

Remuneration report

At Novozymes, we work to promote the long-term interests of our shareholders, and the remuneration of the Board of Directors and the Executive Leadership Team supports this objective. Based on the target achievement for the short-term cash-based incentive program, the Executive Leadership Team received on average 68% of the maximum in 2018.

General remuneration policy

Novozyymes' remuneration policy for managers and other employees is designed to both encourage strong individual performance and support Novozymes' overall value creation.

Remuneration consists of a base salary, pension contributions, a cash bonus and stockbased incentive programs. These components are linked to the employee's individual performance and to the level of achievement of Novozymes' financial, social and environmental targets.

The remuneration policy aims to provide managers and other employees with a competitive financial package, which we review regularly against external benchmarks.

Remuneration of the Board of Directors

The remuneration of the Board of Directors comprises a fixed fee and is not based on incentives.

The Board of Directors assesses the fees paid to the Board annually, based on the recommendations of the Nomination and

Remuneration paid to individual members of the Board of Directors

DKK '000	2018			2017			2016		
	Board of Directors	Committees	Total	Board of Directors	Committees	Total	Board of Directors	Audit Committee	Total
Jørgen Buhl Rasmussen	1,500	250	1,750	1,417	250	1,667	917	208	1,125
Agnete Raaschou-Nielsen	1,000	250	1,250	917	250	1,167	583	250	833
Mathias Uhlén	500	0	500	500	-	500	500	-	500
Anders Hentze Knudsen	500	0	500	500	-	500	500	-	500
Patricia Malarkey ¹	401	0	401	-	-	-	-	-	-
Lars Bo Køppler	500	-	500	500	-	500	500	-	500
Lena Bech Holskov	500	-	500	500	-	500	500	-	500
Lars Green	500	500	1,000	500	500	1,000	500	500	1,000
Kasim Kutay ²	500	-	500	417	-	417	-	-	-
Kim Stratton ²	500	250	750	417	208	625	-	-	-
Henrik Gürtler ³	-	-	-	250	-	250	1,500	-	1,500
Heinz-Jürgen Bertram ⁴	-	-	-	219	-	219	500	-	500
Lena Olving ⁵	-	-	-	-	-	-	83	42	125
Remuneration	6,401	1,250	7,651	6,137	1,208	7,345	6,083	1,000	7,083

1. Joined on March 12, 2018.

2. Joined on February 22, 2017.

3. Resigned on February 22, 2017.

4. Resigned on June 8, 2017.

5. Resigned on February 25, 2016.

The disclosed remuneration for board members excludes minor mandatory social security contributions paid by Novozymes. It also excludes reimbursed expenses that board members have incurred in connection with board meetings, such as travel and accommodation.

Remuneration Committee. In making its recommendations, the Committee is guided by relevant benchmarks, including Novozymes' peers in Denmark and the rest of Europe.

The Board of Directors' remuneration for the year is approved at the Annual Shareholders' Meeting.

Board members receive a fixed base fee. This was DKK 500,000 in 2018, the same as it has been since 2015. The Chairman and the Vice Chairman receive a fee that is three times and two times the base fee respectively.

For committee work on the Audit Committee and the Nomination and Remuneration Committee, the committee chairman and other

committee members receive a further base fee and half a base fee respectively. However, the Chairman and the Vice Chairman of the Board do not receive this additional fee if they are elected to the Nomination and Remuneration Committee.

In 2018, Patricia Malarkey was elected as a new member of the Board of Directors. The number of board members thereby increased, which resulted in an increase in the total fee to the Board of Directors from DKK 7.3 million in 2017 to DKK 7.7 million in 2018.

The Board of Directors has the option to grant an additional fee to individual board members for extraordinary board work. No board members were granted such fees in 2018.

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

Shares of stock	Shares of stock at Jan. 1, 2018	Purchased during the year	Sold during the year	Shares of stock at Dec. 31, 2018	Market value DKK million
Jørgen Buhl Rasmussen	2,000	-	-	2,000	0.6
Agnete Raaschou-Nielsen	430	-	-	430	0.1
Lars Green	-	1,000	-	1,000	0.3
Mathias Uhlén	650	-	-	650	0.2
Anders Hentze Knudsen	356	-	-	356	0.1
Lena Bech Holskov	1,100	-	-	1,100	0.3
Lars Bo Kjøppler	360	-	-	360	0.1
Board of Directors	4,896	1,000	-	5,896	1.7

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

Remuneration of the Executive Leadership Team

The Board of Directors seeks to incentivize the Executive Leadership Team to ensure Novozymes' continued positive development and, as a result, good value creation for Novozymes' shareholders. The Board finds that the best results are achieved when a relatively high proportion of an executive's total remuneration is dependent on the achievement of individual targets and on meeting Novozymes' financial, social and environmental targets.

