

# Novo Nordisk Netherlands 2022 Mid-Year Circular for Zero Progress & Strategy Report

## Management Summary

This report details the goals, strategies, results, and reflections involved in the implementation Novo Nordisk Netherlands' "Circular for Zero" strategy from January to June 2022. Given the COVID-19 pandemic's effects on business, 2019 is used as a base-year for comparison. The Dutch affiliate has made steady progress in achieving the Circular for Zero goals set by the global organization and will continue to do so in the coming years. As it stands, there is much work to be done before we can consider ourselves a circular company. This report aims to provide some clarity and insight toward the strategies (past, present, and future) that can lead us to fulfilling the Circular for Zero goals.

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## Introduction

With the introduction of the “Circular for Zero” (or C4Z) initiative in 2019, Novo Nordisk has taken increasingly ambitious steps to ensure that our organization is leading the charge against the worsening impacts of the climate crisis. In 2019, Novo Nordisk was globally responsible for 306.000.000<sup>1</sup> KG of CO<sub>2</sub> emissions. In doing so, we also contributed to what is likely to be one of the key challenges facing our, and future, generations. As it stands, there is a global environmental strategy in place, comprising of Environmental Management Plans (EMPs), carbon reduction goals for different areas of operation, and behavioural goals set to foster increased day-to-day acknowledgement and better practices in environmentally sustainable ways. Still, on an affiliate level, there is a lack of knowledge that originates in a lack of experience; there is no “recipe” for this transition on a local level. This brings us to the question, “How can we, the Netherlands affiliate, best implement Circular for Zero strategies to achieve the best results while sacrificing the least in business and operations?”

This document is a follow-up and update to our previous Sustainability Report which was released in the beginning of 2022 and examined our efforts & results in 2021. It is a mid-year progress report, and a longer, more in-depth version will be developed and released for the full year of 2022.

## High-Level Overview

In most areas of the transition to environmental sustainability, Novo Nordisk Netherlands has seen improvement in the reduction of CO<sub>2</sub>, the development of strategies to accomplish our goals, and the communication necessary to drive change. In 2019, the Netherlands affiliate of Novo Nordisk emitted approximately 638.000 KG of CO<sub>2</sub> from our cars, office, and flights and a total of 3.431.000 KG of CO<sub>2</sub> if we include an estimation of our supply-chain emissions. This number needs to decrease significantly in the coming years. Below, a summary of the EMP, and accomplished actions, is presented and broken up into 3 sections: **Mandatory Goals, Supporting Goals, and Behavioural Goals**. Numerical results will be provided in the following sections, but this breakdown serves to give a high-level overview of the affiliate’s accomplishments in mid-2022.

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<sup>1</sup> Novo Nordisk Annual Report 2019 (p. 85)

## NN Netherlands Year-End EMP Accomplishments June 2022

### **Mandatory**

<b>EMP Points</b>	<b>Progress</b>
1. 100% renewable power from suppliers	<p>Top 20 suppliers (in terms of spend &amp; potential industry impact) have been contacted; all contacted suppliers currently investigating switch to green energy</p> <p>Promises from suppliers to convert to 100% renewable energy – updates TBD</p>
2. 50% of sourced key materials are sustainable (measured in spend)	<p>Printed paper FSC labelled &amp; certified – suppliers are also working to convert to 100% green electricity</p> <ul style="list-style-type: none"> <li>- This includes HCP pamphlets, promotional materials, and non-product packaging</li> </ul> <p>More in-depth analysis needed on other supplies that are used by NL affiliate</p>
3. Source 100% renewable power	<p>Decision to switch to renewable power in the office taken, likely to be accomplished by the end of 2022</p> <p>Solar panels on roof under investigation</p> <p>As there are no production facilities in NL, the office is the only consideration in this section</p>
4. All cars in NN to be 100% battery electric or plug-in hybrid by 2030	<p>All new leases starting from October 2021 to be electric cars – will meet 100% EV goal by 2025</p> <p>Charging stations installed at office parking lot &amp; option to install car charger at home available</p> <p>Periodic CO2 calculation conducted to measure difference in emissions as car-fleet undergoes transition</p>
5. Zero CO2 emissions from flights	<p>On track to meet updated goal of 50% CO2 reduction by end 2022</p> <p>Relevant &amp; taken into consideration by management – high priority</p> <p>CO2 measurements to be conducted to see where flight reduction can have the most impact</p>

