RESPONSIBLE SOURCING STANDARDS FOR BUSINESS PARTNERS

Guidelines when engaging with Novo Nordisk
Responsible Sourcing at Novo Nordisk

Novo Nordisk strives to conduct its business in a financially, environmentally and socially responsible way. This is the Triple Bottom Line principle, anchored in the Novo Nordisk Way, that guides decision-making at all levels. We wish to promote responsible business practices throughout our supply chain. Therefore we expect our business partners to adhere to a set of minimum requirements, laid out in these Responsible Sourcing Standards.

Minimum standards
The Novo Nordisk Responsible Sourcing Standards outline minimum standards within business ethics, human rights, labour rights, health and safety and environmental management*. Novo Nordisk expects business partners to apply these, or equivalent standards, in their own supply chain.

‘Business partners’ typically refers to suppliers of products and services, but can also include agents, distributors, wholesalers, licensors, licensees, technology partners and sales entities.

Builds on international standards
The standards are based on the requirements in the UN Guiding Principles on Business and Human Rights, the principles in the UN Global Compact and other relevant international standards outlined in the end of the document.

To reduce the number of customer requirements for business partners, the standards are aligned with the Pharmaceutical Industry Principles for Responsible Supply Chain Management.

Compliance with local law
Novo Nordisk expects business partners to operate in compliance with applicable laws, rules and regulations. If the standards differ from national laws, the highest standard will be applied. The standards do not replace local laws.

Assessing adherence to the standards
In order to assess adherence to the standards, the business partner shall maintain and provide, upon request, the documentation necessary to demonstrate adherence to these standards and shall also permit audits against the standards.

If implementation is challenging
If the business partners face difficulties in conforming with these standards, they shall inform Novo Nordisk and together we will develop an improvement plan with corrective actions.

Material breach
If the business partners are in breach of the standards and cannot agree on an improvement plan or do not implement it, Novo Nordisk reserves the right to terminate the relationship.

Collaboration and partnership
Novo Nordisk recognises that many of our business partners operate in a different legal and cultural environment, and that adherence to the standards may be challenging. Novo Nordisk wishes to engage with business partners to meet the standards, as it is only through collaboration and partnerships that we can advance ethical, social and environmental performance along the supply chain.

*Bioethics: Requirements to business partners in relation to animal welfare, clinical trials, stem cell research, use of human biosamples and gene technology are included in separate documents.
Business Ethics

Business partners shall conduct their business in an ethical manner and act with integrity.

**Business integrity**
All forms of extortion, embezzlement and facilitation payments are prohibited. Business partners shall not pay or accept bribes to obtain undue or improper advantage.

Inappropriate financial or material benefits, such as expensive gifts or extravagant entertainment, may not be offered or received by Novo Nordisk purchasers or other counterparts in Novo Nordisk in an attempt to influence business decisions.

Business partners shall declare any conflict of interest that may affect the performance of tasks or provision of services to Novo Nordisk.

**Privacy**
Business partners shall safeguard and make proper use of confidential information to ensure that company, employees, and patient privacy rights are protected.

**Identification of concerns**
Business partners shall encourage employees to report concerns and illegal activities in the workplace without threat of reprisal, intimidation or harassment. Business partners shall investigate and take corrective action if needed.

**Reporting concerns and taking action**

Businesses should establish mechanisms to enable employees to report concerns. This can be through person of trust systems, committees, internal or external hotlines or a whistle blower system. Corrective action can take many forms, such as an apology, provisions to ensure the harm cannot recur, compensation or cessation of a particular activity.
Labour Rights

Business partners shall be committed to respecting the human rights of workers and to treat them with dignity.

Freely chosen employment
Employees shall have a copy of their written employment contract or letter, setting out the terms and conditions of their employment.

Employees shall not be required to hand over their identity papers to secure employment unless required to do so by local law. If this is the case, employees shall have access to their papers at all times. Employees shall be free to leave their jobs, after reasonable notice, and are paid on time and in full for the work they have done prior to leaving.

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

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

Equal opportunities
Business partners shall provide a workplace free of discrimination and harassment. Discrimination for reasons such as race, national origin, colour, caste, age, gender, sexual orientation, ethnicity, disability, religion, political affiliation, union membership, pregnancy or marital status is not accepted.

Freedom from discrimination applies to all stages of employment: the recruitment process, working conditions, remuneration, development, promotion and termination. Employees shall not be subjected to medical tests that can be used in a discriminatory way by eg. discriminating against persons with chronic diseases.

