



# Sustainability indices & data

In 2016, The BioAg Alliance launched the corn inoculant Acceleron® B-300 SAT. Derived from a fungus found in soil, Acceleron® B-300 SAT showed a two-year average yield advantage of more than 3 bushels per acre in field tests.

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# UNGC Communication on Progress 2016

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# Commitment, engagement and transparency

## CEO statement: Sustainability in the spotlight

**Helping to make the world become more sustainable is what drives Novozymes.**

### Taking action

Sustainability continued to be high on the agenda of companies, experts, politicians and NGOs throughout 2016. Speaking in June 2016 at the Global Green Growth Forum Summit in Copenhagen, Denmark, Danish Prime Minister Lars Løkke Rasmussen commented, “2015 was a year of deals. Now it’s time to follow up on our promises and take action.” The focus of this summit was to establish partnerships to facilitate the transition to green energy, develop cities as drivers of green growth, optimize the use of natural resources and empower businesses to help achieve the UN Sustainable Development Goals (SDGs). Novozymes participated to demonstrate our support for the summit’s objectives. We also made the case for sustainable industrial growth to business leaders at the G20 gathering in Hangzhou, China, in September 2016. The meeting focused on increasing global economic growth through innovation. “We showed governments that our solutions and partnerships can help them address many of the challenges they’re increasingly focusing on, such as green development and climate change,” says Sara Dai, Regional President, Novozymes China. Also in September, the Sustainable Brands 2016 conference in

Copenhagen brought together 500 business leaders and branding and sustainability specialists to determine what it takes to make brands a driver of sustainable development. Novozymes was the main sponsor of the conference. We engaged with many customers and large retailers and spoke at many sessions. For example, we led a panel discussion for the textile and fashion value chain, highlighting best practices in breakthrough innovation. Lastly, having long supported an international agreement on climate change limiting global temperature increases to 2°C above pre-industrial levels, Novozymes was very pleased to see the Paris Agreement come into force on November 4, 2016. To support the action agenda, Novozymes participated in the follow-up COP22 in Morocco in November 2016, demonstrating the will and ability of business to contribute to the climate agenda. Novozymes also participated in the UN General Assembly in New York in September 2016 to continue to make the case for successful implementation of the SDGs by governments, business and other stakeholders.

### Recognition

Novozyymes has championed sustainability for many years, helping customers to make more and better products with less energy and fewer natural resources. The SDGs have inspired our long-term targets, which include reaching

6 billion people with our biological solutions, catalyzing five global partnerships for change and saving 100 million tons of CO<sub>2</sub> through the use of our products. Our efforts have now been recognized by the UN Global Compact, the world’s largest corporate sustainability initiative. In October 2016, the UN Global Compact recognized Novozymes China as a Pioneer Company, making it one of the only 16 companies awarded this recognition from among 300 local and multinational companies in China. I am honored that Novozymes China has been recognized in this way. Our continuous sustainability efforts also won recognition from the Dow Jones Sustainability Index. Once again, we scored 90 out of 100, making us one of the top companies in the competitive chemicals sector in terms of sustainability. Furthermore, by implementing 40 different energy-saving and process-optimizing projects and reducing our emissions by 7% in 2015, we once again made the CDP’s A List.

### Looking ahead

We will continue to prioritize sustainability at Novozymes despite the challenges facing our industry. We seek to inspire and influence the global sustainability agenda and demonstrate the potential of biosolutions to meet many of society’s pressing needs.



This is because we believe that sustainability is essential to global development as well as to our business success. In 2016, we evaluated the potential of our pipeline to deliver on the SDGs and, in 2017, we will use this evaluation to define and initiate actions we can take to increase impact. We will continue to focus on reaching our ambitious sustainability targets by continuing to improve our performance on environmental, social and governance parameters internally.

Peder Holk Nielsen  
President & CEO

# Commitment, engagement and transparency

## Governance structure and strategy

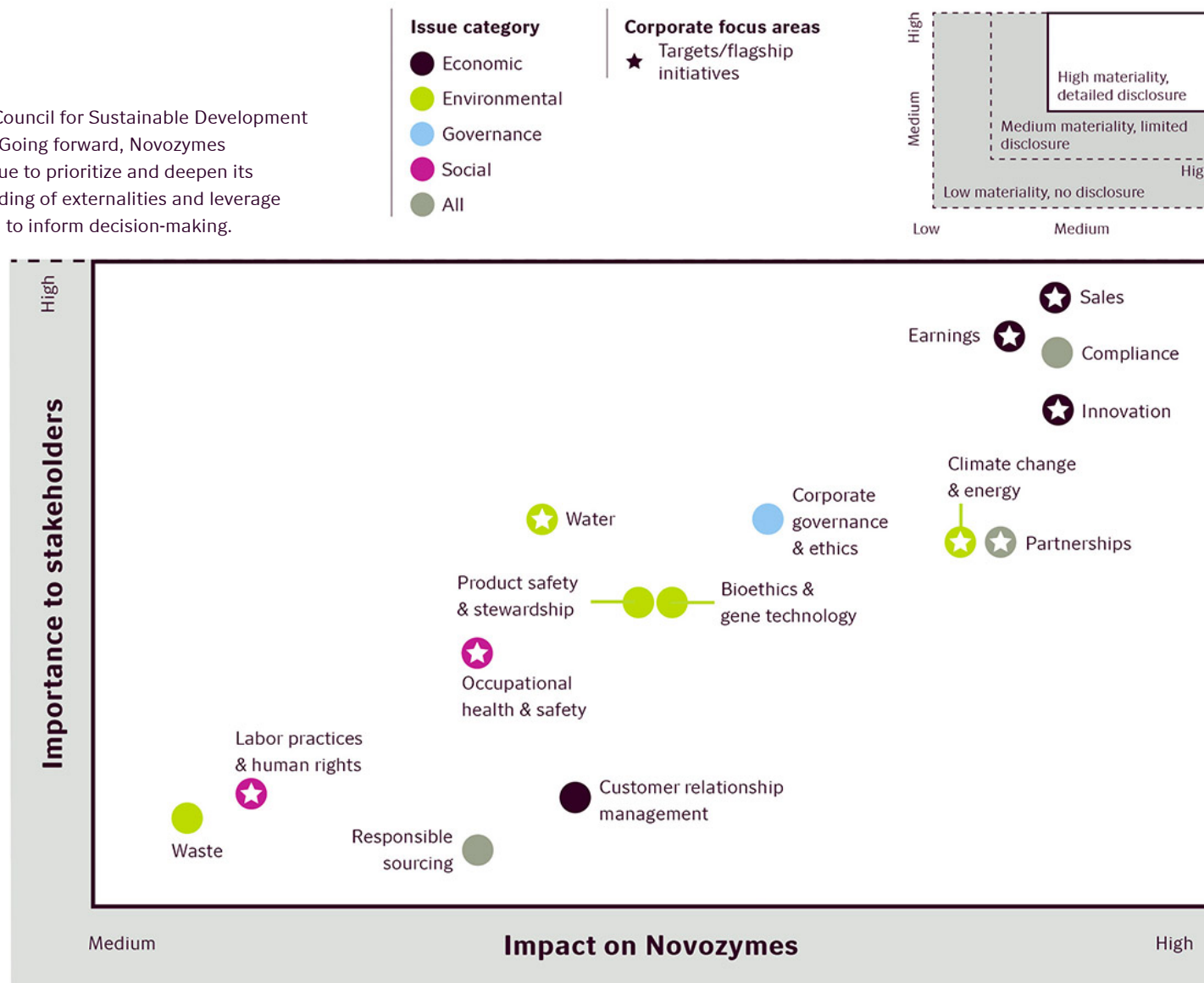
Novozymes' purpose, strategy and long-term targets, which were introduced in early 2015, integrate sustainability into the very core of its business, making it a key component of business strategies and management processes. For a description of how we manage sustainability, please visit Sustainability governance at [Novozymes.com](https://www.novozymes.com).

## Materiality and value chain assessment

Our materiality assessment is a systematic and rigorous process that integrates inputs from external stakeholders, trend analyses and internal engagement with relevant departments including Risk Management and Corporate Sustainability. See Materiality in Note 1 Basis of reporting in The Novozymes Report 2016 to learn more.

Increasing integration of trends and ESG topics made the discussion of material issues too abstract. In response to this challenge, Novozymes sought to increase the understanding of these and how they are relevant for various stakeholders. This resulted in two customized outputs: disclosure on key trends and disclosure on material ESG issues. This new approach received strong positive feedback from expert reviewers from the World

Business Council for Sustainable Development (WBCSD). Going forward, Novozymes will continue to prioritize and deepen its understanding of externalities and leverage these data to inform decision-making.



# Commitment, engagement and transparency

## Materiality and value chain assessment

### Changes to terminology

The quadrants in the materiality matrix have been renamed for improved clarity:

2015	2016
Tier 1	High materiality
Tier 2	Medium materiality
Tier 3	Low materiality

### Changes to material issues

As a result of continuous reviews and improvements in the materiality assessment process, the 2016 materiality matrix includes some new issues and other changes. For example, some issues have moved to “high materiality,” some have been renamed or combined, and others have been removed. The new issues included in “high materiality” in 2016 are Sales, Earnings, Compliance and Responsible sourcing. The table below describes the changes made to the 2015 list of material issues.

Issues in 2015	Category (Tier) in 2015	Change in 2016	Category in 2016	Comments
Climate change	1	Combined with Energy and renamed as “Climate change and energy”	High materiality	One of the key pillars for addressing climate change impacts is responsible use of energy by reducing conventional energy consumption and shifting to renewable sources of energy. The management approach for the two issues is, therefore, closely related, which is why the two issues have been combined.
Innovation	1	No change	High materiality	n.a.

# Commitment, engagement and transparency

## Materiality and value chain assessment

Issues in 2015	Category (Tier) in 2015	Change in 2016	Category in 2016	Comments
Stronger environmental protection regulations	1	Considered under the new issue “Compliance”	n.a.	The new issue “Compliance” covers broader environmental, social, governance and economic rules and regulations where compliance is significant.
Global partnerships for sustainable development	1	Renamed as “Partnerships”	High materiality	n.a.
Energy security and efficiency	1	See “Climate change”	High materiality	n.a.
Water management	1	Renamed as “Water”	High materiality	n.a.
Product safety & stewardship	1	No change	High materiality	n.a.
Consumer perception of bioinnovation	1	Renamed as “Bioethics & gene technology”	High materiality	The revised terminology covers broader aspects of bioethics and use of gene technology, including consumer perception of bioinnovation.
Corporate transparency & accountability	1	Considered under “Corporate governance & ethics”	n.a.	n.a.
Corporate governance	2	Renamed as “Corporate governance & ethics” and issue moved to “high materiality”	High materiality	The revised terminology covers broader aspects of governance, such as board diversity and business integrity, that are equally important for Novozymes.

# Commitment, engagement and transparency

## Materiality and value chain assessment

Issues in 2015	Category (Tier) in 2015	Change in 2016	Category in 2016	Comments
Waste & by-products	2	Renamed as “Waste” and issue moved to “high materiality”	High materiality	Responsible management of waste and by-products is essential in order to reduce total waste and optimize opportunities for waste recovery, recycling and reuse. The topic has been moved to “high materiality” for this reason.
Human & labor rights/relations	2	Renamed as “Labor practices & human rights” and issue moved to “high materiality”	High materiality	Novozymes’ employees are a key driver of corporate growth. Furthermore, Novozymes is responsible for ensuring that the rights of people in its value chain are respected. The topic has been moved to “high materiality” for this reason.
Occupational health & safety	2	Issue moved to “high materiality”	High materiality	At Novozymes, the health and safety of employees is of the utmost importance and is a fundamental part of our business strategy as a sustainable company. The topic has been moved to “high materiality” for this reason.
Customer relationship management	2	Issue moved to “high materiality”	High materiality	Our customers’ opinions are powerful indicators of whether our products and services are in line with our ambitions and of how we are perceived as a company. Therefore, it is very important for us to maintain relationships with our customers. The topic has been moved to “high materiality” for this reason.
Diversity & equal opportunities	2	Considered under “Labor practices & human rights” and issue moved to “high materiality”	High materiality	Diversity fosters an international mindset, helps attract and retain talent, and encourages Novozymes’ willingness and ability to adapt. The topic has been moved to “high materiality” for this reason.
Attraction and retention of future workforce	2	Combined with “Labor practices & human rights”	n.a.	n.a.

# Commitment, engagement and transparency

## Materiality and value chain assessment

Issues in 2015	Category (Tier) in 2015	Change in 2016	Category in 2016	Comments
CSR expectations	2	No change	Medium materiality	n.a.
Tax strategy	2	No change	Medium materiality	n.a.
Local community engagement	2	No change	Medium materiality	n.a.
IP frameworks and governance	2	No change	Medium materiality	n.a.
Deforestation and land use change	2	No change	Medium materiality	n.a.
Corporate value distribution	2	No change	Medium materiality	n.a.
Commodity risks	1	Excluded	n.a.	Considered as a trend. See Trends in The Novozymes Report 2016.
Agricultural productivity	1	Excluded	n.a.	Considered as a trend. See Trends in The Novozymes Report 2016.
Health and nutrition	2	Excluded	n.a.	Considered as a trend. See Trends in The Novozymes Report 2016.
Rise of emerging economies	2	Excluded	n.a.	Considered as a trend. See Trends in The Novozymes Report 2016.

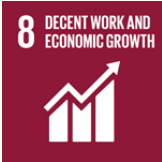


# Commitment, engagement and transparency

## Materiality and value chain assessment

Issues in 2015	Category (Tier) in 2015	Change in 2016	Category in 2016	Comments
Food security	2	Excluded	n.a.	Considered as a trend. See Trends in The Novozymes Report 2016.
Education	2	Excluded	n.a.	Considered a very important aspect of our corporate citizenship efforts. See Targets and Note 8.4 Corporate citizenship in the Novozymes Report 2016 and Strategic social investments in Novozymes' UNGC Communication on Progress 2016.
Circular economy	2	Excluded	n.a.	Considered as a trend. See Trends in The Novozymes Report 2016.







