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**Intergovernmental Working Group of Experts on  
International  
Standards of Accounting and Reporting  
(ISAR)**

**35th SESSION**  
24 - 26 October 2018  
Room XVII, Palais des Nations, Geneva

Thursday, 25 October 2018  
Morning Session

**Agenda Item 3.**  
**Enhancing comparability of sustainability reporting:  
Selection of core indicators for entity reporting on the  
contribution towards the attainment of the Sustainable  
Development Goals**

Presented by

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# Sustainability reporting and the SDGs

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# Novo Nordisk at a glance

Novo Nordisk is a global healthcare company with more than 90 years of innovation and leadership in diabetes care.

This heritage has given us experience and capabilities that also enable us to help people defeat other serious chronic conditions: haemophilia, growth disorders and obesity.

changing diabetes®



**PRODUCTS MARKETED IN 165 COUNTRIES**

**AFFILIATES IN 77 COUNTRIES**

**R&D CENTRES IN CHINA, DENMARK, UK AND US**

**OBESITY**

**EMPLOYS APPROXIMATELY 42,000 PEOPLE**

**DIABETES**

**STRATEGIC PRODUCTION SITES IN BRAZIL, CHINA, DENMARK, FRANCE AND US**

**GROWTH DISORDERS**

**DKK 111.8 BILLION IN TOTAL REVENUE**

**APPROXIMATELY 210,000 SHAREHOLDERS**

**SUPPLIER OF NEARLY HALF OF THE WORLD'S INSULIN**

**HAEMOPHILIA**

**28,000,000 PEOPLE USE OUR PRODUCTS**

# TBL is a lens we use for decision making in Novo Nordisk

## Articles of Association

### 2. Objects

*The Company's objects are to carry out research and development and to manufacture and commercialise pharmaceutical, medical and technical products and services as well as any other activity related thereto as determined by the Board of Directors.*

***The Company strives to conduct its activities in a financially, environmentally, and socially responsible way.***

## Novo Nordisk Way

Our business philosophy is one of balancing financial, social and environmental considerations – we call it 'The Triple Bottom Line.'



## Essential 3

**We are accountable for our financial, environmental and social performance.**

- A. The unit acts with financial responsibility.
- B. The unit acts with environmental and bioethical responsibility.
- C. The unit acts with social responsibility.
- D. Performance within the areas of financial, environmental and social responsibilities is monitored and reported.

# Novo Nordisk's ambition is to be a sustainable business

## By sustainable business we mean

- Creating long-term value for patients, employees, partners and shareholders by developing innovative and competitive solutions to patients' unmet needs
- Doing business in a financially, environmentally and socially responsible way
- Anticipating, adapting to and creating new business opportunities from changes in our business environment

## Expressed through integrated approach



- Integrated **reporting** since 2004 with accounts for financial, social and environmental performance
- Integrated **management** built into corporate governance, management tools, performance assessment, and remuneration.

