

## Statutory report on corporate governance for the financial year 2011, 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 2011.

### MANAGEMENT

Novozymes has a two-tier management system in which the Board of Directors and the Executive Management are responsible for managing the company's affairs. The Board of Directors is currently comprised of ten people, three of whom have been elected by the employees and seven of whom have been elected by the 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 Management 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 misstatement.

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 misuse of assets, 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 Executive Management. Executive Management 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 Executive Management 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 Management 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](http://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 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 Executive Management receive minutes of 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. Rotation for managers in key positions in the global finance function is practiced. 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.

#### **Risk assessment**

The Board of Directors and Executive Management continuously assess the risks to which the Group is exposed, including those that impact on the financial reporting process.

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

In addition, at least once a year the Audit Committee reviews particularly high-risk areas, including:

- Impairment testing of significant assets/business units
- Opening balance sheets for significant new acquisitions
- Significant changes to accounting policies



### **Control activities**

A comprehensive quality management system has been established for the global finance function to ensure compliance with the above. This includes uniform requirements of the global internal controls that must be carried out to ensure reliable financial reporting. As part of this, control activities have been established with the purpose of discovering and eliminating any errors and defects in the data used in preparation of the financial statements.

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.

Procedures have been established to ensure that Novozymes complies with the relevant legislation and other regulations in connection with financial reporting. The Audit Committee is informed on an ongoing basis of significant changes to the legislation.

### **IT systems**

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. 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.

### **Monitoring**

The consolidation of data reported by subsidiaries is performed by a central function, and procedures have been established to ensure that any errors and defects in reported data are communicated to and corrected by the subsidiaries. Control of the monthly financial reporting is performed both locally and globally by a central function.

In connection with preparation of the annual financial statements, additional analyses and control activities are carried out to ensure that the financial reporting takes place in accordance with the IFRS rules described under *Accounting policies* in the notes to the consolidated financial statements.

A review of the internal controls 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 controls and procedures are implemented to counter these errors and defects. The topics that have been considered by the Audit Committee during 2011 can be found under Corporate Governance in the Investor section at [www.novozymes.com](http://www.novozymes.com).

### **PRINCIPLES FOR 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 Management 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](http://www.corporategovernance.dk).

**Recommendations for good corporate governance**

Novozymes' position on the individual recommendations is described in the following. 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:
<b>1. The role of the shareholders and their interaction with the management of the company</b>		
<i>1.1. Dialogue between the company and its shareholders</i>		
1.1.1. The Committee <b>recommends</b> that the central governing body, for example through investor relations activities, ensure an ongoing dialogue between the company and its shareholders in order that the central governing body knows the shareholders' attitude, interests and views in relation to the company and that investor relations material be made available to all investors on the company's website.	<b>Yes</b>	Dialogue between Novozymes and its shareholders takes the form of webcasts of the Annual Shareholders' Meeting, analysts' meetings with Executive Management 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.
<i>1.2. Capital and share structure</i>		
1.2.1. The Committee <b>recommends</b> that the central governing body every year evaluate whether the company's capital and share structures continue to be in the interests of the shareholders and the company and account for this evaluation in the management commentary in the annual report and/or on the company's website.	<b>Yes</b>	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.  The Board's evaluation of this is included in The Novozymes Report.
<i>1.3. General Meeting</i>		
1.3.1. The Committee <b>recommends</b> that the supreme governing body and the executive board promote active ownership, including shareholders'	<b>Yes</b>	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.



Recommendation	Novozymes complies (Yes/No)	Novozymes complies/does not comply with the recommendation due to the following reason:
attendance at general meetings.		<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>
1.3.2. The Committee <b>recommends</b> that the central governing body resolve or submit to the general meeting the question whether the general meeting shall be conducted by physical attendance or as a partly or entirely electronic general meeting.	<b>Yes</b>	The Board of Directors has resolved that the Annual Shareholders' Meeting shall be conducted by physical attendance and not as either a partly or entirely electronic meeting. Technological developments will, however, be monitored on an ongoing basis.
1.3.3 The Committee <b>recommends</b> that proxies given to the supreme governing body allow shareholders to consider each individual item on the agenda.	<b>Yes</b>	Shareholder proxies given to the Board of Directors enable shareholders to consider each individual item on the agenda for the Annual Shareholders' Meeting.
1.3.4 The Committee <b>recommends</b> that all members of the supreme governing body and the executive board be present at the general meeting.	<b>Yes</b>	All members of Novozymes' Board of Directors and Executive Management are present at the Annual Shareholders' Meeting, other than in exceptional circumstances. In 2011, all members of Novozymes' Board of Directors and Executive Management were present at the Annual Shareholders' Meeting.
<b>1.4. Takeover bids</b>		
1.4.1 The Committee <b>recommends</b> that the central governing body, from the moment it obtains knowledge that a takeover bid will be submitted,	<b>No</b>	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:
do not, without the acceptance of the general meeting, attempt to counter the takeover bid by making decisions which in reality prevent the shareholders from deciding on the takeover bid.		
1.4.2. The Committee <b>recommends</b> that the central governing body give the shareholders the opportunity to decide whether or not they wish to dispose of their shares in the company under the terms offered.	<b>No</b>	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.
<b>2. The role of stakeholders and their importance to the company and the company's corporate social responsibility</b>		
<i>2.1. The company's policy in relation to its stakeholders</i>		
2.1.1. The Committee <b>recommends</b> that the central governing body identify the company's key stakeholders and their main interests in relation to the company.	<b>Yes</b>	<p>While striving to run the business in accordance with the company's values, Novozymes is also required to respond to the needs of society. One method of identifying risks, opportunities, and new trends and living up to Novozymes' ambition of being open and honest at the same time is to involve our stakeholders. Novozymes gives high priority to fulfilling its stakeholders' expectations, as it wishes to retain its good reputation. Novozymes therefore sets targets for sustainability performance and strives to be the best among its peers.</p> <p>Novozymes focuses on providing stakeholders with relevant information and insights into the business and practicing active stakeholder involvement. Novozymes has developed a systematic method to identify its stakeholders and how best to interact with them. In 2009, Novozymes designed and developed a tool to map stakeholders and one to plan stakeholder involvement, forming the basis for more structured and systematic stakeholder mapping and involvement planning.</p> <p>In addition, numerous meetings are held each year, for example with investors, politicians, customers, neighbors, and NGOs, with the aim of learning from each other to the benefit of</p>



