

Sustainability



Sustainability

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Biology for a better world

Novozymes believes that solving global challenges can unlock new market value. In 2017, we made good progress against our long-term sustainability targets and decided to explore new and improved ways of guiding and measuring our environmental impact in the future.

2017 highlighted why companies can no longer afford to ignore sustainability. In the face of devastating storms, choking pollution, distressing human rights abuses, rising inequality and stagnating economic growth, the call to action has never been more urgent. And yet growing polarization in our societies makes it more difficult for leaders to agree and uphold the global consensus on climate change and sustainable development. This volatility could significantly impair business growth.

At the same time, opportunities for companies to develop solutions to these global challenges have never been more varied, and the business case has never been more compelling. In its flagship Better Business Better World report, the Business and Sustainable Development Commission estimates that achieving the UN Sustainable Development Goals (SDGs) “could unlock up to 60 market ‘hot spots’ worth an estimated USD 12 trillion by 2030 in business savings and revenue.”

At Novozymes, we understand this. We were one of the pioneers in integrating the SDGs into our purpose and strategy. Our commitment to the UN Global Compact and its Ten Principles as well as to the 2030 Agenda for Sustainable Development has never been stronger.

Finding sustainable solutions together

In September 2017 at the UN General Assembly in New York, I had the privilege of presenting Novozymes’ Partnering for Impact strategy to the Business and Sustainable Development Commission. I am happy to report that the Commission was impressed by our approach to creating a better world through innovation and partnerships, and is keen to see what we do next.

One of our key focus areas is related to water (SDG 6). Having access to clean water and sanitation is one of the most pressing challenges our society faces, and it is the key to unlocking progress in several other SDGs. Our solutions have the potential to make a real difference, especially in water treatment. Therefore, we introduced water as a new program in our innovation pipeline in 2017. To support our research, we are also working to establish strong partnerships. We launched the HelloScience open innovation platform, which aims to foster and deliver solutions related to the SDGs. UNICEF has joined our platform and issued a specific call for solutions to detect contamination in drinking water.

We will also continue to focus on the global challenge of mitigating climate change by ensuring access to clean and affordable energy

for a growing world (SDGs 7 and 13). In 2017, we worked closely with global and regional partners to support the decarbonization of the transportation sector and the deployment of low-carbon fuels. In Brazil, our work supported the adoption of RenovaBio, a groundbreaking new regulatory framework which sets targets for cutting carbon emissions for fuel distributors, in line with national commitments to the Paris Agreement.

Sustainable growth is a balancing act

Novozymes’ growth comes from delivering biological solutions that provide our customers with significant resource efficiency benefits and typically have a net positive CO₂ impact. In 2017, we helped our customers avoid an estimated 76 million tons of CO₂ emissions through the application of our products.

To sustain our growth in the long term, we must also consider the environmental footprint of our operations. Novozymes is committed to decoupling business performance from its environmental impact. Our three long-term targets measure resource efficiency relative to gross profit. Due to a higher utilization rate than expected, we were unable to meet some of our targets in 2017. We now understand that this way of measuring progress is not optimal, as short term changes in gross profit,

caused by e.g. currency movements and product mix, distort the picture of the actual sustainability performance. Therefore, we have decided to cancel the three targets and explore better ways of measuring our performance in the future. Meanwhile, we will introduce new annual targets for water and energy consumption and CO₂ emissions.

Looking ahead

With good momentum in the business and strong progress on our long-term targets, I am confident that we will continue to prioritize and promote the global sustainable development agenda. In 2018, we will work on refining our approach to sustainable innovation. I strongly believe that our future growth depends on our ability to deliver transformative innovations to support the SDGs, especially in emerging markets, and catalyze partnerships for wider and lasting impact. As we deepen our understanding of the global challenges we face, I am excited to harness the power of biology to create a better world.



Peder Holk Nielsen
President & CEO



Commitment

Governance and transparency

Sustainability is at the core of our business. We are committed to doing business in a responsible and transparent way.

Novozymes' purpose, strategy and long-term targets integrate sustainability into the very core of its business. Sustainability is a key component of our business strategies and management processes. For a description of how we manage sustainability, please visit Sustainability governance on [Novozymes.com](https://www.novozymes.com).

We also believe in sharing our sustainability performance in the most transparent and responsible way. Our sustainability leadership has been acknowledged by various indices and awards. We value such third-party recognition as this gives credibility to our efforts.

RobecoSAM Sustainability Yearbook

Each year, Novozymes participates in RobecoSAM's Corporate Sustainability Assessment (CSA), a comprehensive survey which includes economic, environmental and social factors. The results determine which companies will be included in the Dow Jones Sustainability Index (DJSI) and the Sustainability Yearbook.

In 2017, our score dropped to 81, compared with 90 in 2016. This means that even though we remain a member of the Yearbook and the DJSI, we were unable to meet our annual

target of achieving a Medal Class rating. This decrease was due to our performance relative to our peers and the inclusion of new criteria in the CSA. We are committed to our long-term target of achieving a Gold Medal rating in 2020, and will continue to work toward improving our performance.

Recognition of UN-related disclosures

In 2017, Novozymes was recognized for its exemplary reporting on its contributions to the UN Sustainable Development Goals by FSR – Danish Auditors and Her Royal Highness Crown Princess Mary of Denmark.

In addition, we engaged in a peer-review session of our UN Global Compact Communication on Progress with our peers from the UNGC Nordic Network: A.P. Møller - Mærsk, Novo Nordisk and Ørsted. The group shared best practices and challenges related to SDG reporting and provided valuable feedback on Novozymes' materiality disclosure and business model. Moving forward, Novozymes will continue to work with its peers to improve its reporting practices.

Read more about our sustainability disclosure and recognitions on [Novozymes.com](https://www.novozymes.com).



Materiality and value chain assessment

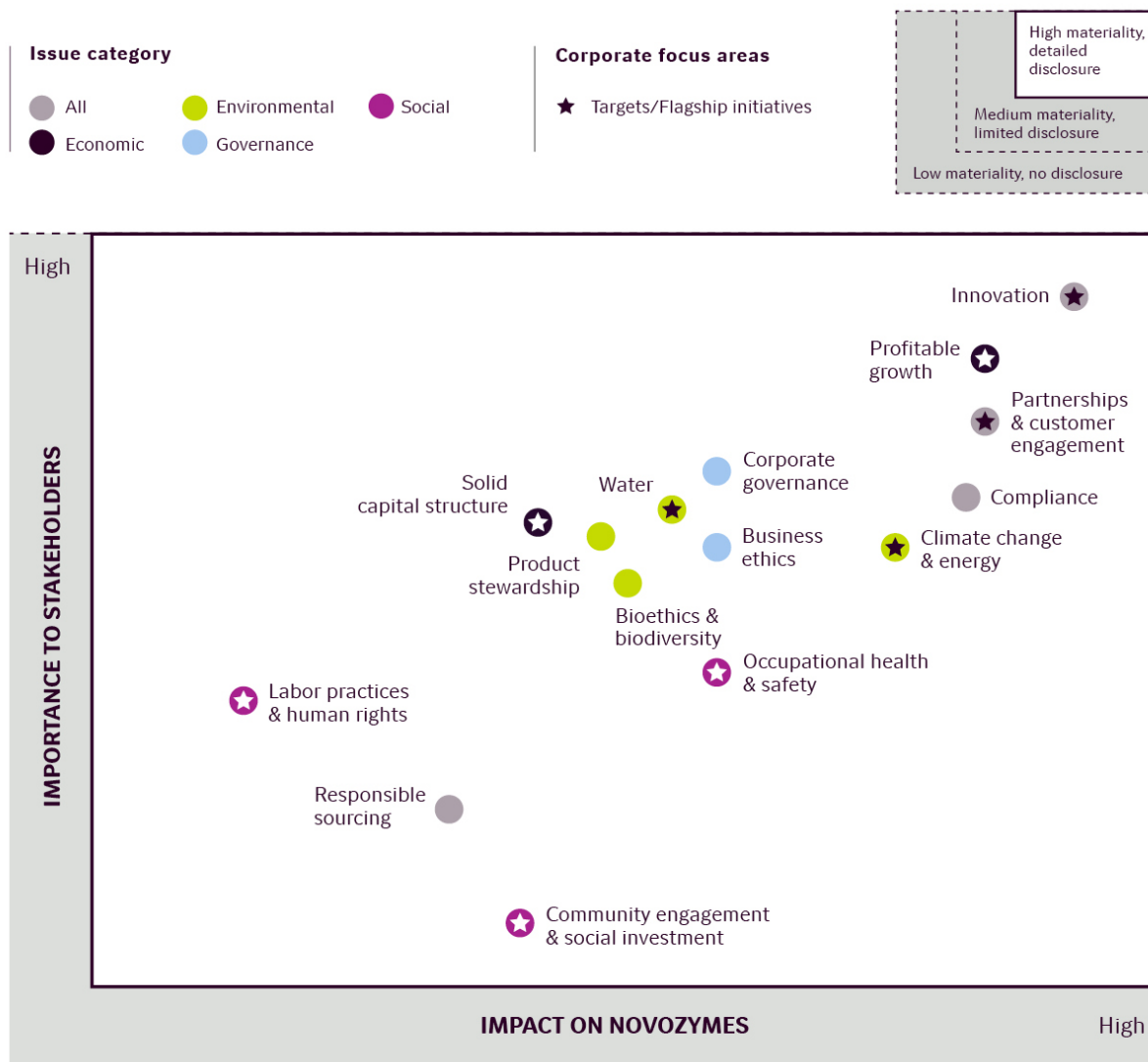
Our integrated annual report is guided by materiality. Innovation, profitable growth and partnerships and customer engagement are the most material issues for Novozymes.

Novozymes' annual report is based on the concept of materiality to ensure that the content is significant and relevant to readers.

Our materiality assessment is a systematic and rigorous process that compiles diverse inside-out and outside-in perspectives from external stakeholders, trend analyses and internal engagement with relevant departments. This process results in two outputs: 1) disclosures on key trends and 2) disclosures on material ESG issues.

The key trends are disclosed as a list, while the material themes are illustrated through a materiality matrix. The matrix highlights the 15 most material financial and nonfinancial themes and acts as a guide for determining the topics we include in our annual disclosure. The illustration is a snapshot of the upper-right quadrant of Novozymes's materiality matrix and only represents issues in the high material category. A full list of all material topics can be found in the following pages.

The materiality matrix includes some new issues and other changes compared with 2016. The new issues included as highly material are Solid capital structure and Community engagement & social investment. Two new issues were also added in the medium material category - Animal testing and Data security.



Materiality in detail

We have consolidated a few issues from 2016, such as “Sales” and “Earnings” into “Profitable growth,” and “Partnerships” and “Customer relationship management” into “Partnerships & customer engagement.” In 2017, three issues became significantly more important than they were in 2016: “Occupational health & safety,” “Water” and “Labor practices & human rights.”

The cadence is as follows. Once every 2-3 years, we conduct a comprehensive assessment. This comprises a review of the assessment methodology, detailed desktop research, and active and extensive stakeholder engagement. In the intermediate period, we conduct an annual materiality refresh, which is based on evidence-based research and analysis of stakeholder opinion through proxy sources.

In 2017, Novozymes conducted a materiality refresh, building on its extensive assessment in 2016. This process comprised the following activities:

Identification

In 2017, we revisited the UN SDGs, expert reports on global trends for 2017 (e.g. Global Risk Report by the World Economic Forum, State of Green Business by Greenbiz), investor and customer questionnaires, and peer analyses to identify global trends and ESG issues. Novozymes’ enterprise risk management (ERM) process provided significant internal insights.

Prioritization

We engaged in dialogues with relevant internal stakeholders from Corporate Sustainability, Regional Sustainability representatives from Asia Pacific, Latin America and North America, Global Public Affairs and Risk Management to prioritize trends and ESG issues and understand how they evolved in 2017.

Validation

We compared the top trends and ESG issues identified with priority themes highlighted by key ESG rating agencies and recalibrated our assessment together with internal stakeholders from Corporate Finance and Investor Relations.

Disclosure









Novozyymes discloses the top five macro trends that shape and influence its business (see Business model) and the emerging risks posed by these risks (see Risk management). We also disclose our performance against key material issues (see Basis of reporting) in The Novozymes Report 2017. The primary audience for these assessments and disclosures is Novozymes’ investors, customers and employees.

Novozyymes will continue to review global macro trends and material issues on an ongoing basis to proactively understand emerging trends and developments.






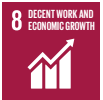
An explanation of all the changes made to the materiality matrix in 2017 can be found in the following pages.







Materiality in detail

Issue	Category	Description and value chain impact	Changes in 2017	Reference	Contributions to the SDGs
Innovation	High	<p>Innovation refers to the process of developing novel products and optimizing processes to meet global challenges.</p> <p>Relevant stakeholders include:</p> <ul style="list-style-type: none"> Upstream: investors, suppliers Novozymes: employees Downstream: customers, end consumers, governments, academia 	<ul style="list-style-type: none"> Moved up the matrix to become the most material issue for Novozymes as innovation is the core of our business 	<ul style="list-style-type: none"> Social and governance performance Product launches in 2017 Note 2.4 Research and development costs 	     
Profitable growth	High	<p>Profitable growth refers to organic sales growth that increases the company's operating profit.</p> <p>Relevant stakeholders include:</p> <ul style="list-style-type: none"> Upstream: investors Novozymes: employees 	<ul style="list-style-type: none"> Modified issue Two 2016 issues, "Sales" and "Earnings," were combined to reflect the specific aspect of financial performance that is most material for Novozymes 	<ul style="list-style-type: none"> Novozymes in a nutshell 2017 in brief Accounts and performance – Sales and earnings Consolidated statements of income 	
Partnerships & customer engagement	High	<p>Partnerships & customer engagement refers to Novozymes' focus on building partnerships with stakeholders from the private sector, governments, civil society, etc. for business growth and sustainable impact. It also includes specific processes to retain existing customers and engage new customers.</p> <p>Relevant stakeholders include:</p> <ul style="list-style-type: none"> Upstream: investors Novozymes: employees Downstream: governments, customers, NGOs, academia 	<ul style="list-style-type: none"> Modified issue Two 2016 issues, "Customer relationship management" and "Partnerships," were combined to form this issue as together they are key to delivering impactful solutions Moved up the matrix because the issue is central to Novozymes' strategy 	<ul style="list-style-type: none"> Targets: CATALYZE Strategy Business model Note 8.5 Customer engagement 	

