

Statutory report on corporate governance for the financial year 2013, cf. Section 107 b of the Danish Financial Statements Act

This statement forms part of the management's review in the Novozymes Annual Report covering the period 1 January – 31 December 2013.

MANAGEMENT

Novozymes has a two-tier management system in which the Board of Directors and the Executive Leadership Team are responsible for managing the company's affairs. The Board of Directors is currently comprised of nine people, three of whom have been elected by the employees and six of whom have been elected at the Annual Shareholders' Meeting. The Board of Directors has established one committee: the Audit Committee, currently consisting of three members of the Board of Directors assisting the Board of Directors in monitoring aspects relating to accounting, auditing, and internal control. The Executive Leadership Team consists of six people who are responsible for the day-to-day management of the company, observing the recommendations, guidelines and decisions issued by the Board of Directors.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM RELATING TO FINANCIAL REPORTING

Novozymes' risk management and internal controls relating to its financial reporting are organized for the purpose of

1. ensuring the presentation of management accounts that allow the Novozymes Group's performance to be measured, evaluated, and monitored, and
2. ensuring the presentation of financial statements that comply with International Financial Reporting Standards, as adopted by the EU, and other additional Danish disclosure requirements for the annual reports of listed companies, and that provide a true and fair view without material misstatements.

The Novozymes Group's internal controls and risk management systems are updated on an ongoing basis and have been designed with a view to discovering and eliminating errors and defects in the financial statements, but as there is always a risk of fraud, unexpected losses, etc., the internal controls and risk management systems can only provide reasonable and not absolute security that all material errors and defects have been discovered and rectified.

The internal controls and risk management systems also cover the environmental and social data reproduced in The Novozymes Report.

Overall control environment

Responsibility for maintaining effective internal controls and a risk management system in connection with financial reporting rests with the Executive Leadership Team. The Executive Leadership Team has designed and implemented controls considered necessary and effective in terms of countering the identified risks relating to financial reporting.



The Board of Directors and The Executive Leadership Team of Novozymes are composed so as to provide relevant expertise in risk management and assessment of internal controls in relation to financial reporting.

Novozymes' Executive Leadership Team has defined a number of policies, standards, and procedures, including

- Financial and legal policy
- Treasury policy
- IT security policy
- Business integrity policy

The relevant policies are reviewed by the Audit Committee.

A description of the Novozymes Group's overall policies and the Group's positions and values can be found at www.novozymes.com.

Novozymes' Board of Directors has appointed an Audit Committee that monitors the adequacy of the Group's internal controls on an ongoing basis and assesses material risks in connection with the financial reporting process. The Audit Committee reviews significant accounting topics, estimates and judgments. The Audit Committee further evaluates each year if there is a need for an internal audit function. For now this has not been deemed necessary. The Board of Directors and the Executive Leadership Team receive minutes of the meetings of the Audit Committee.

A clear organizational structure has been established with a view to effective segregation of duties, with the finance and IT functions reporting directly to the Chief Financial Officer. An annual review is carried out of the organization of the global finance function to ensure that adequate expertise is in place in all key positions in the Group.

Novozymes has established a whistleblower function with the purpose of ensuring that both Novozymes' employees and external parties can report any concerns in respect of breaches of laws, company policies or guidelines, or any incidents of neglect.

The day-to-day activities related to ensuring an effective control system lies with a Risk Management & Control group that reports to Corporate Finance Management.

Risk assessment

The Board of Directors and the Executive Leadership Team continuously assess the risks to which the Group is exposed, including those that could have a significant impact on the financial reporting process.

At least once a year the Executive Leadership Team and the Audit Committee consider whether new significant internal controls should be implemented to mitigate identified risks.



Risk assessments related to financial reporting or fraud are carried out on an ongoing basis with the purpose of ensuring that proper mitigating actions are in place.

Control activities

This includes uniform requirements of the global internal controls that must be carried out to ensure reliable financial and sustainability reporting. As part of this, control activities have been established based on a risk assessment, with the purpose of discovering and eliminating any errors and defects in the data used in preparation of the financial statements. Further the control activities are carried out to ensure compliance with IFRS and other relevant legislation related to financial reporting.

Procedures and process descriptions have been established to ensure that controls are carried out effectively.

The IT systems are secured by means of general IT controls, and the ERP systems also contain automated application controls that are reviewed on an ongoing basis.

Information and communication

Novozymes has a common global IT setup that contains key data in relation to financial reporting and ensures a high degree of uniformity and transparency in systems and figures. Decisions and analyses are carried out on the basis of up-to-date and relevant data. A comprehensive quality management system has been established for the global finance function to ensure transparency and compliance with the required control activities. New employees are given an introduction to the quality management system to ensure that they understand their role within internal control in the Group. Updates to the system are communicated on an ongoing basis.

Monitoring

Monitoring of the internal controls is carried out by local and shared service Finance Management. Further monitoring of compliance is carried out at Group level when data from subsidiaries is consolidated. Any errors in the reported data is communicated to subsidiaries and corrected prior to releasing financial figures.

A review of the internal control system is carried out each year, based on a number of internal and external assessments. This review is submitted to the Audit Committee.

Checks on compliance with the controls of the quality management system in the individual companies are carried out on an ongoing basis and reports submitted to Finance Management and the external auditor.

