

Novozymes Canada Supply Chain Transparency Report 2023

This report covers the period from January 1st to December 31st, 2023, and is published to fulfil the obligations of Novozymes Canada Limited and Novozymes BioAg Limited, under Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act (hereinafter referred to as the "Act").

This report is published subsequent to the approval of the combination of the Chr. Hansen and the Novozymes Groups on January 29, 2024. Now, the Chr. Hansen and Novozymes Groups have joined forces to form Novonesis Group, a unified entity with a shared vision.

Novozymes Canada Limited is an affiliate 100 % owned by Novozymes BioAg Limited. Both companies were affiliates in the Novozymes Group of companies and are now affiliates in the Novonesis Group of companies, a leading biosolutions partner. Novozymes Canada Limited is subject to the reporting obligations under the Act as it exceeds the financial thresholds and Novozymes BioAg Limited is subject to reporting obligations under the Act as the controlling entity.

This report is submitted by Novozymes Canada Limited and Novozymes BioAg Limited. Hereafter, these two entities are jointly referred to as "Novozymes Canada".

As this report is required to cover the previous financial year, i.e. from January 1st to December 31st, 2023, this report describes the position of Novozymes Canada prior to the combination with Chr. Hansen. Further, the company group-related information concerns the position of the Novozymes Group (hereinafter referred to as "Novozymes") up and until completion of the combination.

Information about the combined group will be included where relevant, and specifically cited as referring to the Novonesis Group.

Introduction

Novozymes has always been dedicated to conducting business with high ethical standards to ensure compliance with legal requirements and in recognition of our responsibility as a multinational company with a global footprint. Novozymes has been a signatory to UN Global Compact since its establishment in 2001 to reflect our core values of transparency and accountability, on behalf of all affiliates in the Group.

As affiliates in Novozymes, Novozymes Canada is committed to ensuring the prevention of forced labour and child labour in its business and supply chain. This statement highlights steps undertaken by Novozymes to support this commitment.

Our business and supply chain

Novozymes is the world leader in biological solutions, producing a wide range of industrial enzymes and microorganisms. Novozymes' business is diversified across various industries such as Household care, Food & Beverages, Bioenergy, Animal Health & Nutrition and Agriculture in different parts of the world.

Novozymes' business is about turning science into sustainable biological solutions in a growing world, using enzymes and microorganisms as a starting point to unlock business opportunities. From enabling farmers to feed animals more efficiently to creating greener, high-performing solutions for household cleaning, our innovations are paving the way for a better tomorrow.

Novozymes Canada Limited is engaged, among other activities, in the production and sale of microbes and yeast products for use in various industries. Novozymes BioAg Limited is engaged, among other activities, in the R&D, production and sale of microbes and microbial-based products for use primarily in the agricultural industry.

Novozymes works with a large number of suppliers of goods and services to support our business and enable the fulfilment of our objectives.

Headquarters and affiliates

- Novozymes is headquartered in Denmark
- Production sites are in Argentina, Brazil, Canada, China, Denmark, India and the United States
- Affiliates and sales offices are located in more than 30 countries

More details about our company can be accessed [here](#).

The combined group of companies, the Novonesis Group continues to be headquartered in Denmark and more details on Novonesis can be accessed [here](#).

Management Novozymes Canada

For both Novozymes Canada Limited and Novozymes BioAg Limited, the following applies:

- Christopher Judge: President and member of the Board of Directors
- Todd Cole: Treasurer
- Charles Shapiro: Secretary

Policy in relation to forced labour and child labour

Novozymes respects human rights as defined by the U.N. Guiding Principles on Business and Human Rights and has implemented them in our operational policies and procedures. We support UNGC principles such as “we support and respect the protection of internationally proclaimed human rights”, “we work to ensure that we are not complicit in human rights abuses” and “we support the elimination of all forms of forced and compulsory labor”, “we support the effective abolition of child labour” and “we support the elimination of discrimination in respect of employment and occupation”. Please read more about our position on Human rights and labor standards [here](#).

Novozymes respects the International Bill of Human Rights and the International Labor Organization’s Declaration on Fundamental Principles and Rights at Work. Since 2001, we have been a signatory to the United Nations Global Compact, and we are also signatory to the Women’s Empowerment Principles. We report on our performance on human and labor rights annually in our Communication on Progress (COP) to the UN Global Compact, which is also an integral part of our Annual Report.

