

Sustainability



Sustainability

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UN GLOBAL COMPACT
COMMUNICATION ON
PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

Committed to making a better world

Novozymes continues to deliver impactful innovation to the world in our quest for sustainable solutions to combat climate change and deliver on the UN Sustainable Development Goals.

In 2015, we made the UN Sustainable Development Goals (SDGs) our own. The SDGs inspired our purpose and strategy and we began our journey to contribute to the goals. In the years since, Novozymes has made significant progress in delivering on the goals. Since 2015, the use of our products has enabled the reduction of an estimated 380 million tons of CO₂ equivalent emissions. In addition, we have delivered transformative innovations, catalyzed partnerships for change, expanded the reach of our sustainable solutions and helped an estimated 941,000 people learn about the benefits of biology.

We continue to focus on reducing the impact of our own operations while driving sustainable business growth. In 2019, 30% of the energy we consumed was from renewable sources. We substantially improved our performance in managing safety at our workplace and recorded our lowest number of occupational accidents per million working hours.

In summary, we progressed towards our goals, but we still need to do better – by making our own operations more sustainable but also by growing our business to enhance the reach and impact of our solutions.

Stepping up our ambition

In our pursuit of generating more growth and having a greater impact on the world, in June 2019 we launched our updated strategy – Better business with biology. Through it, we will focus on addressing three global challenges – climate, water and sustainable production and consumption. These are the areas where we believe our biological solutions can make the greatest difference and where we can reliably measure our progress. For each of the three challenge areas, we commit to grow the positive impact from our solutions and to manage the environmental footprint of our own operations. We have set ambitious long-term 2030 commitments and 2022 mid-term targets.

But what brings our updated strategy alive is our focus on our employees. We want to inspire people to take action on the SDGs and we begin by pledging 1% of our time to local outreach activities by 2022.

This is our action plan to maximize our contributions to the SDGs.

Innovating for the SDGs

We will invest in exploring biological solutions in new strategic opportunity areas like Human Oral & Gut Health and Alternative Proteins. These opportunities are inspired by the

challenges embodied in the SDGs and by growing consumer desire to live lives that are better for themselves and the environment.

Combatting climate change

The world needs to limit the increase in global warming to 1.5°C. In September 2019, UN Secretary-General António Guterres asked leaders to come to the annual UN Climate Summit to present plans, not make speeches. In my address at the summit, I announced our science-based commitment to keeping the temperature rise caused by climate change below 1.5°C. Novozymes is among the first few companies globally to set up science-based targets validated and accepted by the Science Based Targets initiative (SBTi).

By 2030, we will halve absolute CO₂ emissions from our own operations compared to a 2018 baseline on our way to becoming carbon neutral by 2050. Importantly, we will enable emission reduction across our value chain and engage with our suppliers to reduce emissions from our raw materials. In addition, we will also help the transport sector reduce their CO₂ emissions by enabling the production of bio-based, low-carbon fuels.

Looking ahead

In 2020, we will focus on implementing our strategy and the commitments we made this

year. We will invest to bring more impactful innovation to the market and to progress on our 2030 commitments and 2022 mid-term targets on climate, water and sustainable production and consumption.

We will continue to harness the power of biology to make the world a better place. As our commitment to our purpose and the SDGs remains strong, our commitment to the UN Global Compact and its Ten Principles has never been stronger.



Peder Holk Nielsen
President & CEO

Progress on the UNGC Ten Principles

Novozymes continues its commitment to the Ten Principles and made significant progress in 2019.

Theme	Summary of key engagements in 2019
Human rights	
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	<ul style="list-style-type: none"> UN Guiding Principles on Business and Human Rights
Principle 2: make sure that they are not complicit in human rights abuses.	<ul style="list-style-type: none"> Supplier Ethical Data Exchange (SEDEX) Roundtable on Sustainable Palm Oil (RSPO)
For disclosure on progress refer to Note 8.1 and Note 8.6*	
Labor rights	
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	<ul style="list-style-type: none"> UN Guiding Principles on Business and Human Rights Supplier Ethical Data Exchange (SEDEX)
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.	
For disclosure on progress refer to Note 8.1 and Note 8.6*	
Environment	
Principle 7: Businesses should support a precautionary approach to environmental challenges;	<ul style="list-style-type: none"> UN Global Compact Climate Action Platform UN Convention on Biological Diversity
Principle 8: undertake initiatives to promote greater environmental responsibility; and	<ul style="list-style-type: none"> UN Caring for Climate
Principle 9: encourage the development and diffusion of environmentally friendly technologies.	<ul style="list-style-type: none"> Business Council for the UN (BCUN) Supplier Ethical Data Exchange (SEDEX) below50 Roundtable on Sustainable Palm Oil (RSPO)
For disclosure on progress refer to Note 7.1 to 7.7 and Note 8.6*	
Anti-corruption	
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery	<ul style="list-style-type: none"> UN Convention against Corruption Supplier Ethical Data Exchange (SEDEX)
For disclosure on progress refer to Note 8.3 and Note 8.6*	

*Refer to Notes in 'Accounts and performance'

Novozymes and the UN Global Compact

Novozymes has been a LEAD member of the UN Global Compact (UNGC) since 2011 and actively supports the UNGC's global and regional work on the SDGs and climate change.

In 2019, we continued our engagement with the UNGC's work on 'Ambition Loops', and interacted with them during the development of our non-financial targets, including support for the campaign 'Business Ambition for 1.5°C — Our Only Future' as one of its first signatories.

