

**Velkommen til
Årsrapportprisen 2020**

VELKOMST

Adm. direktør Charlotte Jepsen

FSR – danske revisorer

VIDEO OPENING

Head of Unit Alain Deckers

Corporate Reporting, Audit and Credit Rating Agencies at
European Commission

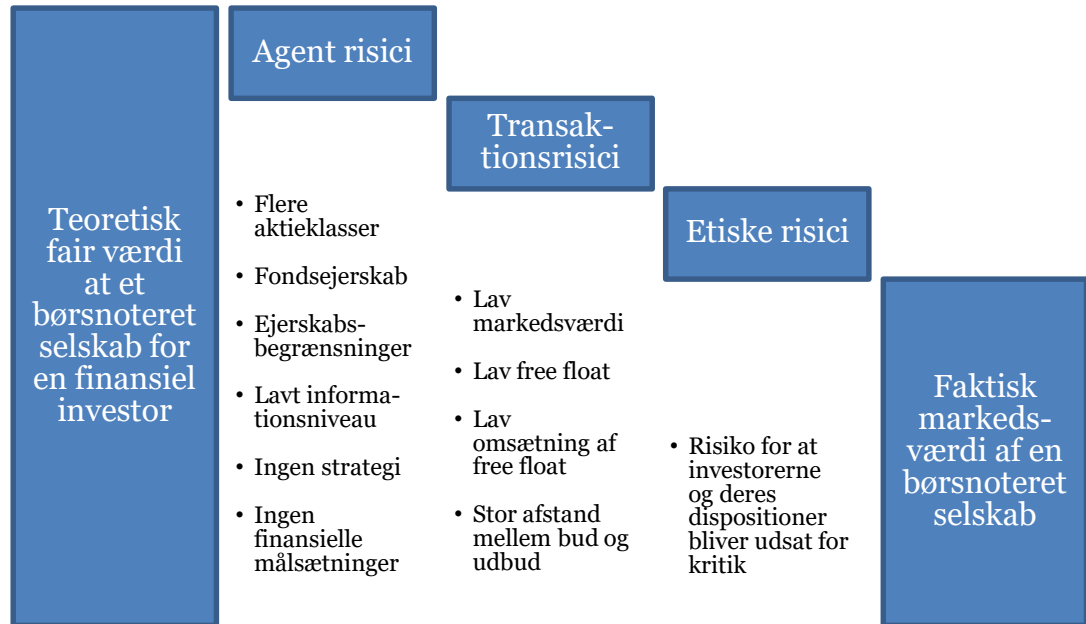
HVORDAN GØRES ESG FINANSIELT RELEVANT OG VÆRDISKABENDE?

Michael West Hybholt, aktieanalytiker
Nicolai Mauritzen, VP, Head of
Investor Relations, FL Smidth

Hvordan gøres ESG finansielt relevant?

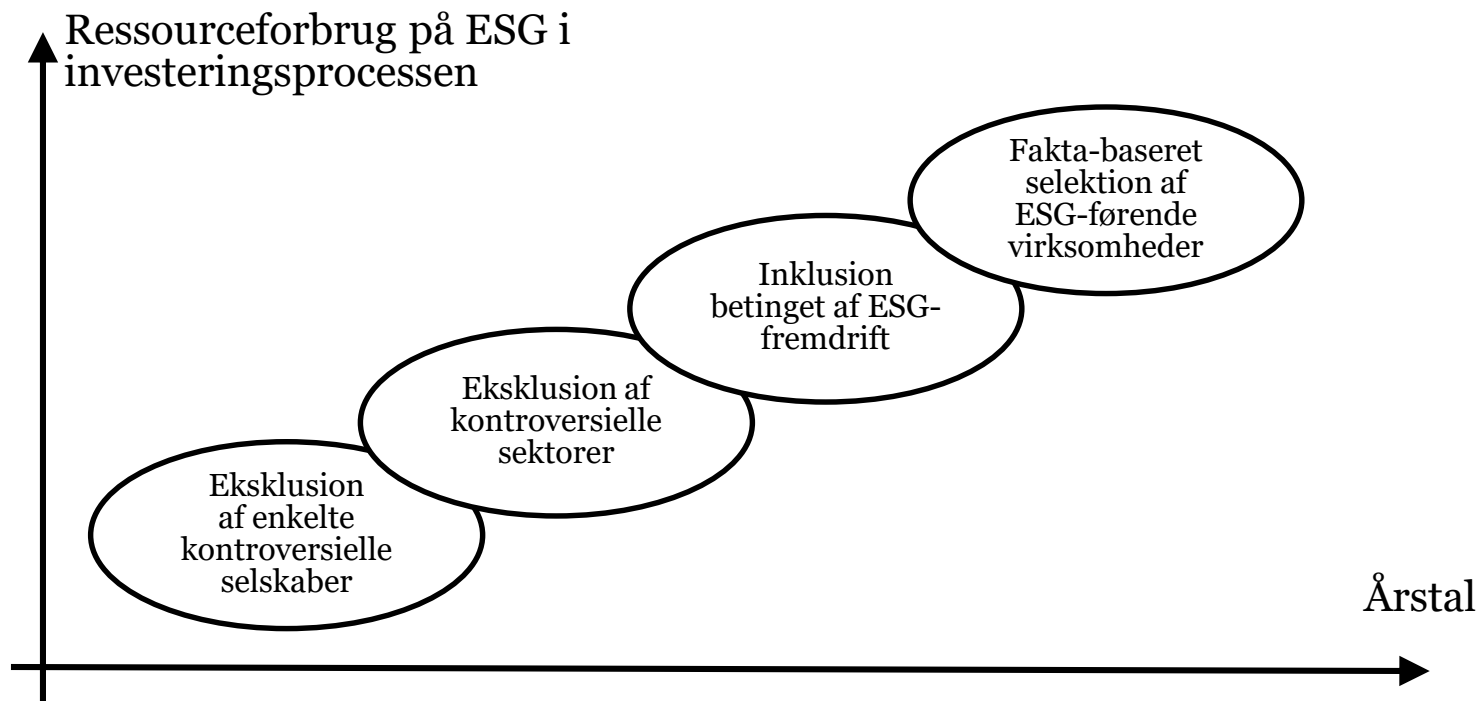
- *Investorpræferencer*

- Aktieinvestorer har præference for:
 - At virksomhederne agerer i overensstemmelse med aktionærernes interesser
 - At markedet for handel med aktier er effektivt
 - At selskaberne opfører sig ESG-ansvarligt



Hvordan gøres ESG finansielt relevant?

- **ESG i investeringsprocessen**



FLSmidth focus on ESG reporting frameworks

	<p>Framework</p>		<p>Framework & rating agency</p>
	<p>Rating agency</p>		<p>Rating agency</p>
	<p>Rating agency</p>		<p>Framework Start</p>
	<p>Rating agency</p>		<p>Framework</p>

Hvordan gøres ESG finansielt relevant?

- Koblingen mellem finansielt og ESG

- Specielt vanskeligt at bedømme den økonomiske effekt ved forbedring af E' et

Et tænkt lavpraktisk eksempel for virksomhed XXX:

Finansielle målsætninger frem til 2030:

- 5% organisk vækst årligt
- >20% ROIC

ESG-målsætninger frem til 2030:

- 50% reduktion i Scope 2/Scope 3-emissioner pr. produceret enhed

Dynamisk effekt af ESG-målsætningerne frem til 2030:

- Investeringer svarende til 2% af omsætningen årligt
- 2%-point årlig positiv påvirkning af den organiske vækst
- Gradvis 3%-point forbedring af EBIT-marginen
- Uændret nettoeffekt på ROIC

FLSmidth: Sustainability as a business opportunity

Our impact across the value chain			
	Suppliers	FLSmidth	Customers
Impact	Medium	Small	Large
Ambition	Above industry standards	Above industry standards	Best-in-class
Control by FLSmidth	Partial	Full	Indirect
			Large business opportunity

- **FLSmidth's annual CO₂ footprint** (scope 1 & 2) equals **one month** of operation for an average newer European cement plant (3,500 tpd)
- **FLSmidth's annual water consumption** equals **two weeks** of operation for a copper mine (100,000 tpy)



TOWARDS ZERO EMISSIONS IN MINING AND CEMENT

With MissionZero, we enable our customers in cement and mining to move towards zero emissions in 2030. As a leader in the cement and mining industries, we see a significant business opportunity in bringing these industries into a sustainable future.

The Zero emission cement plant

Commercially competitive with cement quality guaranteed



Zero emissions



100% fuel substitutions



Zero waste

The Zero emission mining process

Commercially competitive with a minimised environmental footprint



Zero water waste



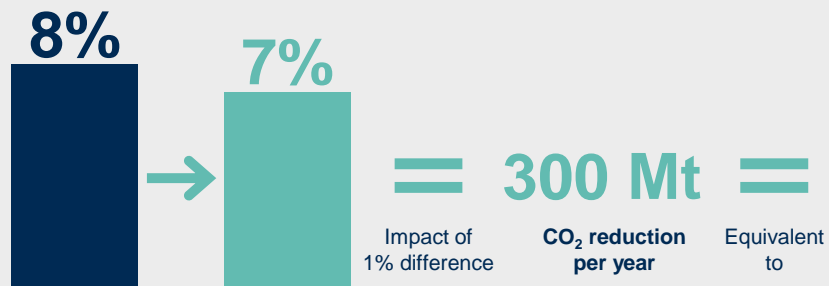
Zero emissions



Zero energy waste

Potential environmental and business impact

What if the cement industry would reduce its CO₂ footprint by using FLSmidth equipment and solutions?



Global CO ₂ footprint	
2.6bn t/year	2.3bn t/year
CO ₂ emissions per ton of Cement	
600-700kg	500-600kg

Cement industry share of global CO₂ emissions

DIRECTIONAL



485,000

km² of **forest** could absorb = an area larger than **Germany**



258M

households' annual electricity use powered by fossil fuels



DKK 40m

annual savings on CO₂ spend in a 6,000 tpd cement plant

Dry Stack Tailings are a step change in water management

2016 - 2017

Testing pilot plant and optimisation

- Potential savings in water costs in a typical mine: USD 81m/year → **USD 1.2 bn over 15yrs mine life**
- **Estimated addressable market of 1.3-2 bn DKK** (approx. 50:50 split CAPEX and OPEX) **per year**

2018 - 2020

1st full-scale pilot and demo plant

- The <20 ktpd filtered tailings market is active; FLSmidth is winning projects
- Systems for Filtered Paste plants (Hindustan Zinc, Lundin Gold)
- Supply of world's largest Paste Thickener system to Kazakhstan
- Collaboration with key customer on tailings (incl. a first order for 30 disc filters in Brazil)

2021 -

Commercialisation and market penetration

- Continue development of filtration technologies for large scale tailings operations (>200.000 tpd)
- Work on full-size plants for dry stacking of tailings and eliminate the risks from wet Tailings Storage Facilities / Dams



TRENDS I ÅRSRAPPORTERNE 2020

Jørgen Blom, Partner, EY
Tina Aggerholm, VP Group Accounting, Carlsberg

Agenda

- **Spotlight på Small- og MidCap Segmentet**
- Generelle trends og observationer
- Vederlagspolitik og vederlagsrapport
- Koordinering mellem alternative rapporter og ledelsesberetningen
- Implementering af IFRS 16
- Beskrivelse af arbejdet i bestyrelsesudvalg

Spotlight på Small- og MidCap Segmentet - **Solar**



CFO Michael Jeppesen

Spotlight på Small- og MidCap Segmentet

- Solar

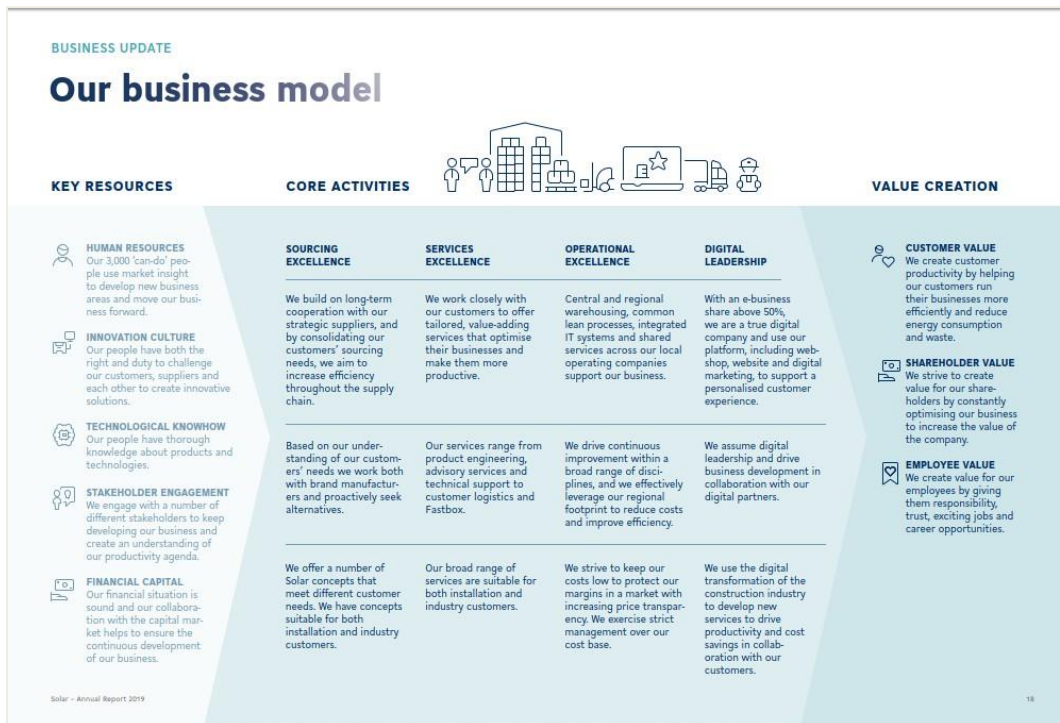


- En robust årsrapport med mange gode elementer
 - En prioriteret ledelsesberetning med fokus på det væsentligste
 - Detaljeret opfølgning på tidligere års udmeldinger
 - Forretningsmodel
 - Risici med opfølgning på mulige reduktioner og årets udvikling
 - ESG hoved- og nøgletal
 - Anvendt regnskabspraksis oplyses i sammenhæng med relevante noter