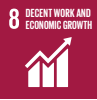



Materiality in detail

Issue	Category	Description and value chain impact	Changes in 2017	Reference	Contributions to the SDGs
Compliance	High	<p>Compliance refers to Novozymes' commitment to comply with relevant financial, governance, environmental and social regulations in all operating regions.</p> <p>Relevant stakeholders include:</p> <ul style="list-style-type: none"> Upstream: investors, suppliers Downstream: customers, governments 	<ul style="list-style-type: none"> Moved down the matrix slightly, but this is largely due to the growing relative importance of other issues 	<ul style="list-style-type: none"> Governance Consolidated statements of income Note 7.5 Environmental compliance, etc. 	
Climate change & energy	High	<p>Climate change & energy refers to Novozymes' commitment to climate action and its activities to address climate change risks and opportunities, reduce GHG emissions, invest in energy efficiency and support the production and uptake of renewable energy.</p> <p>Relevant stakeholders include:</p> <ul style="list-style-type: none"> Upstream: investors, suppliers Novozymes: employees Downstream: customers, end consumers, governments, NGOs, academia 	<ul style="list-style-type: none"> No change 	<ul style="list-style-type: none"> Note 7.1 Climate change Targets: SAVE Note 7.2 Energy Environmental performance and data 	 
Business ethics	High	<p>Business ethics refers to Novozymes' commitment to doing business in a responsible way, which is essential to attract and retain investors, employees and customers. It includes all measures to work against corruption, anticompetitive practices, fraud and unethical policy advocacy.</p> <p>Relevant stakeholders include:</p> <ul style="list-style-type: none"> Upstream: investors Novozymes: employees Downstream: governments, customers, NGOs 	<ul style="list-style-type: none"> Modified issue The 2016 issue "Corporate governance & ethics" was divided into two separate issues – "Business ethics" and "Corporate governance" – to reflect growing stakeholder interest in business ethics and transparency 	<ul style="list-style-type: none"> Note 8.3 Business ethics Governance 	
Corporate governance	High	<p>Corporate governance describes the system of policies and processes that determine how Novozymes is directed and overseen by its Executive Leadership Team and Board of Directors.</p> <p>Relevant stakeholders include:</p> <ul style="list-style-type: none"> Upstream: investors Novozymes: employees 	<ul style="list-style-type: none"> Modified issue The 2016 issue "Corporate governance & ethics" was divided into two separate issues – "Business ethics" and "Corporate governance" – to reflect growing stakeholder interest in business ethics and transparency Moved up the matrix, because "Corporate governance" as a standalone topic is the most important ESG issue for investors 	<ul style="list-style-type: none"> Note 8.3 Business ethics Governance 	 





Materiality in detail

Issue	Category	Description and value chain impact	Changes in 2017	Reference	Contributions to the SDGs
Water	High	<p>Water is a key natural resource for Novozymes and needs to be managed locally in all operating regions. Water scarcity has become a global challenge, and innovative activities are needed to optimize water consumption, reduce wastewater discharge and increase water recycling and reuse opportunities.</p> <p>Relevant stakeholders include:</p> <ul style="list-style-type: none"> Upstream: investors, suppliers Downstream: customers, end consumers, governments, NGOs, communities 	<ul style="list-style-type: none"> Moved up the matrix to reflect the growing interest from the investor community in business risks and opportunities related to global water crises 	<ul style="list-style-type: none"> Note 7.3 Water Environmental performance and data 	
Product stewardship	High	<p>Product stewardship is the practice of designing and managing products to minimize adverse environmental, health and safety impacts across the product life cycle.</p> <p>Relevant stakeholders include:</p> <ul style="list-style-type: none"> Upstream: investors, suppliers Downstream: customers, end consumers, governments, NGOs 	<ul style="list-style-type: none"> Renamed from the 2016 issue “Product stewardship and safety” Moved up the matrix due to growing scrutiny from investors and governments regarding hazardous chemicals management 	<ul style="list-style-type: none"> Note 7.7 Product stewardship 	
Solid capital structure	High	<p>Solid capital structure refers to Novozymes’ ability to finance its overall operations and growth using different sources of funds.</p> <p>Relevant stakeholders include:</p> <ul style="list-style-type: none"> Upstream: investors 	<ul style="list-style-type: none"> New issue Position reflects investor interest in assessing Novozymes’ financial fitness 	<ul style="list-style-type: none"> Equity and shareholder return 	
Bioethics & biodiversity	High	<p>Bioethics & biodiversity describes how Novozymes supports the adoption of ethical, science-based regulation for processes and products involving gene technology. It also includes our responsibilities with regard to biodiversity rights, sharing benefits and engaging stakeholders on the role of bioinnovation for society.</p> <p>Relevant stakeholders include:</p> <ul style="list-style-type: none"> Upstream: investors, suppliers Downstream: customers, end consumers, governments, NGOs 	<ul style="list-style-type: none"> Modified issue Renamed from the 2016 issue “Bioethics & gene technology” and moved up the matrix to reflect growing public interest in biodiversity 	<ul style="list-style-type: none"> Note 7.6 Bioethics & biodiversity 	





Materiality in detail

Issue	Category	Description and value chain impact	Changes in 2017	Reference	Contributions to the SDGs
Occupational health & safety	High	<p>Occupational health & safety describes all of Novozymes' policies and initiatives to ensure a safe, incident-free and healthy work environment.</p> <p>Relevant stakeholders include:</p> <ul style="list-style-type: none"> Upstream: investors, suppliers, contractors Novozymes: employees Downstream: customers, NGOs 	<ul style="list-style-type: none"> Moved up the matrix to reflect its increased impact on Novozymes' business 	<ul style="list-style-type: none"> Note 8.2 Occupational health & safety 	
Community engagement & social investment	High	<p>Community engagement & social investment refers to Novozymes' initiatives to engage with the communities in which it operates and invest in programs that create value for society.</p> <p>Relevant stakeholders include:</p> <ul style="list-style-type: none"> Upstream: investors Novozymes: employees Downstream: communities, governments, NGOs 	<ul style="list-style-type: none"> Two 2016 issues, "CSR expectations" and "Local community engagement," were combined to reflect evolving stakeholder expectations Moved up the matrix to become a highly material issue because of its growing importance to Novozymes 	<ul style="list-style-type: none"> Note 8.4 Community engagement Strategic social investment 	
Responsible sourcing	High	<p>Responsible sourcing is the practice of considering social and environmental aspects, in addition to quality and economic aspects, when managing relationships with suppliers to promote sustainable supply chains.</p> <p>Relevant stakeholders include:</p> <ul style="list-style-type: none"> Upstream: suppliers, investors Downstream: customers, governments, NGOs 	<ul style="list-style-type: none"> Moved up the matrix due to increased stakeholder interest, particularly from customers who want greater transparency in their supply chains 	<ul style="list-style-type: none"> Note 8.6 Responsible sourcing 	 

Materiality in detail

Issue	Category	Description and value chain impact	Changes in 2017	Reference	Contributions to the SDGs
Labor practices & human rights	High	<p>Labor practices & human rights refers to the system of policies and processes to promote equal rights, diversity and talent development for all employees, and to ensure decent working conditions and respect for human rights across the value chain.</p> <p>Relevant stakeholders include:</p> <ul style="list-style-type: none"> Upstream: investors, suppliers, contractors Novozymes: employees Downstream: NGOs, governments 	<ul style="list-style-type: none"> Moved up the matrix due to increased scrutiny by governments and NGOs due to new regulations such as the UK Modern Slavery Act 	<ul style="list-style-type: none"> Note 2.3 Employees Note 8.1 Labor practices & human rights 	 
Waste	Medium	<p>Waste is the output from Novozymes' operations and requires responsible disposal to minimize adverse environmental impacts. This topic includes activities to reduce waste, dispose of it appropriately and optimize opportunities for recovery, recycling and reuse.</p> <p>Relevant stakeholders include:</p> <ul style="list-style-type: none"> Upstream: investors, suppliers, contractors Downstream: customers, end consumers, governments, NGOs, communities 	<ul style="list-style-type: none"> Moved left of the matrix to medium materiality category due to relatively sharper focus on other environmental issues within Novozymes Remains important given increased interest in waste management and circular economy concepts, particularly in Europe and some emerging markets 	<ul style="list-style-type: none"> Note 7.4 Waste Environmental performance and data 	
Tax	Medium	<p>Tax refers to the responsible and transparent global approach to corporate tax.</p> <p>Relevant stakeholders include:</p> <ul style="list-style-type: none"> Upstream: investors Downstream: governments, communities 	<ul style="list-style-type: none"> Renamed from the 2016 issue "Tax strategy" to simplify disclosure 	<ul style="list-style-type: none"> Note 2.6 Tax 	

Materiality in detail

Issue	Category	Description and value chain impact	Changes in 2017	Reference	Contributions to the SDGs
Animal welfare	Medium	<p>Animal welfare refers to the policies and practices in place to ensure the well-being and humane treatment of animals. It includes Novozymes' protocols regarding animal testing.</p> <p>Relevant stakeholders include:</p> <ul style="list-style-type: none"> Upstream: investors, suppliers Downstream: customers, end consumers, governments, NGOs 	<ul style="list-style-type: none"> New issue Added to the medium materiality category to reflect stakeholder interest and Novozymes' exposure to this topic 	<ul style="list-style-type: none"> Position paper on animal welfare on Novozymes.com 	 
Deforestation & land use	Medium	<p>Deforestation & land use change is a significant contributor to greenhouse gas emissions, and refers to the conversion of carbon-rich environments, such as forests and peatlands, to lower-carbon uses, such as agriculture.</p> <p>Relevant stakeholders include:</p> <ul style="list-style-type: none"> Upstream: suppliers, investors Downstream: customers, governments, NGOs 	<ul style="list-style-type: none"> No change 	<ul style="list-style-type: none"> Position paper on climate change on Novozymes.com Note 8.6 Responsible sourcing 	
Data security	Medium	<p>Data security refers to Novozymes' system of policies and digital protection measures to prevent unauthorized access to computers, databases, the website and intellectual property.</p> <p>Relevant stakeholders include:</p> <ul style="list-style-type: none"> Upstream: investors, suppliers Downstream: customers, governments 	<ul style="list-style-type: none"> New issue Positioning reflects the increased threat of cybercrime and its impact on Novozymes' business and intellectual property 	<ul style="list-style-type: none"> Risk management 	

Stakeholder engagement

Meeting stakeholder expectations is a priority for Novozymes.
We spoke to some of our key partners to understand their needs.



CUSTOMERS

What matters most?

- Innovation
- Partnerships & customer engagement
- Labor practices & human rights
- Occupational health & safety
- Product stewardship

Engagement approach

See Note 8.5 Customer engagement

2017 highlights

- Received Gold recognition from EcoVadis
- Conducted a “customer day” for Kao Corporation in Japan, featuring product demos and a supermarket concept for inspiration about how to attract consumers
- Rolled out a joint marketing campaign with Nopa Nordic and COOP in Denmark to educate consumers about the benefits of enzyme-based Änglamark laundry detergents
- Hosted Enzyme School, an educational program for animal feed customers of the Novozymes–DSM alliance in Brazil, China and Denmark



EMPLOYEES

What matters most?

- Human & labor rights
- Occupational health & safety
- Innovation
- Community engagement & social investments
- Climate change & energy

Engagement approach

See Note 8.1 Labor practices & human rights

2017 highlights

- Launched “SoLean” initiative in Supply Operations to develop competencies for executing Lean tools at all levels
- Rolled out the “Sales Academy” to strengthen our commercial capabilities and customer mindset
- Maintained a strong focus on human capital development, with 94% of employees having updated their individual development plans with specific targets

In the spotlight

Detergent concepts for emerging markets

In November 2017, Novozymes inaugurated its Detergent Design Center in Bangalore, India. This will serve as a platform for engaging customers on how our biological solutions can meet their needs in laundry detergents and soap bars.

The center features formulation, full wash, hand washing, stain development, consumer panel lab, and customer and consumer experience zones. Our experts at the center will develop formulation and concept prototypes or demos of detergent solutions catering to emerging market needs. These include consumer-specific performance targets based on themes such as water reduction, mildness to skin, cleanliness, fabric care and improved whiteness and stain removal in the mass market segment. Key themes will be identified through market research, consumer behavior studies, customer visits, dialogues and surveys.

“We’re moving toward a more holistic approach with customers, where we’re a concept and solution developer, and not perceived as a specialty ingredient provider,” says Jannie Michaela Rendtlew Danielsen, Novozymes’ Head of Household Care Technical Services. “Our conversations with customers won’t be about enzymes but about developing a complete detergent concept to meet real needs and help bring that concept to market.”

“By having everything under one roof – technical and marketing – we can invite our customers on the full journey – from market trends and what the consumer truly wants, to concept development. That ultimately helps us in making concept prototypes that resonate with the customer.”



Going green with NICE in China

In 2017, Novozymes helped one of its largest customers in China – the NICE Group – join a government program for green manufacturing. We spoke to Hu Zhengyu, Chief Engineer of the NICE Group, to learn more about how we support their sustainability journey.

Sustainability has become a top priority for China's future development. In 2017, the Chinese Ministry of Industry and Information Technology launched a program to encourage green manufacturing. With Novozymes' expertise in life cycle assessment (LCA), we helped one of our customers – the NICE Group – join this program.

With blockbuster brands such as DIAO, NICE is one of China's largest detergent manufacturers. We spoke to Hu Zhengyu, Chief Engineer of the NICE Group, about sustainability trends in the Chinese detergent market.

How is the market for green household care products evolving in China?

The Chinese detergent market is probably one of the biggest in the world. In the past, almost all products were derived from petroleum-based materials, but we are gradually seeing a change toward greener products. We can no longer sustain our old pattern where we develop the economy at the cost of the environment. The government has started a new green manufacturing program, which calls on all relevant industries to rethink their processes – from product design to packaging.

From a consumer standpoint, it is very straightforward and simple: Consumers link green and renewable with safety and personal health. As a result, more and more companies – not just end-product manufacturers, but also raw material suppliers – plan to supply more green products to the market.

Why is sustainability important to NICE?

From a narrow perspective, we want to grow our business by meeting consumer needs. NICE has always been a pioneer in the market, and we do not want to lag behind in this green transition. From a wider perspective, we have a responsibility toward society and the environment. As we increase production, we must be wiser about our consumption of materials and energy. We cannot consume everything today and leave nothing for the generations after us. That is why we believe we need to act on sustainability, starting today.

How does Novozymes support your sustainability journey?

In the past, NICE and Novozymes have collaborated in many areas, but we had not worked in depth on sustainability issues until now.

In 2017, NICE wanted to join the government's green manufacturing program. One of the requirements is that companies must demonstrate the green credentials of their existing and future products through LCAs. We knew the concept, but we had no experience of conducting a real LCA for a specific product.

Novozymes is a pioneer in this field, and so we reached out for help. It was more complex than we thought. We had several talks and shared a lot of basic product information. It was a tight timeline, but we met the application deadline and were selected for the program. This is just the first step. As we expand our product portfolio, we will need to do similar work for our new formulations.

What are your key sustainability challenges going forward?

LCAs tell us how green our products are and where we can improve. Now, the focus for us, and indeed for the industry, is how to make our products greener. There are three key areas of improvement – raw materials, logistics and packaging. For example, today and for the foreseeable future, we will rely largely on truck transportation, as greener options such as rail or ship are limited in China.



One alternative to reduce the volume of truck transportation is to make our products more concentrated, meaning they will be lighter. But here, we encounter another challenge – public acceptance. In China today, consumers tend not to opt for concentrated products. We are working on communication and developing new product concepts with extra benefits to encourage consumers to buy concentrated products, such as more washes for the same cost. If we can encourage half the market to switch from conventional to concentrated detergents, we will save huge amounts of energy in terms of transportation and packaging. That will be a leap forward for sustainable development.

