

Novozymes Remuneration Report 2023

Novozymes A/S (Part of Novonesis)
CVR-nr.: 10007127
Krogshøjvej 36, 2880 Bagsvaerd, Denmark

novonesis

Contents

3	Chair's introduction	9	Remuneration of the Executive Management
4	Summary of the remuneration policy	18	Statement by the Board of Directors
5	Nomination and Remuneration Committee	19	Independent Auditors' Report on Remuneration Report
6	Remuneration of the Board of Directors	20	Appendices – Five-year summary

The Remuneration Report 2023 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 2024.

Chair's introduction

On behalf of the Board of Directors, I have the pleasure of presenting Novozymes' remuneration report for 2023. 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 2023, Novozymes delivered solid growth and earnings despite a volatile market environment. With an organic sales growth of 5% and an EBIT margin before special items of 25.4%, we delivered within our guidance for the year.

Furthermore, we continued to reduce the environmental footprint of our operations. Throughout the year, we maintained a high employee engagement, which is an achievement we are especially proud of during a year of

change. On January 29, 2024, the combination of Novozymes and Chr. Hansen was approved. The combined entity, Novonosis, marks the beginning of a new era and a promising road ahead.

Remuneration highlights in 2023

At the Annual Shareholders' Meeting held in March 2023, the Novozymes Remuneration Report 2022 was approved without comments. Consequently, the advisory vote did not result in any changes to the remuneration policy for 2023.

At the meeting, all shareholder-elected members of the Board were re-elected except for Jørgen Buhl Rasmussen, who did not seek re-election. Cees de Jong replaced Jørgen Buhl Rasmussen as Chair of the Board. The shareholders approved a proposal to increase the fixed base fee by 2.5% to DKK 535,000. Due to the reduced number of Board members, the total Board remuneration decreased to DKK 9.8 million in 2023 from DKK 10.2 million in 2022.

In November 2023, Rainer Lehmann joined Novozymes as new Chief Financial Officer, replacing Lars Green, who left Novozymes at the end of 2023 to pursue a non-executive career. The Executive Management now consists of Ester Baiget, CEO, and Rainer Lehmann, CFO. The total remuneration of the Executive Management in 2023 amounted to DKK 47.6 million compared to DKK 41.6 million in 2022. This increase is mainly driven by the annualization of the extraordinary salary increase Ester Baiget received in 2022.

The long-term incentive program covering the performance period 2021-2023 was finally allocated in 2023. An allocation of 96% is now being awarded reflecting a very strong performance in 2021-2023.

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 2023-2025.

The Board finds that the incentive structures in place are effective in terms of both financial and nonfinancial performance and recommends continuing the existing remuneration policy.



Cees de Jong
Chair of the Nomination
and Remuneration Committee

Company performance - Group

DKK million	2023	2022
Revenue	17,899	17,553
Organic sales growth	5%	9%
EBIT before special items	4,552	4,629
EBIT margin before special items	25.4%	26.4%

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 2022, except for an addition to the articles of association regarding indemnification of Board members and the Executive Management as approved at the Annual Shareholders' Meeting in 2023. In order for the company to be able to attract and retain qualified directors and executive management members, it is considered in the interests of the company and its shareholders that Novozymes' directors and executive management members are offered appropriate indemnification against claims raised against them by third parties

in the discharge of their duties as directors and executive management members.

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.

Each year at the Annual Shareholders' Meeting, the Remuneration Report including the actual remuneration of the Board of Directors for the previous calendar year is approved. As is the proposed remuneration level for the Board of Directors for the current calendar 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 is intended to support 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-term 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-term 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.

Shareholder feedback

At the Annual Shareholders' Meeting held in March 2023, the Novozymes Remuneration Report 2022 was approved without comments. Consequently, the shareholder feedback did not result in any changes to the remuneration policy for 2023.

For the full remuneration policy, visit

[Visit](#)

Remuneration composition – target

DKK million

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



Remuneration composition – actual 2023

DKK million

- Actual – Fixed **39%**
- Actual – Short-term Incentive **24%**
- Actual – Long-term Incentive **37%**



Nomination and Remuneration Committee

The Nomination and Remuneration Committee has responsibility for advising the Board of Directors in respect of the remuneration of Board members, Board committee members, and members of the Executive Management.

Nomination and Remuneration Committee

The Board of Directors has established a Nomination and Remuneration Committee to assist the Board of Directors in meeting its responsibilities with respect to establishing, implementing and executing the company's 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 three 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. In 2023, the Nomination and Remuneration Committee met six times.

