



NKT

Sustainability Report 2022

We connect a greener world



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United Nations
Global Compact

This report describes the compliance of NKT Cables Group A/S with Section 99a (CSR), Section 99d (Data ethics), Section 99b (Gender diversity) and 107d (Diversity) of the Danish Financial Statements Act in 2022. It also includes the progress made on compliance with the principles of the UN Global Compact. NKT Cables Group is part of NKT A/S.

NKT Group annual reports 2022

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

Introduction

NKT's purpose is to connect you, us and society to a greener world by enabling sustainable energy transmission. As a key power cable provider, NKT is actively reducing its environmental impact and strengthen its social responsibility.

In 2022, NKT installed the onshore power cable system for the VikingLink interconnector enabling exchange of renewable generated power between UK and Denmark.



Sustainability highlights

Corporate emissions* decreased with

20%

Compared to 2021
* scope 1 and 2



Total amount of waste sent for material recycling

80%

From 80% in 2021



Share of female new hires increased to

21%

From 19% in 2021



Employee Engagement Score

73

From 74 in 2021



Total Recordable Incident Rate

1.14

From 1.19 in 2021





Letter of Commitment

Speed is key to connecting a greener world

Accelerated action is needed to mitigate the effects of climate change. In the past year, we have seen extreme heat across Europe, wildfires in North America and massive rainfall across Asia.

This calls for unified and immediate action to reduce global CO₂e emissions to keep the hope alive that we can prevent temperatures from rising by more than 1.5°C above pre-industrial levels. This trajectory is under pressure due to the lack of speed in the global transition to a low-carbon and sustainable future.

Furthermore, Europe is experiencing an energy crisis with high prices and fluctuating supply impacting all areas of society. The combination of the war in Ukraine and a dry summer with low wind has left energy supply at the top of the political agenda in Europe. The way forward is to strengthen climate action, accelerate and increase the renewable energy generation and to continue to invest in an interconnected power grid.

Immediate climate action is necessary

At NKT, we encourage political leaders to continue to set ambitious targets and to follow through with the necessary initiatives to stay on the 1.5°C trajectory. We have heard the ambitions and speeches – now it is time for immediate action and investments for the sake of future generations.

To meet the politically set climate targets, we need more swift and agile processes in the permitting and tendering phase of energy infrastructure projects. Furthermore, an increased focus on sustainability in the value chain is central to drive the decarbonization of the energy infrastructure. A key element is to strengthen the significance of low-carbon footprint in tender criteria. This would enable the environmental impact from manufacturing, transportation and installation of products and solutions to be more carefully considered.



Internally, we have continued to reduce the carbon footprint from our operations and have cut corporate CO₂e emissions with

79%

compared to 2019



Connecting a greener world

In 2022, we continued to conduct our business with a strong focus on sustainability while building the global power grid essential to the green transition. In close collaboration with our partners, we have connected offshore wind farms to shore, enabled hydro power to flow across borders and ensured necessary upgrades of the low-, medium- and high-voltage power grids across Europe – and soon in North America.

Internally, we continue to operate all factories and most offices using renewable electricity and have further reduced the carbon footprint from our operations. Here, we have a nearterm target to reduce the corporate CO₂e emissions by 90% in 2030 compared to 2019 despite of a substantial increase in our activity level. We are well on our way to meeting this target with a 79% reduction already achieved. The next steps are to stop all use of natural gas and complete the transition to fossil-free fuels.

At COP27, NKT participated to promote a stronger commitment to accelerate the green transition and strengthen the global power grids to ensure transmission security. This requires immediate action, and at both formal and informal discussions, we experienced an increased focus on how to drive and accelerate climate actions in the energy sector.

As a central player in the power sector, we are obliged to lead the way towards a more sustainable future by engaging in dialogues with key stakeholders in the industry. In 2022, we were a founding member of the Powering Net Zero Pact, where we join forces with other companies to decarbonize the energy sector, and we engaged in discussions for a more sustainable sector at COP27 in Egypt. It is a long, transformative journey, and collaboration across the value chain is essential to succeed.

A good example of innovative collaboration is the project where the world's first HVDC power cables using low-carbon copper will be installed at Dogger Bank C, the third phase of one of the world's largest offshore wind zones located in the UK. This initiative will reduce the carbon footprint of the HVDC power cable system by more than 35%, demonstrating the potential for low-carbon solutions in the offshore wind industry.

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.

As a leading company in the power cable industry, a high-performing, diverse and inclusive organization is a key enabler for our growth ambitions. This makes attracting, developing and retaining talents and employees a high priority area for NKT. In 2022, we have continued to strengthen our focus on talent management, diversity and inclusion.

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 – without a proper infrastructure implemented fast the green transition will stall. Let us take immediate action, speed up processes and connect a greener world – together.

Alexander Kara

President and CEO
NKT

Description of business model

NKT is connecting a greener world with high-quality cable solutions for on- and offshore power transmission.

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

International sustainability memberships and commitments

Climate commitments



In December 2020, NKT signed up to the Science Based Targets initiative to become a net-zero emissions company by 2050.



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



NKT has signed the commitment under the UN Global Compact to actively work to run its business 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.



United Nations
Global Compact

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



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 signed up to 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 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.

Broader sustainability

Stakeholder interaction

Strategy and Governance

As a central player in the global transition towards renewable energy, NKT is continuously reducing the environmental impact of its activities.

An offshore power cable is being stored at the Swedish high-voltage factory in Karlskrona before being installed to ensure reliable power transmission, thereby supporting the green transition.



Sustainability governance

Sustainability is embedded in all processes across the company and NKT recognizes the importance of having clear governance to ensure ongoing progress.