# Commitment, engagement and transparency

## Materiality and value chain assessment

Material	Description	Information reported in The Novozymes Report 2016	Contribution to SDGs	Relevant entities in value chain
<b>Economic</b>				
<b>Sales</b>	Extent of company growth in a given year and economic value generated	<ul style="list-style-type: none"> <li>Novozymes in a nutshell</li> <li>2016 in brief</li> <li>Accounts and performance – Sales and earnings</li> </ul>		Upstream: Investors
<b>Earnings</b>	Amount of positive cash flows generated	<ul style="list-style-type: none"> <li>Accounts and performance – Sales and earnings</li> <li>Consolidated statements of income</li> </ul>		Upstream: Investors
<b>Innovation</b>	Developing novel products and optimizing processes to meet global challenges	<ul style="list-style-type: none"> <li>Social and governance performance</li> <li>Product launches in 2016 in Novozymes in a nutshell</li> </ul>	 	Upstream: Investors, suppliers  Downstream: Customers, end consumers, academia, governments
<b>Customer relationship management (CRM)</b>	Implementing processes to improve business relationships with current and potential customers, to increase customer retention and grow sales	<ul style="list-style-type: none"> <li>Note 8.5 Customer satisfaction measurement</li> </ul>		Downstream: Customers


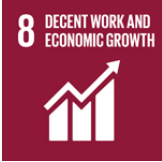

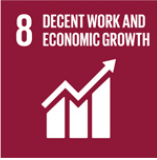
# Commitment, engagement and transparency

## Materiality and value chain assessment

Material	Description	Information reported in The Novozymes Report 2016	Contribution to SDGs	Relevant entities in value chain
<b>Environmental</b>				
<b>Climate change &amp; energy</b>	Addressing climate change risks and opportunities, reducing GHG emissions and focusing on energy efficiency and renewable energy	<ul style="list-style-type: none"> <li>• Note 7.1 Climate change</li> <li>• Targets: SAVE</li> <li>• Note 7.2 Energy</li> <li>• Environmental performance and data</li> </ul>	 	<p>Upstream: Investors, suppliers</p> <p>Downstream: Customers, end consumers, governments, civil society, policymakers</p>
<b>Bioethics &amp; gene technology</b>	Adoption of ethical, science-based regulation for processes and products involving gene technology, and engaging with stakeholders on the role of bioinnovation for society	<ul style="list-style-type: none"> <li>• Note 7.6 Bioethics &amp; gene technology</li> </ul>		<p>Upstream: Investors, suppliers</p> <p>Downstream: Customers, end consumers, governments, civil society, policymakers</p>
<b>Product safety &amp; stewardship</b>	A responsible approach toward addressing environmental, health and safety aspects of products, as well as labeling and transparent communication of product information	<ul style="list-style-type: none"> <li>• Note 7.7 Product safety &amp; stewardship</li> </ul>		<p>Upstream: Investors, suppliers</p> <p>Downstream: Customers, end consumers, governments, civil society, policymakers</p>
<b>Water</b>	Identifying water risks and opportunities in regions of operation and implementing actions to optimize water consumption, reduce wastewater discharge and increase water recycling and re-use opportunities	<ul style="list-style-type: none"> <li>• Note 7.3 Water</li> <li>• Environmental performance and data</li> </ul>	 	<p>Upstream: Investors, suppliers</p> <p>Downstream: Customers, end consumers, governments, civil society, policymakers</p>




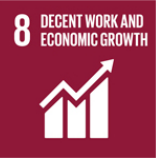

# Commitment, engagement and transparency

## Materiality and value chain assessment

Material	Description	Information reported in The Novozymes Report 2016	Contribution to SDGs	Relevant entities in value chain
<b>Waste</b>	Reducing waste, disposing of it appropriately and optimizing opportunities for waste recovery, recycling and re-use	<ul style="list-style-type: none"> <li>• Note 7.4 Waste</li> <li>• Environmental performance and data</li> </ul>		<p>Upstream: Investors, suppliers</p> <p>Downstream: Customers, end consumers, governments, communities</p>
<b>Social</b>				
<b>Occupational health &amp; safety</b>	Ensuring a safe, incident-free and healthy work environment	<ul style="list-style-type: none"> <li>• Note 8.2 Occupational health &amp; safety</li> </ul>		<p>Upstream: Suppliers</p>
<b>Labor practices &amp; human rights</b>	Promoting fair labor practices, decent working conditions and respect for human rights	<ul style="list-style-type: none"> <li>• Note 2.3 Employees</li> <li>• Note 8.1 Labor practices &amp; human rights</li> </ul>	 	<p>Upstream: Suppliers</p> <p>Downstream: NGOs, policymakers, governments</p>

# Commitment, engagement and transparency

## Materiality and value chain assessment

Material	Description	Information reported in The Novozymes Report 2016	Contribution to SDGs	Relevant entities in value chain
<b>Governance</b>				
<b>Corporate governance and ethics</b>	Upholding sound policies and processes regarding corporate governance and business ethics	<ul style="list-style-type: none"> <li>Note 8.3 Business ethics</li> <li>Governance</li> </ul>	 	Upstream: Investors
<b>All (cuts across Economic, Environmental, Social and Governance)</b>				
<b>Compliance</b>	Complying with relevant financial, governance, environmental and social regulatory norms in all regions of operation	<ul style="list-style-type: none"> <li>Consolidated statements and income</li> <li>Environmental compliance in Environmental performance and data</li> </ul>		Upstream: Suppliers Downstream: Customers, governments
<b>Responsible sourcing</b>	Taking into account social and environmental considerations in addition to quality and economical aspects when managing relationships with suppliers to promote sustainable supply chains	<ul style="list-style-type: none"> <li>Note 8.6 Responsible sourcing</li> </ul>	 	Upstream: Suppliers  Downstream: Customers, governments, civil society
<b>Partnerships</b>	Developing partnerships with stakeholders from the private sector, governments, civil society and academia for large-scale sustainable impact	<ul style="list-style-type: none"> <li>Targets: CATALYZE</li> <li>Strategy</li> <li>Business model</li> <li>Customers and partners</li> </ul>		Upstream: Investors

# Commitment, engagement and transparency

## Stakeholder engagement

Novozymes takes responsibility for its sustainability impacts across the value chain. Engaging with customers, suppliers and employees enables us to learn and improve performance – together.

Novozymes engages with a broad range of stakeholders to develop its strategies, goals and policies. More information on this type of engagement can be found in Note 1 Basis of reporting in The Novozymes Report 2016.

### Engaging with customers

Novozymes continues to be transparent to customers by disclosing information related to its labor practices, human rights, environment, sustainable procurement and business integrity. This disclosure takes place either in the form of responses to specific questionnaires or via multiple sustainability performance platforms to which many customers have access. One of these platforms is EcoVadis, on which we achieved gold recognition level and were ranked among the top 5% performers in 2016.

Other platforms include EcoDesk, CDP Supply Chain and the Supplier Ethical Data Exchange (SEDEX) platform, which makes site-specific sustainability data and audit reports accessible to customers. Customer disclosure requests help us to identify new sustainability requirements and trends early on, so that we can take a proactive approach.

Novozymes was very proud to receive P&G's 2016 External Business Partner of the Year Award for the seventh time. The award was given to Novozymes because of its innovation capabilities, sustainability leadership and operational excellence. Novozymes saw off competition from more than 50,000 business partners, suppliers and agencies that work with P&G every day. In fact, Novozymes won both the External Business Partner of the Year Award and the Excellence Award for 2016 for its consistent high-level operational performance.

### Engaging with suppliers

In 2016, we continued to work with our suppliers to develop new partnerships and promote a sustainable working environment. We conducted a human rights impact assessment of our own operations and of our suppliers within direct sourcing. Read more in the Progress on human rights in Novozymes' UNGC Communication on Progress 2016. Read more about responsible sourcing and supplier management in Note 8.6 Responsible sourcing in The Novozymes Report 2016.

### Engaging with employees

Novozymes values its employees' perspectives and engages with them frequently on sustainability matters. Training in sustainability is offered to new employees at major sites globally. Novozymes' annual employee survey "Peoples's Opinion" measures, among other things, employee satisfaction and motivation as well as development of skills and competencies.

Furthermore, Novozymes' Touch values are embedded in individuals' performance appraisals and bonus schemes. If any employee has a concern about any colleague's or manager's adherence to the Touch values, grievance mechanisms are available in the form of a global and regional ombudsperson. Read more about grievance mechanisms at [Novozymes.com](http://Novozymes.com).



# Commitment, engagement and transparency

## Transparency and disclosure

We are committed to integrating sustainability into our core business and believe in sharing our sustainability performance in the most transparent, accountable and responsible way. We communicate through a wide array of platforms, and this has been acknowledged by various sustainability indices, awards and recognitions.

### COP peer review

In August 2016, Novozymes arranged a COP peer review session for the fourth time with peers from the UNGC Nordic Network: A.P. Møller - Mærsk and Novo Nordisk as well as Dutch Royal DSM. The group shared perspectives on better practices and challenges related to the Ten Principles of the UN Global Compact. Furthermore, the group had fruitful discussions concerning materiality and the SDGs. Moving forward, Novozymes will continue to engage in peer reviews of the COP to gain further insights into better reporting practices.

Please visit Transparency and Accountability at [Novozymes.com](https://www.novozymes.com) for more details about our sustainability disclosure and recognitions.



# Progress on the UN Global Compact Principles

## Progress on human rights

### Overview: Integrating the Ten Principles into business strategy

The table below provides an overview of Novozymes’ commitment to all ten UN Global Compact Principles and how they are being implemented across its operations and value chain through a set of robust management policies and procedures. Please visit Positions and Policies at Novozymes.com for more details.

Principle 1: Businesses should support and respect the protection of internationally proclaimed rights; and  
Principle 2: make sure that they are not complicit in human rights abuses.

Topic	Disclosure
<ul style="list-style-type: none"><li>Materiality &amp; scope</li><li>Management &amp; reporting</li><li>Progress in 2016</li><li>Challenges &amp; dilemmas</li><li>Looking ahead</li></ul>	<ul style="list-style-type: none"><li>Please see Note 8.1 Labor practices &amp; human rights in The Novozymes Report 2016</li></ul>
<ul style="list-style-type: none"><li>Commitments &amp; memberships</li></ul>	<ul style="list-style-type: none"><li>UN Universal Declaration of Human Rights</li><li>UN Guiding Principles on Business and Human Rights</li><li>ILO Declaration on Fundamental Principles and Rights at Work</li><li>UNGPs Professionals Network</li><li>Supplier Ethical Data Exchange (SEDEX)</li><li>Ordinary member of Roundtable on Sustainable Palm Oil (RSPO)</li></ul>

# Progress on the UN Global Compact Principles

## Progress on 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.

Topic	Disclosure
<ul style="list-style-type: none"><li>Materiality &amp; scope</li><li>Management &amp; reporting</li><li>Progress in 2016</li><li>Challenges &amp; dilemmas</li><li>Looking ahead</li></ul>	<ul style="list-style-type: none"><li>Please see Note 8.1 Labor practices &amp; human rights in The Novozymes Report 2016</li></ul>
<ul style="list-style-type: none"><li>Commitments &amp; memberships</li></ul>	<ul style="list-style-type: none"><li>UN Universal Declaration of Human Rights</li><li>UN Guiding Principles on Business and Human Rights</li><li>ILO Declaration on Fundamental Principles and Rights at Work</li><li>UNGPs Professionals Network</li><li>Supplier Ethical Data Exchange (SEDEX)</li></ul>

# Progress on the UN Global Compact Principles

## Progress on 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.

Topic	Disclosure
<ul style="list-style-type: none"><li>• Materiality &amp; scope</li><li>• Management &amp; reporting</li><li>• Progress in 2016</li><li>• Challenges &amp; dilemmas</li><li>• Looking ahead</li></ul>	<ul style="list-style-type: none"><li>• Please see Notes 7.1 to 7.7 on environmental parameters in The Novozymes Report 2016</li></ul>
<ul style="list-style-type: none"><li>• Commitments &amp; memberships</li></ul>	<ul style="list-style-type: none"><li>• UN Caring for Climate</li><li>• UN Convention on Biological Diversity</li><li>• Sustainable Energy For All: Sustainable Bioenergy High Impact Opportunity</li><li>• The Sustainability Consortium</li><li>• World Business Council for Sustainable Development</li><li>• Danish Footprint Network</li><li>• Low Carbon Technology Partnerships initiative (LCTPi)</li></ul>

# Progress on the UN Global Compact Principles

## Progress on anti-corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.



Topic	Disclosure
<ul style="list-style-type: none"><li>• Materiality &amp; scope</li><li>• Management &amp; reporting</li><li>• Progress in 2016</li><li>• Challenges &amp; dilemmas</li><li>• Looking ahead</li></ul>	<ul style="list-style-type: none"><li>• Please see Note 8.3 Business ethics in The Novozymes Report 2016</li></ul>
<ul style="list-style-type: none"><li>• Commitments &amp; memberships</li></ul>	<ul style="list-style-type: none"><li>• UN Convention Against Corruption</li></ul>

# Taking action on UN goals

## Core contributions to UN goals and issues



As a UNGC LEAD member, Novozymes is committed to having a positive impact on society by supporting broader United Nations goals and issues. Novozymes is guided by a purpose statement that articulates its commitment to delivering on the post-2015 Development Agenda. It states, “Together we find biological answers for better lives in a growing world.” Our strategy “Partnering for Impact” and our targets and commitments help us to achieve our purpose. The table below highlights how we contribute to the UN SDGs.

Contribution to achievement of SDGs

Goal	Within Novozymes (commitments, targets)	Upstream and downstream in the value chain	Global and regional engagements for achievement of the SDGs
 <p><b>Goal 2.</b> End hunger, achieve food security and improved nutrition and promote sustainable agriculture</p>	n.a.	<p>Agricultural productivity and food security are increasingly important for our stakeholders and Novozymes. Our solutions help to build resilient agricultural value chains, increase crop yields and reduce raw material inputs. Through The BioAg Alliance, we are helping farmers adopt sustainable practices and build resilient agricultural value chains. Furthermore, our animal nutrition solutions improve animal digestion, resulting in higher farm productivity.</p> <p>Several of our solutions enable a number of exciting innovations in the food industry that can contribute to improved nutritional profiles, for example increasing protein content, lowering salt content and removing lactose from dairy.</p>	<p>WBCSD Climate Smart Agriculture LcTPI Global Harvest Initiative (GHI)</p>
 <p><b>Goal 3.</b> Ensure healthy lives and promote well-being for all at all ages</p>	<p>Novozymes takes product stewardship seriously. We are committed to minimizing potential environmental and human health risks throughout the product life cycle. See more in Note 7.7 Product safety &amp; stewardship in The Novozymes Report 2016.</p>	<p>Novozymes produces biodegradable enzymes that can replace chemicals that pollute air, water and soil, and potentially harm people's health. For instance, enzymes can boost the bleaching process in papermaking and reduce the need for bleaching chemicals.</p>	n.a.

# Taking action on UN goals



## Core contributions to UN goals and issues

Contribution to achievement of SDGs			
Goal	Within Novozymes (commitments, targets)	Upstream and downstream in the value chain	Global and regional engagements for achievement of the SDGs
 <p><b>Goal 4.</b> Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<p>Education is a focus of our corporate citizenship engagement, through which we aim to develop programs that meet societal needs and leverage our core competencies within biotechnology. We have set a long-term 2020 target to educate 1 million people about the potential of biology, by expanding our corporate citizenship outreach. See Targets and Note 8.4 Corporate citizenship in the Novozymes Report 2016 and Strategic social investments in Novozymes' UNGC Communication on Progress 2016.</p>	n.a.	<p>In order to achieve our target to educate 1 million people by 2020, we have implemented specific programs and engaged with NGOs and educational institutes in the regions where we operate.</p>
 <p><b>Goal 5.</b> Achieve gender equality and empower all women and girls</p>	<p>Novozymes promotes gender equality within its own operations. We have a corporate commitment for 30% or more of the senior management to be women by 2020. Learn more in Note 8.1 Labor practices &amp; human rights in The Novozymes Report 2016.</p>	n.a.	n.a.