Stakeholder engagement



GOVERNMENTS & INTERNATIONAL ORGANIZATIONS

What matters most?

- Compliance
- Business integrity
- Climate change & energy
- Water
- Community engagement & social investments

Engagement approach

See Issue-specific engagement

See Region-specific engagement

2017 highlights

- Received 2017 China Top 100 Supplier award from the China Petroleum and Chemical Industry Federation
- Received the Bio Excellence Award from the Government of Karnataka, India, for outstanding contribution in the bioindustrial sector
- Launched HelloScience, an open innovation community and digital platform to solve global problems related to the UN SDGs



INVESTORS

What matters most?

- Innovation
- Profitable growth
- Corporate governance
- Product stewardship
- Climate change & energy

Engagement approach

See investor.Novozymes.com

2017 highlights

- Included as a member of Dow Jones Sustainability Indices – World and Europe
- Received an A minus (A-) score in CDP's climate change disclosure and management assessment
- Included in Ethibel Sustainability Excellence Indices – Global and Europe
- Awarded Prime status by Oekom Research, a leading rating agency in sustainable investment
- Included in 2017 Global 100 Most Sustainable Corporations in the World Index by Corporate Knights, a magazine focused on clean capitalism



OTHERS (community, academia, NGOs)

What matters most?

- Innovation
- Partnerships & customer engagement
- Community engagement & social investment
- Climate change & energy
- Bioethics & biodiversity

Engagement approach

See Strategic social investment

See Targets

2017 highlights

- Awarded two researchers, Emmanuelle Charpentier and Virginijus Siksnys, the 2017 Novozymes Prize, worth DKK 3 million, for their pioneering research on gene-editing technology
- Focused our community engagement activities on science education and engaged more than 188,000 learners across the globe



SUPPLIERS

What matters most?

- Responsible sourcing
- Compliance
- Labor practices & human rights
- Occupational health & safety
- Climate change & energy

Engagement approach

See Note 8.6 Responsible sourcing

2017 highlights

- Signed two strategic, long-term energy agreements with Ørsted, Denmark's largest energy company, for its main production site in Kalundborg, Denmark
- Focused primarily on optimizing internal management processes to streamline supplier engagement going forward

Investing for positive change

Lee Qian is an Investment Manager of Baillie Gifford's Positive Change Fund.

We asked him about why investors care about sustainability.

Baillie Gifford, a UK-based independent investment management firm, manages on behalf of its clients the largest investment in Novozymes outside of the Novo Group. In 2017, it launched the Positive Change Fund, which aims to contribute to a more sustainable world for future generations while making attractive long-term returns for investors.

We spoke with Lee Qian, Investment Manager of Baillie Gifford's Positive Change Fund, about the importance of sustainable business to the investment community.

Why have you chosen to invest in Novozymes?

We believe that Novozymes has good long-term growth opportunities ahead, because it provides products that are useful for society. Its business is built on bringing innovative products to market and strong customer engagement. From selling enzymes to laundry detergent manufacturers that enable low-temperature wash and energy savings to partnering with Monsanto to scale the reach of its microbial solutions which can improve agricultural yields, Novozymes takes a proactive approach to solving global sustainability challenges.

What was the motivation behind creating the Positive Change Fund?

The Positive Change Fund aims to contribute toward a sustainable and inclusive future. We believe that businesses and innovations have tremendous potential to improve our society and planet. We further believe that purpose complements profits over the long term. Companies that are solving social and environmental challenges are likely to benefit from growing demand for their products and services, more loyal customers and more motivated employees. By allocating capital toward those companies, our clients can contribute toward a better future at the same time as receiving attractive returns on their investments.

How do you analyze positive change?

We consider three factors when analyzing positive change. The first factor is intent: we look for companies that have a strong vision and clear leadership commitment to solve global sustainability challenges. Secondly, we look at product impact, which assesses how a given company's products solve social or environmental challenges. And finally, we look at business practices, specifically how a company treats its wider stakeholder base, beyond its shareholders.

What does this mean for Novozymes?

Sustainable investing is moving away from the traditional notion of filtering out firms that are perceived to cause harm. The idea for the Positive Change Fund came from a simple question – if we want to invest for the best of society, how can we do that? We believe funds like these are the future of investing. Companies such as Novozymes, which enable their customers to operate more efficiently and reduce their carbon footprint, are well placed to take advantage of this trend.



“The idea for the Positive Change Fund came from a simple question – if we want to invest for the best of society, how can we do that?”



Enabling a low-carbon future

Novozymes has partnered with one of its energy suppliers, Ørsted, to phase out the use of coal in Denmark.

Novozymes works closely with partners, including suppliers and customers, to enable the transition to a low-carbon economy. One such partner is Ørsted, Denmark's largest energy company. Formerly known as DONG Energy – short for Danish Oil and Natural Gas – it has undergone a green transformation and is committed to climate action.

In 2017, Novozymes signed a new 20-year agreement for green district heating and steam with Ørsted, Kalundborg Forsyning and Novo Nordisk, which will enable one of Denmark's largest coal-fired power stations to phase out coal and replace it with wood chips.

“I’m very pleased that we now have an agreement regarding Asnæs Power Station,” says Thomas Dalsgaard, Executive Vice President of Bioenergy and Thermal Power at Ørsted. “The future belongs to sustainable energy sources such as wind, solar and biomass. We’ll therefore be phasing out all use of coal at our power stations by 2023. Our steam and heat customers in Kalundborg have just as ambitious targets to reduce their carbon emissions as we have, and I’m happy that together we can ensure a greener energy supply to the area.”

This will help to further reduce the carbon footprint of Novozymes’ largest production site

in Kalundborg, Denmark. We already source 100% of our electricity from wind power in Denmark, and steam accounts for 80% of our carbon emissions from Kalundborg.

Novozymes also supports Ørsted’s low-carbon transition in other ways.

In 2017, Ørsted and Bigadan announced plans to convert residual biomass from Novozymes’ and Novo Nordisk’s factories to biogas, which will be fed directly into the Danish natural gas grid. Ørsted and Bigadan will construct a new biogas plant, which is expected to be operational in 2018. This project is a great example of the circular economy, as it provides additional opportunities for recycling our residual biomass. After being processed at the biogas plant, the biomass will continue to be used as fertilizer on fields, as it has been for many years.

“This is a really good example of how residual products can be even better utilized. The incorporation of biogas into our natural gas network serves as an excellent supplement to the green power from the wind and sun as well as the green district heating from our power stations. Therefore, this project is an important step toward having an energy system that’s green, independent and economically viable,” says Thomas Dalsgaard.

Also in 2017, Novozymes started delivering enzymes for biological sorting of household waste to Ørsted’s Renaissance plant in Northwich, UK. “It’s important to extract as many resources as possible from waste, and the enzymes are an important part of the process where we convert waste into green energy and recyclable material. This is both good for the environment and useful in terms of reducing the costs of waste management. I’m pleased that together we’re also looking at the future prospects for this technology,” concludes Thomas Dalsgaard.



“The future belongs to sustainable energy sources such as wind, solar and biomass.”

Progress on the Ten Principles

Novozymes discloses its progress on the Ten Principles in the Accounts and performance section. Each note is based on the guidance from the UNGC and the GRI Standards for Sustainability Reporting. The notes include details on materiality & scope, management & reporting, progress in 2017, challenges & dilemmas and next steps.

Theme	Disclosure	Commitments and memberships
Human rights Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses.	See Note 8.1 Labor practices & human rights in The Novozymes Report 2017	<ul style="list-style-type: none"> • UN Universal Declaration of Human Rights • UN Guiding Principles on Business and Human Rights • ILO Declaration on Fundamental Principles and Rights at Work • UNGPs Professionals Network • Supplier Ethical Data Exchange (SEDEX) • Ordinary member of Roundtable on Sustainable Palm Oil (RSPO)
Labor rights Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory labour; Principle 5: the effective abolition of child labour; and Principle 6: the elimination of discrimination in respect of employment and occupation.	See Note 8.1 Labor practices & human rights in The Novozymes Report 2017	<ul style="list-style-type: none"> • UN Universal Declaration of Human Rights • UN Guiding Principles on Business and Human Rights • ILO Declaration on Fundamental Principles and Rights at Work • UNGPs Professionals Network • Supplier Ethical Data Exchange (SEDEX)
Environment Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies.	See Notes 7.1 to 7.7 on environmental parameters in The Novozymes Report 2017	<ul style="list-style-type: none"> • UN Caring for Climate • UN Convention on Biological Diversity • Sustainable Energy For All: Sustainable Bioenergy High Impact Opportunity • Below50 • World Business Council for Sustainable Development • Danish Footprint Network
Anti-corruption Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery	See Note 8.3 Business ethics in The Novozymes Report 2017	<ul style="list-style-type: none"> • UN Convention against Corruption

Core contributions to UN goals

Novozymes has aligned its strategy with the SDGs. The section below highlights our initiatives and actions toward five goals where we have the potential to deliver material impacts.

Novozymes is committed to enabling a more sustainable society in the coming decades by contributing to the UN Sustainable Development Goals (SDGs).

Novozymes was one of the pioneers in embracing and aligning with the SDGs. Our purpose, “Together we find biological answers for better lives in a growing world,” our strategy “Partnering for Impact” and our long-term targets and commitments demonstrate our focus on achieving the SDGs. Furthermore, we are currently developing a methodology to conduct SDG impact assessments. This assessment methodology tool will enable us to systematically evaluate our innovation opportunities and business solutions in terms of their potential positive contributions to the SDGs.

See “Novozymes and the Global Goals” on [Novozymes.com](https://www.novozymes.com) for more details on how we contribute to the broader list of SDGs.

We support ZERO HUNGER



Novozymes, along with its partners, helps farmers around the world to meet a key challenge outlined in SDG 2 Zero Hunger – to increase agricultural productivity significantly, but also sustainably. Through The BioAg Alliance, Novozymes and Monsanto collaborate to improve crop harvests through products containing naturally occurring microbes.

Furthermore, as part of the alliance with our partner DSM Nutritional Products, we enable the world’s largest poultry and swine farmers to produce more with less in a sustainable and economical way with our animal feed enzyme solutions.

Many of our Food & Beverages solutions to alleviate lactose intolerance and enhance infant nutrition also address specific challenges related to making food more widely accessible.

We support QUALITY EDUCATION



Novozymes aims to educate 1 million people about the potential of biology by 2020. We believe that raising awareness about biology, biotechnology and the environment will help more people get involved in creating and adopting sustainable solutions in the future.

Since 2015, Novozymes has educated more than 300,000 learners about biology and how it enables a sustainable future, by engaging with regional schools, universities and communities.

In 2017, inspired by Global Biotech Week, Novozymes launched the initiative Teach for Tomorrow, to introduce young minds to the wonders of biotechnology.

We support CLEAN WATER & SANITATION



Production processes for textiles, pulp & paper and leather can be made more sustainable using biotechnology. Many of Novozymes’ enzymatic solutions help customers save water during application compared with conventional methods.

We also offer solutions for wastewater treatment and sludge reduction for municipal and industrial applications.

In China, Novozymes is working to help solve water challenges in the south-eastern industrialized area as well as in the less-developed north-west with our microbial wastewater treatment solutions.

Clean Water & Sanitation is one of the first challenges that Novozymes and Grundfos, a global leader in advanced pump technologies, will focus on as part of the HelloScience open innovation platform.

Core contributions to UN goals

We support CLIMATE ACTION



To help address climate change, Novozymes has set a target of saving 100 million tons of CO₂ in 2020 through the application of its solutions. In 2017, Novozymes' customers avoided an estimated 76 million tons of CO₂ emissions by applying Novozymes' products, equivalent to taking approximately 32 million cars off the road.

Since 2009, Novozymes has also decoupled absolute CO₂ emissions from business growth and has invested significantly in increasing the share of renewable energy in its energy mix. Novozymes has also set an internal carbon price to evaluate its global portfolio of operational eco-efficiency projects and drive decarbonization in its operations.

We support PARTNERSHIPS FOR THE GOALS



Novozymes' corporate strategy is called Partnering for Impact. We partner with global and regional influencers, policymakers, industry organizations, academia and NGOs to promote the development of sustainable solutions.

Novozymes is active within the UN Sustainable Energy for All (SE4All) initiative to enable the global biofuel sector.

In 2017, Novozymes also launched HelloScience, an open innovation platform enabling people to connect and collaborate on addressing the UN SDGs.

Taking action

Strategic social investment

Novozymes invests in a wide variety of educational programs to help young people around the world understand the potential of biology and sustainability.

SDG 4 describes how education is crucial for global sustainable development. We believe that by helping young people understand the potential of biology, sustainability and the environment, we can prepare the next generation to create the sustainable solutions of the future.

To better reach people around the world, the EDUCATE target is anchored in all the regions where Novozymes operates. Our employees have a wealth of knowledge about science and sustainability, and regularly engage with schools, universities and communities through various outreach programs.

Each region measures the number of learners it has reached through its educational initiatives. In total, we aim to reach 1 million people by 2020. We focus on programs for children with limited resources and access to scientific activities.

We are always looking for new and exciting ways to share our enthusiasm for enzymes and microorganisms with the world.

In 2017, to coincide with Biotech Week, we launched Teach for Tomorrow as a new global initiative to help us do exactly that. We encouraged employees to go to local schools and give elementary students a basic introduction to the potential of biology and biotechnology. With this initiative, we educated more than 3,000 learners across the globe.

In total, we educated more than 188,000 learners in 2017 through our different initiatives. Here are some of the highlights from our EDUCATE projects across different regions:

China

In 2017, we continued to scale up our three core projects to develop knowledge of biology. The Biology Catalyzes the Beauty of Life project provides diversified vocational development opportunities for teachers and improves biology education through a teach-the-teacher approach in schools which serve disadvantaged migrant communities. It is run in partnership with Panorama PR & Resources Co. Ltd. In 2017, we covered 14 migrant schools and educated around 10,000 students.



Encouraging China's little biologists

Chu Fan is the Course Designer of the Little Biologists, one of our EDUCATE initiatives in China. We asked her how Novozymes has supported the initiative.

Shanghai Ditworld is an NGO running one of our EDUCATE initiatives, the Little Biologists. The project is aimed at 5 to 10-year-olds. It teaches them about science, protecting the environment and promoting the UN SDGs. In 2017, this project covered 18 schools and educated around 7,000 students.

We spoke with Chu Fan, Course Designer, to learn more about the project.

How does this initiative differ from conventional teaching?

The course is designed to focus on children's development and teach them about aspects of biology. The course teaches biology to students by demonstrating its application in the real world. The course is taught in several elementary schools and communities in Shanghai. The teaching program cultivates an interest in science and biology among students. The program promotes the UN SDGs by showing the link between biotechnology and global or local challenges. We encourage students to explore solutions to solve these challenges.