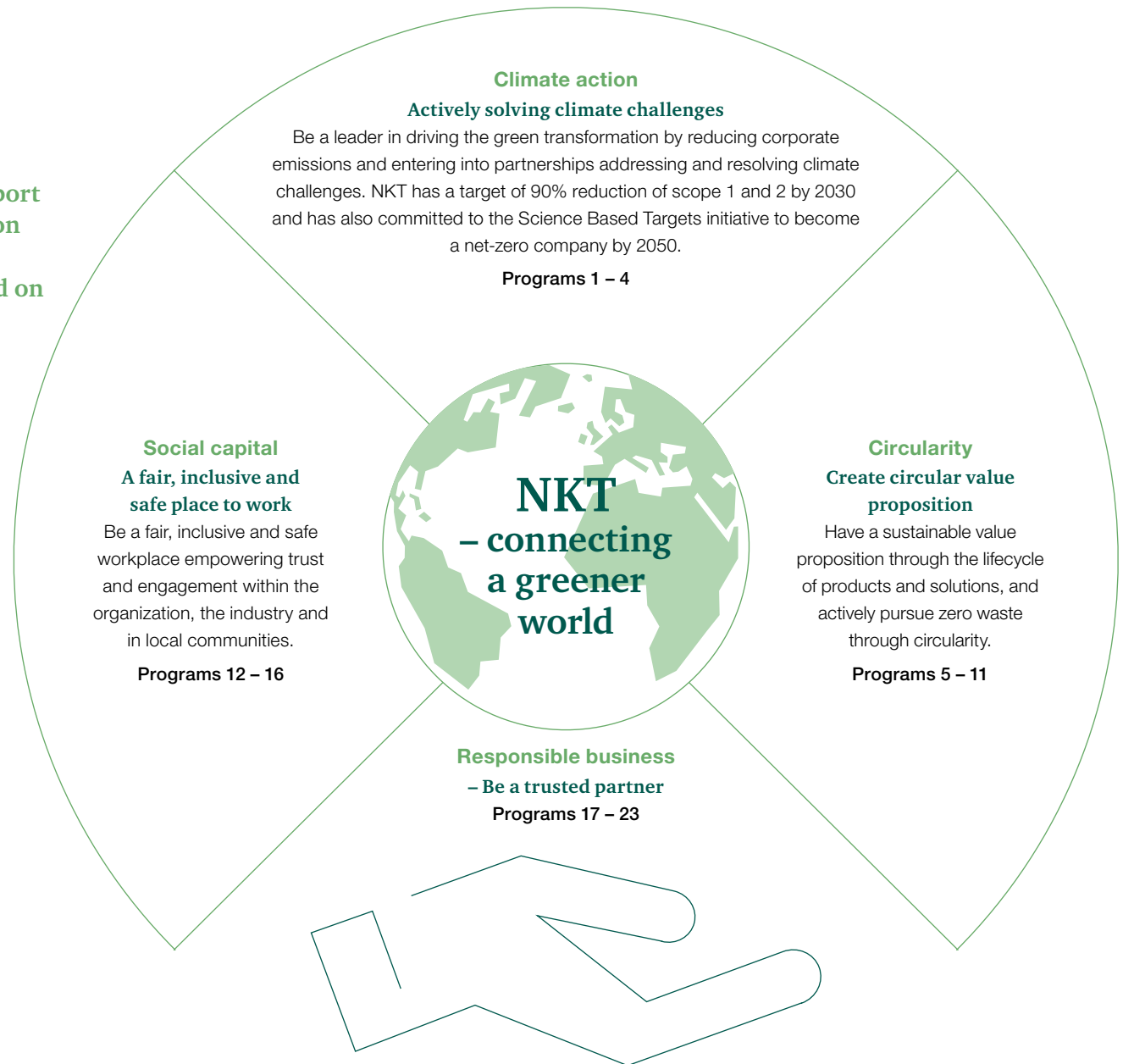
Sustainability strategy

ImpACT

NKT executes the long-term strategy ImpACT for resolving global sustainability challenges in support of the Paris Agreement. ImpACT sets the direction and documents the progress on sustainability in NKT. It is anchored in three main pillars founded on responsible business processes.

Programs

1. Net-zero: Natural gas-free operations
2. Energy efficiency
3. Transition to alternative fuels
4. Supplier engagement program
5. Recycling of XLPE and PE
6. Waste elimination and increased circularity
7. Take-back program
8. Materials development
9. SF6 mitigations
10. Superconducting technology
11. Biodiversity
12. Talent attraction, development and management
13. Diversity
14. Inclusion
15. Safety Strategy 2028: Twice as good
16. Community engagement
17. Responsible business partners
18. Ethical business conduct
19. Speak-up culture
20. Responsible tax practices
21. Cyber security 3.0
22. Data privacy and data ethics
23. Supplier due diligence



Climate risk and opportunities

Risks	Opportunities
Short term (0-2 years)	
<ul style="list-style-type: none"> ▪ Extreme weather events such as heatwaves, draughts, storm surges or flooding can have a negative impact on the NKT production, potentially damaging facilities and assets, disrupting the supply chain and logistics, and threatening employee health and safety. Production sites near the sea (Karlskrona, Sweden) or major rivers (Cologne, Germany, and Velke, Czech Republic) are particularly vulnerable ▪ Failing to meet climate commitments can harm relationships with investors, regulators, customers and employees, can negatively impact the company's commercial relevance, reputation and license to operate ▪ The short-term cost to achieve central elements of the corporate decarbonization actions such as using 100% renewable electricity or phasing out natural gas may increase (e.g. increasing prices for renewable electricity, technology, CAPEX investments) 	<ul style="list-style-type: none"> ▪ NKT's ommitments and actions to contribute to a low-carbon economy through minimizing the corporate impact and providing a central product to the energy transition attracts the necessary talent and investor support to meet the corporate growth trajectory ▪ Minimizing NKT's sustainability impact is central to the customers' success and their respective sustainability journey. Sustainability actions contribute to the company's competitiveness and increase chances to become preferred supplier ▪ Through the product portfolio, NKT is positioned as a central contributor to the electrification of society and the energy transition towards renewable energy supply. The demand for renewable energy might see a tipping point in the medium-term accelerating likewise the demand for NKT's products and services
Medium term (2-5 years)	
<ul style="list-style-type: none"> ▪ The increase in the frequency and severity of extreme weather events can have ongoing impacts on production, assets, and supply chain. The cost of mitigating and adapting to a changing climate may also increase ▪ NKT's ambition to offer low-impact alternatives to its clients may lead to increased competition for low-carbon materials from suppliers. Likewise, competition may also increase on subcontractors in the energy transition landscape ▪ Materials being used are potentially affected by regulatory changes ahead of product development 	<ul style="list-style-type: none"> ▪ Investments into decarbonization action (e.g. 100% renewable energy, natural gas phase out) decrease the overall cost in comparison to previous configurations and accounting for increasing carbon prices
Long term (5-15 years)	
<ul style="list-style-type: none"> ▪ Political and regulatory failure to deliver on climate change commitments (e.g. renewable energy targets) undermine the potential commercial opportunity for NKT as a central actor in the transition towards more renewable energy. Additionally, NKT's scope 3 product use emissions are significantly influenced by the renewable electricity in the national grids ▪ It is expected that extreme weather events will persist in severity and occurrence in the long-term inclusive of the associated risks to NKT's assets, operations, employee health and safety and the local communities NKT is part of 	<ul style="list-style-type: none"> ▪ Planned and committed renewable energy capacity will increasingly materialize. NKT is well positioned to seize opportunities from the energy and low carbon economy transition

Method and approach

A central dimension of the materiality assessment is the identification and assessment of material topics on NKT (page 13). It includes a broad range of topics integrating an assessment of the climate risks and opportunities. Outcomes of the materiality assessment is used to identify and manage material topics (including climate risks) addressed in relevant sustainability programs.

Both, the climate risk assessment as part of the materiality assessment, and the sustainability programs are integrative elements of NKT's sustainability strategy (page 11) and the sustainability governance structure (page 10).

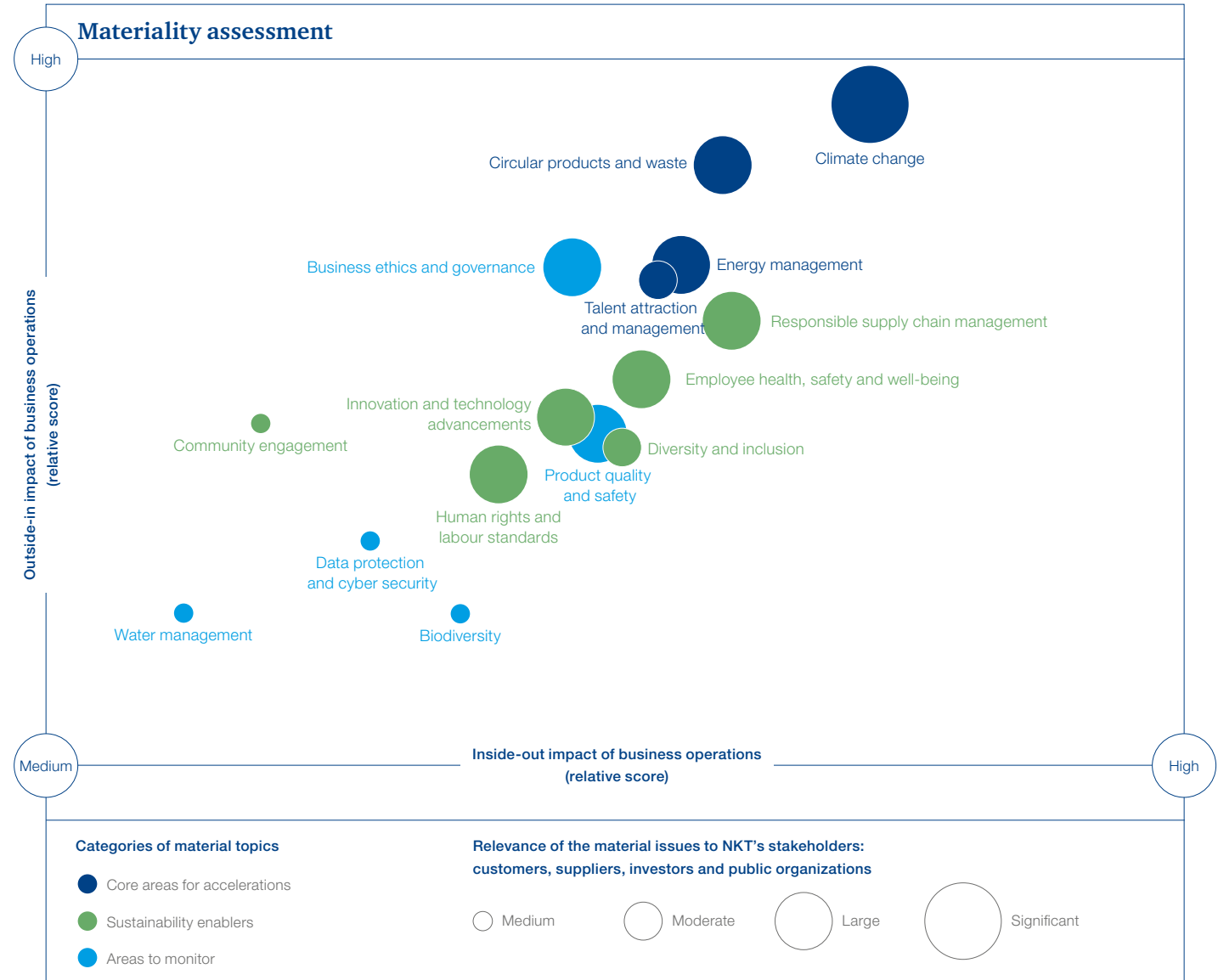
Materiality assessment defining sustainability priorities