# Taking action on UN goals



## Core contributions to UN goals and issues

### Contribution to achievement of SDGs

Goal	Within Novozymes (commitments, targets)	Upstream and downstream in the value chain	Global and regional engagements for achievement of the SDGs
 <p><b>Goal 6.</b> Ensure availability and sustainable management of water and sanitation for all</p>	<p>At Novozymes, water is an important consideration in both product and process innovation. Since 2009, we have successfully decoupled absolute water consumption from business growth. Learn more in Note 7.3 Water in The Novozymes Report 2016.</p>	<p>Some of our enzymatic solutions help customers and consumers save water during application compared with conventional methods. For example, enzymes can be used in the textile industry to combine processes and save significant amounts of water. We also offer solutions for wastewater treatment and sludge reduction for municipal and industrial applications. One of our solutions helps customers in the pulp &amp; paper industry to address lignin toxicity in effluents generated during the production process.</p>	n.a.
 <p><b>Goal 7.</b> Ensure access to affordable, reliable, sustainable and modern energy for all</p>	<p>Novozymes is committed to improving the energy efficiency of its own production and reducing dependence on conventional sources of energy by investing in renewable power. We have set targets for energy efficiency and renewable energy. Learn more in Environmental performance and data and Note 7.2 Energy in The Novozymes Report 2016.</p>	<p>We are working to develop and market biobased solutions to address climate change. A number of our solutions enable customers to save energy during application. For example, enzymes can be used in detergents so that laundry can be washed at lower temperatures, saving energy without compromising wash performance.</p> <p>In addition, enzymes for the bioenergy industry turn starch (primarily corn), waste and biomass into biofuels. Biofuels are an important step toward meeting the growing demand for sustainable transportation energy. In 2016, Bioenergy made up 17% of our revenue.</p>	Sustainable Energy For All (SE4All) LcTPI's Below50



# Taking action on UN goals

## Core contributions to UN goals and issues

Contribution to achievement of SDGs			
Goal	Within Novozymes (commitments, targets)	Upstream and downstream in the value chain	Global and regional engagements for achievement of the SDGs
 <p><b>Goal 8.</b> Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<p>Human and labor rights are respected and promoted at Novozymes and within our supply chain. We generate direct value for the economies in which we operate through the purchase of goods and services from suppliers, the payment of wages and pensions to our employees, various types of taxes and duties to the community, and dividends and financial costs to our capital providers.</p>	n.a.	n.a.
 <p><b>Goal 9.</b> Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p>	n.a.	<p>We are an enabler of the green industry, as our biosolutions help our customers improve the resource and environmental efficiency of their industrial processes. Innovation, particularly product innovation, is a key driving force for business and continues to be one of the most material issues for us. Creating innovative and sustainable solutions for society is vital for our long-term success. We continue to invest to ensure we deliver on this objective. More than 23% of our global workforce works in R&amp;D, and each year we spend approximately 13% of revenue on R&amp;D.</p>	n.a.

# Taking action on UN goals


## Core contributions to UN goals and issues

Contribution to achievement of SDGs			
Goal	Within Novozymes (commitments, targets)	Upstream and downstream in the value chain	Global and regional engagements for achievement of the SDGs
 <p><b>Goal 11.</b> Make cities and human settlements inclusive, safe, resilient and sustainable</p>	n.a.	Novozymes offers solutions for municipal solid waste management and wastewater treatment with wide-ranging applications for cities. Learn more at <a href="https://www.novozymes.com">Novozymes.com</a> .	Partnership with DONG Energy to convert waste to energy
 <p><b>Goal 12.</b> Ensure sustainable consumption and production patterns</p>	Novozymes emphasizes sustainable production internally by setting targets for operational eco-efficiency. Learn more in Environmental performance and data in The Novozymes Report 2016.	Our biosolutions enable our customers to produce more from less, and promote sustainable consumption and production patterns. Our products enable improved environmental performance by reducing energy, raw material and chemical consumption, and CO <sub>2</sub> emissions. We have conducted and published a large number of life cycle assessments (LCAs) to document the environmental benefits of biological technologies over conventional technologies. Learn more in Published LCA studies at <a href="https://www.novozymes.com">Novozymes.com</a> .	WBCSD's Sustainable Lifestyles program

# Taking action on UN goals



## Core contributions to UN goals and issues

### Contribution to achievement of SDGs

Goal	Within Novozymes (commitments, targets)	Upstream and downstream in the value chain	Global and regional engagements for achievement of the SDGs
 <p><b>Goal 13.</b> Take urgent action to combat climate change and its impacts (acknowledging that the United Nations Framework Convention on Climate Change is the primary international, intergovernmental forum for negotiating the global response to climate change)</p>	<p>Climate change mitigation is well integrated into our business strategy. We have targets for CO<sub>2</sub> savings, both from our own operations and from customers' application of our products. Since 2009, Novozymes has decoupled absolute CO<sub>2</sub> emissions from business growth and improved CO<sub>2</sub> efficiency by 16% compared with 2014 baseline year. In 2016, we were recognized as leaders by the CDP for the second time in the past three years for our efforts to address climate change. Learn more in Targets and Note 7.1 Climate change in The Novozymes Report 2016.</p>	<p>Our biosolutions save energy, raw materials, water and chemicals when used in industrial production. This leads to considerable greenhouse gas savings. Furthermore, our Supplier program on responsible sourcing seeks to ensure that our directly sourced agricultural raw materials do not come from locations that contribute to further deforestation.</p>	<p>Caring for Climate</p> <p>In 2016, Novozymes' Head of Corporate Sustainability participated in the high-level meeting on climate change that took place during the COP22 in Marrakech, Morocco. In this session, the participants discussed how businesses can contribute to accelerating climate action to achieve Paris Agreement targets and SDGs, and which existing standards and business leadership practices can be scaled up to complement national climate and development priorities.</p>


# Taking action on UN goals

## Core contributions to UN goals and issues

Contribution to achievement of SDGs			
Goal	Within Novozymes (commitments, targets)	Upstream and downstream in the value chain	Global and regional engagements for achievement of the SDGs
 <p><b>Goal 15.</b> Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</p>	<p>Novozymes adopts ethical, science-based regulations for processes and products involving use of genetic resources and gene technology and engages with stakeholders on the role of bioinnovation for society.</p>	n.a.	n.a.
 <p><b>Goal 16.</b> Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p>	<p>Business integrity, anti-corruption, anti-trust and responsible policy engagements are critical issues for Novozymes from both a legal and business ethics perspective. As a responsible global company, we are committed to fair business practices and upholding the values of transparency and accountability. For more information, please see Note 8.3 Business ethics in The Novozymes Report 2016.</p>	n.a.	n.a.

# Taking action on UN goals

## Core contributions to UN goals and issues

Contribution to achievement of SDGs			
Goal	Within Novozymes (commitments, targets)	Upstream and downstream in the value chain	Global and regional engagements for achievement of the SDGs
 <p><b>Goal 17.</b> Strengthen the means of implementation and revitalize the global partnership for sustainable development</p>	<p>Our corporate strategy is called Partnering for Impact because we recognize the opportunity to drive transformational change and have a significant impact on society by partnering with other stakeholders. By 2020, we aspire to catalyze five high-impact global partnerships with public and private organizations to create answers for a more sustainable world. Learn more in Targets in The Novozymes Report 2016.</p>	n.a.	n.a.

# Taking action on UN goals

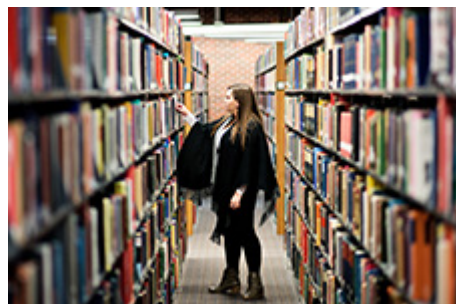
## Strategic social investments

### EDUCATE

We have a long-term target of educating 1 million people about the potential of biology by 2020. This ambition builds on the legacy and best practices of our corporate citizenship program, Citizymes, which leveraged our core competencies within science and environmental responsibility.

Our educational programs are tailored to the needs of the different communities we operate in and focus on improving scientific literacy and environmental awareness among future scientists and innovators. We engage learners from primary school up to university level and reached 106,000 learners in 2016, compared with 25,000 learners in 2015. In The Novozymes Report 2015, the number of learners reported correlated to the Citizymes program.

In order to transition smoothly from Citizymes to EDUCATE, we have set up a working group and a steering committee.



The working group consists of representatives from R&D, Corporate Sustainability and all the regional sustainability managers.

The working group interacts at regular intervals to share best practices, monitor progress and solve challenges. The steering committee is made up of senior management from R&D, the Global Head of Sustainability and Public Affairs, and regional presidents representing Brazil, China, India and North America. The steering committee meets quarterly to monitor progress and ensure the 2020 target will be met.

An overview of our EDUCATE projects across different regions is provided below.

### Brazil

In 2016, we launched two mobile educational apps which are accessible on both tablets and smartphones and available in English, Spanish and Portuguese.

The basic aim of the project is to disseminate knowledge in a digital and interactive format, and educate young readers about biology, biotechnology and sustainability through specific SDGs.

These educational apps were launched with SESI High Schools, a startup known as StoryMax and institutional support from the Regional Council of Biology of Paraná State.

### China

There are four core programs running in this region:

- “Biology catalyzes the beauty of life” is a program run in partnership with PMAC (Panorama PR & Resources Co. Ltd.). A “teach the teacher” approach is used to improve biology education in migrant schools
- “The Little Biologists” is a program run in partnership with DoltTogether. The organization reaches out to communities and schools to educate them about the application of biosolutions in daily life
- “The biology education innovation” project is run in partnership with ENACTUS. 40 university project teams teach biology in an innovative way to primary and secondary school students. We provide them with an educational package and financial support, and our employees act as tutors for some of the sessions

- “The biological environment classes” are run in partnership with Nature University, an environmental education NGO. The project aims to improve public awareness about environmental challenges and potential biological solutions

# Taking action on UN goals

## Strategic social investments

### Denmark

Our outreach activities consist of a portfolio of activities where the overall purpose is to “create interest in natural science” and “foster natural science talents.” The activities take place in Denmark, where we sponsor and engage in learning activities such as the Young Scientist Competition, Geek Days, Guys’ Science Day and Girls’ Science Day. We also open our doors to around 600 high school students and teach them about enzymes as well as show them around our laboratories.

### India

We are working with the Agastya International Foundation, an Indian education trust and nonprofit organization based in Bangalore. We are supporting the “Let’s investigate lab” at the Bio Discovery Center, around 120 km from Bangalore. The center is a space where children from nearby villages can experiment and build their understanding and knowledge of biology. Approximately 9,000 students visit the center every year.

We are also supporting a sustainability education initiative in schools, known as Hand Print for Change, in partnership with the Centre for Environment Education (CEE). The project aims to enhance students’ understanding of sustainable development and integrate science and social science concepts through hands-on experience.

### North America

We have a portfolio of site-based educational activities that deliver impact in North America. Our sites in California, Nebraska, North Carolina and Virginia have devoted significant volunteer resources to community science festivals. In addition, many sites have made their facilities available to host teacher training workshops and invite students to engage directly with scientists and staff. Our site in Franklinton, North Carolina, is supporting two science-enrichment programs for elementary school students with the Morehead Science Center. Saskatoon, Canada, continues to support “Ag in the Classroom Saskatchewan” to reach students across the province. The project provides educational materials for schools on the study of agriculture.



# Taking action on UN goals

## Advocacy and public policy engagement

As a leading bioinnovator, Novozymes seeks to engage in dialogue with a wide range of stakeholders about the role of biology and biotechnology in addressing some of the most pressing issues of our time. Novozymes is dedicated to ensuring transparency in this outreach.

Based on national and international laws and policy guidelines as well as on codes of conduct established by industry associations and national and international institutions, we present information and our positions to policymakers and other interested parties. We have Public Affairs offices in Copenhagen, Brussels, Washington, D.C., Brasilia, New Delhi and Beijing.

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

We reach out to government officials in the areas of renewable energy, bioinnovation, biotechnology and agriculture. Furthermore, we engage in efforts to retain production jobs and drive a thriving biotech knowledge and innovation community in Denmark.

Novozymes is committed to communicating in a respectful way. We engage in dialogue with a diverse range of stakeholders, including our peers, industry partners, academics,

civil society and policymakers. In addition, we participate in industry associations and stakeholder organizations as well as in broader international and global business associations. We publish a comprehensive list of our global memberships at [Novozymes.com](http://Novozymes.com) and adhere to the codes of conduct of these organizations.

### Lobbying expenditures

In 2016, Novozymes was a member of several global and local industry and other stakeholder associations. We also engaged with the media, governments, NGOs and international organizations. The total amount spent on these activities was approximately DKK 9.3 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

In 2016, Novozymes engaged with stakeholders and policymakers on several platforms. Our focus was on topics concerning climate change and sustainable development. As a leading bioinnovator, we believe that it is our responsibility to share knowledge about the contribution biosolutions can make to these important global challenges.

### G20

Novozymes is a member of the International Chamber of Commerce (ICC), the G20 CEO Advisory Group and the Business 20 (B20). These groups work together to provide input for the work of the G20. President and CEO of Novozymes Peder Holk Nielsen has served as Vice Chair of the newly established B20 Energy, Climate and Resource Efficiency Taskforce since fall 2016.



# Taking action on UN goals

## Advocacy and public policy engagement

### **BioRefining Alliance and promotion of advanced biofuels**

In partnership with the Danish Agriculture & Food Council, DONG Energy and Haldor Topsøe, Novozymes is a founding member of the Danish BioRefining Alliance, which aims to foster political support to make Denmark a leader in tomorrow's bioeconomy.

The BioRefining Alliance works to promote the use of advanced biofuels as a sustainable part of the energy mix going forward. In December 2016, following dedicated efforts by the BioRefining Alliance among others, the Danish Parliament adopted into law a binding blending mandate for advanced biofuels to constitute 0.9% of Danish energy consumption in transport.

The blending mandate enables Denmark to meet its EU obligation to ensure that 10% of energy consumption in the transport sector is derived from renewable energy sources by 2020. This underscores Denmark's commitment to become a green growth economy – a commitment that makes the Danish government a key ally for Novozymes in garnering political support for green and sustainable technologies globally.

### **Working strategically with the Danish government globally**

As Denmark is a nation striving to lead by example in the effort to create a more sustainable future, the Danish government is an important partner for Novozymes in encouraging other governments and the global community to move toward policies and agreements that enable a market for green technologies.

Novozymes has a key account agreement with the Danish Trade Council, a governmental export and investment promotion organization under the Ministry of Foreign Affairs of Denmark, and collaborates with the Trade Council in key markets. Furthermore, Novozymes works with the Ministry of Foreign Affairs on its participation in international events, such as the United Nations General Assembly in New York City, US held in September 2016 and the COP22 climate meeting in Marrakech, Morocco, held in November 2016.



# Taking action on UN goals

## Partnerships and collective action

Novozymes strives to catalyze partnerships and collective action with diverse stakeholders from the private sector, governments, civil society and academia for a sustainable future.



### World Business Council for Sustainable Development (WBCSD)

In 2016, Novozymes stepped up its involvement in the WBCSD's Low Carbon Technology Partnerships initiative (LCTPi). We are one of the founding members of Below50, an initiative launched by WBCSD in partnership with RSB (Roundtable for Sustainable Biomaterials) and the United Nations SE4ALL (Bioenergy Accelerator) initiative under the Low Carbon Fuels workstream to promote low-carbon transport fuels. Read more in Issue-based and sector initiatives.