Recommendation	Novozymes complies (Yes/No)	Novozymes complies/does not comply with the recommendation due to the following reason:
		<p>Novozymes' business.</p> <p>The dialogue Novozymes conducts with its stakeholders also provides Novozymes with the opportunity to promote its views, solutions, etc. and Novozymes wishes to ensure this is done in a respectful manner that does not jeopardize its reputation. Novozymes has therefore drawn up a number of principles for how Novozymes can try to influence its stakeholders in an ethically acceptable way. We thus have a management standard that defines good business practice for our interaction with authorities, decision-makers, and political parties.</p> <p>Moreover, Novozymes has a dedicated Stakeholder Relations unit and the Vice President of Stakeholder Relations is a member of Executive Management.</p> <p>Finally, once a year the Board of Directors holds an off-site board meeting with a particular focus on the company's strategy. Novozymes' stakeholders are discussed in this connection.</p>
<p>2.1.2. The Committee <b>recommends</b> that the central governing body adopt a policy on the company's relationship with its stakeholders, including the investors, and ensure that the interests of the stakeholders are respected in accordance with the company's policy on such issues.</p>	<p><b>Yes</b></p>	<p>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.</p> <p>Novozymes has developed a systematic method to identify its stakeholders and how best to interact with them. In 2009, Novozymes designed and developed a tool to map stakeholders and one to plan stakeholder involvement, forming the basis for more structured and systematic stakeholder mapping and involvement planning.</p>
<p><i>2.2. Corporate social responsibility</i></p>		
<p>2.2.1. The Committee <b>recommends</b> that the central governing body adopt a policy on corporate social responsibility.</p>	<p><b>Yes</b></p>	<p>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</p>





Recommendation	Novozymes complies (Yes/No)	Novozymes complies/does not comply with the recommendation due to the following reason:
		<p>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.</p> <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"> <li>• we subscribe to the UN Global Compact</li> <li>• we support the UN Universal Declaration of Human Rights</li> <li>• we support the UN Convention on Biological Diversity</li> <li>• we subscribe to the International Chamber of Commerce's (ICC) Business Charter for Sustainable Development</li> </ul> <p>Since 2009 it has been mandatory for large companies to report on their social responsibility pursuant to the Danish Financial Statements Act. However, Novozymes had already at that time fulfilled this requirement for a long time, as financial, environmental, and social reporting had been integrated in The Novozymes Report many years before 2009. 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>



Recommendation	Novozymes complies (Yes/No)	Novozymes complies/does not comply with the recommendation due to the following reason:
<b>3. Openness and transparency</b>		
<i>3.1. Disclosure of information to the market</i>		
3.1.1. The Committee <b>recommends</b> that the central governing body adopt a communication strategy.	<b>Yes</b>	Novozymes has a communication strategy adopted by the Board of Directors.
3.1.2. The Committee <b>recommends</b> that information from the company to the market be published in both Danish and English.	<b>Yes</b>	Information from Novozymes to the market is published in Danish and English.
3.1.3. The Committee <b>recommends</b> that the company publish quarterly reports.	<b>Yes</b>	Novozymes has issued quarterly reports since its foundation and intends to continue doing so.
<b>4. The tasks and responsibilities of the supreme and the central governing bodies</b>		
<i>4.1. Overall tasks and responsibilities</i>		
4.1.1. The Committee <b>recommends</b> that the central governing body determine the company's overall strategy at least once every year with a view to sustaining value creation in the company.	<b>Yes</b>	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.
4.1.2. The Committee <b>recommends</b> that the supreme governing body at least once every year discuss and ensure that the necessary qualifications and financial resources are in place in order for the company to achieve its strategic goals.	<b>Yes</b>	At least once a year, including at its annual off-site meeting, the Board of Directors discusses and ensures that the necessary qualifications and financial resources are in place in order for Novozymes to achieve its strategic goals.
4.1.3. The Committee <b>recommends</b> that the supreme governing body at least once every year	<b>Yes</b>	At least once a year, including at its annual off-site meeting, the Board of Directors defines its most important tasks in relation to the financial and managerial control of the company,