The materiality assessment enables the identification and prioritization of social and environmental issues presenting risks and opportunities for NKT and stakeholders. In 2022, NKT has performed a double materiality assessment.

The assessment furthermore supports the visualization of global changes and trends and their potential effect on the business. It also facilitates reporting on the issues of greatest importance to relevant stakeholders.

Interaction with stakeholders associated with sustainability-related matters takes place through several channels, e.g. via interviews, surveys and informal dialogues. The feedback collected has been included in this year's double materiality assessment and in the general sustainability processes of NKT.

Sustainability aspects are evaluated on the basis of risks, opportunities and trends in relevant industries and in political agendas. Changes in legislation, technology and general developments in the sustainability agenda have also been assessed.



Assessment method and design principles

Method

1

Mapping NKT's existing materiality topics

with relevant segment, ESG trends and ESG requirements based on desk research.

2

Selecting topics for promotion to materialities

Selecting topics as described in the design principles. Internal workshop to assess business impact and validate topics (inside-out and outside-in perspective).

3

Validation & prioritization of materialities by stakeholders

External interviews and internal proxy workshop. Stakeholders include suppliers, customers, employees, public organizations/regulatory and investors.

4

Visualization and mapping of materialities

Categorization of the materialities as

1. Core areas for acceleration
2. Sustainability enablers
3. Areas to monitor

Design principles for selecting materialities

Based on the principles of GRI and SASB

Covers internal and external factors

The selection of material topics covers both inside-out topics (related to the corporate mission and strategy) and outside-in topics (reflective of stakeholder concerns or broader societal expectations).

Has (potential) impact on the company's bottom line

Topics are material when they have the ability to affect the company's operational results and financial conditions. Where possible, tools such as impact assessment methodologies or life cycle assessments are applied to signify direct economic, environmental and social impacts.

Within sphere of control and influence

The company should have the ability to control and influence the material topic. This includes the company's reach of responsibility along the value chain, i.e. covering upstream and downstream entities.

Excludes purely financial and operational issues, as well as hygiene factors

The scope of the materiality matrix is non-financial. Operational issues will be excluded, since they are expected to already be actively managed. This extends to 'hygiene factors' which are relevant but are impacted by the management of a material topic, rather than being defined as a topic in itself (e.g. reputation).

Target overview 2022

- Completed
- ▣ Partly completed
- Incomplete

Environment		Status	Result	SDG**
1	Receive SBTi verification for corporate climate target*	▣		13.2
2	Acquire further data transparency via supplier engagement program	■		13.2
3	Reduce corporate CO ₂ e emissions by 5% compared to 2021 (scope 1 and 2)	■	20%	13.2
4	Maintain full low-carbon electricity supply at all factories	■		13.2
5	Develop long-term strategy roadmap for achieving zero waste and increased circularity	■		12.5

Social		Status	Result	SDG
6	Maintain Employee Engagement Score ≥74	□	73	8.5
7	Diversity and Inclusion Score in employee engagement survey ≥74	□	73	5.5
8	Total Recordable Incident Rate ≤1.20	■	1.14	8.8
9	Complete corporate safety week (30 May - 3 June)	■		8.8
10	Implement Management Safety Walks	■	202 performed	8.8

Governance		Status	Result	SDG
11	Maintain completion rate for Code of Conduct, incl. anti-corruption and anti-bribery e-training ≥90%	■	91%	16.5
12	Further strengthen existing risk assessment framework	■		16.5

* Climate data has been submitted to the Science Based Target initiative for validation of the corporate decarbonization targets which is expected to be concluded during 2023.

** Sustainable Development Goals, <https://sdgs.un.org/goals>

Environment

As a central player in the global transition towards renewable energy, NKT is continuously reducing the environmental impact of its activities towards net-zero emissions.

Offshore wind is a cornerstone in the global transition to renewable energy and NKT has extensive experience in connecting offshore wind farms to shore with high-voltage cable systems.



Environment

During 2022, NKT has continued the journey to achieve net-zero emissions through various initiatives, including by decarbonizing the value chain via partnerships and customer collaboration on low-carbon solutions and eco-design. Previous decarbonization steps include that all production sites and most offices switched to 100% renewable electricity.



Decarbonization targets

90% **Net-zero**

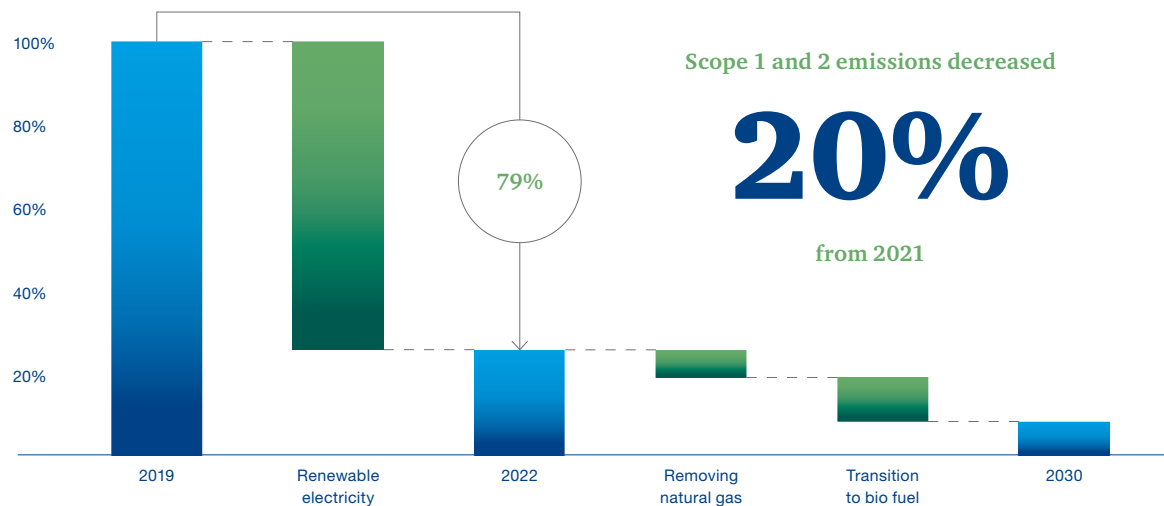
reduction of CO₂e emissions in 2030 compared to 2019

emissions by 2050

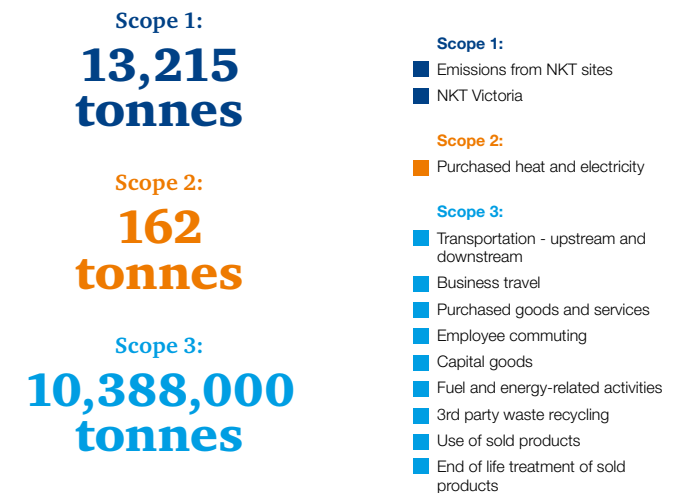
Environmental programs

- 1 Natural gas-free operations
- 2 Energy efficiency
- 3 Transition to alternative fuels
- 4 Supplier engagement program
- 5 Recycling of XLPE and PE
- 6 Waste elimination and increased circularity
- 7 Take-back program
- 8 Materials development
- 9 SF6 mitigations
- 10 Superconducting technology
- 11 Biodiversity

