

# United Nations Global Compact Communication on Progress 2013

## CEO Statement of continued support in 2013

For Novo Nordisk, the turn of the year marks the end of a financial year and the beginning of a fresh cycle – with budgets, plans, projects, targets, calendar commitments and everything else that comes with corporate life. This is an important time because we close the books and take stock of the past year's accomplishments and disappointments. And then we move forward from there, learning as we go, always pushing towards ambitious goals and our long-term vision.

We hold ourselves accountable to shareholders and other stakeholders for our performance during the year, and always seek to present the facts in a fair and balanced way, and to provide our perspective on outlooks for the company's future. To be a sustainable business, we must continuously improve performance on all of the three bottom lines we manage: financial, social and environmental. We manage, measure and account for our performance with diligence and rigour – and we apply the same standard processes of goal-setting and accounting across the board; the social and environmental data we present are equal in importance to the financial data and must therefore be equally robust. For those who want to know more, abundant information is available in our integrated [Annual Report](#).

In 2013, we had our share of setbacks, yet our business is doing well – very well, in fact. Yet, there is more to success than merely minding our own business. We know that the health of the global community that we rely on is to a large extent determined by the contributions made by commercial enterprises. Provision of goods and services, jobs and taxes are just the basics. The role of business in providing education, healthcare, social inclusion, infrastructure and good governance has never been more important than today, and this is only likely to intensify.

We want to be in business for good. That is why we relentlessly pursue our purpose: to discover and develop innovative biological medicines and make them available to patients throughout the world. For many of them, the medical treatment we offer is life-saving, and a life companion that allows them to live their lives to the full.

The world is on an unsustainable course. In the wake of rapid economic development and urbanisation, we are seeing an epidemic rise in diabetes and obesity. And in those parts of the world where poverty rules, insufficient nutrition also brings with it an increasing rate of people with diabetes, who for the most part remain undiagnosed and untreated.

Novo Nordisk's business thrives as a result of this unhealthy, unsustainable situation. We would prefer this wasn't the case. Not just because the human suffering, loss of productivity and economic burden are unbearably high, but also because in the long run, our business – like any other – depends on a healthy planet where people can thrive.

In November 2013, the International Diabetes Federation published its sixth Diabetes Atlas, assessing that 8.4% of all adults – 382 million people – have diabetes, and that the number of people with the disease is set to rise to 592 million by 2035. These numbers are equally alarming, and surely call for action with greater ambition, greater speed and greater impact.

As a long-standing and active member of the UN Global Compact, Novo Nordisk remains committed to supporting the principles of responsible business. And as a member of the LEAD initiative, we have made a commitment to be an example of sustainable

leadership and to seek to exercise our influence in shaping 'The World We Want', alongside business peers and partners, UN organisations, governments and civil society.

In 2013, our efforts focused on making a contribution to the UN Sustainable Development Goals to be launched in 2015. We were pleased to note that this time around the UN has been keen to involve the private sector in shaping a framework for a new set of global sustainable development goals and defining the targets which, after all, business will be playing a key role in achieving.

Our main 'ask' in this process has been that there should be a focus on healthy people and a healthy planet, and the potential synergies between the two. Non-communicable diseases, such as diabetes, are now recognised on the list of major barriers to global socio-economic development, and therefore should be countered by concerted and firm action at international, national and local levels in the same way as other barriers to sustainability.

Health is a driver of wealth. It is a basic human right, yet, for many, remains something that must be fought for. In a sustainable scenario this will no longer be necessary – access to basic healthcare must be a minimum requirement and professional care should be available in any community. And, may I add, in our view healthcare is not just about treating diseases once the symptoms are visible, but as much about prevention and early detection.

As we work together to advance goals for business and society, it is imperative that each of us puts aside narrow self-interest and pursues opportunities to advance sustainable development that generates value for all parties for the long term. In our experience, this can be done successfully, and in this report we share some examples from the past year. What we need next is to bring about transformational change at scale.

We stand ready to do our part and, looking ahead to what 2014 has in store, I remain humbled by the daunting challenges, yet confident that, with determination, we can roll back the tide of unsustainability.

**Lars Rebién Sørensen**  
President and chief executive officer

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# Reporting to the UN Global Compact – Executive Summary

This Communication on Progress accounts for Novo Nordisk's activities during 2013 towards corporate sustainability. It captures our contribution as a committed signatory to the United Nations Global Compact and a proud member of the LEAD initiative. The Global Compact's 10 universally accepted principles in the areas of human rights, labour, environment and anti-corruption, and its approach to corporate sustainability are consistent with Novo Nordisk's business approach of balancing financial, social and environmental considerations – we call it the Triple Bottom Line business principle (TBL). In essence, TBL is about how we do business responsibly and profitably with a view to maximising sustainable value creation for society.

Novo Nordisk has been an active subscriber to the UN Global Compact since 2002, and a co-founder and member of Global Compact LEAD from its inception in 2011. LEAD is a platform for a selected group of approximately 50 UN Global Compact companies to drive leadership to the next generation of sustainability performance. Over the years, our engagement with the Global Compact has been an inspiration in our efforts to embed sustainability into our business practices through policies and strategic initiatives towards achieving the aspirations expressed in the Global Compact. In 2013, we have been part of defining and developing six work streams under the UN Global Compact LEAD:

1. Post-2015 Development Agenda – business input to the Sustainability Development Goals
2. Board adoption and oversight of corporate sustainability
3. Co-creating new forms of UN–business partnerships
4. Realising long-term value for companies and investors
5. Communicating corporate sustainability leadership
6. Social entrepreneurship action hub.

Novo Nordisk is actively involved in the Global Compact LEAD contribution to the UN Sustainable Development Goals process. For Novo Nordisk it is important to ensure that the SDGs focus on healthy people and a healthy planet, and the potential synergies between the two.

The company also works actively with the Global Compact Nordic Network 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 on 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 responsible sourcing.

In 2013, we made progress on all Global Compact principles, further implementing these principles in our business activities:

## Human rights

Knowing and showing that we respect human rights throughout our business and business relationships is an ongoing effort.

Following the gap analysis against the UN Guiding Principles on Business and Human Rights conducted in 2011, the main priorities for 2012–2014 are policy adjustments, risk management and reporting, and access to grievance mechanisms.

In 2013, we developed an approach to handling suppliers beyond tier 1 based on our interpretation of the Guiding Principles.

In the area of risk management, we conducted a baseline analysis of labour rights for our own employees and a review of human rights management in our responsible sourcing programme. Advancing human rights outside our own organisation is another key priority.

In 2012, we updated our global strategy for access to diabetes care and we signed up to and piloted the Children's Rights and Business Principles promoted by UNGC, UNICEF and Save the Children.

## Labour

In support of the principles of respect for labour rights, we worked hard in 2013 to both mitigate risks and improve performance related to labour rights throughout our value chain. We conducted a baseline analysis of labour conditions in Novo Nordisk's global organisation, with support from the Danish Institute for Human Rights. The findings concluded that labour rights are indeed respected in our workplaces, with only minor areas for improvement identified. A set of Global Labour Guidelines will be developed based on these findings.

## Environment

In 2013, we have revised and updated our long-term environmental targets for consumption of energy and water. The new targets remain ambitious and reflect the aspiration of continuously decoupling environmental impacts from business growth, measured as increase in sales in local currencies. The targets have been set as a maximum 50% increase energy and water-consumption, compared to business growth, measured as a three-year average. This will be particularly challenging in years of production expansion and running in of new plants or production.

## 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. Novo Nordisk operates in a highly regulated business environment in which rules and regulations increase in both number and complexity, change often and are vigorously enforced. Therefore adherence to the company's global standards for ethical behaviour must be observed and monitored. These standards relate to anti-corruption, interactions with healthcare professionals and third parties, and responsible marketing.

In such a business environment, making the right choices becomes more complex – and more important. As Novo Nordisk is growing rapidly, it is important that new employees are guided through adherence to a set of values that make it very clear what is expected behaviour from a Novo Nordisk employee. Emphasising the business ethics element in the Novo Nordisk Way has been one of the ways of dealing with this challenge. In 2013, we rolled out business ethics training to all employees and ensured that training was documented.

## 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' model, which is also a part of the Communication on Progress. In addition, we have been recognised as a UN Global Compact 'advanced level reporter'. Information on how we meet the 24 advanced criteria is provided via UN Global Compact's website, [www.unglobalcompact.org](http://www.unglobalcompact.org).

This UN Global Compact Communication on Progress comprises two parts:

**Part 1:** UN Global Compact Communication on Progress – Providing content by reporting progress against the 10 UNGC principles

**Part 2:** Blueprint for corporate sustainability leadership – Demonstrating leadership

## Novo Nordisk and Global Compact

Novo Nordisk signed up to the United Nations Global Compact in 2002. In 2004, when the 10th 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, where we are active through the Steering Committee.

### Key activities in 2013

In 2013, Novo Nordisk has engaged with UNICEF on its programme Children's Rights and Business: Innovation & Action and commented on the UNDP's principles for Sustainable Agriculture. Novo Nordisk is committed 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. In addition, we have written a case study for the UN Global Compact Business Reference Guide to the UN Declaration on the Rights of Indigenous Peoples (UNDRIP).

