



THE NOVOZYMES
REPORT 2010

MY EXTRACT



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THE NOVOZYMES REPORT 2010

REPORT





CELEBRATING 10 SUCCESSFUL YEARS

A decade has passed since Novozymes was formed as a separate company and introduced on the Copenhagen Stock Exchange. The aim was to bring about a stronger focus on the exciting industrial enzyme business. Looking back, this stronger focus has paid off.

Among many things, the Board makes sure that Novozymes has the means and measures in place to achieve profitable and sustainable growth in both the short and long term. One important way to achieve this is by always keeping innovation and strategic change high on the agenda. We believe that one of the reasons why Novozymes has achieved very good results over the past decade is that the company has not slipped into complacency. We will strive to ensure that Novozymes continues to focus on growth, making the coming decades as exciting as the one just ended.

The strategy we embarked on a decade ago, with the emphasis on using our technology platform to create new business opportunities and looking at acquisitions where we could see a strong match with Novozymes' core technologies, has led to greater diversity in sales and created a stronger growth platform. In 2000, detergent enzymes accounted for roughly half of Novozymes' sales. Today, the same industry accounts for roughly one third of sales. This is not because detergent enzyme sales have stopped growing, but because innovation has enabled other industries to emerge and develop.

Innovation and recognition

Novozyymes' ability to innovate, change, and adapt to our surroundings has put the company in a strong market position. Novozymes estimates that its share of the enzyme market increased from 42% in 2000 to 47% in 2010, while the market grew from DKK 12 billion to DKK 19 billion. This larger market share is the result of expanding the industrial enzyme market through innovation and penetrating new industries where enzymes have not previously been used.

Novozyymes' unique biotechnology and optimization skills have resulted in products that have been repeatedly improved, delivering more efficient and environmentally friendly solutions to our customers. Procter & Gamble named Novozymes its "Supplier of the Year" for the third year in a row in 2010 out of more than 80,000 suppliers. This is the first time ever that a company has received the award three times and is a testimony to our innovative capabilities.

Novozyymes is recognized by both customers and financial institutions for our innovative products and for our sustainability efforts. We have been honored for our sustainability work numerous times over the past decade, but to be named by Dow Jones as sustainability sector leader in the biotech area again in 2010 makes us particularly proud.

Novozyymes' high standards of financial, social, and environmental performance depend on the activities and actions of our employees around the world. This was

emphasized and further developed in 2010 by involving our employees in formulating a revitalized set of corporate values called *Touch the World*.

For the benefit of shareholders, customers, and the environment

We are very proud of what Novozymes has accomplished over the past 10 years. Sales have almost doubled and net profit has more than tripled. Value creation for our shareholders has been even stronger, with our market capitalization more than quadrupling in the same period. In addition, more than DKK 7 billion has been returned to shareholders in the form of dividends and stock buybacks. Novozymes' products, when applied in customers' industrial production processes, have also facilitated a significant worldwide reduction in CO₂ emissions.

The Board has been committed to developing Novozymes' corporate governance practices over the past decade. This includes putting systems in place to ensure that Novozymes maintains high standards of performance and follows the ever-changing recommendations in this area, to the extent that this supports and strengthens Novozymes' business.

Setting our sights for the future

New long-term targets were introduced in 2009, replacing those communicated back when Novozymes was first introduced on the stock exchange in 2000. The new targets reflect a changing world where, in particular, Novozymes' advancing R&D technologies, more innovative products, a planet in need of more sustainable solutions, higher commodity prices, and a broader geographical presence permit more ambitious expectations of the future. Well-defined targets for environmental and social performance are also included, ensuring high levels of awareness and regular follow-up in an area we consider an integral and very important part of the way we do business.

Novozymes' strong performance in 2010 confirms that we are moving in the right direction. Despite being hit by the global recession at the beginning of 2009, we came close to delivering on our 10-in-10 ambition of sales of DKK 10 billion in 2010. The year brought double-digit growth in sales and record growth in earnings. Novozymes also helped customers reduce their CO₂ emissions by 40 million tons.

Novozymes can look back with pride on a decade of strong and sustainable growth, and we feel confident that the means and measures currently in place will pave the way for decades of exciting progress for Novozymes, our employees, our shareholders, and the world.

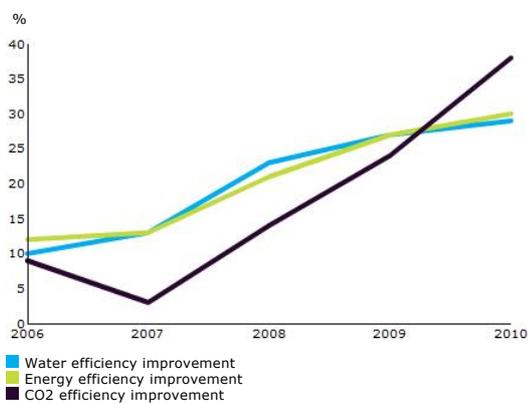
January 2011

The Board of Directors
Novozymes A/S

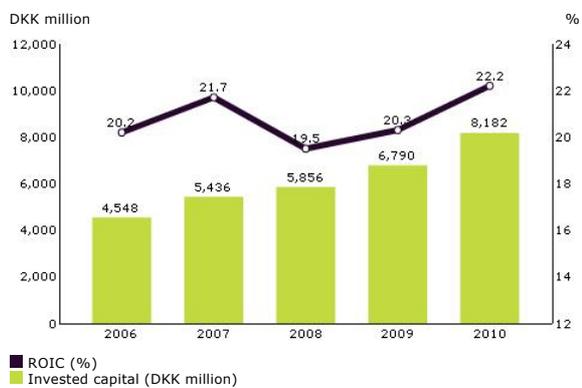


KEY FIGURES

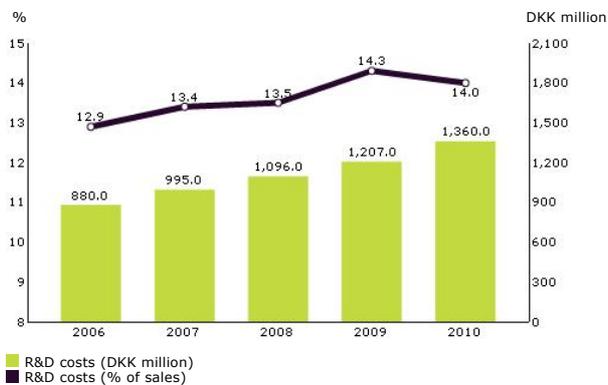
RESOURCE EFFICIENCY IMPROVEMENT



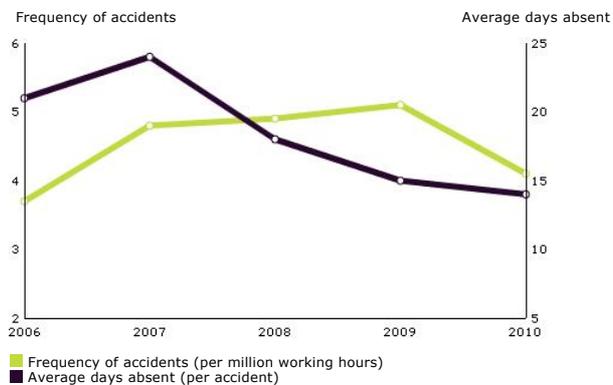
ROIC AND INVESTED CAPITAL



RESEARCH AND DEVELOPMENT



FREQUENCY OF ACCIDENTS AND AVERAGE DAYS ABSENT



		2010	2009	2008	2007	2006
Income statement (DKK million)						
Revenue		9,724	8,448	8,146	7,438	6,802
Research and development costs		1,360	1,207	1,096	995	880
EBITDA		2,796	2,252	2,060	1,971	1,809
Operating profit / EBIT		2,117	1,688	1,504	1,481	1,340
Financial items, net		6	(67)	(85)	(96)	(122)
Profit before tax		2,123	1,621	1,419	1,385	1,218
Net profit		1,614	1,194	1,062	1,042	911
Balance sheet (DKK million)						
Non-current assets		7,057	5,991	5,641	5,218	4,379
Total assets		12,593	10,890	9,925	8,871	7,965
Shareholders' equity		7,836	5,841	4,476	3,667	3,393
Non-current liabilities		2,249	2,528	2,563	2,810	2,634
Current liabilities		2,508	2,521	2,886	2,394	1,938
Invested capital		8,182	6,790	5,856	5,436	4,548
Net interest-bearing debt		346	949	1,380	1,769	1,455
Investments and cash flows (DKK million)						
Cash flow from operating activities		2,324	1,817	1,697	1,714	1,534
Cash flow from investing activities, net		(1,349)	(978)	(942)	(1,467)	(953)
Of which investments in property, plant and equipment, net		(1,323)	(972)	(885)	(721)	(463)
Free cash flow before acquisitions		998	839	755	963	1,058
Free cash flow		975	839	755	247	581
Cash flow from financing activities		(737)	(523)	287	(631)	(851)
Net cash flow		238	316	1,042	(384)	(270)
Key ratios						
Research and development costs as a percentage of revenue	%	14.0	14.3	13.5	13.4	12.9
EBITDA margin	%	28.8	26.7	25.3	26.5	26.6
Operating profit margin	%	21.8	20.0	18.5	19.9	19.7
Net profit margin	%	16.6	14.1	13.0	14.0	13.4
Effective tax rate	%	24.0	26.3	25.2	24.8	25.2
Equity ratio	%	62.2	53.6	45.1	41.3	42.6
Return on equity	%	23.6	23.1	26.1	29.5	25.4
Return on invested capital (ROIC), including goodwill	%	22.2	20.3	19.5	21.7	20.2
Return on invested capital (ROIC), excluding goodwill	%	23.7	21.8	21.2	23.4	21.1
WACC	%	5.6	7.0	7.4	8.1	7.5
Earnings per share (EPS)	DKK	25.75	19.24	17.17	16.93	14.46
Proposed dividend per share	DKK	8.00	5.75	5.25	5.00	4.50
Environmental and social data						
Water efficiency improvement (compared to 2005)	%	29	27	23	13	10
Energy efficiency improvement (compared to 2005)	%	30	27	21	13	12
CO ₂ efficiency improvement (compared to 2005)	%	38	24	14	3	9
Total waste recycled	%	43	45	45	43	42
Significant spills	No.	0	0	0	0	0
Rate of employee turnover	%	7.5	6.7	11.3	9.0	8.0
Rate of absence	%	2.1	2.3	2.2	2.2	2.3
Fatalities	No.	0	0	0	0	0
Frequency of accidents with absence per million working hours		4.1	5.1	4.9	4.8	3.7

COMPANY PROFILE

Novozymes is the world leader in bioinnovation. Our business is industrial enzymes, microorganisms, and biopharmaceutical ingredients. Our biological solutions help companies make more from less, as our solutions save energy and raw materials, and reduce waste. The result is higher quality, lower costs, lower CO₂ emissions, and a better environment.

Novozymes is organized into two business areas, each covering a number of industries: Enzyme Business and BioBusiness. The development, production, distribution, and sale of enzymes form the major part of our business, currently accounting for 94% of sales. BioBusiness, accounting for the remaining 6%, is home to both a smaller, established business in microorganisms and biopharmaceutical ingredients and a portfolio of initiatives where Novozymes is exploring business opportunities outside the enzyme sphere.

We generated sales of DKK 9,724 million and EBIT of DKK 2,117 million in 2010.

Rethink Tomorrow

We use biotechnology to discover new sustainable solutions. More than 16% of Novozymes' global workforce of 5,432 works on innovation and development, and we invest around 14% of our sales in research and development.

Our solutions are based on a unique technology platform that provides a wealth of opportunities for the world's industries. Gene technology, microbiology, and fermentation technology are some of the tools on which we base our business. Combining industrial insight with this technology platform, we partner with customers across a broad range of industries to create tomorrow's industrial biosolutions that not only improve the use of our planet's resources but also our customers' business. We currently hold more than 6,500 granted or pending patents, which is an indication of the possibilities that emerge when nature and technology join forces.

Sustainability is integrated

Sustainability is an integral part of our business, and we enable our customers to optimize their use of raw materials and energy, thereby reducing the environmental impact of their operations. In 2010 alone, the worldwide application of our products enabled reductions in CO₂ emissions of approximately 40 million tons.

We believe in decency and responsibility in business, which includes respect for all stakeholders. Our commitments to international agreements and universal values help define issues and challenges of relevance to our stakeholders and our business:

- We subscribe to the United Nations Global Compact
- We support the United Nations Declaration of Human Rights
- We support the United Nations Convention on Biological Diversity
- We subscribe to the International Chamber of Commerce's Charter for Sustainable Development

ENZYME BUSINESS

Enzymes, which are found in all living organisms, are biodegradable proteins that catalyze biochemical reactions. Enzyme technologies can typically replace conventional chemicals, getting more out of raw materials and making production processes more efficient.

We are constantly striving to expand our markets by introducing innovations within existing markets as well as developing new applications. With a 47% share of the global enzyme market in 2010, we retained our position as the world's largest and leading producer of industrial enzymes.

We organize our enzyme business into four areas:

Detergent enzymes

Enzymes are widely used in laundry and dishwashing detergents, and account for 32% of Novozymes' sales. Our solutions improve the performance of detergents by enabling improved stain removal, garment care, and general wash performance. Enzymes can also replace petrochemically derived ingredients that traditionally make up the bulk of detergents. Because of their unique catalytic action, enzymes are particularly useful ingredients in low-temperature detergents and concentrated detergents.

Technical enzymes

Technical enzymes are mainly used in the transformation of starch into different kinds of sugars. The largest application is enzymes for the biofuel industry, turning starch (primarily corn) into fermentable sugars. Other areas include enzymes for converting starch into syrups and enzymes for textile treatment, leather, and pulp & paper. In 2010, we launched the first commercially viable enzymes for large-scale production of biofuel from cellulosic feedstocks.

Food enzymes

Enzymes for the food and beverage industries enhance quality and efficiency in the manufacture of products such

as bread, wine, juice, beer, and alcohol. Enzymes can, for instance, be used to reduce waste by keeping bread fresh for longer, to produce trans-fat-free oils, and to reduce levels of a potential carcinogen, acrylamide, in baked or fried starchy foods.

Feed enzymes

Enzymes increase the digestibility and nutritional value of animal feed. For instance, Novozymes' protease RONOZYME® ProAct helps animals digest the protein in their diet by supplementing the activity of their own digestive enzymes. This improved nutrient uptake leads to better feed utilization and helps the environment as fewer nutrients are released through manure.

BIOBUSINESS

BioBusiness builds on the technological capabilities and expertise gained from working with biotechnology and enzymes for more than 60 years. BioBusiness focuses on developing new and improved microorganisms, biopharmaceutical ingredients for drug delivery and formulation, and renewable chemicals. We consider BioBusiness to be a portfolio of growth opportunities for the future.

Microorganisms

Microorganisms are a diverse group of microscopic organisms such as fungi, bacteria, and yeasts. They are found everywhere in nature, where they both form and degrade organic materials. Novozymes develops, produces, and sells microorganisms in three main areas. In bioagriculture, the uses of our microorganisms include enhancing yields by helping plants to take up naturally occurring nutrients such as nitrogen and phosphates more effectively. In wastewater treatment, our microorganisms help break down organic matter. In institutional and household cleaning, our microorganisms have a wide range of applications in cleaning, degreasing, and odor control.

Biopharmaceutical ingredients

Novozymes supplies a range of recombinant biopharmaceutical ingredients for improved drug delivery and formulation, and medical devices. Our biopharmaceutical ingredients are typically recombinant molecules that replace the similar molecules derived from humans and animals traditionally used in the industry. Our solutions offer customers alternative, cost-competitive, and safe solutions, helping them to develop better drugs and devices.

Renewable chemicals

Novozymes is working on a number of research projects to develop cost-competitive processes for using microorganisms to produce chemicals from renewable sources. Today, most chemicals are derived from oil. We believe that, in the future, sugar from renewable sources will form the basis of some of these chemicals, complementing the volumes generated from oil. Novozymes is working to develop these technologies in close collaboration with global partners.





A REMARKABLE SALES STORY

Novozymes' sales have almost doubled over the past decade. At the same time, the company has developed into a more robust business with a wider range of markets, a more diverse geographical footprint, and a broader customer base.

Novozymes was born as the world's leading enzyme producer with the largest market share, the widest product portfolio, and a technology leadership position. However, the enzyme industry was very different a decade ago than it is today. Although enzyme technology was recognized, the range of applications was smaller.

The industry relied heavily on the detergent and food industries – in Novozymes' case, these two accounted for more than 70% of sales. Detergent enzymes alone provided roughly half of our sales, the Group's sales were concentrated in Europe, and our largest customers were a small number of leading detergent producers.

Today, Novozymes is still the market leader, and the detergent business is still our single largest segment, but many other aspects have changed.

Global market growth

The global enzyme market has expanded over the past decade from a total value of about DKK 12 billion to an estimated DKK 19 billion in 2010, even with the headwind from a lower USD. Growth has been global, but the North American market has grown particularly fast, due mainly to the emergence of the biofuel industry.

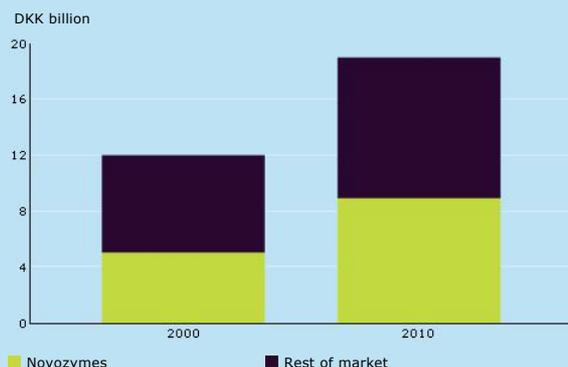
Novozymes has been at the forefront of the industry's development, taking it into new areas and new markets. Today, Novozymes commands 47% of the global enzyme market, compared to 42% in 2000, and our sales are spread across more industries; the detergent industry accounted for 32% of our sales in 2010, technical and food industries 32% and 22% respectively, and feed enzymes 8%. Novozymes has also added activities within microorganisms and biopharmaceutical ingredients.

This increased diversity has also led to decreased customer and market concentration. Our top five customers accounted for 28% of sales in 2010, as opposed to 38% a decade earlier. In 2000, North America accounted for 28% of Novozymes' sales; in 2010, this figure had increased to 37%. During the same period, sales in Europe, the Middle East & Africa went from 43% to 36% of sales. Emerging markets' share of sales is unchanged overall, but China has been a strong growth engine and has been Novozymes' second-largest national market after the US since 2005.

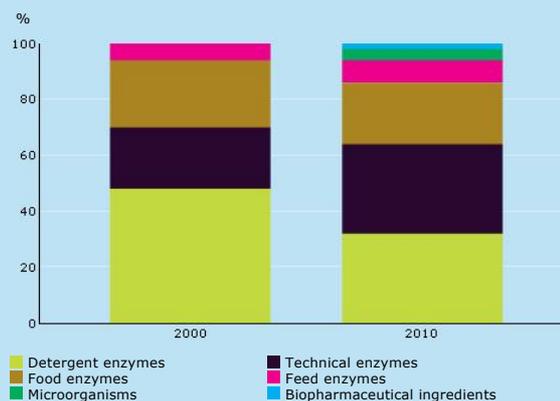
Innovation drives sales

Our customers turn to Novozymes for solutions that can help them improve their business. In many cases, we save them money by providing the tools to make better use of raw materials, energy, and water. In other cases, customers turn to us for technology that can help them develop a more differentiated product. As the marketplace is constantly evolving, the only way to compete as an enzyme producer is to stay at the forefront of technology and deliver groundbreaking solutions, which is exactly what Novozymes has done over the past decade, consolidating our position

ENZYME MARKET AND NOVOZYMES' SHARE



DISTRIBUTION OF SALES BY INDUSTRY



as innovation leader. We have brought more than 85 new products to market, and we have extended the range of applications and customers for enzymes through innovation. The technological advances we have made during the period help us do things today that we could only dream of a decade ago.

Regulation can create markets

Novozymes always strives to develop markets through innovation, but sometimes customer trends or regulatory changes lead the way. Enzymatic solutions have increasingly been favored by regulatory initiatives over the past decade.

In many cases, new regulations have forced customers to make significant changes. One example of this is the banning of bone meal in animal feed, where it was a key source of phosphate. This made our phytase enzymes competitive as an alternative technology with unique and safe characteristics. Phytase enzymes not only help animals make use of the phosphate in their feed, but also help the environment by reducing the amount of undigested phosphate in their manure.

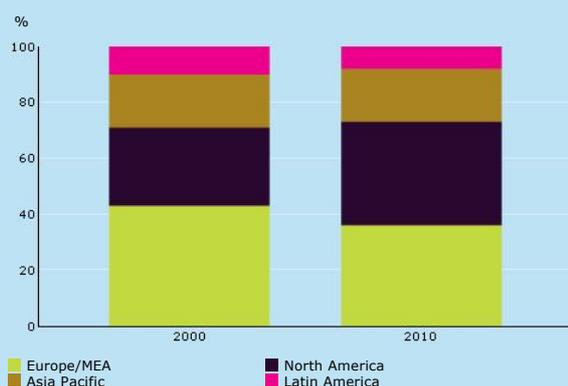
The future is bright

We look forward to another decade of expansion in the global enzyme market. Rapid growth in emerging economies is expected to fuel demand for products made using enzyme technology, and we will continue to develop the larger, developed markets in Europe, North America, and Japan by building on our technology leadership position.

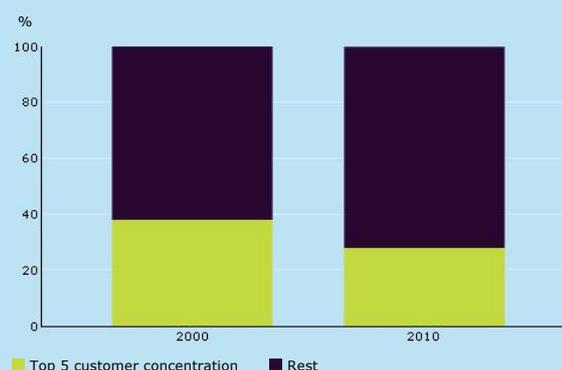
We also look forward to seeing how governments will shape future demand for our products. The increasing focus on the sustainable use of natural resources, environmental protection, and climate change has the potential to radically

transform the marketplace in favor of biological solutions. It will be exciting to see how our technology and insight can help customers develop new and improved ways of making more from less and so help change the world.

DISTRIBUTION OF SALES BY REGION



TOP 5 CUSTOMER CONCENTRATION AS % OF SALES





A HISTORY OF TECHNOLOGICAL INNOVATION

In our quest to deliver more from less, Novozymes invests heavily in technological innovation to improve both the strains that produce our enzymes and the performance of the enzymes themselves.

Novozymes is a growth company with a difference. Rather than simply building new factories to accommodate rising sales volumes, we use biotechnology to increase output from existing facilities and reduce consumption of raw materials, water, and energy. This benefits both Novozymes and the environment, as we are able to produce more from less.

Continuous efficiency improvements have ensured that the construction of new production capacity has lagged growth in sales volumes, and will continue to do so in the future. The technological innovation that makes this possible also plays an important part in the discovery and development of new enzymes.

Continuous improvements

Novozymes has produced enzymes by microbial fermentation for more than 50 years, first as part of Novo Nordisk and since 2000 as an independent company. The first genetically modified (recombinant) production strain was launched in 1988, and our product portfolio is now dominated by enzymes from recombinant microorganisms.

Enzymes are produced by microorganisms such as bacteria, fungi, and yeasts throughout nature. To produce enzymes on an industrial scale, however, we have to stimulate and improve the microorganisms so that they yield more of the desired enzyme, release fewer unwanted by-products, and generally perform better and more efficiently in the production environment.

This is an ongoing process, and we are constantly developing new technologies that push the boundaries of productivity. Increased understanding of the biology of the microorganisms that we work with has dramatically accelerated this process. Twenty years ago, even minor modifications of our production organisms could take a team of scientists several months or even years. Today, a single scientist can design and implement significant genetic modifications in just a few weeks – and with a much more predictable outcome. Ten years ago, the genome sequences of our strains were largely unknown. Today, sequencing an entire genome is standard procedure.

Once developed, a new production strain opens up new possibilities in our production processes. A constant focus on optimizing our processes to get the most out of each

individual strain, while at the same time retaining a fairly standardized production setup, enables significant further improvements. We also make great efforts to find cheaper raw materials and minimize energy and water consumption.

State-of-the-art technologies

Novozymes strives constantly to improve the properties of our enzymes. An enzyme is a protein consisting of a string of amino acids, and it is the sequence and positioning of these amino acids that determine the enzyme's properties, such as stability and activity. By using our technologies to make our enzymes longer lasting or more powerful, we can lower the dosage of enzyme required in customers' applications.

One of the techniques is crystal structures showing how all the components of the enzyme molecule are positioned in 3D, enabling us to modify the amino acid composition of an enzyme. Using computer programs that simulate the function of the enzyme, we get ideas for how the amino acid composition can be modified to improve the enzyme's performance. These ideas must then be tested. In the best case, we only need to test hundreds of enzymes with different combinations of modifications to get the desired result. Often, however, the task is so complicated that we have to spend months testing hundreds of thousands of modified enzymes. In this case, robotic equipment is used to carry out high-throughput screening to find the "needle in the haystack." This is only possible thanks to the advances in robotics over the past 20 years. Novozymes has exploited the potential of this technology from its very infancy and has in many cases developed in-house robotic solutions.

Other technological developments have also helped transform our work on optimizing enzymes. Twenty years ago, only a few protein 3D structures were known, and very few tools were available for exploring the function and dynamics of these structures. Today, much more structural information is available, and general understanding of enzyme function has greatly improved. Computer power has increased enormously, enabling the use of new simulation techniques such as molecular dynamics to help understand the determinants of enzyme stability and activity.

New technologies are constantly improving our understanding of enzyme molecules and ways of working with DNA, making optimization increasingly efficient. Of course, these technologies are only as good as those who use them, which only serves to emphasize the need for highly talented people. Human creativity and interaction have always been, and will always be, the key to our ability to innovate.



SUSTAINABILITY AS BUSINESS DRIVER

Sustainability has increasingly become a business driver for Novozymes over the past decade. We have been able to turn it into a competitive advantage in our relations with customers in recent years as more customers look to use sustainability as a differentiator. Thus, the original focus on sustainability as a matter of risk and cost management has broadened to also include and even create business opportunities for Novozymes.

Interest in Novozymes' biological solutions has soared in recent years. Our technology can help save raw materials, reduce the use of chemicals, and bring about energy and quality improvements. Our solutions have always had these benefits – the difference today is that demand for sustainable solutions is being stimulated by national regulatory initiatives and retailers' tougher sustainability criteria for suppliers in response to consumer preferences.

Customers recognize that sustainable solutions can be better and more profitable in the long run. They are keen to differentiate themselves through the reduced environmental impact made possible by our technology.

It is a major step forward for Novozymes that we can now promote sustainability together with more of our customers, and this was reflected in our new ambition launched in 2009. We aim to drive the world toward sustainability together with our customers, which means making better use of the world's resources to meet people's needs for

food and other consumables. Many different factors have helped us come this far, but two key priorities have been particularly important in making us an attractive partner in sustainability today: our decision in 2005 to build up in-house life cycle assessment (LCA) expertise and our continuing commitment to integrating sustainability into our organization and strategy.

In-house life cycle assessment expertise

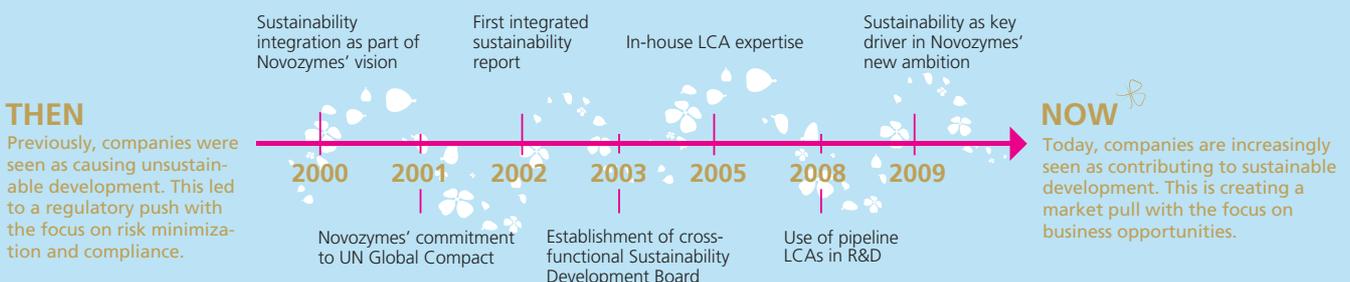
The decision to build up in-house expertise in life cycle assessment has been crucial for our ability to use sustainability as a true business driver. Our LCA specialists work with colleagues in Sales & Marketing and with our customers to compare the environmental impact of conventional technologies and our biological solutions, covering products' entire life cycles "from cradle to grave." This enables customers to back up their claims with solid data, and Novozymes to document our carbon footprint.

Since 2008, Novozymes has also used rough LCA estimates in R&D to assess and compare the environmental impact of new products as an important element in prioritizing our pipeline.

Integration of sustainability

At Novozymes, we integrate sustainability into our everyday business activities. It is how we do business and part of who we are, because we truly believe that this is the right way to do business. Sustainability is also key in our relations with stakeholders. In 2002, we were one of the very first companies to publish an integrated report combining traditional financial information and sustainability data, as is now considered best practice.

SUSTAINABILITY DURING NOVOZYMES' FIRST 10 YEARS



We have been committed to building an organization based on our priorities and geared to respond to our stakeholders' concerns. In 2003, this led to the establishment of a Sustainability Development Board (SDB) with high-level representation of all main areas of the business. SDB develops our sustainability strategy, which is integrated with the business strategy and takes stakeholders' concerns into consideration. SDB also sets the annual sustainability targets that form part of our corporate bonus scheme.

Our efforts have made us a top performer in the Dow Jones Sustainability Indexes for the past nine years, and we have been awarded both Gold Class and Sector Leader for our performance. More importantly to us, however, our internal sustainability setup enhances our credibility with business partners, who appreciate that having our own house in order is part of our offering – and something that we are ready to share with them.

SALES AND MARKETS

2010 was a very strong year from a sales perspective. High demand in the enzyme business resulted in double-digit organic sales growth for Novozymes.

Total sales in 2010 were DKK 9,724 million, an increase of 15% compared to 2009. Exchange rates impacted sales positively, and sales in local currency (LCY) increased by 10%. Organically, sales grew by 11% compared to 2009.

ENZYME BUSINESS

Enzyme Business sales were DKK 9,109 million, up by 17% compared to 2009. Sales in LCY were up by 12%, with divestments of noncore activities in India in 2009 having a small negative impact on sales growth. Detergent, technical, and food enzymes were the strongest growth contributors in the period.

The global enzyme market grew in 2010 to a total market value of approximately DKK 19 billion, up from DKK 16 billion in 2009. All segments of the market grew in 2010, but the detergent and biofuel enzyme segments were the main drivers behind the market growth. The industry did not see any major new entrants to the market in 2010, and there was no change in the overall competitive position between the existing players. Novozymes' global market share of 47% was unchanged.

Detergent enzymes

Detergent enzyme sales increased by 18% in DKK and by 15% in LCY compared to 2009. The strong growth was driven by increased enzyme penetration across detergent tiers to enhance wash performance, enable low-temperature washing, and replace traditional chemicals in detergent

formulations.

Technical enzymes

Technical enzyme sales increased by 18% in DKK and by 12% in LCY compared to 2009. Most industries in the technical enzyme group contributed to the growth, with many of the smaller industries showing growth. Enzyme sales to the textile industry bounced back after a challenging 2009, while the strong growth in enzyme sales to the starch industry was driven by greater demand from emerging markets.

Enzyme sales to the ethanol industry, representing 19% of Novozymes' total sales, were up by 25% in DKK and by 19% in LCY compared to 2009. Favorable blending economics and exports kept US ethanol demand and production at a high level during most of 2010. In the European market, ethanol enzyme sales continued to show good growth, although the market is small compared to North America.

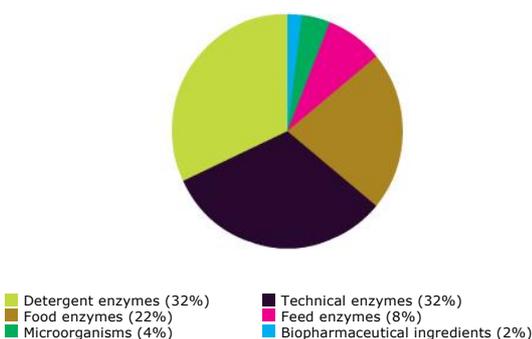
Food enzymes

Food enzyme sales increased by 18% in DKK and by 13% in LCY compared to 2009. The divestment of noncore ingredient activities in India in 2009 reduced food enzyme sales growth by around 1 %-point. Higher demand, particularly for baking and brewing enzymes for enhanced quality, performance, and yields, was the main driver behind the growth. For the brewing industry in particular, it should be remembered that 2009 was a relatively easy comparison. Newly introduced products in the food industry continued to contribute positively to growth.

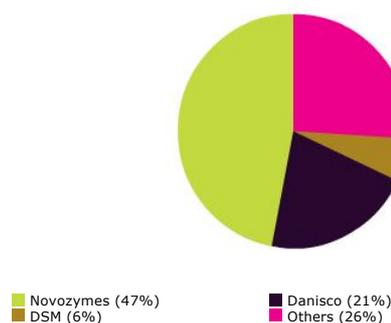
Feed enzymes

Feed enzyme sales were up by 6% in DKK and flat in LCY compared to 2009. Although phytase enzyme sales

2010 SALES BY INDUSTRY



2010 MARKET SHARE IN ENZYMES FOR INDUSTRIAL USE



stabilized in the latter part of 2010, a competitive European phytase enzyme market put pressure on sales during the year. RONOZYME® ProAct, a feed enzyme increasing protein uptake in poultry, performed very well during its first year on the European market and continued to deliver strong growth in emerging markets.

ANOTHER STEP TOWARD A BIO-BASED SOCIETY

In 2010, Novozymes and Dacheng Group, a major starch-processing company based in China, signed an agreement to develop technologies to produce glycol from agricultural waste. Glycols are biochemicals used in household cleaning products and cosmetics, and as building blocks in the production of polyesters and plastics. The agreement ties in well with Novozymes' vision of developing a bio-based society where agricultural waste replaces oil as a new raw material.

Under the agreement, Novozymes will provide Dacheng Group with know-how and enzymes for converting biomass such as corn stover and wheat and rice straw into sugar. Dacheng will then convert the sugar into glycols using a technology involving inorganic catalysts. Dacheng already produces glycol from corn starch on a commercial scale and is also planning to produce glycol from agricultural waste within a few years.

The agreement is a good example of how Novozymes is working together with global partners to develop new solutions based on renewable sources instead of petroleum. Along the same lines, Novozymes is working together with partners such as Cargill, ADM, and Braskem to develop microorganisms (organic catalysts) for the production of renewable chemicals from sugar.

BIOBUSINESS

BioBusiness sales were 5% lower in DKK and 12% lower in LCY compared to 2009. Divestment of noncore activities in the microorganism business in 2009 and lower sales of biopharmaceutical ingredients (BPI) were the main reasons for the decrease. Organically, BioBusiness sales were 10% lower compared to 2009.

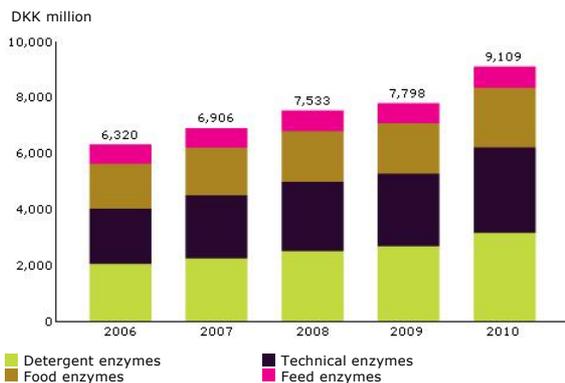
Microorganisms

Microorganism sales were up by 3% in DKK and down by 4% in LCY compared to 2009. The total consolidated sales growth impact in 2010 from the divestment of the turf and landscape business in July 2009 and the acquisition of Brazilian bioagriculture company Turfal in August 2010 was approximately minus 4 %-points. Sales to the bioagriculture (BioAg) and wastewater treatment industries increased, whereas microorganism sales to the institutional & household cleaning industry were lower compared to 2009, partly explained by ongoing product pruning.

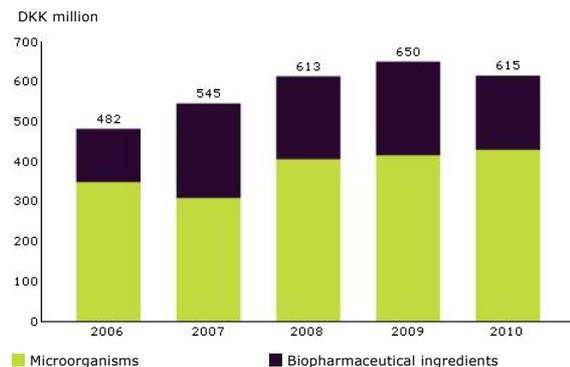
Biopharmaceutical ingredients

Biopharmaceutical ingredient sales were down by 21% in DKK and by 28% in LCY compared to 2009. The decrease was caused by lower sales of Recombumin® and cell culture ingredients throughout the year and also by the absence of plectasin sales in the fourth quarter of 2010 compared to the same quarter of 2009. The BPI industry is subject to substantial quarterly variations in sales patterns, as sales comprise a small number of transactions of relatively large value.

FIVE-YEAR SALES DEVELOPMENT IN ENZYME BUSINESS



FIVE-YEAR SALES DEVELOPMENT IN BIOBUSINESS



A PLATFORM FOR GROWTH IN AGRICULTURE

With one acquisition finalized and another pending customary regulatory approval, 2010 was the year when Novozymes accelerated building a platform for strong growth in the agricultural market. Novozymes entered this fast-growing market, currently estimated to be worth USD 1 billion, with the acquisition of Philom Bios in Canada in 2007. In August 2010, Novozymes announced the acquisition of Brazilian company Turfal, and in December 2010, we signed an agreement to acquire one of the leading global players, EMD/Merck Crop BioScience, from Merck KGaA.

Interesting niche in a global market

Agricultural biologicals are a small but interesting niche in the USD 150 billion global market for fertilizers and pesticides. The market is divided into three segments: biofertility, biocontrol, and bioyield enhancement. Biofertility products help plants take up more nutrients, while biocontrol products help plants fight off pests and diseases, and bioyield enhancement products support the health of plants.

These products enable farmers to optimize the use of fertilizers, increase yields, and save money while also benefiting the environment. Becoming a major player in this area is an opportunity for Novozymes to help meet the global challenge of feeding the world's growing population in a sustainable manner.

Expected acquisition

The acquisition of EMD/Merck Crop BioScience is expected to be completed between February and May 2011 provided Novozymes receives regulatory approval. The total consideration to be paid to Merck KGaA is USD 275 million, subject to customary post-closing adjustments.

With approximately 165 employees and sales of around USD 60 million in 2010, EMD/Merck Crop BioScience is one of the leading players in the global market for agricultural biologicals and has delivered average annual growth of around 15% over the past seven years.

Headquartered in Milwaukee, Wisconsin, and with a division of equal size in Pilar, Argentina, EMD/Merck Crop BioScience has a well-established presence in the US and Argentina and complements Novozymes' existing operations in Canada and Brazil. EMD/Merck Crop BioScience's products and technologies are well defined and established, with documented and proven efficacy gains on numerous soils and crops. Its biofertility and bioyield enhancement products are primarily used in growing soy and pulse crops, and join Novozymes' existing biological product range consisting mainly of biofertility and biocontrol products applied to canola, pulses, and soy.

Turfal gives access to the growing Brazilian market

Turfal is one of the key players in the Brazilian biofertilizer market with around USD 3 million in annual sales and more than 40 years' experience in the market. Conveniently located only 25 miles from Novozymes' Latin American headquarters in Araucária just outside Curitiba in southern Brazil, Turfal is to be the hub for all of Novozymes' agriculture business in Brazil. It will provide Novozymes with a platform for faster testing and registration, and deliver direct access to the growing Brazilian market for agricultural products.

SALES BY REGION

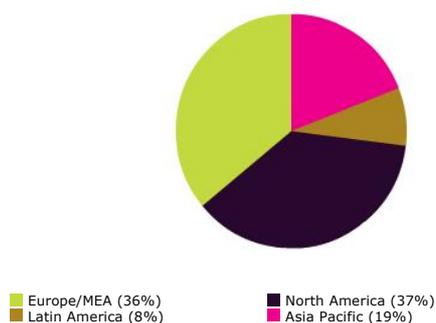
Sales in Europe, the Middle East, and Africa (Europe/MEA) increased by 11% in DKK and by 10% in LCY compared to 2009. Detergent and food enzyme sales were the main growth contributors, while sales of biopharmaceutical ingredients decreased.

Sales in North America were up by 18% in DKK and by 12% in LCY compared to 2009. Detergent, food, and technical enzyme sales, in particular enzyme sales to the US ethanol industry, were the main growth drivers.

Sales in Asia Pacific increased by 15% in DKK and by 7% in LCY compared to 2009. Detergent and technical enzyme sales were the strongest growth drivers in absolute terms, while sales of feed enzymes decreased. Sales of microorganisms also performed well during the year, whereas the divestment of noncore ingredient activities in India in 2009 impacted growth negatively.

Sales in Latin America were up by 27% in DKK and by 16% in LCY compared to 2009. All enzyme areas developed well during the year, especially food and detergent enzyme sales. Microorganism sales also performed very well during the year, partly explained by the acquisition of Brazilian company Turfal in August 2010.

2010 SALES BY REGION



PRODUCT LAUNCHES IN 2010

Eight new products were launched in 2010, starting in Q1 with Cellic® CTec2, a product allowing for cost-efficient conversion of cellulose to sugars.

Q1 2010	Cellic® CTec2 – a unique and improved cellulase complex for cost-effective hydrolysis for commercial production of bioethanol from cellulosic feedstock. High conversion efficiency on acid and neutral pretreated feedstocks.
Q1 2010	Cellic® HTec2 – an improved hemicellulase complex for commercial production of ethanol from cellulosic feedstock that provides a hydrolysis boost option over Cellic CTec2, i.e., improves C5 sugar yields.
Q1 2010	Novamyl® Steam – an enzyme for the Chinese steamed bread market allowing longer-lasting freshness.
Q1 2010	BG Max™ – a combination of microorganisms and enzymes designed to maximize biogas potential and improve the efficiency of anaerobic wastewater systems.
Q2 2010	Spirizyme® Excel – a saccharification enzyme for the ethanol industry enabling higher conversion of starch into sugars and hence improving productivity for ethanol producers.
Q2 2010	Pectinex® Ultra AFP – a new generation of pectinases developed for secondary mash treatment to break down the cell wall of fruits, thus providing improved performance in fruit processing.
Q4 2010	XPect® – a new detergent enzyme targeting fruit, juice, and other pectin-based stains.
Q4 2010	Vinoflow® Max – a new concept for the wine industry, enabling the large wine producers to optimize filtration processes, thereby minimizing production losses.

