

CODEXIS INC  
Form DEF 14A  
April 30, 2014

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
SCHEDULE 14A  
PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

CODEXIS, INC.

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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(1 )

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Amount Previously Paid:

(1 )

Form, Schedule or Registration Statement No.:

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Date Filed:  
(4 )

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May 9, 2014

Dear Stockholder:

You are invited to attend the annual meeting of stockholders (the "Annual Meeting") of Codexis, Inc. ("Codexis," "we," "us" or "our") to be held on Wednesday, June 11, 2014, at 9:00 a.m., California time, at our executive offices at 400 Penobscot Drive, Redwood City, California.

At this year's Annual Meeting, you will be asked to:

- (i) elect two Class I directors to hold office until the 2017 annual meeting of stockholders;
- (ii) ratify the selection of BDO USA, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014;
- (iii) hold a non-binding, advisory vote on the compensation of our named executive officers; and
- (iv) transact such other business as may properly come before the Annual Meeting.

The accompanying Notice of Annual Meeting and proxy statement describe these matters. We urge you to read this information carefully.

Your board of directors unanimously believes that election of its nominees for director, ratification of the Audit Committee's selection of our independent registered public accounting firm, and approval of the non-binding and advisory vote on the compensation of our named executive officers are in the best interest of Codexis and its stockholders, and, accordingly, recommends a vote "FOR" election of its nominees for director, "FOR" the ratification of the selection of BDO USA, LLP as our independent registered public accounting firm and "FOR" the approval of the non-binding advisory vote on the compensation of our named executive officers.

In addition to the business to be transacted as described above, management will speak on our developments of the past year and respond to comments and questions of general interest to stockholders.

It is important that your shares be represented and voted whether or not you plan to attend the Annual Meeting in person. Whether or not you expect to attend the Annual Meeting, please complete, sign, date and return the enclosed proxy card as promptly as possible in order to ensure your representation at the Annual Meeting. You may also vote on the Internet or by telephone, and the instructions for doing so are set forth in the enclosed proxy card. Voting by written proxy, over the Internet or by telephone will ensure your shares are represented at the Annual Meeting.

Sincerely,

Douglas T. Sheehy

Executive Vice President, Chief Administrative Officer, General Counsel  
and Secretary

CODEXIS, INC.

200 Penobscot Drive  
Redwood City, CA 94063

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON WEDNESDAY, JUNE 11, 2014

To the Stockholders of Codexis, Inc. (“Codexis,” “we,” “us” and “our”):

We will hold an annual meeting of our stockholders (the “Annual Meeting”) at our executive offices at 400 Penobscot Drive, Redwood City, California, on Wednesday, June 11, 2014, at 9:00 a.m., California time, for the following purposes:

1. To elect each of Thomas R. Baruch and Patrick Y. Yang to our board of directors for a three-year term expiring at the 2017 annual meeting of stockholders or until their respective successors are duly elected and qualified or their earlier resignation or removal.
2. To ratify the selection of BDO USA, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014.
3. To hold a non-binding, advisory vote on the compensation of our named executive officers.
4. To transact any other business as may properly come before the Annual Meeting or any adjournments or postponements of the Annual Meeting.

These items of business are described in the attached proxy statement. Only stockholders of record of shares of our common stock at 5:00 p.m., New York time, on April 25, 2014, the record date for the Annual Meeting, are entitled to notice of and to vote at the Annual Meeting and any adjournments or postponements of the Annual Meeting.

A list of stockholders eligible to vote at the Annual Meeting will be available for inspection at the Annual Meeting, and at the principal executive offices of Codexis during regular business hours for a period of no less than ten days prior to the Annual Meeting.

Your vote is very important. It is important that your shares be represented and voted whether or not you plan to attend the Annual Meeting in person. You may vote by completing and mailing the proxy card enclosed with the proxy statement, or you may grant your proxy electronically via the Internet or by telephone by following the instructions on the proxy card. If your shares are held in “street name,” which means your shares are held of record by a broker, bank or other nominee, you should review the instructions provided to you by that broker, bank or other nominee to determine how you will be able to submit your voting instructions. Submitting a proxy over the Internet, by telephone or by mailing a proxy card, will ensure that your shares are represented at the Annual Meeting.

Sincerely,

Douglas T. Sheehy

Executive Vice President, Chief Administrative Officer, General Counsel  
and Secretary

The enclosed proxy statement is dated April 30, 2014 and is first being mailed to stockholders on or about May 9, 2014.

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PROXY STATEMENT  
INFORMATION CONCERNING VOTING AND SOLICITATION

General

Your proxy is solicited on behalf of the board of directors of Codexis, Inc., a Delaware corporation (“Codexis,” “we,” “us” or “our”), for use at our 2014 annual meeting of stockholders (the “Annual Meeting”) to be held on Wednesday, June 11, 2014, at 9:00 a.m., California time, at our executive offices at 400 Penobscot Drive, Redwood City, California, or at any continuation, postponement or adjournment thereof, for the purposes discussed in this proxy statement and in the accompanying Notice of Annual Meeting and any business properly brought before the Annual Meeting. Proxies are solicited to give all stockholders of record an opportunity to vote on matters properly presented at the Annual Meeting.

This proxy statement and accompanying proxy card are first being mailed to stockholders entitled to vote at the Annual Meeting on or about May 9, 2014.

Important Notice Regarding the Availability of Proxy Materials for the 2014 Annual Meeting of Stockholders to Be Held on June 11, 2014

This proxy statement, our Annual Report on Form 10-K for the fiscal year ended December 31, 2013 and the form of proxy card are available on our website at <http://www.codexis.com/proxy>.

Who Can Vote

You are entitled to vote if you are a stockholder of record of our common stock (or “common stock”) as of the close of business on April 25, 2014. You are entitled to one vote for each share of common stock held on all matters to be voted upon at the Annual Meeting. Your shares may be voted at the Annual Meeting only if you are present in person or represented by a valid proxy.

Voting of Shares

If, at the close of business on April 25, 2014, your shares of common stock were registered directly in your name with Wells Fargo Bank, National Association, our transfer agent, then you are a stockholder of record. As a stockholder of record, you may vote in person at the Annual Meeting or vote by proxy by completing, dating and signing the proxy card that was included with the proxy statement and promptly returning it in the preaddressed, postage paid envelope provided to you, or by submitting a proxy over the Internet or by telephone by following the instructions on the proxy card. If your shares of common stock are held in street name through a broker, bank, or other nominee, you are considered the beneficial owner of those shares and you have the right to instruct your broker, bank or other nominee, who is considered the stockholder of record for the purposes of voting at the Annual Meeting, on how to vote the shares in your account. Your broker, bank or nominee will send you a voting instruction form for you to use to direct how your shares should be voted.

The Internet and telephone voting will close at 11:59 p.m., New York time, on June 10, 2014. If you vote through the Internet, you should be aware that you may incur costs to access the Internet, such as usage charges from telephone companies or Internet service providers and that these costs must be borne by you. If you vote by the Internet or telephone, then you need not return a written proxy card by mail.

**YOUR VOTE IS VERY IMPORTANT.** You should submit your proxy even if you plan to attend the Annual Meeting. If you properly give your proxy and submit it to us in time to vote, one of the individuals named as your proxy will vote your shares as you have directed.

All shares entitled to vote and represented by properly submitted proxies (including those submitted electronically, telephonically and in writing by 11:59 p.m., New York time, on June 10, 2014) that are received before the polls are closed at the Annual Meeting, and that are not revoked or superseded, will be voted at the Annual Meeting in accordance with the instructions indicated on those proxies. If no direction is indicated on a proxy, your shares will be voted “FOR” the election of Thomas R. Baruch and Patrick Y. Yang as our Class I directors, “FOR” the ratification of the selection of BDO USA, LLP (“BDO”) as our independent registered public accounting firm and “FOR” the approval of the non-binding, advisory vote on the compensation of our named executive officers. The proxy gives each of John J. Nicols, David D. O’Toole and Douglas T. Sheehy discretionary authority to vote your shares in accordance with his best judgment with respect to all additional matters that might come before the Annual Meeting.

Revocation of Proxy





If you are a stockholder of record, you may revoke your proxy at any time before your proxy is voted at the Annual Meeting by taking any of the following actions:

- delivering to our Secretary a signed written notice of revocation, bearing a date later than the date of the original proxy, stating that the original proxy is revoked;
- signing and delivering a new paper proxy, relating to the same shares and bearing a later date than the original proxy;
- submitting another proxy by telephone or over the Internet (your latest telephone or Internet voting instructions are followed); or
- attending the Annual Meeting and voting in person, although attendance at the Annual Meeting will not, by itself, revoke a proxy.

Written notices of revocation and other communications with respect to the revocation of Codexis proxies should be addressed to:

Codexis, Inc.  
200 Penobscot Drive  
Redwood City, CA 94063  
Attn: Secretary

If your shares are held in “street name,” you may change your vote by submitting new voting instructions to your broker, bank or other nominee. You must contact your broker, bank or other nominee to find out how to do so. See below regarding how to vote in person if your shares are held in street name.

#### Voting in Person

If you plan to attend the Annual Meeting and wish to vote in person, you will be given a ballot at the Annual Meeting. Please note, however, that if your shares are held in “street name,” which means your shares are held of record by a broker, bank or other nominee, and you wish to vote at the Annual Meeting, you must bring to the Annual Meeting a legal proxy from the broker, bank or other nominee who is the record holder of the shares, authorizing you to vote at the Annual Meeting.

#### Quorum and Votes Required

At 5:00 p.m., New York time, on April 25, 2014, 38,502,730 shares of our common stock were outstanding and entitled to vote. All votes will be tabulated by the inspector of elections appointed for the Annual Meeting, who will separately tabulate affirmative and negative votes and abstentions.

Quorum. A majority of the outstanding shares of common stock, present in person or represented by proxy at the Annual Meeting, will constitute a quorum at the Annual Meeting. Shares of common stock held by persons attending the Annual Meeting but not voting, shares represented by proxies that reflect abstentions as to a particular proposal and broker “non-votes” will be counted as present for purposes of determining a quorum.

Broker Non-Votes. Brokers or other nominees who hold shares of common stock in “street name” for a beneficial owner of those shares typically have the authority to vote in their discretion on “routine” proposals when they have not received instructions from beneficial owners. However, brokers are not allowed to exercise their voting discretion with respect to the election of directors or for any matter that the United States Securities Exchange Commission (“SEC”) determines to be a “significant matter” without specific instructions from the beneficial owner. These non-voted shares are referred to as “broker non-votes.” If your broker holds your common stock in “street name,” your broker is not entitled to vote your shares on “non-routine” proposals (i.e., of the proposals to be considered at the Annual Meeting, the Election of Directors and Advisory Vote on Executive Compensation) without your instruction and will only vote your shares on such proposals if you provide instructions on how to vote by filling out the voter instruction form sent to you by your broker with this proxy statement.

Election of Class I Directors. Our bylaws provide that a plurality of votes cast in favor of the election of a director shall be sufficient to elect such director to the board of directors. Under this plurality voting standard, the nominees for available directorships who receive the highest number of affirmative votes cast are elected. In the event that two candidates are up for election for two board of director seats, for example, a plurality of the votes cast means that the two candidates receiving the highest number of affirmative votes cast "FOR" will each be elected as directors.

Withheld votes will not have any effect on the election of directors. Brokers are not empowered to vote on the election

of directors without instruction from the beneficial owner of the shares and thus broker non-votes likely will occur. Since broker non-votes are not considered votes cast for a candidate, they will not have any effect on the election of directors.

Ratification of Independent Registered Public Accounting Firm. The affirmative vote of a majority of the shares represented in person or by proxy at the Annual Meeting and entitled to vote is required for the ratification of the selection of

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BDO as our independent registered public accounting firm. Withheld votes will have the same effect as voting against this proposal. Brokers generally have discretionary authority to vote on the ratification of our independent registered public accounting firm, thus broker non-votes are generally not expected to result from the vote on this proposal.

**Non-Binding, Advisory Vote on Named Executive Officer Compensation.** The affirmative vote of a majority of the shares represented in person or by proxy at the Annual Meeting and entitled to vote will be deemed to be approval of the non-binding, advisory vote on the compensation of our named executive officers. However, because this proposal is intended to be advisory, we will exclude abstentions and broker non-votes from the determination of approval. Although the outcome of this advisory vote on the compensation of the named executive officers is non-binding, the compensation committee of the board of directors and the board of directors will review and consider the outcome of this vote when making future compensation decisions for our named executive officers.

#### Solicitation of Proxies

Our board of directors is soliciting proxies for the Annual Meeting from our stockholders. We will bear the entire cost of soliciting proxies from our stockholders. In addition to the solicitation of proxies by mail, we will request that brokers, banks and other nominees that hold shares of our common stock, which are beneficially owned by our stockholders, send Notices of Annual Meeting, proxies and proxy materials to those beneficial owners and secure those beneficial owners' voting instructions. We will reimburse those record holders for their reasonable expenses.

#### Security Ownership of Certain Beneficial Owners and Management

The following table sets forth information regarding the beneficial ownership of shares of our common stock as of April 25, 2014 for:

- each person known to us to be the beneficial owner of more than 5% of our outstanding shares of common stock;
- each of our named executive officers;
- each of our directors; and
- all directors and current executive officers as a group.

Unless otherwise noted below, the address of each beneficial owner listed on the table is c/o Codexis, Inc., 200 Penobscot Drive, Redwood City, CA 94063. We have determined beneficial ownership in accordance with the rules promulgated by the SEC. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons and entities named in the tables below have sole voting and investment power with respect to all shares of common stock that they beneficially own, subject to applicable community property laws.

In computing the number of shares of common stock beneficially owned by a person and the percentage ownership of that person, we deemed outstanding shares of common stock subject to options or warrants held by that person that are currently exercisable or exercisable within 60 days of April 25, 2014. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person.

Percentage of beneficial ownership is based on 38,502,730 shares of common stock outstanding as of April 25, 2014.

| Name and Address of Beneficial Owner                                                 | Number of Shares Beneficially Owned | Percentage of Shares Beneficially Owned |
|--------------------------------------------------------------------------------------|-------------------------------------|-----------------------------------------|
| <b>5% Stockholders:</b>                                                              |                                     |                                         |
| Raízen Energia S.A. <sup>(1)</sup>                                                   | 5,573,319                           | 14.48%                                  |
| Biomedical Sciences Investment Fund Pte Ltd <sup>(2)</sup>                           | 2,958,522                           | 7.68%                                   |
| Entities and persons affiliated with CMEA Ventures <sup>(3)</sup>                    | 2,921,225                           | 7.59%                                   |
| Nantahala Capital Management, LLC <sup>(4)</sup>                                     | 2,914,833                           | 7.57%                                   |
| <b>Executive Officers and Directors</b>                                              |                                     |                                         |
| John J. Nicols <sup>(5)</sup>                                                        | 1,076,162                           | 2.77%                                   |
| David D. O'Toole <sup>(6)</sup>                                                      | 191,073                             | *                                       |
| Douglas T. Sheehy <sup>(7)</sup>                                                     | 413,341                             | 1.06                                    |
| David L. Anton <sup>(8)</sup>                                                        | 20,101                              | *                                       |
| Matt Tobin <sup>(9)</sup>                                                            | 67,339                              | *                                       |
| Thomas R. Baruch <sup>(10)</sup>                                                     | 3,039,744                           | 7.86%                                   |
| Byron L. Dorgan <sup>(11)</sup>                                                      | 198,519                             | *                                       |
| Alexander A. Karsner <sup>(12)</sup>                                                 | 201,851                             | *                                       |
| Bernard J. Kelley <sup>(13)</sup>                                                    | 231,848                             | *                                       |
| Pedro I. Mizutani                                                                    | —                                   | —                                       |
| Dennis P. Wolf <sup>(14)</sup>                                                       | 185,183                             | *                                       |
| Patrick Y. Yang                                                                      | 72,083                              | *                                       |
| All current executive officers and directors as a group (11 persons) <sup>(15)</sup> | 5,828,607                           | 14.58%                                  |

\* Represents beneficial ownership of less than 1% of the outstanding shares of our common stock.

The shares are held by Raízen Energia S.A. (“Raízen”), a joint venture formed between Shell Brazil Holdings B.V. (“Shell Brazil”) and Cosan S.A. Industria e Comércio (“Cosan S.A.”). Shell Brazil is a publicly held company controlled by RDS and Cosan S.A. is a direct subsidiary of Cosan Limited (“Cosan” and together with Cosan S.A., the “Cosan Group”). Shell Brazil and the Cosan Group have shared power to vote and to dispose of the shares and (1) may each thereby be deemed to be a beneficial owner thereof. The address of Raízen is Avenida Presidente Juscelino Kubitschek, 1327 5º andar, Sao Paulo, SP, CEP 04543-011, Brazil. The address for Shell Brazil is Carel Van Bylandtlaan 30, 2596 HR The Hague, The Netherlands. The address for Cosan S.A. is Avenida Presidente Juscelino Kubitschek, 1327, 4º andar, Sao Paulo, SP CEP 04543-011, Brazil. The address for Cosan is Avenida Presidente Juscelino Kubitschek, 1327, 4º andar, Sao Paulo, SP CEP 04543-011, Brazil.

