



How Novozymes enables sustainable supply chains

April 26, 2016

Rethink Tomorrow



Our purpose

T  **GETHER** WE
FIND
BIOLOGICAL  **ICAL**
ANSWERS FOR
BETTER **LIVES** IN A
GROWING
WORLD 
LET'S RETHINK TOMORROW

Our new strategy puts partnerships front and center for success in creating impact

PARTNERING FOR IMPACT

FOCUS AREAS

RALLY FOR CHANGE

Form partnerships and networks with customers, consumers, organizations and governments to make a sustainable difference.



LEAD INNOVATION

Excite our customers by delivering more significant innovation, tailored to their local markets.



FOCUS ON OPPORTUNITIES

Prioritize the customers, markets and activities that hold the biggest opportunities for creating impact.



GROW PEOPLE

Support Zymers and people around us in unfolding their full potential.



Measuring our progress

Long-term targets

REACH

6 billion people with our biological solutions

By 2020

EDUCATE

1 million people about the potential of biology

From 2015-2020

CATALYZE

5 global partnerships for change

From 2015-2020

DELIVER

10 transformative innovations

From 2015-2020

SAVE

100 million tons CO₂

By 2020

ENABLE

Zymers to develop

By 2020

SALES

Our growth ambition: *
8-10% organic sales growth

Novozymes expects annual sales growth from 2017 through to the end of the decade to be in line with the historical performance of 6-7%

EARNINGS

≥ 26% EBIT margin

Novozymes expects to maintain an annual EBIT margin of ≥ 26% from 2016 through to the end of the decade

RETURN ON INVESTED CAPITAL

≥ 25% ROIC

Novozymes expects to maintain an annual ROIC of ≥ 25% from 2016 through to the end of the decade

Our strategy is inspired by global sustainable development goals





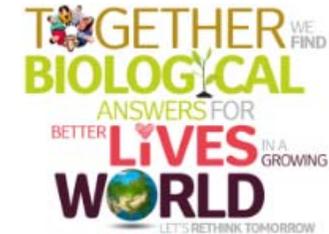
From risk mitigation to business priority over 20+ years

Guiding principles for Sustainability

Management focus

Sustainability is in our DNA

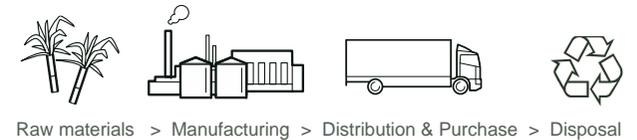
- Founded in culture, values, brand and governance structure
- New purpose, strategy and 2020 targets
- Compensation schemes



Scientific approach

We build on science

- Extensive monitoring and reporting on operational performance
- Impact of products and solutions documented by life cycle assessments (LCA) and third-party verifications



