

United Nations Global Compact communication on progress

Novo Nordisk
2011

CEO Statement of continued support

The past decade has seen encouraging progress on the path towards sustainability. Still, challenges abound and step change is needed if we are to see real, sustainable global growth in our lifetime.

Business has a key role to play, and expectations are rising. New partnerships with mutual accountability will shape the innovative solutions that will define success. The ingredients must be a robust match of responsibility and profitability, with a view to long-term prosperity.

At Novo Nordisk we acknowledge our responsibility as a global citizen and a long-standing sustainability leader. For more than two decades we have had a systematic approach in place to manage our impacts on society in ways that seek to maximise shared value creation and minimise any adverse impacts on people, communities or the environment. We call it the Triple Bottom Line. Through this approach we drive integration of human rights, social, environmental and ethical considerations into our business operations and strategies.

In 2011 we strengthened our commitment as a subscriber to the UN Global Compact through active contributions to the launch of the Global Compact LEAD initiative. During this first year we engaged in several work streams and remain a vocal supporter.

LEAD sets the bar for performance even higher, and we take up the challenge. In this Communication on Progress we account for how we demonstrate through actions our commitment to implement the ten principles of the UN Global Compact and support broader UN goals and issues. We also report actions on all dimensions of the Blueprint for Corporate Sustainability Leadership.

We were at the Earth Summit in Rio de Janeiro in 1992, an event which set the agenda and shaped significant responses to the global challenges. As world leaders prepare for the sequel, the UN Conference on Sustainable Development – Rio +20, Novo Nordisk joins up with peers, partner organisations and other stakeholders to contribute again. We will support the business community calls for effective policy frameworks that incentivise systems change through partnerships between private and public sector and civil society.

Our ambition is that Rio +20 will set a new agenda for sustainability in the 21st century and the role of business as a positive force. And our promise is that we will make our contribution to making that happen.



Lars Rebien Sørensen
President and chief executive officer

Index

Reporting to UN Global Compact – executive summary	3
Part 1 UN Global Compact – Communication on Progress	5
Part 2 Blueprint for corporate sustainability leadership in a Novo Nordisk context	11
Part 3 Self-assessment on advanced criteria	20

Reporting to UN Global Compact – executive summary

This Communication on Progress accounts for Novo Nordisk's activities during 2011 towards corporate sustainability. It captures our contribution as a signatory to the United Nations Global Compact, a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. This platform is consistent with Novo Nordisk's business approach of balancing financial, social and environmental considerations – we call it the Triple Bottom Line (TBL). In essence, TBL is about how we do business in a responsible and sustainable way with a view to maximise value to society and continue to grow as a profitable business that delivers competitive results.

Novo Nordisk has been an active subscriber to the UN Global Compact since 2002. In January 2011 we also joined the Global Compact LEAD, a platform for a select group of 55 UN Global Compact companies to drive leadership to the next generation of sustainability performance. Over the years, this engagement has been an inspiration in our efforts to embed sustainability into business practices through policies and strategic initiatives towards achieving the aspirations expressed in the Global Compact. In 2011, we took part in meetings, hosted by the UN Global Compact and UN agencies, contributed to collective progress through working groups and were actively engaged in several work streams under the LEAD initiative.

In 2011 we made progress on all Global Compact principles, further implementing these principles in our business activities:

Human rights

Systematically assessing and managing human rights risks and impacts across the company's value chain is a mounting challenge as Novo Nordisk continues to globalise, growing our staff as well as our supplier base. To prepare for implementation of the UN Guidelines on Human Rights and Business we conducted a gap analysis. The analysis showed that although the company has a strong culture supportive of the obligation to respect human rights, which forms a foundation for a human rights management system, full compliance would require additional strengthening of governance and grievance mechanisms. We began this work in 2011, systematically addressing policy adjustments, risk management and monitoring and emphasising access to grievance mechanisms.

Labour

In support of the labour principles, our responsible sourcing programme aims at both mitigating risks and improving ethical, social and environmental performance throughout our supply chain by engaging with business partners. While our risk approach, which includes elements such as standards, audits, and follow-up mechanisms, has proven solid, in 2011 we have explored how to engage more deeply with business partners to improve working conditions through partnerships.

Environment

Limiting our environmental impact while growing the business will be a key challenge in the coming years as we will continue to increase our production. In 2011, we therefore embarked on a journey to develop a long-term approach to limit our environmental impact despite an increase in production. The aspiration for our environmental management is to remain at the forefront of the pharmaceutical industry in environmental responsibility, pursuing good practices and excelling in strategic areas. We also pursue ambitious climate targets and increasingly decouple environmental impact from growth.

Anti-corruption

Doing business globally entails many challenges, particularly when working in diverse cultures where appropriate business conduct can vary widely and in countries where enforcement of national or international standards may be weak. Making the right choices becomes more complex – and more important – in a competitive business environment. As Novo Nordisk is growing rapidly it is important that new employees are guided through a strong set of values, which make it very clear what is expected behaviour by a Novo Nordisk employee. Emphasising the business ethics element in the Novo Nordisk Way, which was updated in February 2011, has been one of the ways to deal with this challenge. In 2011, we expanded our compliance hotline, making it easier to report suspected misconduct. Now, people inside and outside Novo Nordisk can also use it to raise concerns related to quality and the Novo Nordisk Way, including ombudsman cases.

Content of the Communication on Progress

As a UN Global Compact member, Novo Nordisk is required to report 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 the 'Blueprint for Corporate Sustainability Leadership' which is also a part of the Communication on Progress. In addition, we are being recognised as a UN Global Compact 'advanced level reporter'. We have thus provided a description of how we meet 24 advanced criteria.

This UN Global Compact Communication in progress includes three parts:

Part	Purpose
Part 1: UN Global Compact Communication on Progress	Providing content by reporting against the ten UNGC principles
Part 2: Blueprint for corporate sustainability leadership	Demonstrating leadership
Part 3: Self-assessment on advanced criteria	Conducting self-assessment

Novo Nordisk reports according to the Global Reporting Initiative (GRI) guidelines, G3. The Guidelines provide a disclosure framework of management approaches and performance against indicators for economic, environmental and social impacts, human rights, product responsibility and societal activities, as well as a company profile. The relevant GRI G3 indicators are referenced under each of the ten UN Global Compact principles. The full GRI reporting is available at our 2011 reporting website.

Novo Nordisk and Global Compact

Novo Nordisk signed up to the United Nations Global Compact in 2002. In 2004, when the tenth principle was adopted, we reaffirmed our commitment as a signatory to the Global Compact.

The Global Compact is a forum for learning and a way of engaging in dialogue with stakeholders. For Novo Nordisk it is also an opportunity to inspire improved performance and to advocate for change through collective action. One such example is our participation since 2007 in the Caring for Climate initiative, in which we are active through the Steering Committee.

Key activities in 2011

We are proud to have been instrumental in shaping the UNGC LEAD initiative and contribute to its development through our role as member of the Steering Committee. Our Executive Vice President, Lise Kingo, represented Novo Nordisk at the launch event at World Economic Forum in Davos, Switzerland in January 2011.

In April 2011 we participated in the UN Private Sector Focal Point meeting in Paris, in May we contributed to the UN Global Compact Annual Meeting in Copenhagen, in September at the annual meeting of the UN Principles for Responsible Investment, and in October at the annual conference of the UN Environment Programme Finance Initiative (UNEP FI). In September 2011 we also participated in the UN Private Sector meeting in New York.

At the UN High-Level Meeting in New York in September 2011 our CEO Lars Rebién Sørensen presented our approach to the issue of access to health, which will set focus on the rapidly growing challenge of diabetes and other non-communicable diseases in low and middle income countries. We have also been supportive of the new human rights guidelines, UN Guidelines on Business and Human Rights; and we commit to women's empowerment by supporting the Women's Empowerment Principles produced by the UN Development Fund for Women (UN Women) and the UN Global Compact.

We have been part of defining and developing four work streams under the UN Global Compact LEAD:

- Board adoption and oversight of corporate sustainability
- Co-creating new forms of UN-business partnerships
- Communicating corporate sustainability leadership
- Every Woman, Every Child.

Novo Nordisk works actively with the 'Global Compact Network Nordic Countries' to ensure the principles gain further ground in the Nordic countries and to share best practices for implementation among Nordic companies. Other examples of activities in support of the Global Compact principles include Novo Nordisk's support of the UN Resolution on Diabetes, and participation in the Global Business Initiative for Human Rights.

The Global Compact's 10 principles for responsible business are incorporated into policies in the company's governance framework, the Novo Nordisk Way, and serve as the strategic frame for comprehensive programmes such as Changing Diabetes®, business ethics and the responsible sourcing.

Part 1

UN Global Compact – Communication on Progress

Human rights – Principle 1–2

Principle	Reference to GRI G3 performance indicators
1. Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence.	HR1, HR2, HR3, HR4, HR5, HR6, HR7, HR8, HR9, EC5, LA4, LA6, LA7, LA8, LA9, LA13, LA14, SO5, PR1, PR2, PR8
2. Businesses should make sure they are not complicit in human rights abuses.	HR1, HR2, HR3, HR4, HR5, HR6, HR7, HR8, HR9, SO5

Materiality and scope

Novo Nordisk was one of the first companies in the world to publicly endorse and commit to adhere to the Universal Declaration on Human Rights. Today, the Novo Nordisk Way, the company’s values-based management system, emphasises that “we treat everyone with respect.

