base of the pyramid



**> 2,400**

PEOPLE WITH DIABETES HAVE **IMPROVED ACCESS TO INSULIN**



**> 2,000**

HEALTHCARE PROFESSIONALS **TRAINED IN DIAGNOSIS AND MANAGEMENT OF DIABETES**



**108**

DIABETES **SUPPORT CENTRES** ESTABLISHED



**> 13,970**

**CHILDREN ENROLLED** IN THE CDIC PROGRAMME



**> 7,000**

HEALTHCARE PROFESSIONALS **TRAINED IN DIAGNOSIS AND MANAGEMENT OF TYPE 1 DIABETES**



**108**

TYPE 1 DIABETES **CLINICS** ESTABLISHED

### changing diabetes® in pregnancy

### changing diabetes® in children

## ACCESS TO CARE

An integral part of the Novo Nordisk business model is providing affordable access to insulin. Since 2001, we have had a formal pricing policy to improve affordability of insulin in the world's least developed countries. According to this policy, the price should not exceed 20% of the average insulin price in the western world (defined as the EU, Norway, Switzerland, the US, Canada and Japan). In 2016, 349,000 patients benefitted from this pricing policy, at an average realised price of USD 3.83 per vial<sup>8</sup>. Beyond this scheme, Novo Nordisk also sold human insulin below the LDC ceiling price in other countries, reaching a total estimated 6.5 million people<sup>9</sup> with a price below USD 0.18 per patient per day\*. The ceiling price for 2017 is set at USD 4.00 per vial – or an average of 10–15 cents per day. The Access to Care Commitment has huge potential reach: 50 countries with over 22 million citizens qualify under our access to insulin commitment.

In the United States, Novo Nordisk has committed to improving medicine affordability by focusing on three tenets:

1. transforming the complex pricing system by working with stakeholders to create ideas that support affordability, price transparency and reward innovation,
2. creating more pricing predictability, and
3. reducing the burden of patient out-of-pocket costs.

## Challenges and risks

The challenges and risks include lack of awareness of diabetes in health authorities in least developed and low-income countries and weak health infrastructure. The greatest challenge in practical terms is the lack of funding and poor allocation of resources to diabetes and other chronic disease care. There is likewise a general lack of adequate procurement planning, as well as issues related to high mark-up of medicines prices in both public and private distribution chains. Novo Nordisk's Access to Insulin Commitment seeks to address these challenges and risks.

## WORLD DIABETES FOUNDATION

The World Diabetes Foundation (WDF) was founded by Novo Nordisk in 2002 with the objective of supporting sustainable projects at local level in developing countries to alleviate human suffering related to diabetes and its complications among those least able to withstand the burden of disease. With this commitment, Novo Nordisk is one of the largest contributors to the prevention of diabetes and improvement of diabetes care in the developing world. The WDF is an independent foundation with its own management and Board of Directors. In 2014, Novo Nordisk made a third donation to the WDF totalling a maximum of 654 million Danish kroner to be disbursed between 2015 and 2024. In 2016 donations to the WDF amounted to 85 million Danish kroner.

[Read more about the World Diabetes Foundation](#)

## NOVO NORDISK HAEMOPHILIA FOUNDATION

Novo Nordisk's commitment to improving access to care for people with haemophilia and allied bleeding disorders led to the establishment in 2005 of the non-profit organisation, the Novo Nordisk Haemophilia Foundation (NNHF), dedicated to the cause in the developing world. In 2016 Novo Nordisk donated 21 million Danish kroner to the NNHF.

Based in Zurich, Switzerland, the NNHF is driven by the vision that all people with haemophilia or allied bleeding disorders should receive care and treatment wherever they live. The NNHF vision is aligned with the UN Global Compact's human rights and equality principles and its programmes aim to contribute to achieving the UN goal of 'health for all' (SDG no. 3). The NNHF defines and funds sustainable programmes that improve access to healthcare and reduces inequalities, working in partnership with local representatives from the community, international experts and authorities. The goal of this work is to make communities inclusive and empowered to drive local sustainable change.

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



WORLD **DIABETES** FOUNDATION

**Focused efforts** to improve the lives of people with diabetes

**Stimulated** access to care, prevention, advocacy and stakeholder engagement.

**Community members** assisted through partnerships acting as a catalyst to help others do more.



novo nordisk  
haemophilia foundation

**Improved access to care and quality of life** for people with haemophilia

**Reduced inequalities** in access to adequate diagnosis and care for people with haemophilia in developing countries

**Community** members empowered to drive sustainable positive change

<sup>8</sup>. Assuming daily dose of 40 units (IU) per day (WHO method) still needs source for numbers. <sup>9</sup>. Number of patients calculated from total volumes with assumed daily dose of 40 IU per day (according to WHO). Patients calculated as full year equivalent. This number refers to the patients in all countries globally (as opposed to LDC s only). Number fluctuating due to different timing of sales in a given year vs. another. \* Novo Nordisk Annual Report 2016 p 11.

# LABOUR RIGHTS

## UN GLOBAL COMPACT PRINCIPLES

Businesses should uphold:

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

## NOVO NORDISK POLICIES

1. Occupational Health and Safety policy
2. Procurement policy
3. People policy



## MATERIALITY AND SCOPE

Novo Nordisk strives to ensure that freedom of association and the right to collective bargaining are upheld, that we do not engage in forced and compulsory labour or child labour, and that we work to ensure diversity and non-discrimination in respect of employment and occupation. Our Global Labour Guidelines, which cover these principles, were implemented in September 2014 to ensure adherence to the UN Guiding Principles.

As with human rights, we recognise our responsibility to respect labour rights and uphold the UN Global Compact Labour Principles not only for our employees but also for people who we might potentially impact in our value chain, for example workers in our supply chain.

Novo Nordisk will continue to make an annual disclosure on the steps we have taken to ensure that modern slavery does not take place in our business or supply chains, following the UK Modern Slavery Act that came into force in March 2015.<sup>10</sup>

Depending on whether it is within the Novo Nordisk workplace or somewhere within our supply chain, materiality varies. For example, as the pharmaceutical industry is highly specialised and regulated, child labour and forced labour are not perceived as a material issue within the Novo Nordisk workplace. Data covering the entire global organisation showed that all employees in Novo Nordisk are above the age of 18 years. However, we recognise that as a large global company we might be linked to potential human rights impacts on child labour and forced labour through business relationships in our value chain.

At Novo Nordisk, we expect our suppliers to respect internationally recognised human rights including labour rights, as described in the UN Guiding Principles on Business and Human Rights and encourage them to

observe all the UN Global Compact Principles. This includes child labour. Pre-audits and supplier audits with a focus on social, ethical and environmental issues include requests for documentation of workers' age, salary, working hours etc.

Non-discrimination and equal opportunities are the foundation for our approach to promoting diversity, which focuses on gender and nationality. These priorities are reflected in our Diversity aspirations and targets. We also consider diversity to include experience, competencies and cultural background.