The course is taught by volunteers with different educational and career backgrounds. Their passion to teach encourages students to explore the potential of biology. We train the volunteers. Novozymes' employees help us to develop the teaching materials and provide guidance on training.

Have you seen any changes in the students since implementing this project?

Since the implementation of the course, we have observed that more students are interested in learning biology and want to become biologists.



"In 2017, this project covered 18 schools and educated around 7,000 students."

Strategic social investment

China (continued)

Together with the NGO Enactus, we run the Biology Education Innovation (BEI) initiative. Through this program, we provide educational, financial and on-site teaching support to 45 project teams teaching biology to elementary and high school students.

Furthermore, as part of the global Teach for Tomorrow program, Novozymes China launched an initiative called Parents' Class, encouraging employees to teach biology in their child's school.

Denmark

Our outreach activities aim to create interest in natural science. We sponsor and engage in a number of learning activities, such as the Young Scientist Competition, Geek Days, Guys' Science Day and Girls' Science Day. Each year, Novozymes welcomes around 600 high school students to its facilities in Bagsvaerd to teach them about enzymes.

India

Novozymes partners with the Agastya International Foundation, an Indian education trust and nonprofit organization based in Bangalore, and sponsors its Let's investigate lab at the Bio Discovery Center. This rural center provides a platform for children from nearby villages to experiment and build their understanding and knowledge of biology. Approximately 9,000 students visit the center each year.

As part of our partnership with the Center for Environment Education (CEE), we began sponsoring the Hand Wash & Personal Hygiene initiative, which focuses on improving personal

hygiene knowledge among students across five states in the south of the country. Furthermore, we continue to support the Handprint for Change initiative. This project aims to provide students with practical experience to integrate science and social science concepts and enhance their understanding of sustainable development.

In 2017, we also partnered with the Kalinga Institute of Social Sciences, a residential institute for tribal people based in Bhubaneswar, Odisha state. We support the institute by contributing toward its biology lab infrastructure. Our contribution is to help 10,000 students from marginalized and disadvantaged tribal communities.

Latin America

Novozymes' educational initiatives in this region rely on a digital and interactive format and center around apps that educate young readers about biology, biotechnology and sustainability through exciting tales connected to a specific SDG. We continued to disseminate knowledge through the two educational apps for smartphone and tablet that we launched last year. In 2017, we launched a new app on SDG 6 Clean Water & Sanitation.

The apps were used by StoryMax (a startup specialized in developing digital books), by Professor Benita Prieto (an expert in digital literature and education) and by SESI-Pr (a renowned educational institution in Paraná state, Brazil). SESI-Pr has tie-ups with more than 55 schools all over the state, providing access for more than 11,000 students.

StoryMax received an award in the People's Choice Digital Fiction category for one of its mobile applications, Frmitt-Flacc by Jules Verne, in the Opening Up Digital Fiction Writing Competition in the UK. The objective of this competition is to recognize and discover popular digital fiction.

North America

Our sites in this region engage in a diverse range of educational outreach activities. For example, Novozymes' site in Salem, Virginia, US, created the iNspire team, which visits classrooms in the local school system to talk about biology, biotechnology and science careers. Other sites also work with educational organizations in their communities to engage students.

In North Carolina, US, Novozymes partnered with the University of North Carolina's Morehead Science Center to support the SciMatch program, which brings scientists from universities into elementary and high school classrooms across the state.

Our site in Saskatoon, Canada, has partnered with the NGO Agriculture in the Classroom Saskatchewan to develop elementary soil kits that allow students to learn about the relationship between the soil, soil microbes and food supply through hands-on activities.

Advocacy and policy engagement

Novozymes supports policies that enable a low-carbon and sustainable future by engaging responsibly with policymakers around the world.

As a leading bioinnovator, Novozymes seeks to engage in dialogue with the wider stakeholder landscape about the role of biology and biotechnology in addressing key global challenges. Our stakeholders include peers, industry partners, academia, civil society, influencers and policymakers. Novozymes is dedicated to ensuring transparency in its outreach. We engage in the areas of sustainability, bioinnovation, biotechnology, renewable energy, agriculture, science education and bioeconomy.

Novozymes presents information and its positions to policymakers and other interested parties in accordance with national and international laws and codes of conduct established by industry associations and other institutions. We have a public affairs presence in Copenhagen, Brussels, Washington D.C., New Delhi and Beijing.

Our employees are registered in dedicated lobbyist registers, as legally required in the US, and in the Transparency Register in Brussels. No registers exist in the other locations.

Novozymes is committed to communicating in a respectful way. We publish a comprehensive list of our global memberships on [Novozymes.com](https://www.novozymes.com).

Spend on advocacy and policy influence

In 2017, Novozymes was a member of several global and local industry associations and other stakeholder organizations. We also engaged with the media, governments, NGOs and international organizations. The total amount spent on these activities was approximately DKK 10.8 million. This figure excludes employee costs, travel, rental, media-monitoring expenses and other related expenditure. Novozymes does not make direct contributions to political parties.

Engaging with policymakers

Our advocacy supports our business interests, the UN SDGs and the Paris Climate Change Agreement (Paris Agreement). In 2017, we connected with influencers and policymakers through a range of global engagements.



Engagement

Supporting a low-carbon economic growth agenda through the G20

Novozymes is a member of International Chamber of Commerce (ICC), the G20 CEO Advisory Group and the Business 20 (B20). During the German 2017 chairmanship, Novozymes' President and CEO, Peder Holk Nielsen, was cochairman of the taskforce on energy, climate and resource efficiency. The taskforce produced a policy paper giving recommendations to the G20 about how to decouple economic growth from climate change impact. The policy paper was handed to German chancellor Angela Merkel ahead of the G20 meeting in Hamburg.

Preparing for the EU Renewable Energy Directive post-2020

In preparation for the EU Renewable Energy Directive post-2020, Novozymes is advocating for the use of sustainable, low-carbon fuels in the transportation sector in Europe. We are partnering with ePURE – the European Renewable Ethanol Association – to ensure that sustainable conventional ethanol plays a role in the EU energy mix post-2020. We also support the progressive deployment of advanced biofuels by gradually ramping up blending obligations.

Together with Scania and Shell, Novozymes set up the Biofuels for Europe website, which translates the latest academic research on key issues related to biofuels into an easy-to-understand and science-based source of information to help EU policymakers make informed decisions.

Promoting advanced biofuels through the BioRefining Alliance

Novozymes is a founding member of the Danish BioRefining Alliance. The alliance works to promote the use of advanced biofuels as a sustainable part of Denmark's future energy mix. Its objective is to foster political support to make Denmark a leader in tomorrow's bioeconomy. The alliance is also active in the EU Renewable Directive process, supporting 2G biorefining.

In 2017, the primary focus areas were to secure continued political support for establishing a 2G production plant in Denmark and consult with relevant political authorities on the bioeconomy.

Working strategically with the Danish government globally

As Denmark strives for sustainability leadership, the Danish government is an important partner for Novozymes in encouraging other governments and the global community to move toward policies that enable a market for green technologies.

Novozymes works with the Danish Trade Council, a governmental export and investment promotion organization under the auspices of the Danish Ministry of Foreign Affairs, to develop opportunities in key markets. Furthermore, we also work with the Danish Ministry of Foreign Affairs on international export programs in markets relevant for our business. As a result, in 2017, Novozymes took part in trade delegations to India, Japan and Indonesia.

Protecting the biofuel sector through Fuels America

In the US, a key focus area for our advocacy is to promote the domestic biofuel sector. Novozymes is a founding member of Fuels America, a coalition of organizations committed to protecting the US Renewable Fuel Standard (RFS).

In 2017, Fuels America sought to defend existing blending limits for conventional biofuels through targeted outreach to policymakers and the White House, following a proposal to revamp the RFS extensively from the US Environmental Protection Agency. Fuels America also launched an extensive public media campaign to highlight how the country's domestic biofuel production is good for the economy, energy security and the environment.

Securing RenovaBio in Brazil

Novozymes is a founding member of the Brazilian Association of Industrial Biotechnology (ABBI). It seeks to promote innovation and the sustainable development of the industrial biotechnology sector in the country. Through our engagement with ABBI, we worked in the development of new biotech public policies as well as sustainability programs that promote biotechnology in the country.

In 2017, Emerson George De Vasconcelos, Regional President of Novozymes Latin America, was elected as the president of the board of directors of ABBI. We also contributed, through ABBI, to the preparation of the bill to set up RenovaBio, a policy that will support the Brazilian government in cutting carbon emissions. This policy is one step

toward achieving the country's commitment to the Paris Agreement and promoting biofuels production and usage in the country. This bill was approved by both legislative houses and signed into law in December 2017.

Partnerships and collective action

Novozymes strives to catalyze partnerships that drive action on the SDGs and enable the creation of a sustainable bioeconomy.

Novozymes works closely with various stakeholders from the private sector, governments, civil society and academia to support the global sustainable development agenda. Here are the highlights from 2017:

HelloScience

In 2017, Novozymes launched the new online open innovation platform HelloScience. With an open and collaborative approach, the objective is to foster and deliver innovative solutions to some of the world's greatest challenges related to the UN SDGs. HelloScience invites researchers, start-ups, NGOs, associations and companies to contribute knowledge, expertise, impactful solutions or just great ideas. The first theme for the platform is water scarcity, and includes a call from UNICEF about detecting contamination in drinking water.

A range of contributors have shown great interest in this open platform and, toward the end of 2017, the global leader in advanced pump technologies, Grundfos, offered its expertise and joined HelloScience. Novozymes and Grundfos will combine biology and pump technology, and kick off an open innovation collaboration for clean water.

Biobased Industries Joint Undertaking (BBI JU)

Novozymes is a founding member of BBI JU, a public-private partnership that was set up by the European Union and the Biobased Industries Consortium (BIC). Its aim is to develop a sustainable bioeconomy in Europe. BBI JU wants to break Europe's dependence on fossil fuels by converting biomass and waste into greener everyday products, and by creating new markets for biobased products such as food, feed, chemicals, materials and fuels.

Since 2014, Novozymes has benefited from its BBI JU membership by expanding its research and innovation competencies, reinforcing existing partnerships and connecting with new actors. So far, Novozymes has taken part in four projects. One example is the URBIOFIN project, which was launched in Spain in 2017. This demo project, led by Imecal, aims to create economic, environmental and technical value by converting the organic fraction of municipal solid waste into by-products such as bioethanol, biochemicals, bioplastics and additives.

International Chamber of Commerce (ICC)

ICC is the world's leading business organization, and is the only one with official UN Observer Status at the United Nations in

New York. We are involved in a number of its global commissions, such as environment and energy and its national committees.

In 2017, Novozymes worked with ICC on the UN SDGs and the Global Business Alliance for the 2030 Agenda. Through our engagement with ICC, we were able to participate in a number of UN events, such as the UN Forum on Science, Technology and Innovation and the High-Level Political Forum on Sustainable Development. In addition, Novozymes was involved in ICC's activities relating to the UN General Assembly in September, including the Private Sector Forum, cohosted by the UN Global Compact.

United States Council for International Business (USCIB)

In 2017, Novozymes also continued its collaboration with ICC's US affiliate, the United States Council for International Business (USCIB). Novozymes' President and CEO, Peder Holk Nielsen, is on the Board of Trustees, where he serves as a sustainability champion. He was heavily involved in USCIB's program of activities for the UN General Assembly in September. The focus was on the theme "Business Makes It Happen" in terms of helping to ensure successful implementation of the UN SDGs. We also supported USCIB's outreach relating to public-private

partnerships during Global Partnerships Week in Washington D.C. in spring 2017 and at the UN General Assembly in September 2017.

World Business Council for Sustainable Development (WBCSD)

WBCSD is a global organization comprising more than 200 leading businesses working together to drive transition and acceleration of sustainable development. In 2017, Novozymes continued its engagement and involvement with various WBCSD workstreams, most notably below50 and Sustainable Lifestyles.

below50

Novozymes is a founding member of below50, a global campaign to reduce emissions in the transportation sector by increasing the demand for sustainable fuels. In 2017, below50 established three regional hubs in Australia, Brazil and the US, in collaboration with key stakeholders in each region to facilitate targeted market implementation. below50 also continued to raise awareness of the benefits of low-carbon fuels globally, and hosted technology roadshows and investment dialogues in Australia, Brazil, China and India in 2017. At COP23 in Bonn, Germany, representatives from Novozymes spoke about the importance of global campaigns such as below50.

Fueling a sustainable transportation future

Novozymes has supported below50 since its formation in 2016. Gerard Ostheimer, Cofounder of below50, talks about the role of biofuels in a sustainable future.

below50 is a global campaign to grow the global market for the world's most sustainable fuels and help achieve a carbon-neutral transportation sector. Sustainable fuels are defined as fuels that produce at least 50% less CO₂ emissions than conventional fossil fuels.

below50 brings together organizations from across the value chain to identify customized local solutions. It was established after the Paris Climate Agreement through a collaboration between the UN Sustainable Energy for All initiative, the World Business Council for Sustainable Development and the Roundtable on Sustainable Biofuels. Novozymes is a founding member and part of the below50 leadership group.

We sat down with Dr. Gerard Ostheimer, Cofounder and Senior Advisor of below50 and Global Lead for Bioenergy at Sustainable Energy for All, to learn more about the relevance of biofuels and the future of sustainable transportation.

What are the future challenges in the global transportation sector?

There are different challenges across the sector. When it comes to personal mobility, there is a widespread belief that renewable electricity will solve everything. Of course, we

encourage the adoption of electric vehicles, but we also need to recognize that in certain geographies and with certain technologies, ethanol remains and will remain the most sustainable option. When it comes to heavy transportation, that is freight, maritime and aviation, electrification is not a viable option. These sectors have a crushing need for low-carbon fuels such as ethanol, biodiesel and bio jet fuel.

What is below50's role in tackling these challenges?

Since COP21, there has been growing recognition that the world will not reach its climate goals without reducing emissions from sectors which are energy intensive and difficult to decarbonize, such as aviation, maritime and freight. below50's mission is to decarbonize the transportation sector through the use of sustainable fuels.

We are closely connected with the UNFCCC community. In 2017, at COP23 in Bonn, Germany, everybody wanted to talk about decarbonizing transport. We are currently seeing a great deal of interest from national governments, including those of Australia, Brazil, and from local communities, such as Queensland in Australia, California in the US, and British Columbia in Canada. However,

we believe the biggest potential lies in the growing number of corporate commitments to reduce emissions. Our role is to bring together organizations from across the value chain and convert the global strategy of reducing emissions into local customized solutions for transportation.

How does below50 work, and how does Novozymes support it?

below50 is all about leveraging global interest and translating it into action. That action is not going to happen in a conference room in Bonn, but in local communities across the globe. That is why we are establishing regional hubs that serve as a link between the buyers and producers of sustainable fuel. Through these regional hubs, we can identify local companies that are interested in reducing their transport emissions and educate them about the possible solutions. We also work with local governments to facilitate the creation of favorable policies that promote production, investment and demand.

Novozymes has been a key ally from the very start. It supports below50's mission through its thought leadership and by sponsoring the creation of regional hubs.