**Supporting**

<b>EMP Points</b>	<b>Progress</b>
6. Green distribution of products including planning/ordering in time	New BeNeLux Hub (distribution & warehousing for NL, BE/LUX affiliates) is centrally placed, running on green electricity and provider has promised to update transportation fleet to green standards (Euro6 or better engines)
7. Meetings and events follow global guideline	More attention is being paid to where and how meetings and events are held to further comply with sustainable standards (examples include travel by train, centrally placed events, etc.)
8. Establish recycling and re-use system	<p>Waste separation in office in place – no plastic utensils/cups in office</p> <p>Recycling boxes installed for office materials such as paper, pens, utensils, etc.</p> <p>Discussions to work with NL pharmacies to increase awareness on proper disposal of our products (and by extension, medical products in general)</p>
9. Develop governance that drives progress towards zero environmental impact	<p>C4Z goals considered &amp; adopted by NL management – easy line of access to management team from local environmental officer (NKIU)</p> <p>GM signed off on 2022 EMP</p> <p>“Green Team” not a strict group – relevant employees are asked to help with projects where they are relevant &amp; outcomes have been successful</p>
10. Educate in Circular for Zero & Circular Economy	<p>Internal email sent out every 3 weeks highlighting achievements, news in environmental sustainability &amp; calls to action</p> <p>“Circular for Zero Academy” and “Onboarding” TBD – must be discussed with management &amp; IO</p>

**Behavioural**

<b>EMP Points</b>	<b>Progress</b>
11. Strategic anchoring at management level	In place – Project Manager Sustainability (NKIU) has access to management team & mandate to discuss, plan & bring initiatives into action
12. Circular for Zero integrated in individual departments	TBD
13. Projects have clear targets and progress is measured	<p>CO2 for affiliate estimated for 2019, 2020 &amp; 2021; Mid-Year CO2 emissions calculated (with exceptions) – to be finalized end 2022</p> <p>Targets are clear and discussion regularly occur on the topics of strategy, implementation, and results</p>
14. Employee engagement and communication beyond local reach	<p>Sustainability Network in place to discuss projects across regional affiliates (as of October 2021)</p> <p>External communications already sent out (LinkedIn) &amp; more are planned</p>

# 1. Supplier Transition to Renewable Energy

## 1.1 Setting Targets for the Local Affiliate

Novo Nordisk aims to convert all our 60,000 suppliers to green electricity by 2030, with the goal achieving a zero-carbon value chain by 2045. Locally, we aim to accomplish these goals with the suppliers that we use in the Netherlands.

In the last half of 2021, we began this process by reaching out to our top 6 suppliers (in terms of spend and predicted CO2 output relative to their industry). These suppliers included two printing companies, three marketing/content-production companies, and a health-care information, service, and technology company. There were varying degrees of success in these discussions, but none of them resulted in failure or lack of progress. In the first half of 2022, we contacted 14 more suppliers with a letter outlining our Circular for Zero initiatives, intentions, and the rationale behind our transition, with a call to action for information and a report of willingness from the supplier.

## 1.2 Results for the Local Affiliate as of Mid-2022

As of June 2022, we have contacted a total of 20 suppliers across different sectors of our supply chain, garnering responses from all of them. The original 6 suppliers that were contacted in 2021 continue their process of transitioning to renewable power (amongst other green initiatives) while the 14 respondents of the letter sent in 2022 are gathering information and discussing the matter internally. We await further response and continue to seek more information from them.

## 1.3 Actions Going Forward

Action	Purpose
Periodically follow up with contacted suppliers	Measure progress of their sustainable transitions; keep rapport high
Identify next group of suppliers & contact them	Keep up momentum; continue transition toward 2030 goal
Certify existing “green” suppliers with COUPA	Validates “green spend” for affiliate and region
Certify newly “green” suppliers that are a result of these discussions	Validates “green spend” for affiliate and region; shows progress/result of project
Communicate the company goals externally	Suppliers must know that this is a high-priority project for NN (globally & locally)



## 2. Building Transition to Renewable Energy

### 2.1 Setting Targets for the Local Affiliate

Our goal for the office is to have green, renewable electricity within the next year (deadline: end 2022). We are currently in discussion with the building owner to decide the course and strategy of this transition. There have been setbacks due to questions regarding the validity of “Guarantee of Origin”<sup>2</sup> schemes (“GvO” in Dutch context) and its short-term/long-term potential.

In addition to supplying the NL office with green electricity, energy reduction initiatives, such as more energy efficient equipment, within the office will be investigated to minimize CO2 production as much as possible.