Based solely on a Schedule 13G filed by Biomedical Sciences Investment Fund Pte Ltd (“BMSIF”) on January 22, 2014. EDB Investments Pte Ltd (“EDB Investments”) is the parent entity of BMSIF. The Economic Development Board of Singapore (“EDB”) is the parent entity of EDB Investments. EDB is a Singapore government entity. EDB (2) Investments, EDB and the Singapore government may be deemed to have shared voting and dispositive power over the shares owned beneficially and of record by BMSIF. The address of BMSIF is 250 North Bridge Road #20-02, Raffles City Tower, Singapore 179101.

Includes (i) 2,740,158 outstanding shares held by CMEA Ventures Life Sciences 2000, L.P. and (ii) 181,067 outstanding shares held by CMEA Ventures Life Sciences 2000, Civil Law Partnership. CMEA Ventures LS (3) Management 2000, L.P. is the general partner of CMEA Ventures Life Sciences 2000, L.P. and the managing limited partner of CMEA Ventures Life Sciences 2000, Civil Law Partnership. David Collier, Karl Handelsman and Thomas R. Baruch are the general partners of CMEA Ventures LS Management 2000, L.P. and as such, have voting and dispositive power over these shares. Each disclaims beneficial ownership of the shares and warrants held by these entities except to the extent of any pecuniary interest therein. The address of each of the reporting persons is 1 Letterman Drive, Building C, Suite CM500, San Francisco, CA 94129.

- (4) Based solely on a Schedule 13G filed by Natanhala Capital Management, LLC ("Natanhala") on February 14, 2014. The address of Natanhala is 19 Old Kings Highway South, Suite 200, Darien, CA 06820.

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- (5) Includes 295,625 shares issuable pursuant to stock options exercisable within 60 days of April 25, 2014.
- (6) Includes 114,424 shares issuable pursuant to stock options exercisable within 60 days of April 25, 2014.
- (7) Includes 376,773 shares issuable pursuant to stock options exercisable within 60 days of April 25, 2014.
- (8) Based solely on a Form 4 filed by Mr. Anton on January 28, 2013 and subsequent equity award vesting, exercise and termination information known to Codexis. Mr. Anton resigned from Codexis on August 31, 2013.
- (9) Based solely on a Form 4 filed by Mr. Tobin on May 17, 2013 and subsequent equity award vesting, exercise and termination information known to Codexis. Mr. Tobin resigned from Codexis on November 15, 2013.  
Includes the shares described in note (3) above and 64,151 shares held by Mr. Baruch. Mr. Baruch disclaims beneficial ownership of the shares described in note (3) above except to the extent of his pecuniary interest therein. Also includes 40,000 shares issuable to Mr. Baruch pursuant to stock options exercisable within 60 days of April 25, 2014.
- (10) Includes 120,000 shares issuable pursuant to stock options exercisable within 60 days of April 25, 2014.
- (11) Includes 123,332 shares issuable pursuant to stock options exercisable within 60 days of April 25, 2014.
- (12) Includes 128,330 shares issuable pursuant to stock options exercisable within 60 days of April 25, 2014.
- (13) Includes 106,664 shares issuable pursuant to stock options exercisable within 60 days of April 25, 2014.
- (14) Includes 1,474,127 shares issuable pursuant to stock options exercisable within 60 days of April 25, 2014.
- (15)

#### Annual Report

Our Annual Report on Form 10-K for the fiscal year ended December 31, 2013, which contains our consolidated financial statements for fiscal 2013, accompanies this proxy statement.

#### Assistance

If you need assistance completing your proxy card or in voting over the Internet or have questions regarding the Annual Meeting, please contact our transfer agent, Wells Fargo Shareowner Services, at 1110 Centre Pointe Curve, Suite 101, Mendota Heights, Minnesota 55120-4100, or by telephone at (800) 468-9716.

#### Forward-Looking Statements

This proxy statement contains “forward-looking statements” (as defined in the Private Securities Litigation Reform Act of 1995). These statements are based on our current expectations and involve risks and uncertainties, which may cause results to differ materially from those set forth in the statements. The forward-looking statements may include statements regarding actions to be taken by us. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise. Forward-looking statements should be evaluated together with the many uncertainties that affect our business, particularly those mentioned in the risk factors in Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2013, our quarterly reports on Form 10-Q and our current reports on Form 8-K.

## ITEM 1

### ELECTION OF DIRECTORS

#### Board Structure

Our bylaws provide for a fixed number of directors as set by the board of directors. There are currently eight directors on our board. The directors are divided into three classes, each of whom serves for a term of three years: Class I directors (who hold office until the close of the Annual Meeting), Class II directors (who hold office until the close of the 2015 annual meeting of stockholders) and Class III directors (who hold office until the close of the 2016 annual

meeting of stockholders). At each annual meeting of stockholders, the term of one of the classes of directors expires. The class of directors with a term expiring at the Annual Meeting, the Class I directors, currently consists of three directors, Thomas R. Baruch, Alexander A. Karsner and Patrick Y. Yang. However, Mr. Karsner will not be standing for reelection at the Annual Meeting and therefore he will no longer be serving as a director as of the end of the Annual Meeting. Our board of directors has approved a decrease in the authorized number of directors on the board of directors to seven directors, so there will be no vacancy on the board of directors following the Annual Meeting and only two Class I directors will be up for election at the Annual Meeting.

#### Director Nominees

Based upon the recommendation of our nominating and corporate governance committee, our board of directors has nominated each of Thomas R. Baruch and Patrick Y. Yang for election as a Class I director to our board. If elected, each director nominee would serve a three-year term expiring at the close of our 2017 annual meeting of stockholders, or until his successor is duly elected and qualified. Each of Mr. Baruch and Dr. Yang currently serve on our board of directors, and has



agreed to be named in this proxy statement and to serve as a director if elected. Biographical information on each of the director nominees is furnished below under “Director Nominees Biographical Information.” Set forth below is information regarding the director nominees, as of April 25, 2014:

| Name                               | Age | Director Since |
|------------------------------------|-----|----------------|
| Thomas R. Baruch <sup>(1)(2)</sup> | 75  | 2002           |
| Patrick Y. Yang                    | 66  | 2014           |

(1) Member of the Compensation Committee

(2) Member of the Nominating and Corporate Governance Committee

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### Director Nominee Biographical Information

The following biographical information is furnished as of April 25, 2014 with regard to the director nominees.

Thomas R. Baruch has served as a director of Codexis since 2002. Mr. Baruch brings to our board of directors knowledge of the biotechnology and clean technology industries as well as public company governance experience. Since April 2012, Mr. Baruch has served as partner of Formation 8, a venture capital fund and since November 2010, Mr. Baruch has served as managing general partner of Baruch Future Ventures, LLC, a venture capital fund that he founded. Mr. Baruch is also the founder and partner emeritus of CMEA Capital, a venture capital firm that was established in 1989 as an affiliated fund of New Enterprise Associates. Mr. Baruch served as managing partner of CMEA Capital from 1989 to October 2010. Mr. Baruch currently serves as a director for various clean technology companies, including as a member of the board of directors of Calysta Energy, Inc., a renewable fuels and chemicals company; FORO Energy, a developer of high-powered lasers for use in the oil, natural gas, geothermal and mining industries; Halotechnics, Inc., a thermal electricity storage company; Heliotrope Technologies, Inc., a developer of new materials and manufacturing processes for electrochromic devices with an emphasis on energy-efficient, smart windows; Urban Electric Power, a developer of rechargeable battery systems; and as chairman of the board of directors of Intermolecular, Inc., a publicly traded company offering high productivity combinatorial synthesis technologies for application in the semiconductor and clean energy sectors, where he also serves on its compensation and nominating and corporate governance committees. In addition, Mr. Baruch is currently on the board of directors of Grabit Inc., a manufacturer and seller of materials handling equipment based on its patented electroadhesion technologies; LaunchPad Central, a developer and seller of software for early stage investors and entrepreneurs; and That Man May See Foundation, a charitable foundation which supports the Department of Ophthalmology at the University of California, San Francisco. Before starting CMEA, Mr. Baruch was a founder and Chief Executive Officer of Microwave Technology, Inc., a supplier of gallium arsenide integrated circuits. Prior to his employment with Microwave Technology, Inc., Mr. Baruch managed a dedicated venture fund at Exxon Corp, and was president of the Exxon Materials Division. Earlier in his career, Mr. Baruch worked as a patent attorney and remains a registered patent attorney. He is also both a member of the Executive Committee of the Council of Competitiveness and member of the Steering Committee of the ESIS Initiative (Energy, Security, Innovation, and Sustainability) of the Council of Competitiveness. Mr. Baruch is a member of the board of trustees of Rensselaer Polytechnic Institute, the National Advisory Council on Innovation and Entrepreneurship and the Sierra Club Climate Recovery Cabinet. Mr. Baruch holds a B.S. in engineering from Rensselaer Polytechnic Institute and a J.D. from Capital University.

Patrick Yang has served as a director of Codexis since February 2014. Dr. Yang brings to our board of directors significant experience in pharmaceutical manufacturing and process development. From January 2010 until his retirement in March 2013, Dr. Yang served as Executive Vice President and Global Head of Technical Operations for F. Hoffmann-La Roche Ltd., a world leader in research-focused pharmaceuticals and diagnostics, where he was responsible for Roche's pharmaceutical and biotech manufacturing operations, process development, quality, regulatory, supply management and distribution functions, and was accountable for more than 15,000 employees worldwide. From December 2003 to December 2009, Dr. Yang worked for Genentech Inc., a leading biotechnology company, where he most recently served as Executive Vice President of Product Operations, and was responsible for Genentech's manufacturing, process development, quality, regulatory affairs and distribution functions. Prior to joining Genentech, Dr. Yang worked for Merck & Co., where he held several leadership roles including Vice President of Asia/Pacific Manufacturing Operations and Vice President of Supply Chain Management. He also previously worked at General Electric Co. and Life Systems, Inc. Dr. Yang currently serves on the board of directors of Tesoro Corporation, a public independent refiner and marketer of petroleum products, where he has served on the governance committee since June 2013 and the environment, health, safety and security committee since December 2010, and previously served on the audit committee from December 2010 to June 2013. He also currently serves on the board of directors of Celladon Corporation, a public clinical-stage biotechnology company, and previously served on the board of directors and on the executive/finance committee of TaiMed, Inc. Dr. Yang earned a B.S. in Engineering from the National Chiaotung University in Taiwan, a M.S. in Electrical Engineering from the University

of Cincinnati and a Ph.D. in electrical engineering from the Ohio State University.

Board Recommendation

THE BOARD UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE DIRECTOR NOMINEES.

## Directors Not Standing for Election

Set forth below is information for the members of the board whose terms of directorship do not expire at the Annual Meeting and who are not standing for election at this year's Annual Meeting, as of April 25, 2014:

| Name                                 | Age | Director Since | Class/Term Expires |
|--------------------------------------|-----|----------------|--------------------|
| Bernard J. Kelley <sup>(1)(2)</sup>  | 72  | 2004           | Class II/ 2015     |
| John J. Nicols                       | 50  | 2012           | Class II/2015      |
| Byron L. Dorgan <sup>(1)(2)(3)</sup> | 71  | 2011           | Class III/2016     |
| Pedro I. Mizutani                    | 54  | 2011           | Class III/2016     |
| Dennis P. Wolf <sup>(1)(3)</sup>     | 61  | 2007           | Class III/2016     |

(1)Member of the Audit Committee

(2)Member of the Compensation Committee

(3)Member of the Nominating and Corporate Governance Committee

The following director biographical information is furnished as of April 25, 2014 with regard to our directors (other than our director nominees) whose terms of directorship do not expire at the Annual Meeting.

Byron L. Dorgan has served as a director of Codexis since February 2011. Mr. Dorgan brings to our board of directors experience in economic issues, policy making, health care and government affairs. He currently serves on the Board of Governors of Argonne National Laboratory. Mr. Dorgan represented the State of North Dakota in the United States Senate from 1992 to January 2011, when he retired. Prior to serving in the United States Senate, Mr. Dorgan served in the United States House of Representatives from 1981 to 1992. During his time in the United States Senate, Mr. Dorgan served in the United States Senate Leadership, first as Assistant Democratic Floor Leader and then as Chairman of the Democratic Policy Committee. He also served as the Chairman of the Committee on Indian Affairs and was the senior Senator on the Appropriations, Energy and Commerce Committees. Prior to being elected to the United States House of Representatives, Mr. Dorgan served as North Dakota State Tax Commissioner from 1969 until 1980. Mr. Dorgan is also the author of four New York Times bestselling books, Take this Job and Ship It: How Corporate Greed and Brain-Dead Politics Are Selling Out America, Reckless! How Debt, Deregulation and Dark Money Nearly Bankrupted America, Blowout and Gridlock. Mr. Dorgan holds a B.S. from the University of North Dakota and a M.B.A. from the University of Denver.

Bernard J. Kelley has served as a director of Codexis since April 2004. Mr. Kelley brings to our board of directors experience in pharmaceutical manufacturing, as well as senior management and financial operations experience. From 1993 to 2002, when he retired, Mr. Kelley was the President of the Merck Manufacturing Division, a division of Merck & Co., Inc., a global pharmaceutical company, and he served as a member of the Merck Management Committee from 1995 to 2002. Mr. Kelley previously served on the board of directors of Aegis Analytical Corporation, an enterprise software company, from 2004 to 2006, and on the board of directors and compensation and audit committees of MAP Pharmaceuticals, Inc., a biotechnology company focused on developing inhalation-based therapies which was acquired by Allergan, Inc. in March 2013, from May 2007 to March 2013. Mr. Kelley holds a B.S. in engineering from the U.S. Naval Academy.

Pedro I. Mizutani has served as a director of Codexis since July 2011. He brings to our board of directors extensive executive experience in industrial, financial and agricultural operations. Since July 2011 Mr. Mizutani has served as the Executive Vice President, Upstream Business for Raízen Energia Participações S.A., where he is responsible for all of Raízen's upstream business (production of sugar, ethanol and bioenergy). Raízen is a joint venture between companies controlled by Cosan Limited and Royal Dutch Shell plc. Since 2010 Mr. Mizutani has served as the Chief Executive Officer of Cosan Sugar and Ethanol. From 2000 - 2010 he served as a director for Cosan Group. Mr.

Mizutani holds a degree in production engineering from the University of São Paulo, an M.B.A. from the Getulio Vargas Foundation and a post-graduate degree in finance from the Methodist University of Piracicaba.

John J. Nicols has served as our President and Chief Executive Officer and as a director of Codexis since June 2012.

Mr. Nicols brings to our board of directors his knowledge of Codexis as its President and Chief Executive Officer and his extensive prior management experience in the chemicals industry. Prior to that time, Mr. Nicols served in various capacities at Albemarle Corporation, a public company focused on the development, manufacture and marketing of highly engineered specialty chemicals, since he joined that company in 1990. Mr. Nicols most recently served as its Senior Vice President, Strategic

Development and Catalysts, from March 2012 to June 2012. Mr. Nicols previously served as its Vice President, Catalysts from January 2007 to February 2012, its Vice President, Fine Chemistry from June 2002 to December 2006, its Division Vice President, Global Flame Retardants business from February 1999 through June 2002 and its Asia Pacific Business Director for the Bromine Chemicals business, based in Tokyo, Japan, from 1995 to 1998. Prior to his time with Albemarle Corporation, Mr. Nicols worked for three years in manufacturing and research and development for Hercules, Inc. Mr. Nicols received a B.S. in Chemical Engineering from the Polytechnic Institute of New York University and an M.B.A. from the Sloan School of Management at the Massachusetts Institute of Technology.

Dennis P. Wolf has served as a director of Codexis since December 2007. Mr. Wolf brings to our board of directors extensive experience in financial management, corporate finance and public company corporate governance. Mr. Wolf serves as Chief Financial Officer of DataStax, Inc. Previously, Mr. Wolf served as Executive Vice President and Chief Financial Officer of Fusion-io Multisystems from November 2009 to November 2013. Prior to Fusion-io, Mr. Wolf served as Executive Vice President and Chief Financial Officer of MySQL AB. Mr. Wolf has also held financial management positions for public high technology companies including Apple Computer, Inc., Centigram Communications, Inc., Credence Systems Corporation, Omnicell, Inc., Redback Networks Inc. and Sun Microsystems, Inc. Mr. Wolf has been a director and chair of the audit committee for other public companies including Quantum Corporation, Avanex Corporation, Bigband Networks, Komag, Inc., Registry Magic, Inc. and Vitria Technology, Inc., and served as a director of Exponential Interactive, Inc. He holds a B.A. from the University of Colorado and an M.B.A. from the University of Denver.