The Audit Committee follows up on measures taken to rectify weaknesses in internal controls identified and reported by the auditor elected by the shareholders meeting, as well as errors and defects in the financial statements, and ensures that management implements controls and procedures to counter these errors and defects. The topics that have been considered by the Audit Committee during 2013 can be found under Corporate Governance in the Investor section at www.novozymes.com.



PRINCIPLES OF GOOD CORPORATE GOVERNANCE

Corporate governance, defined as “the system used to lead and control a business”, is largely built into the requirements on boards laid down in the Danish Companies Act. The Board of Directors and the Executive Leadership Team of Novozymes believe that corporate governance initiatives should be a constant process in which the principles of good corporate governance are continuously evaluated with due consideration to current legislation, practice and recommendations. Such evaluation includes a review of the company’s business concept, business procedures, goals, organization, capital position, stakeholder relations, risks and the control systems.

Once a year the Board of Directors considers the Danish Committee on Corporate Governance’s recommendations for good corporate governance.

As required for a listed company on Nasdaq OMX Nordic under the rules for issuers of shares, Novozymes issues the below statement of compliance with the Danish Committee on Corporate Governance’s recommendations using the “comply or explain”-principle. The recommendations have been published at www.corporategovernance.dk.

Recommendations for good corporate governance

Novozymes’ position on the individual recommendations is described in the following and can be found under Corporate Governance in the Investor section at www.novozymes.com. The recommendations specify that it is equally legitimate for a company to provide an explanation, as to comply with a specific recommendation, as the key issue is to create transparency in corporate governance matters.



Recommendation	Novozymes complies (Yes/No)	Novozymes complies/does not comply with the recommendation due to the following reason:
1. Communication and interaction by the company with its investors and other stakeholders		
<i>1.1. Dialogue between company, shareholders and other stakeholders</i>		
1.1.1. The Committee recommends that the board of directors ensure ongoing dialogue between the company and its shareholders in order for the shareholders to gain relevant insight into the company's potential and policies, and in order for the board of directors to be aware of the shareholders' views, interests and opinions on the company.	Yes	Dialogue between Novozymes and its shareholders takes the form of webcasts of the Annual Shareholders' Meeting, analysts' meetings with the Executive Leadership Team and Investor Relations, webcasts of the quarterly conference calls, and more than 400 meetings a year with institutional investors in Europe, North America, and Asia. Novozymes also participates in more than 20 institutional investor seminars in Europe and the USA each year. In addition, Novozymes communicates with private shareholders through participation in various events arranged by Danish stockbrokers or the Danish Shareholders Association. Novozymes communicates with its shareholders via telephone, e-mail, The Novozymes Report, company announcements, and the website.
1.1.2. The Committee recommends that the board of directors adopt policies on the company's relationship with its stakeholders, including shareholders and other investors, and that the board ensures that the interests of the shareholders are respected in accordance with company policies.	Yes	The Board of Directors ensures that the stakeholders' interests and roles are respected in accordance with Novozymes' policy <i>Touch the World</i> , among other things by means of the company's ongoing reporting on social and environmental aspects. Novozymes has developed a systematic method to identify its stakeholders and how best to interact with them. Novozymes has a tool to map stakeholders and one to plan stakeholder involvement, forming the basis for structured and systematic stakeholder mapping and involvement planning.
1.1.3. The Committee recommends that the company publish quarterly reports.	Yes	Novozymes has issued quarterly reports since its foundation and intends to continue doing so.



Recommendation	Novozymes complies (Yes/No)	Novozymes complies/does not comply with the recommendation due to the following reason:
<i>1.2. General meeting</i>		
1.2.1. The Committee recommends that when organizing the company's general meeting, the board of directors plans the meeting to support active ownership.	Yes	<p>The high level of information in Novozymes' dialogue with its shareholders before, during, and after the Annual Shareholders' Meeting, cf. point 1.1.1. above, promotes active ownership. Novozymes' Annual Shareholders' Meeting is webcasted.</p> <p>Novozymes' Annual Shareholders' Meetings are genuine forums for communication and discussion, and the venue for shareholders to express their views and take decisions.</p> <p>Technological developments are monitored on an ongoing basis, and the possibility of conducting a partly electronic Annual Shareholders' Meeting has been investigated but not found relevant at this stage.</p>
1.2.2. The Committee recommends that proxies granted for the general meeting allow shareholders to consider each individual item on the agenda.	Yes	Shareholder proxies given to the Board of Directors enable shareholders to consider each individual item on the agenda for the Annual Shareholders' Meeting.
<i>1.3. Takeover bids</i>		
1.3.1. The Committee recommends that the company set up contingency procedures in the event of takeover bids from the time that the board of directors has reason to believe that a takeover bid will be made. According to such contingency procedures, the board of directors should not without the acceptance of the general meeting, attempt to counter the takeover bid by making decisions which in reality prevent the shareholders	No	Due to the limitations imposed by the Articles of Association of the Novo Nordisk Foundation and Novozymes' ownership structure, Novozymes' Board of Directors retains the right in certain circumstances to reject takeover bids without consulting shareholders.



