

The NKT logo is positioned in the top left corner of the page. It consists of the letters 'NKT' in a white, bold, sans-serif font. The background of the entire page is a photograph of several large wooden spools of fiber optic cable, each wrapped in blue plastic. The spools are arranged in a row, and the blue plastic has the NKT logo printed on it. The scene is set outdoors with green grass in the foreground and a blurred background of trees and a building under a clear sky. A green grid pattern is overlaid on the right side of the image.

NKT

We connect a greener world

Sustainability Report 2023

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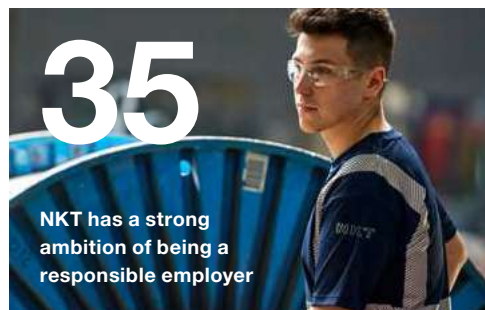
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United Nations
Global Compact

This report describes the progress of NKT Cables Group A/S made on compliance with the principles of the UN Global Compact. NKT Cables Group A/S is part of NKT A/S.

NKT Group annual reports 2023

- [Annual Report](#)
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- [Corporate Governance Report](#)

01

Introduction

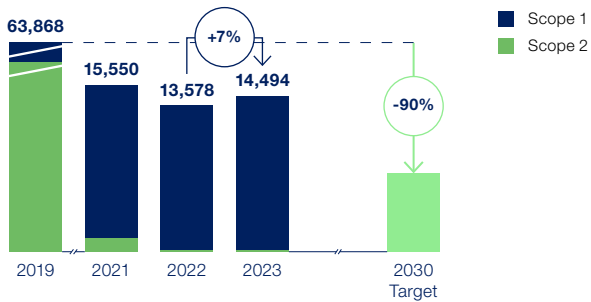
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Key sustainability targets

Environment

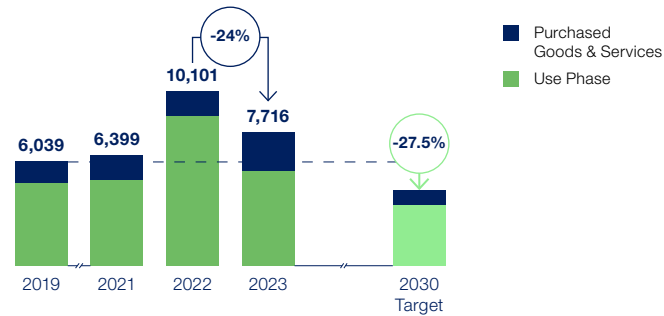
Total scope 1 & scope 2 emissions

Metric tonnes CO₂e



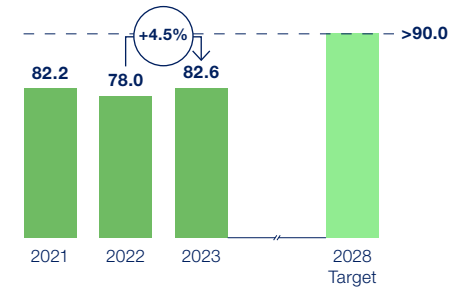
Scope 3 emissions* (Cat. 1 & 11)

Kilotonnes CO₂e



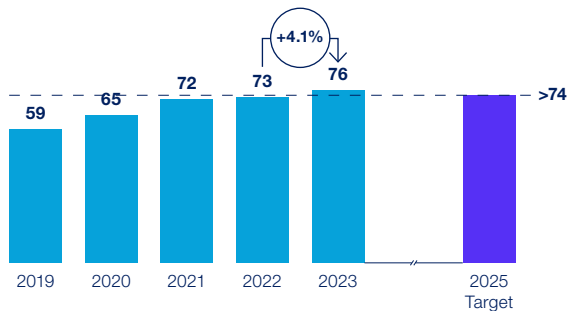
Recycling rate

Percentage share of total waste diverted to reuse, recycling and composting



Social

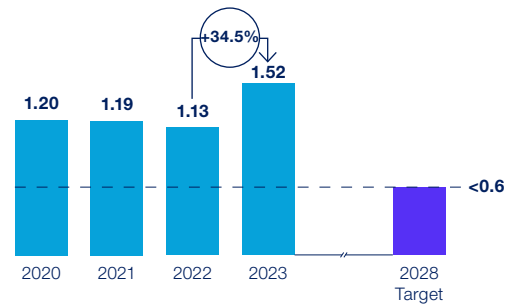
Diversity and inclusion score



* The increase in scope 3 emissions (in comparison to the baseline year) is reflective of NKT's general business growth

Total recordable incident rate

Per 200,000 hours worked



Letter of commitment

Interconnected power grids are essential to the green transition

In 2023, the global transition to renewable energy continued to progress despite geopolitical and macroeconomic challenges. The way forward is to continue to accelerate investments in an interconnected power grid, to increase transmission security and strengthen the grid infrastructure essential for high utilization of renewable energy.

The green transition has progressed globally in 2023, with a high rate of deployment of renewable energy despite challenges in the offshore wind industry and with several nations re-evaluating their climate targets and agendas. Regardless of these challenges most countries continued to persist in their commitments and have invested heavily in offshore wind and interconnected power grids

to ensure stable and efficient transmission of renewable energy. This is much needed. These challenges come at a time when the 1.5° trajectory of global warming recommended by the UN is under pressure and with the effects of climate change becoming increasingly evident with extreme temperatures, droughts and heavy rainfalls across the globe.

The way forward is to recommit to and strengthen climate action even further, accelerate and increase renewable energy generation, and continue to invest in an interconnected power grid.

To continue progress in the transition to renewable energy, we still need swifter and more agile processes in the permitting and tendering phases of energy infrastructure projects. Furthermore, an increased focus on sustainability in the value chain is central to driving the decarbonization of the energy infrastructure. A key element is to strengthen the significance of a low-carbon footprint in tender criteria by ensuring at least a 30% weight on sustainability. This would enable the environmental impact from manufacturing, transportation, and installation of products and solutions to be more carefully considered.

Towards a low-carbon future

In 2023, we continued to grow our business while executing our sustainability strategy and strengthening the global power grids essential to the transition to renewable energy. In close collaboration with our partners, we have connected offshore wind farms to shore, enabling renewable-generated electricity to flow across borders and ensuring necessary upgrades and repairs of the low-, medium-, and high-voltage power grids across Europe. During 2023, we have completed several power cable projects which are now enabling the flow of renewable energy to millions of households. Furthermore, we have continued executing on several high-profile power cable projects essential to the transition to renewable energy in the coming years.

In September this year, we reached a significant milestone in our journey towards net-zero emissions when the Science Based Targets initiative approved our near-term decarbonization targets. They include reducing scope 1 and 2 emissions by 90% until 2030



compared to 2019, continuing to operate with 100% renewable electricity through 2030, and reducing absolute scope 3 emissions from the use of sold products and purchased goods & services by 27.5% in 2030 from a 2019-baseline.

We are well on the way to reaching the targets for our scope 1 and 2 emissions, which have been reduced with 77% since 2019 and we continued to use renewable electricity for our operations. While reducing scope 3 emissions in the two categories by 24% compared to last year, they are still well above the baseline. This development is as expected and should be seen within the context of strong business growth in recent years. We maintain our high ambitions for scope 3 and continue executing on the roadmap aligned with reaching our target.

As a central player in the power sector, we are committed to lead the way towards a more sustainable future by engaging in dialogues with key stakeholders in the industry. At COP28 in Dubai, we participated in discussions focusing on how to continue the decarbonization of the power cable industry, and the importance of timely investments in upgrading the aging power grids and enhancing interconnectivity globally. This will increase grid flexibility, transmission security, and the utilization of the renewable energy generated.

Responsible partner and employer

Part of our sustainability journey is to continue our aspiration and efforts to be a fair and responsible partner and employer.

We have a strong focus on health and safety while safeguarding human rights and work to empower people across the organization, the industry, and in local communities. In 2023, we have seen an unsatisfactory development in safety incidents which is

now being addressed through dedicated initiatives implemented company-wide.

As a leading company in the power cable industry, a high-performing, diverse, and inclusive organization is a key enabler for our growth journey. This makes attracting, developing, and retaining talents and employees a high priority for NKT. In 2023, we have continued to strengthen our focus on ensuring an inclusive corporate culture based on diversity, collaboration, and our strong purpose.

We remain committed to conducting our business in accordance with the principles of the UN Global Compact and look forward to continuing to support the necessary acceleration of the green transition.

Our power cable systems are the backbone of the green transition. We connect wind farms, solar power and extend the existing power distribution and transmission grid to ensure the flow of renewable energy. Without a proper and interconnected infrastructure implemented, the green transition will stall.

Let us take immediate action, speed up processes, and continue to connect a greener world.

Claes Westerlind

President and CEO, NKT A/S
Chair of the Board, NKT Cables Group A/S

**Let us take
immediate
action, speed
up processes,
and continue
to connect a
greener world.**



Claes Westerlind

President & CEO
NKT A/S

Business model

Resources

People

NKT's core consists of a diverse, engaged and highly skilled workforce

Innovation

More than 130 years of pioneering the power cable industry with innovative technology for the future

Partners

NKT's business is built on long-standing relations and strong partnerships

Business



Value creation

A greener world

Sustainability is at the heart of NKT with a strong focus on connecting a greener world and delivering net-zero emissions by 2050

Societal value

NKT has a strong focus on ensuring equal opportunities in the organization, actively engaging in local communities and operating according to high safety standards

Customer value

NKT supports its customers with extensive experience, high quality solutions and services and strong project execution

Shareholder value

NKT is creating shareholder value through business performance

Business lines

Solutions

Specialized in high-voltage power cable solutions for on- and offshore installation

Applications

Markets building wires, low- and medium-voltage power cable solutions

Service & Accessories

On- and offshore power cable services and a full portfolio of accessories for medium- and high-voltage power cable systems

Partnerships and commitments

Climate commitments



In 2023, the Science Based Targets initiative approved the near-term decarbonization targets set by NKT marking an important step in the journey to net-zero emissions.



As a member, NKT has committed to taking corporate action to halve global emissions by 2030 in line with a 1.5°C pathway.



Under the UN Global Compact, NKT has committed to actively work towards conducting operations within the 1.5°C trajectory by setting science-based targets.



NKT is a member of the UNFCCC Race to Zero global campaign rallying to take rigorous and immediate action to halve global emissions by 2030.

Broader sustainability



NKT has been a member of the UN Global Compact since 2009 and actively supports and acts on principles to drive sustainable changes.



NKT is an active member of Europacable, supporting the focus on promoting sustainable and fair conditions in the wire and power cable industry.

Diversity and inclusion



To continue to promote diversity and inclusion across the company, NKT has pledged to abide the UN Women's Empowerment Principles and has a corporate target of no less than 30% women in senior leadership positions in 2025.



As a member of the Above and Beyond Diversity Council, NKT is actively taking part in addressing the barriers obstructing the advancement of more women into top management.



NKT supports the Tekniksprånget internship program to promote careers in engineering for female students in Sweden.



NKT is a signatory to the Confederation of Danish Industry's Gender Diversity Pledge to actively promote gender diversity across the organization.



NKT supports the work of Femtec.Alumnae in actively promoting and strengthening female career opportunities in science and technology in Germany



NKT is a founding member of the Powering Net Zero Pact where companies from the energy sector have committed to a series of social, environmental, and corporate commitments.



NKT is a partner in The Copper Mark, providing an assurance framework promoting responsible practices across the value chains of copper, molybdenum, nickel and zinc.

02

Strategy and Governance

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Sustainability governance

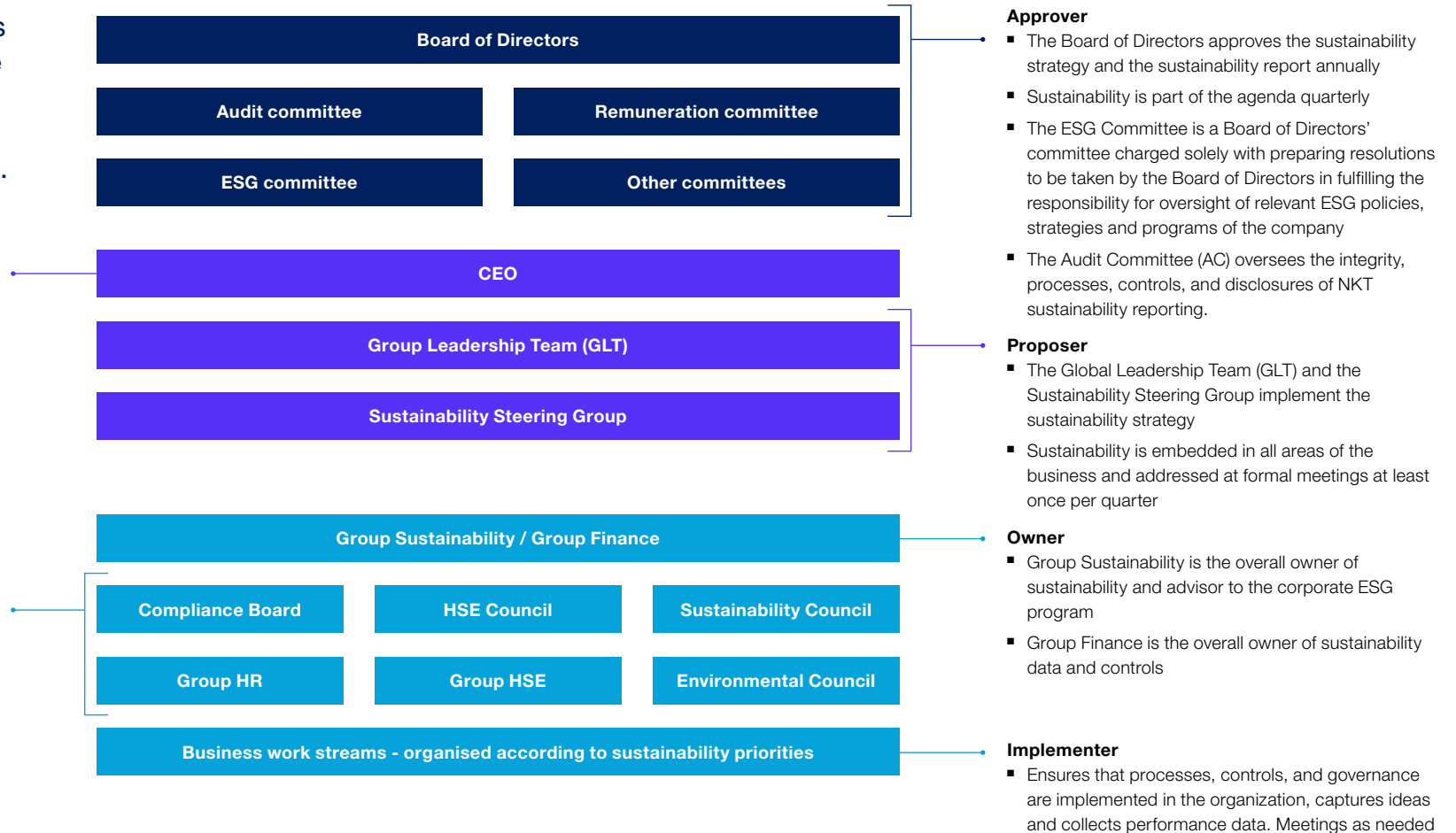
Sustainability is integrated in NKT’s operations with a clear governance structure that ensures continuous progress towards achieving the company’s sustainability ambitions.

Formulator

- The CEO is accountable for the sustainability strategy and Sustainability Report and oversees performance and progress on sustainability initiatives
- Sustainability is an integral part of CEO responsibilities and is also addressed at formalized meetings at least once per quarter

Driver

- Councils and functions ensure sustainability trends are captured, planned and prioritized. They provide guidance to the Sustainability Council and ensure actions from the Sustainability Steering Group and the Sustainability Council are addressed
- Councils have monthly meetings or as needed





Sustainability strategy

NKT believes that sustainability is not just a responsibility, but a strategic imperative.

The corporate strategy, "ReNew BOOST", reflects this belief by incorporating sustainability in all three pillars of the strategy and by designating the third and crucial pillar as "Let's drive sustainability".

NKT is a central player in the energy transition and recognizes the pivotal role that power cable systems play as critical infrastructure towards a low carbon future. This position presents not only commercial opportunities but also a responsibility to manage the company's sustainability impacts and risks effectively.

To drive sustainability, NKT works around three focal points: decarbonization and climate action, circularity, and ensuring a fair, inclusive, and just transition to a low-carbon economy. This includes considering the company's employees, the communities in which it operates, and the corporate value chain.

NKT aims to drive sustainability while positioning the company to seize the opportunities presented by the broader sustainability transition. Moreover, NKT aspires to be an active partner in this transition, serving as a change agent for an accelerated shift. In essence, the strategy is threefold: managing impacts and risks, seizing the opportunities that sustainability presents, and being a catalyst for change.

ReNew BOOST strategy

The third pillar of NKT's ReNew Boost strategy, "Let's Drive Sustainability" has three focal points underpinned by responsible business practices. The focus areas are derived from NKT's material impacts, risks, and opportunities and gives direction to the corporate actions for sustainability.





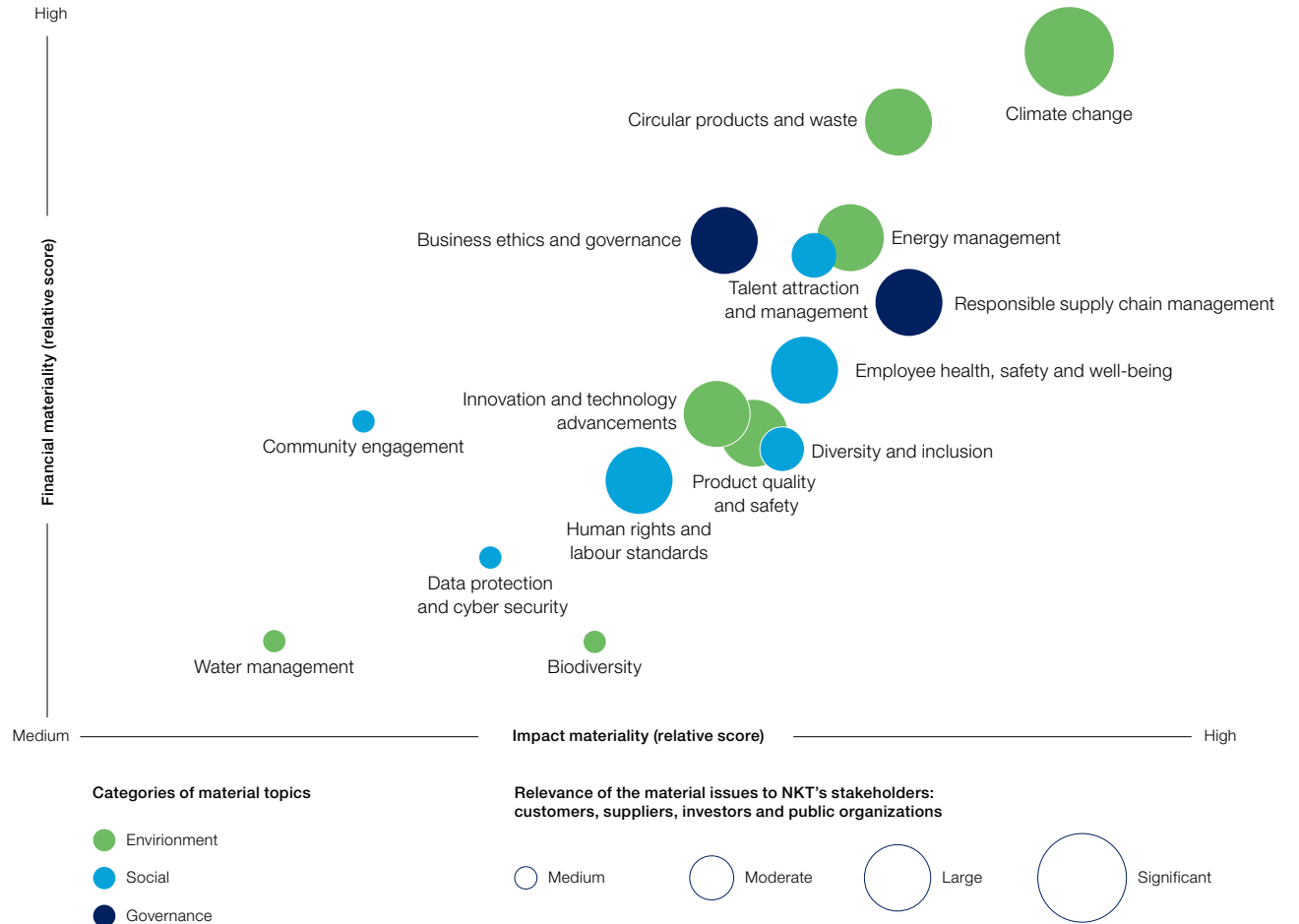
Materiality assessment

The materiality assessment identifies and prioritizes sustainability topics. It provides direction to NKT’s sustainability strategy and ensures that the company addresses the most material environmental, social, and governance impacts as well as the associated risks and opportunities for the company and all stakeholders across the value chain.