Novozymes is also a member of WBCSD's Sustainable Lifestyles project, which seeks to understand the material footprints of consumer lifestyles globally with the aim of promoting sustainable and aspirational living. In 2016, representatives from Novozymes visited the ReNEW House, a lab in Indiana, US, where innovative lifestyle solutions are tested to understand their potential for improving lifestyles. Through this initiative, Novozymes is seeking to develop partnerships and pursue collaborative opportunities with interested partners to design and develop innovative solutions that promote sustainable living.

### International Chamber of Commerce (ICC)

ICC, the world's leading business organization, has actively promoted sustainable business for more than 40 years and has official UN consultative status. Novozymes has played an ever-increasing and active leadership role across ICC country networks in recent years. In September 2016, CEO Peder Holk Nielsen, who was part of ICC's CEO advisory group, participated in the G20 and B20 summit held in China. At the summit, world leaders focused on highlighting the role of sustainable development within global economic growth and called for commitments to achieve progress on the UN SDGs. Furthermore, Peder Holk Nielsen will be co-chairing the priority

themes of energy, climate and resource efficiency at the 2017 B20 summit.

Novozymes also increased its involvement with ICC's US affiliate, the United States Council for International Business (USCIB), joining its Board of Trustees and the Board of the USCIB Foundation. In September 2016, Novozymes participated in a strategic dialogue on "The Private Sector's Role in Achieving the SDGs" during the Concordia Summit in New York City, US supported by the USCIB. President and CEO of Novozymes Peder Holk Nielsen participated in this high-level discussion, along with USCIB President and CEO Peter Robinson and ICC Secretary General John Danilovich. At this session, leaders from across sectors and industries examined the role businesses should play in providing technical know-how and fostering the spirit of innovation needed to meet the SDGs outlined by the United Nations.

### Partnership with DONG Energy

In 2016, Novozymes signed a new agreement with DONG Energy, Denmark, whereby Novozymes will supply enzymes for DONG's upcoming REnescience plant, the world's first full-scale biorefining plant turning household waste into biogas, electricity and fuel. The plant is located in Northwich, UK, and is expected to be operational by early 2017. The REnescience plant will be capable of sorting 15 tons of waste per hour, or 120,000 tons per year. This corresponds to the annual waste produced by almost 110,000 UK households. REnescience is a safe, reliable technology which has been working since 2009 at a demonstration plant in Copenhagen, Denmark. Using enzymes, the technology is able to convert unsorted household waste into biogas, recyclable plastics and metals. Going forward, Novozymes and DONG Energy will further develop the enzymes for the technology together.

# Engaging with the UN Global Compact

## Region-specific engagement

Novozymes' regional subsidiaries are active members of the UN Global Compact's local networks in Brazil, China, India, the Nordic region and the US. Furthermore, regional subsidiaries engage in relevant local working groups and arrangements to further UN goals.

### Brazil

Novozymes is a member of the UN Global Compact Network Brazil and has representatives on its board. We also actively participate in two working groups: Food & Agriculture and Climate & Energy. In 2016, the world's first private sector food and agriculture business principle, a guide to enabling a common ground methodology for meeting the SDGs goals, was launched in Brazil. Novozymes was a sponsor and contributed to the dissemination of best practices. In addition, we volunteered to assist companies in embracing a set of commitments that will be evaluated in terms of progress annually. We continued to actively support the Brazilian Association of Industrial Biotechnology (ABBI), created in 2014, and participated in a number of thematic groups on joint objectives to promote the progress of the bioenergy platform worldwide. Novozymes also engages in public policy debates on renewable energy, climate change, biodiversity access, intellectual property rights, science, technology and innovation in Brazil. The organizations with which we engaged

include the Brazilian Network of Biodiversity and Forests, led by the Brazilian Industry Confederation (CNI), the Brazilian Association of Industry and Trade of Food Ingredients and Additives (ABIAM), the Brazilian Association of Cleaning Industry and Related Products (ABIPLA) and the Biotechnology Innovation Organization's Latin America Working Group (BIO).

### China

In 2016, the regional president of Novozymes APAC was elected as a board member of the Global Compact Network China. The regional president is actively involved in reviewing annual working plans and supporting the implementation of initiatives run by the network. Novozymes was recognized by the UN Global Compact China as a pioneer company for achieving the UN Sustainable Development Goals (SDGs). Only 16 companies were awarded the recognition out of 300 local and multinational companies in China. In March 2016, we attended one of the discussions of Renewable Electricity 100 (RE 100), a global initiative by The Climate Group in partnership with CDP. RE 100 is a collaborative initiative of influential businesses committed to using 100% renewable electricity. In September 2016, we participated in the CSR Asia Summit 2016 in Hong Kong. The summit was attended by government officials and business leaders.

The objective of the summit was to network and identify sustainable solutions to current pressing challenges. We participated in the panel discussion on "Operationalizing the SDGs."



# Engaging with the UN Global Compact

## Region-specific engagement

### Denmark

Novozymes actively seeks stakeholder feedback on its annual reporting via a UNGC COP peer review together with other LEAD members. In 2016, we hosted a peer review and shared feedback with peers including Novo Nordisk, A.P. Møller - Mærsk and Royal DSM.

### India

Novozymes was a Sustainable Development Goals (SDG) research partner at the 11th National Convention on Sustainable Development Goals in India in March 2016. The event was the first such dedicated program on SDGs in India and was attended by government officials and leading business thought leaders.

In 2016, we continued to act as a convener of the Sustainability Alliance Partners platform, which promotes the environmental principles of the UN Global Compact. The group agreed that the Global Compact Network of India will map companies' activities in relation to SDGs for the benefit of its members.

We also participated in one of the leading sustainability events in India, the 11th Sustainability Summit, organized by the Confederation of India Industry (CII) and the ITC Centre of Excellence for Sustainable Development. The summit was attended by

distinguished speakers and thought leaders from across the globe, captains of industry, international CEOs and policymakers. The discussions touched on important topics such as biodiversity, climate change, energy, food security, health, infrastructure, water and sanitation.

In August 2016, we participated in a National Summit organized by the Ministry of Petroleum on World Biofuels Day. One of the highlights of the event was the government communicating its willingness to provide a conducive policy environment to support the development of biofuels. Furthermore, the government indicated that it is against the idea of importing any first-generation fuels available on the global markets.

Furthermore, we interacted with different divisions of the Ministry of Transport during the year. The discussions were constructive and revolved around the major challenge of reducing carbon emissions as well as the government's efforts to encourage the development and adoption of biofuels for public transport.

### North America

Novozymes continued to support the UN's efforts to promote the SDGs in the private sector. In 2016, Novozymes elevated the SDGs at a number of prominent events, including:

- Global Compact Network USA Symposium on "Sustainable Development Goals and the Private Sector"
- US Chamber and Commerce Foundation's Sustainability Forum on "Mainstreaming the Circular Economy" and
- Sustainable Brands Conference San Diego on "Aligning the UN Sustainable Development Goals with Brand Strategy."

Novozymes supports a number of organizations leading sustainability improvements in industry. In 2016, we joined the Green Chemistry and Commerce Council, a cross-sectoral, business-to-business network of companies and other organizations working to accelerate green chemistry across sectors and supply chains.

Novozymes continued to support the efforts made in the US by The Sustainability Consortium (TSC) and the American Cleaning Institute (ACI) to promote cold water washing on university campuses. As part of

these efforts, a pilot campaign encouraging sustainable washing practices was also launched at NC State University, North Carolina.

# Engaging with the UN Global Compact

## Issue-based and sector initiatives

### Caring for Climate

Post-COP21, Novozymes welcomed the Paris Agreement and reiterated its enduring commitment to climate change action. As part of this commitment, Novozymes has endorsed and taken action on the UN Global Compact Business Leadership Criteria for Carbon Pricing.

Criterion 1: Set an internal price for carbon high enough to materially affect investment decisions to drive down greenhouse gas emissions

In 2015, Novozymes set an internal carbon price to drive decarbonization in its operations and prepare for a future where external carbon pricing is the norm. In 2016, Novozymes adopted a shadow price on its direct and indirect carbon emissions, used when evaluating its global portfolio of operational eco-efficiency projects.

The internal price provides a standard way of quantifying and visualizing the climate benefits of one efficiency project over another and helps to prioritize investments in regions where the carbon footprint is larger (i.e., Asia-Pacific and the Americas). For Novozymes, the adoption of an internal carbon price has provided the company with an additional tool to maintain its strong commitment to climate

leadership and help achieve its ambitious carbon intensity target.

Criterion 2: Publicly advocate the importance of carbon pricing through policy mechanisms that take into account country-specific economies and policy contexts

Novozymes attended the COP22 in Morocco. The objective of the meeting was to engage in an interactive dialogue to accelerate climate action at country level and identify pathways for transformation to realize the below 2°C trajectory in local markets everywhere.

In addition to participating in the UN Global Compact Caring for Climate event, Novozymes' Head of Corporate Sustainability was one of the panelists at the International Chamber of Commerce press conference as part of COP22. The key objective of the conference was to present views from business on policies that can create incentives to scale up solutions quicker and on the role of the private sector in implementing the Paris Agreement.

Novozymes' Head of Corporate Sustainability was also a speaker at the event "The Past and the Future of Climate and Sustainability" as part of COP22. The event focused on how the SDG agenda fits with Novozymes' strategy.

Criterion 3: Communicate on progress over time on the above two criteria in public corporate reports

We have been reporting on our progress in meeting the business leadership criteria through different channels, such as our integrated annual report and our disclosure to the CDP platform.

In 2016, we achieved leadership level A in the CDP Climate Change Program for our efforts toward climate change mitigation.



# Engaging with the UN Global Compact

## Issue-based and sector initiatives

### Sustainable Energy For All

The UN Sustainable Energy For All (SE4All) initiative aims to double the use of renewable energy by 2030 in support of the UN Sustainable Development Goals (SDGs). In 2015, Novozymes started the Sustainable Energy For All Sustainable Bioenergy Accelerator, which is a global partnership with the UN Food and Agriculture Organization (FAO), Roundtable on Sustainable Biomaterials (RSB) and other international organizations working to accelerate the use of bioenergy for power and fuel. Novozymes continues to support the work of the Sustainable Bioenergy Accelerator. Some of the Accelerator's achievements are detailed below:

**Halve emissions:** Through the below50 initiative, Novozymes and other organizations are developing the renewable fuel market and working to get more companies to choose sustainable fuel. Any company that produces, uses or invests in sustainable fuels which emit at least 50% less CO<sub>2</sub> emissions than traditional fossil fuels can join below50.

The initiative seeks to grow markets for low-carbon fuels through B2B connections that link demand from consumer-facing businesses with fleets of vehicles and planes to fuel suppliers. In 2017, below50 will host technology roadshows and investment dialogues in

Australia, Brazil, China and India to highlight the potential for low-carbon fuels to benefit these countries.

**Markets for farmers:** Small-scale farmers typically live in developing countries and are vulnerable to land, water and biodiversity loss, climate change and food insecurity. They often lack financing and the technology to boost crop yields, besides which they have poor access to markets for selling their produce.

Many of them want to produce more biomass as a way of earning more and being part of the wider economy. The Smallholder Certification Project, led by the Roundtable on Sustainable Biomaterials (RSB), has established projects in South Africa and Brazil to promote sustainable practices and determine what prevents small farmers from accessing markets.

**Powering Africa:** Bringing sustainable energy to African countries is vital in order to achieve SE4All's objectives.

The Sustainable Bioenergy Accelerator has created SusInc., which is a Nairobi-based (Kenya) project that seeks to boost the realization of potential biomass-to-power projects by creating "bankable" propositions and investor engagement. SusInc. is already working with five sustainable bioenergy

projects in East Africa. These projects promote the use of agricultural residues to produce electricity in rural off-grid areas in Kenya and Ethiopia.

# Reporting on the GRI

## **Reporting on the GRI**

Approach to the GRI

## **GRI 102: General Disclosures 2016**

Organizational Profile

Strategy

Ethics and Integrity

Governance

Stakeholder Engagement

Reporting Practice

## **Topic-Specific Disclosures 2016**

200: Economic

300: Environmental

400: Social

# Reporting on the GRI

## Approach to the GRI

GRI reporting has been an integrated part of Novozymes' reporting platform since 2002. Novozymes has followed the developments in the GRI Standards (previously known as GRI Guidelines) over the years and has used them as a yardstick to measure its sustainability performance and guide its integrated reporting. GRI released a new set of standards in 2016 called the GRI Standards for sustainability reporting. Novozymes refers to GRI Standard 101 Foundation 2016 to inspire its materiality assessment process. The material issues identified through the materiality assessment process have been mapped with relevant GRI Categories and Disclosures.

### Reporting specifications

Novozyymes refers 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 2016 under relevant report sections.

The GRI 103: Management Approach 2016 has been referred to in order to guide reporting on the management approach to material issues. This information is reported in the Notes section of The Novozymes Report 2016. 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, which includes a description of the importance of the issue(s) 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 gives detailed information on the general and topic-specific information reported throughout The Novozymes Report 2016.

# Reporting on the GRI

## Approach to the GRI (continued)

### Mapping material issues with GRI Categories and Disclosures

In the table below, the material issues have been mapped against their relevant GRI Categories and Disclosures. This has been done in order to link the issues identified as material to Novozymes to the nomenclature used by the GRI.