NEW ENZYME MAKES CELLULOSIC ETHANOL PRODUCTION COST-EFFICIENT

In February 2010, Novozymes launched the first commercially viable enzymes for the production of biofuel from agricultural waste. Breakthroughs in enzyme technology over the past 10 years have enabled cellulosic ethanol to become a cost-competitive alternative to gasoline. Novozymes' new Cellic® enzymes enable the biofuel industry to produce cellulosic ethanol at a price down to USD 2.00 per gallon.

Extraordinary advances in enzyme development have reduced the enzyme cost for cellulosic ethanol by 80% in recent years to approximately 50 cents per gallon of ethanol applying Cellic with the best available process technologies. Novozymes allocated significant resources to the project, and we also received development grants totaling USD 29.3 million from the US Department of Energy.

Novozymes has partnered with a wide range of leading companies in the biofuel industry to help accelerate process technology development and implementation. Coupled with further improvements in enzyme efficiency, Novozymes expects the cost of producing cellulosic biofuel to be further reduced in the coming years.

Cellulosic ethanol is produced by using enzymes to break down the cellulose in biomass into sugars that are then fermented into cellulosic ethanol. Cellic has proven effective on many different feedstock types, including corn cobs and stalks, wheat straw, sugarcane bagasse, and woodchips. Cellulosic ethanol is estimated to reduce CO₂ emissions by 90% compared to petroleum-based fuels.

A number of pilot- and demonstration-scale facilities are in operation all over the world, while the first commercial facilities are expected to be operational within the next couple of years. With these facilities under development and the launch of Cellic, the industry is well on its way to commercializing cellulosic ethanol.

FINANCIAL AND SUSTAINABILITY DISCUSSION

Sales, earnings, and cash flow grew strongly in 2010. Overall demand was high in the enzyme business, and costs were kept under control. Novozymes met all financial targets for 2010, and we showed good progress on our sustainability performance.

2010 key performance (DKK)	
Sales growth	15%
EBIT growth	25%
EBIT margin	21.8%
Net profit growth	35%
Free cash flow before acquisitions	DKK 998m
Net investments excl. acquisitions	DKK 1,326m
ROIC	22.2%
Water efficiency (compared to 2005 index)	29%
Energy efficiency (compared to 2005 index)	30%
Reduction in CO ₂ emissions through our customers' application of our products (million tons)	40
Frequency of accidents with absence per million working hours	4.1

The following section presents the realized financial, environmental, and social data for the year. An overview of data and key figures can be found in Accounts and Key figures, while an overview of reporting in accordance with the Global Reporting Initiative (GRI) guidelines can be found under Supplementary reporting.

Sales

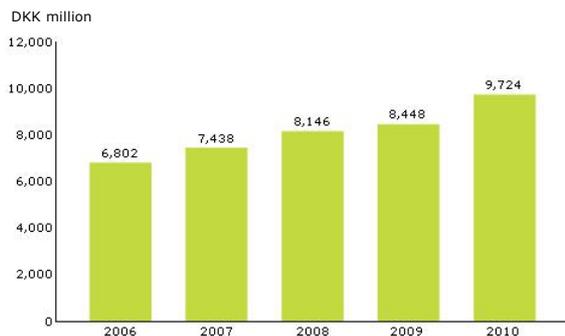
Total sales in 2010 were DKK 9,724 million, an increase of 15% compared to 2009. Exchange rates impacted sales positively, and sales in LCY increased by 10%. Organically, sales grew by 11% compared to 2009.

Costs and Other operating income

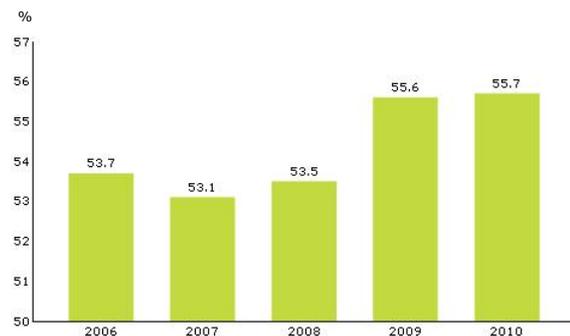
Total costs excluding net financials and tax increased by 12% to DKK 7,676 million. Cost of goods sold and other operating costs increased, mainly as a result of higher volumes sold and higher activity levels, especially in R&D. Depreciation was also higher, partly due to one-off write-downs.

Gross profit increased by 15% compared to 2009, resulting in a gross profit margin of 55.7%, which is 0.1 %-point higher than the gross margin in 2009. Increased sales, productivity improvements, and higher capacity utilization in the enzyme plants all contributed positively to the increase in the gross margin, whereas a rise in depreciation and amortization impacted negatively compared to 2009. The higher level was mainly due to one-off write-downs of know-how and other assets of approximately DKK 65 million, of which approximately DKK 50 million was related to BioBusiness and mainly expensed in the fourth quarter of 2010.

SALES



GROSS MARGIN



The gross profit margin for Enzyme Business was 58.6%, an improvement of 1.2 %-points compared to 2009. The gross profit margin for BioBusiness was 12.0%, against 34.5% in 2009. Lower sales (including the absence of plectasin sales), and one-off write-downs in the biopharmaceutical ingredient business were the main reasons for the decrease.

Other operating costs increased by 9% to DKK 3,364 million in 2010. The ratio of other operating costs to sales was 35%, against 36% in 2009. Costs associated with the agreement to acquire EMD/Merck Crop BioScience were roughly DKK 30 million and were expensed in the fourth quarter of 2010 under Sales and distribution costs.

- Sales and distribution costs, including business development, increased by 11%, representing 13% of sales
- R&D costs increased by 13%, representing 14% of sales
- Administrative costs were up by 1%, representing 8% of sales

Other operating income increased by DKK 5 million to DKK 69 million in 2010. Most of this income was related to the grant from the US Department of Energy regarding Novozymes' cellulosic biofuel enzyme project DECREASE.

Depreciation and amortization rose to DKK 679 million, an increase of DKK 115 million, or 20%, compared to 2009. The higher level of depreciation and amortization was primarily the result of one-off write-downs of know-how in BioBusiness.

EBIT

EBIT increased by 25% to DKK 2,117 million, against DKK 1,688 million in 2009, and the EBIT margin was 21.8%, against 20.0% in 2009. Strong underlying sales growth in the enzyme business and the development in other operating costs impacted the EBIT margin positively, whereas one-off write-downs, mainly in BioBusiness, as well as costs related to the acquisition process for EMD/Merck Crop BioScience impacted EBIT and

the EBIT margin negatively by approximately DKK 95 million and 1%-point respectively.

Net financial items and Net profit

Net financial income was DKK 6 million in 2010, compared to net financial costs of DKK 67 million in 2009. Net currency hedging/revaluation gains were DKK 12 million higher compared to 2009, whereas other financials developed negatively by DKK 56 million, partly explained by the fair value adjustment of employee stock option schemes. Net interest expenses were DKK 23 million, a decrease of DKK 117 million compared to 2009.

At the end of 2010, net interest-bearing debt was DKK 346 million, against DKK 949 million at year-end 2009.

Profit before tax increased by 31% to DKK 2,123 million from DKK 1,621 million in 2009.

In 2010, the effective tax rate was 24.0%, against 26.3% in 2009. The lower tax rate was mainly the result of negotiated advance pricing agreements (APA).

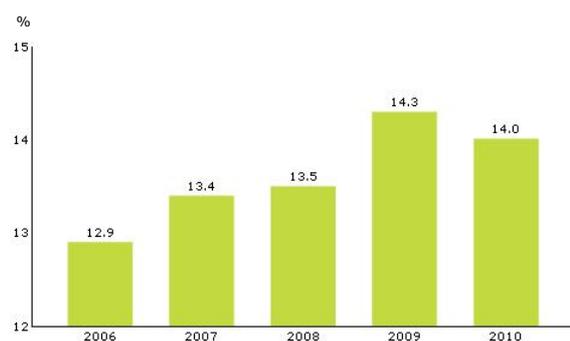
Net profit increased by 35% to DKK 1,614 million from DKK 1,194 million in 2009. The strong growth in net profit was the result of stronger EBIT, a positive development in net financials, and a lower effective tax rate compared to 2009.

Cash flow, investments, and acquisitions

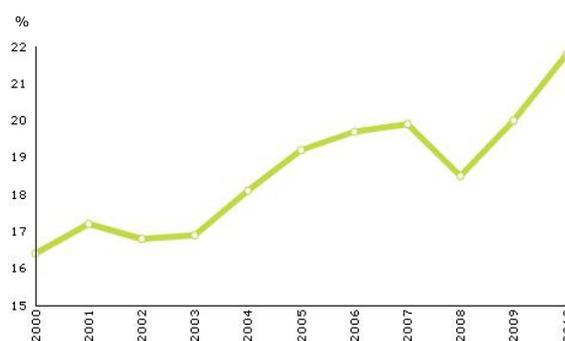
Cash flow from operating activities increased by 28% to DKK 2,324 million compared to 2009. The rise was primarily due to higher net profit and a relative improvement in net working capital compared to 2009. Net working capital benefited from a relative improvement in payables.

Net investments excluding acquisitions totaled DKK 1,326 million, against DKK 978 million in 2009. The relatively high investment level was related to the new enzyme plant in Nebraska, USA, the construction of the cGMP hyaluronic acid facility in Tianjin, China, and the expansion of enzyme granulation capacity in China and Denmark.

R&D/SALES RATIO



EBIT MARGIN



Free cash flow before acquisitions came to DKK 998 million in 2010, against DKK 839 million in 2009. The increase was the result of higher operating cash flow, which benefited from higher net profit and a relative improvement in net working capital, but was reduced by higher net investments.

Acquisitions amounted to DKK 23 million in 2010 and related to the acquisition of the Brazilian company Turfal in August.

Balance sheet and Statement of shareholders' equity

Shareholders' equity was DKK 7,836 million at December 31, 2010, up from DKK 5,841 million at year-end 2009. Shareholders' equity was increased by comprehensive income and decreased by dividend payments of DKK 359 million. Shareholders' equity represented 62% of the balance sheet total, against 54% at year-end 2009.

Net debt-to-equity was 4% at December 31, 2010, against 16% at year-end 2009.

Return on invested capital (ROIC), including goodwill, was 22.2%, against 20.3% in 2009.

At December 31, 2010, the holding of treasury stock was 2.1 million B shares, equivalent to 3.2% of the total number of shares outstanding.

Utilization of resources

Water and energy consumption are key indicators of efficiency and environmental impact related to the utilization of resources. We therefore implemented a set of efficiency indexes with targets for relative improvement for 2015 compared to 2005. For water the 2015 target is to improve efficiency by 40% and for energy by 50% compared to 2005.

The realized improvement in water efficiency in 2010 was 29% and for energy efficiency 30%, compared to 27% realized improvements for both in 2009. Thus we are well on our way to meet the long-term targets.

Climate change impact

It is important for Novozymes to be able to position our enzyme technology as part of the solution to address climate change. At the same time we also need to consider our own carbon footprint. Accordingly, Novozymes has set a 2015 efficiency target to improve CO₂ efficiency by 50% compared to 2005. With an improvement of 38% in 2010, compared to 24% in 2009, we improved our CO₂ efficiency by 14 %-points. This was a result of the implementation of several projects, including an increased share of purchased electricity from wind turbines.

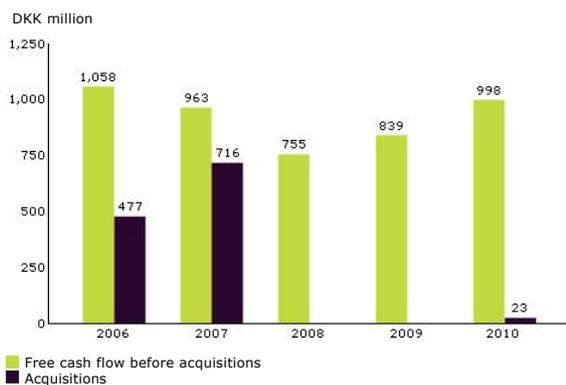
We also set a target for global reduction of CO₂ emissions based on LCA studies. With a calculated reduction of 40 million tons for 2010 through our customers' application of our products, we achieved a considerable improvement compared to 2009 as a result of improved product performance as well as a positive product mix, with increased sales volumes of products with a high CO₂ reduction potential.

Stakeholder engagement

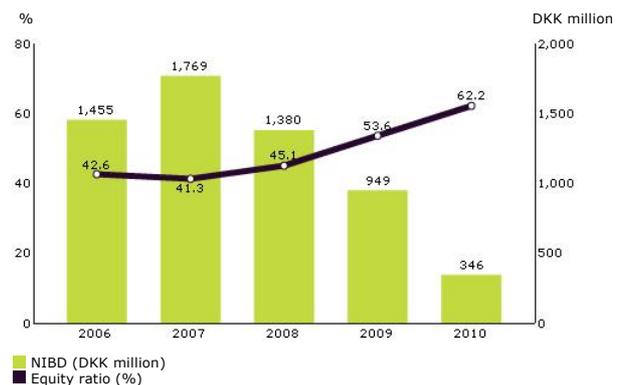
Sustainability is key in our engagement and dialogue with stakeholders. In 2010, the goal for our work on supplier performance management and sustainability management was a Gold Class rating in the Sustainability Yearbook.

Having worked dedicatedly to cover more and more of our purchasing with our supplier performance management system introduced in 2009, the target for 2010 was to establish action plans for all suppliers with performance issues. This target was met with 168 action plans developed, of which the majority have resulted in engagement with suppliers to resolve commercial, quality, and sustainability issues. For 2011, we do not have a quantitative target for our supplier performance management, but since this is still one of our focus areas, we will continue working on improving our suppliers' sustainability performance. Focus areas in 2011 will include further sustainability training of purchasers and supplier auditors. We will also initiate an

FIVE-YEAR CASH FLOW AND ACQUISITION OVERVIEW



NET INTEREST-BEARING DEBT (NIBD) AND EQUITY RATIO



assessment of the raw materials with the greatest environmental impact in order to identify areas for improvement in raw material sourcing. Furthermore, the system will be used to advance specific supply chain engagement initiatives.

To be able to adequately respond to stakeholders' needs and expectations, we need to know how partners, investors, employees, customers, NGOs, etc. evaluate our sustainability management performance. Analysts and rating agencies continuously assess the overall sustainability performance of companies, and we use the most valid ratings to compare ourselves with our peers. Our rating from Dow Jones Sustainability Indexes and the underlying evaluation completed by Sustainability Asset Management (SAM) were our yardsticks when formulating the target for 2010 to obtain a Gold Class rating from SAM in the Sustainability Yearbook. This target was reached, and Novozymes maintained our position as leader in the biotech sector.

Compliance and complaints

We do not have targets for compliance and complaints, but we make efforts to comply with regulations and to minimize complaints. In 2010, 36 breaches of regulatory limits were registered worldwide. Of these, 31 were related to pH in wastewater or concentrations of polluting substances in wastewater.

In 2010, HFC emissions increased to 1,532 kg, compared to the usual maintenance level of around 550 kg. This was mainly due to a technical breakdown at one of our sites in the US.

Novozymes received 21 complaints from neighbors in 2010, with the majority being related to odor and noise from nearby factories. By way of comparison, we received 33 complaints in 2009.

Novozymes always strives to avoid significant spills such as the release of chemicals into watercourses or soil. There were no significant spills in 2010.

In 2003, high nitrate levels were found in the groundwater around Novozymes' site in Franklinton, North Carolina, USA. Subsequent measurements were submitted to the authorities in early 2008. The data are still under review by the authorities.

Employer performance

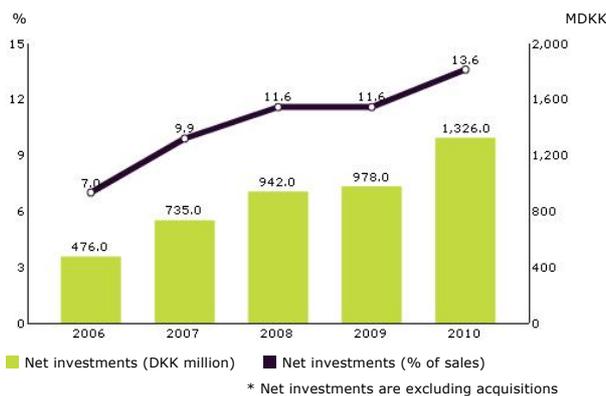
The target for employee turnover was defined as a range between 4% and 9%, reflecting the present job market and Novozymes' aim to attract and retain employees. With a realized employee turnover of 7.5% for 2010, this target was met.

Every year, Novozymes' employees have the opportunity to express their opinions in our People's Opinion survey. Employees' satisfaction and motivation, as measured by the survey this year, reached a score of 76 and thereby exceeded the target of 75. Asked to rate opportunities for professional and personal development, our employees gave a score of 73 this year, which is above the company target of 70. Thus both targets were reached.

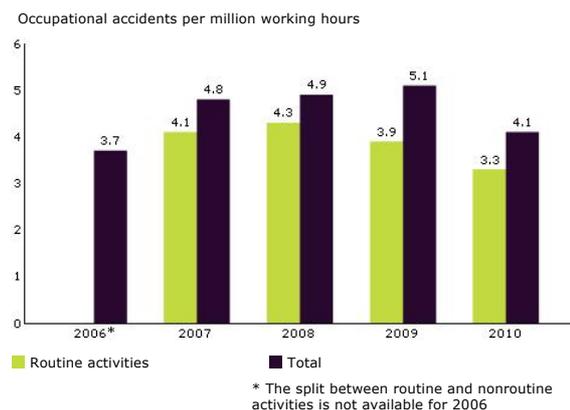
The 2010 target for absence from work was a rate of below 3%. With a rate of absence of 2.1%, this target was achieved.

The frequency of occupational accidents in 2010 decreased to 4.1 accidents per million working hours from 5.1 in 2009. As the target was a frequency below 4.5, the target was met. The majority of the accidents were related to routine activities. In 2010, we implemented a program called "Dare to Care" at all major sites with the purpose of fostering an attentive and caring culture to safeguard everyone's safety and well-being at work. The program uses observations of work operations and feedback as a tool for eliminating hazards and improving our safety behavior.

NET INVESTMENTS*



FREQUENCY OF OCCUPATIONAL ACCIDENTS



HEALTHY CHOICES AT NOVOZYMES

Health is a personal responsibility, but we also have a responsibility as an employer. Novozymes aims to help employees make healthy choices by providing conditions, information, and facilities in the workplace that promote good lifestyle habits and wellness opportunities.

Health promotion is beneficial not only for our employees, but also for our business, due to the stability that reduced sick leave and improved well-being bring. Moreover, it is part of our corporate social responsibility to offer healthy and safe working conditions to help prevent both work-related and lifestyle-related health problems. In this way, our initiatives indirectly benefit society in general by reducing the burden of treatment, care, and sick leave expenses.

Examples of health promotion initiatives

At Novozymes, the objective of health promotion is primarily prevention. We are constantly expanding the range of opportunities for employees to improve their health through information campaigns and other initiatives across the business. Novozymes' sites are either tobacco free or only permit smoking within screened smoking cabins, and healthy choices are available in all canteens. Some sites have fitness centers that are open during and outside working hours. All employees are offered health insurance. Globally, Novozymes also has various return-to-work arrangements where employees on sick leave gradually increase their number of working hours, often under the supervision of a doctor, nurse, or social advisor.

As health issues are generally very culture specific, most initiatives are regional or local. They range from on-site skin cancer screenings in the US and on-site flu and hepatitis B vaccinations in China to yoga classes twice a week in Brazil and on-site health checks in Denmark, the last of which include a follow-up session with a doctor from the in-house medical center. The offerings are numerous and vary with local needs.

Incentive program for Executive Management

Executive Management's stock option program for the period 2007–2010 has come to an end. Stock options under this program were granted in three out of the four years; the expectation of not reaching DKK 10 billion in sales in 2010 did not allow for the granting of options in 2010. The Board of Directors will propose new guidelines for incentive-based remuneration for Executive Management, which will be announced together with the notice convening the Annual Shareholders' Meeting, where approval for the guidelines will be sought. Subject to the approval of the new guidelines, after the Annual Shareholders' Meeting Novozymes will announce a new incentive program for Executive Management based on the principles contained in the guidelines.

Incentive program for vice presidents and directors

Novozymes has established a three-year restricted stock-based incentive program for vice presidents and directors covering the period 2011–2013, with restricted stock offered each year. Management shall approve the allocations made each year.

The restricted stock-based program is based on fulfillment of specified financial and nonfinancial targets. The total allocation of restricted shares is calculated on the basis of fulfillment of the following targets:

- EBIT target: 0–20% of the total restricted stock-based program
- Economic profit target: 0–60% of the total restricted stock-based program
- Sustainability targets: 0–20% of the total restricted stock-based program

The release of the restricted stock is subject to continued employment at the end of the binding period. The restricted stock is free of charge to employees.

The number of restricted shares in the program is determined each year. The restricted shares have a qualifying period of one year and a binding period of three years.

The value of the program for 2011 could total up to approximately DKK 30 million. The stock-based program will be accrued and expensed over four years, and the amount recognized for 2011 is approximately DKK 8 million.

Events occurring after the end of the year

No significant events have occurred after December 31, 2010.

NOVOZYMES' STOCK

Novozymes' stock performed well in 2010, with a 44% increase in price. The stock peaked at DKK 782 in early December.

Novozymes' overall financial ambition is to provide our shareholders with competitive returns. Shareholder value is created through share price appreciation, dividend payments, and stock buybacks.

Novozymes' stock is listed on NASDAQ OMX Copenhagen and included in the OMX Copenhagen 20 index (OMXC20). The stock is listed under ticker code NZYM B and ISIN DK0010272129. Novozymes is registered with the Danish Commerce and Companies Agency under 10 00 71 27.

Share performance

Novozymes had common stock of DKK 650 million, or 65 million shares, at the end of 2010, unchanged from the level at the end of 2009.

The average daily trading volume of Novozymes' stock in 2010 was 110,509 shares, or DKK 73 million, making it the ninth most actively traded stock on NASDAQ OMX Copenhagen. At year-end, the total market value of Novozymes' B shares was DKK 42.15 billion.

Novozymes' share price increased by 44% during the year. In comparison, the OMXC20 gained 36%, the MSCI Pan Europe Index 6%, the Dow Jones World Sustainability Index 4%, and the MSCI Materials Index 19%.

Over the past five years, Novozymes' stock has generated an average annual return to shareholders, including dividends, of more than 25%. This can be compared to a five-year average return of 3% for the OMXC20, -3% for the MSCI Pan Europe Index, 0% for the Dow Jones World Sustainability Index, and 11% for the MSCI Materials Index.

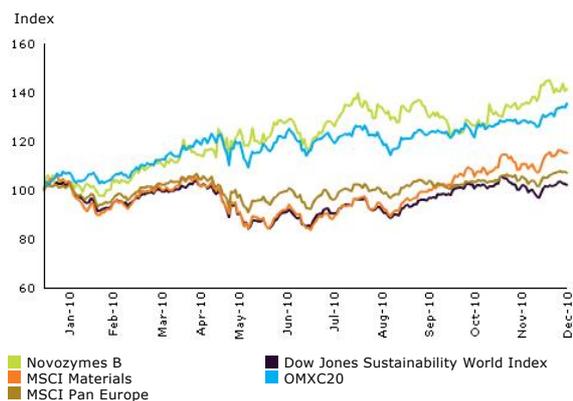
Dividends

Novozymes' dividend policy is a payout ratio of around 30% of net profit. The Board of Directors proposes that the Annual Shareholders' Meeting approve a dividend of DKK 8.00 per share for the 2010 financial year. This will result in an expected total dividend payment of approximately DKK 504 million.

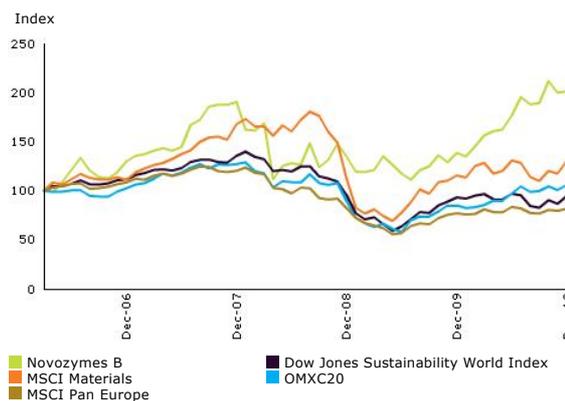
Novozymes' stock (DKK)	2010	2009
Share price, year-end	777	540
Total market value, year-end (billion)*	42.15	29.3
Earnings per share, diluted	25.25	18.93
Dividend per share	8.00**	5.75

* B shares only
** Proposed

2010 INDEXED SHARE PRICE DEVELOPMENT



FIVE-YEAR INDEXED SHARE PRICE DEVELOPMENT



Distributions	2010	2009	2008	2007	2006
Dividends (DKK million)	504*	358	326	309	278
Stock buybacks (DKK million)	0	0	0	500	1,107
Total (DKK million)	504*	358	326	809	1,385
Net profit (DKK million)	1,614	1,194	1,062	1,042	911
Payout ratio	31.2%*	30.0%	30.7%	29.7%	30.5%
Number of shares outstanding, year-end (million)	62.9	62.2	62.0	61.8	61.8
Dividend per share (DKK)	8.00*	5.75	5.25	5.0	4.5

* Proposed

In general, Novozymes' decision to buy back stock is based on an assessment of the need for capital structure optimization, and whether excess capital can be invested in profitable growth opportunities. Stock buy-backs may also be carried out to cover employee stock option obligations.

Dividend dates, 2011	
Resolution adopted at the Annual Shareholders' Meeting	March 2
Last day of trading with right to dividend for 2010	March 2
First day of trading without right to dividend for 2010	March 3
Disbursement of dividend	March 8

Equity analysts

The following companies have analysts covering Novozymes' stock:

- ABG Sundal Collier
- Alm. Brand Markets
- Carnegie
- Cheuvreux
- Credit Suisse
- Danske Markets Equities
- Deutsche Bank
- Goldman Sachs
- Handelsbanken Capital Markets
- Jefferies & Company Inc.
- J.P. Morgan Securities
- Jyske Bank
- Nordea Markets
- Nykredit Markets
- SEB Enskilda Equities
- Standard & Poor's Investment Services Equity Research
- Sydbank
- UBS
- Vontobel

Sustainability ratings

Providing information on sustainability performance to analysts, rating agencies, and asset managers is an important element of Novozymes' interaction with shareholders. Novozymes continuously seeks to improve our sustainability reporting and processes, and values this interaction highly. In 2010, Novozymes was:

- Reconfirmed as a member of the Dow Jones Sustainability World Index and the Dow Jones Sustainability STOXX Index, named sector leader for the ninth time, and awarded a Gold Class rating
- Awarded PRIME status by Oekom Research for being among the sustainability leaders in the Pharmaceuticals & Biotechnology industry
- Ranked among The Global 100 Most Sustainable Corporations in the World for the fifth consecutive year
- Ranked in the top 1% in the ET Global 1000 Carbon Index, and received the Environmental Tracking Carbon Verification Leaders Award 2010
- Reconfirmed as a member of the OMX GES Nordic Sustainability Index
- Awarded a score of 77 out of 100 in the Carbon Disclosure Project
- Reconfirmed as a member company of the FTSE4Good Index

Shareholders

Novozymes' common stock consists of two types: A shares and B shares, both with a nominal value of DKK 10 per share. All A stock is held by Novo A/S, and an A share carries 10 times as many votes as a B share.

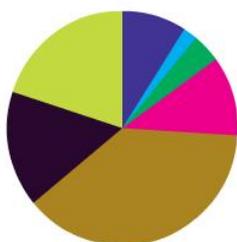
	A stock	B stock	Total
Common stock (DKK)	107,487,200	542,512,800	650,000,000
Number of shares	10,748,720	54,251,280	65,000,000
Number of votes	1,074,872,000	542,512,800	1,617,384,800
Voting rights (%)	66.5	33.5	100

At the end of 2010, Novo A/S held 25.5% of the total outstanding common stock and, through its holding of the A stock and a proportion of the B stock (5,826,280 shares), controlled 70.1% of the votes. Novo A/S is wholly owned by the Novo Nordisk Foundation, and so Novozymes is included in the consolidated financial statements of the Novo Nordisk Foundation. Novo A/S is domiciled in Hellerup, Denmark.

Novozymes had roughly 47,000 shareholders at the end of the year, of whom around 98% were private investors, mainly in Denmark. Thirty institutional shareholders owned approximately 60% of the B stock (this includes Novozymes A/S' holding of treasury stock and Novo A/S' holding). Investors outside Denmark held approximately 66%.

Novozymes held 3.8% of the B stock, equivalent to 3.2% of the total number of shares outstanding.

SHAREHOLDER DISTRIBUTION OF B COMMON STOCK



Denmark (20%)
UK (38%)
Own shares (4%)
Rest of Europe (9%)
North America (16%)
Novo A/S (11%)
Rest of world (2%)

Under the Danish Companies Act, shareholders must notify the company if they hold 5% or more of the company's common stock. No shareholders, except Novo A/S, held more than 5% of Novozymes' common stock.

Financial calendar

Group financial statement for 2010	January 21, 2011
Annual Shareholders' Meeting	March 2, 2011
Group financial statement for the first quarter of 2011	April 29, 2011
Group financial statement for the first half of 2011	August 11, 2011
Group financial statement for the first nine months of 2011	October 28, 2011
Group financial statement for 2011	January 19, 2012

CONTACT INVESTOR RELATIONS

Visit our Investor site at www.novozymes.com/Investor for investor relations guidelines, presentations, Group financial statements, and other information for both private and institutional shareholders.

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THE NOVOZYMES REPORT 2010

OUTLOOK



BOTH DARING AND RESPONSIVE

Novozymes' ambition is to change the world together with our customers, and our achievements over the past decade leave the company even better positioned to realize this ambition. We must continue to focus on innovation, optimization, and diversification.

We envision a future where our biological solutions create the necessary balance between better business, cleaner environment, and better lives. We are passionate about our work, we seek to understand the bigger picture, we dare to lead, and we strive to earn the trust of our partners.

But we recognize that we do not know what the future holds. The world is changing, and the only thing we can be sure of is that nothing is forever. We therefore need to be both daring and responsive. If we can ensure that we have the most innovative solutions that enable the world to change, this will not only secure Novozymes' future but also benefit our customers and the environment.

Novozymes' business is about innovation and rethinking. We are proud about the use of enzymes to clean our clothes, fuel our cars, produce our wine, and brew our beer. Over the past 10 years, we have achieved much that we could barely dream of when Novozymes was founded – not only for our customers but also for ourselves. In another 10 years, we will probably be working with technologies that we cannot even imagine today. The ability to rethink is key to the future – not only for Novozymes but for all societies.

Growth through diversification

Novozymes has matured since its establishment 10 years ago, and we have almost doubled our sales and more than tripled our net profit. It has been quite a journey, and I am equally excited when looking to the future.

Our long-term targets entail even higher sales growth and continued strong earnings growth. By being innovative and providing our customers with valuable solutions based on our industrial insight, we can help them change the world – while growing our business. And vice versa: By growing our business we will have a bigger impact and be better positioned to realize our ambition.

The Enzyme Business segment is expected to be our biggest growth engine in absolute terms in both the short and the medium term. Different industries will contribute to growth at different times as a natural consequence of our exposure to growth in many different areas. Given this level of diversification, the opportunities seem endless. For instance, we reformulate detergents to enhance their performance and sustainability profile while stabilizing costs for the

manufacturer. We reduce costs for poultry producers by maximizing the utilization and nutritional value of feed. And we are very positive about the opportunities in bioenergy, as cellulosic ethanol has the potential to transform both our business and the supply of energy to the transport sector.

We also use our technology beyond enzymes by driving innovation in new industries and applications in the BioBusiness segment. By their very nature, these are high-risk activities, but the potential rewards are also high, and they are expected to contribute to our long-term growth. Interesting examples are the development of an alternative plastic made from sugar instead of oil and the development of microorganisms that stimulate crop growth and reduce the need for fertilizers.

An unpredictable world

But size is not all that matters. It is just as important that we retain the responsiveness that often characterizes smaller businesses. As our business develops and the world evolves, sometimes things do not work out as we thought they would. In that situation it is crucial that we dare to respond, shift direction, kill our darlings, and seize the advantages of change.

A few years ago, for example, we developed various scenarios for turning cellulosic ethanol into a business area. Our models were based partly on the price of a barrel of oil. Our most optimistic scenario assumed a price per barrel of about USD 100, which seemed almost inconceivably high. Less than a year later, oil prices were up above USD 140 per barrel!

Oil prices have fluctuated since, but the change was beneficial for Novozymes as it supported the deployment of biofuels. This has naturally been extensively debated since, as it suddenly altered the fuel and grain markets in the US. Novozymes believes that, if produced and used correctly, biofuels will make a significant contribution to the sustainable energy solutions that society needs. This applies not only to biofuels from corn, but even more so to biofuels from biomass, which is why Novozymes is working hard to realize the full potential of converting biomass into fuel.

We launched a new enzyme in 2010, Cellic® CTec2, that enables the production of biofuel from agricultural residues such as straw and corn stover on a large scale. Combined with other available technologies, this makes it possible to produce cellulosic ethanol in the US for a price down to USD 2 per gallon – a production cost that is commercially viable, albeit unproven as yet on an industrial scale.

A need for sustainable solutions

Over the past couple of years, we have seen that the pressure on the world's scarce resources has made people more receptive to the necessity of sustainable solutions. Businesses see not only the necessity but also the benefits of using sustainability in their response to customer demand and regulation. We enable our customers to make more from less, as our solutions save energy and raw materials and reduce waste. The result is higher quality, lower costs, and a better environment. And that is exactly what our vision is all about.

I look forward to seeing what the next 10 years will bring!



Steen Riisgaard
President & CEO



LONG-TERM TARGETS

Novozymes' performance in 2010 leaves us even better positioned to fulfill our ambition of changing the world together with our customers. The long-term targets communicated at the beginning of 2009 are unchanged.

For a decade, Novozymes has focused on delivering strong growth in sales, earnings, and cash flow. In 2009, we launched a new ambition with new and more demanding targets for both financial and sustainability performance.

Novozymes' strong financial performance in 2010 surpassed the new financial targets, but it is our average performance over a longer time period that matters most, so the targets are unchanged. When it comes to sustainability, 2010 showed that we are well on track to meet the targets for 2015.

NOVOZYMES' LONG-TERM TARGETS

Financial targets:

- Organic sales growth of more than 10% p.a.*
- EBIT margin of more than 20%
- Return on invested capital of more than 22%

Sustainability targets:

- Enable a 75 million ton reduction in CO₂ emissions in 2015 through our customers' application of our products
- Improve energy efficiency by 50% in 2015 compared to 2005
- Improve CO₂ efficiency by 50% in 2015 compared to 2005
- Increase energy supply from renewable and CO₂-neutral sources to 50% in 2020
- Improve water efficiency by 40% in 2015 compared to 2005
- Be recognized as a global leader in sustainability
- Be a preferred employer globally

* Sales of enzymes for cellulosic ethanol are not included in the target.

Broad and diversified growth platform

Enzyme Business, which accounted for 94% of sales in 2010, is expected to be the strongest absolute growth contributor, with the detergent, technical, food, and feed enzyme segments all having the potential to support the long-term target of double-digit yearly sales growth. Sales of enzymes for cellulosic ethanol are not included in this target as it is too early to estimate the sales.

BioBusiness accounted for 6% of sales in 2010. Our ambition is to grow BioBusiness into a DKK 6 billion business by 2018. This requires the successful development and commercialization of products in our pipeline, as well as success for our customers' biopharmaceutical products currently in different phases of development. To reach this goal, we also need to pursue further acquisitions in areas where we see a good match.

The agreement to acquire EMD/Merck Crop BioScience signed in December 2010 is an example of such an acquisition. As a consequence, BioBusiness will become more sizable and the acquisition will support the ambition for BioBusiness.

The project portfolio in BioBusiness is constantly under review to ensure that we allocate and optimize available resources in the best way possible. As a result, after unsuccessfully exploring the market for a potential new partner for plectasin, Novozymes is pursuing a divestment or spin-off of the AMP (antimicrobial peptide) activities as these are not deemed optimally developed within Novozymes.

We expect growth in all geographical markets, developed as well as developing. There are numerous growth opportunities around the world, some unique to each geographical area and some of more global significance, such as saving water and energy and replacing chemicals. Enzyme consumption per capita in the developing world is significantly lower than in developed markets, which means that enzyme penetration rates in countries like China and India are well below those in the US and Europe. Novozymes views this as an opportunity for future growth in the developing world. However, we also regard the developed countries as growth areas, as our technology can improve the efficiency of existing processes and further enhance quality.

Besides growth in sales, continuous improvements in productivity and enzyme performance will help achieve our long-term financial targets.

Investing in growth

Historically, annual organic sales growth of 8–9% has been

achieved with an investment level of around 6–7% of sales, as productivity improvements have enabled us to continuously increase throughput in existing production facilities. However, the higher annual sales target of organic growth of more than 10% has required a period of time when our investment level relative to sales has been high, which is also the case for 2011. Once the new production capacity is established, we estimate an investment level of less than 8% of sales to be sufficient to achieve long-term sales growth of around 10%.

With additional funds allocated to new growth initiatives, for the next couple of years the R&D-to-sales ratio is expected to be somewhat higher than the figure of approximately 14% of sales we have spent on R&D historically. This reflects the strategic decision to explore the many growth opportunities in our various business segments that have the potential not only to add growth in the short term but particularly to support annual organic growth of more than 10% on a 5–10 year horizon.

Sustainability leader

Our long-term resource efficiency targets for energy and water are linked directly to minimizing environmental impact, increasing cost efficiency, and long-term risk management. In addition, we are striving to use renewable energy in our production, and we have a target for absolute reductions in CO₂ emissions through our customers' use of our products.

Fulfillment of our targets for sourcing energy and reducing CO₂ emissions depends partly on markets for energy and the availability of preferred energy sources. Novozymes is particularly dependent on developments in the renewable energy markets in China and the US.

Novozymes is committed to demonstrating sustainability leadership by making sure that we identify developments on the sustainability agenda that are relevant for our business and organization. This helps us mitigate risks as well as capitalize on opportunities. We believe that sustainability will increasingly become an important growth driver and define markets, and it is our long-term ambition to be recognized as a company that demonstrates leadership and sets the standards when it comes to sustainability. Our annual rating by Dow Jones Sustainability Indexes is based on an assessment of our broad sustainability management performance and is therefore a relevant indicator of how we are performing in this area.

To fulfill our growth ambition, we need highly skilled, motivated, and engaged employees. Novozymes therefore strives continuously to be a preferred employer globally. Every year, Novozymes measures satisfaction, motivation, and opportunities for professional and personal development among our employees, and the company often participates in international rankings of preferred employers. We need to stay among the best to attract committed people who share our vision and passion.

GLOBAL INITIATIVE TO IMPROVE PRODUCT SUSTAINABILITY

In August 2010, Novozymes became a founding member of The Sustainability Consortium, a new global organization that aims to improve the sustainability of consumer products, consumption, and global supply chains. The consortium represents a diverse group of stakeholders with the mission of promoting a new generation of products and supply networks that address environmental, social, and economic issues. The aim is to drive research and develop standards for product sustainability from a life cycle perspective. Primary academic partners are the University of Arkansas and Arizona State University while NGO members include WWF and Business for Social Responsibility (BSR). Business members include retailers, such as Wal-Mart, as well as a number of our customers, such as Cargill, Unilever, Henkel, and Procter & Gamble.

The consortium's goal of changing the consumer market supports Novozymes' ambition of changing the world together with our customers and partners, and driving the world toward sustainability. Novozymes decided to be a founding member of the consortium to help develop new standards and strategies that will create more sustainable consumer products for the future.

Experts in life cycle assessment

Novozymes is recognized for our in-house expertise in life cycle assessment (LCA), a method for measuring the environmental impact of products throughout their life cycle, from cradle to grave. LCA has been used systematically at Novozymes since 2005, and the results are playing an increasing role in managing product development and providing our customers with documented claims.

Our team of internationally recognized LCA experts is working on documenting the environmental impact of our products in industries from bread to beer to biofuel. Novozymes' products helped customers reduce their CO₂ emissions by 40 million tons in 2010, equivalent to the emissions of more than 15 million cars, based on average driving and average CO₂ emissions from cars in Europe.

For further information about LCA studies conducted by Novozymes during the year, please see Supplementary reporting/LCA studies.

EXPECTATIONS FOR 2011

Novozymes expects continued positive sales growth, and although we will be stepping up our activity levels, we still expect a very healthy profit margin in 2011 above our long-term target.

EXPECTATIONS FOR 2011*

Financial targets:

- Sales growth of 7–10% in DKK
- Sales growth of 7–10% in local currency (LCY)
- Organic sales growth of 7–10%
- EBIT growth of 8–11%
- EBIT margin of 21–22%
- Net profit growth of 8–11%
- Investments of around DKK 1.4 billion
- Free cash flow before acquisitions of DKK 900–1,000 million
- ROIC of 21–22%

Sustainability targets:

- Enable a 45 million ton reduction in CO₂ emissions through our customers' application of our products
- Improve energy efficiency by 32% compared to 2005
- Improve CO₂ efficiency by 41% compared to 2005
- Improve water efficiency by 31% compared to 2005
- Score at least 75 for "satisfaction and motivation" in our employee survey
- Score at least 70 for "opportunities for professional and personal development" in our employee survey
- Keep the frequency of occupational accidents below 4.5 per million working hours
- Keep employee absence below 3%
- Keep employee turnover between 4% and 9%
- Retain our Gold Class rating by SAM in the Sustainability Yearbook

* The 2011 outlook excludes any potential impact from the EMD/Merck Crop BioScience acquisition.

Sales expectations

Total full-year sales are expected to grow by 7–10% in LCY and also organically. Based on exchange rates at January 20, 2011, sales growth in DKK is expected at 7–10%.

Within Enzyme Business, detergent and feed enzyme sales are expected to be the strongest contributors to full-year sales growth. One assumption included in the full-year sales growth expectation is that the US biofuel industry will produce roughly 13.8 billion gallons of ethanol during the year, corresponding to growth close to 5% over the 13.2 billion gallons of ethanol expected to have been produced in the US in 2010. BioBusiness' sales are expected to undergo double-digit growth, supported in particular by strong sales of microorganisms.

Earnings expectations

EBIT is expected to grow by 8–11%, supported by sales growth, productivity improvements, and continued cost control. The expectation includes the investment of DKK 150 million in additional R&D and business-building activities. The EBIT growth expectation also takes into consideration the negative 2010 one-offs of approximately DKK 95 million. The leverage on EBIT from higher expected sales is expected to be neutralized by increased raw material prices.

The EBIT margin is expected to be 21–22%, taking into consideration the items explained under EBIT growth above.

Net profit is expected to grow by 8–11% in 2011 as a result of EBIT growth. Expected USD exposure for 2011 has been hedged at 5.85 DKK/USD. Roughly half of the expected USD exposure for 2012 has been hedged at 5.98 DKK/USD.

Investment, ROIC, and cash flow expectations

Investments are expected to be around DKK 1,400 million. The relatively high level is mainly related to the Nebraska enzyme facility, expected to begin production in early 2012.

Free cash flow before acquisitions is expected to be DKK 900–1,000 million.

The return on invested capital is expected to be 21–22%.

Capital structure

Novozymes takes a cautious approach to its capital structure and aims to ensure that the flexibility needed to pursue different business opportunities is always in place. Such business opportunities could include acquisitions. Novozymes' equity ratio stood at 62% on December 31, 2010, but will fall slightly in 2011 as a result of dividend payments, a DKK 400 million stock buyback program initiated to cover employee incentive programs, and potentially also the USD 275 million (approx. DKK 1,560 million) EMD/Merck Crop BioScience acquisition announced in late December 2010.