Spotlight på Small- og MidCap Segmentet - Opfølgning på årets performance



Spotlight på Small- og MidCap Segmentet - *Forretningsmodel*



Spotlight på Small- og MidCap Segmentet - *Risici*



MANAGEMENT'S REVIEW		SOLAR IN BRIEF		FINANCIAL PERFORMANCE	OUR BUSINESS	CORPORATE MATTERS
RISK MANAGEMENT						
EXPOSURE TO POTENTIAL TOP RISKS AND MITIGATION						
Two risks, General Data Protection Regulation and Change management, are no longer included as top Group risks. Continuous efforts within Solar Group in relation to risk mitigation resulted in reducing these risks to a lower level.						
Threats associated with implementation of General Data Protection Regulation were mitigated by setting adequate governance model, defining roles and responsibilities, as well as continuous trainings and communication to employees.						
The risk connected with change management was successfully reduced thanks to a series of prioritised strategic initiatives, organisational changes responding to commercial needs and ensuring the right competences.						
	A	B				
RISK	Cyberattack Risk is increased	IT interruptions Risk is unchanged				
SCENARIO	Risk of exposure to IT breakdown and/or data breach due to cyberattack.	Risk of business interruption due to unforeseen events affecting IT operations.				
IMPACT	Business interruptions in the shape of data compromise, intellectual property theft and regulatory consequences are among the consequences of various cyber incidents, ultimately leading to financial losses and inability to run the daily business. Likelihood of the worst case scenario is medium, but the potential impact is assessed as high.	Potential IT interruptions may have a significant impact on earnings and reputation, depending on the nature and scale of the event. However, probability of the worst case scenario is between low and medium, but the potential impact is assessed as between medium and high.				
MITIGATION	Monitoring policies and procedures are in place for the main networks and systems. By ensuring new security tools and upgrading the existing ones, Solar continues to reduce vulnerabilities and monitors the network in search of unusual behaviours. External studies are performed regularly to assess the maturity level of Solar's cyber-resilience and adequate, risk-based treatment. Group IT continues to communicate appropriate internal information about IT security to uphold organisational awareness.	IT area is continuously monitored and evaluated. Business-critical applications are mirrored at two central data centres in order to safeguard IT operations, meaning that the business can continue to run if one centre experiences downtime. Project teams improved through anchoring risk management in the project plans and defining relevant mitigating activities.				
Solar - Annual Report 2019						
						33

Spotlight på Small- og MidCap Segmentet - ESG



MANAGEMENT'S REVIEW

SOLAR IN BRIEF FINANCIAL PERFORMANCE OUR BUSINESS CORPORATE MATTERS

CORPORATE SOCIAL RESPONSIBILITY

We conduct business in an ethical way

Solar is dedicated to turning energy efficiency into a profitable and responsible business for our customers. As such, we have established a green profile by working to promote sustainable, climate-friendly and energy-efficient solutions and have launched initiatives for the benefit of society and the environment.

We acknowledge the fact that, in a number of ways, our commercial success comes at a cost to the world around us and we continuously seek to minimise our footprint by the way we source, distribute and sell our products.

We have made a formal decision to conduct business in an ethical way. We want CSR to be an integral part of our external commercial projects and internal operational processes to make sure that CSR is not a standalone discipline, but a natural part of our business and our daily operations.

ESG DATA

As part of Nasdaq's commitment to more sustainable markets and to support its listed companies, Nasdaq has implemented an ESG Data Portal to provide a central database for listed companies and investors who wish to access ESG data and performance metrics.

The portal covers a number of environmental, social and governance metrics, which reflect best practice across these impact areas.

As a responsible and transparent company, Solar is committed to supporting the portal, and thereby its investors, by submitting all relevant ESG data. Furthermore, we make ESG data available in the table below. As we manage to improve our data, we aspire to report on the recommended 15 key figures.

Solar operates in a field historically dominated by men. This is also evident at entry-level positions for white-collar workers, where only 25% of new hires are women. At the same time, a part of our workforce is blue-collar and Shared Services Centre employees in Poland. This composition impacts the ESG key figures.


ESG key figures overview

	Unit	2019	2018
Social data			
Full-Time Workforce	FTE	3,039	2,941
Gender diversity	%	27	27
Gender diversity, management	%	14	16
Gender pay ratio	Times	1.16	1.16
Employee turnover ratio	%	8.3	8.6
Sickness absence	Days per FTE	10.9	10.3
Governance data			
Gender diversity, Board	%	17	17
Board Meeting Attendance Rate	%	100	97
CEO pay ratio ¹⁾	Times	20	15

¹⁾ If measured against Danish employees, the ratio was 16 in 2019 and 13 in 2018.

Solar - Annual Report 2019

34



Spotlight på Small- og MidCap Segmentet - **Solar**



Agenda

- Spotlight på Small- og MidCap Segmentet
- **Generelle trends og observationer**
- Vederlagspolitik og vederlagsrapport
- Koordinering mellem alternative rapporter og ledelsesberetningen
- Implementering af IFRS 16
- Beskrivelse af arbejdet i bestyrelsesudvalg

Generelle trends og observationer

Den overordnede konklusion:

Fortsat høj kvalitet og god, stærk forankret struktur i
årsrapporterne

Ingen paladsrevolutioner!

Generelle trends og observationer

- *Den løbende agenda*

Stigende fokus på information om forretningsmodel, risici og samspil med de finansielle forhold

- Purpose/overordnet formål
- Strategi, forretningsmodel og risici
- Forretningsudvikling og position
- Alternative Performance Measures
- Bæredygtighed
- ESG
- Integreret rapportering
- SDGs
- Arbejds miljø
- Ledelsesvederlag
- Tax governance

Udvikling under IFRS

- Better communications project
 - Primary Financial Statement Project
 - Disclosure Initiative
 - Management Commentary (Practice Statement 1)

The screenshot shows the IIRC website with a search bar and navigation menu. Below the navigation is a section titled "Find out how integrated reporting is being used across the globe" with four buttons: "WHY? THE NEED FOR CHANGE", "WHAT? THE TOOL FOR BETTER REPORTING", "HOW? PRACTICAL ADVICE AND TOOLS", and "WHEN? ADVOCATE FOR GLOBAL ADOPTION".

Below this is a grid of 17 icons representing the Sustainable Development Goals (SDGs) and a box titled "The suite of disclosures that allow investors to understand a company". This box contains a diagram with the following sections:

- Business Model**: Explains how the company generates and preserves value over the longer term. Purpose: Explains how the company generates benefits for its members through economic success whilst contributing to inclusive and sustainable growth.
- Strategy and Objectives**: Provides insight into the company's future development, performance, position and future prospects. Purpose: The disclosure of a company's purpose, strategy, objectives and business model should together explain what the company does and how and why it does it. A description of a company's values, desired behaviours and culture will help to explain and put its purpose into context.
- Business environment**: Provides information about the main trends and factors, including both financial and non-financial matters. Purpose: Explains those material to the company, or where the impact of its activity poses a significant risk.
- Performance Metrics**: Are used in assessing progress against objectives or strategy, monitoring principal risks, or generally the development, performance or position of the company.

At the bottom right is the logo for the European Reporting Lab @EFRAG.

Generelle trends og observationer

- **2019 årsrapporterne som helhed**

- En del forsøg på inddragelse af ikke-finansielle elementer i de forretningsmæssige forhold
- Stigende anerkendelse og anvendelse af standardiserede ESG-nøgletal
- En del virksomheder har øvet sig på at præsentere vederlæggelsespolitik og -rapportering
- Forsider til gruppering af noter med henblik på at skabe overblik over årets udvikling for området, grafiske illustrationer og væsentligste nøgletal
- IFRS 16 implementeringen har været omfattende på mange områder

Generelle trends og observationer

- Trends i ledelsesberetningen

- Hvilke emner prioriteres højest på ledelsesberetningens første 10 sider?
 - ”In brief” eller ”At a Glance”
 - 5 års hoved- og nøgletal
 - Chairman’s og CEO letters
- Bedre struktur, mere integreret og sammenhængende ledelsesberetning med forretningsmodel, strategi og risici m.v. som omdrejningspunkt
- Identifikation af væsentligste risici med udgangspunkt i virksomhedens forretningsmodel

Generelle trends og observationer

- Trends i ledelsesberetningen (2)

- Sammenhæng mellem forretningsmodel, strategi, risici, årets udvikling i KPI'er og forventninger til fremtiden kan der fortsat arbejdes med
 - Herunder sammenhængen til udviklingen i ledelsens vederlæggelse
- Stigende tendens til "apostrof" eller fodnote rapportering
- Mere konkret og specifik omtale af forventninger til fremtiden
 - COVID-19 suspendering

Generelle trends og observationer - Ikke-finansielle data



- Ikke-finansielle data indgår i højere grad end tidligere i 5 års oversigten

FIVE-YEAR OVERVIEW					
Financials	2019*	2018	2017	2016	2015
Results (DKKm)					
Revenue	94,701	79,053	74,901	67,747	50,869
Gross profit	23,754	17,489	16,605	15,838	11,201
Operating profit before amortisation, depreciation (EBITDA) before special items	10,292	6,212	5,664	4,250	3,575
Operating profit (EBIT) before special items	6,654	5,450	4,878	3,475	3,050
Special items, cost	800	-	525	1,002	58
Net financial expenses	858	249	556	184	303
Profit for the year	3,706	3,988	3,012	1,678	2,058
Adjusted earnings	4,456	4,093	3,484	2,506	2,211
Cash flow (DKKm)					
Operating activities	6,879	4,301	4,664	1,273	3,160
Investing activities	1,371	(444)	(325)	(4,953)	(431)
Free cash flow	8,250	3,857	4,339	(3,680)	2,729
Adjusted free cash flow	3,678	3,916	4,835	1,838	2,837
Financing activities	(7,484)	(4,000)	(4,715)	396	1,855
Share buyback	(4,888)	(4,161)	(1,559)	-	(1,419)
Dividends distributed	(423)	(380)	(342)	(327)	(283)
Cash flow for the year	766	(143)	(376)	(3,284)	4,584
Financial position (DKKm)					
DSV Panalpina A/S shareholders' share of equity	49,430	14,561	14,835	13,416	11,809
Non-controlling interests	(111)	(29)	(26)	(38)	2
Balance sheet total	97,557	38,812	38,388	40,367	27,755
Net working capital	3,125	1,767	1,410	1,809	52
Net interest-bearing debt	18,355	5,831	5,575	8,299	(54)
Invested capital	68,595	20,381	20,391	21,336	10,971
Gross investment in property, plant and equipment	1,000	720	620	728	660
Ratios					
Financial ratios (%)					
Gross margin	25.1	22.1	22.2	23.4	22.0
Operating margin	7.0	6.9	6.5	5.1	6.0
Conversion ratio	28.0	31.2	29.4	21.9	27.2
Effective tax rate	25.8	23.3	20.7	26.7	23.5
ROIC before tax**	13.4	26.7	23.4	21.5	26.8
Return on equity (ROE)	11.6	27.2	21.1	13.2	23.0
Solvency ratio	50.7	37.5	38.6	33.2	42.6
Gearing ratio	1.8	0.9	1.0	2.0	(0.2)
Share ratios					
Earnings per share of DKK 1	18.7	22.0	16.0	9.0	12.1
Diluted earnings per share of DKK 1	18.4	21.6	15.8	8.9	12.0
Diluted adjusted earnings per share of DKK 1	22.1	22.1	18.4	13.4	12.9
Number of shares issued ('000)	235,000	188,000	190,000	190,000	192,500
Number of treasury shares ('000)	6,140	9,985	5,917	4,509	8,606
Share price at year end (DKK)	767.8	429.2	488.6	314.2	271.7
Proposed dividend per share (DKK)	2.5	2.25	2.00	1.80	1.70
Non-Financials					
CO ₂ e energy efficiency – Sea	5.6	6.1	6.3	6.9	6.6
CO ₂ e energy efficiency – Air	579.9	588.5	607.0	601.9	622.0
CO ₂ e energy efficiency – Road	67.9	71.5	72.3	73.9	72.0
Employees	61,216	47,394	45,636	44,779	22,783
Employee turnover ratio	23.2	20.1	17.4	25.5	17.6
Rate of absence due to illness	2.1	2.4	2.0	2.1	3.3

* The implementation of IFRS 16 Leases as from 1 January 2019 had a material impact on the financial statements and key ratios for 2019. Comparative figures for 2015-2018 have not been restated.

** For the calculation of ROIC before tax DKK 10 billion have been added to invested capital at the beginning of the year.

For a definition of key figures and ratios, please refer to page 83.

Generelle trends og observationer - *Informative segmentberetninger*



- 2019 resultater
- 2020 forventninger
- Produktlanceringer
- Nøgetrends i industrien
- Indflydelse på SDGs

Household Care



2019 results

Sales in Household Care grew 1% for the year. Sales reported in DKK grew 3% for the full-year.

The sales performance in 2019 benefitted from solid growth with local customers and the negative trend in business with large global customers subsiding. The commercial rollout of the Freshness platform progressed as planned and key innovation milestones were achieved. Freshness was predominately a second half sales growth contributor.

