

Triple Bottom Line management

We aim to grow our business in ways that are both profitable and responsible. Recognising that long-term business success relies on a healthy economy, environment and society, we manage our business in a way that addresses multiple dimensions of performance: financial, social and environmental. We apply the Triple Bottom Line principle as a lens for decision making. This approach supports long-term success by creating shared value for society and our investors.

Our Triple Bottom Line business principle is anchored in our company bylaws, the Articles of Association, and the Novo Nordisk Way. We drive our social and environmental performance with the same diligence and focus as our financial performance. All business units are responsible for monitoring and reporting on their performance in all three dimensions, based on long-term goals and targets cascaded through the balanced scorecard process. Managers and employees are also encouraged to take initiatives that extend beyond compliance measures.

Helping people live better lives is at the core of our business.

Our corporate priorities reflect initiatives in support of business objectives as well as broader sustainability goals. Our main contributions include expanding access to healthcare and promotion of healthy lifestyles, offering an inclusive, healthy and engaging working environment, driving carbon reduction and climate advocacy, pursuing resource efficiency, combating corruption and ensuring consistent responsible business practices and good governance.

In 2011, we strengthened internal governance and oversight of our corporate sustainability efforts and made progress in embedding the Triple Bottom Line more firmly across the organisation. The Sustainability Committee, with representation from all parts of the business, has overall responsibility for setting direction for strategic and proactive management of the sustainability agenda. This includes implementation of initiatives in support of the company's long-term sustainable growth and in accordance with the UN Global Compact and other voluntary commitments. For more about the internal Novo Nordisk boards and committee structure for managing multiple dimensions of performance, see annualreport2011.novonordisk.com.

The financial, social and environmental priorities that determine the indicators we use to manage performance are listed on pp 14–15.

Deliver competitive financial results

Growing our business and delivering competitive financial results is what allows us to help patients live better lives, offer an attractive return to our shareholders and contribute to our communities.

Our targets for operating profit margin, operating profit growth and the ratio of operating profit after tax to net operating assets provide a guide to the level of growth and profitability to which

we aspire. The targets also help management establish a balance between growing our business profitably in the near term and ensuring the company is able to make investments in longer-term growth, including investments in clinical development of improved therapies.

The growth target for operating profit has been viewed as the cornerstone financial target since we began using financial targets in 1996. It allows for deviations in individual years if necessitated by business opportunities, market conditions or exchange rate movements. The continued improvement in efficiencies at our manufacturing facilities around the world and, longer term, in the productivity of our global sales force supports improvements in our operating margin, as does improvement in the ratio of administrative costs to sales. Our cash to earnings helps ensure that we are able to pay an attractive dividend.

Offer a healthy and engaging working environment

We believe that having a healthy and engaging working environment helps attract, motivate and retain employees and that this is critical to sustaining our company's growth and positive contributions to society. Employees around the world advocate healthy lifestyles, improved prevention, detection and treatment of diabetes, and patient support activities through their work as well as through voluntary initiatives. On World Diabetes Day in November 2011, for instance, more than 7,500 employees in more than 50 countries engaged over 1 million people in activities to raise awareness about the diabetes pandemic.

We have a long-term target to maintain a high level of employee engagement, which is assessed through the annual company-wide survey, eVoice. Survey questions also assess adherence to company values, employees' perceptions of the quality of management, their working environment and well-being. This information is used by local and corporate management to address any issues discovered through employees' feedback.

As our business becomes increasingly global, it becomes even more important to embrace diversity and embody a global mindset. We believe that diverse management teams are best suited to drive performance, foster innovative thinking and nurture collaboration between people with different perspectives. We aim to increase diversity because we believe doing so offers a competitive advantage.

Our leadership development programmes emphasise personal leadership and respect for the integrity of each individual. Training for managers includes decision-making that balances short- and long-term considerations and considers multiple dimensions of performance.

Helping people live better lives

Helping people live better lives is at the core of our business. We act on the premise that everyone has a right to health. Access to care is not only an issue in developing countries. As we seek to reach out to more people, we have now begun to report estimates of the number of people treated using Novo Nordisk diabetes care products.

A decade ago we began addressing the issues of inadequate access to health, introducing a preferential pricing policy in all of the least developed countries, launching dedicated programmes for underprivileged populations, including women and children, and advocating the need for Changing Diabetes® and Changing Possibilities in Haemophilia®.

While we have made progress, we also realise that a different approach is needed to increase the scale of our impact, particularly as global health becomes a higher priority on the political agenda. In 2011, we announced a new approach to access to health, informed by candid stakeholder dialogues and high-level engagements with policymakers. See novonordisk.com/sustainability.

We have also reaffirmed that low-priced insulin will remain in the company's portfolio in low-income countries. Much more can be done, yet success hinges on the ability of governments, industry and civil society acting together to deliver sustainable, effective responses. In 2011, Novo Nordisk worked on several fronts to forge partnerships that have the potential to be transformational over time.

Promoting responsible business practices

We never compromise on quality and business ethics. In a business environment in which compliance requirements constantly increase, Novo Nordisk has further geared up to manage developments. This is the result of significant efforts invested in expanding the business ethics compliance programme with global policies and procedures, governance structure, training, audits and investigations.

All relevant Novo Nordisk employees are required to be trained annually in business ethics guidelines and we train third parties who act on our behalf to align understanding of compliance requirements and Novo Nordisk's ethical standards. We have also now improved tracking and disclosure of financial interactions with healthcare providers.

We drive progress through systematic management and oversight. While seeking to exploit opportunities to act in ways that are both responsible and profitable, we also vigilantly manage risks to our business by monitoring trends and continuously adapting our business practices. Our enterprise risk management system considers both financial and non-financial risks, along with plans or processes to manage these risks.

From this platform, focused on mitigating risks, we are reinforcing a strong ethical mindset in every aspect of the way we do business. Expectations for working with integrity are embedded in job descriptions, management systems and internal audit processes.

Adherence to voluntary guidelines and participation in stakeholder dialogues helps us anticipate and prepare for new requirements. Prior to the adoption of the United Nations Guiding Principles on Business and Human Rights, Novo Nordisk has been actively engaged in shaping the agenda for businesses' responsibility to respect human rights, and in 2011 we commissioned an analysis to assess which additional steps will be necessary to take in order to live up to the guidelines.

Decoupling environmental impacts from business growth

While growing our business and increasing sales, we seek to reduce the consumption of natural resources and manufactured inputs, such as packaging, generated by our business activities and supply chain. In addition to reducing negative impacts, our approach focuses on contributing to solving global challenges such as climate change.

Over the past decade, we have demonstrated the ability to decouple resource consumption and emissions from sales growth. In 2011, we expanded our environmental management from a focus on resource productivity optimisation related to production to include sustainability aspirations across the entire value chain for our customer footprint and our contribution to communities.

Contributing to sustainable growth

Case studies of our business approach in different markets quantify benefits to patients, cost savings in healthcare systems and productivity gains resulting in sustainable societal value. Through our Blueprint for Change programme we document shared value creation and assess the potential for enhanced value. Our most recent study is from the US and shows how concerted efforts to improve prevention and early detection of type 2 diabetes can improve quality of life and reduce healthcare costs. Doing so has given us a competitive edge in terms of strong relations with stakeholders, a highly engaged workforce in the US and recognition as a great place to work. See novonordisk.com/sustainability.

Our Triple Bottom Line approach

Financially and economically responsible