### 2.2 Results for the Local Affiliate as of Mid-2022

As of mid-2022, we have not yet achieved the supply of renewable energy to the office. There are now discussions with the building owner to switch to renewable electricity at the end of 2022 as their energy contract ends at that time. There are also discussions on the efficacy of installing solar panels on the roof – a measure that we support strongly. We have decided to make this transition a priority and are willing to invest should the costs of renewable energy be higher. In 2019, our base year, the energy used in the office for Novo Nordisk operations amounted to 96 tons (96.000 kg) of CO2. We should see a considerable reduction in this CO2 output after we transition to green energy.

### 2.3 Actions Going Forward

Action	Purpose
Push for conversion to renewable energy & installation of solar panels by end of 2022	Fully convert office to renewable energy; cannot be “hypocritical” when we tell suppliers to do the same
Investigate & implement CO2 reduction initiatives in office	Supplement the reduction of CO2 from the energy conversion strategy

<sup>2</sup> More information on “Guarantee of Origin” scheme can be found here: [Renewable Energy Guarantees of Origin | AIB \(aib-net.org\)](https://www.aib-net.org/en/renewable-energy-guarantees-of-origin)

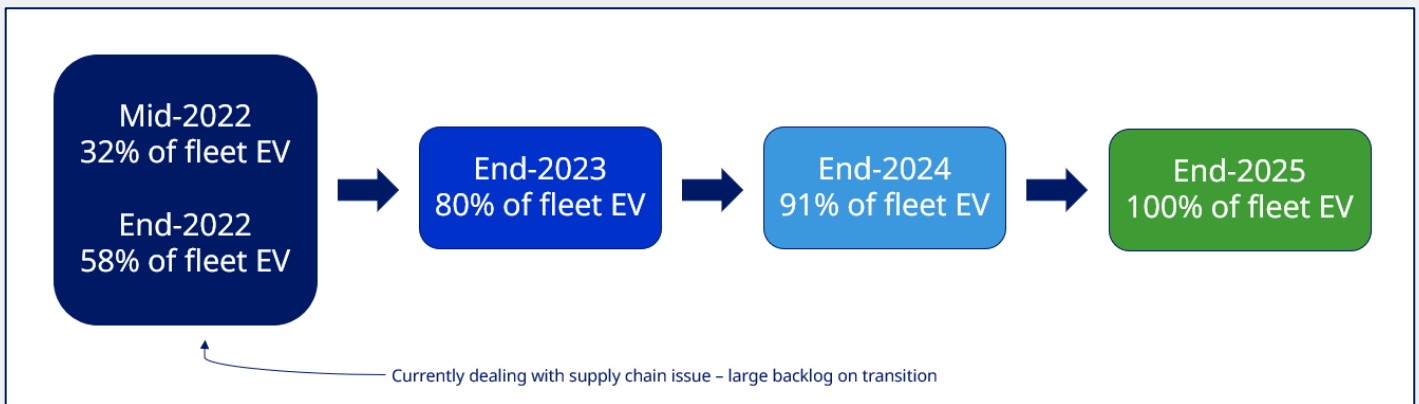
### 3. Car-fleet Electrification Initiative

#### 3.1 Setting Targets for Local Affiliate

At the Netherlands Affiliate, we are on track to accomplish the 100% Electric Vehicle (EV) transition by the 2025 goal set by HQ for the North-West Europe Region. As of October 2021, all new lease contracts signed by Novo Nordisk employees in the Netherlands will be EVs. As contracts expire after 3-4 years, this means that by December 2025, we will have a car-fleet that consists only of EVs. Seeing as this target will very likely be reached without much further input, the next targets that are set are based in CO2 minimization and change-management. In those respects, the goals for 2022 and onward are to maintain the smooth transition of the car-fleet to EVs, lower the kilometers driven by employees to further minimize CO2, and to educate employees on the value of this transition so that reluctance and doubt are minimized.

#### 3.2 Results for the Local Affiliate as of Mid-2022

In the graphic below, we can see the percentage of electric vehicles in the Novo Nordisk Netherlands car-fleet between mid-2022 and end-2025, when the transition should be completed. Unfortunately, there are supply chain issues delaying the delivery of many electric vehicles to our affiliate, but once that is resolved, the transition should continue smoothly. By the end of 2022, a majority of our car-fleet will be running on green electricity. Due to the reporting systems in place, it is not possible to measure the CO2 output from our car-fleet in the mid-year timeframe. The 2022 Year-End Report will elucidate the total CO2 reductions from this transition in 2022.