Novozymes continues to participate in the Action Platform 'Pathways to Low Carbon and Resilient Development', in the lead up to the UN Climate Action Summit in September 2019 and beyond.

We are also a continuing member of Caring for Climate, a long-standing initiative between UNGC, UN Environment and UNFCCC.

Novozymes participates in the UNGC's local networks and engages in activities to promote sustainability across all our regions.

In the Danish local UNGC network, Novozymes participated in the working group on human rights and shared our approach and insights on Novozymes' Human Rights Impact Assessments.

In Brazil, Novozymes participated in the UNGC's Young SDG Innovators program. Our project on mobile wastewater treatment systems that can help companies reuse water and help underserved communities treat domestic wastewater was selected amongst various other entries.

In China, Novozymes received the 'Global Partnership Award 2019: The Best Practice of Implementation of UN SDGs' for our efforts mainly in the areas of climate action and ecology protection.

Materiality

Novozymes' materiality matrix serves as critical input in identifying our focus areas and priorities, informs our strategic decisions and guides our disclosure and reporting.

Defining materiality

Novozymes' materiality assessment is a systematic and rigorous process that integrates inputs from external stakeholders, trend analyses and internal engagement with relevant departments including Investor Relations, Risk Management & Controls, Quality & Sustainability and leadership from our commercial divisions. This process results in a materiality matrix of financial and ESG issues which reflects the importance of those issues to stakeholders versus the impact they have on Novozymes.

We use our materiality matrix to define our priorities and focus areas for the coming period, and it acts as a guide in determining the topics we include in our annual disclosure.

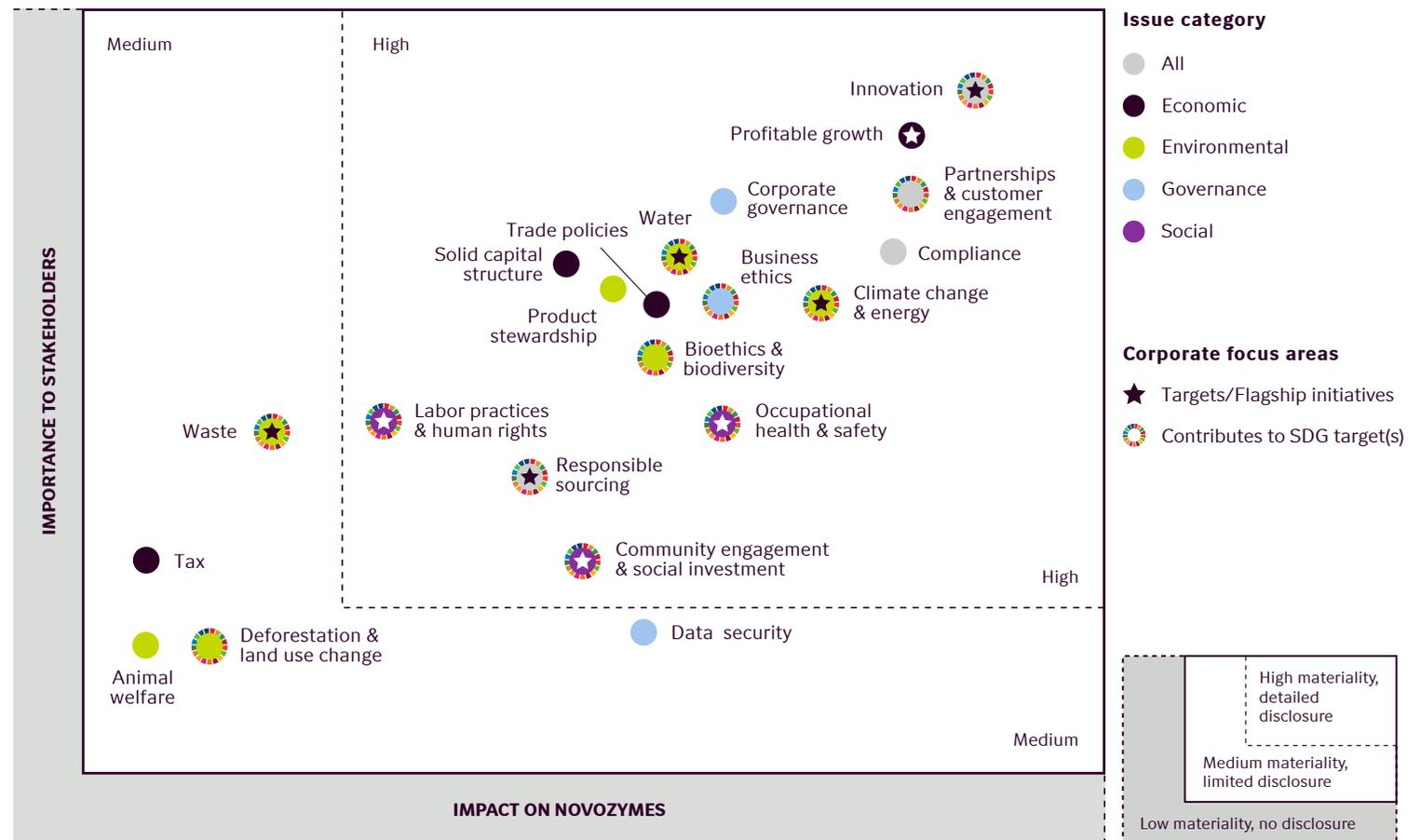
Understanding the matrix

Novozymes' materiality matrix has three categories - low, medium and high material issues. The illustration here reflects our medium and high material issues and highlights those issues where we have external targets/flagship initiatives and make a direct contribution to one or more SDG target(s).