We are committed to supporting and respecting internationally recognised human rights throughout our operations and business relationships and have welcomed the Guiding Principles on Business and Human Rights endorsed by the UN Human Rights Council in June 2011.

We understand respect for human rights to be a minimum standard for conducting business with legitimacy and acknowledge that businesses as members of society can play an important role in the protection and promotion of human rights. Specifically Novo Nordisk can contribute through the development of innovative biological medicines and making the accessible globally and by working with respect for human right throughout our operations.

Commitments and memberships

Support for the United Nations Universal Declaration of Human Rights is an important part of Novo Nordisk’s commitment to social responsibility. This commitment requires Novo Nordisk to integrate human rights considerations into its business. See also our position on human rights on our corporate website.

By being member of a number of organisations and initiatives Novo Nordisk shows its commitment to respect human rights. These include:

- Global Business Initiative on Human Rights
- Business for Social Responsibility – beyond monitoring working group
- Danish Ethical Trading Initiative (DIEH)
- Danish Institute on Human Rights – working group on Human Rights Assessment Tool for Pharmaceutical Companies (HRAPC)
- UN Global Compact – Nordic Network
- The Association of New Danes

Other parties that we see as important stakeholders include:

- Amnesty International
- International Labour Organisation (ILO)
- The International Organization for Standardization (ISO) – the process of developing the international standard on social responsibility, ISO 26000

Relevant policies

The Novo Nordisk Way is the foundation of the values-based management system in Novo Nordisk. It explains who we are, where we are going, and what we care about. We treat everyone with respect’ implies that we seek to demonstrate respect in all aspects of our business from consistent global standards for conducting clinical trials to clear non-discrimination guidelines.

Providing a link from Novo Nordisk Way, a set of policies has been defined on how we operate our business. For our external stakeholders, each policy gives information about principles that guide our decisions. They cover 13 key areas that are of relevance to our business. Internally, for our employees, the policies provide high level guidance on basic principles on how we will conduct our business.

Each policy is owned by an internal board or a committee which operates with a mandate from Executive Management. The policies are applied throughout the organisation in operational procedures. The policies relevant for human rights are:

Novo Nordisk’s purchasing policy

Novo Nordisk will purchase at best terms, balancing price with delivery, quality and risk as well as social, environmental and ethical responsibility.

Novo Nordisk’s people policy

Novo Nordisk will provide attractive, engaging and effective workplaces for our people throughout the world. This also means eg creating a diverse and inclusive workplace providing equal opportunities for all, offering a workplace that supports a healthy lifestyle, and complying with legislation, relevant requirements and the UN Global Compact.

Novo Nordisk’s global health policy

Novo Nordisk will discover, develop and provide high-quality products and services within our areas of expertise to help patients throughout the world live better lives. Among other elements, a part of this is to consider ‘the Global Health Agenda’ set out by the World Health Organization as an inspirational framework for our efforts, and advocate equal rights and accessibility to healthcare for all.

Novo Nordisk's bioethics policy

Novo Nordisk will discover, develop and produce biological medicines with respect for people, animals and the environment by promoting bioethical awareness in Novo Nordisk, operating by high ethical global standards in research involving people, animals, human materials and gene technology; and requiring adherence to high ethical standards by our external partners, contract research organisations and suppliers.

For full text of our policies see our corporate [website](#).

Responsibilities

Human rights issues are overseen by the following bodies within Novo Nordisk:

- General human rights questions: in view of the cross-cutting nature of human rights, responsibility for human rights in general is anchored in the Sustainability Committee. This committee has the overall responsibility for the sustainability agenda in Novo Nordisk and oversees the implementation of the UN Global Compact principles and related commitments.
- Human rights issues related to our research and development are handled by the R&D Bioethics Council, which covers all bioethical issues related to human, animal, and environmental ethics. The Council makes recommendations for Sustainability Committee's approval on bioethical issues, strategies, targets and action plans related to research and development.
- Employees' human rights: responsibility for oversight of these issues is anchored in the Global People Board. See Labour Principle 3–6 for more information on the Global People Board.
- Human rights in the supply chain are overseen by the Procurement Committee.
- Human rights in relation to global health issues are the responsibility of the Health Policy Committee, which is mandated by Executive Management to deal with global health policy issues and to coordinate the company's efforts.

For more information about our boards and committees see our 2011 reporting [website](#).

Key challenges in 2011

As Novo Nordisk continues to globalise and grow in number of employees and supplier base, the challenge of systematically monitoring and managing human rights risks and impacts increases. Novo Nordisk has robust programmes in place on responsible sourcing, clinical trials ethics, health and safety, diversity and inclusion, and access to health, however we have found it timely to review human rights governance and practices throughout the company to ensure that we stay on top of the agenda and comply with the UN Guiding Principles on Business and Human Rights.

Key activities in 2011

Human rights assessment

In 2011, an external consultant conducted a gap assessment of Novo Nordisk against the Guiding Principles on Business and Human Rights, and to see how our practices measure up. Overall the analysis showed that Novo Nordisk has a good human rights culture and foundation to build on, however, governance, human rights risk management and grievance mechanisms need to be strengthened further.

Responsible sourcing

Novo Nordisk has a risk based approach to managing environmental, ethical and social risks in the supply chain. After implementation of full risk assessment of all product-related suppliers and with a risk assessment of our non-product-related suppliers well on the way, during 2011 Novo Nordisk's responsible sourcing programme was reviewed internally. Based on this review it was decided to focus more on the capacity building element of our responsible sourcing strategy going forward.

See also responsible sourcing at the 2011 reporting [website](#).

Access to health approach

Our approach to improving access to health builds on the experience gained during the past 10 years of work through several initiatives. Successfully addressing the fast-growing problem of diabetes depends on the participation of a wide range of stakeholders. For many years Novo Nordisk has based its business conduct on a multi-stakeholder approach. On the occasion of the United Nations High-Level Meeting on Non-Communicable Diseases in September 2011, Novo Nordisk published an update of our approach to access to health. This update sets the direction for the coming few years and explains how we want to take part in this global effort to address the challenges of the diabetes pandemic and improve access to health.

To see the key points of our approach to access to health see access to health at our 2011 reporting [website](#).

To see our performance in 2011 see the performance highlights table in the Annual Report 2011 at our 2011 reporting [website](#).

Labour – Principle 3–6

Principle	Reference to GRI G3 performance indicators
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	LA4, LA5, HR1, HR2, HR3, HR5, SO5
4. Businesses should uphold the elimination of all forms of forced and compulsory labour.	HR1, HR2, HR3, HR7, SO5
5. Businesses should uphold the effective abolition of child labour.	HR1, HR2, HR3, HR6, SO5
6. Businesses should eliminate discrimination in respect of employment and occupation.	LA2, LA13, LA14, HR1, HR2, HR3, HR4, EC7, SO5

Materiality and scope

Novo Nordisk strives to ensure that the freedom of association and the right to collective bargaining are upheld, that the company does not engage in forced and compulsory labour or child labour, and that the company works to ensure diversity and non-discrimination in respect of employment and occupation. For Novo Nordisk this means having suppliers respect our responsible standards; and as the company grows globally this means that we will ensure a diverse work force working in a healthy and safe working environment.

Commitments and memberships

Novo Nordisk supports the United Nations Universal Declaration of Human Rights, the principles of United Nations Global Compact, and the Women's Empowerment Principles. We are also engaged in Danish Ministry for Equality's Operation Chain Reaction. The initiative aims at developing and recruiting more female managers to the supervisory boards of Danish limited companies.

By being member of a number of organisations and initiatives Novo Nordisk shows its commitment to respecting labour rights. See Principle 1–2 Human Rights for list.

Relevant policies

The Novo Nordisk policies relevant for labour issues are:

Novo Nordisk's occupational health and safety policy

In Novo Nordisk we will provide a healthy and safe working environment by operating in accordance with high occupational health and safety standards throughout the world, by ensuring that the working environment is not compromised for economic or productivity reasons, and by motivating and educating people working at Novo Nordisk to be accountable for their actions in all matters regarding occupational health and safety.

Novo Nordisk's purchasing policy

In Novo Nordisk we will purchase at best terms, balancing price with delivery, quality and risk as well as social, environmental and ethical responsibility.

Novo Nordisk's people policy

In Novo Nordisk we will provide attractive, engaging and effective workplaces for our people throughout the world by creating a diverse and inclusive workplace providing equal opportunities for all, and by offering a workplace that supports a healthy lifestyle.

For full text of our policies see our corporate [website](#).

Responsibilities

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

Occupational health and safety issues are also subject to oversight by the Sustainability Committee.

In relation to labour issues in our supply chain, the responsible sourcing programme is overseen by the Procurement Committee.

For more information about our board and committees see our 2011 reporting website.