Recommendation	Novozymes complies (Yes/No)	Novozymes complies/does not comply with the recommendation due to the following reason:
from deciding on the takeover bid themselves.		
2. Tasks and responsibilities of the board of directors		
<i>2.1. Overall tasks and responsibilities</i>		
2.1.1. The Committee recommends that at least once a year the board of directors take a position on the matters related to the board's performance of its responsibilities.	Yes	Section 2.3 of the Rules of Procedure for the Board of Directors sets out the matters that the Board has to discuss and decide throughout a year in relation to the Board's performance of its responsibilities. These Rules of Procedure are evaluated annually. Further, the Board of Directors has made an annual plan ("annual wheel") for each calendar year containing the dates and minimum subjects of the ordinary board meetings.
2.1.2. The Committee recommends that at least once a year the board of directors take a position on the overall strategy of the company with a view to ensuring value creation in the company.	Yes	Novozymes' Board of Directors determines the company's overall strategy at least once a year, including at the Board's annual off-site meeting which has a particular focus on the company's strategy.
2.1.3. The Committee recommends that the board of directors ensure that the company has a capital and share structure ensuring that the strategy and longterm value creation of the company are in the best interest of the shareholders and the company, and that the board of directors presents this in the management commentary on the company's annual report and/or on the company's website.	Yes	<p>Novozymes' Board of Directors ensures that Novozymes has a capital and share structure ensuring that the strategy and longterm value creation of the company are in the best interest of the shareholders and the company.</p> <p>The Board of Directors considers the company's capital and share structures on a regular basis, and at least once a year, to ensure the best possible long-term structure for Novozymes.</p> <p>The Board presents this in the management commentary in Novozymes' annual report, The Novozymes Report.</p>



Recommendation	Novozymes complies (Yes/No)	Novozymes complies/does not comply with the recommendation due to the following reason:
<p>2.1.4. The Committee recommends that the board of directors annually review and approve guidelines for the executive board; this includes establishing requirements for the executive board on timely, accurate and adequate reporting to the board of directors.</p>	<p>Yes</p>	<p>The Board of Directors reviews the guidelines for the Executive Leadership Team’s day-to-day management at least once a year, making amendments if necessary (the guidelines are appended to the Board of Directors’ rules of procedure). This is done at the board meeting at which the Board’s rules of procedure are discussed.</p> <p>Guidelines for the Executive Leadership Team’s reporting to the Board of Directors and for communication between the Board and the Executive Leadership Team are set out in an appendix to the Board’s rules of procedure and, like the rules of procedure themselves, are available on the company’s website www.novozymes.com.</p>
<p>2.1.5. The Committee recommends that at least once a year the board of directors discuss the composition of the executive board, as well as developments, risks and succession plans.</p>	<p>Yes</p>	<p>The Board of Directors discuss at least once a year the composition of the executive board, as well as developments, risks and succession plans.</p>
<p>2.1.6. The Committee recommends that once a year the board of directors discuss the company’s activities to ensure relevant diversity at management levels, including setting specific goals and accounting for its objectives and progress made in achieving the objectives in the management commentary on the company’s annual report and/or on the website of the company.</p>	<p>Yes</p>	<p>Novozymes is committed to developing a diverse workforce. The company believes diversity fosters innovation and that a diverse working culture is a vital ingredient for a successful global company.</p> <p>Employment with Novozymes is offered and provided based on merit. Recruitment, terms of employment, promotion, and termination of employment are practiced without any distinction, exclusion, or preference on the basis of race, color, ethnic, national or social origin, gender, religion, age, disability, political opinion, sexual orientation, and family responsibilities.</p> <p>For Novozymes equal opportunities is about adopting a proactive stance to avoid discrimination. Novozymes’ commitment to ensuring equal opportunities in the workplace extends to all global operations, and to ensure local relevance it is addressed in a variety of ways at different sites to reflect</p>



Recommendation	Novozymes complies (Yes/No)	Novozymes complies/does not comply with the recommendation due to the following reason:
		<p>local or national conditions.</p> <p>Novozymes has the objective of further promoting diversity among leaders in the company. Novozymes has introduced specific requirements in its succession management systems to secure diversity among the potential successors for Novozymes leadership positions. Novozymes' diversity initiatives are reviewed by the Board of Directors as part of the annual organizational performance process. Novozymes reports externally in The Novozymes' Report on Novozymes' diversity data in line with applicable law and recognized international standards.</p> <p>Novozymes has set the following diversity targets for hiring new leaders in Novozymes, which are reported on in the Novozymes Report:</p> <ul style="list-style-type: none"> • Ensure that at least 30% of new leaders appointed are women • Ensure that at least 55% of new leaders appointed are a nationality other than Danish <p>Novozymes' Board of Directors has set the following targets for diversity in the Board of Directors:</p> <ul style="list-style-type: none"> • Novozymes has as its target that at least half of its shareholder-elected board members shall be independent in accordance with the Danish Code on Corporate Governance. • In order to ensure that Novozymes and its controlling shareholder share a common vision and goals, it is desirable to have a number of members of the Board of Directors representing the majority shareholder. However, in order to get an outside perspective on Novozymes' business, it is also desirable to have a number of board members who do not represent the majority shareholder • With regard to international experience, Novozymes has as its target that 40% or more of the shareholder-elected board