"When it comes to heavy transportation, that is freight, maritime and aviation, electrification is not a viable option. These sectors have a crushing need for low-carbon fuels such as ethanol, biodiesel and biojet fuel."

Issue-based and sector initiatives

Novozymes supports the UN Sustainable Energy for All initiative and the UN Global Compact's work on the SDGs and climate change.

Novozymes promotes key issue-based and sectoral initiatives affiliated with several UN agencies. Here are the highlights of our engagement in 2017:

UN Global Compact Action Platforms

The UN Global Compact has developed a new portfolio of action platforms to support and align businesses to achieve the UN SDGs. As a leading member of the UN Global Compact, Novozymes engages in several of these action platforms.

Blueprint for the SDG Leadership Action Platform

This action platform provides guidance for SDG leadership, given that the successful achievement of the SDGs requires action and engagement from all businesses, regardless of size or location.

Throughout 2017, Novozymes was active within the platform as part of its ongoing commitment to the UN Global Compact. Novozymes' employees contributed to a series of working meetings and calls as well as physical discussions held on the margins of the UN General Assembly. The objective was to help outline a value- and principle- based approach to encourage the uptake of the SDGs by all types of businesses.

Reporting on the SDG Action Platform

The action platform aims to collect and establish best practices on SDG reporting from various businesses. Novozymes has been a frontrunner in using the SDGs strategically in setting its long-term vision and purpose. In 2017, Novozymes participated in the platform with a series of meetings to share its experiences and provide insights into and guidance on the fast-evolving landscape of sustainability reporting.



Engagement

Caring for Climate

Novozymes supports the Paris Agreement and has publicly articulated its position on climate change on [Novozymes.com](https://www.novozymes.com). We also endorse the three UN Global Compact Business Leadership Criteria for Carbon Pricing:

1. Set an internal price for carbon high enough to materially affect investment decisions to drive down greenhouse gas emissions.
2. Publicly advocate the importance of carbon pricing through policy mechanisms that take into account country-specific economies and policy contexts.
3. Communicate on progress over time on the above two criteria in public corporate reports.

Novozymes has adopted an internal carbon pricing model whereby a shadow price is applied to its direct and indirect carbon emissions when assessing its global portfolio of operational eco-efficiency projects. This tool helps us quantify the climate benefits of one efficiency project over another and prioritize investments in regions where our operational carbon footprint is greater (i.e. Asia Pacific and the Americas).

We also continue to publicly advocate for carbon pricing and other low-carbon development mechanisms globally. In terms of disclosure, Novozymes is committed to reporting its progress through various channels, including its integrated annual report and CDP disclosure. In 2017, we achieved leadership level A minus (A-) in the CDP Climate Change Program for our climate change mitigation efforts.

SE4All (Sustainable Energy For All)

The UN Sustainable Energy for All (SE4All) initiative aims to double the share of renewable energy in the global energy mix by 2030, in support of the UN SDGs. In 2017, Novozymes sponsored the secretariat of the SE4All High Impact Opportunity on Bioenergy.

Back in 2015, SE4All launched the Sustainable Bioenergy Accelerator, which is a partnership between the UN Food and Agriculture Organization (FAO), the Roundtable on Sustainable Biomaterials (RSB) and other international organizations working to accelerate the development and deployment of bioenergy solutions for power and fuel. Novozymes supports the work of the Accelerator.

In 2017, three Accelerator members and international technical agencies – the International Renewable Energy Agency (IRENA), the UN FAO and the International Energy Agency (IEA Bioenergy) – jointly wrote and published a briefing paper.

The paper underscores the importance of bioenergy in achieving the UN SDGs related to climate, food, sustainable land use and sustainable energy.

In March, Everest Energy (an Accelerator partner) established SusInc in Nairobi, Kenya. SusInc is a project accelerator making financing in renewable energy smarter and faster. The objective is to create bankable projects and foster investor engagement in East Africa.

Region-specific engagement

Novozymes participates in the UN Global Compact's local networks and engages in targeted activities to promote sustainability in all its operating regions.

Novozymes' regional subsidiaries in Brazil, China, India, the Nordic region and the US are active members of the UN Global Compact's local networks. Furthermore, regional subsidiaries engage in relevant local working groups and arrangements to further the UN SDGs. Here is an overview of activities in 2017:

Brazil

In 2017, Novozymes supported the adoption of RenovaBio through ABBI (see Advocacy and policy engagement). To reinforce our contributions to the biofuel segment, we cofounded and became a member of the board of the National Union of Corn Ethanol (UNEM).

In 2017, Pedro Luiz Fernandes, Vice President of Corporate Affairs and Sustainability of Novozymes Latin America, was elected to the board of directors of the Brazilian Association of Industry and Commerce of Food Ingredients and Additives (ABIAM).

The Enzymes Working Team is also led by Novozymes Latin America and helps in the dialogue with the Brazilian health authorities. The association focuses on Brazilian legislation and the Mercosur regulatory framework on food ingredients and additives.

China

In 2017, Novozymes retained its board membership of the UN Global Compact Network China. As part of the network, we are responsible for reviewing annual working plans and for supporting the implementation of local initiatives. In 2017, we raised awareness about the importance of the SDGs by sharing knowledge within the network, and encouraged MiniJ, one of our new customers, to commit to the UN Global Compact's Ten Principles and engage in local promotion of the SDGs.



Engagement

In October 2017, we attended the 72nd United Nations Day in Beijing. The event was also attended by government agencies, international organizations and private sector organizations. The objective of the event was to inspire and mobilize stakeholders to act on the SDGs.

Denmark

In 2017, we engaged with our peers from the UNGC Nordic Network to seek stakeholder feedback on our annual reporting. The group shared feedback on companies' business models, SDG communications, materiality assessments and so on. Going forward, Novozymes will continue to engage in peer reviews of the COP to gain further insights into better reporting practices.

India

Novozyymes continued its role as convener of the Sustainability Alliance Partners platform, which promotes the environmental principles of the UN Global Compact. The group supports the conceptualization of various approaches to take the sustainability agenda forward in India.

In 2017, we participated in Making Global Goals Local Business – India, an event organized by the UN Global Compact. Claus Stig Pedersen, Novozymes' Head of Corporate Sustainability, was the keynote speaker at the Blueprint for SDG leadership session.

We also participated in the Business and Climate Summit, one of the leading annual forums for businesses, investors and policymakers to build the partnerships needed to accelerate the low-carbon transition.

In 2017, Novozymes was part of the Confederation of Indian Industry (CII) Climate Change Council. The council engages with the government to understand the role of industry in meeting India's Nationally Determined Contribution (NDC) related to the Paris Agreement. Novozymes also cochairs the CII Bioenergy committee in India. The committee looks at biofuel policies and plays a thought leadership role in terms of the overall issue of biomass collection and aggregation.

As part of our engagement with CII, we participated in the 12th Sustainability Summit, organized by the CII and the ITC Centre of Excellence for Sustainable Development. The summit focused on topics such as climate change action, clean energy and sustainable living with good health and nutrition.

North America

In 2017, Novozymes continued to support the UN's efforts to promote the SDGs in the private sector, and we elevated the discussion at numerous prominent events throughout the year. Claus Stig Pedersen, Novozymes' Head of Corporate Sustainability, talked about how companies can align their strategies and innovation pipelines with the SDGs to create a positive impact at Sustainable Brands 2017 Detroit and the LAUNCH Circular Innovation Summit. Arlan Peters, Head of Sustainability for North America, also spoke about aligning corporate strategies with the SDGs at the CERES Conference 2017 and GreenBiz 2017.

GRI Content Index 2017

Approach to the GRI

GRI 102: General Disclosures

Organizational profile
Strategy, ethics and integrity
Governance
Stakeholder engagement
Reporting practice

Topic-Specific Disclosures

200: Economic
300: Environmental
400: Social

Approach to the GRI

Since 2002, Novozymes has relied on the GRI framework to guide its integrated reporting. We have followed the developments in the GRI Standards (previously known as GRI Guidelines) over the years and use them as a yardstick to measure our sustainability performance.

Reporting specifications

Novozymes refers to GRI Standard 101: Foundation 2016 to inspire its materiality assessment process. Our top material issues have been identified through a robust assessment process, and mapped with relevant GRI Categories and Disclosures.

We refer to GRI 102: General Standard Disclosures 2016 to provide information on organizational profile, strategy, ethics and integrity, governance, stakeholder engagement and reporting practices. This information is reported throughout The Novozymes Report 2017 under relevant report sections.

The GRI 103: Management Approach 2016 guides our reporting on the management approach to material issues. Our disclosure on material issues is contained in the Accounts & performance section of The Novozymes Report 2017. The disclosure on management approach includes information on four aspects:

1. Explanation of material topic and its boundary.
2. Significance of material topic to Novozymes.
3. Management approach, which describes how we manage the issue(s). This may include our strategy, policies, positions, commitments and targets, as well as any specific programs and initiatives in the area.
4. Monitoring and performance, which describes how we evaluate our management approach and our performance in the area.

Furthermore, we have reported topic-specific disclosures for each of the material issues identified under Economic, Environmental and Social categories by referring to the GRI 200 Economic Standard, GRI 300 Environmental Standard and GRI 400 Social Standard respectively.

Legend for reporting symbols

- ✓ Full disclosure
- (✓) Partial disclosure
- Novozymes does not report on this indicator
- NA This indicator is not applicable to Novozymes

The GRI Index provided here serves as a guide to where we can find more detailed information on general and topic-specific information reported throughout The Novozymes Report 2017.

Approach to the GRI

The material issues have been mapped against their relevant GRI Categories and Disclosures to link Novozymes' material issues to the nomenclature used by GRI.

Material Issues	Importance	GRI Category (ies)	Disclosure
Innovation	High	Economic	GRI 201: Economic Performance; GRI 203: Significant Indirect Economic Impact
Profitable growth	High	Economic	GRI 201: Economic Performance
Partnerships & customer engagement	High	Economic and Social	GRI 201: Economic Performance; GRI 416: Customer Health and Safety
Compliance	High	Economic and Social	GRI 307: Environmental Compliance; GRI 419: Socioeconomic Compliance
Climate change & energy	High	Environmental	GRI 305: Emissions; GRI 302: Energy
Business ethics	High	General disclosure and Economic	GRI 102-16 to 102-17: Ethics and Integrity; GRI 205: Anti-Corruption; GRI 206: Anti-Competitive Behavior
Corporate governance	High	General disclosure and Economic	GRI 102-18 to 102-39: Governance; GRI 405: Diversity and Equal Opportunity
Water	High	Environmental	GRI 303: Water
Product stewardship	High	Social	GRI 416: Customer Health and Safety; GRI 417: Marketing and Labeling
Solid capital structure	High	Economic	GRI 201: Economic Performance
Bioethics & biodiversity	High	Environmental	-
Occupational health & safety	High	Social	GRI 403: Occupational Health & Safety
Community engagement & social investment	High	Economic and Social	GRI 413: Local Communities; GRI 203: Significant Indirect Economic Impact
Responsible sourcing	High	Environmental and Social	GRI 308: Supplier Environmental Assessment; GRI 414: Supplier Social Assessment
Labor practices & human rights	High	Social	GRI 401: Employment; GRI 402: Labor Management Relations; GRI 404: Training and Education; GRI 405: Diversity and Equal Opportunity; GRI 407: Freedom of Association and Collective Bargaining; GRI 408: Child Labor; GRI 409: Forced or Compulsory Labor; GRI 414: Supplier Social Assessment; GRI 412: Human Rights Assessment
Waste	Medium	Environmental	GRI 306: Effluents and Waste
Data security	Medium	Economic and Social	GRI 102-29 to 30: Governance
Tax	Medium	Economic	GRI 201: Economic Performance
Animal welfare	Medium	Environmental	GRI 307: Environmental Compliance
Deforestation & land use change	Medium	Environmental	-

Organizational profile

GRI DISCLOSURE		REFERENCES AND COMMENTS	REPORTING EXTENT
102-1	Name of the organization	<ul style="list-style-type: none"> About the report in The Novozymes Report 2017 	✓
102-2	Activities, brands, products and/or services	<ul style="list-style-type: none"> Novozymes in a nutshell in The Novozymes Report 2017 2017 in brief in The Novozymes Report 2017 Business model in The Novozymes Report 2017 	✓
102-3	Location of organization's headquarters	<ul style="list-style-type: none"> Contact us on Novozymes.com Note 6.8 Group companies in The Novozymes Report 2017 	✓
102-4	Locations of operations	<ul style="list-style-type: none"> Contact us on Novozymes.com Note 6.8 Group companies in The Novozymes Report 2017 Site data in The Novozymes Report 2017 	✓
102-5	Nature of ownership and legal form	<ul style="list-style-type: none"> The Novozymes stock in The Novozymes Report 2017 Corporate governance on Novozymes.com 	✓
102-6	Markets served	<ul style="list-style-type: none"> Novozymes in a nutshell in The Novozymes Report 2017 2017 in brief in The Novozymes Report 2017 	✓
102-7	Scale of the organization	<ul style="list-style-type: none"> Note 2.1 Segments in The Novozymes Report 2017 Note 2.2 Revenue Note 2.3 Employees Note 6.8 Group companies in The Novozymes Report 2017 Site data in The Novozymes Report 2017 	✓

Organizational profile (continued)

GRI DISCLOSURE		REFERENCES AND COMMENTS	REPORTING EXTENT
102-8	Employee information	<ul style="list-style-type: none"> Novozymes does not disclose proprietary information on total workforce by employment contract Novozymes reports externally on site data, including number of employees, gender distribution, employee turnover, age, seniority and rate of absence Note 2.3 Employees in The Novozymes Report 2017 Note 8.1 Labor practices & human rights in The Novozymes Report 2017 Site data in The Novozymes Report 2017 	(✓)
102-9	Describe the organization's supply chain	<ul style="list-style-type: none"> Novozymes does not report this indicator publicly as this is proprietary information 	-
102-10	Significant changes during the reporting period regarding size, structure, ownership or supply chain	<ul style="list-style-type: none"> 2017 in brief in The Novozymes Report 2017 Materiality in Note 1 Basis of reporting in The Novozymes Report 2017 	✓
102-11	Precautionary principle or approach	<ul style="list-style-type: none"> CEO statement of continued commitment: Biology for a better world in Novozymes' UNGC Communication on Progress 2017 Note 7.7 Product stewardship in The Novozymes Report 2017 	✓
102-12	External initiatives	<ul style="list-style-type: none"> Progress on the Ten Principles in Novozymes' UNGC Communication on Progress 2017 	✓
102-13	Memberships of associations	<ul style="list-style-type: none"> Advocacy and policy engagements in Novozymes' UNGC Communication on Progress 2017 Better together on Novozymes.com 	(✓)

