



## **Modern Slavery Statement**

For the financial year 1 January 2021 to 31 December 2021

### **Introduction**

Novo Nordisk A/S (**Novo Nordisk**) is a global healthcare company founded in Denmark in 1923 and has had a presence in Australia for more than 30 years.

Novo Nordisk's purpose is to drive change to defeat diabetes and other serious chronic diseases such as obesity, and rare blood and rare endocrine diseases. Novo Nordisk does this by pioneering scientific breakthroughs, expanding access to its medicines, and working to prevent and ultimately cure disease.

Novo Nordisk recognises that modern slavery can occur in every industry and sector and is committed to and respects human rights in its own operations, as well as ensuring compliance with the laws of the countries in which it does business.

This modern slavery statement has been prepared in accordance with the *Modern Slavery Act 2018* (Cth). This statement provides an update of the progress that Novo Nordisk Pharmaceuticals Pty Ltd (**Novo Nordisk Oceania**) has made during the financial reporting period 1 January 2021 to 31 December 2021 and will continue to make to reduce modern slavery in its operations and supply chain.

### **Our structure, operations, and supply chain**

#### *Our structure*

Novo Nordisk Oceania is based in North Sydney and employs over 220 people in Australia. Novo Nordisk Oceania is part of the multinational Novo Nordisk company.

Novo Nordisk Oceania also oversees and manages all New Zealand operations.

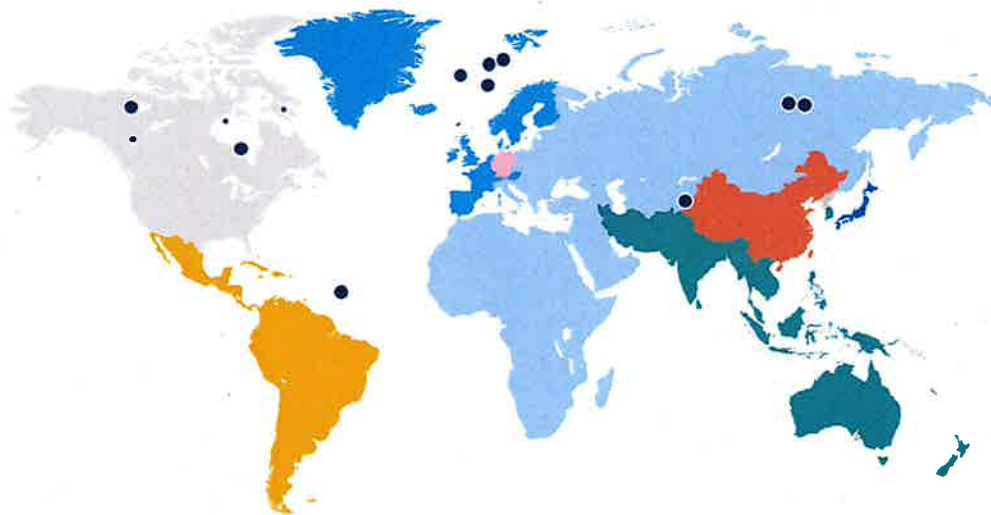
#### *Our operations*

Novo Nordisk has more than 48,000 employees across 80 countries engaged in research and development, manufacture, and sale of therapeutic goods. Novo Nordisk's main product areas are diabetes care, obesity care, biopharma, and other serious chronic diseases. Novo Nordisk supplies nearly half the world's



insulin, and its diabetes products reach 34.6 million people worldwide, with more than 5 million receiving them through our access and affordability programmes.

Novo Nordisk has 10 research and development centres in Denmark, UK, US, mainland China and India. It also has 16 production sites in 9 countries including Denmark, France, US, Brazil, mainland China, Russia, Algeria, UK, and Japan. Novo Nordisk markets its products in 168 countries.



### *Our supply chain*

Novo Nordisk's success is dependent on its ability to collaborate with suppliers that not only provide the highest quality products and services but are aligned with its commitment to social and environmental responsibilities.

Through its own organisation and supply chains, Novo Nordisk's supply chain sources raw materials, components, and services to produce our products in diabetes care and other 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 60,000 first-tier global suppliers of goods, materials, and services that



enable it to support its business activities. This network supplies the products sold by Novo Nordisk Oceania.

