



Remuneration Report 2022

Novozymes A/S
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Rethink Tomorrow



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The Remuneration Report 2022 has been prepared to meet the requirements of section 139b of the Danish Companies Act. The report has also been prepared in accordance with the European Commission Guidelines' draft on the standardized presentation of the remuneration report as regards the encouragement of long-term shareholder engagement. The Remuneration Report will be presented for an advisory vote at the Annual Shareholders' Meeting to be held in 2023.

Chair's introduction

On behalf of the Board of Directors, I have the pleasure of presenting Novozymes' remuneration report for 2022. Our objective in providing this report is to give a transparent and comprehensive overview of the remuneration of our Board of Directors and Executive Management.

In 2022, Novozymes delivered strong organic sales growth of 9% and a solid EBIT margin of 26% despite a volatile market environment. Furthermore, we concluded our nonfinancial milestone targets for 2022 with an improvement in the environmental impact of our operations, increased employee engagement, and we enabled our customers to reduce their CO₂ emissions. At the end of the year we announced the proposed combination of Novozymes and Chr.Hansen as another step on our strategic

Company performance - Group

DKK million	2022	2021
Revenue	17,553	14,951
Organic sales growth	9%	6%
EBIT	4,561	4,007
EBIT margin	26.0%	26.8%

journey and to create a leading global biosolutions partner.

Remuneration highlights in 2022

At the Annual Shareholder's Meeting held in March 2022, the Novozymes Remuneration Report 2021 was approved without comment. Consequently, the advisory vote did not result in any changes to the remuneration policy for 2022.

At the meeting, all shareholder-elected members of the Board were re-elected except for Mathias Uhlén, who was replaced by Morten Sommer. It was approved to increase the fixed base fee by 2.3% to DKK 522,000, and as a consequence the total Board remuneration increased to DKK 10.2 million in 2022 compared to DKK 9.8 million in 2021.

The Executive Management consists of Ester Baiget, CEO and Lars Green, CFO, and their total remuneration in 2022 amounted to DKK 41.6 million compared to DKK 39.5 million in 2021. Ester

Baiget received an extraordinary salary increase of 20% in 2022 in recognition of her performance as a leader, the results achieved and to maintain a market competitive salary. The strong performance of Novozymes is reflected in the payout ratio of the short-term incentive program for the Executive Management.

The long-term incentive program covering the performance period 2020-2022 has been finally allocated in 2022. The Board of Directors previously recognized that 2020 was a challenging year due to the impact from the COVID-19 pandemic. As a result, they adjusted the targets and reduced max allocations, while retaining incentive impact. The adjustment resulted in a max potential allocation of 73% of the original 100% maximum. An allocation of 69% is now being awarded reflecting a very strong performance in 2021-2022.

In accordance with the remuneration policy, a new long-term incentive program has been established for the Executive Management with a performance period covering the years 2022-2024.

The Board finds that the incentive structures in place are effective towards both financial and nonfinancial performance and recommends to continue the existing remuneration policy.



Jørgen Buhl Rasmussen
Chair of the Nomination
and Remuneration Committee

Summary of the remuneration policy

Novozymes seeks to generate financial, environmental, and social value. This is the triple bottom line approach we have always taken, and which is ingrained in our purpose, strategy, and long-term targets. The triple bottom line approach ensures that business decisions balance financial, environmental, and social considerations, always keeping in mind the best interests of all our stakeholders.

The remuneration policy is unchanged from 2021.

Board of Directors

Novozymes' remuneration policy for the Board of Directors is designed to attract and retain qualified members of the Board of Directors and to ensure that the Board safeguards the company's long-term interests without taking into consideration what this may mean in terms of the value of incentive-based remuneration. Therefore, the members of the Board of Directors are paid a fixed fee each year.

The fees paid to the Board members are regularly assessed based on recommendations from the Nomination and Remuneration Committee. In making its recommendations, the Nomination and Remuneration Committee is guided by relevant benchmarks, including board fees paid by comparable companies in Denmark and across Europe.

The actual remuneration of the Board of Directors for the previous calendar year and the remuneration level for the current calendar year is approved at the Annual Shareholders' Meeting each year.

Executive Management

Novozymes' remuneration policy for the Executive Management is designed to attract and retain qualified members of the Executive Management and to provide for a performance-based remuneration package that supports sustainable value creation for our shareholders. The components are structured to strongly align the interests of executive officers and shareholders, including a focus on delivering on Novozymes' key strategic objectives.

Executives receive a fixed remuneration comprising a base salary, pension contributions and benefits. Further, significant proportions of their remuneration packages are based on performance-related pay through short and long-term incentives (56% of total target remuneration). Most of the variable remuneration is weighted towards the long-term, in line with Novozymes' strategic objectives and mirroring the long-term nature of Novozymes' investments in the business.

The short and long-term incentive programs are designed to incentivize performance against

selected financial, environmental, social and operational key performance indicators and individual objectives, which are directly linked to Novozymes' strategy, and to incentivize long-term value creation and alignment with the long-term interests of shareholders, customers and other stakeholders.

Nomination and Remuneration Committee

The Board of Directors has established a Nomination and Remuneration Committee that assists the Board of Directors in meeting its responsibilities with respect to establishing, implementing and executing its remuneration policy for the members of the Board of Directors, its committees and the Executive Management. Furthermore, the Nomination and Remuneration Committee assists the Board of Directors in nominating candidates for the Board of Directors, board committees and the Executive Management and in recommending the level of remuneration of the Board members, board committee members and members of the Executive Management. The Nomination and Remuneration Committee consists of four members, who are all members of the Board of Directors. The Nomination and Remuneration Committee meets when necessary, but always at least twice a year.

For the full remuneration policy, visit

[Visit](#)

For the charter of the Nomination and Remuneration Committee and the key matters handled by the Nomination and Remuneration Committee in 2022, please refer to [Novozymes.com](#).