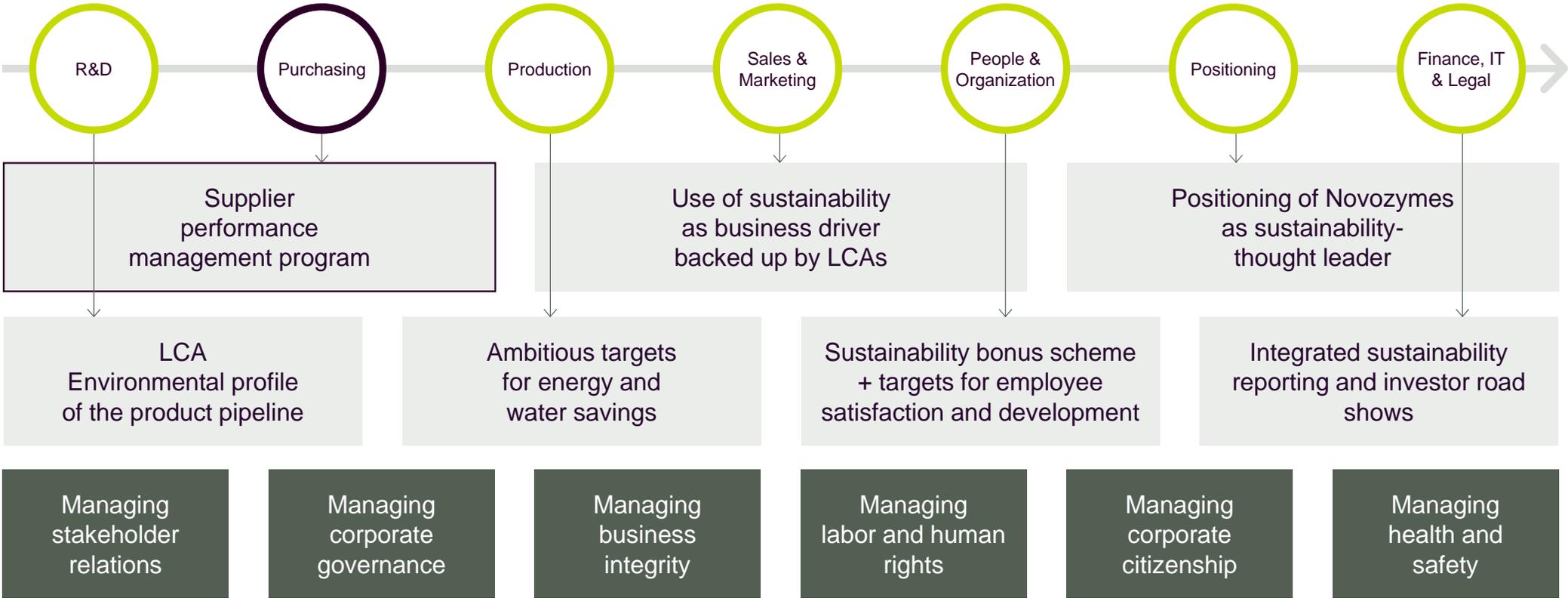
Impact

Focus on value

- Transparency & trust-based dialogues with stakeholders
- Better understanding and mitigation of risks and costs
- Customer engagement and competitive advantage
- Business development in sync with world needs



Novozymes integrates sustainability across its functions



Cross-organizational initiatives

Key elements of Novozymes' Responsible Purchasing strategy



Supplier Guidelines

At Novozymes, we consider our suppliers important business partners in fulfilling our purpose: "Together, we find biological answers for better lives in a growing world – Let's rethink tomorrow."

Novozymes' supplier guidelines
The guidelines inform new and existing suppliers of our expectations with regard to their overall conduct and performance.

At Novozymes, we value strong supplier relationships and consider our suppliers among our most important business partners. Our suppliers are not only crucial to our commercial performance and the quality of our products; they are also instrumental in helping us fulfill our purpose.

How we evaluate suppliers
Novozymes evaluates supplier performance as part of the initial selection process and also as part of the continuous evaluation process. In these evaluations, sustainability is an important assessment criterion alongside commercial and quality expectations.

Novozymes' expectations
All suppliers, including general contractors and subcontractors, must follow applicable laws, rules and regulations in the country where they operate. We encourage all our suppliers to go beyond legal compliance and follow better practices and internationally recognized sustainability standards. Further supplier expectations are specified below.

- 1. Responsibility and Innovation**
A supplier will
 - Balance reliability, quality and efficiency with a drive for sustainability and innovation
 - Partner with Novozymes in efforts to innovate and implement responsible supply chain solutions
- 2. Commercial aspects**
A supplier will
 - Offer competitive prices taking Total Cost of Ownership

Supplier Performance Management (SPM)

Supplier Evaluation Form:

Evaluation Background

Evaluator

E.1.1 Evaluation date: 8/27/2015

E.1.2 Evaluator (initials):

Supplier

S.1.1 Select supplier: Search on: SAP Vendor Number, Search text, Select supplier

S.1.2 Responsible category manager (initials):

Supplier relationship

Supplier relationship

R.1.1 If the supplier is approved, is it a strategic supplier to Novozymes? Yes No

R.1.2 Is this a recommended/preferred supplier? Yes No

R.1.3 Is this a minority supplier (only relevant in the US)? Yes No

Portfolio positioning

	Very high	High	Medium	Low	Very low
R.2.1 Rate the market difficulty / risk in relation to the supplier	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
R.2.2 Rate the spend / profit impact	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Supplier's perception

	Very high	High	Medium	Low	Very low
R.3.1 Attractiveness of our business to the supplier	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Zero net deforestation letter

09-02-2015

/adam

Company recognized for our strong sustainability performance, Novozymes' ability to effectively manage risks and opportunities in our global sourcing process is crucial to our credibility and success. In particular, Novozymes has increased its focus on purchasing of sustainable agricultural raw materials.

Thank you for this letter since you are a supplier of agriculture based raw materials to Novozymes. We kindly ask you to countersign this letter and return a pdf copy thereof to Novozymes to formally and publicly confirm that the farming of the agricultural commodities being used in your production of raw materials has not resulted in any deforestation.

