



## New incentive programs for the Executive Leadership Team, the Senior Leadership Team and directors, and other employees

Novozymes' new incentive programs for the Executive Leadership Team, the Senior Leadership Team and directors, and other employees are designed to firmly align the interests of Novozymes employees and shareholders, and are strongly linked to the delivery of Novozymes' strategic targets in the 2020-2022 period.

### New incentive program for the Executive Leadership Team

A new long-term incentive program (LTIP) for the Executive Leadership Team starting in 2020 covering the performance period 2020-2022 has been established and approved by the Board of Directors. The program complies with the new Remuneration policy for the Executive Management and the Board of Directors of Novozymes A/S, as approved at Novozymes' Annual Shareholders' Meeting on February 26, 2020.

The LTIP consists of 50% shares and 50% share options. Relative to the previous long-term incentive program (2017-2019), the new LTIP reflects an increased weight on organic sales growth (weight of 40% of LTIP), a lower but still prominent weight on economic profit generation (weight of 40% of LTIP), and an explicit weight on sustainability (weight of 20% of LTIP). The targets are aligned with the updated strategy and the business success measures for the period 2020-2022 as announced on June 16, 2019.

Sustainability targets, weighing at 20% of the total program, are also defined in line with the updated strategy and will be allocated if Novozymes achieves performance on four sustainability parameters; climate, water & circular, workplace, and Zymers by the end of 2022. The sustainability component will only be unlocked if Novozymes performs above the floor levels across all four sustainability parameters. Once the floor is reached on all four parameters, the sustainability component will be released as per the performance against each parameter on a pro-rata basis.

The annual LTIP cannot exceed 19 months' base salary (value at conditional grant). Further, the program includes a maximum clause and final awards may be scaled back at the discretion of the Board of Directors if the intrinsic value exceeds twice the annual conditional grant. The total cash amount is converted into Novozymes A/S B shares and B share options at market price. The market price for shares and the exercise price for the share options are calculated as the average trading price for Novozymes A/S B shares on Nasdaq OMX Copenhagen during the first five trading days following the release of the financial results for 2019. For the 2020 program, the exercise price of the share options equals 350.8 DKK per share. Potential shares and share options will be awarded in the beginning of 2023 subject to the performance targets. The value of the 2020 program at a 50/50 split between shares and share options is approximately DKK 40 million, corresponding to approximately 57,000 shares and 415,000 share options.

Since 2011, Novozymes has run the LTIP in consecutive three-year blocks. Going forward, the Board of Directors will issue annual LTIP grants with overlapping three-year performance periods. This allows the Board of Directors to re-assess targets for each annual grant cycle to ensure they are both sufficiently demanding and aligned with the strategy.

**February 26, 2020**

Company announcement No. 15

#### Contact information

[novozymesIR@novozymes.com](mailto:novozymesIR@novozymes.com)

Tobias Cornelius Björklund

+45 3077 8682

[tobb@novozymes.com](mailto:tobb@novozymes.com)

Carl Ahlgren

+45 3077 2783

[cxal@novozymes.com](mailto:cxal@novozymes.com)

Ulrik Wu Svare

+45 3077 3187

[ulms@novozymes.com](mailto:ulms@novozymes.com)

The LTIP encourages retention through long-term share exposure over the three-year performance and vesting period for the shares starting in 2020 as well as the three-year performance and four-year vesting period for the share options starting in 2020. The share options will have a five-year exercise period starting at the expiry of the vesting period.

#### **New incentive program for Senior Leadership Team and directors**

A new incentive program for the Senior Leadership Team and directors covering the period 2020-2022 has been established. The new program is a combined share and share option program and based on the same requirements and targets as for the Executive Leadership Team's LTIP. The value of the program at a 50/50 split between shares and share options is approximately DKK 55 million, corresponding to approximately 79,000 shares and 570,000 share options.

#### **New incentive program for other employees**

In addition to the new incentive programs for the Executive Leadership Team and the Senior Leadership Team and directors, Novozymes launches a share option-based incentive program for other employees. The employee program follows the same requirements and targets as the program for the Executive Leadership Team and the Senior Leadership Team. Potential share options will be awarded at the beginning of 2023, subject to performance targets, and will have a four-year vesting period starting in 2020 and a subsequent five-year exercise period. The value of the program is approximately DKK 40 million, corresponding to 830,000 share options.

#### **New incentive program for selected employees**

As in previous years, the Board of Directors has renewed the non-executive annual incentive program, now established for 2020. The aim of the program is for executive management to be able to award shares or share options to employees as a personal bonus for outstanding efforts or for retention purposes. Given the nature of the program, the recipients of the incentives are not known at this point. Executive management cannot be awarded incentives under this program. The program has a three-year performance period as well as a four-year vesting and a five-year exercise period for share options. The total cost of the program cannot exceed DKK 3 million, which at current valuation corresponds to about 9,000 shares or 60,000 share options.

---

#### **About Novozymes**

Novozymes is the world leader in biological solutions. Together with customers, partners and the global community, we improve industrial performance while preserving the planet's resources and helping build better lives. As the world's largest provider of enzyme and microbial technologies, our bioinnovation enables higher agricultural yields, low-temperature washing, energy-efficient production, renewable fuel and many other benefits that we rely on today and in the future. We call it Rethink Tomorrow. [www.novozymes.com](http://www.novozymes.com)

Novozymes A/S CVR number: 10 00 71 27 LEI: 529900T6WNZXD2R3JW38

#### **Novozymes A/S**

Krogshøjvej 36  
2880 Bagsvaerd  
Denmark

Phone: +45 4446 0000