Strategy, ethics and integrity

GRI DISCLOSURE		REFERENCES AND COMMENTS	REPORTING EXTENT
102-14	Statement from senior decision-maker	<ul style="list-style-type: none"> Letter from the CEO: Innovation for greater impact in The Novozymes Report 2017 CEO statement for continued commitment: Biology for a better world in Novozymes' UNGC Communication on Progress 2017 	✓
102-15	Key impacts, risks and opportunities	<ul style="list-style-type: none"> Risk management in The Novozymes Report 2017 Business Model in The Novozymes Report 2017 Notes 7.1 to 8.6 in The Novozymes Report 2017 	✓
102-16	Values, principles, standards and norms of behavior	<ul style="list-style-type: none"> About us on Novozymes.com Position paper on Business integrity on Novozymes.com Note 8.3 Business ethics in The Novozymes Report 2017 	✓
102-17	Mechanisms for advice and concerns about ethics	<ul style="list-style-type: none"> Position paper on Business integrity on Novozymes.com Progress on the Ten Principles in Novozymes' UNGC Communication on Progress 2017 Contact us: Novozymes' Whistleblower System on Novozymes.com Note 8.3 Business ethics in The Novozymes Report 2017 	✓

Governance

GRI DISCLOSURE		REFERENCES AND COMMENTS	REPORTING EXTENT
102-18	Governance structure	<ul style="list-style-type: none"> Corporate governance in The Novozymes Report 2017 Board of Directors: Composition and responsibilities in The Novozymes Report 2017 Management and Ownership on Novozymes.com 	✓
102-19	Delegating authority	<ul style="list-style-type: none"> The target-setting process at Novozymes ensures top-down approach for delegating authority for economic, environmental and social topics Sustainability governance on Novozymes.com Rules of procedure for the Board of Directors on Novozymes.com 	✓
102-20	Executive-level responsibility for economic, environmental and social topics	<ul style="list-style-type: none"> Sustainability governance on Novozymes.com Corporate governance in The Novozymes Report 2017 	✓
102-21	Consulting stakeholders on economic, environmental and social topics	<ul style="list-style-type: none"> Sustainability governance on Novozymes.com Stakeholder engagement in Novozymes' UNGC Communication on Progress 2017 Materiality in Note 1 Basis of reporting in The Novozymes Report 2017 	✓
102-22	Composition of the highest governance body and its committees	<ul style="list-style-type: none"> Corporate governance in The Novozymes Report 2017 Board of Directors: Composition and responsibilities in The Novozymes Report 2017 Executive Leadership Team in The Novozymes Report 2017 	✓
102-23	Chair of the highest governing body	<ul style="list-style-type: none"> Board of Directors and Executive Leadership Team in The Novozymes Report 2017 Management and Ownership on Novozymes.com 	✓
102-24	Nominating and selecting the highest governance body	<ul style="list-style-type: none"> Rules of procedure for the Board of Directors on Novozymes.com Board of Directors in The Novozymes Report 2017 	✓
102-25	Conflicts of interest	<ul style="list-style-type: none"> Management and Ownership on Novozymes.com 	(✓)
102-26	Role of highest governance body in setting purpose, values and strategy	<ul style="list-style-type: none"> Note 8.3 Business ethics in The Novozymes Report 2017 Corporate governance on Novozymes.com 	✓

Governance (continued)

GRI DISCLOSURE		REFERENCES AND COMMENTS	REPORTING EXTENT
102-27	Collective knowledge of highest governance body	<ul style="list-style-type: none"> Sustainability governance on Novozymes.com Charter of the Audit Committee on Novozymes.com 	✓
102-28	Evaluating the highest governance body's performance	<ul style="list-style-type: none"> Corporate governance in The Novozymes Report 2017 Charter of the Audit Committee on Novozymes.com 	✓
102-29	Identifying and managing economic, environmental and social topics and their impacts, risks and opportunities	<ul style="list-style-type: none"> Risk management in The Novozymes Report 2017 Materiality in Note 1 Basis of reporting in The Novozymes Report 2017 	✓
102-30	Effectiveness of risk management processes	<ul style="list-style-type: none"> Risk management in The Novozymes Report 2017 Sustainability governance on Novozymes.com 	✓
102-31	Review of economic, environmental and social topics	<ul style="list-style-type: none"> It is reviewed quarterly Progress on the Ten Principles in Novozymes' UNGC Communication on Progress 2017 Materiality in Note 1 Basis of reporting in The Novozymes Report 2017 	✓
102-32	Highest governance body's role in sustainability reporting	<ul style="list-style-type: none"> The Board of Directors and the Executive Leadership Team review and approve our integrated annual report Charter of the Audit Committee on Novozymes.com 	✓
102-33	Communicating critical concerns	<ul style="list-style-type: none"> Risk management in The Novozymes Report 2017 Corporate governance in The Novozymes Report 2017 Note 8.3 Business ethics in The Novozymes Report 2017 	✓
102-34	Nature and total number of critical concerns	<ul style="list-style-type: none"> Note 8.3 Business ethics in The Novozymes Report 2017 	(✓)

Governance (continued)

GRI DISCLOSURE		REFERENCES AND COMMENTS	REPORTING EXTENT
102-35	Remuneration policies	<ul style="list-style-type: none"> Guidelines for the compensation of the Board of Directors and Executive Leadership Team on Novozymes.com Remuneration report in The Novozymes Report 2017 	✓
102-36	Process for determining remuneration	<ul style="list-style-type: none"> Guidelines for the compensation of the Board of Directors and Executive Leadership Team on Novozymes.com 	✓
102-37	Stakeholders' involvement in remuneration	<ul style="list-style-type: none"> Shareholders' meetings on Novozymes.com Guidelines for the compensation of the Board of Directors and Executive Leadership Team on Novozymes.com 	✓
102-38	Annual total compensation ratio	<ul style="list-style-type: none"> Novozymes reports on this indicator at a global level only Remuneration report in The Novozymes Report 2017 	(✓)
102-39	Percentage increase in annual total compensation ratio	<ul style="list-style-type: none"> Novozymes does not report on this indicator 	-

Stakeholder engagement

GRI DISCLOSURE		REFERENCES AND COMMENTS	REPORTING EXTENT
102-40	List of stakeholder groups	<ul style="list-style-type: none"> Better together on Novozymes.com Stakeholder engagement in Novozymes' UNGC Communication on Progress 2017 	✓
102-41	Collective bargaining agreements	<ul style="list-style-type: none"> Novozyymes does not report publicly on this information Novozyymes supports employees' rights to join associations and bargain collectively, but we do not register employees' memberships of unions, since this is illegal in several of the countries in which we operate 	-
102-42	Identifying and selecting stakeholders	<ul style="list-style-type: none"> Stakeholder engagement occurs across various functions and departments at Novozymes. We do not publicly disclose our basis for identifying and selecting stakeholders to engage with Communication Policy in Positions & Policies on Novozymes.com Stakeholder engagement in Novozymes' UNGC Communication on Progress 2017 Materiality in Note 1 Basis of reporting in The Novozymes Report 2017 	(✓)
102-43	Approach to stakeholder engagement	<ul style="list-style-type: none"> Materiality in Note 1 Basis of reporting in The Novozymes Report 2017 for information specific to stakeholder engagement in the materiality assessment process With the exception of stakeholder engagement in the materiality assessment process, we do not report frequency of engagement by type and stakeholder group as this is a continuous process Partnerships and collective action in Novozymes' UNGC Communication on Progress 2017 Stakeholder engagement in Novozymes' UNGC Communication on Progress 2017 Communication Policy in Positions & Policies on Novozymes.com Advocacy and policy engagement in Novozymes' UNGC Communication on Progress 2017 	(✓)
102-44	Key topics and concerns raised	<ul style="list-style-type: none"> Materiality in Note 1 Basis of reporting in The Novozymes Report 2017 Business model in The Novozymes Report 2017 	(✓)

Reporting practice

GRI DISCLOSURE		REFERENCES AND COMMENTS	REPORTING EXTENT
102-45	Entities included in the consolidated financial statements	<ul style="list-style-type: none"> Note 1 Basis of reporting in The Novozymes Report 2017 Note 6.8 Group companies in The Novozymes Report 2017 	✓
102-46	Defining report content and topic boundaries	<ul style="list-style-type: none"> Note 1 Basis of reporting in The Novozymes Report 2017 	✓
102-47	List of material topics	<ul style="list-style-type: none"> Materiality in Note 1 Basis of reporting in The Novozymes Report 2017 Materiality and value chain assessment in Novozymes' UNGC Communication on Progress 2017 Mapping material issues with GRI Categories and Disclosures in Novozymes' Reporting on the GRI 	✓
102-48	Restatements of information	<ul style="list-style-type: none"> Note 1 Basis of reporting in The Novozymes Report 2017 	✓
102-49	Changes in reporting	<ul style="list-style-type: none"> Note 1 Basis of reporting in The Novozymes Report 2017 Materiality and value chain assessment in Novozymes' UNGC Communication on Progress 2017 	✓
102-50	Reporting period	<ul style="list-style-type: none"> Note 1 Basis of reporting in The Novozymes Report 2017 About the report in The Novozymes Report 2017 	✓
102-51	Date of most recent report	<ul style="list-style-type: none"> February 7, 2018 	✓
102-52	Reporting cycle	<ul style="list-style-type: none"> Novozyymes' reporting cycle is annual Note 1 Basis of reporting in The Novozymes Report 2017 	✓
102-53	Contact point for questions regarding the report	<ul style="list-style-type: none"> About the report in The Novozymes Report 2017 	✓

Reporting practice (continued)

GRI DISCLOSURE		REFERENCES AND COMMENTS	REPORTING EXTENT
102-54	Claims of reporting in accordance with the GRI standards	<ul style="list-style-type: none"> Approach to the GRI in Novozymes' Reporting on the GRI 	✓
102-55	GRI content index	<ul style="list-style-type: none"> Novozymes' Reporting on the GRI 	✓
102-56	External assurance	<ul style="list-style-type: none"> Independent assurance statement on Novozymes' 2017 sustainability reporting and adherence to the AA1000 Accountability principles in The Novozymes Report 2017 Independent auditor's report in The Novozymes Report 2017 	✓

Economic

GRI STANDARD/DISCLOSURE		REFERENCES AND COMMENTS	REPORTING EXTENT
GRI 201: Economic Performance			
103	Management approach disclosures	<ul style="list-style-type: none"> • Strategy in The Novozymes Report 2017 • Letter from the Board of Directors: Setting the direction for growth in The Novozymes Report 2017 • Letter from the CEO: Innovation for greater impact in The Novozymes Report 2017 	✓
201-1	Direct economic value generated and distributed	<ul style="list-style-type: none"> • Novozymes does not disclose proprietary information on donations and community investments • Sales and earnings in The Novozymes Report 2017 • Note 2.3 Employees in The Novozymes Report 2017 • Note 3.1 Intangible assets and impairment test of goodwill in The Novozymes Report 2017 • The big picture in The Novozymes Report 2017 • Business model in The Novozymes Report 2017 	(✓)
201-2	Financial implications and other risks and opportunities due to climate change	<ul style="list-style-type: none"> • Novozymes' disclosure on risks and opportunities related to climate change can be found in our response to the CDP Investor questionnaire on www.cdp.net 	✓
GRI 203: Indirect Economic Impacts			
203-2	Significant indirect economic impacts	<ul style="list-style-type: none"> • Targets in The Novozymes Report 2017 • The big picture in The Novozymes Report 2017 • Business model in The Novozymes Report 2017 • Strategic social investment in Novozymes' UNGC Communication on Progress 2017 	✓

Economic (continued)

GRI STANDARD/DISCLOSURE		REFERENCES AND COMMENTS	REPORTING EXTENT
GRI 205: Anti-corruption			
103	Management approach disclosures	• Note 8.3 Business ethics in The Novozymes Report 2017	✓
205-1	Operations assessed for risks related to corruption	• Note 8.3 Business ethics in The Novozymes Report 2017 • Position paper on Business integrity in Positions & Policies on Novozymes.com	(✓)
205-2	Communication and training about anti-corruption policies and procedures	• Note 8.3 Business ethics in The Novozymes Report 2017 • Position paper on Business integrity in Positions & Policies on Novozymes.com	(✓)
GRI 206: Anti-competitive Behavior			
103	Management approach disclosures	• Note 8.3 Business ethics in The Novozymes Report 2017	✓
206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	• Note 8.3 Business ethics in The Novozymes Report 2017	✓

Environmental

GRI STANDARD/DISCLOSURE		REFERENCES AND COMMENTS	REPORTING EXTENT
GRI 302: Energy			
103	Management approach disclosures	<ul style="list-style-type: none"> Note 7.2 Energy in The Novozymes Report 2017 	✓
302-1	Energy consumption within the organization	<ul style="list-style-type: none"> Note 7.2 Energy in The Novozymes Report 2017 	✓
302-3	Energy intensity	<ul style="list-style-type: none"> Our organization-specific metric for energy intensity is called energy efficiency. We report on relative annual improvement in energy efficiency, compared with the base year (2014). Energy efficiency is measured as a ratio of net energy consumption and gross profit Note 7.2 Energy in The Novozymes Report 2017 	✓
302-4	Reduction in energy consumption	<ul style="list-style-type: none"> We report reduction in energy consumption in terms of improvement in energy efficiency achieved (compared with 2014 baseline) as this is more relevant to us Environmental data in The Novozymes Report 2017 Note 7.2 Energy in The Novozymes Report 2017 	(✓)
GRI 303: Water			
103	Management approach disclosures	<ul style="list-style-type: none"> Note 7.3 Water in The Novozymes Report 2017 	✓
303-1	Water withdrawal by source	<ul style="list-style-type: none"> Novozymes reports water withdrawal by type (such as drinking water, industrial water and steam), but does not disclose withdrawal by source Note 7.3 Water in The Novozymes Report 2017 	(✓)
303-3	Water recycled and reused	<ul style="list-style-type: none"> Note 7.3 Water in The Novozymes Report 2017 	(✓)

Environmental (continued)

GRI STANDARD/DISCLOSURE		REFERENCES AND COMMENTS	REPORTING EXTENT
GRI 305: Emissions			
103	Management approach disclosures	<ul style="list-style-type: none"> Note 7.1 Climate change in The Novozymes Report 2017 	✓
305-1	Direct (Scope 1) GHG emissions	<ul style="list-style-type: none"> Note 7.1 Climate change in The Novozymes Report 2017 Our disclosure on emissions adheres to Novozymes' accounting policies and follows an operational control approach Novozyymes' disclosure on biogenic emissions can be found in our response to the CDP Investor questionnaire on www.cdp.net 	✓
305-2	Energy indirect (Scope 2) GHG emissions	<ul style="list-style-type: none"> Note 7.1 Climate change in The Novozymes Report 2017 Our disclosure on emissions adheres to Novozymes' accounting policies and follows an operational control approach 	✓
305-3	Other indirect (Scope 3) GHG emissions	<ul style="list-style-type: none"> Note 7.1 Climate change in The Novozymes Report 2017 	(✓)
305-4	GHG emissions intensity	<ul style="list-style-type: none"> Our organization-specific metric for GHG emission intensity is called CO2 intensity. We report on relative annual improvement in CO2 intensity, compared with the base year (2014) Environmental performance in The Novozymes Report 2017 Note 7.1 Climate change in The Novozymes Report 2017 	✓
305-5	Reduction in GHG emissions	<ul style="list-style-type: none"> Note 7.1 Climate change in The Novozymes Report 2017 Environmental performance in The Novozymes Report 2017 	✓
GRI 306: Effluents and Waste			
103	Management approach disclosures	<ul style="list-style-type: none"> Note 7.3 Water in The Novozymes Report 2017 Note 7.4 Waste in The Novozymes Report 2017 	✓
306-1	Total water discharge by quality and destination	<ul style="list-style-type: none"> Novozyymes does not report on the quality of the water or the treatment methods, because different sites apply different treatment methods and measures based on local requirements Note 7.3 Water in The Novozymes Report 2017 	(✓)