Currency assumptions

The 2011 outlook is based on exchange rates for the company's key currencies remaining at the closing rates on January 20, 2011, for the full year.

(DKK)	EUR	USD	JPY	CNY
Average exchange rate 2009	745	536	5.73	78.47
Average exchange rate 2010	745	562	6.42	83.08
Closing rate January 20, 2011	745	553	6.72	83.99
Change in estimated exchange rate for 2011 compared to average exchange rate in 2010	0%	-2%	5%	1%

Note: Other things being equal, a 5% movement in the USD is expected to have an annual impact on EBIT of DKK 60–80 million.

Environmental impact reductions

We have chosen 2005 as the baseline year for setting targets for reducing the environmental impact from energy and water consumption and CO₂ emissions. The targets for 2011 for improving resource efficiency are 32% and 31% for energy and water respectively. In 2011, CO₂ efficiency is expected to be improved by 41% compared to 2005. This target is based on emissions from Novozymes' own production sites and from energy suppliers. It is also crucial for Novozymes to look at the broader picture in order to see emissions and other forms of impact from a product life cycle perspective. In 2011, Novozymes expects to enable a 45 million ton reduction in CO₂ emissions through the application of our products by our customers.

Employee focus

Our goal is to have satisfied employees at Novozymes. We address this through targets for employee satisfaction and employee development. The target for 2011 for employee satisfaction and motivation is a score of 75. This score was achieved in both 2009 and 2010, and the ambition is to keep this high level. Similarly, we aim to retain our high

score of 70 for employees' opportunities for professional and personal development.

In addition to these indicators, we work continuously on reducing the number of occupational accidents as well as absence from work.

The target for employee turnover is set at a range that reflects the present job market and Novozymes' aims with regard to attraction and retention of employees. It is seen as preferable to have a turnover above 4% and below 9%.

Stakeholder engagement

Novozymes sees sustainability as a significant lever in support of our overall efforts to grow the business. It is therefore valuable to us when stakeholders evaluate our sustainability performance. Analysts and rating agencies continuously assess the overall sustainability performance of companies, and we use the most valid ones to compare Novozymes to peers in this respect. We have chosen Dow Jones Sustainability Indexes and SAM's rating as yardsticks, although a number of alternative ratings are just as valuable. Our goal is to retain our Gold Class rating by SAM in the Sustainability Yearbook.

INVESTING IN ADDITIONAL AND SUPPORTIVE GROWTH OPPORTUNITIES

Novozymes' current R&D pipeline and business activities are well positioned to achieve our long-term target of more than 10% annual organic growth. However, to explore additional and supportive growth opportunities, Novozymes has decided to allocate additional funds to selected R&D and business-building activities.

The main purpose of the additional investments is to deliver organic growth of more than 10% 5–10 years ahead. In absolute terms, we want to invest up to DKK 150 million in 2011, and the full amount has been included in our guidance for the year.

One area where there is potential for a more immediate sales impact is accelerating our enzyme presence in selected geographical markets. This will include building new and stronger relations with local players and understanding local requirements, priorities, and processes better than we do today. Another area with potential in the short term is stepping up our efforts to replace chemicals in detergents with enzymatic technology and further investigating the possibilities for washing at lower temperatures.

The main part of the additional funds will be allocated to R&D and business-building activities that will support our long-term target of annual sales growth of more than 10% on a 5–10 year horizon. Investments will be made to develop new technologies and initiate new projects, ensuring that Novozymes continues to deliver results supportive of the current long-term sales target.

R&D and business-building activities are behind Novozymes' unique position in bioinnovation today and will remain so in the future, translating into strong long-term growth in sales, earnings, and cash flow – to the benefit of Novozymes, our customers, the environment, and our shareholders.

THREE AREAS OF SUSTAINABILITY TO BE EXPLORED FURTHER

Novozymes' sustainability development strategy and targets are reviewed annually by the Sustainability Development Board (SDB). In addition to our short- and long-term targets, SDB has decided that three areas need to be explored further with the aim of finding the best way of addressing these issues and potentially incorporating them into our strategy: biodiversity, socioeconomic impact assessment, and water.

A broader approach to biodiversity

Biodiversity is under pressure worldwide. Novozymes has historically focused on complying with the UN Convention on Biological Diversity's requirements concerning the fair use of genetic resources. As demand for biological solutions grows, we find it increasingly important to explore how we can broaden our approach to address biodiversity issues in relevant parts of our value chain and throughout our products' life cycles.

Socioeconomic impact assessment of our business activities

Authorities, customers, NGOs, and other stakeholders are showing more and more interest in Novozymes' societal impact. As we believe this to be an area of increasing importance, we are engaging in dialogue with stakeholders to understand their expectations and subsequently improve our efforts and documentation of our socioeconomic impacts if relevant.

Water as a growing global challenge

Water scarcity is a source of increasing public concern, and water is becoming a strategic issue for Novozymes – both as a risk, because we need water for production, and as an opportunity, because many of our solutions can help customers save water. Over the next couple of years we will establish the necessary know-how and organizational capabilities to avoid the risks and benefit from the opportunities.



THE NOVOZYMES REPORT 2010

MANAGEMENT



BOARD OF DIRECTORS



HENRIK GÜRTLER*

Born 1953. CEO, Novo A/S. Chairman of the Board since 2000. Elected for one year at a time.

Board positions

Chairman: Copenhagen Airports A/S and COWI A/S

Member: Novo Nordisk A/S

Special competencies: In-depth knowledge of Novozymes' business and expertise in managing and working in an international biotechnology company



KURT ANKER NIELSEN*

Born 1945. Vice-Chairman of the Board. Chairman of the Audit Committee. Member of the Board since 2000. Elected for one year at a time.

Board positions

Chairman: Reliance A/S

Member: The Novo Nordisk Foundation

Member and Chairman of the audit committee: Novo Nordisk A/S, Vestas Wind Systems A/S, and LifeCycle Pharma A/S

Special competencies: Expertise in financial and accounting matters and in-depth knowledge of Novozymes' business



PAUL PETTER AAS

Born 1946. Senior Vice President, Yara International ASA (Norway). Member of the Board since 2000. Elected for one year at a time.

Special competencies: Extensive international management experience



LARS BO KØPPLER

Born 1962. Technician. Employee representative. Member of the Board since 2010. Elected for four years at a time.



MATHIAS UHLÉN

Born 1954. Professor, the Royal Institute of Technology (Kungliga Tekniska Högskolan), Stockholm (Sweden). Member of the Board since 2007. Elected for one year at a time.

Board positions

Member: KTH Holding AB, Atlas Antibodies AB, Affibody Holding AB, Swetree Technologies AB, NorDiag ASA, and Bure Equity AB

Special competencies: Broad experience in research and biotechnology



ULLA MORIN

Born 1954. Laboratory Technician. Employee representative. Member of the Board since 2001. Elected for four years at a time.

* These board members are not regarded as independent in the sense of the definition contained in the Danish Recommendations on Corporate Governance.

BOARD OF DIRECTORS



WALTHER THYGESEN

Born 1950. CEO, Thrane & Thrane A/S. Member of the Board since 2000. Member of the Audit Committee. Elected for one year at a time.

Board positions

Chairman: Hewlett-Packard Denmark and The Growth Foundation (Vækstfonden)
Member: Royal Unibrew A/S

Special competencies: Expertise in IT, finance, and marketing and broad international business experience



SØREN HENRIK JEPSEN

Born 1947. Regulatory Affairs Manager. Employee representative. Member of the Board since 2005. Elected for four years at a time.



JERKER HARTWALL

Born 1952. Self-employed consultant. Member of the Board since 2000. Member of the Audit Committee. Elected for one year at a time.

Special competencies: Expertise in financial matters and extensive international management experience



EXECUTIVE MANAGEMENT



STEEN RIISGAARD

Born 1951. President and CEO.

Board positions

Chairman: WWF (World Wide Fund for Nature) Denmark

Member: Egmont International Holding A/S, Rockwool International A/S, and CAT Science Park A/S



PER FALHOLT

Born 1958. Executive Vice President, Research & Development and CSO.

Board positions

Member: Asseco Denmark A/S



BENNY LOFT

Born 1965. Executive Vice President and CFO.

Board positions

Member: The Blue Planet and Xellia Pharmaceuticals AS



THOMAS NAGY

Born 1963. Executive Vice President, Stakeholder Relations and COS.

Board positions

Member: Danish-American Business Forum and AmChamDenmark



THOMAS VIDEBÆK

Born 1960. Executive Vice President, BioBusiness.



PEDER HOLK NIELSEN

Born 1956. Executive Vice President, Enzyme Business.

Board positions

Member: Hempel A/S

CORPORATE GOVERNANCE

The Danish *Recommendations on Corporate Governance* were revised and extended in 2010. With a very few exceptions, Novozymes complies with the new code. Internally, we updated and simplified our set of values and commitments during the year.

Novozyymes' management systems have been developed over many years and are constantly adjusted to reflect changes in legal requirements, new business developments, and stakeholder expectations. A cornerstone of these management systems is Novozymes' corporate governance setup.

Corporate governance is the name commonly given to the frameworks and guidelines for business management, including the overall structures and principles that regulate the interaction between a company's management bodies, shareholders, and other stakeholders. As every company is unique, there is no exact standard for "good corporate governance." However, a number of valid principles have been developed and stated in recommendations, guidelines, or law. Novozymes' goal is to have management systems in place that ensure openness and transparency at all times, providing stakeholders with relevant insight into the business – and, of course, effective management.

In accordance with Danish legislation, Novozymes has a two-tier management system comprising the Board of Directors and Executive Management, with no individual a member of both. The division of responsibility between the Board of Directors and Executive Management is clearly laid down and described in the Rules of Procedure for the Board of Directors and Guidelines for Executive Management, available at www.novozymes.com.

Charters and recommendations

In laying down the management principles for Novozymes, the Board of Directors has followed the *Recommendations on Corporate Governance* that form part of the disclosure requirements applicable to companies listed on NASDAQ OMX Copenhagen.

This code was revised in 2010, resulting in a total of 78 recommendations, many of which are new. The Board of Directors considers that Novozymes complies with the new code, with the following exceptions:

- Remuneration and nomination committees have not been set up. Instead, these responsibilities are laid down in the charter for the Chairmanship, which consists of the Chairman and Vice-Chairman of the Board

- Information on the remuneration of Executive Management is provided at an aggregate rather than an individual level. Novozymes considers this information to be private and confidential, and believes that information at an individual level is of limited value to shareholders. Information on the maximum level of individual remuneration is nevertheless provided, please refer to Note 4 to the financial statements
- The remuneration policy for Executive Management contains no specific clause on the repayment of variable remuneration components paid on the basis of misstated information as Novozymes considers the rules in Danish law to be sufficient in such cases
- The current Executive Management has the right to termination payments amounting to a maximum of three years' fixed base salary and pension contributions. This maximum does not currently exceed the recommended maximum of two years' total remuneration. Novozymes has decided not to change existing contracts, but future contracts will provide for a maximum of two years' fixed base salary
- Due to the limitations imposed by the articles of association of the Novo Nordisk Foundation and Novozymes' ownership structure, the Board of Directors reserves the right in certain circumstances to reject takeover bids without consulting shareholders

A detailed review of Novozymes' positions on all of the recommendations can be found under Corporate governance at www.novozymes.com.

Novozyymes also acts within the parameters of *Touch the World* – a document setting out our values and commitments. We have also committed ourselves to principles derived from the following international charters and standards:

- Novozymes subscribes to the International Chamber of Commerce's Charter for Sustainable Development
- Novozymes supports the United Nations Convention on Biological Diversity
- Novozymes supports the United Nations Declaration of Human Rights
- Novozymes subscribes to the United Nations Global Compact

Changes since last year

Michael Munksø, an employee representative elected to the Board of Directors, took up a position outside Novozymes in 2010. He was therefore replaced by alternate member Lars Bo Køppler as of December 1.

Self-assessment of the Board of Directors

The Board’s main responsibilities are to:

- Ensure the best possible day-to-day management of the company and the right organizational structure
- Supervise financial and sustainability performance, and Executive Management’s day-to-day running of the company
- Participate in the overall management and strategic development of the company

For an overview of the tasks performed to fulfill these responsibilities, see *A year with the Board of Directors*.

The Board of Directors held eight meetings in 2010. All were attended by all board members, except for one meeting where one member was absent.

In order to ensure that Novozymes has well-functioning management systems in place at all times, the Board of Directors and Executive Management assess annually whether their main responsibilities have been fulfilled. The performance of the Board of Directors and Executive Management and the quality of collaboration between these two bodies are also discussed and assessed. The assessment in 2010 was once again positive, with only minor areas for improvement identified. Overall, there was broad satisfaction with the planning, content, and

implementation of the meetings. The general impression was that presentations and discussions at the meetings are of high quality, and that Executive Management is very responsive to input from the Board. Emphasis was placed on the continued use of external input in strategy discussions.

One of the responsibilities of the Board of Directors is to assess each year whether the ownership structure with A and B common stock is optimal. The Board of Directors maintains that this is the best way to safeguard Novozymes’ long-term development and thus to benefit the company’s shareholders and other stakeholders.

In addition, the Audit Committee performs an annual assessment of its own performance, and the external auditors are asked to evaluate whether its performance fulfilled the requirements of the Audit Committee’s charter. The 2010 assessment was positive and identified only minor areas for improvement.

Each year the Audit Committee evaluates the need for an internal audit function at Novozymes. Based on its positive assessment of the company’s internal control environment, the Audit Committee has advised the Board of Directors that the establishment of an internal audit function is not necessary.

A YEAR WITH THE BOARD OF DIRECTORS

1. Ensure the best possible day-to-day management of the company.

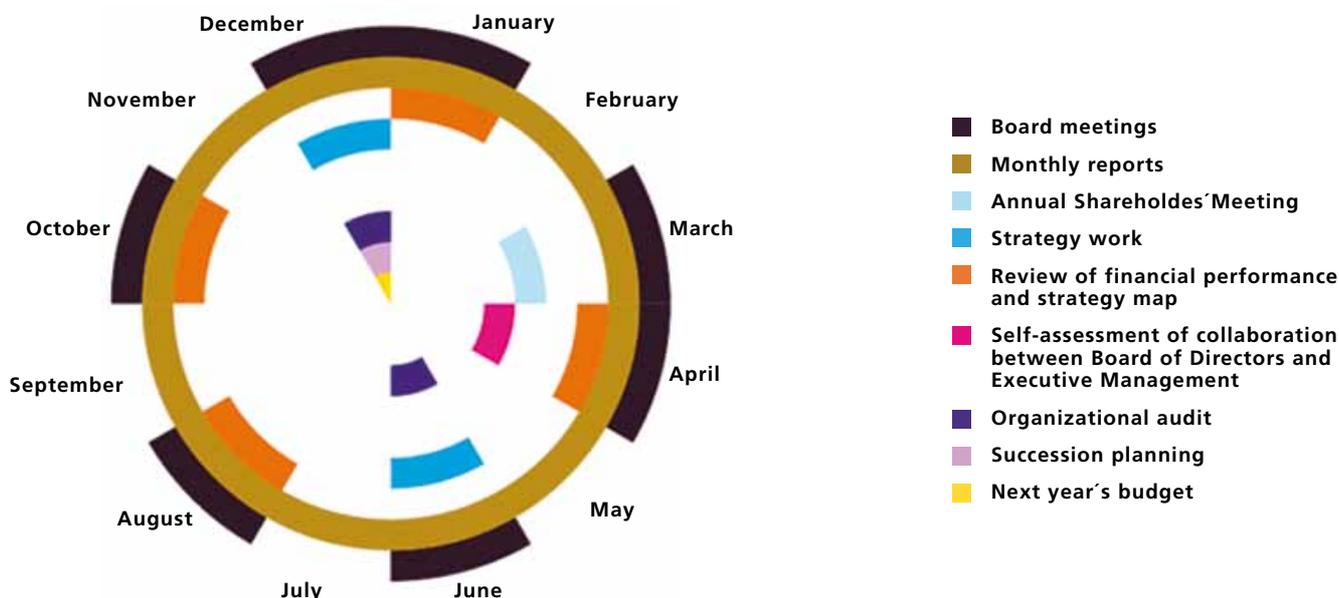
Ensure the right organizational structure.

2. Supervise the financial and sustainability performance of the company.

Supervise Executive Management’s day-to-day running of the company.

3. Participate in overall management of the company.

Participate in determining the strategy of the company.





TOUCH THE WORLD



PREPARING FOR THE FUTURE WITH A NEW SET OF VALUES

Novozymes' 10th birthday on November 13, 2010, provided the ideal occasion to launch a new set of values to carry the company into the future.

Novozymes has come a long way over the past decade. In the beginning, the focus was on establishing ourselves as an independent company and demonstrating the value of our business model. As Novozymes has matured and proved the worth of our technology, we have become much more oriented toward the outside world. Today, we ask our stakeholders to Rethink Tomorrow and we aim to change the world together with our customers. To realize our ambitious goals and align our company culture with our outward-looking focus, we have revitalized and simplified the values that we previously shared with the rest of the Novo Group.

Our new values have been developed on the basis of input from our employees around the world and go hand-in-hand with Novozymes' strategy. They capture the essence of our accomplishments in the past and will help us to make our next 10 years even more successful.

Along with our existing vision, company idea, and commitment, the new values form an overall guide that we call *Touch the World*. This will help us attain our vision by changing the ways of our customers, their industries, and, ultimately, the world.

Touch the World

Our vision: *A future where our biological solutions create the necessary balance between better business, cleaner environment, and better lives*

Our company idea: *Rethink Tomorrow*

Our commitment: *To continuously improve our financial, environmental, and social performance to drive the world toward sustainability*

Our values:

- *Dare to lead – because the future is created by you*
- *Trust and earn trust – because nothing beats a circle of trust*
- *Connect to create – because the world is full of ideas*
- *Unlock passion – because passion makes dreams come alive*

RISK MANAGEMENT

For a decade now, Novozymes has had a vision of creating value in the broadest sense. We aim to create a cleaner environment, better lives, and better business. The way Novozymes is managed reflects this, as management systems are set up to seek opportunities in all these areas while at the same time reducing risk and ensuring compliance with rules and regulations.

The process of identifying and managing risk is integrated into the management systems at Novozymes. We define risks as “events or tendencies that can prevent the company from achieving its overall targets – including financial, environmental, and social targets – or negatively affect our image or our future results and activities.” Novozymes strives to identify risks as early as possible and, once they have been identified, act and follow up on them.

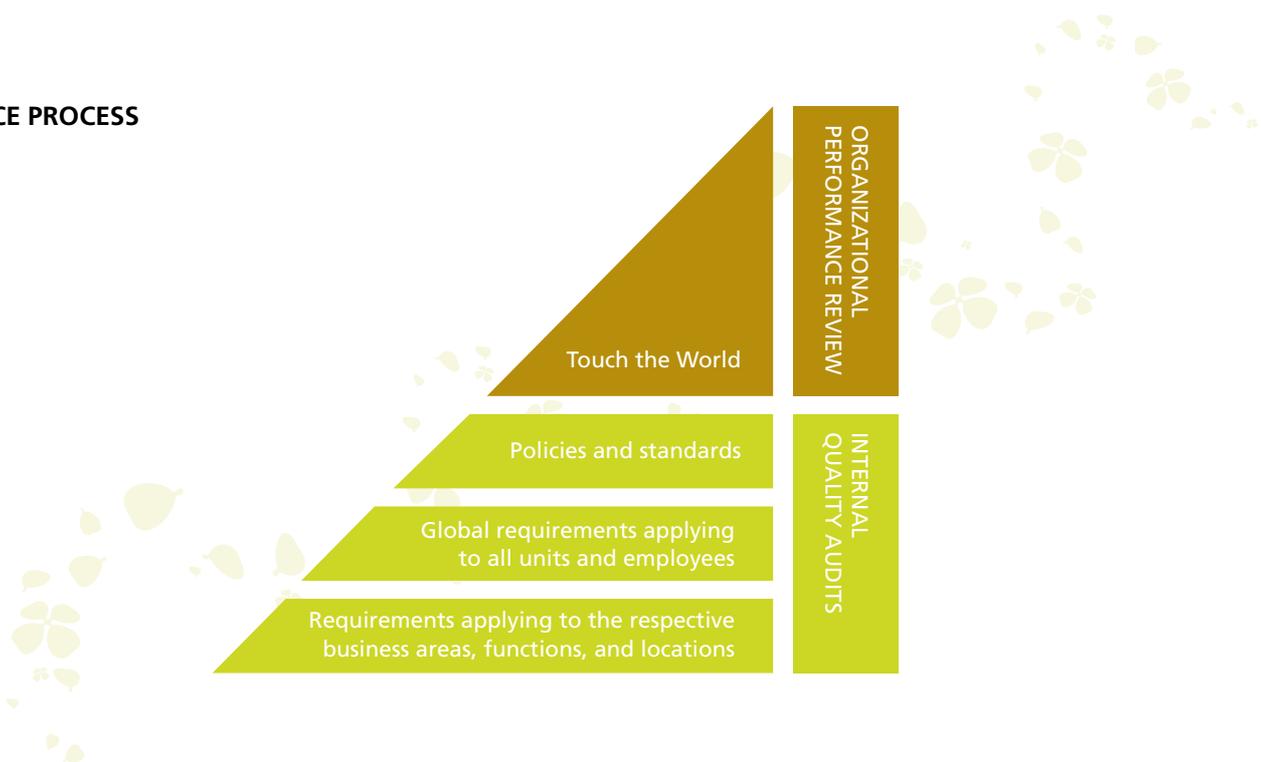
At the top of the management system, Touch the World sets out the company’s vision, company idea, commitment, and values. It guides us in everything we do and outlines Novozymes’ philosophy. By acting in accordance with these principles, we encourage the right behavior and thereby reduce the risk of misconduct. To ensure that the company lives up to the values in Touch the World, an organizational performance process is conducted annually where the

impact of each business unit’s work to support and uphold the principles in Touch the World is assessed. This process is overseen by Executive Management and the results reported to Board of Directors.

Risks are often related to external factors affecting our achievement of targets, but can also be related to internal procedures, such as errors leading to the misstatement of information, malfunctioning of products, etc. Novozymes strives to minimize these procedural risks through the extensive use of quality management systems and ISO certifications, which include general policies and standards, as well as detailed control and action requirements covering both global procedures and specific requirements dependent on location, business area, and function.

To ensure compliance with quality management systems, a large number of internal quality audits are performed. Each year, a report on compliance with these systems is submitted to Executive Management.

COMPLIANCE PROCESS



REACH SUPPORTS NOVOZYMES' BUSINESS STRATEGY

REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) is a European Union (EU) regulation which entered into force in June 2007, replacing some 40 existing EU regulations and directives on chemicals. More than 30 different enzymes need to be registered by 2018 as they are regarded as chemicals under REACH. Novozymes' enzymes for industries such as detergent, leather, textile, and biofuel require registration.

First mover on registration

Novozymes was the first of the European enzyme manufacturers to register enzymes produced in volumes of more than 1,000 tons per year, which is the first major registration milestone under REACH. The enzyme groups in question are proteases (mainly used in the detergent industry) and glucoamylases (mainly used in the production of starch and fuel).

With the ambition of being the first to submit REACH dossiers, Novozymes took on sole responsibility for assessing the necessary risk and safety data for the enzyme industry as lead registrant. Novozymes has successfully submitted the required data in two comprehensive dossiers representing hundreds of products. These include exposure scenarios documenting adequate control of risks.

Regulatory requirements as opportunities

Novozymes looks positively on REACH, as the increased focus on sustainable solutions outweighs the increased burden of compliance. One important objective of the regulation is to encourage the substitution of hazardous substances with safer substances or technologies as economically and technically viable alternatives become available.

REACH has the potential to drive innovation and sustainable growth through the replacement of harsh chemicals with safer biological solutions. REACH therefore supports Novozymes' ambition and business strategy by stimulating customer demand for sustainable solutions, where enzymatic and other biological solutions are key alternatives.

Novozymes is implementing all the requirements of REACH as they come into force in order to ensure uninterrupted supplies to customers. Given the high quality of the safety data and competencies we have developed together with our customers, we are in a good position to deal with the requirements. Novozymes also sees REACH as a great opportunity to implement high global safety standards for enzyme products.

Timely and accurate reporting

Novozymes attaches great importance to timely and accurate reporting, as this is considered key to being a trustworthy company.

Novozymes' risk management and internal controls relating to financial reporting are designed to facilitate:

- Presentation of management accounts that allow the Group's performance to be measured, evaluated, and monitored
- Presentation of financial statements that provide a true and fair view without material misstatement, and comply with International Financial Reporting Standards as adopted by the EU, and other additional disclosure requirements for the annual reports of listed companies

Novozymes' internal controls and risk management systems are updated on an ongoing basis and have been designed with a view to discovering and eliminating errors and defects in the financial statements. However, as there is always a risk of misuse of assets, unexpected losses, etc., the internal controls and risk management systems can only provide reasonable and not absolute assurance that all material errors and defects are discovered and eliminated.

The internal controls and risk management systems also cover environmental and social data in The Novozymes Report.

A more detailed description of Novozymes' risk management and internal controls concerning the financial reporting process can be found in the statutory report on corporate governance fulfilling the requirements in Section 107b of the Danish Financial Statements Act.

The financial reporting process is monitored by the Audit Committee. As part of this monitoring, all cases of fraud and concerns raised either through the whistleblower system or directly by internal or external personnel are reported to the Audit Committee. Six cases were reported in 2010. Four cases led to the dismissal of employees, of which two were reported to the police.

Fulfilling sustainability reporting requirements

Under Section 99a of the Danish Financial Statements Act, it is mandatory for large companies to report on corporate responsibility. As a member of the UN Global Compact, Novozymes prepares a Communication on Progress that is published in Supplementary Reporting. This Communication on Progress fulfills the requirement for the reporting on corporate responsibility. In addition to this, integrated financial, environmental, and social reporting is included in The Novozymes Report.

Risks, opportunities, and stakeholder engagement

While Novozymes aims to do business in accordance with our values, we also have to stay in touch with the needs of society. One way of identifying risks, opportunities, and new trends, while at the same time living up to Novozymes'

ambition of being open and honest, is to engage with our stakeholders. We give high priority to understanding and living up to our stakeholders' expectations, as we wish to maintain a good reputation.

An example is our recently published tax policy, which is the result of an increased media debate on taxes and reflects our positioning on this topic. With the tax policy we strive to be open and give our stakeholders insight into how we operate in this area. The policy can be found at www.novozymes.com.

In our dialogue with stakeholders we naturally also promote our points of view, our solutions, etc. We want to ensure that this is done in a respectful way that does not create a risk of harming Novozymes' reputation. Novozymes has therefore established principles for ethical ways to influence our stakeholders. In other words, we have a management standard defining good business practice for dealing with authorities, policy-makers, and political parties.

To fulfill our commitment to society, Novozymes sets targets for sustainability performance and strives to be the best among our peers. We must always be up-to-date on the sustainability agenda relevant to our stakeholders and society at large. Through numerous annual meetings with our stakeholders, such as investors, politicians, customers, neighbors, and NGOs, we become aware of relevant issues and trends that provide valuable input for our strategic development and have done so for many years.

In 2010, a more systematic approach to sustainability trendspotting was implemented in order to better capture market opportunities, discover risks, spur innovation, and consequently maintain our role as a leader in sustainability. This external input, together with internal input from key functions, is used in our target-setting process once assessed by our Sustainability Development Board for materiality and relevance to Novozymes. It is also used to help prioritize focus areas in our overall strategic development.

SATISFIED CUSTOMERS

Novozymes commissioned a global Customer Satisfaction Measurement (CSM) study in 2010 to monitor the overall satisfaction and loyalty of our customers. CSM studies are one of the most important tools Novozymes has for measuring customer satisfaction, which is an integral part of our business operations – from coaching our sales force to complaint handling to key account management.

For the CSM study, a third-party survey partner selected a random, representative sample of customers for enzymes, microorganisms, and biopharmaceutical ingredients to participate in a comprehensive web-based survey questionnaire. The partner received 290 responses. The central indicator for the survey is a global customer satisfaction benchmark called the Loyalty Index, which is a two-dimensional measure of customer satisfaction (strength of relationship versus attraction). In 2010, an estimated 95% of our customers were either very satisfied or satisfied with their relationship with Novozymes. An estimated 59% of our customers find Novozymes "more attractive" than other suppliers of enzymes, microorganisms, and biopharmaceutical ingredients. Novozymes received an overall Loyalty Index score of 74 out of 100.

The survey also covered a wide range of parameters representing quality and customer satisfaction indicators throughout the value chain. Novozymes performed best in the product safety, packaging, and delivery categories.

Novozymes' account managers followed up on the survey by taking corrective actions with dissatisfied survey respondents and by interviewing key accounts that participated in the survey.

Customer feedback affects sustainability rating

Our customers' feedback on our ability to constantly improve customer satisfaction is important for our success. In line with our commitment to being transparent about our performance, we communicate customer satisfaction survey results to our stakeholders. Our customer satisfaction survey is also included in the assessment of Novozymes' sustainability performance that forms the basis for our rating by Dow Jones Sustainability Indexes (DJSI), where Novozymes in 2010 was named sector leader for the ninth time.

Long-term scenarios

Executive Management conducts an annual evaluation of opportunities for future growth. This evaluation is based on reports on long-term scenarios for each of the business areas, supplemented by selected key scenarios. The reports contain sensitivity analyses and, for expansion projects and larger investment proposals, an estimate of the net present value of the investment.

Part of this scenario work involves identifying potential bottlenecks for future growth, such as the need to expand production capacity and the availability of resources such as water.

Some of the scenarios presented to Executive Management spring from risks identified by the enterprise risk management setup.

Enterprise risk management setup

As well as the activities mentioned above to identify risks, Novozymes has a formal process to continually map and mitigate risks. All business units and vice presidents systematically report new risks and any changes to previously defined risks. This process, which is headed by the Vice President of Finance, ensures that top management has a high level of risk awareness, with involvement and ownership throughout the organization.

Reported risks are collated and mapped by the Risk Management Office on the basis of probability and possible consequences. Risks are assessed on the basis of both financial and reputational impact, and the reporting covers both financial and nonfinancial risks.

The aim of risk management at Novozymes is to ensure proactive management of key risks, so that efforts to reduce both probability and unwanted consequences will be made where possible.

Every six months, risks are reported to the Risk Management Office. These are then assessed, and a shortlist of approximately 30 risks judged to be the most significant is reported to Executive Management. Twice a year, the most significant risks are also presented to and discussed with the Board of Directors.

This systematic and analytical approach to risk management enables Novozymes to achieve greater transparency and gives a stronger basis for making decisions about investing resources. In addition, it provides Executive Management with the opportunity to discuss risks and undertake the necessary actions in relation to the Group's risk profile.



RISK FACTORS

All businesses are exposed to a wide range of risk factors. Novozymes strives to identify and mitigate risks that could affect our financial, environmental, or social performance and/or reputation as early as possible.

This section describes a number of critical risks along with measures that Novozymes has taken to reduce them. The list is not in any order of priority and is not exhaustive.

Financial risks are presented in Note 37 to the financial statements.

SALES-RELATED RISKS

Markets, customers, and sales channels

Novozyymes sells products worldwide and is subject to the financial and political risks this naturally entails. Growth in individual markets is therefore influenced by the local economic situation and local legislation. Novozymes works together with our agents, distributors, and other business partners to ensure that they know and do not violate Novozymes' business integrity rules when selling our products.

Customer concentration

A relatively small number of customers account for a high proportion of Novozymes' sales in certain product areas, which means that Novozymes is also affected by trends in these customers' markets. Novozymes works closely with our major customers to limit risks, for example by means of joint development projects and joint production planning, including the integration of IT systems.

Innovation

Novozyymes strives to maintain our position as market leader by continually launching new and improved, high-quality products that meet customers' needs. Novozymes' projected sales are not dependent on single large product launches, as we constantly have several new products in the pipeline. This places high demands on the Group's research and development, requiring it to keep pace with customer needs. Failure here would entail the risk of a negative impact on Novozymes' sales targets. Novozymes allocates around 14% of sales to research and development to ensure sufficient resources for future innovation.

Enzymes produced using GMOs

Novozyymes produces a large number of enzymes using genetically modified organisms (GMOs). Without this technology, it would be necessary to use larger quantities of raw materials, water, and energy, and in many cases commercial production of an enzyme would not be viable.

The use of gene technology is the subject of ongoing debate around the world, mainly concerning genetically modified crops or foods containing GMOs. Novozymes' use of gene technology has only featured in the debate to a limited degree, as the Group's end products do not contain GMOs. However, it is possible that Novozymes' production and sales to the food and feed industries in particular may be affected by the public debate on gene technology and the impact this may have on consumer demand.

Read more about Novozymes' use of gene technology at www.novozymes.com.

Supply chain management

Novozyymes has sharpened our focus on integrating sustainability and risk management into the selection and evaluation of key suppliers. In order to identify risks and opportunities in our global purchasing processes, an advanced supplier performance management system has been developed.

Sustainability is a performance parameter in the system and is evaluated alongside commercial and quality parameters. Instead of relying only on supplier self-evaluations, the supplier evaluation process is supplemented with media research, dialogue, and the critical insight of Novozymes' purchasers. The system helps rank and compare suppliers according to risk and opportunity and provides an overview of the global supplier pool. The system is also designed to help the purchasing function identify the suppliers who typically pose the biggest risks. Suppliers with critical issues are subject to further questions or an audit.

As maintaining optimal production is critical for Novozymes, there is a strong focus on the reliability of deliveries from suppliers. To safeguard supplies, cooperation agreements have been entered into with a number of key suppliers. These agreements also help to reduce sensitivity to fluctuations in the price of raw materials and energy.

Competition

Historically, Novozymes has experienced constant price pressure in our markets. Competition from producers based in low-cost countries, particularly China and India, will always be a challenge. One of the ways in which we are trying to counter this challenge is by using our technology to continuously optimize production, thereby reducing costs per unit produced so that production remains at the forefront and competitive.

Patent strategy

Novozymes' technology is the basis of our business, and we pursue an active patent strategy by protecting new discoveries as early as possible. This prevents new products, processes, etc., from being copied.

ENVIRONMENTAL AND SOCIAL ISSUES

Novozymes' fundamental values include environmental and social responsibility. These are key to the way in which Novozymes conducts business and are significant to all activities. These values are underpinned by a number of targets for environmental and social responsibility.

Reputation

Novozymes is heavily dependent on being able to attract and retain skilled people, and our reputation is an important factor in this respect. Novozymes aims to maintain a good reputation by means of openness and transparency in both internal and external communications. Work is also carried out on an ongoing basis to reduce the risk of situations arising that could damage Novozymes' reputation. For example, employees have been trained in our business integrity principles. Relevant legislation must be complied with at all times, and Novozymes is committed to setting an even higher standard in many areas.

Having a positive impact on our surrounding environment is important to Novozymes. We therefore endeavor to do business in such a way that our environmental impact is part of the solution to current environmental problems. Novozymes' targets of achieving significant reductions in CO₂ emissions and water and energy consumption are examples of this.

Animal testing

Novozymes uses animal testing in connection with the development and approval of products where this is demanded by public authorities. The use of animal testing is the subject of ongoing public debate and as such constitutes a risk to Novozymes' reputation and business. The current product portfolio involves relatively few animal tests, but this may change as a result of the development of new business areas.

Novozymes strives continuously to minimize the number of animal tests by further refining the methods used and employing alternatives wherever possible.

Business partners and acquisitions

In Novozymes' relations with business partners, the company seeks to reduce the risk of being associated with environmental and social failings that could impact negatively on Novozymes' reputation.

On entering into agreements with new business partners or acquiring new companies or activities, Novozymes takes environmental and social issues into account on par with the financial considerations.

OTHER RISKS

Energy consumption and prices

Our production requires relatively large amounts of energy, and fluctuations in energy prices will therefore affect the cost of the goods we sell. The risk of a negative impact from rising energy prices is managed by optimizing the production process, for example by using gene technology, and by partially hedging energy prices for a future period. In the long term, this risk is offset by the positive impact on sales when energy prices go up, as it becomes more profitable for our customers to replace oil-based ingredients with enzymes and to use energy-saving enzymes in their production.

Raw material consumption and prices

A significant proportion of Novozymes' raw materials is derived from agricultural produce, and fluctuations in prices for these commodities will therefore affect the cost of the goods we sell. Novozymes seeks to reduce the risk of a negative impact on costs by optimizing the production process, for example by using gene technology, and by ensuring the greatest possible flexibility in the use of raw materials.

Global organization and taxes

Novozymes operates in many markets via sales companies and distributors, while production takes place in a small number of countries. This leads to transactions between Group companies. Novozymes follows the OECD principles in setting internal transfer prices for these transactions, but this is a complicated area and entails a tax risk, partly because the area is subject to political judgment in each individual country. Novozymes regularly enters into dialogue with the tax authorities to reduce this risk, and we have entered into advance pricing agreements with the tax authorities in the countries where internal transactions are most significant. For Novozymes, such agreements create predictability in relation to taxation and reduce the risk of Novozymes becoming part of the ongoing transfer pricing debate around the world. However, some countries, including India and Brazil, have yet to introduce legislation permitting agreements of this kind. All in all, a major part of internal transactions in the Group is covered by advance pricing agreements.

Insurance

The risk of personal injury, material damage, and other events beyond our control, as well as other losses that Novozymes may cause, is covered by an extensive insurance program to the extent that this is feasible and possible. Cover in different areas is subject to a premium based on Novozymes' claims history. The current price of the policies and the cover provided may be affected by external circumstances, such as natural disasters and similar events.



THE NOVOZYMES REPORT 2010

ACCOUNTS



Income statement

Note		2010 DKK million	2009 DKK million
1, 2	Revenue	9,724	8,448
3, 6	Cost of goods sold	4,312	3,748
	Gross profit	5,412	4,700
3, 6	Sales and distribution costs	1,242	1,118
3, 6	Research and development costs	1,360	1,207
3, 4, 5, 6	Administrative costs	762	751
7	Other operating income, net	69	64
	Operating profit / EBIT	2,117	1,688
8	Financial income	113	153
9	Financial costs	107	220
	Profit before tax	2,123	1,621
10	Corporation tax	509	427
	Net profit	1,614	1,194
	Attributable to:		
	Shareholders in the parent company	1,613	1,194
	Minority interests	1	-
		1,614	1,194
	Proposed dividend per share	DKK 8.00	DKK 5.75
20	Earnings per share	DKK 25.75	DKK 19.24
20	Earnings per share, diluted	DKK 25.25	DKK 18.93

Statement of comprehensive income

Note	2010 DKK million	2009 DKK million
Net profit	1,614	1,194
Transferred to Financial income re fair value adjustment of Novo Nordisk stock	-	(29)
Currency translation of subsidiaries and minority interests	465	84
Tax related to currency translation of subsidiaries and minority interests	(23)	5
Cash flow hedges	(39)	195
- transferred to Financial income/costs	(28)	(75)
Tax related to cash flow hedges	13	5
Other comprehensive income	388	185
Comprehensive income for the year, total	2,002	1,379
Attributable to:		
Shareholders in the parent company	2,000	1,380
Minority interests	2	(1)
	2,002	1,379

Balance sheet

Note		Dec. 31, 2010 DKK million	Dec. 31, 2009 DKK million
ASSETS			
11	Intangible assets	1,070	1,124
13	Property, plant and equipment	5,866	4,804
14	Deferred tax assets	71	62
15	Other financial assets	50	1
	Total non-current assets	7,057	5,991
16	Inventories	1,640	1,535
17	Trade receivables	1,772	1,468
18	Tax receivables	232	210
19	Other receivables	249	215
15	Other financial assets	178	187
	Cash at bank and in hand	1,465	1,284
	Total current assets	5,536	4,899
	Total assets	12,593	10,890
LIABILITIES AND SHAREHOLDERS' EQUITY			
20	Common stock	650	650
20	Treasury stock	(1,479)	(1,624)
	Other reserves	540	154
	Retained earnings	8,113	6,651
21	Minority interests	12	10
	Total shareholders' equity	7,836	5,841
14	Deferred tax liabilities	493	694
22	Long-term employee benefits	13	13
23	Provisions	169	125
24	Other financial liabilities	1,574	1,696
	Total non-current liabilities	2,249	2,528
24	Other financial liabilities	291	632
23	Provisions	50	30
	Trade payables	764	531
18	Tax payables	86	97
25	Other payables	1,317	1,231
	Total current liabilities	2,508	2,521
	Total liabilities	4,757	5,049
	Total liabilities and shareholders' equity	12,593	10,890

Statement of shareholders' equity

	Attributable to shareholders in the company							Total DKK million
	Common stock DKK million	Treasury stock DKK million	Currency translation DKK million	Available-for- sale financial assets DKK million	Cash flow hedges DKK million	Retained earnings DKK million	Minority interests DKK million	
Shareholders' equity at January 1, 2010	650	(1,624)	(49)	-	203	6,651	10	5,841
Comprehensive income for the year, total			440		(54)	1,614	2	2,002
Sale of treasury stock		145						145
Dividend						(359)		(359)
Stock-based payment						60		60
Tax related to equity items						147		147
Changes in shareholders' equity	-	145	440	-	(54)	1,462	2	1,995
Shareholders' equity at December 31, 2010	650	(1,479)	391	-	149	8,113	12	7,836
Shareholders' equity at January 1, 2009	650	(1,791)	(139)	29	78	5,638	11	4,476
Comprehensive income for the year, total			90	(29)	125	1,194	(1)	1,379
Sale of treasury stock		36						36
Dividend						(326)		(326)
Stock-based payment						61		61
Tax related to equity items		131				84		215
Changes in shareholders' equity	-	167	90	(29)	125	1,013	(1)	1,365
Shareholders' equity at December 31, 2009	650	(1,624)	(49)	-	203	6,651	10	5,841

The proposed dividend of DKK 504 million for 2010 is included in Retained earnings.

Reference is made to Note 20 concerning treasury stock and average number of shares.