Recommendation	Novozymes complies (Yes/No)	Novozymes complies/does not comply with the recommendation due to the following reason:
define its most important tasks related to the financial and managerial control of the company, including how to supervise the work of the executive board.		including how to supervise the work of Executive Management.
4.1.4. The Committee <b>recommends</b> that the supreme governing body annually discuss the company's activities to ensure diversity at management levels, including equal opportunities for both sexes, and that the supreme governing body sets measurable objectives and in the management commentary in the annual report and/or on the company's website give an account of both the objectives and the progress made in achieving the objective.	<b>Yes</b>	<p>Employment in Novozymes is based on merit and is offered without any distinction, exclusion, or preference on the basis of race, color, ethnic, national or social origin, gender, religion, age, political opinion, sexual orientation and family responsibilities.</p> <p>Further, Novozymes is committed to developing a diverse workforce. Novozymes believes diversity fosters innovation and that a diverse working culture is a vital ingredient for a successful global company. Diversity is interpreted broadly and includes for example social, educational and cultural background as well as national origin and gender.</p> <p>Novozymes follows the recommendation in that the status and progress of Novozymes' diversity initiatives are reviewed in the Board of Directors as part of the annual organizational performance process.</p> <p>Further, Novozymes follows the recommendation in that Novozymes reports externally in Novozymes annual report and/or on Novozymes website <a href="http://www.novozymes.com">www.novozymes.com</a>: (i) information about Novozymes' activities to ensure diversity and (ii) Novozymes' diversity data in line with recognized international standards.</p> <p>Finally, Novozymes follows the recommendation in that Novozymes has established the objective of further promoting diversity at the senior management level in the company. Novozymes has introduced specific requirements in its succession management systems to secure diversity among the potential successors for Novozymes senior management positions.</p>



Recommendation	Novozymes complies (Yes/No)	Novozymes complies/does not comply with the recommendation due to the following reason:
<i>4.2. Procedures</i>		
4.2.1. The Committee <b>recommends</b> that the supreme governing body review its rules of procedure annually to ensure that they are adequate and always match the activities and needs of the company.	Yes	The Board of Directors reviews its rules of procedure at least once a year, making amendments if necessary. This is normally done at the board meeting held in conjunction with the Annual Shareholders' Meeting.
4.2.2. The Committee <b>recommends</b> that the supreme governing body annually review and approve procedures for the executive board, including establishing requirements for the executive board's timely, accurate and adequate reporting to the supreme governing body and for any other communication between the two governing bodies.	Yes	The Board of Directors reviews the guidelines for Executive Management'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.  Guidelines for Executive Management's reporting to the Board of Directors and for communication between the Board and Executive Management 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 <a href="http://www.novozymes.com">www.novozymes.com</a> .
<i>4.3. The chairman and deputy chairman of the supreme governing body</i>		
4.3.1. The Committee <b>recommends</b> that a deputy chairman of the supreme governing body be appointed, who must be able to act in the chairman's absence and also act as an effective sounding board for the chairman.	Yes	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 Board of Directors' rules of procedure.
4.3.2. The Committee <b>recommends</b> the preparation of a scope of work and task list specifying the tasks, duties and responsibilities of the chairman and deputy chairman.	Yes	A description of the tasks, duties, and responsibilities of the Chairmanship is contained in the charter for the Chairmanship, which is an appendix to the Board of Directors' rules of procedure. The charter is available on the company's website <a href="http://www.novozymes.com">www.novozymes.com</a> .



Recommendation	Novozymes complies (Yes/No)	Novozymes complies/does not comply with the recommendation due to the following reason:
4.3.3. The Committee <b>recommends</b> that the chairman of the supreme governing body organize, convene and chair meetings to ensure efficiency in the body's work and to create the best possible working conditions for the members, individually and collectively.	Yes	The Chairman of Novozymes' Board of Directors organizes, convenes, and chairs board meetings to ensure efficiency in the Board's work and to create the best possible working conditions for the members, individually and collectively.
4.3.4. The Committee recommends that, if the board of directors in exceptional cases asks its chairman to perform special tasks for the company, including briefly participate in the day-to-day management, a board resolution to that effect should be passed and precautions taken to ensure that the board of directors will maintain responsibility for the overall management and control function. A reasonable distribution of duties must be ensured between the chairman, the deputy chairman, the other members of the board of directors and the executive board. Information about agreements on the chairman's participation in the day-to-day management and the expected duration hereof must be disclosed in a company announcement.	Yes	The Chairman of Novozymes' Board of Directors does not participate in the day-to-day management of Novozymes.
<b>5. Composition and organization of the supreme governing body</b>		
<i>5.1. Composition</i>		
5.1.1. The Committee <b>recommends</b> that the supreme governing body annually specify the skills it must have to best perform its tasks and that the specification be posted on the website. Proposals	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



Recommendation	Novozymes complies (Yes/No)	Novozymes complies/does not comply with the recommendation due to the following reason:
for the nomination/replacement of members of the supreme governing body to be submitted to the general meeting should be prepared in the light hereof.		<p>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.</p> <p>Novozymes' Board of Directors has adopted a specification of competencies, which is available on the company's website <a href="http://www.novozymes.com">www.novozymes.com</a>.</p>
5.1.2. The Committee <b>recommends</b> that the supreme governing body ensure a formal, thorough and transparent process for selection and nomination of candidates to the supreme governing body. When assessing its composition and nominating new candidates, the supreme governing body must take into consideration the need for integration of new talent and the need for diversity in relation to international experience, gender and age, etc.	<b>Yes</b>	<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, cf. recommendation 5.11.1. 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 <a href="http://www.novozymes.com">www.novozymes.com</a>.</p>
5.1.3. The Committee <b>recommends</b> that a description of the nominated candidates' qualifications, including information about other executive functions, e.g. memberships of executive boards, boards of directors and supervisory boards, including board committees, held by the candidates in both Danish and foreign companies as well as information on demanding organizational tasks should accompany the notice convening the general meeting when election of members to the supreme governing body is on the agenda.	<b>Yes</b>	<p>Novozymes makes sure that a description of the nominated candidates' qualifications, including information about other board functions, is sent out with any notice convening an Annual Shareholders' Meeting when election of members to the Board is on the agenda.</p>