The Executive Leadership Team's remuneration comprises a base salary, pension contributions, a cash bonus scheme, stock-based incentive programs and benefits (car, phone, etc.).

Compared with Novozymes' peers, the variable part of the total remuneration (cash bonus and stock-based incentive programs) is relatively high. This is because the Board of Directors sets the base salary for members of the Executive Leadership Team at a level that is below the average for a sample of comparable Danish companies. In 2018, the ratio of the Chief Executive Officer's total remuneration to the average remuneration for employees was 55, on par with 2017.

On February 1, 2018, Prisca Havranek-Kosicek joined the Executive Leadership Team as Chief Financial Officer.

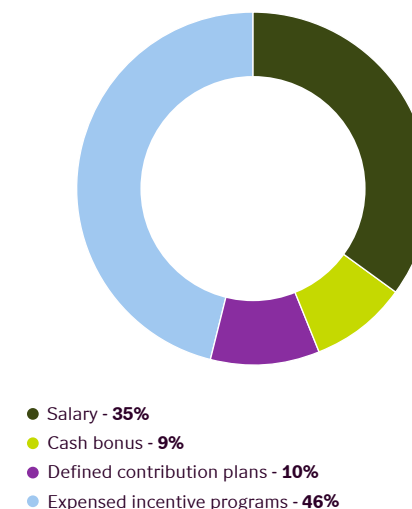
In 2018, the members of the Executive Leadership Team received an average increase in base salary of 3.0%. The Executive Leadership Team has a defined contribution pension scheme, with the pension contribution representing between 25% and 30% of the base salary and the cash bonus.

The maximum annual cash bonus is equivalent to five months' fixed base salary plus pension contributions. The amount of the cash bonus is dependent on the degree of fulfillment of:

- Individual targets agreed with the Nomination and Remuneration Committee, not exceeding three months' salary
- The company's annual EBIT target. If this fundamental condition is met, the bonus, which cannot exceed two months' salary, is adjusted for the achievement of targets set for social and environmental performance

For 2018, the cash bonus based on individual targets was on average 66% of the maximum bonus. The cash bonus related to Novozymes' operational targets was 70% of the maximum bonus, as the EBIT target was met while some of the sustainability targets were not.

Composition of Executive Leadership Team remuneration 2018



Remuneration paid to individual members of the current Executive Leadership Team

DKK million	Salary	Cash bonus	Defined contribution plans	Expensed incentive programs	Total remuneration
Peder Holk Nielsen ¹	8.5	2.3	2.8	12.5	26.1
Anders Lund	4.6	0.9	1.2	5.7	12.4
Andrew Fordyce	4.5	1.2	1.3	6.8	13.8
Prisca Havranek-Kosicek ^{1,2}	4.7	1.1	1.2	3.9	10.9
Tina Sejersgård Fanø	4.6	1.2	1.3	5.7	12.8
Thomas Videbæk ¹	6.3	1.8	1.9	8.4	18.4
Total remuneration 2018	33.2	8.5	9.7	43.0	94.4
Peder Holk Nielsen	8.3	2.3	2.8	12.0	25.4
Anders Lund	4.3	1.0	1.2	4.9	11.4
Andrew Fordyce	4.4	1.2	1.3	6.7	13.6
Benny D. Loft ³	2.4	-	0.5	3.2	6.1
Tina Sejersgård Fanø	4.4	1.0	1.2	4.9	11.5
Thomas Videbæk	6.0	1.7	1.8	8.0	17.5
Total remuneration 2017	29.8	7.2	8.8	39.7	85.5
Peder Holk Nielsen	8.2	1.1	2.4	9.1	20.8
Anders Lund	4.4	0.6	1.0	3.2	9.2
Andrew Fordyce	5.0	0.6	1.2	6.1	12.9
Benny D. Loft	4.8	0.6	1.2	6.1	12.7
Tina Sejersgård Fanø	3.8	0.6	1.0	3.1	8.5
Thomas Videbæk	5.7	0.8	1.5	6.1	14.1
Per Falholt ⁴	0.8	-	0.2	1.0	2.0
Thomas Nagy ⁴	0.8	-	0.2	1.0	2.0
Total remuneration 2016	33.5	4.3	8.7	35.7	82.2

1. Registered Executive Management.

2. Joined on February 1, 2018.

3. Resigned on June 15, 2017. Severance pay not included in the remuneration figures.

4. Resigned on February 8, 2016.

A three-year incentive program has been set up for the Executive Leadership Team, covering the period 2017-2019. The program complies with the general guidelines for remuneration of the Board of Directors and the Executive Leadership Team of Novozymes A/S approved at Novozymes' Annual Shareholders' Meeting. See the full guidelines on Novozymes.com.

The value of the three-year program was approximately DKK 162 million as of January 1, 2017. The value of the program corresponds to the aggregated annual remuneration of the Executive Leadership Team in 2017-2019 (base salary, pension contributions and maximum cash bonus).