Recommendation	Novozymes complies (Yes/No)	Novozymes complies/does not comply with the recommendation due to the following reason:
		<p>members shall have substantial international experience from management in and of large corporations or institutions headquartered outside Denmark</p> <ul style="list-style-type: none"> The Board of Directors has as its target that one third or more of the shareholder-elected board members are female and one third or more of the shareholder-elected board members are male. In accordance with the Danish Business Authority's interpretation of Section 139a of the Danish Companies Act, the target number of individuals shall be rounded off to the nearest integer. <p>According to Novozymes' articles of association all board members elected by the shareholders are elected for one year at a time. The election of these board members is conducted each year at the annual shareholders meeting. Novozymes each year aims to meet and in 2013 did meet the above targets for diversity in the Board of Directors.</p>
<i>2.2. Corporate social responsibility</i>		
2.2.1. The Committee recommends that the board of directors adopt policies on corporate social responsibility.	Yes	Novozymes' Board of Directors handles Novozymes' policies on corporate social responsibility, in particular by drawing up and adopting Novozymes' values in Novozymes' policy <i>Touch the World</i> . Well-defined values are an essential starting point for running the business, and when values are to be translated into practice, there is a need for management systems that show the way more specifically and ensure compliance in day-to-day operations. Novozymes' management system defines the way in which the business is run. The management system links <i>Touch the World</i> with day-to-day business activities worldwide. The management system helps to create coherence in the company across cultural differences and different business areas, despite long geographical distances.



Recommendation	Novozymes complies (Yes/No)	Novozymes complies/does not comply with the recommendation due to the following reason:
		<p>Sustainability is an integrated part of Novozymes' business, and Novozymes gives its customers the opportunity to become more sustainable by optimizing use of raw materials and energy, thereby reducing the environmental burden of their business activities. For Novozymes, decency and responsibility in business operations mean that we must be aware of and react to important stakeholder issues and comply with international agreements and universal values:</p> <ul style="list-style-type: none"> • we subscribe to the UN Global Compact • we support the UN Universal Declaration of Human Rights • we support the UN Convention on Biological Diversity • we subscribe to the International Chamber of Commerce's (ICC) Business Charter for Sustainable Development <p>Novozymes reports on social responsibility pursuant to the Danish Financial Statements Act. Novozymes further reports pursuant to the GRI (Global Reporting Initiative) and the UN Global Compact, and satisfies the requirement for publication of a Communication on Progress.</p> <p>Taken together, the information in The Novozymes Report and the Communication on Progress represents the statutory reporting on social responsibility required pursuant to section 99 a of the Danish Financial Statements Act.</p>
<p><i>2.3. Chairman and vice-chairman of the board of directors</i></p>		
<p>2.3.1. The Committee recommends appointing a vice-chairman of the board of directors who will assume the responsibilities of the chairman in the event of the chairman's absence, and who will also</p>	<p>Yes</p>	<p>The Vice Chairman of Novozymes' Board of Directors has been directly elected as Vice Chairman at Novozymes' Annual Shareholders' Meeting. The role of the Vice Chairman is in accordance with the recommendations and is otherwise as described in the company's Articles of Association and the</p>



Recommendation	Novozymes complies (Yes/No)	Novozymes complies/does not comply with the recommendation due to the following reason:
act as effective sparring partner for the chairman.		Board of Directors' rules of procedure.
2.3.2. The Committee recommends ensuring that, if the board of directors, in exceptional cases, asks the chairman of the board of directors to perform special operating activities for the company, including briefly participating in the day-to-day management, a board resolution to that effect be passed to ensure that the board of directors maintains its independent, overall management and control function. Resolutions on the chairman's participation in day-to-day management and the expected duration hereof should be published in a company announcement.	Yes	The Chairman of Novozymes' Board of Directors does not participate in the day-to-day management of Novozymes.
3. Composition and organization of the board of directors		
<i>3.1. Composition</i>		
3.1.1. The Committee recommends that the board of directors annually accounts for <ul style="list-style-type: none"> • the skills it must have to best perform its tasks, • the composition of the board of directors, and • the special skills of each member. 	Yes	The Board of Directors is keenly aware of the importance of having the necessary skills in place among its members and among other things discusses these aspects in connection with its annual evaluation of its performance. These discussions are open and detailed, and proposals for the nomination of members of the Board of Directors to the Annual Shareholders' Meeting will always be accompanied by detailed reasons and background information concerning the persons in question. A description of the board positions and competencies of the individual board members is also included in The Novozymes Report. Novozymes' Board of Directors has adopted a specification of competencies, which is available on the company's website www.novozymes.com .



Recommendation	Novozymes complies (Yes/No)	Novozymes complies/does not comply with the recommendation due to the following reason:
<p>3.1.2. The Committee recommends that the selection and nomination of candidates for the board of directors be carried out through a thoroughly transparent process approved by the overall board of directors. When assessing its composition and nominating new candidates, the board of directors must take into consideration the need for integration of new talent and diversity in relation to age, international experience and gender.</p>	<p>Yes</p>	<p>The Board of Directors is keenly aware of the importance of having the necessary skills in place among its members and among other things discusses these aspects in connection with its annual evaluation of its performance. These discussions are open and detailed, and proposals for the nomination of members of the Board of Directors to the Annual Shareholders' Meeting will always be accompanied by detailed reasons and background information concerning the persons in question.</p> <p>A description of the board functions and competencies of the individual board members is also included in The Novozymes Report.</p> <p>Novozymes' Board of Directors has adopted a specification of competencies, which is available on the company's website www.novozymes.com.</p>
<p>3.1.3. The Committee recommends that a description of the nominated candidates' qualifications be accompanied by the notice convening the general meeting when election of members to the board of directors is on the agenda, including information about the candidates'</p> <ul style="list-style-type: none"> • other executive functions, e.g. memberships in executive boards, boards of directors, and supervisory boards, including board committees in foreign enterprises, • demanding organizational tasks, and • information about whether candidates to the board of directors are considered independent. 	<p>Yes</p>	<p>The Board of Directors is keenly aware of the importance of having the necessary skills in place among its members and among other things discusses these aspects in connection with its annual evaluation of its performance. These discussions are open and detailed, and proposals for the nomination of members of the Board of Directors to the Annual Shareholders' Meeting will always be accompanied by detailed reasons and background information concerning the persons in question.</p> <p>A description of the board functions and competencies of the individual board members is also included in The Novozymes Report.</p> <p>Novozymes' Board of Directors has adopted a specification of competencies, which is available on the company's website www.novozymes.com.</p>