#### 3.3 Actions Going Forward

Action	Purpose
Communicate necessity of transition & related goals	Change-management; positive perception; sense of urgency
Periodically measure CO2 reduction	To measure progress, enable comparison; identify areas of improvement
Research tools to improve quality of life (e.g. route planners with charging stations)	Change-management; enable a smoother transition for employees
Continue hybrid work-from-home/office	Lower KM driven and, consequentially, lower CO2 emissions

## 4. Flights Reduction Initiative

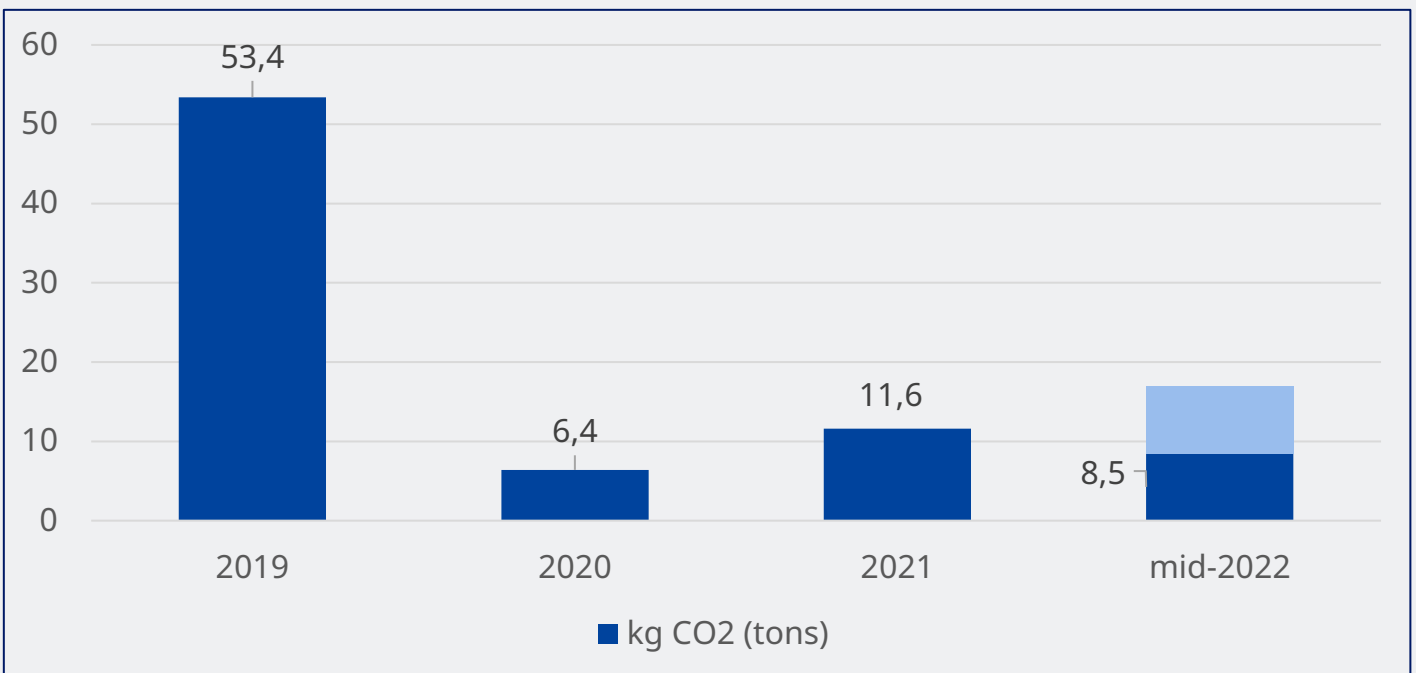
### 4.1 Setting Targets for the Local Affiliate

On a global level, the current target for flight-reduction is 50% by end-2022 and a zero-carbon flight policy (worldwide) by 2030. In 2021, the target was a 50% reduction by 2025, but this has changed in the first months of 2022. As a region, Northwest Europe can meet this goal, though flights have been increasing due to the relaxation of COVID restrictions in the past year.

Locally, we aim to meet these goals, starting and focusing on reducing the CO2 emissions from our flights by 50% by end-2022. Aware of the challenges that this goal is going to come with, we aim to discuss with our local employees, and the international organization, the best way to implement these reduction strategies without harming our business objectives nor the company culture. To do so, we aim to prioritize flights by categorizing them by range of personal, business, and cultural importance (whether it is an internal networking event, an important business meeting, or a yearly industry conference). If we can achieve the proper level of change-management, this transition should come smoothly and with minimal impact on our business objectives as a company.