Treatment of employees
Business partners shall provide a workplace free of harsh and inhumane treatment, including any sexual or physical abuse, corporal punishment, mental or physical coercion, verbal abuse of workers, or threats of any such treatment.

Working hours
Business partners shall be committed to providing permissible working hours, which means that working hours shall not regularly exceed 48 hours of work per week with additional pre-agreed overtime not exceeding 12 hours per week (not exceed maximum working hours of 60 hours per week).

Human rights

We expect business partners to respect human rights as laid out in the UN Guiding Principles on Human Rights and Business. This means that they should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved. Novo Nordisk is establishing processes internally to comply with the Principles and wishes to share knowledge and experience with business partners.

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Pre-agreed overtime work shall be infrequent, voluntary, and in accordance with prescribed legal procedures. Accurate records of regular and overtime working hours and payroll records shall be maintained for all employees.

Wages and benefits
Business partners shall pay employees at least the minimum wage required by law.

All legally required benefits and bonuses shall be paid to employees on time and in full.

Compensation for overtime shall be remunerated at a higher rate than the hourly rate and should as a minimum follow local laws.

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.

Time off and leave
Business partners shall ensure that employees have reasonable breaks during their work day. Employees shall be allowed at least 24 consecutive hours of rest in every 7 day period and are entitled to take paid annual leave, in accordance with local law. Employees are entitled to leave for sickness, family reasons, maternity, public holidays and occupational diseases or injuries in accordance with national regulations. The leave shall be paid in accordance with local rules. Public holidays shall not be counted as part of the annual leave.

Freedom of association
Business partners shall respect the rights of workers, as set forth in local laws, to associate freely, join or not join labour unions, seek representation and join workers’ councils. Workers shall be able to bargain collectively, and worker representatives shall not be discriminated against. Employees shall be able to communicate openly with management regarding working conditions without threat of reprisal, intimidation or harassment.

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

Parallel means of freedom of association
Where the right to freedom of association and collective bargaining is restricted by law, business partners are encouraged to facilitate the development of parallel means of free association and bargaining such as worker representatives or works councils.
Health and Safety

Business partners shall provide a safe and healthy working environment, including living quarters if provided by the company.

Worker protection
Business partners shall have systems in place to plan and maintain a healthy and safe physical and psycho-social working environment.

Accidents and occupational ill health shall be prevented and exposure to chemical, biological and physical hazards, and physically demanding tasks, must comply with local laws and regulations.

Hazards shall be controlled. If hazardous exposure cannot be avoided by technical mitigation, the employees must be provided with appropriate and well-maintained personal protective equipment.

Information on hazardous materials
Business partners shall ensure that safety information relating to hazardous materials is available to educate, train, and protect employees from hazards.

Sanitation
Business partners shall provide unlimited access to drinking water and hygienic toilet facilities in the workplace, and in any accommodation provided by the company.

Emergency preparedness and response
Business partners shall identify and assess emergency situations in the workplace, including in living quarters if relevant, and minimise the potential impact of any emergency by implementing emergency plans and response procedures.

Business partners shall provide sufficient fire exits, escape routes and firefighting equipment.

Risk assessment

Business partners should conduct risk assessment on a regular basis and ensure that systems are updated to reflect the changing risk profile of the workplace.
Responsible Sourcing Standards

EXERCISE

HEALTHY

MIRACLE

PROGRESS
Environment

Business partners shall operate in an environmentally responsible and efficient manner to minimise adverse impacts on the environment and conserve natural resources.

**Environmental authorisations**
Business partners shall comply with all applicable environmental regulations. All required environmental permits, licences, registration of information and restrictions shall be obtained and their operational and reporting requirements followed.

**Waste and emissions**
Business partners shall have systems in place to ensure the safe handling, movement, storage, disposal, recycling, reuse or management of raw materials, waste, air emissions and wastewater discharges. Any waste, wastewater or air emissions with the potential to adversely impact human or environmental health shall be appropriately managed, controlled and where necessary treated prior to release into the environment in accordance with national requirements.

**Protection on the ground, spills and releases**
Business partners shall ensure effective protection on the ground and have systems in place to prevent and mitigate accidental spills and releases to the environment and ensure that air, noise and odour pollution are within nationally defined limits.

**Responsible sourcing of minerals**
Business partners shall document and disclose any use of conflict minerals from a country that has directly or indirectly financed or benefited armed groups if relevant for the functionality of the final product manufactured by Novo Nordisk.

Conflict minerals include columbite-tantalite, cassiterite, wolframite (or their derivatives tantalum, tin and tungsten) or gold.

**Efficiency of resources**
Business partners are encouraged to optimise the use of all relevant resources, such as energy, water, chemicals and raw materials, and to limit the use of scarce resources.