Statement of cash flows and financial resources

Note		2010 DKK million	2009 DKK million
	Net profit	1,614	1,194
34	Reversal of non-cash items	1,340	1,539
	Corporation tax paid	(609)	(594)
	Interest received	24	61
	Interest paid	(87)	(210)
	Cash flow before change in working capital	2,282	1,990
	Change in working capital:		
	(Increase)/decrease in receivables	(239)	(264)
	(Increase)/decrease in inventories	(13)	43
	Increase/(decrease) in trade payables and other payables	267	46
	Currency translation	27	2
	Cash flow from operating activities	2,324	1,817
	Investments:		
11	Purchase of intangible assets	(3)	(11)
	Sale of intangible assets	-	5
	Sale of property, plant and equipment	3	37
13	Purchase of property, plant and equipment (including interest of DKK 26 million)	(1,326)	(1,009)
	Acquisition of companies (excluding unpaid earn-out of DKK 24 million)	(23)	-
	Cash flow from investing activities	(1,349)	(978)
	Free cash flow	975	839
	Financing:		
	Borrowings	20	607
	Repayments of borrowings	(448)	(854)
	Sale of Novo Nordisk A/S stock	-	14
20	Sale/(purchase) of treasury stock, net	145	36
	Refundable income tax	(95)	-
	Dividend paid	(359)	(326)
	Cash flow from financing activities	(737)	(523)
	Net cash flow	238	316
	Unrealized gain/(loss) on currencies and financial assets included in cash and cash equivalents	24	3
	Net change in cash and cash equivalents	262	319
	Cash and cash equivalents at January 1	1,062	743
35	Cash and cash equivalents at December 31	1,324	1,062
36	Undrawn committed credit facilities	3,745	3,000
	Financial resources at December 31	5,069	4,062

Environmental and social data

Note		2010	2009	
ENVIRONMENT				
Consumption of resources				
38	Water	1,000 m ³	5,746	5,064
39	Internally generated energy	1,000 GJ	865	802
	Externally generated energy	1,000 GJ	3,039	2,728
	Energy, total	1,000 GJ	3,904	3,530
	Raw materials	1,000 tons	413	355
	Packaging	1,000 tons	13	12
Wastewater				
40	Volume	1,000 m ³	3,935	3,714
	Dry matter	Tons	277	370
	BOD5	Tons	638	777
	COD	Tons	1,447	1,832
	Nitrogen	Tons	183	195
	Phosphorus	Tons	77	77
Biomass				
	Volume, NovoGro®	1,000 m ³	291	248
	Volume, NovoGro® 30	1,000 m ³	139	128
	Volume, compost	1,000 m ³	48	51
	Nitrogen	Tons	2,026	2,450
	Phosphorus	Tons	824	774
Waste				
	Nonhazardous waste	Tons	8,636	7,610
	Hazardous waste	Tons	1,604	1,393
41	Waste, total	Tons	10,240	9,003
	Percentage of total waste recycled	%	43	45
Emissions to air				
	Ozone-depleting substances, HCFCs	Kg	1,532	524
42	CO ₂	1,000 tons	410	430
	SO ₂	Tons	1,176	1,157
	NO _x	Tons	1,016	993
Environmental impact potentials				
43	Global warming	1,000 tons CO ₂ -eqv.	414	431
44	Ozone layer depletion	Kg CFC ₁₁ -eqv.	265	29
	Acidification	Tons SO ₂ -eqv.	1,886	1,852
Environmental compliance, etc.				
	Breaches of regulatory limits, groundwater	No.	28	27
	Breaches of regulatory limits, other	No.	36	17
	Unintended releases of GMOs	No.	0	0
	Significant spills	No.	0	0
	Neighbor complaints	No.	21	33
Animals for testing				
	Enzyme Business	No.	590	820
	BioBusiness	No.	3,120	1,940

Note

2010

2009

SOCIAL

Employee statistics

45	Employees, total	No.	5,432	5,275
45 46	Women	%	36.0	36.2
	Men	%	64.0	63.8
47	Rate of employee turnover	%	7.5	6.7
	Average age	Years	39.9	39.8
	Seniority	Years	9.1	9.0
48	Rate of absence	%	2.1	2.3
	Expatriates	No.	80	71

Training costs

	Average spent per employee	DKK	6,060	6,506
	Costs as percentage of total employee costs	%	1.2	1.4

HEALTH AND SAFETY

Occupational accidents and diseases

	Fatalities	No.	0	0
49	Accidents with absence	No.	35	43
	Of which life-threatening accidents	No.	0	0
	Of which accidents requiring professional first aid	No.	27	39
50 51	Occupational diseases	No.	14	27
	Frequency of occupational accidents	Per million working hours	4.1	5.1
	Frequency of occupational accidents requiring professional first aid	Per million working hours	3.1	4.6
	Frequency of occupational diseases	Per million working hours	1.6	3.2

KNOWLEDGE

Processes and technology

	New products	No.	8	9
	Active patent families	No.	1,047	1,018

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ACCOUNTING POLICIES

The consolidated financial statements of the Novozymes Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish requirements on the presentation of accounts. Novozymes has prepared its consolidated financial statements in accordance with all the IFRS standards in force. The consolidated financial statements have been prepared on a going concern basis and under the historical cost convention, with the exception of the following items, which are recognized at fair value:

- Available-for-sale financial assets
- Derivatives

Some of the information required pursuant to IFRS is contained in the sections *Report* and *Management*. The rest will be found in the following sections.

The Novozymes Report does not contain the financial statements for the parent company, Novozymes A/S. The financial statements for the parent company can be found online under *Financial statements for Novozymes A/S* at www.report2010.novozymes.com. Together, The Novozymes Report and the financial statements for the parent company, Novozymes A/S, form the Annual Report that will be sent to the Danish Commerce and Companies Agency.

IMPACT OF NEW ACCOUNTING STANDARDS

In 2010, the following amendments with relevance for Novozymes were brought into effect and implemented:

- "Improvements to IFRSs – 2009," etc.
- "Improvements to IFRSs – 2010"
- Amendments to IFRS 2 "Group Cash-settled Share-based Payment Transactions"

Implementation of these has led to further specifications in the Notes but no changes in recognition and measurement.

Standards and interpretations issued by IASB with effective date after December 31, 2010, or not adopted by the EU and therefore not implemented, comprise:

- Amendments to IFRS 7 "Disclosures – Transfers of Financial Assets"
- IFRS 9 "Financial Instruments"
- Revised IAS 24 "Related Party Disclosures"
- Amendments to IFRIC 14 "Prepayment of a Minimum Funding Requirement"
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"

Implementation of these will lead to further specifications in the Notes but no material changes in recognition and measurement.

SIGNIFICANT ACCOUNTING POLICIES

Consolidation

The consolidated financial statements comprise the financial statements of Novozymes A/S (the parent company) and all the companies in which the Group owns more than 50% of the voting rights or otherwise has control or similar de facto control (subsidiaries), as well as joint ventures. The consolidated financial statements are based on the financial statements for the parent company and subsidiaries, and are prepared by combining items of a uniform nature and subsequently eliminating intercompany transactions, internal stockholdings and balances, and unrealized intercompany profits and losses. All the financial statements used for consolidation are prepared in accordance with the Group's accounting policies.

The Group's holdings in joint ventures regarded as jointly controlled entities are consolidated using the proportionate consolidation method by including its proportional share of their assets, liabilities, revenue,

and costs line by line.

Business combinations

On acquisition of new companies, the assets, liabilities, and contingent liabilities of each new company are recognized at fair value at the time of acquisition. Goodwill is adjusted for changes in the purchase price after acquisition and changes in the fair value of the acquired identifiable assets, liabilities, and contingent liabilities since the acquisition date until 12 months afterward. Newly acquired companies are recognized as from the date of acquisition, and no adjustment is made to comparative figures.

In acquisitions where less than 100% of a company is acquired, the Group can choose between goodwill recognized at its full fair value or solely at the percentage owned by the Group (partial goodwill). The goodwill recognized at the time of acquisition will not be changed in connection with later acquisitions of minority interest regardless of whether full or partial goodwill is chosen.

Translation of foreign currencies

The consolidated financial statements are presented in Danish kroner (DKK). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction date. Monetary items denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the balance sheet date. Financial statements of foreign subsidiaries are translated into Danish kroner at the exchange rates prevailing at the balance sheet date for assets and liabilities, and at average exchange rates for income statement items.

Goodwill arising on the acquisition of new companies is treated as an asset belonging to the new foreign subsidiaries and translated into Danish kroner at the exchange rates prevailing at the balance sheet date.

Realized and unrealized foreign exchange gains and losses are recognized under Financial income or Financial costs, with the exception of unrealized gains and losses relating to hedging of future cash flows, which are recognized in Other comprehensive income. The following exchange rate differences are also recognized in Other comprehensive income, translated at the exchange rates prevailing at the balance sheet date:

- Translation of foreign subsidiaries' net assets at the beginning of the year
- Translation of foreign subsidiaries' income statements from average exchange rates to the exchange rates prevailing at the balance sheet date
- Translation of long-term intercompany balances, which are considered to be an addition to net assets in subsidiaries
- Fair value adjustment of financial liabilities that qualify for hedging of net assets in foreign subsidiaries

Stock-based payment

The Group's employees are covered by stock option programs comprising equity-settled and cash-settled programs.

The fair value of the employee services received in exchange for the grant of stock options is computed using the value of the granted stock options.

The fair value of stock-based payment on the grant date is recognized as an employee cost over the period in which the stock options are vested. In measuring the fair value, account is taken of the number of employees expected to gain entitlement to the options as well as the number of options the employees are expected to gain. This estimate is adjusted at the end of each period such that only the number of options to which employees are entitled, or expected to be entitled, is recognized.

The value of equity-settled programs is offset against Shareholders' equity. The value of cash-settled programs, which are offset against Other payables, is adjusted to fair value at the end of each period, and the subsequent adjustment in fair value is recognized in the income statement under Financial income or Financial costs.

Government grants

Government grants received relating to research and development costs are recognized under Other operating income, net, based on the percentage completion of the projects. Grants received relating to investments in property, plant and equipment are offset against the cost price of the eligible assets.

Segment information

The consolidated financial statements provide information on the Group's operating segments in a manner that is consistent with the internal reporting that goes to the Board of Directors and Executive Management. In addition, information is provided on geographical allocation.

Leases

Operating lease costs are recognized in the income statement on a straight-line basis over the period of the lease. Liabilities relating to non-cancelable contracts are specified in the Notes.

Key figures

Key figures are mainly prepared in accordance with the "Recommendations and Key Figures 2005" of the Danish Society of Financial Analysts.

Revenue

Revenue covers sales of goods and services for the year less goods returned, and volume and cash discounts. Sales are recognized at the time of risk transfer relating to the goods sold, provided that the revenue can be measured on a reliable basis and is expected to be received.

The Group has entered into few agreements where the other contracting party undertakes sales to third parties and the profit is distributed between the Group and the other contracting party on the basis of a predetermined formula. Sales are recognized using information on the other contracting party's realized sales, and a liability is recognized for the distribution of the profit, which is calculated and settled with final effect once a year.

The Group has entered into commission agreements where agents undertake sales to third parties in return for commission on realized sales. These sales are recognized when they are realized. A liability is recognized when it is permitted for goods to be returned and this is likely.

Research and development costs

Research costs are expensed as incurred. Development costs pertaining to ongoing optimization of production processes for existing products, or to development of new products, where lack of approval by the authorities, approval by customers, and other uncertainties mean the development costs do not fulfill the criteria for recognition in the balance sheet, are expensed as incurred.

Other operating income, net

Other operating income, net, comprises grants from public authorities and customers for research projects and collaborations, and income, net, of a secondary nature in relation to the main activities in the Group. This item also includes non-recurring income items, net, in respect of damages, outlicensing, etc.

Tax

Corporation tax, comprising the current tax liability, change in deferred

tax for the year, and possible adjustments relating to previous years, is recognized in the income statement, except to the extent that it relates to items recognized either in Other comprehensive income or directly in Shareholders' equity. Deferred tax is measured using the balance sheet liability method and comprises all temporary differences between the accounting and tax values of assets and liabilities. No deferred tax is recognized for goodwill, unless amortization of goodwill for tax purposes is allowed. Deferred tax is measured and recognized to cover retaxation of losses in jointly taxed foreign subsidiaries if this is expected to be realized on the divestment of stock or when recapture of tax losses becomes applicable. The tax value of tax-loss carry-forwards is included in the calculation of deferred tax to the extent that the tax losses can be expected to be utilized in the future.

Deferred tax is measured according to current tax rules and at the tax rate expected to be in force on elimination of the temporary differences. Changes in deferred tax due to tax rate changes are recognized in the income statement, except to the extent that they relate to items recognized either in Other comprehensive income or directly in Shareholders' equity.

Novozymes A/S and its Danish subsidiaries are jointly taxed with the Danish companies in the Novo A/S Group. The tax for the individual companies is allocated in full on the basis of the expected taxable income.

Intangible assets

Intangible assets other than goodwill are measured at cost less accumulated amortization and impairment losses. Goodwill is not subject to amortization.

Costs associated with large IT projects for the development of software for internal use are capitalized if they are incurred with a view to developing new and improved systems. Amortization is based on the straight-line method over the expected useful lives of the assets, as follows:

- Completed IT development projects are amortized over the useful life. Booked IT development assets are amortized over 3–5 years
- Acquired patents, licenses, and know-how are amortized over their useful lives. Patents are amortized over their useful lives, normally identical to the patent period, and licenses are amortized over the agreement period. Booked patents, licenses, and know-how are amortized over 7–15 years

Some assets are amortized over a shorter period.

Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. Borrowing costs in respect of construction of major assets are capitalized.

Depreciation is based on the straight-line method over the expected useful lives of the assets, as follows:

- Buildings: 12–50 years
- Plant: 5–16 years
- Other equipment: 3–16 years

The assets' residual value and useful life are reviewed on an annual basis, and adjusted if necessary at each balance sheet date.

Impairment of intangible assets and property, plant and equipment

Goodwill

Goodwill is tested for impairment annually or whenever there is an indication that the asset may be impaired.

For the purpose of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows, termed as

cash-generating units. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is first allocated to reduce the carrying amount of goodwill and then pro rata on the basis of the carrying amount of the other assets. The recoverable amount is the higher of an asset's fair value less expected costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or the cash-generating unit to which the asset belongs. As a rule of thumb the recoverable amount is calculated as the present value of expected future net cash flows.

If the recoverable amount for the cash-generating unit again exceeds the carrying amount, the recognized impairment losses for goodwill are not reversed in a subsequent year.

Property, plant and equipment and finite-lived intangible assets

The Group regularly reviews the carrying amounts of its property, plant and equipment and finite-lived intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is written down to its recoverable amount.

Impairment losses are reversed only to the extent of changes in the assumptions and estimates underlying the impairment calculation.

Inventories

Inventories are measured at cost determined on a first-in first-out basis or net realizable value where this is lower.

The cost of Work in progress and Finished goods comprises direct production costs such as raw materials and consumables, energy, and labor directly attributable to production, and indirect production costs such as employee costs, and maintenance and depreciation of plant, etc.

If the expected selling price less any completion costs and costs to execute sales (net realizable value) of inventories is lower than the cost, the inventories are written down to net realizable value.

Financial assets and liabilities

The Novozymes Group categorizes financial assets and liabilities as follows: Financial assets/liabilities at fair value through profit or loss, Loans and receivables, Hedge accounting, Available-for-sale financial assets, and Financial liabilities.

Financial assets/liabilities measured at fair value through profit or loss is the part of derivatives that cannot be designated as hedge accounting, e.g., accrued interest on currency swaps and time value of currency options. Loans and receivables are non-derivatives with fixed or determinable payments that are not listed on an active market. Loans and receivables are entered in the balance sheet under the following items: Trade receivables, Other receivables, and Cash at bank and in hand. The items are measured at amortized cost or net realizable value equivalent to nominal value less allowances for doubtful receivables, whichever is lower.

Hedge accounting consists of positive and negative fair values of derivatives, which are itemized in the balance sheet under Other financial assets and Other financial liabilities respectively.

Derivatives used to hedge assets and liabilities are measured at fair value on the balance sheet date, and value adjustments are recognized as Financial income or Financial costs.

Derivatives used to hedge future cash flows are measured at fair value on the balance sheet date, and value adjustments are recognized in

Other comprehensive income.

Derivatives used to hedge net investments in foreign subsidiaries are measured at fair value, and value adjustments are recognized in Other comprehensive income.

Income and costs relating to cash flow hedges and hedging of net investments in subsidiaries are transferred from Other comprehensive income on realization of the hedged item and are recognized as Financial income or Financial costs.

Derivatives are recognized on the settlement date, while other financial instruments are recognized on the transaction date.

Available-for-sale financial assets is the remaining category of financial assets not included above. Available-for-sale financial assets are itemized in the balance sheet as Other financial assets and are measured at fair value (share price) on the balance sheet date. Unrealized fair value adjustments are recognized in Other comprehensive income. Value adjustments are transferred from Other comprehensive income to Financial income or Financial costs when realized. Write-offs are recognized as Financial costs.

Financial liabilities are entered in the balance sheet under the following items: Other financial liabilities, Trade payables, and Other payables.

Shareholders' equity

Treasury stock

The cost price and proceeds from the sale of treasury stock are recognized directly in Shareholders' equity as a separate item. Among other things, the company's holding of treasury stock is used to hedge employees' exercise of granted stock options.

Dividend

The dividend proposed for the financial year is included in Retained earnings until approved at the Annual Shareholders' Meeting.

Provisions

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events, and it is probable it will lead to an outflow of financial resources. Provisions are measured at the present value of the expected expenditure required to settle the obligation.

Prepayments and deferred income

Prepaid expenses under Other receivables comprise expenses paid relating to subsequent financial years such as rent, insurance premiums, subscription fees, and interest.

Deferred income under Other payables comprises payments received relating to income in subsequent years, such as revenue and interest.

Prepayments and deferred income are measured at amortized cost.

Pension obligations and other long-term employee benefits

Costs relating to defined contribution plans are recognized in the income statement in the financial year to which they relate.

Costs and liabilities relating to defined benefit plans are stated using the projected unit credit method. Liabilities for the major plans are calculated annually by an external actuary. Actuarial gains and losses are recognized in the income statement over the employees' expected average remaining working life if these differences exceed 10% of either the present value of the liability or the fair value of the plan assets in the previous year, whichever is the higher. Pension assets can only be recognized to the extent that the Group is able to achieve future financial benefits in the form of refunds from the pension plan or a reduction in future benefits.

Costs relating to other long-term employee benefits are accrued over the employees' expected average remaining working life.

Statement of cash flows and financial resources

The Statement of cash flows and financial resources for the Group, which is compiled using the indirect method, shows cash flows from operating, investing, and financing activities, and the Group's cash and cash equivalents at the beginning and end of the year.

Cash flow from operating activities comprises net profit adjusted for non-cash items, paid financial items, corporate tax paid, and change in working capital. Cash flow from investing activities comprises payments relating to the acquisition and sale of companies and minority stock, intangible assets, and property, plant and equipment.

Cash flow from financing activities comprises proceeds from borrowings, repayment of principal on interest-bearing debt, payment of dividends, proceeds from stock issues, and the purchase and sale of treasury stock and other securities.

Cash and cash equivalents comprises cash at bank and in hand less current bank loans due on demand. Financial resources comprises cash and cash equivalents plus undrawn committed credit facilities.

ACCOUNTING POLICIES FOR ENVIRONMENTAL AND SOCIAL DATA

The accounting policies for environmental, social, and knowledge data are unchanged from last year, except for the calculation of improvement of water, energy, and CO₂ efficiency, where indexes are used to measure performance compared to 2005. The change does not affect the recognition or measurement of consumed quantities.

The environmental and social data in the Annual Report are based on data for the parent company and for all subsidiaries, combining items of a uniform nature compiled using the same methods, unless specifically stated otherwise below. The selection of parameters to report on is based on an evaluation of what Novozymes considers to be responsible, relevant, and of value for its stakeholders when measuring sustainable performance.

Acquired companies are recognized as from the date of acquisition, and comparative figures are not restated.

Information on Novozymes' use of the GRI indicators will be found in the online report under *Supplementary reporting*.

Environmental and social data are an integrated part of The Novozymes Report and are covered by the statutory audit performed by the auditor elected by the Annual Shareholders' Meeting.

ENVIRONMENT

The environmental data cover those activities that, based on an overall environmental assessment, could have a significant impact on the environment, see *Companies in the Novozymes Group*.

Sites with activities considered not to have a significant impact are not included. Such sites comprise sales offices, R&D labs, and sites with limited blending and storage of products.

Resource consumption from construction work in relation to new production plants is not included, unless the resource consumption (water and energy) is registered by meters that measure resource consumption at Novozymes' premises. Resource consumption from production trials at new facilities is included.

Water

Water includes drinking water, industrial water, and steam. The reported quantities are stated on the basis of the metered intake of water to Novozymes, and include both quantities consumed in the production process and in other areas. The reported quantities of steam are converted to volume of running water and therefore subject to calculation.

Drinking water is water of drinking water quality.

Industrial water is water from lakes or groundwater from own wells that is not of drinking water quality, but which is suitable for certain industrial processes, for example for use in cooling towers.

Energy

The energy consumption includes both quantities consumed in the production process and in other areas.

Internally generated energy is measured as fuel consumption converted to energy on the basis of the lower combustion value and weight by volume, except in the US where legal requirements for reporting of CO₂ state that the higher combustion value is to be applied. The associated emissions of CO₂, SO₂, and NO_x are calculated on the basis of the amount of fuel consumed using local conversion factors where possible. If these are not available, annually determined conversion factors from Danish authorities and suppliers are used.

Externally generated energy is the input to Novozymes of externally

generated electricity, heat, and steam. The associated emissions of CO₂, SO₂, and NO_x are calculated using annually determined conversion factors from power plants or their organizations.

Fuel consumption does not include fuel for transportation.

Efficiency indexes

The three efficiency indexes (water, energy, and CO₂) are calculated using the same methodology. Improvement is measured against efficiency rates calculated for the base year (2005).

The efficiency rates are calculated as total consumption per business segment divided by either the volume of finished goods produced (the Enzyme Business indexes) or total sales (the BioBusiness indexes) in the corresponding period.

The production volume is adjusted to reflect the concentration of enzymes in the products. Sales figures are adjusted to eliminate the effect of currency rate changes for the years covered in the calculation.

The total index is calculated as a weighted average of the indexes for the business area Enzyme Business and the production sites in the business area BioBusiness, where the resource consumption for each business segment determines its weight in the calculation.

For sites acquired in 2005 or later, the base line index is adjusted so that it equals data reported in the first full year of operating as a Novozymes site.

Raw materials and packaging

Raw materials and packaging comprises materials for fermentation, recovery, granulation, wastewater and sludge treatment, and packaging of products. Consumption of raw materials and packaging is converted into kilograms.

Wastewater

Wastewater is measured as the volume discharged by Novozymes. COD, dry matter, BOD₅, nitrogen, and phosphorus in the wastewater are calculated on the basis of samples taken at the point of discharge.

Biomass

Biomass is measured or calculated on the basis of volume or weight produced and transported from Novozymes as liquid fertilizer (NovoGro®) or converted to a fertilizer product with a higher dry matter content (NovoGro 30 or compost). The nitrogen and phosphorus contents in the fertilizer are measured in spot checks.

Waste

Waste is the registered volume of waste broken down into hazardous and nonhazardous waste, and by disposal method. Disposal methods include landfill, incineration, recycling, and other. The amount recycled is the quantity sent to a certified service provider for recycling.

Emissions to air of ozone-depleting substances

Emissions to air of ozone-depleting substances is measured as consumption of CFCs, HCFCs, and halons.

Environmental impact potentials

The environmental impact potentials for global warming and ozone layer depletion are calculated on the basis of data published by the US Environmental Protection Agency (US EPA) and the Montreal Protocol published by UNEP (United Nations Environment Programme). Acidification is calculated on the basis of data published by "Udvikling af Miljøvenlige Industriprodukter" (UMIP), published by the Institute for Product Development at the Technical University of Denmark.

Environmental compliance

Breaches of regulatory limits is measured as the number of incidents considered to be in nonconformity to environmental permits or requirements under environmental law.

Unintended releases of GMOs is spill of fermentation liquid to recipients that, based on criteria such as amount, type of recipient, and public authority specifications, is considered to have an impact on the environment.

Minor GMO spills not considered to have an impact on the environment are not included in this figure.

Significant spills is measured as the number of spills of chemicals, oil, etc., into water, air, or soil, and includes both on-site and transport-related spills. Significance is assessed both on the basis of extent of the spill and impact on the environment.

Minor spills not considered to have an impact on the environment are not included in this figure.

Neighbor complaints is the number of registered environmental complaints, primarily related to odor and noise.

Animals for testing

This item covers the number of animals used for all commenced internal and external testing undertaken for Novozymes.

SOCIAL RESPONSIBILITY

Number of employees

The number of employees is calculated as the actual number of employees at year-end, excluding employees on unpaid or parental leave, temporary hires, student interns, and PhD students.

In calculating the number of full-time employees, employees with a working-time ratio of 95% or over are stated as full-time employees.

Job categories

Senior management comprises the CEO, executive vice presidents, vice presidents, and directors. Management comprises middle managers and specialists. Professional comprises employees with academic backgrounds, as well as team leaders. Administrative comprises administrative personnel. Skilled workers, laboratory technicians, and other technicians comprises skilled workers, laboratory technicians, and other technicians. Process operators comprises operators and unskilled workers.

Employee turnover

Employee turnover is measured as the number of permanent employees who left the Group during the financial year, compared to the average number of permanent employees in the financial year. The average number of permanent employees is calculated as the average number of permanent employees at the end of each quarter.

Growth in number of employees, organic

The organic growth in number of employees is measured as the number of employees at year-end less the number of employees gained via acquisitions and the number of employees at the beginning of the year.

Growth in number of employees, acquisitions

The growth in number of employees via acquisitions is measured as the number of employees gained via acquisition of new companies.

Age and seniority

Age and seniority are calculated as the average age and seniority in whole years per employee.

Absence

Absence is stated as time lost due to the employee's own illness, including pregnancy-related sick leave, and occupational accidents and diseases. The rate of absence is calculated as the number of registered days of absence as a percentage of the total number of normal working days in one year, less holidays and public holidays.

Expatriation

Expatriation refers to Novozymes employees being temporarily assigned to undertake tasks outside their home country for a period of more than six months.

Training costs

Training costs is the costs of seminars and internal and external training courses, translated into Danish kroner at the average exchange rates. Training costs is also shown as a percentage of total employee costs.

OCCUPATIONAL HEALTH AND SAFETY

Occupational accidents

Occupational accidents with absence is defined as the number of reported work-related accidents involving at least one day's absence after the day on which the accident occurred.

Occupational diseases

Occupational diseases is defined as the number of new reported cases of work-related diseases. In accordance with Danish legislation, employees working in noisy areas must be tested for hearing disorders. Identified cases are reported as occupational diseases even though it may not be possible to establish whether the disorder is related to working at Novozymes.

Consequences of occupational accidents and occupational diseases

The consequences of occupational accidents with absence and occupational diseases are measured by recording the work situation once the outcome of the incident has stabilized, for example whether the employee has returned to his or her original job, and the total number of (calendar) days of absence.

Frequencies of occupational accidents and occupational diseases

The frequencies of occupational accidents with absence and occupational diseases are calculated per million working hours.

KNOWLEDGE

Number of new products

The number of new products with new or improved characteristics launched during the year.

Number of active patent families

The number of inventions for which there are one or more active patent applications or active patents at year-end.

ACCOUNTING ESTIMATES AND JUDGMENTS

In accordance with generally accepted accounting principles, calculation of the carrying amount of certain assets and liabilities requires estimates and judgments to be made concerning future events. Estimates and judgments are based on historical experiences and other factors that Management considers reasonable and relevant. These assumptions may be incomplete or inaccurate, and unexpected events may occur, as a result of which the estimates and judgments made are subject to a certain degree of intrinsic uncertainty.

Impairment testing

Annual impairment testing of goodwill is based on the value in use of the individual cash-generating unit, using the discounted cash flow method. The calculation is based on budgets approved by Management. Cash flows after the budget period are extrapolated using individual growth rates. The discount rate used for the calculation does not contain possible impacts of future risks, as these are included in future cash flows. The cash flows and growth rates take account of previous experiences, and represent Management's best estimate of future developments. In combination with the discount rate, however, these judgments may have a significant impact on the calculated values. This year's impairment testing has not given rise to any write-downs. Further information can be found in Note 12. The total carrying amount of goodwill at the end of 2010 was DKK 513 million (2009: DKK 443 million).

Inventories

Inventories are measured at cost including indirect production costs. The costs are assessed on an ongoing basis to ensure optimal measurement of expected raw material consumption, payroll costs, capacity utilization, and other relevant factors. Changes in the parameters may have an impact on the value of inventories. If the net realizable value of the inventories is lower than cost, the inventories are written down to net realizable value. Inventories are continuously assessed for indications of impairment on the basis of an individual valuation of the product or product group and the products' expected sales. The carrying amount of inventories was DKK 1,640 million at the end of 2010 (2009: DKK 1,535 million).

Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognized in the financial statements. Determining the value of these assets and liabilities also requires a judgment by Management. The value of deferred tax assets takes account of Management's expectations of future taxable income and whether this is sufficient to utilize the temporary differences and cover unused tax losses. The carrying amount of deferred tax assets and liabilities was DKK 71 million and DKK 493 million respectively at the end of 2010 (2009: DKK 62 million and DKK 694 million).

Allowances for doubtful trade receivables

Allowances for doubtful trade receivables are based on a country-specific credit rating by external rating agencies. However, the allowances also reflect Management's judgment and review of the individual receivables based on individual customer creditworthiness and current economic trends. If customers' financial situations change in the future, this may give rise to additional indications of impairment in future accounting periods. The carrying amount of allowances for doubtful trade receivables was DKK 133 million at the end of 2010 (2009: DKK 125 million).

Provisions and contingent liabilities

Management assesses the need for provisions and contingent liabilities on an ongoing basis. This assessment takes account of the likelihood of Novozymes being obliged to expend financial resources and the amount at which the liabilities are expected to be settled. As these assessments are based on estimates of the future, they are subject to a high level of

uncertainty and may give rise to changes in amounts in future accounting periods. Further information can be found in Note 23. The carrying amount of provisions was DKK 219 million at the end of 2010 (2009: DKK 155 million).

Stock options

Calculation of cash-settled stock option programs is based on the Black-Scholes model. The input variables for this model include assumptions about the stock option's expected volatility and term to maturity. These input variables are based on estimates and impact the recognized employee costs and employee liabilities. The calculation is performed once and is not adjusted in future accounting periods. An estimate of the number of employees expected to utilize the stock options in the future is taken into account in calculating the cost. The estimate is based on expected rate of employee turnover and is updated every year. Further information on stock options can be found in Note 26.

See also Note 37 on Financial risk factors.

Note 1 - Segment information

Novozymes' operating segments reflect the way the activities are organized and controlled. Most of the production facilities are common to Enzyme Business as a whole, which is why the activities are considered to be integrated. Therefore, Enzyme Business cannot be subdivided into further activities; see also Company profile. Gross profit is the primary parameter used when Management evaluates the performance of the segments.

Cost of goods sold is allocated directly. The functions for Sales and distribution, Research and development, and Administrative are considered as working for both segments, and their costs are therefore allocated to the Corporate function. Sales between the individual segments are deducted from the revenue of the selling company and amount to DKK 16 million in 2010 (2009: DKK 24 million).

When evaluating the performance of BioBusiness, it should be considered that the activities within this segment are focused on building capacity for future sales, and the gross profit is therefore affected by costs for idle capacity.

Income statement	2010				2009			
	Enzyme Business DKK million	BioBusiness DKK million	Corporate DKK million	Total DKK million	Enzyme Business DKK million	BioBusiness DKK million	Corporate DKK million	Total DKK million
Revenue	9,109	615	-	9,724	7,798	650	-	8,448
Cost of goods sold	3,771	541	-	4,312	3,322	426	-	3,748
Gross profit	5,338	74	-	5,412	4,476	224	-	4,700
Sales and distribution costs			1,242	1,242			1,118	1,118
Research and development costs			1,360	1,360			1,207	1,207
Administrative costs			762	762			751	751
Other operating income, net			69	69			64	64
Operating profit (EBIT)				2,117				1,688
Capital expenditure								
Intangible assets	3	33	-	36	-	-	11	11
Property, plant and equipment	950	264	126	1,340	731	171	107	1,009
Capital expenditure, total	953	297	126	1,376	731	171	118	1,020
Depreciation and amortization								
Intangible assets	38	16	66	120	22	12	58	92
Property, plant and equipment	336	31	128	495	315	42	115	472
Depreciation and amortization, total	374	47	194	615	337	54	173	564
Write-downs and impairment losses								
Intangible assets	-	50	-	50	-	-	-	-
Property, plant and equipment	14	-	-	14	-	-	-	-
Write-downs and impairment losses, total	14	50	-	64	-	-	-	-
Assets								
Inventories	1,482	158	-	1,640	1,411	124	-	1,535
Trade receivables	1,660	112	-	1,772	1,400	68	-	1,468

Geographical allocation	2010 DKK million	2009 DKK million
Revenue		
Denmark	117	129
Rest of Europe, Middle East, and Africa	3,447	3,083
North America	3,580	3,046
Asia Pacific	1,827	1,595
Latin America	753	595
Revenue, total	9,724	8,448
Assets		
Denmark	5,292	5,026
Rest of Europe, Middle East, and Africa	549	435
North America	2,134	1,650
Asia Pacific	2,346	1,856
Latin America	276	179
Assets, total	10,597	9,146
Capital expenditure		
Denmark	389	270
Rest of Europe, Middle East, and Africa	30	26
North America	468	370
Asia Pacific	426	332
Latin America	63	22
Capital expenditure, total	1,376	1,020

The Group operates in four geographical regions: Europe/MEA, North America, Asia Pacific, and Latin America.

The geographical allocation is made on the basis of the Group's revenue, assets, and capital expenditure. The geographical distribution of revenue is based on the country in which the customer is domiciled. With a number of strategic customers, central deliveries are made to specified locations, and the final recipient is unknown. The stated geographical distribution of revenue may therefore vary significantly from year to year if the delivery destination for these strategic customers changes.

Note 2 - Revenue

	2010 DKK million	2009 DKK million
Detergent enzymes	3,151	2,672
Technical enzymes	3,065	2,600
Food enzymes	2,128	1,801
Feed enzymes	765	725
Microorganisms	429	415
Biopharmaceutical ingredients	186	235
Revenue, total	9,724	8,448
Sales to the five largest customers as a percentage of revenue	28%	28%

Note 3 - Employee costs

	2010 DKK million	2009 DKK million
Wages and salaries	2,108	2,019
Pensions - defined contribution plans	189	178
Pensions - defined benefit plans	7	6
Other social security costs	156	137
Other employee costs	119	116
Stock-based payment	88	64
Employee costs, total	2,667	2,520
Recognized in the income statement under the following items:		
Cost of goods sold	978	996
Sales and distribution costs	549	493
Research and development costs	738	652
Administrative costs	401	391
	2,666	2,532
Recognized in the assets as:		
Change in employee costs recognized in inventories	1	(12)
Employee costs, total	2,667	2,520
Geographical distribution:		
Denmark	1,558	1,534
Rest of Europe, Middle East, and Africa	212	225
North America	530	482
Asia Pacific	289	223
Latin America	78	56
Employee costs, total	2,667	2,520
Average number of employees in the Group	5,357	5,217
Number of employees outside Denmark as a percentage of total number of employees	56%	54%

Reference is made to Note 45 concerning the geographical distribution of employees.

Note 4 - Management remuneration**Executive Management**

	2010	2009
	DKK million	DKK million
Remuneration		
Salaries	19	19
Cash bonuses	7	6
Pensions	6	5
Stock-based payments	20	19
Total remuneration	52	49

The remuneration comprises a fixed base salary (base salary and pension contribution), a cash bonus, and a stock option program. No member of Executive Management has a fixed base salary exceeding DKK 6 million. The variable part of the total remuneration (cash bonus and stock option program) is relatively large compared to the fixed base salary and is dependent on achievement of individual targets and the company's targets for financial, social, and environmental results. The maximum cash bonus is equivalent to five months' fixed base salary. General guidelines for remuneration of Executive Management are approved by the Annual Shareholders' Meeting, and more detailed information is available at www.novozymes.com. The amount relating to stock-based payments is the value calculated in the vesting period for the previously allocated stock option programs, using the Black-Scholes model.

Members of Executive Management have contracts of employment containing standard conditions for members of Executive Management of Danish listed companies, including the periods of notice that both parties are required to give and competition clauses. If the executive officer's contract of employment is terminated by the company without there having been misconduct on the part of the executive officer, the executive officer has the right to compensation, which, depending on the circumstances, may amount to a maximum of three years' salary and pension contributions.

	Stock options					Shares
	Options at January 1, 2010	Additions during the year	Exercised during the year	Options at Dec. 31, 2010	Market value in DKK million	Number
Stock options and shares of stock						
Steen Riisgaard	165,322	-	(7,700)	157,622	58.3	12,715
Per Falholt	94,801	-	-	94,801	32.5	-
Benny D. Loft	98,160	-	(1,979)	96,181	33.1	452
Peder Holk Nielsen	103,681	-	-	103,681	38.0	-
Thomas Nagy	67,121	-	-	67,121	25.1	100
Thomas Videbæk	67,121	-	-	67,121	25.1	-
Total stock options and shares of stock	596,206	-	(9,679)	586,527	212.1	13,267

In 2007 a new four-year stock option program was adopted with annual allocations to Executive Management. A general condition for the annual allocations was that the budget for the coming year would in all probability lead to revenue of DKK 10 billion in 2010. Additionally, the allocation was based on achievement of financial and nonfinancial targets set each year. The exercise price was calculated on the basis of the average closing price on NASDAQ OMX Copenhagen A/S on the first five trading days after the publication of the financial statements. The annual allocation for 2010 was canceled as the general conditions for the allocation had not been met.

The program contains a maximum clause that allows the Board of Directors to limit the number of stock options that are allocated to Executive Management over the four years. This limitation can be implemented if the intrinsic value of the total allocated stock option programs exceeds DKK 200 million at the time of computation in January 2011.

The intrinsic value of the allocated stock options at the date of computation, January 21, 2011, is slightly in excess of DKK 200 million, and the Board of Directors has decided to implement the limitation of the number of stock options allocated. The limitation will reduce the number of allocated stock options by 2,988 options.

Board of Directors and Audit Committee

Remuneration	Board of Directors	Audit Committee	2010 DKK thousand	Board of Directors	Audit Committee	2009 DKK thousand
Henrik Gürtler	833	-	833	833	-	833
Kurt Anker Nielsen	500	333	833	500	333	833
Paul Petter Aas	333	-	333	333	-	333
Jerker Hartwall	333	167	500	333	167	500
Søren Henrik Jepsen	333	-	333	333	-	333
Lars Bo Køppler*	28	-	28	-	-	-
Ulla Morin	333	-	333	333	-	333
Michael Munkso*	305	-	305	333	-	333
Walther Thygesen	333	167	500	333	167	500
Mathias Uhlén	333	-	333	333	-	333
Remuneration	3,664	667	4,331	3,664	667	4,331

* Michael Munkso has left the Board of Directors and has been replaced by Lars Bo Køppler as of December 1, 2010.

Shares of stock	Shares at January 1, 2010	Additions during the year	Sold during the year	Shares at Dec. 31, 2010	Market value in DKK million
Henrik Gürtler	-	-	-	-	-
Kurt Anker Nielsen	10,439	450	(920)	9,969	7.8
Paul Petter Aas	-	-	-	-	-
Jerker Hartwall	-	-	-	-	-
Søren Henrik Jepsen	410	30	-	440	0.3
Lars Bo Køppler	-	-	-	-	-
Ulla Morin	416	-	-	416	0.3
Walther Thygesen	4,300	-	(1,300)	3,000	2.3
Mathias Uhlén	-	-	-	-	-
Shares of stock	15,565	480	(2,220)	13,825	10.7

The employee-elected board members also hold stock options in Novozymes A/S, granted in connection with stock option allocations in previous years covering all employees in Novozymes on the relevant dates.

Note 5 - Fees to statutory auditor

	2010	2009
	DKK million	DKK million
Statutory audit	8	9
Other assurance engagements	-	1
Tax advisory services	6	12
Other services	2	1
Fees to statutory auditor	16	23

Note 6 - Depreciation, amortization, and impairment losses

	2010	2009
	DKK million	DKK million
Recognized in the income statement under the following items:		
Cost of goods sold	380	358
Sales and distribution costs	22	18
Research and development costs	89	80
Administrative costs	18	16
Depreciation and impairment losses, property, plant and equipment, total	509	472

Recognized in the income statement under the following items:		
Cost of goods sold	105	34
Sales and distribution costs	14	24
Research and development costs	45	22
Administrative costs	6	12
Amortization and impairment losses, intangible assets, total	170	92

Depreciation, amortization, and impairment losses, total	679	564
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Of which impairment losses on buildings in 2010 are DKK 14 million (2009: DKK 0 million), included in Cost of goods sold. The impairment losses comprise empty buildings.

Of which impairment losses on know-how in 2010 are DKK 50 million (2009: DKK 0 million), included in Cost of goods sold.

The changed estimate of useful life of a number of know-how assets has increased amortization for the year by DKK 33 million, which will also be the effect for 2011.

Note 7 - Other operating income, net

	2010	2009
	DKK million	DKK million
Income and grants concerning research projects/collaborations	66	56
Other operating income, net	3	8
Other operating income, net, total	69	64

Note 8 - Financial income

	2010	2009
	DKK million	DKK million
Interest income	45	65
Exchange gains on derivatives, net	31	47
Other foreign exchange gains, net	37	9
Stock-based payment and gain on sale of securities	-	23
Dividends, etc., net	-	9
Financial income, total	113	153

Note 9 - Financial costs

	2010	2009
	DKK million	DKK million
Interest costs	94	212
Other financial costs	20	15
Stock-based payment and value adjustment of securities	19	-
Capitalized interest (interest rate used 3.9% p.a. (2009: 3.4%))	(26)	(7)
Financial costs, total	107	220

Note 10 - Tax

	2010	2009
	DKK million	DKK million
Tax payable on net profit	415	456
Change in deferred tax	81	10
Adjustment for previous years	13	(39)
Tax in the income statement	509	427

Calculation of effective tax rate:

Corporation tax in Denmark	25.0%	25.0%
Non-deductible expenses	1.4%	1.5%
Difference in foreign tax rates	0.5%	(0.7)%
Other adjustments	(2.9)%	0.5%
Effective tax rate	24.0%	26.3%

Note 11 - Intangible assets

	Completed IT development projects* DKK million	Acquired patents, li- censes, and know-how DKK million	Goodwill DKK million	IT development projects in progress* DKK million	Total DKK million
Cost at January 1, 2010	232	992	456	45	1,725
Currency translation	-	34	62	-	96
Additions during the year	-	22	11	3	36
Transfer (to)/from other items	37	-	-	(37)	-
Cost at December 31, 2010	269	1,048	529	11	1,857
Amortization and impairment losses at January 1, 2010	225	363	13	-	601
Currency translation	-	13	3	-	16
Amortization for the year	11	109	-	-	120
Write-downs and impairment losses for the year	-	50	-	-	50
Amortization and impairment losses at December 31, 2010	236	535	16		787
Carrying amount at December 31, 2010	33	513	513	11	1,070
Cost at January 1, 2009	229	1,010	461	56	1,756
Currency translation	-	26	32	-	58
Additions during the year	-	-	-	11	11
Disposals during the year	(19)	(44)	(37)	-	(100)
Transfer (to)/from other items	22	-	-	(22)	-
Cost at December 31, 2009	232	992	456	45	1,725
Amortization and impairment losses at January 1, 2009	217	314	46	-	577
Currency translation	-	4	1	-	5
Amortization for the year	8	84	-	-	92
Amortization and impairment losses reversed on disposals for the year	-	(39)	(34)	-	(73)
Amortization and impairment losses at December 31, 2009	225	363	13		601
Carrying amount at December 31, 2009	7	629	443	45	1,124

* Assets developed internally

Write-downs and impairment losses of DKK 50 million (2009: DKK 0 million) were recognized in 2010, based on a specific assessment of a know-how asset.

Note 12 - Impairment test of goodwill

The carrying amount of goodwill was tested for impairment at December 31, 2010. Goodwill relates to three cash-generating units: Enzyme Business, Microorganisms, and Biopharmaceutical ingredients. The impairment test did not reveal any need to write down the carrying amounts for impairment (2009: DKK 0 million). Refer to the Company profile for a description of the individual business areas.

The impairment tests compared the discounted cash flow of the individual cash-generating units to the carrying amounts of the units. Cash flow is based on budgets and business plans for the period 2011–2025.