Growth with local customers primarily came from increased enzyme penetration and sales in developed markets grew moderately in 2019. Sales in emerging markets declined, as strong growth in India throughout the year was offset by the weaker Chinese market early in the year and the annualization of negative impact from the Middle East.

The negative impact from the Middle East was another reason for the shifting sales performance from a slight decline in the first six months to solid growth in the back half of the year.

Product launches

- ✓ **Medley 3.0** – Next generation of liquid blends upgraded with the latest technology to meet consumer needs and the latest product formats
- ✓ **Achieve Advance** – New enzyme for low temperature automatic dishwashing

Key industry trends

- Consumers are willing to pay more for natural products
- Compaction of laundry detergents remains a strong trend, driven by increased sales through online retailers and the desire to reduce the use of plastics
- Strong interest in freshness solutions for the removal of malodor and grime, including in synthetics
- Growing interest in microbial cleaning and bio-based solutions for softeners and dishwashing by hand

2020 outlook

Organic sales growth is expected to be supported by the continued rollout of the Freshness platform and increased penetration in emerging markets.

Some of our larger customers are expected to further stabilize their performance, whereas medium and small laundry detergent producers are expected to continue improving their formulations with further inclusion of enzymatic solutions.

SDG impact



Our solutions contribute to reducing aquatic pollution, among other things.

Read more about our contributions to the SDGs

Read more about our Household Care solutions at [Novozymes.com](https://www.novozymes.com)

The big picture 2019 in brief **8**

Novozymes A/S

Generelle trends og observationer - *Forretningsmæssige prioriteter*



- Overskuelig måde at præsentere forretningsmæssige prioriteter for 2019

Management Review Our Strategy Our Brands and Commercial Segments Our Responsibility Our Governance Our Performance Review Our Consolidated Financial Statements Our Consolidated Environmental, Social and Governance Data

ESSENTIAL BUSINESS PRIORITIES FOR 2019

Arla's essential business priorities are the annual focal points on the Good Growth 2020 journey. They are set by our Executive Management Team and approved by the Board of Directors. We follow-up on our progress on these points monthly.

- Continuous price & margin management while driving volume growth**
 - ✓ Strong price management
 - ✓ Take advantage of our diverse milk pool
- Deliver on Calcium to transform Arla**
 - ✓ Deliver on Calcium savings
 - ✓ Anchor the transformation
- Increase innovation output**
 - ✓ Review and enhance innovation model
 - Increase innovation speed and rate
- Drive strong branded volume growth agenda**
 - ✓ Secure a portfolio of higher-margin and consumer oriented products
 - ✓ Execute global brand bets with new launches and scaling of successful products
 - ✓ Maintain strong, profitable presence in key markets
- Win in focus markets**
 - ✓ Stay strong in European core markets
 - ✓ Deliver brand growth and/or higher profit in key market segments such as MENA, Bangladesh, China and Nigeria
 - Assessing the outcome and managing the impact of Brexit
- Take lead on sustainability**
 - ✓ Launch our new climate ambition
 - ✓ Support our branded volume growth with sustainable moves, eg. switching to sustainable packaging
- Power-up Arla Foods Ingredients**
 - ✓ Increase proportion of value-added products
 - Secure the growth of our early life nutrition business in China

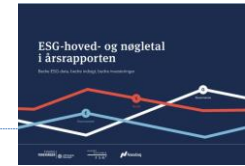



✓ Target achieved
● Trend on track

10 ARLA FOODS ANNUAL REPORT 2019

Generelle trends og observationer

- Anvendelse af ESG nøgletal



ESG-nøgletal i store børsnoterede virksomheders rapportering

I juni 2019 udgav Nasdaq Copenhagen, Finansforeningen/CFA Society Denmark og FSR – danske revisorer 15 ESG-nøgletal (environment, social, governance) med det formål at skabe mere sammenlignelige data, der giver bedre indsigt i virksomhederne og dermed bedre investeringer. FSR – danske revisorer har gennemgået 24 store danske børsnoterede selskabers rapportering for 2019 for at identificere de 15 ESG-nøgletal.

Miljødata		
	Antal	%
Scope 1	14	58
Scope 2	13	54
Energiforbrug	14	58
Vedvarende energiandel	7	29
Vandforbrug	14	58

Sociale data		
	Antal	%
Fuldtidsarbejdsstyrke*	24	100
Kønsdiversitet	17	71
Kønsdiversitet for ledelseslag	21	88
Lønforskel mellem køn	3	13
Medarbejderomsætningshastighed	12	50
Sygefravær	10	42
Fastholdelse af kunder	2	8

Ledelsesdata		
	Antal	%
Bestyrelsens kønsdiversitet**	15	63
Tilstedeværelse på bestyrelsesmødet	9	38
Lønforskel mellem CEO og medarbejdere	4	17

* Bemærk, at gennemgangen ikke viste nogle virksomheder der opgjorde fuldtidsarbejdsstyrke som anbefalet i ESG-nøgletalpublikationen. Derfor formodes dette tal, der er et kriter for virksomheder i regnskabsklasse B og G, ikke repræsentativt. Et mere præcist tal er endnu ikke offentliggjort. Det findes ingen regler for, hvordan antallet af medarbejdere skal opgøres.

** Bemærk, at gennemgangen er foretaget med henblik på, om virksomheder har givet et nøgletal for bestyrelsens kønsdiversitet. I sine virksomheder har figuren eller billedet af bestyrelsen, så læseren kan aflede kønsdiversiteten.

Analysen er udført gennem manuel gennemgang af virksomhedernes egne offentlige redegørelser (årsrapport, CSR-rapport, ESG-rapport, remuneration-rapport, evt. øvrige rapporter der henviser til de forskellige rapporter). FSR – danske revisorer har noteret den umiddelbare fondsmæssige afværgelse. Rapporterne er udgivet før 1. maj 2020.

- Faktisk anvendelse af ESG nøgletal blandt store børsnoterede virksomheder
- Stigende efterspørgsel efter ESG nøgletal fra investorer
- Stigende interesse for ESG-rapportering
- Blandet interesse for rapportering af alle 15 ESG nøgletal eller måske manglende datakvalitet
- Lavest scorer:
 - Vedvarende energiandel
 - Lønforskel mellem køn
 - Fastholdelse af kunder
 - Tilstedeværelse på bestyrelsesmøder
 - Lønforskel mellem CEO og øvrige medarbejdere

Generelle trends og observationer

- Trends i koncern- og årsregnskabet

- IFRS 16 og den manglende sammenlignelighed mellem 2019 og 2018
- IFRIC 23 om usikre skattepositioner har ikke haft stor effekt for de fleste virksomheder
- Det arbejdes fortsat godt og mere med fokus på væsentlighed i forhold til tidligere
- Hensigtsmæssig gruppering af noterne i sammenhængende emner
- Eksempel på en introduktionsside til læsning af noterne

Generelle trends og observationer - *Introduktionsside*



- Introduktionsside med årets væsentligste ændringer og begivenheder

1.1 Significant changes and events



Implementation of IFRS 16 Leases

Novozymes implemented IFRS 16 on leases as of January 1, 2019. The standard has a significant impact on the balance sheet, as leases are recognized in the balance sheet as lease assets and lease liabilities.

In the income statement, the lease cost is replaced by depreciation of the leased asset and an interest expense for the financial liability, but the impact is insignificant. ROIC is impacted negatively, while free cash flow is impacted positively.

The impact on the Group's consolidated financial statements is described in Note 1.2 under Impact of new accounting standards.

The implementation has resulted in additional disclosures, see Note 3.3.



Termination of The BioAg Alliance

In February 2014, Novozymes and Monsanto formed The BioAg Alliance to discover, develop, and commercialize microbial solutions to increase crop yields and enhance sustainability.

As a consequence of Bayer's acquisition of Monsanto, Novozymes and Bayer negotiated the future setup of The BioAg Alliance. In April 2019, The BioAg Alliance was terminated, and replaced by a multi-partner setup in BioAg. Novozymes is continuing a close innovation and commercial partnership with Bayer. Reference is made to Note 2.5 for a description of the impact of The BioAg Alliance termination.



Divestment of the pharma-related royalty

In April 2019, Novozymes divested the pharma-related royalty. The transaction is classified as a divestment of assets. Reference is made to Note 2.5 and Note 3.1 for more details.

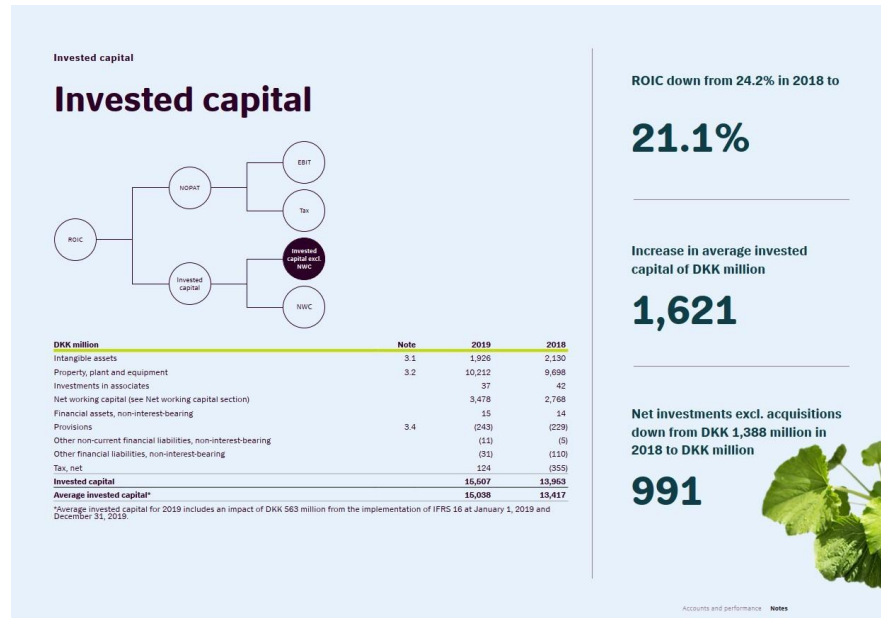


Generelle trends og observationer

- *Inspiration fra Dupont-pyramiden*



- Forside for grupper af noter bygget på inspiration fra Dupont-pyramiden



Agenda

- Spotlight på Small- og MidCap Segmentet
- Generelle trends og observationer
- **Vederlagspolitik og vederlagsrapport**
- Koordinering mellem alternative rapporter og ledelsesberetningen
- Implementering af IFRS 16
- Beskrivelse af arbejdet i bestyrelsesudvalg

Vederlagspolitik og vederlagsrapport

- ***Aktionærrettighedsdirektivet***

- Aktionærrettighedsdirektivet – krav om vederlagspolitik
 - **En klar og forståelig vederlagspolitik, med beskrivelse af faste og variable dele**
 - Der linkes til virksomhedens strategi, bæredygtighed og kriterier for tildeling af variabel vederlæggelse
 - Aktionærer skal stemme om vederlagspolitikken på generalforsamlingen
 - De hidtil gældende anbefalinger for god Selskabsledelse på området er indarbejdet i selskabsloven med visse stramninger og anbefalingerne er ligeledes under tilpasning
 - Vederlagspolitikken skal godkendes af den første ordinære generalforsamling, der afholdes efter 10. juni 2019

Vederlagspolitik og vederlagsrapport

- ***Aktionærrettighedsdirektivet (2)***

- **Krav om at præsentere og offentliggøre en vederlagsrapport**

- Samlet vederlæggelse for hvert medlem fordelt pr. komponent, den relative andel af faste og variable vederlæggelseselementer
 - En forklaring af hvordan den samlede vederlæggelse stemmer overens med den vedtagne vederlæggelsespolitik inkl. hvordan vederlæggelsen bidrager til virksomhedens langsigtede udvikling, og oplysninger om hvordan de fastsatte performance kriterier er opfyldt
- Den årlige ændring i vederlæggelsen i forhold til virksomhedens resultat og gennemsnitlig aflønning for fuldtidsækvivalente medarbejdere i virksomheden bortset fra direktører i de fem seneste regnskabsår, præsenteret på en måde, der tillader sammenligning

Vederlagspolitik og vederlagsrapport

- *Aktionærrettighedsdirektivet (3)*

- **Krav om at præsentere og offentliggøre en vederlagsrapport**

- Antal af tildelte eller udbudte aktier og aktieoptioner samt de vigtigste betingelser for udøvelsen af rettighederne inkl. udnyttelseskurs, dato m.v.
- Oplysninger om muligheden for at stille krav om tilbagebetaling af variabelt vederlag (claw back)
- Evt. afvigelser fra procedurerne i vederlagspolitikken og eventuelle anvendte undtagelser, herunder forklaringen af arten af de særlige omstændigheder og angivelsen af de specifikke elementer, der er afvejet
- Første vederlagsrapport skal offentliggøres i 2021 baseret på årsrapporten 2020



Vederlagspolitik og vederlagsrapport - Eksempler på vederlagsrapporter

VEDERLAGSRAPPORT

Vederlagsrapport for Ambu A/S for 2018/19

Denne vederlagsrapport er aflagt i overensstemmelse med anbefalingerne for god selskabsledelse. Vederlagsrapporten beskriver det vederlag, som bestyrelsen og direktionen i Ambu A/S (Ambu) har modtaget gennem de seneste fem regnskabsår, og sammenhængen mellem vederlaget og Ambus vederlagspolitik, finansielle resultater og strategiske mål. Vederlagsrapporten er udfærdiget i overensstemmelse med Ambus vederlagspolitik fra 12. december 2018.

Et gennemfattede overblik over vederlagsrapportens indhold er skitseret i skemaet nedenfor. Til anlæg i parentes henføres til regnskabsåret 2017/18.