In 2022, NKT updated its materiality assessment to simultaneously consider impact and financial materiality. Recognizing that materiality assessment is a continuous process, NKT commits to updating the corporate materiality assessment in line with the Corporate Sustainability Reporting Directive (CSRD) to ensure NKT identifies and addresses existing and emerging impacts, risks, and opportunities. NKT furthermore commits to a CSRD compliant reporting for 2024.

In the 2022 update of the corporate materiality assessment, the material issues were finalized via a formal process, which included an analysis of global sustainability challenges (incl. trends, reports, guidelines), deep dives by topic segment, industry peer benchmarking, and a comprehensive stakeholder engagement process.

Materiality assessment





This extensive research supported NKT's identification and prioritization of highly relevant sustainability issues.

Guidance from the Global Reporting Initiative (GRI) was used to establish what is material in terms of impact. GRI suggests that materiality assessments should consider both internal and external factors, including the organization's mission, strategy, stakeholder concerns, societal expectations, and influence on suppliers and customers, in addition to compliance with international standards and agreements.

The financial impact assessment was conducted in accordance with guidelines from the Sustainability Accounting Standards Board (SASB). This covers the identification of topics, which impact operations and could result in financial impact through revenues, costs, assets, liabilities, and cost of capital. These topics were selected based on their relevance to investors, applicability across industries, actionability by companies, and stakeholder consensus.

The assessment followed a stakeholder-centric approach. Interviews and workshops with suppliers, customers, employees, and public organizations were at the core of identifying material topics, quantifying potential impact and validating the final scores.

**The materiality
assessment
identifies
and prioritize
sustainability
matters.**

**It provides
direction to NKT's
sustainability
strategy.**





Program portfolio

Sustainability programs at NKT are a direct reflection of our strategic imperative as outlined in the sustainability strategy, and are designed with a clear focus on the most material topics and risks.

In 2023, NKT continued to strengthen and execute on its decarbonization programs, which remain a central focus together with waste minimization and circularity. Simultaneously, the efforts to creating a safe and inclusive workspace, with a strong emphasis on diversity and inclusion, were sustained.

While some programs, such as community engagement, may not be directly material to the company, they are important because they reflect NKT's commitment of being a trusted partner for local communities.

The approach to new topics related to NKT's corporate sustainability efforts are developed on an ongoing basis. This includes increasing the ability to meet a corporate responsibility towards human rights in the workforce and the value chain, and the responsibility towards nature and biodiversity.

NKT production sites, all located in European countries, adhere to the latest national regulations governing waste management, water usage, pollution prevention and control, emissions management, and working conditions. Complying with the health, safety, and environmental regulations is considered NKT's license to operate and is thus not classified as a separate program. Nonetheless, the actions taken to meet these regulations directly influence the environmental footprint of the company and its products while enabling continued progress towards NKT's corporate sustainability ambitions.



[Learn more in the Integrated Management System Policy](#)

Environment

Climate change

1. Natural-gas free operations
2. Energy efficiency
3. Transition to alternative fuels
4. SF6 mitigation and management
5. Supplier engagement

Resource use and circularity

6. Waste management - reduce, recycle, and repurpose
7. Circularity – closing the loop
8. Packaging initiatives and take-back program
9. Product footprint

Biodiversity and ecosystems

10. Biodiversity

Social

Own workforce

11. Safety strategy 2026
12. Training and skills development
13. Diversity and inclusion
14. Human rights
15. Community engagement
16. Data privacy and ethics

Governance

Business conduct

17. Management of relationships with business partners
18. Corruption and anti-bribery
19. "Speak-up culture"
20. Responsible tax practices
21. Supplier due diligence

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Environment

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Environment

Environmental programs at NKT are centred around three key areas: climate change, resource use and circularity, and biodiversity.

In 2023, the primary focus remained on climate change, with programs concentrated on the company’s largest decarbonization levers. NKT has steadily progressed on reducing its scope 1 and 2 emissions by 2030 in line with its near-term target.

At the forefront of resource use and circularity, NKT has worked to eliminate landfill waste and remained focused on increasing its recycling rate to a level exceeding 90%. NKT maintained existing circularity initiatives, initiated new ones together with partners across the value chain, and is developing an overall circularity strategy and approach.

NKT also advanced its efforts on biodiversity, leaning on science-based targets for nature. This marks the beginning of the corporate journey towards preserving and enhancing biodiversity.

SBTi validated near-term target
 In 2023, the Science Based Target initiative approved NKT's near-term science-based emissions reduction target. NKT has also committed to set long-term emissions reductions targets with the SBTi in line with reaching net-zero by 2050.

[Read the full near-term science-based target and net-zero commitment](#)



Decarbonisation targets

90%

reduction of CO₂e emissions for scope 1 and 2 in 2030 compared to 2019

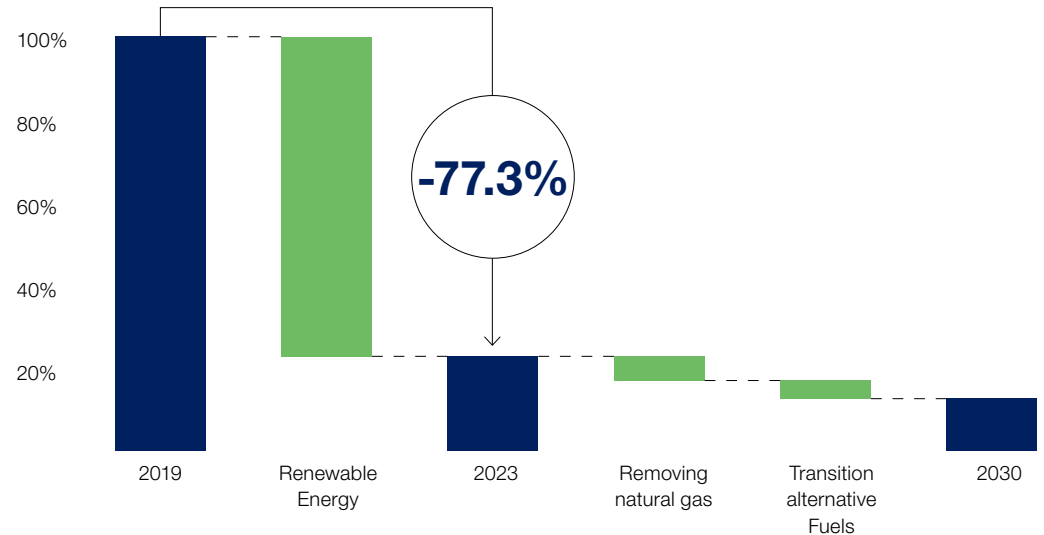
27.5%

reduction of CO₂e emissions for scope 3, category 1 & 11 in 2030 compared to 2019

100%

annual sourcing of renewable electricity by 2023 and continuing through to 2030

Carbon emissions reduction plan



* Find method statements and comments for non-financial data at page 60, 63, and 65.

Climate change

Climate-related risks

Key risks, impacts, and opportunities

NKT aims to leverage opportunities to mitigate and adapt to a changing climate. The opportunities are predominantly linked to NKT as a central contributor to the electrification of society and the energy transition.

NKT recognizes the importance of understanding and managing, to the greatest extent possible, the potential impacts that climate change can have on its business operations, as well as on the global market and the political landscape in which NKT operates.

With the increase in frequency and severity of extreme weather events such as coastal floods and severe windstorms, there is a growing need to implement actions on managing climate related risks in order to future-proof the company's operations. These developments are also in line with an increasing expectation from investors and regulators.

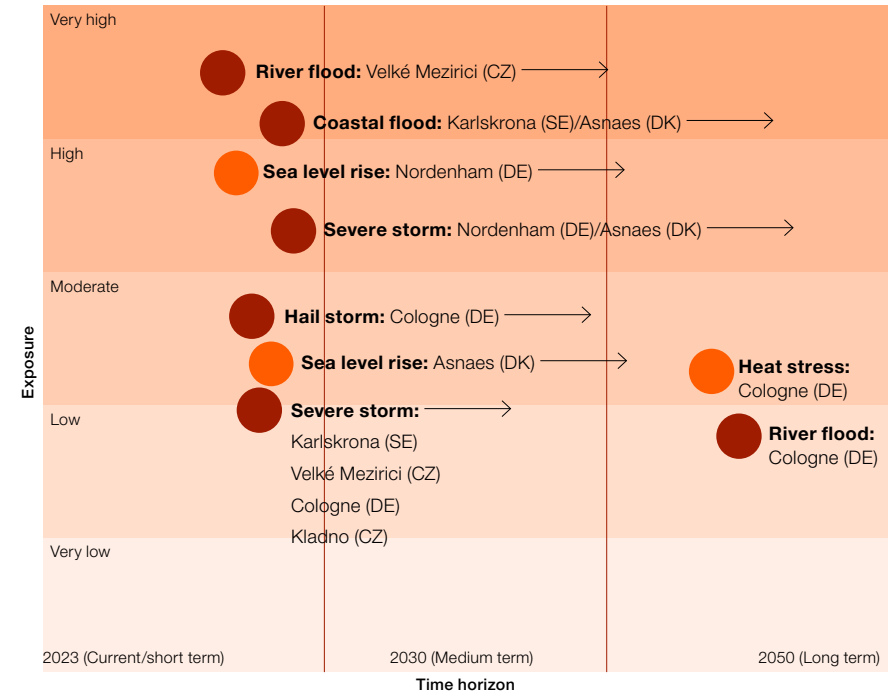
Climate risk assessment

In 2023, together with a third-party partner, NKT conducted a physical climate risk assessment; and investigated how projected climate-related risks, under various climate scenarios and time horizons, could potentially impact the company's production sites.

Based on the climate risk assessment carried out, NKT has identified a range of physical and transitional risks considering relevant climate scenarios by the IPCC. Recognising the general uncertainties of climate-related scenarios, NKT will draw on the updated findings as the company continues to expand on its understanding of how climate change can potentially impact business operations in the future.

The results of the climate risk assessment are visualised to the right and on the following page.

Physical climate risks



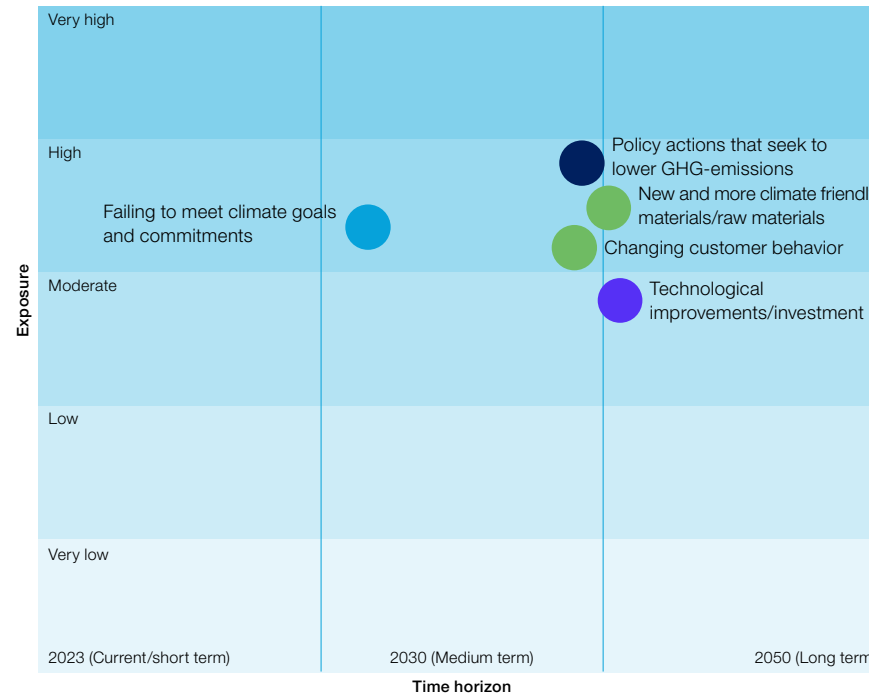
Physical Climate Risks

- Physical risk - Acute
- Physical risk - Chronic
- Continuously exposure across all time horizons:

NKT's main transition risks

- Transition risk - Policy and Legal**
 Policy actions seeking to lower greenhouse gas (GHG) emissions, either by promoting adaptation or imposing constraints on high-emission activities.
- Transition risk – Technology**
 Investment in new technology and innovations to support the transition to a low-carbon future will affect the competitiveness of old technologies, which may turn into stranded assets.
- Transition risk - Reputation**
 Failing to meet climate goals and commitments can harm relationships with investors, regulators, customers, and employees, and negatively impact the company's commercial relevance and reputation.
- Transition risk – Market**
 Risk of new and more climate friendly materials/ raw materials becoming more expensive and less accessible. Changing customer behaviour entailing reduced demand for goods and services or shifts in consumer preferences towards new entrant players.

Transition risks



Climate scenarios and time horizons for physical and transition risks

2023 (Current)	< 2°C scenario (RCP2.6/SSP1): < 2°C*
2030	2-3°C scenario (RCP4.5/SSP2): 2-3°C*
2050	> 4°C scenario (RCP8.5/SSP5): > 4°C*

* Temperature rise from pre-industrial times by the end of the century

Next Steps

Going forward, NKT will:

- Extend the physical climate risk assessment to the supply chain and NKT's non-production sites, such as office locations. This will provide a complete overview of the major climate-related risks to the business.
- Identify and/or update existing mitigation measures based on the new risk assessment at all production sites and locations. This will be based on the specific physical climate risk identified for each location. Mitigation measures have previously been identified at some sites and include but are not limited to business continuation plans or physical structures to limit the risk exposure.

Climate change

Natural gas-free operations

Key risks, impacts, and opportunities

Natural gas is one of NKT’s largest sources of CO₂e emissions when considering Scope 1 and 2 emissions. NKT primarily uses natural gas for facility heating, and in certain operations during the production process.

Considering the share of natural gas that constitutes NKT's total corporate emissions, it is critical to eliminate its use in operations to meet the corporate net-zero ambitions.

Natural gas also has historical links to energy security and can be subject to security politics, which further emphasizes the need for lesser dependency in the future.

Management and approach

NKT is phasing out natural gas from eight factories across Europe. The approach is tailored to the local context and is centred around:

- Implementation of alternative technologies, including the installation of heat pumps, excess heat capture and solar panels.

- Engaging with local authorities to support the development of new heating and electricity sources, in particular in Asnaes, Denmark, as described below.
- Transitioning from natural gas to biogas in scenarios where no other feasible alternatives to gas usage are available in the short term.

Progress

- Natural gas consumption in 2023 was 16,829 MWh in comparison to 15,131 MWh in 2022, an increase which NKT actively addresses.
- All sites using natural gas have either allocated budget, concluded feasibility studies, planned roadmaps and/or acquired third-party offers on technology-related measures suitable to the local site’s set-up, e.g. on purchasing and installing heat pumps and solar panels, or investments to capture excess heat from production.

- In 2023, the construction of a district heating plant in the direct neighbourhood to the Asnaes production site in Denmark progressed. Once commissioned, excess heat from production will be fed to the district heating system. The plant will supply the Asnaes production site with heat eliminating natural gas consumption at the site.
- In 2023, NKT sourced biogas at the Cologne production site in Germany to meet part of the site’s yearly gas consumption needs. The site has prepared investment plans to introduce technology changes designed to reduce natural gas consumption in general.

Next steps

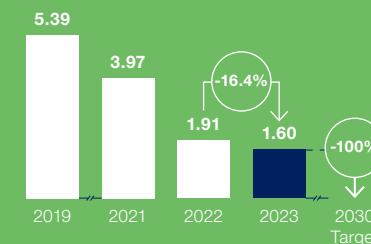
In 2024, NKT will focus on the following actions to phase out the use of natural gas:

- Finalize road maps to eliminate natural gas use at all our production sites.
- Implement optimal solutions to realize positive impact.

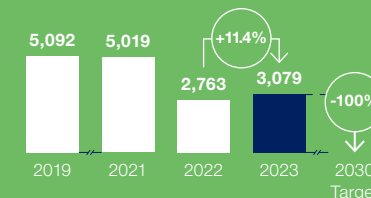
Target

Natural gas free operations by 2030.

Carbon intensity from natural gas, tCO₂e per mEUR



CO₂e emissions from natural gas consumption, tCO₂e per mEUR



Find method statements and comments for non-financial data at page 60-61.



Climate change

Energy efficiency

Key risks, impacts, and opportunities

NKT is on a growth trajectory and is investing heavily in its operations, which is likely to increase energy consumption. However, by focusing on energy efficiency, the aim is to balance this growth with the corporate decarbonisation and net-zero goals.

Decarbonisation also entails using energy more efficiently and effectively. Overall, energy efficiency actions can offer significant opportunities such as cost savings, new business opportunities, and positive environmental impact. However, it also presents challenges such as the need for large upfront investments and potential operational changes. There are also risks involved, including measurement challenges, regulatory compliance, and technological dependence.

Management and approach

NKT has embedded its focus on energy efficiency within the corporate strategy to drive continuous monitoring and progress. The

ongoing monitoring of energy performance allows for prompt responses to anomalies and provides key information to enhance energy efficiency. The company also addresses this challenge by implementing processes, which promote a data-driven progress on energy efficiency and enables rapid responses to deviations in energy consumption patterns. Notably the energy intensity, measured as MWh per mEUR, is declining, showcasing the success of the strategy and actions to improve energy efficiency.

Progress

During 2023, NKT focused on the following actions to improve our energy efficiency:

- Achieved ISO 50001 on energy management at one of the major production sites. This is in addition to the ISO 5001 certifications already received at other company sites. The certification will support working systematically on energy efficiency measures.

- NKT conducted comprehensive energy assessments for individual components in the production line. This effort led to significant operational adjustments, such as discontinuing the use of energy-inefficient equipment and modifying operational modes to reduce energy consumption during idle periods.
- Continued replacing legacy light sources with LED.

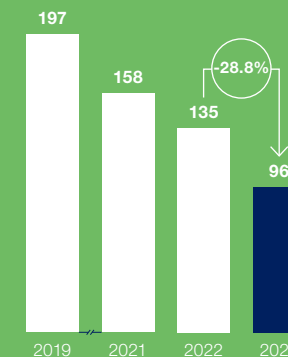
Next steps

- Continue to implement long-term energy efficiency programs at all sites.
- Leverage energy data to drive energy efficiency and remedial actions as needed.

Target

Continuous improvement of energy efficiency.

Energy intensity related to stationary equipment and facilities, MWh per mEUR



Find method statements and comments for non-financial data at page 61.

Climate change

Transition to alternative fuels

Key risks, impacts, and opportunities

Achieving a low-carbon society necessitates a transportation system founded on electrification and alternative fuels. However, the transition to alternative fuels relies on well-established political frameworks and investments in both infrastructure and emerging technologies. Furthermore, it relies on collective efforts of all stakeholders to drive a broader commitment to actively contribute to a fossil fuel free future.

Management and approach

Reducing and decarbonizing fuel consumption plays a key role in meeting NKT's decarbonization goals. NKT is partly using alternative fuels in the company fleet and in stationary equipment, and the installation vessel, NKT Victoria has been upgraded to run on biofuel. As NKT Victoria is currently engaged full time she consumes a significant amount of fuel.

NKT is furthermore implementing program initiatives to eliminate the use of diesel in internal logistics and stationary equipment by 2027. The company is also advancing to achieve full transitioning to electric/hybrid vehicles for the company fleet by 2025.

Progress

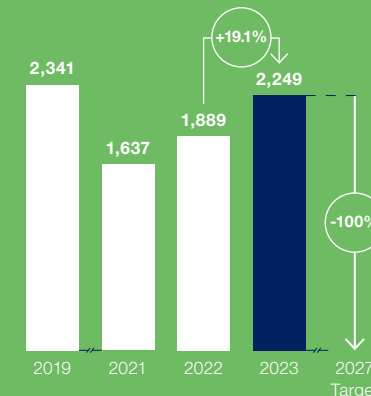
In 2023, NKT Victoria became certified to operate on biofuels such as hydrotreated vegetable oil (HVO). NKT is thus one of the first companies in the power cable industry capable to replace fossil fuels in offshore cable installation. Using HVO as a fuel can significantly reduce the carbon footprint from NKT Victoria's operations, with up to more than 98%¹. The biofuel HVO is produced using a portfolio of raw material consisting of residual and waste products. NKT Victoria can fully or partly operate on HVO during offshore operations as requested by NKT's customers. She can furthermore operate on power from shore during cable loading activities.



Target

Fossil-free fuel for land-based vehicles by 2027. Company fleet will be electric/hybrid by 2025.

CO₂e emissions from fossil fuel consumption related to internal vehicles and stationary equipment, metric tons CO₂e



¹ Based on DEFRA database. The database information used for the comparison is based on scope 1 emission for the respective fuels for the assets under direct control and does not include scope 3 and outside scope emission for this calculation.

Find method statements and comments for non-financial data at page 60-61.



Climate change

As such, this can contribute significantly to the company's decarbonization journey. It also reduces sulphur content and particulate matter, leading to improved quality of emissions.

In 2023, NKT's fossil fuel consumption for internal vehicles increased due to increased fuel consumption for equipment in service & installation activities. However, NKT also continued to progress on shifting its fleet and internal vehicles to electric vehicles. Similar to 2022, NKT proceeded with the following actions to accelerate its transition to alternative fuels:

- Shift to electric car fleet via the corporate car policy. Upon lease renewal, the previous vehicle is exchanged for an electric vehicle and NKT thereby stepwise replaces fossil-fuel vehicles in its fleet to electric ones.
- NKT replaced additional internal logistic vehicles - such as forklifts - to electric vehicles and will replace the few remaining vehicles. The replacement of larger heavy-duty vehicles remains challenging in terms of technological feasibility and cost. Currently a number of these are instead operating, or will operate, on biofuels to minimise their environmental impact.