For Enzyme Business no impairment test has been performed as the expected profit within this business area in 2011 significantly exceeds the value of goodwill, DKK 205 million (2009: DKK 183 million). The expected profit is based on the growth rates stated in the expectations for 2011.

Material assumptions used in calculating the discounted cash flow are based on an assessment of the individual unit as follows:

	Microorganisms	Biopharmaceutical ingredients
2010		
Goodwill	128	180
Expected sales growth	7.6%	10–15%
Sales growth, terminal value	3.0%	0.7%
2009		
Goodwill	109	151
Expected sales growth	7.5%	10–15%
Sales growth, terminal value	3.0%	0.8%

In 2010, a lower discount rate after tax (5.6%) was used for all segments compared to 2009 (7.0%), primarily because the risk-free interest rate decreased during 2010. The test for impairment in 2010 included a sensitivity analysis based on a discount rate on par with 2009. A test on this basis would not give rise to impairment losses.

Note 13 - Property, plant and equipment

	Land and buildings DKK million	Plant and machinery DKK million	Other equipment DKK million	Assets under con- struction and prepayments DKK million	Total DKK million
Cost at January 1, 2010	3,438	5,123	1,063	906	10,530
Currency translation	147	203	49	52	451
Additions during the year	38	116	68	1,118	1,340
Disposals during the year	(17)	(220)	(96)	-	(333)
Transfer (to)/from other items	59	248	69	(376)	-
Cost at December 31, 2010	3,665	5,470	1,153	1,700	11,988
Depreciation and impairment losses at January 1, 2010	1,415	3,574	737		5,726
Currency translation	56	112	28		196
Depreciation for the year	134	271	90		495
Write-downs and impairment losses for the year	14				14
Depreciation and impairment losses eliminated on disposals during the year	(7)	(216)	(86)		(309)
Depreciation and impairment losses at December 31, 2010	1,612	3,741	769		6,122
Carrying amount at December 31, 2010	2,053	1,729	384	1,700	5,866
Cost at January 1, 2009	3,126	4,774	1,030	781	9,711
Currency translation	23	1	(1)	1	24
Additions during the year	140	170	73	626	1,009
Disposals during the year	(39)	(118)	(57)	-	(214)
Transfer (to)/from other items	188	296	18	(502)	-
Cost at December 31, 2009	3,438	5,123	1,063	906	10,530
Depreciation and impairment losses at January 1, 2009	1,319	3,386	687		5,392
Currency translation	13	1	(2)		12
Depreciation for the year	103	280	89		472
Depreciation and impairment losses eliminated on disposals during the year	(20)	(93)	(37)		(150)
Depreciation and impairment losses at December 31, 2009	1,415	3,574	737		5,726
Carrying amount at December 31, 2009	2,023	1,549	326	906	4,804

Obligations to third parties relating to capital expenditure are DKK 347 million at December 31, 2010, compared to DKK 486 million at December 31, 2009.

Geographical distribution

	2010 DKK million	2009 DKK million
Denmark	2,429	2,317
Rest of Europe, Middle East, and Africa	213	186
North America	1,532	1,067
Asia Pacific	1,593	1,166
Latin America	99	68
Carrying amount at December 31	5,866	4,804

Note 14 - Deferred tax

	2010 DKK million	2009 DKK million
Deferred tax at January 1	(632)	(782)
Currency translation	4	11
Tax related to the income statement	145	(67)
Tax on shareholders' equity items	61	206
Deferred tax at December 31	(422)	(632)
Deferred tax assets	71	62
Deferred tax liabilities	(493)	(694)
Deferred tax at December 31	(422)	(632)

	Deferred tax assets DKK million	Deferred tax liabilities DKK million	Total DKK million
Intangible assets and property, plant and equipment	162	(735)	(573)
Deferred tax relating to inventories	315	(313)	2
Tax-loss carry-forwards and balance re recapture of tax losses	18	(18)	-
Stock options	260	-	260
Liabilities, etc.	283	(394)	(111)
	1,038	(1,460)	(422)
Offsetting items	(967)	967	-
Deferred tax at December 31, 2010	71	(493)	(422)
Due after more than 12 months			(396)
Unrecognized share of tax-loss carry-forwards, etc.	79		

	Deferred tax assets DKK million	Deferred tax liabilities DKK million	Total DKK million
Intangible assets and property, plant and equipment	48	(747)	(699)
Deferred tax relating to inventories	216	(237)	(21)
Tax-loss carry-forwards and balance re recapture of tax losses	28	(18)	10
Stock options	175	-	175
Liabilities, etc.	327	(424)	(97)
	794	(1,426)	(632)
Offsetting items	(732)	732	-
Deferred tax at December 31, 2009	62	(694)	(632)
Due after more than 12 months			(487)
Unrecognized share of tax-loss carry-forwards, etc.	30		

Tax-loss carry-forwards are recognized in deferred tax assets to the extent that the losses are expected to be realized in the form of future taxable profits.

Note 15 - Other financial assets

	2010	2009
	DKK million	DKK million
Available-for-sale financial assets	96	1
Derivatives	132	187
Other financial assets at December 31	228	188
Non-current assets	50	1
Current assets	178	187

Available-for-sale financial assets comprise a minor investment in stock holdings and a temporary investment.

Note 16 - Inventories

	2010	2009
	DKK million	DKK million
Raw materials and consumables	216	237
Work in progress	402	411
Finished goods	1,022	887
Inventories at December 31	1,640	1,535
Cost of materials, included under Cost of goods sold, is DKK 2,217 million (2009: DKK 2,017 million)		
Expensed write-downs on inventories	50	57
Reversal of write-downs on inventories	48	14

Some of the reversal of write-downs can be attributed to written-down inventories being reused in production.

Note 17 - Trade receivables

	2010	2009
	DKK million	DKK million
Trade receivables	1,860	1,536
Allowances for doubtful trade receivables	(133)	(125)
	1,727	1,411
Amounts owed by related companies	45	57
Trade receivables at December 31	1,772	1,468

	2010	2009
	DKK million	DKK million

Changes in allowances for doubtful trade receivables:		
At January 1	125	126
Allowances during the year	64	59
Write-offs during the year	(18)	(14)
Reversed allowances	(38)	(46)
Allowances at December 31	133	125

The cost is included in Sales and distribution costs.

Allocation of overdue net receivables (not written off) by maturity period is as follows:

Up to 30 days	155	148
Between 30 days and 90 days	32	34
Between 91 days and 365 days	3	2
December 31	190	184

Note 18 - Tax receivables and payables

	2010	2009
	DKK million	DKK million
At January 1	113	(143)
Currency translation	2	3
Tax related to the income statement	(654)	(360)
Tax on other comprehensive income	(1)	2
Tax on shareholders' equity items	77	17
Tax paid on account for the current year, net	696	621
Tax received on account for previous years, net	(87)	(27)
Tax receivables/(payables) at December 31	146	113
Tax receivables	232	210
Tax payables	(86)	(97)
Tax receivables/(payables) at December 31	146	113

Of which due after more than 12 months	-	5
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Note 19 - Other receivables

	2010	2009
	DKK million	DKK million
Deposits	32	31
Prepaid expenses	64	83
Other receivables	153	101
Other receivables at December 31	249	215

Other receivables primarily fall due within 1 year from the balance sheet date.

Note 20 - Common stock

	2010 DKK million	2009 DKK million
Common stock		
Nominal value		
A common stock	107	107
B common stock	543	543
Common stock at December 31	650	650

	2010 No.	2009 No.
Shares of common stock		
A shares of DKK 10	10,748,720	10,748,720
B shares of DKK 10	54,251,280	54,251,280
Shares of common stock at December 31	65,000,000	65,000,000

Each A share gives an entitlement to 100 votes, while each B share gives an entitlement to 10 votes. The common stock was written down in 2006.

	2010 No.	2009 No.
Shares of common stock in circulation		
Shares of stock at January 1	62,175,245	61,956,473
Sale of treasury stock	766,257	218,772
Shares of common stock in circulation at December 31	62,941,502	62,175,245

	2010 DKK million	2009 DKK million
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Treasury stock - B stock

Carrying amount		
Carrying amount at January 1	1,624	1,791
Disposals during the year	(145)	(36)
Other	-	(131)
Carrying amount at December 31	1,479	1,624

Nominal value		
Nominal value at January 1	28	30
Disposals during the year	(7)	(2)
Nominal value at December 31	21	28

	2010 No.	2009 No.
Shares of treasury stock		
Shares of stock at January 1	2,824,755	3,043,527
Disposals during the year	(766,257)	(218,772)
Shares of stock at December 31	2,058,498	2,824,755

	2010 %	2009 %
Percentage of common stock		
Percentage of common stock at January 1	4.3%	4.7%
Disposals during the year	(1.1)%	(0.4)%

Percentage of common stock at December 31	3.2%	4.3%
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	2010 DKK million	2009 DKK million
Profit basis for earnings per share	1,614	1,194

	2010 No.	2009 No.
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Average number of shares:

Average shares of stock	62,635,594	62,053,218
Adjustment for stock options	1,240,108	1,017,809
Average number of diluted shares	63,875,702	63,071,027

Note 21 - Minority interests

	2010 DKK million	2009 DKK million
Minority interests at January 1	10	11
Share of net profit	1	
Currency translation	1	(1)
Minority interests at December 31	12	10

Note 22 - Provisions for pensions and similar obligations

The Group has entered into pension agreements with a significant number of its employees. Most of the pension plans are defined contribution plans, and only a small number are defined benefit plans. A health insurance plan has also been established in the US.

Some of the pension plans are funded by payments from Group companies. However, some plans are not funded, and a liability has been recognized in the balance sheet for these plans.

As well as pension agreements, a few countries also have plans covering other long-term employee benefits that meet local requirements for insuring employees in the event of termination, etc.

	2010	2009
	DKK million	DKK million
Amounts recognized in the income statement re defined benefit pension plans:		
Current service costs	7	6
Interest costs	3	2
Expected return on plan assets	(3)	(2)
Service costs relating to changes to plans	0	0
Total amount recognized in the income statement re defined benefit plans	7	6

The actual return on plan assets was DKK 0 million (2009: gain of DKK 11 million).

	2010	2009
	DKK million	DKK million
Amounts recognized in the balance sheet re defined benefit pension plans:		
Present value of fully/partly funded obligations	81	56
Fair value of plan assets	(87)	(58)
Net value	(6)	(2)
Present value of unfunded obligations	13	13
Unrecognized part of plan assets	6	2
Liability recognized in the balance sheet	13	13

	2010	2009
	DKK million	DKK million
Change in the net liability:		
Opening net liability	13	16
Currency translation	1	0
Total pension costs expensed in the income statement	7	6
Contributions paid	(7)	(9)
Other changes	(1)	0
Closing net liability	13	13

The actuarial valuations of the most significant defined benefit plans are based on the following assumptions:

	2010	2009
Discount rates	2.9%	4.0%
Expected rate of return on plan assets	3.2%	3.5%
Future salary increases	1.4%	1.4%
Annual increase in healthcare costs	10.0%	10.0%

Note 23 - Provisions

	2010	2009
	DKK million	DKK million
Provisions at January 1	155	154
Currency translation	7	2
Additions during the year	64	7
Reversals during the year	-	(1)
Utilization during the year	(7)	(7)
Provisions at December 31	219	155
Current	50	30
Non-current	169	125

Provisions include remainder of purchase price in connection with acquisitions, which was DKK 40 million in 2010 (2009: DKK 17 million), of which DKK 21 million (2009: DKK 5 million) is expected to be settled within one year, while the rest will be settled over a period of up to seven years.

Provisions also include items relating to liabilities for restoring rental premises to their original condition on moving out, pending litigation, environmental cases, and other long-term employee benefits with the exception of pensions and similar obligations. These are expected to be settled over a longer period.

Note 24 - Other financial liabilities

	2010 DKK million	2009 DKK million
Credit institutions	1,792	2,214
Derivatives	54	95
Other financial liabilities	19	19
Other financial liabilities at December 31	1,865	2,328
Non-current	1,574	1,696
Current	291	632

The credit institutions are payable within the following periods from the balance sheet date:

	2010 DKK million	2009 DKK million
Less than 1 year	271	559
Between 1 and 2 years	5	80
Between 2 and 3 years	562	5
Between 3 and 4 years	5	562
Between 4 and 5 years	490	5
After 5 years	459	1,003
Credit institutions at December 31	1,792	2,214

The debt is denominated in the following currencies:

	2010 DKK million	2009 DKK million
CNY	89	209
DKK	618	614
EUR	966	966
INR	119	89
USD	-	336
Credit institutions at December 31	1,792	2,214

Debt to credit institutions runs to 2011–2029 at interest rates between 1.6% and 9.0%.

The interest rates on the above variable loans will be adjusted in 2011.

The carrying amount of credit institutions corresponds to the fair value.

Analysis of time to maturity of financial liabilities

This table analyzes financial liabilities settled by financial assets, including derivatives, broken down by payment periods, based on the contractual due date. The amounts are shown undiscounted, so the figures cannot be directly reconciled with the respective items in the balance sheet.

DKK million	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	After 5 years
-------------	------------------	-----------------------	-----------------------	---------------

Financial liabilities at December 31, 2010

Other financial liabilities	271	5	1,057	478
Trade payables	764			
Other payables	1,178			
Gross settlement of derivatives (outflow)	28	28	276	16

The figures below show the inflow from the above gross settlement of derivatives, so as to provide an adequate and fair picture of the actual draw on liquidity.

Gross settlement of derivatives (inflow)	9	10	260	5
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DKK million	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	After 5 years
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Financial liabilities at December 31, 2009

Other financial liabilities	559	80	572	1,022
Trade payables	531	-	-	-
Other payables	1,076	-	-	-
Gross settlement of derivatives (outflow)	35	27	45	20

The figures below show the inflow from the above gross settlement of derivatives, so as to provide an adequate and fair picture of the actual draw on liquidity.

Gross settlement of derivatives (inflow)	13	12	20	8
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Note 25 - Other payables

	2010 DKK million	2009 DKK million
Employee costs payable	537	530
Taxes and duties payable	10	40
Accruals and deferred income	108	98
Stock-based payment	31	25
Other payables	631	538
Other payables at December 31	1,317	1,231

Note 26 - Stock-based payment

Novozymes has previously established stock option programs for Executive Management, other managers, and other employees. The purpose of the stock option programs has been to ensure common goals for management, employees, and shareholders. Allocation of options has been, and remains, dependent on profit, value-creation, and sustainability targets being achieved.

For the period 2007–2010 annual stock option programs were established conferring the right to purchase one share per stock option at a nominal price of DKK 10. Allocations were made on the basis of the individual employee's basic salary and achievement of a series of business targets – both financial and nonfinancial – set by the Board of Directors for each year. The stock options have a vesting period of four years, followed by an exercise period of five years. In order to exercise the options, the employee must still be employed on the exercise date. This does not apply to persons who have retired, taken a voluntary early retirement pension, or been given notice. There was no stock option program covering all employees in 2010 as the general condition for the allocation was not met.

Executive Management has previously also been allocated stock options with a maturity period of between six and eight years. For other managers and other employees, the stock options have previously been allocated with a maturity of eight years.

The above-mentioned stock option programs are primarily equity settled, and no liability is recognized for these. In the case of allocations in countries where ownership of foreign stock is not permitted, the value of stock options is settled in cash, and a liability of DKK 31 million has been recognized for this in 2010 (2009: DKK 25 million). The intrinsic value of the program in 2010 was DKK 37 million (2009: DKK 26 million).

A stock purchase plan under the gross salary deduction scheme was established for Danish employees in 2010, with employees buying shares at the official trading price. Total employee costs of DKK 25 million recognized for this plan in 2010 are included in Note 3 - Employee costs. A total of 31,076 shares have been transferred to employees.

Stock options in Novozymes A/S	Executive Management	Other managers	Other employees	Total	Number of options that can be exercised	Exercise price per option in DKK	Remaining term to maturity (years)
Outstanding at January 1, 2010	596,206	1,468,429	1,270,263	3,334,898	1,211,474	327*	5**
Additions during the year	-	4,116	-	4,116			
Options exercised in 2010	(9,679)	(401,732)	(384,223)	(795,634)		188*	
Terminations in 2010	-	(8,089)	(60,019)	(68,108)			
Outstanding at December 31, 2010	586,527	1,062,724	826,021	2,475,272	755,750	373*	5**
Outstanding at January 1, 2009	456,005	1,403,619	1,297,463	3,157,087	1,447,748	298*	5**
Additions during the year	157,581	159,523	125,079	442,183			
Options exercised in 2009	(17,380)	(76,555)	(137,742)	(231,677)		161*	
Terminations in 2009	-	(18,158)	(14,537)	(32,695)			
Outstanding at December 31, 2009	596,206	1,468,429	1,270,263	3,334,898	1,211,474	327*	5**

* The exercise price is a weighted average of several option programs.

** Remaining term to maturity is stated as a weighted average of the outstanding options.

Stock options in Novozymes A/S	Executive Management	Other managers	Other employees	Total	Number of options that can be exercised	Exercise price per option in DKK	Remaining term to maturity (years)	Market value in DKK million
Outstanding program 2002	-	10,750	51,643	62,393	62,393	169	0	38
Outstanding program 2003	24,720	123,217	278,828	426,765	426,765	148	1	266
Outstanding program 2006	8,458	249,112	-	257,570	257,570	344	4	110
Outstanding program 2006	-	2,145	-	2,145	2,145	400	4	1
Outstanding program 2007	149,911	214,069	162,128	526,108	-	495	5	148
Outstanding program 2007	-	26,244	-	26,244	-	585	7	6
Outstanding program 2007	-	6,877	-	6,877	6,877	596	5	1
Outstanding program 2008	245,857	248,175	213,498	707,530	-	390	6	275
Outstanding program 2008	-	17,294	-	17,294	-	417	7	6
Outstanding program 2008	-	8,055	-	8,055	-	403	6	3
Outstanding program 2009	157,581	149,386	119,924	426,891	-	443	7	146
Outstanding program 2009	-	3,284	-	3,284	-	529	7	1
Outstanding program 2010	-	4,116	-	4,116	-	752	8	1
Outstanding at December 31, 2010	586,527	1,062,724	826,021	2,475,272	755,750	373*	5**	1,002

* The exercise price is a weighted average of several option programs.

** Remaining term to maturity is stated as a weighted average of the outstanding options.

Market value is calculated on the basis of the Black-Scholes model for valuation of options. The historical volatility over the last year is used when calculating the value of the options at year-end. The risk-free interest is based on Danish government bonds with a maturity equivalent to the option's expected remaining term to maturity. The expected maturity is fixed at one year after the expiry of the binding period, or the option's expiry date if this is within one year.

The following assumptions are used when calculating market value at the end of the period:

	2010	2009
Dividend per share, DKK	8.00	5.75
Volatility, %	25.1	30.3
Average risk-free interest, %	1.0	1.6
Share price	777	540

Note 27 - Foreign currencies in the balance sheet

Hedging of assets and liabilities in foreign currency (transaction risk)

The table below shows the Group's assets and liabilities in foreign currencies at December 31, 2010, calculated as the total of each Group company's assets and liabilities in a currency other than its own. The table also shows the derivatives used to hedge these assets and liabilities.

DKK million	Currency exposure	Derivatives	Net currency exposure	Exchange rate at Dec. 31, 2010 (for 100 units)
AUD	(51)	55	4	569.95
CNY	136	-	136	85.04
CHF	86	-	86	597.55
EUR	543	(847)	(304)	745.44
GBP	(112)	112	-	866.59
JPY	52	(25)	27	6.89
MXN	8	(23)	(15)	45.32
SEK	27	(41)	(14)	82.70
USD	900	(1,182)	(282)	561.33
Other	99	-	99	-
	1,688	(1,951)	(263)	

Transaction risk is the possibility of gains/losses on transactions that are open on the balance sheet date as a result of subsequent exchange rate changes. Gains/losses are recognized in the income statement.

Hedging of investments in foreign subsidiaries (translation risk)

DKK million	Net investment in foreign subsidiaries	Derivatives	Net assets with translation risk	Exchange rate at Dec. 31, 2010 (for 100 units)
AUD	106	-	106	569.95
BRL	207	-	207	336.06
CAD	185	-	185	561.54
CNY	1,418	-	1,418	85.04
EUR	70	-	70	745.44
GBP	174	-	174	866.59
INR	203	-	203	12.50
SEK	238	-	238	82.70
USD	736	-	736	561.33
Other	71	-	71	-
	3,408	-	3,408	

Translation risk is the possibility of gains/losses arising from translation of net assets in subsidiaries as a result of subsequent exchange rate changes. Gains/losses are recognized in the statement of comprehensive income.

Note 28 - Derivatives - Hedge accounting**Cash flow hedges**

The table below shows the derivatives that the Group has contracted to hedge currency exposure, interest rate exposure, or price exposure on future cash flows. The total fair value adjustment at year-end is entered directly in Shareholders' equity and will be taken to the income statement as the financial contracts are realized, with the exception of currency translation and accrued interest on currency swaps used for interest hedging, as these do not qualify as cash flow hedges and are therefore entered directly in the income statement.

DKK million	2010		2009	
	Contract amount based on agreed rates	Market value Dec. 31	Contract amount based on agreed rates	Market value Dec. 31
Forward exchange contracts (sales)				
JPY	-	-	118	15
USD	2,834	115	1,418	164
	2,834	115	1,536	179
Interest rate swaps				
DKK/DKK - pays fixed rate of 2.95% / earns variable rate of 1.21% (compared to 1.55% in 2009)	307	(8)	307	(3)
EUR/EUR - pays fixed rate of 3.06% / earns variable rate of 1.09% (compared to 1.38% in 2009)	112	(5)	112	(2)
EUR/EUR - pays fixed rate of 3.58% / earns variable rate of 1.09% (compared to 1.38% in 2009)	112	(6)	112	(3)
	531	(19)	531	(8)
Currency swaps				
EUR/DKK - pays fixed rate of 4.27% / earns variable rate of 1.21% (compared to 1.55% in 2009)	250	(15)	250	(16)
EUR/USD - paid fixed rate of 4.03% / earned variable rate of 0.25% in 2009	-	-	383	(61)
	250	(15)	633	(77)
Forwards				
Electricity price agreement (average payment of DKK 326/MWh) (2009: DKK 288/MWh)	76	3	74	3
Oil price agreement (average payment of USD 707/MT) (2009: USD 0/MT)	11	1	-	-
	87	4	74	3
	3,702	85	2,774	97

The forward exchange contracts fall due in the period January 2011 to December 2012 (January 2010 to December 2010 at the end of 2009), while the interest rate and currency swaps fall due in the period March 2013 to July 2019 (June 2010 to July 2017 at the end of 2009). Electricity agreements have been contracted for the period January 2011 to December 2012 (January 2010 to December 2011 at the end of 2009) and oil contracts for the period January 2011 to December 2011.

The Group's future net cash flows in USD and JPY are hedged over the following periods:

	2010	2009
USD	24 months	12 months
JPY	-	12 months

Hedges of net investments in foreign subsidiaries

There were no hedges of currency exposure on investments in subsidiaries in 2010 or 2009.

Fair value hedges

The table below shows the derivatives that the Group has contracted to hedge currency exposure on financial assets and liabilities that give rise to currency adjustments in the income statement, and derivatives that no longer fulfill the criteria for cash flow hedges. Gains or losses on market value adjustments at year-end are entered in the income statement.

DKK million	2010		2009	
	Contract amount based on agreed rates	Market value Dec. 31	Contract amount based on agreed rates	Market value Dec. 31
Forward exchange contracts (sales)				
AUD (net purchase)	(55)	2	(11)	-
CAD (net purchase)	-	-	(7)	-
CHF (net purchase)	-	-	(249)	(2)
GBP (net purchase)	(112)	(1)	(124)	2
JPY	25	(5)	40	(1)
MXN	23	-	-	-
SEK	41	-	43	-
USD	1,182	(3)	618	6
	1,104	(7)	310	5

The forward exchange contracts fall due in the period January 2011 to October 2011 (January 2010 to December 2010 at the end of 2009).

The gain on forward exchange contracts was DKK 31 million (2009: DKK 46 million), compared to a gain on the hedged items of DKK 41 million (2009: DKK (17) million).

Other information

The derivatives are not traded on an active market based on quoted prices, but are individual contracts. The fair value of the derivatives is determined using valuation techniques that utilize market-based data such as exchange rates, interest rates, electricity prices, and oil prices (Level 2).

The carrying amounts for the categories Loans and receivables and Other financial liabilities at December 31, 2010, are DKK 3,422 million and DKK 3,734 million respectively (2009: DKK 2,967 million and DKK 3,853 million). For the categories Hedge accounting (asset), Available-for-sale financial assets, and Hedge accounting (liability) the carrying amounts are shown in Notes 15 and 24.

Note 29 - Commitments and contingent liabilities

	2010 DKK million	2009 DKK million
Commitments		
Rental commitments expiring within the following periods from the balance sheet date:		
Within 1 year	63	57
Between 1 and 2 years	53	43
Between 2 and 3 years	42	34
Between 3 and 4 years	39	29
Between 4 and 5 years	21	29
After 5 years	102	78
Rental commitments at December 31	320	270

Of which commitments to related companies at December 31, 2010, amount to DKK 29 million, compared to DKK 33 million at December 31, 2009. The above rental commitments relate to non-cancelable operating lease contracts, primarily for buildings and offices.

The following amount has been recognized in the consolidated income statement in respect of rentals

	97	70
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Other liabilities

Contractual obligations to third parties relating to capital expenditure, etc.	347	486
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Other guarantees

Other guarantees and commitments to related companies	157	76
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Other guarantees and commitments	308	149
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Pending litigation and arbitration

Novozymes is engaged in certain legal proceedings. In the opinion of the Board of Directors and Executive Management, settlement or continuation of these proceedings will not have a material effect on the Group's financial position. A liability has been recognized under Provisions in case the risk of a loss should arise.

Contract conditions

Several of the partnership contracts to which Novozymes is a party could be terminated by the opposite party in the event of significant changes concerning ownership or control of Novozymes. Furthermore, a few contracts contain provisions that restrict Novozymes' licenses to use specific forms of technology in such situations.

Novozymes has signed a definite agreement to acquire EMD/Merck Crop BioScience for USD 275 million. The acquisition is subject to customary regulatory approval and is expected to be completed between February and May 2011. Under certain conditions Novozymes may decide not to fulfill the transaction, in which case Novozymes is committed to paying USD 10 million to the seller as compensation.

Liability for the debts and obligations of Novo Nordisk A/S

As a result of the Demerger of Novo Nordisk A/S into two companies, Novo Nordisk A/S and Novozymes A/S are jointly and severally liable in accordance with Section 136, subsection 2 of the Danish Companies Act for debts and obligations arising after January 1, 2000, but relating to the period before January 1, 2000, that cannot be clearly attributed to either

Novo Nordisk A/S or Novozymes A/S. Liability will be distributed proportionately between the two companies.

Note 30 - Joint ventures

Novozymes A/S has interests in two joint ventures, namely two homeowners' associations run as jointly controlled entities with Novo Nordisk A/S. The objects of the associations are the operation and maintenance of common facilities.

	2010 DKK million	2009 DKK million
Non-current assets	39	39
Current assets	39	33
Total assets at December 31	78	72
Non-current liabilities	(51)	(59)
Current liabilities	(27)	(13)
Total liabilities at December 31	(78)	(72)
Net profit	-	-

Novozymes A/S has not assumed any material contingent liabilities in connection with its interests in these joint ventures.

Note 31 - Related party transactions

Novozymes A/S is controlled by Novo A/S, which holds 70.1% of the votes in Novozymes A/S. The remaining stock is widely held. The ultimate parent of the Group is the Novo Nordisk Foundation (incorporated in Denmark).

Related parties are considered to be the Novo Nordisk Foundation and its subsidiaries, i.e., the Novo and Novo Nordisk Groups, and the directors of these entities, and the Board of Directors and Executive Management of Novozymes A/S, together with their immediate families. Related parties also include companies in which the above persons have significant interests.

All agreements relating to these transactions are based on the list prices used for sale to third parties where such list prices exist, or the price has been set at what is regarded as market price. The material terms of these agreements are renegotiated regularly. The Group has had the following transactions with related parties:

	2010 DKK million	2009 DKK million
Sale of goods, materials, and services		
Sale of goods and materials:		
- The Novo Nordisk Group	3	38
Sale of services:		
- The Novo Nordisk Group	79	80
Total sale of goods, materials, and services	82	118

	2010	2009
	DKK million	DKK million
Purchase of goods, materials, services, and assets		
Purchase of goods and materials:		
- Novo Nordisk A/S	74	79
- Minority shareholders in subsidiaries	61	53
Purchase of services:		
- NNIT A/S	59	54
- Novo Nordisk A/S	69	55
- NNE Pharmaplan A/S	193	170
Total purchases of goods, materials, services, and assets	456	411

There have not been any material transactions with the Novo Nordisk Foundation or with Management of Novozymes A/S, Novo A/S, the Novo Nordisk Foundation, or the Novo Nordisk Group, other than normal remuneration. The remuneration of the Board of Directors and Executive Management is presented in Note 4.

	2010	2009
	DKK million	DKK million
Receivables:		
The Novo Nordisk Group	13	30
Minority shareholders in subsidiaries	12	15
Receivables at December 31	25	45

	2010	2009
	DKK million	DKK million
Payables:		
NNIT A/S	6	6
Novo Nordisk A/S	28	27
NNE Pharmaplan A/S	41	18
Payables at December 31	75	51

Note 32 - Government grants

During the financial year the Novozymes Group has received grants of DKK 33 million for research and development, compared to DKK 38 million in 2009. Government grants are recognized under Other operating income, net.

Government grants includes grants from the EU for various research projects and from the US Department of Energy for biomass.

Note 33 - Acquisition of activities and companies

There were no material acquisitions of activities or companies in 2010 or 2009.

Note 34 - Non-cash items

	2010	2009
	DKK million	DKK million
Financial gain/loss on sale of assets	9	9
Allowances for doubtful trade receivables	12	12
Tax	509	655
Depreciation, amortization, and impairment losses	679	564
Stock-based payment (excluding DKK 25 million in gross salary deduction scheme)	63	64
(Gain)/loss on financial assets, etc., net	19	(23)
Unrealized foreign exchange (gain)/loss	(7)	124
Accrued interest income and interest costs	23	140
Change in provisions	33	(5)
Other items	-	(1)
Non-cash items, total	1,340	1,539

Note 35 - Cash and cash equivalents

	2010	2009
	DKK million	DKK million
Cash at bank and in hand	1,465	1,284
Credit institutions - on demand	(141)	(222)
Cash and cash equivalents at December 31	1,324	1,062

Note 36 - Expiration date for undrawn committed credit facilities

	2010	2009
	DKK million	DKK million
Expiration of undrawn committed credit facilities:		
Less than 1 year	1,000	1,000
Between 1 and 2 years	745	-
Between 2 and 3 years	2,000	-
Between 3 and 4 years	-	2,000
Undrawn committed credit facilities	3,745	3,000

Note 37 - Financial risk factors

Novozymes' international operations mean that the income statement and balance sheet are exposed to a number of financial risk factors. Financial risks are managed centrally for the entire Group. The use of financial instruments is governed by the treasury policy approved by Novozymes' Board of Directors. The treasury policy is unchanged from previous years, and contains rules on which financial instruments can be used for hedging, the counterparties that can be used, and the risk profile that is to be applied. Financial instruments are used to hedge existing assets, liabilities, and future net cash flow.

Currency exposure

Currency exposure arises due to imbalances between income and costs in each individual currency and because Novozymes has more assets than liabilities in foreign currencies in connection with its many foreign companies. Operating profit is most exposed to the EUR, USD, and JPY.

A 0.50% movement in the EUR would, other things being equal, result in a change in operating profit of around DKK 15–20 million. A movement of 5% in the USD would result in a change in operating profit of around DKK 60–80 million. A movement of 5% in the JPY would result in a change of around DKK 5–10 million in operating profit.

A 5% movement in the CNY would, other things being equal, result in a change in Shareholders' equity of around DKK 71 million, while a movement of 5% in the USD would result in a change in Shareholders' equity of around DKK 37 million.

Novozymes' policy is to hedge existing net assets in foreign currencies and expected future net exposure from the Group's operations. Hedging of exchange rate exposure is carried out through a combination of loans, forward exchange contracts, swaps, and options. Exchange rate hedging transactions are carried out to minimize risks and thereby increase the predictability of the Group's financial results.

Currency exposure relating to investments in foreign subsidiaries is hedged where this is deemed appropriate. Currency exposure is managed primarily by taking out loans and entering into swaps. Currency swaps, which are used to hedge participating interests, generally have a maturity period of over 12 months.

Interest rate exposure

Interest rate exposure arises in relation to interest-bearing assets and liabilities. An increase of 1 percentage point in the average interest rate on Novozymes' net interest-bearing assets would have a positive effect on profit before tax of around DKK 8 million. In accordance with Novozymes' treasury policy, a minimum of 30% of loans must be at fixed interest rates. At year-end 2010, 67% (2009: 67%) of the loan portfolio was at fixed interest rates, based on financial instruments.

According to Novozymes' treasury policy, free funds may only be invested in government bonds, ultra-liquid mortgage credit bonds, and money market deposits.

Credit risk

Credit risk arises especially on cash and cash equivalents, derivatives, and customer sales. The credit risk on cash and cash equivalents and derivatives is managed by only trading in derivatives and only placing deposits with banks that have a credit rating of at least A2 (Moody's) or A (S&P). The credit risk is calculated on the basis of net market values and is governed by the Group's treasury policy. Novozymes has entered into netting agreements (ISDA) with all the banks used for trading in financial instruments, which means that Novozymes' credit risk is limited to net

assets. At December 31, 2010, the maximum credit risk related to one counterparty was DKK 502 million (2009: DKK 500 million). The credit risk of debtors is countered by thorough, regular analyses based on customer type, country, and specific conditions. Generally, customers are creditworthy.

Liquidity risk

In connection with the Group's ongoing financing of operations, including refinancing risk, efforts are made to ensure adequate and flexible liquidity. This is guaranteed by placing deposits in cash and ultra-liquid negotiable instruments, and using binding credit facilities.

Note 38 - Water allocated to primary source

	2010 1,000 m ³	2009 1,000 m ³
Drinking water	3,392	3,123
Industrial water	2,085	1,699
Steam	269	242
Water, total	5,746	5,064

Note 39 - Internally generated energy allocated to primary source

	2010 1,000 GJ	2009 1,000 GJ
Coal	-	-
Gas oil	55	34
Heavy fuel oil	140	154
Light fuel oil	1	9
Natural gas	669	605
Internally generated energy, total	865	802

Note 40 - Treated wastewater for irrigation

	2010 1,000 m ³	2009 1,000 m ³
Volume	713	673

	2010 Tons	2009 Tons
Nitrogen	31	16
Phosphorus	45	31

Note 41 - Total waste volume by disposal method

	2010 Tons	2009 Tons
Incineration	1,453	1,448
Landfilling	3,855	2,963
Recycling	4,380	4,003
Other	552	589
Waste, total	10,240	9,003

Note 42 - CO₂ emissions by internally and externally generated energy

	2010 1,000 tons	2009 1,000 tons
Internally generated energy	50	44
Externally generated energy	360	386
CO₂ emissions, total	410	430

Note 43 - Global warming, CO₂-equivalents

	2010 1,000 tons	2009 1,000 tons
Internally generated energy	50	44
Externally generated energy	361	386
Ozone-depleting substances, HCFCs	3	1
CO₂-equivalents, total	414	431

Note 44 - Ozone layer depletion, CFC₁₁-equivalents

	2010 Kg	2009 Kg
CFCs	182	-
HCFCs	83	29
CFC₁₁-equivalents, total	265	29

Note 45 - Employee statistics

	2010 No.	2009 No.
Women	1,958	1,910
Men	3,474	3,365
Employees, total	5,432	5,275
Full-time employees	5,114	4,968
Part-time employees	318	307
Employees, total	5,432	5,275
Denmark	2,409	2,414
Rest of Europe, Middle East, and Africa	395	432
North America	874	850
Asia Pacific	1,531	1,397
Latin America	223	182
Employees, total	5,432	5,275
Senior management	172	169
Management	839	766
Professional	1,463	1,407
Administrative	577	577
Skilled workers, laboratory technicians, and other technicians	986	1,007
Process operators	1,395	1,349
Employees, total	5,432	5,275

Note 46 - Percentage of women by job category

	2010 %	2009 %
Senior management	18.0	18.9
Management	30.2	31.3

As there is a particular focus on the percentage of women at management level, the percentage of women is only reported for Senior management and Management, and not for other job categories.

Note 47 - Job creation

	2010 No.	2009 No.
Net growth in number of employees, organic	111	129
Terminations	381	327

Note 48 - Rate of absence by job category

	2010 %	2009 %
Senior management, management, professional, and administrative	1.2	1.4
Skilled workers, laboratory technicians, other technicians, and process operators	3.3	3.3

Rate of absence has been broken down by grouped job categories based on whether the work carried out is primarily office based, and is therefore not stated per job category.

Note 49 - Consequences of occupational accidents

	2010 No.	2009 No.
Return to original job	33	41
Return to a different job in the same department	-	1
Transfer to a different job in another department	1	-
No longer employed by Novozymes, but still able to work	-	1
Out of work or early retirement	-	-
Case pending	1	-
Occupational accidents, total	35	43
Total days of absence	476	629

For comparison purposes, cases that were pending at the end of 2009 have been updated in line with information available at the end of 2010. The derived figure for total days of absence has also been updated.

Note 50 - Consequences of occupational diseases

	2010 No.	2009 No.
Return to original job	11	24
Return to a different job in the same department	-	2
Transfer to a different job in another department	-	1
Out of work or early retirement	-	-
No longer employed by Novozymes, but still able to work	-	-
Case pending	3	-
Occupational diseases, total	14	27

Total days of absence	326	102
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For comparison purposes, cases that were pending at the end of 2009 have been updated in line with information available at the end of 2010. The derived figure for total days of absence has also been updated.

Note 51 - Types of occupational disease

	2010 No.	2009 No.
Musculoskeletal disorders	5	5
Skin diseases	2	2
Identified hearing disorders	1	12
Stress related	-	2
Respiratory disease	1	-
Enzyme allergy	5	6
Occupational diseases, total	14	27

COMPANIES IN THE NOVOZYMES GROUP

Group companies

	Country	Activity		Issued common stock/paid-up stock	Percentage of shares owned
Novozymes Biologicals Argentina SA	Argentina	■		ARS 12,000	100
Novozymes Australia Pty. Ltd.	Australia	■		AUD 500,000	100
Novozymes Biopharma Holdings AU Ltd.	Australia		□	AUD 30,000,001	100
Novozymes Biopharma AU Ltd.	Australia	■ ▲		AUD 78,684,909	100
Novozymes Austria GmbH	Austria	■		EUR 36,337	100
Novozymes Belgium BVBA	Belgium	■		EUR 18,600	100
Novozymes Latin America Ltda.	Brazil	○ ● ■		BRL 23,601,908	100
Turfal Ind. e Com. de Prod. Biologicos e Agron. Ltda.	Brazil	● ■		BRL 7,454,860	100
Novozymes Biologicals Brasil Participações Ltda.	Brazil		□	BRL 8,640,000	100
Novozymes Biologicals Ltd.	Canada	● ■ ▲		CAD 4,079,799	100
Novozymes Biologicals Investments, Inc.	Canada		□	CAD 100	100
Novozymes (China) Biotechnology Co. Ltd.	China	○ ● ■		CNY 859,058,400	100
Novozymes (China) Investment Co. Ltd.	China	■ ▲		CNY 816,449,373	100
Novozymes (Shenyang) Bioprocessing Co. Ltd.	China	■		CNY 31,793,578	100
Qingdao Huayuan Fine Bio-Products Co. Ltd.	China		□	CNY 27,000,000	100
Suzhou Hongda Enzyme Co. Ltd.	China	○ ● ■		CNY 356,744,150	96
Novozymes (China) Biopharma Co. Ltd.	China		□	CNY 327,242,564	100
Novozymes A/S	Denmark	○ ● ■ ▲	□	DKK 650,000,000	-
Novozymes Adenium Biotech A/S	Denmark		□	DKK 600,000	100
Novozymes Bioindustrial A/S	Denmark		□	DKK 1,000,000	100
Novozymes Bioindustrial China A/S	Denmark		□	DKK 729,700,000	100
Novozymes Biopharma DK A/S	Denmark	■ ▲	□	DKK 611,000	100
Novozymes Biologicals Holding A/S	Denmark		□	DKK 500,000	100
Novozymes Biologicals France S.A.	France	■		EUR 650,000	100
Novozymes France S.A.	France	■		EUR 45,735	100
Novozymes Deutschland GmbH	Germany	■		EUR 255,646	100
Novozymes Hong Kong Ltd.	Hong Kong		□	HKD 768,285,140	100
Novozymes Biopharma Hong Kong Co. Ltd.	Hong Kong		□	HKD 372,568,965	100
Novozymes South Asia Pvt. Ltd.	India	● ■ ▲		INR 1,550,000,020	100
Novozymes Italia S.r.l.	Italy	■		EUR 10,400	100
Novozymes Japan Ltd.	Japan	■ ▲		JPY 300,000,000	100
Novozymes Malaysia Sdn. Bhd.	Malaysia	■		MYR 6,666,414	100
Novozymes Mexicana, S.A. de C.V.	Mexico	■		MXN 338,100	100
Novozymes Mexico, S.A. de C.V.	Mexico	■		MXN 35,224,200	100
Novozymes Netherlands BVBA	Netherlands	■		EUR 18,000	100
Novozymes Singapore Pte. Ltd.	Singapore		□	SGD 59,071,000	100
Novozymes South Africa (Pty) Ltd.	South Africa	■		ZAR 100	100
Novozymes Korea Limited	South Korea	■		KRW 3,300,000,000	100
Novozymes Spain S.A.	Spain	■		EUR 360,607	100
Novozymes Biopharma Sweden AB	Sweden	● ■ ▲		SEK 28,001,000	100
Novozymes Switzerland AG	Switzerland	■		CHF 5,000,000	100
Novozymes Switzerland Holding AG	Switzerland		□	CHF 3,000,000	100
Novozymes Enzim Dis Ticaret Limited Sirketi	Turkey	■		TRY 21,000	100
Novozymes Biopharma UK Ltd.	UK	● ■ ▲		GBP 22,535,113	100
Novozymes UK Ltd.	UK	■		GBP 1,000,000	100
Novozymes Biologicals, Inc.	USA	● ■ ▲		USD 3,000,000	100
Novozymes Biologicals, Ltd.	USA	■		USD 10,000	100
Novozymes Biopharma US, Inc.	USA	■		USD 1	100
Novozymes Blair, Inc.	USA		□	USD 1	100
Novozymes, Inc.	USA		▲	USD 1,000	100
Novozymes North America, Inc.	USA	○ ● ■ ▲		USD 17,500,000	100
Novozymes US, Inc.	USA		□	USD 115,387,497	100

Joint ventures

	Country	Activity	Proportion of ownership interest
Hallas Park homeowners' association	Denmark		50
Smørmosen homeowners' association	Denmark		50

- ISO 14001-certified sites. All major companies are also ISO 9001-certified.
- Production
- Sales & Marketing
- ▲ Research & Development
- Holding companies, etc.