Fokusområder	Rapportering
Samlert vederlag fordelt på komponenter og fordeling mellem variabelt og fast vederlag	<ul style="list-style-type: none"> Der er i regnskabsåret 2018/19 udbetalt et samlet bestyrereshonorar på 4,5 mio. kr. (4,3 mio. kr.). Direktionens samlede vederlag var 14,0 mio. kr. (26,3 mio. kr.). Der er desuden udbetalt en fratrædelsesgodtgørelse på 25,4 mio. kr. til skattemæssigt afgående administrerende direktør. Bestyrerløn modtager altså et fast honorar, mens direktionens vederlag består af en fast og en variabel del fordelt 81/19. Det betydelige fald i vederlaget skyldes lavere finansielle resultater for 2018/19 end forventet og ikke begrænset. To ud af tre direktørstamme har derfor ikke modtaget hukraft forløst (FT) eller langsigtede (LT) incitamentsaflokkering. For den langsigtede incitamentsaflokkering betyder det, at tidligere års omkostninger er blevet ligegyldigt, så den langsigtede incitamentsaflokkering bliver negativt. En nærmere specificasjon af hvert enkelt ledelsesmedlemmes vederlag, herunder de enkelte aftrækningskomponenter, fremgår af Bilag A (direktionen) og Bilag B (bestyrerløn).
Overensstemmelse mellem indestående vederlagspolitikken og Ambus langsigtede resultater	<ul style="list-style-type: none"> De finansielle mål, som danner grundlag for udmåling af direktionens vederlag, er tæt relateret til de mål, som er retningsgivende for Ambus strategi, og som er kommuniseret eksternt. Afstemningen af konditionen er i overensstemmelse med Ambus vederlagspolitik, og opdeling af konkret bonus såvel som akcieoptioner har været faktuel baseret på opfyldelsen af de afatte finansielle mål. Sammenhang mellem direktionens vederlag og Ambus kort- og langsigtede finansielle mål sikres ved tilknytning af FTI og LTI for det enkelte regnskabsår og ved opfyldelsen af de finansielle mål.
Anvendelse af KPI'er	<ul style="list-style-type: none"> Direktionens LTI er betinget af opfyldelse af en række finansielle KPI'er, som alle modsvares de finansielle mål, der indgår i Ambus strategi. Direktionens FTI er ligeledes betinget og på forskellige finansielle KPI'er, baseret på Ambus resultatmål for regnskabsåret. Ambu bruger som hovedregel udbakende finansielle KPI'er, men det er blevet besluttet, at sekskabte administrerende direktør Juan Jose Gonzalez - som blev ansat i løbet af finansåret - skal modtage FTI og LTI baseret på en skattemæssigt tilføjet for 2018/19. For 2019/20 og frem vil den administrerende direktørs variable aflokkelse være underlagt finansielle KPI'er i overensstemmelse med hovedreglerne.
Femårstabel over vederlag, resultater og gennemsnitsvederlaget i Ambu	<ul style="list-style-type: none"> Vederlagsrapporten indeholder en femårstabel, som illustrerer den årlige ændring i (i) ledelsesvederlag, (ii) Ambus resultater og (iii) den gennemsnitlige løn for medarbejderne i Ambu, mens udførelsestabeller for de enkelte ledelsesmedlemmer kan findes i Bilag A (direktionen) og Bilag B (bestyrerløn).
Aktier og akcieoptioner	<ul style="list-style-type: none"> Direktionens LTI har historisk været baseret på akcieoptioner (akcieoptioner), som hver giver ret til at købe en B-aktie, fordelt på et forbeholdt beløb af KPI'er udførelse. I 2018/19 fremtog Ambu en betinget tilknytning af i alt 0 akcieoptioner til direktionen. De enkelte ledelsesmedlemmers aktiebetingede forpligtelse er beskrevet i Bilag A og Bilag B, mens Bilag C indeholder en oversigt over igangvarende akcieoptioner (købs- og lejringsoptioner) i Ambu.
Oplysninger om brug af cloudbank	<ul style="list-style-type: none"> Optionsaftaltene indeholder bestemmelser om cloudbank (Bilagfærdig) af direktionens variabelt vederlag, men der har ikke været grundlag for at anvende cloudbank-bestemmelserne.
Årsgenerel fra vederlagspolitikken	<ul style="list-style-type: none"> Som en del af vederlaget forudses med anvendelsen af udsættelse i nye administrerende direktør Juan Jose Gonzalez er der aflagt betaling af en kompensation for den negative skattemæssige konsekvens af fremtiden B Danmark samt 12 måneders godtgørelse af aftrådt løb og tilførselsregninger. Den skattemæssige kompensation gælder, så længe Juan Jose Gonzalez er ansat i Ambu.
Stift af adm. direktør	<ul style="list-style-type: none"> Den samlede stift af fratrædelsesgodtgørelse til den tidligere administrerende direktør forvaltes på et beløb på 25,4 mio. kr. og omfatter fast gage, pension, personalegoder samt variabelt vederlag. Fratrædelsesgodtgørelsen er modtaget under særlige poster i resultatopgørelsen for 2018/19.

Bilag A. Femårstabel over direktionens aflønning

Aflønningskomponent	Samlet vederlag (kr. 1000)				
	2018/19	2017/18	2016/17	2015/16	2014/15
Fast gage	2.723	-	-	-	-
Personalebånding	272	-	-	-	-
Personaleoptioner	79	-	-	-	-
Betlemningskompensation	1.848	-	-	-	-
Langsigte incitamentsaflokkering	2.789	-	-	-	-
Langsigte incitamentsaflokkering	492	-	-	-	-
Vederlag i alt	7.797	-	-	-	-
Fast vederlag	38%	-	-	-	-
Variabelt vederlag	62%	-	-	-	-
I alt	100%	-	-	-	-
Fast gage	4.744	6.276	5.270	4.706	4.360
Personalebånding	569	528	528	480	428
Personaleoptioner	158	287	277	287	227
Kompensationsaflokkering	9	2.825	4.533	4.127	3.275
Langsigte incitamentsaflokkering	-2.770	8.760	5.360	5.048	783
Samlet vederlag for fratrædelsesgodtgørelse	2.728	18.978	11.863	11.078	8.078
Personalebåndingsgørelse	25.400	-	-	-	-
Vederlag i alt	28.128	18.978	11.863	11.078	9.078
Fast vederlag	119%	39%	31%	49%	35%
Variabelt vederlag	-18%	61%	69%	51%	65%
I alt	100%	100%	100%	100%	100%
Fast gage	3.280	3.724	2.824	2.343	2.130
Personalebånding	384	310	210	187	171
Personaleoptioner	187	187	121	189	121
Kompensationsaflokkering	8	1.348	1.827	1.330	1.063
Langsigte incitamentsaflokkering	-163	2.728	889	721	571
Vederlag i alt	3.479	5.879	5.161	4.741	4.888
Fast vederlag	41%	41%	41%	46%	43%
Variabelt vederlag	59%	59%	59%	54%	57%
I alt	100%	100%	100%	100%	100%
Direktion i alt	38.323	28.225	17.344	15.819	12.833
Skattemæssigt afledt fratrædelsesgodtgørelse	13.992	28.225	17.344	15.819	12.833
Ansøgning vedrørende skatte- konsekvensgørelse	-47%	80%	8%	23%	24%
Fast vederlag	39%	41%	32%	41%	38%
Variabelt vederlag	1%	39%	45%	49%	42%
I alt	100%	100%	100%	100%	100%
Gennemsnitsvederlaget i Ambu (inkl. direktion)	809	772	789	786	748
Fremgang mellem gennemsnitsvederlagsløn i direktion	24	24	13	14	12

*Indkluderer godtgørelse og aftrådt løst løb.
 †Indkluderer løn og et gennemsnit af løst års vederlag for den administrerende direktør Juan Jose Gonzalez med det gennemsnitlige vederlag, der betales i Ambu A/S aktiverede direktioner.

Vederlagspolitik og vederlagsrapport - Eksempler på vederlagsrapporter



REMUNERATION REPORT

EXECUTIVES' REMUNERATION

We want our executives to share our shareholders' interests, and the remuneration of executive directors should therefore support this alignment.

The Remuneration Committee did not propose any changes to the pay structure in 2019, in accordance with the new requirements related to the EU Shareholder Rights Directive, the Remuneration Policy will be presented to the Annual General Meeting (AGM) for voting.

REMUNERATION OF THE EXECUTIVE BOARD

REMUNERATION POLICY

The main elements of the executive directors' remuneration arrangements are summarised in the table on page 43 and explained in more detail in the following paragraphs.

Fixed salary

The Remuneration Committee reviews fixed salaries for the executive directors annually, taking into account a number of relevant

factors, including the individual's performance, role and responsibilities. Executives make their own provision for retirement, meaning that no additional pension contributions are made on their behalf. The Committee also takes into account levels of remuneration for similar roles at comparable companies in both the beverage and FMCC sectors, as well as companies based in the Nordic region across all industry sectors.

The Committee and the Supervisory Board have decided to increase the executive directors' fixed salaries in 2020 by 2.25%.

Annual bonus

The annual bonus is structured to incentivise the executive directors to deliver on the Group's short-term strategic objectives.

For 2020, the potential maximum bonus will remain at 100% of fixed salary, with 60% of fixed salary payable for on-target performance.

OUR APPROACH TO REMUNERATION

The Carlsberg Group's remuneration is designed to enable us to recruit and retain individuals with the expertise and ability required to run a growing international company, and to do so in a way that drives our business success and rewards executives when shareholders are rewarded. Levels of fixed remuneration are set based on individuals' experience and contribution, and in the context of the external market.

While we do not seek to add market benchmarks, we move into account pay levels and opportunities in the principal markets in which we operate, including our European peers and the global beverage sector, as well as companies based in the Nordic region.

Many of our investors – including our main shareholder – are long-term investors. We want our executives to share our shareholders' perspective on remuneration arrangements accordingly. The bonus structure is designed to support the long-term share-based pay structure and the Group's strategic objectives.

The Company's full Remuneration Policy is available on the Company's website. At the AGM in March 2020, an updated Remuneration Policy will be presented for

approval. The updated policy does not change any key elements of the previous policy or Company practice, but makes clarifications to meet new regulatory requirements.

MAIN ACTIVITIES IN 2019

During 2019, the main activities of the Remuneration Committee were:

- Considering stakeholders' feedback

Determination of the first bonus is subject to the discretion of the Committee and the Supervisory Board, taking into account the overall performance of the business.

Unchanged from 2019, for 2020 the annual bonus will comprise two elements. The first element, accounting for 60% of the bonus, will be based on three measures: organic revenue growth, organic operating profit and addressable cash flow.

The second element, accounting for 20%, will be linked to performance against measures that reflect the Group's strategic priorities. For both the CEO and the CFO, these elements will in 2020 be linked to the Funding the Journey culture (10%) and our sustainability

programme, Together Towards 2030 (10%). Long-term incentive arrangements: Since 2017, the long-term incentive arrangements for the executive directors have consisted of performance shares only.

Performance shares vest three years after the grant date, subject to performance conditions. The maximum value of awards that can be made in any single financial year based on face value, is 300% of fixed salary.

Each year, the Committee determines the total level of the long-term incentive awards to be made to each executive. All long-term incentive awards are made at the discretion of the Committee.

The vesting of any performance share is subject to achievement of performance conditions determined by the Committee prior to the grant date.

The performance share award will be subject to four performance conditions measured over three years: relative total shareholder return, adjusted earnings per share, organic revenue growth and return on invested capital.

The performance conditions increase and support alignment of the executive directors' reward with the long-term Group strategy and shareholder value. In order for any award (or part of an award) to vest, the Committee must be satisfied that underlying Group performance is at a satisfactory level.

THE COMMITTEE'S RESPONSIBILITIES

The Carlsberg Group's Remuneration Committee is responsible for the Remuneration Policy, including the general guidelines for incentive programmes for all members of the Supervisory Board and the Executive Board, for making proposals on changes to the Remuneration Policy, and for reviewing the operation of the Supervisory Board prior to making any proposals to the Annual General Meeting.

The Committee is responsible for making proposals to the Supervisory Board on the actual structure and content of the remuneration proposals of members of the Supervisory Board and the Executive Board, in accordance with the policy approved by the shareholders.

The Committee advises the Supervisory Board on any major changes to the policy or other significant remuneration proposals for the Group, including for the CEO. The Committee's Terms of Reference, which govern how it operates, is approved by the Supervisory Board and the Executive Board in accordance with the policy approved by the shareholders.

Remuneration Committee members

Committee member	Committee meetings attended
Richard Burslem (Chairman)	10/10
Miguel Batista	10/10
Dimitris Giamas (Right)	10/10
Søren-Peter Puhls Olsen	10/10
Lars Pedersen	10/10
Flaminio Benavente	10/10

Was a member of the Committee, attends meetings in his capacity as Chairman of the Supervisory Board. * Absent from Board meeting on the date.