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

1. Post-2015 Development Agenda – business input to the Sustainability Development Goals
2. Board adoption and oversight of corporate sustainability
3. Co-creating new forms of UN–business partnerships
4. Realising long-term value for companies and investors
5. Communicating corporate sustainability leadership
6. Social entrepreneurship action hub.

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 responsible sourcing.

# Part 1: UN Global Compact – Communication on Progress

## Human rights – Principles 1–2

### Principle

1. Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence.
2. Businesses should make sure they are not complicit in human rights abuses.

## 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 of Human Rights. Today, the Novo Nordisk Way, the foundation of Novo Nordisk'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 UN Guiding Principles on Business and Human Rights.

We understand respect for human rights to be a minimum standard for conducting business with legitimacy and acknowledge that the private sector, as a member of society, can play an important role in the protection and promotion of human rights. Specifically, Novo Nordisk can contribute by addressing fulfilment of the right to health globally through our business. As a world leader in diabetes care, we have a global responsibility and play a role in the development of sustainable healthcare solutions. Developing innovative biological medicines and making them accessible globally is a key contribution.

## Commitments and memberships

Supporting the UN Universal Declaration of Human Rights is an important part of Novo Nordisk's commitment to social responsibility. This commitment requires the company to integrate human rights considerations into its business.

### Read more about our position on human rights

Novo Nordisk demonstrates its commitment to respect human rights as a member of a number of organisations and initiatives. These include:

- Global Business Initiative on Human Rights – a network that helps us stay on top of the human rights agenda and share lessons learned with peers and stakeholders
- Danish Ethical Trading Initiative (DIET) – a responsible sourcing network with focus on knowledge sharing between companies, trade unions and NGOs
- Pharmaceutical Supply Chain Initiative (PSCI) – a group of major pharmaceutical companies that share a vision of better social, economic and environmental outcomes.
- Institute on Human Rights and Business (IHRB) – a network aiming to raise corporate standards and strengthen public policy by undertaking cutting-edge research
- UN Global Compact Nordic Network – a peer-learning network among Nordic companies

- NCD Roundtable – an organisation focusing on policy development and advocacy around non-communicable diseases
- Danish Council for Corporate Responsibility – a council supporting the Danish government on matters concerning companies' social responsibility and the advancement of sustainability in the Danish private and public sectors.

Other parties that we see as important stakeholders include:

- Amnesty International
- Coalition for Social Justice
- International Labour Organization (ILO)
- The International Organization for Standardization (ISO) – the international standard on social responsibility, ISO 26000
- International Diabetes Federation.

## Relevant policies

The Novo Nordisk Way is the foundation of the values-based management system in Novo Nordisk. It describes the company's purpose and aspirations, and includes 10 Essentials that spell out the behaviours that can be expected of all Novo Nordisk employees. One Essential says that 'we treat everyone with respect', which implies that we seek to demonstrate respect in all aspects of our business, from consistent global standards for conducting clinical trials to clear guidelines for non-discrimination with regard to employees.

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

Each policy is owned by an internal board or a committee which operates with a mandate from Executive Management.

The policies relevant to 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 implies 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. Taking the Global Health Agenda set out by the World Health Organization as an inspirational framework for our efforts and contributing to the development of sustainable healthcare systems are central elements of our commitment.

### Novo Nordisk's bioethics policy

Novo Nordisk will discover, develop and produce biological medicines with respect for people, animals and the environment. We operate according to high ethical global standards and require adherence to high ethical standards from our external partners, contract research organisations and suppliers. We promote bioethical awareness in Novo Nordisk, comply with laws and relevant requirements, and act in accordance with international conventions.

[Read the full text of our policies](#)

## Responsibilities

Human rights issues are overseen by the following bodies within Novo Nordisk, which have representation from Executive Management and senior management:

- 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 overall responsibility for the sustainability agenda in Novo Nordisk and oversees implementation of the UNGC principles and related commitments.
- Human rights issues related to our research and development: These 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 the 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 Principles 3–6 for more information on the Global People Board.
- Human rights in the supply chain: These are overseen by the Procurement Committee, to which progress on the responsible sourcing programme is reported.
- Human rights in relation to global health issues: This is the responsibility of the Health Policy Committee. The Committee steers and coordinates the company's efforts to improve access to health.

[Read more about our boards and committees](#)

## Challenges in 2013

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 for responsible sourcing, clinical trials ethics, health and safety, diversity and inclusion, and access to health. Nevertheless, the company has continued the work of ensuring that we stay on top of the human rights agenda and adhere to the UN Guiding Principles on Business and Human Rights – also as these guidelines are integrated into OECD's guidelines for multinational companies and find their way into national legislation.

Addressing the right to health means meeting the growing demand for diabetes care. Access to diabetes care is a global issue and the pharmaceutical industry is expected to shoulder its part of the growing responsibility. With type 2 diabetes reaching epidemic levels and growing most rapidly in South-East Asia and Africa, Novo Nordisk is scaling up its efforts to change diabetes, particularly in low- and middle-income countries. We have set ourselves a long-term target to double the number of people with diabetes treated with our diabetes care products, reaching 40 million people by 2020.

## Progress made in 2013

### Responsible sourcing

Novo Nordisk has a risk-based approach to managing environmental, ethical and social risks in the supply chain. With the risk approach as a solid foundation, there has been a sharpened focus on continuous improvements via diversified supplier engagement, including supplier capability building as a supplement to auditing. The strategic priorities of the Responsible Sourcing programme are to:

- further invest in Novo Nordisk's capability-building
- further integrate responsible sourcing into sourcing practices across Novo Nordisk
- ensure there are differentiated and dynamic risk management models in place

- implement differentiated supplier engagement approaches
- collaborate effectively with external stakeholders to achieve synergies and optimise resources.

In 2013, an approach to implementing Novo Nordisk's sourcing standards with suppliers beyond tier 1 was developed based on interpretation of the UN Guiding Principles on Business and Human Rights. An overall corporate approach defines steps to consider in relation to risk assessment and engagement of relevant suppliers beyond tier 1 to adhere to our responsible sourcing standards – via collaboration with tier 1 suppliers. The approach will be implemented step-wise in the sourcing units, starting in the first half of 2014 with the product-related sourcing area.

In 2014, the company's responsible sourcing standards will be reviewed to ensure that they fully reflect new external requirements, including adherence to the UN Guiding Principles on Human Rights and Business.

[Read more about responsible sourcing](#)

### Access to healthcare

Novo Nordisk has a long-standing commitment to access to healthcare as a universal human right. This commitment is an integral part of the company's Triple Bottom Line business principle and the Novo Nordisk Way.

Changing Diabetes® is the Novo Nordisk response to the global diabetes challenge. That means stopping diabetes ruining peoples' lives. Across the world, we work with partners to implement the UN Resolution on Diabetes and to break the diabetes Rule of Halves by increasing diabetes awareness and improving access to care and treatment options. Our key contribution is to discover and develop products that serve the diverse needs of people with diabetes globally, and to make them accessible to patients across the world. We are committed to offering a product portfolio that includes low-priced insulin.

We aim to ensure that our partnerships are multisectoral and that our efforts are firmly rooted in existing healthcare systems, meaning all programmes contribute to building local capacity, which can be scaled up over time.

Our efforts across the world in recent years have shown us that business integration is essential to making access to care sustainable and making it work at scale. It is with this focus that Novo Nordisk has embarked on a renewed strategy for global access to diabetes care, reaching 40 million patients by 2020. This long-term target is also a contribution towards meeting the World Health Organisation's 25by25 target – a 25% reduction in premature mortality from NCDs by 2025.

Our renewed strategy also entails a scaling-up of activities in three cross-cutting areas:

- Health for the next generation: promoting a life-course approach to care for patients by focusing on disease prevention and access to care, particularly for women and children.
- Reaching the base of the pyramid: developing innovative and sustainable models for diabetes treatment and care for the working poor.
- Building healthcare capacity: contributing to the training of healthcare professionals globally to build awareness of diabetes and capacity to diagnose and treat the condition.

These efforts – together with Novo Nordisk's financial support to the World Diabetes Foundation and differential pricing policy for least developed countries – will help us and our partners raise awareness about diabetes and improve global access to treatment and care towards 2020.

### Changing Diabetes® in Children

There are more than half a million children with type 1 diabetes in the world. About half of these children live in resource-poor environments, often without the necessary diabetes treatment facilities. Children with type 1 diabetes have high mortality rates, with life expectancy of less than one year after diagnosis in some countries in sub-Saharan Africa. This is the result of lack of awareness, and poor accessibility and affordability of diabetes care.

As a response, in 2009 Novo Nordisk established the Changing Diabetes® in Children programme. This is a five-year programme for the improved delivery of care to children with type 1 diabetes. The Changing Diabetes® in Children programme is active in nine countries: Bangladesh, Cameroon, Democratic Republic of Congo, Ethiopia, Guinea, India, Kenya, Tanzania and Uganda. The programme is expected to be extended after 2014.