Benchmark of board remuneration

In 2023, the Nomination and Remuneration Committee conducted a benchmark review of board remuneration in both a Danish and a European peer group to evaluate the board fees paid to the Chair, Vice Chair, and Board members, respectively.

The Danish peer group includes Danish C20 companies excluding financial institutions. The European peer group includes European sector peers excluding Swiss companies. The result of the benchmark analysis is shown in the table to the right.

For the charter of the Nomination and Remuneration Committee and the key matters handled by the Nomination and Remuneration Committee in 2023, please refer to [Novozymes.com](https://www.novozymes.com).

Visit 

Positioning of Board remuneration

Benchmarks	Denmark C20 companies (excl. financial institutions)	European sector group (excl. Swiss companies)
Chair	Between lower quartile and median	Between lower quartile and median
Vice Chair	Between median and upper quartile	Upper quartile
Member	Between median and upper quartile	Upper quartile

The benchmark review is made using the most recent data.

Nomination and Remuneration Committee:

Cees de Jong (Chair)
Kasim Kutay
Kim Stratton

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.

At the Annual Shareholders' Meeting held in March 2023, the now former Chair Jørgen Buhl Rasmussen did not seek re-election and was not replaced by a new Board member. Cees de Jong replaced Jørgen Buhl Rasmussen as Chair of the Board of Directors.

The Board of Directors now consists of 10 members compared to 11 members last year. Six members are shareholder-elected, while four are employee-elected. The total remuneration paid to the Board of Directors in 2023 amounted to DKK 9.8 million compared to DKK 10.2 million in 2022. The decrease is a result of the reduced number of Board members.

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 Shareholders' Meeting held in 2023, the shareholders voted to approve an increase of 2.5% in the fixed base fee from DKK 522,000 to DKK 535,000. The Chair receives a fee

that is three times the base fee and the Vice Chair receives 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 fees if appointed to the Nomination and Remuneration Committee in 2023 or prior years.

Board member	Audit Committee	Nomination and Remuneration Committee	Innovation Committee	Board meetings attended %
Cees de Jong ^{1,2}	●	● (Chair)		100%
Heine Dalsgaard ¹	● (Chair)			90%
Sharon James ^{1,2}			● (Chair)	100%
Kasim Kutay ¹		●		100%
Kim Stratton ^{1,2}		●	●	100%
Morten Sommer ^{1,2}	●		●	80%
Anders Hentze Knudsen ³				100%
Anne Breum ³				100%
Preben Nielsen ³			●	100%
Jens Øbro ³				100%

1. Elected at the Annual Shareholders' Meeting 2. Independent 3. Employee representative

Board and Committee fee levels	Board		Committees*	
	Multiplier	DKK	Multiplier	DKK
Chair	3.00	1,605,000	1.00	535,000
Vice Chair	2.00	1,070,000	n/a	n/a
Member	1.00	535,000	0.50	267,500

* 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 in 2023 or prior years.

New Board members elected, and Board members not re-elected at the Annual Shareholders' Meeting held in March 2023, received pro rata shares of the annual base fee and committee fees for the time they served on the Board of Directors in 2023.

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 combination of Novozymes and Chr. Hansen, the Board did not grant any additional pay or fee to any member of 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.

As in previous years, all employee-elected candidates represented on the Board of Directors donated the majority of their board remuneration to a foundation on the Novo Group called

“Medarbejdernes Honorarfond”. The excess capital of the foundation is granted for urgent humanitarian purposes or to humanitarian relief organizations.

Remuneration paid to individual members of the Board of Directors

DKK '000	2023				2022	
	Annual board fee	Audit Committee	Nomination and Remuneration Committee	Innovation Committee	Total	Total
Cees de Jong (Chair, Board)	1,514	268	-	-	1,782	1,305
Kasim Kutay	535	-	268	-	803	783
Kim Stratton (Vice Chair, Board)	979	-	45	268	1,292	1,044
Sharon James (Chair, Innovation Committee)	535	-	-	535	1,070	1,044
Heine Dalsgaard (Chair, Audit Committee)	535	535	-	-	1,070	1,044
Morten Sommer	535	222	-	268	1,025	621
Anders Hentze Knudsen ¹	535	-	-	-	535	522
Preben Nielsen ¹	535	-	-	268	803	783
Jens Øbro ¹	535	-	-	-	535	522
Anne Breum ¹	535	-	-	-	535	522
Jørgen Buhl Rasmussen (former Chair, Board) ²	272	45	-	-	317	1,827
Mathias Uhlén ³	-	-	-	-	-	162
Remuneration	7,045	1,070	313	1,339	9,767	10,179

¹ Employee Representative ² Resigned on March 2, 2023 ³ Resigned on March 16, 2022

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 incurred by Board members in connection with board meetings, such as travel and accommodation.