Recommendation	Novozymes complies (Yes/No)	Novozymes complies/does not comply with the recommendation due to the following reason:
5.1.4. The Committee <b>recommends</b> that every year, the annual report contain an account of the composition of the supreme governing body, including its diversity, and of any special skills possessed by the individual members.	Yes	A description of the board functions and competencies of the individual board members is included in The Novozymes Report.
<i>5.2. Training of members of the supreme governing body</i>		
5.2.1. The Committee <b>recommends</b> that new members joining the supreme governing body be given an introduction to the company.	Yes	New members of the Board of Directors are given a thorough introduction to the company and the work of the Board, whether they have been elected by the Annual Shareholders' Meeting or by the company's employees. This introduction takes place immediately after the election, in which connection a decision is taken in conjunction with the Chairman on any training requirements. The Board of Directors' overall need for supplementary skills is also assessed in connection with its annual evaluation of collaboration, cf. recommendation 5.11.1.
5.2.2. The Committee <b>recommends</b> that the supreme governing body annually assess whether the skills and expertise of its members need to be updated.	Yes	The Board of Directors' overall need for supplementary skills is assessed in connection with its annual evaluation of collaboration, cf. recommendation 5.11.1
<i>5.3. Number of members of the supreme governing body</i>		
5.3.1. The Committee <b>recommends</b> that the supreme governing body have only so many members as to allow a constructive debate and an effective decision-making process enabling all members to play an active role.	Yes	Pursuant to Novozymes' Articles of Association, the Annual Shareholders' Meeting shall elect four to eight board members. The Board of Directors currently comprises seven members elected by the Annual Shareholders' Meeting and three employee-elected members. This is currently considered to be an appropriate number. 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



Recommendation	Novozymes complies (Yes/No)	Novozymes complies/does not comply with the recommendation due to the following reason:
		their skills to benefit the company.
<p>5.3.2. The Committee <b>recommends</b> that in connection with the preparation for each year's general meeting, the supreme governing body consider whether the number of members is appropriate in relation to the requirements of the company.</p>	Yes	<p>The Board of Directors currently comprises seven 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><i>5.4. The independence of the supreme governing body</i></p>		
<p>5.4.1. In order for the members of the supreme governing body to act independently of special interests, the Committee <b>recommends</b> that at least half of the members elected by the general meeting be independent persons.</p> <p>The independent supreme governing body member may not:</p> <ul style="list-style-type: none"> <li>(a) be, or have been within the last five years, a member of the executive board/managerial staff of the company or an associated company,</li> <li>(b) have received significant additional remuneration from the company/group or an associated company apart from a fee for its services in the capacity as a member of the supreme governing body,</li> </ul>	Yes	<p>Of the seven members of the Board of Directors elected by the Annual Shareholders' Meeting, five 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.</p> <p>Re (a) Henrik Gürtler</p> <p>Re (b) None</p>





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 last year, have had a material business relationship (e.g. personally or indirectly as a partner or an employee, shareholder, customer, supplier or member of a governing body of companies with similar relations) with the company or an associated company,</p> <p>(e) be, or have been within the last three years, an employee or partner of the external audit firm,</p> <p>(f) hold cross-memberships of governing bodies,</p> <p>(g) have been a member of the supreme governing body for more than 12 years, or</p> <p>(h) have close family ties with persons that are not regarded as independent persons.</p>		<p>Re (c) Henrik Grtler and Kurt Anker Nielsen</p> <p>Re (d) None</p> <p>Re (e) None</p> <p>Re (f) None</p> <p>Re (g) None</p> <p>Re (h) None</p>
<p>5.4.2. The Committee <b>recommends</b> that at least once every year, the supreme governing body list the names of the members who are regarded as independent persons and also disclose whether new candidates for the supreme governing body are considered independent persons.</p>	<b>Yes</b>	<p>The Novozymes Report provides an account of the members of the Board of Directors elected by the Annual Shareholders' Meeting not considered independent in accordance with the stated definition. In connection with election of new candidates to the Board of Directors, information is provided as to whether each candidate can be considered independent.</p>
<p><i>5.5. Members of the supreme governing body elected by the employees</i></p>		
<p>5.5.1. The Committee <b>recommends</b> that the individual company explain, in the company's annual report or on its website, the system of employee-elected board members and the</p>	<b>Yes</b>	<p>For the benefit of certain foreign shareholders in particular, a short description of the Danish system of employee-elected board members can be found on the company's website <a href="http://www.novozymes.com">www.novozymes.com</a>.</p>