Agenda

- Spotlight på Small- og MidCap Segmentet
- Generelle trends og observationer
- Vederlagspolitik og vederlagsrapport
- **Koordinering mellem alternative rapporter og ledelsesberetningen**
- Implementering af IFRS 16
- Beskrivelse af arbejdet i bestyrelsesudvalg

Alternative rapporter og ledelsesberetningen - *Koordinering*



CONTENTS

ISS AT A GLANCE

- 2 Letter to our stakeholders
- 4 Performance highlights
- 6 Our business model and strategy
- 7 The ISS investment case
- 8 Our global footprint
- 9 Outlook
- 11 Key figures

OUR PERFORMANCE

- 13 Group performance
- 19 Regional performance
- 23 H2 2019

OUR BUSINESS

- 26 Our strategy
- 29 Our people
- 32 Our business risks

GOVERNANCE

- 36 Corporate governance
- 39 Internal controls relating to financial reporting
- 41 Board of Directors
- 43 Executive Group Management

FINANCIAL STATEMENTS

- 46 Consolidated financial statements
- 91 Management statement
- 92 Independent auditors' report

ADDITIONAL INFORMATION

- 96 Definitions
- 97 Country revenue

PARENT COMPANY

- 99 Parent company financial statements

ISS CASE STORIES



12 **ISS AUSTRIA:** How a customer-focused growth strategy tripled revenue



25 **FOOD:** A quiet revolution with plant-based foods



45 **NORDEA:** Cutting emissions and creating value



35 **ISS'S VIVIAN HEILMANN:** From butcher to district leader



95 **ADANA HOSPITAL:** Integrated services for 2 million patients a year

CORPORATE RESPONSIBILITY REPORT

<https://www.iss-world.com/about-iss/our-approach-to-csr/reporting-and-policies>

REMUNERATION REPORT

<http://mv.issworld.com/iss-remuneration-reports>

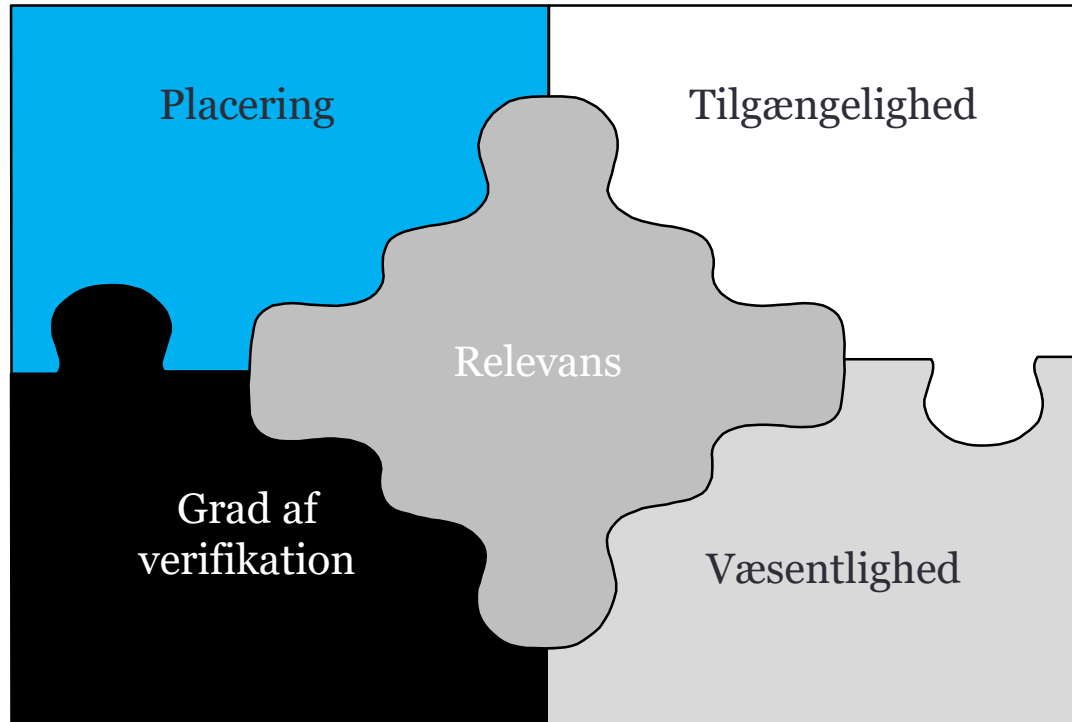
CORPORATE GOVERNANCE REPORT

<http://mv.issworld.com/governancereport>

Alternative rapporter og ledelsesberetningen

- *Hensigtsmæssig sammensætning*

- Elementer i den mest hensigtsmæssige sammensætning af årsrapporten



Alternative rapporter og ledelsesberetningen

- *Forskelligt tidsmæssigt perspektiv*

Primært bagudrettet =
compliance rapportering

Land for land rapportering § 99 c

Governance 107 b

Fokus på kort og mellemlangt sigt
Diversitet

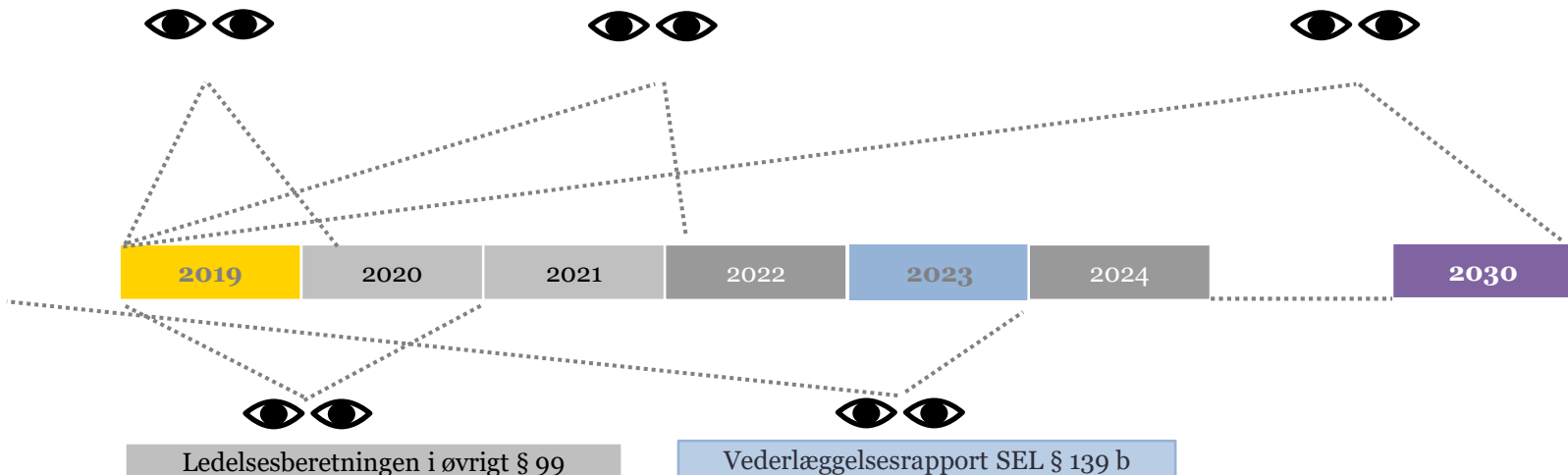
Kønssammensætning § 99 b

Mangfoldighed § 107 d

Dataetik § 99 d

Fokus på mellemlangt og langt sigt
Bæredygtighed og klima

Samfundsansvar § 99 a



Alternative rapporter og ledelsesberetningen



Alternative rapporter og ledelsesberetningen

- *Relevant indhold af en årsrapport*

- Overvejelser i forhold til relevant indhold af en årsrapport
 - En struktur på rækkefølgen af informationer i ledelsesberetningen er efterhånden blevet fast praksis i mange virksomheder
 - Governance synes generelt ofte at få en mindre prominent plads i årsrapporten?
 - Skal politikker som anbefales af Komiteen for God Selskabsledelse præsenteres på et bestemt sted
 - Skal alternative rapporter, der ikke indarbejdes i årsrapporten, præsenteres samlet eller et centralt sted, der sikrer at brugerne kan finde informationer

Management review

Introducing Novo Nordisk

- 01 Letter from the Chair
- 02 Letter from the CEO
- 04 Novo Nordisk at a glance
- 06 Performance highlights

Our business

- 08 Leading a sustainable business
- 11 Innovative treatments and solutions for unmet needs
- 14 Pipeline overview
- 16 International Operations: Building a sustainable platform for accelerated growth
- 18 North America Operations: Ready for growth in a challenging business environment
- 20 2019 performance and 2020 outlook

Governance

- 29 Managing risks to protect value
- 32 Shares and capital structure
- 34 Corporate governance
- 38 Board of Directors
- 40 Executive management



Agenda

- Spotlight på Small- og MidCap Segmentet
- Generelle trends og observationer
- Vederlagspolitik og vederlagsrapport
- Koordinering mellem alternative rapporter og ledelsesberetningen
- **Implementering af IFRS 16**
- Beskrivelse af arbejdet i bestyrelsesudvalg

Implementering af IFRS 16

- Påstand: Højere grad af sammenlignelighed mellem virksomheder der køber og dem der leaser
- Stor forskel på omfanget af anvendelse af leasing
- Stor talmæssig effekt på årsregnskabet for nogen
- Flest har anvendt den modificerede tilbagevirkende kraft
- Stor kommunikativ udfordring i hele 2019 på grund af manglende sammenlignelighed
- Indregning af leasingaktiver og – forpligtelser er ikke bare et nyt anlægskartotek
- Mange valg i IFRS 16
 - Mange overgangslempelser
 - Lav værdi kontrakter
 - Korte kontrakter
 - Serviceelementer
- I 2020 testes standarden allerede for sin kriserobusthed
 - Fokus på modifikationer

Implementering af IFRS 16

- Én leasingnote med det hele!



3.6 Leases

ACCOUNTING POLICIES

Whether a contract contains a lease is assessed at contract inception. For identified leases, a right-of-use asset and corresponding lease liability are recognised on the lease commencement date.

Upon initial recognition, the right-of-use asset is measured at cost corresponding to the lease liability recognised, adjusted for any lease prepayments or directly related costs, including dismantling and restoration costs. The lease liability is measured at the present value of lease payments of the leasing period discounted using the interest rate implicit in the lease contract. In cases where the implicit interest rate cannot be determined, an appropriate incremental DSV Panalpina borrowing rate is used. In determining the lease period extension, options are only included if it is reasonably certain they will be utilised.

At subsequent measurement, the right-of-use asset is measured less accumulated depreciations and impairment losses and adjusted for any remeasurements of the lease liability. Depreciations are done following the straight-line method over the lease term or the useful life of the right-of-use asset, whichever is shortest. The lease liability is measured at amortised cost using the effective interest method and adjusted for any remeasurements or modifications made to the contract.

Right-of-use assets and lease liabilities are not recognised for low value lease assets or leases with a lease term of 12 months or less. These are recognised as an expense on a straight-line basis over the term of the lease. Any service elements separable from the lease contract are also accounted for following same principle.

Extension options are only included in the lease term if the lease is reasonably certain to be extended. The majority of extension and termination options held are exercisable only

by the Group and not by the respective lessor.

MANAGEMENT JUDGEMENTS AND ESTIMATES

In accounting for lease contracts, various judgements are applied in determining right-of-use assets and lease liabilities. Judgements include assessment of lease periods, utilisation of extension options and applicable discount rates. In addition, significant estimates have been applied in determining these in relation to the implementation of IFRS 16.

LEASES 2019

Right-of-use assets classified as land and buildings mainly relate to leases of warehouses, terminals and office buildings, whereas assets recognised as other plant and operating equipment mainly relate to leases of trailers, trucks, company cars, forklifts, IT hardware and other office equipment.

Right-of-use assets specifies as highlighted in the following:

RIGHT-OF-USE ASSETS 2019 (DKKm)	Land and buildings	Other plant and operating equipment	Total
Cost at 1 January	14	179	193
Impact of accounting policy change	8,893	1,098	9,991
Additions from business combinations	1,750	467	2,217
Additions for the year	2,221	321	2,542
Disposals for the year	(458)	(150)	(608)
Depreciations for the year	(2,161)	(573)	(2,734)
Currency translation adjustments	54	16	70
Carrying amount at 31 December	10,313	1,358	11,671

Land and buildings leases normally have a lease term of up to 10 years, whereas leases of other plant and operating equipment normally have a lease term of up to 5 years.

Land and buildings may include extension options with the intention of securing flexibility in the lease – however, any leasing period beyond the normal 10 years expected at the initiation of the lease will normally be reflected in the contractual lease term agreed.

