

Remuneration Report 2021

Rethink Tomorrow





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The Remuneration Report 2021 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 General Meeting to be held in 2022.

Chair's introduction

On behalf of the Board of Directors, I have the pleasure of presenting Novozymes' remuneration report for 2021. 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 2021, Novozymes delivered a highly satisfactory performance and a solid set of financial and non-financial results. 6% organic sales growth, an EBIT margin of 26.8% and free cash flow before acquisitions of DKK 2.9 billion. Furthermore, we are well on the way to meet our 2022 sustainability targets. During 2021 we have launched a refreshed strategy, Unlocking growth – powered by biotech, to meet our growth ambitions and unleash Novozymes' full potential, and we have made significant investments and progress to ensure future growth.

Remuneration highlights in 2021

At the Annual Shareholder's Meeting held in March 2021 the Novozymes Remuneration Report 2020 was approved without any comments. Consequently, the advisory vote did not result in any changes to the remuneration policy for 2021.

At the meeting all shareholder-elected members of the Board were re-elected, while the number of employee-elected members of the Board increased from three to four, increasing the Board size to 11 members. It was approved to increase the fixed base fee of DKK 500,000 to DKK

510,000, the first change in the base fee since 2015. Total Board remuneration in 2021 amounted to DKK 9.8 million compared to DKK 8.2 million in 2020. The increase is a result of the full-year impact of the Innovation Committee that was established in August 2020, the increase in the number of employee representatives from three to four and the increase in the fixed base fee.

Total remuneration to the Executive Management in 2021 amounted to DKK 43.1 million compared to DKK 48.1 million in 2020. The decrease is a result of former COO Thomas Videbæk leaving Novozymes at the end of April 2021 as previously announced. The Executive Management now consists of Ester Baiget, CEO and Lars Green, CFO. The strong performance of Novozymes is reflected in the payout ratio of the short-term incentive program for the Executive Management.

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 2021-2023.

Due to the extraordinary impact COVID-19 had on some businesses in terms of financial performance in 2020, it has been decided to adjust the LTIP 2020 to still make it fair and incentivizing. See the description on page 13.

All remuneration of the Board of Directors and the Executive Management in 2021 has been in line with the approved 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 2020.

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 (57% 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

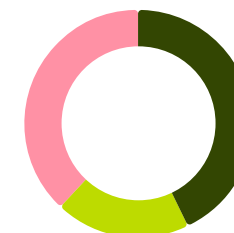
operational key performance indicators and individual objectives, which are directly linked to Novozymes' strategy, and to incentivize long-term value creation and alignment with the long-term interests of shareholders, customers and other stakeholders.

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 Leadership Team and in recommending the level of remuneration of the Board members, board committee members and members of the Executive Leadership Team. 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.

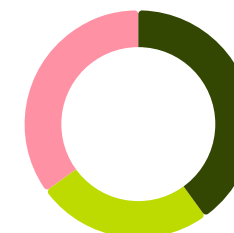
Remuneration composition - target

- Target - Fixed **43%**
- Target - Short-term Incentive **19%**
- Target - Long-term Incentive **38%**



Remuneration composition - actual 2021

- Actual - Fixed **40%**
- Actual - Short-term Incentive **25%**
- Actual - Long-term Incentive **35%**



For the charter of the Nomination and Remuneration Committee and the key matters handled by the Nomination and Remuneration Committee in 2021, please refer to [Novozymes.com](https://www.novozymes.com).

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 Shareholder’s Meeting held in March 2021 all seven shareholder-elected members of the Board were re-elected. At the same time, the number of employee-elected members of the Board of Directors was increased from three to four. Anders Hentze Knudsen was re-elected as employee representative while Lars Bo Køppler and Lena Bech Holskov resigned from the Board of Directors. The three new employee representatives joining the Board of Directors were Anne Breum, Preben Nielsen and Jens Øbro.

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 an increase in the fixed base fee from DKK 500,000 to DKK 510,000 in 2021 was approved, the first change in the base fee since 2015. 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.