Material Issues	Importance	GRI Category(ies)	Disclosures
Sales	High materiality	Economic	GRI 201: Economic Performance
Earnings	High materiality	Economic	GRI 201: Economic Performance
Innovation	High materiality	Economic	GRI 201: Economic Performance; GRI 203: Significant Indirect Economic Impact
Customer relationship management (CRM)	High materiality	Economic	GRI 201: Economic Performance; GRI 416: Customer Health and Safety
Climate change & energy	High materiality	Environmental	GRI 305: Emissions; GRI 302: Energy
Bioethics & gene technology	High materiality	Environmental	-
Product safety & stewardship	High materiality	Environmental	GRI 416: Customer Health and Safety; GRI 417: Marketing and Labeling
Water	High materiality	Environmental	GRI 303: Water
Waste	High materiality	Environmental	GRI 306: Effluents and waste
Occupational health & safety	High materiality	Social	GRI 403: Occupational Health and Safety
Labor practices & human rights	High materiality	Social	GRI 401: Employment; 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; Supplier Human Rights Assessment; GRI 412: Human Rights Assessment

# Reporting on the GRI

## Approach to the GRI (continued)

Material Issues	Importance	GRI Category(ies)	Disclosures
Corporate governance and ethics	High materiality	Economic	GRI 205: Anti-Corruption; GRI 206: Anti-Competitive Behavior; GRI 405: Diversity and Equal Opportunity
Compliance	High materiality	All	GRI 307: Environmental Compliance; GRI 419: Socioeconomic Compliance
Responsible sourcing	High materiality	All	GRI 308: Supplier Environmental Assessment; GRI 414: Supplier Social Assessment
Partnerships	High materiality	All	GRI 201: Economic Performance
Local community engagement	Medium materiality	Social	GRI 413: Local Communities
IP frameworks and governance	Medium materiality	Economic	-
Deforestation and land use	Medium materiality	Environmental	-
Corporate value distribution	Medium materiality	Economic	GRI 201: Economic Performance
CSR expectations	Medium materiality	Economic	GRI 203: Significant Indirect Economic Impact
Tax strategy	Medium materiality	Economic	GRI 201: Economic Performance

# GRI 102: General Disclosures 2016

## Organizational Profile

GRI DISCLOSURE		REFERENCES AND COMMENTS	REPORTING EXTENT
102-1	Name of the organization	<ul style="list-style-type: none"> <li>About the report in The Novozymes Report 2016</li> </ul>	✓
102-2	Activities, brands, products and/or services	<ul style="list-style-type: none"> <li>Novozymes in a nutshell in The Novozymes Report 2016</li> <li>Trends in The Novozymes Report 2016</li> <li>2016 in brief in The Novozymes Report 2016</li> <li>Business model in The Novozymes Report 2016</li> </ul>	✓
102-3	Location of organization's headquarters	<ul style="list-style-type: none"> <li>Contact information at Novozymes.com</li> <li>Locations at Novozymes.com</li> <li>Note 6.8 Group companies in The Novozymes Report 2016</li> </ul>	✓
102-4	Location of operations	<ul style="list-style-type: none"> <li>Locations at Novozymes.com</li> <li>Note 6.8 Group companies in The Novozymes Report 2016</li> <li>Site data in The Novozymes Report 2016</li> </ul>	✓
102-5	Nature of ownership and legal form	<ul style="list-style-type: none"> <li>The Novozymes stock in The Novozymes Report 2016</li> <li>Corporate governance at Novozymes.com</li> </ul>	✓
102-6	Markets served	<ul style="list-style-type: none"> <li>Novozymes in a nutshell in The Novozymes Report 2016</li> <li>2016 in brief in The Novozymes Report 2016</li> </ul>	✓
102-7	Scale of the organization	<ul style="list-style-type: none"> <li>Note 2.1 Segments in The Novozymes Report 2016</li> <li>Note 2.2 Revenue in The Novozymes Report 2016</li> <li>Note 2.3 Employees in The Novozymes Report 2016</li> <li>Note 6.8 Group companies in The Novozymes Report 2016</li> <li>Site data in The Novozymes Report 2016</li> </ul>	✓

# GRI 102: General Disclosures 2016

## Organizational Profile (continued)

GRI DISCLOSURE		REFERENCES AND COMMENTS	REPORTING EXTENT
102-8	Employee information	<ul style="list-style-type: none"> <li>Novozymes does not disclose proprietary information on total workforce by employment contract</li> <li>Novozymes reports externally on site data, including number of employees, gender distribution, employee turnover, age, seniority and rate of absence</li> <li>Note 2.3 Employees in The Novozymes Report 2016</li> <li>Note 8.1 Labor practices &amp; human rights in The Novozymes Report 2016</li> <li>Site data in The Novozymes Report 2016</li> </ul>	(✓)
102-9	Describe the organization's supply chain	<ul style="list-style-type: none"> <li>Novozymes does not report this indicator publicly as this is proprietary information</li> </ul>	—
102-10	Significant changes during the reporting period regarding size, structure, ownership or supply chain	<ul style="list-style-type: none"> <li>2016 in brief in The Novozymes Report 2016</li> <li>Materiality in Note 1 Basis of reporting in The Novozymes Report 2016</li> </ul>	✓
102-11	Precautionary principle or approach	<ul style="list-style-type: none"> <li>CEO statement of continued commitment: Sustainability in the spotlight in Novozymes' UNGC Communication on Progress 2016</li> </ul>	✓
102-12	External initiatives	<ul style="list-style-type: none"> <li>Integrating the Ten Principles into business strategy in Novozymes' UNGC Communication on Progress 2016</li> <li>Core business contributions to UN goals and issues in Novozymes' UNGC Communication on Progress 2016</li> </ul>	✓
102-13	Memberships of associations	<ul style="list-style-type: none"> <li>Advocacy and public policy engagements in Novozymes' UNGC Communication on Progress 2016</li> <li>Stakeholder engagement at Novozymes.com</li> </ul>	(✓)

# GRI 102: General Disclosures 2016

## Strategy

GRI DISCLOSURE		REFERENCES AND COMMENTS	REPORTING EXTENT
102-14	Statement from senior decision-maker	<ul style="list-style-type: none"> <li>Letter from the CEO: Amplifying the impact of biological solutions in tough times in The Novozymes Report 2016</li> </ul>	✓
102-15	Key impacts, risks and opportunities	<ul style="list-style-type: none"> <li>Risk management in The Novozymes Report 2016</li> <li>Trends in The Novozymes Report 2016</li> <li>Notes 7.1 to 8.6 in The Novozymes Report 2016</li> </ul>	✓

# GRI 102: General Disclosures 2016

## Ethics and Integrity

GRI DISCLOSURE		REFERENCES AND COMMENTS	REPORTING EXTENT
102-16	Values, principles, standards and norms of behavior	<ul style="list-style-type: none"> <li>• Purpose, values and strategy at Novozymes.com</li> <li>• Position paper on Business integrity at Novozymes.com</li> <li>• Note 8.3 Business ethics in The Novozymes Report 2016</li> </ul>	✓
102-17	Mechanisms for advice and concerns about ethics	<ul style="list-style-type: none"> <li>• Position paper on Business integrity at Novozymes.com</li> <li>• Progress on anti-corruption in Novozymes' UNGC Communication on Progress 2016</li> <li>• Novozymes' Whistleblower Hotline at Novozymes.com</li> <li>• Note 8.3 Business ethics in The Novozymes Report 2016</li> </ul>	✓

# GRI 102: General Disclosures 2016

## Governance

GRI DISCLOSURE		REFERENCES AND COMMENTS	REPORTING EXTENT
102-18	Governance structure	<ul style="list-style-type: none"> <li>Governance in The Novozymes Report 2016</li> <li>Board of Directors: Composition and responsibilities in The Novozymes Report 2016</li> <li>Corporate governance at Novozymes.com</li> </ul>	✓
102-19	Delegating authority	<ul style="list-style-type: none"> <li>The target-setting process at Novozymes ensures top-down approach for delegating authority for economic, environmental and social topics</li> <li>Sustainability governance at Novozymes.com</li> <li>Rules of procedure for the Board of Directors at Novozymes.com</li> </ul>	✓
102-20	Executive-level responsibility for economic, environmental and social topics	<ul style="list-style-type: none"> <li>Sustainability governance at Novozymes.com</li> <li>Corporate governance in The Novozymes Report 2016</li> </ul>	✓
102-21	Consulting stakeholders on economic, environmental and social topics	<ul style="list-style-type: none"> <li>Sustainability governance at Novozymes.com</li> <li>Materiality in Note 1 Basis of reporting in The Novozymes Report 2016</li> </ul>	✓
102-22	Composition of the highest governance body and its committees	<ul style="list-style-type: none"> <li>Corporate governance in The Novozymes Report 2016</li> <li>Board of Directors: Composition and responsibilities in The Novozymes Report 2016</li> <li>Executive Leadership Team in The Novozymes Report 2016</li> </ul>	✓
102-23	Chair of the highest governing body	<ul style="list-style-type: none"> <li>Board of Directors and Executive Leadership Team in The Novozymes Report 2016</li> <li>Corporate governance at Novozymes.com</li> </ul>	✓
102-24	Nominating and selecting the highest governance body	<ul style="list-style-type: none"> <li>Rules of procedure for the Board of Directors at Novozymes.com</li> <li>Executive Leadership Team at Novozymes.com</li> <li>Board of Directors in The Novozymes Report 2016</li> </ul>	✓
102-25	Conflicts of interest	<ul style="list-style-type: none"> <li>Corporate governance at Novozymes.com</li> <li>Note 8.3 Business ethics in The Novozymes Report 2016</li> </ul>	(✓)
102-26	Role of highest governance body in setting purpose, values and strategy	<ul style="list-style-type: none"> <li>Corporate governance at Novozymes.com</li> </ul>	✓

# GRI 102: General Disclosures 2016

## Governance (continued)

GRI DISCLOSURE		REFERENCES AND COMMENTS	REPORTING EXTENT
102-27	Collective knowledge of highest governance body	<ul style="list-style-type: none"> <li>Sustainability governance at Novozymes.com</li> <li>Charter of the Audit Committee at Novozymes.com</li> </ul>	✓
102-28	Evaluating the highest governance body's performance	<ul style="list-style-type: none"> <li>Corporate governance in The Novozymes Report 2016</li> <li>Charter of the Audit Committee at Novozymes.com</li> </ul>	✓
102-29	Identifying and managing economic, environmental and social topics and their impacts, risks and opportunities	<ul style="list-style-type: none"> <li>Risk management in The Novozymes Report 2016</li> <li>Materiality in Note 1 Basis of reporting in The Novozymes Report 2016</li> </ul>	✓
102-30	Effectiveness of risk management processes	<ul style="list-style-type: none"> <li>Risk management in The Novozymes Report 2016</li> <li>Sustainability governance at Novozymes.com</li> </ul>	✓
102-31	Review of economic, environmental and social topics	<ul style="list-style-type: none"> <li>It is reviewed quarterly</li> <li>Integrating the Ten Principles into business strategy in Novozymes' UNGC Communication on Progress 2016</li> <li>Materiality in Note 1 Basis of reporting in The Novozymes Report 2016</li> </ul>	✓
102-32	Highest governance body's role in sustainability reporting	<ul style="list-style-type: none"> <li>The Board of Directors and the Executive Leadership Team review and approve our integrated annual report</li> <li>Charter of the Audit Committee at Novozymes.com</li> </ul>	✓
102-33	Communicating critical concerns	<ul style="list-style-type: none"> <li>Risk management in The Novozymes Report 2016</li> <li>Corporate governance in The Novozymes Report 2016</li> <li>Integrating the Ten Principles into business strategy in Novozymes' UNGC Communication on Progress 2016</li> </ul>	✓
102-34	Nature and total number of critical concerns	<ul style="list-style-type: none"> <li>Note 8.3 Business ethics in The Novozymes Report 2016</li> </ul>	(✓)

# GRI 102: General Disclosures 2016

## Governance (continued)

GRI DISCLOSURE		REFERENCES AND COMMENTS	REPORTING EXTENT
102-35	Remuneration policies	<ul style="list-style-type: none"> <li>Guidelines for the compensation of the Board of Directors and Executive Leadership Team at Novozymes.com</li> <li>Remuneration report in The Novozymes Report 2016</li> </ul>	✓
102-36	Process for determining remuneration	<ul style="list-style-type: none"> <li>Guidelines for the compensation of the Board of Directors and Executive Leadership Team at Novozymes.com</li> </ul>	✓
102-37	Stakeholders' involvement in remuneration	<ul style="list-style-type: none"> <li>Shareholders' meetings at Novozymes.com</li> <li>Guidelines for the compensation of the Board of Directors and Executive Leadership Team at Novozymes.com</li> </ul>	✓
102-38	Annual total compensation ratio	<ul style="list-style-type: none"> <li>Novozyymes reports on this indicator on a global level only</li> <li>Remuneration report in The Novozymes Report 2016</li> </ul>	(✓)
102-39	Percentage increase in annual total compensation ratio	<ul style="list-style-type: none"> <li>Novozyymes does not report on this indicator</li> </ul>	—

# GRI 102: General Disclosures 2016

## Stakeholder Engagement

GRI DISCLOSURE		REFERENCES AND COMMENTS	REPORTING EXTENT
102-40	List of stakeholder groups	<ul style="list-style-type: none"> <li>Materiality in Note 1 Basis of reporting in The Novozymes Report 2016</li> <li>Stakeholder engagement in Novozymes' UNGC Communication on Progress 2016</li> </ul>	✓
102-41	Collective bargaining agreements	<ul style="list-style-type: none"> <li>Novozymes does not report publicly on this information</li> <li>Novozymes supports employees' rights to join associations and bargain collectively, but we do not register employees' memberships in unions, since this is illegal in several of the countries in which we operate</li> </ul>	—
102-42	Identifying and selecting stakeholders	<ul style="list-style-type: none"> <li>Stakeholder engagement occurs across various functions and departments at Novozymes. We do not publicly disclose our basis for identifying and selecting stakeholders with whom to engage</li> <li>Communication Policy at Novozymes.com</li> <li>Materiality in Note 1 Basis of reporting in The Novozymes Report 2016</li> </ul>	(✓)
102-43	Approach to stakeholder engagement	<ul style="list-style-type: none"> <li>Materiality in Note 1 Basis of reporting in The Novozymes Report 2016 for information specific to stakeholder engagement in the materiality assessment process</li> <li>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</li> <li>Stakeholder engagement in Novozymes' UNGC Communication on Progress 2016</li> <li>Communication policy at Novozymes.com</li> <li>Advocacy and public policy engagement in Novozymes' UNGC Communication on Progress 2016</li> </ul>	(✓)
102-44	Key topics and concerns raised	<ul style="list-style-type: none"> <li>Materiality in Note 1 Basis of reporting in The Novozymes Report 2016</li> <li>Trends in The Novozymes Report 2016</li> </ul>	(✓)

# GRI 102: General Disclosures 2016

## Reporting practice

GRI DISCLOSURE		REFERENCES AND COMMENTS	REPORTING EXTENT
102-45	Entities included in the consolidated financial statements	<ul style="list-style-type: none"> <li>Note 1 Basis of reporting in The Novozymes Report 2016</li> <li>Note 6.8 Group companies in The Novozymes Report 2016</li> </ul>	✓
102-46	Defining report content and topic Boundaries	<ul style="list-style-type: none"> <li>Note 1 Basis of reporting in The Novozymes Report 2016</li> </ul>	✓
102-47	List of material topics	<ul style="list-style-type: none"> <li>Materiality in Note 1 Basis of reporting in The Novozymes Report 2016</li> <li>Mapping material issues with GRI Categories and Disclosures in Novozymes' Reporting on the GRI</li> </ul>	✓
102-48	Restatements of information	<ul style="list-style-type: none"> <li>Note 1 Basis of reporting in The Novozymes Report 2016</li> <li>Materiality and value chain assessment in Novozymes' UNGC Communication on Progress 2016</li> </ul>	✓
102-49	Changes in reporting	<ul style="list-style-type: none"> <li>Note 1 Basis of reporting in The Novozymes Report 2016</li> <li>Materiality and value chain assessment in Novozymes' UNGC Communication on Progress 2016</li> </ul>	✓
102-50	Reporting period	<ul style="list-style-type: none"> <li>Note 1 Basis of reporting in The Novozymes Report 2016</li> <li>About the report in The Novozymes Report 2016</li> </ul>	✓
102-51	Date of most recent report	<ul style="list-style-type: none"> <li>January 19, 2016</li> </ul>	✓
102-52	Reporting cycle	<ul style="list-style-type: none"> <li>Novozyymes' reporting cycle is annual</li> <li>Note 1 Basis of reporting in The Novozymes Report 2016</li> </ul>	✓
102-53	Contact point for questions regarding the report	<ul style="list-style-type: none"> <li>About the report in The Novozymes Report 2016</li> </ul>	✓

