

Novo Nordisk

Modern Slavery Statement 2018

This is the third public Modern Slavery statement by Novo Nordisk. It has been developed in accordance with the Modern Slavery Act 2015 and sets out the steps taken by Novo Nordisk A/S and its subsidiary Novo Nordisk Ltd (UK) in this regard during the financial year ending 31 December 2018 and further sets out priorities for 2019.

In Novo Nordisk we recognise that modern forms of slavery including human trafficking, forced labour, bonded labour and child slavery exist. Although the pharmaceutical industry is highly regulated, we recognise that there is still a risk of modern slavery within our industry. At Novo Nordisk we take the steps outlined here to understand what these risks are and to manage them accordingly.

About Novo Nordisk

Novo Nordisk is a global healthcare company with more than 95 years of innovation and leadership in diabetes care. This heritage has given us experience and capabilities that also enable us to help people defeat obesity, haemophilia, growth disorders and other serious chronic diseases. Headquartered in Denmark, Novo Nordisk employs approximately 43,200 people in 80 countries, and markets its products in more than 170 countries. Novo Nordisk's B shares are listed on Nasdaq Copenhagen (Novo-B). Its ADRs are listed on the New York Stock Exchange (NVO). For more information, visit novonordisk.com, Facebook, Twitter, LinkedIn and YouTube.

Novo Nordisk's supply chains

Through our own organisation and supply chains we source raw materials, components and services for the production of Novo Nordisk products in diabetes care and other serious chronic diseases. Novo Nordisk's products are manufactured and assembled in more than 30 countries, with some 370 first-tier suppliers. Novo Nordisk's supply chain also includes extensive and global supply chains for other goods, materials and services that support our business activities, with more than 40,000 first-tier suppliers.

Governance

The responsibility of Human Rights is anchored under the Business Ethics Compliance Office (BECO) in Novo Nordisk. [The human rights commitment](#) is an integral part of the Business Ethics Code of Conduct and is overseen by the Business Ethics Committee.

Novo Nordisk Way and policies

At Novo Nordisk, we believe that a healthy environment, society and economy are fundamental to long-term value creation. For this reason we manage our business in accordance with the [Novo Nordisk Way](#) and the [Triple Bottom Line principle](#), which provide general guidance to all employees on how we conduct responsible business at Novo Nordisk.

Novo Nordisk is committed to respecting human rights as defined by the UN Guiding Principles on Business and Human Rights. [The human rights commitment](#) includes prohibition, prevention and mitigation of forced, bonded or debt labour, slavery, servitude and human trafficking and providing access to remedy.

Our [Global Labour Guidelines](#) apply to Novo Nordisk's global organisation and employees and include our commitment not to participate in, or benefit from the use of any form of forced or involuntary labour, including the use of human trafficking.

Novo Nordisk [Responsible Sourcing standards for business partners](#) set expectations to suppliers. These expectations include that they ensure freely chosen employment for workers. The specific requirements related to freely chosen employment are as follows:

- Employees shall have a copy of their written employment contract or letter, setting out the terms and conditions of their employment.
- Employees shall not be required to hand over their identity papers to secure employment unless required to do so by local law. If this is the case, employees shall have access to their papers at all times. Employees shall be free to leave their jobs, after reasonable notice, and are paid on time and in full for the work they have done prior to leaving.
- Business partners shall not use forced, bonded, indentured labour, involuntary prison labour, slavery or human trafficking. This includes transporting, harbouring, recruiting, transferring or receiving persons by means of threat, force, coercion, abduction or fraud for labour or services.

Responsible Sourcing programme

The Responsible Sourcing programme was initiated in 2002 and covers all global suppliers to Novo Nordisk. It is an established programme that is integrated in procurement processes. Corporate Procurement is responsible for coordinating and driving the Responsible Sourcing programme and is supported by our assurance systems such as Responsible Sourcing audits.

Based on our supply chain risk assessment, audit findings, experience from directly engaging with suppliers and input from experts and peers, we have defined the following as the main risk areas in our supply chains: 1. Safe and healthy working conditions 2. Wages and benefits and 3. Working hours, time off and leave. These main risk areas are reflected in our Responsible Sourcing risk model, which identifies high risk suppliers, based on country of production, annual spend, supplier criticality and the types of activities which are known to present responsible business risks.