Our matrix in 2019

Our materiality matrix informed the recent strategy update process to identify our operational focus areas. There were no new issues added to or deleted from the matrix.

Refer to 'Materiality' at Novozymes.com for further details on our materiality assessment and how we address our material issues across our value chain.



Sustainability governance

At Novozymes, sustainability is a key component of our business strategies and management processes.

As sustainability is such an integral part of Novozymes' purpose and strategic direction, it is governed by the Board of Directors and the Executive Leadership Team. The Board is responsible for overseeing financial and ESG performance as part of the Executive Leadership Team's day-to-day running of the company. Novozymes' SDG Governance

Board was established in 2018 to ensure that sustainability forms an integral part of the company's strategy and actions which are anchored and executed across various commercial divisions and operations. Refer to 'Sustainability governance' at Novozymes.com for further details.

In June 2019, Novozymes launched its updated strategy, Better business with biology, and new targets, and the Novozymes' SDG Governance Board played a fundamental role in this process. Read more about our updated strategy in 'Strategy'.



Novozymes' SDG Governance Board

In 2018, Novozymes established the SDG Governance Board to build a shared understanding of the opportunities and risks associated with the UN Sustainable Development Goals (SDGs) and to translate this knowledge into corporate priorities and targets. The SDG Governance Board consists of an Impact Board and a Foundation Board.



Impact Board

The Impact Board sets Novozymes' strategic global direction and ambition in respect of the SDGs. The board also develops and executes a strategy for integrating sustainability into business strategies and management processes.

The Impact Board consists of the Executive Leadership Team as well as a number of SVPs and VPs from different areas of the business.



Foundation Board

The purpose of the Foundation Board is to provide the foundation for ensuring that Novozymes' sustainability performance in our operations, supply chain and other functions allows us to build on and maintain our sustainability leadership position.

The Foundation Board consists of SVPs and VPs representing a variety of Novozymes' functions.

Novozymes and the SDGs

We advance solutions that have the potential to have the greatest impact on the SDGs. We have identified six SDGs that we believe Novozymes' technologies and actions can contribute significantly to.



Read more in "Novozymes and the SDGs"

Sustainability highlights

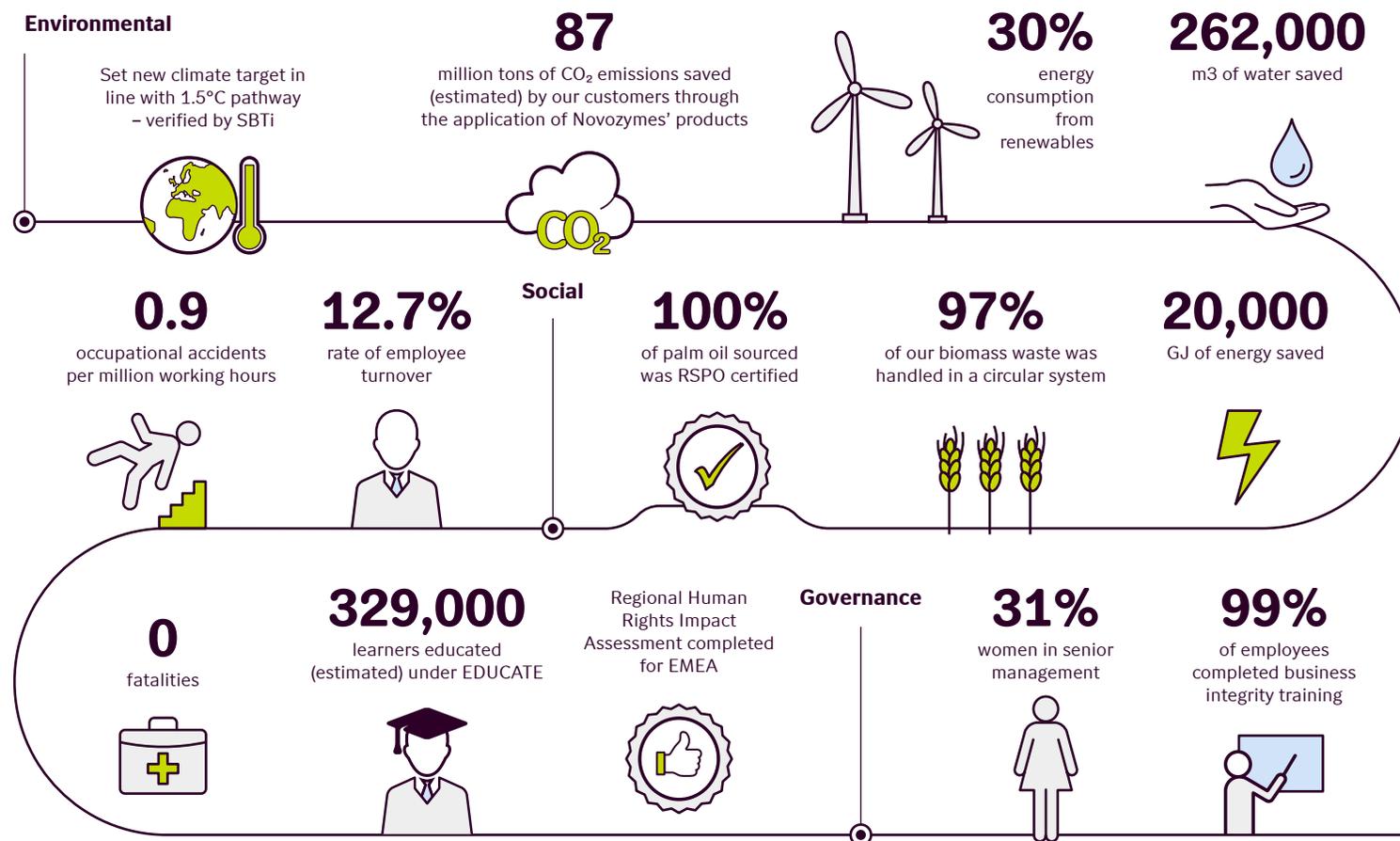
Sustainability drives the way we do business and we have always taken the triple bottom line approach to generate economic, environmental and social value.