Recommendation	Novozymes complies (Yes/No)	Novozymes complies/does not comply with the recommendation due to the following reason:
3.1.4. The Committee recommends that the company's articles of association stipulate a retirement age for members of the board of directors.	Yes	Novozymes' Articles of Association contains a provision whereby no one who has reached the age of 70 may be elected to the Board of Directors and whereby a member shall retire from the Board of Directors no later than at the first Annual Shareholders' Meeting after he or she has reached the age of 70. The Novozymes Report contains information on the ages of the individual board members.
3.1.5. The Committee recommends that members of the board of directors elected by the general meeting be up for election every year at the annual general meeting.	Yes	Pursuant to the company's Articles of Association, board members elected by the Annual Shareholders' Meetings are elected for a period of one year.
3.2. Independence of the board of directors		
3.2.1. The Committee recommends that at least half of the members of the board of directors elected by the general meeting be independent persons, in order for the board of directors to be able to act independently of special interests. To be considered independent, this person may not: a) be or within the past five years have been member of the executive board, or senior staff member in the company, a subsidiary undertaking or an associated company, b) within the past five years, have received larger emoluments from the company/group, a subsidiary undertaking or an associated company in another capacity than as member of the board of directors,	Yes	Of the six members of the Board of Directors elected by the Annual Shareholders' Meeting, four are currently independent in accordance with the cited definition. An account of the members of the Board of Directors elected by the Annual Shareholders' Meeting not considered independent in accordance with the definition will be provided in The Novozymes Report. Re (a) None Re (b) None



Recommendation	Novozymes complies (Yes/No)	Novozymes complies/does not comply with the recommendation due to the following reason:
<p>c) represent the interests of a controlling shareholder,</p> <p>d) within the past year, have had significant business relations (e.g. personal or indirectly as partner or employee, shareholder, customer, supplier or member of the executive management in companies with corresponding connection) with the company, a subsidiary undertaking or an associated company.</p> <p>e) be or within the past three years have been employed or partner at the external auditor,</p> <p>f) have been chief executive in a company holding cross-memberships with the company,</p> <p>g) have been member of the board of directors for more than 12 years, or</p> <p>h) have been close relatives with persons who are not considered independent.</p>		<p>Re (c) Henrik Gürtler and Kurt Anker Nielsen</p> <p>Re (d) None</p> <p>Re (e) None</p> <p>Re (f) None</p> <p>Re (g) Henrik Gürtler and Kurt Anker Nielsen</p> <p>Re (h) None</p>
<i>3.3. Members of the board of directors and the number of other executive functions</i>		
<p>3.3.1. The Committee recommends that each member of the board of directors assesses the expected time commitment for each function in order that the member does not take on more functions than he/she can manage satisfactorily for the company.</p>	Yes	<p>Pursuant to the company's Articles of Association, board members elected by the Annual Shareholders' Meetings are elected for a period of one year. In connection with each candidate's decision to seek election or re-election, as the case may be, they each for themselves assess the expected time commitment to ensure that they do not take on more tasks than he/she can manage satisfactorily.</p>
<p>3.3.2. The Committee recommends that the management commentary, in addition to the</p>	Yes	<p>The Novozymes Report contains the listed information, including information on board members' occupation and board positions in other listed</p>



Recommendation	Novozymes complies (Yes/No)	Novozymes complies/does not comply with the recommendation due to the following reason:
<p>provisions laid down by legislation, includes the following information about the members of the board of directors:</p> <ul style="list-style-type: none"> • the position of the relevant person, • the age and gender of the relevant person, • whether the member is considered independent, • the date of appointment to the board of directors of the member, • expiry of the current election period, • other executive functions, e.g. memberships in executive boards, boards of directors, and supervisory boards, including board committees in foreign enterprises and • demanding organizational tasks, and • the number of shares, options, warrants and similar in the company, and other group companies of the company, owned by the member, as well as changes in the portfolio of the member of the securities mentioned which have occurred during the financial year. 		<p>companies. It also includes information on board positions in foreign companies and demanding organization tasks. Information is also provided in The Novozymes Report on holdings of shares, options, etc., in the company for each board member and any changes in such holdings during the year.</p>
<p>3.4. Board committees</p>		
<p>3.4.1. The Committee recommends that the company publish the following on the company's website:</p> <ul style="list-style-type: none"> • the terms of reference of the board committees, • the most important activities of the committees 	<p>Yes</p>	<p>Novozymes' Board of Directors has only appointed an Audit Committee.</p> <p>Novozymes publishes the specified information for the Audit Committee on the company's website.</p>