#### Executive Officers

The executive officers of Codexis are set forth below with their ages as of April 25, 2014:

| Name              | Age | Position                                                                              |
|-------------------|-----|---------------------------------------------------------------------------------------|
| John J. Nicols    | 50  | President and Chief Executive Officer                                                 |
| David D. O'Toole  | 55  | Senior Vice President and Chief Financial Officer                                     |
| Douglas T. Sheehy | 47  | Executive Vice President, Chief Administrative Officer, General Counsel and Secretary |
| James Lalonde     | 53  | Senior Vice President, Research & Development                                         |

#### Executive Officer Biographical Information

The following biographical information is furnished with regard to our executive officers (except for Mr. Nicols, whose biographical information appears above under "Directors Not Standing for Election") as of April 25, 2014:

David O'Toole has served as our Senior Vice President and Chief Financial Officer since September 2012. From May 2010 to August 2012, Mr. O'Toole was Vice President and Chief Financial Officer at Response Genetics, Inc., a public company focused on the research and development of clinical diagnostic tests for cancer. Mr. O'Toole also served as Executive Vice President and Chief Financial Officer of Abraxis Bioscience, Inc., a public biotechnology company, from May 2008 to August 2010. From 1992 to 2008, Mr. O'Toole served in a number of capacities, including as partner for 12 years, at Deloitte & Touche LLP, where he provided international business, operational and tax advice to medium and large multinational companies, including many in the life science and biotechnology sector. He also worked at Arthur Anderson & Co., from 1984 to 1992, as an international tax manager. Mr. O'Toole currently serves on the board of directors of MediciNova, Inc., a public biopharmaceutical company, and is the chair of its audit committee and a member of its compensation committee. Mr. O'Toole received his B.S., in Accounting from the University of Arizona and is a certified public accountant.

Douglas T. Sheehy has served as Executive Vice President, Chief Administrative Officer, General Counsel and Secretary of Codexis since February 2014. He also served as Senior Vice President, General Counsel and Secretary of Codexis from November 2009 to February 2014. Mr. Sheehy joined Codexis in April 2007 as Vice President, General Counsel and Secretary. Prior to Codexis, Mr. Sheehy spent five years at CV Therapeutics, Inc., a publicly held

biopharmaceutical company that developed and commercialized small molecule drugs for the treatment of cardiovascular disease, in various positions, most recently as Executive Director, Legal - Corporate Law. Prior to that, Mr. Sheehy served as an attorney with the law firms of Gunderson Dettmer LLP and Brobeck Phleger & Harrison LLP. Mr. Sheehy holds a B.A. in History from Dartmouth College and a J.D. from American University.

James Lalonde has served as Senior Vice President, Research and Development of Codexis since February 2014. He served as Codexis' Vice President, Research and Development from December 2005 to February 2014. Dr. Lalonde joined Codexis in July 2004 as Director, Biocatalysis and Chemical Development. Prior to joining Codexis, Dr. Lalonde worked at Altus Biologics, Inc. and Vista Chemical Co. He is also the co-author on a variety of research publications and a co-inventor on numerous patents. Dr. Lalonde holds an Honours B.S. from Lakehead University and a Ph.D. in Organic Chemistry from Texas A&M University.

## CORPORATE GOVERNANCE MATTERS

### Composition of the Board of Directors

Our amended and restated certificate of incorporation provides that the authorized number of directors may be changed only by resolution of the board of directors. Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors. The division of our board of directors into three classes with staggered three-year terms may delay or prevent a change of our management or a change of control at our company. Of the members of our board of directors, Messrs. Baruch, Dorgan Karsner, Kelley, Wolf and Yang are independent directors as defined under the listing standards of The Nasdaq Stock Market LLC ("NASDAQ").

### Board Leadership Structure

The role of Chairman of our board of directors is separate from the Chief Executive Officer position in order to ensure independent leadership of the board of directors. Our board of directors has determined that its structure is appropriate to fulfill its duties effectively and efficiently, so that our Chief Executive Officer can focus on leading our company, while the Chairman can focus on leading the board of directors in overseeing management.

### Board Meetings

Our board held eleven meetings during fiscal year 2013. During fiscal year 2013, all of our directors, other than Mr. Mizutani, attended at least 75% of the combined total of (i) all board meetings held during the period for which each such director was a member of the board and (ii) all meetings of committees of the board of which the director was a member. Each board member is free to suggest the inclusion of items on the agenda for each board meeting. The board regularly meets in executive session without management or other employees present. The board encourages its members to attend its annual meetings of stockholders. Mr. Nicols was the only member of our board of directors to attend our 2013 annual meeting of stockholders.

### Board Committees

Our board of directors has the following standing committees: an audit committee, a compensation committee and a nominating and corporate governance committee. The composition and responsibilities of the audit committee, the compensation committee and the nominating and corporate governance committee are described below. Members serve on these committees until their resignation or until otherwise determined by our board of directors.

### Audit Committee

Our audit committee oversees our corporate accounting and financial reporting process. Among other matters, the audit committee selects the independent registered public accounting firm; evaluates the independent registered public accounting firm's qualifications, independence and performance; determines the engagement of the independent registered public accounting firm; reviews and approves the scope of the annual audit and the audit fees; discusses with management and the independent registered public accounting firm the results of the annual audit and the review of our quarterly consolidated financial statements; approves the retention of the independent registered public accounting firm to perform any proposed permissible non-audit services; monitors the rotation of partners of the independent registered public accounting firm on our engagement team as required by law; reviews our consolidated financial statements and our management's discussion and analysis of financial condition and results of operations to be included in our annual and quarterly reports to be filed with the SEC; reviews our critical accounting policies and estimates; and annually reviews the audit committee charter and the committee's performance. Additionally, our audit committee reviews the relevant facts and circumstances of any related party transactions and reviews the conflicts of interest and corporate opportunity provisions of our Code of



Business Conduct and Ethics. The current members of our audit committee are Byron L. Dorgan, Bernard J. Kelley and Dennis P. Wolf. Mr. Wolf serves as the chairman of the committee. All members of our audit committee meet the requirements for financial literacy under

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the applicable rules and regulations of the SEC and NASDAQ. Our board of directors has determined that Mr. Wolf is an audit committee financial expert as defined under the applicable rules of the SEC and has the requisite financial sophistication as defined under applicable NASDAQ rules. Each of the members of our audit committee qualifies as an independent director under the applicable rules and regulations of the SEC and NASDAQ listing standards relating to audit committee independence. Our audit committee has been established in accordance with Section 3(a)(58)(A) of the Exchange Act and operates under a written charter that satisfies the applicable standards of the SEC and NASDAQ. The audit committee charter can be found in the corporate governance section of our website at [www.codexis.com](http://www.codexis.com). The audit committee met fourteen times during fiscal year 2013.

#### Compensation Committee

Our compensation committee reviews and recommends policies relating to compensation and benefits of our officers and employees. Our compensation committee reviews and approves corporate goals and objectives relevant to the compensation of our Chief Executive Officer and other executive officers, evaluates the performance of these officers in light of those goals and objectives, and sets the compensation of these officers based on such evaluations. Our compensation committee also reviews and approves the grants of stock options and other equity awards under our stock plans. Our compensation committee reviews and evaluates, at least annually, the performance of the compensation committee and its members, including compliance of the compensation committee with its charter. The current members of our compensation committee are Thomas R. Baruch, Byron L. Dorgan and Bernard J. Kelley. Mr. Dorgan serves as the chairman of the committee. Each of the members of our compensation committee is an independent director under the NASDAQ listing standards and an "outside" director under the applicable rules and regulations under the Internal Revenue Code of 1986, as amended, relating to compensation committee independence. Our compensation committee operates under a written charter, which can be found in the corporate governance section of our website at [www.codexis.com](http://www.codexis.com). The Compensation Committee met seven times during fiscal year 2013.

#### Nominating and Corporate Governance Committee

The nominating and corporate governance committee is responsible for making recommendations to our board of directors regarding candidates for directorships and the size and composition of our board of directors. In addition, the nominating and corporate governance committee is responsible for overseeing our corporate governance policies and reporting and making recommendations to our board of directors concerning governance matters. The current members of our nominating and corporate governance committee are Byron L. Dorgan, Alexander A. Karsner and Dennis P. Wolf. Mr. Karsner serves as the chairman of the committee; however, effective immediately following the close of the Annual Meeting, Mr. Karsner will no longer serve on the committee and Dr. Yang shall join the committee as a member and serve as its chairman. Each of the members of our nominating and corporate governance committee is an independent director under NASDAQ listing standards relating to nominating and corporate governance committee independence. The nominating and corporate governance committee operates under a written charter, which can be found in the corporate governance section of our website at [www.codexis.com](http://www.codexis.com). The nominating and corporate governance committee met four times during fiscal year 2013.

There are no family relationships among any of our directors or executive officers.

#### Risk Oversight

Our board of directors generally oversees corporate risk in its review and deliberations relating to our activities, including financial and strategic risk relevant to our operations. In addition, our board of directors regularly reviews information regarding our credit, liquidity and operations, as well as the risks associated with each. The audit committee oversees management of financial risks. Our compensation committee is responsible for overseeing the management of risks relating to our executive and other compensation plans and arrangements and employee retention. The nominating and corporate governance committee manages risks associated with the independence of our board of directors and potential conflicts of interest. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire board of directors is regularly informed through committee reports about such risks. Our board of directors believes that administration of its risk oversight function has not affected the board of directors' leadership structure.

#### Risk Assessment and Compensation Practices

Our management assesses and discusses with our compensation committee our compensation policies and practices for our employees as they relate to our risk management and, based upon this assessment, we believe that any risks arising from such policies and practices are not reasonably likely to have a material adverse effect on us in the future. Our employees' base salaries are fixed in amount and thus we do not believe that they encourage excessive risk-taking. While performance-based cash bonuses and, in respect of our sales team, sales commissions, focus on achievement of short-term or annual goals, which may encourage the taking of short-term or annual risks at the expense of long-term results, we

believe that our compensation policies help mitigate this risk and our performance-based cash bonuses and, in respect of our sales team, sales commissions, are limited, representing a small portion of the total compensation opportunities available to most employees. We also believe that our performance-based cash bonuses and sales commissions appropriately balance risk and the desire to focus our employees on specific short-term goals important to our success, and do not encourage unnecessary or excessive risk-taking.

A portion of the compensation provided to our employees is in the form of long-term equity-based incentives that we believe are important to help further align our employees' interests with those of our stockholders. We do not believe that these equity-based incentives encourage unnecessary or excessive risk taking because their ultimate value is tied to our stock price.

#### Director Nominations and Board Diversity

Our nominating and corporate governance committee is responsible for reviewing with the board of directors, on an annual basis, the appropriate characteristics, skills and experience required for the board of directors as a whole and its individual members. In evaluating the suitability of individual candidates (both new candidates and current members), the nominating and corporate governance committee, in recommending candidates for election, and the board of directors, in approving (and, in the case of vacancies, appointing) such candidates, takes into account many factors, including: personal and professional integrity, ethics and values; experience in corporate management, such as serving as an officer or former officer of a publicly held company and a general understanding of marketing, finance and other elements relevant to the success of a publicly-traded company in today's business environment; experience in Codexis' industry and relevant social policy concerns; experience as a board member of another publicly held company; academic expertise in an area of Codexis' operations; practical and mature business judgment, including the ability to make independent analytical inquiries; and diversity of business or career experience relevant to the success of Codexis, such as public policy and government relations. The board of directors evaluates each individual in the context of the board of directors as a whole, with the objective of assembling a group that can best maximize the success of the business and represent stockholder interests through the exercise of sound judgment using its diversity of experience in these various areas.

The nominating and corporate governance committee may decide to retain an executive search firm to identify director candidates, and if so, will identify the search firm and approve the search firm's fees and other retention terms and will specify for the search firm the criteria to use in identifying potential candidates, consistent with the director qualification criteria described above. The nominating and corporate governance committee will also consider director candidates recommended by stockholders. For a stockholder to make any nomination for election to the board at an annual meeting, the stockholder must provide notice to Codexis, which notice must be delivered to, or mailed and received at, Codexis' principal executive offices not less than 90 days and not more than 120 days prior to the one-year anniversary of the preceding year's annual meeting; provided, that if the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, the stockholder's notice must be delivered, or mailed and received, not later than 90 days prior to the date of the annual meeting or, if later, the 10<sup>th</sup> day following the date on which public disclosure of the date of such annual meeting is made. Further updates and supplements to such notice may be required at the times and in the forms required under our bylaws. As set forth in our bylaws, submissions must include the name and address of the proposed nominee and the nominating person, information regarding the proposed nominee that is required to be disclosed in a proxy statement or other filings in a contested election pursuant to Section 14(a) under the Exchange Act, information regarding the proposed nominee's and the nominating person's indirect and direct interests in shares of our common stock, information regarding the relationships between the proposed nominee and the nominating person (and such nominating person's affiliates and those with whom the nominating person is acting in concert), and a completed and signed questionnaire, representation and agreement of the proposed nominee. Our bylaws also specify further requirements as to the form and content of a stockholder's notice. We recommend that any stockholder wishing to make a nomination for director review a copy of our bylaws, as amended and restated to date, which is available, without charge, upon request to our Secretary, at 200 Penobscot Drive, Redwood City, California 94063. Candidates recommended by the stockholders are evaluated in the same manner as candidates identified by a member of the nominating and corporate governance committee.

Thomas R. Baruch was elected by stockholders at the 2011 annual meeting of stockholders, and therefore stands for reelection at the Annual Meeting. Patrick Y. Yang was appointed to our board of directors in February 2014 to fill a vacancy on the board of directors created by an increase in the size of the board of directors. Dr. Yang was originally recommended to the board of directors and the nominating and corporate governance committee for appointment as director by a non-management director.

**Compensation Committee Interlocks and Insider Participation**

During 2013, Thomas R. Baruch, Byron L. Dorgan and Bernard J. Kelley served as members of our compensation committee. None of the members of our compensation committee has at any time during the prior three years been an officer or employee of Codexis. None of our executive officers currently serves or in the prior three years has served as a member of the

board of directors or compensation committee of any entity that has one or more executive officers serving on our board of directors or compensation committee.

#### Communication with the Board

Interested persons, including stockholders, may communicate with our board of directors by sending a letter to our Secretary at our principal executive offices at 200 Penobscot Drive, Redwood City, California 94063. Our Secretary will submit all correspondence to the chairman of the board directors and to any specific director to whom the correspondence is directed.

#### Code of Business Conduct and Ethics

Our board of directors has adopted a code of business conduct and ethics that applies to all of our employees, officers and directors, including those officers responsible for financial reporting. Our code of business conduct and ethics can be found in the corporate governance section of our website at [www.codexis.com](http://www.codexis.com). In addition, our code of business conduct and ethics is available in print to any stockholder who requests a copy. Please direct all requests to our Secretary at our principal executive offices at Codexis, Inc., 200 Penobscot Drive, Redwood City, California 94063. We intend to disclose future amendments to certain provisions of our code of business conduct and ethics, or waivers of such provisions, applicable to our directors and officers, on our website identified above.

#### Director Compensation

Our non-employee director compensation policy provides that each non-employee director receives an annual cash retainer of \$50,000 per year, other than the chairman of our board of directors, who receives an annual cash retainer of \$100,000 per year. Non-employee directors also receive an additional annual cash retainer of \$16,000 per year for being a member of our compensation committee, other than the chairperson of our compensation committee, who receives an additional annual cash retainer of \$25,000 per year. Non-employee directors also receive the following amounts: an additional annual cash retainer of \$5,000 per year for being a member of our nominating and corporate governance committee, other than the chairperson of our nominating and corporate governance committee, who receives an additional annual cash retainer of \$10,000 per year, \$16,000 per year for being a member of our audit committee, other than the chairperson of our audit committee, who receives an additional annual cash retainer of \$25,000 per year. These cash retainers are paid quarterly in arrears. During fiscal 2013, each of Messrs. Baruch, Dorgan, Karsner, Kelley and Wolf received cash compensation pursuant to our non-employee director compensation policy. Mr. Mizutani has waived receipt of all cash and equity compensation with respect to his service on our board of directors.

In addition to the annual cash retainers, our non-employee director compensation policy provides that, upon election to our board of directors, each non-employee director is automatically granted an initial restricted stock award covering a number of shares of our common stock equal to \$100,000 divided by the per share closing trading price of our common stock on the date of grant. Such initial restricted stock awards vest as to 1/3 of the total number of shares subject to the award on the first anniversary of the date the director commences service on our board of directors, with the remainder of the award vesting and becoming exercisable at a rate of 1/3 of the total number of shares subject to the award each year thereafter. In addition, the policy provides that, on the date of each annual meeting of stockholders, each non-employee director is granted a restricted stock award covering a number of shares of our common stock equal to \$85,000 divided by the per share closing trading price of our common stock on the date of grant. Such annual restricted stock awards vest as to all of the shares subject to the award on the earlier of the first anniversary of the date of grant or the next annual stockholder meeting.

Additionally, under the policy, on January 24, 2013, each non-employee director was granted a restricted stock award covering 43,103 shares of our common stock. Such one-time restricted stock awards vest and become exercisable as to 1/3 of the total number of shares subject to the award on the first anniversary of the date the of grant, with the remainder of the award vesting and becoming exercisable at a rate of 1/3 of the total number of shares subject to the award each year thereafter.