Next steps

Going forward, NKT will focus on the execution of these initiatives. Specifically, NKT will:

- Execute program initiatives enabling transition to electricity and/or biofuel powered internal vehicles and stationary equipment.
- Continue dialogues with customers to ensure availability of infrastructure for alternative fuels at installation sites. Continue dialogues with customers to use HVO for NKT Victoria during cable installation operations.

NKT Victoria can now operate on biofuel during offshore operations significantly reducing her carbon footprint.





Climate change

SF6 mitigations and management

Key risks, impacts, and opportunities

SF6 is a greenhouse gas with a high global warming potential and with an increasing atmospheric concentration. It is commonly used in products for power transmission and distribution, for example in medium- and high-voltage electrical equipment which traditionally contains SF6 for insulation. Leakages of SF6, and other F-gases, pose major risks to the environment, continued progress on the transition to a green energy system, and global climate goals.

In line with recent EU legislation, NKT supports the general transition towards phasing out the use of SF6 in electrical grids.

Management and approach

NKT currently uses SF6 gases in a small selection of products and while testing and validating products.

As part of the corporate strategy, NKT is actively working on developing alternative solutions to replace SF6 for example in the cable accessories product portfolio.

Furthermore, NKT works actively to minimize the use and prevent potential leakages of SF6 and other F-gases in our own operations. Potential leakages and release of SF6 are mitigated via risk reduction measures and monitoring processes, which allow for detecting and managing potential leakages rapidly.

Progress

NKT has an ongoing development program for SF6 alternatives.

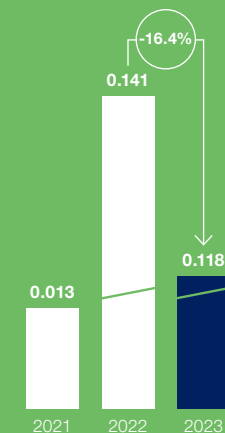
In 2023, NKT improved SF6 leakage monitoring and detection systems and management processes at one production site and identified potential risks at other sites. In comparison to last year, NKT had only one minor leakage incident.

Additionally, NKT maintained the following measures to prevent SF6 leakages at the production and testing sites:

Target

SF6-free cable accessories implemented by 2027.

SF6 leakage intensity, metric tons CO₂e per MEuro



Find method statements and comments for non-financial data at page 60.



Climate change

Preventive measures:

- Internal education of relevant employees.
- Only certified staff handles SF6.
- Clear and implemented routines, risk assessments, equipment testing.
- Control cards for gas measurements implemented.

In case of a leakage:

- Alarm systems and emergency evacuation equipment in place to handle remaining gas.
- Continuous improvement process in place for lessons learned, root cause analysis and implementation of identified preventive actions.

Next steps

NKT will continue to act towards mitigating and managing SF6 gas leakages and to phase-out SF6 gases from electricity grids. The focus will be to:

- Maintain strong processes and security measures to mitigate SF6 leakages.
- Continue ongoing programs to develop solutions with more sustainable alternatives to SF6.
- Ensure that F-gases with a low Global Warming Potential are procured.

**NKT has
an ongoing
development
program for SF6
alternatives.**



Climate change

Supplier engagement

Key risks, impacts, and opportunities

NKT is a manufacturing company and sources raw materials globally. The materials used, such as copper, aluminium, steel, and plastics have a significant impact on climate, environment, and society and additionally the majority of metal reserves originate in countries with high risk profiles.

A significant portion of NKT's sustainability impact is therefore attributable to the supply chain - about one-third of NKT's scope 3 emissions are associated with 'purchased goods and services'.

Addressing the decarbonization of the supply chain is therefore a vital opportunity for NKT to reduce the corporate scope 3 emissions and simultaneously provide low-carbon solutions to its customers.

Management and approach

NKT's Supplier Engagement Program addresses the sustainability risks and impacts within its supply chain and aims to reduce climate and adverse human rights impacts.

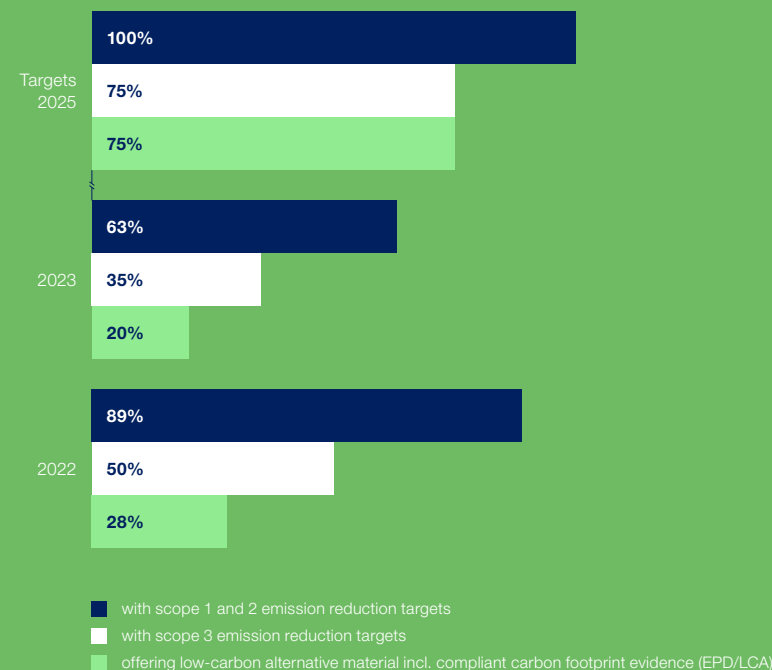
The program is based on collaboration with strategic partners in the supply chain and primarily targets suppliers of metals and plastics, identified as high-risk in terms of climate and environmental as well as human rights impacts in the corporate materiality assessment. The program also targets suppliers within offshore installation works due to the high fuel consumption, which contributes significantly to the corporate climate impact.

The Supplier Engagement Program is designed to foster transparency and to build strong relationships for change. A crucial aspect of this is alignment with customers and suppliers on a decarbonization roadmap, which is key to offering low-carbon cable solutions and achieving corporate decarbonization targets.

Target

Science-based target: 27.5 % reduction in scope 3 until 2030 in the scope 3 category 1 "Purchased Goods and Services" and category 11 "Use of Sold Products".

Share of suppliers in engagement program



Find method statements and comments for non-financial data at page 65-66.

Climate change

Progress

During 2023, the following activities were completed:

- Onboarded additional suppliers to the Supplier Engagement program, this included installation sub-contractors.
- Integrated climate questionnaires into the corporate qualification tool and other IT systems used for procurement.
- Integrated ESG parameters into our sourcing approach for high impact production materials and into category strategies of production related materials.
- Joined The Copper Mark and engaging in their Impact working group which covers environment and human rights impacts. The Copper Mark is a multistakeholder assurance framework that promotes responsible production practices across the copper value chain, providing independent third-party verification and contributing to sustainable development.
- Increased transparency on high impact materials and associated product footprints.

Next steps

Going forward NKT will:

- Develop Sustainable Procurement Policy.
- Conduct trainings for internal stakeholders and suppliers on Sustainable Procurement Policy and guidance on supplier Product Carbon Footprint.
- Integrate ESG parameters into Category Strategies e.g. with installation subcontractors.
- Integrate human rights and strengthen social aspects in the Supplier Engagement Program.

Prioritizing supply chain impact

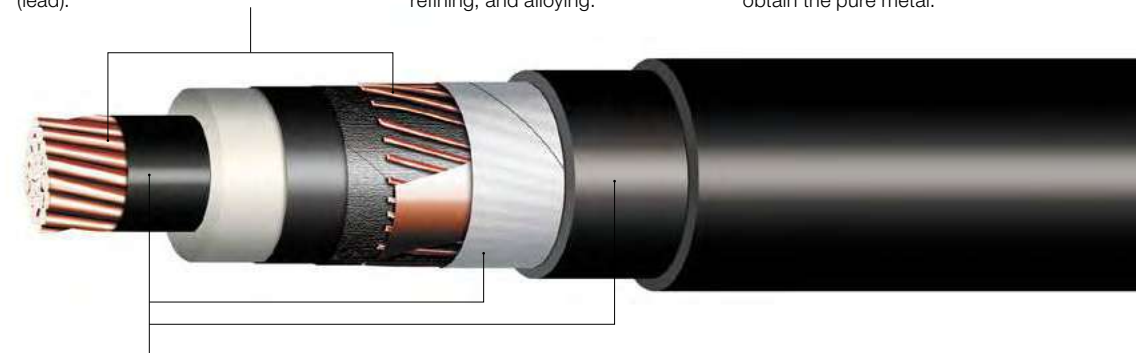
Metal and plastics are core components in the production of a cable. Metals and plastics are based on the extraction, processing, and manufacturing of raw materials, which have a significant impact on climate, environment, and society. To minimize these, NKT actively works in strategic partnerships with suppliers of metal and plastics, enabling both targeting of the largest environmental and social risks and contributing to the sustainability of the produced cable.

Metals – Copper, Aluminium, Steel, Lead

Processed metals are used in cables for various purposes, such as conducting electricity (aluminium and copper), providing strength (steel) and shielding (lead).

← **Processing and manufacturing**
Extracted metals are turned into usable forms, often through smelting, refining, and alloying.

← **Raw material extraction**
Metals are extracted from the earth through mining, whereas ores are collected and then processed to obtain the pure metal.



Plastic – PE, PVC, Filling Compounds

Manufactured plastic are used in the cables for insulation (PE, PVC) and filling purposes (filling compounds).

← **Processing and manufacturing**
The raw materials undergo a polymerization process to create resins, which are then formed into the desired plastic products.

← **Raw material extraction**
Plastics are derived from natural, organic materials such as cellulose, coal, natural gas, salt, and, of course, crude oil.

Resource use and circular economy

Waste management – reduce, recycle, and repurpose

Key risks, impacts, and opportunities

Responsible handling of waste fractions and materials is central to enable the minimization of NKT’s impact on nature and climate change. In general, NKT has well-developed waste management systems and strong partners to support this at factory and project sites and NKT has the opportunity to become the first leading cable manufacturer to reach landfill levels less than 1% and beyond towards zero. However, as the attention on circularity increases in 2024, it is critical to also optimize on waste in the design, processes, and manufacturing of our products to drive progress – especially in processes using scarce materials, such as copper, or potentially polluting materials, such as chemicals and plastic. Additionally, NKT’s focus on reducing landfill and incineration, and increasing reuse or recycling is important to its business and sustainability ambitions.

Management and approach

NKT strives to make efficient use of resources in all production processes, prioritizing high efficiency in resource consumption, and maximizing recyclability of unavoidable waste. A strong focus is placed on reduction of waste, including open and closed-loop recycling of metals and plastics. This is addressed through sustainable product design and initiatives at all production sites to both reduce the amount of waste produced and increase the rate of circularity. The initiatives take local context into account, reflecting the national differences in current recycling and waste infrastructure available across different countries. However, NKT will always follow the most ambitious approach to reduce waste and increase recyclability – whether that is corporate or local regulation.

Three guiding principles have been defined as part of NKT’s waste strategy:

1. Advance circularity in materials and material use.
2. No compromise on landfill and incineration.
3. Integrate the 5Rs (refuse, reduce, reuse, repurpose, recycle) of waste management across NKT.

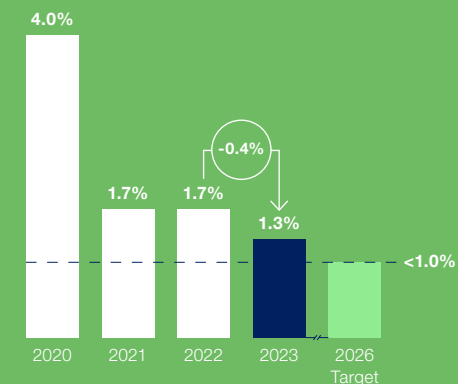
As key elements in achieving a circular economy, NKT considers the interactions between circularity, waste management and the regeneration of nature to ensure projects and targets align and support each other.

Target

≤1% waste directed to landfill and incineration by 2026.

≥90% of production waste diverted to recycling or reuse by 2028.

Waste directed to landfill and incineration (no energy recovery), percentage share of total annual waste volumes



Find method statements and comments for non-financial data at page 61.



Resource use and circular economy

Waste management – reduce, recycle, and repurpose



Progress

- Successfully directed 4.5% more of total waste to re-use, recycling and composting instead of recovery and incineration than in 2022.
- Reduced diversion of waste directed to recovery with 4% of total waste generated compared to 2022.
- Reduced diversion to landfill to 1.3% of total waste generated.
- Reduced scrap rates at all sites via action plans, target setting and tracking, for example, maintenance routine of scrap containers.
- Changed waste handlers to send waste to incineration for waste recovery instead of sending the waste to landfill. This necessitated new equipment at NKT sites.

- Improved sorting and tracing of waste streams to enable improved waste treatment, which included the involvement of external stakeholders to identify opportunities for improved waste handling.
- Increased existing in-house recycling initiatives to gather scrap material and feed it back into the production flow post regranulation.
- Introduced a system to trace waste streams at one more factory. At two factories, NKT is now tracing the waste streams from production through SAP. The waste fractions are identified and mapped in SAP during the design phase, which allows the production sites to handle and manage the waste fractions more efficiently.

Next steps

- Continue investigating and implementing new methods to increase reuse and recycling of waste from production.
- Leverage results from pilot project on recycling and/or reuse copper scrap in collaboration with suppliers and waste handler.
- Explore partnership opportunities e.g. within academia.
- Strategize on increasing scope of the waste fractions pilot project in production processes.

Resource use and circular economy

Circularity – closing the loop

Key risks, impacts, and opportunities

NKT actively supports an accelerated transition to a low-carbon future – both through its products and services, and the methods in which business is conducted. NKT recognizes that circularity is essential to achieve the global goal of net-zero emissions, and to ensure availability of resources for the generations to come, by reducing the dependency on new sourcing raw materials. Circularity is also at the core of addressing the global challenges of climate change, resource consumption, pollution, waste, and biodiversity loss. The evolving regulatory landscape, customers' circularity demands, and zero waste ambitions provide momentum and opportunity to speed up NKT's circularity ambitions. NKT has the means to explore and develop alternatives to non-renewable materials and increase the circular mindset in the cable industry and beyond, and NKT is already working actively towards enabling progress on these topics both in-house and through partnerships, with a current focus on production and installation activities.

Management and approach

Increasing the circularity rate is particularly important for the key components of NKT's products, such as copper, aluminium, steel, and plastics. Traditionally, these materials are derived from resource-intensive processes with negative impacts on environment, communities, and human health. Therefore, NKT is focusing on supporting the development of a circular mindset as well as on testing and implementing alternative methods and materials wherever possible.

NKT already considers aspects of circularity in its business model, e.g. by producing cables that have a long life-time and providing repair services to clients. Furthermore, NKT is actively working to increase focus on circularity by developing strategic ambitions on zero waste and circularity. Going forward, NKT aims to ensure circularity becomes second nature for stakeholders across the value chain – and through the complete lifecycle of its products, from design to end-of-life.

A core part of the strategy is to engage with external partners, such as suppliers, waste handlers, industry organizations, and customers

involved in re-use and recycling along the entire value chain. This complements the previously described actions on minimising waste and increasing circularity in the design and manufacture of our products. NKT's actions to increase circularity will progressively enable customers to install transmission systems with a lower climate impact from a lifecycle perspective.

Progress

- The first company in the power cable industry to successfully develop mechanical recycling of cross-linked polyethylene (XLPE) (2020).
- Initiated pilot project to decrease the carbon footprint from power cable production by investigating methods to replace a substantial proportion of materials used with recycled polyethylene (2021).
- Mixed material fractions, including XLPE, PE, HFFR, foils and yarns, which cannot be reused are recycled and then repurposed to manufacture products like flowerpots, cable drums, and traffic barrier pole feet.

Target

Continuously create a sustainable value proposition through the lifecycle of products and solutions, and actively pursue zero waste through circularity.

Waste directed to re-use, recycling & composting, percentage share of total annual waste volumes



Find method statements and comments for non-financial data at page 61.



Resource use and circular economy

- Implemented measures to reduce consumption by avoiding or reducing higher material consumption than listed in the design; (action plans, target setting and tracking in place).
- Pilot project initiated in collaboration with suppliers and partners to evaluate and test reuse of materials to divert it from waste category.
- Strengthened the processes and activities for inhouse recycling initiatives, e.g. for PVC in our operations.

Next steps

- Development of circularity strategy and policy has been initiated to create ambitions and frameworks for NKT. The strategic foundation and action plan will be finalised in 2024.
- Create baselines for circularity topics including targets and metrics.
- Circularity trainings for internal staff at NKT to enable the mindset in all phases of production as well as everyday work.

A large photograph showing several thick, blue, flexible cables or hoses coiled around a wooden spool. The background shows a forest with trees and sunlight filtering through the leaves, creating a bright, natural atmosphere.

**NKT is
actively
working to
increase
focus on
circularity.**



Resource use and circular economy

Packaging initiatives and take-back program

Key risks, impacts, and opportunities

Packaging products for transport and easy installation is a significant challenge in eliminating waste generation. During installation, there is a risk of cable drums, trolleys, and packaging materials being left as waste post-delivery. This creates a risk of increased waste and non-circular use of otherwise reusable resources, resulting in a negative environmental impact through e.g. pollution. Furthermore, packaging on NKT products becomes a part of customers' waste fractions. Optimizing packaging both in terms of minimization, potential reuse/recycling, and/or take-back systems is therefore a key component in ensuring better outcomes for customers

Management and approach

NKT is working to reduce and optimize its use of packaging materials. However, the need for packaging of products remains today, and in these instances, NKT works to increase the rate of recycling or returnability of packaging mate-

rials. Additionally, NKT is working on rethinking and redesigning the packaging materials or shifting to alternative materials which have reduced environmental impacts.

NKT is proud of its corporate systems to return drums and pallets. The first drum take-back program has been running for more than 30 years.

Progress

- Introducing alternative stretch foil with improved material properties to reduce foil consumption.
- Introduced circular pallet rental system and buying of used pallets instead of new ones.
- Pallet and drum return systems are in place in many markets with customized setups but with the same target of increasing returnability.
- Sustainable sourcing of wood-based packaging materials (e.g. PEFC certification of wood suppliers).

- About 10% of the wooden drums and 65% of the Qaddy® -trolleys are managed by the refund/reuse system every year.

Next steps

- Explore more possibilities to optimize drums and logistics for the customers.
- Evaluate further initiatives to improve type of packaging materials and increase circularity in our packaging.
- Increase share of recycled content in packaging materials.
- Increase share of packaging that is part of a return system.
- Secure sustainable sourcing of for example wood-based packaging materials.

Target

Continue to develop the take-back program with the aim to increase circularity and logistics efficiency.



Resource use and circular economy

Product footprint

Key risks, impacts, and opportunities

As a manufacturing company, the product is at the core of NKT and to connect a greener world, it is essential to work continuously with the products' environmental footprint. NKT believes that it is fundamental that the materials and approach leveraged to reach a sustainable energy system should be produced, installed and maintained with the lowest reasonable environmental footprint. Power cables from NKT have the potential to support a more sustainable future, and NKT supports this by continuously developing well-documented and optimized product footprints. If not, NKT potentially risks weakening its circular value proposition creating disadvantages in the future market. NKT has the opportunity to work closely with suppliers, partners and customers to ensure quality products with a minimal environmental footprint.

Management and approach

As a technology leader in the power cable industry, NKT has a long-term strategy to be a key player in developing the next generation of power cables and accessories essential to drive

the transition to renewable energy. NKT works to minimise and manage the environmental impact and carbon footprint of its products and solutions through the three focus areas below. NKT works on these areas both through initiatives in its own production sites and solution offerings, and in partnerships with major suppliers and customers.

Focus area 1: Providing transparency on the environmental footprint of our products

NKT commits to supporting full transparency of the carbon and environmental footprint as part of the green transition. NKT provides Life Cycle Assessments (LCAs) for its customers to increase the transparency and accuracy of the carbon and environmental footprint of its products. Environmental Product Declarations (EPDs) are provided on standard products, allowing customers to know the details for the items procured. To do so, NKT continuously works on increasing the availability and accuracy of relevant data. NKT's EPDs are prepared in accordance with international standards and third-party verification.

Focus area 2: Focus on low-carbon and high circularity products

NKT works to increase the use of circular materials in its products. If requested, NKT provides low-carbon materials to customers, and work continuously with its strategic suppliers and customers to further decarbonise its products. It is important for NKT to not just deliver high quality for its customers, but also to drive them towards investing in solutions with high sustainability considerations. NKT works to increase circularity in its products through various areas such as throughout the design phase, recyclability of materials, reuse, and waste reduction. NKT also works towards increasing the environmental performance of its products, based on the data mentioned under focus area 1.

Focus area 3: Research and development

NKT continuously works on the development of new products and solutions. Doing so, it is important to design products and solutions, that can be manufactured sustainably and with an efficient material usage. NKT furthermore focuses on designing products and solutions with low power losses, long product lifespans,

Target

Continuously create a sustainable value proposition by ensuring environmental stewardship through the lifecycle of products and solutions.

Complete development of superconducting prototype technology by 2024.