Recommendation	Novozymes complies (Yes/No)	Novozymes complies/does not comply with the recommendation due to the following reason:
company's use hereof in companies where the employees have chosen to apply the provisions of the Companies Act on employee representation.		
<i>5.6. Meeting frequency</i>		
5.6.1. The Committee <b>recommends</b> that the supreme governing body meet at regular intervals according to a predetermined meeting and work schedule or when meetings are deemed necessary or appropriate as required by the company and that the number of meetings held be disclosed in the annual report.	Yes	As a starting point the Board of Directors meets at least in accordance with the meeting schedule, which is available on the company's website <a href="http://www.novozymes.com">www.novozymes.com</a> . The number of meetings held is disclosed in The Novozymes Report.
<i>5.7. Expected time commitment and the number of other executive functions</i>		
5.7.1. The Committee <b>recommends</b> that each member of the supreme governing body assess the expected time commitment for each function in order that the member does not take on more functions than he/she can manage in a satisfactory way for the company.	Yes	
5.7.2. The Committee <b>recommends</b> that the annual report contain the following information about the members of the supreme governing body: <ul style="list-style-type: none"> <li>• the member's occupation,</li> <li>• the member's other executive functions, e.g. memberships of executive boards, boards of directors and supervisory boards, including board committees, in</li> </ul>	Yes	The Novozymes Report contains information on board members' board positions in other Danish listed companies and their occupation. It also includes comprehensive 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.



Recommendation	Novozymes complies (Yes/No)	Novozymes complies/does not comply with the recommendation due to the following reason:
<p>Danish and foreign companies as well as demanding organizational tasks, and</p> <ul style="list-style-type: none"> <li>the number of shares, options, warrants, etc. that the member holds in the company and its consolidated companies and any changes in such holdings during the financial year.</li> </ul>		
<b>5.8. Retirement age</b>		
<p>5.8.1. The Committee <b>recommends</b> that the company's articles of association fix a retirement age for members of the supreme governing body and that the annual report contain information on such retirement age as well as the age of each member of the board of directors.</p>	Yes	<p>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.</p> <p>The Novozymes Report contains information on the ages of the individual board members.</p>
<b>5.9. Election period</b>		
<p>5.9.1. The Committee <b>recommends</b> that members of the supreme governing body elected by the general meeting be up for re-election every year at the annual general meeting.</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.</p>
<p>5.9.2. The Committee <b>recommends</b> that the annual report state when the individual member of the supreme governing body joined the body, whether the member was re-elected and when the current election period expires.</p>	Yes	<p>The Novozymes Report states when individual board members joined the Board of Directors and any re-elections to the Board of Directors.</p>



Recommendation	Novozymes complies (Yes/No)	Novozymes complies/does not comply with the recommendation due to the following reason:
<i>5.10. Board committees</i>		
5.10.1. The Committee <b>recommends</b> that the company publish the following information in the management commentary in its annual report or on the company's website: <ul style="list-style-type: none"> <li>• the terms of reference for the board committees,</li> <li>• important activities of the committees during the year and the number of meetings held by each committee, and</li> <li>• 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.</li> </ul>	Yes	Novozymes' Board of Directors has only appointed an Audit Committee.  Novozymes publishes the specified information for the Audit Committee on the company's website.
5.10.2. The Committee <b>recommends</b> that a majority of the members of a board committee be independent members.	Yes	Novozymes' Board of Directors has appointed an Audit Committee.  The members of the Audit Committee are: <ul style="list-style-type: none"> <li>• Kurt Anker Nielsen (Chairman)</li> <li>• Lena Olving (independent member with expertise within accounting)</li> <li>• Agnete Raaschou-Nielsen (independent member with expertise within accounting)</li> </ul>
5.10.3. The Committee <b>recommends</b> that the supreme governing body establish an actual <u>audit committee</u> .	Yes	Novozymes' Board of Directors has appointed an Audit Committee.
5.10.4. The Committee <b>recommends</b> that the following be taken into account in composing the audit committee:	Yes	The members of the Audit Committee are: <ul style="list-style-type: none"> <li>• Kurt Anker Nielsen (Chairman of the Audit Committee and Vice Chairman of the Board of Directors)</li> </ul>



Recommendation	Novozymes complies (Yes/No)	Novozymes complies/does not comply with the recommendation due to the following reason:
<ul style="list-style-type: none"> <li>the chairman of the supreme governing body should not be chairman of the audit committee, and</li> <li>between them, the members should possess such an amount of expertise and experience as to provide an updated insight into and experience in the financial, accounting and audit conditions of companies whose shares are admitted to trading on a regulated market.</li> </ul>		<ul style="list-style-type: none"> <li>Lena Olving (independent member with expertise in the financial, accounting, and audit conditions of companies whose shares are admitted to trading on a regulated market)</li> <li>Agnete Raaschou-Nielsen (independent member with expertise in the financial, accounting, and audit conditions of companies whose shares are admitted to trading on a regulated market)</li> </ul>
<p>5.10.5. The Committee <b>recommends</b> that, prior to the approval of the annual report and other financial reports, the audit committee monitor and report to the supreme governing body about:</p> <ul style="list-style-type: none"> <li>significant accounting policies</li> <li>significant accounting estimates,</li> <li>related party transactions, and</li> <li>uncertainties and risks, including in relation to the outlook.</li> </ul>	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"> <li>significant accounting policies</li> <li>significant accounting estimates</li> <li>related party transactions</li> <li>uncertainties and risks, including in relation to the outlook</li> </ul>
<p>5.10.6. The Committee <b>recommends</b> that the audit committee:</p> <ul style="list-style-type: none"> <li>annually consider whether there is a need for an internal audit function, and if so,</li> <li>formulate recommendations on selecting, appointing and removing the head of the internal audit function and on the budget of the internal audit function, and</li> <li>monitor the executive board's follow-up on the conclusions and recommendations of the internal audit function.</li> </ul>	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 environment. Consequently, the Audit Committee has advised the Board of Directors that the establishment of an internal audit function is not necessary.</p>



