



The Novozymes Report 2005

My own extracts

novozymes[®] 

Unlocking the magic of nature

About The Novozymes Report 2005

The Novozymes Report 2005 presents the Group's financial, environmental and social results for the past year. As in the previous three years, it is an integrated annual, environmental and social report.

This year, the report focuses in particular on value creation. It provides a general insight into how our products create value for customers and society and how knowledge and partnerships, as catalysts for innovation, form the basis for this value creation. Finally, there are more extensive articles on themes that were prominent in 2005.

Primarily an online report

The Novozymes Report 2005 is primarily an online report for the benefit of stakeholders wanting quick and easily accessible information. The aim is a more user-friendly, targeted report that links to other information at www.novozymes.com.

As a supplement, we have prepared a 20-page colour abstract for those who only require a short presentation of Novozymes' results in 2005.

Finally, we can offer a black-and-white printed version of the full report. This has been audited and can also be found online.

The printed reports can be obtained via www.novozymes.com or by contacting Novozymes directly.

Auditing

PricewaterhouseCoopers (PwC) has audited the report. Furthermore PwC has examined and assessed it on the basis of the AA1000 Assurance Standard.

The designation ***S Audited by PwC** in the online report indicates that the given information has been audited. Information that has not been audited is primarily found under Other information in The Novozymes Report 2005 at www.novozymes.com. This includes Global Reporting Initiative (GRI) indicators, our Communication on Progress with respect to the Global Compact, a report on transport and the environment, and data from Novozymes' production sites.

Basis of the report

The Novozymes Report 2005 has been produced in accordance with the International Financial Reporting Standards (IFRS) and the additional requirements of the Copenhagen Stock Exchange for submitting accounts.

The report responds among other things to the input that Novozymes receives from its dialogue with stakeholders such as employees, cooperation partners, customers, investors and NGOs.

My own extracts

'My own extracts' is not identical to The Novozymes Report 2005 but is a subjective selection of articles, accounts and data. There are therefore no statements in this report. For the audited report, please refer to The Novozymes Report 2005 at www.novozymes.com.

“ We imagine a future where our biological solutions create the necessary balance between better business, cleaner environment and better lives. ”

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Global Compact

Communication on Progress in implementing the United Nations Global Compact principles

Statement of continued support

When we formulated Novozymes' values and mission statement (The Novozymes Touch), we decided to become a signatory to the United Nations Global Compact. Not least, this commitment is a natural extension of Novozymes' longstanding efforts to integrate sustainability into our way of doing business.

In accordance with the guidelines from the United Nations Global Compact Office, we again report on our progress in implementing the Global Compact principles this year.

Novozymes benefited a lot from taking part in a number of Global Compact events again in 2005. We consider the principles, including the dialogue on them, to be very important.

A handwritten signature in black ink, appearing to read 'Steen Riisgaard', written in a cursive style.

Steen Riisgaard, President and CEO

Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights

Novozymes' management system – including values, relevant policies, etc.	Novozymes' actions and results in 2005	Reference to GRI indicators
<p>The Novozymes Touch Vision, values and fundamental principles</p> <ul style="list-style-type: none"> ● Support for the United Nations Universal Declaration of Human Rights ● Support for the United Nations Global Compact <p>Social responsibility policy</p> <p>People policy</p> <p>Position on human rights</p> <p>Position on diversity and equal opportunities</p>	<p>Global minimum standards</p> <p>Novozymes' sites undertake annual self-assessments to document compliance with a number of social minimum standards based on international conventions. The self-assessments cover freedom of association, non-discrimination, working hours, salary and benefits, disciplinary measures, child labour and forced labour. They are undertaken using web-based tools and include an account of relevant management systems. All sites complied with the minimum standards in 2005. The self-assessments also made it possible to identify good practice in a number of areas and share experiences among sites.</p> <p>See also the article Global and local efforts go hand in hand.</p> <p>Local strategies for social responsibility</p> <p>As well as ensuring compliance with global minimum standards, Novozymes' largest sites have developed local social responsibility strategies in 2005. These strategies are by their nature very different, as conditions and culture vary across the countries where Novozymes is doing business.</p> <p>See also the article Global and local efforts go hand in hand.</p> <p>Social audits</p> <p>In 2005 pilot audits were carried out in Denmark and in China with a view to integrating social audits into Novozymes' internal auditing programme from 2006.</p> <p>See the article Global and local efforts go hand in hand. See also Sustainability targets 2006.</p> <p>Improved occupational health and safety</p> <p>In 2005 Novozymes began implementing an ambitious plan to prevent enzyme allergy in the workforce.</p> <p>See the article Changes in behaviour benefit safety. See also Financial, environmental and social discussion.</p>	<p>HR1 HR2 HR3 HR4</p>

Diversity project

Diversity and equal opportunities are a particular focus area at Novozymes. Based on a number of activities in 2005, Novozymes' future local social responsibility strategies will include targets and activities related to diversity in the workplace.