THE NOVOZYMES REPORT 2010

SUPPLEMENTARY



GRI indicators

Novozymes' reporting on GRI indicators

Novozymes supports the Global Reporting Initiative's framework for sustainability reporting. Accordingly, GRI reporting has been an integrated part of Novozymes' reporting platform since 2002 and is presented in The Novozymes Report 2010. In 2007, Novozymes adopted the G3 guidelines, which provide a disclosure framework of 10 principles and 121 indicators, including 79 sustainability performance indicators, against which companies may report. The extent to which companies disclose their management approach and adherence to the GRI indicators determines the application level as illustrated below. Please see www.globalreporting.org for further explanation of the GRI.

Based on a thorough analysis of the GRI guidance and requirements, Novozymes and the Global Reporting Initiative declare an Application Level of A for Novozymes' Annual Report 2009.



Key to symbols

Novozymes is in full compliance with the detailed specifications for the indicator



Novozymes covers some aspects of the indicator



Novozymes does not report on the indicator



The indicator is not relevant to Novozymes



1. CEO statement

1.1 Strategy and analysis: Novozymes' approach to sustainability

Novozymes' overall approach to sustainability is framed by values and commitments and is driven by our vision: "We imagine a future where our biological solutions create the necessary balance between better business, cleaner environment, and better lives." See also Novozymes' Touch the World.

Sustainability is a fundamental part of the way we conduct our business and we strive to contribute to sustainable development and make corporate responsibility an inherent part of the way we do business.

Novozymes' business is steadily growing worldwide, it is becoming increasingly globalized, and expanding into new markets. These changes shape our main sustainability challenges.

Novozymes provides solutions to industrial processes. Our customers increasingly demand up-to-date solutions, for example solutions that are resource efficient and low in greenhouse gas emissions. Contributing to such solutions by making use of the potential of modern biotechnology is an important driver for Novozymes.

Please see The Novozymes Report 2010. This is our annual report, which integrates sustainability reporting and more traditional accounting.



Steen Riisgaard, President & CEO

1.2 Strategy and analysis

Performance 2010

In The Novozymes Report 2010, the Outlook section lists sustainability targets and outlines strategy, which are also covered by the Letter from the Board of Directors. Both also reflect on trends, opportunities, and challenges.

Novozymes' key impacts and performance in 2010 are depicted by data, which are discussed together with broader external trends throughout the topical themes and the report in general. The report as well as Novozymes' Communication on Progress vis-à-vis the UN Global Compact provide key conclusions about progress.

Stakeholder engagement, issues, and prioritization

Novozymes does not have a "one-size-fits-all" guideline or routine for building stakeholder relations. Our approaches to stakeholders are guided by our values and policies. Stakeholder relations are different in nature and vary from formalized and long-lasting partnerships to informal contact and ad hoc dialogue.

Our relations with stakeholders such as employees, customers, investors, suppliers, and authorities are generally formalized to facilitate continuous cooperation. On the other hand, relations with stakeholders such as neighbors, consumer organizations, educational institutions, and environmental organizations are most often defined on a case-by-case basis, depending on the situation.

The issues that we discuss with our stakeholders sometimes go beyond the traditional business agenda, but are always within our sphere of influence. Examples of such issues are human rights, the environment, gene technology, and occupational health & safety. We continuously develop stakeholder relations around these and other issues that are of high importance to Novozymes and our specific stakeholders.

Sustainability setup

Our organizational setup addressing sustainability directly involves top management and vice presidents from lines of business and sites around the world to achieve optimal coordination. In this way, we address economic, social, and environmental aspects of our activities in order to create and contribute to long-term sustainable business growth.

On September 1, 2007, Novozymes launched a reorganization process. This included reconstitution of Novozymes' Executive Management and the establishment of a new business unit, Stakeholder Relations, covering People & Organization, Public Affairs, Corporate Communications, Facilitation, and Sustainability Development. The overall objective was to strengthen focus on managing stakeholder relations and thereby support the creation of value for Novozymes and key stakeholders.

See also:

Risk management in The Novozymes Report 2010

Corporate governance at www.novozymes.com

Sustainability at www.novozymes.com

2. Organizational profile

GRI INDICATOR	REFERENCES AND COMMENTS	STATUS
2.1 Name of the organization	<ul style="list-style-type: none"> About the report 	✓
2.2 Primary brands, products, and/or services	<ul style="list-style-type: none"> Sales and markets 	✓
2.3 Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	<ul style="list-style-type: none"> Corporate governance Corporate governance at www.novozymes.com Companies in the Novozymes Group 	✓
2.4 Location of organization's headquarters	<ul style="list-style-type: none"> Locations at www.novozymes.com Companies in the Novozymes Group Contact Information on Novozymes sites 	✓
2.5 Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	<ul style="list-style-type: none"> Locations at www.novozymes.com Companies in the Novozymes Group 	✓
2.6 Nature of ownership and legal form	<ul style="list-style-type: none"> Corporate governance at www.novozymes.com Novozymes' stock 	✓
2.7 Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	<ul style="list-style-type: none"> Sales and markets 	✓
2.8 Scale of the reporting organization	<ul style="list-style-type: none"> Note 1 - Segment information Note 2 - Revenue Note 3 - Employee costs Note 5 - Depreciation, amortization, and impairment losses Note 44 - Employee statistics 	✓
2.9 Significant changes during the reporting period regarding size, structure, or ownership	<ul style="list-style-type: none"> Letter from the Board of Directors Sales and markets Key figures 	✓
2.10 Awards received in the reporting period	<ul style="list-style-type: none"> Awards and recognition at www.novozymes.com 	✓

Report parameters

GRI INDICATOR	REFERENCES AND COMMENTS	STATUS
Report profile		
3.1 Reporting period (e.g., fiscal/calendar year) for information provided	<ul style="list-style-type: none"> Welcome to The Novozymes Report 2010 Accounting policies 	✓
3.2 Date of most recent previous report (if any)	<ul style="list-style-type: none"> The Novozymes Report 2009 	✓
3.3 Reporting cycle (annual, biennial, etc.)	<ul style="list-style-type: none"> Welcome to The Novozymes Report 2010 Accounting policies 	✓
3.4 Contact point for questions regarding the report or its contents	<ul style="list-style-type: none"> Editorial team 	✓
Report scope and boundary		
3.5 Process for defining report content	<ul style="list-style-type: none"> Accounting policies Stakeholder engagement at www.novozymes.com 	✓
3.6 Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI boundary protocol for further guidance	<ul style="list-style-type: none"> Accounting policies 	✓
3.7 State any specific limitations on the scope or boundary of the report	<ul style="list-style-type: none"> Accounting policies 	✓
3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	<ul style="list-style-type: none"> Companies in the Novozymes Group 	✓
3.9 Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report	<ul style="list-style-type: none"> Accounting policies 	✓
3.10 Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods)	<ul style="list-style-type: none"> Accounting policies 	✓
3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	<ul style="list-style-type: none"> Accounting policies 	✓
GRI content index		
3.12 Table identifying the location of the standard disclosures in the report	<ul style="list-style-type: none"> See the GRI indicators menu on the left under Supplementary reporting 	✓
Assurance		
3.13 Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the	<ul style="list-style-type: none"> Accounting policies Independent Auditor's Sustainability 	✓

sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s)

Assurance Report

GOVERNANCE, COMMITMENTS, AND ENGAGEMENT

GRI INDICATOR	REFERENCES AND COMMENTS	STATUS
Governance		
4.1 Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight	<ul style="list-style-type: none"> • Corporate governance • Corporate governance at www.novozymes.com 	✓
4.2 Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement)	<ul style="list-style-type: none"> • Board of Directors and Executive Management • Corporate governance at www.novozymes.com 	✓
4.3 For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members	<ul style="list-style-type: none"> • Board of Directors and Executive Management • Corporate governance at www.novozymes.com 	✓
4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	<ul style="list-style-type: none"> • Novozymes' stock • Investor at www.novozymes.com • Corporate governance at www.novozymes.com 	✓
4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance)	<ul style="list-style-type: none"> • Financial and sustainability discussion • Global Compact – Novozymes' overall approach to sustainability 	✓
4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided	<ul style="list-style-type: none"> • Corporate governance at www.novozymes.com 	✓
4.7 Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics	<ul style="list-style-type: none"> • Corporate governance at www.novozymes.com • Corporate governance 	✓
4.8 Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	<ul style="list-style-type: none"> • Vision and values at www.novozymes.com • Our policies at www.novozymes.com • Our positions at www.novozymes.com 	✓
4.9 Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	<ul style="list-style-type: none"> • Sustainability approach at www.novozymes.com • Corporate governance at www.novozymes.com • Global Compact – Novozymes' overall approach to sustainability 	✓
4.10 Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	<ul style="list-style-type: none"> • Corporate governance at www.novozymes.com 	✓

Commitments to external initiatives			
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	<ul style="list-style-type: none"> Global Compact Communication on Progress, Principle 7 	✓
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	<ul style="list-style-type: none"> Vision and values at www.novozymes.com Corporate governance at www.novozymes.com 	✓
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization has positions in governance bodies, participates in projects or committees, provides substantive funding beyond routine membership dues; or views membership as strategic	<ul style="list-style-type: none"> Stakeholder engagement at www.novozymes.com Memberships and commitments at www.novozymes.com 	✓
Stakeholder engagement			
4.14	List of stakeholder groups engaged by the organization	<ul style="list-style-type: none"> Stakeholder engagement at www.novozymes.com Novozymes' key stakeholders regarding Global Compact 	✓
4.15	Basis for identification and selection of stakeholders with whom to engage	<ul style="list-style-type: none"> Stakeholder engagement at www.novozymes.com Sustainability priorities Sustainability in action 	✓
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	<p>Novozymes reports on the company's approach to stakeholder engagement incl. stakeholder types and groups. Due to our type of business we have ongoing engagement and routine dialogue with a variety of stakeholders; therefore it is not feasible to quantify and report periodically on this aspect. Accordingly, Novozymes reports partially on this aspect.</p> <ul style="list-style-type: none"> Stakeholder engagement at www.novozymes.com Novozymes' key stakeholders regarding Global Compact 	•
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	<ul style="list-style-type: none"> Financial and sustainability discussion Long-term targets 	✓

Economic performance indicators

DISCLOSURE ON MANAGEMENT APPROACH

Goals and performance

Novozymes' economic impact on society goes beyond traditional financial results. Our economic stakeholders include a wide range of stakeholder groups such as suppliers, authorities, employees, and local communities.

Novozymes is aware of our impact in the communities and markets in which we are present and has a tradition of staying on for many years.

For overall economic impact throughout society, please see Economic impact at www.novozymes.com.

It should be noted that significant state financial assistance is not of importance for Novozymes. In the case of specific projects where subsidies are of importance, the amounts are published.

Policy

For Novozymes' overall commitment to economic aspects, please refer to Novozymes' social responsibility policy, financial and legal policy and position on business integrity.

See also the description of Novozymes' approach to local social responsibility strategies.

GRI INDICATOR	REFERENCES AND COMMENTS	STATUS
Economic performance		
EC1 Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	<p>Novozymes does not report on donations and other community investments since we do not yet have consolidated data at corporate level. We will be able to report on this aspect in the near future. Accordingly, Novozymes reports partially on this aspect.</p> <ul style="list-style-type: none"> • Income statement • Note 3 - Employee costs • Note 5 - Depreciation, amortization, and impairment losses • Economic impact at www.novozymes.com 	●
EC2 Financial implications and other risks and opportunities for the organization's activities due to climate change	<ul style="list-style-type: none"> • Long-term targets • Carbon Disclosure Project 	✓
EC3 Coverage of the organization's defined benefit plan obligations	<ul style="list-style-type: none"> • Note 3 - Employee costs 	✓
EC4 Significant financial assistance received from government	<ul style="list-style-type: none"> • Not relevant - see Disclosure on management approach above 	■
Market presence		
EC5 ADD Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	<ul style="list-style-type: none"> • Position on human rights at www.novozymes.com 	✓
EC6 Policy, practices, and proportion of spending on locally based suppliers at significant locations of operation	<ul style="list-style-type: none"> • Purchasing at www.novozymes.com • Supplier program at www.novozymes.com • Position on responsible purchasing at www.novozymes.com 	✓
EC7 Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	<ul style="list-style-type: none"> • No general procedures 	-
Indirect economic impacts		
EC8 Development and impact of infrastructure investments and services	Part of the information is proprietary, and	●

provided primarily for public benefit through commercial, in-kind, or pro bono engagement

accordingly, Novozymes reports partially on this aspect.

- Combined global and local efforts at www.novozymes.com

EC9 Understanding and describing significant indirect economic impacts,
ADD including the extent of impacts

- Combined global and local efforts at www.novozymes.com
- Long-term targets
- Economic impact at www.novozymes.com



Environment performance indicators

DISCLOSURE ON MANAGEMENT APPROACH

Goals and performance

To Novozymes, the key parameter regarding negative environmental impact is production efficiency. Basic figures are water consumption and energy consumption, the latter being closely related to climate change. In 2010, Novozymes decided again to disclose data on CO₂ and NO_x emissions deriving from transport broken down by truck, ship, and air. Now and in a long-term perspective, the overall goal is to continuously decouple business growth from resource consumption. See also the specific targets for 2011 in Expectations for 2011 in The Novozymes Report 2010.

One important issue is the application of gene technology. For about 20 years, gene technology has been an important tool for Novozymes' innovation in R&D and for improved resource efficiency in the production of enzymes. As the use of gene technology can pose a risk, safety is a priority whenever it is applied at Novozymes. Modern biotechnology has great potential when it comes to meeting the challenges of sustainable development. Novozymes increasingly strives to document and to advance the positive environmental impact from the application of enzyme technology. That is, from our customers' application of our products.

With specific reference to biodiversity, please note that Novozymes does not manage land of significant size or importance.

Policy

For Novozymes' overall commitment to environmental aspects, please refer to Novozymes' environment and bioethics policy, position on antibiotic resistance genes in GMMs, and position on global warming.

Organizational responsibility

The organization has a central Environmental Services unit and a number of decentralized units linked to production sites. Efforts on environmental performance are coordinated in the Novozymes Environmental Forum (NEF). NEF is a network for management representatives from production sites and reports to corporate Quality Environment and Safety Management. One of the main purposes of NEF is to continuously improve performance via Novozymes' environmental management system.

Monitoring and follow-up

There are a number of internal environmental tools and guidelines in place. Some of these are corporate, and others are site based to serve specific needs. For example, Danish production sites use an energy management system linked to ISO 14001 and certified in accordance with a national Danish standard (DS 2403 E).

Seven years ago, Novozymes decided to take a more proactive approach to product positioning using knowledge and documentation gained from life cycle assessments (LCA) of our products. The data will be used to document benefits in a sustainable development context. A number of LCAs on new products have been conducted. Results are reviewed by a third party and published in scientific journals. See also the section on LCA on www.novozymes.com

Due to the character of Novozymes' products and business, it is not relevant to report on reclaimed products and packaging materials related to environmental impact. Direct environmental impact from products is not an issue as Novozymes solely operates on the B2B market.

GRI INDICATOR	REFERENCES AND COMMENTS	STATUS
Materials		
EN1 Materials used by weight or volume	<ul style="list-style-type: none"> Environmental and social data 	✓
EN2 Percentage of materials used that are recycled input materials	<ul style="list-style-type: none"> Not relevant. Recycled input materials are not an option for Novozymes 	■
Energy		
EN3 Direct energy consumption by primary energy source	<ul style="list-style-type: none"> Environmental and social data 	✓
EN4 Indirect energy consumption by primary source	<ul style="list-style-type: none"> Environmental and social data 	✓

EN5 ADD	Energy saved due to conservation and efficiency improvements	<ul style="list-style-type: none"> Financial and sustainability discussion 	✓
EN6 ADD	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	<ul style="list-style-type: none"> Financial and sustainability discussion Long-term targets Expectations for 2011 	✓
EN7 ADD	Initiatives to reduce indirect energy consumption and reductions achieved	<ul style="list-style-type: none"> Financial and sustainability discussion Long-term targets Expectations for 2011 	✓
Water			
EN8	Total water withdrawal by source	<ul style="list-style-type: none"> Environmental and social data Note 37 - Water allocated to primary source 	✓
EN9 ADD	Water sources significantly affected by withdrawal of water	<ul style="list-style-type: none"> Not reported externally 	—
EN10 ADD	Percentage and total volume of water recycled and reused	<ul style="list-style-type: none"> Not reported externally 	—
Biodiversity			
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	<ul style="list-style-type: none"> Novozymes does not report on this issue; the issue is immaterial to the company as we do not manage land of significant size or importance 	■
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	<ul style="list-style-type: none"> Novozymes does not report on this issue; the issue is immaterial to the company as we do not manage land of significant size or importance 	■
EN13 ADD	Habitats protected or restored	<ul style="list-style-type: none"> Not relevant. See Disclosure on management approach above 	■
EN14 ADD	Strategies, current actions, and future plans for managing impacts on biodiversity	<ul style="list-style-type: none"> Not relevant. See Disclosure on management approach above 	■
EN15 ADD	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	<ul style="list-style-type: none"> Not relevant. See Disclosure on management approach above 	■

Emissions, effluents and waste			
EN16	Total direct and indirect greenhouse gas emissions by weight	<ul style="list-style-type: none"> Environmental and social data Note 41 - CO₂ emissions by internally and externally generated energy Note 42 - Global warming, CO₂-equivalents 	✓
EN17	Other relevant indirect greenhouse gas emissions by weight	<ul style="list-style-type: none"> Environmental and social data Note 41 - CO₂ emissions by internally and externally generated energy Note 42 - Global warming, CO₂-equivalents 	✓
EN18 ADD	Initiatives to reduce greenhouse gas emissions and reductions achieved	<ul style="list-style-type: none"> Financial and sustainability discussion Long-term targets Principle 9 in Global Compact 	✓
EN19	Emissions of ozone-depleting substances by weight	<ul style="list-style-type: none"> Environmental and social data 	✓
EN20	NO, SO, and other significant air emissions by type and weight	<ul style="list-style-type: none"> Environmental and social data 	✓
EN21	Total water discharge by quality and destination	<ul style="list-style-type: none"> Environmental and social data 	✓
EN22	Total weight of waste by type and disposal method	<ul style="list-style-type: none"> Environmental and social data Note 40 - Total waste volume by disposal method 	✓
EN23	Total number and volume of significant spills	<ul style="list-style-type: none"> Environmental and social data 	✓
EN24 ADD	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	<ul style="list-style-type: none"> Environmental and social data Note 40 - Total waste volume by disposal method 	✓
EN25 ADD	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	<ul style="list-style-type: none"> Not reported 	—
Products and services			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	<ul style="list-style-type: none"> Sustainable solutions at www.novozymes.com 	✓
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	<ul style="list-style-type: none"> Not reported externally. See Disclosure on management approach above 	—

Compliance

EN28 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations

- Letter from the Board of Directors
- Financial and sustainability discussion



Transport

EN29 Significant environmental impacts of transporting products and other
ADD goods and materials used for the organization's operations, and transporting members of the workforce

Data on transporting members of the workforce are currently not available. Accordingly, Novozymes reports partially on this aspect.



- Transport and the environment at www.novozymes.com
- Global Compact - Principle 8

Overall

EN30 Total environmental protection expenditures and investments by type
ADD

- Not reported externally



Labor practices and decent work performance indicators

DISCLOSURE ON MANAGEMENT APPROACH

Goals and performance

In line with Novozymes' Touch the World (our vision, values, and commitments), Novozymes wants to be a challenging workplace based on trust, respect, and inclusion, and with a healthy and safe working environment.

Policy

For Novozymes' overall commitment to labor aspects, please refer to Novozymes' commitments, social responsibility policy, people policy, position on human rights, and position on diversity and equal opportunities.

Organizational responsibility

The operational responsibility for labor aspects related to employment, training, education, and development is placed with directors for People & Organization, who report to the regional presidents. Most employment aspects, including minimum periods of notice, are based on local legislation and included in individual employment contracts.

Occupational Health & Safety is included in Novozymes' management systems. Business units follow up on OH&S objectives, implementation of activities set out in action plans, and leverage an ongoing commitment from line management. Line management is responsible for involving employees in OH&S work and for promoting cooperation between management and employees on an ongoing basis. Health & safety aspects are covered in some of the formal employment agreements locally, but Novozymes does not report a consolidated overview of these.

Training and awareness

The following are examples of ongoing initiatives at Novozymes addressing key labor aspects:

- Work-life balance and lifelong learning
- Individual development plans for all
- Diversity in the workplace
- Continuous focus on occupational health & safety (e.g., allergy prevention, first aid courses)

Novozymes supports employees being able 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.

Novozymes does not register minority background of employees and other diversity indicators since such registration is illegal in several of the countries in which we operate.

Monitoring and follow-up

Since OH&S is covered by Novozymes' ISO management system, monitoring and follow-up are audited by a third party. Furthermore, the overall sustainability setup is critically evaluated as part of the assurance process.

Every year Novozymes' employees have the opportunity to express their opinions in a survey called People's Opinion. The survey is standardized and operated by a third party, and is used by many other companies around the world, which gives Novozymes a valuable benchmark for the results.

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

Follow-up mechanisms on labor aspects related to employment, training, education, and development are based on KPIs related to the various initiatives.

The effectiveness and applicability of the OH&S system are evaluated at least once a year with a view to making systematic improvements.

GRI INDICATOR	REFERENCES AND COMMENTS	STATUS
Employment		
LA1 Total workforce by employment type, employment contract, and region	• Note 44 - Employee statistics	✓
LA2 Total number and rate of employee turnover by age group, gender, and region	Novozymes reports on gender and region but not on age group since consolidated data have not been obtainable. We expect to report on this in the long term. Accordingly, Novozymes reports partially	●

on this aspect.

- Note 46 - Job creation
- Note 45 - Percentage of women by job category
- Note 49 - Consequences of occupational diseases

LA3 ADD	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	<ul style="list-style-type: none"> Note 3 - Employee costs 	✓
Labor/management relations			
LA4	Percentage of employees covered by collective bargaining agreements	<ul style="list-style-type: none"> Not relevant. See Disclosure on management approach above 	■
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	<ul style="list-style-type: none"> Based on local law. See Disclosure on management approach above 	✓
Occupational health and safety			
LA6 ADD	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	<ul style="list-style-type: none"> Occupational health & safety at www.novozymes.com 	✓
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	<ul style="list-style-type: none"> Note 48 - Consequences of occupational accidents Note 49 - Consequences of occupational diseases Site data 	✓
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	<ul style="list-style-type: none"> Combined global and local efforts at www.novozymes.com Article on enzyme allergy in The Novozymes Report 2005 Global Compact Communication on Progress Princip 1 	✓
LA9 ADD	Health and safety topics covered in formal agreements with trade unions	<ul style="list-style-type: none"> Based on local law. See Disclosure on management approach above 	✓
Training and education			
LA10	Average hours of training per year per employee by employee category	<p>Information on average hours of training per employee by employee category is immaterial to report on considering that training costs are reported. Accordingly, Novozymes reports partially on this aspect.</p> <ul style="list-style-type: none"> Environmental and social data 	●
LA11 ADD	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	<ul style="list-style-type: none"> Career and development opportunities at www.novozymes.com 	✓
LA12 ADD	Percentage of employees receiving regular performance and career development reviews	<ul style="list-style-type: none"> Careers at www.novozymes.com 	✓
Diversity and equal opportunity			
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	<p>The aspect is immaterial since it is not an issue to Novozymes. Accordingly, Novozymes reports partially on this aspect.</p> <ul style="list-style-type: none"> Note 44 - Employee statistics We do not register diversity aspects of employees. See Disclosure on management approach above Global Compact Communication on Progress Princip 6 	●

LA14 Ratio of basic salary of men to women by employee category

- Not disclosed. Salary depends on individual qualifications and performance

—

Human rights performance indicators

DISCLOSURE ON MANAGEMENT APPROACH

Goals and performance

Novozymes supports international human rights principles and labor standards. Relevant principles are integrated systematically to ensure that global and local initiatives are mutually supportive. Novozymes' seven minimum standards of human and labor rights are based on the United Nations Universal Declaration of Human Rights and the principles of the UN Global Compact.

Policy

For Novozymes' overall commitment to human rights, please refer to Novozymes' commitments, social responsibility policy, purchasing policy, people policy, position on human rights, position on diversity and equal opportunities, and position on responsible purchasing.

See also the description of Novozymes' approach to local social responsibility strategies.

Organizational responsibility

Novozymes' Sustainability Development Board has overall responsibility for human rights aspects of business activities. At each site an appointed person has specific responsibilities for the particular site. Part of the latter responsibility includes raising awareness and training employees in the minimum standards at the site. This responsibility is delegated to regions and sites to allow for emphasis on the most relevant standards in training and raising awareness at a particular site.

Training and awareness

Each year, the entire organization carries out self-assessments that document how these minimum standards are being met. Novozymes' minimum standards are the same as those used by Novozymes to evaluate its suppliers. Based on the minimum standards, Novozymes also analyzes the human rights performance in connection with new acquisitions.

Security practices at Novozymes do not raise human rights issues.

Monitoring and follow-up

Since 2006 Novozymes' compliance with these standards has been audited by Novozymes' internal auditor corps. Audit findings are reported internally to Executive Management, and follow-up on corrective actions and implementation of appropriate procedures to address issues are integrated into our audit procedures/system, which is verified by our auditors. Novozymes does not report audit findings externally.

GRI INDICATOR

Investment and procurement practices

HR1 Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening

REFERENCES AND COMMENTS

Novozymes reports partially on this aspect since part of the information is proprietary.

- Social responsibility policy at www.novozymes.com
- Purchasing policy at www.novozymes.com
- Position on human rights at www.novozymes.com

STATUS



HR2 Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken

- Purchasing at www.novozymes.com
- Principle 2 in Global Compact
- Supplier guidelines at www.novozymes.com
- Supplier program at www.novozymes.com



HR3 ADD Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained

It is immaterial for Novozymes to report on the amount of total hours of employee training on policies and procedures concerning aspects of human rights because training and communication of Novozymes' minimum standards are mandatory for all employees. Accordingly, Novozymes reports partially on this aspect.

- Combined global and local efforts at www.novozymes.com



- Position on human rights at novozymes.com

Non-discrimination

HR4 Total number of incidents of discrimination and actions taken

This indicator is not applicable. See Disclosure on management approach above.



- Position on human rights at www.novozymes.com
- Position on diversity and equal opportunities at www.novozymes.com

Freedom of association and collective bargaining

HR5 Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights

- Position on human rights at www.novozymes.com



Child labor			
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	<ul style="list-style-type: none"> Position on human rights at www.novozymes.com 	✓
Forced and compulsory labor			
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor	<ul style="list-style-type: none"> Position on human rights at www.novozymes.com 	✓
Security practices			
HR8 ADD	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	<ul style="list-style-type: none"> Not relevant - see Disclosure on management approach above 	■
Indigenous rights			
HR9 ADD	Total number of incidents of violations involving rights of indigenous people and actions taken	<p>The aspect is immaterial since it is not an issue to our business. Accordingly, Novozymes reports partially on this aspect.</p> <ul style="list-style-type: none"> Vision and values at www.novozymes.com 	●

Society performance indicators

DISCLOSURE ON MANAGEMENT APPROACH

Goals and performance

Novozymes wants to be a responsible corporate citizen in the communities in which we operate. We strive to integrate this objective in the way we work, through all our business processes and our products. We operate on the basis of high business integrity standards as defined by Novozymes' Touch the World values and commitments and our legal compliance program. We also have clear guidelines for donations and influencing public policy.

Policy

For Novozymes' overall commitment to society aspects, please refer to Novozymes' social responsibility policy, environment and bioethics policy, financial and legal policy, and position on business integrity.

See also the description of Novozymes' approach to local social responsibility strategies.

Organizational responsibility

Operational responsibility rests with management representatives for social responsibility, whereas overall responsibility for local community aspects rests with site presidents and regional presidents. The regional presidents all report to the Executive Vice President, Stakeholder Relations.

There is an External Affairs function within each region reporting to the regional president. Through these functions, Novozymes participates in the political debate to promote the benefits of our technology and products and to serve the company's interests.

Novozymes has local approaches to donations to reflect local priorities and needs, but there is a general restriction on giving financial contributions to political parties and to political campaign efforts.

A special Committee on Business Integrity is responsible for managing implementation and taking action based on business integrity concerns raised by employees. Findings and actions are not reported externally.

Training and awareness

Community aspects are addressed in the local strategies for social responsibility that Novozymes' major sites develop and/or update annually in order to prioritize issues of relevance for local stakeholders. A communication plan forms part of local strategy development to make sure that employees are involved in relevant activities and have the necessary capacity to fulfill objectives.

Novozymes' integrity measures have not been devised to correct bad behavior, but to further stipulate and institutionalize our values of accountability, responsibility, openness, and honesty. As a means of ensuring effective implementation, we have developed training material and continue to train selected employee groups. Furthermore, all employees and stakeholders have access to guidance and a mechanism for raising concerns about possible breaches of our integrity principles anonymously.

Monitoring and follow-up

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 ombudsperson, who provides an opportunity for all employees to have cases heard that they believe to be in conflict with Novozymes' values, policies, and management standards. This is not reported externally.

GRI INDICATOR	REFERENCES AND COMMENTS	STATUS
<p>Community</p> <p>SO1 Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting</p>	<ul style="list-style-type: none"> • Combined global and local efforts at www.novozymes.com 	
<p>Corruption</p> <p>SO2 Percentage and total number of business units analyzed for risks related to corruption</p>	<ul style="list-style-type: none"> • Position on business integrity at www.novozymes.com • Business ethics and integrity at www.novozymes.com 	

SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	<ul style="list-style-type: none"> • Business ethics and integrity at www.novozymes.com • Position on business integrity at www.novozymes.com 	✓
SO4	Actions taken in response to incidents of corruption	<p>Data on specific actions taken on incidents of corruption are currently not available. An expedient setup for reporting and administrating such incidents is, however, currently under development, and Novozymes will be able to report the data externally when the appropriate setup has been finalized during 2011.</p> <ul style="list-style-type: none"> • Position on business integrity at www.novozymes.com • Business ethics and integrity at www.novozymes.com • Global Compact Communication on Progress Princip 10 	•
Public policy			
SO5	Public policy positions and participation in public policy development and lobbying	<ul style="list-style-type: none"> • Social responsibility policy at www.novozymes.com • Financial and legal policy at www.novozymes.com • Positions at www.novozymes.com • Sponsorships and corporate citizenship at www.novozymes.com 	✓
SO6 ADD	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	<ul style="list-style-type: none"> • Sponsorships and corporate citizenship at www.novozymes.com 	✓
Anti-competitive behavior			
SO7 ADD	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	<ul style="list-style-type: none"> • Note 27 - Commitments and contingent liabilities 	✓
Compliance			
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	<ul style="list-style-type: none"> • Note 27 - Commitments and contingent liabilities 	✓

Product responsibility performance indicators

DISCLOSURE ON MANAGEMENT APPROACH

Goals and performance

Novozymes' overall objectives for product responsibility can be summarized by the words "transparency" and "information." Transparency on how products are made and their properties is provided via Novozymes' website. Novozymes actively informs customers about the safe handling of products and provides advice when products could, to our knowledge, be used in a way that violates regulatory requirements.

Policy

For Novozymes' commitment to product responsibility, please refer to Novozymes' quality policy. With regard to specific issues and products, please refer to positions on detergent enzymes, enzymes produced by genetically modified microorganisms, gene technology in connection with food/feed production, labeling of enzymes, and biofuels.

Organizational responsibility

Novozymes' Vice President for Quality, Environment, and Safety has overall responsibility.

Training and awareness

About 92% of Novozymes' sales is based on the sale of enzymes. Enzymes are proteins and are potential inhalation allergens. Development of allergy is the main concern when enzymes are handled in high concentrations. Accordingly, it is important to avoid the formation of enzyme dust or aerosols.

Safety manuals have been drawn up for managers, supervisors, health & safety specialists, company doctors and nurses, and any one responsible for safe working practices when handling Novozymes products. An easy-to-read booklet entitled "Enzymes and you" intended for operators handling enzymes is available in eight languages from Novozymes' Customer Center at www.novozymes.com.

Monitoring and follow-up

Novozymes has a corporate customer relationship management system to capture relevant information. Customers can contact Novozymes by contacting local offices, e-mailing the Customer Solutions department, accessing a dedicated customer website, or contacting a customer account team. All customer complaints related to products are systematically registered, handled, and coordinated by the Quality department.

Novozymes does not report on noncompliance with laws and regulations concerning the provision and use of products and services since the character of our products does not place such responsibilities on Novozymes.

GRI INDICATOR	REFERENCES AND COMMENTS	STATUS
<p>Customer health and safety</p> <p>PR1 Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures</p>	<p>The aspect is immaterial due to the character of Novozymes' products. Accordingly, Novozymes reports partially on this aspect.</p> <ul style="list-style-type: none"> Safety manuals and handbooks available from the Customer Center at www.novozymes.com 	●
<p>PR2 Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes</p>	<ul style="list-style-type: none"> Not disclosed 	—
<p>Product and service labeling</p> <p>PR3 Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements</p>	<ul style="list-style-type: none"> REACH Position on labeling of enzymes at www.novozymes.com Securing regulatory compliance at www.novozymes.com 	✓
<p>PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes</p>	<ul style="list-style-type: none"> Labeling compliance at www.novozymes.com Securing regulatory compliance at www.novozymes.com Position on labeling of enzymes at 	✓

PR5 Practices related to customer satisfaction, including results of surveys
ADD measuring customer satisfaction

- Not reported externally



Marketing communications			
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	● Not reported externally. See Disclosure on management approach above	—
PR7 ADD	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	● Not reported externally	—
Customer privacy			
PR8 ADD	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	● Not reported externally	—
Compliance			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	● Not relevant. See Disclosure on management approach above	■

SITE DATA

Site data, Site Araucária

Note			2010	2009
	ENVIRONMENT			
	Consumption of resources			
1	Water	1,000 m ³	132	97
2	Internally generated energy	1,000 GJ	43	39
	Externally generated energy	1,000 GJ	66	53
	Energy, total	1,000 GJ	109	92
	Raw materials	1,000 tons	13	10
	Packaging	1,000 tons	-	-
	Wastewater			
	Volume	1,000 m ³	57	43
	Dry matter	tons	1	1
	BOD5	tons	1	1
	COD	tons	4	3
	Nitrogen	tons	1	2
	Phosphorus	tons	-	-
	Biomass			
	Volume, NovoGro®	1,000 m ³	32	24
	Nitrogen	tons	103	610
	Phosphorus	tons	45	10
	Waste			
	Nonhazardous waste	tons	532	389
	Hazardous waste	tons	44	87
3	Waste, total	tons	576	476
	Percentage of total waste recycled	%	72	67
	Emissions to air			
	Ozone-depleting substances, HCFCs	kg	136	35
4	CO ₂	1,000 tons	3	3
	SO ₂	tons	1	9
	NO _x	tons	2	2
	Environmental impact potentials			
5	Global warming	1,000 tons CO ₂ -eqv.	3	3
	Ozone layer depletion, HCFCs	kg CFC ₁₁ -eqv.	7	2
	Acidification	tons SO ₂ -eqv.	2	11
	Environmental compliance			
	Breaches of regulatory limits	no.	2	-
	Unintended releases of GMOs	no.	-	-
	Significant spills	no.	-	-
	Neighbor complaints	no.	-	-

Note		2010	2009
SOCIAL			
Employee statistics			
6	Employees, total	no.	164 171
	Women	%	29.3 27.5
	Men	%	70.7 72.5
	Rate of employee turnover	%	10.8 8.4
	Average age	years	37.1 36.8
	Seniority	years	9.5 9.0
7	Rate of absence	%	1.1 0.8
Training costs			
	Average spent per employee	DKK	7,019 7,503
HEALTH AND SAFETY			
Occupational accidents and diseases			
	Accidents with absence	no.	2 2
	Occupational diseases	no.	- -
	Frequency of occupational accidents	per million working hours	7.6 7.3
	Frequency of occupational diseases	per million working hours	0.0 0.0

Note 1 - Water allocated to primary source

	2010 1,000 m ³	2009 1,000 m ³
Drinking water	132	97
Water, total	132	97

Note 2 - Internally generated energy allocated to primary source

	2010 1,000 GJ	2009 1,000 GJ
Light fuel oil	1	9
Natural gas	43	31
Internally generated energy, total	44	40

Note 3 - Total waste volume by disposal method

	2010 Tons	2009 Tons
Landfilling	45	37
Recycling	415	317
Other	116	122
Waste, total	576	476

Note 4 - CO₂ emissions by internally and externally generated energy

	2010 1,000 tons	2009 1,000 tons
Internally generated energy	3	2
Externally generated energy	-	1
CO₂ emissions, total	3	3

Note 5 - Global warming, CO₂-equivalents

	2010 1,000 tons	2009 1,000 tons
Internally generated energy	3	2
Externally generated energy	-	1
Ozone-depleting substances	-	-
CO₂-equivalents, total	3	3

Note 6 - Employee statistics

	2010 No.	2009 No.
Women	48	47
Men	116	124
Employees, total	164	171
Full-time employees	164	171
Part-time employees	-	-
Employees, total	164	171

Note 7 - Rate of absence by job category

	2010 %	2009 %
Senior management, management, professional, and administrative	1.0	0.8
Skilled workers, laboratory technicians, other technicians, and process operators	1.4	0.7

Site data, Site Bagsværd

Note			2010	2009
ENVIRONMENT				
Consumption of resources				
1	Water	1,000 m ³	113	119
2	Internally generated energy	1,000 GJ	190	183
	Externally generated energy	1,000 GJ	126	112
	Energy, total	1,000 GJ	316	295
	Raw materials	1,000 tons	23	21
	Packaging	1,000 tons	4	2
Wastewater				
	Volume	1,000 m ³	99	125
	Dry matter	tons	19	45
	BOD5	tons	67	124
	COD	tons	142	238
	Nitrogen	tons	13	27
	Phosphorus	tons	3	5
Waste				
	Nonhazardous waste	tons	1,074	1,065
	Hazardous waste	tons	597	522
3	Waste, total	tons	1,671	1,587
	Percentage of total waste recycled	%	57.3	51.9
Emissions to air				
	Ozone-depleting substances, HCFCs	kg	35	108
4	CO ₂	1,000 tons	16	21
	SO ₂	tons	2	6
	NO _x	tons	24	27
Environmental impact potentials				
5	Global warming	1,000 tons CO ₂ -eqv.	16	21
	Ozone layer depletion, HCFCs	kg CFC ₁₁ -eqv.	2	6
	Acidification	tons SO ₂ -eqv.	18	25
Environmental compliance				
	Breaches of regulatory limits	no.	1	3
	Unintended releases of GMOs	no.	-	-
	Significant spills	no.	-	-
	Neighbor complaints	no.	10	5

Note			2010	2009
SOCIAL				
Employee statistics				
6	Employees, total	no.	1,620	1,616
	Women	%	48.9	49.3
	Men	%	51.1	50.7
	Rate of employee turnover	%	5.6	3.9
	Average age	years	42.3	42.0
	Seniority	years	11.2	10.8
7	Rate of absence	%	3.1	3.6
Training costs				
	Average spent per employee	DKK	9,568	9,265
HEALTH AND SAFETY				
Occupational accidents and diseases				
	Accidents with absence	no.	9	12
	Occupational diseases	no.	9	13
	Frequency of occupational accidents	per million working hours	3.5	4.7
	Frequency of occupational diseases	per million working hours	3.5	5.1

Note 1 - Water allocated to primary source

	2010 1,000 m ³	2009 1,000 m ³
Drinking water	113	119
Water, total	113	119

Note 2 - Internally generated energy allocated to primary source

	2010 1,000 GJ	2009 1,000 GJ
Gas oil	-	-
Natural gas	190	183
Internally generated energy, total	190	183

Note 3 - Total waste volume by disposal method

	2010 Tons	2009 Tons
Incineration	667	713
Landfilling	47	50
Recycling	957	824
Waste, total	1,671	1,587

Note 4 - CO₂ emissions by internally and externally generated energy

	2010 1,000 tons	2009 1,000 tons
Internally generated energy	11	7
Externally generated energy	5	14
CO₂ emissions, total	16	21

Note 5 - Global warming, CO₂-equivalents

	2010 1,000 tons	2009 1,000 tons
Internally generated energy	11	7
Externally generated energy	5	14
Ozone-depleting substances	-	-
CO₂-equivalents, total	16	21

Note 6 - Employee statistics

	2010 No.	2009 No.
Women	792	796
Men	828	820
Employees, total	1,620	1,616
Full-time employees	1,396	1,396
Part-time employees	224	220
Employees, total	1,620	1,616

Note 7 - Rate of absence by job category

	2010 %	2009 %
Senior management, management, professional, and administrative	1.6	2.2
Skilled workers, laboratory technicians, other technicians, and process operators	5.8	6.0

Site data, Site Franklinton

Note			2010	2009
ENVIRONMENT				
Consumption of resources				
1	Water	1,000 m ³	1,235	1,019
2	Internally generated energy	1,000 GJ	371	326
	Externally generated energy	1,000 GJ	466	420
	Energy, total	1,000 GJ	837	746
	Raw materials	1,000 tons	82	72
	Packaging	1,000 tons	1	1
Wastewater				
3	Volume	1,000 m ³	701	677
	Dry matter	tons	42	30
	BOD5	tons	18	9
	COD	tons	121	100
	Nitrogen	tons	30	15
	Phosphorus	tons	45	39
Biomass				
	Volume, NovoGro [®]	1,000 m ³	259	224
	Volume, compost	1,000 m ³	42	45
	Nitrogen	tons	703	682
	Phosphorus	tons	207	206
Waste				
	Nonhazardous waste	tons	1,656	1,562
	Hazardous waste	tons	11	9
4	Waste, total	tons	1,667	1,571
	Percentage of total waste recycled	%	37.5	54.8
Emissions to air				
5	Ozone-depleting substances, HCFCs	kg	861	186
	CO ₂	1,000 tons	79	72
	SO ₂	tons	144	183
	NO _x	tons	56	61
Environmental impact potentials				
6	Global warming	1,000 tons CO ₂ -eqv.	81	72
	Ozone layer depletion, HCFCs	kg CFC ₁₁ -eqv.	229	10
	Acidification	tons SO ₂ -eqv.	184	226
Environmental compliance				
	Breaches of regulatory limits - groundwater	no.	28	27
	Breaches of regulatory limits - other	no.	2	2
	Unintended releases of GMOs	no.	-	-
	Significant spills	no.	-	-
	Neighbor complaints	no.	-	-

Note			2010	2009
SOCIAL				
Employee statistics				
7	Employees, total	no.	477	461
	Women	%	27.9	28.2
	Men	%	72.1	71.8
	Rate of employee turnover	%	5.9	3.7
	Average age	years	43.1	42.7
	Seniority	years	9.4	9.2
8	Rate of absence	%	1.8	1.5
Training costs				
	Average spent per employee	DKK	6,470	7,201
HEALTH AND SAFETY				
Occupational accidents and diseases				
	Accidents with absence	no.	-	1
	Occupational diseases	no.	-	4
	Frequency of occupational accidents	per million working hours	0.0	1.4
	Frequency of occupational diseases	per million working hours	0.0	5.4

Note 1 - Water allocated to primary source

	2010 1,000 m ³	2009 1,000 m ³
Drinking water	1,214	1,019
Industrial water	21	-
Water, total	1,235	1,019

Note 2 - Internally generated energy allocated to primary source

	2010 1,000 GJ	2009 1,000 GJ
Gas oil	25	5
Natural gas	346	321
Internally generated energy, total	371	326

Note 3 - Treated wastewater for irrigation

	2010 1,000 m ³	2009 1,000 m ³
Volume	692	617
Nitrogen, tons	29	13
Phosphorus, tons	45	31