Carbon emissions reduction plan



Overview of corporate emissions 2022



Environment

Climate and decarbonization

As a significant part of the global greenhouse gas emissions derive from the production and use of fossil fuel-based energy, decarbonizing energy generation and improving energy efficiency are core focus areas for mitigating climate change. NKT runs ongoing climate initiatives, has strong processes and governance in place and has set an internal science-based target to reduce its scope 1 and 2 emissions by 90% by 2030 compared to 2019. Furthermore, NKT runs a supplier engagement program to reduce its scope 3 emissions, with the aim of achieving net-zero emissions no later than 2050. The focus on climate and energy efficiency is directed by the corporate Environmental Council to ensure a systematic approach across NKT.

1 Net-zero: Natural gas-free operations

Key risks and challenges:

Natural gas is one of the largest sources of CO₂e emissions in NKT and removal is essential. During 2022, the war in Ukraine further increased the risk of sudden shortages of natural gas posing risks to the NKT operations. Discontinued use of natural gas also depends on mature political frameworks and investments in both infrastructure and new technologies.

Approach:

NKT is phasing out natural gas from seven factories by replacing it with sustainable energy sources such as renewable electricity, solar power and biogas.

Target:

No use of natural gas by 2030.

Progress:

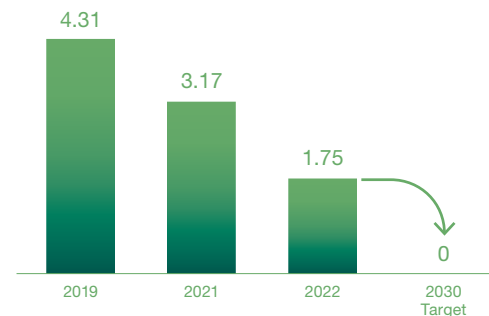
- Reduction of natural gas consumption by 37% compared to 2021
- Completed study to identify alternative solutions to natural gas, primarily in relation to facility and manufacturing (2022)
- 35 individual local replacement projects identified (2022)
- Relevant investment program initiated to remove natural gas (2022)
- Accelerated implementation of the first solutions by replacing natural gas in Cologne with almost 5,000 MWh of biogas, thereby reducing CO₂e emissions in this area by approximately 900 tonnes in 2022
- Entered into partnership with the municipality of Asnaes, Denmark, to divest land to enable the construction of a district heating system providing energy to the NKT factory as well as the local community (2022)

Future actions:

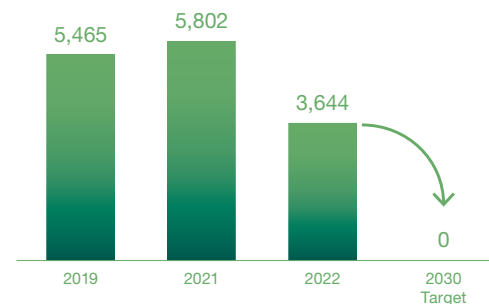
- Execute on first phase of the implementation of natural gas alternatives at all identified sites
- Emergency plan ready in case of sudden short-term shortages of natural gas



Carbon intensity from natural gas, tCO₂e per mEUR



CO₂e emissions from natural gas consumption (tCO₂e)



Calculated based on the total CO₂e emissions related to natural gas by the annual revenue in market prizes (see NKT annual reports). Emissions are calculated based on the emission factors applicable to the type of fuel.

Environment

Climate and decarbonization

2 Energy efficiency

Key risks and challenges:

Continuous improvement in energy efficiency is an important part of the corporate climate ambition. Here, a key risk is inefficient and unnecessary energy usage without mitigating actions. During 2022, the war in Ukraine increased the risk of sudden shortages of natural gas and various weather conditions impacted electricity prices. Furthermore, ongoing improvements in energy efficiency are dependent on the development of new technologies and methods, which poses a potential risk to future results.

Approach:

NKT has energy efficiency actions incorporated in the corporate strategy to ensure ongoing focus and progress. Energy performance and data are monitored on an ongoing basis, which enables rapid responses to anomalies and provides the necessary data for increased energy efficiency. NKT meets these challenges by having processes in place to ensure data-based progress in energy efficiency and swift response to irregularities in energy consumption.

Target:

Continuous improvement of energy efficiency.

Progress:

Executing key initiatives from long-term energy program

- Replacement of light sources by LED
- Optimization of capacity settings
- Reduction of leakages of compressed air in production
- Switch-off initiative reducing electricity consumption

Short-term energy savings during winter

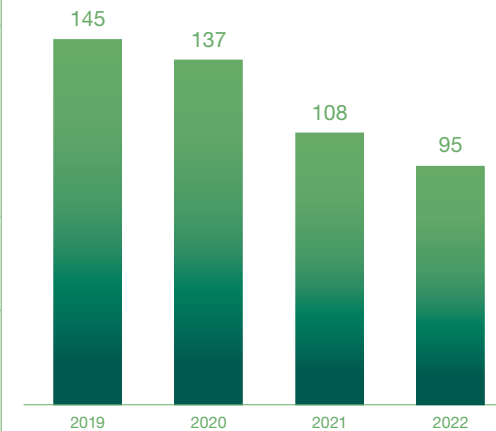
- Temperature reduction and insulation check at several sites
- Precision temperature check and set-up at several sites

Future actions:

- Continue to execute on long-term energy efficiency program at all sites
- Leverage ongoing energy data collection to ensure energy efficiency and drive mitigative actions when needed
- Prepare plan to generate short-term energy savings related to natural gas at several sites



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



Calculated based on the total amount of energy used for stationary equipment and facilities (MWh) by the annual revenue in market prizes (see NKT annual reports).

Environment

Climate and decarbonization

3 Transition to alternative fuels

Key risks and challenges:

The electrification of transportation is a key driver in the global transition to renewable energy and alternative fuels. Here, an underdeveloped infrastructure is a potential limiting factor to this transition. The conversion to alternative fuel depends on mature political frameworks and investments in both infrastructure and new technologies.

Approach:

NKT is executing on program initiatives to phase out diesel for internal logistic vehicles and stationary equipment by 2027 and aims to transition the company fleet to electric/hybrid vehicles by 2025. Decreased and decarbonized fuel consumption is central to NKT's ambition to become a net-zero emissions company. NKT is addressing these challenges by incorporating climate actions in the business strategy and by engaging in relevant partnerships supporting the required change.

Target:

Fossil-free fuel for land-based vehicles by 2027.

Progress:

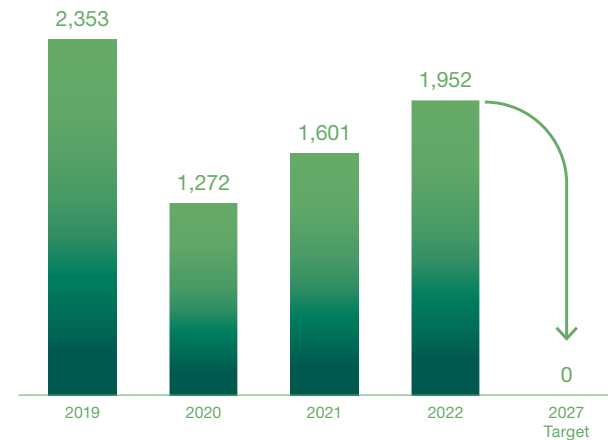
- Internal car policy implemented, with a stepwise introduction of electric cars in the company fleet (2021)
- Electric chargers have been installed at several sites (2020-)
- Transition to internal logistic vehicles and stationary equipment powered by electricity or biofuel is in progress (2021-)
- In 2022, the fossil fuel usage for vehicles increased across sites in the aftermath of COVID-19 restrictions

Future actions:

- Execute program initiatives enabling the transition to electricity and/or biofuel for internal vehicles and stationary equipment.
- Continue ongoing dialogues with customers to ensure availability of infrastructure for alternative fuels at installation sites



CO₂e emissions from fossil fuel consumption related to internal vehicles and stationary equipment, tCO₂e



Include CO₂e emissions from diesel, petrol and LPG. Emissions are calculated based on the emission factors applicable to the type of fuel.