The bulk of Novo Nordisk Oceania's unrelated direct suppliers are Australian-based companies providing goods and/or services in the following categories:

- Administration and support services
- Electricity, gas, and water services
- Financial and insurance services
- Information, media, and telecommunications
- Professional, scientific, and technical services
- Rental and real estate services
- Postal services
- Training and education
- Transport services
- Warehousing and wholesaling

## **Risks of modern slavery in our operations and supply chain**

### *Operations*

The risk of Novo Nordisk Oceania's operations causing or contributing to modern slavery practices is low.

The majority of Novo Nordisk Oceania's employees are hired on a permanent basis. The people we engage as part of our operations are required to satisfy the requirements of roles which are professional and require a specific skill set and level of experience. We have arrangements with a very small select number of recruitment agencies. To reduce modern slavery practices Novo Nordisk Oceania strives to comply with all workplace and industrial relations laws, regulations, and awards regarding employees and contractors. We select business partners who are a cultural fit, reputable, and known to deliver high quality of services versus cost effectiveness, while endeavouring to be financially responsible.

### *Supply chain*

The risk of Novo Nordisk Oceania causing, contributing, or being directly linked to modern slavery practices is assessed as low.

As a result of the global footprint of our suppliers and their operations, our supply chain is exposed to modern slavery risks because some of our suppliers have operations in higher risk jurisdictions.

## **Actions taken to assess and address modern slavery risks**

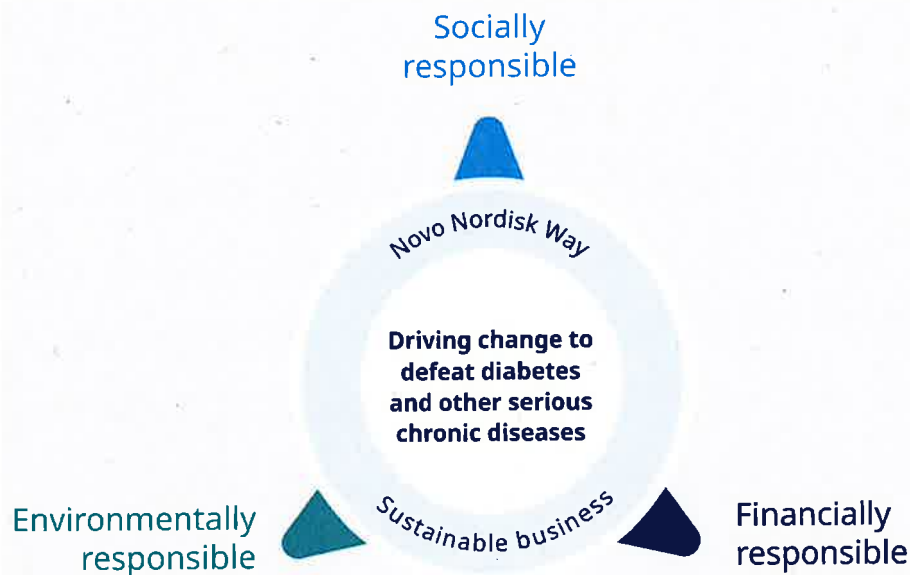


Novo Nordisk is committed to being a sustainable business. To achieve this ambition, we strive to do business in a financially, environmentally, and socially responsible way, as reflected in our Articles of Association and the Novo Nordisk Way are philosophies which have been established to provide general guidance to all employees on how we conduct responsible business.

Additionally, Novo Nordisk has established policies designed to mitigate risks in our supply chain. We expect that all our employees, contractors, and suppliers are aware of, and comply with their obligations set out in our policies.

### *Governance*

Novo Nordisk's human rights compliance including human rights due diligence and human rights risk management is overseen by the Business Ethics Committee, which comprises of a Chief Executive Officer, Chief Compliance Officer and Chief Legal Officer among other members. Consolidated findings of Business Ethics reviews and risks are reported to our Executive Management and the Audit Committee, which comprises members of the Board of Directors. The responsibility to implement respect for human rights in daily operations sits in the Business Ethics Compliance Office reporting to the Chief Compliance Officer.



### *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. Our commitment refers to all human rights expressed in the International Bill of Human Rights and the ILO Declaration on



Fundamental Principles and Rights at Work. We explicitly commit to prohibition, prevention, and mitigation of forced, bonded or debt labour, slavery, servitude, and human trafficking and providing access to remedy. In addition, we also refer to the UN Convention on the Rights of the Child to respect children's rights.

Novo Nordisk's corporate requirements on human rights require all Novo Nordisk employees to act in accordance with respect for human rights in their daily decisions. 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 according to the UN Guiding Principles on Business and Human Rights, with a focus on high-risk activities;
- 3) report human rights concerns to the Novo Nordisk Compliance Hotline; and
- 4) prevent and mitigate recurrence of actual negative human rights impacts and provide for remedy where necessary.