Environmental (continued)

GRI STANDARD/DISCLOSURE		REFERENCES AND COMMENTS	REPORTING EXTENT
306-2	Waste by type and disposal method	<ul style="list-style-type: none"> Environmental performance in The Novozymes Report 2017 Note 7.4 Waste in The Novozymes Report 2017 The waste disposal method is site specific and determined in line with local requirements 	✓
306-3	Significant spills	<ul style="list-style-type: none"> There were no significant spills in 2017 	✓
GRI 307: Environmental Compliance			
307-1	Non-compliance with environmental laws and regulations	<ul style="list-style-type: none"> Novozymes did not receive any significant fines or nonmonetary sanctions related to noncompliance with environmental laws and regulations in 2017 Environmental performance in The Novozymes Report 2017 Note 7.5 Environmental compliance, etc. in The Novozymes Report 2017 	✓
GRI 308: Supplier Environmental Assessment			
103	Management approach disclosures	<ul style="list-style-type: none"> Note 8.6 Responsible sourcing in The Novozymes Report 2017 	✓
308-1	New suppliers that were screened using environmental criteria	<ul style="list-style-type: none"> Note 8.6 Responsible sourcing in The Novozymes Report 2017 	(✓)

Topic-Specific Disclosures

Social

GRI STANDARD/DISCLOSURE		REFERENCES AND COMMENTS	REPORTING EXTENT
GRI 401: Employment			
103	Management approach disclosures	<ul style="list-style-type: none"> Note 8.1 Labor practices & human rights in The Novozymes Report 2017 	✓
401-1	New employee hires and employee turnover	<ul style="list-style-type: none"> Note 8.1 Labor practices & human rights and Note 2.3 Employees in The Novozymes Report 2017 Social and governance performance in The Novozymes Report 2017 Site data in The Novozymes Report 2017 	(✓)
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	<ul style="list-style-type: none"> Employee benefits, including life insurance, healthcare, disability/invalidity coverage, maternity/paternity leave, retirement provision and others are provided to full-time employees of Novozymes as a minimum, as required by law. Temporary and part-time employees (including interns) are entitled to a number of employee benefits, as per the national regulations and industry standards of the regions in which we operate 	✓
GRI 403: Occupational Health and Safety			
103	Management approach disclosures	<ul style="list-style-type: none"> Note 8.2 Occupational health & safety in The Novozymes Report 2017 	✓
403-2	Type and rates of injuries, occupational diseases, lost days and absenteeism, and total number of work-related fatalities	<ul style="list-style-type: none"> Note 8.2 Occupational health & safety in The Novozymes Report 2017 Site data in The Novozymes Report 2017 	(✓)
GRI 404: Training and Education			
103	Management approach disclosures	<ul style="list-style-type: none"> Note 8.1 Labor practices & human rights in The Novozymes Report 2017 	✓
404-2	Programs for upgrading employee skills and transition assistance programs	<ul style="list-style-type: none"> Targets: ENABLE in The Novozymes Report 2017 Note 8.1 Labor practices & human rights in The Novozymes Report 2017 	(✓)

Social (continued)

GRI STANDARD/DISCLOSURE		REFERENCES AND COMMENTS	REPORTING EXTENT
GRI 405: Diversity and Equal Opportunity			
103	Management approach disclosures	<ul style="list-style-type: none"> Note 8.1 Labor practices & human rights in The Novozymes Report 2017 	✓
405-1	Diversity of governance bodies and employees	<ul style="list-style-type: none"> Novozyymes reports on percentage of women by job category, but not on minority groups because registration of ethnic origin is illegal in many of the regions in which we operate Competency profile of the Board of Directors on Novozymes.com Note 2.3 Employees in The Novozymes Report 2017 Target: ENABLE in The Novozymes Report 2017 Corporate governance in The Novozymes Report 2017 	(✓)
GRI 407: Freedom of Association and Collective Bargaining			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	<ul style="list-style-type: none"> Novozyymes recognizes the right to organize and negotiate. This has led to various arrangements in countries where this right is not recognized in local legislation. Novozymes supports employees' rights to join associations and bargain collectively, but we do not register employees' memberships of unions, since this is illegal in several of the countries in which we operate. Position paper on Human rights and labor standards on Novozymes.com Note 8.1 Labor practices & human rights in The Novozymes Report 2017 	(✓)
GRI 408: Child Labor			
103	Management approach disclosures	<ul style="list-style-type: none"> Note 8.1 Labor practices & human rights in The Novozymes Report 2017 	✓
408-1	Operations and suppliers identified at significant risk for incidents of child labor	<ul style="list-style-type: none"> Position paper on Human rights and labor standards on Novozymes.com Note 8.1 Labor practices & human rights in The Novozymes Report 2017 	(✓)

Social (continued)

GRI STANDARD/DISCLOSURE		REFERENCES AND COMMENTS	REPORTING EXTENT
GRI 409: Forced and Compulsory Labor			
103	Management approach disclosures	<ul style="list-style-type: none"> Note 8.1 Labor practices & human rights in The Novozymes Report 2017 	✓
409-1	Operations and suppliers identified at significant risk for incidents of forced or compulsory labor	<ul style="list-style-type: none"> Position paper on Human rights and labor standards on Novozymes.com Note 8.1 Labor practices & human rights in The Novozymes Report 2017 	(✓)
GRI 413: Local Communities			
413-1	Operations with local community engagement, impact assessments and development programs	<ul style="list-style-type: none"> Novozyymes does not report quantitatively on this indicator. However, we have programs implemented with local communities in regions of significant operations Note 8.4 Community engagement in The Novozymes Report 2017 ESG integration on Novozymes.com Strategic social investment in Novozymes' UNGC Communication on Progress 2017 	(✓)
GRI 414: Supplier Social Assessment			
103	Management approach disclosures	<ul style="list-style-type: none"> Note 8.6 Responsible sourcing in The Novozymes Report 2017 	✓
414-1	New suppliers that were screened using social criteria	<ul style="list-style-type: none"> Note 8.6 Responsible sourcing in The Novozymes Report 2017 Position paper on responsible sourcing on Novozymes.com 	(✓)

Social (continued)

GRI STANDARD/DISCLOSURE		REFERENCES AND COMMENTS	REPORTING EXTENT
GRI 416: Customer Health and Safety			
103	Management approach disclosures	<ul style="list-style-type: none"> Note 7.7 Product stewardship in The Novozymes Report 2017 	✓
416-1	Assessment of health and safety impacts of products and services	<ul style="list-style-type: none"> 100% of our significant product and service categories are assessed for health and safety impacts Novozymes' Quality and Product Safety Policy on Novozymes.com Enzyme and safety on Novozymes.com ESG integration on Novozymes.com Safety material on Novozymes TV 	✓
GRI 417: Marketing and Labeling			
103	Management approach disclosures	<ul style="list-style-type: none"> Note 7.7 Product stewardship in The Novozymes Report 2017 	✓
417-1	Requirements for product and service information and labeling	<ul style="list-style-type: none"> 100% of our significant product and service categories are covered by and assessed for compliance with labeling and regulatory requirements Regulatory compliance on Novozymes.com 	✓

Non-financial site data

Novozymes' sites

Site Araucária, Brazil
Site Bagsvaerd, Denmark
Site Beijing, China
Site Blair, USA
Site Franklinton, USA
Site Fuglebakken, Denmark
Site Hongda, China
Site Hosur, India
Site Kalundborg, Denmark
Site Milwaukee, USA
Site Nottingham, UK
Site Ottawa, Canada
Site Pilar, Argentina
Site Salem, USA
Site Saskatoon, Canada
Site Shenyang, China
Site Tianjin, China

Site Araucária, Brazil

		2017	2016
ENVIRONMENT			
Consumption of resources			
Water	1,000 m ³	144	138
Energy	1,000 GJ	126	128
Wastewater			
Volume	1,000 m ³	82	88
Biomass			
Biomass volume	1,000 tons	33	30
Waste			
Waste	1,000 tons	1	1
Percentage of total waste recycled	%	97.9	99.1
Environmental impact of emissions			
Global warming	1,000 tons CO ₂ -eqv.	3	4
Environmental compliance			
Breaches of regulatory limits	no.	3	2
Neighbor complaints	no.	-	-

Site Araucária, Brazil (continued)

		2017	2016
SOCIAL			
Employee statistics			
Employees, total	no.	244	235
Women	%	34.4	37.0
Men	%	65.6	63.0
Rate of employee turnover	%	11.9	9.3
Average age	years	37.9	37.8
Average seniority	years	8.4	8.6
Rate of absence	%	0.8	0.7
Training costs			
Average spent per employee	DKK	3,111	4,288

		2017	2016
HEALTH AND SAFETY			
Occupational accidents and diseases			
Accidents with absence	no.	2	2
Occupational diseases	no.	-	-
Frequency of occupational accidents	per million working hours	4.8	4.6
Frequency of occupational diseases	per million working hours	-	-

Site Bagsvaerd, Denmark

		2017	2016
ENVIRONMENT			
Consumption of resources			
Water	1,000 m ³	119	124
Energy	1,000 GJ	261	261
Wastewater			
Volume	1,000 m ³	112	113
Biomass			
Biomass volume	1,000 tons	-	-
Waste			
Waste	1,000 tons	3	2
Percentage of total waste recycled	%	20.3	27.7
Environmental impact of emissions			
Global warming	1,000 tons CO ₂ -eqv.	7	7
Environmental compliance			
Breaches of regulatory limits	no.	1	3
Neighbor complaints	no.	1	-

Site Bagsvaerd, Denmark (continued)

		2017	2016
SOCIAL			
Employee statistics			
Employees, total	no.	1,809	1,828
Women	%	50.4	50.3
Men	%	49.6	49.7
Rate of employee turnover	%	10.7	12.0
Average age	years	43.8	43.8
Average seniority	years	11.0	11.0
Rate of absence	%	2.9	2.6
Training costs			
Average spent per employee	DKK	4,211	4,412

		2017	2016
HEALTH AND SAFETY			
Occupational accidents and diseases			
Accidents with absence	no.	3	9
Occupational diseases	no.	-	1
Frequency of occupational accidents	per million working hours	1.1	3.1
Frequency of occupational diseases	per million working hours	-	0.3

Site Beijing, China

		2017	2016
ENVIRONMENT			
Consumption of resources			
Water	1,000 m ³	19	19
Energy	1,000 GJ	19	18
Wastewater			
Volume	1,000 m ³	14	14
Biomass			
Biomass volume	1,000 tons	-	-
Waste			
Waste	1,000 tons	-	-
Percentage of total waste recycled	%	-	-
Environmental impact of emissions			
Global warming	1,000 tons CO ₂ -eqv.	3	3
Environmental compliance			
Breaches of regulatory limits	no.	1	-
Neighbor complaints	no.	-	-

Site Beijing, China (continued)

		2017	2016
SOCIAL			
Employee statistics			
Employees, total	no.	275	316
Women	%	60.4	57.6
Men	%	39.6	42.4
Rate of employee turnover	%	25.0	12.5
Average age	years	36.3	35.5
Average seniority	years	6.8	6.2
Rate of absence	%	0.9	0.6
Training costs			
Average spent per employee	DKK	1,698	3,211

		2017	2016
HEALTH AND SAFETY			
Occupational accidents and diseases			
Accidents with absence	no.	1	-
Occupational diseases	no.	-	-
Frequency of occupational accidents	per million working hours	2.0	-
Frequency of occupational diseases	per million working hours	-	-

Site Blair, USA

		2017	2016
ENVIRONMENT			
Consumption of resources			
Water	1,000 m ³	825	716
Energy	1,000 GJ	467	425
Wastewater			
Volume	1,000 m ³	611	526
Biomass			
Biomass volume	1,000 tons	13	10
Waste			
Waste	1,000 tons	-	-
Percentage of total waste recycled	%	18.4	20.7
Environmental impact of emissions			
Global warming	1,000 tons CO ₂ -eqv.	60	61
Environmental compliance			
Breaches of regulatory limits	no.	-	-
Neighbor complaints	no.	-	-

Site Blair, USA (continued)

		2017	2016
SOCIAL			
Employee statistics			
Employees, total	no.	125	120
Women	%	17.6	21.7
Men	%	82.4	78.3
Rate of employee turnover	%	26.8	15.5
Average age	years	37.6	38.1
Average seniority	years	3.1	3.3
Rate of absence	%	2.6	2.4
Training costs			
Average spent per employee	DKK	2,420	2,795

		2017	2016
HEALTH AND SAFETY			
Occupational accidents and diseases			
Accidents with absence	no.	-	-
Occupational diseases	no.	-	-
Frequency of occupational accidents	per million working hours	-	-
Frequency of occupational diseases	per million working hours	-	-

Site Franklinton, USA

		2017	2016
ENVIRONMENT			
Consumption of resources			
Water	1,000 m ³	1,618	1,568
Energy	1,000 GJ	853	818
Wastewater			
Volume	1,000 m ³	1,156	1,127
Biomass			
Biomass volume	1,000 tons	366	345
Waste			
Waste	1,000 tons	2	2
Percentage of total waste recycled	%	29.8	31.3
Environmental impact of emissions			
Global warming	1,000 tons CO ₂ -eqv.	60	58
Environmental compliance			
Breaches of regulatory limits	no.	2	1
Neighbor complaints	no.	1	1

Site Franklinton, USA (continued)

		2017	2016
SOCIAL			
Employee statistics			
Employees, total	no.	711	719
Women	%	33.3	32.5
Men	%	66.7	67.5
Rate of employee turnover	%	12.6	10.3
Average age	years	41.9	42.2
Average seniority	years	8.5	8.5
Rate of absence	%	1.8	1.8
Training costs			
Average spent per employee	DKK	4,320	4,250

		2017	2016
HEALTH AND SAFETY			
Occupational accidents and diseases			
Accidents with absence	no.	1	-
Occupational diseases	no.	-	-
Frequency of occupational accidents	per million working hours	0.8	-
Frequency of occupational diseases	per million working hours	-	-

Site Fuglebakken, Denmark

		2017	2016
ENVIRONMENT			
Consumption of resources			
Water	1,000 m ³	428	421
Energy	1,000 GJ	353	337
Wastewater			
Volume	1,000 m ³	293	279
Biomass			
Biomass volume	1,000 tons	-	-
Waste			
Waste	1,000 tons	-	-
Percentage of total waste recycled	%	67.5	67.4
Environmental impact of emissions			
Global warming	1,000 tons CO ₂ -eqv.	7	8
Environmental compliance			
Breaches of regulatory limits	no.	7	8
Neighbor complaints	no.	7	2