[Visit](#)

Remuneration composition – target

DKK million

- Target – Fixed
44%
- Target – Short-term Incentive
19%
- Target – Long-term Incentive
37%



Remuneration composition – actual 2022

DKK million

- Actual – Fixed
40%
- Actual – Short-term Incentive
26%
- Actual – Long-term Incentive
34%



Remuneration of the Board of Directors

The remuneration of the Board of Directors comprises a fixed fee and is not incentive-based. This ensures that the Board of Directors safeguards the company's long-term interests without taking into consideration what this may mean in terms of the value of incentive-based remuneration.

The Board of Directors' fee is set at a market conformant level that reflects the competencies and efforts required of the role, given the complexity of the Novozymes Group, the scope of the work, and the number of Board meetings held.

At the Annual Shareholder's Meeting held in 2022, the shareholders voted to approve an increase of 2.3% in the fixed base fee from DKK 510,000 to DKK 522,000. The Chair receives a fee that is three times the base fee and the Vice Chair a fee that is two times the base fee.

For committee work, the committee Chair and other committee members receive a further base fee and half a base fee respectively. However, the Chair and the Vice Chair of the Board of Directors do not receive such additional fee if appointed to the Nomination and Remuneration Committee.

At the Annual Shareholder's Meeting held in March 2022, the now former member Mathias Uhlén did not seek re-election and was replaced by Morten Sommer.

The Board of Directors consists of 11 members and the total remuneration paid to the Board of Directors in 2022 amounted to DKK 10.2 million compared to DKK 9.8 million in 2021. The increase is a result of the increase in the fixed base fee.

Board members:

Jørgen Buhl Rasmussen (Chair)
Cees de Jong (Vice Chair)
Kasim Kutay
Kim Stratton
Sharon James
Heine Dalsgaard
Morten Sommer
Anders Hentze Knudsen
Preben Nielsen
Jens Øbro
Anne Breum

Board and Committee fee levels

DKK million	Board		Audit Committee		Nomination and Remuneration Committee*		Innovation Committee	
	Multiplier	DKK	Multiplier	DKK	Multiplier	DKK	Multiplier	DKK
Chair	3.00	1,566,000	1.00	522,000	1.00	522,000	1.00	522,000
Vice Chair	2.00	1,044,000	n/a	n/a	n/a	n/a	n/a	n/a
Member	1.00	522,000	0.50	261,000	0.50	261,000	0.50	261,000

* The Chair and the Vice Chair of the Board of Directors do not receive such additional fee if appointed to the Nomination and Remuneration Committee.

New Board members elected, and Board members not re-elected at the Annual Shareholder's Meeting held in March 2022, received pro rata shares of the annual base fee and committee fees for the time they served on the Board of Directors in 2022.

The Board of Directors may decide to grant an additional fee to individual Board members for extraordinary board work performed, or for work on new Board committees established by the Board of Directors. Despite significant extra workload and responsibilities related to the proposed combination of Novozymes and Chr. Hansen the Board does not recommend any additional pay or fee to the Board of Directors.

Travel, accommodation, and other reasonable expenses related to board work and/or meetings, including expenses associated with relevant training, are paid on submission of receipts.

Novozymes pays statutory contributions to social security and similar taxes and charges that the company is obligated to pay according to applicable law in relation to a Board members' position as a member of the Board of Directors.

See Appendix I for further details regarding the remuneration of the Board of Directors.

Remuneration paid to individual members of the Board of Directors

DKK '000	2022			2021		
	Board of Directors	Committees	Total	Board of Directors	Committees	Total
Jørgen Buhl Rasmussen (Chair, Board)	1,566	261	1,827	1,530	255	1,785
Cees de Jong (Vice Chair, Board)	1,044	261	1,305	1,020	255	1,275
Mathias Uhlén ¹	108	54	162	510	255	765
Kasim Kutay	522	261	783	510	255	765
Kim Stratton	522	522	1,044	510	510	1,020
Sharon James (Chair, Innovation Committee)	522	522	1,044	510	510	1,020
Heine Dalsgaard (Chair, Audit Committee)	522	522	1,044	510	510	1,020
Morten Sommer ²	414	207	621	-	-	-
Anders Hentze Knudsen ³	522	-	522	510	-	510
Preben Nielsen ³	522	261	783	411	174	585
Jens Øbro ³	522	-	522	411	-	411
Anne Breum ³	522	-	522	411	-	411
Lars Bo Kjøppler ^{3,4}	-	-	-	99	-	99
Lena Bech Holskov ^{3,4}	-	-	-	99	-	99
Remuneration	7,308	2,871	10,179	7,041	2,724	9,765

¹ Resigned on March 16, 2022 ² Joined on March 16, 2022 ³ Employee Representative ⁴ Resigned on March 11, 2021

The disclosed remuneration for Board members does not include statutory contributions to social security, similar taxes and minor mandatory social security contributions and similar paid by Novozymes. In total less than DKK 100.000. It also does not include reimbursed expenses that Board members incurred in connection with board meetings, such as travel and accommodation.

The following members of the current Board of Directors hold shares of stock in Novozymes A/S

Shares of stock	Jan. 1, 2022	Purchased during the year	Sold during the year	Dec. 31, 2022	Market value DKK million
Jørgen Buhl Rasmussen	5,500	-	-	5,500	1.9
Cees de Jong	2,000	-	-	2,000	0.7
Heine Dalsgaard	3,000	-	-	3,000	1.1
Kasim Kutay	217	-	-	217	0.1
Jens Øbro	557	-	-	557	0.2
Preben Nielsen	426	-	-	426	0.1
Anne Breum	319	-	-	319	0.1
Board of Directors	12,019	-	-	12,019	4.2

Members of the Board of Directors are not granted share options or share awards. However, employee-elected members hold a limited number of share options in Novozymes A/S due to Group-wide employee share option programs.