Achievements in 2013 in collaboration with partners include the following:

- 2,000 children were enrolled, bringing the total number of children in the programme to 11,710
- 18 clinics were created to deliver care, totalling 93 clinics since 2009
- 1,811 healthcare professionals working in the clinics were trained in special aspects of diabetes care for children, bringing the total of healthcare providers trained to 4,152
- Patient education material was developed in English, French and Amharic, and distributed to all programme countries
- Partnerships with other pharmaceutical companies were strengthened, for example Novo Nordisk and project partner Roche jointly supported initiatives in the course of 2013.

#### Read more about Changing Diabetes® in Children

### Changing Diabetes® in Pregnancy

Gestational diabetes (GDM) is estimated to occur in up to 28% of all pregnancies. Diabetes poses an extreme risk during pregnancy for both mother and child. In addition, a woman diagnosed with GDM is much more likely to develop type 2 diabetes 5–10 years after delivery, and children of women with GDM have a 4 and 8 fold increased risk of developing prediabetes and type 2 diabetes, respectively. In developing countries, women with GDM often go undiagnosed. The Changing Diabetes® in Pregnancy programme, established in 2009, aims to put focus on how screening and treating pregnant women for GDM can improve maternal health and prevent millions of future diabetes cases – both among the women and their children.

From the start of the programme, achievements by Novo Nordisk and its collaborating partners include:

- Support to three country projects established with partners in Colombia, Nicaragua and India
- 17,236 women screened for GDM/ 1,572 cases of GDM diagnosed, treated and educated
- 4,004 healthcare professionals trained in GDM screening and management
- 172,311 people reached through awareness campaigns
- A health-economic tool developed to inform policymaking in countries
- Country analyses of GDM screening cost-effectiveness conducted in India and Israel.

#### Read more about Changing Diabetes® in Pregnancy

### Affordability of insulin

Novo Nordisk works to improve affordability of treatment for people with diabetes, especially in low- and middle-income countries. In response to the call for concerted action at the UN High-level Meeting on Non-communicable Diseases in September 2011, Novo Nordisk further elaborated its commitment to access

to the health agenda by promising to:

- always have a low-cost insulin in its product portfolio
- produce and make human insulin available for at least another 10 years.

Through the differential pricing policy for Least Developed Countries (as defined by the UN), Novo Nordisk sold insulin at an average price of 17 US cents per patient per day in 2013. Novo Nordisk also sold insulin at a similarly low price to many governments in middle-income countries through large public tenders. In 2013, we reached 5.2 million people with diabetes through these tenders. Our affordable pricing is one component of the wider partnership required to improve access to diabetes care.

To see the reach of the differential pricing policy in 2013, go to our [Annual Report 2013](#), p 98.

#### Read more about our differential pricing policy

### Access to haemophilia care

Novo Nordisk develops therapeutic treatments for people with haemophilia and rare bleeding disorders and makes them commercially available. The company supports and sponsors the work of the World Federation of Hemophilia and the European Haemophilia Consortium, and works globally and locally with the haemophilia community in order to develop programmes that train physicians and support medical practice, investigate and address psychosocial issues related to haemophilia, and encourage further clinical research and knowledge sharing across the research community.

#### Read more about haemophilia care

In addition, in 2005 Novo Nordisk established the non-profit organisation Novo Nordisk Haemophilia Foundation (NNHF), based in Zurich, Switzerland. NNHF is dedicated to defining and funding sustainable programmes that improve access to quality care, benefiting people with haemophilia and allied bleeding disorders in the developing world. With local partners and renowned experts, NNHF addresses three focus areas: capacity-building, diagnosis and registration, as well as education and awareness. To date, the NNHF is supporting programmes in 51 countries and receives approximately 20 million Danish kroner per year from Novo Nordisk. The work of the foundation is governed by the NNHF council and in accordance with the guidelines and principles of the Swiss Foundation Code.

#### Read more about the Novo Nordisk Haemophilia Foundation

### Training in clinical research ethics

Staff and investigators involved in conducting Novo Nordisk-sponsored clinical trials must always be appropriately qualified. Hence, they are all trained in complying with GCP requirements. Research activities will only take place in countries where the regulatory environment, infrastructure, medical standards, and Independent Ethics Committees (IEC) or Institutional Review Boards (IRB) in place are all adequate. Furthermore, Novo Nordisk only conducts trials in countries where we intend to market the products.

### Human rights assessment

As a result of the gap analysis of Novo Nordisk against the Guiding Principles on Business and Human Rights carried out by an external consultant in 2011, we conducted a labour condition baseline assessment with support from the Danish Institute for Human Rights. Based on this assessment it was decided to develop a set of Global Labour Guidelines. For more information on the assessment, see Principles 3–6 – Labour.

#### Read more about human rights



## Labour – Principles 3–6

### Principle

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
4. Businesses should uphold the elimination of all forms of forced and compulsory labour.
5. Businesses should uphold the effective abolition of child labour.
6. Businesses should eliminate discrimination in respect of employment and occupation.

## 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 implies requiring suppliers to respect our commitment to the UN Global Compact and, as the company grows globally, this means we will ensure a diverse workforce working in a healthy and safe working environment.

As the pharmaceutical industry is highly specialised and regulated, child labour and forced labour are not perceived as a material problem for Novo Nordisk. Nevertheless, we are aware that this might be a different issue when it comes to our suppliers, especially within non-product related sourcing. However, we aim to treat this area as we treat our product-related sourcing.

Having a good work relationship between management and employees is important to the company. Therefore, we strive to ensure that all employees' working conditions are considered in the local governance structure and that employees have the opportunity to discuss working conditions with their local management team. Furthermore, freedom of association is regarded as a core element for employees.

## Commitments and memberships

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

As a member of a number of organisations and voluntary initiatives, Novo Nordisk shows its commitment to respecting equal rights and opportunities. The company demonstrates transparency and engagement on a global scale, in alignment with its values, leveraging credibility and role-modelling accountability.

See Principles 1–2 – Human Rights for a full list.

## Relevant policies

The Novo Nordisk policies relevant to 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 with equal opportunities for all, and by offering a workplace that supports a healthy lifestyle.

[Read the full text of our policies](#)

## 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 Occupational 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.

[Read more about boards and committees](#)

## Challenges in 2013

Novo Nordisk has solid management systems in place for human resources and occupational health and safety, covering headquarters, 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. We have also established a Global HR Compliance Office further to the sharpened focus on legal compliance and the need to comply and deal with changing legislation and relevant requirements globally.

One of the challenges that we faced in our responsible sourcing programme in 2013 was training our procurement staff to a level where they have a deep understanding of their role in ensuring responsible sourcing practices throughout the supply chain and in how to engage suppliers in improving conditions.

## Progress made in 2013

### Labour condition assessment

Novo Nordisk's People Policy refers to the UNGC and, in order to document adherence with the UNGC and the UN Guiding Principles on Business and Human Rights, a labour condition baseline assessment was conducted globally in Novo Nordisk. The baseline assessment covered employees in sales, administration and production in six selected countries, representing the majority of workplaces in Novo Nordisk. It was finalised in February 2013 with a consolidated report, which concluded that Novo Nordisk is in good shape in terms of adhering to the UN Global Compact and UN Guiding Principles. However, it was decided to further investigate maternity leave and living wage calculation in Novo Nordisk, and to develop and implement a set of Global Labour Guidelines.

[Read more about human rights](#)

### Global HR Compliance Office

The Global HR Compliance Office serves as a global single point of entry for human resources legal compliance-related matters. The office was established further to the increased requirements within legal and business ethics compliance, which have implications for a range of human resources processes in Novo Nordisk. The office has an active role in ensuring that Novo Nordisk complies with legislation, relevant requirements, the UNGC and related labour conditions, which are all key elements in the Novo Nordisk People Policy. Furthermore, it handles legal issues related to personal data protection within Novo Nordisk. The office has produced easy-to-use tools for internal use to highlight the commitment and actions related to equal opportunities.

### Grievance mechanism and anti-retaliation

We are committed to providing our employees with access to mechanisms for raising workplace-related grievances. An employee can raise concerns directly with their manager, Human Resources or other local channels, or bring the matter to the Ombudsman. Furthermore, employees can report suspected misconduct in a secure and confidential way via the Compliance Hotline. The Compliance Hotline procedure ensures that employees raising their concerns are protected from retaliation.

### Read more about how to use the Compliance Hotline

#### Freedom of association

The Novo Nordisk anti-retaliation policy includes union affiliation/non-affiliation. The decision to join a union is made by the individual employee. If employees have chosen not to be represented by a union, management and employees may address workplace-related topics in a suitable forum. Overall, the employees are able to take steps to present their interests.

#### Health and safety strategy for 2020

A revised occupational health and safety strategy was approved in 2012. The strategy states that:

- Novo Nordisk is committed to continuously improving the working environment
- Novo Nordisk embraces a zero-injury mindset and will not accept people being injured as a result of our working conditions
- Novo Nordisk is committed to a sustainable health and safety strategy and falling trends in injury frequency rate with absence towards 2020
- good workplace ergonomics is a key element in ensuring long-term health for employees
- Novo Nordisk is committed to reducing work-related muscular/skeletal pain experienced by employees
- Novo Nordisk wants to take on broader responsibility for our people's well-being and thereby develop a systematic approach to supporting sustainable business performance and the healthy growth of the company.

