Novo Nordisk A/S

Company overview

Novo Nordisk climbs four places to 2nd place, having risen steadily since 2010. Within the scope of the Index, it addresses diabetes only, but has an integrated strategy for improving access to diabetes care, plus good governance, access management and stakeholder engagement. Compared to peers, it is highly transparent, has robust codes of conduct, and audits compliance in countries in scope. Plus, its equitable pricing strategies extend across most relevant countries it has a presence in, and it is among the leaders when it comes to rapidly registering new products and applying for stringent approvals. It leads in Donations & Philanthropy and in Capability Advancement. However, it does not commit to licensing and has issued no relevant licences.

Performance update

- **Integrates access to medicine with core business.** Novo Nordisk has renewed its Global Access to Diabetes Care strategy, connecting access to its overall business strategy. It has a new long-term target of reaching 40 million people with diabetes by 2020, including patients at the base of the pyramid. It aims to support the education of healthcare professionals and patients globally, and to promote health for mothers and children. It is overseen by a dedicated senior-level committee.

- **Took a strong public stance against improper lobbying.** Novo Nordisk resigned from the South African Pharmaceutical Industry Association following allegations that IPASA was considering a strategy for influencing South Africa’s intellectual property legislation.

- **Has robust codes of practice.** The company’s codes of ethics are supported by mechanisms for monitoring and enforcing compliance that apply across its operations, and extend to third parties. It provides evidence of auditing compliance with these codes in several Index countries.

- **Remains a leader in pricing, manufacturing and distribution.** The company is one of the leaders in equitable pricing due to its strategies that take affordability for the poorest population segment into account through targeted pricing and product mixes. The company provides insulin to all 49 Least Developed Countries at a maximum of 20% of the price in the western world. It implements diverse pricing models that are appropriate to local needs in different countries within scope.

- **Leads in building local capacities.** In China, the company engages in multiple public-private partnerships to enhance local R&D capabilities. In Bangladesh, it engaged in technology transfer with a local manufacturer and is training staff from the National Drug Control Laboratory to help detect counterfeit medicines. It is also engaged in several activities, for example to improve cold-chain storage, that aim to build capacities in supply chain management.

- **Donates to children and meets local needs.** It is one of two companies to provide insulin via donations: its Changing Diabetes in Children programme (established in 2009) provides access to care for over 11,500 children with type 1 diabetes in several countries in scope, and includes elements of capacity building. In addition to providing treatment, it meets other local needs. It helps adapt local systems for tracking insulin distribution and to ensure that cold chains function. The programme will run until 2017.

- **Strongly integrates philanthropy with business activities.** Through the World Diabetes Foundation, Novo Nordisk supports numerous projects that aim to improve diabetes care, including national diabetes programmes in five African countries. Its activities are deemed sustainable because they involve national authorities and are long-term.
Sales and operations

Novo Nordisk operates in three business segments: Diabetes Care, Obesity and Biopharmaceuticals. It is a world leader in diabetes care, offering products for type 1 and type 2 diabetes at various stages of progression. It has a broad geographic scope and over 20% of sales come from emerging markets, with a particularly strong position in the Chinese insulin market. To support growth in some of these key markets, the company is investing in building local healthcare capacity for providing diabetes care.

Best practices

- **Expands Base of the Pyramid project.** The project is working toward an integrated approach to diagnosis, treatment and diabetes control for the working poor in developing countries. Since its inception in 2011, it has expanded: it is currently running in India, Nigeria, Ghana and Kenya. The company is working to, for example, establish an effective supply chain, reduce the need to travel for treatment and to build capacity for treating diabetes. It aims to roll the project out in more African countries.

- **Integrates access-linked incentives into performance management.** It has integrated access-to-medicine key performance indicators (KPIs), related to its new Access to Diabetes Care strategy, into its formal performance management systems. For example, two access-related KPIs are linked to the company’s Long-Term Incentive programme, which is offered to the top-managers (corporate VPs, VPs and Directors).

- **Strong in stakeholder engagement for diabetes.** Novo Nordisk uses stakeholder engagement to shape its access strategy and to advocate for better diabetes care: e.g., by organising its “Changing Diabetes Leadership Forums & Policy Roundtables” (international, regional and national gatherings of policymakers, healthcare professionals and NGOs, among others) to discuss alleviating the burden of diabetes and diabetes care. Since 2005, it has organised 85 such events in more than 30 countries.

- **Increased affordability of insulin.** One of the leaders in equitable pricing, the company began selling insulin in single-cartridge packages, piloted in Pakistan. This innovative approach to packaging enables patients to spread the cost of treatment over time, making it more affordable.

Sales in countries in scope

General information

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<th>Copenhagen Stock Exchange</th>
<th>NVOB</th>
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<tr>
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Net sales by segment (2013)

Net sales by region
Portfolio and pipeline

Focus
Within the scope of the Index, Novo Nordisk addresses diabetes only.

Marketed products
Has medicines for one disease within scope: diabetes. The majority of its medicines are insulins, while others are specifically used to treat type 2 diabetes.

Pipeline products
Within scope, its clinical pipeline targets diabetes, and includes a fixed-dose combination and new formulations that aim to offer clinical benefits. It also has relevant diabetes products in earlier stages of development.

Opportunities for improving access to medicine

Continue to develop diabetes treatments suitable for use in resource-limited settings. As a market leader in diabetes care, Novo Nordisk has significant potential to develop diabetes treatments that are more suitable for use in low-income settings, such as heat-stable or oral insulin treatments that would increase compliance. It is currently looking at developing insulin in tablet form.

Develop access strategies during R&D process. Novo Nordisk is developing various innovative products for diabetes, but has not provided specific strategies for how they will be made available, accessible and affordable in developing countries, if successful. Novo Nordisk can start taking such factors into account earlier in the development process to ensure access to new products for patients in developing countries.

Extend equitable pricing to more products. Novo Nordisk can expand existing equitable pricing strategies to include a wider range of diabetes treatments.

Consider developing a clear public approach to licensing. It can investigate the potential for licensing its present and future portfolio of patented products as a strategy for supporting access. There is a growing market for diabetes products in many countries in scope. Licensing could prove a viable mechanism to increase access to its newer diabetes products.

Extend commitment not to file for patents to a broader range of Index countries. Novo Nordisk continues, as for 2012, to have a clear commitment not to patent in the LDCs. It can consider extending this commitment to generate greater clarity for a wider range of countries in scope.