Freedom of association is regarded as one of the fundamental human rights in the workplace. 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 or via another channel to raise questions or address grievances.

Novo Nordisk employees are free to join a union. If there are no unions, Novo Nordisk ensures a workplace with alternatives – that is other channels are established for employees to raise their voices and discuss employment related issues.

In Denmark, unions are represented in the majority of discussions concerning employment terms and conditions. From discussing benefits to the negotiation of pension plans, the unions play a key role. They represent employee rights in disciplinary and termination situations as well as in salary negotiations and contractual agreements.

We promote responsible business practices throughout our supply chain and expect our business partners to adhere to a set of minimum requirements in this regard. These are described in the Responsible Sourcing standards for business partners which were updated in 2015 to ensure alignment with the Pharmaceutical Supply Chain Initiative

(PSCI) principles, to unify requirements applied to suppliers and to ensure that external requirements such as the UN Guiding Principles on Business and Human Rights are included.

## COMMITMENTS AND MEMBERSHIPS

Novo Nordisk is committed to meeting its responsibility to respect human rights as defined in the UN 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 the UN Global Compact. As such we work with the International Bill of Human Rights (including the Universal Declaration of Human Rights) and other relevant international standards, such as the UN Convention on the Rights of the Child.

### *External stakeholders*

We are engaged in continuous mutual learning as a member of a number of organisations and initiatives, including:

- International Association for Volunteer Effort (IAVE) – works to promote, support and celebrate volunteering worldwide.
- UN Global Compact Women's Empowerment Principles – a set of principles for business offering guidance on how to empower women in the workplace, marketplace and community.
- Global Corporate Volunteer Council (GCVC) – a leadership network for global companies sharing a commitment to engage their employees as volunteers in their communities.

## RESPONSIBILITIES

Global Procurement Forum  
Progress on the responsible sourcing programme is reported quarterly to the Responsible Sourcing Strategic Forum with representatives from senior management from Sourcing, Global Quality and Corporate Sustainability, and to the *Global Procurement Forum* with senior representatives from

“Non-discrimination and equal opportunities are the **foundation** for our approach to promoting diversity.”

Executive Management from the Global Procurement organisation, including Novo Nordisk regions.

#### *Global People & Organisation Board*

The Global People & Organisation Board is responsible for overseeing strategy, performance and compliance in relation to the People policy and the Occupational Health and Safety policy. Furthermore, the Board's mandate covers the responsibility for issues such as labour relations, human rights and equal opportunities. More specifically, the Global People & Organisation Board drives prioritisation and oversees implementation of the global People & Organisation's road map as well as the activities connecting this community, such as its annual meeting.

#### PROGRESS

Novo Nordisk's Global Labour Guidelines have been in place since September 2014. Each year themes from the guidelines are tracked in order to ensure that potential findings are mitigated. Equal opportunities and non-discrimination, and freedom of association were the themes tracked in 2016.

The conclusions show:

#### 1. *Equal opportunities and non-discrimination:*

Equal opportunities are applied in all stages of employment at Novo Nordisk in all countries in scope and the recruitment attraction processes are in-line with our internal guidelines. The opportunities are described in local recruitment policies, the global quality system and employee handbooks. The EU Non-Discrimination Directive applies in all affiliates in the European Region. Novo Nordisk is committed to promoting equal opportunities and believes that equal treatment provides an attractive, engaging and efficient workplace for our employees. Novo Nordisk is committed to ensuring

that the working environment is free from discrimination and harassment.

#### 2. *Freedom of association:*

Novo Nordisk respects its employees' right to associate freely and to join or refrain from joining labour unions and workers' councils. Employees are encouraged to have an open dialogue to address work-related issues. All countries have implemented a number of different channels through which employees can raise their voices and concerns, such as an Ombudsman, Compliance Hotline and local councils. Employees may address issues anonymously.

Collaboration with unions plays a key role. When 457 employees in Denmark were made redundant in November 2016, all unions were involved in the negotiation of terms and criteria. Each employee was offered a severance package and an outplacement programme to optimise the process of finding their next job. An employee representative attended each dismissal meeting, which ensured a respectful process. In addition, a number of external employee associations were present to assist the affected employees. Crisis psychologists and social counsellors were part of the support offered.

Meetings with our internal facilitators are held to analyse relevant trends for the upcoming tracking themes. The themes, scope and process are approved by the People & Organisation Global Board.

#### RESPONSIBLE SOURCING

Novo Nordisk continues to take a risk-based approach to managing environmental, ethical and social issues in supply chains via the Responsible Sourcing programme, the strategy for which was updated in 2016. The aim of the programme is to drive Responsible Sourcing compliance practices in-line with

business growth. The following priorities have been identified:

- a) Ensure compliance via effective risk mapping and follow-up with suppliers.
- b) Increase leverage through internal and external collaborations.

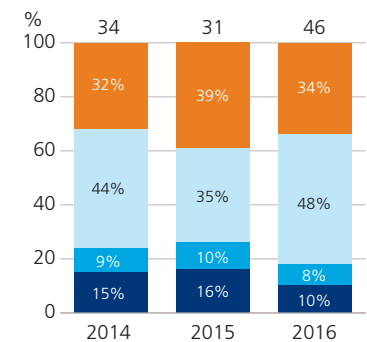
The updated strategy reflects the current compliance focus of the programme and acknowledges the need for focus in high-risk countries, as it is anticipated that Novo Nordisk will continue to grow in such regions in the coming years. It further recognises the need to increase leverage based on our learning as the programme has matured, including that we alone cannot always ensure sustained improvements by suppliers when issues are identified for example via Responsible Sourcing audits.

Focus on service providers continued in 2016 to include on-site service providers at Novo Nordisk in Algeria where Responsible Sourcing audits were conducted in conjunction with internal environmental, health and safety audits – an approach which reduces disruption for suppliers and improves transparency and efficiency for Novo Nordisk. Of the audits conducted, high and satisfactory compliance ratings were given, with most findings related to Health & Safety issues.

At Novo Nordisk, we audit suppliers categorised as high risk. Over the last couple of years, we have increased the scope of the types of suppliers that we audit – we now also include high-risk service providers – as this is a relatively 'new' type of supplier we have added to the scope of the RS audit programme, the number of findings tends to be higher at these suppliers. The overall numbers of RS audits remain steady but we are seeing a year on year increase of the number of these audits taking place in China (approximately 65% in 2016), as typically in China the average number of findings per audit is higher (2.6 findings per

#### LABOUR

- Labour practices
- OHS\*
- Environment
- Other \*\*



\* Occupational health and safety

\*\* Including business integrity and sub-suppliers

audit in China in 2016 vs. 1.8 average findings per audit outside China), this is also reflected in the overall increase in the total number of major audit findings.

As supply chain challenges continue beyond the first tier, Novo Nordisk will continue to screen and assess tier 2 suppliers using a tool developed in 2015, to identify where we are linked and where there is a requirement to act. This will be done via engagement with relevant Novo Nordisk suppliers to address risks further down the supply chain.