Board shareholdings

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.

The number of shares in Novozymes A/S held by the members of the Board of Directors is shown in the below table.

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

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

Shares of stock	Jan. 1, 2023	Purchased during the year	Sold during the year	Dec. 31, 2023	Market value DKK million
Cees de Jong	2,000	3,000	-	5,000	1.9
Heine Dalsgaard	3,000	-	-	3,000	1.1
Kasim Kutay	217	829	-	1,046	0.4
Morten Sommer	-	1,000	-	1,000	0.4
Jens Øbro	557	-	-	557	0.2
Preben Nielsen	426	215	(215)	426	0.2
Anne Breum	319	425	(280)	464	0.2
Board of Directors	6,519	5,469	(495)	11,493	4.4

Remuneration of the Executive Management

As per December 31, 2023, the Executive Management of Novozymes A/S consisted of:

- Ester Baiget, President & Chief Executive Officer (CEO)
- Rainer Lehmann, Executive Vice President & Chief Financial Officer (CFO)

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

Rainer Lehmann replaced Lars Green as CFO of Novozymes on November 1, 2023. In this report, remuneration of Lars Green is included for ten months and of Rainer Lehmann for two months.

We are very grateful for Lars Greens’ contributions to Novozymes during his years with the company as a Board member and as CFO.

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

Compliance with remuneration policy

The remuneration of the Executive Management in 2023 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 components for the Executive Management are described in the table on the following page.

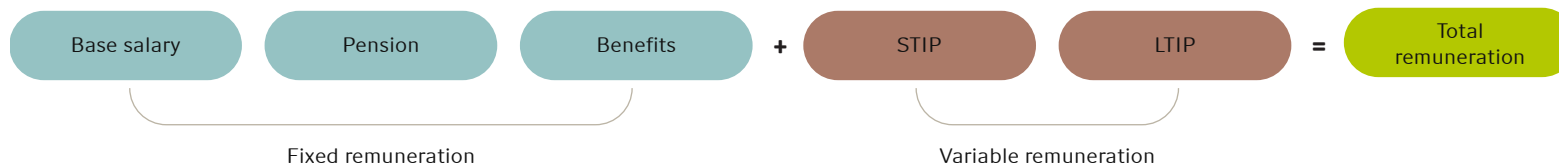


Ester Baiget
President & Chief Executive Officer (CEO)



Rainer Lehmann
Executive Vice President & Chief Financial Officer (CFO)

Remuneration components



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 2023, the members of the Executive Management received a 4.0% increase in their base salary.

In addition to their regular remuneration, Ester Baiget and Lars Green received compensation for lost incentives from their previous employers.

Over the period 2020–2023, Ester Baiget received a total of DKK 9.6 million in extraordinary sign-on compensation for lost incentives from her previous employer, of which DKK 1.4 million was paid

out in 2023 and DKK 8.2 million was paid out in previous years.

Over the period 2020–2023, Lars Green received a total of DKK 14.5 million in extraordinary sign-on compensation for lost incentives from his previous employer, of which DKK 3.8 million was paid out in 2023 and DKK 10.7 million was paid out in previous years.

Over the period 2023–2024, Rainer Lehmann will receive a total of DKK 6.2 million in sign-on fee, of which DKK 3.1 million was paid out in 2023.

Pension

In 2023, executives were eligible for a defined contribution pension scheme of 11% of their base salary, similar to the pension scheme in 2022.

Benefits

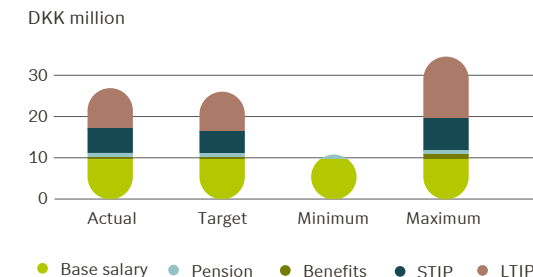
In 2023, executives received non-monetary benefits in relation to housing, company cars, telephones, etc. in line with the remuneration policy.

