

Competency profile of the Board of Directors of Novonesis (Novozymes A/S)

The company

Novonesis is a world-leader in biosolutions.

We produce and sell enzymes, cultures, proteins, probiotics, bacteria and yeast for a diverse range of industries. Our biosolutions can be found everywhere, from the products that clean your clothes, to the food you eat, to the ethanol that powers your car and to the probiotics that increase healthier lives for people and animals alike.

Our purpose – “Better our world with biology” is what drives us. No matter what we do in our organization, our purpose sets a direction for what we will accomplish together. We know that solutions rooted in biology can help solve humanity’s biggest challenges. Since our start more than a century ago, this has been our guide. This is how we have gotten this far. It is how we will impact the future. Now, more than ever, the world needs change. And with biosolutions, the possibilities for transformation are endless. We are here to better our world with biology.

Through its share ownership, which includes all the A shares in the company, the Novo Nordisk Foundation is Novonesis’ controlling shareholder. The company’s B shares, which are listed on Nasdaq Copenhagen, are widely held.

The Board of Directors

1. General

The Board of Directors is accountable to all Novonesis’ shareholders and stakeholders for the way the company conducts its business. The composition of the Board of Directors must therefore be such that the consolidated competencies of the Board of Directors enable it to inspire, guide, and oversee the company’s development, and diligently address and resolve the issues and problems faced by the company at any time.

The Board of Directors shall ensure that Novonesis has an organizational structure, a management team, general management processes, and organizational competencies that are appropriate to deal with its business challenges and opportunities, thus maximizing the likelihood of achieving its strategy and purpose.

The Board of Directors further oversees and controls the financial development and the sustainability strategy in respect of environmental, social and governance matters in Novonesis and the related planning and reporting systems. The Board of Directors, together with Novonesis’ Executive Leadership Team, develops the company’s overall strategies and monitors their implementation.

The Board of Directors ensures that Novonosis is managed in accordance with Novonosis' culture commitments.

2. Competencies of the Board of Directors

Approach and process. The Board of Directors' overall expertise is considered to be the sum of the individual board members' competencies because the Board of Directors operates as a collegial body. The assessment of the Board of Directors' composition takes place on an ongoing basis. This competency profile sets out (i) which qualifications the Board of Directors should possess, collectively and individually, and (ii) which diversity the Board of Directors should have in order to perform its duties in the best possible manner.

The competency profile is reviewed and discussed at least once a year by the Board's Nomination and Remuneration Committee. Every year, the Nomination and Remuneration Committee will evaluate whether the actual composition reflects the desired composition of the Board of Directors and will report its findings to the Board of Directors. The Nomination and Remuneration Committee will assess candidates for the Board of Directors based on this competency profile taking into account the need for continuity, renewal and diversity. The Nomination and Remuneration Committee may delegate the screening of candidates to one or more members of the committee as it deems necessary.

The Board of Directors annually carries out an evaluation of the Board of Directors. The evaluation shall focus on the board of directors' work, efficiency, composition and organisation and the evaluation shall as a minimum always include the following topics:

- the composition of the Board of Directors with focus on competencies and diversity
- the Board of Directors and the individual member's contribution and results,
- the cooperation within the Board of Directors and between the Board of Directors and the executive management,
- the Chair's leadership of the Board of Directors,
- the committee structure and the work in the committees, and
- the organisation of the work of the Board of Directors and the quality of the material provided to the Board of Directors.

The evaluation is facilitated by the Chair of the Board in cooperation with the Nomination and Remuneration Committee who may hire professional consultants to assist with the preparation and implementation of the evaluation procedure. The target is to have external assistance at least every third year.

Novonosis believes that members of the Board of Directors should be chosen for their competences based on merit. In the following the Board of Directors sets out a range of targets that it will endeavour to reach in attaining its goal of a heterogeneous Board of Directors.

The Chair of the Board in cooperation with the individual members of the Board of Directors shall ensure that the board members update and supplement their knowledge of relevant matters and that the board members' special knowledge and qualifications are applied in the best possible manner.