#### LABOUR ISSUES IN THE SUPPLY CHAIN

Novo Nordisk's risk-based approach to responsible supply chain management builds on a common set of principles with risk models tailored to fit specific sourcing areas. Once high-risk suppliers are identified (less than 2% of the total number of suppliers in 2016<sup>10</sup>), risk is managed through action plans for which activities include:

- Ensuring contract coverage (inclusion of Responsible Sourcing clauses in supplier contracts).
- Supplier self-assessment questionnaires.
- Responsible Sourcing audits.

Performance is reported to the Global Procurement Forum. High risk suppliers' performance is primarily evaluated via Responsible Sourcing audits. In 2016, 29 Responsible Sourcing audits were conducted<sup>11</sup> and where major findings were identified, suppliers were engaged to develop improvement plans. Additionally, for all routine Quality audits, a Responsible Sourcing check is in place to ensure that any issues are flagged. All checks where issues are raised are followed up and resulting actions implemented. In 2016, only one Responsible Sourcing check flagged potential issues.

When working with suppliers we communicate to them Novo Nordisk's

Responsible Sourcing standards for business partners. These standards have recently been updated to reflect new external requirements and to align with industry standards such as the Pharmaceutical Supply Chain Initiative. In these standards we stipulate the following regarding child labour and young workers, which fall under the Labour Rights section:

- Business partners shall not use child labour, as defined by the national laws in the country of operation.
- Young workers under the age of 18, and above the child labour age, must not carry out work that can hinder their education or health such as handling of chemicals, strenuous physical labour and night shifts.

Furthermore, we stipulate the following on forced labour/freely chosen employment:

- Business partners shall not use forced, bonded, indentured labour, involuntary prison labour, slavery or human trafficking. This includes transporting, harbouring, recruiting, transferring or receiving persons by means of threat, force, coercion, abduction or fraud for labour or services.

By signing a contract which includes the RS clause, our business partners commit to these standards and the requirements therein. These standards are used as the framework for the RS audits which we conduct for high-risk suppliers each year, so that both child labour and forced labour are considerations at every RS audit.

From 2017, Novo Nordisk will report externally on our position on Modern Slavery which will also cover these two issues.

#### HEALTH AND SAFETY

The global management system for health and safety is the Novo Nordisk Occupational Health & Safety Code of Conduct. It was updated in 2016 with a focus on simplicity,

usability and clear guidance on the global minimum requirements, and supplemented with tools and guidelines. It describes how to organise occupational health and safety (OHS) work, systematically identify and keep risks in control, handle OHS hazards and evaluate OHS performance.

Novo Nordisk's global Health & Safety strategy for 2020 outlines:

- We will not accept people being injured or ill as a result of our working conditions.
- We embrace a zero-injury mind-set and are committed to continuously improving our working environment.
- Our 2020 ambitions are defined in four strategic focus areas: safety, ergonomics, mental well-being and health promotion.

#### Safety

In 2016 we implemented a safety mind-set engagement toolbox and a communication platform around 'We make the safe choice - a safe work culture the Novo Nordisk Way'. This strengthened the link between our shared values (the Novo Nordisk Way) and our safety behaviour and expectations of each other as employees. Furthermore we have developed a safety road map for selected functional areas and identified safety initiatives to drive a strong safety culture and mind-set.

“When working with suppliers we communicate to them Novo Nordisk's Responsible Sourcing Standards for business partners.”



### *Ergonomics*

We focus on workplace ergonomics to increase physical well-being and reduce pain. The level of work related pain is monitored on a yearly basis. Heavy manual lifting has been an ongoing challenge in production facilities. Manual lifting has been limited to 15 kg and in 2016 we mapped and eliminated routine heavy lifting. Sedentary work for longer periods of time is posing a risk to employees' short- and long-term health. Therefore a global toolbox was launched in 2016 offering guidance and tools to help change behaviour through increased workday activity - especially in office facilities.

### *Mental well-being*

We work to maintain the high engagement level and reduce the number of employees reporting stress symptoms. In 2016 global leadership guidelines have been developed and published online. The guidelines support incremental improvements to ensure mental well-being and reduce stress symptoms. The approach takes into account varying organisational maturity levels in addressing mental well-being. Based on an organisational maturity self-assessment each functional area can develop and implement suitable initiatives to improve employee well-being and prevent stress.

### *Health promotion*

We act on health because we care about the well-being of our employees. Our general health is influenced by the lifestyle choices we make on a daily basis. Novo Nordisk's novohealth programme encourages and supports employees to act on their own health and provides a framework for integrating health promotion into the work day.

People managers at Novo Nordisk are responsible for ensuring that employees have access to healthy choices including food and beverages, physical activity, support for quitting smoking and regular health checks.

To support and increase local ownership and co-creation, an online toolbox is now available alongside a social media platform (Facebook) for sharing local health promotion practices. Additionally, we have implemented a health promotion metric in the annual employee engagement survey across Novo Nordisk.

### EMPLOYEE VOLUNTEERING ACTIVITIES

TakeAction, Novo Nordisk's employee volunteering programme, provides an opportunity for employees to engage in voluntary activities and a forum for sharing best practices in this regard. TakeAction activities are divided into three categories addressing social, environmental and health-related needs in employees' local communities. All activities are developed and undertaken by employees during working hours and are a tangible example of living the Novo Nordisk Way.

With a total of 206 activities registered in 31 countries all over the world – the highest numbers ever – 2016 was a very good year for TakeAction. Altogether, 6,550 employees engaged in activities with a total of 34,927 volunteer hours. Through TakeAction, Novo Nordisk employees reached hundreds of thousands of people and raised more than 243,000 US dollars for local charities.

### DIVERSITY AS A KEY BUSINESS FOCUS

Diversity is and has always been important to Novo Nordisk as it allows us to better understand customer needs in different cultures, attract and retain talented people from around the world and operate more effectively in a global business environment.

Novo Nordisk's diversity policy is anchored in four principles, as defined in Executive Management's 2015 rationale for increasing diversity in Novo Nordisk:

- Broaden our access to talent
- Secure diversity of perspectives
- Foster a global mind set
- Offer equal opportunities

Within this framework, all senior management teams are required to discuss their specific diversity challenges and agree on key initiatives to meet their local challenges. These discussions are supported by standardised data material, showing current state and progress on diversity in all business units. The data material is also presented to Novo Nordisk's Board of Directors at least once a year.

Since 2011, Novo Nordisk has incorporated diversity into the corporate Balanced Scorecard, requiring all business areas to set locally-anchored outcome targets for diversity. Based on the actions identified in the 2015 Organisational Audit process, each business unit formulated their own diversity targets for 2016. This ensures that relevant targets are defined locally as culture, business needs and challenges vary across the organisation. Furthermore, to explore and address local diversity challenges, specific diversity targets for 2016 were defined in the corporate Balanced Scorecard for each senior vice president area throughout the global organisation.

“People managers at Novo Nordisk are responsible for ensuring that employees have access to healthy choices.”