Key challenges in 2011

Novo Nordisk has solid management systems on human resources and occupational health and safety covering headquarters, our production sites, and research and development sites globally. With the global growth of the company combined with a need to comply and deal with

changing local legislation and relevant requirements globally, we are now working hard to set up appropriate management systems in our affiliates.

Our responsible sourcing programme aims at both mitigating risks and improving ethical, social and environmental performance throughout our supply chain by engaging with business partners. Some of the challenges that we faced in 2011 were:

- finding viable ways of engaging deeper with business partners on certain labour issues such as working time in emerging countries
- training our procurement staff to a level where they have a deep understanding of their role in ensuring responsible sourcing practises throughout the supply chain and how to engage suppliers to improve conditions

Due to the company's growth globally and the increased focus on legal compliance the need to comply and deal with changing legislation and relevant requirements globally, we have seen a need to strengthen management, processes and monitoring.

Key achievements in 2011

Setting up a global human resources compliance office

One of the key elements in the Novo Nordisk People Policy is that we comply with legislation, relevant requirements and the UN Global Compact. Hence, in 2011, the Global Human Resources Compliance Office was established with the purpose of being a global one point of entry for human resources legal compliance related matters. The Global HR Compliance Office is established due to the increased requirements within legal and business ethics compliance which have implications for a range of HR processes in Novo Nordisk. The function will have an active role in ensuring that Novo Nordisk complies with legislation, relevant requirements and the UN Global Compact which all are key elements in the Novo Nordisk People Policy.

See also the Our employees section at the 2011 reporting [website](#) for more information on wages, benefits and trade unions.

One global management system

Instead of having a system structured around different local laws, we have in 2011 continued our work on establishing global governance on health and safety by developing global standards and processes and improving data collection to monitor global health and safety performance.

Actively promote equal opportunities and diversity

Promoting equal opportunities and diversity is a vital part of fulfilling our commitment to social responsibility and human rights. People with diverse backgrounds and perspectives are essential for creating and maintaining the innovative capacity that is fundamental to the continued success of our company. In 2011, we updated our Equal Opportunities Policy and broadened its coverage from being a policy only relevant for the Danish parts of the company, to being a global Novo Nordisk policy. We also updated our grievance procedure to include the compliance hotline.

See also our diversity section at 2011 reporting [website](#).

Labour issues in our supply chain

With an increasingly globalised supply chain, Novo Nordisk's share of goods procured from countries with potential governance gaps is growing. This emphasises the need to understand the risks related to the social and ethical performance of our suppliers. Some of the activities carried out in 2011 related to labour issues include:

- An e-learning programme was developed for our procurement staff, which will support the responsible sourcing managers' training.
- A working group was set up to identify root causes and how we can work with suppliers in relation to excessive working hours in high risk countries.

See also our responsible sourcing section at the 2011 reporting website or our responsible sourcing standards at our corporate website.

Human rights assessment

See principle 1–2 on human rights for more information.

See our Annual Report for 2011 at our 2011 reporting [website](#) for performance related to our employees.

Environment – Principle 7–9

Principle	Reference to GRI G3 performance indicators
7. Businesses should support a precautionary approach to environmental challenges.	EC2, EN18, EN26, EN30, SO5
8. Businesses should undertake initiatives to promote greater environmental responsibility.	EN1, EN2, EN3, EN4, EN5, EN6, EN7, EN8, EN9, EN10, EN11, EN12, EN13, EN14, EN15, EN16, EN17, EN18, EN19, EN20, EN21, EN22, EN23, EN24, EN25, EN26, EN27, EN28, EN29, EN30, SO05, PR3, PR4
9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	EN2, EN5, EN6, EN7, EN10, EN18, EN26, EN27, EN30, SO5

Materiality and scope

Novo Nordisk has a long tradition of effective management of environmental challenges such as chemical pollution, genetically modified organisms and climate change. Although environmental sustainability is an increasingly relevant topic, the pharmaceutical industry is less exposed than other industries due to a limited industry footprint and limited prioritisation by stakeholders. Nevertheless, pharmaceutical players have become increasingly environmentally responsible. Novo Nordisk is committed to the Novo Nordisk Way and the Triple Bottom Line. Staying at the forefront of the industry to deliver on that commitment will remain challenging because good practice is a moving target and our environmental footprint will grow significantly in the future due to the growth of our business.

Commitments and memberships

Novo Nordisk subscribes to the International Chamber of Commerce's Business Charter for Sustainable Development, and supports the UN Global Compact.

Organisations that we support or are member of include:

- WWF's Climate Savers Programme

- United Nations: Caring for Climate Working Group on Climate Change and Development
- United Nations: Environmental Stewardship Group
- Danish Ethical Trading Initiative (DIEH)
- Prince of Wales Corporate Leaders Group on Climate Change

Other important stakeholders include:

- Intergovernmental Panel on Climate Change (IPCC)
- World Resource Institute (WRI)
- World Wildlife Fund (WWF)
- United Nations Environment Programme (UNEP)
- Carbon Disclosure Project
- Water Disclosure Project
- Danish Society for Nature Conversation
- Business for Social Responsibility

Relevant policies

The Novo Nordisk policies relevant for environmental management are:

Novo Nordisk's environmental policy

In Novo Nordisk we will reduce our use of resources and the environmental impact from our activities by integrating environmental assessments in all decision-making across the value chain, promoting more sustainable processes and products, and by engaging in stakeholder dialogue and partnerships.

Novo Nordisk's bioethics policy

In Novo Nordisk we will discover, develop and produce biological medicines with respect for people, animals and the environment by operating by high ethical global standards in research involving people, animals, human materials and gene technology.

For full text of our policies see our corporate [website](#).

Responsibilities

Environmental issues are overseen by the following bodies in Novo Nordisk:

- The Sustainability Committee, which has the overall responsibility for the sustainability agenda, is the company's highest authority with regard to environmental and bioethical issues.
- The R&D Bioethics Council oversees environmental ethics in research and development and makes recommendations for the Sustainability Committee's approval. More specifically in relation to principle 7, the council ensures that we apply the Precautionary Principle in the use of gene technology by conducting risk assessments prior to use.

Key challenges 2011

As our business grows, we will continue to increase our production. At the same time our ambition is to treat more patients without increasing our environmental impacts. We want to achieve bold targets to mitigate climate change and increasingly decouple environmental impact. This will be part of our environmental strategy by 2020. These targets have not yet been set, but will be developed during the next two years based on projections of the growth of our business and developments in our pipeline. Other challenges observed in 2011 included the rising expectations on how we deal with emissions from business travel and company cars and how to limit emissions from our production site in China through the use of renewable energy sources.

Key achievements in 2011

Environmental strategy 2020

In 2011 Novo Nordisk worked to develop an environmental strategy for 2012 to 2020 with ambitious, company-wide reduction targets. The strategy's aspiration is to remain at the forefront of the pharmaceutical industry with regards to environmental responsibility, pursuing good practices and excelling in strategic areas. We want to achieve bold climate change targets and increasingly decouple environmental impact from growth.

Climate action

In 2010, Novo Nordisk approved of a new Climate strategy 2020. The main focus of this strategy is to continue our focus on reducing emissions from production (scope 1 and 2). We intend to work with our partners to reduce emissions towards 2014 and 2020. We want reductions to take place at a rate that lies in the upper end of the UN Intergovernmental Panel on Climate Change recommendations for 2020. We are also extending the scope of our climate strategy to encompass emissions from all business activities. We focus on reducing and reporting emissions from company cars, product distribution and business travel. Some of the key activities in 2011 were:

- An amendment to the World Wildlife Fund (WWF) Climate Savers agreement was signed. In this Novo Nordisk commits to explore the possibility and feasibility of setting a new Climate Savers target when the current agreement expires in 2014.
- Company car guidelines went into effect. Among other things the guideline will ensure that all affiliates report their CO₂ emissions and that affiliates with more than five leased cars calculate their CO₂ baseline and set local emissions reduction targets.

See our environmental section at the 2011 reporting [website](#).

Anti-corruption – Principle 10

Principle	Reference to GRI G3 performance indicators
10. Businesses should work against all forms of corruption, including extortion and bribery.	SO2, SO3, SO4, SO5, SO6

Materiality and scope

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

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

Institutionalising ethical conduct requires more than codes and standards, it requires fostering a strong, values-based corporate culture. The Novo Nordisk Way outlines expectations for

employee behaviour by stating that 'we never compromise on quality and business ethics' (Essential 10), which is also supported by our business ethics policy as well as detailed procedures for how to operate.

Novo Nordisk's approach to business ethics consists of three elements:

- Setting direction
- Training the organisation
- Monitoring and following up through audits

For more information on our business ethics approach see our Annual Report [website](#).

Commitments and memberships

Novo Nordisk supports the 10th Global Compact principle on anti-corruption, and as stated in the Novo Nordisk Way, 'we never compromise on quality and business ethics', we are committed to maintain high business ethics standards.

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

- Transparency International
- 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

Relevant policies

Novo Nordisk's business ethics policy

In Novo Nordisk, we will act with integrity in our efforts to deliver competitive results by applying consistently high business ethics standards across the value chain, and be transparent about our business decisions and practices.