Environment

Climate and decarbonization

For NKT, an important element on the journey towards net-zero emissions is to decarbonize the value chain, which accounts for a significant part of the corporate emissions. NKT runs a supplier engagement program aimed at driving emission data transparency and developing strong collaboration and decarbonization processes in the value chain.

4 Supplier engagement program

Key risks and challenges:

NKT is exposed to value chain risks, primarily related to key raw materials sourced for cable production. Especially copper, aluminum, steel and plastic have a high climate, environmental and social impact. Risk exposure exists especially in high-risk countries, where most of the metal reserves are located.

Approach:

NKT runs a supplier engagement program addressing emission reductions in more than two-thirds of the corporate scope 3 emissions related to 'purchased goods & services'. The program focuses on metals and plastic suppliers identified as having high climate and environmental risk exposure as per the materiality assessment conducted. The main objective of the program is to create transparency as regards suppliers' climate maturity and develop strong collaboration and decarbonization processes along the value chain. Main activities include the alignment between NKT, customers and suppliers, with a decarbonization roadmap as a key enabler to offer low-carbon cable solutions and to fulfill carbon reduction targets.

Target:

- 100% of suppliers in engagement program have scope 1 and 2 emission reduction target by 2025
- 75% of suppliers in engagement program have scope 3 emission reduction target by 2025
- 75% of suppliers in engagement program offering low-carbon alternative material incl. EPD/LCA by 2025

Progress:

- Supplier engagement program launched, first priority decarbonization (2021)
- Supplier climate requirements implemented. Evaluation of the maturity of the suppliers in the program completed (2022)
- Ongoing proactive approach and dialogue, enabling key suppliers to mature on their decarbonization journey (2022)
- Implementation of low-carbon alternative materials in cable solutions
- Producing world's first HVDC power cables using low-carbon copper (for Dogger Bank C windfarm), reducing the carbon footprint of the power cable system by more than 23,000 tonnes of CO₂e

Future actions:

- Extend supplier engagement program to include installation services
- Continue proactive approach and dialogue, driving suppliers to mature on their decarbonization journey
- Integrate sustainability criteria in corporate sourcing process and the Procurement & Category Strategy
- Enable use of low-carbon alternatives and materials in power cable solutions
- Remain an active customer focusing on how to decarbonize products and projects



Share of suppliers in engagement program having scope 1 and 2 emission reduction targets

2022: 89%
2025: 100% (target)

Share of suppliers in engagement program having scope 3 emission reduction targets

2022: 50%
2025: 75% (target)

Share of suppliers in engagement program offering low-carbon alternative material incl. compliant carbon footprint evidence (EPD/LCA)

2022: 28%
2025: 75% (target)

Environment

Circular products and waste

The need for circularity is becoming increasingly important to the transition to a more sustainable world as the demand for raw materials and other materials is driven up by the development and implementation of climate technologies. Product circularity plays a central role in NKT's ambitions to reduce the environmental impact of its products and solutions. The focus on decarbonization and circularity in the product design, research and development is directed by the Technical Board, on which Group Sustainability participates.

5 Recycling of XLPE and PE

Key risks and challenges:

Technology development and the expansion of the global power grids, which are central to the transition to renewable energy, are creating increased demand for raw materials. Irresponsible and irrational use of resources poses a risk in relation to limiting the environmental impact of products and solutions in the energy infrastructure. A key challenge with cross-bound material like XLPE (cross-linked polyethylene) is that there are limited possibilities to restore it to its original form and ensure a high level of circularity.

Approach:

NKT is committed to eliminating waste, and progress is based on a long-term focus on the reuse and recycling of cable scrap and other materials.

Target:

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

Progress:

Through innovation and external partnerships, NKT has made significant progress regarding recycling of scrap from power cable production over the past years

Key highlights:

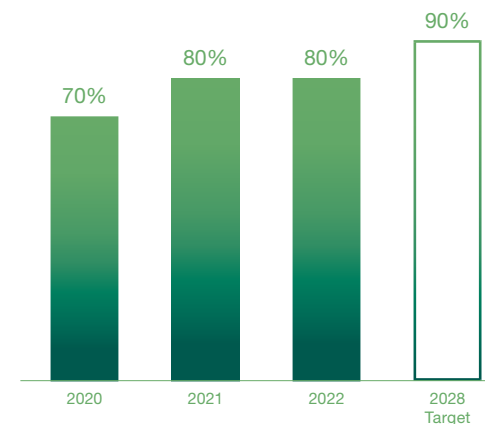
- Successfully developed mechanical recycling of cross-linked polyethylene (XLPE) as the first company in the power cable industry (2020)
- Developed new methods for recycling the remaining mixed fraction of materials from production to give them a second life in new applications and products such as flowerpots, cable drums and construction material (2021)
- Initiated pilot project to decrease the carbon footprint from cable production by investigating methods to replace a substantial part of the materials used with recycled polyethylene (2021).
- Continued pilot project (2022)

Future actions:

- Continue investigation and implementation of new methods to increase reusability and recycling of XLPE and PE from production
- Evaluate pilot project on an ongoing basis with a view to company-wide implementation



Waste sent for reuse, recycling and composting



Find method statements and comments for non-financial data at page 50.

Environment

Circular products and waste

6 Waste elimination and increased circularity

Key risks and challenges:

- Waste directed to landfill contributes to the negative impacts such as potent greenhouse gas emissions, space consumption and environmental pollution. Incinerating waste is an inefficient use of valuable resources despite energy recovery. Both options are increasingly unacceptable in an evolving regulatory landscape of circular economy, customers' circularity journey and corporate decarbonization, biodiversity and zero waste ambitions
- Copper, aluminum, steel and plastics are among materials used in NKT products. There are often risks associated with the use of these materials. For example, they are resource-intensive and mining ore can potentially have negative impacts on environment, communities and human health. Additionally, inefficient resource usage has a direct cost implication as the costs of core materials rise and become increasingly volatile

Approach:

NKT works to eliminate waste directed to landfill, reduce the waste directed to incineration and increase waste and materials diverted to recycling and reuse.

The waste strategy defines three central guiding principles:

- Advance circularity as regards materials and material use
- No compromise on landfill and incineration
- Integrate the 5Rs (refuse, reduce, reuse, repurpose, recycle) of waste management across NKT

Target:

- ≤1% waste directed to landfill and incineration by 2026
- ≥90% of production waste diverted to recycling or reuse by 2028

Progress:

In 2022:

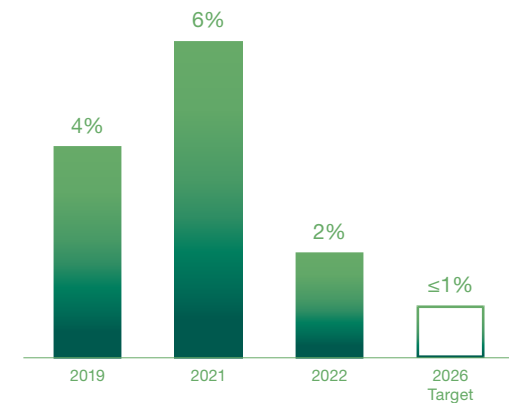
- Maintained level of waste diverted to reuse, recycling and composting at 80%, same as in 2021
- Diverted 4% more waste to incineration with energy recovery than in 2021
- Reduced diversion to landfill to 1.56% of total waste generated
- Developed cross-functional waste and circularity strategy and initiated measures to improve waste-related business intelligence

Future actions:

- Continue to improve waste- and circularity-related business intelligence, including circularity metrics
- Implement first waste strategy action items and detail long-term programming



Waste directed to landfill and incineration (no energy recovery), % of total amount of waste



Find method statements and comments for non-financial data at page 50.