Novo Nordisk is against the enforcement of quotas in the organisation. One of the pillars of the diversity strategy is 'we always select the best' ensuring that professional qualifications come before gender and other aspects of identity such as nationality and age. Novo Nordisk supports self-regulation as opposed to legislation.

[For information about diversity on the Board of Directors, see our Annual Report 2016 pp 54–55](#)

#### COMPLIANCE WITH THE DANISH FINANCIAL STATEMENTS ACT, REGULATION §99B

Regulation §99b of the Danish Financial Statements Act requires that corporate subsidiaries of a certain size report on diversity. Novo Nordisk A/S meets the diversity requirements for its Board of Directors, as well as throughout the rest of the management tiers in the organisation.

Of the various Novo Nordisk subsidiaries, four are of a size and type that must either comply or explain non-compliance with the requirements of the regulation. These are Novo Nordisk PharmaTech, Novo Nordisk PharmaPlan and two regional holding companies.

Novo Nordisk PharmaTech and Novo Nordisk PharmaPlan report individually on diversity. While PharmaPlan meets the required diversity percentage, PharmaTech does not. PharmaTech is therefore striving to meet the goal of at least a 25% representation of the under-represented gender by the end of 2017, as described in their annual report.

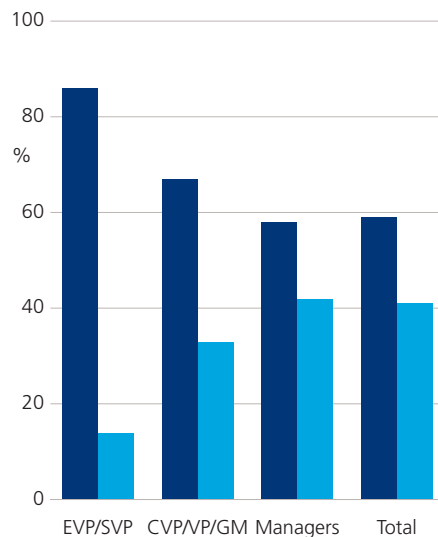
[Read more about PharmaPlan](#)

[Read more about PharmaTech](#)

The two regional holding companies do not report on, or meet, the requirements set out by §99b. However, due to changes in the Danish Financial Statements Act, these companies now, as of 2016, are under the accounting class of subsidiaries which must meet these requirements.

#### GENDER IN MANAGEMENT 2016

■ Men ■ Women



Jinxing Huan, Marie Louise Muus Ghorbani, Kashif Sheikh and Akanksha Roy Rasmussen  
Safety Surveillance and Clinical Operations  
Bagsværd, Denmark

### NOVO NORDISK INITIATIVE TO INTEGRATE REFUGEES IN DENMARK

In 2016, the refugee crisis resulting from the war in Syria brought record numbers of displaced people to all of Europe.. At Novo Nordisk, we believe that corporations have a responsibility to recognise and act on social issues such as this. In 2016, we collaborated with Foreningen Nydansker to launch two pilot programmes for refugees who have been granted asylum in Denmark. One is a mentorship programme, the other an internship programme. The target group for the programmes is educated adults who have mastered conversational English. Foreningen Nydansker facilitated the screening process as well as training of both mentors and mentees, intern managers, intern 'buddies' and interns. Training took place in order to prepare all participants for the programmes. Following their success, the programmes have been extended into 2017.

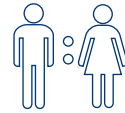
#### THE MENTORSHIP PROGRAMME

The mentorship programme accepted 49 mentees, each paired with a mentor at Novo Nordisk for a six-month period. We experienced a hugely positive response from Novo Nordisk employees who wished to participate in the programmes and so were able to make good matches between employees and selected refugees. For the mentoring programme, 99% of Novo Nordisk mentors and managers say it has been "worth their time and efforts" to be a mentor to a refugee in the programme.

#### THE INTERNSHIP PROGRAMME

The three-month internship programme accepted 15 interns, six of whom have been extended for a further three-month period. The outcomes so far have been above and beyond expectations. For the intern programme, 86% of participants say that the internship has brought them closer to getting a job in Denmark.

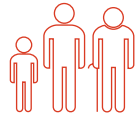
### REFUGEE MENTORING PROGRAMME



**73% MALES**  
**27% FEMALES**



**TOP 3 COUNTRIES**  
**71% FROM SYRIA**  
**10% FROM IRAN**  
**8% FROM ERITRIA**



**AGE**  
**20-29: 39%**  
**30-39: 43%**  
**40-49: 16%**  
**50-59: 2%**

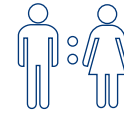


**TOP 3 EDUCATION**  
**36% ENGINEERING**  
**24% NATURAL SCIENCE (INCL. MEDICINE AND PHARMA)**  
**8% BUSINESS ADMINISTRATION**



**16 MUNICIPALITIES**

### REFUGEE INTERNSHIP PROGRAMME



**60% MALES**  
**40% FEMALES**



**TOP 3 COUNTRIES**  
**73% FROM SYRIA**  
**13% FROM AFGHANISTAN**  
**7% FROM IRAN**  
**7% FROM ERITRIA**



**AGE**  
**20-29: 13%**  
**30-39: 60%**  
**40-49: 20%**  
**50-59: 7%**



**TOP 3 EDUCATION**  
**20% MEDICINE SCIENCE**  
**13% ENGINEERING**  
**13% BUSINESS ADMINISTRATION**



**8 MUNICIPALITIES**



**4 FROM NOVO NORDISK MENTORING PROGRAMME FOR REFUGEES**

### RESULTS

**86%**

RATE THAT THE INTERNSHIP HAS BROUGHT THEM **CLOSER TO GETTING A JOB** IN DENMARK

**99%**

OF NOVO NORDISK' MENTORS AND MANAGERS SAY IT HAS BEEN **"WORTH THEIR TIME AND EFFORTS"**



**8** MENTEES ARE IN REGULAR (UNSUBSIDISED) EMPLOYMENT

**6** MENTEES ARE IN SUBSIDISED, PART TIME OR STUDENT JOBS

**20** MENTEES ARE IN INTERNSHIPS OR HAVE BEEN ADMITTED TO UNIVERSITY

**15** ARE SEEKING EMPLOYMENT OR TO ENROL IN EDUCATION

WB5N

# ENVIRONMENT

## UN GLOBAL COMPACT PRINCIPLES

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

## NOVO NORDISK POLICIES

1. Environment policy
2. Procurement policy

## MATERIALITY AND SCOPE

Novo Nordisk has a long tradition of effective environmental management. We consider use of resources – including raw materials, water and energy – and our impact on climate change to be our most material impacts on the environment.

All Novo Nordisk production facilities and pilot plants are certified according to ISO 14001, environmental management. The production of active pharmaceutical ingredients (API) in Kalundborg, Denmark, is also certified according to ISO 50001, energy management.