In collaboration with clients, gradually decarbonize the materials used in the cable cross sections.



Resource use and circular economy

and with an increased potential for decommissioning and recycling. Climate impact is a core element in the R&D strategy and is integrated in the business strategy. In NKT Group R&D manages the development and continuous improvement of new and existing materials in close collaboration with the rest of the company and through external partnerships.

As an example of an emerging technology, superconducting power cable technology enables power-dense transmission carrying a large amount of electric power via a very compact cable design. NKT is currently engaged in the SuperLink project in Germany, which is expected to become a 12 km cable link with a power rating of 500 MW and a voltage level of 110 kV. To keep the cable from overheating, NKT uses the environmentally harmless refrigerant nitrogen – considering function and sustainability at the same time.

Progress

- NKT has provided solutions that have resulted in a direct impact on the products' carbon footprint and the corporate scope 3 emissions. This is for example related to solutions using recycled or low-carbon copper or/and aluminium.
- Created third-party verified Environmental Product Declarations (EPDs) on part of product portfolio in line with international standards. To facilitate this, NKT procured a EPD generator tool specific to certain products.
- Carried out LCAs for specific projects as per customer requests.
- Implemented improvements in manufacturing processes to lower the environmental footprint of production. See actions described in the Environment section.
- Engaged metal and plastic suppliers through the NKT Supplier Engagement program.
- Increased the focus on procuring more sustainable materials and engaging with ESG responsible suppliers.

- Implementing low loss conductor (2021-2025) that will help reduce the CO₂e emissions from power cable systems during operation.

Next steps

- Increase the span of the environmental footprint calculations to cover the whole product portfolio.
- Continue development to maximise power output while minimizing the use of metals and plastics.
- Continue development of HVDC and HVAC technology.
- Continue collaboration with the supply chain to source materials with low carbon footprints.
- Investigate design for lead-free offshore power cables.
- Continue research and development of new materials focusing on increasing performance and on decreasing environmental impact.
- Continue technology development for the SuperLink project.





Biodiversity and ecosystems

Biodiversity

Key risks, impacts, and opportunities

Integrating nature and biodiversity into business practices is essential for fostering sustainable development and addressing global ecological challenges. NKT is a company working in and with nature and is actively taking responsibility in protecting biodiversity.

The production and installation of power cables has an impact on the environment and biodiversity, which NKT actively addresses through its strategic environment programs. Simultaneously, corporate activities are influenced by the environment, for example in terms of the availability of natural resources used for the production of power cables. NKT recognizes the importance of understanding both types of risks to implement mitigation activities supporting a nature positive business. The fact that NKT works directly with natural environments, provides it with a unique opportunity to apply the mitigation hierarchy to improve biodiversity and the state of nature, as well as implement nature-based solutions and processes.

Management and approach

NKT is actively working on updating its approach to biodiversity with a focus on materiality and science-based metrics. Within an evolving regulatory framework and with shifting biodiversity requirements from customers, NKT recognises the complexities of biodiversity and is committed to continuous learning and collaboration with environmental experts.

NKT aspires to transition from a focus on risk mitigation to enabling a positive impact on biodiversity through a comprehensive strategic foundation resulting in concrete action plans targeting NKT's material impacts and sites. Minimizing the corporate impact on nature is closely linked to reducing NKT's environmental footprint, through circularity and waste reduction initiatives as well as the environmental management at production sites.

Progress

- Initiation of analysis aligned with science-based targets (SBT) for nature.
- Identification of pressures on nature related to NKT's economic activities and operational sites.
- Onshore NKT has successfully worked in Natura 2000 and other protected areas to protect wildlife and biodiversity, e.g. by protecting local birdlife for the duration of the Shetland project cable installation.
- The seabed is safeguarded during trenching and cable burial, safe distance to marine mammals is kept during offshore operations and NKT has experience from several operations in high-risk marine environments.

Next steps

- During 2024 NKT will develop and commit to a Biodiversity Policy and strategic roadmap to specify ambition and targets for biodiversity at NKT projects and sites
- Expand scope of risk assessment to include main suppliers.
- Increase measurement capabilities based on scientific knowledge gained from SBT for nature.
- Develop and implement concrete initiatives to support biodiversity on land and sea.

Target

Aiming for biodiversity net gain in all operations.

NKT is aligned with the science-based targets for nature.

- 1 **Assess**
NKT is mapping material impacts and dependencies in the value chain.
- 2 **Interpret & Prioritize**
By prioritizing sites and projects, NKT can pinpoint targets and level of effort needed.
- 3 **Measure, Set & Disclose**
NKT wants to achieve a baseline, target description and timeline for action.
- 4 **Act**
Taking actions within the four categories – Avoid, Reduce, Restore/ Regenerate & Transform.
- 5 **Track**
NKT will monitor, adapt and verify to ensure a continuously proactive approach.



04

Social

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Social

Social programs at NKT are centred around health and safety, diversity and inclusion, human rights, and community engagement.

In 2023, NKT continued its focus on being a responsible employer. These efforts involved a strong focus on the health and safety of the company’s own workforce, ensuring equal opportunities in the organization, and on engaging with local communities in the areas, where NKT operates.

Workplace safety is a license to operate for NKT, and the company continuously work to ensure the safety of its employees, suppliers, customers, and partners by strengthening its corporate safety culture. During the year, NKT has strengthened its approach to human rights to address impacts for both the company’s own work force and value chain.

Targets

Diversity and inclusion

≥30%

representation of the underrepresented gender in NKT in the Group Leadership Team and the Extended Leadership Team by 2025

≥40%

representation of the underrepresented gender in NKT on the Board of Directors by 2025

≥30%

minimum share of female new-hires by 2025

≥74

in diversity and inclusion score in employee engagement survey by 2025

Talent development

≥74

Employee Engagement Score by 2025

≤10%

attrition of employees by 2025

≤5%

attrition of identified talents by 2025

≤0.60

Total Recordable Incident Rate by 2028

Health and safety

Own workforce

Safety strategy 2026

Key risks, impacts, and opportunities

At NKT, hazards from the use of heavy and complex equipment in production sites - in addition to harsh environments and complexity in installation operations - can pose a significant risk for the health and safety of employees, partners, and suppliers.

Management and approach

NKT is committed to ensuring a safe working environment for all employees and has a target of zero injuries. NKT operates with a common set of standards, taking into consideration the national differences in health and safety legislation as well as the differences between local sites. NKT is continuously engaged in mitigating health and safety risks and aims to set global corporate requirements and develop best practices to mitigate these risks at each location.

NKT addresses health and safety risk by ensuring that thorough risk assessments

are conducted and top risks and causes for incidents are mitigated accordingly. The aim is to establish and maintain a strong culture surrounding monitoring and corrective actions with a particular emphasis on employee involvement at all levels of the organization.

During 2023, NKT has experienced an increase in its total recordable incident rate (TRIR) and is therefore ramping up its efforts within health and safety, both at NKT sites with ongoing expansion and the associated risks thereof as well as at NKT sites with stable operations. The objective is to deliver on the corporate health and safety strategy for 2024-2026 by accelerating the execution of the three strategic pillars:

1. Local site maturity roadmaps: Development and implementation of site-specific roadmaps to close all identified gaps with regards to health and safety. The road maps will be based on the recently conducted maturity



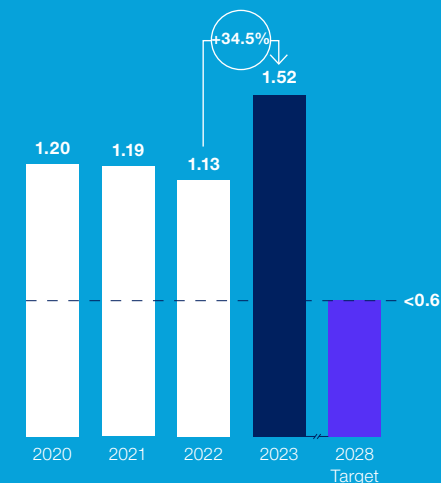
Target

<1.05 Total Recordable Incident Rate (TRIR) by 2023.

≤0.6 Total Recordable Incident Rate (TRIR) by 2028.

Total Recordable Incident Rate

Total Recordable Incident Rate (Per 200,000 hours worked)



Find method statements and comments for non-financial data at page 64.

Own workforce

assessments, which identified local gaps to the health and safety requirements.

2. Global corporate safety standards: Development and implementation of a set of global corporate standards for the mitigation of the top risks as well as for relevant health and safety procedures.
3. Behavioural safety: Development and implementation of a behavioural safety program across NKT to drive appropriate safety behaviours.

It is the responsibility of Group Health, Safety and Environment to deliver on the three pillars.

Progress

NKT has completed the following actions during 2023:

- A previous pilot project on behavioural safety was successful and during 2023 NKT launched the program across a large part of its operations. This targets the main cause behind the current incident rates, as analysis has indicated that behaviour is the main driver of the safety incidents occurring.
- All sites have developed self-assessments to be used for the development of local maturity roadmaps.
- NKT has launched and deployed 50% of the global corporate standards for the mitigation of top risks and related health and safety relevant procedures.
- The Group Health, Safety and Environment function has been brought under the responsibility of the Group COO. The Group COO participates directly in the health and safety council with representatives of all sites to accelerate improvement.

- Human rights risk assessment following the UN Guiding Principles on Business and Human Rights has been performed for NKT's own workforce.
- Global Safety Week 2023, focusing on awareness through conducting workshops, presentations, and safety tours.

Next steps

- Implement the NKT corporate global safety standards developed during 2022 and 2023 and develop the remaining global corporate safety standards and implement them, including strengthening health and safety in the leadership development programs.
- Road maps will be developed and implemented to close any gaps identified in the local maturity self-assessment carried out during 2023. The execution of the road maps will be done by means of a structured, audit-wise approach, supported by additional resources. All actions will be based on best practices and will be tailored to the specific location.

- Strengthen the presence of the health and safety organization in terms of local visibility and capacities.
- Strengthen the harmonised processes and KPIs, such as by structuring and maintaining a common health and safety database.

Own workforce

Training and skills development

Key risks, impacts, and opportunities

To achieve the ambition of further organizational growth in the coming years, NKT recognizes the need to maximize the development and retention of the current workforce. The transition to a low-carbon economy requires enhancing skills and competencies, and NKT is committed to equipping its employees with the necessary tools and knowledge within this and other relevant areas.

A special focus on internal talent is essential to secure highly specialized competencies and leadership for the future. These competencies are not only crucial for the growth of the organization but also to the contribution to a sustainable future.

Attracting, developing and retaining talent with the right competencies is critical to future performance. Increased competition for top-talent can impact attracting, developing, and retaining the people necessary to deliver on our corporate growth ambitions.

Management and approach

NKT continues to accelerate its focus on expanding opportunities for employees and overall talent development across its organization via corporate programs, processes, and tools. In 2023, NKT initiated the process of updating its leadership principles to support the corporate culture and growth journey. Furthermore, NKT will further strengthen its talent and development processes in 2024. Engagement remains a strong focus area with a commitment to maintain and build on the progress seen in the past years.

Progress

- Procured on-demand learning library for all employees.
- Targeted focus groups to explore leadership at NKT.

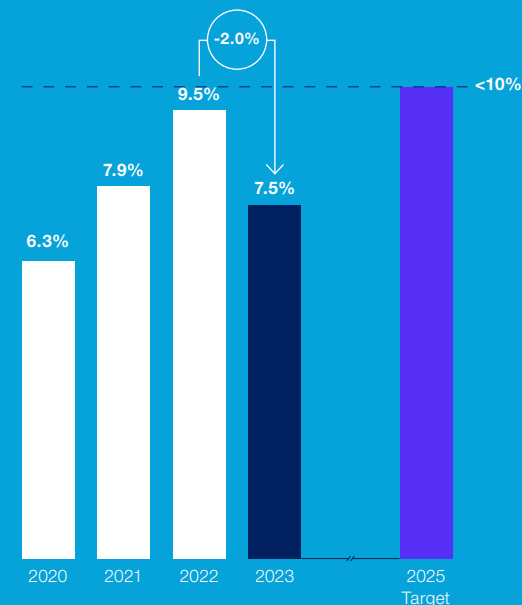
Target

Employee Engagement **74%** or above.

Maximum attrition of employees **10%**

Maximum attrition of identified talent **5%**

Voluntary attrition, percentage share



Find method statements and comments for non-financial data at page 64.

Own workforce

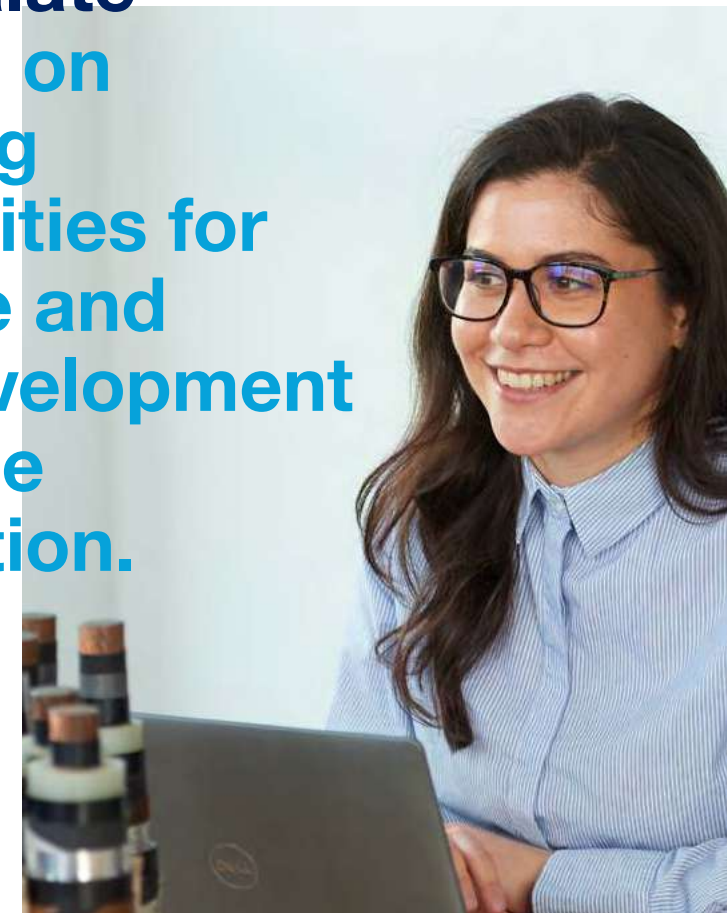
- Launched team development toolkit with Extended Leadership Team (ELT).
- Trained internal facilitators to run team dynamics and individual development discussions.
- Launched mentoring program.
- Expanded mobility support to enable global deployment.
- Continued expansion of programme offering for trainees, advance leadership, female fast track, and mentoring.
- Proactively drove succession planning.
- Finalise and deploy new NKT Leadership Model and NKT Leadership Academy.
- Develop strategically critical functional academies in partnership with business lines and functions.
- Redesign and digitalize global onboarding and offboarding.
- Expand team development toolkit to wider population.
- Further strengthen internal mobility, global mobility, and talent processes.

Next steps

NKT will carry out the following to ensure progress within training and skills development:

- Continue delivery of functional and mandatory trainings (e.g. procurement, compliance, legal, health and safety).
- Continue delivery and development of talent programs.

NKT continues to acceralate the focus on expanding opportunities for employee and talent development across the organization.



Own workforce

Diversity and inclusion

Key risks, impacts, and opportunities

Diversity and inclusion are integral to NKT's sustainability strategy, fostering workplace equity, and inclusive decision-making. These are also key parameters in a fair and just transition towards a low-carbon future, as diversity and inclusion fosters meaningful participation by all members of society. On a corporate level, NKT works with diversity and inclusion for current and future employees, including executive leadership, to foster innovation and corporate progress.

Management and approach

NKT is a responsible employer and aims to foster a culture enabling meaningful participation of all employees. It is recognised that diversity will increase the company's ability to innovate and execute on critical projects. NKT also considers diversity and inclusion as key enablers to increase employee retention, engagement, and performance.

NKT focuses on engaging front runners and passionate employees within diversity and inclusion but also by driving awareness across the organization. The corporate focus on diversity and inclusion also includes talent attraction and internal talent processes as enablers of a strong organizational culture.

With regards to the wider community, NKT focuses on diversity and inclusion through outreach programs to inspire and support women's technical education and by supporting women's careers in relevant technical positions within the industry after graduation.

Progress

- Diversity and inclusion embedded in the people strategy with clear diversity and inclusion standpoints, targets, and roadmaps.



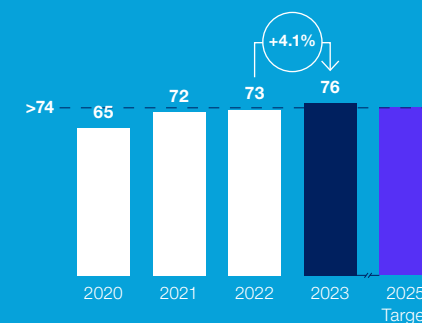
Target

≥ 30% representation of the underrepresented gender in NKT on the Group Leadership Team and the Extended Leadership Team, and ≥ 40% in the Board of Directors by 2025.

Minimum share of female new hires 30% by 2025.

Diversity and inclusion dimension in the employee engagement survey ≥ 74 by 2025.

Diversity and inclusion score*



* To track workforce engagement, an annual survey is conducted based on an employee engagement index measured annually on a scale from 0-100. The external benchmark in 2022 was 76. The diversity and inclusion score is part of this annual employee engagement survey.

Find method statements and comments for non-financial data at page 64.

Own workforce

- Conscious diversity and inclusion approach in the corporate recruitment processes and guidelines, for example through the introduction and use of inclusive language tools for job ads, inclusive use of imagery, data driven decisions and a better presence where diverse talents are present.
- Carried out awareness training and role model campaigns across the entire organization.
- Embedded diversity and inclusion in the corporate talent development and succession process, for example through expanded offering of female leadership development through formal training and mentoring programs.
- Introducing new diversity and inclusion module in the leadership program to drive awareness and set expectations to wider leadership community.
- Collaboration with external partners, for instance female technical networks, diversity promoting organizations and CEO network.

- Senior leaders are measured on progress and employee perception based on our Diversity & Inclusion score in the engagement survey.

Next steps

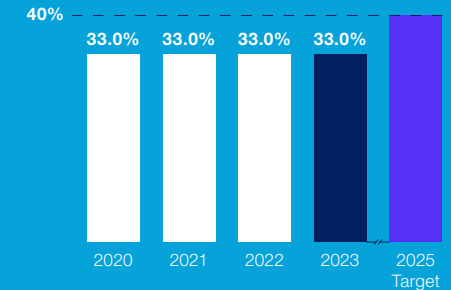
- Continued focus on diversity and inclusion perspectives in employer branding, employer value proposition, marketing, and advertising
- Continued investment in female leadership development.
- Targeted development activities for other target groups.
- Diversity metrics in all talent tools.
- Establishment of local diversity and inclusion champions.
- Wider implementation of employee resource groups focusing on diversity and inclusion.

- Diversity and inclusion activities to keep building awareness.
- Diversity and inclusion standards in onboarding process.
- Assessing the feasibility of company-wide policies and procedures for increased workforce diversity.

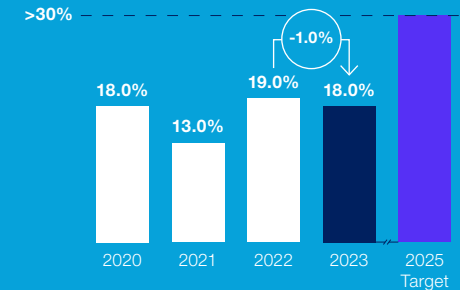


[Diversity and inclusion NKT Code of Conduct](#)

Representation of the underrepresented gender in NKT on Board of Directors, NKT Cables Group, percentage share



Representation of the underrepresented gender in NKT in Senior Leadership



Find method statements and comments for non-financial data at page 62-64.

Human rights

Human rights

Key risks, impacts, and opportunities

As a global company, NKT operates in a diverse market, both as a producer and a consumer of goods and services. This global presence necessitates a strong focus on possible human rights risks. NKT recognizes the complexities of its supply chain, particularly in relation to the procurement of materials such as copper and aluminium often sourced from countries where human rights are under pressure. This puts NKT at risk of potentially being complicit in human rights violations. To mitigate, NKT has a proactively approach with processes in place to identify and handle risks as part of the supplier engagement program and vendor due diligence. In light of the increasing global focus on human rights, NKT is continuously strengthening its human rights framework and remains committed to identifying and mitigating human rights risks in its value chains.

Management and approach

NKT is committed to safeguarding human rights within its own workforce and for workers throughout its value chain. The corporate Human Rights Policy is a testament to this commitment, reflecting internationally recognized human rights standards. Specifically, NKT's commitment aligns with the International Bill of Human Rights and the eight fundamental core conventions of the International Labour Organization (ILO), which form the basis of ILO's Declaration on Fundamental Principles and Rights at Work. The corporate approach is further guided by the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

NKT has initiated the implementation of a human rights due diligence process, laying the groundwork for a comprehensive approach that includes assessing human rights, identifying human rights issues, defining mitigating actions, monitoring the effectiveness of these actions, and communicating them transparently.

Central to NKT's approach are mechanisms to address concerns related to human rights and rectify any adverse impacts. Furthermore, stakeholder involvement is a key aspect of the company's commitment and NKT actively engages both internal and external stakeholders to ensure progress.