Board member	Audit Committee member	Nomination and Remuneration Committee member	Innovation Committee member	Board meetings attended %
Jørgen Buhl Rasmussen ^{1,2}	●	● (Chair)		100
Cees de Jong ^{1,2}	●	●		100
Heine Dalsgaard ¹	● (Chair)			100
Sharon James ^{1,2}			● (Chair)	100
Kasim Kutay ¹		●		89
Kim Stratton ^{1,2}		●	●	100
Morten Otto Alexander Sommer ^{1,2,5}			●	83
Mathias Uhlén ^{1,4}				50
Anders Hentze Knudsen ³				100
Anne Breum ³				93
Preben Nielsen ³			●	100
Jens Øbro ³				100

1. Elected at the Shareholders' Meeting 2. Independent 3. Employee representative 4. Resigned from the Board on March 16, 2022 5. New member of the Board from March 16, 2022

Remuneration of the Executive Management

As per December 31, 2022, the Executive Management of Novozymes A/S consisted of

- Ester Baiget, President & Chief Executive Officer (CEO)
- Lars Green, Executive Vice President & Chief Financial Officer (CFO)

The Executive Management consists of the registered executives of Novozymes A/S.

The total remuneration to members of the Executive Management comprises

- A base salary plus pension, a company car and certain other benefits
- A short-term incentive program (cash bonus) - STIP
- A long-term incentive program (stock-based program) - LTIP

The split of the total remuneration (fixed + variable) to the Executive Management is shown below.

Compliance with remuneration policy

The remuneration of the Executive Management in 2022 was in line with the scope of the remuneration policy, and no changes were made to the composition of the remuneration compared to last year.

The remuneration structure for the Executive Management is shown in the table on the following page.

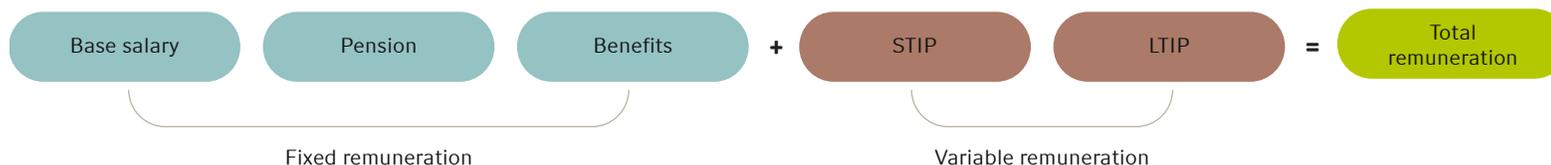


Ester Baiget
President & Chief Executive Officer (CEO)



Lars Green
Executive Vice President & Chief Financial Officer (CFO)

Remuneration split



Component	Description	Relative and Normal Proportion and Maximum Level	Link to Performance and Strategy
Base salary	<p>Base salaries are set based on the role, responsibilities and experience of the individual. Salaries are reviewed annually.</p> <p>Base salary is a fixed amount of money generally paid monthly through bank transfer.</p>	<p>No maximum limits apply but salaries are set in line with comparable Danish and European peers and taking into account the individual's skills, experience and performance.</p>	<p>A competitive base salary is paid in order to attract and retain high-quality and experienced executives and to provide appropriate remuneration for the important roles they play at Novozymes.</p> <p>Any increase in base salary will normally be in line with the range of increases awarded to other employees of Novozymes. Salary increases in Denmark, which is where the Executive Management is based, are particularly relevant, as they reflect local economic conditions. Increases may exceed this level under special circumstances.</p>
Benefits	<p>Members of the Executive Management may have a number of work-related benefits at their disposal, including a company car, fuel/power allowance, free internet, free telephony, relevant insurances, training, relevant media subscriptions, personal tax return preparation and other benefits related to their position.</p>	<p>Benefits may not exceed 10% of the total remuneration assuming full allocation. The scope and level of individual benefits are set in line with comparable Danish and European peers.</p>	<p>Provide a market-competitive level of benefits to attract and retain high-quality and experienced executives. The level of benefits will not be set to drive performance as that will primarily be driven by the variable remuneration.</p>
Pension	<p>Members of the Executive Management participate in a defined contribution pension scheme where the company makes a set contribution to each executive's pension plan and where benefits are based on the amounts credited to these accounts through employer contributions plus any investment earnings on the account balance.</p>	<p>Employer pension contributions of up to 11% of base salary.</p>	<p>Provides a market-competitive level of post-employment benefits provided to attract and retain high-quality and experienced executives.</p>
Short-term incentive program (STIP)	<p>Annual cash bonus, the size of which depends on the degree of fulfilment of financial targets set by the Board of Directors and individual targets previously agreed with the Board of Directors.</p> <p>STIP is a variable amount of money within the stated maximum generally paid yearly through bank transfer.</p>	<p>The annual cash bonus may not exceed a maximum STIP threshold of nine and a half (9.5) months' base salary. Target performance is normally 65% of the maximum STIP threshold.</p> <p>The STIP is not pensionable.</p>	<p>The purpose of the STIP is to enable the alignment of pay with performance by incentivizing year-on-year delivery on rigorous short-term financial, strategic and operational objectives selected to support Novozymes' annual business strategy and the ongoing enhancement of shareholder value.</p> <p>The STIP encourages and focuses each executive's efforts to deliver on Novozymes' strategic priorities for the relevant financial year and rewards the executive for achieving stretched performance objectives. The performance measures chosen for each year are expected to have a significant impact on the success of Novozymes.</p>
Long-term incentive program (LTIP)	<p>Annual awards of performance shares and/or market-value share options that provide significant alignment of the interests of executives and shareholders.</p> <p>Share awards vest after three years and share option awards vest after four years subject to the achievement of challenging performance targets linked to Novozymes' business strategy, long-term goals and sustainability through non-financial targets.</p> <p>The mix of shares and share options is determined by the Board of Directors, and the LTIP may be based entirely on shares, entirely on share options or any mix in between.</p> <p>Under special circumstances, and if deemed appropriate by the Board of Directors, the stock-based incentive program can fully or partly be substituted with a similar long-term cash-based incentive program.</p>	<p>Annual LTIP awards of up to a maximum of nineteen (19) months' base salary (fair value at conditional grant). The final release being dependent on the degree to which performance criteria have been reached. Target performance is normally 65% of the maximum LTIP.</p> <p>Further, awards may be scaled back if the intrinsic value on final grant exceeds twice (2x) the full value at conditional grant.</p> <p>The LTIP is not pensionable.</p>	<p>The purpose of the LTIP is to enable the alignment of pay with performance, with emphasis on long-term shareholder value. This is done by focusing the executives' efforts on the achievement of sustainable long-term value creation, including through the appropriate management of business risks.</p> <p>The LTIP also encourages retention through long-term share exposure for the executives over the three-year performance period and the four-year vesting period for share options.</p> <p>It aligns the long-term interests of the executives and Novozymes' shareholders.</p>