Personal Characteristics. In order to support continued fulfilment of Novonesis' purpose, strategy and culture commitments, all board members must possess the following personal characteristics:

1. Integrity
2. Accountability
3. Forward thinking
4. Pragmatism
5. Financial literacy
6. Comprehension of innovation and research as fundamental to doing business
7. Comprehension of the importance of operating in a sustainable and responsible manner, inter alia in a financial, environmental, social and governance regard
8. Genuine commitment with a strong focus on making an impact
9. Competencies to penetrate key material issues

Skills Base. The experience base of the Board of Directors should ideally include:

1. Executive marketing and sales and/or business management experience from Biotech or related industries
2. Executive R&D, innovation and/or pipeline management experience from Biotech or related industries including (at least one Board member having) academic experience at professor level within biotechnology
3. Business management and/or marketing and sales experience related to Novonesis' most important business segments
4. Financial management, risk management (incl. cyber risk), and investor relations experience
5. Sustainability, and Corporate Social Responsibility (CSR) experience
6. Operations and supply chain management experience
7. Mergers and Acquisitions (M&A), and post-merger integration experience
8. Digital and Artificial Intelligence (AI) know-how and experience
9. Hands-on emerging markets experience

Executive experience. Novonesis has as its target that one third or more of the shareholder-elected members of the Board of Directors should at any time hold a current executive position in a business or have held an executive position in a business within the previous 5 calendar years. The target number of individuals shall be rounded off to the nearest integer.

Time commitment and Overboarding. Membership of Novonesis' Board of Directors is demanding in terms of expected contributions, frequency of meetings, preparation for meetings and the need to continuously keep abreast of developments in the biotech industry. Therefore, each member must each year together with the Chair of the Board of Directors assess the expected time commitment for the board position with Novonesis and each of the board member's other positions in order to ensure that the member has sufficient time for the board position in Novonesis.

A member of the Novonesis Board of Directors should strive to have no more than five mandates at listed companies. For the purposes of calculating this limit, a non-executive directorship counts as one mandate, a non-executive chairmanship counts as two mandates,

and a position as executive director (or a comparable role such as member of the registered executive management) is counted as three mandates. Further, the role as non-executive Chair of the Board at Novonesis should not be combined with the position of executive director or a comparable role such as member of the registered executive management at another company.

Independence from executive management. Members of Novonesis' Executive Leadership Team shall not be members of the Board of Directors and a chief executive officer who steps down shall not take up the position of Chair or Vice Chair of the Novonesis Board of Directors. Further, members retiring from the Executive Leadership Team shall not join the Board of Directors immediately thereafter.

3. Diversity of the Board of Directors

The members of Novonesis' Board of Directors are elected in two ways:

- The shareholders elect 4-10 members of the Board of Directors at the Annual General Meeting based on nomination by the current Board of Directors
- The employees of Novonesis elect among themselves a number of directors, corresponding to half of the directors elected by the shareholders (rounded up to the nearest integer).

It is in the company's interest that the Board of Directors represents a diversity of experience, talents, backgrounds, gender, ages, and origins and strive to obtain such diversity.

Independence and representation of majority shareholder. In order to ensure that Novonesis 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 and currently this target is two members. However, in order to get an outside perspective on Novonesis' business, Novonesis has as its target that at least half of its shareholder-elected board members shall be independent in accordance with the Danish Recommendations on Corporate Governance.

Term limits. In nominating candidates, the Board of Directors shall seek to achieve a balance between renewal and continuity. Consequently, the Board of Directors has as its target that a person cannot be nominated for election or re-election, if such board member has been a Novonesis board member for 12 years at the time of the annual general meeting.

International experience. With regard to international experience, Novonesis has as its target that 40% or more of the shareholder-elected board members shall have substantial international experience from management in and of large corporations or institutions.

Nationality. It is the target that the Board of Directors consists of at least two shareholder-elected Board members with nationality from a Nordic country and at least two shareholder-elected Board members with another nationality than from a Nordic country.

Gender. The Board of Directors has as its target to achieve equal gender balance in the Board of Directors as outlined in the Danish Gender Balance Act, i.e. a distribution where the underrepresented gender comprises at least 40% and no more than 49%.

All shareholder-elected board members are elected for one year at a time. Unless specifically stated otherwise, Novonesis aims to meet the targets for diversity on the Board of Directors every year.

4. Special competencies relating to the employee-elected board members

The Novonesis Board of Directors encourages the employees to elect board members, who are trusted Novonesis employees with

- inside experience and broad knowledge of how the company works
- a strong knowledge of what goes on among employees in the company
- an ability to have and communicate opinions on how a company works
- an ability to advise on appropriate forms of communications between the company and employees, and
- a good command of English – verbally and written

and encourages employees to take diversity in relation to experience, talents, backgrounds, gender, ages, and origins into consideration to reflect the composition of the workforce.