See the article Global and local efforts go hand in hand.
See also Sustainability targets 2006.

Evaluation of suppliers

80% of all suppliers of raw materials for enzyme production (measured in purchasing value) carried out self-assessments in 2005 to document compliance with a number of social minimum standards based on international conventions. These are the same minimum standards which form the basis for internal self-assessment at Novozymes' sites (see Global minimum standards).

See also Purchasing at www.novozymes.com.

Principle 2

Businesses should make sure that they are not complicit in human rights abuses

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See the article [Global and local efforts go hand in hand](#).
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See also [Purchasing](#) at www.novozymes.com.

Principle 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

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<p>The Novozymes Touch Vision, values and fundamental principles</p> <ul style="list-style-type: none"> ● Support for the United Nations Universal Declaration of Human Rights ● Support for the United Nations Global Compact <p>Social responsibility policy</p> <p>People policy</p> <p>Position on human rights</p>	<p>Global minimum standards</p> <p>Novozymes' sites undertake annual self-assessments to document compliance with a number of social minimum standards based on international conventions. The self-assessments cover freedom of association, non-discrimination, working hours, salary and benefits, disciplinary measures, child labour and forced labour. They are undertaken using web-based tools and include an account of relevant management systems. All sites complied with the minimum standards in 2005. The self-assessments also made it possible to identify good practice in a number of areas and share experiences among sites.</p> <p>See also the article Global and local efforts go hand in hand.</p> <p>Social audits</p> <p>In 2005 pilot audits were carried out in Denmark and in China with a view to integrating social audits into Novozymes' internal auditing programme from 2006.</p> <p>See the article Global and local efforts go hand in hand. See also Sustainability targets 2006.</p> <p>Evaluation of suppliers</p> <p>80% of all suppliers of raw materials for enzyme production (measured in purchasing value) carried out self-assessments in 2005 to document compliance with a number of social minimum standards based on international conventions. These are the same minimum standards which form the basis for internal self-assessment at Novozymes' sites (see Global minimum standards).</p> <p>See also Purchasing at www.novozymes.com.</p>	<p>HR5 LA3 LA4</p>

Principle 4

Businesses should uphold the elimination of all forms of forced and compulsory labour

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Principle 5

Businesses should uphold the effective abolition of child labour

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<p>The Novozymes Touch Vision, values and fundamental principles</p> <ul style="list-style-type: none"> ● Support for the United Nations Universal Declaration of Human Rights ● Support for the United Nations Global Compact <p>Social responsibility policy</p> <p>People policy</p> <p>Position on human rights</p>	<p>Global minimum standards</p> <p>Novozymes' sites undertake annual self-assessments to document compliance with a number of social minimum standards based on international conventions. The self-assessments cover freedom of association, non-discrimination, working hours, salary and benefits, disciplinary measures, child labour and forced labour. They are undertaken using web-based tools and include an account of relevant management systems. All sites complied with the minimum standards in 2005. The self-assessments also made it possible to identify good practice in a number of areas and share experiences among sites.</p> <p>See also the article Global and local efforts go hand in hand.</p> <p>Social audits</p> <p>In 2005 pilot audits were carried out in Denmark and in China with a view to integrating social audits into Novozymes' internal auditing programme from 2006.</p> <p>See the article Global and local efforts go hand in hand. See also Sustainability targets 2006.</p> <p>Evaluation of suppliers</p> <p>80% of all suppliers of raw materials for enzyme production (measured in purchasing value) carried out self-assessments in 2005 to document compliance with a number of social minimum standards based on international conventions. These are the same minimum standards which form the basis for internal self-assessment at Novozymes' sites (see Global minimum standards).</p> <p>See also Purchasing at www.novozymes.com.</p>	HR6

Principle 6

Businesses should uphold the elimination of discrimination in respect of employment and occupation