In 2012, we produced an Environmental Profit and Loss Account (EP&L). From this, we discovered that the indirect impact from our supply chain, along with a number of other business-related activities, is many times higher than the company's direct impact. This resulted in a shift in focus, now including impacts across the whole value chain.

Novo Nordisk's use of approved genetically modified organisms (GMOs) for production is based on more than 30 years of experience and risk assessments. No negative impact on human health or the environment has ever been recorded. Field surveys have not detected living GMOs in the surrounding environment. Our use of GMOs is in compliance with legal requirements and we continuously aim to minimise the discharge of GMOs to the environment through contained use and effective inactivation of effluents from production.

Novo Nordisk continues to improve its manufacturing processes for the benefit of our business and because we understand that efficient processes are what limit the use of resources and keep emissions and discharges low.

## COMMITMENTS AND MEMBERSHIPS

Novo Nordisk subscribes to the International Chamber of Commerce's Business Charter for Sustainable Development. Initiatives that we support or are a member of include:

- UN Global Compact Caring for Climate – an initiative which aims to advance the role of business in addressing climate change.
- RE100 - a collaborative initiative of influential businesses committed to 100% renewable electricity, working to massively increase corporate demand for renewable energy. RE100 is led by The Climate Group in partnership with CDP, as part of the We Mean Business coalition.

## RESPONSIBILITIES

### *Environmental Strategy Forum*

The Environmental Strategy Forum (ESF) governs the efforts in respect of our environmental strategy. Its main focus is the environmental strategy, risk and communication. The Forum ensures alignment across the organisation and monitors specific projects to ensure compliance and reduce Novo Nordisk environmental impact. The forum represents Novo Nordisk business areas and reports to Executive Management

## CLIMATE ACTION

While the main focus of our climate action programme has been to continue to reduce emissions from our own operations (scope 1 and 2), we have now extended our focus to encompass indirect emissions from relevant business activities (scope 3). Our first aim in this regard is to reduce emissions from our supply chain, product distribution and business travel. In 2016, Novo Nordisk continued to collaborate with strategic suppliers to increase its energy efficiency and share of renewable energy. The number of suppliers in the programme increased, resulting in several supplier meetings and two site visits, each three days long. This

collaboration has been very well received by our suppliers.

In 2016, CO<sub>2</sub> emissions from transport (product distribution) decreased significantly to 38,000 tons, a 12% decrease compared with 2015. This is mainly due to an increase in the volume of products being distributed by sea. CO<sub>2</sub> emissions from air freight accounted for 79% of the total emissions from product distribution. Distributing as many products as possible by sea is a priority for Novo Nordisk, as it reduces both CO<sub>2</sub> emissions and costs.

To reduce business travel, the company encourages the use of virtual meeting platforms like Skype for Business, video conferencing (VCON) and telepresence. The IT department supports the demand for such virtual collaboration platforms, offering training and launching campaigns for users to get more acquainted with these platforms. In 2016, Skype for Business meetings increased by 25%, while VCON meetings remained stable. The number of installed VCON systems increased by 20% to a total of 342. A number of affiliate offices report increased use of virtual meeting platforms as an alternative to travelling, while others report increased travel due to increased work force and the launch of new products.

Novo Nordisk has five state-of-the-art telepresence facilities around the world. These are used by management to conduct board meetings and other high-level meetings, which previously required travel. Following a decision to make telepresence open to all employees, its use has increased by 200%.

A small fleet of leased electric cars in Denmark has reduced the use of taxis for transportation between Novo Nordisk sites. To save time, bicycles are available for transportation across short distances. To encourage commuting by public transport, Novo Nordisk offers Danish employees participation in a scheme that gives

“Novo Nordisk continued to **collaborate with strategic suppliers** to increase energy efficiency and share of renewable energy.”

tax deduction of up to 50% of their total transportation cost.

Some affiliates are improving their fleet of cars for their sales force by offering hybrid cars.

Throughout the company, various other initiatives have been put in place to reduce CO<sub>2</sub> emissions. Examples include a meat-free day in the canteen to challenge myths about vegetarian food. In Denmark, energy from food waste is recovered in biogas plants whereas this waste was previously disposed of as part of normal household waste. The biogas is used as green fuel for homes and industries.

#### Carbon calculations

Novo Nordisk reports according to the GHG protocol and uses various sources and methodologies to calculate emissions. CO<sub>2</sub> emissions from use of energy are based on GJ energy use and emission factors from the previous year. The calculation of emissions from our supply of services and goods is based on the EP&L methodology (spend data) and updated on an annual basis. Calculation of emissions from our use of raw materials is based on tons of materials used and LCA data and updated every second year.

#### Science-based targets

Novo Nordisk plans to set long-term targets for focus areas under the climate ambition programme. The ambition is to align the targets with the goals of the Paris Agreement to keep the increase in global temperature well below 2 degrees Celsius. One such target is the commitment to 100% renewable energy under the RE100 initiative.

In 2016, Novo Nordisk submitted information to the 14th CDP report and reported on Scopes 1, 2 and 3. Novo Nordisk was awarded the performance score 'A' – the leadership index and inclusion on the CDP Supplier A list.

#### Product carbon footprint and lifecycle assessments

For more than 20 years we have conducted lifecycle assessment (LCA) calculations for our devices. In 2013, we decided to expand these assessments in order to understand the carbon footprint of our diabetes products. Since then, LCA calculations have been carried out systematically for our key diabetes therapies.

The product carbon footprint is represented by the sum of carbon emissions generated during all steps of the lifecycle, including the active ingredient, the device, the needle and the packaging. The carbon footprint is calculated across the entire lifecycle – from raw materials to production, distribution, use and waste. Analysis has shown that the carbon footprint of daily treatment with a Novo Nordisk diabetes product is comparable with other daily consumables such as the total carbon footprint of making a cup of tea, from harvest of the tea, production and transportation, to boiling the water.

#### SUSTAINABLE CARE PATHWAYS

Novo Nordisk has been an active participant in the Coalition for Sustainable Pharmaceuticals and Medical Devices (CSPM) under the auspices of the National Health Service in the UK. The coalition has explored what a sustainable health system would look like and provided this definition:

“A sustainable health and care system works within the available environmental and social resources protecting and improving health now and for future generations. This means working to reduce carbon emissions, minimising waste & pollution, making the best use of scarce resources, building resilience to a changing climate and nurturing community strengths and assets<sup>12</sup>”

The coalition has developed a method to enable more consistent quantification

of the sustainability performance of care pathways with an aim to use this sustainability information to support decision-makers in their choices related to improving the performance of models of care. Novo Nordisk has conducted a study, using this guidance, that provides an example of diabetes management. The objective of the study was to appraise the difference in environmental impact between good and poor management of a type 2 diabetes pathway. The appraisal used health economics data to identify the number of GP consultations, in-patient admissions, emergency department visits, patient travel instances, surgeries, pharmaceuticals used and blood glucose testing units. These health economics data were combined with module data from the guidance to calculate the environmental impact of both scenarios. The results show that on a per year basis the well managed scenario has a 7% lower greenhouse gas impact compared to the poorly managed scenario, primarily due to reduced complications in a well-managed scenario.<sup>13</sup>

#### IMPROVING TECHNOLOGIES

Novo Nordisk production of the active pharmaceutical ingredients (API) is based on biological processes. We continuously work to improve our production processes as better technologies are implemented. Over the years, optimisations have led to substantial decreases in the relative use of resources, emissions and waste. When we build new production facilities, more efficient technologies are introduced and our strategic focus on environmentally sound design further strengthens the focus on energy efficiency.