#### One global health and safety management system

The Novo Nordisk occupational health and safety (OHS) management system has been implemented and, as of the end of 2013, covers all employees. The system will be rolled out to the last affiliates at the beginning of 2014.

The global OHS management system ensures appropriate processes for health and safety governance and also specifies minimum requirements.

To see our OHS performance in 2013, visit the [Annual Report 2013](#), p 15.

#### Promoting the health of employees

Through the NovoHealth programme, Novo Nordisk promotes and supports healthy living for all employees as a means of

preventing type 2 diabetes and other lifestyle-driven diseases. This is seen as part of our commitment to running a responsible healthcare company and being a leader in diabetes care. A healthy lifestyle is the best way to fight the diabetes epidemic. The programme is based on four global standards – a smoke-free working environment, access to healthy food at work, access to exercise facilities and offers of regular health checks – and at the end of 2013, 84% of employees were fully covered by the global NovoHealth programme. Full coverage means that employees are covered by a minimum of three out of four standards. The numbers on implementation level are based on self-reporting by affiliates covering 94% of our employee population.

One of the global NovoHealth standards is that all employees are offered a health check at least every second year. Evidence shows that employees who participate in consecutive health checks generally reduce their number of risk factors; this normally indicates a decreased risk of developing diabetes and heart disease. 95% of all employees were covered by the health check standard in 2013. The health check results motivate employees to participate in many of our health promotion activities, thereby facilitating the positive change.

### Read more about the health programme for our employees

#### Actively promoting equal opportunities and diversity

Progress towards the 2014 Diversity Aspiration has been steady. In all, 70% of our senior management teams are now diverse in both gender and nationality, while 90% are gender-diverse. Novo Nordisk's Diversity Strategy has advancement of women in leadership as one of its key pillars, directly aligned with the Women's Empowerment Principles (1, 2, 4 and 7). Activities undertaken at corporate level in 2013 include the following:

- Further embedding of diversity into the annual organisational review, which requires every business unit to develop and nominate female successors to global key positions and to ensure robust talent pipeline development
- Constant external and internal benchmarking and institutionalised accountability and transparency with target-setting and monitoring of gender and national diversity
- Development of a Human Resources IT system that tracks gender balance in recruitment (currently in Denmark) as well as internal talents (globally)
- Continued leadership development and scaled networking programmes in different regions targeted at female managers to help them clarify their leadership ambitions and career paths.

To see our diversity performance in 2013, visit our [Annual Report 2013](#), pp 11.

Download our [Diversity Report](#) or [read more on our website](#)

#### Labour issues in the supply chain

With an increasingly global supply chain, Novo Nordisk's share of products and services sourced from countries with potential governance gaps is growing. This emphasises the need to understand the risks related to the social, environmental and ethical performance of our suppliers. To ensure that Novo Nordisk's sourcing professionals understand these risks in the supply chain and integrate responsible sourcing into daily sourcing practises, face-to-face training and an e-learning programme were rolled out globally during 2012 and 2013. The training has ensured that sourcing professionals now have a heightened awareness of potential responsible sourcing issues in Novo Nordisk's supply chain and understand the potential impacts.

#### Risk-based approach to responsible supply chain management

In Novo Nordisk, we have adopted a risk-based approach to managing environmental, ethical and social risks in the

supply chain. Our methodology builds on a common set of screening principles and our risk models are tailored to specific sourcing areas, allowing us to identify and manage social and environmental risks.

In product-related spend, which includes spend directly related to the manufacturing of products, 10.3% of suppliers (32 of 311) have been identified as high risk.

Within our engineering sourcing supply chain, which covers sourcing of goods and services related to production and mainly within larger investment projects, 1.4% (17 out of 1,259) were identified as high-risk suppliers.

The majority of our suppliers relate to non-product-related, or indirect, spend. This supplier base not only comprises the biggest number of Novo Nordisk suppliers worldwide (approximately 40,000) but also covers the highest spend. Within the current responsible sourcing scope, 133 suppliers are considered high risk.

Action plans for all high-risk suppliers have been established. The action plans focus mainly on responsible sourcing contract coverage, self-assessment questionnaires and responsible sourcing audits. Findings from self-assessment questionnaires and audits direct the concrete activities that should be implemented by the supplier.

#### Responsible sourcing audits

Suppliers' performance and adherence to our responsible sourcing standards are regularly evaluated. A total of 25 responsible sourcing audits were carried out in 2013, resulting in 43 major findings and one critical finding. The findings were distributed among labour practices (43%), occupational health and safety (45%), environment (5%) and other, including business integrity and sub-suppliers (7%). We have engaged with the suppliers on the identified findings to ensure improvements. Procedures for follow-up have been agreed by Novo Nordisk and the supplier, including time frames for corrective action plans.

The critical finding concerned excessive overtime at a Chinese supplier. A continuous improvement and engagement programme has been initiated with the supplier. With support from a local consultant the purpose is to decrease overtime by addressing the root causes of excessive overtime and improve relevant processes and systems in a practical way and within reasonable time frames.

Currently, Novo Nordisk uses its own responsible sourcing audit team when auditing suppliers. During 2013, we have been involved in the development of a joint audit model with other pharmaceutical companies through the Pharmaceutical Supply Chain Initiative (PSCI) – a group of major pharmaceutical companies that share a vision of better social, economic and environmental outcomes for all those involved in the pharmaceutical supply chain. Depending on the learning from this initiative and other supplier engagement approaches that we are currently piloting and testing, we will determine how this can be efficiently integrated in our audit approach for the benefit of Novo Nordisk and our suppliers.

#### Responsible sourcing check

In addition to responsible sourcing auditing our high risk suppliers, deployment of a responsible sourcing check at all supplier quality audits was introduced in the second half of 2013. The purpose is to probe for responsible sourcing risks at suppliers to determine if additional activities are required, e.g. dialogue or visit to the supplier, a full responsible sourcing audit, etc. The checks are conducted by our own team of quality auditors.

#### Focus on continuous improvements in the supply chain

As a supplement to responsible sourcing contract coverage, self-assessment and auditing, work on continuous improvements of e.g. labour conditions via building suppliers' capabilities has also been in focus during 2013 as outlined in the examples below.

- In connection with construction of a new production facility in Russia face-to-face training in business ethics, health & safety and responsible working conditions was provided to the general contractor and the main subcontractors involved in the construction project.
- For selected high risk service providers in China, supplier capability building was also piloted. Suppliers were trained in how to understand and use the Novo Nordisk responsible sourcing standards for business partners and were asked to commit to improvement plans with focus on areas they identified themselves. A new approach was tested, where capability building was provided to the supplier prior to audits. Responsible Sourcing audits to test the effect of this new approach will be completed with two of the suppliers before the end of 2013. Further roll-out will focus on additional Novo Nordisk sites situated in high risk countries from 2014.
- As a member of the Pharmaceutical Supply Chain Initiatives' committee on supplier capability building Novo Nordisk actively supports the development of industry aligned and coordinated activities to support social, ethical and environmental improvements in the pharmaceutical supply chain.
- As mentioned in the section around human rights Novo Nordisk has defined a corporate approach to handle suppliers beyond tier 1. This also includes potential issues related to labour standards.
- Also in 2013 Novo Nordisk has joined forces with the Danish Ethical Trading Initiative and other Danish companies in a multi-stakeholder initiative to develop a guideline for buying companies on how to implement responsible sourcing for suppliers who are agents or intermediaries. The guideline will be publicly available in 2014 and will be followed by the development and piloting of training for use with these types of suppliers going forward.

#### Read more about responsible sourcing

#### Employee engagement activities

TakeAction is an employee programme designed to encourage and support employees in integrating the Novo Nordisk Way into everything they do. The programme provides an opportunity to engage in voluntary activities and a forum for sharing best practices. All activities are developed and undertaken by Novo Nordisk employees during working hours insofar as they support the company's business objectives and cover social and/or environmental objectives in their local communities.

TakeAction activities are divided into three categories addressing social issues in the local community, helping the environment or positively affecting the lives of the people whose healthcare needs we serve. In 2013, more than 145 TakeAction activities were carried out at 30 Novo Nordisk local offices. In all, 6,071 employees volunteered a total of 35,000 hours.

Besides volunteering, our employees raised funds through raffles, donations, flea markets, marathons and auctions. The fundraising projects reported in 2013 raised a total of 281,329 US dollars to support local initiatives, organisations and causes.

#### Read more about employee engagement

## Environment – Principles 7–9

### Principle

7. Businesses should support a precautionary approach to environmental challenges.
8. Businesses should undertake initiatives to promote greater environmental responsibility.
9. Businesses should encourage the development and diffusion of environmentally friendly technologies.

### 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 environment is a highly relevant topic, the pharmaceutical industry is less exposed than other industries due to a limited industry footprint and 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 business principle. Staying at the forefront of the industry to deliver on that commitment will become increasingly 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.