# GRI 102: General Disclosures 2016

## 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"> <li>Approach to the GRI in Novozymes' Reporting on the GRI</li> </ul>	✓
102-55	GRI content index	<ul style="list-style-type: none"> <li>Novozymes' Reporting on the GRI</li> </ul>	✓
102-56	External assurance	<ul style="list-style-type: none"> <li>Independent assurance statement on Novozymes' 2016 sustainability reporting and adherence to the AA1000 Accountability principles in The Novozymes Report 2016</li> <li>Independent auditor's report in The Novozymes Report 2016</li> </ul>	✓

# Topic-Specific Disclosures 2016

## Economic

GRI STANDARD/DISCLOSURE		REFERENCES AND COMMENTS	REPORTING EXTENT
<b>GRI 201: Economic Performance 2016</b>			
103	Management approach disclosures	<ul style="list-style-type: none"> <li>• Strategy in The Novozymes Report 2016</li> <li>• Letter from the Board of Directors: Pushing through a challenging year in The Novozymes Report 2016</li> <li>• Letter from the CEO: Amplifying the impact of biological solutions in tough markets in The Novozymes Report 2016</li> </ul>	✓
201-1	Direct economic value generated and distributed	<ul style="list-style-type: none"> <li>• Novozymes does not disclose proprietary information on donations and community investments</li> <li>• Sales and earnings in The Novozymes Report 2016</li> <li>• Note 2.3 Employees in The Novozymes Report 2016</li> <li>• Note 3.1 Intangible assets and impairment test of goodwill in The Novozymes Report 2016</li> <li>• The big picture in The Novozymes Report 2016</li> <li>• Business model in The Novozymes Report 2016</li> </ul>	(✓)
201-2	Financial implications and other risks and opportunities due to climate change	<ul style="list-style-type: none"> <li>• Novozymes' disclosure on risks and opportunities related to climate change can be found in our response to the CDP Investor questionnaire at <a href="http://www.cdp.net">www.cdp.net</a></li> </ul>	✓
<b>GRI 203: Indirect Economic Impacts 2016</b>			
203-2	Significant indirect economic impacts	<ul style="list-style-type: none"> <li>• Targets in The Novozymes Report 2016</li> <li>• The big picture in The Novozymes Report 2016</li> <li>• Business model in The Novozymes Report 2016</li> <li>• Strategic social investments in Novozymes' UNGC Communication on Progress 2016</li> </ul>	✓

# Topic-Specific Disclosures 2016

## Economic (continued)

GRI STANDARD/DISCLOSURE		REFERENCES AND COMMENTS	REPORTING EXTENT
<b>GRI 205: Anti-corruption 2016</b>			
103	Management approach disclosures	• Note 8.3 Business ethics in The Novozymes Report 2016	✓
205-1	Operations assessed for risks related to corruption	<ul style="list-style-type: none"> <li>• Note 8.3 Business ethics in The Novozymes Report 2016</li> <li>• Position paper on Business integrity at Novozymes.com</li> <li>• Business integrity and anticorruption at Novozymes.com</li> </ul>	(✓)
201-2	Communication and training about anti-corruption policies and procedures	<ul style="list-style-type: none"> <li>• Note 8.3 Business ethics in The Novozymes Report 2016</li> <li>• Business integrity and anticorruption at Novozymes.com</li> </ul>	(✓)
<b>GRI 206: Anti-competitive Behavior 2016</b>			
103	Management approach disclosures	• Note 8.3 Business ethics in The Novozymes Report 2016	✓
206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	• Note 8.3 Business ethics in The Novozymes Report 2016	✓

# Topic-Specific Disclosures 2016

## Environmental

GRI STANDARD/DISCLOSURE		REFERENCES AND COMMENTS	REPORTING EXTENT
<b>GRI 30: Energy 2016</b>			
103	Management approach disclosures	<ul style="list-style-type: none"> <li>Note 7.2 Energy in The Novozymes Report 2016</li> </ul>	✓
302-1	Energy consumption within the organization	<ul style="list-style-type: none"> <li>Note 7.2 Energy in The Novozymes Report 2016</li> </ul>	✓
302-3	Energy intensity	<ul style="list-style-type: none"> <li>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</li> <li>Note 7.2 Energy in The Novozymes Report 2016</li> </ul>	✓
302-4	Reduction in energy consumption	<ul style="list-style-type: none"> <li>We report reduction in energy consumption in terms of the percentage of improvement in energy efficiency achieved (compared with 2014 baseline) as this is more relevant to us</li> <li>Environmental data in The Novozymes Report 2016</li> <li>Note 7.2 Energy in The Novozymes Report 2016</li> </ul>	(✓)
<b>GRI 303: Water 2016</b>			
103	Management approach disclosures	<ul style="list-style-type: none"> <li>Note 7.3 Water in The Novozymes Report 2016</li> </ul>	✓
303-1	Water withdrawal by source	<ul style="list-style-type: none"> <li>Novozymes reports water withdrawal by type (such as drinking water, industrial water and steam), but does not disclose withdrawal by source</li> <li>Note 7.3 Water in The Novozymes Report 2016</li> </ul>	(✓)
303-3	Water recycled and reused	<ul style="list-style-type: none"> <li>Note 7.3 Water in The Novozymes Report 2016</li> </ul>	(✓)

# Topic-Specific Disclosures 2016

## Environmental (continued)

GRI STANDARD/DISCLOSURE		REFERENCES AND COMMENTS	REPORTING EXTENT
<b>GRI 305: Emissions 2016</b>			
103	Management approach disclosures	<ul style="list-style-type: none"> <li>Note 7.1 Climate change in The Novozymes Report 2016</li> </ul>	✓
305-1	Direct (Scope 1) GHG emissions	<ul style="list-style-type: none"> <li>Note 7.1 Climate change in The Novozymes Report 2016</li> <li>Novozymes does not report biogenic CO<sub>2</sub> emissions because this is not material to our organization</li> </ul>	✓
305-2	Energy indirect (Scope 2) GHG emissions	<ul style="list-style-type: none"> <li>Note 7.1 Climate change in The Novozymes Report 2016</li> <li>Novozymes does not report biogenic CO<sub>2</sub> emissions because this is not material to our organization</li> <li>Our disclosure on emissions adheres to Novozymes' accounting policies and follows an operational control approach</li> </ul>	✓
305-3	Other indirect (Scope 3) GHG emissions	<ul style="list-style-type: none"> <li>Note 7.1 Climate change in The Novozymes Report 2016</li> </ul>	(✓)
305-4	GHG emissions intensity	<ul style="list-style-type: none"> <li>Our organization-specific metric for GHG emission intensity is called CO<sub>2</sub> intensity. We report on relative annual improvement in CO<sub>2</sub> intensity, compared with the base year (2014)</li> <li>Environmental performance in The Novozymes Report 2016</li> <li>Note 7.1 Climate change in The Novozymes Report 2016</li> </ul>	✓
305-5	Reduction in GHG emissions	<ul style="list-style-type: none"> <li>Note 7.1 Climate change in The Novozymes Report 2016</li> <li>Environmental performance in The Novozymes Report 2016</li> </ul>	✓
<b>GRI 306: Effluents and Waste</b>			
103	Management approach disclosures	<ul style="list-style-type: none"> <li>Note 7.3 Water in The Novozymes Report 2016</li> <li>Note 7.4 Waste in The Novozymes Report 2016</li> </ul>	✓
306-1	Total water discharge by quality and destination	<ul style="list-style-type: none"> <li>Novozymes 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</li> <li>Note 7.3 Water in The Novozymes Report 2016</li> </ul>	(✓)

# Topic-Specific Disclosures 2016

## Environmental (continued)

GRI STANDARD/DISCLOSURE		REFERENCES AND COMMENTS	REPORTING EXTENT
306-2	Waste by type and disposal method	<ul style="list-style-type: none"> <li>Environmental performance in The Novozymes Report 2016</li> <li>Note 7.4 Waste in The Novozymes Report 2016</li> <li>The waste disposal method is site specific and determined in line with local requirements</li> </ul>	✓
306-3	Significant spills	<ul style="list-style-type: none"> <li>There were no significant spills in 2016</li> </ul>	✓
<b>GRI 307: Environmental Compliance 2016</b>			
307-1	Non-compliance with environmental laws and regulations	<ul style="list-style-type: none"> <li>Novozymes did not receive any significant fines or nonmonetary sanctions related to noncompliance with environmental laws and regulations in 2016</li> <li>Environmental performance in The Novozymes Report 2016</li> <li>Note 7.5 Environmental compliance, etc. in The Novozymes Report 2016</li> </ul>	✓
<b>GRI 308: Supplier Environmental Assessment 2016</b>			
103	Management approach disclosures	<ul style="list-style-type: none"> <li>Note 8.6 Responsible sourcing in The Novozymes Report 2016</li> </ul>	✓
308-1	New suppliers that were screened using environmental criteria	<ul style="list-style-type: none"> <li>Note 8.6 Responsible sourcing in The Novozymes Report 2016</li> </ul>	(✓)
308-2	Negative environmental impacts in the supply chain and actions taken	<ul style="list-style-type: none"> <li>Note 7.1 to 7.4 in The Novozymes Report 2016</li> </ul>	(✓)

# Topic-Specific Disclosures 2016

## Social

GRI STANDARD/DISCLOSURE		REFERENCES AND COMMENTS	REPORTING EXTENT
<b>GRI 401: Employment 2016</b>			
103	Management approach disclosures	• Note 8.1 Labor practices & human rights in The Novozymes Report 2016	✓
401-1	New employee hires and employee turnover	• Note 8.1 Labor practices & human rights and Note 2.3 Employees in The Novozymes Report 2016 • Site data in The Novozymes Report 2016	(✓)
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	• Job benefits at Novozymes.com • 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 where we operate	✓
<b>GRI 403: Occupational Health and Safety 2016</b>			
103	Management approach disclosures	• Note 8.2 Occupational health & safety in The Novozymes Report 2016	✓
403-2	Type and rates of injuries, occupational diseases, lost days and absenteeism, and total number of work-related fatalities	• Note 8.2 Occupational health & safety in The Novozymes Report 2016 • Site data in The Novozymes Report 2016	(✓)
<b>GRI 404: Training and Education 2016</b>			
103	Management approach disclosures	• Note 8.2 Occupational health & safety in The Novozymes Report 2016	✓
404-2	Programs for upgrading employee skills and transition assistance programs	• Development and opportunities at Novozymes.com • ENABLE target in The Novozymes Report 2016	(✓)
404-3	Percentage of employees receiving regular performance and career development reviews	• Development and opportunities at Novozymes.com	(✓)

# Topic-Specific Disclosures 2016

## Social (continued)

GRI STANDARD/DISCLOSURE		REFERENCES AND COMMENTS	REPORTING EXTENT
<b>GRI 405: Diversity and Equal Opportunity 2016</b>			
103	Management approach disclosures	<ul style="list-style-type: none"> <li>Note 8.1 Labor practices &amp; human rights in The Novozymes Report 2016</li> </ul>	✓
405-1	Diversity of governance bodies and employees	<ul style="list-style-type: none"> <li>Novozymes 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</li> <li>Competency profile of the Board of Directors at Novozymes.com</li> <li>Note 2.3 Employees in The Novozymes Report 2016</li> <li>ENABLE target in The Novozymes Report 2016</li> <li>Corporate governance in The Novozymes Report 2016</li> </ul>	(✓)
<b>GRI 407: Freedom of Association and Collective Bargaining</b>			
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"> <li>Novozymes recognizes the right to organize and negotiate. This has led to various arrangements in countries where this right is not recognized in local legislation. For example, Novozymes has set up an internal committee in China to negotiate our Chinese colleagues' right to organize and bargain collectively. This provides a forum for employee representatives to discuss various issues with Management. 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</li> <li>Position paper on Human rights and labor standards at Novozymes.com</li> <li>Note 8.1 Labor practices &amp; human rights in The Novozymes Report 2016</li> </ul>	(✓)
<b>GRI 408: Child Labor 2016</b>			
103	Management approach disclosures	<ul style="list-style-type: none"> <li>Note 8.1 Labor practices &amp; human rights in The Novozymes Report 2016</li> </ul>	✓
408-1	Operations and suppliers identified at significant risk for incidents of child labor	<ul style="list-style-type: none"> <li>Position paper on Human rights and labor standards at Novozymes.com</li> <li>Note 8.1 Labor practices &amp; human rights in The Novozymes Report 2016</li> </ul>	(✓)
<b>GRI 409: Forced and Compulsory Labor 2016</b>			
103	Management approach disclosures	<ul style="list-style-type: none"> <li>Note 8.1 Labor practices &amp; human rights in The Novozymes Report 2016</li> </ul>	✓
409-1	Operations and suppliers identified at significant risk for incidents of forced or compulsory labor	<ul style="list-style-type: none"> <li>Position paper on Human rights and labor standards at Novozymes.com</li> <li>Note 8.1 Labor practices &amp; human rights in The Novozymes Report 2016</li> </ul>	(✓)

# Topic-Specific Disclosures 2016

## Social (continued)

GRI STANDARD/DISCLOSURE		REFERENCES AND COMMENTS	REPORTING EXTENT
<b>GRI 413: Local Communities 2016</b>			
413-1	Operations with local community engagement, impact assessments and development programs	<ul style="list-style-type: none"> <li>Novozymes does not report quantitatively on this indicator. However, we have programs implemented with local communities in regions of significant operations</li> <li>Note 8.4 Corporate citizenship in The Novozymes Report 2016</li> <li>Strategic social investments in Novozymes' UNGC Communication on Progress 2016</li> </ul>	(✓)
<b>GRI 414: Supplier Social Assessment 2016</b>			
103	Management approach disclosures	<ul style="list-style-type: none"> <li>Note 8.6 Responsible sourcing in The Novozymes Report 2016</li> </ul>	✓
414-1	New suppliers that were screened using social criteria	<ul style="list-style-type: none"> <li>Note 8.6 Responsible sourcing in The Novozymes Report 2016</li> <li>Engagement with suppliers under Stakeholder engagement in Novozymes' UNGC Communication on Progress 2016</li> </ul>	(✓)
414-2	Negative social impacts in the supply chain and actions taken	<ul style="list-style-type: none"> <li>Note 8.6 Responsible sourcing in The Novozymes Report 2016</li> </ul>	(✓)
<b>GRI 416: Customer Health and Safety 2016</b>			
103	Management approach disclosures	<ul style="list-style-type: none"> <li>Note 7.7 Product safety &amp; stewardship in The Novozymes Report 2016</li> </ul>	✓
416-1	Assessment of health and safety impacts of products and services	<ul style="list-style-type: none"> <li>100% of our significant product and service categories are assessed for health and safety impacts</li> <li>Novozymes' Quality and Product Safety Policy at Novozymes.com</li> <li>Safety data sheets, manuals and handbooks at Novozymes' Customer Center</li> <li>Safety material at Novozymes TV</li> </ul>	(✓)
<b>GRI 417: Marketing and Labeling 2016</b>			
103	Management approach disclosures	<ul style="list-style-type: none"> <li>Note 7.7 Product safety &amp; stewardship in The Novozymes Report 2016</li> </ul>	✓
417-1	Requirements for product and service information and labeling	<ul style="list-style-type: none"> <li>100% of our significant product and service categories are covered by and assessed for compliance with labeling and regulatory requirements</li> <li>Position paper on Labeling of enzymes at <a href="http://www.novozymes.com">www.novozymes.com</a></li> <li>Labeling compliance at Novozymes.com</li> <li>Novozymes' approach to REACH at Novozymes.com</li> </ul>	✓