The following table sets forth information regarding compensation earned by our non-employee directors who served during the fiscal year ended December 31, 2013:

2013 Director Compensation Table

| Name                             | Fees Earned        | Restricted                     | All Other              | Total     |
|----------------------------------|--------------------|--------------------------------|------------------------|-----------|
|                                  | or Paid in<br>Cash | Stock<br>Awards <sup>(1)</sup> | Compensation<br>(\$)   |           |
| Thomas R. Baruch                 | \$132,612          | \$99,999                       | \$—                    | \$232,611 |
| Byron L. Dorgan                  | 96,000             | 99,999                         | —                      | 195,999   |
| Alexander A. Karsner             | 53,561             | 99,999                         | 120,000 <sup>(2)</sup> | 273,560   |
| Bernard J. Kelley                | 82,000             | 99,999                         | —                      | 181,999   |
| Pedro I. Mizutani <sup>(3)</sup> | —                  | —                              | —                      | —         |
| Dennis P. Wolf                   | 75,431             | 99,999                         | —                      | 175,430   |

The amounts reported in this column reflect the grant date fair value of stock awards granted during the fiscal year ended December 31, 2013 calculated in accordance with ASC Topic 718. The valuation assumptions used in determining such amounts are described in Note 13 to our financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013. As of December 31, 2013, Mr. Baruch had outstanding option awards to purchase an aggregate of 40,000 shares and 43,103 shares of restricted stock, Mr. Dorgan had outstanding option awards to purchase an aggregate of 95,000 shares and 43,103 shares of restricted stock, (1) Mr. Karsner had outstanding option awards to purchase an aggregate of 123,332 shares, 56,666 of which were awarded in connection with our previous non-employee director compensation policy and 66,666 of which were granted pursuant to his December 2009 consulting agreement with the company and 43,103 shares of restricted stock awarded in connection with our non-employee director compensation policy, Mr. Kelley had outstanding option awards to purchase an aggregate of 128,330 shares and 43,103 shares of restricted stock, and Mr. Wolf had outstanding option awards to purchase an aggregate of 106,664 shares and 43,103 shares of restricted stock.

(2) The amounts reported in this column represent payments made to Mr. Karsner pursuant to his December 2009 consulting agreement with us.

(3) Mr. Mizutani has elected not to receive any compensation for his service on our board of directors.

## ITEM 2

### RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The audit committee of our board of directors has selected BDO USA, LLP, or BDO, as our independent registered public accounting firm for the year ending December 31, 2014, and has further directed that management submit the selection of our independent registered public accounting firm for ratification by the stockholders at the Annual Meeting. A representative of BDO is expected to be present at the Annual Meeting and will have an opportunity to make a statement if he or she so desires and will be available to respond to appropriate questions.

Stockholder ratification of the selection of BDO as our independent registered public accounting firm is not required by our bylaws or otherwise. However, the board is submitting the selection of BDO to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, the audit committee will reconsider whether or not to retain BDO. Even if the selection is ratified, the audit committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if the audit committee determines that such a change would be in our and our stockholders best interests.

#### Principal Accounting Fees and Services

#### BDO

BDO was appointed by the committee of our board of directors as Codexis' independent registered public accounting firm on October 1, 2013. Our fiscal year ended December 31, 2013 is the first year that BDO audited our financial statements. Codexis did not pay any fees to BDO during the fiscal year ended December 31, 2012. During the fiscal years ended December 31, 2012 and 2011 and for the interim period from January 1, 2013 through September 30,

2013, neither Codexis nor anyone on its behalf consulted BDO with respect to (i) the application of accounting principles to a specified transaction, either completed or proposed; (ii) the type of audit opinion that might be rendered on Codexis' financial statements; and no written



report or oral advice was provided to Codexis that BDO concluded was an important factor considered by Codexis in reaching a decision as to the accounting, auditing or financial reporting issue; or (iii) any matter that was either the subject of a disagreement (as defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions of Item 304 of Regulation S-K) or a reportable event (as described in Item 304(a)(1)(v) of Regulation S-K).

BDO provided audit, audit-related, tax and other services to us during the fiscal year ended December 31, 2013 as follows:

| Type of Fees       | Fiscal 2013 |
|--------------------|-------------|
| Audit Fees         | \$691,940   |
| Audit-Related Fees | —           |
| Tax Fees           | —           |
| All Other Fees     | —           |
| Total              | \$691,940   |

#### Audit Fees

This category includes fees associated with professional services rendered for the audit of our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013, the review of our quarterly report on Form 10-Q for the fiscal quarter ended September 30, 2013, and statutory audits required internationally. This category also includes fees associated with advice on audit and accounting matters that arose during, or as a result of, the audit or the review of our interim financial statements and statutory audits.

#### Audit-Related Fees

There were no fees for services rendered by BDO that fall into the classification of audit-related fees for the fiscal year ended December 31, 2013.

#### Tax Fees

There were no fees for services rendered by BDO that fall into the classification of tax fees for the fiscal year ended December 31, 2013.

#### All Other Fees

There were no fees for services rendered by BDO that fall into the classification of all other fees for the fiscal year ended December 31, 2013.

#### Ernst & Young LLP

Ernst & Young LLP (“Ernst & Young”) previously served as Codexis’ independent registered public accounting firm until it resigned on September 3, 2013. The reports of Ernst & Young on Codexis’ financial statements for the fiscal years ended December 31, 2012 and 2011 did not contain an adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles. In connection with the audits of the Codexis’ financial statements for each of the two fiscal years ended December 31, 2012 and 2011, and in the subsequent interim period through September 3, 2013, there were no disagreements with Ernst & Young on any matters of accounting principles or practices, financial statement disclosure, or auditing scope and procedures which, if not resolved to the satisfaction of Ernst & Young would have caused Ernst & Young to make reference to the matter in its report. In connection with the audit of Codexis’ financial statements for the fiscal year ended December 31, 2012, there was one “reportable event” (as defined in Item 304(a)(1)(v) of Regulation S-K) related to a material weakness in Codexis’ internal control over financial reporting as disclosed in Codexis’ Annual Report on Form 10-K for the fiscal year ended December 31, 2012 (the “2012 Form 10-K”). As disclosed in Item 9A to the 2012 Form 10-K, Codexis’ management concluded that as of December 31, 2012 Codexis’ internal control over financial reporting was not effective because of the existence of a material weakness related to the lack of a sufficient number of qualified personnel to timely and appropriately account for complex, non-routine transactions in accordance with United States generally accepted accounting principles. Ernst & Young’s audit report dated April 2, 2013 with respect to the Company’s internal control over financial reporting as of December 31, 2012 opined that the Company did not maintain effective internal control over financial



reporting as of December 31, 2012 because of this material weakness. As reported in Codexis' Annual Report on Form 10-K for the fiscal year ended December 31, 2013, this material weakness has since been remediated.

**Pre-Approval Policies and Procedures**

Before an independent registered public accounting firm is engaged by Codexis or its subsidiaries to render audit or non-audit services, our audit committee must review the terms of the proposed engagement and pre-approve the engagement. Our audit committee may delegate authority to a member of the audit committee to provide such pre-approvals for audit or non-audit services, provided that such person will be required to report all such pre-approvals to the full audit committee at its next scheduled meeting. Audit committee pre-approval of non-audit services (other than review and attest services) are not be required if such services fall within available exceptions established by the SEC. All fees paid to BDO and Ernst & Young for audit and non-audit services provided during fiscal years 2013 and 2012 were pre-approved by the audit committee in accordance with the policy described above.

**Board Recommendation**

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE RATIFICATION OF BDO USA, LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2014.

### ITEM 3

#### ADVISORY VOTE ON EXECUTIVE COMPENSATION

The Dodd-Frank Wall Street Reform and Consumer Protection Act, or Dodd-Frank Reform Act, added Section 14A to the Securities Exchange Act of 1934, which requires that we provide our stockholders with the opportunity to vote to approve, on a non-binding, advisory basis, the compensation of our named executive officers as disclosed in this proxy statement in accordance with the compensation disclosure rules of the SEC. Accordingly, our board of directors has approved the submission of the following resolution to our stockholders for approval at the Annual Meeting: “RESOLVED, that the compensation paid to Codexis, Inc.’s named executive officers, as disclosed in the proxy statement for the 2014 Annual Meeting of stockholders pursuant to Item 402 of Regulation S-K, including the disclosure under the heading ‘Executive Compensation,’ is hereby approved.”

As described in greater detail under the heading “Compensation Discussion and Analysis,” we seek to closely align the interests of our named executive officers with the interests of our stockholders. Our executive compensation program is designed to attract talented individuals to lead, manage and operate all aspects of our business and reward and retain those individuals who continue to meet our high expectations over time. Our executive compensation program combines short-term and long-term components, cash and equity, and fixed and contingent payments in the amounts and proportions that we believe are most appropriate to incentivize, retain and reward our named executive officers for achieving our objectives. Our executive compensation program also is intended to make us competitive in our industry, where there is considerable competition for talented executives. For more information on our executive compensation program, please refer to the “Compensation Discussion and Analysis” section of this proxy statement. This vote is advisory, which means that the vote on executive compensation is not binding on Codexis, our board of directors or the compensation committee of our board of directors. Although the outcome of this advisory vote on the compensation of our named executive officers is non-binding, our compensation committee and our board of directors will review and consider the outcome of this vote when making future compensation decisions for our named executive officers. The vote on this resolution is not intended to address any specific element of compensation, but rather relates to the overall compensation of our named executive officers, as described in this proxy statement in accordance with the compensation disclosure rules of the SEC.

#### Board Recommendation

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” THE APPROVAL OF THE ADVISORY RESOLUTION ON THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS.**

#### EXECUTIVE COMPENSATION

##### Compensation Discussion and Analysis

##### Executive Summary

The following overview highlights and summarizes information regarding executive compensation and does not purport to contain all of the information that is necessary to gain an understanding of our executive compensation policies and decisions. Please carefully read the Compensation Discussion and Analysis section and the compensation tables and related disclosures that follow for a more complete understanding of our executive compensation program. Our company and executives faced significant challenges in 2013 as the company repositioned itself strategically. Following our restructuring in 2012, Mr. Nicols spent most of his first full year as our President and Chief Executive Officer refocusing the company's resources away from our bioindustrials business towards our strong, existing biocatalysis business. The company also needed to find new sources of revenue to replace the revenues that we received in prior years from our former bioindustrial partner, and also from former on-patent products that went off-patent. To this end, we have focused on continuing to grow our biocatalysis business through new collaborations, exploring new commercial opportunities in the pharmaceuticals, food and polymers markets, and improving our CodeEvolver® directed evolution technology platform in order to strengthen our core technology capabilities. Executing this strategy required a tremendous amount of dedication and determination from our named executive officers and also required us to motivate and reward these executives with compensation packages that reflect the

long-term goals established by our board of directors.

**Commitment to Pay-for-Performance.** We have structured our executive compensation programs to provide our named executive officers appropriate incentives to drive positive and sustainable long-term results. We believe that our executive

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compensation program is appropriately sensitive to company financial performance and long-term stockholder returns. The key components of our compensation program for our named executive officers and actions taken in 2013 with respect to those components are as follows:

**Limited Base Salary Increases.** Base salaries represent a fixed component of our executive compensation program that are intended to keep us competitive with the market while remaining cost effective and providing security to our named executive officers as a predictable stream of income. During 2013, limited base salary increases were provided to our named executive officers for a cost of living adjustment, consistent with similar increases made to our other employees and to reflect each named executive officer's increased importance to the success of the company as it repositioned itself away from the bioindustrials business. See "Annual Cash Compensation - Base Salary" below for additional information.

**Annual Cash Incentive Bonuses Reflected 2013 Company Performance.** Our named executive officers participate in an Executive Incentive Compensation Plan. For 2013, our named executive officers' target bonus opportunities remained at the same level as in 2012. Our named executive officers' bonuses are also determined in part using an individual performance factor that is assigned by our compensation committee upon its review of each named executive officer's individual contribution to our overall success. Accordingly, each of our named executive officers received a cash bonus for 2013 reflecting both corporate and individual performance. Our 2013 corporate goals and the percentage achievement rate is discussed below under "- Annual Cash Incentive Bonuses for 2013".

**Equity Awards as a Key Component of Compensation.** Our compensation committee provides a significant portion of our named executive officers' target total direct compensation opportunity in the form of equity awards which we believe helps align the interests of our named executive officers with our stockholders and provide our named executive officers incentive to drive long-term growth in our stock price.

**Performance Based Stock Units.** Further demonstrating our board of directors' commitment to our pay-for-performance philosophy, it granted in 2013 each of our named executive officers performance stock units as part of the executives' incentive program, the value of which may only be realized if the applicable performance metrics are achieved or exceeded.

**Commitment to Strong Governance Standards.** We are committed to having strong governance standards with respect to our executive compensation policies and practices. The company has a number of executive compensation practices that we believe reflect the interests of our stockholders and governance best practices, including:

Other than with Mr. Nicols, we have no agreements or entitlements with any named executive officer currently employed by us to provide severance payments other than upon a separation of service in connection with a change in control.

We have no "gross up" agreements or entitlements of excise taxes on severance or other payments in connection with a change in control.

We do not offer any other "gross up" agreements or entitlements on perquisites and benefits, except for relocations that are under our control and are at our direction.

We offer minimal perquisites to our named executive officers.

We do not maintain any pension benefits or nonqualified deferred compensation plans.

Our compensation committee engaged its own independent compensation consultant, Compensia, Inc. ("Compensia"), which performs an annual comprehensive market analysis of our executive compensation programs and pay levels.

Our compensation committee determined that Compensia is independent and that there is no conflict of interest resulting from retaining Compensia currently or during 2013, after review and consultation with Compensia.

Based on our annual risk assessment, our compensation programs do not present any risk that is reasonably likely to have a material adverse effect on the company.

Mr. Nicols, our President and Chief Executive Officer, is subject to significant stock ownership guidelines.

**2013 Executive Compensation Program Summary.** Our executive compensation program is designed to attract and retain talented individuals to lead, manage and operate all aspects of our business and reward and retain those individuals who continue to meet our high expectations over time. Our executive compensation program combines short- and long-term components, cash and equity and fixed and contingent payments in the amounts and proportions that we believe are most appropriate to incentivize, retain and reward our named executive officers for achieving our

objectives. Our executive compensation program also is intended to make us competitive in our industry, where there is considerable competition for talented executives.

Our named executive officers for fiscal 2013 were:

• John J. Nicols, President and Chief Executive Officer;

• David D. O'Toole, Senior Vice President and Chief Financial Officer;

• Douglas T. Sheehy, Senior Vice President, General Counsel and Secretary;

• David L. Anton, Senior Vice President, BioIndustrials

• Matt Tobin, Senior Vice President, Research and Development

In August 2013, Dr. Anton resigned as our Senior Vice President, BioIndustrials. In November 2013, Dr. Tobin resigned as our Senior Vice President, Research and Development. In January 2014, Mr. Sheehy was promoted to Executive Vice President, Chief Administrative Officer, General Counsel and Secretary.

Stockholder Advisory Vote on Executive Compensation

At our 2011 annual meeting of stockholders, our stockholders voted in non-binding advisory votes (i) to approve the compensation of our named executive officers and (ii) in favor of having a non-binding stockholder vote on executive compensation once every three years. Our compensation committee reviewed the result of the 2011 stockholders' advisory vote on the compensation of our named executive officers and, in light of the approval by a substantial majority of our stockholders of the compensation programs described in our 2011 proxy statement (representing almost 98% of the shares represented in person or by proxy at the meeting and entitled to vote), did not implement any significant changes to our executive compensation program as a result of the stockholders' advisory vote. The incentive and equity-based compensation earned by each of the named executive officers for fiscal year 2013 reflects our financial and operating performance. Consistent with the stated preference of a majority of our stockholders (representing over 63% of the shares represented in person or by proxy at the meeting and entitled to vote), our compensation committee determined that we will hold a "say-on-pay" vote every three years. An advisory vote on our named executive officers' compensation is being held at our Annual Meeting, and our next advisory vote on compensation will be held at the 2017 annual meeting of stockholders.

Objectives and Philosophy of Our Executive Compensation Program

Our compensation program for our named executive officers is designed to achieve the following objectives:

• attract, engage and retain executives of superior ability, experience and managerial talent enabling us to be an employer of choice in our highly-competitive and dynamic industry;

• motivate and reward executives whose knowledge, skills and performance ensure our continued success;

• encourage and inspire our executives to achieve key corporate performance objectives by linking base salary increases

and incentive award opportunities to the achievement of individual and company-wide short- and long-term goals;

and

align the interests of our executives and stockholders by providing a significant portion of total compensation

opportunities for our executive officers in the form of direct ownership in our company through stock options and other equity incentive awards, which will motivate executives to increase stockholder value.