Novo Nordisk produces devices that meet users' needs for easy and safe injection of our diabetes and biopharmaceutical products. Environmental assessments are an integrated part of the device development process at Novo Nordisk. We use lifecycle assessments to highlight environmental hotspots and identify

WASTE



USE



DISTRIBUTION



MANUFACTURING



RAW MATERIALS



PRODUCT CARBON FOOTPRINT



improvement potentials. We seek to optimise the environmental profiles of our products within the framework of the very high regulatory standards that our products must meet. We want to give the patients the best possible treatment and we never compromise on safety and efficacy.

#### PROGRESS

##### *Long-term target for energy and water*

Since 2004, Novo Nordisk has reduced CO<sub>2</sub> emissions from energy consumption by 125,000 tons, equal to 58%, while in the same period having grown close to three fold, measured in sales in Danish kroner. The key drivers have been process optimisations, conversion to renewable energy and approximately 750 energy-saving projects.

##### *Long-term target for renewable energy*

Novo Nordisk's target is to use 100% power from renewable sources at its production facilities by 2020. The total amount of renewable power increased from 261 mill kWh in 2015 to 283 mill kWh in 2016. At the end of 2016, 78% of all power at our production facilities was generated from renewable sources.

Regarding fuel for steam and heat generation, all but one of Novo Nordisk's production sites in Denmark uses gas from biogas plants, and our production facility in Brazil generates its steam from certified wood. Our remaining production facilities around the world use natural gas. The use of renewable energy (power and fuel) at our production facilities increased from 41% to 49% in 2016.

##### *Energy consumption at production facilities*

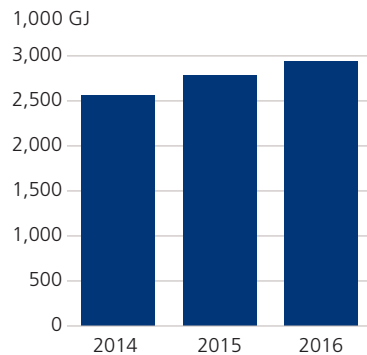
Novo Nordisk uses large amounts of energy for the fermentation and purification processes in API production. Filling plants, which formulate and fill the medicine into cartridges, also use large amounts of energy in order to comply with the very strict quality criteria set by the authorities to ensure a clean production environment.

In 2016, the main energy types consumed at our production sites were power, steam, biogas, natural gas and heat, while only 0.2% of the energy use was oil, used as back up only.

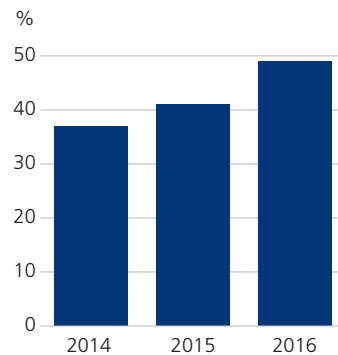
Despite a high focus on process optimisations, energy use increased by 6% to 2,935,000 GJ in 2016. The increase is primarily due to the

new biopharmaceutical production facility in New Hampshire, US, which was included in the corporate reporting for the first time in 2016. In addition, production increased within certain areas.

#### ENERGY CONSUMPTION

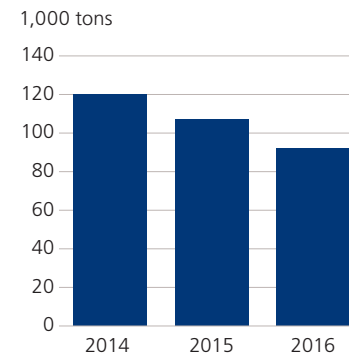


#### SHARE OF RENEWABLES

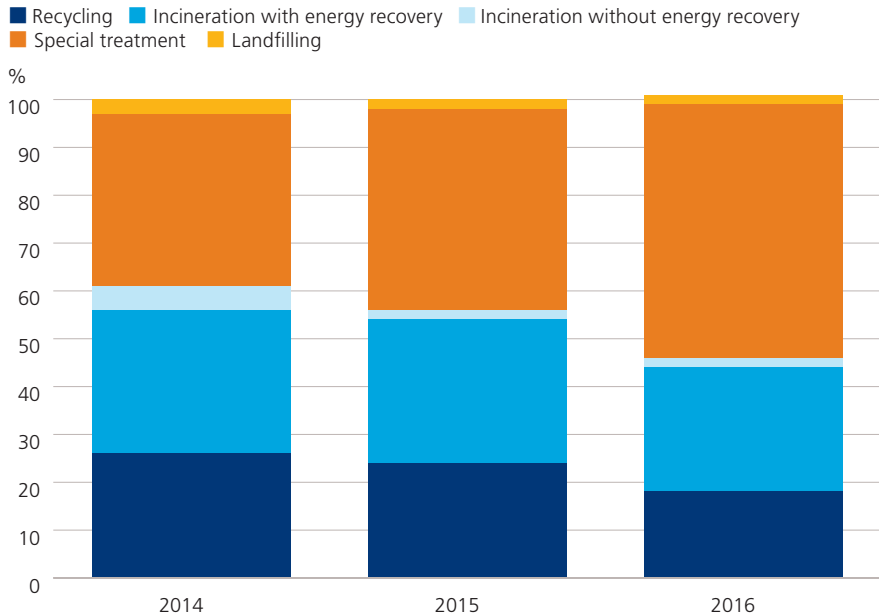


Note: Only 100% renewable energy is counted as "renewable", i.e. renewable energy which is part of the power grid, is not counted as renewable.

#### CO<sub>2</sub> EMISSIONS



**WASTE**



*Water consumption at production facilities*  
The production and purification of insulin is water dependent and very high water quality is needed to secure the quality of our products. This requires a number of water treatment steps. Increased water consumption is a consequence of both increased production and more production facilities. A large number of water-conservation initiatives and process optimisations over the years at all Novo Nordisk’s production facilities have curbed increases in water consumption.

In 2016, 3,293,000m<sup>3</sup> water was consumed at our production facilities around the world, an increase of 5% compared with 2015. In total, 56% of the water is used at our facilities in Kalundborg, Denmark, where API production takes place.

In 2016, we updated the water risk map based on the thresholds suggested by WRI and their Aqeduct tool. Following this update, Novo Nordisk has two production facilities located in regions subject to high baseline water stress, in China and Algeria. The facility in Tianjin, China, uses 6% of the company’s total water consumption and applies good water stewardship and monitors risk closely. The tablet facility in Algeria uses just 0.2% of the total water consumption. There have been no water shortage incidents at these facilities.