Environment

Circular products and waste

7 Take-back program

Key risks and challenges:

During cable installation, cable drums and trolleys are usually left as waste after delivery. This involves a risk of increased waste and non-circular use of resources, with a negative environmental impact.

Approach:

NKT started the first drum take-back program in Denmark more than 30 years ago. Today it has grown to a deposit refund program covering both wooden drums for medium-voltage cables, 1 kV cables and low-voltage cable drum trolleys, Qaddy®. Each drum has a unique bar code and one drum is usually reused 7-8 times. During its lifetime, it is repaired and the Qaddy® is also washed before being put into use again.

Target:

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

Progress:

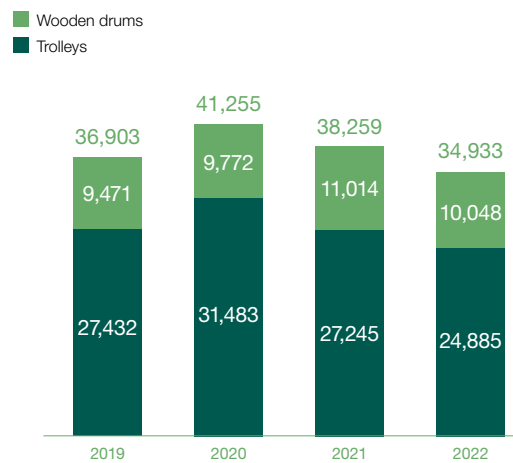
- A total of about 100,000 wooden drums and about 42,000 Qaddy® are in circulation in Denmark, Sweden, Norway, Finland and UK (2022)
- About 10% of the wooden drums and 65% of the Qaddy® -trolleys come through the refund/reuse system every year
- At the end of their lifetime - when the drums cannot be repaired any more - they are either recycled, incinerated with energy recovery or donated to the Red Cross for disabled people, who make new items from them

Future actions:

- Explore further possibilities to optimize the drums and the logistics in relation to customers
- Explore whether the Qaddy® concept can be used for other types of cables






Number of drums and trolleys sent back through the program each year



Environment

Innovation and technology advancements

NKT is continuously developing new technologies to enable more efficient, reliable and sustainable power transmission based on environmentally friendly materials. 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 needed to drive the transition to renewable energy.

<p>8 Materials development</p>	
<p>Key risks and challenges: The transition to renewable energy is creating increased demand for raw materials often extracted and produced in energy-intensive processes. This creates potential risks related to the environmental impact of materials that are used for products and solutions as well as utilization of finite resources.</p>	
<p>Approach: In NKT, environmental impact and carbon footprint are core considerations in the development of new products and solutions. A key focus in this development is to design for sustainable manufacturing processes, efficient material usage, low power losses, long product lifespan and potential for decommissioning and recycling. The ongoing development of new and existing materials is managed by Group R&D in close collaboration with the relevant business lines and through external partnerships. Climate impact is a core element in the R&D strategy and integrated in the business strategy. Details on materials development are withheld due to competitive considerations.</p>	
<p>Target: Continuously create a sustainable value proposition by ensuring environmental stewardship through the lifecycle of products and solutions.</p>	
<p>Progress: NKT investigates, develops and tests new materials on an ongoing basis, with constant focus on minimizing the environmental impact of its products and solutions.</p> <p>Examples :</p> <ul style="list-style-type: none"> ▪ Development of low-loss conductor that will reduce the CO₂e emissions from the cable systems during operation ▪ Ongoing development of HVDC technology at the highest voltage levels enabling efficient transmission of renewable power 	
<p>Future actions:</p> <ul style="list-style-type: none"> ▪ Continue development of HVDC technology ▪ Investigate design for lead-free offshore power cables ▪ Continue research and development of new materials for increased performance and decreased environmental impact 	



Environment

Innovation and technology advancements

9 SF6 mitigations

Key risks and challenges:

SF6 is one of the most potent greenhouse gases commonly used in products for power transmission and distribution. Medium- and high-voltage electrical equipment could contain SF6 used for insulation, and leakages pose a risk to the environment and the corporate climate targets. Further research and technological developments are needed as there are limited alternatives to SF6 available on the market.

Approach:

NKT is mitigating leakages and release of SF6 by having risk reduction measures and processes in place and by having product development related to SF6 integrated as part of the business strategy.

Target:

SF6-free cable accessories implemented by 2027.

Progress:

Ongoing development program for SF6 alternatives

Implementation of 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
- Process in place for lessons learnt, root cause analysis and implementation of identified preventive actions

Future actions:

- Maintain strong processes and security measures to mitigate SF6 leakages
- Continue ongoing program to develop solutions with more sustainable alternatives to SF6



SF6 leakage intensity, tonnes CO₂e per MEuro

	2021	2022
SF6 leakage intensity	0.013	0.116

In 2022, SF6 emissions increased due to minor leakages as the amount of testing activities increased at some sites.

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

Environment

Innovation and technology advancements

10 Superconducting technology

Key risks and challenges:

The expansion of the energy infrastructure in large cities is critical to the decarbonization of highly populated areas. It often requires comprehensive and expensive construction work, slowing down the development of necessary projects. As superconducting technology is under development for large-scale solutions, there is a potential risk in relation to successful implementation.

Approach:

NKT has been at the forefront of developing superconducting technology for more than 30 years and believes it will be a central part of the future energy infrastructure in highly populated areas. Superconducting power cable technology is very compact and has massive potential to meet the growing demand for clean energy in large cities as it can be installed with less construction work. In 2020, NKT started the development of a prototype technology for the German SuperLink project to become the world's longest superconducting power cable system. This system is considered a milestone project that will take superconducting technology to a new level.

Target:

Complete development of superconducting prototype technology by 2025.

Progress:

- Initiated development of prototype for the SuperLink project in Germany
- Ongoing testing at Technical University of Denmark and Fachhochschule Südwestfalen-Soest

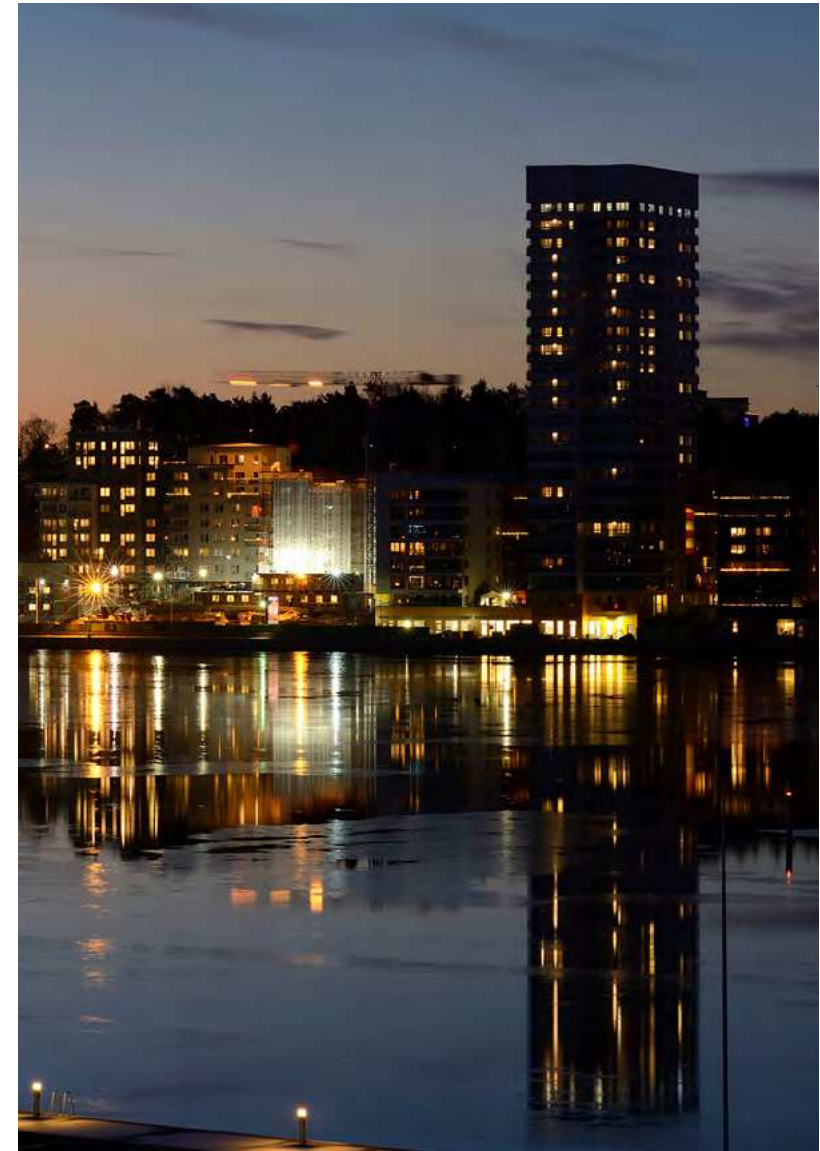
Future actions:

- Continue technology development for the SuperLink project



Superconducting power cable technology enables power-dense transmission carrying a large amount of electric power in a very compact cable design

- SuperLink is expected to become a 12 km link with a power rating of 500 MW and a voltage level of 110 kV
- SuperLink is planned to be installed in existing ducts to minimize the construction work
- SuperLink will deliver a large amount of power through a narrow corridor in the heart of Munich, Germany
- The superconducting cable is cooled to minus 200°C in a closed circuit with the environmentally harmless refrigerant nitrogen
- A cooling system with redundant back-up coolers will be an integral part of the system



Environment

Biodiversity

Rich biodiversity and well-functioning ecosystems have a proven effect on mitigating climate change. NKT is committed to reducing the environmental impact of its operations, including by actively protecting the environment. Consequently, biodiversity is part of the corporate sustainability governance structure and the Integrated Management System Policy.



[Integrated Management System Policy](#)

11 Biodiversity



Key risks and challenges:

As biodiversity is an emerging area important to climate change, the regulatory frameworks and requirements are not clear and aligned across customers, governmental stakeholders and geographical areas. The lack of consistency in requirements makes it challenging to apply standardized approaches across industries, markets and projects. Furthermore, there is a lack of standardized data collection processes and aligned measurements covering biodiversity.

Approach:

Safeguarding biodiversity is currently addressed from a risk-based perspective, and a project-specific assessment with a more strategic approach being developed. Installation processes are in place to protect biodiversity. In connection with offshore operations, the seabed is safeguarded during trenching and cable burial, and a safe distance to wildlife is kept. Onshore power cables are installed underground, and after completion the areas can be used for several purposes like farming, fields and meadows.

Target:

Aiming for biodiversity net gain in all operations.

Progress:

- Risk assessment completed showing that no NKT factories are in protected areas or areas of high biodiversity value (2022)
- The Swedish factories in Falun and Karlskrona have protected nature areas nearby (within 1 km radius), but operations have no negative impact on these areas.
- In Karlskrona, NKT has planted 20 pine trees, left wood for insects and created cairns to strengthen biodiversity in the sensitive areas near the factory (2021).
- Experience from onshore projects in several Natura 2000 and other protected areas, ensuring restoration to the same state as before
- Successfully installing the near-shore high-voltage power cable for BorWin 5 in the nature sensitive Wadden Sea area in Germany, minimizing the impact on the seabed by leveraging HDD pipes and innovative simultaneous cable-laying and burying technology (2022)

Future actions:

- Widen corporate risk assessment, including main suppliers
- Increase measuring capabilities and data collection within biodiversity
- Develop a Biodiversity Net Gain Policy and roadmap



Social

NKT believes a safe, diverse and inclusive working environment is fundamental to the continued growth of both the company and its employees.

NKT trainees taking part in the corporate trainee program at the Swedish high-voltage engineering centre and manufacturing site in Karlskrona. After the 12-month program the participants are expected to continue in relevant positions throughout the organization.



Social

People, safety and community engagement



NKT continuously works to be seen as a responsible employer with a strong focus on ensuring equal opportunities in the organization, and believes in strengthening workplace safety and engaging in the local communities to drive sustainable and positive development in the areas where the company operates.

Targets

Diversity and inclusion

≥30%

female representation in the Group Leadership Team and the Extended Leadership Team by 2025

≥40%

female representation 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

Health and safety

≤0.60

Total Recordable Incident Rate by 2028

Social programs

- 12 Talent attraction, development and management
- 13 Diversity
- 14 Inclusion
- 15 Safety Strategy 2028: Twice as good
- 16 Community engagement

Human and labour rights

As a signatory to the UN Global Compact, NKT is committed to conforming to all aspects of the Universal Declaration of Human Rights. NKT respects and abides by local labour law, supports freedom of association and all employees have contracts complying with local laws and regulations. Respect for human and labour rights is also a key parameter in the company's screening and qualification of suppliers. As NKT mainly operates in low-risk countries, use of forced and child labour is not considered to constitute a material risk, but the situation is continuously monitored to ensure adherence to best practices.



[Modern Slavery Statement](#)

[Modern Slavery Statement, UK and Australia](#)

Conflict minerals

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.

Social Talent

As a leading company in the power cable industry, NKT requires strong technical skills to continue building the necessary infrastructure for the transition to renewable energy. As NKT is growing in order to meet the increasing demand for power cable technology for this transition, attracting, developing and retaining talents is of high strategic importance to the corporate growth journey. The focus on social topics such as talent, diversity and inclusion is directed by Group HR.

12 Talent attraction, development and management

Key risks and challenges:

Attracting, developing and retaining talent with the right competencies is critical to the performance of NKT. Increased competition for top-talent can challenge the potential for attracting, developing and retaining the people necessary to have the organization in place to deliver on the corporate growth ambitions.

Approach:

NKT has a strategic focus on expanding opportunities for employee and talent development across its organization via corporate programs and processes. This includes proactively developing and deploying identified talents in the company as well as attracting talents by continuously strengthening the company's employer brand in professional areas relevant to its future performance. For NKT it is a long-term focus to ensure a culture driven by high engagement. To track workforce engagement, an annual survey is conducted based on an employee engagement index. In 2023, leaders at all levels will continue to foster employee commitment by initiating actions based on survey feedback.

Targets:

- ≥ 74 Employee Engagement Score by 2025
- ≤ 10% attrition of employees by 2025
- ≤ 5% attrition of identified talents by 2025

Progress:

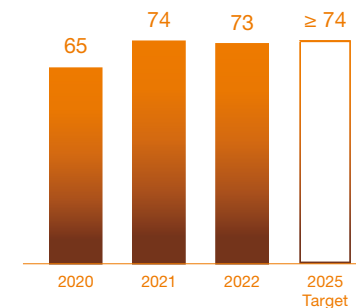
- Implemented global onboarding program (2021)
- Implemented talent program for leaders (2021)
- Launched trainee program in Karlskrona, Sweden, (2 trainees in 2020) and expanded to also include Cologne, Germany, (total of 7 trainee positions in 2022)
- Increased strategic focus on attracting, developing and retaining technical talent (2022-)
- Launched employer branding strategy including employee value proposition (2022)
- Strategic focus on strengthening in-house recruitment processes for talent (2021-)

Future actions:

- Develop and deploy career path framework and continue talent programs
- Launch of corporate mentoring program
- Strengthen internal mobility and jobrotation
- Activate employer brand
- Develop and deploy new corporate leadership model
- Increase focus on diversity and inclusion in talent attraction, development and management
- Strengthen succession and workforce planning
- Continue strategic focus on attracting, developing and retaining technical talent, including building external partnerships in strategic areas, e.g. with universities

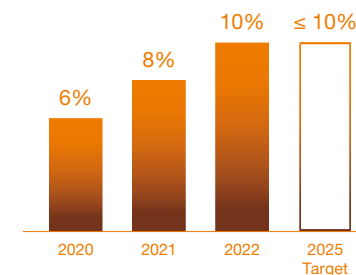


Employee Engagement Score*



* To track workforce engagement, an annual survey is conducted based on an employee engagement index measured annually on a scale from 0-100. The result is on par with the external benchmark of 73 for 2022.