Components of Our Executive Compensation Program

The components of our executive compensation program consist primarily of base salaries, annual cash incentive bonuses, equity awards and broad-based benefits programs. We combine short-term compensation components (such as base salaries and annual cash incentive bonuses) and long-term compensation components (such as equity incentive awards) to provide an overall compensation structure that is designed to both attract and retain key executives as well as provide incentive for the achievement of short- and long-term corporate objectives.

Our compensation committee is responsible for evaluating and administering our compensation programs and practices for our named executive officers. Our compensation committee uses its judgment and experience and the recommendations of our Chief Executive Officer with respect to the compensation for our named executive officers (other than himself) to determine the appropriate mix of short- and long-term compensation components for each named executive officer. Short- and long-term compensation components are balanced to encourage each named executive officer to use his time and talents to accomplish both our short- and long-term corporate objectives. Our Chief Executive Officer and General Counsel generally attend our compensation committee meetings to provide input on factors that may influence our compensation committee members' consideration of compensation programs and



individual compensation, including individual performance (other than with respect to their own performance), financial, legal and compensation parity considerations. In addition, our Chief Financial Officer occasionally attends such compensation committee meetings depending on the issues being discussed. Each such named executive officer is not present at the meetings at the time that his or her own compensation is being reviewed by the compensation committee. Our compensation committee analyzes each of the primary elements of our compensation program to ensure that our executive officers' overall compensation is competitive with executive officers in similar positions

at comparable companies in our labor market and to ensure internal compensation equality among incentive awards for our employees, including our named executive officers.

Our compensation committee determines compensation for our executive officers, including our named executive officers, in large part based upon our financial resources, as well as competitive market data. Our compensation committee has engaged Compensia to provide competitive market data and to provide advisory support to the compensation committee with regards to the compensation of our named executive officers. Compensia works directly with our compensation committee and did not provide any other services to us during 2013. After review and consultation with Compensia, the compensation committee determined that Compensia is independent and that there is no conflict of interest resulting from retaining Compensia currently or during 2013. In reaching these conclusions, our compensation committee considered the factors set forth in the SEC rules and NASDAQ listing standards.

In July 2012, based on the recommendation of Compensia, our compensation committee adopted a peer group of companies to serve as a reference when reviewing the compensation levels for our named executive officers for 2013, which extends beyond life sciences companies and includes public biotechnology, biofuels/chemical and clean technology companies. The companies that form our 2013 compensation peer group were selected based on having similar business models and financial characteristics. Following best practices, we specifically selected companies that generally fell within the range of 0.5 - 2.0x range of our company in terms of both revenue and market capitalization.

The 2013 compensation peer group consisted of the following companies:

- A123 Systems, LLC
- Affymax, Inc.
- Allos Therapeutics, Inc.
- Alnylam Pharmaceuticals, Inc.
- Amyris, Inc.
- Astex Pharmaceuticals, Inc.
- Broadwind Energy, Inc.
- EnerNOC, Inc.
- FuelCell Energy, Inc.
- Gevo, Inc.
- ISTA Pharmaceuticals, Inc.
- KiOR Inc.
- Metabolix, Inc.
- Rentech Inc.
- Solazyme Inc.
- Zoltek Companies, Inc.

Energy Recovery, Inc., Exelixis Inc., Isis Pharmaceuticals, Inc. and Luminex Corporation were each removed from our compensation peer group because their financial performance during the peer measurement period was not consistent with our own performance. Allos Therapeutics, Inc., Astex Pharmaceuticals, Inc., ISTA Pharmaceuticals, Inc., KiOR Inc. and EnerNOC, Inc. were added to our 2013 compensation peer group based upon the similarity of their business models and/or financial performance. When compared to the 2013 compensation peer group, we are approximately at the 54th percentile for revenue and at the 13th percentile for market capitalization.

In determining the 2013 compensation for our named executive officers, we believe that the practices of the companies in the compensation peer group provided our compensation committee with relevant compensation information, not only because of the similarity of their business models and financial characteristics, but because several of these companies have similar organizational structures and tend to compete with us for executive talent.

Our compensation committee works within the general framework of this market-competitive philosophy to determine each component of our named executive officers compensation packages based on numerous factors, including:

- the demand for the particular skill sets we need within the marketplace;
- performance goals and other expectations for the position and the individual;
- the individual's background and relevant expertise, including training and prior relevant work experience;
- the individual's role with us and the compensation paid to similar persons at the companies that participate in the surveys that we review; and
- comparison to other executives within our company having similar levels of expertise and experience.

During 2013, our compensation committee reviewed all aspects of our executive compensation program, including base salaries, annual cash incentive bonuses and equity incentive targets for each of our named executive officers. To attempt to ensure that we retain and attract top talent in 2013 the compensation committee approved adjustments to our executive compensation program to reflect competitive pressures and ensure internal equity among executives with similar levels of responsibility and authority.



Each of the primary elements of our executive compensation program is discussed in more detail below. While we have identified particular compensation objectives that each element of executive compensation serves, our compensation programs are designed to be flexible and complementary and to collectively serve all of the executive compensation objectives described above. Accordingly, whether or not specifically mentioned below, we believe that, as a part of our overall executive compensation policy, each individual element of our executive compensation program, to a greater or lesser extent, serves each of our objectives as set forth above.

#### Annual Cash Compensation

##### Base Salary

The base salaries of our named executive officers are reviewed annually and adjusted when necessary to reflect individual roles and performance, and the competitive market. Our compensation committee also reviews each named executive officer's annual base salary in comparison with other executives who are at the same level at our company and seeks parity among executives within our company who have similar levels of responsibility and authority. Our compensation committee believes that a competitive base salary is a necessary element of any compensation program designed to attract and retain talented and experienced executives. We also believe that competitive base salaries can motivate and reward executives for their overall performance.

In January 2013, our compensation committee decided to adjust the salaries for each of our named executive officers by approximately 3% for a cost of living adjustment, consistent with similar increases made to our other employees and to reflect each named executive officer's increased importance to the success of the company as it repositioned itself away from the bioindustrials business. For Mr. O'Toole and Dr. Tobin, this increase also served to adjust their salaries towards the 50<sup>th</sup> percentile of base salaries of executives in similar positions in our peer group, which were \$333,600 and \$290,400, respectively. Accordingly, in January 2013, the compensation committee made the following base salary increases: Mr. Nicols' base salary was increased by \$17,000 to \$592,000; Mr. O'Toole's base salary was increased by \$9,750 to \$334,750; Mr. Sheehy's base salary was increased by \$9,750 to \$334,750; and Dr. Anton's base salary was increased by \$9,750 to \$334,750; and Dr. Tobin's base salary was increased by \$8,250 to \$283,250.

The following table sets forth the base salaries for 2013 for each of our named executive officers and, where applicable, the percentage such base salary increased over his base salary as of December 31, 2012:

| Name of Executive Officer | Increase | 2013 Base Salary |
|---------------------------|----------|------------------|
| John J. Nicols            | 3%       | \$592,000        |
| David D. O'Toole          | 3%       | 334,750          |
| Douglas T. Sheehy         | 3%       | 334,750          |
| David L. Anton            | 3%       | 334,750          |
| Matt Tobin                | 3%       | 283,250          |

##### Annual Cash Incentive Bonuses

Our compensation philosophy with respect to annual cash incentive bonuses is consistent with our overall compensation program philosophy. The annual cash incentive bonus is directed at tying individual compensation to both corporate and individual performance while maintaining market-competitive compensation. Performance, as measured against individual and corporate goals, directly affects the level of bonus payment.

##### Annual Cash Incentive Bonuses for 2013

In June 2010, our compensation committee adopted the Executive Incentive Compensation Plan. The Executive Incentive Compensation Plan is comprised of three elements that factor into the cash incentive bonus paid to our named executive officers: the annual cash incentive bonus targets, the company performance factor and the individual performance factor, each of which is set by our compensation committee.

For 2013, our compensation committee retained the same target bonus percentages as in 2012 for each of our named executive officers who served as named executive officers in 2012. Target bonus percentages generally correlate to the level of responsibility of the named executive officer, with higher target bonus percentages reserved for executives having more responsibility. The following table sets forth the annual cash incentive bonus target for each of our named executive officers for 2013:

| Name of Executive Officer | 2013 Bonus Target<br>(as % of 2013<br>Base Salary) |
|---------------------------|----------------------------------------------------|
| John J. Nicols            | 75%                                                |
| David D. O'Toole          | 40                                                 |
| Douglas T. Sheehy         | 40                                                 |
| David L. Anton            | 40                                                 |
| Matt Tobin                | 40                                                 |

The target bonus percentages for each of our named executive officers, other than our Chief Executive Officer, are established based on our Chief Executive Officer's evaluation of each executive's position within the company, the corporate goals over which that executive has control or influence and the market practices of the companies in our compensation peer group, as well as consideration of the target bonus percentages and individual performance factors of executives with similar levels of responsibility within the company to ensure parity between executives at similar position levels. Our compensation committee considers each of these factors in setting the target bonus percentage for our Chief Executive Officer.

The 2013 company performance factor was calculated based upon our company's achievement of four weighted financial and non-financial goals established by our compensation committee, (1) increasing the amount of product margins from our pharmaceutical business (35% of the company performance factor), (2) the repositioning of our bioindustrials business (30% of the company performance factor), (3) successfully commercializing our technology in a market outside of the pharmaceutical market (25% of the company performance factor) and (4) achieving certain goals in the areas of safety, environmental sustainability and employee leadership development (10% of the company performance factor). In setting these financial and non-financial goals and their relative weights, our compensation committee considered the company's strategic vision and key areas necessary to our growth and financial success. The individual performance factor of the bonus was determined by our Chief Executive Officer, or in the case of our Chief Executive Officer's performance, our compensation committee's assessment of the overall performance of each of our named executive officers based on individual goals established for each executive by our compensation committee. As in the determination of the target bonus percentages, these individual goals are established based on our Chief Executive Officer's and our compensation committee's evaluation of each executive's position within the company, the corporate goals over which that executive has control or influence and the market practices of the companies in our peer group. In setting individual performance factors and target bonus percentages for our named executive officers, our Chief Executive Officer, or in the case of our Chief Executive Officer's factor and target, our compensation committee also considered the target bonus percentages and individual performance factors of executives with similar levels of responsibility within the company to ensure parity between executives at similar position levels. The individual goals that comprise the individual performance factor for any one named executive officer are too numerous for any single individual goal to have a material impact on a named executive officer's total compensation but, taken as a whole, provide our Chief Executive Officer and our compensation committee insight into the individual performance level of our named executive officers. Examples of individual goals include achieving departmental budgets for revenues and margin, meeting sales and/or testing objectives, achieving milestones related to the development of new products, achieving recognition for a product or facility, securing supplies, meeting expansion goals and achieving or maintaining a professional standard. The individual goals that comprise the individual performance factor are intended to be difficult to achieve and require above what our compensation

committee has determined to be average performance to meet the minimum acceptable standard. Achievement of the goals is determined by assessing whether a majority of individual goals were met or exceeded and is subject to upward and downward discretion by the Chief Executive Officer or our compensation committee.

Failure to achieve 50% of any goal that comprises the company non-financial performance factor will result in a zero for that particular goal, but will not alone result in zero total bonus. The bonus amount is determined as follows:

Bonus Amount = (Base Salary) x (Target Percentage) x (Company Performance Factor Achievement Level) x (Individual Performance Factor Achievement Level)

The maximum company performance factor achievement level and individual performance factor achievement level are 150% and 125%, respectively.

In February 2014, our compensation committee determined that we had partially achieved the corporate performance goals relating to the increase in product margin from our pharmaceuticals business and repositioning our bioindustrials business at 60% and 54%, respectively. Additionally, the compensation committee determined that we had exceeded our corporate performance goals related to successfully commercializing our technology in a market outside of the pharmaceuticals market and achieving certain goals in the areas of safety, environmental sustainability and employee leadership development, at 150% and 136%, respectively. When combined, the company performance factor was achieved at a level of 87%.

In February 2014, our Chief Executive Officer and our compensation committee further evaluated the individual performance of our named executive officers for 2013 and determined, based on the attainment of the individualized goals established by our Chief Executive Officer and our compensation committee that our named executive officers had achieved the individual performance factor percentages set forth in the table below. In determining the individual performance factor achievement, our compensation committee found that our named executive officers had generally attained most of their individual goals.

The following table sets forth the 2013 bonus targets and actual bonuses paid to our named executive officers:

| Name of Executive Officer | Bonus Target<br>(Base Salary x<br>Target %) (\$) | 2013 Individual<br>Performance<br>Factor (%) | 2013 Company<br>Performance<br>Factor (%) | Bonus Payment<br>(\$) |
|---------------------------|--------------------------------------------------|----------------------------------------------|-------------------------------------------|-----------------------|
| John J. Nicols            | \$444,000                                        | 100%                                         | 87%                                       | \$387,000             |
| David O'Toole             | 133,900                                          | 70                                           | 87                                        | 82,000                |
| Douglas T. Sheehy         | 133,900                                          | 125                                          | 87                                        | 146,000               |

Neither Dr. Anton nor Dr. Tobin received a bonus in 2013 as a result of his resignation from the company during the year.

We believe that our annual cash incentive bonus plans help to attract and motivate our executives, encourage and inspire our executives to achieve key corporate performance objectives and to align the compensation payable to our executives with our corporate objectives, thereby maximizing stockholder value. By reevaluating the corporate and individual goals under our bonus program for executives each fiscal year, we believe we provide sufficient and attainable incentives for our executives that align with both our financial and non-financial goals.

#### Equity Incentive Compensation

We believe that our long-term performance is best facilitated through a culture of executive equity ownership that encourages long-term investment by our named executive officers in our equity, thereby better aligning the named executive officers' interests with the interests of our stockholders. To encourage this ownership culture, we typically make an initial equity award of stock options to new employees and periodic grants at other times, as approved by our compensation committee. Our compensation committee approves all equity grants to our employees including our named executive officers. These grants have an exercise price equal to the closing trading price of our common stock on the date of grant or, for grants made prior to our IPO, equal to fair market value as determined by our board of directors or compensation committee. Grants of options are typically subject to a four-year vesting schedule with 1/4th of the grant vesting upon the first anniversary of the vesting commencement date and the remainder of the shares vesting at a rate of 1/48th of the total shares subject to the option each month after the one-year anniversary of the vesting commencement date, subject to the continued service of the named executive officer. Vesting commencement dates generally correlate to the date of hire, date of promotion or date of grant. In keeping with our market-competitive philosophy, our compensation committee established the foregoing vesting schedules because it determined such vesting represents market practice in our industry based on the experience of the members of our compensation committee.

The size of the initial stock option award is determined based on the named executive officer's position with us and takes into account his base salary and other compensation as well as an analysis of the grant and compensation practices of the 2013 compensation peer group. The initial stock option awards are intended to provide the named executive officer with an incentive to build value in the organization over an extended period of time while remaining

consistent with our overall compensation philosophy.

In January 2013, our compensation committee awarded option grants, restricted stock units, or RSUs, and performance stock units, or PSUs, to each of our named executive officers. While no single factor determined the size of these awards, our

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compensation committee generally considered the following factors in making such awards: internal equity among our named executive officers, their percentage of equity holdings, both vested and unvested, the vesting schedule of unvested stock options, whether each named executive officer's equity holdings provide adequate incentive and retention value, individual performance, tenure with our company and the critical nature of each named executive officer's role at our company, and the periodic equity incentive award practices observed by the companies in our 2013 compensation peer group.

Our named executive officers received the following awards in the following amounts: Mr. Nicols (an option to purchase 270,000 shares, 80,000 RSUs and 160,000 PSUs), Mr. O'Toole (an option to purchase 76,022 shares, 45,384 RSUs and 45,384 PSUs), Mr. Sheehy (an option to purchase 76,022 shares, 45,384 RSUs and 45,384 PSUs), Dr. Anton (an option to purchase 54,302 shares, 31,476 RSUs and 31,476 PSUs) and Dr. Tobin (an option to purchase 54,302 shares, 31,476 RSUs and 31,476 PSUs). The option grants to each named executive officer had an exercise price of \$2.32 per share, which represents the closing price of our stock on the date of grant, and the RSUs and PSUs were priced at no cost. Pursuant to the terms approved by our compensation committee on the date of grant, these stock options are scheduled to vest such that 1/4th of the shares subject to the option vested on January 24, 2014 and the remainder of the shares will vest at a rate of 1/48th of the total shares subject to the option each month thereafter, subject to the named executive officer's continued service to our company on each vesting date. The RSUs are scheduled to vest such that 1/4th of the RSUs subject to the award vested on February 10, 2014, and the remainder of the RSUs will vest at a rate of 1/4th of the total RSUs subject to the award on each of the next three anniversaries of such date, subject to the named executive officer's continued service to our company on each vesting date.