In relation to applying the precautionary principle, Novo Nordisk's contained use of approved genetically modified organisms (GMOs) for research and production is based upon approximately 25 years of risk assessments and safety records. No damage to human health or the environment has ever been recorded. Field surveys have not shown living GMOs in the surrounding soil. Nevertheless, Novo Nordisk continuously aims to eliminate and reduce uncertainties, and develop additional precautionary approaches.

The continued decoupling of environmental impact from business growth is achieved through even more efficient manufacturing processes. Further, the manufacturing of insulin and biopharmaceutical products are mostly based on biological processes, resulting in less use of chemicals than chemical synthesis of medicines.

### Commitments and memberships

Novo Nordisk subscribes to the International Chamber of Commerce's Business Charter for Sustainable Development.

Organisations that we support or are a member of include:

- WWF's Climate Savers Programme – a programme that sets and meets goals to reduce members' carbon emissions, advance projects to protect their resources from climate impacts and ensure the sustainability of their core business
- United Nations: Caring for Climate Working Group – a group that aims to advance the role of business in addressing climate change
- Danish Ethical Trading Initiative (DIEH) – a responsible sourcing network with focus on knowledge sharing between companies, trade unions and NGOs
- Prince of Wales Corporate Leaders Group on Climate Change – a group that brings together business leaders from major UK, EU and international companies who believe that there is an urgent need to develop new and longer-term policies for tackling climate change.

Other important stakeholders include:

- Intergovernmental Panel on Climate Change (IPCC)
- World Resources Institute (WRI)
- United Nations Environment Programme (UNEP)

- CDP (formerly known as the Carbon Disclosure Project)
- Danish Society for Nature Conversation.

### Relevant policies

Our policies relevant to 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 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.

#### 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.

#### Read the full text of our policies

### Responsibilities

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

- The Sustainability Committee has overall responsibility for setting direction for the strategic and proactive management of the sustainability agenda in Novo Nordisk. This includes implementation of strategies in support of the company's long-term strategy for sustainable growth and in accordance with voluntary commitments. The committee is the company's highest authority with regard to environmental, bioethical and occupational health & safety 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.

### Challenges in 2013

The company's environmental policy covers the entire value chain from molecule to patient, and in addition to ensuring compliance and sound management practices at production sites in accordance with ISO 14001, efforts include even more efficient manufacturing processes, a focus on smarter use of resources and materials in the discovery and development of new products, and innovation projects in partnership with suppliers, healthcare providers and local communities. As production and sales continue to grow, it becomes increasingly challenging to keep minimising environmental impact in absolute terms.

### Progress made in 2013

#### Long-term environmental targets

Novo Nordisk has chosen three long-term environmental targets to support long-term financial performance, balancing responsibility with profitability, with the aim of creating sustainable value for shareholders and other stakeholders. The goal is to optimised production efficiency and reduce environmental impacts. The environmental targets are ambitious and reflect the aspiration to produce more with less and continuously reduce impacts on the environment.

In 2013, we revised and updated our long-term targets for energy and water consumption which remain ambitious and reflect the aspiration of continuously decoupling environmental impacts from business growth. The new targets have been set as a maximum 50% increase of energy and water consumption, compared to business growth, measured as a three-year average. This will be particularly challenging in years where we expand and new plants or production lines are taken into operation. The long-term target of achieving an absolute reduction in CO<sub>2</sub> emissions of 10% by 2014 compared with the 2004 baseline remains unchanged.

To see how we perform against our long-term environmental targets, see the [Annual Report 2013](#), p 13.

#### Climate action

The main focus of our climate action strategy is to continue our focus on reducing emissions from production (scope 1 and 2). We are confident that we will meet our 2014 target, set in 2006, of a 10% absolute reduction in CO<sub>2</sub> emissions, and intend to work with our partners to further reduce emissions towards 2020. We want reductions to be achieved at a rate that lies at the upper end of the recommendations of the UN Intergovernmental Panel on Climate Change. We are also extending the scope of our climate strategy to encompass emissions from relevant business activities. We focus on reducing and reporting emissions from company cars, product distribution and business travel. Some of the key activities in 2013 were:

- Product distribution: in 2013, focus has been on further decreasing the volumes being transported by air.
- Company car guidelines will help the affiliates set targets and report emissions.
- Business travel: with the roll-out of an updated IT platform, Novo Nordisk employees now have access to a tool for easy web meetings, ensuring an alternative to travelling
- In 2013, emissions of SO<sub>2</sub> were 162 tons and NO<sub>x</sub> emissions 234 tons compared with 2012 where emissions of SO<sub>2</sub> and NO<sub>x</sub> were 163 and 206 tons respectively. The increase in SO<sub>2</sub> and NO<sub>x</sub> is mainly due to an increase of emissions at the powerplant in Kalundborg where 30% of all energy is used. The increase is due to a boiler unit with slightly lower flue gas desulphurization and less fluegas denitrification.

To see our environmental performance in 2013, see the environmental statements in the [Annual Report 2013](#), pp 102-103.

In 2013, Novo Nordisk submitted information to the 11th CDP report. Novo Nordisk has continuously reported its CO<sub>2</sub> emissions, actions, risks and opportunities since the first CDP report was requested in 2002. The 2013 disclosure score for Novo Nordisk was 96 points, which is 6 points higher than in 2012, and the 2013 performance score was 'B'. This score keeps Novo Nordisk in the top 10 healthcare companies in the CDP Global 500 2013 report. In the Nordic CDP Report 2013, Novo Nordisk has been included in the Climate Performance Leadership Index.

[Read news article about the CDP score](#)

## Anti-corruption – Principle 10

### Principle

- 10.** Businesses should work against all forms of corruption, including extortion and bribery.

### 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 concepts of appropriate business conduct can vary widely. Making the right

choices becomes more complex – and more important – with 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 key stakeholders.

Institutionalising ethical conduct requires more than codes and standards; it requires the fostering of 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 we operate.

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

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

[Read more about business ethics](#)

## Commitments and memberships

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

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

- Transparency International which tracks practices country-by-country through its Anti-Corruption Index
- 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
- International and national industry associations such as European Federation of Pharmaceuticals Industries and Associations (EFPIA) and Pharmaceutical Research and Manufacturers of America (PhRMA), where we follow and influence discussions on the research, development and manufacturing of medicinal products for human use in Europe and the US.

## Relevant policies

### Novo Nordisk's business ethics policy

In Novo Nordisk, we will act with integrity in our efforts to deliver competitive results. This means that we will:

- apply consistently high business ethics standards across the value chain
- address day-to-day dilemmas guided by the Novo Nordisk Way
- be transparent about our business decisions and practices
- hold ourselves accountable for acting with integrity and in compliance with all laws, regulations and the UN Global Compact.

### 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.

[Read the full text of our policies](#)

## Responsibilities

The business ethics policy is supported by a global business ethics strategy overseen by the Audit Committee and Executive Management, and implemented by the Business Ethics Board, which has representation from Executive Management and senior management across the value chain. The Business Ethics Board sets the direction for business ethics within Novo Nordisk with procedures and guidelines, training, advice and monitoring, and verifies progress through audits and follow-up actions. Additionally, the Business Ethics Board ensures ongoing development of compliance programmes on a global and regional level and monitors business ethics risks.

Furthermore, we have a Business Ethics Compliance Office at headquarters to support and monitor implementation of the global compliance programme. This includes developing procedures, providing advice globally and establishing business ethics training for all employees. The Business Ethics Compliance Office thus drives and oversees implementation of the compliance programme through our regional compliance representatives.

Concerns over business ethics compliance are reported through the Compliance Hotline (our whistleblower function). This is managed by the Audit Committee Secretariat on behalf of the Audit Committee. Independent and objective investigations are carried out for all cases, including those reported and identified internally. This approach is designed to give employees security, full anonymity and confidence in reporting concerns.

[Read more about the Compliance Hotline](#)

## Challenges in 2013

As Novo Nordisk is growing rapidly in terms of number of employees, it is important that new employees are guided by a strong set of values that clearly state the behaviour expected of a Novo Nordisk employee. Emphasising the business ethics element in the Novo Nordisk Way has been one of the ways of dealing with this challenge.

## Progress made in 2013

### Improved business ethics governance

The Business Ethics Board is charged with the development and implementation of the global business ethics strategy to ensure governance and alignment across the organisation.

To establish a link with integration of the business ethics strategy from the Business Ethics Board to the Business Ethics Compliance Office and the regions, a Global Compliance Forum acts as the operational body that ensures a coordinated approach across Novo Nordisk to implementation of the business ethics compliance programme.

### Improved third-party due diligence and training

We have performed detailed due diligence of third-party contracts to ensure implementation of key business ethics principles. Further, our due diligence process has been revised in general to strengthen third-party compliance in both the short and long term.

### Roll-out of business ethics training

Training activities for employees are split between corporate certification of procedures for all employees in scope, e-learning courses targeting a broad audience, and tailored face-to-face training focusing on in-depth and interactive dialogue with key employee groups. All employees have to pass a test to ensure that our corporate procedures have been both read and understood. Further, we have improved our documentation of other training activities and linked this to our global learning management system to help create a single global overview of learning points

and improvement opportunities. This effort will continue in 2014 and beyond.