For high risk and other relevant suppliers, responsible business performance is assessed either via information, detailing how that supplier works in a responsible way (obtained from self-assessment questionnaires or otherwise), or via audit activities. High risk suppliers are prioritised for Responsible Sourcing audits, which are followed up with action plans and timely closure of major findings. In 2018 we identified around 250 high risk suppliers and conducted over 20 Responsible Sourcing audits against Novo Nordisk [Responsible Sourcing standards for business partners](#). During 2018 Responsible Sourcing audits in China identified 3 non-conformities under the heading 'freely chosen employment' in relation to overtime, recruitment and holidays. In all cases suppliers have corrective action plans in place or we are working with them to achieve this.

Due diligence in relation to modern slavery

Risk identification by supplier sector and country

Based on desk research and data from the UN, governments and reputable research organisations, internal consultations, mutual learning with peer companies ([Global Initiative on Business and Human Rights](#), [Pharmaceutical Supply Chain Initiative](#)) and expert inputs from a NGO experienced in this field ([Verité](#)), we have assessed modern slavery risks in our supply chains. This assessment is conducted concurrently with an assessment of risks to all human rights.

To identify sectors and categories with high modern slavery risks, we have used the following indicators that are generally known to increase risk likelihood:

- Reliance on low-skill workforce
- Reliance on migrant workforce
- Presence of labour intermediaries
- Presence of child labour
- Hazardous or undesirable work
- Non-transparent supply chain.

Broader operational contexts in each manufacturing country, including factors such as conflict, corruption, weak governance and enforcement of international human rights standards have also been part of our risk assessments.

These assessments have led us to identify the following as high risk areas in the supply chains of Novo Nordisk's products:

- Device components in China and Thailand
- Primary packaging and printed pack materials in China, Brazil and Mexico
- Construction, warehousing, logistics and other non-core activities for manufacturing sites in Algeria, Bangladesh, China, Egypt, India and Iran.

In-depth site assessments

Among the above identified suppliers, we have, with the help of [Verité](#), conducted focused assessments at two suppliers including labour intermediaries in China.

Highlighted issues and actions to address will be included in the 2019 statement. Further, in 2019 we will also seek to integrate lessons and good practices into our Responsible Sourcing audit practices.

Risk identification at the commodity level

We recognise that certain raw materials and commodities are known for potential modern slavery risks. In our supply chains, we have identified the following as such materials and commodities: metal, mammalian cell growth media, glass, life science chemicals and industrial commodities.

In 2018 we made progress in assessing risks in our supply chain of glass used for cartridges and vials. We have reviewed our suppliers' management systems and requested information regarding due diligence processes to manage risks in their supply chain. The vial glass supply chain is roughly consisting of third tier suppliers providing raw materials for the tubular glass, second-tier suppliers tubing the glass, and first-tier suppliers converting the glass into vials. All of our first-tier vial glass suppliers have shown management systems and knowledge of their supply chains, with documentation concerning their suppliers' codes of conduct. We also investigated if raw materials and production take place in countries known to have high risk of modern slavery linked to glass (e.g. Bangladesh) to assess if further action is necessary.

In 2019, in addition to glass we will assess risks in other raw materials and commodities. Further we continue to conduct our regular conflict mineral due diligence on relevant metal materials.

Training

We provide Responsible Sourcing e-learning to all procurement and other relevant Novo Nordisk employees. Furthermore, an introduction to Responsible Sourcing is also included as part of the global on-boarding programme for new employees to the Global Procurement organisation 4 times a year.

In 2018, through our partnership with the Pharmaceutical Supply Chain Initiative (PSCI) Human Rights and Labour sub-committee, modern slavery training was organised and conducted by [Verité](#) to companies in India and China.

Collaborations

We engage with peers and experts to seek continuous improvements in our approach, including:

- [The Global Business Initiative on Human Rights \(GBI\)](#)
- [The Pharmaceutical Supply Chain Initiative \(PSCI\)](#)
- [The Danish Ethical Trading Initiative \(DIEH\)](#)

Remediation

Novo Nordisk employees and external stakeholders including affected people have the possibility of reporting concerns and suspected misconduct securely and confidentially via the [Compliance Hotline](#).

This statement was approved by Lars Fruergaard Jørgensen, President & CEO of Novo Nordisk.

Signed

Lars Fruergaard Jørgensen
President & chief executive officer

Date: January 2019