Novozymes' key growth driver is to deliver solutions that improve the performance of our customers and partners, while having a better impact on the world. To ensure that we add value across our stakeholder ecosystem, we actively engage with our stakeholders across a variety of themes. Read more in 'Driving action with our stakeholders'.

We manage our performance on material ESG issues through relevant targets and KPIs. We also believe in sharing our performance in the most transparent way. Read more about our performance in 2019 in 'Accounts and performance'. Our sustainability leadership has been recognized by many indices and presented with a number of awards.

Through the implementation of our updated strategy, we aim to increase the positive impact of our biological solutions, while also managing the environmental footprint of our operations. Novozymes' ambition is to continuously improve business operations across our value chain, making them more efficient, environmentally friendly and socially responsible. As part of our updated strategy, we have set long-term 2030 commitments and 2022 mid-term targets to measure our progress going forward.

2019 Highlights



New non-financial targets

In June 2019, Novozymes launched an updated strategy, together with a set of new non-financial targets. Our commercial priorities were the starting point for the target setting process. On that basis, we identified areas where our biological solutions can have the greatest impact on the SDGs and for which we can reliably measure progress. We assessed what our customers and employees care about and looked to our peers and other leading companies for inspiration.

Our targets focus on People (inside and outside the company) and three global challenges: Climate, Water, Production & Consumption. For each of the global challenge areas, we have defined 2030 commitments and 2022 mid-term targets. Our new targets framework considers both our opportunity to make a positive impact through our solutions and our responsibility to manage the environmental footprint of our operations.

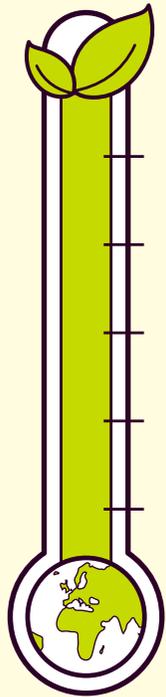
 For more information on how we have framed our targets, see 'Strategy'.

	2030 COMMITMENTS	2022 TARGETS		
WORLD  We will help the world...	Limit global warming increase to 1.5°C	<ul style="list-style-type: none"> Save 60 million tons of CO₂ by enabling low-carbon fuels in the transport sector in 2022 	 	
	Ensure clean and efficient water use	<ul style="list-style-type: none"> Reach >4 billion people by contributing to laundry solutions that replace chemicals in 2022 		
	Produce more and better products with less impact	<ul style="list-style-type: none"> Gain 500,000 tons of food by improving efficiency from farm to table in 2022 	 	
OPERATIONS  We will achieve...	50% reduction in absolute CO₂ emissions from operations on our way to carbon neutral in 2050^{1,3}	<ul style="list-style-type: none"> Reduce absolute CO₂ emissions from operations by 40%¹ 	 	
	100% renewable electricity³			
	15% reduction in absolute CO₂ emissions from purchased goods and services^{1,3}			
	100% sites manage water in balance with local conditions	<ul style="list-style-type: none"> Develop context-based water management programs at 100% of sites 		
100% key materials and waste managed in circular systems	<ul style="list-style-type: none"> Develop plans for circular management of 100% of key packaging materials Achieve 100% circular management of our biomass Develop programs to reach zero waste by 2030 at 100% of sites 			
EMPLOYEES  We will...		<ul style="list-style-type: none"> Achieve a score of 80 on learning in employee survey in 2022 Achieve a score of 86 on our diversity index by 2022 Achieve a score of 81 on Zymer spirit index by 2022 Maintain occupational injuries² ≤ 1.5 Pledge 1% of our time to local outreach activities 	  	

¹ Compared to a 2018 baseline

² Defined as a three-year rolling average of occupational injuries with absence per million working hours

³ Verified by SBTi



The heat is on: Novozymes' ambitious climate commitments

To tackle climate change, the world needs to limit the increase in global warming to 1.5°C. Novozymes is committed to doing its part and helping the world reach the goals of the Paris Agreement.

Building on a decade of climate action Novozymes has been engaged in climate issues for more than a decade. We work with our stakeholders to enable the transition to a low carbon economy. We were one of the very first companies to document the carbon footprints of our products and demonstrate how biological solutions can enable customers to reduce emissions.

On the operational side, we have successfully decoupled growth from emissions. Since 2010, we have grown our revenue by 48%, while absolute emissions from Novozymes' operations have risen only 6%.

When the world reached a landmark agreement in Paris in 2015, Novozymes hailed global leaders for taking the first step towards a low-carbon future and recognizing the crucial role the private sector plays in this transition. We are committed to helping the world achieve the goals of the Paris Agreement by providing low-carbon, biological solutions, while also reducing our own greenhouse gas emissions.

In 2018, the UN Intergovernmental Panel on Climate Change (IPCC) released a report stating that to avoid catastrophic and irreversible climate impacts, we need to limit the increase in global warming to 1.5°C.

This means the world needs to drastically accelerate climate action.