Analysis of lease liabilities showing the remaining contractual maturities is provided in the following table:

CONTRACTUAL MATURITY OF LEASE LIABILITIES (DKKm)	2019
0-1 year	3,654
1-5 years	7,560
> 5 years	3,237
Total undiscounted lease liabilities at 31 December	14,451
<i>Current/non-current classification (discounted):</i>	
Current	3,385
Non-current	9,227

The profit or loss and cash flow impact of leases recognised for the year are specified below:

LEASE EFFECTS RECOGNISED IN PROFIT OR LOSS AND CASH FLOW (DKKm)

	2019
<i>Profit or loss:</i>	
Interest expenses on lease liabilities	(383)
Expenses relating to short-term leases	(395)
Expenses relating to leases of low-value assets	(77)
Expenses relating to variable lease payments not included in the measurement of lease liabilities	(129)
Gains or losses from sale and leaseback transactions	258
<i>Cash flow:</i>	
Total cash outflow for leases	(3,133)

Implementering af IFRS 16

- Sammenligningsgrundlag pr. kvartal (Q4/18)



DFDS Group

DKK m	Q1 2018			Q2 2018			Q3 2018			Q4 2018			Q4 2018 LTM		
	Rs Reported	Pro forma unaudited IFRS 16 adjustment	Pro forma unaudited IFRS 16 restated	Rs Reported	Pro forma unaudited IFRS 16 adjustment	Pro forma unaudited IFRS 16 restated	Rs Reported	Pro forma unaudited IFRS 16 adjustment	Pro forma unaudited IFRS 16 restated	Rs Reported	Pro forma unaudited IFRS 16 adjustment	Pro forma unaudited IFRS 16 restated	Rs Reported	Pro forma unaudited IFRS 16 adjustment	Pro forma unaudited IFRS 16 restated
Income statement															
EBITDA before special items	453	144	597	802	146	948	1,045	151	1,197	688	159	847	2,988	601	3,589
• Ferry	388	112	500	715	114	829	982	117	1,099	627	123	751	2,713	466	3,179
• Logistics	81	23	105	91	24	116	78	26	103	81	27	107	330	100	431
• Non-allocated items	-15	8	-8	-4	8	4	-16	9	-6	-20	9	-11	-55	34	-21
EBIT before special items	216	13	229	533	14	547	747	14	762	412	15	427	1,909	56	1,965
Financial items, net	-12	-13	-25	-39	-14	-53	-126	-14	-140	11	-15	-4	-165	-56	-222
Profit before tax	177	0	177	431	0	431	625	0	625	460	-1	459	1,694	0	1,694
Profit for the period	157	1	158	407	0	407	602	0	602	471	-0	471	1,637	1	1,638
Balance sheet items impacted by IFRS 16															
Land and buildings	164	170	334	161	153	314	160	136	296				163	123	286
Terminals	475	1,407	1,882	733	1,608	2,342	723	1,600	2,323				1,170	1,566	2,737
Ships	7,425	676	8,101	10,598	608	11,205	10,498	539	11,036				9,731	729	10,460
Equipment, etc.	695	131	826	739	141	881	713	134	847				1,004	134	1,138
Deferred tax asset	65	29	94	69	29	97	68	29	98				70	29	99
Interest-bearing liabilities, non-current	2,974	1,998	4,972	8,438	2,109	10,547	8,417	2,020	10,437				8,389	2,082	10,471
Interest-bearing liabilities, current	235	572	807	1,012	586	1,598	850	574	1,424				869	695	1,524
Capital															
Total assets	13,164	2,413	15,577	21,454	2,539	23,993	21,805	2,438	24,243				22,132	2,581	24,713
Equity	6,399	-156	6,243	7,935	-156	7,779	8,583	-156	8,427				9,255	-156	9,099
Net interest-bearing debt	2,630	2,569	5,199	8,256	2,695	10,951	7,666	2,594	10,260				8,513	2,738	11,251
Invested capital, end of period	9,165	2,384	11,549	16,327	2,510	18,838	16,389	2,409	18,798				17,908	2,552	20,460
Invested capital, average, LTM	9,170	2,323	11,493	10,599	2,363	12,963	12,042	2,384	14,425				13,778	2,432	16,210
Key operating and return ratios															
EBITDA-margin, %	13.0	4.1	17.1	20.6	3.8	24.4	23.8	3.5	27.3	17.4	4.0	21.4	19.0	3.8	22.8
ROIC before special items, % LTM	19.3	-3.5	15.8	16.9	-2.7	14.2	14.8	-2.1	12.7				13.5	-1.7	11.8
Key capital ratios															
Equity ratio, %	48.6	-8.5	40.1	37.0	-4.6	32.4	39.4	-4.6	34.8				41.8	-5.0	36.8
NIBQ/EBITDA, LTM, (times)	1.0	0.6	1.6	2.9	0.3	3.2	2.7	0.3	3.0				2.8	0.3	3.1

RESTATEMENT OF 2018 ACCORDING TO IFRS ON LEASES

Implementering af IFRS 16

- IFRS 16 "krisetestet" - bestod desværre ikke!



Amendment to IFRS 16 Leases

On 28 May 2020, the IASB issued COVID-19-Related Rent Concessions - amendment to IFRS 16 Leases. The IASB amended the standard to provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The amendment has not yet been endorsed by the EU but a non-rejection note was issued on July 8 meaning therefore that EU approval is expected solely to be a formality. As a practical expedient, a lessee may elect not to assess whether a COVID-19 pandemic-related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 pandemic-related rent concession the same way it would account for the change under IFRS 16, if the change was not a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments before 30 June 2021 and increased lease payments that extend beyond 30 June 2021)
- There is no substantive change to other terms and conditions of the lease.

Pandora decided to apply the practical expedient for all contracts with rent concessions occurring as direct consequence of COVID-19 and where it meets all conditions of the practical expedient.

As a result, rent concessions have been recognized in the profit and loss statement in Q2 2020 amounting to DKK 52 million under Sales and Distribution expenses.

DKK 117 million rent was deferred meaning that rent payments are postponed as per agreements with landlords. Overall financing cash flow is positively impacted by DKK 169 million due to rent relief and rent deferrals.

Agenda

- Spotlight på Small- og MidCap Segmentet
- Generelle trends og observationer
- Vederlagspolitik og vederlagsrapport
- Koordinering mellem alternative rapporter og ledelsesberetningen
- Implementering af IFRS 16
- **Beskrivelse af arbejdet i bestyrelsesudvalg**

Beskrivelse af arbejdet i bestyrelsesudvalg

- *Beskrivelse af faktiske aktiviteter*



Nomination Committee

The Nomination Committee assists the Board with oversight of the competence profile and composition of the Board, nomination of members and committees, the corporate governance of the company and other tasks on an ad hoc basis, as specifically decided by the Board.

The Nomination Committee is appointed by the Board and consists of:

- Helge Lund (chair)
- Sylvie Grégoire
- Kasim Kutay
- Mette Bøjer Jensen

In 2019, the Nomination Committee focused particularly on reviewing the composition of the Board and considered long-term succession planning. It also reviewed the desired competences to be represented on the Board.

Audit Committee

The Audit Committee assists the Board of Directors with oversight of the external auditors, the internal audit function, handling hotline complaints, financial, social and environmental reporting, business ethics compliance, information security, insurance coverage, special theme reviews and other tasks on an ad hoc basis, as specifically decided by the Board. All members have relevant industry expertise. For independence see table on meeting participation in 2019.

The Audit Committee is appointed by the Board and consists of:

- Liz Hewitt (chair; financial expert)
- Laurence Debroux (financial expert)
- Andreas Fibig
- Sylvie Grégoire
- Stig Strøbæk

In 2019, the Audit Committee focused particularly on reviewing and discussing work performed by internal and external auditors and held focused sessions on risks and internal controls in key areas such as North America Operations, Product Supply and International Operations. The Audit Committee also discussed key accounting policies and estimates, including provisions for sales rebates, indirect production costs and ongoing tax and legal cases. The Audit Committee also reviewed and discussed the status of Information Security and Business Ethics Compliance within Novo Nordisk. Finally, the Audit Committee recommended a preferred external auditor which is to be selected by the Annual General Meeting in 2021. →

Next steps

- **2020, 2021 ...**

- Fortsat fokus på præsentationen af finansielle og ikke-finansielle elementer
- Aktiv stillingtagen til placering af alternative redegørelser
- COVID-19 udfordringer og komplikationer (2020)
- ESEF rapportering (2020)
- Mangfoldighed (2020)
- Dataetik (2021)

PAUSE

ÅRSRAPPORTPRISEN

Dommerkomiteens overvejelser

Statsaut. Revisor Torben Johansen
på vegne af dommerkomiteen

Årsrapportprisen 2020

– ***Kriterier***

Overordnede fokusområder:

- God samlet helhed med fokus på relevans og væsentlighed
- Godt indblik i og forståelse for virksomhedens forhold og udvikling med udgangspunkt i forretningsmodel, strategi og risici
- Høj informationsværdi med såvel overblik og uddybende kommentarer/redegørelser mv.
 - Ledelsesberetning – vægtning og sammenhæng af de enkelte afsnit, beskrivelse af performance mv.
 - Årsregnskab – primære opgørelser, gruppering og indhold i noter

Årsrapportprisen 2020

– ***Kriterier***

Overordnede fokusområder:

- Særlige fokusområder:
 - Strategi og beskrivelser af bæredygtighed, klimaforhold og brugen af fx ESG nøgletal – sammenhæng til øvrige dele af årsrapporten
 - Forventninger til fremtiden, herunder fx udvikling i markedet, teknologi mv.
 - Ledelsesforhold som fx vederlagspolitik, selskabsledelse, CSR og udvalgsarbejder, herunder brugen af hjemmesiden
 - Regnskabsmæssige forhold som præsentation af fx IFRS 16, håndtering af uvæsentlige forhold

Årsrapportprisen 2020 – ***Nominerede***

Arla

DSV

DFDS

Novozymes

Årsrapportprisen 2020

– Arla



- Meget informativ årsrapport med velfungerende layout/illustrationer
 - God struktur i ledelsesberetning, giver godt overblik
 - Stort fokus på klima, bæredygtighed og ESG data – som nyt tiltag
 - God sammenhæng i forretningsmodel, strategi og risici samt markeds-mæssige trends
 - Særlige udfordringer, Brexit (Corona)
 - Afsnit om mangfoldighed, oversigt med hoved- og nøgletal

Årsrapportprisen 2020

– *Arla*



- Forventninger til fremtiden på væsentlige nøgletal og KPI'er, markedsudvikling og investeringer
- Primære opgørelser med kommenteringer
- Informative noter med uddybende kommenteringer, illustrationer og specifikationer, der skaber overblik

Årsrapportprisen 2020

– **DFDS**



- Omfattende, detaljeret årsrapport med relevant og væsentlig information
 - Væsentlige begivenheder i året udførligt beskrevet + skema
 - Gode beskrivelser for de enkelte segmenter
 - Beskrivelse af mangfoldighed og ESG nøgletal – nyt tiltag
 - Udfordringer med Brexit, Corona og aktiviteter i Tyrkiet beskrevet

Årsrapportprisen 2020

– **DFDS**



- God fokus på ny strategi inkl. CSR/klima mål
- Noter med god struktur, specifikationer og introduktion til de enkelte grupper
- God beskrivelse vedr. implementering af IFRS 16, inkl. proforma tal 2018 i beretningen

Årsrapportprisen 2020

– **DSV**



- Informativ årsrapport med god fokus på væsentlighed og relevans
 - God fokus på segmenter med beskrivelse af resultat, udvikling, strategi og fokusområder 2020
 - Indledende introduktion giver godt overblik
 - God sammenhæng i vision, strategi og markeds- og teknologisk udvikling – nyt afsnit om teknologiske trends

Årsrapportprisen 2020

– **DSV**



- Særskilt afsnit om integration af Panalpina
- God struktur i noter, introduktion til hver sektion med kommenteringer
- Implementering af IFRS 16, godt behandlet i såvel beretning som noter

Årsrapportprisen 2020

– *Novozymes*



- Årsrapport med god integration af finansielle og ikke-finansielle oplysninger
 - Stor fokus på bæredygtighed, klima og ESG, der er godt integreret gennem hele årsrapporten
 - Indledende afsnit giver godt overblik, finansielle og ikke-finansielle nøgletal, segmentbeskrivelser
- Informativ ledelsesberetning
 - I år væsentlig forkortet med brug af hjemmesiden
 - God struktur og brug af illustrationer
 - Forretningsmodel og strategi god sammenhæng til risici og integreret med FN verdensmål og klimapåvirkning

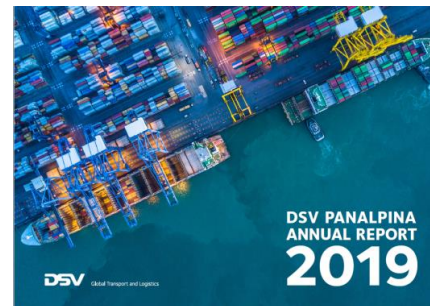
Årsrapportprisen 2020

– *Novozymes*



- Forventninger til fremtiden godt beskrevet, opdelt på segmenter med forudsætninger og 2022 mål
- Indledende forside til både primære opgørelser og noter med omfattende kommentering
- God struktur i noter med god brug af illustrationer
- Særskilte afsnit med Environmental data, Social & governance data inkl. noter og kommenteringer

Årsrapportprisen 2020 – *Nominerede*



ÅRSRAPPORTPRISEN

Vi stiller skarpt på de nominerede

Niels Granholm-Leth, Co-Head of Research, Carnegie
Jens Houe Thomsen, senioranalytiker, Jyske Bank

Årsrapportprisen 2020

– *Valg af indhold i årsrapporten*



CFO Lars Green,
Novozymes



Head of Communication,
Søren Brøndholt Nielsen,
DFDS

Arbejdet med struktureringen og valg af indhold i årsrapporten såvel beretning som årsregnskab, herunder brugen af hjemmesiden til forskellige særskilte rapporter. Og hvordan ser virksomhederne indholdet og struktur af fremtidens årsrapport.

The content and structure of Novozymes' Annual Report focuses on:

- condensing information and guiding the reader
- highlighting the material information
- moving static information to the website with links from the annual report

Agriculture & Feed



13%
of total sales

-5%
Organic sales growth

2019 results

In 2019, sales in Agricultural & Feed declined 5% organically and by 8% in reported DKK.

Weak US farm economics impacted the business negatively in 2019, and the effect was further amplified by severe weather

Our solutions for other crops, mainly soy, were more challenged. Feed sales were flat and was supported by Balancius™ for improved gut health in poultry, while performance in animal nutrition was soft.

Novozymes recognized DKK 24 million of deferred income as revenue in 2019,

Product launches

- ✓ CTS500 – A new industrial biological soybean inoculant developed in collaboration with Bayer for the Brazilian market, bringing together biological inoculants of selected bacteria with high efficiency and nitrogen fixation
- ✓ Optimize 500 – Robust inoculant with improved performance and on-seed stability for soy

2020 outlook

Organic sales developments are subject to uncertainty, primarily due to global farm economics and trade-related concerns. Further, 2020 will be the first full year with the agricultural business operating under the new partnership structure.

Performance in Feed is predominately expected to be driven by the continued commercialization of Balancius™ for poultry. Sales to the agricultural industry is expected

Key industry trends

- Agriculture affected by more frequent extreme weather conditions
- Sustainable yield enhancement still in high demand as world population grows, putting pressure on agricultural sector to produce more and better products while minimizing negative environmental impact
- Increasing focus on feed efficiency and animal health with less use of antibiotics
- Farmer sensitivity to fluctuations in commodity prices

SDG impact



Basis of reporting

1.1 Significant changes and events



Implementation of IFRS 16 Leases

Novozymes implemented IFRS 16 on leases as of January 1, 2019. The standard has a significant impact on the balance sheet, as leases are recognized in the balance sheet as lease assets and lease liabilities.