Base salary

In April 2022, the members of the Executive Management received a 2.5% increase in their base salary. In addition, Ester Baiget received an extraordinary salary increase of 20% in August in recognition of her performance as a leader, the results achieved and to maintain a market competitive salary.

Ester Baiget and Lars Green will in addition to their regular remuneration receive compensation for lost incentives from their previous employers. The compensation is subject to certain conditions.

Over the period 2020–2023, Ester Baiget may receive up to a total of DKK 9.6 million in extraordinary sign-on compensation for lost incentives from her previous employer, of which

DKK 2.7 million was paid out in 2022 and DKK 5.5 million was paid out in the previous years.

Over the period 2020–2023, Lars Green may receive up to a total of DKK 14.5 million in extraordinary sign-on compensation for lost incentives from his previous employer, of which DKK 5.7 million was paid out in 2022 and DKK 5.0 million was paid out in the previous years.

Pension

In 2022, executives were eligible for a defined contribution pension scheme of 11% of their base salary, similar to the pension scheme in 2021.

Benefits

In 2022, executives received non-monetary benefits in relation to company cars, telephones, etc. in line with the remuneration policy.

Remuneration to the individual members of the Executive Management

DKK million	Fixed				Variable			2022 Total remuneration	Compensation for lost incentives	2021 Total remuneration
	Salary	Contribution based pension	Other benefits	Total fixed (% of total remuneration)	Cash bonus (STIP)	Incentive programs (LTIP)	Total variable (% of total remuneration)			
Ester Baiget, CEO	8.5	0.9	0.4	9.8 (41%)	6.1	7.8	13.9 (59%)	23.7	2.7	22.2
Lars Green, CFO	6.1	0.7	0.2	7.0 (39%)	4.7	6.2	10.9 (61%)	17.9	5.7	17.3
Former executives										
Thomas Videbæk (to 30/04-2021)	-	-	-	-	-	-	-	-	-	3.6
Remuneration	14.6	1.6	0.6	16.8	10.8	14.0	24.8	41.6	8.4	43.1

The difference in the total remuneration to the Executive Management in the above table compared to Note 6.1 – Management Remuneration in the Annual Report is related to long-term incentives. The disclosure in Note 6.1 is based on IFRS recognition principles, whereas the long-term incentive programs are expensed over the four-year vesting period. The long-term incentive included in the above table is the cost of the 2022 program measured at market value at the grant date.

Short-term incentive program – Target achievement

Weight	Target	% / (Index)	Ester Baiget	Lars Green
40%	Sales		100 (154)	100 (154)
20%	EBIT margin	% of maximum /	65 (100)	65 (100)
10%	Contribution to strategy	(index compared to target performance)	82.5 (127)	82.5 (127)
30%	Individual targets		100 (154)	90 (138)
Total, % of max			91 (140)	88 (136)
Total, DKK million			5.7	4.3

Short-term incentive program

The targets for the short-term incentive program (STIP) are typically set by the Board of Directors in connection with the review of the business plan for the year. Good performance will result in target payout (65%) while the maximum payout is only achieved for delivering extraordinary performance. Maximum payout equals 9.5 months' salary.

In 2022, the targets for the STIP were split on financial performance of the company at 60% weight (Sales 40% weight and EBIT margin 20% weight), and a target for strategy contribution at 10% weight. Individual performance targets are set for each executive accounting for the remaining 30%.

The strong sales performance of Novozymes in 2022 exceeded the target and led to a payout of 100%. The EBIT margin achieved in 2022 met the target and resulted in a payout of 65%.

The level of achievement of the contribution to strategy was 82.5% based on an assessment of progress on the company's must-win battles. The level of achievement of individual performance targets, and thus the size of remuneration payment to each individual executive is in each case determined by the Board of Directors based on recommendations from the Nomination and Remuneration Committee. Based on its assessment, the Board determined that the payout based on individual targets are 100% for Ester Baiget and 90% for Lars Green.

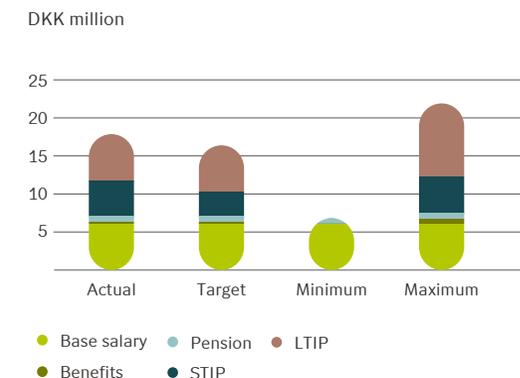
The total pay-out ratio on the STIP 2022 is shown above.