Transparency is central to the company's approach, viewing the due diligence process as a continuous journey towards improvement. NKT is committed to safeguarding human rights within its own workforce and for workers throughout its value chain.

Progress

Below are the key highlights of the progress in 2023. NKT has:

- Reaffirmed our existing commitment to human rights under the Global Compact and published the corporate Human Rights Policy, which adheres to internationally recognized standards. This policy extends to own workforce, as well as workers and communities in our value chain.
- Conducted a human rights risk assessment to evaluate actual and potential risks to own workforce and the value chain, focusing on strategic suppliers, particularly in the metals value chain.
- Internal enhancement of corporate policies addressing health, safety, diversity, and inclusion, with additional actions planned for 2024.
- Leveraged initiatives like the Copper Mark in the corporate value chain, e.g. participating in an impact working group on human rights.

Human rights

- Strengthened the focus on human rights in the corporate supplier qualification and due diligence process, and as part of onboarding, suppliers shall accept NKT's Human Rights Policy. NKT will continue to strengthen processes to monitor human rights risks in the supply chain.

- Engaged with peers in the Human Rights Accelerator Program of the UN Global Compact, exchanging insights and building competencies.
- Continued promotion of the corporate whistleblower hotline as a central grievance mechanism for employees and stakeholders.

This operates in conjunction with other statements. Learn more here:

- [Approach to conflict minerals²](#)



[Human Rights Policy](#)
[Code of Conduct](#)
[Modern Slavery Statement](#)
[Modern Slavery Statement UK and AUS](#)

² NKT uses the Conflict Minerals Reporting Template (CMRT) provided by the Responsible Minerals Initiative to increase transparency in respect of the smelters and refiners used in the supply chain and ensure they are conformant.

Next steps

Embedding

- Further embed human rights policy in existing policies, staff handbooks, and procedures and thereby strengthen internal awareness
- Develop a human rights training program available to all employees.

Human Rights Due Diligence



Remedy and grievance

- NKT treats all potential instances of human rights violations with utmost seriousness.
- Cases submitted through the corporate grievance mechanism (whistleblower) or alternative channels will undergo a comprehensive investigation, and the company will assume its responsibility for remediation following an evaluation of its scope of influence.



Community engagement

Community engagement

Key risks, impacts, and opportunities

As a leading employer at multiple locations globally, NKT commits to taking responsibility for supporting the local community through active participation in initiatives that drive sustainable and positive community development. NKT recognizes that its reputation is important for securing talent attraction and retention both locally and globally and that as a major employer it has a responsibility for the local community.

Management and approach

NKT is committed to being a socially responsible employer with a positive impact on the communities in which it operates. The company aims to engage with internal and external stakeholders to maximize positive impacts across local communities, and mitigate any potential negative effects caused by its operations.

The company's community engagement is built on a bottom-up approach where needs and risks are primarily identified and addressed locally. Experience and best practices are shared across the NKT organization regularly.

The three pillars for the strategy are: Community dialogue, Invest for the good of the community, and Education and employment.

NKT drives community engagement by supporting employee participation in local initiatives, aimed at fostering positive sustainable development, improving corporate reputation, and boosting employee engagement, retention, and satisfaction.

Progress

Grouped by the strategic pillars, NKT has:

Community dialogue:

- Established a community engagement approach and formal channels for employee dialogue.
- Engaged in dialogues with local municipalities and governmental bodies.
- Participated in local infrastructure projects and business networks.

- Collaborated closely with local universities, science bodies, and schools.

Invest for the good of the community:

- Conducted charity donations where employee contributions are matched by the company.
- Sponsored local sports clubs and employees participating in sports events.
- Made donations to local initiatives.
- Sponsored local cultural events, arts associations, and charity events.
- Supported positive development of the local environment, e.g. through tree-planting and clean-up events.

Education and employment

- Collaborated with local employment agencies, focusing on candidates far from the job market and supporting underprivileged groups to pursue successful careers.

- Sponsored events and organizations to spur youth interest in Science, Technology, Engineering, Mathematics (STEM) educations, contributing to a robust pipeline of future candidates.
- Participated in local competency development activities and female engineering networks and events.
- Supported employees returning from sick-leave.

Next steps

- Increase collaboration between NKT entities to share best practice and learning.

Data privacy and data ethics

Data privacy and data ethics

Key risks, impacts, and opportunities

Violation of ethical and responsible data usage requirements and non-compliance with applicable data protection legislation, including the EU General Data Protection Regulation (GDPR), may cause serious damage to NKT data security, business operations, and reputation. Therefore, NKT complies with applicable data protection legislation including the GDPR and ensures adherence to data ethics principles.

Management and approach

NKT respects all data, including non-personal data, received, or collected from employees, customers, and other stakeholders. Fair and responsible data handling drives more efficient NKT business processes and supports core values and increases trust. Such data is handled in compliance with applicable laws and regulations and in accordance with internal ethical standards.

NKT has established guidelines and training to support staff's understanding of the handling of data and has processes in place to ensure that data is transferred in a secure manner and complies with legal requirements.

Progress

- Updated data privacy framework.
- Conducted training of high-risk employees.
- Developed written guidelines to ensure ethical and responsible use of AI tools.

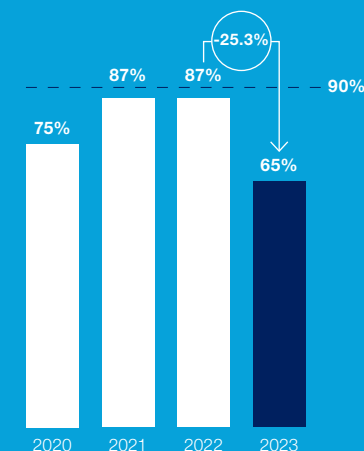
Next steps

- Continue implementation of data ethics policy and enhance internal data privacy policies and procedures.
- Continued support of employee's understanding of data protection and anchor local responsibilities.
- Clear role and responsibilities for handling and managing data on local level.

Target

≥90% completion rate on data privacy training.

Completion rate for data privacy e-training, percentage share



An adjusted approach for handling training records, prompted by technical changes to the learning platform, impacted the number of employees who had completed their e-training by year-end.

Find method statements and comments for non-financial data at page 64.

05

Governance

49 Business conduct



Governance

NKT is committed to conducting responsible business, with integrity and ethics at the foundation of the corporate sustainability strategy.

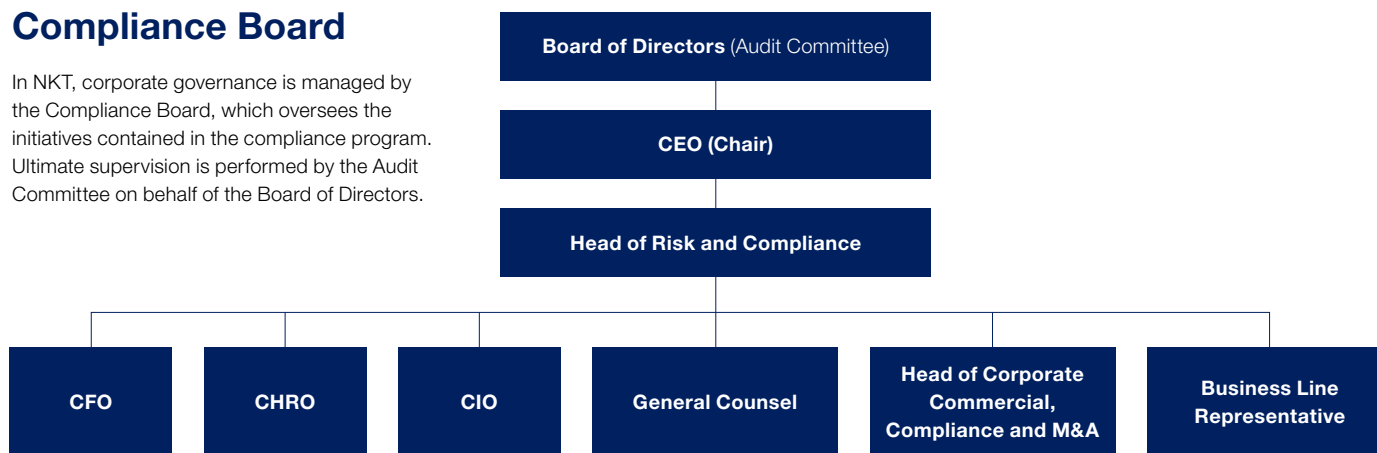
At NKT, the sustainability strategy is anchored by a strong commitment to responsible business conduct, integrity, and ethical behaviour.

In 2023, the company reinforced governance programs, guided by the NKT Code of Conduct, to ensure compliance with applicable laws, regulations, and international standards, actively managing and mitigating risks related to sanctions, corruption, and bribery. NKT is proud of its strong culture protecting whistleblowers, reinforcing the corporate commitment to transparency and accountability.

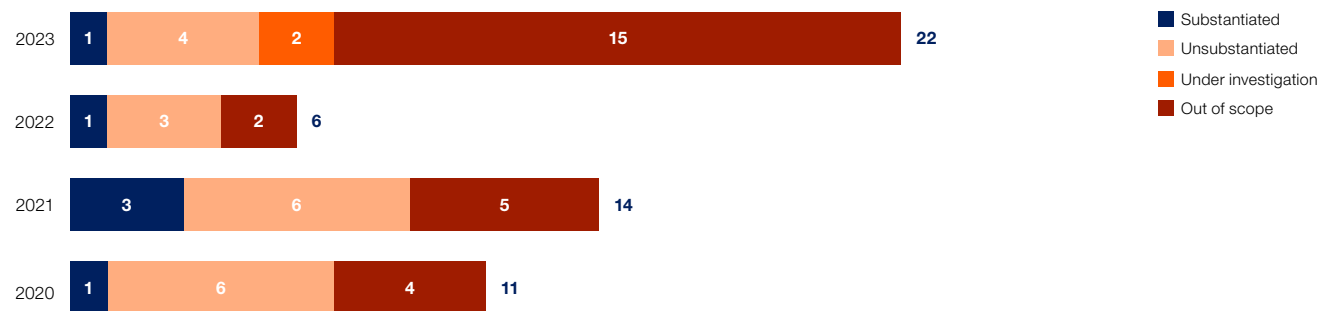
A key initiative in 2023 involved enhancing sustainability and ESG in the supplier due diligence. NKT requires that suppliers adhere to applicable laws, international regulations and the NKT Code of Conduct, promoting responsible business practices not just in the NKT organization, but also across the value chain. NKT believes that achieving a sustainable future requires a collective commitment to ethical business practices.

Compliance Board

In NKT, corporate governance is managed by the Compliance Board, which oversees the initiatives contained in the compliance program. Ultimate supervision is performed by the Audit Committee on behalf of the Board of Directors.



Number of whistleblower reports 2020-2023



Business conduct

Management of relationships with business partners

Key risks, impacts, and opportunities

Interaction with external partners - including, but not limited to - customers and suppliers exposes NKT to corruption, bribery, non-compliance with trade controls, and other compliance risks which could potentially cause a financial impact, damage the company's reputation or lead to disqualification from business opportunities.

Management and approach

NKT is committed to operating an ethical business and expects the same from its business partners. NKT implements mandatory ethics training of relevant new employees and annual recertification of existing employees in addition to enhanced training provided for specific regions and functions. The training is provided in the form of e-learning, policy documents, online and face-to-face sessions where possible, to support a culture of integrity and compliance with applicable laws and to ensure that employees know how to engage with business partners.

All business partners are expected to comply with applicable laws, including export and import regulations and to implement the principles described in NKT's Code of Conduct in their own businesses.

Business partners as well as employees are encouraged to speak up if they experience potential violations of the standards set out in the Code of Conduct

Progress

- NKT Code of Conduct being part of contractual requirements towards business partners.
- Continued alignment of internal activities to ensure compliance with export control and trade sanctions.
- Dedicated training of high-risk functions and employees in high-risk regions.

- Implementation of new compliance platform to support screening activities.

Next steps

- Expand and strengthen risk assessment process.
- Continued enhanced due diligence of agents and distributors.
- Continued monitoring of medium and high-risk third parties.
- Continue to monitor countries of operation in alignment with business growth and new opportunities.
- Developing links between social topics, such as human rights, with business conduct.

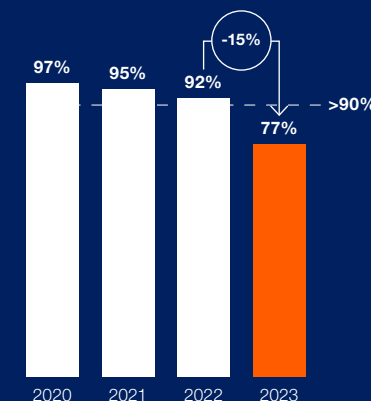
 [NKT Code of Conduct](#)

Target

Compliance and sanction screening of all relevant business partners, including those located in countries that may be subject to sanctions.

90% completion rate on trade sanctions compliance training and recertification of relevant employees.

Completion rate for trade sanctions e-training, percentage share



Find method statements and comments for non-financial data at page 64.

Business conduct

Corruption and anti-bribery

Key risks, impacts, and opportunities

NKT acknowledges that any breach of ethical values or practices has the potential to jeopardize its operations. Working with business partners in high-risk regions, NKT is exposed to potential incidents of bribery, corruption, and unethical business conduct. The company is fully aware of these risks and adopts a proactive approach to mitigate them in accordance with the corporate commitment to adhere to all applicable laws and regulations.

Management and approach

NKT has a zero-tolerance policy towards corruption and bribery. This commitment is evident through a robust compliance program designed to cultivate a culture of integrity and adherence to applicable anti-bribery and anti-corruption laws and regulations. NKT has established comprehensive written policies and guidelines governing various areas, including fair competition, the acceptance of gifts, entertainment, hospitality, trade sanctions, conflict of interests, confidentiality, and data privacy. To ensure that all employees are well-versed in compliance

standards, the company offers training through both e-learning modules and, where feasible, face-to-face sessions.

Progress

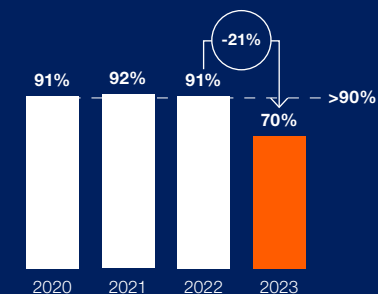
- Dedicated training of high-risk functions and employees in high-risk regions.
- Focus on competition law training.
- Development of self-help compliance material and tools to support employees in compliance related areas.
- Development of conflict-of-interest guideline to supplement the Code of Conduct.
- Strengthened governance framework.

Next steps

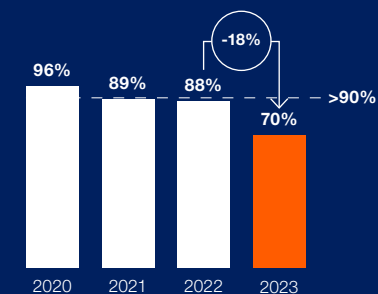
- Maintain awareness, knowledge, and high level of compliance through a compliance training program and awareness activities.
- Strengthen local ethical culture and level of integrity by implementing local ownership and accountability.
- Continue development of self-help compliance material and tools to all parts of the organization.

Target

Completion rate for e-training on anti-bribery and anti-corruption



Completion rate for competition law compliance e-training



An adjusted approach for handling training records, prompted by technical changes to the learning platform, impacted the number of employees who had completed their e-training by year-end.

Find method statements and comments for non-financial data at page 64.

Business conduct

“Speak-up culture”

Key risks, impacts, and opportunities

NKT is committed to fostering a culture of openness, honesty, and integrity by assuming full responsibility for the company’s actions and promoting a strong Speak-Up culture. NKT believes this is central to supporting ethical business conduct and human rights. If stakeholders are not comfortable raising concerns, NKT will be unable to address potential issues appropriately. Failure to address these issues can put the company at risk of legal and reputational damage and can also undermine trust among internal and external stakeholders. Additionally, unreported concerns put NKT at risk of unintentionally supporting structures and working conditions that are not in line with its Code of Conduct.

Management and approach

Employees at all levels of the organization are trained to identify and report potential concerns. NKT has a dedicated whistleblower hotline open to the public – not only employees and business partners – for reporting of potential concerns, ensuring a robust mechanism for early detection

and resolution. As stated in the corporate human rights policy, the whistleblower hotline extends to workers and communities in the value chain as an integral part of the commitment to ethical business conduct and human rights. NKT has a zero-tolerance policy on retaliation: suspicions of misconduct that are reported in good faith will not suffer from retaliation. Reports are investigated in a timely fashion and confidentiality is maintained throughout the process.

Progress

- Monitoring of national implementation of EU Whistle Blower Directive and local adjustments to adhere to requirements.
- Included questions on awareness of whistleblower hotline in annual employee survey.
- Prompt and thorough investigation of reported concerns with appropriate action taken to avoid future wrong-doings.

Next steps

- Continued awareness of hotline through training and awareness campaigns.
- Local initiatives to increase awareness among blue-collar workers in particular.

There has been an increase in the number of reports in 2023 following a dedicated awareness campaign in 2022. The reports have included, among others, concerns about misuse of company assets, workplace harassment, violation of confidentiality policy, and conflicts of interest. All cases have been investigated thoroughly, in accordance with the whistleblower policy and procedures. Where necessary, the appropriate action has been taken to address the issues raised and prevent recurrence.

Read more on the whistleblower hotline where you also find a description of how NKT manages the process and ensure anonymity.

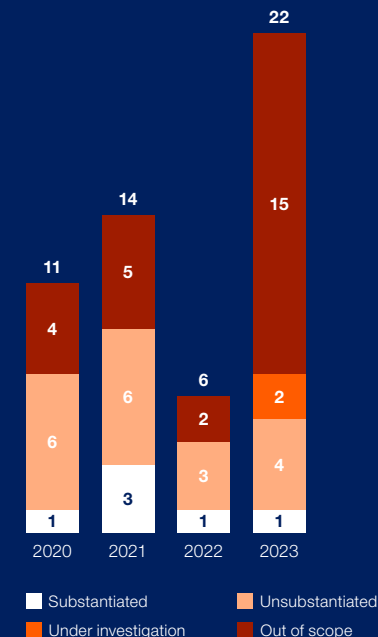


[NKT whistleblower hotline](#)

Target

Continued efforts to raise employee awareness about the whistleblower hotline, including online and face-to-face training and other communication channels.

Number of whistleblower reports 2020-2023



Find method statements and comments for non-financial data at page 65-66.



Business conduct

Responsible tax practices

Key risks, impacts, and opportunities

NKT has a global supply chain with production sites in multiple countries, and its products and solutions reach a global audience. The company operates across diverse tax jurisdictions, entailing a heightened level of complexity. Tax legislation allows for varying interpretations and choices, and legislation and interpretations tend to change over time, and at a different pace from country to country. The recent rapid development in tax legislation has significantly increased the compliance burden for companies of all sizes.

Management and approach

NKT has implemented a global corporate tax policy characterized by responsibility and sustainability, ensuring tax compliance and value creation for all stakeholders.

NKT strives to minimize potential risks through robust compliance processes and transparent communication with tax authorities. In situations where common practices or interpretations are yet to be established, NKT follows the more-like-

ly-than-not principle and may seek advice from tax advisors and tax authorities to establish a reasonable interpretation. This principle dictates that NKT will only adopt a position expected to be upheld in court if challenged by tax authorities. Where legislation and practice allow for different interpretations or choices, NKT will adopt a tax position which must be justifiable, defensible and in accordance with the NKT Code of Conduct.

NKT does not operate in tax havens, and it ensures that taxes are paid in the countries where value is created. Additionally, the company seeks to benefit from tax incentives in the countries where it is present. NKT is committed to responsible tax practices, adherence to international double taxation treaties, EU regulations, relevant domestic, and OECD guidelines.

Progress

- Prepared for future extensive reporting requirements (such as VAT and transfer pricing) by further advancing the digital foundation used for tax compliance and reporting.
- Performed data gap analysis for the readiness for OECD Pillar 2.

Next steps

- Preparatory work for compliance with upcoming legislation, such as CBAM.
- Continue adherence to international double taxation treaties, EU regulations and relevant domestic and OECD guidelines.
- Implement OECD Pillar 2 (minimum taxation).



[NKT tax policy](#)

Target

Ensure transparency in tax reporting.

Continue compliance with relevant laws and regulations.

Find relevant data for corporate tax in Section 2.5 in the Annual Report 2023.

Business conduct

Supplier due diligence

Key risks, impacts, and opportunities

NKT is exposed to risks in relation to supplier compliance with legal and market requirements linked to health, safety, human rights, climate, and environmental topics in addition to quality and financial stability. From a sustainability angle, this program will need to adapt to upcoming legislation, especially regarding the Corporate Sustainability Reporting Directive (CSRD) and the need to integrate value chain information. The upcoming Corporate Sustainability Due Diligence Directive (CSDDD), and requirements in terms of human rights due diligence integrated in multiple EU directives, local legislation, and through increased customer focus further underscore the need for adaptability in the organization. Not being able to meet these evolving legal and market requirements poses a threat to business performance. NKT is committed to staying abreast of these changes and ensuring its practices align with both current and future requirements.