Novozymes' management system – including values, relevant policies, etc.	Novozymes' actions and results in 2005	Reference to GRI indicators
<p>The Novozymes Touch Vision, values and fundamental principles</p> <ul style="list-style-type: none"> ● Support for the United Nations Universal Declaration of Human Rights ● Support for the United Nations Global Compact <p>Social responsibility policy</p> <p>People policy</p> <p>Position on human rights</p> <p>Position on diversity and equal opportunities</p>	<p>Global minimum standards</p> <p>Novozymes' sites undertake annual self-assessments to document compliance with a number of social minimum standards based on international conventions. The self-assessments cover freedom of association, non-discrimination, working hours, salary and benefits, disciplinary measures, child labour and forced labour. They are undertaken using web-based tools and include an account of relevant management systems. All sites complied with the minimum standards in 2005. The self-assessments also made it possible to identify good practice in a number of areas and share experiences among sites.</p> <p>See also the article Global and local efforts go hand in hand.</p> <p>Social audits</p> <p>In 2005 pilot audits were carried out in Denmark and in China with a view to integrating social audits into Novozymes' internal auditing programme from 2006.</p> <p>See the article Global and local efforts go hand in hand. See also Sustainability targets 2006.</p> <p>Diversity project</p> <p>Diversity and equal opportunities are a particular focus area at Novozymes. Based on a number of activities in 2005, Novozymes' future local social responsibility strategies will include targets and activities related to diversity in the workplace.</p> <p>See the article Global and local efforts go hand in hand. See also Sustainability targets 2005.</p> <p>Evaluation of suppliers</p> <p>80% of all suppliers of raw materials for enzyme production (measured in purchasing value) carried out self-assessments in 2005 to document compliance with a number of social minimum standards based on international conventions. These are the same minimum standards which form the basis for internal self-assessment at Novozymes' sites (see Global minimum standards).</p> <p>See also Purchasing at www.novozymes.com.</p>	<p>HR4 HR10 HR11</p>

Principle 7

Businesses should support a precautionary approach to environmental challenges

Novozymes' management system – including values, relevant policies, etc.	Novozymes' actions and results in 2005	Reference to GRI indicators
<p>The Novozymes Touch Vision, values and fundamental principles</p> <ul style="list-style-type: none"> ● Support for the United Nations Convention on Biological Diversity ● Support for the United Nations Global Compact <p>Environment and bioethics policy</p> <p>Position on antibiotic resistance genes in GMMs</p> <p>Position on detergent enzymes</p> <p>Position on enzymes produced by GMMs</p> <p>Position on gene technology in connection with food/feed production</p> <p>Position on the labelling of enzymes</p>	<p>Continued focus</p> <p>At Novozymes a precautionary approach to environmental challenges is particularly relevant in the use of modern biotechnology. The precautionary approach forms part of the management system. Novozymes uses gene technology, and production is to a large extent based on genetically modified organisms. Research, development and production follow fixed safety procedures.</p> <p>See also the article <i>Biotechnology offers new possibilities</i>.</p> <p>Dialogue</p> <p>Novozymes is dependent on general trust in its use of gene technology. As a result Novozymes attaches importance to openness and maintains an ongoing dialogue with its stakeholders on the use of gene technology.</p> <p>See also <i>Discover biotech</i> at www.novozymes.com.</p>	3.13

Principle 8

Businesses should undertake initiatives to promote greater environmental responsibility

Novozymes' management system – including values, relevant policies, etc.	Novozymes' actions and results in 2005	Reference to GRI indicators
<p>The Novozymes Touch Vision, values and fundamental principles</p> <ul style="list-style-type: none"> • Support for the United Nations Convention on Biological Diversity • Support for the United Nations Global Compact <p>Environment and bioethics policy</p> <p>Position on the labelling of enzymes</p>	<p>Expansion of environmental management system</p> <p>Global warming due to the combustion of fossil fuels has led to increased interest in energy consumption and carbon dioxide emissions in recent years. As part of its efforts to meet this challenge as a company, Novozymes integrated a new energy management standard (DS 2403) into its management system in 2005. In the first instance the new standard has been integrated at the plants in Denmark, and experiences from here will be applied to the remaining plants.</p> <p>See also the article Values in action.</p> <p>Lifecycle assessments (LCAs)</p> <p>Novozymes operates in the business-to-business market. Both Novozymes and its customers are increasingly encountering requirements and expectations that they should contribute to sustainable development.</p> <p>In 2005 Novozymes completed a total of nine LCAs. An LCA is a scientifically based study of a product's positive and negative environmental impacts throughout its lifecycle - from resources and raw materials through production to use and disposal. Novozymes attaches importance to applying a holistic approach when assessing how the company contributes to creating value for society.</p> <p>Lifecycle assessments are an important tool in the dialogue with Novozymes' stakeholders - customers, authorities, NGOs, etc. - about biotechnology and gene technology.</p> <p>See also the article Enzymes' effects from cradle to grave.</p> <p>Environmental audits of suppliers</p> <p>Evaluating suppliers' environmental performance is an integrated part of Novozymes' purchasing management system. With effect from 2005 environmental audits have been integrated into Novozymes' quality audits of suppliers.</p>	<p>EN1 - EN16 1.1</p>