# Accounting for the full performance

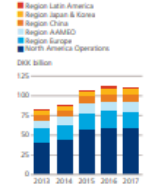
14 | ACCOMPLISHMENTS AND RESULTS 2017

## PERFORMANCE HIGHLIGHTS

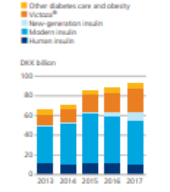
DKK million	2013	2014	2015	2016	2017	2014-2017
<b>FINANCIAL PERFORMANCE</b>						Change
Net sales	83,532	88,836	107,827	111,780	111,696	(5%)
Sales growth in local currencies <sup>1</sup>	11.8%	8.2%	8.4%	5.5%	2.3%	(2.8%)
Foreign currency impact	(8.8%)	(2.0%)	1.0%	1.1%	(1.9%)	(1.8%)
Net sales growth as reported	7.1%	6.2%	21.5%	3.6%	(0.1%)	(0.1%)
Depreciation, amortisation and impairment losses	2,789	2,625	2,928	2,183	2,182	(6%)
Operating profit	17,680	16,682	18,648	18,632	18,667	1%
Net financials	1,088	1,062	1,541	1,601	1,601	60%
Profit before income taxes	12,539	14,996	15,483	14,798	14,840	2%
Net profit for the year	25,184	24,681	14,860	17,145	16,110	1%
Total assets	70,217	77,062	91,799	97,529	92,255	5%
Equity	43,669	49,284	46,969	45,269	49,815	10%
Capital expenditure, net	2,207	2,066	2,209	2,161	2,079	(2)%
Free cash flow <sup>2</sup>	12,268	17,236	18,222	19,891	12,268	(98%)
<b>FINANCIAL RATIOS<sup>3</sup></b>						
Percentage of sales						
Sales outside Denmark	99.4%	99.5%	99.7%	99.7%	99.4%	(0%)
Sales and distribution costs	28.0%	28.2%	28.2%	27.4%	27.4%	(1%)
Research and development costs	14.0%	15.5%	12.6%	13.0%	12.5%	(2%)
Administrative costs	4.2%	4.0%	3.4%	3.5%	3.4%	(0%)
Gross margin	83.1%	83.4%	85.0%	84.4%	84.2%	(0.2%)
Operating margin	21.3%	18.8%	17.2%	16.8%	16.6%	(0.4%)
Net profit margin	30.1%	27.8%	13.7%	15.5%	14.4%	(1.1%)
Effective tax rate	22.4%	22.2%	19.8%	20.7%	21.7%	(0.7%)
Market ratio	60.0%	52.2%	51.2%	46.4%	48.7%	(1.3%)
Return on equity	60.0%	63.9%	79.9%	82.2%	80.2%	(2.0%)
Cash to earnings	88.8%	103.0%	88.2%	105.0%	75.1%	(13%)
Payoff ratio	47.1%	48.7%	46.4%	50.2%	50.4%	(0.2%)
<b>LONG-TERM FINANCIAL TARGETS<sup>4</sup></b>						Target
Operating profit growth	4.9%	8.5%	42.3%	(2.0%)	1.1%	5%
Operating profit growth adjusted <sup>5</sup>	4.8%	8.5%	32.2%	3.9%	1.1%	5%
Operating profit growth in local currencies adjusted <sup>6</sup>	14.4%	12.7%	12.7%	4.2%	4.8%	5%
Operating profit after tax to net operating assets	97.2%	101.0%	148.7%	102.2%	142.2%	125%
Cash to earnings (three-year average)	83.8%	83.1%	84.6%	102.4%	76.4%	90%

1. In subsidiaries, sales refer to sales to the end customer. Sales in 2013 and 2014, adjusted for DKK 2.276 million from the partial disposal of BMS AB and DKK 448 million from the merger related to the withdrawal of assets for pharmaceuticals development respectively.

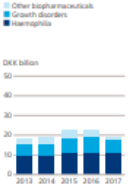
### SALES BY GEOGRAPHIC REGION



### DIABETES CARE AND OBESITY SALES



### BIOPHARMACEUTICALS SALES



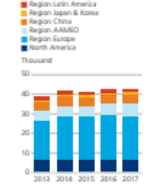
NOVO NORDISK ANNUAL REPORT 2017

ACCOMPLISHMENTS AND RESULTS 2017 | 15

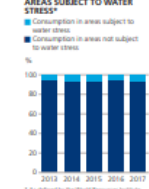
	2013	2014	2015	2016	2017	2014-2017
<b>SOCIAL PERFORMANCE</b>						Change
Patients treated with Novo Nordisk diabetes care products in the Nordic region (Commitment initiative in million)	26.3	26.6	26.8	28.3	27.7	(7%)
Diabetes (DKK million) <sup>1</sup>	82	80	105	106	102	(2%)
New patient families (Est. figure)	77	80	77	74	65	(12%)
Employee (hours)	24,074 <sup>2</sup>	24,074 <sup>2</sup>	21,122	22,448	22,062	1%
Employee turnover	8.1%	8.6%	8.2%	8.7%	9.7%	15.0%
Sustainable engagement score	—	—	—	—	80%	80%
Gender in management (total headcount)	41.2%	40.8%	40.8%	40.8%	40.8%	0%
Relative employee trained in business ethics	97%	98%	98%	98%	98%	98%
Product recall	4	2	2	4	4	4
Faked ingredients	0	0	0	0	0	0
<b>LONG-TERM SOCIAL TARGET</b>						Target
82.5	79.5	81.1	77.8	79.2	(2.8)	
<b>ENVIRONMENTAL PERFORMANCE</b>						Change
Energy consumption (TJ 1,000 t) <sup>3</sup>	2,572	2,506	2,378	2,835	2,922	(2%)
CO <sub>2</sub> emissions from energy consumption (T, 1,000 t) <sup>3</sup>	2,485	2,409	2,121	2,291	2,276	(1%)
CO <sub>2</sub> emissions from energy consumption (t, 1,000 t) <sup>3</sup>	120	120	107	92	90	(2%)
Waste (t, 1,000 t) <sup>3</sup>	151	151	159	153	152	(0%)
<b>LONG-TERM ENVIRONMENTAL TARGETS</b>						Target
Energy consumption (ex prior year) <sup>4</sup>	6%	(1%)	9%	4%	0%	Not to exceed 2%
Share of renewable power for production	74%	73%	78%	78%	79%	100% by 2020
Water consumption (ex prior year) <sup>5</sup>	8%	10%	6%	5%	1%	Not to exceed 2%
<b>SHARE PERFORMANCE</b>						Change
Basic earnings per share (DKK) <sup>6</sup>	8.83	10.10	11.56	14.09	15.42	2%
Diluted earnings per share (DKK) <sup>6</sup>	8.05	10.07	11.52	14.06	15.38	3%
Total number of shares (million) 31 December	2,750	2,800	2,800	2,500	2,500	(2%)
Dividend (DKK million)	102	127	127	46	50	(23%)
Dividend per share in DKK <sup>6</sup>	5.50	5.80	5.20	5.10	5.80	(0%)
Total dividend (DKK million)	15,060	16,300	14,600	7,400	7,251	(2%)
Share repurchase (DKK million)	11,989	14,258	14,229	18,088	18,204	1%
Share repurchase (DKK million)	108.40	260.30	398.90	354.70	344.50	(12%)

