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Public

Environmental and Social Data Sheet

Overview

Project Name:	NOVOZYMES BIOTECHNOLOGY RDI
Project Number:	2019-0867
Country:	Denmark
Project Description:	Financing of Novozymes' RDI activities for the development of biological solutions, industrial enzymes and microorganisms.
EIA required:	no
Project included in Carbon Footprint Exercise[1]:	no

Environmental and Social Assessment

Environmental Assessment

The project concerns R&D investments related to the discovery and development of innovative enzymes, proteins and microorganisms that will be carried out in existing facilities without changing their already authorised scope. This type of activities is not specifically listed in the EIA Directive 2014/52/EU amending Directive 2011/92/EU; therefore, an Environmental Impact Assessment (EIA) is not required.

The RDI facilities, located at the promoter's headquarters in Bagsvaerd and in Lyngby (Denmark), are ISO 9001 and ISO 14001 certified, and the promoter uses a legally required and approved environmental and safety management system (MS) that includes the regular evaluation of its existing production facilities for environmental legal compliance on a quarterly basis. The MS also includes requirements for the protection of the environment, occupational health and safety (OH&S) and other aspects related to the safe handling of biological agents and genetically modified organisms. The promoter is regularly inspected for compliance by the relevant environmental and health authorities. Novozymes prepares its environmental and social reporting in accordance with the following reporting standards and principles: GRI Standards, UN Global Compact and AA1000 framework for accountability.

Novozymes' technical enzymes (used for detergent, leather, fuel ethanol etc.) are regarded as chemicals and are therefore subject to the EU REACH (Registration, Evaluation, Authorisation, and Restriction of Chemicals) legislation. Novozymes matches the requirements of the REACH legislation. In addition, the promoter is certified FSSC 22000 (ISO 22000) for the production and sales of food enzymes and FAMI-QS for feed safety.

Other Environmental and Social Aspects

The company develops and produces enzymes with the help of gene technology, whereby enzymes are produced using genetically modified fungi and bacteria. The enzymes are

[1] Only projects that meet the scope of the Carbon Footprint Exercise, as defined in the EIB Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: 20,000 tonnes CO2e/year absolute (gross) or 20,000 tonnes CO2e/year relative (net) – both increases and savings.

separated from the microorganisms in the production process and there are no genetically modified microorganisms in the company's enzyme products. All the promoter's RDI facilities are approved under risk class 1 (no or negligible risk; containment 1 category) for the handling of biological agents and genetically modified microorganisms according to the Directive 2009/41/EC on the contained use of genetically modified microorganisms.

The company uses animals for research, safety testing of products where no acceptable alternative methods exist, as legal authorities currently require animal testing as a precondition to product registration. Still, the promoter is highly committed to apply the "3R" principle that consists in Replacing animal use by alternative methods when possible, Reducing the number of animals used as much as possible and Refining the testing methods to reduce animals' pain and distress. The promoter complies with the relevant animal testing legislation.

Novozymes joined the UN Sustainable Development Goals (SDGs) initiative in 2015, and in 2018, it established its own SDG Governance Board to build up a shared understanding of the opportunities and risks associated with the UN SDGs for the company. Novozymes currently runs and monitors its operations in line with at least half of the SDGs, including those specifically dealing with emissions and environmental impact (SDG7 – Affordable and clean energy; SDG12 – responsible consumption and production; SDG13 – Climate action; and also SDG6 – Clean water and sanitation).

Novozymes is also among the first few companies globally having set up science based targets validated and accepted by the Science Based Targets initiative (SBTi), to achieve CO2 emission targets in line with a 1.5°C pathway.

The promoter has been awarded Prime status by ISS ESG, a leading rating agency in the area of sustainable investment. This rating qualifies Novozymes for investments which take ecological and social responsibility into account. Novozymes is also included in the Euronext Vigeo Europe 120 Index. To be included in Vigeo's indexes, companies undergo an assessment by Vigeo and are rated based on their level of commitment towards the U.N. Sustainable Development Goals and their response to industry risk factors.

Conclusions and Recommendations

The project supports activities carried out in the promoter's existing authorised and certified facilities, in line with best industry standards and practices. They are not subject to an Environmental Impact Assessment (EIA). The enzyme-assisted products and processes developed by the project are expected to have a positive environmental impact since they have the potential to progressively replace more environmentally intrusive conventional chemicals, or more energy-intensive processes. The promoter estimates that the increased use of enzyme-driven industrial processes allowed large savings of CO2 emissions in 2019: for example, emission savings of 87m tons of CO2 were indirectly achieved through the use of the promoter's products. The project will contribute to increase these emission savings in the short-term future.

Considering the above, the project is acceptable for Bank financing in environmental and social terms.