Note 4 - Total waste volume by disposal method

	2010 Tons	2009 Tons
Incineration	6	4
Landfilling	1,036	706
Recycling	625	861
Waste, total	1,667	1,571

Note 5 - CO₂ emissions by internally and externally generated energy

	2010 1,000 tons	2009 1,000 tons
Internally generated energy	19	17
Externally generated energy	60	55
CO₂ emissions, total	79	72

Note 6 - Global warming, CO₂-equivalents

	2010 1,000 tons	2009 1,000 tons
Internally generated energy	19	17
Externally generated energy	60	55
Ozone-depleting substances	2	-
CO₂-equivalents, total	81	72

Note 7 - Employee statistics

	2010 No.	2009 No.
Women	133	130
Men	344	331
Employees, total	477	461
Full-time employees	477	461
Part-time employees	-	-
Employees, total	477	461

Note 8 - Rate of absence by job category

	2010 %	2009 %
Senior management, management, professional, and administrative	1.3	1.2
Skilled workers, laboratory technicians, other technicians, and process operators	2.8	2.1

Site data, Site Fuglebakken

Note			2010	2009
ENVIRONMENT				
Consumption of resources				
1	Water	1,000 m ³	282	376
2	Internally generated energy	1,000 GJ	169	183
	Externally generated energy	1,000 GJ	129	145
	Energy, total	1,000 GJ	298	328
	Raw materials	1,000 tons	12	15
	Packaging	1,000 tons	-	-
Wastewater				
	Volume	1,000 m ³	184	228
	Dry matter	tons	75	183
	BOD5	tons	245	295
	COD	tons	394	574
	Nitrogen	tons	44	80
	Phosphorus	tons	15	19
Waste				
	Nonhazardous waste	tons	181	211
	Hazardous waste	tons	16	46
3	Waste, total	tons	197	257
	Percentage of total waste recycled	%	57.2	61.1
Emissions to air				
	Ozone-depleting substances, HCFCs	kg	-	-
4	CO ₂	1,000 tons	18	32
	SO ₂	tons	53	64
	NO _x	tons	28	46
Environmental impact potentials				
5	Global warming	1,000 tons CO ₂ -eqv.	18	32
	Ozone layer depletion, HCFCs	kg CFC ₁₁ -eqv.	-	-
	Acidification	tons SO ₂ -eqv.	73	96
Environmental compliance				
	Breaches of regulatory limits	no.	16	7
	Unintended releases of GMOs	no.	-	-
	Significant spills	no.	-	-
	Neighbor complaints	no.	5	13

Note			2010	2009
SOCIAL				
Employee statistics				
6	Employees, total	no.	181	186
	Women	%	7.7	8.1
	Men	%	92.3	91.9
	Rate of employee turnover	%	2.5	6.0
	Average age	years	46.4	45.6
	Seniority	years	14.2	13.7
7	Rate of absence	%	3.7	3.6
Training costs				
	Average spent per employee	DKK	4,067	3,684
HEALTH AND SAFETY				
Occupational accidents and diseases				
	Accidents with absence	no.	3	1
	Occupational diseases	no.	2	2
	Frequency of occupational accidents	per million working hours	10.8	3.2
	Frequency of occupational diseases	per million working hours	7.2	6.4

Note 1 - Water allocated to primary source

	2010 1,000 m ³	2009 1,000 m ³
Drinking water	282	376
Water, total	282	376

Note 2 - Internally generated energy allocated to primary source

	2010 1,000 GJ	2009 1,000 GJ
Gas oil	30	29
Heavy fuel oil	139	153
Internally generated energy, total	169	182

Note 3 - Total waste volume by disposal method

	2010 Tons	2009 Tons
Incineration	70	82
Landfilling	15	18
Recycling	112	157
Waste, total	197	257

Note 4 - CO₂ emissions by internally and externally generated energy

	2010 1,000 tons	2009 1,000 tons
Internally generated energy	13	14
Externally generated energy	5	18
CO₂ emissions, total	18	32

Note 5 - Global warming, CO₂-equivalents

	2010 1,000 tons	2009 1,000 tons
Internally generated energy	13	14
Externally generated energy	5	18
Ozone-depleting substances	0	0
CO₂-equivalents, total	18	32

Note 6 - Employee statistics

	2010 No.	2009 No.
Women	14	15
Men	167	171
Employees, total	181	186
Full-time employees	171	179
Part-time employees	10	7
Employees, total	181	186

Note 7 - Rate of absence by job category

	2010 %	2009 %
Senior management, management, professional, and administrative	0.7	1.7
Skilled workers, laboratory technicians, other technicians, and process operators	4.8	4.2

Site data, Site Hongda

Note			2010	2009
ENVIRONMENT				
Consumption of resources				
1	Water	1,000 m ³	711	655
	Externally generated energy	1,000 GJ	556	498
	Energy, total	1,000 GJ	556	498
	Raw materials	1,000 tons	63	54
	Packaging	1,000 tons	1	1
Wastewater				
	Volume	1,000 m ³	498	464
	Dry matter	tons	13	18
	BOD5	tons	4	3
	COD	tons	23	21
	Nitrogen	tons	8	2
	Phosphorus	tons	-	-
Biomass				
	Volume, NovoGro [®]	1,000 m ³	-	-
	Volume, NovoGro [®] 30	1,000 m ³	17	17
	Volume, compost	1,000 m ³	5	4
	Nitrogen	tons	270	268
	Phosphorus	tons	91	60
Waste				
	Nonhazardous waste	tons	624	603
	Hazardous waste	tons	16	15
2	Waste, total	tons	640	618
	Percentage of total waste recycled	%	27.8	16.4
Emissions to air				
3	Ozone-depleting substances, HCFCs	kg	105	79
	CO ₂	1,000 tons	117	103
	SO ₂	tons	470	420
	NO _x	tons	446	398
Environmental impact potentials				
4	Global warming	1,000 tons CO ₂ -eqv.	117	103
	Ozone layer depletion, HCFCs	kg CFC ₁₁ -eqv.	6	4
	Acidification	tons SO ₂ -eqv.	782	699
Environmental compliance				
	Breaches of regulatory limits	no.	1	-
	Unintended releases of GMOs	no.	-	-
	Significant spills	no.	-	-
	Neighbor complaints	no.	-	-

Note			2010	2009
SOCIAL				
Employee statistics				
5	Employees, total	no.	307	311
	Women	%	16.0	16.4
	Men	%	84.0	83.6
	Rate of employee turnover	%	3.9	3.8
	Average age	years	33.6	32.6
	Seniority	years	6.3	5.4
6	Rate of absence	%	1.0	0.6
Training costs				
	Average spent per employee	DKK	573	630
HEALTH AND SAFETY				
Occupational accidents and diseases				
	Accidents with absence	no.	1	2
	Occupational diseases	no.	-	-
	Frequency of occupational accidents	per million working hours	2.0	4.0
	Frequency of occupational diseases	per million working hours	0.0	0.0

Note 1 - Water allocated to primary source

	2010 1,000 m ³	2009 1,000 m ³
Industrial water	662	611
Steam	49	44
Water, total	711	655

Note 2 - Total waste volume by disposal method

	2010 Tons	2009 Tons
Landfilling	458	517
Recycling	178	101
Other	4	-
Waste, total	640	618

Note 3 - CO₂ emissions by internally and externally generated energy

	2010 1,000 tons	2009 1,000 tons
Internally generated energy	-	-
Externally generated energy	117	103
CO₂ emissions, total	117	103

Note 4 - Global warming, CO₂-equivalents

	2010 1,000 tons	2009 1,000 tons
Internally generated energy	-	-
Externally generated energy	117	103
Ozone-depleting substances	-	-
CO₂-equivalents, total	117	103

Note 5 - Employee statistics

	2010 No.	2009 No.
Women	49	51
Men	258	260
Employees, total	307	311
Full-time employees	307	311
Part-time employees	-	-
Employees, total	307	311

Note 6 - Rate of absence by job category

	2010 %	2009 %
Senior management, management, professional, and administrative	0.4	0.2
Skilled workers, laboratory technicians, other technicians, and process operators	1.2	0.7

Site data, Site Hosur

Note			2010	2009
ENVIRONMENT				
Consumption of resources				
1	Water	1,000 m ³	36	52
	Externally generated energy	1,000 GJ	16	21
	Energy, total	1,000 GJ	16	21
	Raw materials	1,000 tons	1	2
	Packaging	1,000 tons	-	-
Wastewater				
	Volume	1,000 m ³	27	39
	Dry matter	tons	8	14
	BOD5	tons	88	199
	COD	tons	214	362
	Nitrogen	tons	1	1
	Phosphorus	tons	-	-
Biomass				
	Volume, compost	1,000 m ³	2	2
	Nitrogen	tons	22	11
	Phosphorus	tons	1	1
Waste				
	Nonhazardous waste	tons	7	2
	Hazardous waste	tons	15	17
2	Waste, total	tons	22	19
	Percentage of total waste recycled	%	4.6	4.1
Emissions to air				
Ozone-depleting substances, HCFCs				
3	CO ₂	1,000 tons	3	3
	SO ₂	tons	17	6
	NO _x	tons	2	3
Environmental impact potentials				
4	Global warming	1,000 tons CO ₂ -eqv.	3	3
	Ozone layer depletion, HCFCs	kg CFC ₁₁ -eqv.	-	-
	Acidification	tons SO ₂ -eqv.	19	9
Environmental compliance				
	Breaches of regulatory limits	no.	-	-
	Unintended releases of GMOs	no.	-	-
	Significant spills	no.	-	-
	Neighbor complaints	no.	-	-

Note			2010	2009
SOCIAL				
Employee statistics				
5	Employees, total	no.	312	260
	Women	%	24.7	20.0
	Men	%	75.3	80.0
	Rate of employee turnover	%	20.6	8.9
	Average age	years	32.2	32.6
	Seniority	years	4.0	5.1
6	Rate of absence	%	1.8	1.4
Training costs				
	Average spent per employee	DKK	1,691	1,808
HEALTH AND SAFETY				
Occupational accidents and diseases				
	Accidents with absence	no.	-	-
	Occupational diseases	no.	-	-
	Frequency of occupational accidents	per million working hours	0.0	0.0
	Frequency of occupational diseases	per million working hours	0.0	0.0

Note 1 - Water allocated to primary source

	2010 1,000 m ³	2009 1,000 m ³
Drinking water	33	42
Industrial water	3	10
Steam	-	-
Water, total	36	52

Note 2 - Total waste volume by disposal method

	2010 Tons	2009 Tons
Incineration	5	1
Landfilling	15	16
Recycling	1	1
Other	1	1
Waste, total	22	19

Note 3 - CO₂ emissions by internally and externally generated energy

	2010 1,000 tons	2009 1,000 tons
Internally generated energy	-	-
Externally generated energy	3	3
CO₂ emissions, total	3	3

Note 4 - Global warming, CO₂-equivalents

	2010 1,000 tons	2009 1,000 tons
Internally generated energy	-	-
Externally generated energy	3	3
Ozone-depleting substances	-	-
CO₂-equivalents, total	3	3

Note 5 - Employee statistics

	2010 No.	2009 No.
Women	77	52
Men	235	208
Employees, total	312	260
Full-time employees	312	260
Part-time employees	-	-
Employees, total	312	260

Note 6 - Rate of absence by job category

	2010 %	2009 %
Senior management, management, professional, and administrative	1.6	1.4
Skilled workers, laboratory technicians, other technicians, and process operators	2.0	1.5

Site data, Site Kalundborg

Note			2010	2009
ENVIRONMENT				
Consumption of resources				
1	Water	1,000 m ³	1,953	1,720
	Externally generated energy	1,000 GJ	1,085	979
	Energy, total	1,000 GJ	1,085	979
	Raw materials	1,000 tons	157	131
	Packaging	1,000 tons	3	3
Wastewater				
	Volume	1,000 m ³	1,577	1,520
	Dry matter	tons	59	60
	BOD5	tons	34	31
	COD	tons	270	237
	Nitrogen	tons	35	28
	Phosphorus	tons	4	3
Biomass				
	Volume, NovoGro [®] 30	1,000 m ³	101	91
	Nitrogen	tons	792	721
	Phosphorus	tons	393	388
Waste				
	Nonhazardous waste	tons	1,334	1,271
	Hazardous waste	tons	306	120
2	Waste, total	tons	1,640	1,391
	Percentage of total waste recycled	%	63.6	52.0
Emissions to air				
	Ozone-depleting substances, HCFCs	kg	30	106
3	CO ₂	1,000 tons	62	101
	SO ₂	tons	56	87
	NO _x	tons	60	113
Environmental impact potentials				
4	Global warming	1,000 tons CO ₂ -eqv.	62	102
	Ozone layer depletion, HCFCs	kg CFC ₁₁ -eqv.	2	6
	Acidification	tons SO ₂ -eqv.	97	166
Environmental compliance				
	Breaches of regulatory limits	no.	2	1
	Unintended releases of GMOs	no.	-	-
	Significant spills	no.	-	-
	Neighbor complaints	no.	2	7

Note			2010	2009
SOCIAL				
Employee statistics				
5	Employees, total	no.	608	612
	Women	%	23.7	23.4
	Men	%	76.3	76.6
	Rate of employee turnover	%	2.8	5.0
	Average age	years	43.5	43.2
	Seniority	years	12.6	12.1
6	Rate of absence	%	4.3	4.8
Training costs				
	Average spent per employee	DKK	4,143	5,859
HEALTH AND SAFETY				
Occupational accidents and diseases				
	Accidents with absence	no.	10	10
	Occupational diseases	no.	1	7
	Frequency of occupational accidents	per million working hours	10.2	10.3
	Frequency of occupational diseases	per million working hours	1.0	7.2

Note 1 - Water allocated to primary source

	2010 1,000 m ³	2009 1,000 m ³
Drinking water	1,458	1,306
Industrial water	361	282
Steam	134	132
Water, total	1,953	1,720

Note 2 - Total waste volume by disposal method

	2010 Tons	2009 Tons
Incineration	436	336
Landfilling	161	332
Recycling	1,043	723
Waste, total	1,640	1,391

Note 3 - CO₂ emissions by internally and externally generated energy

	2010 1,000 tons	2009 1,000 tons
Internally generated energy	-	-
Externally generated energy	62	102
CO₂ emissions, total	62	102

Note 4 - Global warming, CO₂-equivalents

	2010 1,000 tons	2009 1,000 tons
Internally generated energy	-	-
Externally generated energy	62	102
Ozone-depleting substances	-	-
CO₂-equivalents, total	62	102

Note 5 - Employee statistics

	2010 No.	2009 No.
Women	144	143
Men	464	469
Employees, total	608	612
Full-time employees	584	595
Part-time employees	24	17
Employees, total	608	612

Note 6 - Rate of absence by job category

	2010 %	2009 %
Senior management, management, professional, and administrative	1.5	1.7
Skilled workers, laboratory technicians, other technicians, and process operators	5.2	5.8

Site data, Site Lund

Note			2010	2009
ENVIRONMENT				
Consumption of resources				
1	Water	1,000 m ³	35	38
	Externally generated energy	1,000 GJ	16	14
	Energy, total	1,000 GJ	16	14
	Raw materials	1,000 tons	-	-
	Packaging	1,000 tons	-	-
Wastewater				
	Volume	1,000 m ³	35	38
	Dry matter	tons	3	4
	BOD5	tons	43	34
	COD	tons	61	56
	Nitrogen	tons	3	6
	Phosphorus	tons	2	2
Waste				
	Nonhazardous waste	tons	37	35
	Hazardous waste	tons	25	23
2	Waste, total	tons	62	58
	Percentage of total waste recycled	%	23.7	19.3
Emissions to air				
	Ozone-depleting substances, HCFCs	kg	-	-
	CO ₂	1,000 tons	-	-
	SO ₂	tons	-	-
	NO _x	tons	-	-
Environmental impact potentials				
	Global warming	1,000 tons CO ₂ -eqv.	-	-
	Ozone layer depletion, HCFCs	kg CFC ₁₁ -eqv.	-	-
	Acidification	tons SO ₂ -eqv.	-	-
Environmental compliance				
	Breaches of regulatory limits	no.	-	1
	Unintended releases of GMOs	no.	-	-
	Significant spills	no.	-	-
	Neighbor complaints	no.	-	-

Note			2010	2009
SOCIAL				
Employee statistics				
3	Employees, total	no.	118	118
	Women	%	45.8	47.5
	Men	%	54.2	52.5
	Rate of employee turnover	%	4.0	4.1
	Average age	years	39.3	38.8
	Seniority	years	6.7	6.1
4	Rate of absence	%	1.4	1.2
Training costs				
	Average spent per employee	DKK	4,245	4,940
HEALTH AND SAFETY				
Occupational accidents and diseases				
	Accidents with absence	no.	1	3
	Occupational diseases	no.	1	-
	Frequency of occupational accidents	per million working hours	5.3	15.9
	Frequency of occupational diseases	per million working hours	5.3	0.0

Note 1 - Water allocated to primary source

	2010 1,000 m ³	2009 1,000 m ³
Drinking water	35	38
Water, total	35	38

Note 2 - Total waste volume by disposal method

	2010 Tons	2009 Tons
Incineration	23	22
Landfilling	6	6
Recycling	15	11
Other	18	19
Waste, total	62	58

Note 3 - Employee statistics

	2010 No.	2009 No.
Women	54	56
Men	64	62
Employees, total	118	118
Full-time employees	114	114
Part-time employees	4	4
Employees, total	118	118

Note 4 - Rate of absence by job category

	2010 %	2009 %
Senior management, management, professional, and administrative	0.8	0.7
Skilled workers, laboratory technicians, other technicians, and process operators	1.6	1.5

Site data, Site Nottingham

Note			2010	2009
ENVIRONMENT				
Consumption of resources				
1	Water	1,000 m ³	28	28
2	Internally generated energy	1,000 GJ	8	7
	Externally generated energy	1,000 GJ	8	8
	Energy, total	1,000 GJ	16	15
	Raw materials	1,000 tons	-	-
	Packaging	1,000 tons	-	-
Wastewater				
	Volume	1,000 m ³	28	28
	Dry matter	tons	4	1
	BOD5	tons	2	2
	COD	tons	10	5
	Nitrogen	tons	-	-
	Phosphorus	tons	-	-
Waste				
	Nonhazardous waste	tons	24	20
	Hazardous waste	tons	9	8
3	Waste, total	tons	33	28
	Percentage of total waste recycled	%	17.0	27.7
Emissions to air				
	Ozone-depleting substances, HCFCs	kg	-	-
4	CO ₂	1,000 tons	2	1
	SO ₂	tons	6	6
	NO _x	tons	3	3
Environmental impact potentials				
5	Global warming	1,000 tons CO ₂ -eqv.	2	1
	Ozone layer depletion, HCFCs	kg CFC ₁₁ -eqv.	-	-
	Acidification	tons SO ₂ -eqv.	8	8
Environmental compliance				
	Breaches of regulatory limits	no.	-	-
	Unintended releases of GMOs	no.	-	-
	Significant spills	no.	-	-
	Neighbor complaints	no.	-	-

Note			2010	2009
SOCIAL				
Employee statistics				
6	Employees, total	no.	92	115
	Women	%	37.0	40.9
	Men	%	63.0	59.1
	Rate of employee turnover	%	14.1	15.5
	Average age	years	41.7	41.4
	Seniority	years	10.2	9.4
7	Rate of absence	%	2.0	1.6
Training costs				
	Average spent per employee	DKK	9,128	9,381
HEALTH AND SAFETY				
Occupational accidents and diseases				
	Accidents with absence	no.	-	1
	Occupational diseases	no.	-	-
	Frequency of occupational accidents	per million working hours	0	5.4
	Frequency of occupational diseases	per million working hours	0.0	0.0

Note 1 - Water allocated to primary source

	2010 1,000 m ³	2009 1,000 m ³
Drinking water	28	28
Water, total	28	28

Note 2 - Internally generated energy allocated to primary source

	2010 1,000 GJ	2009 1,000 GJ
Natural gas	7	7
Internally generated energy, total	7	7

Note 3 - Total waste volume by disposal method

	2010 Tons	2009 Tons
Incineration	8	7
Landfilling	16	13
Recycling	6	8
Other	3	-
Waste, total	33	28

Note 4 - CO₂ emissions by internally and externally generated energy

	2010 1,000 tons	2009 1,000 tons
Internally generated energy	1	-
Externally generated energy	1	1
CO₂ emissions, total	2	1

Note 5 - Global warming, CO₂-equivalents

	2010 1,000 tons	2009 1,000 tons
Internally generated energy	1	-
Externally generated energy	1	1
Ozone-depleting substances	-	-
CO₂-equivalents, total	2	1

Note 6 - Employee statistics

	2010 No.	2009 No.
Women	34	47
Men	58	68
Employees, total	92	115
Full-time employees	92	115
Part-time employees	-	-
Employees, total	92	115

Note 7 - Rate of absence by job category

	2010 %	2009 %
Senior management, management, professional, and administrative	1.9	1.5
Skilled workers, laboratory technicians, other technicians, and process operators	2.7	2.6

Site data, Site Salem

Note			2010	2009
ENVIRONMENT				
Consumption of resources				
1	Water	1,000 m ³	94	90
2	Internally generated energy	1,000 GJ	69	44
	Externally generated energy	1,000 GJ	18	21
	Energy, total	1,000 GJ	87	65
	Raw materials	1,000 tons	2	7
	Packaging	1,000 tons	1	3
Wastewater				
	Volume	1,000 m ³	92	77
	Dry matter	tons	19	3
	BOD5	tons	85	49
	COD	tons	79	158
	Nitrogen	tons	13	8
	Phosphorus	tons	2	3
Waste				
	Nonhazardous waste	tons	1,021	1,183
	Hazardous waste	tons	5	10
3	Waste, total	tons	1,026	1,193
	Percentage of total waste recycled	%	16	15
Emissions to air				
	Ozone-depleting substances, HCFCs	kg	39	8
4	CO ₂	1,000 tons	8	9
	SO ₂	tons	15	32
	NO _x	tons	6	13
Environmental impact potentials				
5	Global warming	1,000 tons CO ₂ -eqv.	8	9
	Ozone layer depletion, HCFCs	kg CFC ₁₁ -eqv.	2	1
	Acidification	tons SO ₂ -eqv.	19	41
Environmental compliance				
	Breaches of regulatory limits	no.	1	3
	Unintended releases of GMOs	no.	-	-
	Significant spills	no.	-	-
	Neighbor complaints	no.	4	6

Note			2010	2009
SOCIAL				
Employee statistics				
6	Employees, total	no.	163	167
	Women	%	29.4	32.9
	Men	%	70.6	67.1
	Rate of employee turnover	%	12.2	26.8
	Average age	years	42.5	42.2
	Seniority	years	7.3	6.5
7	Rate of absence	%	1.0	1.3
Training costs				
	Average spent per employee	DKK	5,066	1,441
HEALTH AND SAFETY				
Occupational accidents and diseases				
	Accidents with absence	no.	-	1
	Occupational diseases	no.	-	1
	Frequency of occupational accidents	per million working hours	0.0	3.7
	Frequency of occupational diseases	per million working hours	0.0	3.7

Note 1 - Water allocated to primary source

	2010 1,000 m ³	2009 1,000 m ³
Drinking water	83	83
Industrial water	11	7
Water, total	94	90

Note 2 - Internally generated energy allocated to primary source

	2010 1,000 GJ	2009 1,000 GJ
Gas oil	-	-
Natural gas	69	44
Internally generated energy, total	69	44

Note 3 - Total waste volume by disposal method

	2010 Tons	2009 Tons
Incineration	5	9
Landfilling	450	559
Recycling	165	181
Other	406	444
Waste, total	1,026	1,193

Note 4 - CO₂ emissions by internally and externally generated energy

	2010 1,000 tons	2009 1,000 tons
Internally generated energy	4	4
Externally generated energy	4	5
CO₂ emissions, total	8	9

Note 5 - Global warming, CO₂-equivalents

	2010 1,000 tons	2009 1,000 tons
Internally generated energy	4	4
Externally generated energy	4	5
Ozone-depleting substances	-	-
CO₂-equivalents, total	8	9

Note 6 - Employee statistics

	2010 No.	2009 No.
Women	48	55
Men	115	112
Employees, total	163	167
Full-time employees	163	166
Part-time employees	-	1
Employees, total	163	167

Note 7 - Rate of absence by job category

	2010 %	2009 %
Senior management, management, professional, and administrative	0.5	0.7
Skilled workers, laboratory technicians, other technicians, and process operators	1.9	2.5

Site data, Site Saskatoon

Note			2010	2009
ENVIRONMENT				
Consumption of resources				
1	Water	1,000 m ³	15	15
2	Internally generated energy	1,000 GJ	14	20
	Externally generated energy	1,000 GJ	6	5
	Energy, total	1,000 GJ	20	25
	Raw materials	1,000 tons	4	-
	Packaging	1,000 tons	-	-
Wastewater				
	Volume	1,000 m ³	10	2
	Dry matter	tons	-	-
	BOD5	tons	-	-
	COD	tons	-	-
	Nitrogen	tons	-	-
	Phosphorus	tons	-	-
Waste				
	Nonhazardous waste	tons	915	12
	Hazardous waste	tons	4	2
3	Waste, total	tons	919	14
	Percentage of total waste recycled	%		-
Emissions to air				
	Ozone-depleting substances, HCFCs	kg	17	2
4	CO ₂	1,000 tons	2	-
	SO ₂	tons	5	-
	NO _x	tons	2	-
Environmental impact potentials				
5	Global warming	1,000 tons CO ₂ -eqv.	2	-
	Ozone layer depletion, HCFCs	kg CFC ₁₁ -eqv.	-	-
	Acidification	tons SO ₂ -eqv.	5	-
Environmental compliance				
	Breaches of regulatory limits	no.	-	-
	Unintended releases of GMOs	no.	-	-
	Significant spills	no.	-	-
	Neighbor complaints	no.	-	-

Note			2010	2009
SOCIAL				
Employee statistics				
6	Employees, total	no.	103	98
	Women	%	43.7	39.8
	Men	%	56.3	60.2
	Rate of employee turnover	%	24.9	15.6
	Average age	years	35.1	34.1
	Seniority	years	4.3	4.1
7	Rate of absence	%	1.7	1.5
Training costs				
	Average spent per employee	DKK	3,267	2,237
HEALTH AND SAFETY				
Occupational accidents and diseases				
	Accidents with absence	no.	1	4
	Occupational diseases	no.	-	-
	Frequency of occupational accidents	per million working hours	6.1	25.5
	Frequency of occupational diseases	per million working hours	0.0	0.0

Note 1 - Water allocated to primary source

	2010 1,000 m ³	2009 1,000 m ³
Drinking water	15	15
Industrial water	-	-
Water, total	15	15

Note 2 - Internally generated energy allocated to primary source

	2010 1,000 GJ	2009 1,000 GJ
Gas oil	-	-
Natural gas	13	20
Internally generated energy, total	13	20

Note 3 - Total waste volume by disposal method

	2010 Tons	2009 Tons
Incineration	-	-
Landfilling	880	12
Recycling	36	-
Other	3	2
Waste, total	919	14

Note 4 - CO₂ emissions by internally and externally generated energy

	2010 1,000 tons	2009 1,000 tons
Internally generated energy	1	-
Externally generated energy	1	-
CO₂ emissions, total	2	-

Note 5 - Global warming, CO₂-equivalents

	2010 1,000 tons	2009 1,000 tons
Internally generated energy	1	-
Externally generated energy	1	-
Ozone-depleting substances	-	-
CO₂-equivalents, total	2	-

Note 6 - Employee statistics

	2010 No.	2009 No.
Women	45	39
Men	58	59
Employees, total	103	98
Full-time employees	103	98
Part-time employees	-	-
Employees, total	103	98

Note 7 - Rate of absence by job category

	2010 %	2009 %
Senior management, management, professional, and administrative	0.8	0.8
Skilled workers, laboratory technicians, other technicians, and process operators	2.5	2.2

Site data, Site Tianjin

Note			2010	2009
ENVIRONMENT				
Consumption of resources				
1	Water	1,000 m ³	1,112	855
	Externally generated energy	1,000 GJ	548	451
	Energy, total	1,000 GJ	548	451
	Raw materials	1,000 tons	49	44
	Packaging	1,000 tons	2	2
Wastewater				
2	Volume	1,000 m ³	627	473
	Dry matter	tons	34	13
	BOD5	tons	50	31
	COD	tons	130	78
	Nitrogen	tons	35	27
	Phosphorus	tons	5	5
Biomass				
	Volume, NovoGro [®] 30	1,000 m ³	21	20
	Nitrogen	tons	136	158
	Phosphorus	tons	86	109
Waste				
	Nonhazardous waste	tons	1,229	1,256
	Hazardous waste	tons	558	534
3	Waste, total	tons	1,787	1,790
	Percentage of total waste recycled	%	46	46
Emissions to air				
	Ozone-depleting substances, HCFCs	kg	308	-
4	CO ₂	1,000 tons	101	84
	SO ₂	tons	407	343
	NO _x	tons	386	326
Environmental impact potentials				
5	Global warming	1,000 tons CO ₂ -eqv.	102	84
	Ozone layer depletion, HCFCs	kg CFC ₁₁ -eqv.	17	-
	Acidification	tons SO ₂ -eqv.	678	571
Environmental compliance				
	Breaches of regulatory limits	no.	11	-
	Unintended releases of GMOs	no.	-	-
	Significant spills	no.	-	-
	Neighbor complaints	no.	-	2

Note			2010	2009
SOCIAL				
Employee statistics				
6	Employees, total	no.	394	374
	Women	%	25.1	23.3
	Men	%	74.9	76.7
	Rate of employee turnover	%	6.1	2.5
	Average age	years	33.0	33.1
	Seniority	years	6.6	6.5
7	Rate of absence	%	0.8	0.8
Training costs				
	Average spent per employee	DKK	3,442	3,621
HEALTH AND SAFETY				
Occupational accidents and diseases				
	Accidents with absence	no.	6	2
	Occupational diseases	no.	1	1
	Frequency of occupational accidents	per million working hours	9.5	3.3
	Frequency of occupational diseases	per million working hours	1.6	1.7

Note 1 - Water allocated to primary source

	2010 1,000 m ³	2009 1,000 m ³
Industrial water	1,026	789
Steam	86	66
Water, total	1,112	855

Note 2 - Treated waste water for irrigation

	2010 1,000 m ³	2009 1,000 m ³
Volume	21	57
Nitrogen, tons	1	3
Phosphorus, tons	-	-

Note 3 - Total waste volume by disposal method

	2010 Tons	2009 Tons
Incineration	234	275
Landfilling	725	698
Recycling	828	817
Other	-	-
Waste, total	1,787	1,790

Note 4 - CO₂ emissions by internally and externally generated energy

	2010 1,000 tons	2009 1,000 tons
Internally generated energy	-	-
Externally generated energy	101	84
CO₂ emissions, total	101	84

Note 5 - Global warming, CO₂-equivalents

	2010 1,000 tons	2009 1,000 tons
Internally generated energy	-	-
Externally generated energy	101	84
Ozone-depleting substances	1	-
CO₂-equivalents, total	102	84

Note 6 - Employee statistics

	2010 No.	2009 No.
Women	99	87
Men	295	287
Employees, total	394	374
Full-time employees	394	374
Part-time employees	-	-
Employees, total	394	374

Note 7 - Rate of absence by job category

	2010 %	2009 %
Senior management, management, professional, and administrative	0.5	0.6
Skilled workers, laboratory technicians, other technicians, and process operators	1.0	1.0

GLOBAL COMPACT - COMMUNICATION ON PROGRESS

CEO STATEMENT OF CONTINUED SUPPORT 2010

At Novozymes, sustainability is a fundamental part of the way we conduct our business. We believe that long-term business success is linked to the integration of environmental, social, and governance issues with corporate management and day-to-day operations.

Novozymes has been a signatory to Global Compact since 2001. Through the years, Global Compact has been a great source of inspiration to Novozymes in our work with integrating sustainability into our business strategy and practices. We welcome the annual opportunity to confirm our commitment and to communicate on progress.

We are constantly reaching new and diverse stakeholders as we steadily grow our business globally and integrate sustainability into our business practices. Novozymes is an active participant in the Global Compact as well as in networks and working groups organized through our memberships in, for example The World Business Council for Sustainable Development (WBCSD), The Sustainability Consortium, and Business for Social Responsibility (BSR). We are honored that we have been invited to join Global Compact's new leadership platform, LEAD, which will be launched in 2011, and see this as a great opportunity to learn from peers and to share our experience. We are also looking forward to sharing our learning with other companies under the recently established mentor program within the UN Global Compact.

For additional information and data, please refer to The Novozymes Report 2010 and www.novozymes.com.



Steen Riisgaard, President & CEO

PRINCIPLE 1: BUSINESSES SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS

Novozymes' management systems, commitments, and positions	Novozymes' approach in 2010	Reference to GRI G3 performance indicators
<p>Touch the World</p> <ul style="list-style-type: none"> ● Vision, values, and company idea ● Support for the United Nations Universal Declaration of Human Rights and the United Nations Global Compact 	<p>Scope and approach</p> <p>Novozymes supports the United Nations Universal Declaration of Human Rights, the ILO Convention on Labor Standards, and the principles of the UN Global Compact. Subsequently, Novozymes' seven minimum standards of human and labor rights are based on these international principles. Novozymes' minimum standards cover:</p> <ul style="list-style-type: none"> ● Freedom of association ● Nondiscrimination ● Working hours ● Wages and benefits ● Disciplinary measures ● Child labor ● Forced labor 	<p>HR 1 HR 2 HR 3 HR 4 HR 5 HR 6 HR 7 HR 9</p>
<p>People policy Social responsibility policy</p>	<p>Read more about Human rights in practice on novozymes.com</p>	<p>EC 5 LA 6 LA 7 LA 8 LA 13</p>
<p>Position on diversity and equal opportunities Position on human rights</p>	<p>Responsibilities and activities</p> <p>Relevant principles are integrated systematically into management practices to ensure compliance with standards. Evaluation of compliance with minimum standards at Novozymes' sites is reported annually to the Sustainability Development Board.</p> <p>Occupational health & safety, including the prevention of occupational accidents and diseases, is a line management responsibility. Responsibilities in relation to safety and health promotion are outlined in management standards within Novozymes' quality system, an integrated management system covering environment, occupational health & safety, and social responsibility.</p>	<p>SO 5 PR 1</p>
	<p>Impact based social responsibility</p> <p>In 2010, Novozymes initiated a global project aiming at improving our social responsibility performance and outreach. The objective is to further integrate social responsibility into day-to-day activities by rethinking approaches at sites, in regions, and in business units. Specifically, we are working on defining a more simple and proactive approach to managing our minimum standards. In addition, we want to capitalize more on synergies within the different regions and to improve further our possibilities to meet the needs of our stakeholders, with a particular focus on local communities.</p>	
	<p>During 2010, we have mapped local trends and the related social responsibility activities in all regions in order to acquire an in-depth understanding of best practices that we can build on as we move forward. This exercise shows that the citizenship projects creating the most value for Novozymes and to the beneficiary are connected to using our capabilities within promoting science understanding through education, as well as sharing our experience in promoting environmental responsibility in order to address some of the world's most pressing environmental challenges.</p>	
	<p>A more simplified and proactive approach to managing our minimum standards and securing compliance has been developed. Starting in 2011, our minimum standards of human and labor rights will continue to be based on international standards and principles,</p>	

but will be aligned specifically with the principles of the UN Global Compact.

In 2011, we expect to replace our current local social responsibility strategies, first implemented in 2004 and traditionally very employee focused, with regionally anchored projects and activities that are more oriented toward our communities. Such projects are expected to maximize the value of resources dedicated to corporate citizenship activities regionally and to give highest priority to projects with the largest benefits for both the beneficiary and for Novozymes.

Health promotion

Novozymes actively supports employees' safety and promotes healthy lifestyles. Health promotion is beneficial to our employees as well as to Novozymes through the increased stability achieved as a result of fewer sick days and improved well-being. Moreover, it is part of our corporate social responsibility to offer healthy and safe working conditions that help prevent both work-related and lifestyle-related illnesses and diseases. In this way, our initiatives indirectly benefit society, which carries a large burden in relation to treatment, care, and sick leave expenses.

At Novozymes, the objective of health promotion is primarily prevention. We are continuously working to expand the range of opportunities for employees to improve their health, for instance through information campaigns and other initiatives are carried out across the company.

Health initiatives are coordinated across Novozymes together with regional/local initiatives that are designed to fit actual needs. All Novozymes sites are either tobacco free or only permit smoking within screened smoking cabins, healthy food is available in all canteens, and fresh fruit is available in the departments. Some sites have fitness centers that are open during and outside working hours. All employees are offered a health insurance. Globally, Novozymes also offers various return-to-work arrangements, where after their sick leave, employees gradually increase the number of working hours, often under the supervision of a medical doctor, nurse, or social advisor.

Behavioral Based Safety

For many years, Novozymes has conducted annual risk assessments in all departments and engaged employees to regularly report risks and hazards that may lead to diseases or accidents in daily operations – all to ensure a healthy and safe workplace.

Read more about

Maintaining a safe workplace

on novozymes.com

In 2010, Novozymes initiated the global Occupational Health & Safety initiative "Dare to Care." Dare to Care is a Behavioral Based Safety program. The objective of Dare to Care is to improve our ever increasing focus on safe behavior by using both observation of job operations and feedback as tools for eliminating hazards and for enhancing our safety culture. In 2010, Dare to Care has been successfully launched at all Novozymes sites.



PRINCIPLE 2: BUSINESSES SHOULD MAKE SURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES

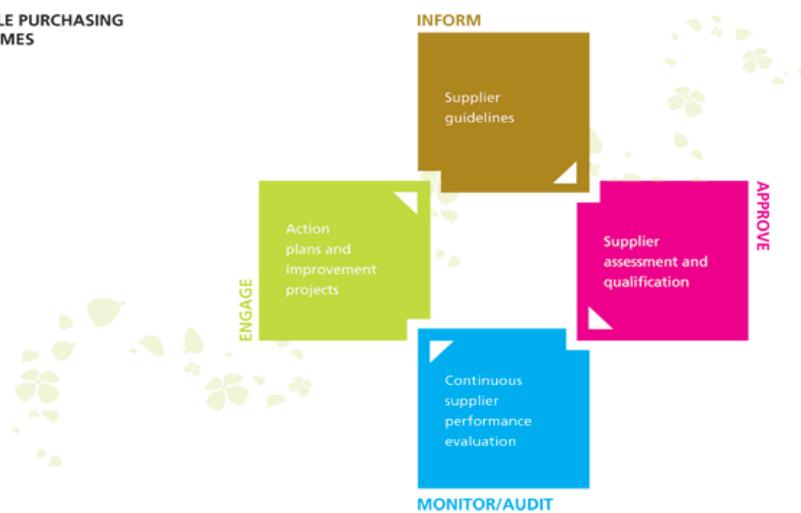
Novozymes' management systems, commitments, and positions	Novozymes' approach in 2010	Reference to GRI G3 performance indicators
<p>Touch the World</p> <ul style="list-style-type: none"> • Vision, values, and company idea • Support for the United Nations Universal Declaration of Human Rights and the United Nations Global Compact 	<p>Please refer to Principle 1 for scope and general approach regarding Novozymes' support of human and labor rights.</p> <p>Novozymes' minimum standards of social responsibility cover freedom of association, nondiscrimination, working hours, wages and benefits, disciplinary measures, child labor, and forced labor.</p> <p>Read more about Human rights in practice on novozymes.com</p>	<p>HR 1 HR 2 HR 3 HR 4 HR 5 HR 6 HR 7 HR 9</p>
<p>People policy Purchasing policy Social responsibility policy</p> <p>Position on diversity and equal opportunities Position on human rights Position on responsible purchasing</p>	<p>Responsibilities and activities</p> <p>Regional presidents at Novozymes have the overall responsibility for human rights and labor rights aspects in their particular regions, whereas a leader responsible for a particular site has the operational responsibility. Representatives from line of business in the Sustainability Development Board are responsible for the activities in their own respective parts of line of business.</p> <p>New self-assessment procedure</p> <p>Novozymes' business units and sites conduct annual self-assessments, which are carried out on the basis of our global minimum standards. These self-assessments help to identify better practices and to share experiences between business units and sites, thereby improving performance locally. By anchoring adherence to the minimum standards in line of business on site level through self-assessments, reports sent to the Sustainability Development Board enable careful reviews and decisions on further action in collaboration with the Sustainability Development Department. Starting in 2011, regional representatives will be responsible for conducting annual self-assessments to ensure simplicity and synergies with other reporting processes within the regions.</p> <p>Auditing</p> <p>Audits of business units' compliance with internationally recognized human rights and labor standards are an integrated part of the internal auditing program. Audit findings are reported to Executive Management, and follow-up on corrective actions is integrated into our audit procedures, which are verified by third-party auditors. In 2010, social audits were made in India and Canada. Novozymes does not report audit findings externally.</p> <p>Human rights and action plans for noncompliant suppliers</p> <p>To further expand the scope of sustainability and managing human rights in our supply chain, Novozymes completed the implementation of a comprehensive supplier performance management system in 2009. The system covers all aspects of our supplier performance management from initial approval of new suppliers to ongoing performance evaluation. The approach is based on an integrated set of evaluation criteria, including employee health & safety, human rights, business ethics, and environmental aspects. The system allows us to provide performance profiles on all significant suppliers to Novozymes based on criteria such as spend, country of production, and purchasing category, and helps the purchasing function focus its efforts on the suppliers who typically pose the biggest risks.</p> <p>Read more about Responsible purchasing</p>	<p>SO 5</p>

on novozymes.com

In 2010, 90% of total purchase spend was covered by the approach, and significant suppliers have been screened on human rights issues, including freedom of association, nondiscrimination, working hours, wages and benefits, disciplinary measures, child labor, and forced labor. The target was to develop action plans for noncompliant suppliers in order to improve performance. This has led to 168 action plans with the majority resulting in dialogue with suppliers to resolve commercial, quality, and sustainability issues.

As part of an internal initiative to further increase awareness of responsible purchasing and the need for the organization to use approved suppliers, employees from various parts of the business attended a post-workday event. The event was held by the Sourcing department and featured Mads Øvlisen, a UN Global Compact board member. Further sustainability assessment training of purchasers and auditors is planned in 2011.