In September 2019, at the U.N. Climate Action Summit, Novozymes announced new ambitious climate commitments. Novozymes' President and CEO Peder Holk Nielsen said "UN Secretary-General Antonio Guterres asked companies to come up with plans – not just speeches; here is one of the first, validated, and science-based commitments – backed up by a robust plan for action."

Stamp of approval

By 2030, Novozymes will reduce absolute CO₂ emissions from its operations by 50% compared to a 2018 baseline, on our way to becoming carbon neutral in 2050.

This target has been validated by the Science-Based Targets initiative (SBTi) as being in line with a 1.5°C pathway. SBTi is a collaboration between CDP, the United Nations Global Compact (UNGC), World Resources Institute (WRI), and the World Wide Fund for Nature (WWF). SBTi has established a comprehensive verification process which considers a company's industry profile, its historical emissions and the latest climate models.

More action, fewer speeches

Our new climate commitments are the culmination of months of effort by our engineers, production teams and experts to define a detailed roadmap for climate action. In addition to investing in energy efficiency projects and sourcing 100% renewable electricity, we will also explore opportunities

to generate energy from waste streams for use in our operations and to share with our local communities.

Novozymes' impact goes beyond its production alone, and the company must account for emissions that occur outside its operational boundaries. We will monitor emissions across the value chain and work with our suppliers to reduce emissions from key raw materials. By 2030, we aim to reduce absolute CO₂ emissions from purchased goods and services by 15%, compared to a 2018 baseline.

"This is not about Novozymes and one company only; we want to inspire others across our value chain to follow suit – and transparency is key" – Peder Holk Nielsen.

In many geographies, Novozymes actively supports policies to promote the use of sustainable, low carbon fuels. Transportation accounts for about 25% of total energy-related global CO₂ emissions – and to limit its contribution to the increase in global warming, this sector will require a range of solutions, including low-carbon fuels. We have set a target to help the transport sector save 60 million tons of CO₂ emissions in 2022 by enabling the production of bio-based, low-carbon fuels.

Driving action with our stakeholders

Creating value for our stakeholders and meeting stakeholder expectations on material sustainability issues is a priority for Novozymes. We strive to catalyze partnerships that drive collective action on the SDGs, enable a sustainable bioeconomy and deliver on our purpose.

Customers

At Novozymes, we engage with our customers through strong partnerships to provide sustainable solutions tailored to their needs. To measure our impact and support our customers' sustainability commitments, we also participate in customer-driven assessments that provide us with opportunities for learning and improving our performance on material ESG issues.

2019 highlights

- Novozymes partnered with Orkla (one of our key customers in Europe) on a joint project to provide more environmentally-friendly solutions, specifically in the reformulation of laundry detergents across three of their leading brands to reduce the amount of chemicals (surfactants) and reduce the carbon footprint through the power of our enzymatic solutions.
- The Institution of Chemical Engineers (IChemE) Malaysia presented Novozymes and Sime Darby Research with the Palm Oil Award and the Sustainability Award for our joint project 'Enzymatic Assisted Extraction of Palm Oil' which demonstrates the benefits of the enzyme-assisted oil extraction process, including higher yield, greater profitability, and improved sustainability performance.
- Our partner Boehringer Ingelheim visited Novozymes to share their insights on trends in the animal health industry as well as

their approach to sustainable development.

These trends include consumer scrutiny on animal welfare and sustainable farming, digitalization of livestock management and chronic diseases in pets.

- Novozymes was awarded Gold recognition from Ecovadis for our sustainability performance.
- Novozymes completed the full B Impact Assessment (BIA) as part of our partnership with Seventh Generation.

“As part of our B-Corp commitment, we consider the broader social impacts of our suppliers’ business and community engagement. Novozymes has joined us in our efforts toward continuous sustainability improvement by participating in the full BIA. We are impressed with the results and proud of our continuing partnership with Novozymes”
- **Joey Bergstein, CEO, Seventh Generation**

Suppliers

Continuous engagement with our suppliers is key to driving our sustainability agenda and further developing our responsible sourcing practices. Our approach to responsible sourcing is defined by our Responsible Purchasing Standards (RPS) and managed through our Supplier Performance Management (SPM) process. We will work to strengthen our supplier sustainability profile by continuing the enrollment of suppliers onto SEDEX. We will also strengthen our commitment to obtaining certification of relevant raw materials with a sharp focus on sustainability.

2019 highlights

- For our TEDA site in Tianjin, China we began sourcing high quality renewable energy certificates (REC) issued by Goldpower, sourced from a nearby advanced biomass plant in the city of Nangong.
- Through our partnership with Ørsted, one of our energy suppliers, we successfully delivered the first batch of steam, derived from sustainable biomass as a substitute for coal for our site in Kalundborg, Denmark.
- Novozymes is a member of the Roundtable on Sustainable Palm Oil (RSPO). In 2019, 100% of the palm oil we sourced was RSPO certified and nearly 80% of our soy materials sourced were certified by recognized certification bodies.

Funding for research in plant sciences

The Novo Nordisk Foundation (NNF) awarded a grant of DKK 203 million to the Collaborative Crop Resilience Program (CCRP), a new research project to be carried out in Denmark and the United States. The project aims to study the interaction of the roots and leaves of plants with bacteria for the purpose of enabling more efficient and sustainable agricultural practices - by reducing the use of fertilizer and pesticides by promoting natural bacteria that coexist with the plants. Novozymes played a key role in bringing together the universities involved and the NNF by ensuring their participation in the CCRP.

