

A woman in a white blazer stands on a glass-enclosed balcony, looking out over a large, lush green wall. The wall is covered in various plants, including tall grasses and dense foliage. The balcony is part of a modern building with a glass roof.

Novo Holdings A/S Communication on Progress

UN Global Compact
August 2022

1. Intro

Novo Holdings is a holding and investment company wholly owned by the Novo Nordisk Foundation. Novo Holdings' purpose is to grow the assets of the Novo Nordisk Foundation and to deliver a return that can be distributed for scientific, social and humanitarian purposes to improve the lives of people and the sustainability of society.

Headquartered in Copenhagen, Denmark and offices in UK, the USA and Asia, Novo Holdings is a values-driven company striving for "high performance with respect and responsibility". Our people constitute our most important asset, and our ability to attract, develop and retain high performing talent is key to delivering strong results.

Novo Holdings aspires to be a leading responsible investor, recognized for delivering strong financial returns and positive societal impact. The Novo Holdings Responsible Investments Policy outlines the commitment and approach to delivering societal impact and integrating ESG aspects to our investment processes and activities. This is further underpinned by our commitment to the UN-supported Principles for Responsible Investment (PRI).

We have a unique opportunity to drive positive societal change. We generally invest in industry leading or innovation leading companies and assets that can improve the health of society and champion sustainable consumption and production.

With half of our investment assets invested in life sciences (DKK 94bn by the end of 2021), we are uniquely positioned to deliver societal impact related to human health and well-being (SDG 3), innovation (SDG 9) and responsible consumption and production (SDG 12). All three focus areas are in alignment with the UN Sus-

tainable Development Goals (SDGs) and represent the areas where we optimally benefit from Novo Holdings' strengths as an impactful investor for societal good.

Closely aligned to our corporate values of Performance, Respect and Responsibility as well as our commitment to values-based leadership and being a responsible owner, we have identified three focus areas where we as engaged owners can address and impact the business practices of our portfolio companies. These focus areas are decent workplaces (SDG 8), promoting diversity & inclusion (SDG 10) and climate action (SDG 13).

Below is our Communication on Progress which details our work to embed the SDGs into our strategy and operations and underpins our commitment to the UN Global Compact since joining the initiative in 2021.

2. Human rights

Human health and well-being

Novo Holdings is committed to improving health in society. By the end of 2021, Novo Holdings had DKK 78 billion invested in healthcare companies.

When potential medicines and therapeutics are being developed, these undergo vigorous testing in clinical trials to increase future treatment possibilities. In 2021, 250 clinical trials were registered by the Novo Holdings portfolio companies in global clinical trial registries. The health categories with the most focus in clinical trials were metabolic and endocrine (68 %), cancer (19 %) and cardiovascular diseases (14 %).

Of these, 38 clinical trials have at least one orphan drug designation which is awarded to drugs aimed at treating rare diseases that are life-threatening or chronically debilitating, but

where there is not currently any effective treatment. Thus, the orphan drug status can be used as an indicator of drugs with immense potential impact for patients living with these rare diseases. These designations include therapies for amyotrophic lateral sclerosis (ALS) and glioblastoma (an aggressive form of brain cancer).

In 2018, Novo Holdings established the REPAIR (Replenishing and Enabling the Pipeline for Anti-Infective Resistance) Impact Fund to invest in companies involved in discovering and early-stage development of therapies targeting resistant microorganisms. More than 700,000 people die each year from infections resistant to most or all antibiotics, and the number is increasing by the day. Although this growing issue is being generally recognised, the antibiotic pipeline in the market remains thin.

Diversity and inclusion

Diversity and inclusion are closely linked to the core values of Novo Holdings. Novo Holdings aims to have an inclusive culture with respect for individuals, ongoing personal development and a high regard for the health and safety of employees.

In 2019, the Board of Directors of the Novo Nordisk Foundation approved a diversity policy for the Novo Nordisk Foundation and Novo Holdings. The diversity policy sets out four concrete objectives:

- Ensure continued diversity in the Board of Directors, leadership and teams in Novo Holdings
- Secure fair and equal treatment and opportunities in all our activities
- Actively promote and emphasise diversity, openness and transparency

- Set the highest standards for equality and set new standards where necessary through our interactions with our stakeholders

The diversity policy is an important part of the decision-making process of Novo Holdings' recruitment processes to ensure diversity across all departments. Data and statistics are shared with the Board of Directors and the management of Novo Holdings which ensures the adherence to the diversity policy.

Our diversity efforts are present across a wide range of characteristics which include gender, age, education, cultural background and country of origin.