For full text of our policies see our corporate [website](#).

Responsibilities

Our business ethics strategy is overseen by our Executive Management and implemented under the direction of the company's Business Ethics Board. The mandate of the Business Ethics Board is to drive Business Ethics compliance within Novo Nordisk, to recommend direction for the development of Business Ethics in Novo Nordisk, based on legislation and trends, and to oversee implementation of the Business Ethics strategy. The Business Ethics Board has a global representation from all the regions in which the company is operating, and Executive Management is represented by two members. Additionally, the Board ensures on-going development of compliance programmes on a global and regional level and reports to Novo Nordisk's Audit Committee quarterly.

Furthermore, Novo Nordisk has established a Business Ethics Compliance Office to develop and monitor the implementation of the company's business ethics policy and procedures. Another important task is to manage training covering anti-corruption, conflicts of interest, promotion of pharmaceutical products, and interaction with healthcare professionals, and third parties such as suppliers and intermediaries.

Business ethics cases reported through our whistle-blower function, the compliance hotline, are handled by the Audit Committee, which is part of the Board of Directors. Through the committee, an independent and objective investigation is carried out for all cases, including those reported and identified internally. This approach is designed to provide employees security, full anonymity and confidence in reporting concerns.

Key challenges in 2011

Doing business globally entails many challenges, particularly when working in diverse cultures where appropriate business conduct can vary widely. Making the right choices becomes more complex – and more important – with the pressures of a competitive business environment. As Novo Nordisk is growing rapidly by number of employees it is important that new employees are guided by a strong set of values that clearly state what is expected behaviour by a Novo Nordisk employee. Emphasising the business ethics element in our Novo Nordisk values launched in February 2011, has been one of the ways to deal with this challenge.

Key achievements in 2011

Update of business ethics procedures

In 2011, as in 2008 and 2010, Novo Nordisk's business ethics policy was updated clarifying requirements for documentation and completely banning so-called facilitation payments (very small payments to facilitate processes). It also includes a provision to ensure that the company's public affairs work is completely transparent, consistent with our values and in compliance with legal requirements.

See also our business ethics section at our 2011 reporting [website](#).

Updating the compliance hotline

The compliance hotline is traditionally the single point of entry for all concerns about possible misconduct related to financial fraud and business ethics. In 2011, it was expanded, and is now open for reporting of financial fraud cases, business ethics cases, quality misconduct and Novo Nordisk Way misconduct cases.

Quarterly reporting on business ethics risks

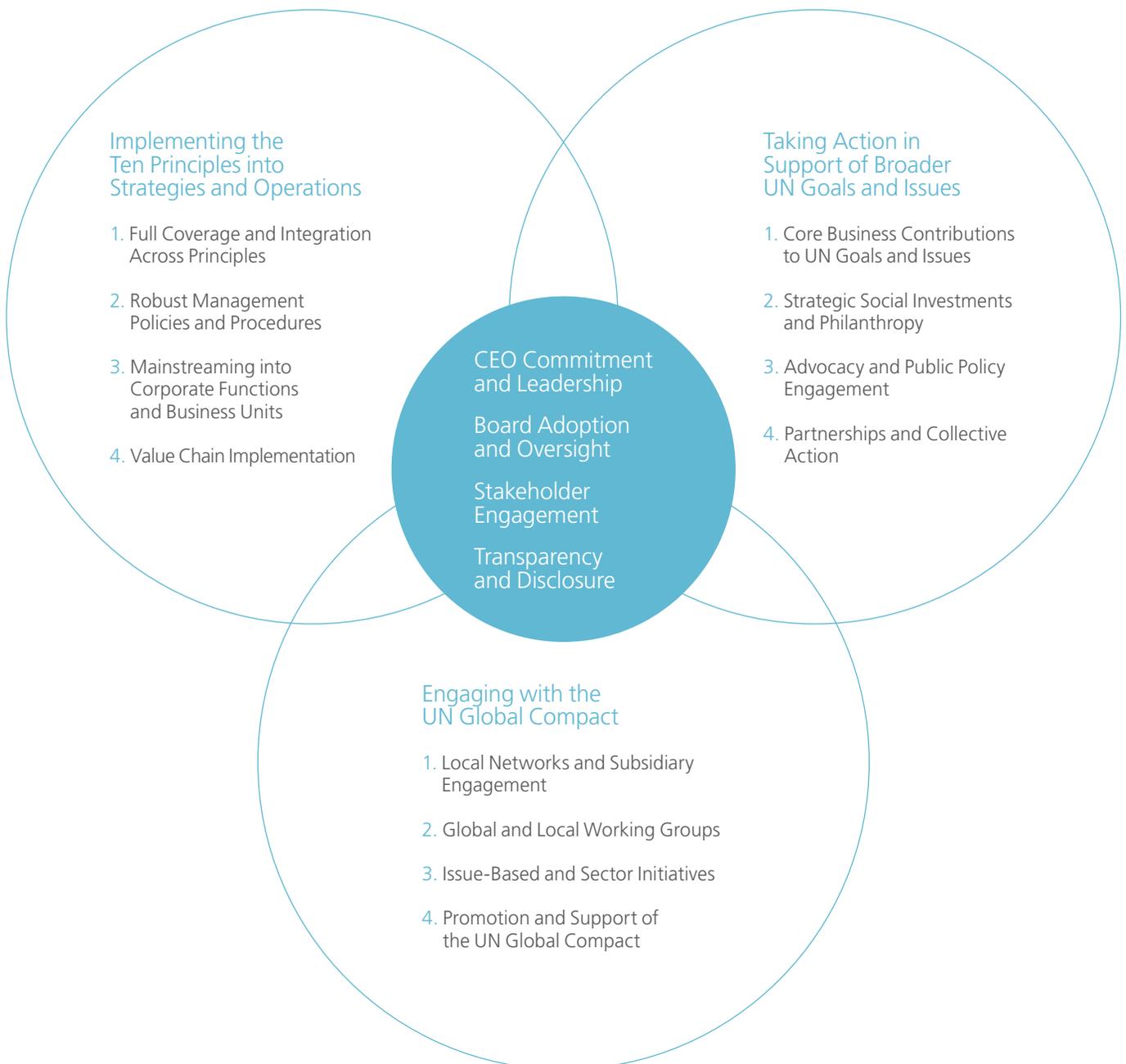
Integrating business ethics risks in the quarterly corporate risk reporting and management system was begun in 2011. For this purpose a detailed reporting workbook was developed and introduced in 2011, including training of the majority of the relevant business ethics risk reporters.

See our performance in 2011 in relation to training, business ethics cases and reviews at our 2011 reporting [website](#).

Part 2

Blueprint for corporate sustainability leadership in a Novo Nordisk context

As a UN Global Compact LEAD member we demonstrate our sustainability governance and management processes through the following 'Blueprint for Corporate Sustainability Leadership'. Being the first year of reporting leadership in the Communication on Progress, no established standards exist on how to use the Blueprint. In Novo Nordisk we have chosen to take the Blueprint very literally and respond directly to the 49 action points in a table format.



Source: http://www.unglobalcompact.org/docs/news_events/8.1/Blueprint.pdf

For Novo Nordisk using the Blueprint in this manner is a way of being transparent about how we operationalize the Triple Bottom Line in our business, and how this is aligned with the UN Global Compact concept.

Implementing the Ten Principles into Strategies and Operations

Full Coverage and Integration Across Principle

Indicator/subject	Novo Nordisk
1. Implement all the ten UN Global Compact principles into strategies and operations	<p>All ten principles are incorporated in Novo Nordisk’s relevant policies. These issues are operationalised through our committee and board structure. In practice we work with the ten principles through activities embedded into the business:</p> <ul style="list-style-type: none"> • Principles 1–2 Human rights (purchasing policy, people policy, global health policy, bioethics policy) • Principle 3–6 Labour (occupational health and safety policy, purchasing policy, people policy) • Principle 7–9 Environment (environmental policy, bioethics policy): • Principle 10 Anti-corruption (business ethics policy) <p>Reference: Part 1: UN Global Compact Communication on Progress</p>
2. Design corporate sustainability strategy to leverage synergies between and among issue areas and to deal adequately with trade-offs	<p>Applying the Triple Bottom Line principle in decision-making serves two purposes. It builds trust and protects our licence to operate and it helps drive innovation and long-term growth, generating value in the process. We monitor trends that could impact our business success and proactively respond to stakeholder expectations and emerging issues in areas such as the right to health, business ethics and bioethics. We also take responsibility for addressing global challenges that are critical to our ability to manage a sustainable business for the long term.</p> <p>Reference: Access to health, Changing Diabetes® activities, business ethics, bioethics</p>
3. Ensure that different corporate functions coordinate closely to maximize performance and avoid unintended negative impact	<p>In Novo Nordisk, several boards and committees have been established to ensure that vital cross-organisational issues and tasks are attended to and co-ordinated in a timely manner. The boards and committees are established with representation from senior executive management areas and headed by a member of executive management or an appointed senior vice president. This means that all boards and committees operate with a mandate from Executive Management.</p> <p>The boards and committees include Disclosure Committee, Global People Board, External Affairs Board, R&D Bioethics Board, Procurement Committee, Risk Management Board, Business Ethics Board and the Sustainability Committee, which has the overall responsibility for the sustainability agenda in Novo Nordisk and oversees the implementation of the UN Global Compact principles and related commitments.</p> <p>Furthermore, Novo Nordisk sets short- and medium-term priorities and targets that are cross-organisational. These are managed through the balanced scorecard, which is a company-wide tool to measure and monitor progress.</p> <p>Reference: UN Global Compact Communication on Progress</p>