**RESPONSIBLE PURCHASING
IN NOVOZYMES**



PRINCIPLE 3: BUSINESSES SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING

Novozymes' management systems, commitments, and positions	Novozymes' approach in 2010	Reference to GRI G3 performance indicators
<p>Touch the World</p> <ul style="list-style-type: none"> Vision, values and company idea Support for the United Nations Universal Declaration of Human Rights and the United Nations Global Compact 	<p>Please refer to Principle 1 for scope and approach and to Principle 2 for responsibilities and activities regarding Novozymes' support of human and labor rights.</p> <p>Novozymes' minimum standards of social responsibility cover <i>freedom of association</i>, nondiscrimination, working hours, wages and benefits, disciplinary measures, child labor, and forced labor.</p> <p>Novozymes recognizes the <i>right to form and join associations and to bargain collectively</i>. In countries where labor rights may be restricted Novozymes takes action to establish internal committees and unions, which can discuss various work-related issues with management.</p>	<p>LA 5</p> <p>HR 1</p> <p>HR 2</p> <p>HR 3</p> <p>HR 4</p> <p>HR 5</p> <p>SO 5</p>
<p>People policy</p> <p>Purchasing policy</p> <p>Social responsibility policy</p>	<p>Responsibilities and activities</p> <p>Regional presidents at Novozymes have the overall responsibility for human rights and labor rights aspects in their particular regions, whereas a leader responsible for a particular site has the operational responsibility. Representatives from line of business in the Sustainability Development Board are responsible for the activities in their own respective parts of line of business.</p>	
<p>Position on human rights</p> <p>Position on responsible purchasing</p>	<p>Read more about Our approach to sustainability</p> <p>Self-assessments and auditing</p> <p>Novozymes' business units and sites conduct annual self-assessments, which are carried out on the basis of our global minimum standards. These self-assessments help to identify better practices and to share experiences between business units and sites, thereby improving performance locally. Audits of business units' compliance with internationally recognized human rights and labor standards are an integrated part of the internal auditing program. Audit findings are reported to Executive Management, and follow-up on corrective actions is integrated into our audit procedures, which are verified by third-party auditors.</p> <p>Internal collective bargaining committees</p> <p>Novozymes recognizes the right to organize and negotiate, which has led to various setups in countries where this right is not recognized in local legislation. One example is that Novozymes has set up an internal committee in China to negotiate our Chinese colleagues' right to organize and bargain collectively. This setup provides a forum for employee representatives to discuss various issues with management.</p> <p>In 2010, topics such as the supplementary pension scheme, employee termination cases, new contract procedures, and update of the employee handbook were discussed with the internal committee. Various actions have also been initiated regarding cooperation with the local union, focusing on employee welfare, work-life balance, and corporate culture.</p> <p>Human rights and action plans for noncompliant suppliers</p> <p>To further expand the scope of sustainability and managing human rights in our supply chain, Novozymes completed the implementation of a comprehensive supplier performance management system in 2009. The system covers all aspects of our supplier performance management from initial approval of new suppliers to ongoing</p>	

performance evaluation. The approach is based on an integrated set of evaluation criteria, including employee health & safety, human rights, business ethics, and environmental aspects. The system allows us to provide performance profiles on all significant suppliers to Novozymes based on criteria such as spend, country of production, and purchasing category, and helps the purchasing function focus its efforts on the suppliers who typically pose the biggest risks.

Read more about our

Supplier program

on novozymes.com

In 2010, 90% of total purchase spend was covered by the approach, and significant suppliers have been screened on human rights issues, including freedom of association, nondiscrimination, working hours, wages and benefits, disciplinary measures, child labor, and forced labor. The target was to develop action plans for noncompliant suppliers in order to improve performance. This has led to 168 action plans with the majority resulting in dialogue with suppliers to resolve commercial, quality, and sustainability issues.

As part of an internal initiative to further increase awareness of responsible purchasing and the need for the organization to use approved suppliers, employees from various parts of the business attended a post-workday event. The event was held by the Sourcing department and featured Mads Øvlisen, a UN Global Compact board member. Further sustainability assessment training of purchasers and auditors is planned in 2011.

SUPPLIER ASSESSMENT CRITERIA

COMMERCIAL

- Pricing
- On-time delivery
- Service
- Complaints
- Innovation
- Credit rating

QUALITY

- Product specifications
- Legal compliance
- Quality management systems
- Audit accept

SUSTAINABILITY

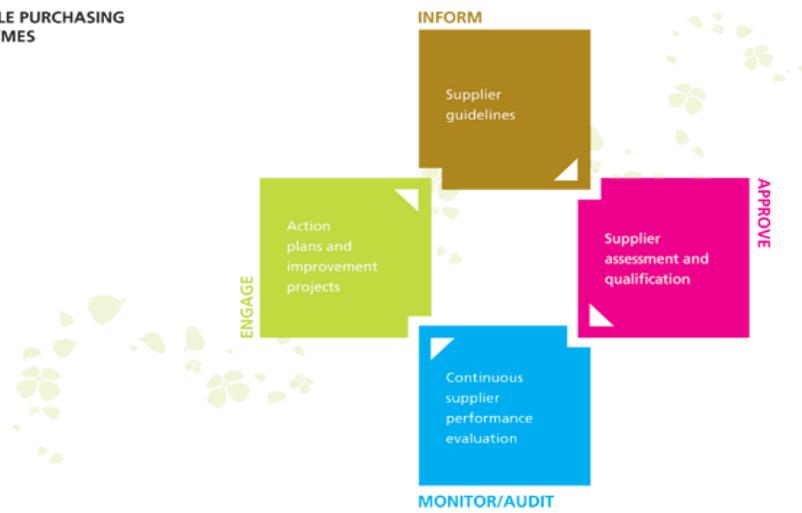
- Environmental
- Employee health & safety
- Human and labor rights
- Business integrity
- Supply chain

PRINCIPLE 4: BUSINESSES SHOULD UPHOLD THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOR

Novozymes' management systems, commitments, and positions	Novozymes' approach in 2010	Reference to GRI G3 performance indicators
<p>Touch the World</p> <ul style="list-style-type: none"> • Vision, values and company idea • Support for the United Nations Universal Declaration of Human Rights and the United Nations Global Compact 	<p>Please refer to Principle 1 for scope and approach and to Principle 2 for activities regarding Novozymes' support of human and labor rights.</p> <p>Novozymes' minimum standards of social responsibility cover freedom of association, nondiscrimination, working hours, wages and benefits, disciplinary measures, child labor, and <i>forced labor</i>.</p>	<p>HR 1 HR 2 HR 3 HR 7 SO 5</p>
<p>People policy Purchasing policy Social responsibility policy</p>	<p>Read more about Human rights in practice on novozymes.com</p> <p>Responsibilities and activities Regional presidents at Novozymes have the overall responsibility for human rights and labor rights aspects in their particular regions, whereas a leader responsible for a particular site has the operational responsibility. Representatives from line of business in the Sustainability Development Board are responsible for the activities in their own respective parts of line of business.</p>	
<p>Position on human rights Position on responsible purchasing</p>	<p>Self-assessments and auditing Novozymes' business units and sites conduct annual self-assessments, which are carried out on the basis of our global minimum standards. These self-assessments help to identify better practices and to share experiences between business units and sites, thereby improving performance locally. Audits of business units' compliance with internationally recognized human rights and labor standards are an integrated part of the internal auditing program.</p> <p>Audit findings are reported to Executive Management, and follow-up on corrective actions is integrated into our audit procedures, which are verified by third-party auditors. No issues of forced or compulsory labor at Novozymes have been identified in the self-assessment process or in the social audits.</p> <p>Labor rights and noncompliant suppliers In 2010, 90% of total purchase spend was covered by the approach, and significant suppliers have been screened on human rights issues, including freedom of association, nondiscrimination, working hours, wages and benefits, disciplinary measures, child labor, and forced labor. The target was to develop action plans for noncompliant suppliers in order to improve performance. This has led to 168 action plans with the majority resulting in dialogue with suppliers to resolve commercial, quality, and sustainability issues.</p>	
	<p>Read more about Responsible purchasing on novozymes.com</p> <p>As part of an internal initiative to further increase awareness of responsible purchasing and the need for the organization to use approved suppliers, employees from various parts of the business attended a post-workday event. The event was held by the Sourcing department and featured Mads Øvlisen, a UN Global Compact board member. Further sustainability assessment training of purchasers and auditors is planned in 2011.</p>	
	<p>Please refer to Principle 2 for scope and general approach</p>	

regarding Novozymes' supplier performance management system.

RESPONSIBLE PURCHASING
IN NOVOZYMES



PRINCIPLE 5: BUSINESSES SHOULD UPHOLD THE EFFECTIVE ABOLITION OF CHILD LABOR

Novozymes' management systems, commitments, and positions	Novozymes' approach in 2010	Reference to GRI G3 performance indicators
<p>Touch the World</p> <ul style="list-style-type: none"> Vision, values, and company idea Support for the United Nations Universal Declaration of Human Rights and the United Nations Global Compact 	<p>Please refer to Principle 1 for scope and approach and to Principle 2 for activities regarding Novozymes' support of human and labor rights.</p> <p>Novozymes' minimum standards of social responsibility cover freedom of association, nondiscrimination, working hours, wages and benefits, disciplinary measures, <i>child labor</i>, and forced labor.</p>	<p>HR 1 HR 2 HR 3 HR 6</p>
<p>People policy Purchasing policy Social responsibility policy</p>	<p>Read more about Human rights in practice on novozymes.com</p> <p>Responsibilities and activities Regional presidents at Novozymes have the overall responsibility for human rights and labor rights aspects in their particular regions, whereas a leader responsible for a particular site has the operational responsibility. Representatives from line of business in the Sustainability Development Board are responsible for the activities in their own respective parts of line of business.</p>	<p>SO 5</p>
<p>Position on human rights Position on responsible purchasing</p>	<p>Self-assessments and auditing Novozymes' business units and sites conduct annual self-assessments, which are carried out on the basis of our global minimum standards. These self-assessments help to identify better practices and to share experiences between business units and sites, thereby improving performance locally. Audits of business units' compliance with internationally recognized human rights and labor standards are an integrated part of the internal auditing program. Audit findings are reported to Executive Management, and follow-up on corrective actions is integrated into our audit procedures, which are verified by third-party auditors. No issues of child labor at Novozymes have ever been identified in the self-assessment process or in the social audits.</p> <p>Human rights and action plans for noncompliant suppliers In 2010, 90% of total purchase spend was covered by the approach, and significant suppliers have been screened on human rights issues, including freedom of association, nondiscrimination, working hours, wages and benefits, disciplinary measures, child labor, and forced labor. The target was to develop action plans for noncompliant suppliers in order to improve performance. This has led to 168 action plans with the majority resulting in dialogue with suppliers to resolve commercial, quality, and sustainability issues.</p>	
	<p>Read more about our Supplier program on novozymes.com</p> <p>As part of an internal initiative to further increase awareness of responsible purchasing and the need for the organization to use approved suppliers, employees from various parts of the business attended a post-workday event. The event was held by the Sourcing department and featured Mads Øvlisen, a UN Global Compact board member. Further sustainability assessment training of purchasers and auditors is planned in 2011.</p>	
	<p>Please refer to Principle 2 for scope and general approach regarding Novozymes' supplier performance management system.</p>	

SUPPLIER ASSESSMENT CRITERIA

COMMERCIAL

- Pricing
- On-time delivery
- Service
- Complaints
- Innovation
- Credit rating

QUALITY

- Product specifications
- Legal compliance
- Quality management systems
- Audit accept

SUSTAINABILITY

- Environmental
- Employee health & safety
- Human and labor rights
- Business integrity
- Supply chain

PRINCIPLE 6: BUSINESSES SHOULD UPHOLD THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION

Novozymes' management systems, commitments, and positions	Novozymes' approach in 2010	Reference to GRI G3 performance indicators
<p>Touch the World</p> <ul style="list-style-type: none"> ● Vision, values, and company idea ● Support for the United Nations Universal Declaration of Human Rights and the United Nations Global Compact 	<p>Please refer to Principles 1 and 2 for scope and approach regarding Novozymes' support of human and labor rights.</p> <p>Novozymes' minimum standards of social responsibility cover freedom of association, <i>nondiscrimination</i>, working hours, wages and benefits, disciplinary measures, child labor, and forced labor.</p>	<p>LA 2 LA 13 LA 14</p>
<p>People policy Purchasing policy Social responsibility policy</p>	<p>Responsibilities and activities</p> <p>Regional presidents at Novozymes have the overall responsibility for human rights and labor rights aspects in their particular regions, whereas a leader responsible for a particular site has the operational responsibility. Representatives from line of business in the Sustainability Development Board are responsible for the activities in their own respective parts of line of business.</p>	<p>HR 1 HR 2 HR 3 HR 4</p>
<p>Position on human rights Position on responsible purchasing</p>	<p>Self-assessments and auditing</p> <p>Novozymes' business units and sites conduct annual self-assessments, which are carried out on the basis of our global minimum standards. These self-assessments help to identify better practices and to share experiences between business units and sites, thereby improving performance locally. Audits of business units' compliance with internationally recognized human rights and labor standards are an integrated part of the internal auditing program. Audit findings are reported to Executive Management, and follow-up on corrective actions is integrated into our audit procedures, which are verified by third-party auditors.</p>	<p>SO 5</p>
	<p>Diversity and equal opportunities</p> <p>Since 2005, Novozymes has worked strategically with diversity and equal opportunities, and key activities such as workshops and launches of guidelines and tools have been implemented. Furthermore, follow-up on employee evaluations of their immediate managers' ability to use diversity proactively in their respective teams is done through the annual employee satisfaction survey, People's Opinion. We also track the development in gender, nationality, and age representation in the total workforce and management in our internal organizational audits. The report is used by Executive Management and the Board of Directors as an important tool to ensure that diversity is monitored and promoted in relation to organizational development.</p>	
	<p>Read more about Diversity and equal opportunities on novozymes.com</p>	
	<p>At present, diversity is to some extent already reflected in Novozymes' approach to talent development. The approach features several different initiatives and components and to qualify, it is required that all candidates are screened and selected on the basis of diversity considerations such as gender, nationality, and age. In 2011, our aim is to look further into the possibility of integrating diversity into succession management, not only to boost the leadership pipeline but also to increase both gender and cultural diversity at management level.</p>	
	<p>Read about Our environmental and social data for 2010</p>	

Grievance mechanisms

Novozymes strives to be an attractive place to work because of what we do and how we do it. In support of these values Novozymes has established a number of guidelines on how to behave as a Novozymes employee – including Touch the World, providing the general direction, and our policies and standards, providing the foundation for conducting our business operations responsibly. To ensure that these guidelines are followed and maintained, regional ombudspersons have been installed. These ombudspersons ensure that all employees at Novozymes are able to report, in confidence, issues that they perceive to conflict with the above-mentioned guidelines and to have such issues evaluated on the basis of an objective analysis. The regional finance directors are appointed as regional ombudspersons in each of Novozymes' regions. The regional ombudspersons report to a global ombudsperson.

PRINCIPLE 7: BUSINESSES SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES

Novozymes' management systems, commitments, and positions	Novozymes' approach in 2010	Reference to GRI G3 performance indicators
<p>Touch the World</p> <ul style="list-style-type: none"> • Vision, values, and company idea • Support for the United Nations Convention on Biological Diversity and the United Nations Global Compact 	<p>Scope and approach</p> <p>At Novozymes, we want to protect the environment and natural resources by using environmentally friendly processes based on biological processes. We want to minimize our consumption of raw materials, water, and energy, and to control emissions from our production effectively. Three examples are given below of how Novozymes supports a precautionary approach to environmental challenges:</p>	EC 2
<p>Environment and bioethics policy</p> <p>Position on antibiotic resistance genes in GMMs</p> <p>Position on biofuels</p> <p>Position on detergent enzymes</p> <p>Position on enzymes produced by GMMs</p> <p>Position on gene technology</p> <p>Position on global warming</p> <p>Position on labeling of enzymes</p>	<p>Water</p> <p>At Novozymes, one important environmental challenge is the efficient use of fresh water. While fresh water is a renewable resource, the world's demand exceeds the supply. We have evaluated risks related to our local water use with respect to the abundance of local water resources. We will use "efficiency of water use" to decouple growth from resource use and at the same time avoid limitations for business growth. The importance of this approach is that we can document that the way we run our business is sustainable regarding water. Part of this documentation comes from identified water-saving projects that address risks regarding the future water supply.</p>	EN 18 EN 26 EN 32
	<p>Read more about Water on novozymes.com</p>	SO 5
	<p>Relevant use of biotechnology</p> <p>A precautionary approach to environmental challenges is particularly relevant in the use of modern biotechnology and bioinnovation. Novozymes uses genetic engineering, and production to a large extent is based on genetically modified microorganisms (GMMs). The precautionary approach therefore forms part of the management system. Research, development, and production all follow fixed safety procedures. Please see Novozymes' position on gene technology.</p>	
	<p>Life cycle assessments (LCAs)</p> <p>Over the last seven years, the majority of Novozymes' product groups have undergone a thorough assessment of environmental impacts, an evaluation process called a life cycle assessment (LCA). LCA is a scientifically based study of a product's positive and negative environmental impacts throughout its life cycle: from extraction of resources through production to use and final disposal of the product.</p>	
	<p>Read more about our Published LCA studies on novozymes.com</p>	
	<p>Please refer to Principles 8 and 9 for an outline of Novozymes' responsibilities and activities with regard to environmental challenges.</p>	

 Energy efficiency

PRINCIPLE 8: BUSINESSES SHOULD UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY

Novozymes' management systems, commitments, and positions	Novozymes' approach in 2010	Reference to GRI G3 performance indicators
<p>Touch the World</p> <ul style="list-style-type: none"> • Vision, values, and company idea • Support for the United Nations Convention on Biological Diversity and the United Nations Global Compact 	<p>Scope and approach Novozymes operates in the business-to-business market. Companies are being increasingly pushed by requirements and expectations regarding their contribution to sustainable development, and this is increasingly seen as an opportunity for Novozymes. Promoting environmental responsibility is becoming enlightened self-interest. Using product life cycle assessments (LCAs), we evaluate the impact on the environment at every stage of a product's life cycle and find that enzyme technology is generally an environmentally friendly alternative to other technologies. Please refer to Novozymes' LCA studies.</p>	<p>EN 1 EN 3 - 8 EN 11 - 26 EN 28 EN 29</p>
<p>Environment and bioethics policy Purchasing policy</p>	<p>Read more about Proven environmental benefits on novozymes.com</p>	<p>SO 5 PR 3 PR 4</p>
<p>Position on biofuels Position on global warming Position on labeling of enzymes</p>	<p>Responsibilities and activities Sustainability is anchored within the Executive Management of Novozymes via the Sustainability Development Board (SDB). SDB develops and implements the overall strategy for environmental performance. Moreover, Novozymes has a central Environmental Services unit and a number of decentralized units linked to production sites. Efforts on environmental performance are coordinated in the Novozymes Environmental Forum (NEF), a global network consisting of environment representatives.</p>	
<p>Position on responsible purchasing</p>	<p>Promoting environmental responsibility Managing stakeholder relations and promoting environmental responsibility are increasingly integrated into our day-to-day business. Examples include:</p>	
	<p>Pipeline LCAs Results of LCAs are used in our dialogue with Novozymes' customers concerning both enzyme technology and product quality. All pipeline discovery and development projects in R&D are passed through a "mini life cycle assessment," known as a pipeline LCA. All pipeline LCAs are based on assumptions concerning the production of the enzyme together with its impacts and effectiveness during use.</p>	
	<p>Transport CO₂ efficiency Novozymes purchases transport services from providers in different countries around the world. These services involve transport of Novozymes' raw materials, products, etc. by train, ship, truck, and plane. Calculating the environmental impact of transport is extremely complex and requires close collaboration with the transport companies. Novozymes discloses data on CO₂ emissions derived from transport broken down by land, sea, and air. Transport data for 2010 include export of products from all primary enzyme production sites to first delivery place, covering more than 90% of Novozymes' sales, as well as transport between production sites. The data are divided into (a) freight paid for by Novozymes and (b) estimates for the transport of products paid by customers. We plan to incorporate specific initiatives regarding transport in our climate strategy in 2011.</p>	
	<p>Read more about Transport and the environment</p>	

on novozymes.com

Green company car policy

To support Novozymes' actions to contribute to environmental improvements in transport and to meet our corporate CO₂ efficiency target we launched a new Danish company car policy in 2010. In short, employees entitled to lease a company car are given an economic incentive to choose an environmentally friendly car class according to the EU Green Car classification (A, B or C), such as alternative-fuel vehicles or hybrid electric vehicles.

Global water project

A comprehensive project has been exploring Novozymes' role, risks, and opportunities with regard to water and striving to make water a manageable issue. Current use of water and handling of both wastewater and biomass have been mapped in greater detail than ever before, and a 10-year risk assessment has been carried out for selected production sites. Manageability of both risks and mitigation actions has been evaluated and initiated. Further, an important outcome of the project was to define our long-term water efficiency target. The long-term target for water efficiency is a 40% increase in 2015 compared to 2005. In 2010, we have increased our water efficiency by approximately 29% compared to 2005.

Collaboration with the municipality of Copenhagen on wastewater

For several years, Novozymes has transported 4,000 truck loads of wastewater from Fuglebakken to Kalundborg in Denmark for wastewater treatment due to lack of capacity in Copenhagen. When the Danish brewery Carlsberg moved part of its operations away from Copenhagen in 2010, there was excess capacity again in Copenhagen, and Novozymes and the local authorities agreed that this was a win-win situation.

The outcome of the collaboration leads to significant CO₂ savings in terms of avoided transport for Novozymes. In addition, it creates an advantage for the residents of Copenhagen because treatment of wastewater is cheaper if all capacity is utilized and to some extent paid for by a company such as Novozymes. Furthermore, the project contributes to the aim of the municipality of Copenhagen to reduce traffic noise and air pollution in the Copenhagen area.

Promoting biotechnology as a part of the solution to environmental challenges

With the aim to promote sustainable technology, the "Biotechnology for sustainability goes to school" project was launched as a collaborative effort between Novozymes, the Municipal Department of Education of Araucária in Brazil, and the NGO Arayara Institute for Education and Sustainability. From 2010 to 2013, seven schools from the local municipality have biotechnology as a part of the curriculum, with classes being taught by Novozymes employees on how enzyme-based technological processes work without harming the environment.

Environmental safety and supplier performance

Novozymes' suppliers are asked to provide information on environmental management and performance as part of our evaluation of their environmental performance. Environmental audits are also carried out for selected suppliers as an integrated part of Novozymes' quality audits.

In 2010, 90% of total purchase spend was covered by the approach, and significant suppliers have been screened on sustainability issues. The target was to develop action plans for noncompliant suppliers in

order to improve performance. This has led to 168 action plans with the majority resulting in dialogue with suppliers to resolve commercial, quality, and sustainability issues.

As part of an internal initiative to further increase awareness of responsible purchasing and the need for the organization to use approved suppliers, employees from various parts of the business attended a post-workday event. The event was held by the Sourcing department and featured Mads Øvlisen, a UN Global Compact board member.

Further sustainability assessment training of purchasers and auditors is planned in 2011. We will initiate an assessment of the raw materials with greatest environmental impacts in order to identify areas of improvement on raw material sourcing. Furthermore, the system will be utilized to progress with specific supply chain engagement initiatives.

Please refer to Principle 2 for scope and general approach regarding Novozymes' supplier performance management system.

 Energy efficiency

PRINCIPLE 9: BUSINESSES SHOULD ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES

Novozymes' management systems, commitments, and positions	Novozymes' approach in 2010	Reference to GRI G3 performance indicators
<p>Touch the World</p> <ul style="list-style-type: none"> Vision, values, and company idea Support for the United Nations Convention on Biological Diversity and the United Nations Global Compact 	<p>Scope and approach</p> <p>Novozymes provides solutions to industrial processes. Our customers increasingly demand up-to-date solutions, for example solutions that are resource efficient and low in greenhouse gas (GHG) emissions. Contributing to such solutions by exploiting the potential of modern biotechnology is an important driver for Novozymes.</p>	<p>EN 5 EN 6 EN 7 EN 18 EN 26 EN 28</p>
<p>Environment and bioethics policy Purchasing policy</p>	<p>Using product life cycle assessments (LCAs), we look at the impact on the environment at every stage of a product's life cycle and find that the use of enzyme technology generally provides environmental benefits. For general information on life cycle assessments please refer to Novozymes' LCA studies.</p>	<p>SO 5</p>
<p>Position on biofuels Position on global warming Position on responsible purchasing</p>	<p>Responsibility and activities</p> <p>One of the most urgent issues on the global agenda is climate change. In recent years, global warming as a consequence of burning fossil fuels has prompted greater awareness of energy consumption and CO₂ emissions. As part of the efforts to be able to meet this challenge as a company, Novozymes has adopted a new environmental strategy. An important element of the strategy is to bring Novozymes' technology into play and, together with suppliers and customers, to help solve some of the problems of climate change.</p>	
	<p>Environmental strategy</p> <p>At Novozymes, we want to protect the environment and natural resources by using environmentally friendly processes based on biological processes. We want to minimize our consumption of raw materials, water, and energy, and effectively control emissions from our production.</p>	
	<p>Minimizing environmental impact strategy</p> <p>Novozymes strives to minimize our environmental impact by continuously decoupling business growth from resource consumption, through improving production efficiency. We have set targets for resource efficiency with regard to energy and water.</p>	
	<p>Climate strategy</p> <p>Novozymes is committed to reducing CO₂ emissions and to be an increasing part of the solution to the world's climate change problems. Novozymes' climate strategy incorporates assessment of the complete life cycle of our products from the extraction of raw materials to use and disposal of our products. The strategy's main areas of focus are (a) opportunities for exploiting the potential of our products to reduce CO₂ emissions in our customers' applications of our products, and (b) reducing the CO₂ emissions related to our own activities. See Novozymes' position on global warming.</p>	
	<p>Read more about Climate on novozymes.com</p>	
	<p>Our climate strategy has four perspectives:</p> <ul style="list-style-type: none"> Supplier perspective: We will reduce our carbon footprint and our sensitivity to changes in energy and GHG emission markets. Visit the interactive platform outlining initiatives in our own production toward customers and suppliers: Reducing our environmental 	

footprint.

- Customer perspective: We will increase the energy-saving potential of our technology to increase customers' demand for our products. Read more about the proven environmental benefits of our products.
- Society perspective: We will position our application of biotechnology as a key to energy efficiency and to the reduction of GHG emissions. Read about our sustainable solutions.
- The Novozymes perspective: We will strive for a continuous improvement in our energy and CO₂ efficiency from a Novozymes perspective worldwide.

Reduction of CO₂ related to own activities

To reduce CO₂ emissions from our own production and activities, Novozymes has systematically worked on energy-saving projects, and an energy master plan has been established for each enzyme production plant. An energy organization has been set up, and several projects to reduce CO₂ were implemented in 2010, corresponding to a CO₂ reduction of approximately 19,000 tons.

Furthermore, Novozymes has developed specific CO₂ reduction targets regarding both an absolute CO₂ reduction and energy efficiency targets. Novozymes' overall vision is to decouple emissions of CO₂ in our production from our business growth. Our target is an increase in CO₂ efficiency of 50% in 2015 compared to 2005. Furthermore, Novozymes has set a target of using 50% renewable or CO₂-neutral energy in 2020. One way of achieving these targets is energy savings in production. The other major area comprises activities that optimize our energy supply – either by producing or optimizing our own energy supply or by purchasing more renewable or CO₂-neutral energy.

Partnerships on sourcing renewable electricity

In Denmark Novozymes has committed itself to purchasing electricity from the offshore wind farm Horns Rev II to cover our entire Danish electricity consumption by 2012. Our energy demand will represent just over 30% of the total production from the wind farm.

In 2010, we identified even more energy savings in our production. The money saved is invested in energy from the Horns Rev II offshore wind farm, which will deliver renewable energy to the Danish electricity grid equivalent to the consumption of 34,000 households. Novozymes' investment means that more energy used in Denmark will be produced by wind turbines. Our agreement with DONG Energy is the largest of its kind so far in Denmark, measured in terms of realized CO₂ reductions.

Carbon footprint project

LCAs of Novozymes' products conducted over the past seven years show major environmental advantages in using enzymes in industrial production. Climate change is high on the agenda these days, and this has inspired us to estimate the total effects on climate change for all Novozymes' products produced in 2010.

Greenhouse gas emissions in the order of 40 million tons CO₂-equivalents were avoided due to the application of enzymes sold by Novozymes. In other words, a small "investment" of greenhouse gas emissions in enzyme production is justified from an environmental point of view by the much larger reduction in greenhouse gases obtained by using the enzymes. The study was conducted at screening level, which means that the results of the study only indicate orders of magnitude. Comprehensive in nature, the study takes into account all significant greenhouse gases (CO₂, CH₄, N₂

O₂, and CO₂) as well as all significant processes in the product chain from raw material extraction through production to use and disposal, covering about 80% of Novozymes' sales.

Reducing travel needs and related CO₂ emissions through telepresence

In 2010, Novozymes submitted for the first time our CO₂ emissions from employee business travel activities, covering the major part of all flights on a global level. Visit the Carbon Disclosure Project for Novozymes' latest response. In 2010, a large project focusing on improving the way we purchase and consume at Novozymes was initiated. One focus area of the project is on reducing business travel by investing in telepresence equipment. Investing in state-of-the-art virtual meeting facilities is expected to reduce our travel expenditures and related CO₂ emissions from air travel, while reducing costs. Subsequently, telepresence equipment will be installed at key locations throughout 2011 to make it possible to meet more frequently without traveling, thereby increasing working flow efficiency and reducing our CO₂ emissions from business travel by air.

Pipeline LCAs

Over the last seven years, many of Novozymes' products have undergone a thorough evaluation of their environmental impacts in the form of LCAs. In order to promote the CO₂ reduction potential of our products in the pipeline further, all new discovery and development projects in R&D are passed through a "pipeline LCA." Pipeline LCAs are based on assumptions concerning the production of the enzyme together with its impacts and effectiveness during use. Pipeline LCAs provide information on the carbon value of the new products and thus strengthen our opportunities to further improve the environmental performance of Novozymes' products.

Recyclable waste product from production is valuable for farmers

Novozymes is constantly striving to become better at reducing the amount of waste we generate. As an example, at the Danish site Kalundborg Novozymes recycles biomass from production and sells the excess biomass to farmers; the biomass works as a fertilizer and feeds directly into farmers' primary production. The excess biomass waste is thereby recycled indirectly by over 600 farmers around the Kalundborg site as fertilizer for their fields.

As another example, the Franklinton site in the US has its own composting facility named Nature's GREEN-RELEAF™. Every year the site produces 12,500 tons of compost from waste-activated biomass. The compost is sold to customers who can use it to improve erosion control and establish grass around roads and building construction sites.

Environmental safety and supplier performance

In 2010, 90% of total purchase spend was covered by the approach, and significant suppliers have been screened on sustainability issues. The target was to develop action plans for noncompliant suppliers in order to improve performance. This has led to 168 action plans with the majority resulting in dialogue with suppliers to resolve commercial, quality, and sustainability issues.

Read more about our

Supplier program
on novozymes.com

As part of an internal initiative to further increase awareness of responsible purchasing and the need for the organization to use

approved suppliers, employees from various parts of the business attended a post-workday event. The event was held by the Sourcing department and featured Mads Øvlisen, a UN Global Compact board member.

Further sustainability assessment training of purchasers and auditors is planned in 2011. We will initiate an assessment of the raw materials with greatest environmental impacts in order to identify areas of improvement on raw material sourcing. Furthermore, the system will be utilized to progress with specific supply chain engagement initiatives.

Please refer to Principle 2 for scope and general approach regarding Novozymes' supplier performance management system.

 Energy efficiency

PRINCIPLE 10: BUSINESSES SHOULD WORK AGAINST ALL FORMS OF CORRUPTION, INCLUDING EXTORTION AND BRIBERY

Novozymes' management systems, commitments, and positions	Novozymes' approach in 2010	Reference to GRI G3 performance indicators
<p>Touch the World</p> <ul style="list-style-type: none"> ● Vision, values, and company idea ● Support for the United Nations Global Compact 	<p>Scope and approach</p> <p>The ground rules for Novozymes' business conduct are described in Touch the World, providing the general direction, and in our policies and standards, providing the foundation for conducting our business operations responsibly.</p>	<p>SO 2 SO 3 SO 4 SO 5 SO 6</p>
<p>Financial and legal policy Purchasing policy Social responsibility policy</p>	<p>Novozymes has a corporate management standard on business integrity, outlining six business integrity principles and a business integrity management system. The former clarifies our business integrity principles covering bribery, facilitation payments, money laundering, protection money, gifts, and political and charitable contributions, while the latter provides employees with the possibility of seeking guidance and anonymously raising concerns about potential breaches of the principles.</p>	
<p>Position on business integrity Position on responsible purchasing</p>	<p>Read more about Business ethics and anticorruption on novozymes.com</p>	
	<p>Responsibilities</p> <p>A committee on business integrity consisting of vice presidents from our Finance, Legal, and Sales & Marketing departments follows up on training, handles reporting of business integrity-related matters, and responds to guidance requests from employees. These issues are reported to the Sustainability Development Board, consisting of vice presidents from all business units, on a semiannual basis. Furthermore, material business integrity matters are reported to the Audit Committee quarterly. Read more about the responsibilities of the Committee on Business Integrity.</p>	
	<p>Activities</p> <p>Mandatory training</p> <p>All Novozymes' employee groups receive mandatory training in Novozymes' business integrity principles. Furthermore, all new employees are given the booklet Bribery – No Thanks!. In order to further strengthen knowledge of business integrity, Novozymes has developed a web-based training program which guides the employee through a series of case examples, confronting the employee with business integrity-related dilemmas. Between December 2009 and December 2010, all employee groups have completed this training.</p>	
	<p>Read more about Bribery - No Thanks! on novozymes.com</p>	
	<p>Guidance and advice given regionally and at corporate HQ</p> <p>All employees have access to guidance on business integrity-related matters from either their immediate managers, the HR department (called People & Organization at Novozymes), or the legal department. Events that are perceived to conflict with Touch the World (vision and values) or our policies and standards can be reported to the global ombudsperson – Novozymes' appointee to investigate such complaints. Employees are required to report facilitation payments and excessive gifts given or received.</p>	
	<p>External whistleblowing mechanism</p> <p>All employees have access to guidance and the opportunity to raise</p>	

concerns anonymously regarding business ethics-related issues, including possible breaches of our integrity principles. Novozymes' Ethics Hotline is hosted by an independent third party in order to ensure a straightforward, confidential, secure, and convenient way of reporting. All incoming reports will be forwarded to Novozymes' General Counsel for review and investigation.

Business integrity principles covering suppliers

Novozymes' business integrity principles are part of our approach to responsible purchasing and accordingly, they are included in the sustainability evaluation of supplier performance. Suppliers are evaluated on the basis of whether they prevent corruption and bribery from taking place in any aspect of their business operations. In cases of noncompliance, suppliers are addressed with an action plan as well as ongoing follow-up. All new suppliers must live up to our standards to establish a partnership.

Read more about our
Supplier program
on novozymes.com

In 2010, 90% of total purchase spend was covered by the approach, and significant suppliers have been screened on business integrity and sustainability issues. The target was to develop action plans for noncompliant suppliers in order to improve performance. This has led to 168 action plans with the majority resulting in dialogue with suppliers to resolve commercial, quality, and sustainability issues.

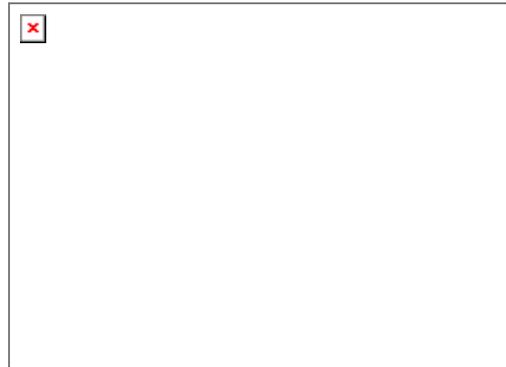
One potential new supplier was disqualified for approval due to issues related to bribery. Further sustainability assessment training of purchasers and auditors is planned in 2011.

As part of an internal initiative to further increase awareness of responsible purchasing and the need for the organization to use approved suppliers, employees from various parts of the business attended a post-workday event. The event was held by the Sourcing department and featured Mads Øvlisen, a UN Global Compact board member.

Please refer to Principle 2 for scope and general approach regarding Novozymes' supplier performance management system.

Corporate citizenship

Novozymes has developed a code of conduct for corporate citizenship and sponsorships outlining the optimal areas for our sponsorships and contributions globally. The code of conduct aims at guiding our efforts globally, while still granting local sites a high level of flexibility to engage in local activities. Currently, Novozymes does not report externally on spend on corporate citizenship activities and sponsorships.



Novozymes' key stakeholders regarding Global Compact

NOVOZYMES' KEY STAKEHOLDERS REGARDING GLOBAL COMPACT

In a business context the UN Global Compact's 10 principles in the areas of human rights, labor, the environment, and anti-corruption are developing and dynamic principles, in the sense that transformation of principles into the business context is ongoing, and concrete challenges – to which principles are applied – are constantly changing. Accordingly, it is essential to Novozymes to continuously keep in touch. We need to be aware what drives development and to know what leadership and best practice look like for Novozymes. With that in mind, we map our key stakeholders who have the insights, competencies, and influence.

In view of the 10 principles, the UN Global Compact itself and associated activities are of course of immense importance. In addition, we have listed institutions that we see right now as being generally important stakeholders in respect of the principles.

Human Rights and Labor Rights

- Business Leaders Initiative on Human Rights (BLIHR)
- Business & Human Rights Resource Centre
- The Danish Institute for Human Rights
- Amnesty International
- International Labor Organization (ILO)
- The International Organization for Standardization (ISO) – the process of developing the international standard on social responsibility, ISO 26000
- The Association of New Danes
- National Research Centre for the Working Environment
- Danish Ethical Trading Initiative (DIEH)
- Business for Social Responsibility (BSR)

Environment

- Intergovernmental Panel on Climate Change (IPCC)
- World Business Council for Sustainable Development (WBCSD)
- Sustainability Consortium
- World Resource Institute (WRI)
- World Wildlife Fund (WWF)
- United Nations Environment Programme (UNEP)
- UN-Water
- World Water Forum
- Danish Ethical Trading Initiative (DIEH)

Anti-corruption

- Transparency International
- The Organisation for Economic Co-operation and Development (OECD) – OECD Convention on Combating Bribery of Foreign Public Officials in International

Business Transactions

- World Economic Forum (WEF) – Partnering Against Corruption Initiative
- UN Convention against Corruption

Managing stakeholder relations

In our everyday business most situations require stakeholder engagements – it may be a few, or it may be many. Novozymes has a long tradition with regard to stakeholder dialog and partnerships, and we are very much aware of the value this brings. We are strengthening efforts to attain high quality in managing stakeholder relations in every situation. A systematic case-by-case approach to creating an overview, addressing the right stakeholders, and obtaining valuable interactions is implemented. For more information, please refer to stakeholder engagements.

Novozymes' overall approach to sustainability

NOVOZYMES' OVERALL APPROACH TO SUSTAINABILITY

At Novozymes we strive to integrate sustainability into all our business areas on a continuous basis and, accordingly, we are committed to the Triple Bottom Line reporting approach. Our commitments to the UN Global Compact and the UN Convention on Biodiversity form part of Novozymes' values.

Organizational setup

To support the ongoing integration of sustainability into all relevant business practices, we have established a cross-functional Sustainability Development Board (SDB) with high-level representation from all key functions and reporting directly to Novozymes' Executive Management.

The SDB is responsible for the development of Novozymes' sustainability strategy and targets combining the functional business strategies with stakeholder insights. It is Novozymes' vehicle for integrating sustainability into our day-to-day business activities. Members are Vice Presidents from key functions such as R&D, Sales, Marketing, and Finance. SDB meets several times a year and reports to Executive Management through the Executive Vice President for Stakeholder Relations. Executive Management approves the sustainability targets and strategy. Sustainability performance is reported to the Board of Directors on a quarterly basis.

To help facilitate the anchoring of sustainability in the business, the Sustainability Development Department assists the SDB in the development and implementation of Novozymes' corporate sustainability strategy. The department comprises specialists in the fields of social responsibility, human rights, ethics, environment, and life cycle assessment. We also have regional sustainability managers in China and the United States.

Integration and follow-up

Novozymes' business units and regions report on sustainability aspects and stakeholder engagement as an integrated part of the annual regional outlook and strategy processes, contributing to Novozymes' overall sustainability strategy. Achievement of performance and development targets related to social and environmental responsibility is integrated into incentive programs. Furthermore, social and environmental responsibility is a fixed agenda item twice a year at board meetings. Financial, social, and environmental results are reported quarterly, both internally and externally.

Novozymes' business units are regularly visited by an internal facilitator corps. These facilitators assess compliance with Touch the World (vision, values, and company idea) by means of interviews with employees at all levels. Novozymes has a global ombudsperson. The ombudsperson ensures that all employees in Novozymes have the opportunity to

report events that are perceived to conflict with the above-mentioned guidelines, and to have such events evaluated on the basis of an objective analysis. The ombudsperson is appointed by executive management for a two-year period and reports to the CEO. Furthermore, regional ombudspersons have been installed. The regional finance directors are appointed as regional ombudspersons in each of Novozymes' five regions.

Performance

In 2010 Novozymes maintained the position as a leader of the biotechnology sector in the Dow Jones World and STOXX Sustainability Indexes. In addition, Novozymes achieved the Gold Class 2009/2010 rating and received the Sector Mover award in 2009. See our other sustainability recognitions.

Further information about Novozymes' work on social and environmental responsibility is available under Sustainability at www.novozymes.com. At www.novozymes.com you can also find Novozymes' vision, values, and company idea – Touch the World – as well as policies and positions on aspects of social and environmental responsibility.

LCA STUDIES CONDUCTED AT NOVOZYMES IN 2010

Industry	Name of LCA study	Year	Publication
Agriculture	Life Cycle Assessment of US Corn Production and Canadian Canola Production with the Yield Enhancing Microbial Phosphate Inoculant JumpStart®	2010	Download
Baking	Life Cycle Assessment of using Novamyl® Steam for industrial production of steamed bread in China	2010	Download
Textile	Comparative Life Cycle Assessment cotton T-shirt produced with biotechnology and conventional technology	2010	Download
Textile	Clean Water Wanted – and Enzymes Can Contribute to the Solution	2010	Download

THE NOVOZYMES REPORT 2010

Novozymes' ambition is to provide a report that integrates financial and sustainability data. We have been working on integrated reporting for many years, as this reflects the way we operate our business.

The Novozymes Report 2010 is available in English in a full online version at www.report2010.novozymes.com. The written online report is supplemented by a series of videos adding perspective and insight into Novozymes' performance in 2010. To further enhance the online reporting universe, we have an integrated feature called My Report that enables you to compile a full or customized pdf download of the report. We hope that you will find this feature useful. A printed version of the full report is no longer available, but a printed extract of the report is still published in both English and Danish. The extract will be available at the Annual Shareholders' Meeting.

The reporting website is dedicated to The Novozymes Report 2010 and other information relevant to our shareholders and financial stakeholders, but is also a mine of information for anyone else with an interest in Novozymes.

All photos in the report feature Novozymes employees from around the world, illustrating both our global presence and our human touch. It is our 5,432 employees who make Novozymes the world leader in bioinnovation.

REPORTING AND AUDITS

The Novozymes Report 2010 has been audited by PwC. As part of its work, PwC has been the sustainability assurance provider and has based the assurance on the AA1000 Assurance Standard (2008).

The website contains The Novozymes Report (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, which will be filed with the Danish Commerce and Companies Agency. The annual report is available at www.novozymes.com as a separate publication in Danish.

The audit covers financial, social, and environmental data, and PwC has audited as well as performed the assurance on all content in the Report, Outlook, Management, and Accounts sections of The Novozymes Report 2010. 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 heading Supplementary reporting, which include our Communication on Progress with respect to the Global Compact, our report index based on the Global Reporting Initiative (GRI), and detailed sustainability data from our activities in Brazil, Canada, China, Denmark, India, Sweden, 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 OMX Copenhagen A/S for the presentation of financial statements by listed companies. It has also been prepared as an element of Novozymes' reporting according to the GRI's G3 Guidelines for Sustainability Reporting.

FORWARD-LOOKING STATEMENTS

The Novozymes Report 2010 contains forward-looking statements, including Novozymes' financial outlook for 2011, which, by their very nature, are 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 in Novozymes' core areas. See Risk management.

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