Remuneration to the individual members of the Executive Management

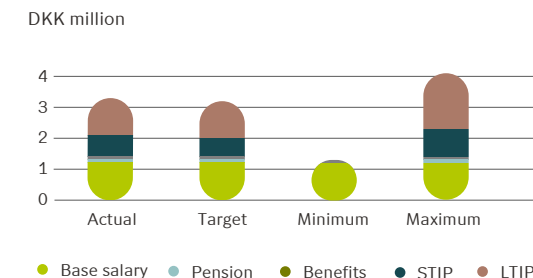
DKK million	Fixed				Variable			2023 Total remuneration	Compensation for lost incentives/sign-on fee	2022 Total remuneration
	Salary	Contribution based pension	Other benefits	Total fixed (% of total remuneration)	Cash bonus (STIP)	Incentive programs (LTIP)	Total variable (% of total remuneration)			
Ester Baiget	9.7	1.1	0.4	11.2 (40%)	6.7	9.8	16.5 (60%)	1.4	23.7	
Rainer Lehmann (from 1/11-2023)	1.2	0.1	0.1	1.4 (42%)	0.7	1.2	1.9 (58%)	3.1	-	
Former executives										
Lars Green (to 31/10-2023)	5.3	0.6	0.1	6.0 (36%)	4.2	6.4	10.6 (64%)	3.8	17.9	
Remuneration	16.2	1.8	0.6	18.6	11.6	17.4	29.0	8.3	41.6	

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, according to which 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 2023 program measured at market value at the grant date.

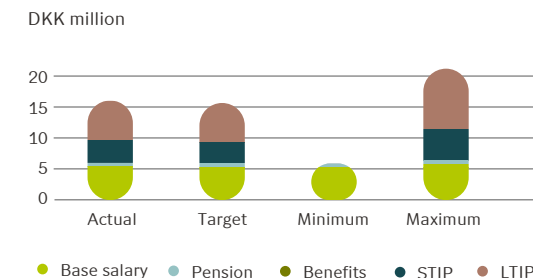
Total remuneration composition for Ester Baiget, CEO



Total remuneration composition for Rainer Lehmann, CFO



Total remuneration composition for Lars Green, former CFO



Short-term incentive program – Target achievement

Target	Weight	Actual performance		
		Ester Baiget	Rainer Lehmann	Lars Green
Organic sales growth	30%	60%	60%	60%
EBIT margin before special items	20%	88%	88%	88%
Contribution to strategy	20%	100%	100%	100%
Individual targets	30%	100%	85%	87.5%
Total, % of max		86%	81%	82%
Total, DKK million		6.7	0.7	4.2

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 2023, the targets for the STIP were split on financial performance of the company at 50% weight (sales 30% weight and EBIT margin before special

Short-term incentive program 2023**2023**

30% Organic sales growth

20% EBIT margin before special items

20% Contribution to strategy

30% Individual targets

Evaluation of STIP at the end of 2023 and paid out in the beginning of 2024

items 20% weight), and a target for strategy contribution at 20% weight. Individual performance targets are set for each executive and account for the remaining 30%.

The sales performance of Novozymes in 2023 almost met the target and led to a payout of 60%. The EBIT margin before special items achieved in 2023 exceeded the target and resulted in a payout of 88%.

The level of achievement of the contribution to strategy was 100% 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 pay-out based on individual targets are 100% for Ester Baiget, 85% for Rainer Lehmann, and 87.5% for Lars Green.

The total pay-out ratio on the STIP 2023 is shown to the left.

In addition to the STIP, Ester Baiget has been awarded an extraordinary retention bonus of DKK 10.9 million that is contingent on the statutory merger of Novozymes and Chr. Hansen being completed. The bonus will be paid in cash, with 50% following the final closing of the statutory merger and the remaining 50% being paid after the release of the Annual Report for the first full financial year of the combined company. As the conditions for the bonus was not yet fulfilled at the end of 2023, the bonus is not included in the reported remuneration for 2023.

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 2023–2025 took effect in 2023.

The LTIP consists of 50% shares and 50% share options, similar to the LTIP 2022. Like the previous LTIP, the targets of LTIP 2023 reflect 40% weight on organic sales growth, 20% weight on EBIT margin before special items, 20% weight on ROIC, and 20% weight on nonfinancial targets.

The targets are aligned with the strategy and the measures of business success for the period 2023-2025. Nonfinancial targets are set on four parameters covering environmental and social perspectives; Climate, Water stewardship, Workplace, and Diversity.