Robust Management Policies and Procedures

Indicator/subject	Novo Nordisk
4. Assess risks and opportunities on an on-going basis at both enterprise and product level and undertake due diligence to ensure that the company identifies any negative impacts caused by its operations and activities.	<p>Novo Nordisk has developed a dynamic approach to risk management to ensure that key risks are effectively identified, assessed and managed so they will not affect the company's ability to achieve our business objectives. Four times a year the Risk Management Board meets to set the strategic direction for risk management, and analyse the risk and control information generated by the individual business areas. This process helps to reduce blind spots and considers potential cross-functional impacts. Both financial and non-financial risks are assessed and quantified in terms of potential financial impact and reputational damage.</p> <p>Reference: Managing risks</p>
5. Develop strategies and policies specific to the company's operating context – as well as scenarios for the future – and establish measurable short, medium, and long term goals.	<p>See item 3 above.</p> <p>The new 2020 environmental strategy serves as an example of strategies and policies specific to the company's operating context – with related targets and goals in a short, medium and long-term perspective.</p> <p>Another example is our access to health approach where we, as a world-leading diabetes-care company, firmly express our commitment to our vision of changing diabetes. At the UN High-Level Meeting on non-communicable diseases in September 2011, we re-emphasised our commitment by publishing a revised access to health approach based on a revision of the challenges and barriers we face in improving access to diabetes care; and by describing how the company can make the most difference through the core business activities, skills and resources. The approach contains a framework for action until 2015. Among other elements our access to health approach includes pricing policy for least developed countries, training of healthcare professionals to strengthen health systems, and explore business models for people living with diabetes at the base of the pyramid.</p> <p>Reference: Environmental approach, Access to health</p>
6. Engage and educate employees through training activities, the development and adjustment of business processes, and sound incentive schemes.	<p>The Novo Nordisk Way forms a values-based governance framework for the company. It describes how people working for Novo Nordisk put values into action, and it defines the principles for how the company does business. It sets direction for all Novo Nordisk employees, and exists to assure and safeguard the strong company culture of responsible and sustainable business practices and engaged employees and stakeholders. The Novo Nordisk Way states that we manage the company by the business philosophy of the Triple Bottom Line. All departments are held accountable for applying the Triple Bottom Line mind-set through internal value audits which evaluate each business unit's operations vis-a-vis the Novo Nordisk Way values. Value audits are conducted by a team of senior people with a deep understanding of our business and business environment. This process helps us develop people and adjust business processes.</p> <p>In keeping with our aim to attract, retain and motivate talented employees in the competitive global pharmaceutical market, compensation at Novo Nordisk is designed to be competitive, reward short-term as well as long-term performance. This is the case both for employees and management (see also item 7 below regarding performance system for employees.)</p> <p>Reference: Remuneration report, Novo Nordisk Way</p>
7. Implement a system to track and measure performance based on standardized performance metrics.	<p>We use different systems to track performance within occupational health and safety, environmental management, people management, business ethics, suppliers, etc. The overall performance on sustainability is tracked through the annual corporate balanced scorecard which includes sustainability targets. The corporate balanced scorecard is cascaded into business units, departments and teams and finally tied to each employee's performance management process called 3P (people, performance, process). The 3P system supports goal setting, mid-year review, and year-end appraisals where information is documented to support on-going performance and development conversations throughout the year. 3P ensures alignment of individual goals with the organisation's goals and priorities to drive results and meet customer needs. 3P is also linked to the remuneration incentives.</p> <p>Furthermore, we report on financial and non-financial performance metrics through our annual report.</p> <p>Reference: Financial, social and environmental statements</p>

Mainstreaming into Corporate Functions and Business Unit

Indicator/subject	Novo Nordisk
8. Place responsibility for execution of sustainability strategy in relevant corporate functions (procurement, government affairs, human resources, legal, etc.) and ensure that no function is operating in conflict with sustainability commitments and objectives of company	<p>The responsibility for execution of our sustainability efforts lie in the relevant functions. In relation to new emerging sustainability issues, we have traditionally managed these through our corporate functions until they reach a maturity level that makes it possible to hand them over to line of business. The programmes for climate action, business ethics, and responsible sourcing are examples of how sustainability issues were handled and operationalised in a corporate function before being handed over to line of business.</p> <p>The Sustainability Committee has the overall responsibility for our sustainability efforts ensuring that conflicts between sustainability commitments and business objectives exist.</p> <p>Reference: Novo Nordisk Way</p>
9. Align strategies, goals and incentive structures of all business units and subsidiaries with corporate sustainability strategy.	See item 8 above. Corporate targets and priorities are company-wide, and our Triple Bottom Line priorities are integrated into the company's Balance Score Card.
10. Assign responsibility for corporate sustainability implementation to an individual or group within each business unit and subsidiary.	See item 3 above on governance, item 6 on department responsibilities, and item 7 on how it is implemented in the organisation.

Value Chain Implementation

Indicator/subject	Novo Nordisk
11. Analyse each segment of the value chain carefully, both upstream and downstream, when mapping risks, opportunities and impacts.	See items 4, 8 and 9 above. As stated in the Novo Nordisk Way, our key contribution is to discover and develop innovative biological medicines and to make them accessible to patients throughout the world. By systematically tuning in to the economic, social and environmental implications of business decisions, and by continuously listening to and engaging with key stakeholders, we can respond earlier and better to the risk and opportunities facing the company such as bioethics, business ethics and access to health in developing countries.
12. Communicate policies and expectations to suppliers and other relevant business partners	<p>Novo Nordisk's social and environmental responsibility extends throughout the value chain including the company's suppliers. Novo Nordisk has implemented global standards for responsible sourcing setting the bar for suppliers' performance in terms of compliance with laws and regulations, environment, health and safety, labour practices, business ethics, including safety and rights of clinical trial patients and healthy volunteers, animal welfare and sub-suppliers.</p> <p>Reference: Responsible sourcing</p>
13. Implement monitoring and assurance mechanisms within company's sphere of influence.	<p>See item 12 above. In addition, Novo Nordisk risk screens its supply chain, and conducts supplier audits among high risk suppliers.</p> <p>Reference: Responsible sourcing</p>
14. Undertake awareness-raising, training and other types of capability building with suppliers and other business partners.	<p>See item 12 above. A part of Novo Nordisk's responsible sourcing approach is to engage with business partners to build capabilities. This happens to some extent today with key suppliers that have challenges with eg working time. However, this takes place on an ad hoc basis, and has not yet been systematised.</p> <p>Reference: Responsible Sourcing</p>

Taking Action in Support of Broader UN Goals and Issues

Core Business Contributions to UN Goals and Issues

Indicator/subject	Novo Nordisk
15. Align core business strategy with one or more relevant UN goals / issues*.	The UN Millennium Development Goals (MDGs), defined by world leaders in 2000, call for global partnerships between governments, civil society and businesses. As a leading provider of diabetes treatments, we take part in this global effort to address the challenges of the diabetes pandemic and improve access to health. Novo Nordisk has for many years based its business conduct on a multi-stakeholder approach by engaging in dialogue with key parties such as NGOs, governmental regulators, healthcare professionals and patients. We have a number of activities and initiatives supporting the MDGs: MDG 3 Promote gender equality and empower women: Diversity MDG 4 Reduce child mortality: Changing Diabetes® in Children MDG 5 Improve maternal health: Early origins of health , Changing Diabetes® in Pregnancy MDG 6 Combat HIV/AIDS, malaria and other diseases: Access to health MDG 7 Ensure environmental sustainability: Environmental approach MDG 8 Global partnership for development: UN Global Compact: Caring for Climate; WWF Climate Savers
16. Develop relevant products and services or design business models that contribute to UN goals / issues.	The Changing Diabetes® in Children and Changing Diabetes® in Pregnancy are examples of how Novo Nordisk developing services that contribute to UN goals. Other examples are the offering of human insulin to least developed countries at differential pricing, and the current project of exploring the business model for people living with diabetes at the base of the pyramid. Novo Nordisk's partnerships with its energy supplier in Denmark, DONG Energy, which supported Novo Nordisk's ability to achieve its long-term target for reduction of CO ₂ emissions also expanded renewable energy capacity and became a model for new business partnerships solutions.
17. Adopt and modify operating procedures to maximize contribution to UN goals / issues.	See item 15 and 16 above.