1. Diabetes in the Nordic region (Denmark, Finland and Sweden) includes Novo Nordisk's share of sales. 2. Includes employees of BMS AB. 3. Calculation has been adjusted due to change of methodology. 4. Excludes the non-renewable energy consumption. 5. Total of 100 and 100,000 for the additional information. 6. Total of 100 and 100,000 for the additional information. 7. The share price has been calculated referring to a trading unit of DKK 0.25. 8. Not disclosed for the year including interim dividend of DKK 3.00 per share, which was paid in August 2017. The remaining DKK 0.80 per share, corresponding to DKK 10.00 million, will be paid subject to approval at the Annual General Meeting.

### EMPLOYEES (TOTAL)



### WATER CONSUMPTION IN AREAS SUBJECT TO WATER STRESS<sup>1</sup>



### CASH DISTRIBUTION TO SHAREHOLDERS



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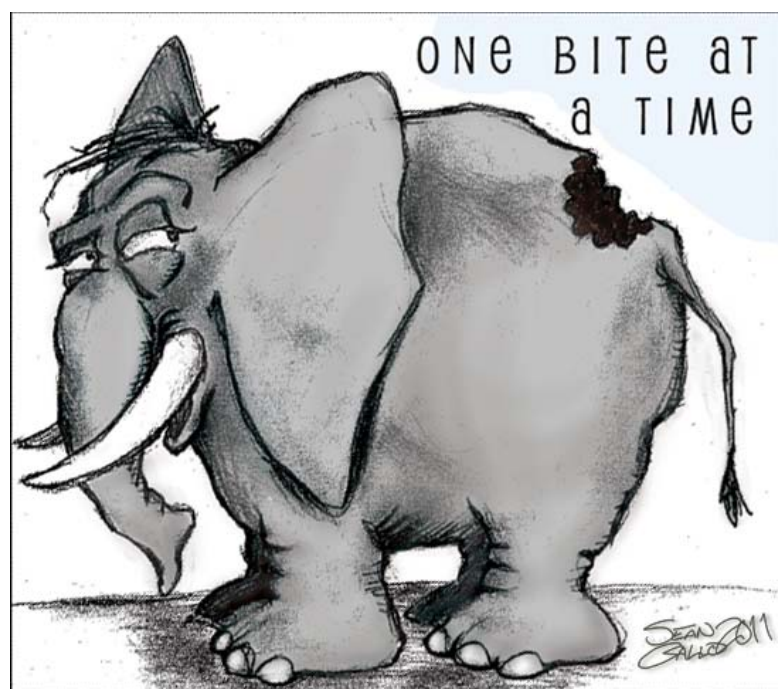


# The Core Indicators for the SDGs

Economic	Environmental	Social	Institutional
7	8	2	5
0	3	2	0
1	0	3	2
A.4.1. Percentage of local procurement		C.2.1. Average hours of training per year per employee broken down by employee category	D.2.1. Amount of fines paid or payable due to convictions
		C.2.3. Employee wages and benefits with breakdown by employment type and gender	D.2.2. Average number of hours of training on anti-corruption issues, per year per employee
		C.4.1. Percentage of employees covered by collective agreements	

already reporting – could report – most likely will not report

## Next steps



1. Accessibility of data
2. Comparability of data
3. Inclusion of private sector data in the monitoring framework for the SDGs
4. Qualifying data
5. Leave no one behind

**The UNCTAD-ISAR Core Indicators for the SDGs are a good place to start!**