The Board of Directors now consists of 11 members and the total remuneration paid to the Board of Directors in 2021 amounted to DKK 9.8 million compared to DKK 8.2 million in 2020. The increase is a result of the full-year impact of the Innovation Committee that was established in August 2020, the increase in the number of employee representatives from three to four and the increase in the fixed base fee.

New Board members elected, and Board members not re-elected at the Annual Shareholder’s Meeting held in March 2021 received pro rata shares of the annual base fee and committee fees for the time they served on the Board of Directors in 2021.

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. No Board members were granted such fees in 2021.

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

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	1,530,000	1.00	510,000	1.00	510,000	1.00	510,000
Vice Chair	2.00	1,020,000	n/a	n/a	n/a	n/a	n/a	n/a
Member	1.00	510,000	0.50	255,000	0.50	255,000	0.50	255,000

* 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.

Remuneration paid to individual members of the Board of Directors

DKK '000	2021			2020		
	Board of Directors	Committees	Total	Board of Directors	Committees	Total
Jørgen Buhl Rasmussen (Chair) ^{1,2}	1,530	255	1,785	1,500	250	1,750
Cees de Jong (Vice Chair) ^{1,2}	1,020	255	1,275	845	211	1,056
Mathias Uhlén ¹	510	255	765	500	97	597
Kasim Kutay ¹	510	255	765	500	211	711
Kim Stratton ^{1,2}	510	510	1,020	500	347	847
Sharon James ^{1,2}	510	510	1,020	422	195	617
Heine Dalsgaard ¹	510	510	1,020	422	422	844
Anders Hentze Knudsen ³	510	-	510	500	-	500
Preben Nielsen ^{3,4}	411	174	585	-	-	-
Jens Øbro ^{3,4}	411	-	411	-	-	-
Anne Breum ^{3,4}	411	-	411	-	-	-
Lars Bo Kjøppler ^{3,5}	99	-	99	500	-	500
Lena Bech Holskov ^{3,5}	99	-	99	500	-	500
Agnete Raaschou-Nielsen ⁶	-	-	-	155	78	233
Remuneration	7,041	2,724	9,765	6,344	1,811	8,155

1. Elected at the Shareholder's Meeting 2. Independent 3. Employee representative 4. Joined on March 11, 2021 5. Resigned on March 11, 2021 6. Resigned on February 26, 2020

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, 2021	Purchased during the year	Sold during the year	Dec. 31, 2021	Market value DKK million
Jørgen Buhl Rasmussen	5,500	-	-	5,500	3.0
Cees de Jong	2,000	-	-	2,000	1.1
Heine Dalsgaard	3,000	-	-	3,000	1.6
Kasim Kutay	-	217	-	217	0.1
Mathias Uhlén	650	-	-	650	0.3
Jens Øbro	657	-	(100)	557	0.3
Preben Nielsen	426	-	-	426	0.2
Anne Breum	453	-	(134)	319	0.2
Board of Directors	12,686	217	(234)	12,669	6.8

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 (4 meetings)	Nomination and Remuneration Committee (5 meetings)	Innovation Committee (4 meetings)	Board meetings attended
Jørgen Buhl Rasmussen (Chair)	●	● (Chair)		●●●●●●●●●●●●●●●●●●
Cees de Jong (Vice Chair)	●	●		●●●●●●●●●●●●●●●●●●
Heine Dalsgaard	● (Chair)			●●●●●●●●●●●●●●●●●●
Sharon James			● (Chair)	●●●●●●●●●●●●●●●●●●
Kasim Kutay		●		●●●●●●●●●●●●●●●●●●
Kim Stratton		●	●	●●●●●●●●●●●●●●●●●●
Mathias Uhlén			●	●●●●●●●●●●●●●●●●●●
Anders Hentze Knudsen				●●●●●●●●●●●●●●●●●●
Anne Breum				●●●●●●●●●●●●●●●●●●
Preben Nielsen				●●●●●●●●●●●●●●●●●●
Jens Øbro				●●●●●●●●●●●●●●●●●●

Attendance rate for the Committee meetings was 100% for all Committees.