Besides following developments in regions subject to water stress using the online tool, Novo Nordisk consults insurance companies for their views on the threat to safe water supply for our production facilities.

**ORGANIC RESIDUES**

Organic residues, a by-product from API production, decreased slightly due to a change in product mix in the API production. The energy in these residues is first recovered in biogas plants, and digested slurry is then used as fertiliser on local farmland.

In collaboration with partners, Novo Nordisk is establishing a biogas plant near our insulin plant in Kalundborg, Denmark. This biogas plant will use the fermentation slurry from the API production to generate biogas, which in turn will replace natural gas for our production at other locations. The plant will start production in 2018. This initiative is one of many initiatives in the Kalundborg Symbiosis where the residual product of one enterprise is used as a resource by another enterprise, thus creating a closed cycle.

The industrial symbiosis is a local collaboration where public and private enterprises buy and sell residual products, resulting in mutual economic and environmental benefits.

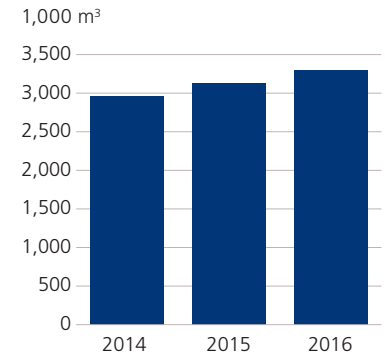
[Read more about the Kalundborg Symbiosis](#)

**WASTE**

Waste from our production facilities increased by 9% in 2016 compared with 2015. This increase is a result of increased hazardous waste due to higher pilot production at a multi-purpose production plant in Denmark, where regeneration of ethanol is not possible due to the risk of contamination. The non-recyclable ethanol from this production line is transported to a third party manufacturing plant that can use the ethanol. Reducing ethanol waste is a high priority for Novo Nordisk. Efficient regeneration plants enable repeated use of the ethanol.

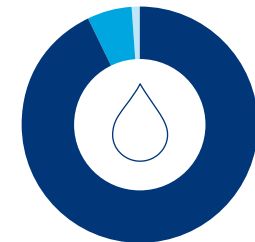
[Read more about our environmental commitment](#)

**ENERGY CONSUMPTION**



**WATER CONSUMPTION BY PRODUCTION SITE IN WATER SCARCITY AREAS**

- Algeria
- China
- Sites with no water scarcity







# ANTI-CORRUPTION

## UN GLOBAL COMPACT PRINCIPLE

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

## NOVO NORDISK POLICIES

1. Business Ethics code of conduct
2. Business Ethics policy
3. Procurement policy
4. Risk Management policy

## MATERIALITY AND SCOPE

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, compliance and risk mitigation. All Novo Nordisk employees are instructed on the importance of ethical conduct in all their business interactions, as this is a prerequisite for our licence to operate. 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 fostering 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 and applies to all employees, as well as the Board of Directors. Novo Nordisk has separate global policies on interactions with healthcare professionals (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 various follow-up activities, including audits and investigations of cases of potential misconduct

## COMMITMENTS AND MEMBERSHIPS

Novo Nordisk supports the 10th UN Global Compact 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 Pharmaceuticals Industries and Associations (EFPIA) and Pharmaceutical Research and Manufacturers of America (PhRMA), where we follow and participate in discussions on the research, development and manufacturing of medicinal products for human use in Europe and the US.

## Governance

Our Business Ethics Board is responsible for the development and implementation of our global business ethics strategy to ensure governance and alignment across the organisation. Furthermore, the Board sets the direction for business ethics, ensures ongoing development of the global compliance programmes on a global and regional level, and monitors business ethics risks. Novo Nordisk’s Executive Management and the Audit Committee oversee the global business ethics strategy.

## PROGRESS

### Global compliance programme

Novo Nordisk’s global compliance programme is structured according to the seven elements for an effective business ethics compliance programme, as 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.

### Business Ethics code of conduct

A new Business Ethics code of conduct was developed in 2016 together with an extensive update of all the existing global business ethics requirements. A new online format for all global and local business ethics requirements supports the implementation of the global business ethics principles and ensures consistent and relevant business ethics advice to all employees.

### Read the Business Ethics code of conduct

### Third party due diligence and training

Novo Nordisk has a well-established process to identify and manage relationships 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. In 2016, we implemented a new system for handling third parties. The automated web-based system will ensure more effective risk coverage through a risk-based assessment of third parties.

“Ethical business conduct is about **values and integrity**, compliance and risk mitigation.”

*Business ethics training*

Novo Nordisk's 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, knowledge and behaviour testing, e-learning courses targeting managers, and tailored face-to-face training focusing on in-depth and interactive dialogue with key employee groups.

[Read more about our Business Ethics Code of Conduct](#)

*Communication and advice*

Several communication initiatives have been launched in 2016, including a series of articles developed to support communication on sanctions and the consequences of business ethics misconduct. In addition to the business ethics toolbox with advice, dilemma cases, monitoring tools and guidance for use by management and compliance professionals, quarterly webinars targeting the global compliance organisation are conducted to ensure continued support for relevant and consistent business ethics communication.

*Transparency*

Novo Nordisk reports in accordance with the disclosure requirements of 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 established a system to achieve compliance with all federal, state, local and regional transparency requirements worldwide, while maintaining or improving operational consistency and efficiency.

*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, policymakers and the diabetes community, focusing on the tremendous unmet need for better prevention, early detection and better quality treatment in diabetes care. We support the rights of citizens to expect that political processes are transparent, take place in compliance with the law and with due respect to ethical principles, avoiding undue pressure or illegitimate or privileged access to information or decision makers.

*Engagement with Danish government agencies and Danish diplomatic missions*

Engaging with the Danish Government, agencies and diplomatic missions provides a platform for access to stakeholders that can, at times, be difficult to establish a relationship with. Diplomatic missions can serve as a catalyst for existing internal company efforts, by monitoring and analysing the political and wider stakeholder environment in specific countries with a difficult business environment, and can also assist in providing a longer-term perspective and neutral insights. All staff working in Danish public administration are subject to a non-disclosure requirement Danish law, which stipulates that anyone who works in the public administration, has a duty of confidentiality, pursuant to § 152 and §§ 152c-152f, of the Danish Penal Code, with regards to information on technical devices or processes, operational or business conditions or the like, or if the information is of significant economic importance for the person or company to which the information pertains.

*European Commission and European Parliament transparency registry*

The European Commission and European Parliament have established a transparency register that encourages external organisation working to influence EU institutions to sign up to a voluntary code of conduct and a register of interest representatives. Novo Nordisk's advocacy expenditure reporting is available via the EU register.\*

Lobbying expenditures in the US for 2016 are available via this register. The aggregated expenditure includes in-house lobbying staff, fees for external lobbying firms, membership fees to industry organisations associated with lobbying activities, and a proportion of office overheads. Likewise, at the state and local levels, Novo Nordisk government lobbying contacts in the US that meet appropriate time and expense thresholds are reported and reports are generally available for inspection, jurisdiction by jurisdiction, on the relevant public website.