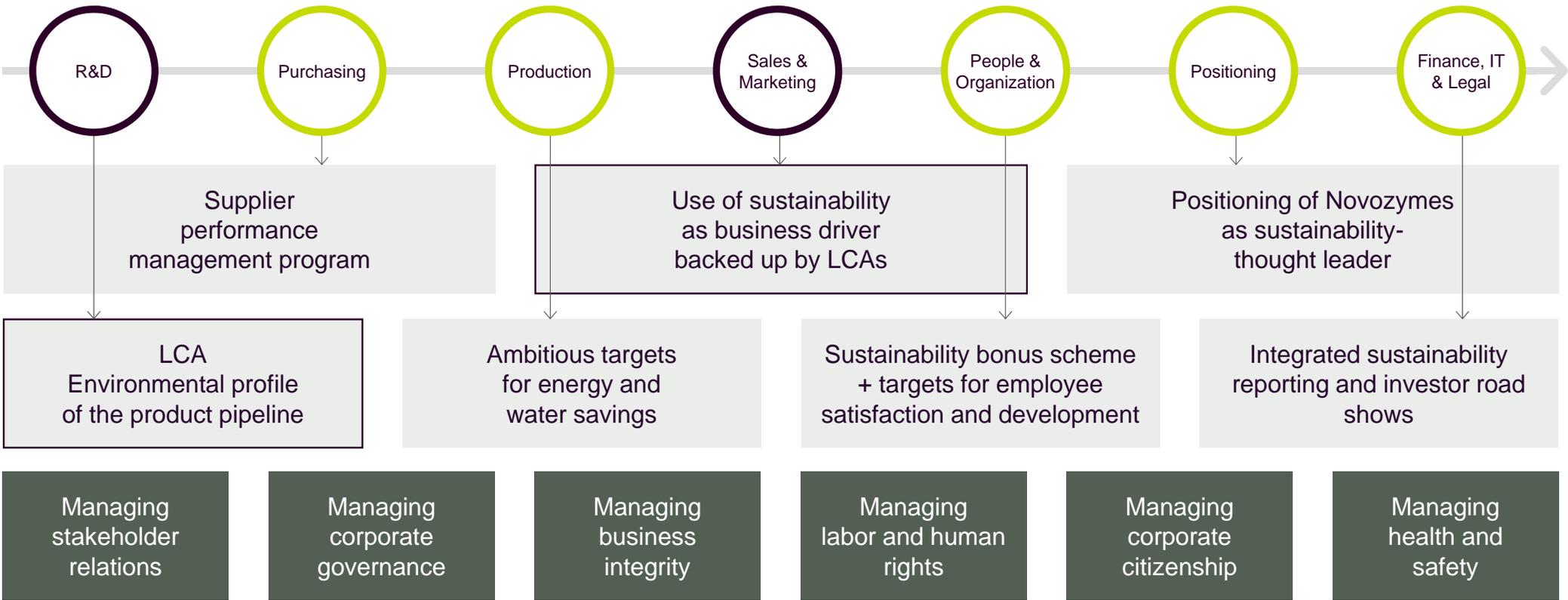
If you have any questions or comments please do not hesitate to contact me.

return the signed copy no later than Friday 13th March 2015.

Sincerely,

Adam Beran
Category Manager

Novozymes integrates sustainability across its functions



Cross-organizational initiatives

When science goes big scale

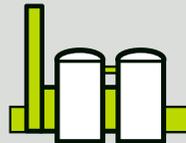
discover



develop



deliver



Benefits for consumers

- Better products
- Reduced footprint
- Better lives

Benefits for Novozymes' customers

- Improved efficiency
- Reduced cost
- Innovative solutions

Benefits for the planet

- Significant reduction of CO₂
- Fewer chemicals
- Sustainable solutions

Everywhere you need us



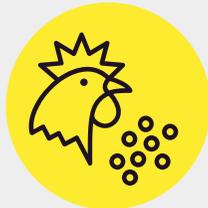
Household Care



Food & Beverages



Bioenergy



Animal Health & Nutrition



Agriculture



Textile



Pulp & Paper



Leather



Wastewater Solutions

Creating advantages for our customers



In 2015, Novozymes' customers reduced their CO₂ emissions by an estimated **60 million tons** through the application of our products – equivalent to taking 25 million cars off the road.