In the income statement, the lease cost is replaced by depreciation of the leased asset and an interest expense for the financial liability, but the impact is insignificant. ROIC is impacted negatively, while free cash flow is impacted positively.

The impact on the Group's consolidated financial statements is described in Note 1.2 under Impact of new accounting standards.

The implementation has resulted in additional disclosures; see Note 3.3.



Termination of The BioAg Alliance

In February 2014, Novozymes and Monsanto formed The BioAg Alliance to discover, develop, and commercialize microbial solutions to increase crop yields and enhance sustainability.

As a consequence of Bayer's acquisition of Monsanto, Novozymes and Bayer negotiated the future setup of The BioAg Alliance. In April 2019, The BioAg Alliance was terminated, and replaced by a multi-partner setup in BioAg. Novozymes is continuing a close innovation and commercial partnership with Bayer. Reference is made to Note 2.5 for a description of the impact of The BioAg Alliance termination.



Divestment of the pharma-related royalty

In April 2019, Novozymes divested the pharma-related royalty. The transaction is classified as a divestment of assets. Reference is made to Note 2.5 and Note 3.1 for more details.

Better business with biology

Strategy

A dual transformation

Enabling success

Measuring our impact

novozymes

Valg af indhold

- Separat **CSR**-rapport + links i årsrapporten + 'summary' på fire sider, inklusive nøgletalsoversigt
- Links til **uddybende** information om:
 - Strategi, side 13
 - Investorinformation, side 48
- **Corporate governance** links, side 55:
 - Statutory report
 - Statutes
 - AGM materials
 - Remuneration policy
 - Diversity policy



Årsrapportprisen 2020

– ***Sustainability, klima og ESG-nøgletal***



CFO Lars Green,
Novozymes



Vice President, Corporate
Finance Morten Holm
Jensen, Arla Foods

Virksomhedernes arbejde med sustainability, klimaforhold og ESG-nøgletal

INTEGRATING SUSTAINABILITY TO OUR REPORT

2019 PERFORMANCE AT A GLANCE



■ 2019 ■ 2018 ■ 2017

**Based on profit allocated to owners of Arla Foods armba

*** International share is based on retail and foodservice revenue, excluding revenue from third party manufacturing, Arla Foods Ingredients and trading activities.

****baseline: 2015

CONSOLIDATED ENVIRONMENTAL, SOCIAL AND GOVERNANCE DATA

Sustainability at Arla

Sustainability is a cornerstone of Arla's strategy. Arla aims at delivering healthy and nutritional dairy products to consumers globally and the company is committed to do so with a constantly reduced environmental impact. Arla understands that achieving its mission to secure the highest value for the farmer owner's milk while creating opportunities for their growth also requires delivering on its environmental and social performance. Arla's recently launched sustainability strategy ensures this. To signify commitment to the company's sustainability agenda, and to increase accountability towards the goals Arla set, the company in 2019 decided to report on figures describing the Arla's environmental, social and governance performance to the Annual Report.

ESG figures in the following section were chosen according to their materiality, and following the most recent reporting guidelines published by the Danish Finance Society / CFA Society Denmark, FSR – Danish Auditors and NNAS. With the chosen figures, Arla aimed at providing a complete picture of the company's impact on the environment, how employees are treated and how the quality of products is safeguarded. Maturity and quality of data was also taken into consideration when selecting the figures presented in this section.

Arla's biggest environmental impact relates to the indirect, scope 3 CO₂e emissions, more precisely to milk production on farm (86 per cent of total CO₂e emissions). Most of the largest companies in the world now account and report on the emissions from their direct operations (scopes 1 and 2), however Arla wanted to take a step further in accountability and started to report on scope 3 emissions in 2005. From 2020 Arla

is going to enhance scope 3 reporting by accelerating data collection on farms through the company's new global Climate Check programme. For more information go to page 32.

In 2019 Arla's emissions targets were officially approved by the Science Based Target initiative as aligned with climate science.

Our science-based targets:

- Reduce greenhouse gas emissions with 30 per cent for scope 1 and scope 2 in absolute terms from 2015 to 2030
- Reduce greenhouse gas emissions with 30 per cent for scope 3 per kg of raw milk from 2015 to 2030

Beyond the science-based targets, in 2019 Arla also announced the ambition to produce carbon net zero dairy by 2050.

The methodology used for calculating emissions on farm level is constantly evolving. For example currently carbon sequestration on farms is not included in the method and thus the figure presented here is a conservative estimate. Developments in methodology will also be reflected in restatements of baseline.

Arla also annually publishes a CSR report, where the company presents in-depth analyses on the progress towards environmental, social and governance targets. A sub-set of the figures presented in this report can be also found there. Find the CSR report and further information about Arla's sustainability efforts on the company's webpage.

Five year ESG overview	ESG note	2019	2018	2017	2016	2015
Environmental data						
CO ₂ e scope 1 (Mio. kg)		470	497	498	483	535
CO ₂ e scope 2 (Mio. kg)		275	265	313	334	342
CO ₂ e scope 3 (Mio. kg)		17,758	18,073	18,217	18,292	19,802
Total CO₂e (Mio. kg)	1.1	18,503	18,834	19,028	19,110	20,679
Progress towards 2030 CO ₂ e reduction target (scope 1 and scope 2)		-15%	-13%	-8%	-7%	-
Progress towards 2030 CO ₂ e reduction target (scope 3 per kg milk and whey)		-7%	-7%	-6%	-6%	-
Renewable energy share (%)		1.2	33%	27%	24%	21%
Solid waste in production (Tonnes)		1.3	33,713	34,600	32,608	32,192
Social data						
Full time equivalents (average)		2.1	19,174	19,190	18,973	18,765
Gender diversity for all employees (% of females)		2.2	27%	27%	26%	26%
Gender diversity in management (% of females)		2.2	26%	23%	22%	21%
Gender diversity in top management (% of females)		2.3	29%	29%	29%	13%
Gender pay ratio, white collar (male to female)		2.3	1.05	1.06	-	-
Employee turnover (%)		2.4	12%	12%	11%	14%
Food safety - Number of recalls		2.5	4	2	10	6
Accident frequency (Per 1 Mio. working hours)		2.6	6	8	10	11
Governance data						
Gender diversity Board of Directors (%)		3.1	13%	13%	12%	7%
Board meeting attendance (%)		3.2	96%	96%	99%	98%

**Including all board members, those elected by the general assembly, employee representatives and external advisors, the share of females was 20 per cent as of 31 December 2019



In Novozymes sustainability is integrated :

- in our strategy
- in the way we operate
- in the way we measure our performance
- in the way we report

Measuring our impact

We will measure the impact of our updated strategy by setting ambitious targets for a mid-term period, while also aiming for long-term commitments.

We have set three-year targets to measure our progress. Our 2022 targets focus on the world, our business and employees and our own operations.

These targets reflect our focus on a healthy business, engaged employees and the reduction of our own environmental footprint while enabling our customers to be more sustainable.

Achieving our 2022 targets would bring us on track to accomplishing our 2030 commitments. We have made commitments to help limit global warming increase to 1.5°C (Climate), ensure clean and efficient use of water (Water) and produce more and better products with less impact (Production & Consumption). We are guided by the UN's Sustainable Development Goals and we have carefully considered how we can make a positive and tangible impact.

Here, we explain how we see our contribution to the challenge of Climate Change, Water and Production & Consumption.

See the overview commitments on details of our non



Climate

We can have the most significant impact on mitigating climate change by enabling low-carbon fuels for the transport sector, as this sector accounts for

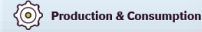
Climate change is also considered in our own energy-intensive. Therefore, we have set a verified CO₂ emissions in line with the most ambitious dec



Water

We will work to ensure clean and efficient water use particularly in laundry.

Water is also a fundamental resource for our product context-based approach to water management and all our sites manage water in balance with local co



Production & Consumption

GLOBAL GOAL 2: ZERO HUNGER

The world needs to provide enough healthy, affordable and sustainably produced food for a growing population. Many of our products help farmers around the world increase their crop productivity using products containing naturally occurring microbes. Many of our Food & Beverages solutions contribute to reducing food waste and making food production systems more sustainable. Novozymes is an active partner of the Sustainable Food Platform, an initiative under the P4G partnership that aims to rethink market-based solutions for food and nutrition security in Africa.

In 2019, the partnership developed its first product idea for a healthy, nutritious and affordable biscuit, in which Novozymes' enzymes enable the addition of protein-rich

GLOBAL GOAL 4: QUALITY EDUCATION

Education is a high priority for Novozymes. We believe that raising awareness about biology, biotechnology and the environment will lead to more people adopting and developing sustainable solutions in the future. Since 2015, Novozymes has helped more than 94,000 people learn about biology and how it enables a sustainable future, by engaging with local schools, universities and communities.

In 2019, we conducted several educational activities aimed at external audiences. One example is "The Little Biologists" program in China, which is run by Novozymes in partnership with Doottogether. The program engages with communities and schools to teach people about biobased solutions in everyday life.

GLOBAL GOAL 6: CLEAN WATER AND SANITATION

Over two billion people live in countries experiencing high water stress caused by water scarcity or pollution. There is a growing need for solutions to ensure clean and efficient water use.

Novozymes' water platform provides solutions that can prevent pollution by replacing chemicals and make wastewater treatment more efficient. We are also exploring ways to remove nitrogen from both drinking water and wastewater. Many of Novozymes' solutions help our customers reduce their consumption of water and reduce wastewater. In addition, we enable more innovation in water through our open innovation platform Helioscience.



Novozymes and the Sustainable Development Goals

Novozymes is the global market leader in biological solutions, producing a wide range of industrial enzymes and microorganisms. The intrinsically sustainable nature of Novozymes' products enables us to contribute to many of the Sustainable Development Goals (SDGs) adopted by the UN General Assembly.

Novozymes' purpose, business strategy and targets are inspired by the SDGs because our solutions enable us to contribute to one or more of the SDGs every single day. All projects in our innovation pipeline are assessed in relation to their potential impact on the SDGs. This enables us to advance solutions that could have a highly positive impact on the SDGs.

In 2019, as part of our strategy review process, we identified new business areas that directly address the societal needs outlined in the SDGs. We believe in the power of partnerships and most of our contributions are driven through collaboration. SDG 17 (Partnership for the Goals) is therefore a guiding principle for our company and the way we do business. In addition, we believe Novozymes' technologies and actions can contribute significantly to six of the seventeen SDGs:

17 PARTNERSHIP FOR THE GOALS

Unsustainable consumption and production behaviors are pushing the planet's ecological systems beyond its limits. Food systems, in particular, are linked to global environmental, social and economic challenges. Many of Novozymes' solutions, for example in BioAg, baking, and animal health and nutrition, enable more efficient production, reduce the use of resources, and minimize losses across food systems.

In 2019, Novozymes launched Frontia™ Jade, a new enzymatic solution for the corn milling industry that enables an increase in starch output by 2% and corn gluten meal by 3%, resulting in increased food production while also enabling energy savings.

13 CLIMATE ACTION

Climate change has always been an important topic for Novozymes. We are committed to helping the world limit global warming increase to 1.5°C by 2030 and achieve the goal of the Paris Agreement. For many years, we have enabled our customers to reduce their CO₂ emissions by applying our solutions. In 2021, Novozymes supported the implementation of the Renewable Energy Directive (RED II) in Europe. In partnership with industry organizations, Novozymes focused on maintaining direct dialogue with influencers and policy makers to advocate for the use of renewable fuels.

We focus on helping reduce emissions in the transport sector by enabling the production of low-carbon fuels. We also work towards reducing the impact of our own operations. In 2019, we supported the campaign "Business Ambition for 1.5°C - Our Only Future" as one of its first signatories.