Novo Holdings employed 111 people by the end of 2021. Our colleagues represent 16 nationalities and comprise a wide range of experience and educational backgrounds. 38% of our colleagues are female and 62% are male, with a 29% female/71% male gender split among management positions by the end of 2021.

Indicators	2021	2020	2019
Gender (Women %)			
- Board of Directors	14	14	17
- Management	29	13	14
- All employees	38	36	36
Country of origin (%)			
- Denmark	61	64	69
- European Union (EU)	9	11	13
- Outside EU	30	25	18

In 2021, we continued to increase our diversity and inclusion efforts, and several initiatives have been implemented, e.g., structuring a more flexible workplace and improving our parental leave conditions to become market-leading in all the locations we operate in.

Within the investment portfolio, Novo Holdings promote diverse and inclusive workplaces. In companies where we have board representation, we actively work to increase diversity within company boards and management teams. Novo Holdings conducts an annual survey of all private portfolio companies. This survey includes questions regarding:

- % women on board of directors
- % female CEOs
- % women in senior management

The results of the survey are shared with the Novo Holdings Leadership team and Board of Directors.

Parental leave

To support families in adjusting to their new reality and to promote equal rights in the workplace and society, Novo Holdings has introduced improved and equal parental leave benefits for employees in the USA and Asia. The new policy offers 20 weeks of parental leave, regardless of gender. In the US, the new policy offers non-birthing employees a total of 20 weeks of leave. The birthing parent receives 32 weeks of leave in total.

Learning & innovation

Through our learning programme – the Novo Academy – we strive to ensure that our colleagues are always at the forefront of their fields by offering them a broad range of targeted learning opportunities, e.g., business school programmes, board training and individual coaching. The development activities offered are continually expanded, based on the business and development needs of our employees.

Harassment

Novo Holdings considers bullying and harassment of any kind, in any context, to be unacceptable. Bullying constitutes offensive, intimidating, malicious or insulting behaviour. The Novo Holdings Code of Conduct includes a zero tolerance towards bullying, harassment, and discrimination of any kind.

Human rights principles when investing

Through the Novo Holdings Responsible Investment Policy, we are committed to comply with international principles on human rights, including supporting the elimination of child or forced labour. Before conducting any investments, it is the responsibility of Novo Holdings to ensure that the given investment does not conflict with any UN treaties or principles of human rights. The Novo Holdings Responsible Investment Standards, which are part of the Novo Holdings Responsible Investments Policy, are applied as guidance in our due diligence, decision-making and engaged ownership activities.

Further, the public investment portfolio is screened semi-annually for possible violations of international norms and conventions with respect to human rights. This includes the UN Global Compact, UN Universal Declaration on Human Rights and OECD's Guidelines for Multi-national Enterprises.

3. Labour

The Novo Holdings Code of Conduct outlines that Novo Holding and affiliates (including portfolio companies) are subject to applicable laws and regulations on labour practices and, if applicable, the collective agreements of the relevant institutions. It further outlines Novo Holdings' commitment to fair wage and reasonable remuneration, treating others with respect and dignity and

mentoring persons in the early stages of their careers with the goal of maximising their potential.

Novo Holdings monitors the implementation of the policies by conducting employee engagement surveys, in which employees are asked about job satisfaction, motivation, loyalty, and engagement as well as leadership, daily tasks, and values of Novo Holdings.

In October 2021, Novo Holdings carried out a survey focused on company culture, with a participation rate of 96%. The results were positive, especially within the categories: company culture, pride of being employed in company, trust & respect and diversity & inclusion.

Novo Holdings continues to strive to be an excellent workplace, always aiming to achieve its purpose and embody the Novo Holdings Way of Performance, Respect and Responsibility. Indicators of working conditions at Novo Holdings are measured and reported:

Indicators	2021	2020	2019
Human capital			
- Employee turnover (%)	11	6	13
- Employee satisfaction*	96	-	9

*) In 2021, Novo Holdings conducted a company culture survey and not an engagement survey, hence the results cannot be compared with previous results.

Novo Holdings has an Employee Sounding Board in place consisting of seven employees representing different teams, the CEO and the head of People & Organisation. The Employee Sounding Board constitutes a forum in which employees and leadership can discuss ways to develop the company to be one of the most attractive workplaces, catalyse new ideas and provide a safe and neutral space to raise concerns and voice opinions.

Labour principles when investing

Through the Novo Holdings Responsible Investment Policy, we are committed to comply with international principles on labour rights.