Microbial inoculants support Climate-Smart Agriculture

Novozymes' microbial inoculants enhance agricultural productivity, reduce environmental impacts and improve climate resilience.

In a world of increasing crop demand, finite land resources, and a changing climate with more frequent weather anomalies, it is vital to optimize crop yields and nutrient utilization. To maximize yield potential and enhance stress tolerance, crops need an optimal start and a continuous uptake of essential nutrients in their growth cycle. **“Microbial inoculants can play a vital role in this regard,”** says *Thomas Stenfeldt Batchelor, Vice President, BioAg*

In this article, we discuss two case studies that demonstrate these benefits.

Novozymes' microbial solutions improve the uptake of nutrients in crops and also make them more resilient to stress factors such as dry spells. Microbial solutions increase crop yields and provide a number of environmental benefits. These results have recently been documented by two studies for our JumpStart® and Optimize® products based on the ISO-standardized life cycle assessment (LCA) methodology.

JumpStart®

JumpStart® contains a naturally occurring soil fungus which improves the crop's uptake of phosphorus and is used in multiple crops, including corn, soy, wheat, and canola. The improved uptake of phosphorus results in early vigor, greater stress tolerance, and ultimately higher yield. The improved yield is accompanied by reduced nitrogen losses to the aquatic environment and reduced emissions of nitrous oxide, a potent greenhouse gas, to the atmosphere. The improved plant growth also results in a larger root system whereby more carbon is stored in the soil. Finally, increased demand from a growing world population can be satisfied with less pressure on natural habitats from higher crop yields. If used on all US corn, Jumpstart® could potentially reduce greenhouse gas (GHG) emissions by 3.9 million tons of CO₂ corresponding to annual tail pipe emissions from 820,000 US passenger cars.



Optimize®

Optimize® is applied on soybeans and other legume plants in North America, South America and Europe. Optimize® contains a naturally occurring soil bacterium that is involved in the nitrogen fixation process of legumes, such as soybeans. Optimize® ensures the plant has the beneficial bacteria necessary to capture nitrogen directly from the atmosphere.

In Argentina, yield improvements with Optimize® generally amount to 5-6%. The accompanying increase in root growth binds carbon in the soil and thereby reduces atmospheric CO₂ concentration. In addition, the yield benefit results in reduced pressure on natural habitats and thereby in reduced GHG emissions from land clearing. Optimize® reduces GHG emissions of soybean production in the Buenos Aires region by no less than 17% per ton of soybeans produced.



The yield benefits of JumpStart® and Optimize®

have been documented by statistical analyses published in peer-reviewed literature. The assessments of environmental benefits have been conducted in collaboration with biogeochemical modelers from renowned institutions and the two studies have been subject to critical review by international expert panels, as required by the ISO standard for life cycle assessment (LCA). Novozymes' investment in LCAs of existing agricultural inoculants has revealed general patterns in the environmental benefits of microbial yield enhancers, which can be used in support of future product launches.

In the highly optimized and resource-intensive soybean production in the US, Optimize® generally provides a moderate yield improvement (1-2%) and thereby also moderate environmental benefits. In a year with suboptimal soil conditions, Optimize® can be a key factor in obtaining high crop yields.

“The findings of the LCA studies highlight the positive role that Novozymes' microbial inoculants can play in Climate-Smart Agriculture (CSA),” says *Jesper Hedal Kløverpris, Senior Sustainability Specialist, Global Sustainability and EMEA Public Affairs.*

CSA is a framework developed by the United Nations' Food and Agriculture Organization (FAO) to ensure sustainable agricultural strategies.



Driving action with our stakeholders

Employees

Novozymes drives employee engagement through various regional initiatives that support the development of our employees, increases their motivation, drives safety awareness, strengthens safety culture and encourages healthy lifestyles. New employees are required to complete an e-learning module on sustainability at Novozymes during onboarding. We are also exploring initiatives to further strengthen employee engagement on our sustainability goals in the updated strategy.

2019 highlights

- This year we launched our new Innovation Campus in Lyngby, Denmark, that has been designed to encourage collaboration and innovation. We have created flexible and inspiring workspace zones that promote knowledge sharing and socializing, and support working in silence.
- In North America, employees engaged in direct conversations with the site's preferred training and development vendors at an event focused on exploring individual and team needs.
- Building on Novozymes' approach to safety management, in China, we also organized a health management session focused on cervical vertebra health for our employees.
- We introduced a new initiative called ZEDx Friday in India, where employees learn something new and spark ideas together, enabling their overall career development.

Community

Novozymes invests in various educational programs across our regions to help people understand the potential of biology. Our programs are tailored to the needs of the communities in which we operate. These programs focus on improving scientific literacy and environmental awareness. In total, we educated an estimated 329,000 learners in 2019 through these initiatives. Moving forward, we have introduced a new target called INSPIRE, for which we have pledged 1% of our employees' time to community engagement.

2019 highlights

- In Denmark, Novozymes educated approximately 5000 school students through two programs. In collaboration with the new scientific learning center LIFE, we developed two cases for their mobile lab. As part of the 'Naturfagsmaraton' initiative, we created and distributed 1500 experiment sets for schools where students tested how a starch stain can be cleaned with the help of enzymes.
- In Latin America, Novozymes created an alliance with the Argentine government through the Centro Cultural de La Ciencia (Science Cultural Center) to set up an interactive program, Fuerza Atómica (Atomic Force), which thousands of people attended to learn about scientists and the challenges they face in building scientific knowledge.

In the spotlight

Educate Ambassadors in China

Driving community engagement initiatives with our employees.