In addition to the STIP, Ester Baiget and Lars Green both received a one-off bonus of DKK 400.000 in acknowledgement of their leadership and contributions to Novozymes.

Ester Baiget, CEO



Lars Green, CFO



Long-term incentive program

Since 2020, the Board of Directors has issued annual long-term incentive-based program (LTIP) grants with overlapping three-year performance periods. This allows the Board of Directors to re-assess targets for each annual grant cycle to ensure the targets are sufficiently demanding, incentivizing and aligned with the strategy. The new LTIP for the Executive Management covering the performance period 2022–2024 took effect in 2022.

The LTIP consists of 50% shares and 50% share options, similar to the LTIP 2021.

The targets of LTIP 2022 reflects 40% weight on organic sales growth, 20% weight on EBIT margin, 20% weight on ROIC, and 20% weight on nonfinancial targets. Compared to the LTIP in previous years, the EBIT margin and ROIC performance have been included as targets, while economic profit generation has been excluded.

The targets are aligned with the strategy and the measures of business success for the period 2022-2024. Nonfinancial targets are set on four parameters covering environmental and social perspectives; Climate, water & circular, workplace, and diversity. The nonfinancial component will only be unlocked if Novozymes, by the end of 2024, performs above the floor levels across all four sustainability parameters. Once the floor is reached on all four parameters, the nonfinancial component will

be released as per the performance against each parameter on a pro-rata basis.

The annual LTIP cannot exceed 19 months' base salary (value at conditional grant). Further, the program includes a maximum value clause allowing the Board of Directors to choose to limit the total allocation of share options and shares if the intrinsic value exceeds twice the full annual conditional grant.

Long-term incentive program - unvested shares

	LTIP	Grant date	Vesting date	No. of shares allocated (target)	Allocation adjustment**	No. of shares allocated (final)	No. of shares vested during the year	Market value at grant date (DKK million)
Ester Baiget, CEO	2020–2022	March 2020	January 2023	10,085	622	10,707	-	3.5
	2021–2023	February 2021	January 2024	10,104	-	-	-	3.9
	2022–2024	February 2022	January 2025	9,491	-	-	-	3.9
Lars Green, CFO	2020–2022	March 2020	January 2023	8,464	522	8,986	-	3.0
	2021–2023	February 2021	January 2024	7,952	-	-	-	3.0
	2022–2024	February 2022	January 2025	7,470	-	-	-	3.1

** The allocation of shares for LTIP 2020-2022 has been adjusted based on the realized level of target achievement for the period (69%)

Long-term incentive program - share options

	LTIP	Grant date	Vesting date*	No. of share options allocated (target)	Allocation adjustment**	No. of share options allocated (final)	Exercise price (DKK)	Market value at grant date (DKK million)
Ester Baiget	2020–2022	March 2020	January 2024	73,551	4,526	78,077	350.8	3.5
	2021–2023	February 2021	January 2025	57,532	-	-	382.0	3.9
	2022-2024	February 2022	January 2026	47,949	-	-	416.0	3.9
Lars Green	2017–2019	September 2019	January 2023	21,740	-	21,740	279.5	0.9
	2020–2022	March 2020	January 2024	61,729	3,799	65,528	350.8	3.0
	2021–2023	February 2021	January 2025	45,280	-	-	382.0	3.0
	2022–2024	February 2022	January 2026	37,737	-	-	416.0	3.1

* All stock option programs have an exercise period of 5 years after the vesting date

** The allocation of share options for LTIP 2020-2022 has been adjusted based on the realized level of target achievement for the period (69%)

Potential shares will be awarded and will vest at the beginning of 2025 and potential share options will vest at the beginning of 2026 subject to achievements of the performance targets.

For the LTIP 2022 program, the exercise price of the share options equals DKK 416 per share.

All information included in the tables in the previous page, including the number of shares and share options and the calculation of their value, are based on the allocation at the time of establishment of the respective LTIP except for the finally allocated programs.

For the LTIP 2022, the allocation reflects a target performance equaling 65% of the maximum, and the number of shares and share options allocated may be reduced or increased, depending on whether the performance of the company in the respective three-year period deviates from targets determined by the Board of Directors.

The performance of Novozymes and consequently the final number of shares and share options to be granted to each executive will only be determined after the end of the three-year period. Accordingly, the tables do not reflect the actual allocation of each program except for the 2020–2022 program.

Long-term incentive program finalized in 2022

The program covering the performance period 2020–2022 was finally allocated in 2022. As described in the Novozymes Remuneration Report 2021, the targets for sales growth and economic profit have been adjusted to exclude the 2020 performance due to the extraordinary impact of COVID-19, and the allocations related to these targets have been reduced by one third.

Average organic sales growth during the two-year period (2021–2022) was 7.5%, resulting in 100% of target being met (26.5% of the total program). The accumulated economic profit generated in the two-year period was DKK 4.6 billion, resulting in 100% of the economic profit pool (26.5% of the total program) being awarded.

80% of the sustainability targets were reached (20% of the total program). An allocation of 69% is now being awarded.

For the Executive Management this means that a total of 19,693 shares will be released in January 2023. The number of stock options granted for the three-year period is 143,605 reflecting the realized target achievement.

The program contains a maximum-value clause, allowing the Board of Directors to choose to limit the total allocation of stock and stock options if the intrinsic value exceeds twice the annual conditional grant at the end of the program. There will be no limitation on the total allocation, as the intrinsic value is below the threshold.