In 2021, Novo Nordisk further strengthened its Labour Code of Conduct, 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. The Labour Code of Conduct also states that Novo Nordisk employees must earn sufficient income in a standard working week to, at a minimum, meet their basic needs (and those of their families) and to provide some discretionary income of minimum 20 % above living wage.

Novo Nordisk also employs Responsible Sourcing standards, which imposes expectations on our suppliers. The Responsible Sourcing standards are the basis of 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 extends to all global suppliers of 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, in 2021 we identified and defined the following areas of risk in our supply chain:

1. systems for ensuring the safety of workers;
2. systems for ensuring safe and responsible handling of waste and emission discharges; 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. A pre-audit survey on use of vulnerable workers can lead to an extended Responsible Sourcing audit if human rights risk indicators are found. Guidance material for auditors includes elaboration of modern slavery risk indicators.

In 2021, around 170 high risk suppliers were identified, eight in-person Responsible Sourcing audits took place in mainland China. To accommodate the impacts of COVID 19, six remote and two hybrid (in-person & remote) audits were conducted. The main risk areas identified from completed audits related to safety regulations and working hours specifically. For all findings, action plans have been executed and we are following up to ensure implementation and resolution of the issues.

Self-assessment questionnaires which were updated in 2021, are used to gain additional insight into how our suppliers are working to ensure responsible business practices. In 2021, approximately 80% of our high-risk indirect spend suppliers returned the questionnaires. It is indicated that for those suppliers there is a strong focus to ensure compliance with our Responsible Sourcing standards and integration of said standards into the policies of those suppliers including sub-suppliers.



For risks associated with sourcing and use of human biosamples, Novo Nordisk has developed a risk-based global evaluation programme. Our evaluation criteria includes a requirement that donations of human biosamples are freely given without coercion or inducement, which also acts to mitigate potential risks of trafficking involvement. Novo Nordisk does not accept use of human biosamples from vulnerable groups such as prisoners or detainees. In 2021 we updated our evaluation programme. For all new organisations, we conduct desk-based assessment of donor recruitment methods, including reviews of questionnaires, reviews of informed consent templates, information sheets given to donors prior to their donation, and ethics committee approvals. For high-risk organisations, we conduct onsite visits, in addition to desk-based research.

As part of the bi-annual global Business Ethics risk management processes, all business units in the global organisations are required to identify, assess, mitigate, prevent, track, and internally report risks of adverse human rights impacts (including modern slavery risks). In 2021 several subsidiaries identified risks of potential labour abuse of external workers in business relationships and consequently took mitigation and prevention measures such as contract reviews and training.

#### *Supplier conduct*

Novo Nordisk strongly encourages suppliers to adhere to the Novo Nordisk Business Ethics Code of Conduct. In the event suppliers are not prepared to adhere to our Business Ethics Code of Conduct, we strongly encourage adoption of their own codes which include expectations similar to ours. Failure to company may result in immediate termination of the business relationship.

#### *Anti-bribery and anti-corruption*

Bribery and corruption are major red flags for modern slavery risks.

Novo Nordisk is committed to the highest ethical standards of business conduct and endeavours to respect and comply with the law wherever we do business.

Novo Nordisk's Business Ethics Code of Conduct requires that employees, contractors, and suppliers comply with all anti-bribery and corruption legislation, including but not limited to the U.S. Foreign Corrupt Practices Act of 1977, the U.K. Bribery Act and the United Nations Guiding Principles on Business and Human Rights, and any legislation relevant to the jurisdictions in which our affiliates are domiciled.



The Novo Nordisk Business Ethics Code encompasses, among other things, employee and contractor interactions with government officials, non-U.S. healthcare professionals and healthcare organisations, as well as third parties that provide goods and services to Novo Nordisk. Where appropriate, third parties that are assessed as high risk are subjected to anti-bribery and corruption due diligence and auditing, as well as ensuring their own subcontractors comply with the Code.

Novo Nordisk also ensures that it complies with applicable pharmaceutical laws and regulations governing pre-clinical and clinical studies, manufacturing, distribution, marketing, and promotion of its products.

#### *Risk assessment and verification*

As a global organisation with a global supply chain model, verification and monitoring of supplier compliance with laws and regulations, as well as the Novo Nordisk Business Ethics Code of Conduct and adherence to the Responsible Sourcing Programme, are conducted globally through formal assessment and audits. As a member of the Novo Nordisk global supply chain, Novo Nordisk Oceania relies on Novo Nordisk's global Responsible Sourcing Programme to assess risk at its supplier level.