Strategic Social Investments and Philanthropy

Indicator/subject	Novo Nordisk
18. Pursue social investments and philanthropic contributions that tie in with the core competences or operating context of the company as an integrated part of its sustainability strategy	<p>Since diabetes care is our primary business, our focus in terms of philanthropic contributions is on support for the World Diabetes Foundation (WDF), which acts as a catalyst, moving diabetes higher on the global agenda and focusing on 'neglected areas' of diabetes care that are important both from a health and socio-economic standpoint and are of particular relevance to the poor (prevention of needless foot amputations, blindness as a consequence of diabetes and the recent scientific link between diabetes and tuberculosis).</p> <p>People with haemophilia and related bleeding disorders are the focus of the Novo Nordisk Haemophilia Foundation (NNHF). Its purpose is to address the significant need for improving care in the developing world and raise awareness around haemophilia and bleeding disorders.</p> <p>Reference: Donations</p>
19. Coordinate efforts with other organisations and initiatives to amplify – and not negate or unnecessarily duplicate – the efforts of other contributors.	<p>See item 15 above on Novo Nordisk's multi-stakeholder approach. Furthermore, we are engaged in a range of business organisations, think tanks, advocacy organisation and sustainability networks. We also support and collaborate with patients' organisations within our therapy areas. In relation to supporting organisations and initiatives such as World Diabetes Foundation, Novo Nordisk Haemophilia Foundation, Changing Diabetes® in Children and Changing Diabetes® in Pregnancy it is important for Novo Nordisk that efforts happen within existing healthcare system and in agreement with ministries of health – among other things also to limit duplication of efforts.</p> <p>Reference: Partnerships, Memberships, Patient group donations, Donations</p>
20. Take responsibility for the intentional and unintentional effects of funding and have due regard for local customs, traditions, religions, and priorities of pertinent individuals and groups.	<p>Novo Nordisk's subsidiaries make decisions on local charitable donations, which are not centrally tracked by the company. A corporate sponsorship guideline has been developed and is available for voluntary use.</p> <p>We assist patient groups in advocating in support of patients and caregivers. We conduct this type of collaboration in an open and transparent manner in order to ensure the independence and integrity of patient groups and our own high ethical standards. We disclose how we work with patient groups in Europe.</p> <p>Reference: Patient group donations</p>

Advocacy and Public Policy Engagement

Indicator/subject	Novo Nordisk
21. Publicly advocate the importance of action in relation to one or more UN goals / issues.	In 2011, we committed to UN's Guiding Principles for Business and Human Rights and at the UN High-Level Meeting on non-communicable diseases in New York in September 2011 our CEO Lars Rebien Sørensen launched our updated access to health approach. It focuses on the rapidly growing challenge of diabetes and other non-communicable diseases in low and middle income countries. Furthermore, the company is participating in the upcoming Rio +20 summit. See also items 15 above and 23 below.
22. Commit company leaders to participate in key summits, conferences, and other important public policy interactions in relation to one or more UN goals / issues.	See item 21 above.

Partnerships and Collective Action

Indicator/subject	Novo Nordisk
23. Develop and implement partnership projects with public or private organizations (UN entities, government, NGOs, or other groups) on core business, social investments and/or advocacy.	In 2011 we have been working on building a multi-sector partnership for change, focusing on the early origins of health, with C3 Collaborating for Health (link) as a coordinating partner. Together, we will design a blueprint for change that will enable women to have a healthy pregnancy and children to have a healthy start in life. This includes access to appropriate nutrition, including micronutrients, as well as screening for and management of conditions such as gestational diabetes (GDM). In joining this effort, the partners acknowledge the need for positively influencing women's standing in society, including the cultural, family-related, political and societal contexts set for maternal and child health. We also joined UN's Every Woman Every Child initiative in 2011. Furthermore, we are active in various partnerships and organisations such as UN Global Compact: Caring for Climate, Environmental Stewardship Group, WWF Climate Savers, Global Business Initiative on Human Rights, and WEF Workplace Wellness Alliance.
24. Join industry peers, UN entities and/or other stakeholders in initiatives that contribute to solving common challenges and dilemmas at the global and/ or local levels with an emphasis on initiatives that extend the company's positive impact on its value chain.	See item 23 above. Furthermore, we are involved with peers in various initiatives such as BSR Healthcare Working Group, Pharmaceutical Supply Chain Initiative, Danish Initiative on Ethical Trading, Sustainability, Boston College Center for Corporate Citizenship, CSR Europe, and International Integrated Reporting Committee (IIRC).

Engaging with the UN Global Compact

Local Networks and Subsidiary Engagement

Indicator/subject	Novo Nordisk
25. Contribute to the building and operating of at least one UN Global Compact Local Network and help elevate performance of other companies through training, mentoring, COP peer review, etc.	We regularly attend meetings in the UN Global Compact Nordic Network, sharing best practices for implementation among Nordic companies. Novo Nordisk does not yet have representation in UN Global Compact Local Networks in the markets in which we operate. The reason for the limited involvement by the subsidiaries is simply that specific initiatives related to our therapy areas are prioritised over more general sustainability initiatives. Our TBL experts are sought-after speakers at sustainability/CSR conferences in Denmark and abroad and we regularly share our history and lessons learned with other companies at such events.
26. Encourage subsidiaries to engage with UN Global Compact Local Networks and to participate actively in events and activities.	Our commitment to UN Global Compact is company-wide. One of our subsidiaries, NNE Pharmaplan, has also signed up to UN Global Compact and submits its own Communication on Progress.
27. Publish sustainability information related to each individual subsidiary separately or reference it explicitly in the Communication on Progress of Corporate Headquarters.	In general, our subsidiaries do not publish sustainability information. However, some of our subsidiaries such as Italy and Russia publish a report which contains some sustainability information. Our Annual Report and UN Global Compact Communication on Progress represent consolidated information of the company's performance.

Global and Local Working Groups

Indicator/subject	Novo Nordisk
28. Participate in relevant global or local working groups and share experiences, networks, tools and good practices with other UN Global Compact participants.	See item 25 and 23 above.
29. Take active part in defining scope and objectives of new working groups when relevant.	<p>Novo Nordisk was one of the founding companies to join UN Global Compact LEAD.</p> <p>Novo Nordisk has published integrated annual reports since our 2004 reporting cycle and we have long advocated for widespread adoption of integrated reporting. We have therefore joined the efforts of the International Integrated Reporting Committee to develop an international integrated reporting framework which ultimately could lead to an international standard for reporters and report users. We believe that agreement on how to move from reporting silos to integrated reporting is very important and we have been pleased to be part of discussions related to this process.</p>

Issue-Based and Sector Initiatives

Indicator/subject	Novo Nordisk
30. Join and help advance one or more existing UN Global Compact initiatives, eg Caring for Climate, CEO Water Mandate, Women's Empowerment Principles, and Global Business Initiative on Human Rights.	<p>Novo Nordisk is committed to UN Global Compact: Caring for Climate, Women's Empowerment Principles; and Global Business Initiative on Human Rights.</p> <p>Reference: UN Global Compact (CoP) - Part 1</p>
31. Spearhead need-driven development of new issue-based or sector initiatives within the UN Global Compact and the wider United Nations.	<p>In 2011 we joined UN's Every Woman Every Child initiative. Novo Nordisk commits to Every Woman Every Child through the Early Origins of Health Initiative, which is committed to advancing the prevention of non-communicable diseases (NCDs) with a focus on improving maternal, new-born and child health. The overarching aim is to give a healthy start to life by supporting pregnant women and their children during the 'first 1000 days' – the nine months of pregnancy and up to the first two years of childhood. See also item 23 and 29 above.</p>

Promotion and Support of the UN Global Compact

Indicator/subject	Novo Nordisk
32. Advocate the UN Global Compact to business partners, peers and the general public.	Novo Nordisk explores how to make use of and promote the UN Global Compact platform. Recently we have looked into how we can engage local UN Global Compact networks in China, Brazil and India in discussing the changing landscape of sustainability in emerging economies.
33. Encourage suppliers and other business partners to join the UN Global Compact, and take on mentoring role on issues related to the initiative.	See item 32 above.
34. Participate in activities to further develop and strengthen the UN Global Compact	See item 29 above.

The cross-cutting components

CEO Commitment and Leadership

Indicator/subject	Novo Nordisk
35. CEO publicly delivers explicit statements and demonstrates personal leadership on sustainability and commitment to the UN Global Compact.	Our CEO statement in the UN Global Compact Communication on Progress demonstrates the commitment. Furthermore, our CEO participated in various side events at the UN High-Level Meeting on non-communicable diseases in New York in September 2011 on access to health issues such as fighting non-communicable diseases. At the World Economic Forum in Davos, Switzerland, in January 2011, our Chief of Staffs, Lise Kingo, praised the launch of UN Global Compact LEAD.
36. CEO promotes initiatives to enhance sustainability of the company's sector and leads development of industry standards.	See item 35 above.
37. CEO leads executive management team in development of corporate sustainability strategy, defining goals and overseeing implementation.	The CEO and his Executive Management team are held accountable for the non-financial performance of the company by the Board of Directors. Our sustainability approach is executed through our boards and committees. See also item 3.
38. Make sustainability criteria and UN Global Compact principles part of goals and incentive schemes for CEO and executive management team.	Board of Directors oversees development of corporate strategy and long-term targets. An example of how it oversees actual implementation is through the executive remuneration, which is tied to long term financial and non-financial performance. Reference: Remuneration report

Board Adoption and Oversight

Indicator/subject	Novo Nordisk
39. Board of Directors (or equivalent**) assumes responsibility and oversight for long term corporate sustainability strategy and performance.	See item 38 above.
40. Board establishes, where permissible, a committee or assigns an individual Board member with responsibility for corporate sustainability.	The Board has historically worked without permanent committees. In principle Novo Nordisk believes that each board member must have the opportunity to contribute actively to all discussions and have access to all relevant information. Sustainability issues are thus the responsibility of the entire Board of Directors.
41. Board (or committee), where permissible, approves formal reporting on corporate sustainability (Communication on Progress).	The Board of Directors approves the financial and non-financial reporting as part of their sign-off of the Annual Report. The Communication on Progress is approved by Executive Management.