Recommendation	Novozymes complies (Yes/No)	Novozymes complies/does not comply with the recommendation due to the following reason:
<p>5.10.7. The Committee <b>recommends</b> that the supreme governing body establish a <u>nomination committee</u> with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>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.</li> <li>annually evaluate the structure, size, composition and performance of the governing bodies and make recommendations to the supreme governing body with regard to any changes,</li> <li>annually evaluate the skills, knowledge and experience of the individual members of the governing bodies and report such details to the supreme governing body,</li> <li>consider proposals submitted by relevant persons, including shareholders and members of the governing bodies, for candidates for executive positions, and</li> <li>identify and recommend to the supreme governing body candidates for the governing bodies.</li> </ul>	<b>No</b>	<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"> <li>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</li> <li>annually evaluate the structure, size, composition, and performance of the governing bodies and make recommendations to the Board of Directors with regard to any changes</li> <li>annually evaluate the skills, knowledge, and experience of the individual members of the governing bodies and report such details to the Board of Directors</li> <li>consider proposals submitted by relevant persons, including shareholders and members of the governing bodies, for candidates for executive positions</li> <li>recommend to the Board of Directors candidates for the governing bodies</li> </ul> <p>The charter for the Chairmanship is available on the company's website <a href="http://www.novozymes.com">www.novozymes.com</a>.</p>
<p>5.10.8. The Committee <b>recommends</b> that the supreme governing body establish a <u>remuneration committee</u> with at least the following preparatory</p>	<b>No</b>	<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"> <li>make proposals, for the approval of the Board of Directors prior to approval at the</li> </ul>



Recommendation	Novozymes complies (Yes/No)	Novozymes complies/does not comply with the recommendation due to the following reason:
<p>tasks:</p> <ul style="list-style-type: none"> <li>• make proposals, for the approval of the supreme governing body prior to approval at the general meeting, on the remuneration policy, including the overall principles of incentive pay schemes, for members of the supreme governing body and the executive board,</li> <li>• make proposals to the supreme governing body on remuneration for members of the supreme governing body and the executive board and ensure that the remuneration is consistent with the company's remuneration policy and the evaluation of the performance of the persons concerned. The committee should have information about the total amount of remuneration that members of the supreme governing body and the executive board receive from other companies in the group, and</li> <li>• oversee that the information in the annual report on the remuneration of the supreme governing body and the executive board is correct, true and sufficient.</li> </ul>		<p>Annual Shareholders' Meeting, on the remuneration policy, including the overall principles of incentive pay schemes, for members of the Board of Directors and Executive Management</p> <ul style="list-style-type: none"> <li>• make proposals to the Board of Directors on remuneration for members of the Board of Directors and Executive Management, and ensure that the remuneration is consistent with the company's remuneration policy and the evaluation of the performance of the persons concerned</li> <li>• oversee that the information in The Novozymes Report on the remuneration of the Board of Directors and Executive Management is correct, true, and sufficient</li> </ul> <p>The charter for the Chairmanship is available on the company's website <a href="http://www.novozymes.com">www.novozymes.com</a>.</p>
<p>5.10.9. The Committee <b>recommends</b> that the remuneration committee do not consult with the same external advisers as the executive board of the company.</p>	<p>N/A</p>	<p>Novozymes does not have a remuneration committee, and the recommendation is therefore not relevant to Novozymes.</p>



Recommendation	Novozymes complies (Yes/No)	Novozymes complies/does not comply with the recommendation due to the following reason:
<i>5.11. Evaluation of the performance of the supreme governing body and the executive board</i>		
5.11.1. The Committee <b>recommends</b> that the supreme governing body undertake an annual evaluation of the performance and achievements of the supreme governing body and of the individual members of the body.	Yes	Novozymes uses an evaluation system that fulfils the recommended criteria in relation to the Board of Directors, the Chairman of the Board of Directors, and Executive Management. The main conclusions arising from the evaluations carried out are reported in The Novozymes Report and on the website.
5.11.2. The Committee <b>recommends</b> that the chairman be in charge of the evaluation of the supreme governing body, that the outcome be discussed in the supreme governing body and that the details of the procedure of self-evaluation and the outcome be disclosed in the annual report.	Yes	Novozymes uses an evaluation system that fulfils the recommended criteria in relation to the Board of Directors, the Chairman of the Board of Directors, and Executive Management. The main conclusions arising from the evaluations carried out are reported in The Novozymes Report and on the website.
5.11.3. The Committee <b>recommends</b> that the supreme governing body at least once every year evaluate the work and performance of the executive board in accordance with pre-defined criteria.	Yes	<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 Executive Management, including accounting records and other status reports, and by means of discussions with members of Executive Management at board meetings.</p> <p>The Chairmanship, i.e., the Chairman and the Vice Chairman, are required to evaluate the work and performance of Executive Management on behalf of the Board of Directors, including Executive Management's compliance with the guidelines adopted by the Board of Directors for Executive Management, 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>
5.11.4. The Committee <b>recommends</b> that the executive board and the supreme governing body establish a procedure according to which their cooperation is evaluated annually through a	Yes	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 Executive Management and the Board of Directors on a regular basis and at least once a year. Executive Management also participates in all board