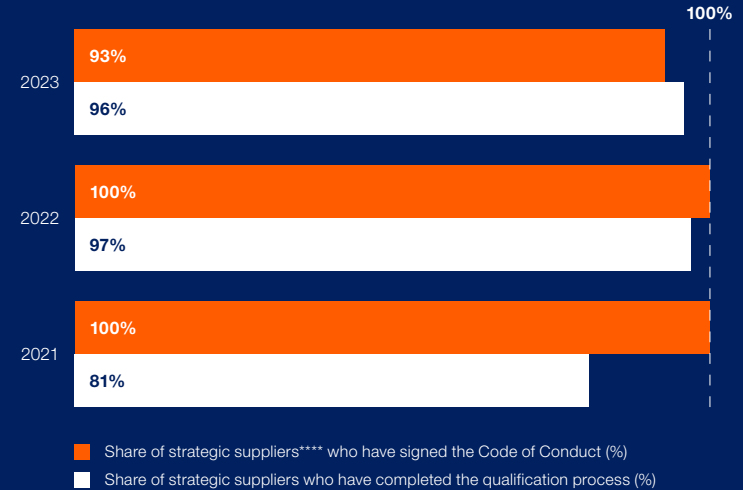
Management and approach

NKT is continuously strengthening the ESG requirements across its supply chain and expects and requires business partners to do the same as well as to fully comply with all applicable laws, statutes and international regulations, and the corporate Code of Conduct.

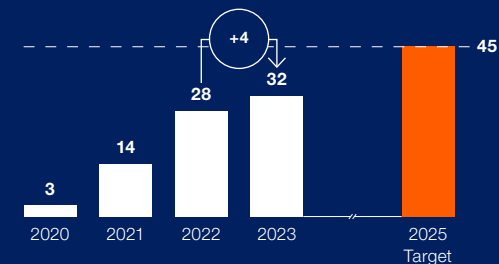
NKT works with approximately 5,500 suppliers annually, and a segmentation model determines the engagement level to manage supplier due diligence and strategies. This is the first step in the process of Supplier Lifecycle Management (SLP). The segmentation exercise yields a list of strategic suppliers (A+, A and B). Group Procurement drives an aligned strategic supplier due diligence approach to mitigate and minimize exposure to health, safety, quality, financial stability, human rights, climate and environmental risks. As such, the overall corporate due diligence process has sustainability as an integral part of the exercise.

Target

Strategic suppliers (A+, A and B) are qualified



Supplier audits conducted



Find method statements and comments for non-financial data at page 65-66.



Business conduct

The corporate supplier due diligence process includes a self-assessment questionnaire, which is structured around five key topics:

- General information
- Compliance and Governance
- Human Rights
- Environment
- Quality

These five topics combine to give a full overview of the suppliers' performance in order to become a qualified supplier for NKT.

Progress

- Supplier Self-Assessment Questionnaire structured into five key topics: General information, Compliance and Governance, Human rights, Environment and Quality. The supplier responses are scored based on the answers in each section.

Next steps

- Develop further guidance on supplier due diligence.
- Continuously embed ESG topics into supplier due diligence process.

Supplier Due Diligence Process





06

Data sheets

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Introduction to the data sheets

Reporting structure and principles

Scope: NKT uses operational scope for data collection for NKT Cables Group A/S and all subsidiaries.

NKT Cables Group A/S is headquartered in Brøndby, Denmark. All its subsidiaries and sites in Germany, Spain, UAE, Netherlands, Czech Republic, India, Denmark, Norway, Poland, Australia, Sweden, Lithuania, United Kingdom, and United States are included in the sustainability reporting.

Reporting period: Calendar year 2023 from 01.01.2023 until 31.12.2023 for all environmental, social, and governance data. The data is reported annually in the annual sustainability report.

Contact: Anthony Abbotts
VP, Head of Group Sustainability
info@nkt.com

Discontinued indicators:

New recruitments by type of employment and gender

Restatement of information:

Changes in reporting period:

NKT has aligned the reporting period for environmental data with the financial year, necessitating a restatement of all environmental KPIs from 2019 to 2022.

Environmental data in previous reporting periods have been reported from the 4th quarter to the 3rd quarter of the following year. The data for the current year, 2023, has been reported according to the new period.

The restatement of environmental data for 2019 and 2020 utilized estimations to address data availability limitations. Estimations and conversion factors were derived from the financial performance of the respective periods and environmental performance trends and patterns from 2021 to 2023.

Bioenergy and out-of-scope emissions methodology
N₂O and CH₄ emissions from the combustion of bioenergy are allocated to scope 1 emissions. The respective true CO₂e emissions from the combustion of bioenergy are stated as out-of-scope emissions.

Scope 3 Methodology

In 2023, changes were undertaken to NKT's Greenhouse gas (GHG) accounting methodology to improve the quality of emissions data, in line with the GHG Protocol. Methodology improvements include:

- Spend-based emissions calculations updated to utilize the most recent Supply Chain Greenhouse Gas Emission Factors v1.2 by the U.S. Environmental Protection Agency. This update replaces the previous spend-based calculation methodology based on the Quantis scope 3 evaluator tool which was decommissioned on August 30, 2023. This affects categories 1, 2, 4, 6, and 9.
- The calculation for category 12 (end-of-life treatment of products sold) is updated to utilizeecoinvent 3.8 end-of-life treatment emission factors. This update

replaces the previous calculation methodology based on the Quantis scope 3 evaluator tool, which was decommissioned on August 30, 2023.

- Category 3 recalculated based on Scope 1 and 2 activity data, applying the average-data method using average DEFRA emission factors for upstream emissions per unit of consumption (well-to-tank) and factors for trans-mission and distribution losses. This update replaces the previous calculation methodology based on the Quantis scope 3 evaluator tool which was decommissioned on August 30, 2023.

To consistently account for these improvements, Scope 3 estimates for previous years from 2019 through 2022 have been recalculated and restated. This results in a change in total scope 3 emissions of -3.0% in 2022. The following Scope 3 categories are affected by the changes in methodology and have accordingly been recalculated and restated:

- Category 1: Purchased goods and services
- Category 2: Capital goods
- Category 3: Fuel- and Energy-Related Activities
- Category 4: Upstream transport
- Category 9: Downstream transport
- Category 12: End-of-life treatment of products sold

Trend evaluation:

Is provided when yearly increase or decrease is more than 5% compared to previous year.

Changes in business structure affecting ESG performance:

No changes

Sustainability data

Environment	2023	2022	2021	2020	2019
Greenhouse gas emissions (GHG)					
Scope 1					
Total direct GHG emissions (Tonnes CO ₂ e)	14,270	13,386	14,214	14,848	15,601
Scope 2					
Total energy indirect GHG emissions - market-based	224	192	1,337	13,367	48,267
<i>Electricity - market-based (Tonnes CO₂e)</i>	42	26	0	13,072	48,064
<i>Heating -market-based (Tonnes CO₂e)</i>	182	166	324	294*	203
Total energy indirect GHG emissions - location-based	42,587	38,753	40,387	44,427	43,817
<i>Electricity - location-based (Tonnes CO₂e)</i>	41,658	37,933	39,444	44,133	43,614
<i>Heating - location-based (Tonnes CO₂e)</i>	929	819	944	294	203
Scope 3 (Kilotonnes CO₂e)					
Category 1: Purchased goods and services	2,232	1,457	1,415	1,303	1,253
<i>Spend-based</i>	772	248	284	226	221
<i>Mass-based</i>	1,460	1,209	1,131	1,076	1,032
Category 2: Capital goods	19	8.9	6.3	6	5.5
Category 3: Fuel- and Energy-Related	4.8	4.5	4.7	4.1	4.6
Category 4: Upstream transport	84.1	34.7	32.5	30	31.7
Category 5: Waste	0.3	0.2	0.2	0.3	0.3
Category 6: Business travel	1.1	0.6	0.3	0.2	0.3
Category 7: Employee commuting	8.7	7.6	7.2	6.6	5.9
Category 9: Downstream transport	21.2	12	8.6	6.2	8.6
Category 11: Use of sold products	5,484	8,644	4,984	4,998	4,786
Category 12: End-of-life treatment of products sold	267	254	269	205	192
Total other indirect GHG emissions	8,123	10,423	6,727	6,559	6,286
Emissions from bioenergy (Tonnes CO ₂ e)	1,490	1,902	642	908	1,039
Carbon Intensity (kgCO ₂ e/EUR)	0.008	0.009	0.012	0.026	0.068

* Scope prior to 2020 included only production facilities.

Trend evaluation

Total direct GHG emissions (Tonnes CO₂e)

Increase driven by increased emissions from natural gas, fuel consumption by NKT Victoria and methane.

Marked-based scope 2 emissions

Increase due to higher district heating consumption at Swedish production sites, small increased electricity consumption and reduction of renewable energy share.

Location-based scope 2 emissions

Increase due to higher district heating consumption at Swedish production sites and overall increased electricity consumption.

Scope 3 emissions

Total scope 3 emissions decreased from 2022 driven by a reduction in category 11. Emissions of category 11 decreased due to a lower number of concluded projects and thereby less km of cable considered in category 11 calculations. All the remaining categories increased likely due overall business growth in production, investment activities and number of employees.

Emissions from bioenergy

Decreased as a result of reduced biofuel and biogas consumption.

Carbon Intensity

Decreased primarily due to increased revenue in 2023.



Sustainability data

Environment	2023	2022	2021	2020	2019
Energy consumption					
Fuel for transportation of personnel and goods					
Non-stationary sources: Diesel and fuel oil (MWh)	38,927	36,936	31,260	30,118	34,576
Non-stationary sources: Petrol (gasoline) (MWh)	1,394	1,234	978	618	614
Non-stationary sources: LPG (MWh)	204	185	152	221	69
Non-stationary sources: Renewable fuels (MWh)	1,447	1,581	2,171	214	42
Fuel for own stationary equipment					
Natural gas (MWh)	16,829	15,131	27,400	30,460	27,827
Biogas (MWh)	5,084	7,139	0	0	0
Stationary equipment: Diesel (MWh)	15	9	14	559	829
Electricity and district heating					
Electricity (MWh)	159,917	156,069	155,444	152,957	145,304
Share of renewable energy in electricity consumption (%)	97.59	99.97	99.82	-	18
District Heating & Cooling (MWh)	19,791	17,392	16,458	12,410	11,934
Energy Intensity (kWh/EUR)	0.13	0.16	0.19	0.21	0.23

Trend evaluation

Non-stationary sources: Petrol (gasoline)

Increase due to increased petrol consumption in Denmark.

Non-stationary sources: LPG

Increase due to increased LPG consumption in Czech Republic.

Non-stationary sources: Renewable fuels

Decrease due to decreased biogas consumption at Cologne site and reduced biofuel consumption at Karlskrona site

Natural gas

Increased as result of increased natural gas consumption at Cologne site.

Biogas

Reduction due to decreased biogas consumption at Cologne site.

Stationary equipment: Diesel

Increased due to higher diesel consumption for stationary equipment at Karlskrona site.

District Heating & Cooling

Increased as result of higher district heating consumption at Swedish sites.

Energy Intensity

Reduction of energy intensity primarily driven by increase of revenue in 2023.



Sustainability data

Environment	2023	2022	2021	2020	2019
Waste and material utilization					
Hazardous waste					
Reuse, recycling and composting (Tonnes)	1,307	1,566	1,159	740	-
Recovery, including incineration with energy recovery (Tonnes)	156	139	223	780	-
Landfill and incineration (no energy recovery) (Tonnes)	38	53	99	364	-
Non-hazardous waste					
Reuse, recycling and composting (Tonnes)	20,289	13,851	14,136	12,889	-
Recovery, including incineration with energy recovery (Tonnes)	4,067	3,874	2,771	5,069	-
Landfill and incineration (no energy recovery) (Tonnes)	300	274	218	93	-
Waste by treatment type					
Reuse, recycling and composting (% of total waste volume)	83	78	82	73	-
Recovery, including incineration with energy recovery (% of total waste volume)	16	20	16	31	-
Landfill and incineration (no energy recovery) (% of total waste volume)	1.1	1.7	1.7	2	-
Material utilization					
Material utilization rate (%)	94.2	94.9	96	95.9	96.2
Water					
Water withdrawal					
Municipal Water (m ³)	160,334	171,646	171,235	173,092	136,377
Incidents					
Environmental and climate impact incidents	0/0/7*	0/0/14*	0/0/9*	4.00	1.00

* Environmental Impact Incident/Climate Major Incident//Climate Minor Incident

Trend evaluation

Waste by type

Overall waste generation increased likely due to increased production output in 2023. Total volumes of hazardous waste decreased and non-hazardous waste increased.

Waste per treatment type

In line with waste & circularity strategy and respective programs, the overall rate of waste diverted to 'Reuse, recycling and composting' increased capturing waste previously diverted to incineration. Incineration rate and landfill decreased.

Water Consumption

Technical issues at Falun site in 2022 have been resolved driving reduction of overall water consumption in 2023.

Sustainability data

Methods and comments – Environment

Greenhouse gas emissions:

Scope 1

Reporting is conducted based on the GHG Protocol and covers direct NKT emissions included in the scope of re-orting. Emissions are calculated based on the emission factors applicable to the type of fuel. CO₂e emissions from biofuels are excluded from the Scope 1 emissions and are reported separately as per GHG Protocol. N₂O and CH₄ emissions from biofuels are allocated to scope 1 as per GHG protocol.

The emission factors used for scope 1 emission calculations are sourced from the UK Department for Energy Security and Net Zero's published 'Greenhouse Gas Reporting: Conversion Factors' for the respective year.

Scope 2

Reporting is based on the GHG Protocol and covers indirect greenhouse gas emissions from the generation of power, cooling, heat, and steam purchased and consumed by NKT. The calculation is conducted based on the volumes purchased and uses average emission factors based on the site location. Market based emissions account for purchased renewable energy and the respective Guarantees of Origin.

The emission factors used for scope 2 calculations are sourced from the International Energy Agency, US

EPA eGrid, Sweden Energy and the UK Department for Energy Security and Net Zero's published 'Greenhouse Gas Reporting: Conversion Factors' for the respective year.

Scope 3

Reporting is based on the GHG protocol and accordingly divided into 15 subcategories (Category 1-15) of which categories 8, 10, and 13-15 are currently determined as not applicable to NKT's operations. The remaining ten categories are partly calculated through a spend-based approach and partly through an average-data approach employing volume data. For spend-based calculations, Supply Chain Greenhouse Gas Emission Factors v1.2 by the U.S. EPA are used. For average-data calculations, UK Department for Energy Security and Net Zero (for the respective year) conversion factors and ecoinvent 3.8 life-cycle emission factors are used.

- Category 1 (partially), 2, 4, 6, 9 – Spend-based calculations using U.S. EPA supply chain emission factors covering direct and indirect GHG emissions associated with the amount spent on a good or service in the reporting year. Category 1 calculations are partially spend-based, representing 34.6% of total category 1 emissions in 2023.
- Category 1 (partially) – 65.4% of total category 1 emissions in 2023 are based on average-data calculations where the mass of purchased materials is multiplied with average life cycle (cradle-to-gate) emission factors from the ecoinvent 3.8 database for the respective material type.

- Category 3 – Based on actual amount of fuel and energy procured and consumed (Scope 1 & 2 activity data), employing the average-data method using UK Department for Energy Security and Net Zero (for the respective year) well-to-tank upstream emission factors and factors for transmission and distribution losses.
- Category 5 – Based on actual waste volume data for the reporting year and UK Department for Energy Security and Net Zero (for the respective year) emission factors for the respective waste and treatment type.
- Category 11 – Based on associated power losses of the cables, per application and region, over their lifetime using sales data on distance of sold cables, power loss metrics from technical specifications, cable lifetime assumptions by EuropaCable and ecoinvent 3.8 emission factors per voltage segment and country.
- Category 12 – Based on mass of sold products iBased on mass of sold products in reporting year employing assumptions on waste treatment of materials and material composition of sold products based on procured materials. End-of-life treatment emission factors are sourced from the ecoinvent 3.8 database.

Emissions from bioenergy

Reporting is based on the GHG Protocol. CO₂e emissions from bioenergy incl. from diesel and petrol with biofuel content are calculated and allocated as

emissions from bioenergy (out-of-scope) emissions). The emission factors used for out-of-scope emission calculations are sourced from the UK Department for Energy Security and Net Zero's published 'Greenhouse Gas Reporting: Conversion Factors' for the respective year.

CO₂e emissions from natural gas consumption

Emissions are calculated based on the natural gas consumption. The emission factors used for emission calculations are sourced from the UK Department for Energy Security and Net Zero's published 'Greenhouse Gas Reporting: Conversion Factors' for the respective year.

CO₂e emissions from fossil fuel consumption related to internal vehicles and stationary equipment

Includes CO₂e emissions from diesel, petrol and LPG. The emission factors used for emission calculations are sourced from the UK Department for Energy Security and Net Zero's published 'Greenhouse Gas Reporting: Conversion Factors' for the respective year.

SF₆ leakage intensity

Calculated based on the total emissions from SF₆ leakage by the annual revenue in market prizes (see NKT annual reports).

Carbon intensity

Calculated based on the total scope 1 and 2 (market based) emissions by the annual revenue in market prizes (see NKT annual reports).



Energy consumption

Includes all energy consumptions leading to generation of greenhouse gasses according to scope 1 emissions from all production facilities including the NKT owned cable-laying vessel.

Electricity and district heat

Include all heat, cooling and power purchased for own consumption both for production and non-production sites. Production sites use accounting methods based on financial documentation. Where directly attributed consumption data for non-production sites is not available, estimations are based on the use per m² and consumption data of the entire asset.

Renewable electricity share

Share of renewable electricity (tracked through guarantees of origin) of the total electricity consumed by all NKT sites including production and non-production sites.

Energy intensity

Calculated based on the total energy consumption by the annual revenue in market prizes (see NKT annual reports). All types of energy consumed within NKT during the reporting period have been taken into account in the calculation of the energy intensity.

Energy intensity related to stationary equipment and facilities

Calculated based on the energy consumption of stationary equipment and facilities by the annual revenue in market prizes (see NKT annual reports).

Carbon intensity from natural gas

Calculated based on the total CO₂e emissions related to natural gas by the annual revenue in market prizes (see NKT annual reports).

Waste by type and disposal method

Data on waste is collected based on invoices and reports received from waste contractors, supplemented by site specific measuring methods. Waste is reported for production sites producing more than 1% of the total revenue-generating production in the year.

Waste diverted from disposal is allocated in the category: "Reuse, recycling and composting".

Waste directed to disposal is categorized as "Recovery, including incineration with energy recovery", and "Landfill and incineration (no energy recovery)".

Material utilization

Calculated based on production volumes as a factor for the scrap generated in relation to the product produced. Material utilization is reported for production sites producing more than 1% of the total revenue-generating production in the year.

Water withdrawal

Data collected based on invoices received from utility companies, supplemented by site specific measuring methods where applicable. NKT receives third-party water as potable water or process water, both reported as municipal water. Other sources of water

are not applicable to NKT and are not listed as categories in the corporate disclosure. The third-party water received is not withdrawn from water-stressed areas and no respective category has been added to the disclosure. Water withdrawal is reported for sites producing more than 1% of the total revenue-generating production in the year. The data does not include water withdrawal from Drammen, Norway.

Environmental incidents

Reported based on the HSE reporting principles.

Environmental Impact Incident (EII) means a discharge or release of hazardous substances into the environment, or other negative impact on the environment or stakeholders, have occurred. Discharges or releases that have been decontaminated before causing harm to the environment is not classified as an Environmental Impact Incident but reported as an environmental incident.

Incidents only impacting the climate is classified as Minor or Major Climate Incidents, not as EII.

Incidents impacting climate are categorized as Minor or Major based on the amount of emitted GHG measured as CO₂e. An emission less than 5% of NKT Carbon Footprint Scope 1 (equals less than 500 ton CO₂e for NKT A/S) is classified as a Minor climate incident.



Sustainability data

Social	2023	2022	2021	2020	2019
Total employees	5,110	4,471	4,232	3,903	3,471
Total female employees (FTE)	903	766	725	661	595
Total male employees (FTE)	4,206	3,704	3,507	3,242	2,875
Other (FTE)	1	1	-	-	-
Total permanent employees	4,449	3,963	3,771	3,451	3,206
Permanent female employees (FTE)	794	678	632	585	537
Permanent male employees (FTE)	3,654	3,284	3,138	2,866	2,669
Other (FTE)	1	1	-	-	-
Total temporary employees	661	508	461	452	265
Temporary female employees (FTE)	109	88	92	76	58
Temporary male employees (FTE)	552	420	368	376	206
Non-guaranteed hours employees, total	39	48	48	18	4
Non-guaranteed hours female employees (HC)	5	6	9	6	-
Non-guaranteed hours male employees (HC)	30	34	39	12	4
Other (HC)	4	8	-	-	-
Employees by country (FTE)					
Czech Republic	572	525	494	461	458
Denmark	321	302	348	351	352
Germany	1,226	1,157	1,231	1,251	1,112
India	148	112	47	2	-
Netherlands	54	-	-	-	-
Lithuania	123	106	91	92	85
Poland	412	404	356	263	262
Sweden	2,086	1,697	1,558	1,393	1,134
United Kingdom	106	82	38	33	15
Other	62	86	69	57	52
Age distribution of employees					
<30 (FTE)	830	691	610	546	448
30-50 (FTE)	2,728	2,391	2,274	2,110	1,887
>50 (FTE)	1,552	1,389	1,347	1,247	1,135

Trend evaluation

Own Workforce

In line with overall business growth, the number of employees at NKT grew across type, region, and age.

The total number of employees in the Netherlands surpassed the 50 FTE threshold and is therefore included in 2023.

