



Luxembourg, 22 December 2022

Environmental and Social Data Sheet

Overview

Project Name:	NOVOZYMES INNOVATIVE BIOTECHNOLOGY SOLUTIONS
Project Number:	2022-0504
Country:	Denmark
Project Description:	Novozymes' RDI investments for the development of innovative industrial enzymes, proteins and microorganisms.
EIA required:	no
Project included in Carbon Footprint Exercise:	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, over the period 2023-2024. These types of activities are not specifically listed in the EIA Directive 2011/92/EU amended by Directive 2014/52/EU; subsequently, the project is not subject to any screening or an Environmental Impact Assessment (EIA) report.

The RDI facilities at the promoter's headquarters in Bagsvaerd (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 (UNGC) and Task Force on Climate Related Financial Disclosures (TCFD) 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.

EIB Paris Alignment for Counterparties (PATH) Framework

As a corporate, Novozymes is in scope, but it is screened out as it is a low emitting entity (i.e. less than 20% of the company's annual revenues come from high-emitting sectors).

The project to be financed is considered to be aligned both against low carbon and resilience goals set out in the Climate Bank Roadmap, and it is sector aligned under Industry and RDI.

The objectives of the promoter's RDI programme are in line the EU's long-term vision for a climate-neutral economy by 2050 as it supports the European Green Deal objectives supporting industry transition to net zero emissions and the EU's new industrial strategy and the chemical



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strategy for sustainability to develop innovative, safer and more sustainable products. The project will help the promoter achieve its target to reduce, by 2030, absolute CO₂ emissions from its operations by 50% (compared to its 2018 baseline), as part of the company's way to becoming carbon neutral in 2050, which has been validated by the Science Based Targets initiative (SBTi) as being in line with a 1.5°C pathway.

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 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 project does not have any significant environmental impact. However, 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 2021: for example, emission savings of 60m tons of CO₂ were indirectly achieved through the use of the promoter's products to enable low carbon fuels in the transport sector. The project will contribute to increase these emission savings in the short-term future.

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 most 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).

Conclusions and Recommendations

The project concerns investments in research and development that will be carried out in the promoter's existing authorised and certified facilities - in Bagsvaerd and Lyngby Copenhagen (Denmark), without changing their already authorised scope and in line with best industry standards and practices. The project is not subject to any screening or an Environmental Impact Assessment (EIA) report.

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