Our People and Organization function (Human Resources), together with leaders across Novozymes, are responsible for ensuring equal rights for all employees. We are committed to ensuring equal opportunities and avoiding discrimination based on age, sex, gender identity, race, national origin, ethnicity, disability, education, sexual orientation, and religious beliefs in our global organization. Novozymes is committed to providing a work environment where all individuals can work together free of any kind of harassment and

discrimination. Novozymes recognizes and respects the right to form and join unions and associations and to bargain collectively.

We require all our employees to respect human and labor rights and take appropriate measures to avoid and mitigate adverse human rights impacts also in our supply chains. Grievance mechanisms are in place for both employees as well as external stakeholders. Novozymes has a global ombudsperson as well as regional ombudspersons in each region. We also have a Whistleblower hotline for employees, suppliers and other stakeholders to report suspicions of violations of law, including violations of human and labor rights.

Human and labor rights are also included in our supplier performance management system, where Novozymes screens suppliers and evaluates them on an integrated set of assessment criteria which covers, commercial, quality, employee health and safety, human and labor rights extending to child rights and forced labour, and business integrity.

In addition, Novozymes is also a member of the Supplier Ethical Data Exchange (SEDEX) platform to increase the level of transparency in our supplier base and to work continuously to improve our responsible sourcing practice in a more structured way, with increased data quality. We are using the SEDEX collaboration platform to engage with our suppliers to address and manage sustainability risks in our supply chain, including human and labor rights (which is inclusive of child and forced labour).

We require all contracted suppliers to comply with our responsible purchasing standard which covers human and labor rights aspects as defined by the UN guiding principles. Novozymes' bans any type of forced or bonded labor and should not be involved in any human trafficking. Employees and workers under the age of 15 are banned from employment and young workers defined as between the ages of 15 and 18 years, are not allowed to work nights shifts under hazardous conditions. We are also committed to protecting the land rights of local communities, including indigenous people by having zero tolerance to land grabbing.

In case a supplier does not conform with our standard, we thoroughly assess whether a corrective action plan or choosing an alternative supplier is the appropriate response to ensure ethical performance across our supply chain. Please refer to our position paper on Responsible Sourcing for more details [here](#).

Due Diligence process

Every year we conduct regionally focused Human Rights Impact Assessments. In the past, we have completed assessments for India (2018), Europe (2019), The Americas (2020), China (2021) Asia Pacific, the Middle East and Africa Region (2022) and a Global Assessment (2023).

Across these regional assessments, we have identified no systematic human rights violations within our global operations and supply chain. Isolated incidents regarding business integrity and harassment had appropriate mitigation measures. No incidents or concerns relating to forced labour or child labour have been identified. Going forward, we will continue to monitor human rights including child and forced labour risks and take appropriate measures to close gaps and mitigate identified risks.

Novozymes' global sourcing department drives our supplier management and responsible sourcing program, anchored within Novozymes Operations, Supply and Quality function. Our approach to responsible sourcing is defined by our Responsible Purchasing Standards ("RPS") and managed through our Supplier Performance Management ("SPM") process and the Supplier Ethical Data Exchange (SEDEX) platform.

Through the SPM process, Novozymes screens suppliers and classifies their risk based on spend, country and category. In case a supplier does not meet our assessment criteria, either an action plan is established, or an alternate supplier is identified. Novozymes uses the SEDEX to engage with suppliers and manage sustainability risks including human rights (child and forced labour) risks in our supply chain.

Novozymes requires all contracted suppliers to comply with our RPS, as well as, when requested, to complete questionnaires and to accept visits and audits relevant for confirmation of compliance. Our requirements cover various ESG criteria including respect for human and labor rights, business ethics, employee health and safety and environmental stewardship.

Training and capacity building

At Novozymes, all category managers and buyers receive instructions on how to apply the Responsible Purchasing Standards in the selection and evaluation of Novozymes' suppliers, and as part hereof they are instructed in how to react to and escalate concerns relating to potential breached of human rights in the supply chain.

We believe that respectful, professional conduct by all employees furthers Novozymes' purpose and is fundamental to a good workplace. In 2021, we launched company-wide global training for all employees on non-discrimination and anti-harassment. This training also reemphasizes our commitment to the UNGP principles with a specific focus on child and forced labour. From 2022 onwards, we made the training mandatory for all new employees, as part of their onboarding.

This report is prepared and published pursuant to Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act and covers the financial year starting 1st January 2023 and ending 31st December 2023. The report is approved pursuant to subparagraph (4)(b)(i) of the Act.

Attestation:

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above.

Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

On behalf of
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C. M. Judge

C. M. Judge (May 29, 2024 08:52 EDT)

Date:
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Title: President, Novozymes Canada Limited

On behalf of
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C. M. Judge (May 29, 2024 08:52 EDT)

Date:
Name: Christopher Judge
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