

## Novo Nordisk Modern Slavery Statement 2020

This is the fourth public Modern Slavery statement by Novo Nordisk. It has been developed in accordance with the Australia Commonwealth Modern Slavery Act 2018 and local filings have been made accordingly. This statement sets out the steps taken by Novo Nordisk A/S, and its subsidiaries including Novo Nordisk Pharmaceuticals Pty. Ltd. (Australia) in this regard during the financial year ending 31 December 2020.

At Novo Nordisk, we recognise that modern slavery including human trafficking, forced labour, bonded labour, child slavery and hazardous child labour can occur in every industry and sector. We take the steps outlined here to understand what these risks are and to manage them accordingly.

### **About Novo Nordisk**

With headquarters in Denmark, Novo Nordisk is a global healthcare company with nearly 100 years of innovation and leadership in diabetes care. This heritage has given us the experience and capabilities that also enable us to help people defeat other serious chronic diseases: obesity, haemophilia and growth disorders as well as expanding our research and development efforts into other areas such as cardiovascular, liver and kidney diseases related to diabetes and obesity. We employ more than 45,000 people in 80 countries. 39 % of our employees are in Denmark.

In Australia alone, we employ more than 200 people and have our registered brand office located in Sydney, New South Wales.

### **Novo Nordisk's main operations**

Novo Nordisk's main product areas are diabetes, obesity, haemophilia, growth disorders and hormone replacement therapy. Novo Nordisk supplies nearly half the world's insulin, and our diabetes products are used by 32.8 million people worldwide. We have research and development centres in Denmark, UK, US, mainland China and India. We have production sites in Denmark, France, US, Brazil, mainland China, Russia, Algeria, UK and Japan. We market our products in 169 countries.

Our Australian operations are focused on strategic business development and marketing, which includes: working with the local health authorities to provide access to affordable care for patients in our relevant areas; and working with partners to improve research that deliver meaningful impact on our relevant areas.

### **Novo Nordisk's supply chains**

Through our own organisation and supply chains we source raw materials, components and services to produce 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 60,000 first-tier suppliers.

## Governance

Novo Nordisk's human rights compliance is overseen by the Business Ethics Committee, chaired by the Chief Compliance Officer. The responsibility to implement and assure human rights compliance sits in the Business Ethics Compliance Office (BECO) reporting to the Chief Compliance Officer.

## Novo Nordisk Way

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.

## Human Rights policy commitment

Novo Nordisk's commitment to respecting human rights as per the [UN Guiding Principles on Business and Human Rights](#) is anchored in the [Novo Nordisk's Business Ethics Code of Conduct](#). [Novo Nordisk's Human Rights Commitment](#) explicitly states that our commitment includes prohibition, prevention and mitigation of forced, bonded or debt labour, slavery, servitude and human trafficking and providing access to remedy. We also refer to the [UN Convention on the Rights of the Child](#) to respect children's rights. We recognise and respect the rights of every child to be protected from exploitation and from performing any work that is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral or social development.

To put [Novo Nordisk's Human Rights Commitment](#) and [Business Ethics Code of Conduct](#) into practice, we launched in 2020 Novo Nordisk's corporate requirements on human rights, which require all Novo Nordisk employees to respect human rights in their daily decisions and actions. In short, all Novo Nordisk employees must:

- 1) Avoid causing or contributing to negative human rights impacts in all business activities
- 2) Set human rights expectations to our business partners, with a focus on high risk activities, so that they also respect human rights according to [the UN Guiding Principles on Business and Human Rights](#)
- 3) Report human rights concerns to [the Novo Nordisk Compliance Hotline](#). Prevent and mitigate recurrence of actual negative human rights impacts, prioritising severe impacts.

The scope of the Novo Nordisk corporate requirements includes at a minimum all human rights expressed in the International Bill of Human Rights, including the 'right not to be subjected to slavery, servitude or forced labour'.