Recommendation	Novozymes complies (Yes/No)	Novozymes complies/does not comply with the recommendation due to the following reason:
formalized dialogue between the chairman of the supreme governing body and the chief executive officer and that the outcome of the evaluation be presented to the supreme governing body.		meetings, including in connection with the Board's self-evaluation, with Executive Management taking part in the discussion.
<b>6. Remuneration of members of the governing bodies</b>		
<i>6.1. Content and form of the remuneration policy</i>		
6.1.1. The Committee <b>recommends</b> that the supreme governing body adopt a remuneration policy applicable to the supreme governing body and the executive board.	<b>Yes</b>	Novozymes has drawn up a remuneration policy for Executive Management and the Board of Directors.
6.1.2. The Committee <b>recommends</b> that the remuneration policy and any changes to the policy be approved by the general meeting of the company.	<b>Yes</b>	The remuneration policy mentioned under 6.1.1. is approved at the Annual Shareholders' Meeting.
6.1.3. Committee <b>recommends</b> that the remuneration policy include a thorough description of the components of the remuneration for members of the supreme governing body and the executive board.	<b>Yes</b>	Novozymes' remuneration policy contains a thorough description of the components of the remuneration for members of the Board of Directors and Executive Management.
6.1.4. The Committee <b>recommends</b> that the remuneration policy include: <ul style="list-style-type: none"> <li>• the reasons for choosing the individual components of the remuneration, and</li> <li>• a description of the criteria on which the balance between the individual</li> </ul>	<b>Yes</b>	The remuneration policy for Executive Management 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.  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



Recommendation	Novozymes complies (Yes/No)	Novozymes complies/does not comply with the recommendation due to the following reason:
components of the remuneration is based.		balance between the individual components of the remuneration is based.
<p>6.1.5. The Committee <b>recommends</b> that, if the remuneration policy includes variable components,</p> <ul style="list-style-type: none"> <li>• limits be set on the variable components of the total remuneration package,</li> <li>• 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 term,</li> <li>• there be clarity about performance criteria and measurability for award of variable components, and</li> <li>• there be criteria ensuring that vesting periods for variable components of remuneration agreements are longer than one calendar year.</li> </ul>	Yes	Novozymes' remuneration policy includes variable components for Executive Management that is in accordance with the recommendation.
6.1.6. The Committee <b>recommends</b> that remuneration of members of the supreme governing body do not include share or warrant programs.	Yes	Remuneration of members of Novozymes' Board of Directors does not include share or warrant programs.
6.1.7. The Committee <b>recommends</b> that if members of the executive board receive share-based remuneration, such programs be established as roll-over programs, i.e. the options are granted periodically and should not be exercisable earlier than three years from the date of grant. An explanation of the relation between the redemption price and the market price at the	Yes	Members of Novozymes' Executive Management receive stock-based remuneration that meets the specified requirements.



Recommendation	Novozymes complies (Yes/No)	Novozymes complies/does not comply with the recommendation due to the following reason:
time of grant should be provided.		
6.1.8. The Committee <b>recommends</b> that employment contracts of the Executive Management providing for share-based incentives stipulate a right for the company in exceptional cases to require full or partial repayment of share-based incentives which have been paid on the basis of information which subsequently proves erroneous.	<b>No</b>	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”).
6.1.9. The Committee <b>recommends</b> that termination payments should not amount to more than two years’ annual remuneration.	<b>No</b>	<p>Novozymes’ Board of Directors has resolved that termination payments for members of Executive Management in future executive contracts should not amount to more than two years’ fixed salary.</p> <p>Termination payments for current members of Executive Management will not be changed and may represent a value equivalent to three years’ fixed base salary, including pension contributions.</p> <p>Based on calculation of the last two years’ total remuneration for each individual member of Executive Management, including bonuses and stock options, the potential requirement for contractual termination payments for each individual member of Executive Management is less than the total value of the last two years’ remuneration, including bonuses and stock options.</p>
<b>6.2. Disclosure of the remuneration policy</b>		
6.2.1. The Committee <b>recommends</b> that the remuneration policy be clear and easily understandable and that it is discussed in the annual report and posted on the company’s website.	<b>Yes</b>	Novozymes’ remuneration policy is discussed in The Novozymes Report and published on Novozymes’ website.