Long-term incentive program 2020-2022

Measure	Metric	Original max allocation	Adjusted max allocation	Actual allocation	Target achievement	Performance over the period
Organic sales growth	2-year-average organic sales growth	40%	26.5%	26.5%	100%	avg. 7.5% growth
Economic profit generation	2-year-accumulated economic profit generation	40%	26.5%	26.5%	100%	DKK 4.6 billion generated
Sustainability	3-year-achievement on sustainability parameters (Climate, water & circular, workplace and Zymers)	20%	20.0%	16.0%	80%	Performance on or above target on all measures
Total payout		100%	73.0%	69.0%		

Remuneration finally/not finally determined

Finally determined remuneration (base salary, pension, benefits and STIP) amounted to DKK 15.9 million (equaling 67%) of Ester Baiget’s remuneration for 2022 and DKK 11.7 million (equaling 65%) of Lars Green’s remuneration for 2022.

The number of shares and share options allocated to the executives under the LTIP may be

reduced or increased, depending on the performance of the company in the three-year period 2022–2024.

Consequently, DKK 7.8 million (equaling 33%) of Ester Baiget’s remuneration relating to the LTIP 2022, and DKK 6.2 million (equaling 35%) of Lars Green’s remuneration relating to the LTIP 2022 have not yet been finally determined.

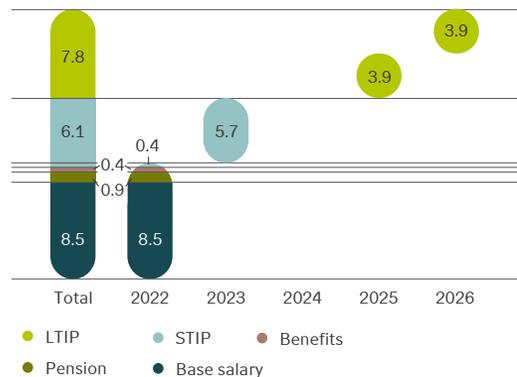
Moreover, bonus from the STIP, shares and share options allocated to the executives under the LTIP 2022 have not been paid out, but will be paid out at a later date.

Therefore, the total cash received by Ester Baiget and Lars Green for 2022 was DKK 10.2 million (equaling 43%) and DKK 7.4 million (equaling 41%) respectively, while the deferred remuneration relating to 2022 to be paid at a later date

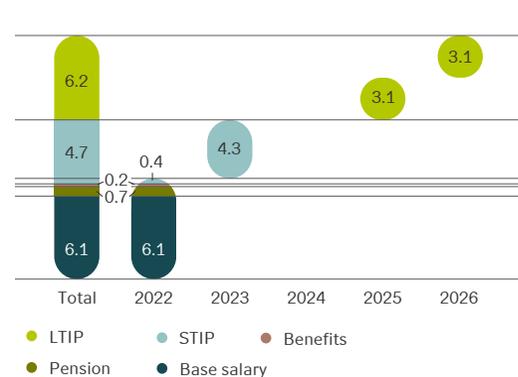
amounted to DKK 13.5 million (equaling 57%) and DKK 10.5 million (equaling 59%) respectively. The deferred amount is subject to changes as described above.

The charts below provide a visual representation of the timing of remuneration payout to the Executive Management in respect of 2022 remuneration.

Ester Baiget, CEO Remuneration payout timing



Lars Green, CFO Remuneration payout timing



Remuneration for 2022

DKK million	Finally determined	Not finally determined	Total	Cash paid in 2022	Deferred	Total
Ester Baiget, CEO	15.9	7.8	23.7	10.2	13.5	23.7
	67%	33%	100%	43%	57%	100%
Lars Green, CFO	11.7	6.2	17.9	7.4	10.5	17.9
	65%	35%	100%	41%	59%	100%

Shareholdings

To align the interests of the members of the Executive Management more closely with those of Novozymes' shareholders, each executive must hold (through purchase, grant or exercise), at the executive's own cost and expense, Novozymes shares in an aggregate amount equivalent to the executive's current annual base salary excluding pension. This holding is to be built up over a period of up to five years starting in 2020 or the year of hire if later than 2020.

Plan discretions and claw-back

The Nomination and Remuneration Committee has operated the incentive programs in accordance with the rules of the respective programs and the discretions contained therein. This includes a discretionary power to vary the payout under the annual bonus or the level of vesting of a long-term incentive award, if the Board of Directors determines that exceptional circumstances exist such that the formulaic vesting level does not reflect underlying financial or individual performance.

The plan rules also contain the authority for the Committee to withhold or claw back variable remuneration if a payment is based on misstated results, an error of calculation or in case of gross misconduct by the executive.

In 2022, no variable remuneration was withheld or reclaimed.

Termination

The members of the Executive Management have contracts of employment containing standard conditions for executives of Danish listed

companies, including the periods of notice that both parties are required to give and noncompetition clauses. If an executive's contract of employment is terminated by the company without any misconduct on the part of the executive, the executive has a notice period of 12 months. In addition to the notice period, the executive has a right to termination compensation of 12 months' base salary and pension contributions.

See the appendix II for further details regarding remuneration of the Executive Management.

The Executive Management's share of stock in Novozymes A/S

Shares of stock	Jan. 1, 2022	Additions during the year	Sold during the year	Dec. 31, 2022	Market value DKK million	Shareholding requirement as % of base salary	Actual % held at Dec. 31, 2022	Minimum shareholding requirement met
Ester Baiget, CEO	6,800	-	-	6,800	2.4	100%	28%	no*
Lars Green, CFO	24,101	-	-	24,101	8.5	100%	139%	yes
Executive Management	30,901	-	-	30,901	10.9			

* The holding is to be built up over a period of 5 years starting in 2020.