The Educate Target Ambassador programme is an honorary recognition for employee volunteers who are deeply involved in the EDUCATE activities. This program aims to encourage employee involvement in community engagement initiatives and strengthen the internal communication of EDUCATE target projects across all of Novozymes' sites in China.

The Ambassadors directly support four core Educate Initiatives in China, namely, The Parent's Class, Biology Catalyzes the Beauty of Life, The Little Biologists and the Biology Education Innovation. They are experienced lecturers and educators, with expertise in biology, communication and volunteer work.

The program is deeply embedded in Novozymes' 'Touch Values'. Currently, we have 18 ambassadors from various functions across all of Novozymes' sites in China. They support and encourage other employees to engage in EDUCATE activities on their respective sites through sharing their personal experiences and insights.

“Through the EDUCATE activities we can create a footprint about biology and science in children’s minds,” says Wu Gui Fang, Director, AP F&B Application Research and an Educate Ambassador.



Driving action with our stakeholders

Investors

At Novozymes, maintaining a transparent and ongoing dialogue with our investors on both financial and ESG performance is crucial to ensuring a strong long-term relationship and improving our performance on material issues.

2019 highlights

- Novozymes announced its updated strategy, Better business with biology, and new non-financial targets and commitments at the Capital Markets Day in June 2019. This was well received by our investors and we look forward to our continued engagement during its implementation.
- We are inspired to work with frameworks such as the Task Force on Climate Related Financial Disclosures (TCFD) and in the coming years we will work towards improved climate-related disclosures taking guidance from the TCFD framework.
- We are seeing increased interest among our investors in disclosures on and engagement in ESG topics including risks and opportunities, clean revenues, workforce metrics and animal welfare.

- Novozymes continues to be recognized by various indices and rating agencies as an ESG leader in our sector. We are included in the Corporate Knights' 2020 Global 100 Most Sustainable Corporation in the World Index.
- Novozymes has a strong tradition of transparent reporting on its climate change impacts, and we submit climate change data to CDP annually. We received a 'B' score in CDP's climate change disclosure and management assessment. Refer to www.cdp.net to access our submission.

In the spotlight

Novozymes secures Green Mortgage Loan

Our energy-efficient innovation campus secures the loan from finance partner Nykredit.

Novozymes' commitment to sustainability also extends to our approach to financing and we are continuously exploring sustainable financing initiatives.

In 2019, we obtained a Green Mortgage Loan for our new energy-efficient innovation campus in Lyngby, Denmark. The loan is provided by our finance partner, Nykredit, and is funded by the proceeds from Green Mortgage Bonds.

"Sustainable financing is one of our top priorities and to support this we launched the Green Bonds Framework in April 2019. We are pleased to support the journey toward sustainable development. With its highly energy efficient innovation campus in Lyngby, Denmark, Novozymes is one of our first Danish customers in the Green Mortgage Program. We are proud of our continued partnership." - Nykredit.



Driving action with our stakeholders

Governments, industry associations, others

We engage with governments in all our regions, primarily through policy advocacy. Our engagement with industry or trade associations further helps us in our policy advocacy efforts. Novozymes presents its positions to policymakers and other interested parties in accordance with national and international laws.

Our public affairs employees in Europe, United States, India and China, primarily engage with governments through advocacy and consultation forums. They are registered in dedicated lobbyist registers, as legally required (e.g: Transparency Register in Brussels). In 2019, we spent approximately DKK 11.4 million globally on our advocacy efforts.

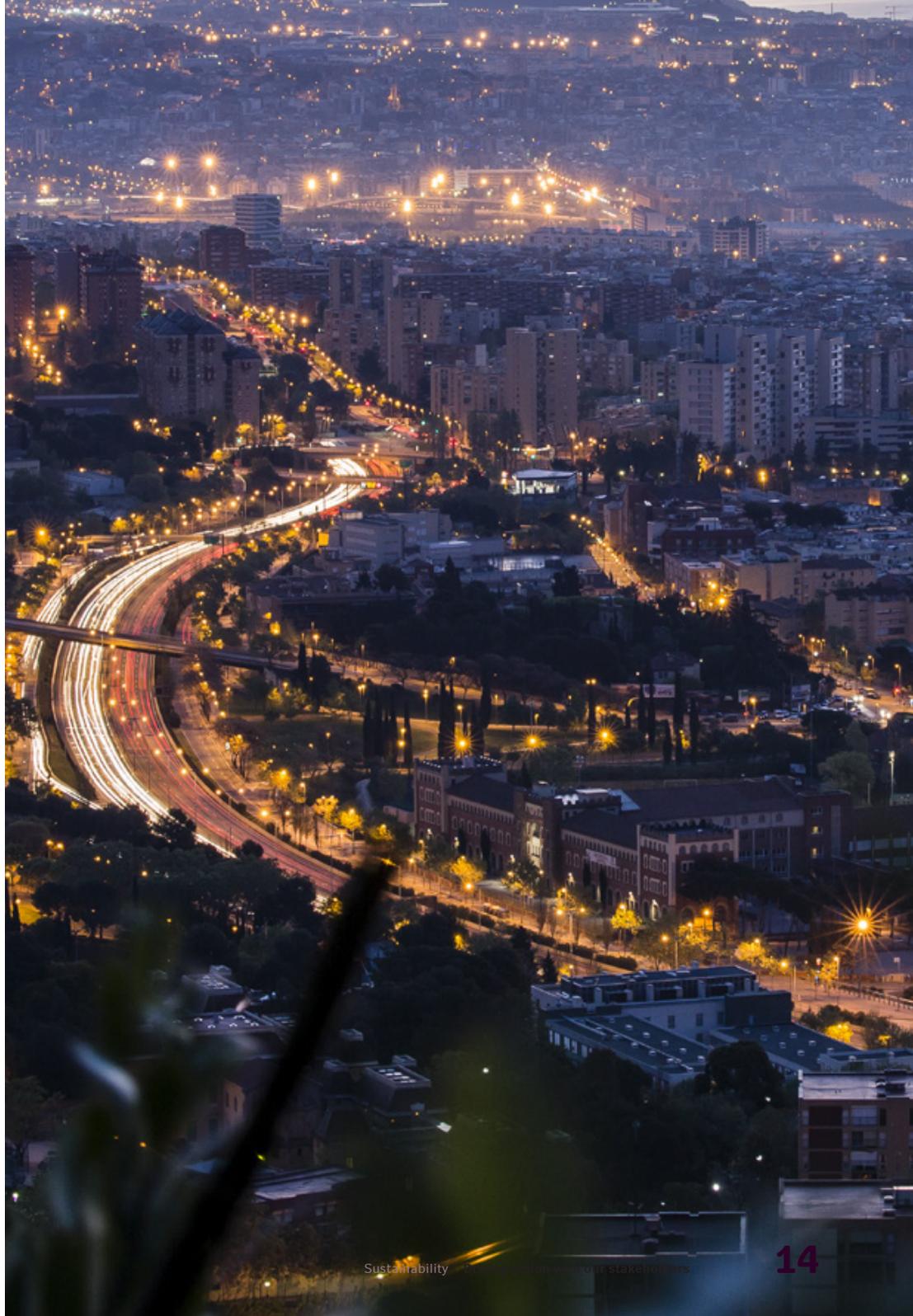
As a member of various institutions that support our sustainability commitments, we explore partnerships and drive collective action.