Remuneration of the Executive Management

As per December 31, 2021, 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)

Thomas Videbæk, former Executive Vice President & COO, left Novozymes at the end of April 2021.

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

The total remuneration to members of 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 remuneration of the Executive Management in 2021 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)

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. This is required to support the recruitment and retention of executives of the caliber required to implement Novozymes' strategy.</p> <p>Any increases 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>Provides 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.</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>

The remuneration of the Executive Management in 2021 was in line with the scope of the remuneration policy

Base salary

In 2021, the members of the Executive Management received a 2.3% increase in their base 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 4.2 million was paid out in 2020 and DKK 1.4 million was paid out in 2021.

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 0.7 million was paid out in 2020 and DKK 4.3 million was paid out in 2021.

Thomas Videbæk left Novozymes at the end of April 2021. His severance package, totaling DKK 35 million, was fully expensed in 2020. Severance pay of DKK 9 million was paid out in 2020, while the remaining DKK 26 million was paid out in 2021.

Pension

In 2021, executives were eligible for a defined contribution pension scheme of 11% of their base salary, similar to the pension scheme in 2020.

Benefits

In 2021, 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			2021 Total remuneration	Compensation for lost incentives	2020	
	Salary	Contribution based pension	Other benefits	Total fixed (% of total remuneration)	Cash bonus (STIP)	Incentive programs (LTIP)	Total variable (% of total remuneration)			Total remuneration	Severance package*
Ester Baiget, CEO (from 1/2-2020)	7.6	0.8	0.4	8.8 (40%)	5.7	7.7	13.4 (60%)	22.2	1.4	19.4	-
Lars Green, CFO	6.0	0.7	0.2	6.9 (40%)	4.3	6.1	10.4 (60%)	17.3	4.3	16.2	-
Former executives											
Thomas Videbæk (to 30/04-2021)	2.3	0.3	0.1	2.7	0.9	-	0.9	3.6	-	11.6	35.2
Peder Holk Nielsen (to 31/01-2020)										0.9	-
Remuneration	15.9	1.8	0.7	18.4	10.9	13.8	24.7	43.1	5.7	48.1	35.2

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 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 2021 program measured at market value at the grant date.

* Thomas Videbæk's severance package was fully expensed in 2020. The severance package consisted of salary, pension and bonuses during the notice period as well as termination compensation and compensation for not being part of the stock-based incentive program in 2021.

Short-term incentive program – Target achievement

Weight	Target	% / (index)	Ester Baiget, CEO	Lars Green, CFO
45%	EBIT	% of maximum / (index compared to target performance)	100 (154)	100 (154)
15%	Cash flow		77 (118)	77 (118)
40%	Individual targets		95 (146)	85 (131)
Total, % of max			95 (145)	91 (139)
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 2021, the targets for the STIP were split on financial performance of the company at 60% weight (EBIT 45% weight and cash flow 15% weight) and targets for the individual executives at 40% weight.

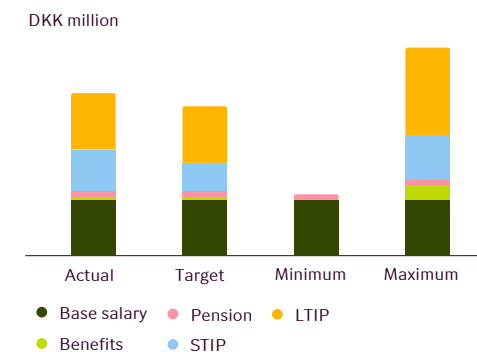
The financial performance of Novozymes in 2021 resulted in both the EBIT target and the cash flow target being exceeded. The payout related to these targets was 100% and 77%, respectively.

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.