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	2021–2023	February 2021	January 2024	10,104	4,819	14,923	-	3.9
	2022–2024	February 2022	January 2025	9,491	-	-	-	3.9
	2023–2025	February 2023	January 2026	13,699	-	-	-	4.9
Rainer Lehmann, CFO	2023–2025	November 2023	January 2026	1,694	-	-	-	0.6

Former executives

Lars Green	2021–2023	February 2021	January 2024	7,952	3,792	11,744	-	3.0
	2022–2024	February 2022	January 2025	7,470	-	-	-	3.1
	2023–2025	February 2023	January 2026	8,985	-	-	-	3.2

* The allocation of shares for LTIP 2021-2023 has been adjusted based on the realized level of target achievement for the period (96%)

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	-	-	78,077	350.8	3.5
	2021-2023	February 2021	January 2025	57,532	27,438	84,970	382.0	3.9
	2022-2024	February 2022	January 2026	47,949	-	-	416.0	3.9
	2023-2025	February 2023	January 2027	49,670	-	-	354.5	4.9
Rainer Lehmann	2023-2025	November 2023	January 2027	6,141	-	-	354.5	0.6

Former executives

Lars Green	2020-2022	March 2020	January 2024	-	-	65,528	350.8	3.0
	2021-2023	February 2021	January 2025	45,280	21,595	66,875	382.0	3.0
	2022-2024	February 2022	January 2026	37,737	-	-	416.0	3.1
	2023-2025	February 2023	January 2027	32,577	-	-	354.5	3.2

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

** The allocation of share options for LTIP 2021-2023 has been adjusted based on the realized level of target achievement for the period (96%)

The nonfinancial component will only be unlocked if Novozymes, by the end of 2025, 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.

Potential shares will be awarded and will vest at the beginning of 2026 and potential share options will vest at the beginning of 2027 subject to achievements of the performance targets.

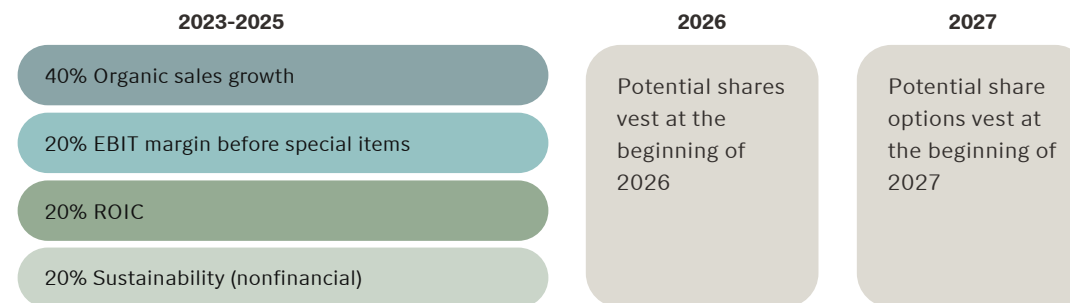
For the LTIP 2023 program, the exercise price of the share options equals DKK 354.50 per share.

All information included on 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 finally allocated programs.

For the LTIP 2023, 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 and 2021-2023 programs.

Long-term incentive program 2023-2025



At the grant date in 2023, the value of the LTIP 2023 amounted to DKK 9.8 million for Ester Baiget, DKK 1.2 million for Rainer Lehmann and DKK 6.4 million for Lars Green.

Long-term incentive program finalized in 2023

The LTIP program covering the performance period 2021-2023 was finally allocated in 2023. The targets of LTIP reflected 40% weight on the target for organic sales growth, 40% weight on

the target for economic profit generation, and 20% weight on sustainability targets.

Average organic sales growth during the three-year period was 6.7%, resulting in 100% of the target being met (40% of the total program).

The accumulated economic profit generated during the three-year period was DKK 7.1 billion, resulting in 100% of the economic profit pool (40% of the total program) being awarded. 82% of the nonfinancial targets were reached (20% of the total program). In total, 96% of the maximum allocation is being awarded.

For the current and former members of the Executive Management in 2023, this means that a total of 26,667 shares will be released in February 2024. The number of stock options granted for the three-year period is 151,845, reflecting the realized target achievement.

Long-term incentive program 2021-2023

Measure	Metric	Max allocation	Actual allocation	Target achievement	Performance over the period
Organic sales growth	3-year-average organic sales growth	40%	40%	100%	avg. 6.7% growth
Economic profit generation	3-year-accumulated economic profit generation	40%	40%	100%	DKK 7.1 billion generated
Sustainability	3-year-achievement on sustainability parameters (Climate, Water & Circular, Workplace and Zymers)	20%	16%	82%	Performance on or above target on all measures
Total payout		100%	96%		

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.