# Site data

## **Novozymes' sites**

Site Araucária, Brazil  
Site Bagsvaerd, Denmark  
Site Beijing, China  
Site bHA TEDA, 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

		2016	2015
<b>ENVIRONMENT</b>			
<b>Consumption of resources</b>			
Water	1,000 m <sup>3</sup>	138	145
Energy	1,000 GJ	128	120
<b>Wastewater</b>			
Volume	1,000 m <sup>3</sup>	88	72
<b>Biomass</b>			
Biomass volume	1,000 tons	30	29
<b>Waste</b>			
Waste	1,000 tons	1	1
Percentage of total waste recycled	%	99.1	65.8
<b>Environmental impact of emissions</b>			
Global warming	1,000 tons CO <sub>2</sub> -eqv.	4	4
<b>Environmental compliance</b>			
Breaches of regulatory limits	no.	2	-
Neighbor complaints	no.	-	-

## Site Araucária, Brazil (continued)

		2016	2015
<b>SOCIAL</b>			
<b>Employee statistics</b>			
Employees, total	no.	235	238
Women	%	37.0	34.9
Men	%	63.0	65.1
Rate of employee turnover	%	9.3	8.3
Average age	years	37.8	37.4
Average seniority	years	8.6	8.1
Rate of absence	%	0.7	0.4
<b>Training costs</b>			
Average spent per employee	DKK	4,288	4,679

		2016	2015
<b>HEALTH AND SAFETY</b>			
<b>Occupational accidents and diseases</b>			
Accidents with absence	no.	2	1
Occupational diseases	no.	-	-
Frequency of occupational accidents	per million working hours	4.6	2.7
Frequency of occupational diseases	per million working hours	-	-

# Site Bagsvaerd, Denmark

		2016	2015
<b>ENVIRONMENT</b>			
<b>Consumption of resources</b>			
Water	1,000 m <sup>3</sup>	124	124
Energy	1,000 GJ	261	250
<b>Wastewater</b>			
Volume	1,000 m <sup>3</sup>	113	121
<b>Biomass</b>			
Biomass volume	1,000 tons	-	-
<b>Waste</b>			
Waste	1,000 tons	2	2
Percentage of total waste recycled	%	27.7	33.3
<b>Environmental impact of emissions</b>			
Global warming	1,000 tons CO <sub>2</sub> -eqv.	7	6
<b>Environmental compliance</b>			
Breaches of regulatory limits	no.	2	-
Neighbor complaints	no.	-	2

## Site Bagsvaerd, Denmark (continued)

		2016	2015
<b>SOCIAL</b>			
<b>Employee statistics</b>			
Employees, total	no.	1,828	1,882
Women	%	50.3	50.4
Men	%	49.7	49.6
Rate of employee turnover	%	12.0	8.4
Average age	years	43.8	43.4
Average seniority	years	11.0	10.9
Rate of absence	%	2.6	2.7
<b>Training costs</b>			
Average spent per employee	DKK	4,412	8,104

		2016	2015
<b>HEALTH AND SAFETY</b>			
<b>Occupational accidents and diseases</b>			
Accidents with absence	no.	9	10
Occupational diseases	no.	1	5
Frequency of occupational accidents	per million working hours	3.1	3.3
Frequency of occupational diseases	per million working hours	0.3	1.6

# Site Beijing, China

		2016	2015
<b>ENVIRONMENT</b>			
<b>Consumption of resources</b>			
Water	1,000 m <sup>3</sup>	19	21
Energy	1,000 GJ	18	19
<b>Wastewater</b>			
Volume	1,000 m <sup>3</sup>	14	15
<b>Biomass</b>			
Biomass volume	1,000 tons	-	-
<b>Waste</b>			
Waste	1,000 tons	-	-
Percentage of total waste recycled	%	-	6.6
<b>Environmental impact of emissions</b>			
Global warming	1,000 tons CO <sub>2</sub> -eqv.	3	3
<b>Environmental compliance</b>			
Breaches of regulatory limits	no.	-	-
Neighbor complaints	no.	-	-

## Site Beijing, China (continued)

		2016	2015
<b>SOCIAL</b>			
<b>Employee statistics</b>			
Employees, total	no.	316	328
Women	%	57.6	54.9
Men	%	42.4	45.1
Rate of employee turnover	%	12.5	9.9
Average age	years	35.5	34.7
Average seniority	years	6.2	5.5
Rate of absence	%	0.6	0.5
<b>Training costs</b>			
Average spent per employee	DKK	3,211	7,561

		2016	2015
<b>HEALTH AND SAFETY</b>			
<b>Occupational accidents and diseases</b>			
Accidents with absence	no.	-	-
Occupational diseases	no.	-	-
Frequency of occupational accidents	per million working hours	-	-
Frequency of occupational diseases	per million working hours	-	-

# Site bHA TEDA, China

		2016	2015
<b>ENVIRONMENT</b>			
<b>Consumption of resources</b>			
Water	1,000 m <sup>3</sup>	64	155
Energy	1,000 GJ	33	62
<b>Wastewater</b>			
Volume	1,000 m <sup>3</sup>	-	-
<b>Biomass</b>			
Biomass volume	1,000 tons	-	-
<b>Waste</b>			
Waste	1,000 tons	-	-
Percentage of total waste recycled	%	1.4	33.3
<b>Environmental impact of emissions</b>			
Global warming	1,000 tons CO <sub>2</sub> -eqv.	5	9
<b>Environmental compliance</b>			
Breaches of regulatory limits	no.	-	-
Neighbor complaints	no.	-	-

## Site bHA TEDA, China (continued)

		2016	2015
<b>SOCIAL</b>			
<b>Employee statistics</b>			
Employees, total	no.	38	43
Women	%	31.6	32.6
Men	%	68.4	67.4
Rate of employee turnover	%	10.2	53.4
Average age	years	35.3	34.4
Average seniority	years	5.6	5.0
Rate of absence	%	1.0	1.2
<b>Training costs</b>			
Average spent per employee	DKK	464	2,671

		2016	2015
<b>HEALTH AND SAFETY</b>			
<b>Occupational accidents and diseases</b>			
Accidents with absence	no.	-	-
Occupational diseases	no.	-	-
Frequency of occupational accidents	per million working hours	-	-
Frequency of occupational diseases	per million working hours	-	-

# Site Blair, USA

			2016	2015
<b>ENVIRONMENT</b>				
<b>Consumption of resources</b>				
Water	1,000 m <sup>3</sup>		716	446
Energy	1,000 GJ		425	306
<b>Wastewater</b>				
Volume	1,000 m <sup>3</sup>		526	324
<b>Biomass</b>				
Biomass volume	1,000 tons		10	8
<b>Waste</b>				
Waste	1,000 tons		-	1
Percentage of total waste recycled	%		20.7	20.1
<b>Environmental impact of emissions</b>				
Global warming	1,000 tons CO <sub>2</sub> -eqv.		61	49
<b>Environmental compliance</b>				
Breaches of regulatory limits	no.		-	-
Neighbor complaints	no.		-	-

## Site Blair, USA (continued)

		2016	2015
<b>SOCIAL</b>			
<b>Employee statistics</b>			
Employees, total	no.	120	118
Women	%	21.7	19.5
Men	%	78.3	80.5
Rate of employee turnover	%	15.5	21.0
Average age	years	38.1	37.3
Average seniority	years	3.3	2.7
Rate of absence	%	2.4	2.4
<b>Training costs</b>			
Average spent per employee	DKK	2,795	2,584

		2016	2015
<b>HEALTH AND SAFETY</b>			
<b>Occupational accidents and diseases</b>			
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

		2016	2015
<b>ENVIRONMENT</b>			
<b>Consumption of resources</b>			
Water	1,000 m <sup>3</sup>	1,568	1,479
Energy	1,000 GJ	806	776
<b>Wastewater</b>			
Volume	1,000 m <sup>3</sup>	1,127	931
<b>Biomass</b>			
Biomass volume	1,000 tons	345	318
<b>Waste</b>			
Waste	1,000 tons	2	2
Percentage of total waste recycled	%	31.3	50.2
<b>Environmental impact of emissions</b>			
Global warming	1,000 tons CO <sub>2</sub> -eqv.	58	61
<b>Environmental compliance</b>			
Breaches of regulatory limits	no.	1	2
Neighbor complaints	no.	1	-

## Site Franklinton, USA (continued)

		2016	2015
<b>SOCIAL</b>			
<b>Employee statistics</b>			
Employees, total	no.	719	714
Women	%	32.5	32.1
Men	%	67.5	67.9
Rate of employee turnover	%	10.3	7.2
Average age	years	42.2	42.4
Average seniority	years	8.5	8.6
Rate of absence	%	1.8	1.8
<b>Training costs</b>			
Average spent per employee	DKK	4,250	4,230

		2016	2015
<b>HEALTH AND SAFETY</b>			
<b>Occupational accidents and diseases</b>			
Accidents with absence	no.	-	1
Occupational diseases	no.	-	-
Frequency of occupational accidents	per million working hours	0.0	0.9
Frequency of occupational diseases	per million working hours	0.0	0.9

# Site Fuglebakken, Denmark

		2016	2015
<b>ENVIRONMENT</b>			
<b>Consumption of resources</b>			
Water	1,000 m <sup>3</sup>	421	454
Energy	1,000 GJ	337	331
<b>Wastewater</b>			
Volume	1,000 m <sup>3</sup>	279	291
<b>Biomass</b>			
Biomass volume	1,000 tons	-	-
<b>Waste</b>			
Waste	1,000 tons	-	-
Percentage of total waste recycled	%	67.4	65.5
<b>Environmental impact of emissions</b>			
Global warming	1,000 tons CO <sub>2</sub> -eqv.	8	8
<b>Environmental compliance</b>			
Breaches of regulatory limits	no.	8	7
Neighbor complaints	no.	2	3

## Site Fuglebakken, Denmark (continued)

		2016	2015
<b>SOCIAL</b>			
<b>Employee statistics</b>			
Employees, total	no.	202	212
Women	%	16.3	16.5
Men	%	83.7	83.5
Rate of employee turnover	%	7.8	6.5
Average age	years	46.9	47.0
Average seniority	years	14.0	13.5
Rate of absence	%	3.8	3.5
<b>Training costs</b>			
Average spent per employee	DKK	3,499	2,536

		2016	2015
<b>HEALTH AND SAFETY</b>			
<b>Occupational accidents and diseases</b>			
Accidents with absence	no.	2	-
Occupational diseases	no.	2	-
Frequency of occupational accidents	per million working hours	6.1	-
Frequency of occupational diseases	per million working hours	6.1	-

# Site Hongda, China

		2016	2015
<b>ENVIRONMENT</b>			
<b>Consumption of resources</b>			
Water	1,000 m <sup>3</sup>	739	719
Energy	1,000 GJ	500	479
<b>Wastewater</b>			
Volume	1,000 m <sup>3</sup>	498	455
<b>Biomass</b>			
Biomass volume	1,000 tons	19	19
<b>Waste</b>			
Waste	1,000 tons	1	1
Percentage of total waste recycled	%	41.9	38.5
<b>Environmental impact of emissions</b>			
Global warming	1,000 tons CO <sub>2</sub> -eqv.	97	95
<b>Environmental compliance</b>			
Breaches of regulatory limits	no.	-	1
Neighbor complaints	no.	2	1

## Site Hongda, China (continued)

		2016	2015
<b>SOCIAL</b>			
<b>Employee statistics</b>			
Employees, total	no.	257	261
Women	%	16.3	18.8
Men	%	83.7	81.2
Rate of employee turnover	%	6.6	5.0
Average age	years	39.4	38.5
Average seniority	years	10.7	9.8
Rate of absence	%	0.7	0.7
<b>Training costs</b>			
Average spent per employee	DKK	711	841

		2016	2015
<b>HEALTH AND SAFETY</b>			
<b>Occupational accidents and diseases</b>			
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

		2016	2015
<b>ENVIRONMENT</b>			
<b>Consumption of resources</b>			
Water	1,000 m <sup>3</sup>	25	30
Energy	1,000 GJ	12	15
<b>Wastewater</b>			
Volume	1,000 m <sup>3</sup>	18	22
<b>Biomass</b>			
Biomass volume	1,000 tons	1	1
<b>Waste</b>			
Waste, total	1,000 tons	-	-
Percentage of total waste recycled	%	17.9	14.0
<b>Environmental impact of emissions</b>			
Global warming	1,000 tons CO <sub>2</sub> -eqv.	2	3
<b>Environmental compliance</b>			
Breaches of regulatory limits	no.	-	-
Neighbor complaints	no.	-	-

## Site Hosur, India (continued)

		2016	2015
<b>SOCIAL</b>			
<b>Employee statistics</b>			
Employees, total	no.	563	538
Women	%	25.9	25.3
Men	%	74.1	74.7
Rate of employee turnover	%	14.6	11.7
Average age	years	34.0	33.5
Average seniority	years	4.9	4.6
Rate of absence	%	1.6	1.8
<b>Training costs</b>			
Average spent per employee	DKK	1,297	2,144

		2016	2015
<b>HEALTH AND SAFETY</b>			
<b>Occupational accidents and diseases</b>			
Accidents with absence	no.	1	3
Occupational diseases	no.	-	-
Frequency of occupational accidents	per million working hours	0.9	3.5
Frequency of occupational diseases	per million working hours	-	-

# Site Kalundborg, Denmark

		2016	2015
<b>ENVIRONMENT</b>			
<b>Consumption of resources</b>			
Water	1,000 m <sup>3</sup>	2,246	2,275
Energy	1,000 GJ	1,090	1,027
<b>Wastewater</b>			
Volume	1,000 m <sup>3</sup>	1,919	1,915
<b>Biomass</b>			
Biomass volume	1,000 tons	122	124
<b>Waste</b>			
Waste	1,000 tons	4	4
Percentage of total waste recycled	%	64.0	70.2
<b>Environmental impact of emissions</b>			
Global warming	1,000 tons CO <sub>2</sub> -eqv.	32	28
<b>Environmental compliance</b>			
Breaches of regulatory limits	no.	8	7
Neighbor complaints	no.	3	2

## Site Kalundborg, Denmark (continued)

		2016	2015
<b>SOCIAL</b>			
<b>Employee statistics</b>			
Employees, total	no.	630	621
Women	%	24.4	23.5
Men	%	75.6	76.5
Rate of employee turnover	%	7.8	8.9
Average age	years	44.9	44.5
Average seniority	years	12.2	12.3
Rate of absence	%	3.4	3.3
<b>Training costs</b>			
Average spent per employee	DKK	1,939	2,280

		2016	2015
<b>HEALTH AND SAFETY</b>			
<b>Occupational accidents and diseases</b>			
Accidents with absence	no.	6	8
Occupational diseases	no.	2	3
Frequency of occupational accidents	per million working hours	6.1	7.9
Frequency of occupational diseases	per million working hours	2.0	3.0