### Communication and advice

To ensure support for consistent and uniform business ethics communication, a toolbox has been developed and is being used across the organisation. This includes advice, dilemmas, monitoring tools and guidance for use by management and compliance professionals in all regions.

Read about our performance in 2013 in relation to business ethics training, audits and Compliance Hotline cases in the [Annual Report 2013](#), p 12-13.

### Public affairs transparency

Novo Nordisk takes a stakeholder approach to engaging in health policy discussions about quality diabetes care. We enter into dialogue with regulatory bodies, payers and policymakers and the diabetes community, focusing on the tremendous unmet need for better prevention, early detection and better quality treatment in diabetes care. Citizens have a right to expect political processes to be transparent and to take place in compliance with the law as well as with due respect to ethical principles, avoiding undue pressure or illegitimate or privileged access to information or decision-makers.

The European Commission and European Parliament have established a transparency register that encourages any external organisation working to influence the EU institutions to sign up to a voluntary code of conduct and a register of interest representatives. Reporting of Novo Nordisk's advocacy expenditures is available via the [EU Register](#). In relation to Novo Nordisk's lobbying efforts in the US, the lobby expenditures for 2013 are available via this [register](#). The number includes in-house lobbying staff (time and expenses), fees for external lobbying firms and membership fees to industry organisations that carry out lobbying activities.

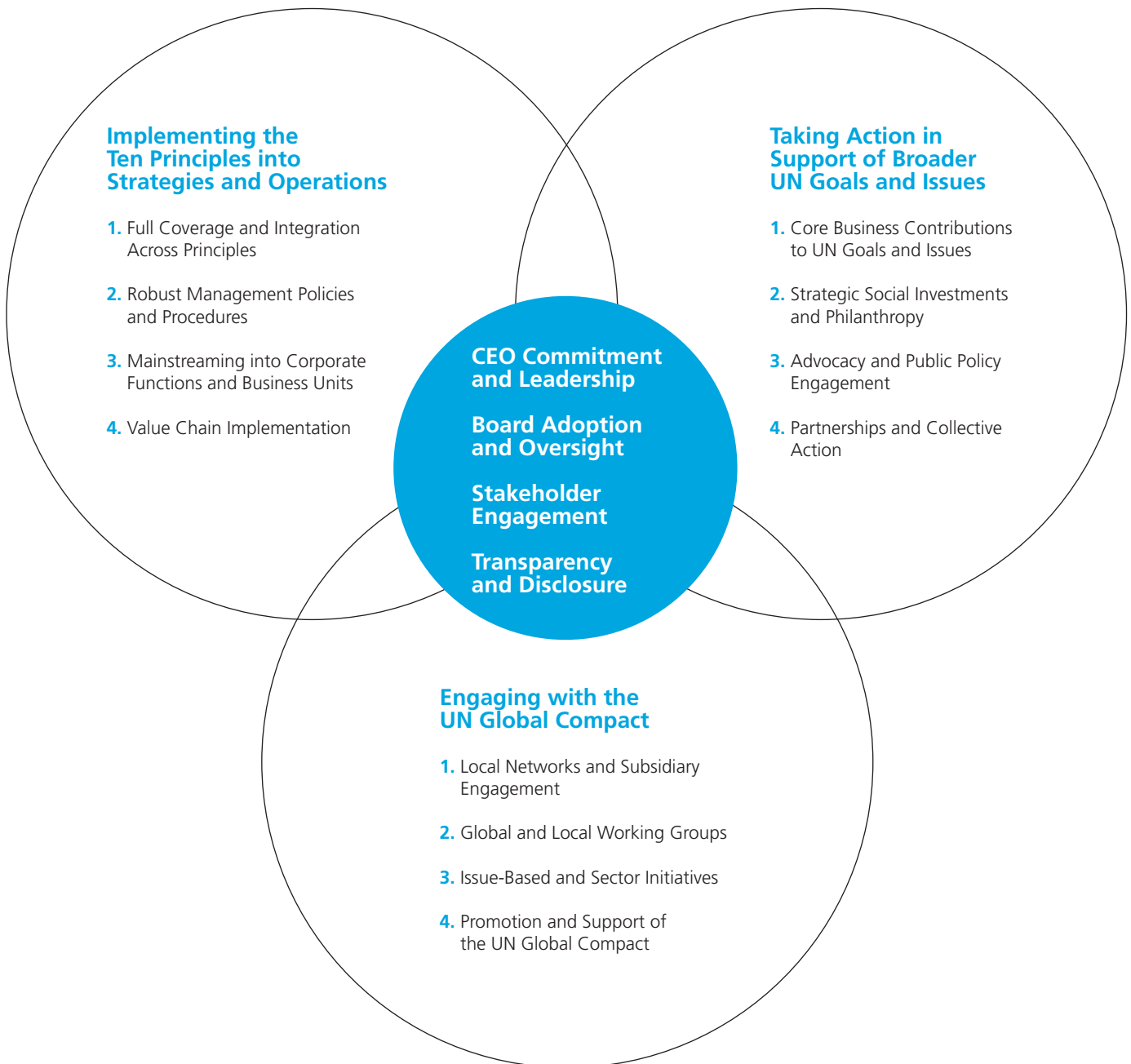
### Political Action Committee in the US

The Novo Nordisk Political Action Committee (PAC) continued to grow in 2013 and now has more than 443 members in the company. Created in 2006, the PAC solicits funds only from those Novo Nordisk employees who are US citizens and have executive or managerial responsibilities. The funds raised are used to make contributions to candidates for federal office. The amounts that may be contributed to and by a PAC are limited, and steps are taken to ensure that employee contributions are strictly voluntary and made without coercion.

The Novo Nordisk Inc. PAC has contributed 112,500 US dollars to 79 Congressional candidates from the two major US political parties in both the Senate and the House of Representatives in 2013.

# Part 2: Blueprint for Corporate Sustainability Leadership in a Novo Nordisk context

As a UNGC LEAD member, we demonstrate our sustainability governance and management processes through the 'Blueprint for Corporate Sustainability Leadership' model. There are no established reporting standards, as the UNGC leaves it up to individual members how they use the model. In Novo Nordisk we have chosen to take the Blueprint very literally and respond directly to each of the 49 action points in a table format.



Source: [http://www.unglobalcompact.org/docs/news\\_events/8.1/Blueprint.pdf](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 operationalise 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

<p>1. Implement all the ten UN Global Compact principles into strategies and operations</p>	<p>The Chairmanship has the role and responsibility of a remuneration committee, and presents proposals to the Board of Directors. However, Novo Nordisk has not established a separate remuneration committee as Novo Nordisk finds that each board member must have the opportunity to contribute actively to discussions and have access to all relevant information about remuneration.</p> <ul style="list-style-type: none"> <li>• All 10 principles are inherent in the Novo Nordisk Way and incorporated in Novo Nordisk's relevant policies. These issues are operationalised through our committee and board structure. In practice we work with the 10 principles through activities embedded into the business:</li> <li>• Principles 1–2 Human rights (through access to health, responsible sourcing, diversity)</li> <li>• Principles 3–6 Labour (through human resources, responsible sourcing, diversity)</li> <li>• Principles 7–9 Environment (through environmental management systems, product stewardship)</li> <li>• Principle 10 Anti-corruption (business ethics, responsible sourcing)</li> </ul>
	<p>Reference: UNGC CoP – Part 1</p>
<p>2. Design corporate sustainability strategy to leverage synergies between and among issue areas and to deal adequately with trade-offs</p>	<p>Novo Nordisk's corporate strategy is underpinned by the Triple Bottom Line business principle, which ensures that financial, social and environmental impacts are considered when decisions are made. This requires systematic and respectful engagements with key stakeholders to stay attuned to their interests and expectations. The aim is to ensure long-term profitability by mitigating risks and minimising negative impacts from business activities, and to enhance the positive contributions to society from the company's global operations.</p>
	<p>Reference: <a href="#">Access to health, business ethics, bioethics, health &amp; safety</a></p>
<p>3. Ensure that different corporate functions coordinate closely to maximize performance and avoid unintended negative impact</p>	<p>In Novo Nordisk, several boards and committees have been established to ensure that vital cross-organisational issues and tasks are attended to and coordinated in a timely manner. The committees and boards are established with representation from executive and senior 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 committees and boards include Global People Board, External Affairs Board, R&amp;D Bioethics Board, Procurement Committee, Business Ethics Board, and the Sustainability Committee, which has overall responsibility for the sustainability agenda in Novo Nordisk and oversees 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: UNGC CoP – Part 1</p>

### Robust Management Policies and Procedures

#### Indicator/subject

#### Novo Nordisk

<p>4. Assess risks and opportunities on an ongoing 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>	<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: <a href="#">Risk management</a></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.

See item 3 above.

In 2013, Novo Nordisk revised and updated our long-term targets for energy and water consumption which remain ambitious and reflect the aspiration of continuously decoupling environmental impacts from business growth, measured as increase in sales in local currencies. The targets have been set as a maximum 50% increase of energy and water consumption, compared to business growth, measured as a three-year average. This will be especially challenging in years of production expansion and running in of new plants or production.