Principle 9

Businesses should encourage the development and diffusion of environmentally friendly technologies

Novozymes' management system – including values, relevant policies, etc.	Novozymes' actions and results in 2005	Reference to GRI indicators
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Principle 10

Businesses should work against all forms of corruption, including extortion and bribery

Novozymes' management system – including values, relevant policies, etc.	Novozymes' actions and results in 2005	Reference to GRI indicators
<p>The Novozymes Touch Vision, values and fundamental principles</p> <ul style="list-style-type: none"> • Support for the United Nations Global Compact <p>Social responsibility policy</p> <p>Finance policy</p> <p>Position on business integrity</p> <p>Position on donations</p>	<p>New management standard</p> <p>In 2005 a new management standard on business integrity was integrated into Novozymes' quality management system. The standard defines six integrity principles covering bribery, facilitation payments, money laundering, protection money, gifts and political and charitable contributions. It also outlines responsibilities and processes in a business integrity management system which enables all employees to obtain guidance and anonymously raise concern about possible breaches of the principles.</p> <p>See the article Values in action. See also Business integrity at www.novozymes.com.</p> <p>Internal communication</p> <p>A dedicated business integrity Intranet site has been established as part of the efforts to implement the standard on business integrity. Furthermore, all employees have received the booklet <i>Bribery - no thanks!</i>, which contains additional information. Selected employee groups have also received special training.</p> <p>See the article Values in action. See also Business integrity at www.novozymes.com.</p> <p>External communication and dialogue</p> <p>Efforts to communicate Novozymes' business integrity principles to business partners was initiated in 2005. For example, suppliers received a letter about the principles, encouraging them to adopt similar principles. Novozymes also shared experiences with other companies through participation in a number of networks and by giving presentations at various conferences.</p> <p>See the article Values in action. See also Business integrity at www.novozymes.com.</p>	<p>SO2</p>

Novozymes' overall approach to sustainability

Further information about Novozymes' work on social and environmental responsibility is available under Sustainability at www.novozymes.com. Information about 2005 is also available in The Novozymes Report 2005, which is an integrated annual report covering both financial, environmental and social data based on the AA1000 assurance standard. At www.novozymes.com further information is available, e.g. Novozymes' values and mission statement (The Novozymes Touch) and policies and positions on aspects of social and environmental responsibility. Particular reference is made to Novozymes' social responsibility policy and environment and bioethics policy.

Novozymes' commitment to the United Nations Global Compact forms part of its values. Consequently, the Global Compact principles are guiding the efforts to integrate social and environmental responsibility into all business processes and decisions. With a view to ensuring ever greater integration, Novozymes has set up a dedicated strategy group, Sustainability Development Strategy Group, which reports to Executive Management. This strategy group is responsible for developing and implementing Novozymes' overall strategy for social and environmental responsibility. It comprises senior managers from across the global organisation, supported by a development unit called Sustainability Development Center. This unit comprises specialists in social and environmental responsibility.

Achievement of a number of performance and development targets related to social and environmental responsibility is integrated into a special bonus scheme for Executive Management and other senior managers. Social and environmental responsibility is a fixed agenda item twice a year at meetings of Novozymes' Board of Directors. Financial, social and environmental results are reported quarterly, both internally and externally.

All Novozymes' business units are regularly visited by a facilitator corps. These facilitators assess compliance with Novozymes' values by means of interviews with employees at all levels. Novozymes also has a special ombudsman, who provides an opportunity for all employees to have cases heard which they believe to be in conflict with Novozymes' values, policies and management standards.

Forward-looking statements

The Annual Report for 2005 contains forward-looking statements, including the financial outlook for 2006. Forward-looking statements are by their very nature associated with risks and uncertainties that may cause actual results to differ materially from expectations. The uncertainties may include unexpected developments in the international currency exchange and securities markets, market-driven price decreases for Novozymes' products, and the introduction of competing products within Novozymes' core areas.

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