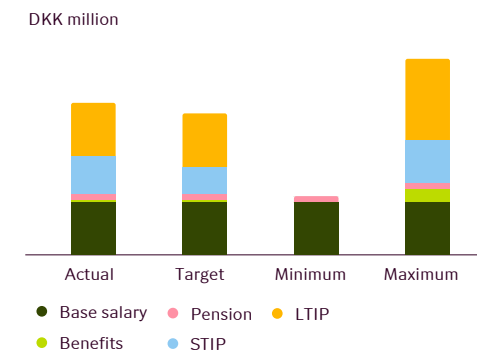
Based on its assessment, the Board determined that the payout based on individual targets are 95% for Ester Baiget and 85% for Lars Green.

The total pay-out ratio on the STIP 2021 is shown above.

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 2021-2023 took effect in 2021. The LTIP consists of 50% shares and 50% share options, similar to the LTIP 2020. Like the previous LTIP, the targets of LTIP 2021 reflects 40% weight on the target on organic sales growth, 40% weight on the target on economic profit generation, and 20% weight on sustainability targets.

The targets are aligned with the refreshed strategy and the measures of business success for the period 2021-2023.

Sustainability targets are set on four parameters covering environmental and social perspectives; climate, water & circular, workplace, and Zymers. The sustainability component will only be unlocked if Novozymes, by the end of 2023, performs above the floor levels across all four sustainability parameters. Once the floor is reached on all four parameters, the sustainability 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 vest at the beginning of 2024 and potential share options will vest at the beginning of 2025 subject to achievements against the performance targets.

For the LTIP 2021 program, the exercise price of the share options equals DKK 382.00 per share.

The tables below include an overview of allocated but not yet vested shares and share options to each executive for the LTIP. All information included in the table, including the number of

shares and share options and the calculation of their value, are based on the allocation at the time of the establishment of the respective LTIP.

For the LTIP 2021, the allocation reflects 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 below do not reflect the actual value of each program.

Long-term incentive program - unvested shares

	LTIP	Grant date	Vesting date	No. of shares at the beginning of year	No. of shares vested during the year	No. of shares allocated during the year	No. of shares at the end of the year	Market value at grant date
Ester Baiget, CEO	2020-2022	March 2020	January 2023	10,085	-	-	10,085	3.5
	2021-2023	February 2021	January 2024	-	-	10,104	10,104	3.9
Lars Green, CFO	2020-2022	March 2020	January 2023	8,464	-	-	8,464	3.0
	2021-2023	February 2021	January 2024	-	-	7,952	7,952	3.0

Long-term incentive program - Share options

	LTIP	Grant date	Vesting date	Exercise period	No. of share options allocated	Exercise price	Market value at grant date
Ester Baiget, CEO	2020-2022	March 2020	January 2024	5 years	73,551	350.8	3.5
	2021-2023	February 2021	January 2025	5 years	57,532	382.0	3.9
Lars Green, CFO	2017-2019	September 2019	January 2023	5 years	21,740	279.5	0.9
	2020-2022	March 2020	January 2024	5 years	61,729	350.8	3.0
	2021-2023	February 2021	January 2025	5 years	45,280	382.0	3.0

Finally determined/not finally determined remuneration

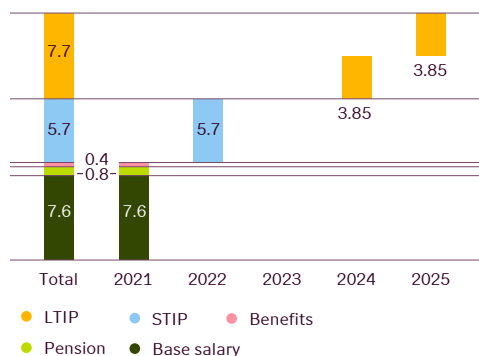
Remuneration from base salary, pension, benefits and STIP, DKK 14.5 million (equaling 65%) and DKK 11.2 million (equaling 65%) of Ester Baiget's and Lars Green's remuneration for 2021 respectively, have been finally determined.

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 2021-2023. Consequently, DKK 7.7 million (equaling 35%) and DKK 6.1 million (equaling 35%) of Ester Baiget's and Lars Green's remuneration relating to the LTIP 2021 respectively have not yet been finally determined.