Additionally, the PSUs were scheduled to vest such that 1/2 of the PSUs subject to the award would have vested on March 5, 2014, and the remainder of the PSUs would have vested on March 5, 2015, subject to the named executive officer's continued service to our company on each vesting date and the company achieving the performance goals for calendar year 2013 established by the compensation committee at the time of grant. These performance goals were not achieved by the company based on its 2013 performance. Specifically, the PSUs were to be earned based on the company's annual cash burn for calendar year 2013, calculated as the difference between the company's cash and marketable securities balance (excluding special items as determined by the compensation committee) as of December 31, 2013 and as of December 31, 2012. If the performance goal were achieved at the threshold level of -\$15,000,000, the number of shares issuable in respect of the PSUs would have been equal to half the number of PSUs granted. If the performance goal were achieved at the target level of -\$12,900,000, the number of shares issuable in respect of the PSUs would have been equal to the number of PSUs granted. If the performance goal were achieved at the superior level of -\$10,000,000, the number of shares issuable in respect of the PSUs would have been equal to two times the number PSUs granted. The number of shares issuable upon achievement of the performance goal at the levels between the threshold and target levels or target level and superior levels is determined using linear interpolation. Achievement below the threshold level results in no shares being issuable in respect of the PSUs. Since our compensation committee determined that the threshold level was not achieved by the company, the PSUs granted in 2013 will never vest.

In November 2013, in recognition of his service to the company during 2013, the compensation committee granted Mr. Sheehy a one-time award of 140,000 RSUs. These RSUs are scheduled to vest such that 1/2 of the RSUs subject to the award will vest on August 10, 2014, and the remainder of the RSUs will vest on May 10, 2015, subject to Mr. Sheehy's continued service to our company.

#### Termination-Based Compensation

Our compensation committee provides our named executive officers with termination of employment protection when it determines that such protection is necessary to attract or retain an executive.

We believe that concerns about potential job loss or the possibility or occurrence of a change in control of the company can create uncertainty for our executive officers that may unduly affect their performance. For example, the possibility of a change in control of the company may create uncertainty for our named executive officers regarding their continued employment because such transactions frequently result in changes in senior management.

Consequently, we have entered into change in control agreements with our named executive officers, other than Mr. Nicols, which provide severance payments and benefits in the event the employment of a named executive officer is

terminated without “cause”, he resigns with “good reason”, or he terminates his employment as the result of for death or “disability” (as such terms are defined in the applicable change in control agreement), in each case within 12 months following or in certain circumstances, when the employment of the named executive officer is terminated without cause or resigns with good reason within a short period prior to, a change in control of our company, defined generally as our dissolution or liquidation; a sale of all or substantially all of our assets; a merger, acquisition or consolidation in which the beneficial ownership of our securities representing at least 50% of the combined voting power entitled to vote in the election of our directors has changed; or if current members of our board of directors, or their successors if approved by the vote of at least 50% of the current board, cease to constitute at least 50% of our board of directors, each as further set forth in the individual agreements.

Mr. Nicols' employment agreement provides that in the event his employment is terminated without "cause" or he resigns for "good reason", or he terminates his employment as a result of death or "disability," each as defined in his employment agreement, within 12 months following the change in control of our company, he is entitled, subject to our receipt of an executed and irrevocable release of claims, to receive a lump sum severance payment in an amount equal to 150% of his annual base salary and 150% of his annual target bonus, up to 18 months of continued health coverage and full acceleration of vesting for each of his outstanding equity awards.

In addition to the change in control benefits referred to above, Mr. Nicols is also eligible to receive the following payments and benefits in the event his employment is terminated without "cause", he resigns with "good reason", or he terminates his employment as the result of due to death of "disability," each as defined in his employment agreement:

|                                                       |           |
|-------------------------------------------------------|-----------|
| Base salary, payable in a cash lump sum               | 12 months |
| Annual Target Bonus, payable in a cash lump sum       | 100%      |
| Equity award vesting acceleration                     | 100%      |
| Continued healthcare coverage premiums <sup>(1)</sup> | 12 months |

If Mr. Nicols elects to receive continued healthcare coverage pursuant to the provisions of COBRA, he will be eligible for reimbursement or direct payment of COBRA coverage premiums for himself and any dependents. If (1) Mr. Nicols and/or any of his dependents become eligible for healthcare coverage under a subsequent employer's plans, payment of coverage premiums will cease.

In 2013, Dr. Anton resigned as our Senior Vice President, BioIndustrials and Dr. Tobin resigned as our Senior Vice President, Research and Development. Although neither Dr. Anton nor Dr. Tobin had any entitlements to severance payments (other than a separation from service in connection with a change in control), our board of directors determined to enter into a transition and separation agreement with each of Dr. Anton and Dr. Tobin in recognition of his service to us. See "- Change in Control Agreements" section below for additional information related to Dr. Anton's and Dr. Tobin's separation agreements.

The severance payments and benefits that are payable under the change in control agreements are further described below in the section entitled "— Change in Control Agreements."

#### Other Compensation

All of our named executive officers are eligible to participate in certain benefit plans and arrangements offered to employees generally, including health, dental, life and disability insurance and our 401(k) plan. We currently provide company contributions to the 401(k) plans for all employees, including our named executive officers. We also currently pay 84% of the monthly premium, with respect to coverage for the employee-only portion of coverage for all employees, including our named executive officers, for medical, dental, vision, life and long-term disability insurance. Should medical insurance premium rates increase, employees, including named executive officers, may be required to contribute to the cost of increased premiums to retain coverage. Consistent with our market-competitive compensation philosophy, we intend to continue to maintain these benefit plans and arrangements for our employees, including our named executive officers. Our compensation committee in its discretion may revise, amend or add to any executive's benefits and perquisites if it deems it advisable. We currently do not believe it is necessary for the attraction or retention of management talent to provide our named executive officers with a substantial amount of compensation in the form of perquisites or other personal benefits. In addition to the other compensation described above, Mr. Nicols and Mr. O'Toole received \$842 and \$10,691, respectively, in relocation expense reimbursements from us because such expenses benefit the company, are business-related and are expenses that the executive incurs as a direct result of the company's request for the named executive officer to relocate to the San Francisco Bay Area.

#### Tax and Accounting Considerations

Section 162(m) of the Internal Revenue Code of 1986, as amended, or the Code, generally disallows a tax deduction for compensation in excess of \$1.0 million paid to certain executive officers. Qualifying performance-based compensation is not subject to the deduction limitation if specified requirements are met. Our board of directors and our compensation committee may, in its judgment, authorize compensation payments that do not comply with the exemptions in Section 162(m) when it believes that such payments are appropriate to attract and retain executive talent.

Section 409A of the Code imposes additional taxes on certain non-qualified deferred compensation arrangements that do not comply with its requirements. These requirements regulate an individual's election to defer compensation and the individual's selection of the timing and form of distribution of the deferred compensation. Section 409A generally also provides that distributions of deferred compensation only can be made on or following the occurrence of certain events (e.g., the individual's separation from service, a predetermined date or fixed schedule, a change-in-control, or the individual's death or

disability). For certain executives, Section 409A requires that such individual's distribution of certain non-qualified deferred compensation amounts commence no earlier than six months after such officer's separation from service. We have and will continue to endeavor to structure our compensation arrangements to be exempt from or comply with Section 409A so as to avoid the adverse tax consequences associated therewith. We have not provided any executives or other employees with any gross-up in connection with Section 409A.

We account for stock-based compensation in accordance with FASB ASC Topic 718, which requires us to recognize compensation expense for share-based payments (including stock options and other forms of equity compensation). Our compensation committee takes into account the expense taken under FASB ASC Topic 718 when determining equity grants.

#### Stock Ownership Guidelines

Pursuant to Mr. Nicols' employment agreement, he is required by June 13, 2017 to own shares of our common stock equal to the lesser of (i) that number of shares having a fair market value equal to five times his annual base salary or (ii) 1,333,333 shares. Upon any increase in Mr. Nicols' base salary, he will have five years from the date of the increase to meet these requirements. If his ownership of our common stock falls below the amount required, he must retain at least 50% of the shares of our common stock issued to him upon vesting or exercise of equity awards until the requirements are met.

#### 2013 Summary Compensation Table

The following table summarizes the compensation that we paid to our named executive officers during the fiscal year ended December 31, 2013. We refer to these officers in this proxy statement as our named executive officers.

| Name and Principal Position                                                                          | Year | Salary (\$)            | Bonus (\$) | Stock Awards (\$) <sup>(1)</sup> | Option Awards (\$) <sup>(1)</sup> | Non-Equity Incentive Plan Compensation (\$) <sup>(2)</sup> | All Other Compensation (\$) | Total (\$)  |
|------------------------------------------------------------------------------------------------------|------|------------------------|------------|----------------------------------|-----------------------------------|------------------------------------------------------------|-----------------------------|-------------|
| John J. Nicols<br>President and<br>Chief Executive<br>Officer                                        | 2013 | \$592,000              | \$—        | \$556,800                        | \$367,200                         | \$387,000                                                  | \$842 <sup>(3)</sup>        | \$1,903,842 |
|                                                                                                      | 2012 | 323,093 <sup>(4)</sup> | 62,500     | 2,595,000                        | 801,720                           | 128,189                                                    | 92,339                      | 4,002,841   |
| David D.<br>O'Toole Senior<br>Vice President<br>and Chief<br>Financial Officer                       | 2013 | 334,750                | —          | 210,582                          | 103,390                           | 82,000                                                     | 10,691 <sup>(5)</sup>       | 741,413     |
|                                                                                                      | 2012 | 106,042 <sup>(6)</sup> | 50,000     | 136,000                          | 319,280                           | 22,653                                                     | 27,387                      | 661,362     |
| Douglas T.<br>Sheehy<br>Senior Vice<br>President,<br>General Counsel<br>and Secretary <sup>(7)</sup> | 2013 | 334,750                | —          | 414,982                          | 103,390                           | 146,000                                                    | —                           | 999,122     |
|                                                                                                      | 2012 | 325,000                | —          | 113,920                          | 113,699                           | 76,219                                                     | —                           | 628,838     |
|                                                                                                      | 2011 | 310,000                | —          | 366,000                          | 306,498                           | 111,600                                                    | —                           | 1,094,098   |
| David L. Anton<br>Former Senior<br>Vice President,<br>BioIndustrials <sup>(8)</sup>                  | 2013 | 272,569                | —          | 146,049                          | 73,851                            | —                                                          | 151,723 <sup>(9)</sup>      | 644,192     |
|                                                                                                      | 2012 | 325,000                | —          | 113,920                          | 113,699                           | 55,432                                                     | —                           | 608,051     |
|                                                                                                      | 2011 | 320,000                | —          | 366,000                          | 306,498                           | 115,200                                                    | —                           | 1,107,698   |
| Matt Tobin                                                                                           | 2013 | 277,084                | —          | 146,049                          | 73,851                            | —                                                          | 216,537 <sup>(11)</sup>     | 713,521     |
|                                                                                                      | 2012 | 253,745                | —          | 53,400                           | 55,886                            | 55,699                                                     | —                           | 418,730     |

Former Senior  
Vice President,  
Research and  
Development<sup>(10)</sup>

The amounts reported in the “Stock Awards” and “Option Awards” columns represent the grant date fair value calculated in accordance with ASC Topic 718. The valuation assumptions used in determining such amounts are described in Note 13 to our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013. Amounts shown in the “Stock Awards” column include the grant date fair (1) value for the PSUs granted in 2013, described above under “- Components of Our Executive Compensation Program - Equity Incentive Compensation”, based on the probable outcome of the company’s annual cash burn performance goal for 2013 as of the grant date, in accordance with FASB ASC Topic 718. The value of each of the PSU awards granted to the named executive officers, assuming that the highest level of performance conditions were achieved, is set forth in the table below:

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| Name              | Maximum Outcome of PSU Grant Date<br>Fair Value |
|-------------------|-------------------------------------------------|
| John J. Nicols    | \$742,400                                       |
| David D. O'Toole  | 210,582                                         |
| Douglas T. Sheehy | 210,582                                         |
| David L. Anton    | 146,049                                         |
| Matt Tobin        | 146,049                                         |

(2) The amounts reported in this column reflect bonus payments made pursuant to the Executive Incentive Compensation

Plan. Please see the section

“— Components of Our Executive Compensation Program — Annual Cash Compensation” above for more information.

(3) The amount reported reflects relocation expense reimbursements paid to Mr. Nicols that were not previously paid in 2012.

(4) Mr. Nicols was appointed as our President and Chief Executive Officer by our board of directors in June 2012.

(5) The amount reported reflects relocation expense reimbursements paid to Mr. O'Toole that were not previously paid in 2012.

(6) Mr. O'Toole was appointed as our Senior Vice President and Chief Financial Officer by our board of directors in August 2012.

(7) In January 2014, Mr. Sheehy was promoted to Executive Vice President, Chief Administrative Officer, General Counsel and Secretary.

(8) In August 2013, Dr. Anton resigned as our Senior Vice President, BioIndustrials.

(9) The amount reported reflects a \$83,688 severance payment, \$61,800 performance bonus and \$6,235 for continued healthcare premiums.

(10) In November 2013, Dr. Tobin resigned as our Senior Vice President, Research and Development.

(11) Amount reflects a \$151,636 severance payment, \$64,162 performance bonus and \$739 for continued healthcare premiums.

## Grants of Plan-Based Awards in 2013 Table

All options granted to our named executive officers are nonqualified stock options. The exercise price per share of each option granted to our named executive officers was determined to be equal to at least the fair market value of our common stock by our board of directors on the date of the grant. All options granted in 2013 were issued under our 2010 Stock Plan, as amended.

The following table shows information regarding grants of non-equity incentive and equity incentive awards during the fiscal year ended December 31, 2013 to each of our named executive officers:

| Name              | Grant Date <sup>(1)</sup> | Estimated Future Payouts Under Non-Equity Incentive Plan Awards <sup>(2)</sup> |              | Estimated Future Payouts Under Equity Incentive Plan Awards <sup>(3)</sup> |            |             | All Other Stock Awards: Number of Shares of Stock or Units (#) | All Other Option Awards: Number of Underlying Securities Options (#) | Exercise or Base Price of Option Awards (\$/Sh) | Grant Date Fair Value of Stock and Option Awards (\$) <sup>(4)</sup> |
|-------------------|---------------------------|--------------------------------------------------------------------------------|--------------|----------------------------------------------------------------------------|------------|-------------|----------------------------------------------------------------|----------------------------------------------------------------------|-------------------------------------------------|----------------------------------------------------------------------|
|                   |                           | Target (\$)                                                                    | Maximum (\$) | Threshold (#)                                                              | Target (#) | Maximum (#) |                                                                |                                                                      |                                                 |                                                                      |
| John J. Nicols    | 1/24/2013                 | \$—                                                                            | \$—          | —                                                                          | —          | —           | 80,000                                                         | —                                                                    | \$—                                             | \$185,600                                                            |
|                   | 1/24/2013                 | —                                                                              | —            | —                                                                          | —          | —           | —                                                              | 270,000                                                              | 2.32                                            | 367,200                                                              |
|                   |                           | 444,000                                                                        | 832,500      | —                                                                          | —          | —           | —                                                              | —                                                                    | —                                               | —                                                                    |
| David D. O'Toole  | 1/24/2013                 | —                                                                              | —            | 80,000                                                                     | 160,000    | 320,000     | —                                                              | —                                                                    | —                                               | 371,200                                                              |
|                   | 1/24/2013                 | —                                                                              | —            | —                                                                          | —          | —           | 45,384                                                         | —                                                                    | —                                               | 105,291                                                              |
|                   | 1/24/2013                 | —                                                                              | —            | —                                                                          | —          | —           | —                                                              | 76,022                                                               | 2.32                                            | 103,390                                                              |
| Douglas T. Sheehy |                           | 133,900                                                                        | 251,063      | —                                                                          | —          | —           | —                                                              | —                                                                    | —                                               | —                                                                    |
|                   | 1/24/2013                 | —                                                                              | —            | 22,692                                                                     | 45,384     | 90,768      | —                                                              | —                                                                    | —                                               | 105,291                                                              |
|                   | 1/24/2013                 | —                                                                              | —            | —                                                                          | —          | —           | 45,384                                                         | —                                                                    | —                                               | 105,291                                                              |
| David L. Anton    | Douglas T. Sheehy         | 1/24/2013                                                                      | —            | —                                                                          | —          | —           | —                                                              | 76,022                                                               | 2.32                                            | 103,390                                                              |
|                   |                           | 133,900                                                                        | 251,063      | —                                                                          | —          | —           | —                                                              | —                                                                    | —                                               | —                                                                    |
|                   | 1/24/2013                 | —                                                                              | —            | 22,692                                                                     | 45,384     | 90,768      | —                                                              | —                                                                    | —                                               | 105,291                                                              |
| Matt Tobin        | 11/13/2013                | —                                                                              | —            | —                                                                          | —          | —           | 140,000 <sup>(5)</sup>                                         | —                                                                    | —                                               | 204,400                                                              |
|                   | 1/24/2013                 | —                                                                              | —            | —                                                                          | —          | —           | 31,476                                                         | —                                                                    | —                                               | 73,025                                                               |
|                   | 1/24/2013                 | —                                                                              | —            | —                                                                          | —          | —           | —                                                              | 54,302                                                               | 2.32                                            | 73,851                                                               |
| Matt Tobin        | 1/24/2013                 | —                                                                              | —            | 15,738                                                                     | 31,476     | 62,952      | —                                                              | —                                                                    | —                                               | 73,025                                                               |
|                   | 1/24/2013                 | —                                                                              | —            | —                                                                          | —          | —           | 31,476                                                         | —                                                                    | —                                               | 73,025                                                               |
|                   | 1/24/2013                 | —                                                                              | —            | —                                                                          | —          | —           | —                                                              | 54,302                                                               | 2.32                                            | 73,851                                                               |
|                   | 1/24/2013                 | —                                                                              | —            | 15,738                                                                     | 31,476     | 62,952      | —                                                              | —                                                                    | —                                               | 73,025                                                               |

The options granted as reported in the “All Other Option Awards” column vested as to 1/4th of the shares subject to the option on the first anniversary of the date of grant and the remainder of the shares vest at a rate of 1/48th of the total shares subject to the option each month thereafter, subject to the named executive officer’s continued service (1) to our company. Unless otherwise noted, the RSUs granted as reported in the “All Other Stock Awards column” vest such that 1/4th of the RSUs subject to the award vested on February 10, 2014, and the remainder of the RSUs will vest at a rate of 1/4th of the total RSUs subject to the award on each of the next three anniversaries of such date, subject to the named executive officer’s continued service to our company.