The Executive Management's holding of share options in Novozymes A/S

Share options	Jan. 1, 2022	Additions during the year	Exercised during the year	Dec. 31, 2022	Market value DKK million
Ester Baiget, CEO	131,083	52,475	-	183,558	0.1
Lars Green, CFO	128,749	41,536	-	170,285	1.7
Executive Management	259,832	94,011	-	353,843	1.8

Company performance

DKK million	2022	2021
Financial performance		
<i>Group</i>		
Revenue	17,553	14,951
Organic sales growth	9%	6%
EBIT	4,561	4,007
EBIT margin	26.0%	26.8%
<i>Parent</i>		
Revenue	10,806	9,178
Revenue growth	18%	8%
EBIT	2,853	2,662
EBIT margin	26.4%	29.0%

Salary development and CEO pay ratio

In Denmark, the increase of the average fixed base salary for Novozymes employees was 2.5% and the members of the Executive Management also received a 2.5% increase in their base salary. In addition, Ester Baiget received an extraordinary salary increase of 20% in August as described previously in the report.

The average fixed base salary increase for employees of the Group amounted to 4.1% in 2022.

In 2022, the ratio of the CEO's total remuneration to the average remuneration per employee (Group) was 36, an increase from 35 in 2021. The change is a consequence of the extraordinary salary increase to Ester Baiget in 2022.

See appendix III of this report for further details regarding the company performance.

Salary development

DKK million	2022	2021
Base salary increase		
<i>Executive Management</i>		
Ester Baiget, CEO	23.0%	2.3%
Lars Green, CFO	2.5%	2.3%
<i>Board of Directors</i>		
Fixed base fee	2.3%	2.0%
<i>Novozymes' employees</i>		
Salary review average - Group	4.1%	4.0%
Salary review average - Parent	2.5%	2.3%
Total remuneration increase		
<i>Executive Management</i>		
Ester Baiget, CEO	6.8%	4.9%
Lars Green, CFO	3.5%	6.8%
Average remuneration excl. Executive Management (DKK millions)		
Group	0.66	0.63
Parent	0.78	0.77
CEO pay ratio		
Group	36	35
Parent	30	29

Statement by the Board of Directors

The Board of Directors has today considered and approved the remuneration report of Novozymes A/S for the financial year January 1 – December 31, 2022.

The report has been prepared to meet the requirements of section 139b of the Danish Companies Act.

Board of Directors

Bagsvaerd, January 26, 2023

The remuneration of members of the Board of Directors and the Executive Management for the 2022 financial year is consistent with the scope of the remuneration policy. There has been no deviation or derogation from the framework provided by the remuneration policy.

Jørgen Buhl Rasmussen
Chair

Cornelis (Cees) de Jong
Vice Chair

Heine Dalsgaard

Anne Breum

In our opinion, the remuneration report provides a fair presentation of the development in the remuneration of our Executive Management and the remuneration of the Board of Directors as well as a fair presentation of the selected financial and non-financial figures for the financial year January 1 - December 31, 2022.

Sharon James

Anders Hentze Knudsen

Kasim Kutay

Jens Øbro

We recommend that the remuneration report be adopted at the annual shareholders' meeting, at which the report will be presented for an advisory vote.

Kim Stratton

Morten Sommer

Preben Nielsen

Independent Auditor's Report on Remuneration Report

To the Shareholders of Novozymes A/S

We have examined whether the remuneration report for Novozymes A/S for the financial year 1 January - 31 December 2022 contains the information required under section 139 b, subsection 3 of the Danish Companies Act.

We express reasonable assurance in our conclusion.

The Board of Directors' responsibility for the remuneration report

The Board of Directors is responsible for the preparation of the remuneration report in accordance with section 139 b, subsection 3 of the Danish Companies Act. The Board of Directors is also responsible for the internal control that the Board of Directors deems necessary to prepare the remuneration report without material misstatement, regardless of whether this is due to fraud or error.

Auditor's independence and quality management

We have complied with the independence requirements and other ethical requirements in the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour and ethical requirements applicable in Denmark.

PricewaterhouseCoopers is subject to the International Standard on Quality Control, ISQC 1, and thus applies a comprehensive quality control system, including documented policies and procedures concerning compliance with ethical requirements, professional standards and current statutory requirements and other regulation.

Auditor's responsibility

Our responsibility is to express a conclusion on the remuneration report based on our examinations. We conducted our examinations in accordance with ISAE 3000 (revised), Assurance Engagements Other than Audits or Reviews of

Historical Financial Information and the additional requirements applicable in Denmark to obtain reasonable assurance in respect of our conclusion.

As part of our examination, we checked whether the remuneration report contains the information required under section 139 b, subsection 3 of the Danish Companies Act, number 1 - 6, on the remuneration of each individual member of the Executive Management and the Board of Directors.

We believe that the procedures performed provide a sufficient basis for our conclusion. Our examinations have not included procedures to verify the accuracy and completeness of the information provided in the remuneration report, and therefore we do not express any conclusion in this regard.

Conclusion

In our opinion the remuneration report, in all material respects, contains the information required under the Danish Companies Act, section 139 b, subsection 3.

Hellerup, January 26, 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR No 3377 1231