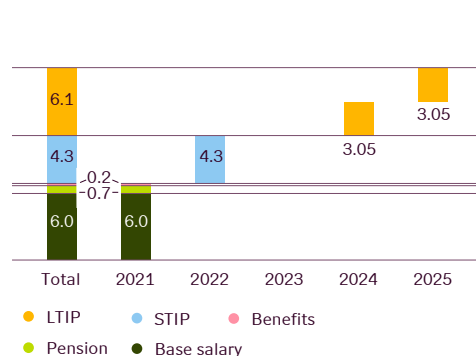
Moreover, bonus from the STIP, shares and share options allocated to the executives under the LTIP 2021 have not been paid out, but will be paid out later. Consequently, the total cash received by Ester Baiget and Lars Green for 2021 was DKK 8.8 million (equaling 40%) and DKK 6.9 million (equaling 40%) respectively, while the deferred remuneration relating to 2021 to be paid later amounted to DKK 13.4 million (equaling 60%) and DKK 10.4 million (equaling 60%) respectively. The latter 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 2021 remuneration.

**Ester Baiget, CEO
Remuneration payout timing**



**Lars Green, CFO
Remuneration payout timing**



Remuneration for 2021

DKK million	Finally determined	Not finally determined	Total	Cash paid in 2021	Deferred	Total
Ester Baiget, CEO	14.5	7.7	22.2	8.8	13.4	22.2
	65%	35%	100%	40%	60%	100%
Lars Green, CFO	11.2	6.1	17.3	6.9	10.4	17.3
	65%	35%	100%	40%	60%	100%

Changes to the LTIP 2020 program

During 2020 the world was significantly impacted by the COVID-19 pandemic and so was Novozymes' business. When the long-term incentive-based program covering the performance period 2020-2022 (LTIP 2020) was defined and the performance targets were set this impact was not accounted for.

LTIP 2020 has targets for the total economic profit, the average organic sales growth, as well as non-financial targets for the three-year period 2020-2022. While Novozymes progressed well towards the non-financial targets in 2020, Novozymes did not progress as well during 2020 towards the targets for sales growth and economic profit. Consequently, based on a review of the three components of the LTIP 2020 program, the two financial targets representing 80% of the weight are currently not expected to contribute to any LTIP award due to the 2020 performance, and only the non-financial targets are expected to contribute, resulting in a current expected allocation of 15% of max LTIP potential.

The Board of Directors has reviewed 2020-21 performance and progress as well as the financial outlook for 2022 and recognizes that 2020 was an exceptional year due to the extraordinary impact from the COVID-19 pandemic. The Board of Directors acknowledges that the purpose of the LTIP 2020 shall continue to be to align remuneration with

performance by having sufficiently stretched but realistic performance targets for the program, and in order to ensure continued motivational impact of the LTIP 2020 program, while at the same time maintaining the purpose of the program as a retention tool and to recognize the true value generation through the period, it has been decided to adjust the targets for sales growth and economic profit for LTIP 2020 program as follows:

- For the two financial KPI's (80% weight), the target allocation and max potential will be reduced by one third. From a performance perspective, the year 2020 is likewise disregarded as it represents a truly extraordinary year from a market condition and financial results perspective.
- The non-financial targets (20% weight) are left unchanged, i.e. covering the full 3-year period.

As a result of these adjustments, the aggregate target performance for LTIP 2020 would result in an allocation of 48% of max allocation against an original target allocation of 65% and a max allocation of 73% of the original 100% maximum.

The final number of shares and share options to be granted to each participant for the LTIP 2020 are determined after the three year performance period and will include the impact of the adjustment made.

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 pay-out 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.

In 2021, this discretionary power was used to change the LTIP 2020, see description on page 13.