Prisca Havranek-Kosicek will take part in the 2017-2019 Executive Leadership Team's incentive program on a proportional basis from February 1, 2018.

The program is an equal stock and stock option program. Awards are dependent on accumulated economic profit generated as well as the average organic sales growth during the period:

- A total of up to 75% of the program will be allocated if economic profit accumulated for the three years reaches DKK 7.5 billion. If economic profit of DKK 5.5 billion is generated over the period, 50% of the stock and stock options allocated to the economic profit pool will be awarded. Between these two points, a proportional number of stock and stock options will be awarded. If the accumulated economic profit is below DKK 5.5 billion, no stock or stock options will be awarded under the economic profit pool.

For 2018, the economic profit generated was DKK 2.5 billion. The accumulated economic

profit generated under the program is DKK 5.1 billion, equaling 68% of the DKK 7.5 billion target.

- A total of up to 25% of the program will be allocated if Novozymes delivers 6% organic sales growth on average over the three-year period. If average organic sales growth of 3% is delivered, 50% of the stock and stock options allocated to the sales growth pool will be awarded. Between these two points, a proportional number of stock and stock options will be awarded. If the average sales growth is below 3%, no stock or stock options will be awarded under the sales growth pool.

In 2018, organic sales growth reached 4%. The average organic sales growth under the program is 4%.

Economic profit definition

Economic profit is defined as: adjusted operating profit (NOPAT) less (average invested capital * WACC).

To calculate economic profit in the long-term incentive program, operating profit is adjusted for hedging results to eliminate the impact of currency fluctuations as well as for any impacts from major acquisitions and divestments. A fixed WACC of 6% is used throughout the program period.

The stock was allocated in January 2017 and will be released in January 2020 in accordance with the level of target achievement, while the stock option program is a three-year incentive program with annual allocations. In 2018, 497,697 stock options were granted to the Executive Leadership Team. The allocations for 2017-2019 will be adjusted in January 2020 to reflect the level of target achievement. The

awarded stock options have a vesting period of three years, after which there is an exercise period of five years.

The incentive program includes a maximum clause that gives the Board of Directors the option to reduce the number of stock and stock options allocated. The reduction can be implemented if the intrinsic value of the stock

and stock options for the Executive Leadership Team totals more than DKK 303 million on the date in January 2020 on which the Annual Report for 2019 is approved.

The members of the Executive Leadership Team have contracts of employment containing standard conditions for executive officers of Danish listed companies, including the periods

of notice that both parties are required to give and noncompetition clauses. If an executive officer's contract of employment is terminated by the company without any misconduct on the part of the executive officer, the executive officer has a notice period of 12 months. In addition to the notice period, the executive officer has a right to compensation of between one and two years' base salary and pension contributions, depending on the position held.

Remuneration of senior leadership

The remuneration of Novozymes' senior leadership (182 vice presidents and directors) is in line with the general remuneration policy.

Incentive programs for vice presidents and directors have been established covering the period 2017-2019.

The program for the vice presidents largely follows the same mechanisms as the program for the Executive Leadership Team.

The program for the directors is a stock option program that includes the same targets for organic sales growth and economic profit as the other programs. Furthermore, awards are linked to the achievement of annual EBIT and sustainability targets set for social and environmental performance.

Further information on the incentive programs for these employee groups can be found in Note 6.2 to the consolidated financial statements, which also includes an overview of outstanding stock options.

The following members of the Executive Leadership Team hold shares of stock in Novozymes A/S

Shares of stock	Shares of stock at Jan. 1, 2018	Purchased during the year	Sold during the year	Shares of stock at Dec. 31, 2018	Market value DKK million
Peder Holk Nielsen	209,269	-	-	209,269	60.9
Anders Lund	146	-	-	146	-
Andrew Fordyce	-	3,500	-	3,500	1.0
Prisca Havranek-Kosicek	-	-	-	-	-
Tina Sejersgård Fanø	10,178	-	-	10,178	3.0
Thomas Videbæk	-	-	-	-	-
Executive Leadership Team	219,593	3,500	-	223,093	64.9

The following members of the Executive Leadership Team hold stock options in Novozymes A/S

Stock options	Options at Jan. 1, 2018	Additions during the year	Exercised during the year	Options at Dec. 31, 2018	Market value DKK million
Peder Holk Nielsen	524,322	136,326	-	660,648	31.5
Anders Lund	171,762	69,287	-	241,049	12.4
Andrew Fordyce	331,308	69,287	-	400,595	19.4
Prisca Havranek-Kosicek	-	62,626	-	62,626	2.4
Tina Sejersgård Fanø	158,310	69,287	-	227,597	11.1
Thomas Videbæk	349,548	90,884	(98,698)	341,734	14.8
Executive Leadership Team	1,535,250	497,697	(98,698)	1,934,249	91.6