Sustainability data

Social	2023	2022	2021	2020	2019
Senior leadership*					
Total senior leaders (FTE)	78	78	80	80	53
Total female senior leaders (FTE)	14	15	10	14	8
Total male senior leaders (FTE)	64	63	70	66	45
Gender diversity in senior leadership (%)	18	19	13	18	15
Average age (No.)	50	49	48	49	-
Nationalities in senior leadership (No.)	15	15	14	12	10
Employee attrition					
Employee attrition rate (%)	9,9	13,7	11,5	8,8	13,6
Voluntary attrition rate (%)	7,5	9,5	7,9	6,3	8,0
Total employee attrition (FTE)	437	543	433	304	434
Total voluntary attrition (FTE)	332	375	297	218	257
Employee engagement					
Employee Engagement Score (%)	76	73	74	65	58
Employees with performance and career development review (HC)	1,831	1,530	1,204	1,030	858
Health and safety**					
Lost Time Incident Rate (Per 200,000 hours worked)	1,01	0,59	0,57	0,41	0,73
Total Recordable Incident Rate (Per 200,000 hours worked)	1,52	1,13	1,19	1,20	-
Lost Work Day Rate (Per 200,000 hours worked)	18,2	8,2	12,0	11,6	21,3
Fatal incident (No.)	0	0	0	0	0
Reported near misses (No.)***	428	436	328	532	259
Reported unsafe acts and conditions (No.)***	5,510	4,100	2,269	2,723	1,922

* Senior leadership Includes the Group Leadership Team (GLT) and the Extended Leadership Team (ELT).

** 2022 data does not include Runcorn and Indian sites

*** In 2023 this KPI does not include Runcorn and Indian sites

Trend evaluation

Employee Attrition

Employee attrition decreased in relative and absolute numbers. NKT runs multiple programs to attract, and retain employees and talent, and to make NKT an attractive workplace.

Employee Engagement

The number of employees with performance and career development reviews increased with the overall increase of employees at NKT.

Health & Safety

The rise in health & safety indicators reflects our continued effort to strengthen incident detection and reporting mechanisms. The updated health & safety strategy responded to increased incidents and is a testament to ensure the well-being of all employees.

Sustainability data

Methods and comments – Social

Employees by type, gender, and country

The metrics describing the NKT workforce are based on a cut-off date on 31.12.2023 and therefore describing characteristics of the workforce as is on 31.12.2023. The cut-off was extracted on 02.01.2024. The values are reported in full-time equivalent (FTE) or head count (HC).

“Total employees” describes active employees at NKT including permanent and temporary employees.

“Permanent employees” are employees with an unlimited employment contract with NKT, employees without permanent contract but who hold an established position in NKT’s organizational chart, and impatriates.

“Temporary employees” are employees with a contract for a limited period of time.

“Total employees”, permanent and temporary employees are reported in full-time equivalent.

“Non-guaranteed hour employees” are contingent workers such as external freelancers, independent contractors, consultants, or other outsourced and non-permanent workers who are hired on a per-project basis. Non-guaranteed hour employees are reported in head count.

The employee gender breakdown describes the number in full-time equivalent (FTE) of “female”,

“male” and “other” employees. “Other” refers to the following: all other genders than female and male which an employee identifies with; that the employee did not wish to disclose gender; or that the gender is unknown.

“Employees by country” are reported for countries with more than 50 permanent and temporary employees. Permanent and temporary employees in countries below 50 total employees are reported in “Other”. The breakdown is reported in FTE.

The age distribution breaks down total employees in three age brackets. The breakdown is reported in FTE.

Senior leadership

Includes the Group Leadership Team (GLT) and the Extended Leadership Team (ELT). Senior leadership is reported in full time equivalent (FTE), totals and gender distribution.

Group Leadership Team (GLT) consists of Executive Vice Presidents, CEO and CFO.

Extended Leadership Team (ELT) consists of Senior Vice Presidents, Vice Presidents and Directors as well as selected subject matter experts.

Gender diversity in senior leadership is the number of female members of senior leadership divided by total number of senior leadership positions multiplied with 100 (reported as percentage).

Average age of senior leadership is the statistical mean of age of all senior leadership members.

Nationalities in senior leadership is the count of unique nationalities in the senior leadership group. The number is by headcount.

Employee Attrition

Attrition is the same as employee turnover and describes the departure of employees from the organization for any reason (voluntary or involuntary), including for example resignation, termination, death, or retirement.

The attrition rates, both total and voluntary are calculated as share of total attrition or voluntary attrition of permanent employees (see employees by type, gender, and country for definition), reported in percentage.

Employee Engagement Score

Is a key metric of the yearly employee engagement survey conducted in October 2023 and sent out to all permanent and temporary employees at NKT. The survey had a 84% response rate.

Employees with performance and career review

Include permanent office-based employees who received a performance review in 2023 as part of the internal performance and career review programs.

Medical Treatment Incident (MTI):

A work-related injury that is treated by a paramedic or doctor (either on site or at a medical facility) not resulting in lost time beyond the day of occurrence.

Restricted Work Case (RWC) A work-related injury with the consequences of temporary assignment to

more suitable tasks and/or reduction in working hours beyond the day of occurrence.

Lost Time Injury (LTI)

A work-related incident with consequences of lost time beyond the day of occurrence. Lost Time Incident Rate (LTIR): The number of Lost Time Injuries (LTI) of NKT employees, multiplied with 200.000 and divided by the sum of worked hours.

Total Recordable Incident Rate (TRIR)

The combined number of Fatal Injuries, Lost Time Injuries, Medical Treatment Injuries and Restricted Work Cases, multiplied by 200,000 and divided by the sum of worked hours.

Lost Work Day Rate (LWDR)

The sum of lost workdays due to Lost Time Injuries (LTI) multiplied by 200,000 and divided by the sum of worked hours.

Fatal Injuries (FI)

A fatality as a consequence of a work-related injury.

Near miss (NM)

An incident which did not lead to a safety incident or illness but which potentially could have done given a slight shift in time or position.

Unsafe acts and conditions

Observed unsafe situations and behaviours that if not corrected can cause harm and could result in incidents, illness, and/or damage to material, property, and/or environment.



Sustainability data

Governance	2023	2022	2021	2020	2019
Ethics and integrity					
Whistleblower					
Total whistleblower cases	22	6	14	11	12
Concluded whistleblower cases	20	4	11	11	12
Whistleblower cases concluded as substantiated	1	1	2	1	3
Business conduct					
Completion rate for e-training in Code of Conduct, incl. anti-bribery and anti-corruption (%)	70	91	92	91	-
Completion rate for data privacy e-training (%)	65	87	87	75	-
Completion rate for competition law compliance e-training (%)	70	88	89	96	-
Completion rate for trade sanctions e-training (%)	77	92	95	97	-
Supplier due diligence					
Supplier audits (No.)	32	28	14	3	23
Share of strategic suppliers* who have signed the Code of Conduct (%)	93	100	100	-	-
Share of strategic suppliers who have completed the qualification process (%)	96	97	81	-	-
Management systems					
ISO 45001 certification, main production sites** (%)	93	88	100	100	-
ISO 14001 certification, main production sites** (%)	93	94	100	100	100
ISO 9001 certification, main production sites** (%)	87	94	100	100	100
Customer experience					
CX Pro Performance (No.)	80	78	77	80	-
Satisfaction (No.)	82	78	79	83	-
NPS (No.)	49	44	41	57	-
Environmentally responsible (No.)	84	83	80	81	-

* Strategic suppliers (segmented as A+/ A/ B) represent 73% of the overall third party supplier spend. NKT has a total of 168 strategic suppliers

** Sites producing more than 1% of the total revenue-generating production in the year

Trend evaluation

Whistleblower

NKT ran an awareness campaign across the organization in 2022. The awareness campaign might have contributed to the rise in reported whistleblower cases in 2023.

Business Conduct Trainings

An adjusted approach of handling training records, prompted by technical changes to the learning platform, impacted the number of employees who had completed their e-training by year-end.

Supplier quality audits

Increase due to onboarding of new suppliers

Share of strategic suppliers* who have signed the Code of Conduct

Decrease due to increase of total number of strategic suppliers



Sustainability data

Methods and comments – Governance

Whistleblower cases

Whistleblower cases: The whistleblower hotline is in place for both internal and external use. All cases are assessed by the NKT Compliance function which also determines whether a case is violating the Code of Conduct or relevant legislation. The Compliance Board, Audit Committee and the Board of Directors of NKT, receive anonymized reports of the cases on a regular basis. 15 out of the total number of cases reported in 2023 fell outside the scope of the whistleblower hotline. These predominantly pertained to HR-related matters, including but not limited to individual grievances and personnel management issues. All cases relating to HR matters were referred to HR who carried out investigations and ensured compliance with relevant regulations and standards. 5 cases were concluded as either substantiated or unsubstantiated after an investigation and evaluation had been conducted. 2 cases remain open as of 31.12.2023.

Compliance training

The Code of Conduct and Data Privacy training is provided company-wide, while the Competition Law and Trade Sanctions training is assigned to a selected group of relevant employees with increased exposure to business partners and high risk jurisdictions.

Suppliers signed the Code of Conduct

All strategic suppliers have gone through the registration process to confirm adherence to the Code of Conduct. This means that 93% of the spend allocated to strategic suppliers is compliant to the code acceptance by the suppliers.

Supplier audits

The supplier audit inspects a supplier's usage of industry regulation practices, including the health and safety and correct manufacturing processes. NKT covers supplier audits in all areas such as quality, health and safety, and sustainability, meaning that supplier audits are done when relevant depending on material risks, supply chain risks, or other issues based on the risks and opportunities identified.

Supplier qualification process

Share of strategic suppliers that have gone through the qualification process. 96% of the annual spend is tagged to suppliers who have gone through the qualification process with NKT.

Customer experience

Numbers are based on the results of the yearly relationship survey conducted in October 2023. Customers were asked to evaluate different statements on a scale from 1 to 10. All other scores are measured from 0 to 100.

CX Pro Performance

Main customer experience identification, contains 3 dimensions: Satisfaction, value for money, and willingness to recommend.

Satisfaction

Shows the overall customer satisfaction

Net Promoter Score (NPS)

Shows the level of customer loyalty.

Environmentally responsible

Customers' view on the extent to which extent NKT is environmentally responsible.

EU Taxonomy

Turnover (voluntary report)	Code (2)	Absolute turnover (3)	Proportion of Turnover (4)	Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')						Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1) or -eligible (A.2) turnover, year 2022 (18)	Category (enabling activity) (19)	Category transitional activity) (20)
				Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)				
Economic Activities (1)																			
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
3.1. Manufacture of renewable energy technologies	CCM 3.1	349,042,574	13.6%	Y	N	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	17%	E	-
4.9. Transmission and distribution of electricity	CCM 4.9	489,815,721	19.1%	Y	N	N/EL	N/EL	N/EL	N/EL	-	Y	-	Y	Y	Y	Y	12%	E	-
3.20 Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution	CCM 3.20	94,845,435	3.7%	Y	N	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	-	Y	0%	E	-
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		933,703,731	36.4%	36.4%	0%	-	-	-	-	-	Y	Y	Y	Y	Y	Y	29%		-
Of which enabling		933,703,731	36.4%	36.4%	0%	-	-	-	-	-	Y	Y	Y	Y	Y	Y	29%	E	-
Of which transitional				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	T
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
3.1. Manufacture of renewable energy technologies	CCM 3.1	38,059,603	1.5%	EL	N/EL	-	-	-	-								0.1%		
4.9. Transmission and distribution of electricity	CCM 4.9	394,999,677	15.4%	EL	N/EL	-	-	-	-								9.9%		
3.20 Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution	CCM 3.20	379,725,699	14.8%	EL	N/EL	-	-	-	-								0%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		812,784,978	31.7%	31.7%	0%	-	-	-	-								9.9%		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		1,746,488,709	68.0%	68.0%	0%	-	-	-	-								39.2%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		820,682,454	32.0%																
Total		2,567,171,163	100.0%																

The primary sources of turnover contributing to the numerator of the turnover KPI in 2023 are taxonomy-aligned turnover in Solutions (838.8m) related to execution on high-voltage offshore wind and interconnector projects.

EU Taxonomy

CapEx (voluntary report)				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')						Minimum Safeguards (17)			
Code (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Proportion of Taxonomy aligned (A.1) or -eligible (A.2) CapEx, year 2022 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)		
Economic Activities (1)																			
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
3.1. Manufacture of renewable energy technologies	CCM 3.1	59,399,197	22.0%	Y	N	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	32%	E	-	
4.9. Transmission and distribution of electricity	CCM 4.9	84,624,845	31.4%	Y	N	N/EL	N/EL	N/EL	N/EL	-	Y	-	Y	Y	Y	23%	E	-	
3.20 Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution	CCM 3.20	4,385,410	1.6%	Y	N	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	-	Y	0%	E	-	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		148,409,453	55.0%	55.0%	0%	-	-	-	-	-	Y	Y	Y	Y	Y	55.5%		-	
Of which enabling		148,409,453	55.0%	55.0%	0%	-	-	-	-	-	Y	Y	Y	Y	Y	55.5%	E	-	
Of which transitional		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	T	
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
3.1. Manufacture of renewable energy technologies	CCM 3.1	3,993,980	1.5%	EL	N/EL	-	-	-	-							0%			
4.9. Transmission and distribution of electricity	CCM 4.9	45,665,245	16.9%	EL	N/EL	-	-	-	-							19.1%			
3.20 Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution	CCM 3.20	17,557,545	6.5%	EL	N/EL	-	-	-	-							0%			
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		67,216,770	24.9%	24.9%	0	-	-	-	-							19.1%			
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		215,626,222	79.9%	79.9%	0	-	-	-	-							74.6%			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		54,206,465	20.1%																
Total		269,832,687	100%																

The primary sources of Capex contributing to the numerator of the Capex KPI in 2023 are taxonomy-aligned investment in PP&E (128.0m), especially related to expansion of high-voltage production facilities in Solutions.

EU Taxonomy

OPEX (voluntary report)				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')						Proportion of Taxonomy aligned (A.1) or -eligible (A.2) OPEX, year 2022 (18)			
	Code (2)	Absolute OPEX (3)	Proportion of OPEX (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Category (enabling activity) (19)	Category transitional activity) (20)	
Economic Activities (1)																			
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
3.1. Manufacture of renewable energy technologies	CCM 3.1	-3,071,803	9.1%	Y	N	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	19.3%	E	-
4.9. Transmission and distribution of electricity	CCM 4.9	-4,188,536	12.4%	Y	N	N/EL	N/EL	N/EL	N/EL	-	Y	-	Y	Y	Y	Y	13.4%	E	-
3.20 Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution	CCM 3.20	-1,095,641	3.3%	Y	N	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	-	Y	0%	E	-
OPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-8,355,980	24.8%	24.8%	0%	-	-	-	-	-	Y	Y	Y	Y	Y	Y	32.7%		-
Of which enabling		-8,355,980	24.8%	24.8%	0%	-	-	-	-	-	Y	Y	Y	Y	Y	Y	32.7%	E	-
Of which transitional		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	T
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
3.1. Manufacture of renewable energy technologies	CCM 3.1	-769,307	2.3%	EL	N/EL	-	-	-	-								0%		
4.9. Transmission and distribution of electricity	CCM 4.9	-5,550,903	16.5%	EL	N/EL	-	-	-	-								11%		
3.20 Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution	CCM 3.20	-4,386,536	13.0%	EL	N/EL	-	-	-	-								0%		
OPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		-10,706,746	31.8%	31.8%	0%	-	-	-	-								11%		
A. OPEX of Taxonomy-eligible activities (A.1+A.2)		19,062,726	56.6%	56.6%	0%	-	-	-	-								43.7%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OPEX of Taxonomy-non-eligible activities		-14,606,213	43.4%																
Total		-33,668,939	100.0%																

The primary sources of OPEX contributing to the numerator of the OPEX KPI in 2023 are taxonomy-aligned maintenance of assets (7.1m), mainly in Solutions.

EU Taxonomy method statement

NKT is a European based turnkey provider of power cable solutions and accessories. NKT has assessed and deemed financial activities of 2023 both EU Taxonomy eligible (activities contributing to the climate change objectives) and taxonomy aligned (fully compliant). In 2023, there has been no significant changes in the nature of financial activities compared to 2022.

NKT identified relevant business activities against the EU Taxonomy screening eligibility criteria and taxonomy-alignment under.

- Regulation (EU) 2020/852
- Climate Delegated Act (Commission Delegated Regulation (EU) 2021/2139)
- Complementary Climate Delegated Act (Commission Delegated Regulation (EU) 2022/1214)
- Environmental Delegated Act (Commission Delegated Regulation (EU) 2023/2486)
- Amendments to the Climate Delegated Act (Commission Delegated Regulation (EU) 2023/2485)

Three activities have been identified as eligible for NKT:

- '3.1. Manufacture of renewable energy technologies'
- '3.20. Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electric transmission and distribution'
- '4.9. Transmission and distribution of electricity'

NKT is a member of the Task Force on Taxonomy of the Europacable Sustainability Team. The taskforce produced a taxonomy note in 2023 which attempts to provide information on additional taxonomy elements, i.e., alignment parameters, such as Technical Screening Criteria. It also includes reporting templates and regulatory mandatory requirements, necessary for all cable companies in order to comply with the regulation. In 2023, NKT utilized the jointly developed information note as guidance.

NKT provides three taxonomy statements:

- Statutory taxonomy report for NKT A/S
- Voluntary taxonomy reports NKT Cables Group A/S and Photonics

Turnover, CapEx and OPEX are stated in EUR (euro).

Abbreviations

CCM: Climate change mitigation

- Y: Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
- N: No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
- EL: Taxonomy-eligible activity for the relevant objective
- N/EL: Taxonomy-non-eligible activity for the relevant objective.
- E: Enabling
- T: Transitional

Eligibility

1. **For all the projects and products that relate to manufactured cable systems for the renewable energy sector (wind turbines, photovoltaic systems, and other renewable energy applications, as well as products marketed to the renewable energy sector) as per NACE code C27.3 'Manufacture of wiring and wiring devices' - those financial activities have been deemed eligible for activity 3.1 when they comply with at least one of the below criteria:**

- Cables dedicated for a given renewable energy application
- Customers who are dedicated to renewable energy
- Projects and/or installations dedicated to renewable energy

The substantial contribution criteria to climate mitigation for activity 3.1 is that the activity "manufactures renewable energy technologies". This has been satisfied when the specific project or product satisfy one of the above criteria. Economic activities allocated to 3.1 in 2023 include primarily projects to wind power projects. Corresponding information on projects and the respective customers are available publicly as public announcements by NKT or its customers.

2. **In 2023, the assessment of eligible economic activities included activities under "3.20 Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution", when compliant with the below criteria:**

The manufacturing, installation, and servicing of power cables and wires across various voltage levels—high, medium, and low voltage—as well as the provision of accessories for the transmission and distribution of electricity fall within the eligible category. These activities explicitly comply with the criteria outlined in section 3.20. However, it's important to note that cables used specifically within buildings are not considered eligible for this classification.

If the economic activity falls under 3.20 and 4.9, the activity has been allocated to 4.9.

The financial activity has been deemed compliant with the "Substantial contribution to climate change mitigation" criteria when the eligible activity encompasses the manufacturing, installation, maintenance, repair, and technical consulting services necessary for the operation throughout the lifespan of the following components:

- Transmission and distribution current-carrying wiring devices
- Non-current-carrying wiring devices used for wiring electrical circuits

These devices qualify if they contribute to enhancing the proportion of renewable energy within the system or improving energy efficiency. The latter has been deemed satisfied when the respective product has been sold to a market (country) with a higher or equal share of renew-



able energy generation than the EU 2030 target of 42.5% of renewable energy generation. Products sold to markets below this threshold have not been included.

3. Projects including both products and installation related to construction and installation of interconnectors or enforcement of the grid under the '4.9. Transmission and distribution of electricity' have been deemed eligible.

Specifically:

- Engineering, procurement, construction and installation services to TSO & DSO
- Products with installation services, dedicated to the land transmission & distribution network as market segments

The supply of equipment for electricity transmission and distribution networks—when the contract does not include installation or project management services—has been not considered eligible.

The financial activity satisfied the criteria for the “Substantial contribution to climate change mitigation” when complying with at least one of the following criteria:

- the system is the interconnected European system, i.e. the interconnected control areas of Member States, Norway, Switzerland and the United Kingdom, and its subordinated systems.

- the main purpose of the interconnector/power cable system was to enable transmission of renewable power between or within countries (based on the specific project data) and if one of the countries' carbon intensity of the grid was less than 100g CO₂ e per kWh, the project was considered eligible.

- If projects within the same country or between two countries where the grid carbon intensity was above 100g CO₂ e per kWh, the projects were deemed not aligned, unless project specific information is available to ensure that installed cable system carbon intensity is below 100g CO₂ e per kWh.

The assessment of the substantial contribution criteria accounted for the type of project or product supplied. In 2023, these comprised primarily interconnector cables including installation services. Additionally, countries with a carbon intensity more than 100g CO₂ e per kWh have not been deemed eligible.

The contribution of the disclosed activities is on climate change mitigation. The assessment concluded no contribution of activities against the substantial contribution criteria for climate change adaptation and that none of activities are eligible under the other four environmental objectives across turnover, Opex, and CapEx as per Environmental Delegated Act (Commission Delegated Regulation (EU) 2023/2486).