Recommendation	Novozymes complies (Yes/No)	Novozymes complies/does not comply with the recommendation due to the following reason:
6.2.2. The Committee <b>recommends</b> that the company's remuneration policy and compliance with this policy be explained and justified in the chairman's statement at the company's general meeting.	Yes	Novozymes' remuneration policy and compliance with this policy are explained and justified in the Chairman's statement at the company's Annual Shareholders' Meeting.
6.2.3. The Committee <b>recommends</b> that the total remuneration granted to each member of the supreme governing body and the executive board by the company and other consolidated companies be disclosed in the (consolidated) financial statements and that the linkage with the remuneration policy be explained.	Yes	<p data-bbox="1010 576 2098 699">No</p> <p data-bbox="1010 576 2098 699">Novozymes will provide the recommended information in The Novozymes Report but in such a way that information on fixed base salary (including pension contribution), bonus, and other terms that cannot be considered stock price-related incentive schemes for Executive Management is only provided at an aggregate rather than an individual level.</p> <p data-bbox="1010 730 2098 853">The Board of Directors considers information on the individual executive's fixed base salary, etc. to be private and confidential and of limited use to existing or potential shareholders in the company. Information on the maximum level of individual remuneration is nevertheless provided.</p> <p data-bbox="1010 885 2098 943">All the information in question is provided for each individual member of the Board of Directors.</p>
6.2.4. The Committee <b>recommends</b> that the details of any defined-benefit schemes offered to members of the supreme governing body or the executive board and the actuarial value of such schemes as well as changes during the year be included as part of the information on the total remuneration.	Yes	The company has not offered defined-benefit pension schemes to members of Novozymes' Board of Directors or Executive Management.
6.2.5. The Committee <b>recommends</b> that the most important aspects of retention and severance programs be disclosed in the company's annual report.	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 Executive Management's severance terms will be reproduced in The Novozymes Report.



Recommendation	Novozymes complies (Yes/No)	Novozymes complies/does not comply with the recommendation due to the following reason:
6.2.6. The Committee <b>recommends</b> that the proposal for remuneration of the supreme governing body 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.
<b>7. Financial reporting</b>		
<i>7.1. Other relevant information</i>		
7.1.1. The Committee <b>recommends</b> that the annual report and other financial reports be supplemented by additional financial and non-financial information, if deemed necessary or relevant in relation to the information needs of the recipients.	Yes	Novozymes has carried out comprehensive reporting on social, knowledge, and environmental aspects of the company for a number of years and will continue to do so.
<i>7.2. Going concern assumption</i>		
7.2.1. The Committee <b>recommends</b> that, upon consideration and approval of the annual report, the supreme governing body decide whether the business is a going concern, including supporting assumptions or qualifications where necessary.	Yes	Upon consideration and approval of The Novozymes Report, the Board of Directors specifically decides whether the business is a going concern, including supporting assumptions or qualifications where necessary.



Recommendation	Novozymes complies (Yes/No)	Novozymes complies/does not comply with the recommendation due to the following reason:
<b>8. Risk management and internal control</b>		
<i>8.1. Identification of risks</i>		
8.1.1. The Committee <b>recommends</b> that the central governing body at least once every year identify the most important business risks associated with the realization of the company's strategy and overall goals as well as the risks associated with financial reporting.	<b>Yes</b>	Executive Management updates the Board of Directors on the status of key risk factors at board meetings, after which any necessary precautions to counter these are discussed and assessed by Executive Management and the Board of Directors. This applies to strategic, organizational, business, and other risk factors of a significant nature.
8.1.2. The Committee <b>recommends</b> that the executive board currently report to the supreme governing body on the development within the most important areas of risk and compliance with adopted policies, frameworks etc. in order to enable the supreme governing body to track the development and make the necessary decisions.	<b>Yes</b>	Executive Management updates the Board of Directors on the status of key risk factors at board meetings, after which any necessary precautions to counter these are discussed and assessed by Executive Management and the Board of Directors. This applies to strategic, organizational, business, and other risk factors of a significant nature.
<i>8.2. Whistleblowing</i>		
8.2.1. The Committee <b>recommends</b> that the supreme governing body decide whether to establish a whistleblowing scheme for expedient and confidential notification of possible or suspected wrongdoing.	<b>Yes</b>	Novozymes has a whistleblower scheme called "Ethics 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.



Recommendation	Novozymes complies (Yes/No)	Novozymes complies/does not comply with the recommendation due to the following reason:
<i>8.3. Openness about risk management</i>		
8.3.1. The Committee <b>recommends</b> that the management commentary in the annual report include information about the company's management of business risks.	Yes	Novozymes includes information on the company's risk management relating to business risks in management's review.
<b>9. Audit</b>		
<i>9.1. Contact to auditor</i>		
9.1.1. The Committee <b>recommends</b> that the supreme governing body maintain a regular dialogue and exchange of information with the auditor.	Yes	The Board of Directors maintains and safeguards regular dialogue and exchange of information between the auditor and the Board of Directors.
9.1.2. The Committee <b>recommends</b> that the auditor agreement and auditors' fee be agreed between the supreme governing body 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.
9.1.3. The Committee <b>recommends</b> that the supreme governing body and the audit committee meet with the auditor at least once every year without the executive board present. This also applies to the internal auditor, if any.	Yes	The Audit Committee meets with the auditor at least once a quarter without Executive Management being present.  The Board of Directors meets with the auditor at least once a year without Executive Management being present.
<i>9.2. Internal audit</i>		
9.2.1. The Committee <b>recommends</b> that the supreme governing body, on the basis of a	Yes	On the basis of a recommendation from the Audit Committee, the Board of Directors reviews and decides whether to establish an internal audit function.



Recommendation	Novozymes complies (Yes/No)	Novozymes complies/does not comply with the recommendation due to the following reason:
<p>recommendation from the audit committee, once every year decide whether to establish an internal audit for support and control of the company's internal control and risk management systems and state the reasons for its decision in the annual report.</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 environment. Consequently, the Audit Committee has advised the Board of Directors that the establishment of an internal audit function is not necessary. The Board of Directors has followed the recommendation and decided that Novozymes does not need to establish an internal audit function.</p>