Remuneration finally/not finally determined

Finally determined remuneration (base salary, pension, benefits and STIP) amounted to DKK 17.9 million (equaling 65%) of Ester Baiget’s remuneration for 2023, DKK 2.1 million (equaling 64%) of Rainer Lehmann’s remuneration for 2023, and DKK 10.2 million (equaling 61%) of Lars Green’s remuneration for 2023.

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 2023–2025. Consequently, DKK 9.8 million (equaling 35%) of Ester Baiget’s remuneration relating to the LTIP 2023, DKK 1.2 million (equaling 36%) of Rainer Lehmann’s remuneration relating to the LTIP 2023, and DKK 6.4 million (equaling 39%) of Lars Green’s remuneration relating to the LTIP 2023 have not yet been finally determined.

Moreover, bonus from the STIP, shares, and share options allocated to the executives under

the LTIP 2023 have not been paid out but will be paid out at a later date.

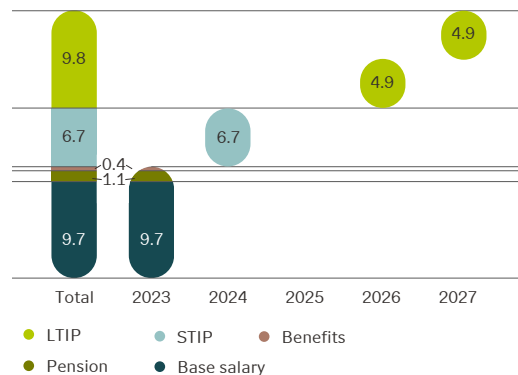
Therefore, the total cash received by Ester Baiget, Rainer Lehmann, and Lars Green for 2023 was DKK 11.2 million (equaling 40%), DKK 1.4 million (equaling 42%), and DKK 6.0 million (equaling 36%) respectively, while the deferred remuneration relating to 2023 to be paid at a later date amounted to DKK 16.5 million (equaling 60%), DKK 1.9 million (equaling 58%), and DKK 10.6 million (equaling 64%) 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 2023 remuneration.

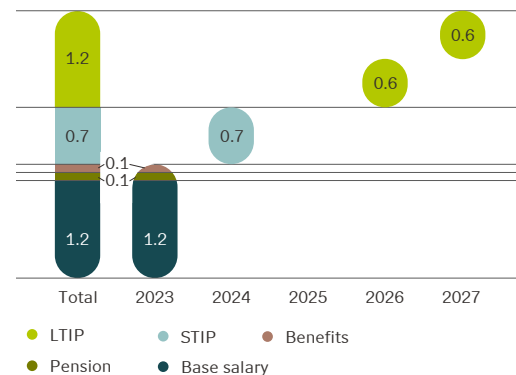
Remuneration for 2023

DKK million	Finally determined	Not finally determined	Total	Cash paid in 2023	Deferred	Total
Ester Baiget, CEO	17.9 65%	9.8 35%	27.7 100%	11.2 40%	16.5 60%	27.7 100%
Rainer Lehmann, CFO	2.1 64%	1.2 36%	3.3 100%	1.4 42%	1.9 58%	3.3 100%
Lars Green, former CFO	10.2 61%	6.4 39%	16.6 100%	6.0 36%	10.6 64%	16.6 100%

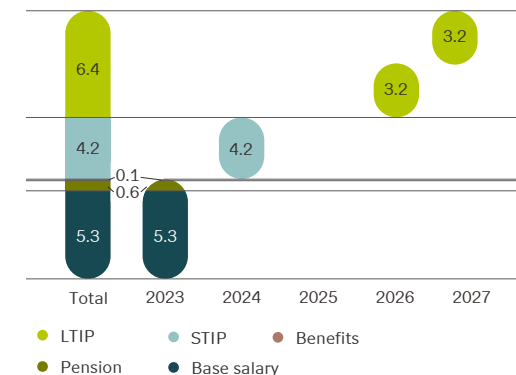
**Ester Baiget, CEO
Remuneration payout timing**



**Rainer Lehmann, CFO
Remuneration payout timing**



**Lars Green, former CFO
Remuneration payout timing**



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 provide 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 2023, 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, 2023	Additions during the year	Sold during the year	Dec. 31, 2023	Market value DKK million	Shareholding requirement as % of base salary	Actual % held at Dec. 31, 2023	Minimum shareholding requirement met
Ester Baiget, CEO	6,800	17,507	-	24,307	9.0	100%	93%	no*
Rainer Lehmann, CFO	-	-	-	-	-	100%	0%	no**
Executive Management	6,800	17,507	-	24,307	9.0			

