

responsible sourcing standards for business partners



“To me corporate social responsibility is part of doing business. We are doing this because we believe it is the right thing to do. Because it is expected of us, and we have the knowledge to do it.”

Lars Rebien Sørensen, CEO, Novo Nordisk, in *Principal Voices*, CNN

Dear Business Partners

Today more than ever business is expected to contribute to solving global problems. At Novo Nordisk we strongly believe that business, as a key actor in society, has an obligation and opportunity to address the ethical, social and environmental challenges that we are facing today. Our commitment to the Triple Bottom Line as a business principle enables us to balance our financial growth with our commitment to sustainable development. By extending this commitment to our business partners, we aim to promote responsible business practices throughout our supply chain.

This brochure outlines the minimum standards that our business partners must adhere to when they engage with Novo Nordisk. We expect our business partners to implement these standards and also to foster them across their extended supply chain in a manner that is consistent with their company programmes. These standards are based on international conventions and can be applied universally. At their core is the expectation that our business partners should act with integrity and continuously seek to improve their ethical, social and environmental performance.

Novo Nordisk aims to engage with business partners to achieve full compliance with these standards. We would therefore like you to be open and transparent and to approach us if you face challenges in implementing these standards. It is only through collaboration and partnership with our business partners that we can advance ethical, social and environmental performance along the supply chain.

We hope that you will contribute to our efforts in promoting responsible practices throughout our supply chain around the world. We look forward to working with you so that together we can raise the bar for performance.



Lars R Sørensen
Lars Rebien Sørensen
President and Chief Executive Officer (CEO)
Novo Nordisk



Please find a CD-ROM with a message from Lars Rebien Sørensen in the back of this brochure.

Responsible sourcing programme

– values in action

Novo Nordisk's Responsible Sourcing Programme has been established to uphold our commitment to the Triple Bottom Line through which we strive to conduct our business in an economically viable, socially responsible and environmentally sound manner. In the spirit of this commitment we support the UN Global Compact, a voluntary initiative to promote universal social, environmental and ethical principles, and the Universal Declaration of Human Rights (UNHDR), a commitment to advance human rights principles and support their integration in business activities.

The programme aims to:

1. engage with business partners to improve ethical, social and environmental performance throughout our supply chain; and
2. mitigate risks and protect the reputation of Novo Nordisk.

To achieve these goals Novo Nordisk has established minimum standards that we expect our business partners to adhere to when doing business with us. We expect our business partners to minimise the impact of their operations on the environment, secure the safety of their workers, ensure fair and timely remuneration of their workforce, ensure the welfare of experimental animals in research, and act with integrity while doing business. We recognise that many of our business partners operate in different legal and cultural environments, and that interpreting and implementing these requirements may be challenging. We therefore strongly encourage our business partners to initiate dialogue and engage with Novo Nordisk if compliance with these standards cannot be achieved.

Responsible sourcing standards

The standards are classified into six categories: general compliance with laws and regulations, health & safety, labour practices, ethics, environment, and subsuppliers.



6.5

billion was the global population in 2005 – triple the population in 1950 (2.5 billion).

9

billion is expected to be the size of the world's population by 2050.

380

million people will have diabetes in 2025 if nothing is done to slow down the epidemic.

19,000

people will develop diabetes every day for the next 20 years.



3.9%

of all deaths globally are due to work-related accidents and illnesses.

15%

of the world's population suffer a work-related accident or illness in any one year.

40

million people are living with HIV worldwide; the majority are in the prime of their working lives.

10

million children die of preventable diseases every year.

General compliance with laws and regulations

Novo Nordisk's business partners shall comply with all applicable laws and regulations in all countries where they conduct business.

Health & safety

Novo Nordisk's business partners shall provide their employees with a safe, healthy and hygienic workplace and accommodation, where this is provided by the company. We require our business partners to:

1. implement effective programmes and systems for ensuring the safety of workers by minimising work-related accidents and illnesses, and provide sufficient protection against exposure to chemical, biological or physical hazards in the working environment and in any accommodation that is provided to employees;
2. identify and assess emergency situations, implement emergency plans and response procedures in the workplace and in any accommodation provided by the company, and provide sufficient fire exits, escape routes and firefighting equipment;
3. provide regular health & safety training for employees;
4. provide unlimited access to drinking water and hygienic toilet facilities in the workplace and in any accommodation provided; and
5. continuously improve safety performance by setting targets, initiating action plans and undertaking necessary improvements identified by internal or external assessments.

Labour practices

Business partners of Novo Nordisk shall respect the human rights of workers and treat employees with dignity and respect. Specifically, we expect our partners to adhere to the following requirements on labour practices:

Wages and benefits

Business partners shall pay employees at least the minimum wage required by law or the prevailing industry standard in the country, whichever is greater, and shall provide all legally mandated benefits, including medical insurance, social insurance and pensions, in full and on time.