Reference: [Environmental management, Access to health, Annual Report 2013](#), pp 13

6. Engage and educate employees through training activities, the development and adjustment of business processes, and sound incentive schemes.

The Novo Nordisk Way is the foundation of the values-based management system in Novo Nordisk. From vision to policies, 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 Triple Bottom Line business principle. All units are held accountable for applying the Triple Bottom Line business principle through internal value audits that evaluate each business unit's operations vis-à-vis the Novo Nordisk Way. These 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.

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 and 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).

Reference:

[Remuneration report in Annual Report 2013, Wages and Benefits, Novo Nordisk Way](#)

7. Implement a system to track and measure performance based on standardised performance metrics.

We use different systems to track performance within occupational health and safety, environmental management, people management, business ethics, supply chain 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 ongoing 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.

Furthermore, we report on various financial and non-financial performance metrics through our annual report.

Reference: [Financial and non-financial statements in Annual Report 2013](#)

## Mainstreaming into Corporate Functions and Business Unit

Indicator/subject	Novo Nordisk
<p>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>	<p>Novo Nordisk's strategy for sustainability is based on the Triple Bottom Line principle, which means the company sets goals, manages and accounts for performance on three dimensions: financial, social and environmental. The aim is to ensure long-term profitability by minimising any negative impacts from business activities and maximising the positive footprint from its global operations: improved health, employment, economic prosperity and social equity. The Triple Bottom Line model illustrates how long-term value is created by considering all three aspects and making balanced decisions with patient interests at the core.</p> <p>Responsibility for execution of our sustainability efforts lies in the relevant functions. We manage new emerging sustainability issues through our corporate functions until they reach a level of maturity 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 first handled and operationalised in a corporate function before being handed over to line of business. The Corporate Sustainability department is in charge of coordinating Novo Nordisk's sustainability efforts, monitoring the sustainability performance of the company, and initiating action on issues identified through our sustainability trend-spotting.</p> <p>The Sustainability Committee has the overall responsibility for our sustainability efforts ensuring that no conflicts exist between sustainability commitments and business objectives.</p> <p>Reference: <a href="#">Corporate Strategy in Annual Report 2013</a>, pp 16-19</p>
<p>9. Align strategies, goals and incentive structures of all business units and subsidiaries with corporate sustainability strategy.</p>	<p>See item 8 above. Short- and long-term corporate targets and priorities are tracked through the Balanced Scorecard (see item 7).</p> <p>An example of how Novo Nordisk is creating both business and societal value has been showcased in the Blueprint for Change publications. The strategic objective is to identify the drivers of shared value creation, measure realised benefits for both society and the organisation, and share this information with our stakeholders. The publications so far include cases on climate action, and how the company has worked to change diabetes in China, the US, Bangladesh and Indonesia.</p> <p>Reference: <a href="#">Blueprint for Change cases</a></p>
<p>10. Assign responsibility for corporate sustainability implementation to an individual or group within each business unit and subsidiary.</p>	<p>See item 3 above on governance and item 6 on department responsibilities. It should also be noted that corporate targets and priorities are company-wide.</p>

## Value Chain Implementation

Indicator/subject	Novo Nordisk
<p>11. Analyse each segment of the value chain carefully, both upstream and downstream, when mapping risks, opportunities and impacts.</p>	<p>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 risks and opportunities facing the company such as bioethics, business ethics and access to health in developing countries.</p>
<p>12. Communicate policies and expectations to suppliers and other relevant business partners</p>	<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: <a href="#">Responsible sourcing</a></p>
<p>13. Implement monitoring and assurance mechanisms within company's sphere of influence.</p>	<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: UN Global Compact (CoP) – Part 1, Principles 3–6; <a href="#">Responsible sourcing</a></p>

14. Undertake awareness-raising, training and other types of capability building with suppliers and other business partners.
- 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 issues such as working time. An example is in Russia, where we provided face-to-face training regarding business ethics, health & safety and responsible working conditions to the main contractor and subcontractors involved in the construction of a new production facility.

Reference: UNGC CoP – Part 1, Principles 3–6

## 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 multistakeholder 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 aspiration
  - MDG 4 Reduce child mortality: Changing Diabetes® in Children, the Novo Nordisk Haemophilia Foundation
  - MDG 5 Improve maternal health: Jom Mama project, Changing Diabetes® in Pregnancy
  - MDG 6 Combat HIV/AIDS, malaria and other diseases: access to health activities
  - MDG 7 Ensure environmental sustainability: environmental management, climate action
  - MDG 8 Global partnership for development: UNGC: Caring for Climate.
- Novo Nordisk is also actively involved in the Global Compact LEAD contribution to the UN Sustainable Development Goals process. For Novo Nordisk it is important to ensure that there is a focus in the SDGs on healthy people and a healthy planet, and the potential synergies between the two.
16. Develop relevant products and services or design business models that contribute to UN goals / issues.
- Through Novo Nordisk 'Base of the Pyramid' (BoP) projects in Nigeria, Kenya and India, we are exploring new ways of working in partnerships to build sustainable access to diabetes care. The models used in the different countries are adapted to address local barriers to care and to meet the needs of the people with diabetes – in a scalable, sustainable and yet profitable way. One example is how Novo Nordisk is working with distributors in Kenya to limit price mark-ups and ultimately to control the price that the patient has to pay at the pharmacy. We signed individual Memorandum of Understanding (MoU) agreements with every link in the distribution chain, and the price of a vial of insulin has been stamped on the package, making it difficult for distributors to exceed the agreed price.
- For information on the Jom Mama project, see item 23.
- The Changing Diabetes® in Children and Changing Diabetes® in Pregnancy are other examples of how Novo Nordisk supports the development of 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 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 CO2 emissions, also expanded renewable energy capacity and became a model for new business partnership solutions.
- Reference: [Access to Medicine Index 2012](#)
17. Adopt and modify operating procedures to maximise contribution to UN goals / issues.
- See item 15 above.

## Strategic Social Investments and Philanthropy

### Indicator/subject

### Novo Nordisk

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| <p><b>18.</b> 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>       | <p>Since diabetes care is our primary business, our focus in terms of philanthropic contributions is on support for the World Diabetes Foundation (WDF). WDF 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 socioeconomic 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. Its purpose is to address the significant need for improving care in the developing world and raise awareness about haemophilia and bleeding disorders.</p> |
|  | <p>Reference: <a href="#">World Diabetes Foundation</a>; <a href="#">Novo Nordisk Haemophilia Foundation</a></p>   |
| <p><b>19.</b> Coordinate efforts with other organisations and initiatives to amplify – and not negate or unnecessarily duplicate – the efforts of other contributors.</p>  | <p>See item 15 above on Novo Nordisk's multistakeholder approach. Furthermore, we are engaged in a range of business organisations, think tanks, advocacy organisations, academic research and sustainability networks. We also support and collaborate with patient organisations within our therapy areas. In relation to supporting organisations and initiatives such as WDF, the Novo Nordisk Haemophilia Foundation, Changing Diabetes® in Children and Changing Diabetes® in Pregnancy, it is important for Novo Nordisk that efforts take place within existing healthcare systems and in agreement with ministries of health – among other things to limit duplication of efforts.</p>  |
|  | <p>Reference: <a href="#">Stakeholder engagement</a>; <a href="#">Patient group donations</a></p>  |
| <p><b>20.</b> 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> | <p>Novo Nordisk's subsidiaries make decisions on local charitable donations. 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: <a href="#">Patient group donations</a></p>  |

## Advocacy and Public Policy Engagement

### Indicator/subject

### Novo Nordisk

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| <p><b>21.</b> Publicly advocate the importance of action in relation to one or more UN goals / issues.</p>  | <p>Novo Nordisk is active in advocating the importance of action in relation to UN goals.</p> <p>Novo Nordisk is committed 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. In 2013, Novo Nordisk has engaged with UNICEF on its Children's Rights and Business: Innovation &amp; Action programme and commented on the UNDP's principles for Sustainable Agriculture. In addition, we have written a case study for the UN Global Compact Business Reference Guide to the UN Declaration on the Rights of Indigenous Peoples (UNDRIP).</p> <p>See also items 15 and 23.</p> |
| <p><b>22.</b> Commit company leaders to participate in key summits, conferences, and other important public policy interactions in relation to one or more UN goals / issues.</p> | <p>Novo Nordisk leaders participate in the annual meetings at the World Economic Forum in Davos and UNGC-hosted events, such as the Leaders Summit in September 2013.</p> <p>In 2013, we also participated in a UNGC co-hosted conference on business and human rights.</p> <p>See also item 21.</p>  |

