



## **Novo Nordisk Modern Slavery statement**

### **Introduction**

At Novo Nordisk we are committed to respect human rights in our business activities, our organisation, and our supply chain through proactive due diligence to identify, mitigate and account for risks to people, communities and the environment. We acknowledge that modern slavery in the form of human trafficking, forced labour, bonded labour and child slavery is an issue that exists globally, in all regions, economies, and industries.

This first public Novo Nordisk Modern Slavery statement 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 2016.

### **Novo Nordisk business and Supply Chain**

With headquarters in Denmark, Novo Nordisk is a global healthcare company with more than 90 years of innovation and leadership in diabetes care. We take a patient-centred approach and provide innovation for the benefit of the company's stakeholders.

Through our own organization and supply chains we source raw materials and components for the production of Novo Nordisk products, as well as other goods and services that support business operations for our global organisation.

At Novo Nordisk, we have focused on working with respect for human and labour rights in our business and supply chains for a number of years. This focus is reflected in our policies and positions, standards and external reporting, referred to in the sections below and also published on the Novo Nordisk website.

### **Pharmaceutical industry**

As the pharmaceutical industry is a heavily regulated industry, typically characterised by skilled workers, the risks of modern slavery are generally considered to be lower than for other more labour-intensive industries.

That said, at Novo Nordisk we do recognise that there is still a risk of modern slavery in the pharmaceutical industry, as supply chains often extend into high risk countries and sectors and further down in the supply chain, where visibility is typically lower. At Novo Nordisk we take the steps outlined here to understand what these risks are and to manage them accordingly.

### **The 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 principles.

These principles provide general guidance on how we conduct responsible business at Novo Nordisk. For respect of Human Rights specifically we have developed our Novo Nordisk Position on Human Rights. Other policies include but are not limited to our Business Ethics policy, our Environment policy and our Occupational Health & Safety policy. These and others can be found in the 2016 UN Global Compact report.

## Responsible Sourcing

To ensure responsible business practices in our supply chains, the Responsible Sourcing programme has been implemented. The overall ambition for this programme is to drive Responsible Sourcing in line with Novo Nordisk's business growth. To this end, two key must-win battles have been identified:

- Ensure Responsible Sourcing compliance via effective risk mapping and follow-up with suppliers
- Increase Novo Nordisk leverage through internal and external collaborations

We take a risk-based approach to manage environmental, ethical and social risks in our supply chains. For this purpose the Novo Nordisk Responsible Sourcing model was introduced. This model has 4 key steps: Setting expectations, Assessing risk, Engaging with suppliers and Evaluation & Reporting.

### Setting expectations:

We promote responsible business practices by setting out clear minimum standards for our business partners regarding e.g. business ethics, human rights, labour rights, health and safety, and environmental management. These minimum standards are described in the Responsible Sourcing Standards for Business Partners and are used not only for communication purposes but also as the basis for all supply chain assessments and improvement activities. This includes social and environmental supplier audits where child labour, forced labour and employment conditions are among the key considerations.

### Assessing risk:

We assess supply chain risks by considering risk likelihood (e.g. sector and country risk) and risk impact (e.g. spend). For country risk, consideration is given to both labour conditions and human rights; high risk is determined based on personal and political rights indicators as well as corruption, labour market security, workplace safety and environmental considerations. Country risk input is provided by our business partner Verisk Maplecroft, as part of a Human Rights dataset tailored specifically for Novo Nordisk.

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.

### Engaging with suppliers:

All high-risk suppliers are required to have a specific Responsible Sourcing contract clause included in their contract. In addition, a supplier improvement plan may be developed; such plans include specific improvement activities the supplier commits to perform, as well as a timeline for improvements to be made. Follow-up and support to close these actions is then provided. Small-scale engagement activities have also been carried out with specific suppliers to further support their improvements in this area.

### Evaluation & reporting:

Performance indicators are in place to evaluate Novo Nordisk's progress with its Responsible Sourcing programme:

1. Contract coverage (percent high risk suppliers with a Responsible Sourcing contract clause)
2. Closure of findings resulting from social and environmental audits (percent findings closed in line with plan)

Other indicators measure e.g. timely training for all relevant employees each year as well the number of suppliers who are risk assessed each year. Progress is tracked via various forums and committees with representatives from Executive Management to ensure top management attention is given to relevant focus areas.

## **Relevant training and knowledge sharing**

To support Novo Nordisk employees in ensuring responsible business practices, we conduct ongoing training activities across the global organisation. This activity focuses specifically on raising awareness on topics such as Human Rights, Business Ethics and Responsible Sourcing. Our approach to training is tailored to different target groups and varies depending on the specific focus area but may include e.g. e-learnings, webinars or face-to-face training sessions. We also ensure to share relevant knowledge via webinars across the Global Finance organisation using our internal FAcTS (Finance Academy for Training and Sharing) platform.

## **Internal & external collaboration**

To support improvements in responsible business practices, Novo Nordisk is engaged in various collaborations. These collaborations are both internal, e.g. via close alignment between Responsible Sourcing and Corporate Sustainability, or external via memberships in e.g.:

- The Global Business Initiative on Human Rights (GBI)
- The Danish Ethical Trading Initiative (DIEH)
- The Pharmaceutical Supply Chain Initiative (PSCI)
- The Institute on Human Rights and Business (IHRB)

## **Rating our performance**

Novo Nordisk takes part in the Dow Jones Sustainability Index (DJSI) each year. This index ranks the world's leading companies on a scale from 0 to 100 on their economic, environmental and social performance. In 2016, Novo Nordisk was again ranked at the top of the pharmaceutical sector in the DJSI 2016 with a total score of 83/100; of particular note were the high scores achieved on Labour Practices and Human Rights (87/100) as well as (Responsible) Supply Chain Management (93/100).

## **Reporting concerns**

Novo Nordisk employees and external stakeholders have the possibility of reporting suspected misconduct securely and confidentially via the Compliance Hotline which is owned and monitored by the Audit Committee, a part of the Novo Nordisk Board of Directors.

## **Going forward**

To ensure Novo Nordisk's continued focus and development with respect to human rights and responsible business practices, there are a number of initiatives we will pursue in 2017. Examples of these are:

- Assessment of human rights risks beyond our first tier suppliers to identify the level of risk and Novo Nordisk responsibility to address these risks
- Development and launch of Human Rights training with relevant Novo Nordisk employees
- Increased leverage via continued external collaborations with respect to human rights

Through this continuous improvement approach we hope to ensure even better visibility of potential issues within our own organisation and supply chains, and to take actions to address any such issues we observe.