












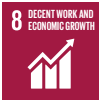




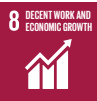

Materiality in detail

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 	

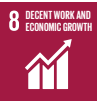



Materiality in detail

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 	 


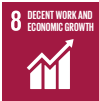


Materiality in detail

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	Occupational health & safety describes all of Novozymes' policies and initiatives to ensure a safe, incident-free and healthy work environment. Relevant stakeholders include: <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	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. Relevant stakeholders include: <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	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. Relevant stakeholders include: <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

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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

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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 	