The amounts reported in the “Estimated Future Payouts Under Non-Equity Incentive Plan Awards” column relate to amounts payable under our 2013 Executive Incentive Compensation Plan. The target column assumes the (2) achievement of the corporate goals at the target level. The maximum column assumes the maximum achievement for corporate goals. The actual amounts paid to our named executive officers are set forth in the section titled “— 2013 Summary Compensation Table.”

(3)



The amounts reported in these columns reflect shares of our common stock issuable in respect of the PSUs granted in 2013 described above under “- Components of Our Executive Compensation Program - Equity Incentive Compensation,” which vest subject to the company’s achievement of established performance goals. The target number of shares of our common stock is equal to the number of PSUs granted; the threshold number of shares is one-half of the number of PSUs granted; and the maximum number of shares is two times the number of PSUs granted.

The amounts reported in the “Grant Date Fair Value of Stock and Option Awards” column represents the grant date (4) fair value calculated in accordance with ASC Topic 718. The valuation assumptions used in determining such amounts are

described in Note 12 to our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

This restricted stock award is scheduled to vest such that 1/2 of the shares subject to the award vest on August 10, (5)2014 and the remainder of the shares will vest May 10, 2015, subject to Mr. Sheehy's continued service to our company.

## Outstanding Equity Awards at 2013 Fiscal Year-End Table

The following table shows grants of stock options, restricted stock awards, RSUs and PSUs outstanding on December 31, 2013, the last day of our fiscal year, by each of our named executive officers:

| Name              | Vesting Commencement Date | Option Awards                                                                      |                                                                                      |                            |                        | Stock Awards                                                               |                                                                                   |                                                                                                              |                                                                                                                              |  |
|-------------------|---------------------------|------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|----------------------------|------------------------|----------------------------------------------------------------------------|-----------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|--|
|                   |                           | Number of Securities Underlying Unexercised Options (#) Exercisable <sup>(1)</sup> | Number of Securities Underlying Unexercised Options (#) Unexercisable <sup>(1)</sup> | Option Exercise Price (\$) | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#) <sup>(2)</sup> | Market Value of Shares or Units of Stock That Have Not Vested (\$) <sup>(3)</sup> | Equity Incentive Plan Awards: Number of Unearned Shares, Units or Rights That Have Not Vested <sup>(4)</sup> | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Rights That Have Not Vested <sup>(4)</sup> |  |
| John J. Nicols    | 6/13/2012                 | 150,000                                                                            | 250,000                                                                              | \$3.46                     | 6/13/2022              | 562,500                                                                    | \$787,500                                                                         | \$—                                                                                                          | \$—                                                                                                                          |  |
| David D. O'Toole  | 1/24/2013                 | —                                                                                  | 270,000                                                                              | 2.32                       | 1/24/2023              | 80,000                                                                     | 112,000                                                                           | 80,000                                                                                                       | 112,000                                                                                                                      |  |
| Douglas T. Sheehy | 9/10/2012                 | 62,500                                                                             | 137,500                                                                              | 2.72                       | 9/10/2022              | 37,500                                                                     | 52,500                                                                            | —                                                                                                            | —                                                                                                                            |  |
|                   | 1/24/2013                 | —                                                                                  | 76,022                                                                               | 2.32                       | 1/24/2023              | 45,384                                                                     | 63,538                                                                            | 22,692                                                                                                       | 31,769                                                                                                                       |  |
|                   | 4/2/2007                  | 99,999                                                                             | —                                                                                    | 2.45                       | 4/19/2017              | —                                                                          | —                                                                                 | —                                                                                                            | —                                                                                                                            |  |
|                   | 8/28/2007                 | 21,999                                                                             | —                                                                                    | 6.71                       | 8/28/2017              | —                                                                          | —                                                                                 | —                                                                                                            | —                                                                                                                            |  |
|                   | 10/25/2007                | 37,332                                                                             | —                                                                                    | 6.86                       | 10/25/2017             | —                                                                          | —                                                                                 | —                                                                                                            | —                                                                                                                            |  |
|                   | 1/1/2009                  | 33,333                                                                             | —                                                                                    | 7.46                       | 6/2/2019               | —                                                                          | —                                                                                 | —                                                                                                            | —                                                                                                                            |  |
|                   | 11/9/2009                 | 40,666                                                                             | —                                                                                    | 9.09                       | 11/9/2019              | —                                                                          | —                                                                                 | —                                                                                                            | —                                                                                                                            |  |
|                   | 1/1/2010(5)               | 33,333                                                                             | —                                                                                    | 10.92                      | 2/11/2020              | —                                                                          | —                                                                                 | —                                                                                                            | —                                                                                                                            |  |
|                   | 1/26/2011                 | 43,750                                                                             | 16,250                                                                               | 9.15                       | 1/26/2021              | —                                                                          | —                                                                                 | —                                                                                                            | —                                                                                                                            |  |
|                   | 1/26/2011                 | —                                                                                  | —                                                                                    | —                          | —                      | 20,000                                                                     | 28,000                                                                            | —                                                                                                            | —                                                                                                                            |  |
|                   | 3/7/2012                  | 25,812                                                                             | 33,188                                                                               | 3.56                       | 3/7/2022               | —                                                                          | —                                                                                 | —                                                                                                            | —                                                                                                                            |  |
|                   | 3/7/2012                  | —                                                                                  | —                                                                                    | —                          | —                      | 24,000                                                                     | 33,600                                                                            | —                                                                                                            | —                                                                                                                            |  |
|                   | 1/24/2013                 | —                                                                                  | 76,022                                                                               | 2.32                       | 1/24/2023              | 45,384                                                                     | 63,538                                                                            | 22,692                                                                                                       | 31,769                                                                                                                       |  |
|                   | 11/13/2013                | —                                                                                  | —                                                                                    | —                          | —                      | 140,000                                                                    | 196,000                                                                           | —                                                                                                            | —                                                                                                                            |  |
| David L. Anton    |                           | —                                                                                  | —                                                                                    | —                          | —                      | —                                                                          | —                                                                                 | —                                                                                                            | —                                                                                                                            |  |
| Matt Tobin        | 1/5/2005                  | 2,000                                                                              | —                                                                                    | 0.90                       | 2/15/2014              | —                                                                          | —                                                                                 | —                                                                                                            | —                                                                                                                            |  |
|                   | 12/13/2005                | 6,666                                                                              | —                                                                                    | 1.05                       | 2/15/2014              | —                                                                          | —                                                                                 | —                                                                                                            | —                                                                                                                            |  |
|                   | 8/28/2007                 | 5,333                                                                              | —                                                                                    | 6.71                       | 2/15/2014              | —                                                                          | —                                                                                 | —                                                                                                            | —                                                                                                                            |  |

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|            |        |        |       |           |   |   |   |   |
|------------|--------|--------|-------|-----------|---|---|---|---|
| 12/11/2007 | 6,666  | —      | 8.69  | 2/15/2014 | — | — | — | — |
| 1/29/2008  | 10,000 | —      | 10.50 | 2/15/2014 | — | — | — | — |
| 6/2/2009   | 19,999 | —      | 7.46  | 2/15/2014 | — | — | — | — |
| 4/7/2010   | 19,804 | 862    | 10.92 | 2/15/2014 | — | — | — | — |
| 1/26/2011  | 10,312 | 4,688  | 9.15  | 2/15/2014 | — | — | — | — |
| 3/7/2012   | 12,083 | 16,917 | 3.56  | 2/15/2014 | — | — | — | — |
| 1/24/2013  |        | 54,302 | 2.32  | 2/15/2014 | — | — | — | — |

(1) Unless otherwise noted, each option vests as to 1/4th of the total number of shares subject to the option on the first anniversary of the vesting commencement date, and 1/48th of the total number of shares subject to the option shall vest monthly thereafter until all shares are vested, subject to the named executive officer's continued service to our company.

(2) Unless otherwise indicated, restricted stock and restricted stock units granted to the named executive officers vest at a rate of 1/4th per year on each of the first through fourth anniversaries of the vesting commencement date, subject to the named executive officer's continued service to our company.

(3) Amounts are calculated by multiplying the number of shares shown in the table by \$1.40 per share, which is the closing price of common stock on December 31, 2013 (the last trading day of the 2013 fiscal year).

(4) Amounts represent the number of PSUs that would have been earned based on achieving the threshold performance goal.

Prior to the completion of our IPO, these stock options were scheduled to vest and become exercisable with respect to 100% of the shares subject thereto on January 1, 2015; however, upon consummation of our IPO, the vesting (5) schedule reverted to our standard vesting schedule, such that 1/4th of the shares subject to the option vested on January 1, 2011 and the remainder of the shares will vest at a rate of 1/48th of the total shares subject to the option each month thereafter, subject to the named executive officer's continued service to our company.

#### Option Exercises and Stock Vested in 2013

The following table sets forth information regarding stock option exercises completed by our named executive officers during 2013 and stock awards in which our named executive officers vested during 2013.

| Name              | Option Awards                             |                                 | Stock Awards                             |                                |
|-------------------|-------------------------------------------|---------------------------------|------------------------------------------|--------------------------------|
|                   | Number of Shares Acquired on Exercise (#) | Value Realized on Exercise (\$) | Number of Shares Acquired on Vesting (#) | Value Realized on Vesting (\$) |
| John J. Nicols    | —                                         | \$—                             | 187,500                                  | \$406,875                      |
| David O'Toole     | —                                         | —                               | 12,500                                   | 22,000                         |
| Douglas T. Sheehy | —                                         | —                               | 18,000                                   | 41,580                         |
| David L. Anton    | —                                         | —                               | 18,000                                   | 41,580                         |
| Matt Tobin        | 3,033                                     | 7,248                           | 6,250                                    | 14,437                         |

#### Pension Benefits

We do not maintain any defined benefit pension plans.

#### Nonqualified Deferred Compensation

We do not maintain any nonqualified deferred compensation plans.

#### Change in Control and Severance Agreements

During 2013, we were party to an employment agreement with Mr. Nicols, providing for payments and benefits upon certain terminations of employment, as well as change in control agreements with Mr. Nicols, Mr. O'Toole and Mr. Sheehy. We were also party to a change in control agreement with each of Dr. Anton and Dr. Tobin prior to his resignation from the company in 2013. Our named executive officers are not eligible for any other severance or change in control payments or benefits.

Under Mr. Nicols' employment agreement, in the event that his employment is terminated without "cause", he resigns with "good reason", or his employment is terminated due to death or "disability" (as such terms are defined in Mr. Nicols' employment agreement), he will be eligible to receive: an amount equal to 12 months of his base salary and 100% of his annual target bonus, payable in a cash lump sum; full acceleration of vesting of the stock option and restricted stock awards granted pursuant to his employment agreement, 12 months' vesting acceleration for all other outstanding equity awards, and continued healthcare coverage for up to 12 months. In addition, in the event Mr. Nicols' employment is terminated without "cause", he resigns for "good reason", or his employment is terminated due to death or "disability", each as defined in his employment agreement, within 12 months following a change in control of our company, Mr. Nicols is entitled to receive a lump sum severance payment in an amount equal to 150% of his annual base salary and 150% of his annual target bonus, up to 18 months of continued health coverage and full acceleration of vesting for each of his outstanding equity awards. In the event that Mr. Nicols' employment is terminated without "cause" or resigns for "good reason" and the event giving rise to such termination occurs at the direction of a person or entity that has entered into an agreement with the company that contemplates a transaction which would constitute a change in control if consummated, then such termination will be deemed to have occurred within the 12 month period following a change in control and Mr. Nicols will be entitled to the payments and benefits described in the preceding sentence. All of the foregoing payments and benefits are subject to Mr. Nicols' execution and subsequent non-revocation of a release of claims in favor of the company.

The change in control agreements for the other named executive officers (the “Change in Control Agreements”) provide that in the event that he experiences an “involuntary termination without cause” or a “voluntary termination for good reason”, as each term as defined in the Change in Control Agreements, within 12 months following the change in control of our

company, he is entitled, subject to our receipt of an executed and irrevocable release of claims from such executive, to the following payments and benefits:

|                                           |           |
|-------------------------------------------|-----------|
| Base salary, payable in a cash lump sum   | 12 months |
| Equity award vesting acceleration         | 100%      |
| Continued healthcare coverage premiums(1) | 12 months |

If the named executive officer elects to receive continued healthcare coverage pursuant to the provisions of COBRA, he will be eligible for reimbursement or direct payment of COBRA coverage premiums for him and any dependents. If the named executive officer and/or his dependents become eligible for healthcare coverage under a subsequent employer's plans, payment of coverage premiums will cease.

Subject to our receipt of an executed and irrevocable release of claims by the named executive officer, each of Mr. Nicols, Mr. O'Toole and Mr. Sheehy is entitled to the above described severance benefits and payments if he experiences an "involuntary termination without cause" or a "voluntary termination for good reason" prior to a change in control at the direction of a person who has entered into an agreement with the company the consummation of which will constitute a change in control.

The Change in Control Agreements also provide that in the event the named executive officer's employment is terminated as a result of death or "disability" (as such term is defined within the agreements) within 12 months following a Change in Control of our company, he is entitled, subject to our receipt of an executed and irrevocable release of claims by such executive, to the following payments and benefits: (i) the vesting of his outstanding equity awards shall accelerate such that the awards shall become vested (or, as applicable, the restrictions there on shall lapse) with respect to that number of shares that would otherwise vest on the next vesting date for such equity award, pro-rated to the date of his termination and (ii) the continued healthcare coverage premiums as provided above. The following table sets forth quantitative estimates of the payments and benefits that would have accrued to each of our named executive officers if his employment had been terminated on December 31, 2013 by us without cause or for good reason by the named executive officer or due to his death or disability or if his employment had been terminated on December 31, 2013 in connection with a change in control of the company. Amounts below reflect potential payments and benefits pursuant to the Change in Control agreements for such named executive officers.

| Name                                                                                                        | Salary Continuation (\$) | Target Bonus (\$) | Value of Accelerated Equity Awards (\$) <sup>(1)</sup> | Value of Continued Healthcare Coverage (\$) | Total (\$)  |
|-------------------------------------------------------------------------------------------------------------|--------------------------|-------------------|--------------------------------------------------------|---------------------------------------------|-------------|
| John J. Nicols                                                                                              |                          |                   |                                                        |                                             |             |
| Without cause, for good reason or due to death or disability                                                | \$888,000                | \$646,875         | \$815,500                                              | \$29,094                                    | \$2,379,469 |
| Without cause, for good reason or due to death or disability within 12 months following a change in control | 592,000                  | 444,000           | 899,500                                                | 29,094                                      | 1,964,594   |
| David D. O'Toole                                                                                            |                          |                   |                                                        |                                             |             |
| Without cause or for good reason within 12 months following a change in control                             | 334,750                  | —                 | 116,308                                                | 29,094                                      | 480,152     |
| Due to death or disability within 12 months following a change in control                                   | —                        | —                 | 19,404                                                 | 29,094                                      | 48,498      |
| Douglas T. Sheehy                                                                                           |                          |                   |                                                        |                                             |             |
|                                                                                                             | 334,750                  | —                 | 321,138                                                | 29,094                                      | 684,982     |

Without cause or for good reason within  
12 months following a change in  
control

|                                                                              |   |   |        |        |        |
|------------------------------------------------------------------------------|---|---|--------|--------|--------|
| Due to death or disability within 12<br>months following a change in control | — | — | 48,895 | 29,094 | 77,989 |
|------------------------------------------------------------------------------|---|---|--------|--------|--------|

(1) The value of the accelerated option awards is calculated based on the aggregate amount by which \$1.40, the closing trading price of our common stock as of December 31, 2013 (the last trading day of fiscal 2013), exceeded the aggregate exercise price, if any, of the outstanding and unvested stock options as of December 31, 2013. The value of



the accelerated restricted stock and restricted stock unit awards is calculated based on the number of shares of our common stock or units subject to the outstanding unvested award, multiplied by \$1.40, the closing trading price of our common stock as of December 31, 2013 (the last trading day of fiscal 2013).