Business partners are encouraged to ensure that their employees receive wages that are sufficient to cover the cost of accommodation, health care, nutrition, clothing and education for the employee and any dependent children.

Working hours and holiday

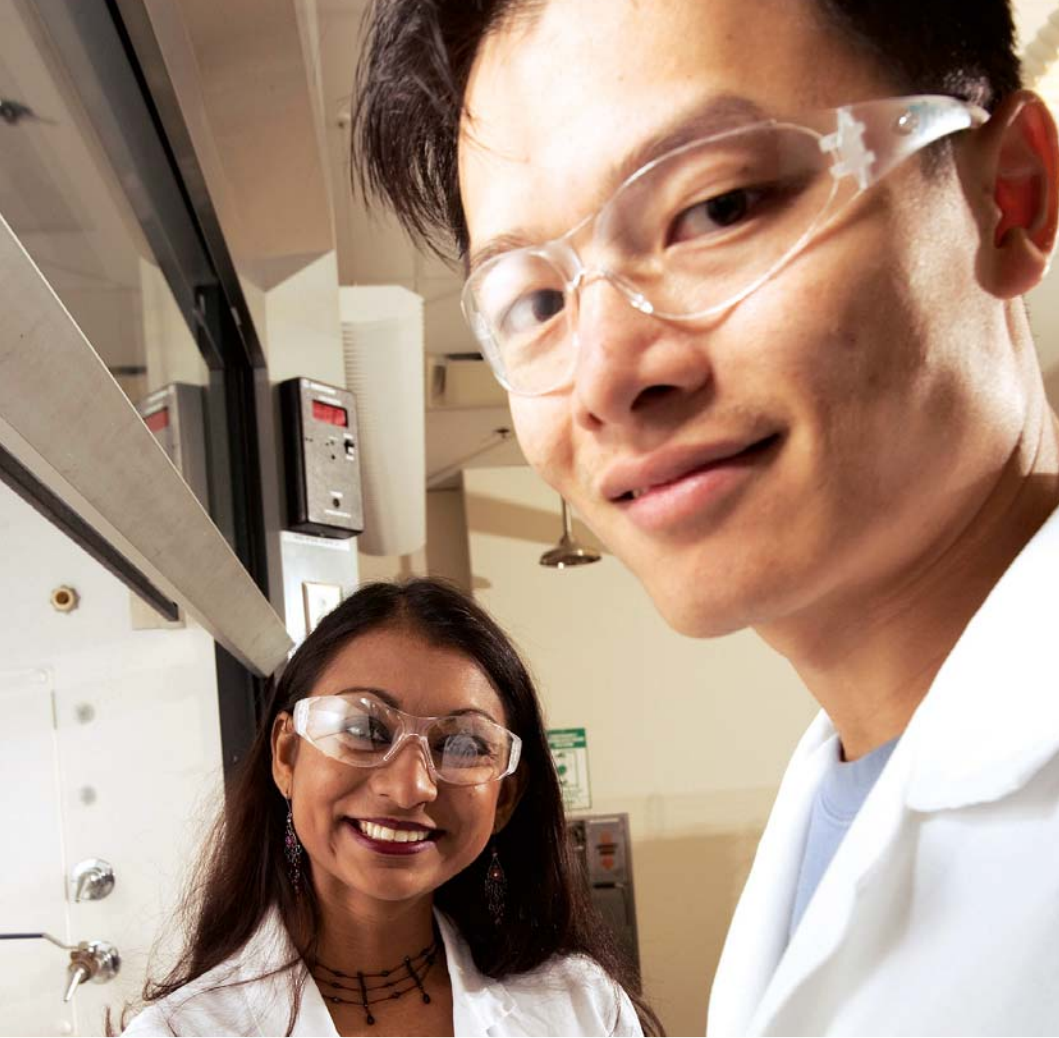
Business partners shall not breach local regulations on working hours and shall remunerate overtime in accordance with local laws and regulations as a minimum.

Employees, including those on temporary contracts, shall not be required to work more than 60 hours a week, including overtime, on a regular basis (or the maximum legal working hours if this is less than 60). If required, overtime shall be voluntary and communicated to the employee. Overtime shall be remunerated at a higher rate than the hourly rate.

Employees shall be entitled to at least one day off in every seven-day period and shall receive paid annual leave and holidays in accordance with local laws.

In the absence of local laws on holidays, employees shall be entitled to at least three weeks' annual paid holiday.

Wage deductions as a disciplinary measure shall not be permitted, nor shall any wage deductions not provided for by national law be permitted without the express permission of the worker concerned. All disciplinary measures shall be recorded.



