

Social and governance data

8.1 Labor practices & human rights

Employees are a key driver of Novozymes' growth and are essential to the successful execution of our strategies. Novozymes is responsible for ensuring that human rights are respected throughout its value chain. It is therefore crucial for Novozymes to focus on employee development and diversity in all its operations and on human rights throughout the value chain.

We have implemented a common management and reporting structure for labor practices and human rights. For a description of the

mechanisms that Novozymes implements to ensure a respectful and motivating working environment, please refer to our position on Human rights at Novozymes.com.

Labor practices: The responsibility for ensuring equal rights for all employees and promoting diversity rests with our People and Organization (P&O) function. Our approach to diversity and equal opportunities is detailed in our position on diversity and equal opportunities.

Employment and promotions are based on merit, without any discrimination, exclusion or preference. We give important consideration to diversity in the context of talent attraction, promotion and succession planning. Furthermore, Novozymes recognizes and respects the right to form and join associations and to bargain collectively. Our P&O function works to facilitate the fulfillment of these fundamental rights in countries with limited labor legislation.

In 2016, 36% of the employees promoted were women, meaning that we did not meet our 2016 target of ensuring that at least 40% of employees promoted were women. Our long-term target is to ensure that women hold at least 30% of senior management positions by 2020, and we believe that our continued focus and initiatives will support our journey toward meeting this target.

Employee turnover is an indication of organizational health. In 2016, the rate of employee turnover increased from 9.1% to 10.4%, mainly due to the reorganization in 2016, which led to an increase in voluntary terminations.

The rate of absence has been broken down into grouped job categories, based on whether the work carried out is primarily office based, and is therefore not stated for each job category.

Employee development: Our P&O function conducts an annual People's Opinion survey to identify areas that need continuous attention and further improvement. The survey provides important insights into Novozymes' performance as an employer and into where improvements can be made. In 2016, our annual People's Opinion survey achieved a response rate of 93%. We met our targets related to workplace development for the third year in a row. "Employee satisfaction and motivation" scored 76 out of 100 in the survey, exceeding our target of 75.

		2016	2015
Rate of employee turnover - retirement	%	0.8	1.0
Rate of employee turnover - dismissal	%	2.6	2.7
Rate of employee turnover - voluntary	%	7.0	5.4
Rate of employee turnover, total	%	10.4	9.1
Rate of absence			
Senior management, management, professional and administrative	%	1.4	1.3
Skilled workers, laboratory technicians, other technicians and process operators	%	2.8	2.8
All employees	%	2.0	2.0
Other employee statistics			
Average age	Years	41.2	40.9
Average seniority	Years	9.4	9.3
Number of expatriates	No.	37	53
Employees promoted who are women	%	36	41
Average spent per employee	DKK	3,353	4,814
Costs as percentage of total employee costs	%	0.6	0.8

8.1 Labor practices & human rights (continued)

Human rights: We seek to take appropriate measures to avoid and mitigate adverse human rights impacts. In 2016, we revamped our human rights risk-monitoring approach so as to meet growing expectations from our investors and customers and to comply with UN Guiding Principles. In order to identify risks of human rights violations in our value chain, Corporate Sustainability carried out a human rights impact assessment. Stakeholders from relevant functional areas, including Sourcing, Quality, Environment & Safety and P&O, across regions including China, India, Brazil, North America and EMEA, were trained in human rights risks specific to their respective regions and subsequently consulted. Their inputs were analyzed, and a plan to address gaps was discussed with the respective teams.

The human rights impact assessment identified

the following potential human rights risks in Novozymes' regions: discrimination, income equality, living wages, right to work and right to equal pay for equal work. No human rights violations were identified during the impact assessment. Novozymes has a number of practices and procedures in place that have been evaluated as sufficient to address these potential risks.

As a global company, Novozymes has both global and region-specific procedures and tools for managing employee relations and mitigating human rights risks. In 2017, we will focus on building employee awareness of these procedures and tools. Furthermore, we will strengthen internal human rights impact assessment capabilities across the relevant functions.

§ ACCOUNTING POLICIES

Absence is stated as time lost due to the employee's illness, including pregnancy-related sick leave, and occupational accidents and diseases. The rate of absence is calculated as the number of registered days of absence as a percentage of the total number of normal working days in one year, less vacation and public holidays.

The rate of employee turnover is calculated as employee turnover divided by the average number of permanent employees. Employee turnover is measured as the number of permanent employees who left the Group during the last four quarters (excluding employees at divested entities transferred to the acquiring company).

Average age and seniority are calculated

as the sum of employees' total seniority in whole years at the reporting date, divided by the number of employees.

Expatriation refers to Novozymes employees temporarily reassigned within Novozymes from the country of original employment for a period that extends beyond six months.

Training costs is the costs of external training courses and seminars, translated into Danish kroner at average exchange rates. Training costs is also shown as a percentage of total employee costs.

Employees promoted who are women measures the percentage of women among those promoted to manager, senior manager, director, senior director or VP from a level below, or hired externally at these levels.