25,000,000



Reducing customers CO₂ impact

In 2014, Novozymes helped customers save

60 million

tons of CO₂ through the application of Novozymes' products, equivalent to taking 25 million cars off the road



Dairy:
230 kg CO₂
per ton of mozzarella



Margarine:
23 kg CO₂
per ton of hardstock



Vegetable oil:
44 kg CO₂
per ton of oil



Cereals:
110 kg CO₂
per ton of bread



Beverage:
25 kg CO₂
per 1000 litre of beer



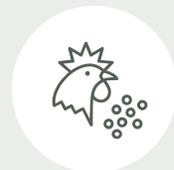
Detergent:
50-150 kg CO₂
per ton of laundry



Textile:
1100 kg CO₂
per ton of fabric



Cosmetics:
190 kg CO₂
per ton of fatty acid ester



Animal feed:
80 kg CO₂
per ton of feed



Agriculture:
15 kg CO₂
per ton of corn



Paper making:
150 kg CO₂
per ton of pulp



Leather:
100 kg CO₂
per ton of hide

Making bioinnovation work for our customers

“Novozymes’ ability to provide professional technical service is the most important difference compared to other enzyme suppliers. It is more important than enzyme price.”

Wen Hongjun
General Manager
Huaxing

“Novozymes has been very hands on – concerned about our plant, about our yield.”

Jeff Tussey
Vice President
Castle Rock Renewable Fuels

“Novozymes helps us out, looks at our data, gives us ideas. This goes well beyond just selling us a product.”

Tim Hauge
Plant Manager
Absolute Energy

“We have received a lot of help from Novozymes’ people, who have been of great value to us during implementation. We’ve really learned how to optimize our process.”

G.P.
Vice President, FMCG Division
Chaudhary Group

We use Life Cycle Assessments to document the benefits of our solutions

A typical Novozymes claim...

Introducing nature's problem solvers

Sometimes the greatest answers in life are found in its smallest components

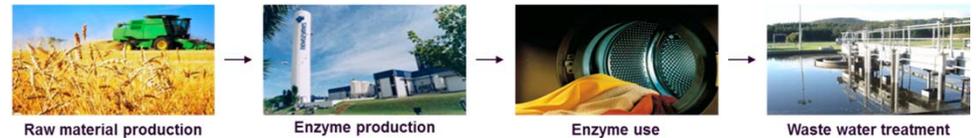


Catalyzing processes and building up or breaking down molecules

- Cleaner clothes**
with less consumption of energy
- Better nutrition**
with less food waste
- Green fuel**
to reduce our dependence on oil
- Higher yields**
and fewer pesticides

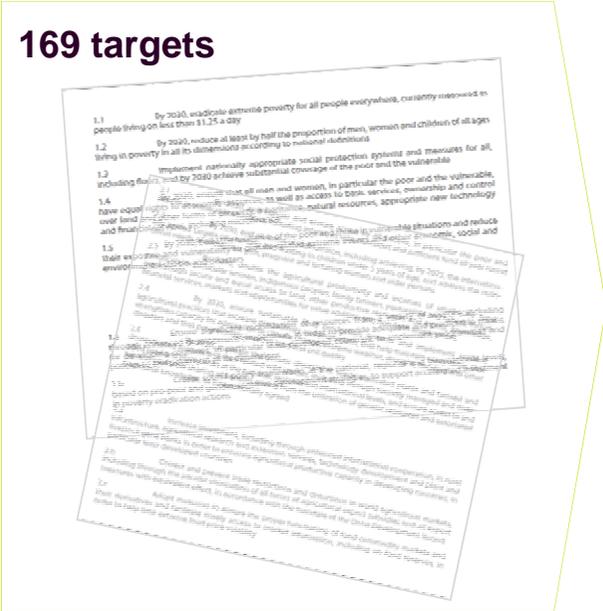
We also work with other proteins, biopolymers and related technologies

...is supported by a Life Cycle Assessment...



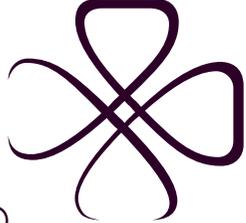
...which documents the same benefits to the user - but different environmental impact.

Novozymes understands how its products enable sustainable development



SDG priority areas calling for Novozymes solutions:

Climate change	Land use
Health	Nutrification
Sanitation	Acidification
Food supply	Forest
Water supply	Resources
Energy supply	Chemicals
Poverty	Waste
	Education

novozymes[®] 
Rethink Tomorrow