

Novo Nordisk Pharmaceuticals Pty. Ltd. Modern Slavery Statement 2019

This Modern Slavery Statement ("the Statement") has been developed in accordance with the Australia Commonwealth Modern Slavery Act 2018. for the financial year ending 31 December 2019 for Novo Nordisk Pharmaceuticals Pty. Ltd. ("Novo Nordisk").

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 more than 95 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 42,000 people in 80 countries.

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. We have Research & Development centres in China, Denmark, India, UK and US. We have own strategic production sites in Brazil, China, Denmark, France, US and Russia and market our products in more than 170 countries. Our diabetes products are used by approximately 29 million patients.

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

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 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.

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.

In 2019 Novo Nordisk developed and approved its internal corporate human rights requirements as part of the Business Ethics Compliance Framework, which operationalises [Novo Nordisk's Business Ethics Code of Conduct](#). The corporate human rights requirements apply to Novo Nordisk's global organisation and set out human rights expectations to all employees. One of the corporate requirements is that employees should avoid causing or contributing to negative human rights impacts in our business activities. Another corporate requirement is that employees should set human rights expectations to business partners that they also respect human rights according to the UN Guiding Principles. The scope 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 2019 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, 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 try to 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.

The [Responsible Sourcing standards](#) set expectations to suppliers. These expectations are the basis for Responsible Sourcing audits and include our suppliers' responsibility to share the standards in their own supply chain. The Novo Nordisk Responsible Sourcing standards were updated in December 2019 to strengthen human rights coverage, while keeping alignment with the Pharmaceutical Supply Chain Initiative (PSCI) Principles.

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 based at our strategic production sites in China, Brazil and Russia.

Based on our 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 2019: 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. In 2019, the Responsible Sourcing risk model was updated to include additional countries and sectors where human rights risks are considered high.

We use self-assessment questionnaires or supplier audits to assess high risk and other relevant suppliers. High risk suppliers are prioritised for Responsible Sourcing audits. From the 3 audit findings relating to 'freely chosen employment' in 2018 relating to overtime, recruitment and time off, corrective action plans were implemented and closed in partnership with our suppliers. Actions to close the findings included: Updates of suppliers' company policies, recruitment procedures, employment contracts and worker training. In 2019, from around 250 high risk suppliers identified, 27 Responsible Sourcing audits were conducted. 1 non-conformity was found relating to 'freely chosen employment', specifically employment contracts, for which a corrective action plan is in place and its implementation will be followed up until the issues are resolved.

Due Diligence in relation to Modern Slavery

Risk identification by supplier 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 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, Saudi Arabia and Iran.

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.

In addition to above areas, we have identified risks in human biosamples used for biomedicine research. Human biosamples mean human biological materials or derivatives, including organs, tissues and cells, derived from living or deceased human beings. Human biosamples are derived only from human beings and globally traded. These pose high risks of potential serious exploitation for donors, especially if they are in vulnerable positions. Onsite evaluations of over 60 human biosample providers by Novo Nordisk's Human Biosample Governance experts since 2016 have given us data on different risks by country. We assess that the types of human biosamples used for our research have lower risk exposure and we implement due diligence to mitigate risks.

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 to ensure adequate processes and procedures are in place to identify, correct and address any modern slavery violations.

Actions to address the risks

In December 2018 Novo Nordisk asked [Verité](#) to conduct focused onsite assessments at two of the above-identified high-risk suppliers' sites in China including labour

intermediaries. The assessment identified risk indicators related to 'freedom of movement and communication', 'withholding of wages' and 'financial penalties'. For these findings, action plans with concrete deadlines for completion were agreed upon. The action plans include changes to labour dispatch policies and contract, changes to employee payment and onboarding regulations as well as training of employees. A Novo Nordisk Responsible Sourcing audit followed up with one of the suppliers and validated that the risk indicators have been addressed. A further Responsible Sourcing audit will follow up with the other supplier during 2020. General learnings from these third-party assessments have been shared with Novo Nordisk's Responsible Sourcing auditors.

For risks associated with sourcing and use of human biosamples, Novo Nordisk has developed a risk-based global due diligence system. Novo Nordisk only works with high-risk organisations, if they are evaluated with our questionnaires and onsite evaluations and approved by Novo Nordisk's Human Biosample Governance expert. The evaluation criteria include that donations are freely given without coercion or inducement, and this also mitigates potential risks of trafficking involvement. 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.

Training

At Novo Nordisk we regularly conduct Business Ethics training to all employees.

In 2019 introductory human rights training was provided to Business Ethics Committee and the Global Legal and Compliance organisation.

At Novo Nordisk we provide an introduction to 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 2019, through our partnership with PSCI, 8 of our suppliers from China attended a local 2-day PSCI supplier conference where the purpose was to build knowledge on responsible business practices including respect for human rights. In addition, through PSCI's Human Rights and Labour sub-committee, we developed and provided a webinar training on modern slavery due diligence to PSCI suppliers and member companies.

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 of modern slavery and other negative human rights impacts securely and confidentially via the [Compliance Hotline](#).

This statement was ratified and approved by members of the Board of Novo Nordisk Pharmaceuticals Pty Ltd on 14 February 2020.



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Managing Director



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