# Site Milwaukee, USA

		2016	2015
<b>ENVIRONMENT</b>			
<b>Consumption of resources</b>			
Water	1,000 m <sup>3</sup>	37	35
Energy	1,000 GJ	17	15
<b>Wastewater</b>			
Volume	1,000 m <sup>3</sup>	1	1
<b>Biomass</b>			
Biomass volume	1,000 tons	-	-
<b>Waste</b>			
Waste	1,000 tons	-	-
Percentage of total waste recycled	%	7.3	16.0
<b>Environmental impact of emissions</b>			
Global warming	1,000 tons CO <sub>2</sub> -eqv.	2	2
<b>Environmental compliance</b>			
Breaches of regulatory limits	no.	-	-
Neighbor complaints	no.	-	-

## Site Milwaukee, USA (continued)

		2016	2015
<b>SOCIAL</b>			
<b>Employee statistics</b>			
Employees, total	no.	59	57
Women	%	33.9	38.6
Men	%	66.1	61.4
Rate of employee turnover	%	17.7	5.5
Average age	years	44.1	43.9
Average seniority	years	9.9	10.7
Rate of absence	%	1.7	1.8
<b>Training costs</b>			
Average spent per employee	DKK	2,607	2,007

		2016	2015
<b>HEALTH AND SAFETY</b>			
<b>Occupational accidents and diseases</b>			
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

		2016	2015
<b>ENVIRONMENT</b>			
<b>Consumption of resources</b>			
Water	1,000 m <sup>3</sup>	31	30
Energy	1,000 GJ	16	17
<b>Wastewater</b>			
Volume	1,000 m <sup>3</sup>	31	30
<b>Biomass</b>			
Biomass volume	1,000 tons	-	-
<b>Waste</b>			
Waste	1,000 tons	-	-
Percentage of total waste recycled	%	26.6	31.6
<b>Environmental impact of emissions</b>			
Global warming	1,000 tons CO <sub>2</sub> -eqv.	1	2
<b>Environmental compliance</b>			
Breaches of regulatory limits	no.	-	-
Neighbor complaints	no.	-	-

## Site Nottingham, UK (continued)

		2016	2015
<b>SOCIAL</b>			
<b>Employee statistics</b>			
Employees, total	no.	88	94
Women	%	37.5	40.4
Men	%	62.5	59.6
Rate of employee turnover	%	2.4	13.9
Average age	years	46.9	45.9
Average seniority	years	12.1	11.6
Rate of absence	%	2.0	2.2
<b>Training costs</b>			
Average spent per employee	DKK	8,359	9,868

		2016	2015
<b>HEALTH AND SAFETY</b>			
<b>Occupational accidents and diseases</b>			
Accidents with absence	no.	-	-
Occupational diseases	no.	-	-
Frequency of occupational accidents	per million working hours	-	-
Frequency of occupational diseases	per million working hours	-	-

# Site Ottawa, Canada

		2016	2015
<b>ENVIRONMENT</b>			
<b>Consumption of resources</b>			
Water	1,000 m <sup>3</sup>	94	62
Energy	1,000 GJ	78	52
<b>Wastewater</b>			
Volume	1,000 m <sup>3</sup>	86	55
<b>Biomass</b>			
Biomass volume	1,000 tons	7	3
<b>Waste</b>			
Waste	1,000 tons	-	-
Percentage of total waste recycled	%	7.1	17.3
<b>Environmental impact of emissions</b>			
Global warming	1,000 tons CO <sub>2</sub> -eqv.	2	6
<b>Environmental compliance</b>			
Breaches of regulatory limits	no.	10	6
Neighbor complaints	no.	-	-

## Site Ottawa, Canada (continued)

		2016	2015
<b>SOCIAL</b>			
<b>Employee statistics</b>			
Employees, total	no.	49	50
Women	%	24.5	30.0
Men	%	75.5	70.0
Rate of employee turnover	%	10.3	8.0
Average age	years	42.5	42.7
Average seniority	years	10.0	9.4
Rate of absence	%	1.4	1.4
<b>Training costs</b>			
Average spent per employee	DKK	1,739	4,204

		2016	2015
<b>HEALTH AND SAFETY</b>			
<b>Occupational accidents and diseases</b>			
Accidents with absence	no.	-	-
Occupational diseases	no.	3	-
Frequency of occupational accidents	per million working hours	-	-
Frequency of occupational diseases	per million working hours	33.4	-

# Site Pilar, Argentina

			2016	2015
<b>ENVIRONMENT</b>				
<b>Consumption of resources</b>				
Water	1,000 m <sup>3</sup>		34	52
Energy	1,000 GJ		12	12
<b>Wastewater</b>				
Volume	1,000 m <sup>3</sup>		36	51
<b>Biomass</b>				
Biomass volume	1,000 tons		-	-
<b>Waste</b>				
Waste	1,000 tons		-	-
Percentage of total waste recycled	%		70.0	42.7
<b>Environmental impact of emissions</b>				
Global warming	1,000 tons CO <sub>2</sub> -eqv.		1	1
<b>Environmental compliance</b>				
Breaches of regulatory limits	no.		-	-
Neighbor complaints	no.		-	-

## Site Pilar, Argentina (continued)

		2016	2015
<b>SOCIAL</b>			
<b>Employee statistics</b>			
Employees, total	no.	76	79
Women	%	25.0	26.6
Men	%	75.0	73.4
Rate of employee turnover	%	2.6	12.5
Average age	years	39.0	37.6
Average seniority	years	4.1	3.0
Rate of absence	%	1.8	1.9
<b>Training costs</b>			
Average spent per employee	DKK	1,462	3,818

		2016	2015
<b>HEALTH AND SAFETY</b>			
<b>Occupational accidents and diseases</b>			
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

		2016	2015
<b>ENVIRONMENT</b>			
<b>Consumption of resources</b>			
Water	1,000 m <sup>3</sup>	58	53
Energy	1,000 GJ	86	92
<b>Wastewater</b>			
Volume	1,000 m <sup>3</sup>	55	49
<b>Biomass</b>			
Biomass volume	1,000 tons	-	-
<b>Waste</b>			
Waste	1,000 tons	-	-
Percentage of total waste recycled	%	16.8	14.9
<b>Environmental impact of emissions</b>			
Global warming	1,000 tons CO <sub>2</sub> -eqv.	7	8
<b>Environmental compliance</b>			
Breaches of regulatory limits	no.	4	2
Neighbor complaints	no.	1	-

## Site Salem, USA (continued)

		2016	2015
<b>SOCIAL</b>			
<b>Employee statistics</b>			
Employees, total	no.	134	151
Women	%	28.4	26.5
Men	%	71.6	73.5
Rate of employee turnover	%	16.4	13.5
Average age	years	43.6	42.5
Average seniority	years	9.8	9.0
Rate of absence	%	1.5	1.2
<b>Training costs</b>			
Average spent per employee	DKK	2,013	4,276

		2016	2015
<b>HEALTH AND SAFETY</b>			
<b>Occupational accidents and diseases</b>			
Accidents with absence	no.	-	1
Occupational diseases	no.	-	1
Frequency of occupational accidents	per million working hours	-	4.0
Frequency of occupational diseases	per million working hours	-	4.0

# Site Saskatoon, Canada

		2016	2015
<b>ENVIRONMENT</b>			
<b>Consumption of resources</b>			
Water	1,000 m <sup>3</sup>	33	28
Energy	1,000 GJ	20	21
<b>Wastewater</b>			
Volume	1,000 m <sup>3</sup>	29	24
<b>Biomass</b>			
Biomass volume	1,000 tons	-	-
<b>Waste</b>			
Waste	1,000 tons	1	-
Percentage of total waste recycled	%	-	-
<b>Environmental impact of emissions</b>			
Global warming	1,000 tons CO <sub>2</sub> -eqv.	2	2
<b>Environmental compliance</b>			
Breaches of regulatory limits	no.	-	-
Neighbor complaints	no.	-	-

# Site Saskatoon, Canada (continued)

		2016	2015
<b>SOCIAL</b>			
<b>Employee statistics</b>			
Employees, total	no.	85	85
Women	%	42.4	40.0
Men	%	57.6	60.0
Rate of employee turnover	%	7.3	7.0
Average age	years	41.6	40.3
Average seniority	years	7.3	6.7
Rate of absence	%	1.9	1.4
<b>Training costs</b>			
Average spent per employee	DKK	5,634	2,053

		2016	2015
<b>HEALTH AND SAFETY</b>			
<b>Occupational accidents and diseases</b>			
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

		2016	2015
<b>ENVIRONMENT</b>			
<b>Consumption of resources</b>			
Water	1,000 m <sup>3</sup>	3	3
Energy	1,000 GJ	3	3
<b>Wastewater</b>			
Volume	1,000 m <sup>3</sup>	2	3
<b>Biomass</b>			
Biomass volume	1,000 tons	-	-
<b>Waste</b>			
Waste	1,000 tons	-	-
Percentage of total waste recycled	%	51.9	77.3
<b>Environmental impact of emissions</b>			
Global warming	1,000 tons CO <sub>2</sub> -eqv.	1	1
<b>Environmental compliance</b>			
Breaches of regulatory limits	no.	-	-
Neighbor complaints	no.	-	-

## Site Shenyang, China (continued)

		2016	2015
<b>SOCIAL</b>			
<b>Employee statistics</b>			
Employees, total	no.	34	37
Women	%	14.7	21.6
Men	%	85.3	78.4
Rate of employee turnover	%	5.6	5.4
Average age	years	34.9	34.1
Average seniority	years	6.9	6.2
Rate of absence	%	0.3	0.2
<b>Training costs</b>			
Average spent per employee	DKK	160	564

		2016	2015
<b>HEALTH AND SAFETY</b>			
<b>Occupational accidents and diseases</b>			
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

			2016	2015
<b>ENVIRONMENT</b>				
<b>Consumption of resources</b>				
Water	1,000 m <sup>3</sup>		875	853
Energy	1,000 GJ		467	474
<b>Wastewater</b>				
Volume	1,000 m <sup>3</sup>		569	558
<b>Biomass</b>				
Biomass volume	1,000 tons		17	14
<b>Waste</b>				
Waste, total	1,000 tons		2	2
Percentage of total waste recycled	%		55.4	52.9
<b>Environmental impact of emissions</b>				
Global warming	1,000 tons CO <sub>2</sub> -eqv.		77	78
<b>Environmental compliance</b>				
Breaches of regulatory limits	no.		1	2
Neighbor complaints	no.		-	3

# Site Tianjin, China (continued)

			2016	2015
<b>SOCIAL</b>				
<b>Employee statistics</b>				
Employees, total	no.		475	462
Women	%		36.4	35.7
Men	%		63.6	64.3
Rate of employee turnover	%		3.7	5.9
Average age	years		36.2	35.6
Average seniority	years		9.4	8.9
Rate of absence	%		0.9	0.8
<b>Training costs</b>				
Average spent per employee	DKK		1,165	1,944

			2016	2015
<b>HEALTH AND SAFETY</b>				
<b>Occupational accidents and diseases</b>				
Accidents with absence	no.		2	2
Occupational diseases	no.		-	1
Frequency of occupational accidents	per million working hours		2.3	2.7
Frequency of occupational diseases	per million working hours		-	1.4

# About the report

**At Novozymes, our reporting ambition is to provide one integrated report that connects the company's business model, strategy, targets and performance through integrated financial and sustainability data.**

The Novozymes Report 2016 is available in a full online version at [report2016.novozymes.com](http://report2016.novozymes.com). The online report features interactive graphics and videos for a full multimedia experience and more insight.

## **Editorial team**

### *Editor*

Anja Berg Winther, Global Communications  
[abw@novozymes.com](mailto:abw@novozymes.com) | tel. +45 3077 0421

### *Finance*

Jens Breitenstein, Finance  
[jlb@novozymes.com](mailto:jlb@novozymes.com) | tel. +45 4446 1087  
Jan Paulsen, Finance  
[jpau@novozymes.com](mailto:jpau@novozymes.com) | tel. +45 4446 3208

### *Investor*

Klaus Sindahl, Investor Relations  
[ksdh@novozymes.com](mailto:ksdh@novozymes.com) | tel. +45 5363 0134

### *Sustainability*

Sarah Hempel, Corporate Sustainability  
[shh@novozymes.com](mailto:shh@novozymes.com) | tel. +45 3077 1310

### *Assistance*

Emilie Pai, Corporate Communications  
[erc@novozymes.com](mailto:erc@novozymes.com) | tel. +45 3077 1278

### *Text*

The editorial team from Novozymes, headed by Global Communications

### *Photography*

Lasse Bech Martinussen, Lars Just and Thorbjørn Hansen

### *Design & web*

BystedFFW

### *Editing & proofreading*

Borella projects

## **Reporting and audits**

The website contains The Novozymes Report 2016 – which, pursuant to section 149 of the Danish Financial Statements Act, is an extract of the company's annual report – and the financial statements of the parent company Novozymes A/S. Together these form the company's annual report that is filed with the Danish Business Authority.

PwC has audited the consolidated financial statements, the parent company financial statements, and the environmental and social data. PwC has also been the sustainability assurance provider, basing its assurance on the AA1000 Assurance Standard (2008).

The audit covers financial, environmental and social data. These are marked "Audited by PwC." See also the statements in the report.

PwC has not audited the sections of the report

found under the headings The big picture, Our business, Governance and Sustainability indices & data. The Sustainability indices & data section includes our Communication on Progress with respect to the UN Global Compact principles, our report index based on the Global Reporting Initiative (GRI), as well as detailed sustainability data from our main activities in Argentina, Brazil, Canada, China, Denmark, India, the UK and the US.

The report has been produced in accordance with International Financial Reporting Standards (IFRS), the Danish Financial Statements Act and the additional requirements of Nasdaq Copenhagen A/S for the presentation of financial statements by listed companies. It has also been inspired by the GRI's G4 Sustainability Reporting Guidelines.

## **Forward-looking statements**

This annual report contains forward-looking statements, including statements about future events, future financial performance, plans, strategies and expectations. Forward-looking statements are associated with words such as, but not limited to, "believe," "anticipate," "expect," "estimate," "intend," "plan," "project," "could," "may," "might" and other words of similar meaning.

Forward-looking statements are by their very nature associated with risks and uncertainties that may cause actual results to differ materially from expectations, both positively and negatively. The risks and uncertainties may, among other things, include unexpected developments in i) the ability to develop and market new products; ii) the demand for Novozymes' products, market-driven price decreases, industry consolidation, and launches of competing products or disruptive technologies in Novozymes' core areas; iii) the ability to protect and enforce the company's intellectual property rights; iv) significant litigation or breaches of contract; v) the materialization of the company's growth platforms, notably the opportunity for marketing biomass conversion technologies or the development of microbial solutions for broad-acre crops; vi) political conditions, such as acceptance of enzymes produced by genetically modified organisms; vii) global economic and capital market conditions, including, but not limited to, currency exchange rates (USD/DKK and EUR/DKK in particular, but not exclusively), interest rates and inflation; viii) significant price decreases for inputs and materials that compete with Novozymes' biological solutions. The company undertakes no duty to update any forward-looking statements as a result of future developments or new information.