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

** The holding is to be built up over a period of up to five years starting in 2023.

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

Share options	Jan. 1, 2023	Additions during the year	Exercised during the year	Dec. 31, 2023	Market value DKK million
Ester Baiget, CEO	183,558	77,108	-	260,666	2.4
Rainer Lehmann, CFO	-	6,141	-	6,141	0.1
Executive Management	183,558	55,811	-	266,807	2.5

Company performance

DKK million	2023	2022
Financial performance		
<i>Group</i>		
Revenue	17,899	17,553
Organic sales growth	5%	9%
EBIT before special items	4,552	4,629
EBIT margin before special items	25.4%	26.4%
<i>Parent</i>		
Revenue	10,115	10,806
Revenue growth	-6%	18%
EBIT	1,896	2,853
EBIT margin	18.7%	26.4%

Salary development and CEO pay ratio

In Denmark, the increase of the average fixed base salary for Novozymes employees was 4.0% and the members of the Executive Management also received a 4.0% increase in their base salary.

The average fixed base salary increase for employees of the Group amounted to 5.1% in 2023.

In 2023, the ratio of the CEO's total remuneration to the average remuneration per employee (Group) was 40, an increase from 36 in 2022. This increase is mainly driven by the annualization of the extraordinary salary increase Ester Baiget received in 2022.

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

Salary development

DKK million	2023	2022
Base salary increase		
<i>Executive Management</i>		
Ester Baiget, CEO	4.0%	23.0%
Rainer Lehmann, CFO	-	-
<i>Board of Directors</i>		
Fixed base fee	2.5%	2.3%
<i>Novozymes' employees</i>		
Salary review average - Group	5.1%	4.1%
Salary review average - Parent	4.0%	2.5%
Total remuneration increase		
<i>Executive Management</i>		
Ester Baiget, CEO	16.9%	6.8%
Rainer Lehmann, CFO	-	-
Average remuneration excl. Executive Management (DKK millions)		
Group	0.70	0.66
Parent	0.88	0.78
CEO pay ratio		
Group	40	36
Parent	32	30

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, 2023.

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

Board of Directors

Bagsvaerd, February 8, 2024

The remuneration of members of the Board of Directors and the Executive Management for the 2023 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.

Cornelis (Cees) de Jong
Chair

Kim Stratton
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, 2023.

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.

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 2023 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.

Our firm applies International Standard on Quality Management 1, ISQM 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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, February 8, 2024

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	2023			2022			2021			2020			2019		
	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
Cees de Jong	1,514	268	1,782	1,044	261	1,305	1,020	255	1,275	845	211	1,056	-	-	-
Morten Sommer	535	490	1,025	414	207	621	-	-	-	-	-	-	-	-	-
Kasim Kutay	535	268	803	522	261	783	510	255	765	500	211	711	500	-	500
Kim Stratton	979	313	1,292	522	522	1,044	510	510	1,020	500	347	847	500	250	750
Sharon James	535	535	1,070	522	522	1,044	510	510	1,020	422	195	617	-	-	-
Heine Dalgaard	535	535	1,070	522	522	1,044	510	510	1,020	422	422	844	-	-	-
Anders Hentze Knudsen	535	-	535	522	-	522	510	-	510	500	-	500	500	-	500
Preben Nielsen	535	268	803	522	261	783	411	174	585	-	-	-	-	-	-
Jens Øbro	535	-	535	522	-	522	411	-	411	-	-	-	-	-	-
Anne Breum	535	-	535	522	-	522	411	-	411	-	-	-	-	-	-
Jørgen Buhl Rasmussen	272	45	317	1,566	261	1,827	1,530	255	1,785	1,500	250	1,750	1,500	250	1,750
Mathias Uhlén	-	-	-	108	54	162	510	255	765	500	97	597	500	-	500
Lars Bo Kjøppler	-	-	-	-	-	-	99	-	99	500	-	500	500	-	500
Lena Bech Holskov	-	-	-	-	-	-	99	-	99	500	-	500	500	-	500
Agnete Raaschou-Nielsen	-	-	-	-	-	-	-	-	-	155	78	233	1,000	349	1,349
Lars Green	-	-	-	-	-	-	-	-	-	-	-	-	301	301	602
Patricia Malarkey	-	-	-	-	-	-	-	-	-	-	-	-	42	-	42
Remuneration	7,045	2,722	9,767	7,308	2,871	10,179	7,041	2,724	9,765	6,344	1,811	8,155	5,843	1,150	6,993
Change in total board remuneration			-4%			4%			20%			17%			-9%
Fixed base fee	535			522			510			500			500		
% change in fixed base fee	2.5%			2.3%			2.0%			0.0%			0.0%		

New Board members elected and Board members not re-elected at the Annual Shareholders' 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 6.

