NOVOZYMES' SUSTAINABILITY SERIES...

Business and sustainability – The perfect marriage?

How business got attracted to sustainability

novozymes®
Rethink Tomorrow

1 Forty years ago, there were no dates between business and sustainability; no candlelit dinners; no kisses; no backrubs. But then it changed. Doing good started meaning doing well – and today leading investor indexes and benchmarks bless and encourage corporate efforts to bring sustainability and business together because the relationship – as in all good marriages – is mutually beneficial.

1 LOW AWARENESS

Sustainability equals own house in order

Business are focused on their own plants only, and sustainability means avoiding risks such as spills or accidents.

2 AWARENESS

Sustainability seen as risk across the value chain

Businesses realize that they also need to ensure responsible suppliers, for example avoiding child labor

3 THE FIRST DATE

Sustainability as cost saver

Businesses realize that sustainability also means saving costs through reduced use of electricity, raw materials, etc.

4 MARRIAGE

Sustainability as market shaper

Businesses realize that more sustainable products enable differentiation and experience a pull from retailers due to pull from consumers

5 CHILDREN

Sustainability as business creator

The challenges of the world lead to new business ideas and new business models trying to find solutions to address energy shortages, food insecurity, etc.

2 How Dow Jones evaluates the perfect marriage

Each year, the Dow Jones Sustainability Indexes evaluate the 2,500 largest companies worldwide based on more than 20 indicators within long-term financial, environmental, and social criteria to identify the companies that have the strongest "relationship" with sustainability.
Criteria include:

- Order in own house (e.g., risk mitigation and safe working environment)
- Engagement and development of employees
- Responsible suppliers
- Sustainability integrated in innovation
- Responsible marketing practices
- Stakeholder management procedures

Companies best prepared to seize the opportunities and manage the associated risks are selected for inclusion in the Index, which is targeted at investors.

3 Other investors blessing the marriage between business and sustainability

There is an increasing number of indexes that evaluate companies' efforts to integrate sustainability into business. The nature of the business determines which ones are the most relevant. Here are some examples of those that Novozymes finds most relevant and is included in:

Global 100: Index of the 100 leading companies with exceptional capacity to address their sector-specific environmental, social, and governance risks and opportunities.

Carbon Disclosure Project: The leading index focusing on corporate action to fight climate change.

FTSE4Good Index Series: Index focusing on corporate compliance with globally recognized corporate responsibility standards for environmental sustainability, relationships with stakeholders, and human rights.

SB20: Index focusing on the 20 leading sustainable business stocks. Rating is based on a combination of the company's products and sustainable business practices