The plan rules also contain the authority for the Committee to withhold or clawback variable

remuneration if a payment is based on misstated results, an error in the calculation or in case of gross misconduct by the executive. In 2021, 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 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, 2021	Additions during the year	Sold during the year	Dec. 31, 2021	Market value DKK million	Shareholding requirement as % of base salary	Actual % held at Dec. 31, 2021	Minimum shareholding requirement met
Ester Baiget, CEO	6,800	-	-	6,800	3.7	100%	48%	no*
Lars Green, CFO	24,101	-	-	24,101	12.9	100%	215%	yes
Executive Management	30,901	-	-	30,901	16.6			

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

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

Share options	Jan. 1, 2021	Additions during the year	Exercised during the year	Dec. 31, 2021	Market value DKK million
Ester Baiget, CEO	73,551	57,532	-	131,083	22.6
Lars Green, CFO	83,469	45,280	-	128,749	24.1
Executive Management	157,020	102,812	-	259,832	46.7

Business performance

DKK million	2021	2020
Financial performance		
<i>Group</i>		
Revenue	14,951	14,012
Organic sales growth	6%	0%
EBIT	4,007	3,652
EBIT margin	26.8%	26.1%
<i>Parent</i>		
Revenue	9,178	8,519
Revenue growth	8%	3%
EBIT	2,662	2,506
EBIT margin	29.0%	29.4%

Salary development and CEO pay ratio

In Denmark, the increase of the average fixed base salary for Novozymes employees was 2.3% and the members of the Executive Management also received a 2.3% increase in their base salary.

The average fixed base salary increase for employees of the Group amounted to 4.0% in 2021.

In 2021, the ratio of the CEO's total remuneration to the average remuneration per employee (Group) was 35, unchanged from 2020.

See appendix for further details regarding the business performance.

Salary development

DKK million	2021	2020
Base salary increase		
<i>Executive Management</i>		
Ester Baiget, CEO ¹	2.3%	-
Lars Green, CFO	2.3%	2.3%
<i>Board of Directors</i>		
Fixed base fee	2.0%	0%
<i>Novozymes' employees</i>		
Salary review average - Group	4.0%	4.1%
Salary review average - Parent	2.3%	2.3%
Total remuneration increase		
<i>Executive Management</i>		
Ester Baiget, CEO	4.9%	-
Lars Green, CFO	6.8%	(1.8)%
Average remuneration excl. Executive Management (DKK millions)		
Group	0.65	0.60
Parent	0.81	0.76
CEO pay ratio		
Group	35	35
Parent	29	28

1. No salary increase was given in the year of hiring

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, 2021.

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

Board of Directors

Bagsvaerd, February 1, 2022

The remuneration of members of the Board of Directors and the Executive Management for the 2021 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, 2021. We recommend that the remuneration report be adopted at the annual shareholders' meeting, at which the report will be presented for an advisory vote.

Sharon James

Anders Hentze Knudsen

Kasim Kutay

Jens Øbro

Kim Stratton

Mathias Uhlén

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 2021 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 Board 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 1, 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR No 3377 1231