Recommendation	Novozymes complies (Yes/No)	Novozymes complies/does not comply with the recommendation due to the following reason:
<p>during the year, and the number of meetings held by each committee, and</p> <ul style="list-style-type: none"> the names of the members of each committee, including the chairmen of the committees, as well as information on which members are independent members and which members have special qualifications. 		
<p>3.4.2. The Committee recommends that a majority of the members of a board committee be independent.</p>	Yes	<p>Novozymes' Board of Directors has appointed an Audit Committee.</p> <p>The members of the Audit Committee are:</p> <ul style="list-style-type: none"> Kurt Anker Nielsen (Chairman) Lena Olving (independent member with expertise within accounting) Agnete Raaschou-Nielsen (independent member with expertise within accounting)
<p>3.4.3. The Committee recommends that the board of directors set up a formal <u>audit committee</u> composed such that</p> <ul style="list-style-type: none"> the chairman of the board of directors is not chairman of the audit committee, and between them, the members should possess such expertise and experience as to provide an updated insight into and experience in the financial, accounting and audit aspects of companies whose shares are admitted to trading on a regulated market. 	Yes	<p>Novozymes' Board of Directors has appointed an Audit Committee.</p> <p>The members of the Audit Committee are:</p> <ul style="list-style-type: none"> Kurt Anker Nielsen (Chairman) Lena Olving (independent member with expertise within accounting) Agnete Raaschou-Nielsen (independent member with expertise within accounting)



Recommendation	Novozymes complies (Yes/No)	Novozymes complies/does not comply with the recommendation due to the following reason:
<p>3.4.4. The Committee recommends that, prior to the approval of the annual report and other financial reports, the audit committee monitors and reports to the board of directors about:</p> <ul style="list-style-type: none"> • significant accounting policies, • significant accounting estimates, • related party transactions, and • uncertainties and risks, including in relation to the outlook for the current year. 	Yes	<p>Prior to approval of The Novozymes Report and other financial reporting, Novozymes' Audit Committee reports to the Board of Directors on:</p> <ul style="list-style-type: none"> • significant accounting policies • significant accounting estimates • related party transactions • uncertainties and risks, including in relation to the outlook
<p>3.4.5. The Committee recommends that the audit committee:</p> <ul style="list-style-type: none"> • annually assesses the need for an internal audit, and in such case, makes recommendations on selecting, appointing and removing the head of the internal audit function and on the budget of the internal audit function, and • monitor the executive board's follow-up on the conclusions and recommendations of the internal audit function. 	Yes	<p>Novozymes' Audit Committee assesses the need for an internal audit function on an annual basis.</p> <p>The Audit Committee has assessed that Novozymes does not need to establish an internal audit function based on its positive assessment of the company's internal control system. Consequently, the Audit Committee has advised the Board of Directors that the establishment of an internal audit function is not necessary.</p>
<p>3.4.6. The Committee recommends that the board of directors establish a <u>nomination committee</u> chaired by the chairman of the board of directors with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> • describe the qualifications required by the board of directors and the executive board, and for a specific membership, state the time expected to be spent on having to carry out 	No	<p>The Annual Shareholders' Meeting has elected a Chairmanship that performs the specified tasks in Novozymes. Pursuant to its charter, the tasks of the Chairmanship are to:</p> <ul style="list-style-type: none"> • describe the qualifications required in the two governing bodies and for a given position, state the expected time commitment for a position, and evaluate the balance of skills, knowledge, and experience available in the two governing bodies • annually evaluate the structure, size, composition, and performance of the governing bodies and make recommendations to the Board of



Recommendation	Novozymes complies (Yes/No)	Novozymes complies/does not comply with the recommendation due to the following reason:
<p>the membership, as well as assess the competences, knowledge and experience of the two governing bodies combined,</p> <ul style="list-style-type: none"> • annually assess the structure, size, composition and results of the board of directors and the executive board, as well as recommend any changes to the board of directors, • annually assess the competences, knowledge and experience of the individual members of management, and report to the board of directors in this respect, • consider proposals from relevant persons, including shareholders and members of the board of directors and the executive board for candidates for the board of directors and the executive board, and • propose an action plan to the board of directors on the future composition of the board of directors, including proposals for specific changes. 		<p>Directors with regard to any changes</p> <ul style="list-style-type: none"> • annually evaluate the skills, knowledge, and experience of the individual members of the governing bodies and report such details to the Board of Directors • consider proposals submitted by relevant persons, including shareholders and members of the governing bodies, for candidates for executive positions • recommend to the Board of Directors candidates for the governing bodies <p>The charter for the Chairmanship is available on the company's website www.novozymes.com.</p>
<p>3.4.7. The Committee recommends that the board of directors establish a <u>remuneration committee</u> with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> • to recommend the remuneration policy (including the general guidelines for incentive-based remuneration) to the board of directors and the executive board for approval by the board of directors prior to approval by the 	No	<p>The Annual Shareholders' Meeting has elected a Chairmanship that performs the specified tasks in Novozymes. Pursuant to its charter, the tasks of the Chairmanship are to:</p> <ul style="list-style-type: none"> • make proposals, for the approval of the Board of Directors prior to approval at the Annual Shareholders' Meeting, on the remuneration policy, including the overall principles of incentive pay schemes, for members of the Board of Directors and the Executive Leadership Team • submit proposals to the Board of Directors on remuneration for members of the Board of Directors and the Executive Leadership Team, and ensure