20%

of the world's richest population earn 74% of the world's income.

1%

The richest 1% of the world's population receive as much income as the bottom 57%.

20%

of the world's poorest population earn 2% of the world's income.

66%

women earn about two thirds of what men earn in comparable jobs.

NNDT



1 in 7

children is involved in child labour of some kind.

880

million adults are functionally illiterate – 66% of these are women.

113

million children do not attend school – 60% of these are girls.

130

million Chinese people carrying the hepatitis B virus risk suffering from discrimination.

Child labour

Business partners shall not recruit or employ child labour. The minimum age of workers shall be 15 years or the minimum age set by the national laws in the country of manufacturing, whichever is higher.

Young workers, ie those above the minimum age and below the age of 18, may only be employed for non-hazardous work.

Freely chosen employment

Business partners shall not use forced or involuntary labour (eg forced, bonded, indentured or involuntary prison labour).

Employers shall not retain workers' identity papers or hold deposits from workers.

Workers shall have a copy of the written employment contract setting out the terms and conditions of their employment.

Freedom of association and collective bargaining

Business partners shall respect the rights of employees established in local law to join or not join labour unions, seek representation and join worker organisations.

Workers shall be able to bargain collectively, and worker representatives shall not be discriminated against.

Workers shall be able to communicate openly with management regarding working conditions without fear of reprisal, intimidation or harassment.

Where the right to freedom of association and collective bargaining is restricted by law, we encourage our partners to facilitate the development of parallel means of free association and bargaining such as worker representatives or works councils.

Non-discrimination

Business partners shall not discriminate in their hiring or employment practices on grounds of race, caste, national origin, religion, age, disability, gender, marital status, pregnancy, sexual orientation, union membership or political affiliation.

Workers shall not be subjected to medical tests that can be used in a discriminatory way.

Treatment of employees

Business partners shall treat their employees with respect and dignity, and shall not subject them to any kind of cruel, inhuman or degrading punishment, physical, verbal or sexual abuse, or threat of abuse or harassment.

Ethics

Novo Nordisk's business partners shall act with integrity while conducting business.

Business integrity

Business partners shall comply with all laws and regulations on bribery, corruption and prohibited business practices applicable in the specific country.

Business partners shall not engage in any form of bribery, corruption, extortion or embezzlement. Business partners shall not give or receive bribes to obtain undue or improper advantage.

Business partners shall also refrain from offering expensive gifts and extravagant entertainment to Novo Nordisk's purchasers or other counterparts in Novo Nordisk in an attempt to influence business decisions.

Safety and rights of clinical trial patients/healthy volunteers

Business partners shall observe external guidelines and regulations originating in the Nuremberg Code, the Declaration of Helsinki, other ethical guidelines, local laws, and the principles of current GLP, GCP and GMP.

We require our business partners to:

1. ensure the safety, rights, integrity, confidentiality and well-being of clinical trial patients/healthy volunteers by applying proper scientific and ethical values;
2. ensure that the interests and well-being of trial patients/healthy volunteers shall always prevail over interests of science, society and commerce;
3. ensure that all trial participants enroll voluntarily in clinical trials through appropriately provided information and freely given informed consent. Patients/healthy volunteers must always be able to withdraw from trials without providing a reason;
4. ensure that special consideration is shown to vulnerable trial patients/healthy volunteers (including children, elderly, unconscious or mentally incapacitated persons);
5. ensure that staff involved in executing clinical trials are appropriately qualified;
6. maintain a quality system that ensures compliance with the above-mentioned guidelines and principles.



10%

is the estimated amount corruption adds to the cost of doing business in many parts of the world.

15%

of companies in industrialised countries pay bribes. In Asia this figure is 40%.

10

out of 10,000 ideas that begin in the lab will reach the stage where they are tested on people.

1

out of 10,000 ideas may reach the market as a product.



100

million animals are experimented on around the world every year – 10–11 million in the EU.

85%

of the animals used are mice, rats and other rodents.

0.5%

Less than 0.5% of experimental animals used are cats, dogs or non-human primates.

1,000

times the number of animals used in research are used as food in the UK.