*Political Action Committee in the US*

Novo Nordisk does not make contributions to any political parties. In the USA, as obligated by law, there is a voluntary Novo Nordisk Political Action Committee (PAC) which collects donations on behalf of employees. The PAC now has 834 members from the company's US affiliate, Novo Nordisk Inc. Created in 2006, the PAC solicits funds only from those 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 Novo Nordisk Inc. 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 2016, the Novo Nordisk Inc. PAC contributed 332,327 US dollars to 142 Congressional candidates from the two major US political parties in both the Senate and the House of Representatives.

“Novo Nordisk takes a stakeholder approach to **engaging in health policy discussions** about quality diabetes care.”

\* <http://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=29570313329-11&locale=en>

# NOVO NORDISK POLICIES ON RESPONSIBLE BUSINESS PRACTICES

At Novo Nordisk, we have thorough policies in place in order to ensure responsible conduct and processes in our workplace and in other external business conduct in which we engage.



Maria Jose Arce Tomas and Shafik Tawadros  
Regulatory Affairs  
Søborg, Denmark

### BUSINESS ETHICS POLICY

At Novo Nordisk we will act with integrity in our efforts to deliver competitive results. This means that we will:

- apply consistently high business ethics standards across the value chain
- address day-to-day dilemmas guided by the Novo Nordisk Way
- be transparent about our business decisions and practices
- hold ourselves accountable for acting with integrity and in compliance with the UN Global Compact.

### COMMUNICATION POLICY

At Novo Nordisk we will communicate effectively with all our internal and external stakeholders.

This means that we will communicate in a way that is:

- clear – understandable and to the point
- credible – open, honest and balanced, both when the news is good and bad
- relevant – timely and customised to meet the information needs of the people we communicate with
- respectful – to all the people we communicate with and about
- two-way – encouraging dialogue between us and our stakeholders.

### ENVIRONMENT POLICY

At Novo Nordisk we will reduce our use of resources and the environmental impact from our activities. This means that we will:

- continuously improve our performance
- integrate environmental assessments in all decision-making across the value chain
- promote more sustainable processes and products
- engage in stakeholder dialogue and partnerships
- comply with the UN Global Compact.

### FINANCE POLICY

At Novo Nordisk we will grow as an independent company and ensure competitive value creation for our shareholders. This means that we will:

- pursue challenging short- and long-term financial targets
- integrate a financial perspective in key business decisions
- ensure financial flexibility to pursue business opportunities at a competitive cost of capital
- manage risks
- pursue a competitive tax level in a responsible way
- apply efficient best practice processes and a customer mindset globally.

### GLOBAL HEALTH POLICY

At Novo Nordisk we will discover, develop and provide high-quality products and services within our areas of expertise to help patients live better lives throughout the world.

This means that we will:

- contribute to the aspiration of the World Health Organisation's Global NCD\* Action Plan 2013–2020
- carry out research to make new and better therapies, products and services available, covering unmet medical needs
- take initiatives to make our products and services accessible to those who need them
- contribute to the development of sustainable healthcare systems
- advocate equal rights and accessibility to healthcare for all.

### INFORMATION SECURITY POLICY

At Novo Nordisk we will manage the security of business critical information in relation to employees, physical premises and IT. This means that we will:

- protect handling and use of business critical information in any form
- promote information security awareness
- ensure that adequate security measures are applied
- continuously monitor, review and report on the maturity of information security
- ensure that weaknesses, incidents and violations are detected and solved

### INFORMATION TECHNOLOGY POLICY

At Novo Nordisk we will apply the best and proven information technology to support our global competitiveness.

This means that we will:

- ensure business-driven, global IT strategies
- apply effective IT governance practices to maximise benefits of projects, systems and infrastructure
- pursue a standardised and consolidated IT operation
- simplify our IT architecture by minimising the number of applications and implementing standard solutions
- manage IT costs by making them transparent and competitive
- mitigate IT risks by applying balanced security controls.

### LEGAL POLICY

At Novo Nordisk we will conduct our business in legal compliance and secure the company's assets and interests.

This means that we will:

- comply with the wording and intention of all relevant laws and regulations
- promote legal awareness and ethical behaviour to secure compliance and sound business decisions

- manage legal risks and pursue opportunities that add value to the global business
- respect legal rights of others
- ensure good corporate governance.

### OCCUPATIONAL HEALTH AND SAFETY POLICY

At Novo Nordisk prevention and continuous improvement in occupational health and safety is key. We strive to uphold a safe working environment and promote the health of our people.

This means that we will:

- operate by high occupational health and safety standards throughout the world
- hold our people accountable for their actions regarding workplace safety
- promote a healthy lifestyle
- ensure that the working environment is not compromised for economic or productivity reasons
- follow relevant international conventions.

### PEOPLE POLICY

At Novo Nordisk we provide attractive, engaging and effective workplaces for our people.

This means that we:

- attract diverse talent globally
- ensure an inclusive and respectful workplace providing equal opportunities for all
- are committed to the on-going development of our people
- develop leaders who will drive talent management, engagement and performance of our people
- provide market competitive remuneration and employment conditions
- follow the UN Global Compact Guiding Principles.

CONTINUED ►

### PROCUREMENT POLICY

At Novo Nordisk we will purchase at best terms, balancing price with delivery, quality and risk as well as social, environmental and ethical responsibility. This means that we will:

- purchase from suppliers selected in accordance with Novo Nordisk standards
- create value for Novo Nordisk by using our global purchasing power
- interact with our suppliers in a competent and proactive way
- establish close cooperation with suppliers of strategic importance
- accept no gifts.

### QUALITY POLICY

At Novo Nordisk we ensure quality to meet the expectations and needs of all stakeholders securing patient safety, product quality and compliance.

This means that we will:

- develop and deliver high-quality products with the lowest risk to patients
- maintain and continuously improve the effectiveness of our quality management system
- optimise business performance without compromising patient safety or compliance
- encourage legislation that secures patient safety and product quality
- promote quality awareness throughout the company and the entire supply chain
- never compromise on quality.

### RISK MANAGEMENT POLICY

At Novo Nordisk we will proactively manage risk to ensure continued growth of our business and to protect our people, assets and reputation.

This means that we will:

- utilise an effective and integrated risk management system while maintaining business flexibility
- identify and assess material risks associated with our business
- monitor, manage and mitigate risks.

Manato Ohara and his sister  
Manato has type 1 diabetes and  
live in Kanagawa, Japan



## Headquarters

Novo Nordisk A/S  
Novo Allé  
2880 Bagsværd  
Denmark  
Tel +45 4444 8888  
CVR number 24 25 67 90

For more information, visit us on [novonordisk.com](http://novonordisk.com) or



**Photography:** Yasuhiro Nakaoka, Jesper Edvardsen, Kishore Amruth, Martin Juul, Jasper Carlberg and Andreas Houmann