Lars Baungaard

State Authorised Public Accountant
mne23331

Michael Groth Hansen

State Authorised Public Accountant
mne33228

Appendices

Board of Directors' fees

DKK '000	2021			2020			2019			2018			2017		
	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	1,530	255	1,785	1,500	250	1,750	1,500	250	1,750	1,500	250	1,750	1,417	250	1,667
Cees de Jong	1,020	255	1,275	845	211	1,056	-	-	-	-	-	-	-	-	-
Mathias Uhlén	510	255	765	500	97	597	500	-	500	500	-	500	500	-	500
Anders Hentze Knudsen	510	-	510	500	-	500	500	-	500	500	-	500	500	-	500
Kasim Kutay	510	255	765	500	211	711	500	-	500	500	-	500	417	-	417
Kim Stratton	510	510	1,020	500	347	847	500	250	750	500	250	750	417	208	625
Sharon James	510	510	1,020	422	195	617	-	-	-	-	-	-	-	-	-
Heine Dalsgaard	510	510	1,020	422	422	844	-	-	-	-	-	-	-	-	-
Preben Nielsen	411	174	585	-	-	-	-	-	-	-	-	-	-	-	-
Jens Øbro	411	-	411	-	-	-	-	-	-	-	-	-	-	-	-
Anne Breum	411	-	411	-	-	-	-	-	-	-	-	-	-	-	-
Lars Bo Kjøppler	99	-	99	500	-	500	500	-	500	500	-	500	500	-	500
Lena Bech Holskov	99	-	99	500	-	500	500	-	500	500	-	500	500	-	500
Agnete Raaschou-Nielsen	-	-	-	155	78	233	1,000	349	1,349	1,000	250	1,250	917	250	1,167
Lars Green	-	-	-	-	-	-	301	301	602	500	500	1,000	500	500	1,000
Patricia Malarkey	-	-	-	-	-	-	42	-	42	401	-	401	-	-	-
Henrik Gürtler	-	-	-	-	-	-	-	-	-	-	-	-	250	-	250
Heinz-Jürgen Bertram	-	-	-	-	-	-	-	-	-	-	-	-	219	-	219
Remuneration	7,041	2,724	9,765	6,344	1,811	8,155	5,843	1,150	6,993	6,401	1,250	7,651	6,137	1,208	7,345
Development in total board remuneration			20%			17%			-9%			4%			
Fixed base fee	510			500			500			500			500		
% change in fixed base fee	2%			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 receives a base fee or a multiplier of that, see page 5.

Executive Management remuneration

		2021		2020		2019		2018		2017	
DKK '000		Total Remu- neration	Development	Total Remu- neration	Development	Total Remu- neration	Development	Total Remu- neration	Development	Total Remu- neration	Development
Ester Baiget From 1/2-2020	Fixed remuneration	8.8		7.9	-	-		-		-	
	Short-term incentive	5.7		4.4	-	-		-		-	
	Long-term incentive	7.7		7.1	-	-		-		-	
	Total	22.2	5%	19.4	-	-	-	-	-	-	-
Lars Green From 1/9-2019	Fixed remuneration	6.9		6.7		2.3		-		-	
	Short-term incentive	4.3		3.6		0.4		-		-	
	Long-term incentive	6.1		5.9		2.8		-		-	
	LTIP - performance adjustment	-		-		-1.1		-		-	
	Total	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		7.8	
	Short-term incentive	0.9		3.9		0.6		1.8		1.7	
	Long-term incentive	-		-		4.8		4.7		18.5	
	LTIP - performance adjustment	-		-		-9.9		-		-	
	Total	3.6	-7%	11.6	-13%	3.5	-9%	14.7	-48%	28.0	133%
Peder Holk Nielsen To 31/1-2020	Fixed remuneration	-		0.9		11.2		11.3		11.1	
	Short-term incentive	-		-		0.7		2.3		2.3	
	Long-term incentive	-		-		7.2		7.0		27.7	
	LTIP - performance adjustment	-		-		-14.9		-		-	
	Total	-	-	0.9	-43%	4.2	-7%	20.6	-50%	41.1	132%

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 4 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.



Company performance

	2021		2020		2019		2018		2017	
		Development		Development		Development		Development		Development
Group										
Revenue	14,951	7%	14,012	-3%	14,374	0%	14,390	-1%	14,531	3%
Organic sales growth	6%		0%		-1%		4%		4%	
EBIT	4,007	10%	3,652	-10%	4,039	-1%	4,070	1%	4,047	3%
EBIT margin	26.8%		26.1%		28.1%		28.3%		27.9%	
Net profit	3,145	11%	2,826	-10%	3,155	-2%	3,227	3%	3,120	2%
Total number of employees	6,527	6%	6,185	1%	6,125	-5%	6,427	3%	6,245	-3%
Parent company										
Revenue	9,178	8%	8,519	3%	8,260	0%	8,272	0%	8,273	8%
EBIT	2,662	6%	2,506	18%	2,126	-18%	2,591	-7%	2,778	7%
EBIT margin	29.0%		29.4%		25.7%		31.3%		33.6%	
Net profit	2,952	13%	2,612	-15%	3,071	13%	2,717	-10%	3,021	2%
Total number of employees in Novozymes A/S	2,721	4%	2,607	-3%	2,688	1%	2,663	2%	2,613	-2%