#### *Raising concerns*

Novo Nordisk encourages an open and honest culture of trust and integrity. Part of building a culture of trust is speaking up about any ethical or compliance concern so we can address possible issues. By speaking up, employees are doing the right thing and contributing to an ethical culture at Novo Nordisk.

Novo Nordisk employees, contractors, suppliers, as well as other external stakeholders including affected people can report concerns of modern slavery and other negative human rights impacts securely and confidentially via the Compliance Hotline.

#### *Contract clauses*

Novo Nordisk implemented a responsible sourcing clause which encompasses modern slavery and human rights into its standard global agreements for procuring goods and services.





Novo Nordisk Oceania intends to further implement a modern slavery specific clause into its standard Australian agreements where we procure goods and/or services. Such a clause will also be added to Novo Nordisk's:

- Purchase Order Terms and Conditions; and
- Standard Supplier Terms.

For contracts that are not on Novo Nordisk's terms and/or when material contracts are renewed, we will seek to include modern slavery clauses where they are absent.

#### *Training and development*

At Novo Nordisk, employees are required to undergo regular Business Ethics training. Throughout 2021, a series of human rights training sessions, workshops and awareness activities including human rights e-learning were delivered for continuous development of human rights awareness. Annual training in Business Ethics, which includes respect for human rights, is mandatory for all employees. In 2021, 98% of employees completed and documented their training, with the remaining 2% not completed primarily due to employees being on leave.

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 included as part of the global onboarding programme for new employees to the global procurement organisation 4 times a year.

#### *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;
- The UN Global Compact;
- The Nordic Business Network for Human Rights;
- The Pharmaceutical Supply Chain Initiative; and
- The Danish Ethical Trading Initiative.

#### *Due diligence in our operations and our supply chain base*

Based on desk research and data from the United Nations, 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, we assessed modern slavery risks in our value chains.

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; and
- 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; and
- construction, warehousing, logistics and other non-core activities for manufacturing sites in Algeria, Bangladesh, mainland China, Egypt, India, Saudi Arabia and Iran.

We recognise that certain raw materials and commodities are known for potential modern slavery risks. Novo Nordisk has identified the following materials and commodities in our supply chains as potential risks: metal, mammalian cell growth media, glass, life science chemicals and industrial commodities including ethanol. 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 thus involves high risk of potentially serious exploitation for donors, especially for those donors who are



vulnerable. Since 2015, Novo Nordisk's human biosample governance experts have conducted over 200 evaluations of human biosamples suppliers and external collaborations involving human biosamples, including close to 100 onsite evaluations. These evaluations have given us data and insights on different risks by country. This has resulted in Novo Nordisk continuously strengthening its evaluation programme.

### **Measuring the effectiveness our actions**

Novo Nordisk Oceania assesses the effectiveness of identifying and managing modern slavery risks by listening and responding to concerns raised by customers and other stakeholders on a wide range of issues in a responsible manner. This includes how we manage our operations and supply chain.

Novo Nordisk Oceania intends to further improve the way it identifies and manages modern slavery risks by:

- reviewing current business practices with respect to Novo Nordisk's business ethics and compliance and identifying opportunities to further reduce modern slavery risks;
- running training for all people managers on whistleblowing processes and how to handle protected disclosures including any potential modern slavery instances;
- working with suppliers to check how they are progressing any actions they have put in place to address modern slavery risks to ensure they are compliance with the Novo Nordisk Business Ethics Code of Conduct; and
- participating in Novo Nordisk's regular auditing of suppliers to ensure they meet appropriate standards.

### **Conclusion**

Novo Nordisk Oceania is committed to continuous improvement in our efforts to identify and prevent human rights abuses in our supply chains. As we make further progress in the above areas, we will report on that progress through subsequent versions of this statement.

For almost 100 years, Novo Nordisk has been committed to driving change to defeat diabetes and chronic diseases. The Novo Nordisk Business Ethics Code of Conduct is built on Novo Nordisk's values and doing business within an ethical framework and with integrity. This purpose does not come at the expense of those involved in our business deals or those of others.



## Approval

This statement was approved by the Board of Directors of the reporting entity Novo Nordisk Pharmaceuticals Pty Ltd on 23 May 2021.



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Jeppe Theisen

*Corporate Vice President and General Manager*