Appendix II

Executive Management remuneration

		2023		2022		2021		2020		2019	
DKK million		Total remuneration	Development	Total remuneration	Development	Total remuneration	Development	Total remuneration	Development	Total remuneration	Development
Ester Baiget From 1/2-2020	Fixed remuneration	11.2		9.8		8.8		7.9		-	
	Short-term incentive	6.7		6.1		5.7		4.4		-	
	Long-term incentive	9.8		7.8		7.7		7.1		-	
	Total	27.7	17%	23.7	7%	22.2	5%	19.4	-	-	-
Rainer Lehmann From 1/11-2023	Fixed remuneration	1.4		-		-		-		-	
	Short-term incentive	0.7		-		-		-		-	
	Long-term incentive	1.2		-		-		-		-	
	Total	3.3	-	-	-	-	-	-	-	-	-
Former executives											
Lars Green To 31/10-2023	Fixed remuneration	6.0		7.0		6.9		6.7		2.3	
	Short-term incentive	4.2		4.7		4.3		3.6		0.4	
	Long-term incentive	6.4		6.2		6.1		5.9		2.8	
	LTIP - performance adjustment	-		-		-		-		-1.1	
	Total	16.6	-1%	17.9	3%	17.3	7%	16.2	-2%	4.4	-
Thomas Videbæk To 30/4-2021	Fixed remuneration	-		-		2.7		7.7		8.0	
	Short-term incentive	-		-		0.9		3.9		0.6	
	Long-term incentive	-		-		-		-		4.8	
	LTIP - performance adjustment	-		-		-		-		-9.9	
Total	-		-	-	3.6	-7%	11.6	-13%	3.5	-9%	
Peder Holk Nielsen To 31/1-2020	Fixed remuneration	-		-		-		0.9		11.2	
	Short-term incentive	-		-		-		-		0.7	
	Long-term incentive	-		-		-		-		7.2	
	LTIP - performance adjustment	-		-		-		-		-14.9	
Total	-	-	-	-	-	-	0.9	-43%	4.2	-7%	

The numbers in the above table do not include severance pay, sign-on fee, 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, according to which 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

	2023		2022		2021		2020		2019	
		Development		Development		Development		Development		Development
Group										
Revenue	17,899	2%	17,553	17%	14,951	7%	14,012	-3%	14,374	0%
Organic sales growth	5%		9%		6%		0%		-1%	
EBIT before special items	4,552	-2%	4,629	16%	4,007	10%	3,652	-10%	4,039	-1%
EBIT margin before special items	25.4%		26.4%		26.8%		26.1%		28.1%	
Net profit	3,039	-18%	3,686	17%	3,145	11%	2,826	-10%	3,155	-2%
Total number of employees	6,756	0%	6,781	4%	6,527	6%	6,185	1%	6,125	-5%
Parent company										
Revenue	10,115	-6%	10,806	18%	9,178	8%	8,519	3%	8,260	0%
EBIT	1,896	-34%	2,853	6%	2,662	6%	2,506	18%	2,126	-18%
EBIT margin	18.7%		26.4%		29.0%		29.4%		25.7%	
Net profit	2,152	-39%	3,545	19%	2,952	13%	2,612	-15%	3,071	13%
Total number of employees in Novozymes A/S	2,910	1%	2,883	3%	2,787	5%	2,646	0%	2,640	-2%

Environmental, social and governance (ESG) performance

	2023	2022	2021	2020	2019
Group					
Rate of employee turnover	10.6%	11.4%	11.8%	8.7%	12.7%
Frequency of occupational injuries with absence per million working hours	1.3	1.7	1.5	1.3	0.9
Women in senior management	36%	33%	34%	33%	31%
GHG emissions from operations (scopes 1+2) in 1,000 tonnes	143	161	218	234	330
GHG emissions from operations (scope 3) in 1,000 tonnes	644	734	684	626	655
Renewable electricity share	84%	82%	68%	69%	49%
Total water withdrawal in m ³	7,793	8,720	8,538	7,998	7,845