### 4.2 Results for the Local Affiliate as of Mid-2022

As of mid-2022, we have seen a large increase in the *number* of flights compared to 2020 & 2021, but in terms of CO2, the relevant metric of measurement, we, as an affiliate, are currently within the bounds of the 2022 reduction goal. In the graph below, we can see that in the first half of 2022, we have emitted 8.5 tons of CO2 from our flights. If we are to meet the goal of 50% reduction compared to 2019, that means that even if we double our CO2 (17 tons by the end of the year, seen in light blue on the graph below), we are still within the bounds of our ambitions. This is a positive development that shows the potential for significant CO2 reduction across the industry with little risk to business objectives & efficiency.



#### 4.3 Actions Going Forward

Action	Purpose
Measure CO2 from flights in 2022 & following years	To compare to 2019, 2020 & 2021; Transparency and progress measurement
Assist global team in refining flight tracker for affiliates	Help create a more standard measuring system that benefits all affiliates
Mandate flight reduction where possible	Increased reduction in flights & CO2
Increase capacity to hold meetings online instead of through travel	Increased reduction in flights & CO2
Consider incentivization scheme (personal or affiliate level)	Increased reduction in flights & CO2

## 5. Communication

### 5.1 [Setting Targets for the Local Affiliate](#)

Communication in the Dutch context is broken down into two scopes: internal and external. Our internal communication goals are to inspire NN employees to conduct sustainable business with pride in the organization, educate NN employees on the benefits of sustainable change, and allow for better change-management practices through changing values from “business as usual” to this new environmental strategy. External communication is a more complicated project as there are multiple stakeholders to address (lawmakers, patients & patient organizations, HCPs, etc.). Through future external communication, we aim to increase public support for Novo Nordisk in the Netherlands by showing our commitment to social responsibility and the well-being of our planet. We also aim to inspire the pharmaceutical industry, and all the industries that are tied to us in our value chain, to become environmentally sustainable, by leading the charge ourselves. These goals cannot be achieved if we do not outwardly express our strategies, goals, progress, and results. Through our external communication, we also aim to increase market access by proving that we are a reputable, trustworthy organization; something that has been lacking with the general perception of the pharmaceutical industry.

### 5.2 [Results for the Local Affiliate as of Mid-2022](#)

Internal communication has begun, with a newsletter outlining updates in our environmental efforts and relevant news on the topic being sent out every three weeks, along with a new sustainability newsletter from the international organization.

We have created a page for Circular for Zero on the Novo Nordisk NL website. This page has information regarding our progress, our initiatives, and our sustainability report(s). We have also developed, in partnership with one of our suppliers, a promotional video to outline the positive impacts of our transition towards a more sustainable supply chain. This video was well received and garnered much attention on social media, hopefully preparing other suppliers to enact positive change and show Novo Nordisk NL as a partner in this transition.

### 5.3 [Actions Going Forward](#)

Action	Purpose
Establish & implement education for employees on Circular for Zero	Accomplish Goal 10 on EMP; Foster pride in NN employees; conversational communication (in day-to-day life)
Develop more internal communication	Change-management in flight-reduction & EV transition
Develop survey to measure readership of internal Circular for Zero newsletter	Identify information that employees find relevant, interesting, or useful
Develop & initiate external “core message”	Reach key stakeholders to foster support for NN & for our social responsibility projects

## Concluding Remarks

The Netherlands affiliate of Novo Nordisk NL has made steady and significant progress in our Circular for Zero efforts. We have installed a car-fleet policy that will result in a 100% EV car-fleet by 2025. We have initiated our project to convert our suppliers to renewable energy with many early signs of success. We have stressed the importance of flight reduction, even after the drop caused by COVID-19, to meet the 2022 goals. We have begun negotiations for the office's conversion to renewable energy. And, we have begun work to develop a comprehensive communication plan that will inspire both internal and external stakeholders toward the end of positive environmental change.

There is still much work to be done before we can call ourselves a circular company, but with transparency, diligence, and commitment, Novo Nordisk NL is on its way to achieving the goals that were set. We have the capability to go beyond these goals, to lead by example, and to inspire change; but to do so, we must focus on our social responsibility, to our planet and to the people we inhabit this planet with. In 2022, with the foundation of the Circular for Zero strategy in place, we are at liberty to not only continue our projects, but to start new ones, to build upon the progress that we've made, and invite industry partners to take part in this necessary action. Novo Nordisk can make significant and positive social change, and this is just the beginning of the long, yet massively important process.

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