Business partners should avoid the use of hazardous materials, where possible, and engage in activities that reuse and recycle.
Management Systems

Business partners shall use management systems to facilitate continuous improvement within business ethics, labour, human rights, health, safety and the environment. The management system will vary in size and level of formality, depending on size and nature of the company.

Commitment and accountability
Business partners shall demonstrate a commitment to the standards described in this document by allocating appropriate resources and incorporating relevant aspects of the standards into policies and procedures.

Legal and customer requirements
Business partners shall identify and comply with applicable laws, regulations, standards and relevant customer requirements.

Risk management
Business partners shall identify and manage risks related to business ethics, labour and human rights, health and safety, environmental and legal compliance.

Business partners shall continuously determine the relative significance of each risk, and take steps to prevent and mitigate them.

Documentation
Business partners shall maintain documentation necessary to demonstrate conformance with these standards and compliance with applicable laws and regulations.

Business partners shall disclose all such original information to appropriate parties. Original information must not be altered, changed or deleted.

Communication and training
Business partners shall communicate relevant legal requirements, internal procedures and other information to employees, including external employees working for the business partner.

Business partners shall provide training to ensure that employees and management have the appropriate level of knowledge, skills and ability to carry out their work in accordance with internal procedures and legal requirements.

Continuous improvements
Business partners are expected to continuously improve, by setting performance objectives, executing implementation plans and undertaking necessary improvements identified by internal or external assessments, inspections or management reviews.

Sub-suppliers
Business partners shall apply the Novo Nordisk responsible sourcing standards, or equivalent business standards, in their own supply chain. The purpose is to ensure that suppliers of products and services to Novo Nordisk (Novo Nordisk sub-suppliers) also live up to the principles in responsible sourcing standards.

On request, business partners shall inform Novo Nordisk of the production site of any products sold to Novo Nordisk.
Transparency and disclosure

Business partners are encouraged to report externally about their social and environmental impact. This can be on their website or in a publicly available report. Reporting could focus on employee health and safety, human rights, energy, waste, water use and business ethics training.

Business partners are also encouraged to consider relevant certifications, such as ISO 14001, ISO 50001 or SA 8000.
About the Standards

We welcome feedback, comments and suggestions on the Responsible Sourcing Standards as part of our ongoing dialogue and engagement with stakeholders.

You can reach us at responsiblesourcing@novonordisk.com

The following sources were used in formulating these standards.

- The Universal Declaration of Human Rights
- UN Guiding Principles on Human Rights and Business
- International Covenant on Civil and Political Rights
- International Covenant on Economic, Social and Cultural Rights
- Convention on the Rights of the Child
- United Nations Convention against Corruption
- International Labour Conventions (ILO) on Elimination of all forms of forced or compulsory labour (29 and 105)
- Effective abolition of child labour (ILO 138 and 182)
- Elimination of discrimination in respect of employment and occupation (ILO 111 and 100)
- Freedom of Association and Protection of the Right to Organise (ILO 87)
- Right to Organise and Collective Bargaining (ILO 98)
- SA 8000
- ISO 14001 Environmental Management Systems standard
- ISO 50001 Energy Management Systems standard
- ISO 26000 Social Responsibility
- ETI Base Code
- UK Bribery Act
- UK Modern Slavery Act
- SEC Dodd-Frank Section 1502: Conflict minerals
- OECD Guidelines for multinational enterprises
- Pharmaceutical Industry Principles for Responsible Supply Chain Management
- United Nations Global Compact's ten principles
- UNICEF Children’s Rights and Business Principles

The Novo Nordisk Responsible Sourcing Standards version 2.0 were adopted by the Responsible Sourcing Strategic Forum and entered into force on 1 January, 2016.

Industry collaboration

The standards are aligned with the Pharmaceutical Industry Principles for Responsible Supply Chain Management, with some deviation in the labour section as well as the requirement to apply equivalent standards in their own supply chain. The purpose of the alignment is to unify customer requirements to pharmaceutical business partners. Business partners are encouraged to also align their standards with the industry, engage in industry collaborations and sign up to the UN Global Compact to build on international good practices.
Novo Nordisk Compliance Hotline

Business partners, their employees and other external stakeholders can report concerns or suspected misconduct securely and confidentially through the Novo Nordisk Compliance Hotline.

Online
www.novonordisk.com/contact-us/contact_audit_committee.html

Telephone
Dial your country’s AT&T Direct® Code* and when prompted enter 888 536 1504

(* http://www.business.att.com/bt/access.jsp)

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