

# Strategy

**A growing global population with a rising need for food, water, energy and other necessities is pushing industries to get smarter and produce more from less. It is around these trends that Novozymes has defined its purpose and strategy.**

At Novozymes, we believe that there are a vast number of opportunities for building a better tomorrow. To seize these opportunities, we have defined a purpose and strategy for our company that will steer our priorities and direction.

## Let's rethink tomorrow

Our purpose is "Together we find biological answers for better lives in a growing world – Let's rethink tomorrow." This purpose is deeply rooted in our heritage and all we have accomplished so far. It also looks ahead to what we can achieve together with customers, consumers, governments, academia and others around us in terms of finding the sustainable answers that our world needs. And while our solutions are microscopic, we believe they can have a big impact and help address some of the major challenges the world is facing.

## Partnering for Impact

Our strategy sets out four focus areas that will enable us to fulfill our purpose. The core of this strategy is our belief that we make the biggest impact through partnerships. We call our strategy "Partnering for Impact."

For Novozymes, partnerships mean deep-rooted collaborations with mutual benefits and

obligations. A great example is the partnership we have with our customers. By working closely with customers and others around us, we can gain the necessary insights into how to help them succeed. The nature of our products allows us to get so close to customers that they are like partners. Our products are often integrated at an early stage in the customer's value chain and are sometimes the key ingredients that set a company's products apart from its competitors' offerings. This might be in terms of effective stain removal in detergents, freshkeeping in baking or yield enhancement in agriculture and Bioenergy.

Only by being alert and truly understanding the social, environmental and economic realities of our partners can we create real and sustained impact. We can do this by optimizing our partners' processes, reducing their environmental footprint, improving their profitability and creating breakthrough products. We are already doing this today, but we can do much more in terms of increasing impact, benefiting our partners and growing our company at the same time. Our strategic focus areas guide us in this.

## Novozymes' four strategic focus areas



### Rally for change

We will form partnerships and networks with customers, consumers, governments, suppliers, academia and others around us to make a sustainable difference. Rally for change is about Novozymes actively engaging in global discussions and being a driving force in bringing together like-minded partners with shared goals and ambitions to create more sustainable growth for the world.



### Lead innovation

We will inspire and excite our customers by delivering more significant innovation, tailored to their local markets. The technology race is speeding up, so our innovation must go beyond the lab, extending into every interaction we have with customers and consumers.



### Focus on opportunities

We will prioritize the customers, markets and activities that hold the biggest opportunities for creating impact. Given Novozymes' broad portfolio of markets and activities, it is critical that we hone our ability to focus on key priorities and maximize value.



### Grow people

We want to be better at enabling our employees to develop their professional and leadership skills. This will include more effective development programs, customized to the needs of specific parts of the organization. At the same time, we believe that we can contribute to the growth of people around us through many types of engagements – from working with technicians at customers' plants to help them optimize production, to delivering teaching materials to classrooms.

# Strategy unfolded

## 2016 achievements in our four strategic focus areas



### Rally for change

In 2016, Novozymes worked with like-minded organizations to promote sustainable growth. In June, Novozymes teamed up with 20 organizations, including Audi, Pannonia and Yale University, to advance sustainable fuels through the below50 initiative, and entered into an agreement with DONG Energy to supply enzymes to the world's first energy plant turning household waste into biogas, electricity and fuel.

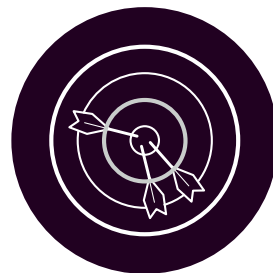
We continued our work to integrate the Sustainable Development Goals (SDGs) into our business processes. In addition, Novozymes was invited to participate in the G20 and B20 Summits in Hangzhou, China, in September. As part of our G20 and B20 commitments, we focused on highlighting the role of sustainable development within global economic growth.



### Lead innovation

In 2016, we launched a number of new products that improve our customers' production and help them meet consumer needs in a sustainable way. Progress® Uno and Amplify® Prime are bringing enzymatic cleaning power to more consumers across regions and helping customers differentiate their products from a crowd of similar detergents. Fermax™ is the first biological foam control solution for the sugarcane industry. Saphera® is a new lactase that helps dairy customers meet high demand for lactose-free products, while Frontia® Fiberwash and Quara® LowP help customers get even better yields and lower costs in starch and oil processing.

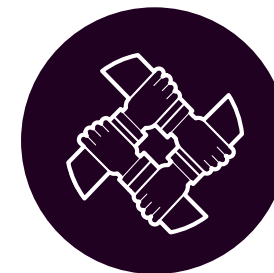
2016 also saw important launches as a result of our strategic partnerships. In January, we commercialized Alterion®, our first probiotic for poultry, together with our partner Adisseo, and we rounded off the year with the launch of Accelaron® B-300 SAT, the first upstream treated inoculant for corn, with more than two years' on-seed stability. This is the first product jointly developed as part of The BioAg Alliance with Monsanto and will be applied to all of Monsanto's new 2017 corn hybrids sold in the US.



### Focus on opportunities

In February, Novozymes announced a global restructuring of the company, resulting in the formation of three divisions, each responsible for application research, technical service, sales and marketing: Household Care & Technical, Agriculture & Bioenergy and Food & Beverages. The reorganization also created two new functions: Research, Innovation & Supply, which will have core research at its center and focus on new biological solutions and production optimization, and Corporate Functions, uniting cross-company areas to strengthen Novozymes' competitive edge. The aim of the organizational change is to enhance Novozymes' ability to focus on new opportunities, deliver more innovation to customers faster and create commercial impact.

To strengthen existing capabilities and deliver on more opportunities within microbial technologies, Novozymes acquired Organobalance GmbH, a microbial research company that specializes in developing natural microbial solutions for customers and partners across a number of industries, including food, feed and animal health.



### Grow people

Novozymes kicked off 2016 with Development Week, a global initiative focusing on employee development. During the summer, all employees were offered a one-on-one sparring session with an HR representative to enhance the capabilities and motivation needed to grow with the company. In December, Novozymes scored 79 out of 100 for personal and professional development in the annual employee survey, meeting its target of 75 or above.

Throughout the year, a key priority was to ensure a safe and healthy work environment, and several initiatives were rolled out at our facilities worldwide.

To build external knowledge, we launched a new and updated version of the Bioenergy University, our educational platform for the ethanol industry, and we continued our work with regional partners on educational activities that provide children and young adults in the US, Brazil, India, China and Denmark with a better understanding of the potential of biology.