Stakeholder Engagement

Indicator/subject	Novo Nordisk
42. Publicly recognize responsibility for the company's impacts on internal and external stakeholders.	Stakeholder engagement is an integrated part of the way Novo Nordisk does business. Long-standing engagement with stakeholders is vital for building trust, respect and understanding of the Novo Nordisk TBL approach to business. At Novo Nordisk, we work to identify and engage stakeholders in the reporting process to better represent their reasonable expectations and interests. Our commitment to engaging with stakeholders is a part of the essentials of the Novo Nordisk Way, which states: <ul style="list-style-type: none"> • We provide innovation to the benefit of our stakeholders • We build and maintain good relations with our key stakeholders
43. Define sustainability strategies, goals and policies in consultation with key stakeholders.	Stakeholder engagement is an integrated part of the Novo Nordisk Way Essentials which state that 'We build and maintain good relations with our key stakeholders'. This implies that all employees in the company are responsible for engaging with stakeholders. As a result, we do not engage with stakeholders only from a corporate perspective, but to a much larger extent from a decentralised perspective in the business units or different markets where we operate. Examples on how Novo Nordisk consults stakeholders when developing sustainability strategies, goals, policies or approaches are: <ul style="list-style-type: none"> • Environmental strategy • Climate action • Access to health approach • Responsible sourcing Reference: Stakeholder engagement
44. Consult stakeholders in dealing with implementation dilemmas and challenges and invite them to take active part in reviewing performance.	See item 43 above.

Transparency and Disclosure

Indicator/subject	Novo Nordisk
45. Establish channels to engage with employees and other stakeholders to hear their ideas and address their concerns, and protect 'whistle-blowers'	<p>Addressing concerns is an integrated part of business and takes place through our compliance hotline or our Ombudsman. Sharing ideas takes place at department and managers' meetings, at regular intervals, just as web-based internal media call for input and comments from employees on sustainability-related subjects.</p> <p>Reference: Compliance hotline</p>
46. Share sustainability information with all interested parties and respond to stakeholder inquiries and concerns.	<p>This is part of our annual reporting.</p>
47. Ensure that Communication on Progress covers all aspects of the Leadership Blueprint and utilize, where appropriate, the Global Reporting Initiative framework.	<p>The UN Global Compact Communication on Progress and Global Reporting Initiative are supplementary reporting to our Annual Report.</p> <p>Reference: Global Reporting Initiative</p>
48. Integrate Communication on Progress into annual financial report or publish them together.	<p>See item 47 above.</p>
49. Secure external verification of Communication on Progress or seek other methods for legitimization by external stakeholders.	<p>The UN Global Compact Communication on Progress will be validated by UN Global Compact as criteria for participation. The assurance process related to the Annual Report consists of an internal and an external assurance process, including both financial and non-financial data of our Annual Report for external assurance.</p> <p>The Annual Report has been assured according to AA1000AS. Novo Nordisk has used AA1000AS in its assurance process since 2002. Our assurance process is aligned with the internal control processes in the company, from individual affiliates and facilities to board level.</p> <p>Reference: Consolidated social statement</p>

Part 3

Self-assessment on advanced criteria

The criteria for the Advanced Programme and relevant references are listed below. The reference 'AR' refers to the Annual Report document, while 'AR website' refers to the Annual Report website at annualreport2011.novonordisk.com. In other instances we refer to the corporate website or the UN Global Compact Communication on Progress (UNGC CoP).

Strategy, Governance and Engagement

Criterion 1: Conduct C-suite and Board level discussions of strategic aspects of Global Compact implementation

Impact of broader sustainability trends on the long-term prospects and financial performance of the organisation	AR > Our business
Major sustainability risks and opportunities in the near to medium term (3–5 years)	AR > Risk management
Social and environmental impact of the organization's activities	AR > Performance highlights
Overall strategy to manage sustainability impacts, risks and opportunities in the near to medium term (3–5 years)	AR > Risk management
Key performance indicators to measure progress	AR > Performance highlights
Major successes and failures during the reporting period	AR > Management report

Criterion 2: Implement effective decision-making processes and systems of governance for corporate sustainability

Involvement and accountability of management (C-suite) in corporate sustainability strategy and implementation in line with Global Compact principles	UNGC CoP -> part 2 -> item 40
Corporate governance structure (Board of Directors or equivalent) and its role in oversight of corporate sustainability implementation in line with Global Compact principles	UNGC CoP -> Part 2 -> item 40
Evaluation and executive incentive structures promoting sustainability strategy in line with Global Compact principles	AR > Remuneration report

Criterion 3: Engage with all important stakeholders

List of stakeholder groups engaged by the organisation	AR website > Stakeholder engagement
Process for stakeholder identification and engagement	AR website > Stakeholder engagement
Outcome of stakeholder involvement	AR website > Stakeholder engagement (examples such as environmental strategy and access to health approach)
Process of incorporating stakeholder input into corporate strategy and business decision making	AR website > Stakeholder engagement (examples such as environmental strategy and access to health approach)

UN Goals and Issues

Criterion 4: Take actions in support of broader UN goals and issues

Adoption or modification of business strategy and operating procedures to maximize contribution to UN goals and issues	UNGC CoP > Part 2, item 5
Development of products, services and business models that contribute to UN goals / issues	UNGC CoP > Part 2, item 16
Social investments and philanthropic contributions that tie in with the company's core competencies, operating context and sustainability strategy	UNGC CoP > Part 2, item 18
Public advocacy on the importance of one or more UN goals / issues	UNGC CoP > Part 2, item 21
Partnership projects and collective actions in support of UN goals / issues	UNGC CoP > Part 2, item 23

Human Rights Implementation

Criterion 5: Formulate robust commitments, strategies or policies in the area of human rights

Reference to relevant international conventions and other international instruments (eg the Universal Declaration of Human Rights (UDHR))	Position on human rights at novonordisk.com
Reflection on the relevance of human rights for the company	AR website > Human rights
Written company policy (eg, in code of conduct) on human rights	Position on human rights at novonordisk.com
Allocation of responsibilities and accountability within the organisation	UNGC CoP > Part 1, Principle 1–2 Human Rights
Specific commitments and goals for specified years	AR website > Human rights

Criterion 6: Implement effective management systems to integrate the human rights principles

Risk and impact assessments on human rights	AR website > Human rights
Regular stakeholder consultations	AR website > Human rights
Internal awareness-raising and training on human rights for management and employees	AR website > Human rights
Grievance mechanisms, communication channels and other procedures (eg whistleblower mechanisms) for reporting concerns or seeking advice	Compliance Hotline at novonordisk.com
Inclusion of minimum human rights standards in contracts with suppliers and other relevant business partners	Responsible sourcing standards at novonordisk.com
Audits or other steps to monitor and improve the performance of companies in your supply chain	AR website > Responsible sourcing

Criterion 7: Implement effective monitoring and evaluation mechanisms of human rights integration

System to track and measure performance based on standardized performance metrics	AR website > Responsible sourcing
Leadership review of monitoring and improvement results	AR website > Diversity
Process to deal with incidents	Compliance Hotline at novonordisk.com
Disclosure of main incidents involving your company	AR website > Responsible sourcing

Criterion 8:
The COP contains standardized performance indicators (including GRI) on human rights

Outcomes of risk and impact assessments	UNGC CoP > Part 1, Principle 1–2 Human rights
Outcomes of internal awareness-raising and training efforts	UNGC CoP > Part 1, Principle 1–2 Human rights
Outcomes of mechanisms for reporting concerns or seeking advice	Novonordisk.com > Compliance hotline . However, we do not report on outcomes.
Percentage of contracts with business partners guaranteeing minimum human rights standards	Our responsible sourcing standard is part of our contracts, but we do not externally report on coverage.
Outcome of audits or other steps to monitor and improve the performance in the supply chain regarding human rights	AR website > Responsible sourcing

Labour Principles Implementation

Criterion 9:
Formulate robust commitments, strategies or policies in the area of labour