In 2020 Novo Nordisk also strengthened its [Labour Code of Conduct](#) (previously Global Labour Guidelines), which provides a set of minimum labour standards for all employees. The Labour Code of Conduct states that all employees work for the company on a voluntary basis, and not under threat of any penalty or sanctions. To safeguard this principle, we ensure among others that any commissions and other fees in connection with employment of workers will be covered by Novo Nordisk. We do not accept child labour and we protect persons below the age of 18 (children) from any hazardous work, night shift and any kind of work that might hamper their development or impose any physical harm.

Besides the relevant Codes of Conduct, Novo Nordisk has in place [Responsible Sourcing standards](#), last updated in December 2019, which set expectations to suppliers. These are the basis for Responsible

Sourcing audits of our suppliers and include our suppliers' responsibility to respect human rights and to apply the same standards in their own supply chain.

### **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 our procurement processes. Corporate Procurement is responsible for coordinating and driving the Responsible Sourcing programme and is supported by Responsible Sourcing audits and local Responsible Sourcing experts at our strategic production sites in mainland China, Brazil and Russia.

Based on our annual supply chain risk assessment, audit findings, experience from engaging with suppliers and input from experts and peers, we have defined the following as the main risk areas in our supply chains in 2020: 1. Systems for ensuring the safety of workers 2. Compliance with local laws and regulations 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 and the types of activities which are known to present responsible business risks.

We use Responsible Sourcing audits and self-assessment questionnaires to assess high risk and other relevant suppliers. High risk suppliers are prioritised for Responsible Sourcing audits. The Responsible Sourcing protocol was updated in 2020 to ensure an increased human rights focus. A pre-audit survey on use of vulnerable workers was introduced which can lead to an extended RS audit if human rights risk indicators are found. A guidance material for auditors on modern slavery risks was also introduced as part of this update.

In 2020 around 300 high risk suppliers were identified, seven in-person RS audits took place in mainland China, Taiwan and India. The reduction in the number of audits reflects the impact of COVID 19. From the completed audits, findings in the main risk areas related to recruitment fees and working hours specifically. For all findings action plans are in place and we are following up to ensure implementation and resolution of the issues.

Self-assessment questionnaires are used to gain additional insight into how our suppliers are working to ensure responsible business practices. In 2020, approximately 60% of our high-risk indirect spend suppliers returned the questionnaires and their average score was 80%. This indicates that for those suppliers there is a strong focus on ensuring compliance with our RS standards and integration of them in their own policies and procedures and communication with sub-suppliers.

### **Due Diligence in relation to Modern Slavery**

#### **Risk identification by sector, country and material**

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 an NGO experienced in this field ([Verité](#)), we assessed modern slavery risks in our value chains. This assessment was 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 children
- 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 global supply chains of Novo Nordisk's products:

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

Apart from our supply chain, in 2020 we mapped and identified human rights risks in our downstream value chain, namely among our customers. In 2020 we also improved our human rights training materials for third party representatives.

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. Conflict mineral due diligence is conducted annually on relevant metal materials. We participate in collaborative efforts to understand human rights risks in raw materials in the pharmaceutical sector through Pharmaceutical Supply Chain Initiative's Human Rights and Labour sub-committee.

In addition to above areas, we have identified risks in human biosamples used for biomedicine research. Human biosamples are human biological materials including but not limited to tissues, blood and primary cells, derived from living or deceased human beings. Human biosamples are globally traded. These contexts pose high risks of potentially serious exploitation for donors, especially if they are in vulnerable positions. Since 2016 Novo Nordisk's human biosample governance experts have conducted over 100 onsite evaluations of human biosamples providers and external collaborations involving human biosamples. This experience has given us data and insights on different risks by country. In 2020 we further strengthened our human biosamples due diligence in those countries assessed as higher corruption risks in the [Transparency International Corruption Perception Index](#).