Compliance with “Do no significant harm” (DNSH)

The financial activities have only been included as aligned, if they, among others, are complying with the relevant “Do no significant harm” (DNSH) criteria's for the categories 3.1, 3.20, 4.9 and 7.6.

NKT assessed DNSH criteria on:

- (1) Manufacturing level
- (2) Project and product level

The assessments are documented in either product, project specific documentation and/or the integrated management plans, processes and procedures for the manufacturing sites. The respective activity has been deemed only aligned if the activity satisfied the DNSH criteria on manufacturing level and project and product level.

Climate change adaptation:

NKT has diligently evaluated climate risks and asset resilience across a spectrum of climate scenarios. Comprehensive details can be found in the dedicated climate risk section on pages 17-18 of the project documentation.

Furthermore, NKT has conducted thorough assessments at the manufacturing site level, focusing on climate adaptation plans and measures. Notably, we have exclusively included activities manufactured at sites equipped with robust climate adaptation strategies.

Sustainable use and protection of water and marine resources:

NKT adheres rigorously to regulatory requirements in its manufacturing operations ensuring responsible water management. The company's sites are situated away from water-stressed areas. Project inclusion as part of the taxonomy has been also contingent upon successful environmental impact assessments (EIAs), providing essential insights into potential water and marine resource impacts. NKT or its clients are legally obliged to conduct an environmental impact assessment.

Pollution prevention and control:

NKT diligently adheres to regulatory requirements within its manufacturing operations, ensuring responsible pollution prevention and control. The company's sites are strategically located to minimize pollution impact. Project inclusion, as part of the taxonomy, is contingent upon successful environmental impact assessments (EIAs), which provide essential insights into potential environmental impacts. Both NKT and its clients are legally obligated to conduct thorough environmental impact assessments

Protection and restoration of biodiversity and ecosystems:

NKT diligently conducted an initial assessment aligned with Science-based targets for nature and related frame-works. Additionally, both NKT and its clients adhere to legal obligations by conducting thorough environmental impact assessments (EIAs) for many

projects. Only those projects that have successfully completed the assessment process have been deemed aligned.

Read more on NKT's approach to biodiversity on page 34.

Transition to circular economy:

NKT promotes the transition to a circular economy. Key elements of this approach include:

- **High-Quality and Durable Cables:** NKT designs and manufactures cables to meet stringent quality and longevity standards. Some cables often serve for 40 years or more. Additionally, NKT's service and installation division swiftly repairs cable systems, minimizing disruptions and extending their operational lifespan.
- **Waste and Circularity Strategy:** NKT has implemented a strategic waste and circularity plan, with a primary focus on increasing waste diversion to recycling. By optimizing material usage and refining recycling processes, NKT contributes to resource efficiency while minimizing waste generation.
- **Recycled Content in Conductors:** In alignment with circular economy principles, NKT progressively introduces cables with higher recycled content in their conductors. This deliberate shift reduces dependence on virgin resources and fosters sustainable material practices.

Read more about NKT's transition to circular economy on page 27-30.

The financial activities have been deemed not aligned with the "Do no significant harm" (DNSH) criteria's when a project do not have the supportive documentation to comply with the set criteria. This can be the case when a project is new and thereby the necessary documentation has not been developed yet.

Compliance with Minimum Safeguards

The Minimum Safeguards has been assessed on a global company level with reference to the corporate Code of conduct, the NKT human rights policy, related policies, processes and governance. NKT aligns with the UN Guiding Principles on Business and Human Rights, as well as the OECD's guidelines for multinational enterprises. These principles extend to both the internal operations and supply chain.

Read more on page 43-44 and 48-54.

Reporting Principles

The Turnover (revenue), CapEx and OPEX related to taxonomy-aligned activities have been determined based on the assessment of project/product eligibility and alignment. Turnover, CapEx and OPEX that can be linked to identified taxonomy-aligned activities are classified as taxonomy-aligned and thereby included in the numerator of the respective KPI. The proportion of turnover, CapEx and OPEX that is associated with taxonomy-eligible but not-aligned activities, i.e. those eligible activities where NKT does not fulfil the technical screening criteria for taxonomy-alignment, has

been determined. The proportion of turnover, CapEx and OPEX that is associated with taxonomy-non-eligible activities, i.e. our activities that are not included in the delegated acts, has been determined.

Double counting across activities has been avoided by allocating a fixed base of Turnover, CapEx and OPEX to the three material taxonomy-aligned activities or the non-taxonomy aligned category. Applied ratios cannot sum to more than 100%, which eliminates the risk of double counting. Internal transactions have been eliminated.

The share of taxonomy-aligned Turnover is calculated as the Turnover from taxonomy-aligned projects and products as a proportion of total Turnover. Turnover is defined as 'Revenue' as found in the income statement in the annual report and in accordance with NKT's revenue definition.

The share of taxonomy-aligned CapEx is calculated as the investments related to assets, processes and technologies associated with taxonomy-aligned economic activities as a proportion of total CapEx. The share of taxonomy-aligned CapEx has been assessed to categories per specific Business Line applying share of taxonomy-aligned turnover per categories within specific Business Line as allocation key. Most investments can and will be used to produce both aligned and non-aligned projects/products, and NKT believes that splitting between aligned and non-aligned turnover represents a good proxy for the split between aligned and non-aligned activities. The majority of NKT's investments in 2023 have been within the Solu-

tions business line primarily related to existing production facilities and technology, where a relatively larger part of activities and turnover are taxonomy-aligned. CapEx is defined as 'investments in property, plant and equipment' and 'Intangible assets and other, net' as reported in the cash flow statement in the annual report plus the 2023 addition of 'right-of-use assets' reported in the section on non-current assets and liabilities in the annual report. It does not include non-turnover related items. The nature of CapEx is largely unchanged compared to 2022.

The share of taxonomy-aligned OPEX is calculated as the OPEX associated with processes and activities related to taxonomy-aligned economic activities as a proportion of total OPEX. The share of taxonomy-aligned OPEX has been assessed to categories per specific Business Line applying share of taxonomy-aligned turnover per categories within specific Business Line as allocation key. Most costs can be associated with both aligned and non-aligned projects/products, and NKT believes that splitting between aligned and non-aligned turnover represents a good proxy for the split between aligned and non-aligned activities. OPEX has been defined as direct non-capitalised costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment that are necessary to ensure the continued and effective functioning of such assets. These cost items have been identified within the line items 'Staff Cost' and 'Other Cost' in the income statement in the annual report. The definition



of OPEX has been updated compared to 2022 as a result of different interpretation of taxonomy regulations. In 2022 OPEX was defined as non-capitalized Staff Costs, Other Costs, and Other operating income directly or indirectly associated with turnover related activities. Costs of raw materials, consumables and goods for resale have not been defined as OPEX in 2022 or 2023.

The updated OPEX definition provides better transparency on the actual cost related to research, development, renovation measures, maintenance and repair relating to servicing of assets of property, plant and equipment that are necessary to ensure the continued and effective functioning of such assets. Re-stated 2022 figures applying the new OPEX definition are disclosed below. Absolute OPEX amounts are lower, while shares of eligible and aligned activities show only minor changes, since allocation principles are unchanged.

2022 Opex	2022 reported		2022 re-stated	
	mEUR	% of total	mEUR	% of total
OPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)	161.8	33.6%	9.9	32.2%
OPEX of eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	55.6	11.6%	3.3	11%
OPEX of Taxonomy non-eligible activities (B)	263.7	54.8%	17.1	56.3%
Total (A+B)	481.1	100.0%	30.3	100.0%

07

Appendix

- 75 GRI content index
- 77 Independent assurance statement on selected ESG data
- 81 ESG ratings 2023





GRI content index

Statement of use NKT has reported the information cited in this GRI content index for the full year 2023 (environmental, social and governance data), with reference to the GRI standards. NKT refers to the Annual Report 2023 (AR) and the Sustainability Report 2023 (SR).

GRI 1 used GRI 1: Foundation 2021

GRI standard	Disclosure	Location	
GRI 2: General Disclosures 2021	2-1	Organizational details	SR p.56, NKT website
	2-2	Entities included in the organization's sustainability reporting	SR p.56, NKT website
	2-3	Reporting period, frequency and contact point	SR p.56
	2-4	Restatements of information	SR p.56
	2-5	External assurance	SR p.75
	2-9	Governance structure and composition	SR p.10
	2-10	Nomination and selection of the highest governance body	AR p.43-46
	2-11	Chair of the highest governance body	AR p.47
	2-12	Role of the highest governance body in overseeing the management of impacts	SR p.10, AR p.49-53
	2-13	Delegation of responsibility for managing impacts	SR p.10, AR p.50
	2-14	Role of the highest governance body in sustainability reporting	AR p.50, SR p.10
	2-16	Communication of critical concerns	AR p.22, SR p.48, p.65-66
	2-17	Collective knowledge of the highest governance body	NKT investor website

GRI standard	Disclosure	Location		
	2-19	Remuneration policies	AR p.51-52	
	2-20	Process to determine remuneration	AR p.51-52	
	2-22	Statement on sustainable development strategy	SR p.5-6, 11	
	2-26	Mechanisms for seeking advice and raising concerns	Whistleblower hotline , SR p. 51-52, 66	
	2-27	Compliance with laws and regulations	SR p.48, AR p.49	
	2-28	Membership associations	SR p.8	
	2-29	Approach to stakeholder engagement	SR p.12-13, 25-26, 49	
	GRI 3: Material Topics 2021	3-1	Process to determine material topics	SR p.12-13
		3-2	List of material topics	SR p.12
3-3		Management of material topics	SR p.17-55	
GRI 207: Tax 2019	207-1	Approach to tax	NKT Tax Policy	
	207-2	Tax governance, control, and risk management	NKT Tax Policy	
	207-3	Stakeholder engagement and management of concerns related to tax	NKT Tax Policy	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	SR p.58	
	302-3	Energy intensity	SR p.58, 61	



GRI content index, continued

GRI standard	Disclosure	Location
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	SR p.59, 61
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	SR p.57
	305-2 Energy indirect (Scope 2) GHG emissions	SR p.57
	305-3 Other indirect (Scope 3) GHG emissions	SR p.57
	305-4 GHG emissions intensity	SR p.57
	305-5 Reduction of GHG emissions	SR p.19-26
GRI 306: Waste 2020	306-2 Management of significant waste-related impacts	SR p.27-33
	306-3 Waste generated	SR p.59, 61
	306-4 Waste diverted from disposal	SR p.59, 61
	306-5 Waste directed to disposal	SR p.59, 61
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	SR p.37-38, 63-64
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	SR p.39-40
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	SR p.62-64

Independent assurance statement on selected ESG data

SGS Poland's assurance opinion on KPIs in NKT Cables Group A/S's data sheets of NKT Sustainability Report for 2023

Nature of the assurance/verification

SGS Poland (SGS Polska Sp. z o.o. - hereinafter referred to as SGS) was commissioned by NKT Cables Group A/S (hereinafter referred to as NKT) to conduct an independent assurance of the NKT Sustainability Report 2023 – Data sheets (56-76) dated Feb 6, 2024 (hereinafter referred to as the Report).

Intended users of this assurance statement

This Assurance Statement is provided with the intention of informing all NKT's Stakeholders.

Responsibilities

The information in the Report and its presentation are the responsibility of the Senior Leadership Team and the management of NKT. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the text, data, graphs and statements within the

scope of verification (Data sheets, pages 56-76) with the intention to inform all NKT's stakeholders.

Assurance standards, type and level of assurance

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognised assurance guidance and standards including the principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) GRI 1: Foundation 2021 for report quality, GRI 2 General Disclosure 2021 for organisation's reporting practices and other organizational detail, GRI 3 2021 for organisation's process of determining material topics, its list of material topics and how to manages each topic, and the guidance on levels of assurance contained within the AA1000 series of standards and/or ISAE3000.

The assurance of this report has been conducted according to the following Assurance Standards:

- SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000);

- ISAE3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information;

- ISO 14064-3: 2019 Greenhouse gases — Part 3: Specification with guidance for the verification and validation of greenhouse gas statements;

We are providing a limited level of assurance for non-GHG data, using our protocols for:

- evaluation of KPIs within the ESG scorecard (against the ISAE 3000 (Revised)).

We are providing a reasonable level of assurance, using our protocols for:

- evaluation of the GHG-related KPIs against the ISO14064-3 Standard requirements.

Within the scope of assurance, the procedures we performed included, but were not limited to:

- Pre-assurance research
- Interviews with the relevant managers and directors with responsibility for each element

of the assured part of the report, including those responsible for producing and validating KPI data

- Remote site tours in Czech Republic (Velké Meziříčí), Poland (Warszowice and Knurów), Denmark (Asneas) and Sweden (Alingsas) production units

- Review of documentation of record to check statements back to source.

The assurance of this report has been conducted according to the following Assurance Standards:

Scope of assurance and reporting criteria

The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below and evaluation of adherence to the following reporting criteria:

Reporting Criteria Options

1. GHG Protocol
2. ISO14064-1
3. GRI Standard (2021)



Specified performance information and disclosures included in scope

Scope of the verification included independent assurance of the NKT Sustainability Report 2023 – Data sheets (pages 56-76) dated Feb 6, 2024. NKT has defined the reporting period as full calendar year 2023 for all social, governance data; full calendar year 2023 and Q4 of 2022 for environmental data (both GHG related and GHG not-related).

Assurance methodology - non-GHG data

The assurance performed comprised the review, evaluation of and providing comments on the reporting processes as well as evaluating the accuracy of the report content and indicators. This included the following activities:

- Desk study to identify material issues in relation to the organisation, its sector, location and operations, and stakeholders,
- Evaluation of the NKT Sustainability Report 2023 against SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000), Verification of GHG Inventory to ISO 14064 and GRI standards 2021 and ISAE 3000 in the level of limited assurance,
- Planning of site visit (remote) and preparation of bespoke checklists for evaluation of data collection processes and accuracy of reported data,

- Interviews carried out with main persons responsible on client's side for data collection and analysis (based in different locations; all interviews conducted remotely via MS Teams) to complete the evaluation of data collection processes and accuracy of reported information and data, including:
 - Interviews with relevant personnel,
 - Document and record inspection,
 - Confirmation of information sources.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Assurance methodology - GHG related data

CO₂ emissions from own operations were verified at a reasonable level of assurance according to standard EN ISO 14064-3: 2019 Specification With Guidance For The Validation And Verification Of Greenhouse Gas Assertions, to establish conformance with the requirements of EN ISO 14064-1: 2018 and the WRI/WBCSD GHG Protocol – A Corporate Accounting and Reporting Standard ('The WRI/WBCSD GHG Protocol'), within the scope of the verification.

The materiality required of the verification was considered by SGS to be below 5%, based on the needs of the intended user.

The engagement included verification of emissions from anthropogenic sources of greenhouse gases included within the organisation's boundary and meeting the requirements of EN ISO 14064-1: 2018 and the WRI/WBCSD GHG Protocol. The organisational boundary was established following the operational control approach.

- Description of activities: Manufacturing of High Voltage Cables, Medium Voltage Cables, Low Voltage Cables, Accessories and also Cable Services and Technology Consulting
- Location/boundary of the activities: Production sites in Europe (Czech Republic, Denmark, Germany, Sweden, Poland, Norway, United Kingdom) and also NKT Victoria (vessel), warehouses, offices and others.
- Physical infrastructure, activities, technologies and processes of the organisation:
 - manufacturing facilities, offices, warehouses, vessel, transport and others
- GHG sources, sinks and/or reservoirs included:

- Direct GHG emissions from stationary combustion, mobile combustion, cooling equipment, process sources;
- Indirect GHG emissions from imported energy – purchased electricity, purchased district heating, purchased district cooling
- Indirect Emissions List categories:

Category 1: Indirect GHG emissions from purchased good and services

Category 2: Indirect GHG emissions from capital goods

Category 3: Indirect GHG emissions from fuel and energy related

Category 4: Indirect GHG emissions from upstream transport

Category 5: Indirect GHG emissions from waste

Category 6: Indirect GHG emissions from business travel

Category 7: Indirect GHG emissions from employee commuting

Category 9: Indirect GHG emissions from downstream transport

Category 11: Indirect GHG emissions from use of sold products

Category 12: Indirect GHG emissions from end of life treatment of products sold

- Types of GHGs included: CO₂, N₂O, CH₄, HFCs, PFCs, SF₆

- Directed actions: none

Limitations and mitigation

Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process (refers to EU Taxonomy KPIs).

Assurance process was performed remotely – MS Teams tool and e-mails exchange was used.

Statement of independence and competence

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from NKT Cables Group A/S, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors with expertise in ESG fundamentals, Social Auditing, OHS Systems, Environmental Protection and Carbon Footprint Assessments, Information Security and Data Quality.

Findings and conclusions**Assurance/verification opinion – non-GHG data**

On the basis of the methodology described and the verification work performed, nothing has come to our attention that causes us to believe that the specified performance information included in the scope of assurance is not fairly stated and has not been prepared, in all material respects, in accordance with the reporting criteria.

We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

Assurance / verification opinion – GHG related data

On the basis of methodology described for GHG data verification SGS concludes with reasonable assurance that the presented CO₂ equivalent assertion is materially correct and is a fair representation of the CO₂ equivalent data and information, and is prepared following the requirements of ISO 14064-1: 2018 and the WRI/WBCSD GHG Protocol – A Corporate Accounting and Reporting Standard.

NKT Cables A/S provided the GHG assertion based on the requirements of ISO 14064-1: 2018 and the WRI/WBCSD GHG Protocol – A Corporate Accounting and Reporting Standard. The

GHG information for the period 01/01/ 2023 – 31/12/2023 disclosing gross emissions of 8 174 874 tCO₂e (location based methodology), 8 132 511 tCO₂e (market based methodology), 1 491 tCO₂e (from biofuels combustion) are verified by SGS to a reasonable level of assurance, consistent with the agreed verification scope, objectives and criteria.

We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

Quality and reliability of specified performance information

During the verification process some examples of good practice as well as some opportunities for improvement in underlying processes were identified and reported to NKT with the aim of enabling a process of continual improvement in collection and reporting KPI data. It may be possible to roll out examples of good practice to other KPIs, or parts of the business and the opportunities for improvement identified may be considered for implementation during future reporting cycles:

Good practice:

- Majority of KPIs are structured and well supported by source data.
- GHG-related data has expanded to include scope 3 emissions.

- Customer satisfaction data included in the report are generated from well-managed external systems.
- Trainings-related data which is reported under governance section is collected in internal system and visible in real time; additionally, information retained at the end of the reporting period – end of December.
- On-line platform used for data collection of environmental data (Resource Advisor).

Opportunities for improvements:

Overall assurance process could be strengthened if for the next reporting cycles the process would be started earlier or backed-up by pre-assurance activity (based on data sheets) – to make sure all necessary changes are made in advance of deadline dates.

- KPIs source data and reporting process could benefit from internal monitoring activity for data collection tools and responsibilities – to assure gaps occurring in data collection are identified and corrected on a regular basis.

Adherence to GRI standards requirements

The report, NKT Sustainability Report 2023 – Data sheets, complies with the requirements for reporting with reference to the GRI Standards set out in Section 3 of GRI 1. The significant impacts are assessed and disclosed with refer-



ence to the guidance defined in GRI 3: Material Topic 2021. The report has properly disclosed information related to the company's contributions to sustainability development.

As a result of GRI pre-assurance activity it was confirmed that:

- GRI Content index was published, including:
 - i. the title: GRI content index;
 - ii. the statement of use;
 - iii. the title of GRI 1 used;
 - iv. a list of the reported disclosures from the GRI Standards, including the disclosure titles;
 - v. the titles of the GRI Standards that the reported disclosures come from;
 - vi. the location where the information reported for each disclosure can be found;
- Statement of use was provided (withing the GRI content index) and included required information: NKT has reported the information cited in this GRI content index for the full-year 2023, with reference to the GRI standards. NKT refers to the Annual Report 2023 (AR) and the Sustainability Report 2023 (SR);
- GRI notification: to be conducted after publishing the report.

**Adherence to GHG Protocol
and ISO14064-1:**

Criteria against which a carbon footprint verification assessment is undertaken are the requirements of ISO 14064 and GHG Protocol.

Signed:

For and on behalf of SGS Poland

Zbigniew Suchodolski
- Knowledge - Business Manager

Gdynia, Poland
Feb 8, 2024

www.sgs.com

ESG ratings 2023

NKT is constantly increasing sustainability in all activities which was recognized in ESG ratings provided by four independent agencies in 2023.



- NKT A/S received an A- which is in the Leadership band
- NKT is among the 14% of companies reaching Leadership level in the group "Metal Products Manufacturing"



- Rated Platinum with a score of 79 out of 100 in 2023 within the industry category "manufacture of wiring and wiring devices"
- This places NKT among the top 1% of companies in total



- NKT is rated AA in the MSCI ESG Ratings assessment in 2023



- As of December 2023, NKT A/S received an ESG Risk Rating of 20.8 from Morningstar Sustainalytics and was assessed to be at medium risk of experiencing material financial impacts from ESG factors



NKT A/S

Vibeholms Allé 20
DK-2605 Brøndby
Denmark

Company Reg: 6272 5214
T: +45 43 48 20 00
info@nkt.com
nkt.com

NKT is signatory to:



Science Based Targets initiative.
A commitment to become a net
zero emissions company.



United Nations Global Compact.
A pledge to implement universal
sustainability principles.



Europacable Industry Charter.
A commitment towards
superior quality.