See also Novozymes and the global goals for more details about how we contribute to the SDGs

Årsrapportprisen 2020

– ***Forretningsmodel – risici - strategi***



Executive Vice President,
Group Finance, Michael Ebbe
DSV Panalpina

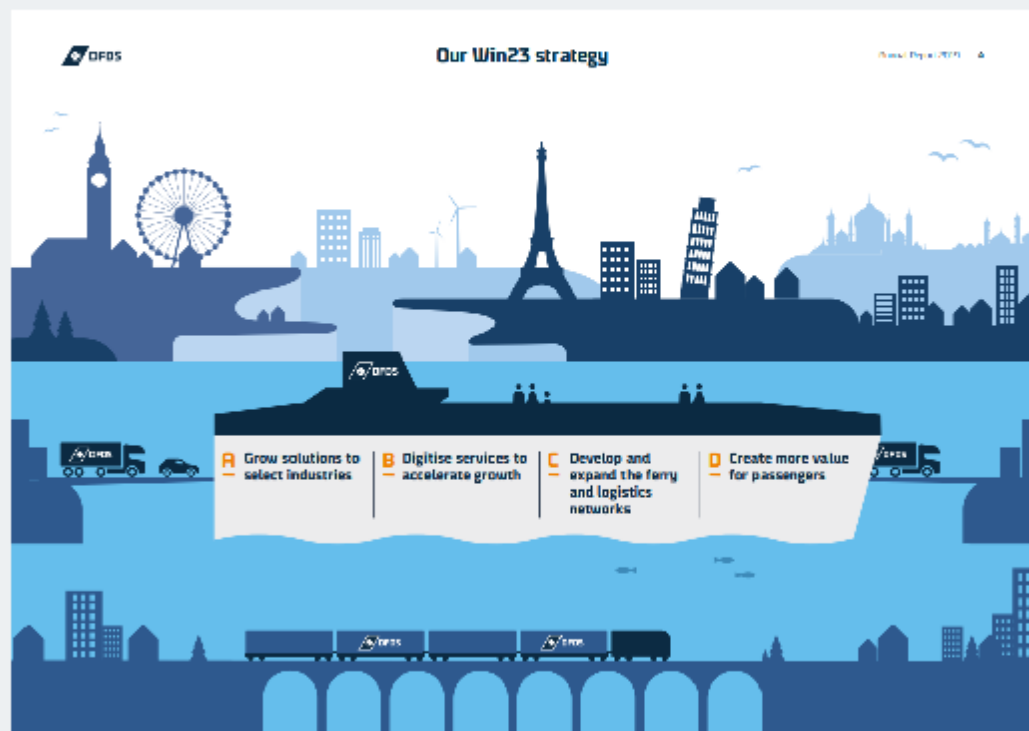


Head of Communication,
Søren Brøndholt Nielsen,
DFDS

Arbejde med og sammenhæng i forretningsmodel – risici – strategi

Sammenhæng mellem forretningsmodel, risici og strategi

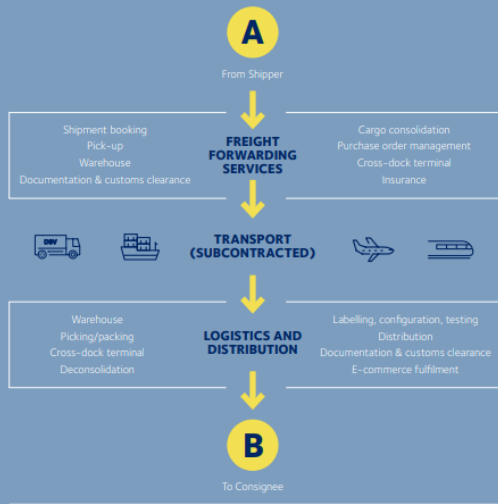
- Færge vs shipping
- Forudsigelighed og stabilitet af indtjening
- Stigende fokus på risici relateret til klima/miljø



Business model

Key resources and performance drivers

People — IT systems — Industry know-how — Standardised global workflows
Carrier relations — Global network with local presence

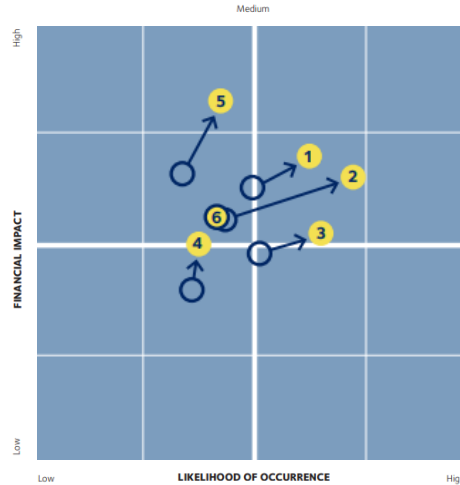


SUPPLY CHAIN VISIBILITY

Alerts — Exception management — Track and Trace — Proof of delivery — KPI reporting

Risk

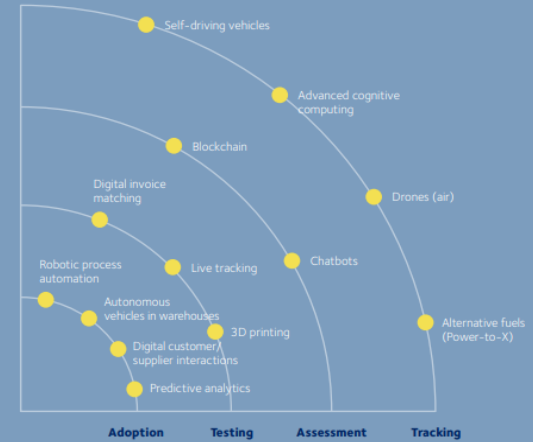
KEY RISK MAP



- 1 IT**
System and process breakdown
- 2 MACROECONOMY**
Recession and regional exposure
- 3 EMPLOYEES**
Employee retention and attraction
- 4 COMPLIANCE**
Fines, claims and damages, etc.
- 5 M&A**
Acquisitions and integration
- 6 TECHNOLOGY**
Disruption and technological adoption

Strategy

DSV TECHNOLOGY TREND RADAR



Årsrapportprisen 2020

– *Forretningsmodel – risici - strategi*



Executive Vice President,
Group Finance, Michael Ebbe
DSV Panalpina



Vice President, Corporate
Finance Morten Holm
Jensen, Arla Foods

Forventninger til fremtiden, forventet udvikling i markedet, teknologi og hvorledes virksomheden handler i forhold hertil

Outlook 2020

Outlook for 2020

(DKKm)	Actual 2019	Outlook 2020
EBIT before special items	6,654	8,200-8,700
Special items, cost	800	1,500
Effective tax rate	25.8%	23.0%

For 2020, we expect an EBIT before special items of DKK 8,200-8,700 million.

Net financial expenses excluding exchange rate adjustments for 2020 are expected in the level of DKK 750 million. This includes financial expenses for lease liabilities of approximately DKK 450 million.

IMPACT FROM PANALPINA INTEGRATION

In line with what has previously been communicated, we expect to achieve cost synergies of around DKK 2,300 million when Panalpina is fully integrated. Around 5% of the synergies were realised in 2019, around 60% are expected to have impact in 2020 and the remaining 35% in 2021.

Total transaction and integration costs are expected in the level of DKK 2,300 million. DKK 800 million of the cost impacted the income

statement in 2019, and the majority of the remaining integration costs are expected in 2020.

MARKET ASSUMPTIONS

The 2020 outlook assumes stable developments in the markets in which we operate.

The OECD and IMF project global economic growth around 2-3% in 2020, with lower growth rates in Europe and USA and higher growth in emerging economies, mainly in Asia.

We expect growth rates in the transport markets to be in line with underlying economic growth. Our normal ambition is to gain market share in all the markets in which we operate. However, due to the ongoing integration, it is likely that organic volume growth (DSV legacy business) will be close to the underlying market.

For Panalpina legacy business, there is a risk of a 5% volume loss in the first year of integration.

The expectations are based on the assumption that currency exchange rates, especially the USD against the DKK, will remain at the current level (6 February 2020).

Panalpina impact

DSV and Panalpina

Note: Full-year impact of Panalpina estimate



The transaction was closed on 19 August 2019, from which date Panalpina has been included in the consolidated financial statements of DSV. The acquisition was an all-share transaction (public exchange offer), and 55.5 million new shares corresponding to DKK 35.3 billion were issued in a capital increase and used in consideration.

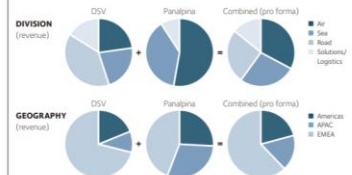
Following the completion of the transaction, the legal name of the holding company was changed to DSV Panalpina A/S. All Panalpina's commercial activities will be renamed and continue under the DSV brand.

The Panalpina Group was one of the world's leading providers of supply chain solutions with its core services comprising Air Freight, Ocean Freight and Logistics. Panalpina generated revenues of approximately DKK 40 billion in 2018 and operated a global network with some 300 offices in more than 70 countries and approximately 14,000 employees worldwide.

STRATEGIC RATIONALE AND SYNERGIES
The combination with Panalpina will rank the combined company in the industry top four with a pro forma revenue of approximately DKK 120 billion, a combined workforce of more than 60,000 employees and own operators in more than 80 countries.

DSV and Panalpina are a strong match with many potential synergies as a result of similarities in business models, services and strategies. Additionally, scale remains one of the key competitive advantages in freight forwarding with significant operational and commercial benefits.

Diversification of business mix and geography



Note: For illustrative purposes only

The Air & Sea division will be substantially strengthened and will be among the largest providers globally. The Solutions division will be strengthened, and Panalpina will bring additional warehousing capacity of more than 500,000 square metres. The Road network will add cross-selling opportunities to Panalpina's existing service offerings.

Furthermore, the combination will increase the Group's activities in the APAC and Americas regions, thereby further extending our geographical reach.

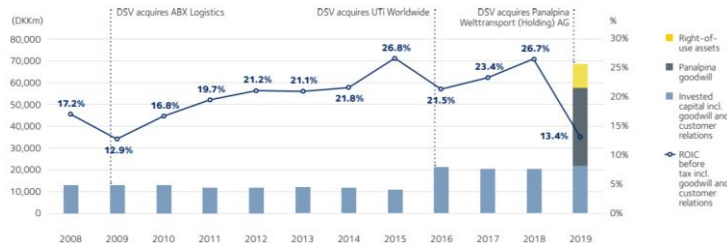
The operational and legal integration of Panalpina was initiated in Q3 2019. The process is carried out while focusing on maintaining a high service level for our customers in the transition phase.

The Panalpina activities have been included in the existing DSV divisional structure from the date of acquisition based on Panalpina's segment structure of Air and Ocean Freight (included in Air & Sea) and Logistics (split between Road and Solutions).

The Panalpina acquisition will have the largest impact on the Air & Sea division (approximately 90% of Panalpina revenue is Air & Sea activities) and only limited impact on Road and Solutions.

For a period of up to 12 months after closing of the transaction, new information may result in adjustments to the operating balance and accounting estimates as well as changes to the allocation of activities to the individual segments (divisions).

VALUE THROUGH ACQUISITIONS



COMMUNICATING TRENDS AND RISKS

EMBRACING CHANGE

We believe that our strategy must constantly evolve to incorporate changing market conditions and consumer trends. Here we highlight the major trends and our corresponding responses to ensure the delivery of our strategy.

TREND	ECONOMIC SLOWDOWN AND DECLINING DAIRY CONSUMPTION	POLITICAL VOLATILITY IN EUROPE AND BEYOND	GROWING DEMAND IN DEVELOPING COUNTRIES
	<ul style="list-style-type: none"> Global economic growth is slowing down, a trend driven by declining growth in developed markets with less than 2 per cent GDP growth in both North America and Europe In our core European markets, dairy consumption is flat or in decline in certain categories, while it is growing in developing countries, however at a slower pace than previously seen 	<ul style="list-style-type: none"> The outcomes of Brexit are still uncertain New EU leadership and political shifts in core EU countries cause uncertainty around future policies US-China and other trade wars continue, increasing cost of doing business internationally Conflicts in the MENA regions are escalating 	<ul style="list-style-type: none"> Emerging markets generate approximately 85 per cent of dairy consumption growth There's a push for building-up local value chains and self-sufficient local production in certain markets
RESPONSE	<p>In our core European markets, we are combating consumption decline by building strong brands and constantly innovating our products. In 2019 we launched products targeting the growing number of flexitarian consumers, we expanded our lactose free products, and launched the world's first climate - neutral dairy products in Sweden. Our strong commercial execution in the markets ensures that we build scale behind these successes. In our key MENA market we increased our capacity to serve the growing demand by acquiring a production site and the Kraft® brand cheese license from Mondelez International.</p> 	<p>As trade and other negotiations following Brexit progress, we are continuously and thoroughly preparing for various possible outcomes, while also keep delivering arguments for the free movement of people and goods to politicians. To read more on our Brexit strategy refer to page 50. Concerning trade wars, we will utilise our global presence and agility to assure that we take advantage of the possibilities new agreements give us, just as we will absorb the challenges that the current system presents to us.</p>	<p>We have a wide presence in emerging markets. Our international segment delivered strong growth rates since 2015. We expect this trend to continue in 2020 and beyond. In 2019 we further strengthened our position and secured local production capacity in the Middle East, our biggest strategic growth market by launching production in our newly acquired production site in Bahrain. In China, we work in partnership with a local dairy giant, Mengniu to satisfy the growing demand, and the sales of our organic early life nutrition products doubled in 2019.</p> 

OUR RISK MANAGEMENT

At Arla, we recognise risk management as a means of mitigating adverse consequences of internal or external factors, and capturing opportunities for the business to maximise value creation. We take measures to identify, understand, assess and deal with risks effectively. Our focus is on risks that may threaten the realization of our strategy in the mid-term, and we also look at short-term risks inherent in the business processes of the company.

TYPE OF RISK

STRATEGIC

Risks arising from external or internal trends or events that may have material impact on the realisation of our strategic objectives

OPERATIONAL

Risks that may compromise execution of business functions

FINANCIAL

Risks that may cause unexpected volatility in milk prices, net sales, margins or market shares

LEGAL AND REGULATORY

Risks related to legal or regulatory developments that may have material impact on our realisation of business objectives

IMPACT

We differentiate risks within each major category by their potential impact. Impact indicates the level of monetary and/or reputational loss. In this report we focus on critical and major risks, however in our internal risk management we also track and mitigate risks below these materiality levels.

■ **Major:** Long term impairment of market position and/or national media coverage resulting in damage to brands/image and/or monetary loss 10-50 mEUR.

■ **Critical:** Permanent reduction of brand value and/or extensive international media coverage damaging the image of Arla and/or monetary loss in excess of 50 mEUR.

▲▼ **Likelihood:** When we talk about the movement of risk, we refer to change in likelihood of the risk materialising, considering the mitigation activities and controls lowering that likelihood.

ÅRSRAPPORTPRISEN 2020

ÅRSRAPPORTPRISEN 2020

International direktør og COO Thomas Bustrup, DI
adm. direktør Charlotte Jepsen, FSR

Årsrapportprisen 2020
– *Vinderen*

novozymes® 
Rethink Tomorrow

ÅRSRAPPORTPRISEN 2020

International direktør og COO Thomas Bustrup, DI
adm. direktør Charlotte Jepsen, FSR

AFSLUTNING

International direktør og COO Thomas Bustrup

DI

Vi ses den 2. September 2021

CHAMPAGNE i Atriet