## Partnerships and Collective Action

### Indicator/subject

### Novo Nordisk

<p><b>23.</b> Develop and implement partnership projects with public or private organisations (UN entities, government, NGOs, or other groups) on core business, social investments and/or advocacy.</p>	<p>In 2013, Novo Nordisk and the Malaysian Ministry of Health entered into a private–public partnership to drive diabetes prevention through the Jom Mama project.</p> <p>Jom Mama is the first pilot in Novo Nordisk’s unique diabetes prevention programme called Changing Future Health. Changing Future Health aims to translate developmental origins of health and disease research into a health intervention targeting young couples prior to having a child. In addition to Novo Nordisk and the Malaysian Ministry of Health, other partners include Steno Diabetes Center, Denmark, the University of Southampton, UK, and the University of Witwatersrand, Johannesburg, South Africa. The Jom Mama pilot will design an intervention package that is community-specific and implemented within the existing health system, targeting men and women of reproductive age. Packages will aim to measure, prevent and modify diabetes risk factors. While women will be central to these interventions, the involvement of male partners and family members is also seen as critical to improving health outcomes and empowering women and parents-to-be. In 2013, Jom Mama completed formative and ethnographic research to understand the needs of young couples, healthcare professionals and community leaders in Malaysia in order to better design an effective intervention. The project is scheduled to start enrolling couples in August 2014.</p> <p>Furthermore, we are active in various partnerships and organisations such as UNGC: Caring for Climate, Global Business Initiative on Human Rights and WEF Workplace Wellness Alliance.</p>
<p><b>24.</b> 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.</p>	<p>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 for Corporate Citizenship, CSR Europe and the IIRC (International Integrated Reporting Council).</p> <p>Since 2012, Novo Nordisk has been part of Sustainia, an alliance of international organisations and companies working to create sustainable growth. Sustainia demonstrates and visualises the attractive societies these solutions could realise if companies, scientists, politicians and civil society worked together to implement existing solutions at large scale.</p> <p>Reference: <a href="#">Sustainia</a></p>

## Engaging with the UN Global Compact

### Local Networks and Subsidiary Engagement

### Indicator/subject

### Novo Nordisk

<p><b>25.</b> 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.</p>	<p>We regularly attend meetings of the UNGC Nordic Network, sharing best practices for implementation among Nordic companies. This Communication on Progress has also been peer-reviewed by members of the UNGC Nordic Network.</p> <p>Novo Nordisk’s affiliate in China is also a member of the local network. However, affiliates do not generally have the resources to engage in broad sustainability initiatives, and prioritise specific initiatives related to our therapy areas.</p> <p>Our sustainability experts are sought-after speakers at sustainability/CSR conferences globally and we willingly share our approach, experience and lessons learned with other companies at such events.</p>
<p><b>26.</b> Encourage subsidiaries to engage with UN Global Compact Local Networks and to participate actively in events and activities.</p>	<p>Our commitment to UNGC is company-wide. One of our wholly owned subsidiaries, NNE Pharmaplan, has also signed up to UNGC and submits its own CoP.</p>
<p><b>27.</b> Publish sustainability information related to each individual subsidiary separately or reference it explicitly in the Communication on Progress of Corporate Headquarters.</p>	<p>In general, our affiliates do not publish sustainability information. However, some such as the affiliates in Italy and Russia publish a report that contains some sustainability information. Our Annual Report and UNGC CoP represent consolidated information on the company’s performance.</p> <p>Reference: <a href="#">Annual Report website</a></p>

## Global and Local Working Groups

Indicator/subject	Novo Nordisk
<b>28.</b> Participate in relevant global or local working groups and share experiences, networks, tools and good practices with other UN Global Compact participants.	See items 25 and 23.
<b>29.</b> Take active part in defining scope and objectives of new working groups when relevant.	<p>Novo Nordisk was a co-founder of UNGC 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 IIRC (International Integrated Reporting Council) to develop an international integrated reporting framework that ultimately could lead to an international standard for reporters and report users. We are a member of the Working Group under the IIRC. 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
<b>30.</b> Join and help advance one or more existing UN Global Compact initiatives, e.g. Caring for Climate, CEO Water Mandate, Women's Empowerment Principles, and Global Business Initiative on Human Rights.	<p>Novo Nordisk is committed to UNGC: Caring for Climate, Women's Empowerment Principles and Global Business Initiative on Human Rights.</p> <p>Reference: UNGC CoP – Part 1</p>
<b>31.</b> Spearhead need-driven development of new issue-based or sector initiatives within the UN Global Compact and the wider United Nations.	<p>Since 2011 we have been part of UN's Every Woman Every Child initiative. Novo Nordisk commits to Every Woman Every Child through the Changing Future Health initiative, which is committed to advancing the prevention of non-communicable diseases (NCDs) with a focus on improving maternal, newborn and child health. The overarching aim is to give a healthy start to life by supporting young couples prior to pregnancy with the aim of improving health before, during and after pregnancy in mother, father and child. See also items 23 and 29.</p>

## Issue-Based and Sector Initiatives

Indicator/subject	Novo Nordisk
<b>32.</b> Advocate the UN Global Compact to business partners, peers and the general public.	<p>Novo Nordisk explores how to make use of and promote the UNGC platform. As part of our work on the 'New Geographies of Sustainability' project, which was developed together with UNGC and Business for Social Responsibility, we engaged with local UNGC networks in China, Brazil and India to discuss the changing landscape of sustainability in emerging economies.</p>
<b>33.</b> 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.
<b>34.</b> 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
<b>35.</b> CEO publicly delivers explicit statements and demonstrates personal leadership on sustainability and commitment to the UN Global Compact.	<p>Our CEO statement in the UNGC CoP demonstrates the commitment. Furthermore, our Executive Management participate in UNGC-hosted events at the World Economic Forum in Davos.</p> <p>Lise Kingo, executive vice president, Corporate Relations, is the company's senior leadership spokesperson on corporate sustainability and frequently addresses executive audiences. She is actively engaged in driving the agenda, including outside Novo Nordisk, via board memberships and involvement in partnerships.</p> <p>Lise Kingo is a member of the Steering Group for the Caring for Climate Working Group and Chair of the Danish Council for Corporate Responsibility. See also item 21.</p>

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.	The Board of Directors oversees development of corporate strategy and long-term targets. An example of how it oversees actual implementation is through executive remuneration, which is tied to long-term financial and non-financial performance.  Reference: <a href="#">Remuneration section in Annual Report 2013</a>

### Issue-Based and Sector Initiatives

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 of Directors has historically worked without permanent committees and continues to do so, except where good corporate governance requires a dedicated committee to cover areas such as audit, nomination and remuneration. As a 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 therefore the responsibility of the entire Board of Directors, and an annual review of the company's sustainability strategy and performance is part of the Board's annual wheel.  Responsibility for sustainability is anchored with Executive Management and coordinated via the Sustainability Committee, chaired by Lise Kingo, executive vice president, Corporate Relations, and with representation from all business areas.
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 its sign-off of the Annual Report. The UNGC CoP is approved by Executive Management.

### Stakeholder Engagement

Indicator/subject	Novo Nordisk
42. Publicly recognise 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 Triple Bottom Line business principle. At Novo Nordisk, we work to identify and engage stakeholders in the reporting process in order to better represent their reasonable expectations and interests. Our commitment to engaging with stakeholders is part of the Novo Nordisk Way Essentials, which states: <ul style="list-style-type: none"> <li>• We provide innovation to the benefit of our stakeholders</li> <li>• We build and maintain good relations with our key stakeholders.</li> </ul>
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 states 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 of how Novo Nordisk consults stakeholders when developing sustainability strategies, goals, policies or approaches are: <ul style="list-style-type: none"> <li>• Environmental strategy</li> <li>• Climate action</li> <li>• Access to health strategy</li> <li>• Responsible sourcing.</li> </ul>

Reference: [Stakeholder engagement](#)

<p><b>44.</b> Consult stakeholders in dealing with implementation dilemmas and challenges and invite them to take active part in reviewing performance.</p>	<p>See item 43 above.</p>
<p><b>45.</b> Establish channels to engage with employees and other stakeholders to hear their ideas and address their concerns, and protect 'whistle-blowers'.</p>	<p>Addressing concerns is an integrated part of business and takes place through our compliance hotline or our Ombudsperson. 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: <a href="#">Compliance Hotline</a></p>	

## Transparency and Disclosure

### Indicator/subject

### Novo Nordisk

<p><b>46.</b> Share sustainability information with all interested parties and respond to stakeholder inquiries and concerns.</p>	<p>This is part of our <a href="#">annual reporting</a>.</p>
<p><b>47.</b> Ensure that Communication on Progress covers all aspects of the Leadership Blueprint and utilise, where appropriate, the Global Reporting Initiative framework.</p>	<p>The UNGC CoP is supplementary reporting to our Annual Report, and can be downloaded via our Annual Reporting webpage.</p>
<p><b>48.</b> Integrate Communication on Progress into annual financial report or publish them together.</p>	<p>See item 47 above.</p>
<p><b>49.</b> Secure external verification of Communication on Progress or seek other methods for legitimisation by external stakeholders.</p>	<p>The UNGC CoP will be validated by UNGC as part of the 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 from our Annual Report.</p> <p>This UNGC CoP has been reviewed by members of the UNGC Nordic Network.</p> <p>In addition, the Annual Report has been assured according to AA1000AS. Novo Nordisk has used AA1000AS in the assurance process since 2002. This assurance process is aligned with the internal control processes in the company, from individual affiliates and facilities to board level.</p> <p>Reference: <a href="#">Independent assurance report in Annual Report 2013</a></p>