On August 31, 2013, David L. Anton resigned as our Senior Vice President, BioIndustrials. At the time of Dr. Anton's resignation, we entered into a transition and separation agreement with him which provided for a \$83,688 severance payment, payable semi-monthly over a three-month period beginning in September 2013, and \$61,800 representing his pro rata bonus for fiscal 2013, payable in a single cash lump sum. The transition and separation agreement also provided that we would provide Dr. Anton and his covered dependents, at his election, with continued healthcare coverage for a three-month period beginning in September 2013, subject to discontinuation in the event that he became eligible for comparable coverage under another employer's healthcare plan.

On November 15, 2013, Matt Tobin resigned as our Senior Vice President, Research and Development. At the time of Dr. Tobin's resignation, we entered into a transition and separation agreement with him which provided for a \$141,636 severance payment, payable in a single cash lump sum, and \$63,645 representing his pro rata bonus for fiscal 2013, payable in a single cash lump sum. The transition and separation agreement also provided that we would provide Dr. Tobin and his covered dependents, at his election, with continued healthcare coverage for a 12 month period beginning in December 2013, subject to discontinuation in the event that he became eligible for comparable coverage under another employer's healthcare plan.

#### Equity Compensation Plan Information

The following table provides certain information as of December 31, 2013, with respect to all of our equity compensation plans in effect on that date.

|                                                                          | Number of securities to be issued upon exercise of outstanding options, warrants and rights (a) | Weighted-average exercise price of outstanding options, warrants and rights (b) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c) |
|--------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| Equity compensation plans approved by security holders <sup>(1)(2)</sup> | 6,100,159                                                                                       | \$6.13                                                                          | 5,515,788                                                                                                                                       |
| Equity compensation plans not approved by security holders               | 621,666 <sup>(3)</sup>                                                                          | 3.13                                                                            | —                                                                                                                                               |
| Total                                                                    | 6,721,825                                                                                       | 5.68                                                                            | 5,515,788                                                                                                                                       |

(1) Includes the 2002 Stock Plan and the 2010 Equity Incentive Award Plan (the "2010 Plan").

The 2010 Plan contains an "evergreen" provision pursuant to which the number of shares of common stock reserved for issuance under the 2010 Plan shall be increased on the first day of each year beginning in 2011 and ending in 2020, equal to the least of (A) 3,000,000 shares, (B) four percent (4%) of the shares of stock outstanding (on an as converted basis) on the last day of the immediately preceding fiscal year and (C) such smaller number of shares of stock as determined by our board of directors; provided, however, no more than 40,434,717 shares of stock may be issued upon the exercise of incentive stock options.

(2) Includes (A) an option issued as an inducement grant to Mr. Nicols in June 2012 to acquire 400,000 shares of common stock, with an exercise price of \$3.46 per share, which option vested as to 1/4th of the shares subject thereto on June 13, 2013 and the remainder of the shares will vest at a rate of 1/36th of the total shares subject to the option each month thereafter, subject to Mr. Nicols' continued service to Codexis; (B) an option issued as an inducement grant to Mr. O'Toole in September 2012 to acquire 200,000 shares of common stock, with an exercise price of \$2.72 per share, which option vested as to 1/4th of the shares subject thereto on September 4, 2013 and the

remainder of the shares will vest at a rate of 1/36th of the total shares subject to the option each month thereafter, subject to Mr. O'Toole's continued service to Codexis; and (C) an option issued in January 2005 to Latham & Watkins LLP to acquire 21,666 shares of common stock, with an exercise price of \$0.90 per share, in consideration of services provided to Codexis, which option is fully vested and terminates in January 2015.

Compensation Committee Report

The material in this report is not “soliciting material,” is not deemed “filed” with the SEC, and is not to be incorporated by reference into any filing of Codexis under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

The compensation committee has reviewed and discussed the Compensation Discussion and Analysis with management. Based on the review and discussions, the compensation committee recommended to the board of directors that the Compensation Discussion and Analysis be included in this proxy statement for the Annual Meeting and incorporated by reference in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

Submitted by the Compensation Committee of the Board of Directors:

Byron L. Dorgan (chair)

Thomas R. Baruch

Bernard J. Kelley

## AUDIT MATTERS

### Audit Committee Report

The material in this report is not “soliciting material,” is not deemed “filed” with the SEC, and is not to be incorporated by reference into any filing of Codexis under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

The following is the report of the Audit Committee with respect to Codexis’ audited consolidated balance sheets for the fiscal years ending December 31, 2013 and 2012, and the related consolidated statements of operations, stockholders’ equity and cash flows for each of the three years in the period ended December 31, 2013 and the notes thereto.

**Responsibilities.** The audit committee operates under a written charter adopted by the board of directors. The role of the audit committee is to oversee our financial reporting process on behalf of the board of directors. Our management has the primary responsibility for our financial statements as well as our financial reporting process and principles, internal controls and disclosure controls. The independent registered public accounting firm, BDO USA, LLP (“BDO”), is responsible for performing an audit of our financial statements and expressing an opinion as to the conformity of such financial statements with U.S. generally accepted accounting principles. BDO is also responsible for expressing an opinion on our internal control over financial reporting based on its audit.

**Review with Management.** The audit committee has reviewed and discussed our audited financial statements (including the quality of our accounting principles) with management. Our management is responsible for the preparation, presentation and integrity of our financial statements. Management is also responsible for establishing and maintaining internal controls over financial reporting (as defined in Exchange Act Rule 13a-15(f)) and for evaluating the effectiveness of those internal controls and for evaluating any changes in those controls that will, or is reasonably likely to, affect internal controls over financial reporting. Management is also responsible for establishing and maintaining disclosure controls (as defined in Exchange Act Rule 13a-15(e)) and for evaluating the effectiveness of disclosure controls and procedures.

**Review and Discussions with Independent Accountants.** The audit committee has reviewed and discussed our audited financial statements (including the quality of Codexis’ accounting principles) with BDO. The audit committee has discussed with BDO the matters required to be discussed by Public Company Accounting Oversight Board Auditing Standard No. 16, Communications with Audit Committees. Further, the audit committee reviewed BDO’s Report of Independent Registered Public Accounting Firm included in our Annual Report on Form 10-K related to its audit of the consolidated financial statements.

The audit committee has also received and reviewed the written disclosures and the letter from BDO required by the applicable requirements of the PCAOB regarding BDO’s communications with the Audit Committee concerning independence, and has discussed with BDO its independence from us.

**Conclusion.** Based on the review and discussions referred to above, the audit committee recommended to the board of directors that our audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

Submitted by the Audit Committee of the Board of Directors:

Dennis P. Wolf (chair)

Byron L. Dorgan

Bernard J. Kelley

#### CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

We describe below transactions, since January 1, 2013, to which we were a party or will be a party, in which:

• The amounts involved exceeded or are expected to exceed \$120,000; and

• A director, executive officer, holder of more than 5% of our common stock or any member of their immediate family had or will have a direct or indirect material interest.

#### Shell and Raízen

Since September 2012, we have been party to an agreement (the "New Shell Agreement") with Shell, an indirect owner of Raízen, which holds approximately 10.5% of our common stock as of April 25, 2014. The New Shell Agreement, among other things, (i) amended the Amended and Restated License Agreement, effective November 1, 2006, as amended March 4, 2009, by and between Shell and the company (the "Shell License Agreement") and (ii) amended the Amended and Restated Collaboration Agreement, effective November 1, 2006, as amended March 4, 2009, February 23, 2010 and July 10, 2012, by and between Shell and Codexis (the "Shell Research Agreement"). Under the New Shell Agreement, Shell provides us with royalty-bearing, non-exclusive rights and licenses to develop, manufacture, use and sell biocatalysts and microbes in the field of converting cellulosic biomass into fermentable sugars on a worldwide basis, except for Brazil, where such sugars are converted into liquid fuels, fuel additives or lubricants (the "Field of Use"). Following the date on which we, our affiliates and/or our customers produce sugars using biocatalysts in the Field of Use sufficient to produce 30,000,000 gallons of liquid fuel, we will be required to pay Shell a royalty on our sales to third parties of biocatalysts and microbes in the Field of Use, equal to a low single-digit percentage of net sales and we will also be required to pay Shell a royalty on the use by the company or its affiliates of catalysts in the Field of Use, equal to a low single-digit percentage of our historical net sales of such biocatalysts or microbes or such amounts as are otherwise agreed by the parties. Shell is also entitled to discounted pricing under the New Shell Agreement for biocatalysts purchased from us by Shell for use in the Field of Use, but we are under no obligation to sell such biocatalysts to Shell.

Shell remains subject to existing royalty obligations to us for future sales of products covered by the intellectual property and technology that remain exclusively licensed to Shell under the Shell License Agreement, on the terms and subject to the conditions contained in the License Agreement.

The New Shell Agreement also terminated the Shell Research Agreement effective as of August 31, 2012, except for certain provisions of the Shell Research Agreement which will survive such termination, including provisions regarding intellectual property rights, patent prosecution and maintenance, confidentiality and indemnification. We did not receive or make any payments under the New Shell Agreement, Shell License Agreement or Shell Research Agreement for the fiscal year ended December 31, 2013. For more information about the New Shell Agreement, see Note 3 to our consolidated financial statements appearing in Part II, Item 8 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

#### Exela

Since September 2007, we have been party to a license agreement with Exela PharmaSci, Inc. Under the license agreement, as amended, we and Exela cross-licensed certain technology relating to the manufacture of argatroban, an API, in exchange for rights to certain sublicensing fees or development payments and profit sharing. During the fiscal year ended December 31, 2013, Exela paid us an aggregate of \$4,631,000 under this agreement. We may still receive 60% of all profits that Exela earns from selling the technology, less our portion of any prosecution, filing and maintenance costs associated with the technology. CMEA Ventures, which owns approximately 7.6% of our common stock as of April 25, 2014, owns over 10% of Exela's outstanding capital stock. Thomas R. Baruch, one of our directors, also serves on the board of directors of Exela and, as a limited partner in the CMEA Ventures funds that hold such shares of Exela, has an indirect pecuniary interest in the shares of Exela held by CMEA Ventures.

#### Karsner Consulting Agreement

In December 2009, we entered into a consulting agreement with Alexander A. Karsner, one of our directors. This consulting agreement terminated on December 31, 2013. Under the consulting agreement, Mr. Karsner agreed to provide certain strategic advisory services related to the energy industry and government relations, as requested by us from time to time, in exchange for cash compensation of \$120,000 per year, payable on a quarterly basis. Pursuant to the consulting agreement, in December 2009 we also granted Mr. Karsner an option to purchase 66,666 shares of our common stock pursuant to our 2002 Stock Plan, which vested monthly as to 1/48th of the total shares subject to the option, provided that Mr. Karsner

continues to provide services to us under the consulting agreement. The consulting agreement had a term of four years, but was terminable at any time by either party. This consulting agreement terminated on December 31, 2013. In January 2014, we entered into a new consulting agreement with Mr. Karsner. Under the new consulting agreement, Mr. Karsner agreed to provide certain strategic advisory services, as requested from us from time to time, in exchange for cash compensation of \$30,000 per quarter, payable on a quarterly basis. Pursuant to the new consulting agreement, the vesting schedule for the restricted stock granted to Mr. Karsner under our non-employee director compensation policy on January 24, 2013 was amended such that a maximum of 7,184 shares would vest under the grant on the expiration date of the new consulting agreement, which is June 30, 2014 unless terminated earlier by the company or by Mr. Karsner, based on the number of days elapsed in 2014 through the expiration date of the new consulting agreement.

#### Director and Officer Indemnification Agreements

In addition to the indemnification required in our amended and restated certificate of incorporation and amended and restated bylaws, we have entered into indemnification agreements with each of our directors and executive officers. These agreements provide for the indemnification of our directors, officers, and certain employees for all reasonable expenses and liabilities incurred in connection with any action or proceeding brought against them by reason of the fact that they are or were our agents. This description of the indemnification provisions of our indemnification agreements is qualified in its entirety by reference to these documents, each of which is attached as an exhibit to our most recent registration statement.

#### Policies and Procedures for Related Party Transactions

Our board of directors has adopted a written related party transaction policy. This policy covers, with certain exceptions set forth in Item 404 of Regulation S-K under the Exchange Act, any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships in which we were or are to be a participant, the amount involved exceeds \$120,000, and a related party had or will have a direct or indirect material interest. Under the policy, the audit committee is required to review the relevant facts and circumstances of any such transaction, arrangement or relationship, including whether the transaction is on comparable terms to arm's length dealings with third parties, the extent of the related party's interest in the transaction, and the conflicts of interest and corporate opportunity provisions of the Codexis Code of Business Conduct and Ethics. Such transactions, arrangements or relationships may only be consummated or continue if the audit committee approves or ratifies such transaction, arrangement or relationship. If advance approval by the audit committee is not feasible, then management may preliminarily enter into the transaction, arrangement or relationship upon prior approval by the chairman of the audit committee, subject to ratification of the transaction, arrangement or relationship at the audit committee's next regularly scheduled meeting.

Each transaction required to be reported under Item 404(a) of Regulation S-K since the beginning of last fiscal year was entered into in compliance with our related person transaction policy described above, except for the New Shell Agreement, which was approved in advance by our full board of directors, including a majority of our independent directors and a majority of the members of our audit committee.

## OTHER MATTERS

### Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our directors and executive officers, and persons who own more than 10% of a registered class of our securities, to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and other equity securities of our company. Based solely on a review of copies of such forms received with respect to fiscal year 2013 and the written representations received from certain reporting persons that no other reports were required, we believe that all directors, executive officers and persons who own more than 10% of our common stock complied with the reporting requirements of Section 16(a) during fiscal year 2013.

### Stockholder Proposals and Nominations

**Proposals Pursuant to Rule 14a-8.** Pursuant to Rule 14a-8 under the Exchange Act, stockholders may present proper proposals for inclusion in the proxy statement and for consideration at our next annual meeting of stockholders. To be eligible for inclusion in our proxy statement for the 2015 annual meeting of stockholders, your proposal must be received by us no later than January 9, 2015, and must otherwise comply with Rule 14a-8. While our board will consider stockholder proposals, we reserve the right to omit from the proxy statement stockholder proposals that we are not required to include under the Exchange Act, including Rule 14a-8.

**Proposals and Nominations Pursuant to Our Bylaws.** Under our bylaws, in order to nominate a director or bring any other business before the stockholders at the 2015 annual meeting of stockholders, other than proposals pursuant to Rule 14a-8, you must notify us in writing and such notice must be received by us no earlier than February 11, 2015 and no later than March 13, 2015. You must comply with specific procedures set forth in our bylaws and the nomination or proposal must contain the specific information required by our bylaws. You may write to our Secretary at our principal executive offices at 200 Penobscot Drive, Redwood City, CA 94063, to deliver the notices discussed above and to request a copy of the relevant bylaw provisions regarding the requirements for making stockholder proposals and nominating director candidates pursuant to the bylaws.

### Householding of Proxy Materials

The SEC has adopted rules that permit companies and intermediaries (such as banks and brokers) to satisfy the delivery requirements for proxy statements and annual reports with respect to two or more stockholders sharing the same address by delivering a single proxy statement addressed to those stockholders. This process, which is commonly referred to as "householding," potentially means extra convenience for stockholders and cost savings for companies.

At the present time, Codexis does not "household" for any of our stockholders of record. However, if you hold shares of common stock in street name, your bank, broker or other nominee may be householding our proxy materials this year. Once you have received notice from your bank, broker or other nominee that it will be householding communications to your address, householding will continue until you are notified otherwise or until you revoke your consent. A single proxy statement will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. If you only received a single set of proxy materials and would like to receive a separate set of materials, direct your written request to Wells Fargo Shareowner Services, at 1110 Centre Pointe Curve, Suite 101, Mendota Heights, Minnesota 55120-4100, or by telephone at (800) 468-9716 and an additional set of materials will promptly be delivered to you. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate proxy statement and annual report in the future, please notify your bank, broker or other nominee. Stockholders who currently receive multiple copies of the proxy statement at their address and would like to request householding of their communications in the future should contact their bank or broker.



Incorporation by Reference

Notwithstanding anything to the contrary set forth in any of our previous filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, which might incorporate future filings made by us under those statutes, neither the preceding Compensation Committee Report nor the Audit Committee Report will be incorporated by reference into any of those prior filings, nor will any such report be incorporated by reference into any future filings made by us under those statutes. In addition, information on our website, other than our proxy statement, notice and form of proxy, is not part of the proxy soliciting material and is not incorporated herein by reference.

BY ORDER OF THE BOARD OF DIRECTORS

Douglas T. Sheehy

Executive Vice President, Chief Administrative Officer, General Counsel and Secretary

April 30, 2014

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