Lars Baungaard

State Authorised Public Accountant
mne23331

Michael Groth Hansen

State Authorised Public Accountant
mne33228

Appendix I

Board of Directors' fees

DKK '000	2022			2021			2020			2019			2018		
	Board of Directors	Committees	Total	Board of Directors	Committees	Total	Board of Directors	Committees	Total	Board of Directors	Committees	Total	Board of Directors	Committees	Total
Jørgen Buhl Rasmussen	1,566	261	1,827	1,530	255	1,785	1,500	250	1,750	1,500	250	1,750	1,500	250	1,750
Cees de Jong	1,044	261	1,305	1,020	255	1,275	845	211	1,056	-	-	-	-	-	-
Mathias Uhlén	108	54	162	510	255	765	500	97	597	500	-	500	500	-	500
Morten Sommer	414	207	621	-	-	-	-	-	-	-	-	-	-	-	-
Kasim Kutay	522	261	783	510	255	765	500	211	711	500	-	500	500	-	500
Kim Stratton	522	522	1,044	510	510	1,020	500	347	847	500	250	750	500	250	750
Sharon James	522	522	1,044	510	510	1,020	422	195	617	-	-	-	-	-	-
Heine Dalsgaard	522	522	1,044	510	510	1,020	422	422	844	-	-	-	-	-	-
Anders Hentze Knudsen	522	-	522	510	-	510	500	-	500	500	-	500	500	-	500
Preben Nielsen	522	261	783	411	174	585	-	-	-	-	-	-	-	-	-
Jens Øbro	522	-	522	411	-	411	-	-	-	-	-	-	-	-	-
Anne Breum	522	-	522	411	-	411	-	-	-	-	-	-	-	-	-
Lars Bo Kjøppler	-	-	-	99	-	99	500	-	500	500	-	500	500	-	500
Lena Bech Holskov	-	-	-	99	-	99	500	-	500	500	-	500	500	-	500
Agnete Raaschou-Nielsen	-	-	-	-	-	-	155	78	233	1,000	349	1,349	1,000	250	1,250
Lars Green	-	-	-	-	-	-	-	-	-	301	301	602	500	500	1,000
Patricia Malarkey	-	-	-	-	-	-	-	-	-	42	-	42	401	-	401
Remuneration	7,308	2,871	10,179	7,041	2,724	9,765	6,344	1,811	8,155	5,843	1,150	6,993	6,401	1,250	7,651
Change in total board remuneration			4%			20%			17%			-9%			4%
Fixed base fee	522			510			500			500			500		
% change in fixed base fee	2.3%			2.0%			0.0%			0.0%			0.0%		

New Board members elected and Board members not re-elected at the Annual Shareholder's Meeting received pro rata shares of the annual base fee and committee fees for the time they served on the Board of Directors during the financial year.

All Board members receive a base fee or a multiplier of that, see page 5.

Appendix II

Executive Management remuneration

DKK million		2022		2021		2020		2019		2018	
		Total Remu- neration	Development								
Ester Baiget From 1/2-2020	Fixed remuneration	9.8		8.8		7.9		-		-	
	Short-term incentive	6.1		5.7		4.4		-		-	
	Long-term incentive	7.8		7.7		7.1		-		-	
	Total	23.7	7%	22.2	5%	19.4		-	-	-	-
Lars Green From 1/9-2019	Fixed remuneration	7.0		6.9		6.7		2.3		-	
	Short-term incentive	4.7		4.3		3.6		0.4		-	
	Long-term incentive	6.2		6.1		5.9		2.8		-	
	LTIP - performance adjustment	-		-		-		-1.1		-	
Total	17.9	3%	17.3	7%	16.2	-2%	4.4	-	-	-	
Former executives											
Thomas Videbæk To 30/4-2021	Fixed remuneration	-		2.7		7.7		8.0		8.2	
	Short-term incentive	-		0.9		3.9		0.6		1.8	
	Long-term incentive	-		-		-		4.8		4.7	
	LTIP - performance adjustment	-		-		-		-9.9		-	
Total	-	-	3.6	-7%	11.6	-13%	3.5	-9%	14.7	-48%	
Peder Holk Nielsen To 31/1-2020	Fixed remuneration	-		-		0.9		11.2		11.3	
	Short-term incentive	-		-		-		0.7		2.3	
	Long-term incentive	-		-		-		7.2		7.0	
	LTIP - performance adjustment	-		-		-		-14.9		-	
Total	-	-	-	-	0.9	-43%	4.2	-7%	20.6	-50%	

The numbers in the above table do not include severance pay and compensation for lost incentives from previous employer.

The difference in the total remuneration to the Executive Management in the above table compared to Note 6.1 – Management Remuneration in Novozymes Annual Reports is related to long-term incentives.

The disclosure in Note 6.1 is based on IFRS recognition principles where the long-term incentive programs are expensed over the four-year vesting period. The long-term incentive included in the above table is the cost of the long-term incentive program measured at market value at the grant date.

The development percentages are based on annualized remuneration and excludes the LTIP-performance adjustment.

Appendix III

Company performance

	2022		2021		2020		2019		2018	
	Development		Development		Development		Development		Development	
Group										
Revenue	17,553	17%	14,951	7%	14,012	-3%	14,374	0%	14,390	-1%
Organic sales growth	9%		6%		0%		-1%		4%	
EBIT	4,561	14%	4,007	10%	3,652	-10%	4,039	-1%	4,070	1%
EBIT margin	26.0%		26.8%		26.1%		28.1%		28.3%	
Net profit	3,686	17%	3,145	11%	2,826	-10%	3,155	-2%	3,227	3%
Total number of employees	6,781	4%	6,527	6%	6,185	1%	6,125	-5%	6,427	3%
Parent company										
Revenue	10,806	18%	9,178	8%	8,519	3%	8,260	0%	8,272	0%
EBIT	2,853	6%	2,662	6%	2,506	18%	2,126	-18%	2,591	-7%
EBIT margin	26.4%		29.0%		29.4%		25.7%		31.3%	
Net profit	3,545	19%	2,952	13%	2,612	-15%	3,071	13%	2,717	-10%
Total number of employees in Novozymes A/S	2,883	3%	2,787	5%	2,646	0%	2,640	-2%	2,687	2%

Environmental, social and governance (ESG) performance

	2022	2021	2020	2019	2018
Group					
Rate of employee turnover	11.4%	11.8%	8.7%	12.7%	8.8%
Frequency of occupational injuries with absence per million working hours	1.7	1.5	1.3	0.9	2.4
Women in senior management	33%	34%	33%	31%	30%
CO ₂ emissions from operations (scope 1+2) in 1,000 tonnes	161	218	234	330	437
CO ₂ emissions from operations (scope 3) in 1,000 tonnes	734	684	626	655	715
Renewable electricity share	82%	68%	69%	49%	37%
Total water consumption in m ³	8,720	8,538	7,998	7,845	8,205