2019 highlights

- **The Sustainable Food Platform (SFP):** The SFP partnership under the Danish Initiative P4G (Partnering for Green Growth and the Global Goals 2030) saw good progress in 2019. Novozymes together with other partners in the initiative are developing a biscuit recipe that includes local Ethiopian quinoa and whey protein ingredients, made possible with enzymes. Next steps are to improve biscuit recipes, produce locally and test with Ethiopian consumers.
- **Green chemistry policies in the US:** Novozymes, together with the GC3 Sustainable Chemistry Alliance, continued

to advocate for passage of the Sustainable Chemistry Research and Development Act which was finally passed by the House of Representatives in October 2019.

- **China Business and Biodiversity Partnership (CBBP):** Novozymes became one of the first companies to join CBBP which was established in May 2019. CBBP aims to bring members and government together on one platform to engage in dialogue on biodiversity protection and sustainable utilization-related policies, laws and standards. It will also support members in evaluating biodiversity risks and sharing best practices through the global network.
- **White paper to help E10 execution in China:** As a member of the drafting committee of the white paper 'Global Experience of Biofuel Policy and Implementation', Novozymes actively participated in the discussions and provided expertise. This white paper was published by the China Petroleum and Chemical Industry Federation (CPCIF) in June 2019.
- **Confederation of Indian Industry (CII):** Novozymes is an active member of various committees of CII. Through the Committee on Bioenergy which is co-chaired by Novozymes, we provide support in the implementation of India's National Biofuels Policy through various activities including The Bioenergy Summit 2019 – Farm2Fuel. This summit was an excellent platform for various stakeholders working in the biofuels sector to engage with the government.



Driving action with our stakeholders

- **HelloScience:** In May 2019, Novozymes' collaborative innovation and project development platform was awarded the inaugural SDG Tech Innovation Award in Copenhagen for its work to drive and build partnerships that make a lasting difference to sustainable business development around the world. HelloScience also hosted 'LiveLabs' in Bangalore, India and Copenhagen, Denmark to drive further innovative collaborations across the SDGs.
- **Below50:** Novozymes is a founding member of below50, a global campaign to reduce emissions in the transport sector by increasing demand for low-carbon fuels. In 2019, below50, along with the California Low Carbon Fuels Coalition (LCFC) and the Biotechnology Innovation Organization (BIO), jointly organized and hosted a Multi-State Legislative Strategy session RE: Passage of Low Carbon Fuel Standards (LCFS) at the BIO World Congress in Iowa. This event kicked off joint work by below50, BIO and the LCFC to advocate for more state-level policy that emphasizes the reduction of carbon intensity of transportation fuels in the US.
- **International Chamber of Commerce (ICC):** Novozymes worked through the course of 2019 to help support the development and deployment of ICC's new strategy and priorities, which include a core focus on Climate Change and Sustainable Development. Novozymes joined various events like the UN High-level Political Forum and the UN General Assembly together with ICC to support the deployment of the SDGs.
- **Business Council for the United Nations (BCUN):** In 2019, Novozymes joined the BCUN of the UN Foundation as part of its wider efforts to engage with key stakeholders on the global sustainable development agenda. Novozymes has worked closely with BCUN around its climate change initiatives, including its support for 'Business Ambition for 1.5°C – Our Only Future' and commitments from the private sector.
- **United States Council for International Business (USCIB):** During 2019, Novozymes continued its longstanding involvement with USCIB, with CEO Peder Holk Nielsen being re-elected to its Board of Trustees as its Sustainability Champion. Novozymes also helped support the launch of the USCIB 'All-in Campaign' to enhance multilateral engagements between businesses, the UN and international organizations.

Read more in 'Stakeholder engagement' at [Novozyymes.com](https://www.novozymes.com).