Site Fuglebakken, Denmark (continued)

		2017	2016
SOCIAL			
Employee statistics			
Employees, total	no.	187	202
Women	%	17.6	16.3
Men	%	82.4	83.7
Rate of employee turnover	%	2.7	7.8
Average age	years	47.3	46.9
Average seniority	years	14.8	14.0
Rate of absence	%	4.0	3.8
Training costs			
Average spent per employee	DKK	3,809	3,499

		2017	2016
HEALTH AND SAFETY			
Occupational accidents and diseases			
Accidents with absence	no.	1	2
Occupational diseases	no.	1	2
Frequency of occupational accidents	per million working hours	3.2	6.1
Frequency of occupational diseases	per million working hours	3.2	6.1

Site Hongda, China

		2017	2016
ENVIRONMENT			
Consumption of resources			
Water	1,000 m ³	849	739
Energy	1,000 GJ	622	501
Wastewater			
Volume	1,000 m ³	524	498
Biomass			
Biomass volume	1,000 tons	18	19
Waste			
Waste	1,000 tons	1	1
Percentage of total waste recycled	%	41.3	41.9
Environmental impact of emissions			
Global warming	1,000 tons CO ₂ -eqv.	116	97
Environmental compliance			
Breaches of regulatory limits	no.	1	-
Neighbor complaints	no.	-	2

Site Hongda, China (continued)

		2017	2016
SOCIAL			
Employee statistics			
Employees, total	no.	268	257
Women	%	16.4	16.3
Men	%	83.6	83.7
Rate of employee turnover	%	11.0	6.6
Average age	years	39.9	39.4
Average seniority	years	10.8	10.7
Rate of absence	%	1.2	0.7
Training costs			
Average spent per employee	DKK	211	711

		2017	2016
HEALTH AND SAFETY			
Occupational accidents and diseases			
Accidents with absence	no.	-	-
Occupational diseases	no.	-	-
Frequency of occupational accidents	per million working hours	-	-
Frequency of occupational diseases	per million working hours	-	-

Site Hosur, India

		2017	2016
ENVIRONMENT			
Consumption of resources			
Water	1,000 m ³	56	25
Energy	1,000 GJ	23	12
Wastewater			
Volume	1,000 m ³	38	18
Biomass			
Biomass volume	1,000 tons	3	1
Waste			
Waste	1,000 tons	-	-
Percentage of total waste recycled	%	21.3	17.9
Environmental impact of emissions			
Global warming	1,000 tons CO ₂ -eqv.	4	2
Environmental compliance			
Breaches of regulatory limits	no.	-	-
Neighbor complaints	no.	-	-

Site Hosur, India (continued)

		2017	2016
SOCIAL			
Employee statistics			
Employees, total	no.	574	563
Women	%	26.1	25.9
Men	%	73.9	74.1
Rate of employee turnover	%	17.8	14.6
Average age	years	34.6	34
Average seniority	years	4.7	4.9
Rate of absence	%	1.7	1.6
Training costs			
Average spent per employee	DKK	1,089	1,297

		2017	2016
HEALTH AND SAFETY			
Occupational accidents and diseases			
Accidents with absence	no.	-	1
Occupational diseases	no.	-	-
Frequency of occupational accidents	per million working hours	-	0.9
Frequency of occupational diseases	per million working hours	-	-

Site Kalundborg, Denmark

		2017	2016
ENVIRONMENT			
Consumption of resources			
Water	1,000 m ³	2,459	2,246
Energy	1,000 GJ	1,209	1,149
Wastewater			
Volume	1,000 m ³	2,120	1,919
Biomass			
Biomass volume	1,000 tons	138	122
Waste			
Waste	1,000 tons	4	4
Percentage of total waste recycled	%	63.0	64.0
Environmental impact of emissions			
Global warming	1,000 tons CO ₂ -eqv.	38	36
Environmental compliance			
Breaches of regulatory limits	no.	2	8
Neighbor complaints	no.	1	3

Site Kalundborg, Denmark (continued)

		2017	2016
SOCIAL			
Employee statistics			
Employees, total	no.	635	630
Women	%	24.7	24.4
Men	%	75.3	75.6
Rate of employee turnover	%	5.3	7.8
Average age	years	45.3	44.9
Average seniority	years	12.6	12.2
Rate of absence	%	3.9	3.4
Training costs			
Average spent per employee	DKK	2,430	1,939

		2017	2016
HEALTH AND SAFETY			
Occupational accidents and diseases			
Accidents with absence	no.	8	6
Occupational diseases	no.	1	2
Frequency of occupational accidents	per million working hours	7.9	6.1
Frequency of occupational diseases	per million working hours	1.0	2.0

Site Milwaukee, USA

		2017	2016
ENVIRONMENT			
Consumption of resources			
Water	1,000 m ³	29	37
Energy	1,000 GJ	18	17
Wastewater			
Volume	1,000 m ³	2	1
Biomass			
Biomass volume	1,000 tons	-	-
Waste			
Waste	1,000 tons	-	-
Percentage of total waste recycled	%	14.4	7.3
Environmental impact of emissions			
Global warming	1,000 tons CO ₂ -eqv.	2	2
Environmental compliance			
Breaches of regulatory limits	no.	-	-
Neighbor complaints	no.	-	-

Site Milwaukee, USA (continued)

		2017	2016
SOCIAL			
Employee statistics			
Employees, total	no.	59	59
Women	%	32.2	33.9
Men	%	67.8	66.1
Rate of employee turnover	%	10.3	17.7
Average age	years	43.1	44.1
Average seniority	years	9.0	9.9
Rate of absence	%	2.2	1.7
Training costs			
Average spent per employee	DKK	1,404	2,607

		2017	2016
HEALTH AND SAFETY			
Occupational accidents and diseases			
Accidents with absence	no.	-	1
Occupational diseases	no.	-	-
Frequency of occupational accidents	per million working hours	-	9.1
Frequency of occupational diseases	per million working hours	-	-

Site Nottingham, UK

		2017	2016
ENVIRONMENT			
Consumption of resources			
Water	1,000 m ³	40	31
Energy	1,000 GJ	17	16
Wastewater			
Volume	1,000 m ³	40	31
Biomass			
Biomass volume	1,000 tons	-	-
Waste			
Waste	1,000 tons	-	-
Percentage of total waste recycled	%	37.5	26.6
Environmental impact of emissions			
Global warming	1,000 tons CO ₂ -eqv.	2	1
Environmental compliance			
Breaches of regulatory limits	no.	-	-
Neighbor complaints	no.	-	-

Site Nottingham, UK (continued)

		2017*	2016
SOCIAL			
Employee statistics			
Employees, total	no.	n.a.	88
Women	%	n.a.	37.5
Men	%	n.a.	62.5
Rate of employee turnover	%	1.0	2.4
Average age	years	n.a.	46.9
Average seniority	years	n.a.	12.1
Rate of absence	%	2.4	2.0
Training costs			
Average spent per employee	DKK	7,162	8,359

		2017	2016
HEALTH AND SAFETY			
Occupational accidents and diseases			
Accidents with absence	no.	-	-
Occupational diseases	no.	-	-
Frequency of occupational accidents	per million working hours	-	-
Frequency of occupational diseases	per million working hours	-	-

* In December 2017, Novozymes divested Alumedix, its stand-alone pharma entity which was separated from Novozymes in 2016. As a consequence, numbers pertaining to status as of December 31, 2017 are not available.

Site Ottawa, Canada

		2017	2016
ENVIRONMENT			
Consumption of resources			
Water	1,000 m ³	140	94
Energy	1,000 GJ	90	78
Wastewater			
Volume	1,000 m ³	155	86
Biomass			
Biomass volume	1,000 tons	11	7
Waste			
Waste	1,000 tons	-	-
Percentage of total waste recycled	%	17.8	7.1
Environmental impact of emissions			
Global warming	1,000 tons CO ₂ -eqv.	3	2
Environmental compliance			
Breaches of regulatory limits	no.	2	10
Neighbor complaints	no.	-	-

Site Ottawa, Canada (continued)

		2017	2016
SOCIAL			
Employee statistics			
Employees, total	no.	56	49
Women	%	21.4	24.5
Men	%	78.6	75.5
Rate of employee turnover	%	7.2	10.3
Average age	years	42.5	42.5
Average seniority	years	8.7	10.0
Rate of absence	%	1.3	1.4
Training costs			
Average spent per employee	DKK	2,393	1,739

		2017	2016
HEALTH AND SAFETY			
Occupational accidents and diseases			
Accidents with absence	no.	1	-
Occupational diseases	no.	-	3
Frequency of occupational accidents	per million working hours	10.3	-
Frequency of occupational diseases	per million working hours	-	33.4

Site Pilar, Argentina

		2017	2016
ENVIRONMENT			
Consumption of resources			
Water	1,000 m ³	30	34
Energy	1,000 GJ	9	12
Wastewater			
Volume	1,000 m ³	32	36
Biomass			
Biomass volume	1,000 tons	-	-
Waste			
Waste	1,000 tons	-	-
Percentage of total waste recycled	%	31.0	70.0
Environmental impact of emissions			
Global warming	1,000 tons CO ₂ -eqv.	1	1
Environmental compliance			
Breaches of regulatory limits	no.	-	-
Neighbor complaints	no.	-	-

Site Pilar, Argentina (continued)

		2017	2016
SOCIAL			
Employee statistics			
Employees, total	no.	70	76
Women	%	28.6	25.0
Men	%	71.4	75.0
Rate of employee turnover	%	11.7	2.6
Average age	years	38.1	39.0
Average seniority	years	5.0	4.1
Rate of absence	%	2.0	1.8
Training costs			
Average spent per employee	DKK	2,227	1,462

		2017	2016
HEALTH AND SAFETY			
Occupational accidents and diseases			
Accidents with absence	no.	-	-
Occupational diseases	no.	-	-
Frequency of occupational accidents	per million working hours	-	-
Frequency of occupational diseases	per million working hours	-	-

Site Salem, USA

		2017	2016
ENVIRONMENT			
Consumption of resources			
Water	1,000 m ³	59	58
Energy	1,000 GJ	84	86
Wastewater			
Volume	1,000 m ³	55	55
Biomass			
Biomass volume	1,000 tons	-	-
Waste			
Waste	1,000 tons	-	-
Percentage of total waste recycled	%	20.6	16.8
Environmental impact of emissions			
Global warming	1,000 tons CO ₂ -eqv.	7	7
Environmental compliance			
Breaches of regulatory limits	no.	-	4
Neighbor complaints	no.	-	1

Site Salem, USA (continued)

		2017	2016
SOCIAL			
Employee statistics			
Employees, total	no.	123	134
Women	%	28.5	28.4
Men	%	71.5	71.6
Rate of employee turnover	%	14.4	16.4
Average age	years	43.6	43.6
Average seniority	years	9.9	9.8
Rate of absence	%	1.9	1.5
Training costs			
Average spent per employee	DKK	2,757	2,013

		2017	2016
HEALTH AND SAFETY			
Occupational accidents and diseases			
Accidents with absence	no.	-	-
Occupational diseases	no.	-	-
Frequency of occupational accidents	per million working hours	-	-
Frequency of occupational diseases	per million working hours	-	-

Site Saskatoon, Canada

		2017	2016
ENVIRONMENT			
Consumption of resources			
Water	1,000 m ³	74	33
Energy	1,000 GJ	16	20
Wastewater			
Volume	1,000 m ³	71	29
Biomass			
Biomass volume	1,000 tons	-	-
Waste			
Waste	1,000 tons	-	1
Percentage of total waste recycled	%	0.2	-
Environmental impact of emissions			
Global warming	1,000 tons CO ₂ -eqv.	2	2
Environmental compliance			
Breaches of regulatory limits	no.	-	-
Neighbor complaints	no.	-	-

Site Saskatoon, Canada (continued)

		2017	2016
SOCIAL			
Employee statistics			
Employees, total	no.	84	85
Women	%	40.5	42.4
Men	%	59.5	57.6
Rate of employee turnover	%	7.2	7.3
Average age	years	42.4	41.6
Average seniority	years	8.1	7.3
Rate of absence	%	1.4	1.9
Training costs			
Average spent per employee	DKK	732	5,634

		2017	2016
HEALTH AND SAFETY			
Occupational accidents and diseases			
Accidents with absence	no.	-	-
Occupational diseases	no.	-	-
Frequency of occupational accidents	per million working hours	-	-
Frequency of occupational diseases	per million working hours	-	-

Site Shenyang, China

		2017	2016
ENVIRONMENT			
Consumption of resources			
Water	1,000 m ³	2	3
Energy	1,000 GJ	3	3
Wastewater			
Volume	1,000 m ³	2	2
Biomass			
Biomass volume	1,000 tons	-	-
Waste			
Waste	1,000 tons	-	-
Percentage of total waste recycled	%	25.3	51.9
Environmental impact of emissions			
Global warming	1,000 tons CO ₂ -eqv.	1	1
Environmental compliance			
Breaches of regulatory limits	no.	-	-
Neighbor complaints	no.	-	-

Site Shenyang, China (continued)

		2017	2016
SOCIAL			
Employee statistics			
Employees, total	no.	30	34
Women	%	20.0	14.7
Men	%	80.0	85.3
Rate of employee turnover	%	25.7	5.6
Average age	years	35.3	34.9
Average seniority	years	7.9	6.9
Rate of absence	%	0.1	0.3
Training costs			
Average spent per employee	DKK	323	160

		2017	2016
HEALTH AND SAFETY			
Occupational accidents and diseases			
Accidents with absence	no.	-	-
Occupational diseases	no.	-	-
Frequency of occupational accidents	per million working hours	-	-
Frequency of occupational diseases	per million working hours	-	-

Site Tianjin, China

		2017	2016
ENVIRONMENT			
Consumption of resources			
Water	1,000 m ³	1,215	939
Energy	1,000 GJ	591	500
Wastewater			
Volume	1,000 m ³	876	569
Biomass			
Biomass volume	1,000 tons	20	17
Waste			
Waste	1,000 tons	2	2
Percentage of total waste recycled	%	45.5	46.1
Environmental impact of emissions			
Global warming	1,000 tons CO ₂ -eqv.	94	82
Environmental compliance			
Breaches of regulatory limits	no.	5	1
Neighbor complaints	no.	2	-

Site Tianjin, China (continued)

		2017	2016
SOCIAL			
Employee statistics			
Employees, total	no.	520	513
Women	%	36.0	36.1
Men	%	64.0	63.9
Rate of employee turnover	%	8.4	4.2
Average age	years	36.7	36.1
Average seniority	years	9.8	9.2
Rate of absence	%	0.7	0.9
Training costs			
Average spent per employee	DKK	994	1,113

		2017	2016
HEALTH AND SAFETY			
Occupational accidents and diseases			
Accidents with absence	no.	-	2
Occupational diseases	no.	-	-
Frequency of occupational accidents	per million working hours	-	2.1
Frequency of occupational diseases	per million working hours	-	-