Before conducting any investments, it is the responsibility of Novo Holdings to ensure that the given investment does not conflict with principles on labour rights. The Novo Holdings Responsible Investment Standards are applied as guidance in due diligence, decision-making and engaged ownership activities. These address if investments are respecting employees' rights to decent working conditions, i.e., minimum wages, working hours, health and safety and right to collective bargaining.

Further, the public investment portfolio is screened semi-annually for possible violations of international norms and conventions with respect to labour rights. This includes the UN Global Compact, OECD's Guidelines for Multinational Enterprises and ILO Conventions.

Novo Holdings conducts an annual survey of all private portfolio companies. This survey includes questions regarding:

- Health and safety policies
- Codes of conduct
- Supplier codes of conduct
- Engagement surveys

The results of the survey are shared with the Novo Holdings Leadership team and Board of Directors.

4. Environment

Novo Holdings works to minimise its adverse impact on the environment through its own operations and investments.

Several environmental workplace initiatives are in place, i.e. charging stations for electric vehicles in the company parking spaces, sourcing of green electricity and company bicycles. Further, Novo Holdings tracks and reports on its energy consumption and waste.

Indicators	2021	2020	2019
Energy* (1,000 GJ)	3	2	3
Waste* (1,000 tons)	0.02	0.01	0.02

*) Office at Tuborg Havnevej 19, DK-2900 Hellerup

Novo Holdings is planning to map and report on its carbon emissions and further mature its management of the environmental impact of its operations.

Investing in green transition through bioindustrials

Novo Holdings invests in biotech companies spearheading the green transition. By harnessing the immense potential of biosolutions, such as microorganisms and fungi, the Novo Holdings bioindustrial portfolio companies develop sustainable solutions targeted agriculture and industry. This includes biofuels, biomaterials and green chemicals. By the end of 2021, Novo Holdings was invested in 18 companies within the bioindustrial sector.

Environmental impact of investments

Through the Novo Holdings Responsible Investment Policy, we are committed to address adverse environmental impacts of investments.

Before conducting any investments, it is the responsibility of Novo Holdings to identify adverse environmental impacts. The Novo Holdings Responsible Investment Standards are applied as guidance to our due diligence, decision-making and engaged ownership activities. These address if portfolio companies are working towards reducing their environmental footprint, i.e.,

- reduce climate impact and apply appropriate governance structures to identify and mitigate climate-change related risks and opportunities.
- reduce environmental footprint, i.e., limit the emissions of harmful substances and waste.
- limit consumption of environmentally scarce and non-renewable resources and minimise adverse impacts on biodiversity.

Further, the public investment portfolio is screened semi-annually for violation of international norms and conventions with respect to environmental emissions and controversies. This includes the UN Global Compact and OECD's Guidelines for Multinational Enterprises.

Novo Holdings collects data and analyse the investment portfolios' climate impact. This includes:

- Total carbon emission (scope 1 + 2)
- % of companies sourcing renewable energy
- Companies with CO2 emission reduction targets

The results of the survey are shared with the Novo Holdings' Leadership team and Board of Directors.

5. Anti-corruption

Novo Holdings' Code of Conduct outlines the determination to maintain the highest standards of integrity and work ethics across all activities and maintains a policy of zero tolerance of corruption and bribery in all forms. Consequently, the Code of Conduct states that Novo Holdings and affiliates must never accept, give or promise gifts, hospitality or anything of monetary value that could be interpreted as intending to improperly influence a decision, or which could unduly affect proper business judgment or otherwise raise concerns about our integrity.

Novo Holdings has a comprehensive whistleblower scheme in place where any employee or affiliates may report suspected misconduct securely and confidentially through an external whistleblower site. Further, Novo Holdings works to define and document corporate governance structures with clear responsibilities and procedures and appropriate internal control mechanisms to combat corruption.

Novo Holdings monitors internal anti-corruption incidents through its whistleblower site.

Anti-corruption principles when investing

Through the Novo Holdings' Responsible Investment Policy, we are committed to promote a high level of business ethics in all types of transactions and interactions to prevent fraud, bribery, and corruption in any of Novo Holdings' investments.

Further, the public investment portfolio is screened semi-annually with respect to anti-corruption behaviour.

6. Policies and further reading

Below are links to policies and further reading on the topics above.

Code of conduct:

[Code-of-Conduct NNF.pdf \(novonordisk-fonden.dk\)](#)

Diversity Policy:

[Diversity Policy - Novo Nordisk Fonden](#)

Whistleblower Policy:

[Whistleblower - Novo Nordisk Fonden](#)

Responsible Investments Policy:

[Responsible-Investments-Policy.pdf \(novoholdings.dk\)](#)

Responsible Investments website:

[Novo Holdings · Responsible Investments](#)