Animal welfare

Novo Nordisk considers the use of animals to be essential for the discovery, development and production of pharmaceutical and medical products. Ethical considerations and animal welfare are given high priority at Novo Nordisk. As an integral part of our approach to animal testing, we actively support 'The Three Rs':

- Replace animal tests by alternative methods whenever possible
- Refine methods to reduce pain and distress
- Reduce the number of animals whenever possible

To ensure uniform standards, the following principles shall be adhered to by all our external collaborators, including contract laboratories, research laboratories, partners and suppliers:

1. All activities involving animals shall be conducted in strict accordance with current legislation.
2. Housing, husbandry and transportation of animals shall as a minimum comply with internationally approved standards.
3. Housing, husbandry and care of animals shall be undertaken by personnel who have received adequate and relevant training. The level of training shall be documented.
4. Housing conditions shall take into consideration the special needs of the animals in question.
5. Procedures shall be implemented to monitor and evaluate the well-being of the animals as well as any treatment that is given.
6. Health control shall be supervised by a veterinary officer who has experience with laboratory animals.
7. Transportation of animals shall be as lenient as possible and take into consideration the special needs of the animals in question.
8. Transgenic animals may be used for testing and experiments if this model is justified.

Environment

Novo Nordisk's business partners shall ensure that their operations minimise adverse impacts on the environment. Specifically, we require our partners to:

1. comply with all applicable environmental laws in the country of operation, and in so doing obtain and maintain the necessary registrations, permits and licences;
2. establish systems for ensuring the safe handling, movement, storage, disposal, recycling, reuse or management of raw materials, waste, air emissions and wastewater discharges. In this regard, any waste, wastewater or emissions with the potential to adversely impact human or environmental health shall be controlled and treated prior to release into the environment;
3. avoid contamination of the local environment by preventing spills and accidental releases, and ensure that air, noise and odour pollution is within nationally defined limits; and
4. continuously improve environmental performance by setting environmental targets, initiating action plans and undertaking necessary improvements identified by internal or external assessments.

28%

Global CO₂ emissions have increased by 28% since 1990.

0.6

The global average temperature increased by 0.6°C during the course of the 20th century.

1.7

million people die annually as a result of inadequate water, sanitation and hygiene.

200

million people may become permanently displaced by 2050 due to rising sea levels.





20%

of developed countries' population is aged 60+. The figure is 8% in less-developed countries.

6

countries account for 50% of the annual population increase (only one developed: the US).

19%

of the world's population, ie 1.2 billion people, lived on less than 1 USD a day in 2000.

40%

of the world's population, ie 2.5 billion people, lived on less than 2 USD a day in 2000.

HUMANITARIAN
No. 248/4,
Thimmaiah garden,
Cox Town, Bangalore - 560005.

Subsuppliers

Novo Nordisk's suppliers are required to inform their own suppliers of products and services to Novo Nordisk (ie Novo Nordisk sub-suppliers) of the standards set out in this brochure. Agents or wholesalers to Novo Nordisk shall likewise ensure that suppliers of products and services to Novo Nordisk meet these standards.

On request, suppliers shall inform Novo Nordisk of all sub-suppliers that are used to produce our products.

Responsible sourcing assessments and engagement

Novo Nordisk gives preference to business partners who share our business values and principles.

We will therefore assess whether our business partners are observing these standards. To this end, Novo Nordisk will request information from business partners in order to assess commitment to and compliance with Novo Nordisk's responsible sourcing standards. To carry out these assessments in an efficient manner we require our business partners to maintain and disclose the documentation necessary to demonstrate observance of these standards and compliance with applicable regulations. If corrective actions are identified during the assessment, we require our partners to be committed and engaged in undertaking the appropriate measures to improve performance within agreed timescales.

In instances where the results of assessments are found to be unsatisfactory, Novo Nordisk will engage with the partner in question in developing an improvement programme to facilitate compliance with these standards. Novo Nordisk maintains the right to terminate a relationship if the non-compliance is considered to be extreme or if the business partner is not willing to work with Novo Nordisk to make recommended improvements within the agreed timescales.

It is important that our business partners are honest, open and transparent about the level of compliance with these standards during assessments. This will facilitate better collaboration and partnerships to improve performance.



48%

of the global population lived in urban areas in 2002. 30% lived in urban areas in 1950.

65%

of the global population will be living in urban areas by 2050.

1,000

The top 1,000 multinationals account for 80% of the world's industrial output.

63,000

multinationals existed in 2003.

References

The following sources were used in formulating these standards. Additional information on some of the standards can be obtained through these references:

Electronic Industry Code of Conduct: www.eicc.info/EICC_CODE.html

UN Global Compact: www.unglobalcompact.org

Ethical Trading Initiative: www.ethicaltrade.org

International Labour Organization:
www.ilo.org/public/english/standards/norm/index.htm

Universal Declaration of Human Rights: www.un.org/Overview/rights.html

SA 8000: www.cepaa.org

ISO 14001: www.iso.org

United Nations Convention against Corruption:
www.unodc.org/unodc/en/crime_convention_corruption.html

We welcome feedback, comments and suggestions on this brochure as part of our ongoing dialogue and engagement with stakeholders.

Provide your opinion at:
suppliertoolbox.novonordisk.com



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