Recommendation	Novozymes complies (Yes/No)	Novozymes complies/does not comply with the recommendation due to the following reason:
<p>general meeting,</p> <ul style="list-style-type: none"> • make proposals to the board of directors on remuneration for members of the board of directors and the executive board, as well as ensure that the remuneration is in compliance with the company's remuneration policy and the assessment of the performance of the persons concerned. The committee should have information about the total amount of remuneration that members of the board of directors and the executive board receive from other companies in the group, and • recommend a remuneration policy applicable for the company in general. 		<p>that the remuneration is consistent with the company's remuneration policy and the evaluation of the performance of the persons concerned</p> <ul style="list-style-type: none"> • oversee that the information in The Novozymes Report on the remuneration of the Board of Directors and the Executive Leadership Team is correct, true, and sufficient <p>The charter for the Chairmanship is available on the company's website www.novozymes.com.</p>
<p>3.4.8. The Committee recommends that the remuneration committee do not consult with the same external advisers as the executive board of the company.</p>	N/A	<p>Novozymes does not have a remuneration committee, and the recommendation is therefore not relevant to Novozymes.</p>
<i>3.5. Evaluation of the performance of the board of directors and the executive board</i>		
<p>3.5.1. The Committee recommends that the board of directors establish an evaluation procedure where contributions and results of the board of directors and the individual members, as well as collaboration with the executive board are annually evaluated. Significant changes deriving from the evaluation should be included in the management commentary or on the company's website.</p>	Yes	<p>Novozymes uses an evaluation system that fulfils the recommended criteria in relation to the Board of Directors and the Executive Leadership Team. Significant changes deriving from the evaluation, if any, will be included in the management commentary in The Novozymes Report.</p>



Recommendation	Novozymes complies (Yes/No)	Novozymes complies/does not comply with the recommendation due to the following reason:
<p>3.5.2. The Committee recommends that in connection with preparation of the general meeting, the board of directors consider whether the number of members is appropriate in relation to the requirements of the company. This should help ensure a constructive debate and an effective decision-making process in which all members are given the opportunity to participate actively.</p>	<p>Yes</p>	<p>The Board of Directors currently comprises six members elected by the Annual Shareholders' Meeting and three employee-elected members. This is currently considered to be an appropriate number. In connection with the preparation of each year's Annual Shareholders' Meeting the Board of Directors considers whether the number of members is appropriate in relation to the requirements of the company.</p> <p>The outcome of the Board of Directors' annual evaluation of collaboration has also indicated every year it has been carried out that the Board of Directors finds the debate at its meetings to be constructive and effective, enabling all members to play an active role and therefore use their skills to benefit the company.</p>
<p>3.5.3. The Committee recommends that at least once every year the board of directors evaluate the work and performance of the executive board in accordance with predefined clear criteria.</p>	<p>Yes</p>	<p>Novozymes uses an evaluation system that fulfils the recommended criteria.</p> <p>The Board of Directors' evaluation is primarily carried out on the basis of reporting received from the Executive Leadership Team, including accounting records and other status reports, and by means of discussions with members of the Executive Leadership Team at board meetings.</p> <p>The Chairmanship, i.e., the Chairman and the Vice Chairman, are required to evaluate the work and performance of the Executive Leadership Team on behalf of the Board of Directors, including the Executive Leadership Team's compliance with the guidelines adopted by the Board of Directors for the Executive Leadership Team, and at least once a year in a board meeting shall report in greater detail on execution of this supervisory function. The Chairmanship shall discuss the supervisory task and its content with the other members of the Board whenever necessary.</p>



Recommendation	Novozymes complies (Yes/No)	Novozymes complies/does not comply with the recommendation due to the following reason:
<p>3.5.4. The Committee recommends that the executive board and the board of directors establish a procedure according to which their cooperation is evaluated annually through a formalized dialogue between the chairman of the board of directors and the chief executive officer and that the outcome of the evaluation be presented to the board of directors.</p>	<p>Yes</p>	<p>Novozymes uses an evaluation system that fulfils the recommended criteria. The Chairmanship meets with Novozymes' CEO and CFO ahead of each board meeting, discussing collaboration between the Executive Leadership Team and the Board of Directors on a regular basis and at least once a year. The Executive Leadership Team also participates in all board meetings, including in connection with the Board's self-evaluation, with the Executive Leadership Team taking part in the discussion.</p>
<p>4. Remuneration of management</p>		
<p><i>4.1. Form and content of the remuneration policy</i></p>		
<p>4.1.1. The Committee recommends that the board of directors prepare a clear and transparent remuneration policy for the board of directors and the executive board, including</p> <ul style="list-style-type: none"> • a detailed description of the components of the remuneration for members of the board of directors and the executive board, • the reasons for choosing the individual components of the remuneration, and • a description of the criteria on which the balance between the individual components of the remuneration is based. <p>The remuneration policy should be approved by the general meeting and published on the company's website.</p>	<p>Yes</p>	<p>Novozymes has a remuneration policy for the Executive Leadership Team and the Board of Directors approved by the shareholders and published on www.novozymes.com.</p> <p>Novozymes' remuneration policy contains a thorough description of the components of the remuneration for members of the Board of Directors and the Executive Leadership Team.</p> <p>The remuneration policy for the Executive Leadership Team includes the reasons for choosing the individual components of the remuneration and a description of the criteria on which the balance between the individual components of the remuneration is based.</p> <p>The remuneration policy for the Board of Directors includes the reasons for choosing the individual components of the remuneration and a description of the criteria on which the balance between the individual components of the remuneration is based. Novozymes' remuneration policy includes variable components for the Executive Leadership Team that are in accordance with the recommendation.</p>