### **Actions to address the risks**

As part of the Responsible Sourcing programme activities, in 2020 a Novo Nordisk Responsible Sourcing audit at a supplier in Taiwan identified risks related to modern slavery. A finding was raised within the category 'freely chosen employment' concerning recruitment and service fees paid by foreign migrant workers. Following the audit an action plan has been developed, and the supplier has implemented temporary countermeasures to the benefit of foreign migrant workers, while working closely with Novo Nordisk to implement a permanent solution in 2021.

For risks associated with sourcing and use of human biosamples, Novo Nordisk has developed a risk-based global due diligence system. Our evaluation criteria include that donations of human biosamples are freely given without coercion or inducement, which also mitigates potential risks of trafficking involvement. Novo Nordisk does not accept use of human biosamples from prisoners or detainees. For all new medium-risk organisations including commercial organisations in USA, we conduct desk-based reviews of questionnaires. For all new low-risk providers in low-risk countries, we conduct a desk-based

pre-assessment of their donor recruitment methods, such as informed consent templates and participation information sheets given to donors prior to their donation.

In 2020, Novo Nordisk integrated respect for human rights to the bi-annual global business ethics risk management processes. Legal and compliance professionals in all business areas are trained on human rights risks (including modern slavery risks) and they are required to identify, assess, mitigate, prevent, track and report them in the global risk management system.

### **Identified risks and actions taken in Australia**

In Novo Nordisk's domestic operations and business relationships in Australia, we identified distribution, transport and logistics as potential risk areas and have initiated a dialogue with our distributor in 2019 to ensure adequate processes and procedures are in place to identify, correct and address any modern slavery violations.

In 2020, our distributor has commenced their Modern Slavery risk assessment with external consultants to understand its own supply chain and to identify any high-risk suppliers. Utilising the 2018 Global Modern Slavery Index published by Walk Free Foundation, our distributor has identified a list of products and services which are risk rated and is currently looking to mitigate risks accordingly and comply its obligations under the Commonwealth Modern Slavery Act 2018. As our distributor is still in the process of finalising its procedures and processes to identify and combat modern slavery risks, Novo Nordisk will continue to work closely with our distributor in 2021 and ensure that relevant measures and activities are in place.

In addition, in 2020, Novo Nordisk prepared a modern slavery due diligence questionnaire. This has been issued to our existing distributors and moving forward, it will also be issued to new distributors and suppliers, so that Novo Nordisk is able to assess the modern slavery risks and impact (if any) prior to the engagement.

### **Training**

At Novo Nordisk we regularly conduct Business Ethics training to all employees. Throughout 2020 we conducted a series of human rights training sessions of the global legal and compliance organisation. A human rights implementation pack (including workshop kits, e-learning, guidance notes and business partner engagement tools) was developed and provided to the global organisation in order to scale and support local implementation of the corporate human rights requirements and to continuously advance Novo Nordisk's respect for human rights.

At Novo Nordisk we also introduce Responsible Sourcing via 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 January 2020 Novo Nordisk's Responsible Sourcing auditors received an introductory modern slavery training session by Verité.

In 2020, through our partnership with PSCI a few of our suppliers from mainland China attended a virtual 2-day PSCI supplier conference where the purpose was to build knowledge on responsible business practices including respect for human rights.

### **Stakeholder engagement and collaborations**

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

- [The Global Business Initiative on Human Rights \(GBI\)](#)
- [The UN Global Compact](#)
- [The Nordic Business Network for Human Rights](#)
- [The Pharmaceutical Supply Chain Initiative \(PSCI\)](#)
- [The Danish Ethical Trading Initiative \(DIET\)](#)

### **Remediation**

Novo Nordisk employees and external stakeholders including affected people have the possibility of reporting concerns of modern slavery and other negative human rights impacts securely and confidentially via the [Compliance Hotline](#).

This global statement was ratified and approved by the Board of Directors of Novo Nordisk Pharmaceuticals Pty. Ltd in April 2021.



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