Reference to relevant international conventions and other international instruments (eg ILO Core Conventions)	AR website > Responsible sourcing AR website > Health and safety
Reflection on the relevance of the labour principles for the company	UNGC CoP > Part 1, Principle 3–6 Labour
Written company policy (eg, in code of conduct) on labour	UNGC CoP > Part 1, Principle 3–6 Labour – reference to People policy
Allocation of responsibilities and accountability within the organisation	UNGC CoP > Part 1, Principle 3–6 Labour
Specific commitments and goals for specified years	AR website > Diversity AR website > Health and safety

Criterion 10:
Implement effective management systems to integrate the labour principles

Risk and impact assessments on labour	AR website > Health and safety
Regular stakeholder consultations regarding labour	AR website > Health and safety AR website > Our employees
Internal awareness-raising and training on labour principles for management and employees	AR website > Health and safety
Grievance mechanisms, communication channels and other procedures (eg whistleblower mechanisms) for reporting concerns or seeking advice	Compliance Hotline at novonordisk.com
Inclusion of minimum labour standards in contracts with suppliers and other relevant business partners	Responsible sourcing standards at novonordisk.com
Audits or other steps to monitor and improve the performance of companies in your supply chain	AR website > Responsible sourcing

Criterion 11:
Implement effective monitoring and evaluation mechanisms of labour principles integration

System to track and measure performance based on standardized performance metrics	AR website > Health and safety
Leadership review of monitoring and improvement results	AR website > Health and safety
Process to deal with incidents	Responsible sourcing procedures at novonordisk.com
Disclosure of main incidents involving your company	AR website > Responsible sourcing

Criterion 12:
The COP contains standardized performance indicators (including GRI) on labour principles integration

Outcomes of risk and impact assessments	Such assessments inform our strategies and priorities. Not disclosed separately.
Outcomes of internal awareness-raising and training efforts	Not disclosed separately.
Outcomes of mechanisms for reporting concerns or seeking advice	Part of our management system. Outcomes are not disclosed separately.
Percentage of contracts with business partners guaranteeing minimum labour standards	Our responsible sourcing standard is part of our contracts, but we do not externally report on coverage.
Outcome of audits or other steps to monitor and improve performance in the supply chain regarding the labour principles	AR website > Responsible sourcing

Environmental Stewardship Implementation

Criterion 13:
Formulate robust commitments, strategies or policies in the area of environmental stewardship

Reference to relevant international conventions and other international instruments (eg Rio Declaration on Environment and Development)	AR website > Environmental approach
Reflection on the relevance of environmental stewardship for the company	AR website > Environmental approach
Written company policy on environmental stewardship	Responsible sourcing standards at novonordisk.com
Allocation of responsibilities and accountability within the organisation	UNGC CoP > Part 1, Principle 7–9 Environment
Specific commitments and goals for specified years	AR website > Environmental priorities

Criterion 14:
Implement effective management systems to integrate the environmental principles

Environmental risk and impact assessments	Such assessments inform our strategies and priorities. Not disclosed separately
Regular stakeholder consultations regarding the environment	AR website > Environmental engagement and advocacy
Internal awareness-raising and training for management and employees regarding environmental impacts	Is handled as part of our management system. Not disclosed separately
Grievance mechanisms, communication channels and other procedures (eg whistleblower mechanisms) for reporting concerns or seeking advice regarding environmental impacts	Compliance Hotline at novonordisk.com
Inclusion of minimum environmental standards in contracts with suppliers and other relevant business partners	Responsible sourcing standards at novonordisk.com
Audits or other steps to monitor and improve the performance of companies in your supply chain regarding environmental impacts	AR website > Responsible sourcing

Criterion 15:
Implement effective monitoring and evaluation mechanisms for environmental stewardship

System to track and measure performance based on standardized performance metrics	AR website > Environmental priorities
Leadership review of monitoring and improvement results	AR website > Environmental priorities
Process to deal with incidents	AR website > Responsible sourcing
Disclosure of main incidents involving your company	AR website > Environmental priorities

Criterion 16:
The COP contains standardized performance indicators (including GRI) on environmental stewardship

Outcomes of risk and impact assessments and measurements of environmental footprint	AR website > Environmental priorities
Outcomes of internal awareness-raising and training efforts	Part of our management system. Is not disclosed separately.
Outcomes of mechanisms reporting concerns or seeking advice	Part of our management system. Is not disclosed separately.
Percentage of contracts with business partners guaranteeing minimum environmental standards	Our responsible sourcing standard is part of our contracts, but we do not externally report on coverage.
Outcome of audits or other steps to monitor and improve performance in the supply chain regarding environmental stewardship	AR website > Responsible sourcing

Anti-Corruption Implementation

Criterion 17:
Formulate robust commitments, strategies or policies in the area of anti-corruption

Reference to relevant international conventions and other international instruments (eg UN Convention Against Corruption)	UNGC CoP -> Part 1, Principle 10 Anti-corruption
Reflection on the relevance of anti-corruption for the company	UNGC CoP -> Part 1, Principle 10 Anti-corruption
Written company policy on anti-corruption (eg, in code of conduct)	UNGC CoP -> Part 1, Principle 10 Anti-corruption
Allocation of responsibilities and accountability regarding corruption within the organisation	UNGC CoP -> Part 1, Principle 10 Anti-corruption
Specific commitments and goals for specified years	AR website > Business ethics

Criterion 18:
Implement effective management systems to integrate the anti-corruption principle

Risk and impact assessments regarding corruption	AR > Risk management
Regular stakeholder consultations on anti-corruption efforts	AR website > Business ethics
Internal awareness-raising and training for management and employees regarding corruption and anti-corruption efforts	AR website > Business ethics
Grievance mechanisms, communication channels and other procedures (eg whistleblower mechanisms) for reporting concerns or seeking advice on corruption	Compliance Hotline at novonordisk.com
Inclusion of minimum anti-corruption standards in contracts with suppliers and other relevant business partners	Responsible sourcing standards at novonordisk.com
Audits or other steps to monitor corruption and improve the performance of companies in your supply chain	AR website > Responsible sourcing

Criterion 19:
Implement effective monitoring and evaluation mechanisms for the integration of anti-corruption

System to track and measure performance on corruption based on standardized performance metrics	AR website > Business ethics
Leadership review of monitoring and improvement results	UNGC CoP > Part 1, Principle 10 Anti-corruption
Process to deal with incidents	Responsible sourcing on novonordisk.com AR website > Business ethics Compliance Hotline on novonordisk.com
Disclosure of main incidents involving your company	AR > Consolidated financial statements

Criterion 20:
The COP contains standardized performance indicators (including GRI) on anti-corruption

Outcomes of risk and impact assessments	AR > Risk management
Outcomes of internal awareness-raising efforts and training for management and employees	Part of our management system. Not disclosed separately.
Outcomes of mechanisms for reporting concerns or seeking advice	AR website > Business ethics
Percentage of contracts with business partners guaranteeing minimum anti-corruption standards	Our responsible sourcing standard is part of our contracts, but we do not externally report on coverage.
Outcome of audits or other steps to monitor and improve performance in the supply chain regarding anti-corruption efforts	AR website > Responsible sourcing

Value Chain Implementation

Criterion 21:
Implement the Global Compact principles in the value chain

Raw materials and (semi-) finished products used, by country or region of origin	AR website > Responsible sourcing
Key suppliers, subcontractors and other business partners involved in the value chain	AR website > Responsible sourcing
Value chain risk assessment to identify potential issues with suppliers and other business partners	AR website > Responsible sourcing
Policy on value chain, including a policy for suppliers and subcontractors	UNGC CoP > Part 1, principle 1–2
Communication of relevant policies/codes, positions or concerns to suppliers and other business partners	Responsible sourcing standards at novonordisk.com
Audits/screenings for compliance in value chain	AR website > Responsible sourcing
Allocation of responsibility in the value chain and procedures to remedy any non-compliance issues	Responsible sourcing at novonordisk.com

Verification and Transparency

Criterion 22:
The COP provides information on the company's profile and context of operation

Legal structure, including any group structure and ownership	'About us' section on novonordisk.com
Countries where the organisation operates, with either major operations or operations that are specifically relevant to sustainability	Global offices at novonordisk.com
Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	Global offices at novonordisk.com Products and services at novonordisk.com
Primary brands, products, and/or services	AR > Our products
Direct and indirect economic value generated for various stakeholders (employees, owners, government, lenders, etc.)	AR website > Socio-economics

Criterion 23:
The COP incorporates high standards of transparency and disclosure

COP uses the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines	AR website > Global Reporting Initiative
COP qualifies for Level B or above of the GRI application levels	AR website > Global Reporting Initiative
COP includes comparison of key performance indicators with peer companies	AR website > Global Reporting Initiative
COP includes comparison of key performance indicators for the previous 2–3 years	AR > Social and environmental highlights

Criterion 24:
The COP is independently verified by a credible third party

Independently verified against assurance standard (eg AA1000 Assurance Standard, ISAE 3000)	AR > Social and environmental assurance report
Verified by independent auditors	AR > Social and environmental assurance report
Reviewed by a multi-stakeholder panel	Our CoP has not been reviewed by a multi-stakeholder panel
Reviewed by peers (eg Global Compact Local Network)	Our CoP has not been reviewed by peers
Verified through other form of independent verification	The integrated annual report is verified by an independent assurance provider