Recommendation	Novozymes complies (Yes/No)		Novozymes complies/does not comply with the recommendation due to the following reason:
<p>4.1.2. The Committee recommends that, if the remuneration policy includes variable components,</p> <ul style="list-style-type: none"> • limits be set on the variable components of the total remuneration package, • a reasonable and balanced linkage be ensured between remuneration for governing body members, expected risks and the value creation for shareholders in the short and long terms, • there be clarity about performance criteria and measurability for award of variable components, • there be criteria ensuring that qualifying periods for variable components in remuneration agreements are longer than one calendar year, and • an agreement is made which, in exceptional cases, entitles the company to reclaim in full or in part variable components of remuneration that were paid on the basis of data, which proved to be misstated. 	Yes	No	<p>Novozymes' remuneration policy includes variable components for the Executive Leadership Team that are in accordance with the recommendation, except only for the last requirement. Novozymes considers that it is only reasonable to reclaim variable components of remuneration in cases where the company has a claim to repayment in accordance with the general Danish legal basis of repayment requirements applicable to those who have made a payment in the mistaken belief that they were required to do so ("condictio indebiti").</p>
<p>4.1.3. The Committee recommends that remuneration of members of the board of directors does not include share options.</p>	Yes		<p>Remuneration of members of Novozymes' Board of Directors does not include share or warrant programs.</p>



Recommendation	Novozymes complies (Yes/No)	Novozymes complies/does not comply with the recommendation due to the following reason:
4.1.4. The Committee recommends that if share-based remuneration is provided, such programmes be established as roll-over programmes, i.e. the options are granted periodically and should have a maturity of at least three years from the date of allocation.	Yes	Members of Novozymes' Executive Leadership Team receive stock-based remuneration that meets the specified requirements.
4.1.5. The Committee recommends that agreements on termination payments should not amount to more than two years' annual remuneration.	Yes	Novozymes' Board of Directors has resolved and ensured that termination payments for members of the Executive Leadership Team shall not amount to more than two years' annual remuneration.
<i>4.2. Disclosure of the remuneration policy</i>		
4.2.1. The Committee recommends that the company's remuneration policy and compliance with this policy be explained and justified annually in the chairman's statement at the company's general meeting.	Yes	Novozymes' remuneration policy is published on Novozymes' website. Further the remuneration policy and compliance with this policy is explained and justified annually in the chairman's statement at Novozymes' shareholders meeting.
4.2.2. The Committee recommends that the proposed remuneration for the board of directors for the current financial year be approved by the shareholders at the general meeting.	Yes	The shareholders approve the proposal for remuneration of the Board of Directors for the current financial year at the Annual Shareholders' Meeting.
4.2.3. The Committee recommends that the total remuneration granted to each member of the board of directors and the executive board by the company and other companies in the group,	Yes	Novozymes agrees with the recommendation and follows it, but reserves the right to avoid publishing information that may be private or confidential in relation to the individual executive. The main principles for the Executive Leadership Team's severance terms will be reproduced in The Novozymes



Recommendation	Novozymes complies (Yes/No)	Novozymes complies/does not comply with the recommendation due to the following reason:
including information on the most important contents of retention and retirement/resignation schemes, be disclosed in the annual report and that the linkage with the remuneration policy be explained.		Report.
5. Financial reporting, risk management and audits		
<i>5.1. Identification of risks and transparency about other relevant information</i>		
5.1.1. The Committee recommends that the board of directors in the management commentary review and account for the most important strategic and business-related risks, risks in connection with the financial reporting as well as for the company's risk management.	Yes	Novozymes' Board review and account for the most important strategic and business-related risks, risks in connection with the financial reporting as well as for the company's risk management in The Novozymes Report.
<i>5.2. Whistleblower scheme</i>		
5.2.1. The Committee recommends that the board of directors decide whether to establish a whistleblower scheme for expedient and confidential notification of possible or suspected wrongdoing.	Yes	Novozymes has a whistleblower scheme called "Novozymes' Whistleblower Hotline". The aim of the function is to increase the probability of identifying any unlawful or unethical behavior as early as possible, so that Novozymes is better equipped to minimize any consequential damage and can ensure that the right preventive measures are taken at an early stage.
<i>5.3. Contact to auditor</i>		
5.3.1. The Committee recommends that the board of directors ensure regular dialogue and exchange of information between the auditor and	Yes	The Board of Directors maintains and safeguards regular dialogue and exchange of information between the auditor and the Board of Directors.



Recommendation	Novozymes complies (Yes/No)	Novozymes complies/does not comply with the recommendation due to the following reason:
the board of directors, including that the board of directors and the audit committee at least once a year meet with the auditor without the executive board present. This also applies to the internal auditor, if any.		<p>The Audit Committee meets with the auditor at least once a quarter without the Executive Leadership Team being present.</p> <p>The Board of Directors meets with the auditor at least once a year without the Executive Leadership Team being present.</p>
5.3.2. The Committee recommends that the audit agreement and auditors' fee be agreed between the board of directors and the auditor on the basis of a recommendation from the audit committee.	Yes	The auditor agreement and associated auditors' fee are agreed between the company's Board of Directors and auditor on the basis of recommendation by the Audit Committee.