Voluntary attrition of employees



Find method statements and comments for non-financial data at page 53.

Social

Diversity and inclusion

Equal opportunity is a basic human right and fundamental to NKT's ethical mindset. Discrimination creates inequality and destabilizes companies, communities and societies. A diverse company with an inclusive culture increases the ability to perform, innovate and deliver the best products and services, and a sense of belonging will boost retention and performance.



[Learn more in the Diversity and inclusion standpoint](#)



[Learn more in the corporate Code of Conduct](#)

13 Diversity

Key risks and challenges:

Lack of diversity in the organization can challenge the potential for attracting, developing and retaining the necessary competencies to drive company performance. The number of female candidates with relevant technical backgrounds is limited in the power cable industry which poses a challenge to have the organization in place to deliver on the corporate ambitions.

Approach:

NKT has diversity as a strategy enabler and includes diversity perspectives in the talent attraction and recruitment processes. Here, NKT is actively participating in outreach programs inspiring and supporting women's technical education and their way into a relevant technical position in the industry after graduation. The corporate approach to diversity covers various areas such as gender, age, experience, nationality etc. NKT measures its progress on gender diversity and has it as a leading indicator of the development on other angles to diversity being more difficult to measure.

Target:

- ≥ 30% female representation in the Group Leadership Team and the Extended Leadership Team by 2025
- ≥ 40% female representation on the Board of Directors by 2025
- ≥ 30% minimum share of female newhires by 2025

Progress:

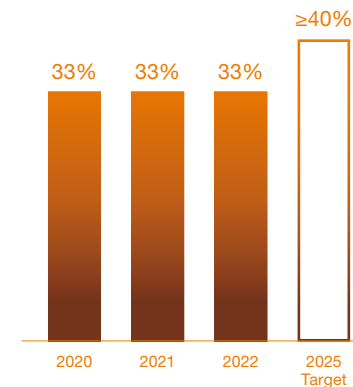
- Upskilling recruitment competencies from a diversity perspective (2021-2022)
- Implemented employer branding with a diversity perspective (2022)
- Strengthened recruitment processes to remove biases, e.g. through data-driven recruitments (2022)
- Initiated collaboration with external partners, for instance female technical networks (2021-2022)
- Implemented headhunter guidelines and gender diversity requirements in pipelines (2021)
- Launched senior female leadership forum (2022)
- Implemented flexible work guidelines (2022)
- Implemented targeted development program for emerging female leaders (2022)

Future actions:

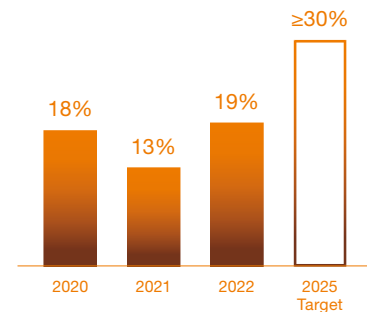
- Continued focus on diversity and inclusion perspectives in employer branding
- Continuous focus on ensuring a diversity perspective in internal recruitment and mobility processes
- Drive development activities for targeted minority groups
- Increased focus on collaboration across the organization
- Further investments in female leadership development
- Pilot diversity and inclusion training
- Mentoring program for targeted minority groups
- Diversity metrics in all talent tools



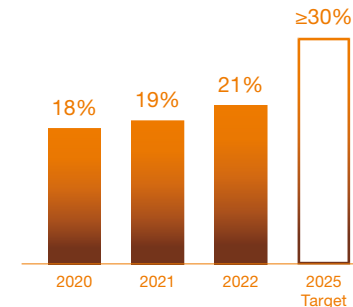
Female representation on Board of Directors



Female representation in Senior Leadership*



Share of female newhires



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

Find method statements and comments for non-financial data at page 53.

Social

Diversity and inclusion

14 Inclusion

Key risks and challenges:

Not fostering an inclusive culture poses a risk in relation to attracting, developing and retaining the employees necessary for the company to perform.

Approach:

NKT is committed to strengthening inclusion company-wide as a key enabler for psychological safety, employee well-being and engagement. NKT runs various inclusion initiatives such as engaging front runners and passionate employees, raising awareness, and ensuring inclusion is a priority for all leaders.

Target:

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

Progress:

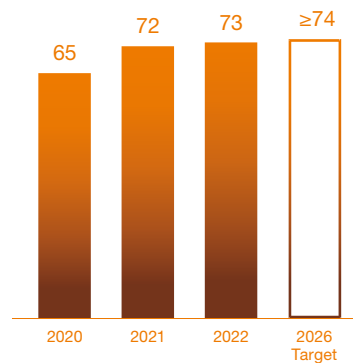
- Diversity and inclusion strategy, standpoint, targets and roadmap announced (2021)
- Awareness training for full organization (2021-2022)
- Leader tools available, incl team talks and conversation aids (2021-2022)
- Diversity and inclusion included in leadership training program (2021-)

Future actions:

- Create employee resource groups focusing on diversity and inclusion
- Launch initiatives fostering awareness, allyship and role models
- Drive culture of inclusion through improved meeting culture
- Strengthen diversity and inclusion standards in onboarding processes



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.

Diversity and inclusion score is a key metric of the yearly employee engagement survey conducted in October 2022 and sent out to all permanent and temporary employees at NKT. The survey had a 84% response rate.



Social

Health and safety

Being safe at work is a basic human right and is directly correlated to the well-being of employees and their families. It is therefore imperative for NKT to ensure the safety of employees, suppliers, customers and partners by continuously strengthening the safety culture through initiatives and data-driven risk mitigation. The focus on health and safety is directed by the corporate HSE Council to ensure a systematic approach.

15 Safety Strategy 2028: Twice as good

Key risks and challenges:

At NKT, hazards derived from the use of heavy and complex equipment in production facilities, as well as harsh environments and complexity in installation operations, may pose a significant risk for the health and safety of employees.

Approach:

NKT is committed to having a safe working environment with an aim of zero injuries and operates with a common set of requirements representing the expectations from all sites in the different health and safety systems from legal compliance, through risk assessment, top risk mitigation, employee involvement, leadership, up to monitoring and corrective actions. NKT is continuously mitigating health and safety risks and aims to set minimum requirements and develop best practices to mitigate those risks in each location. NKT has defined a strategy oriented to taking the necessary actions to improve its safety performance and strengthen the corporate safety culture by mitigating safety risks. This strategy is executed on three pillars:

- 1) **Local development plans:** Maturity assessment to evaluate local gaps, and development of site-specific roadmaps to implement the missing requirements
- 2) **Global standards:** Development and implementation of a set of global standards for the mitigation of the top risks as well as for the Health and Safety relevant procedures
- 3) **Behavioural safety:** Development and implementation of a behavioural safety program across NKT to drive the appropriate safety behaviours

Target:

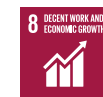
- <1.05 Total Recordable Incident Rate (TRIR) by 2023
- ≤0.6 Total Recordable Incident Rate (TRIR) by 2028

Progress:

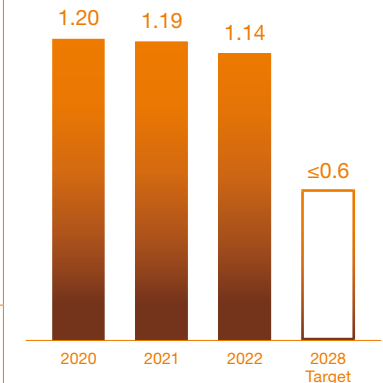
- Developed roadmap of practices to achieve the expected and best in class health and safety performance (2022)
- Standards on machine safety, electrical safety and cable end fastening were developed (2022)
- Pilot project on behavioural safety observations and feedback for managers introduced at selected sites (2022)
- Leadership in safety reinforced through implementation of Management Safety Walks and participation of top leadership in the activities of the Safety Week (2022)
- Reinforcement of the safety culture with the introduction of a global Safety Week leveraging the NKT Life Saving Principles (2022)

Future steps:

- Local self-assessment against the requirements, development and execution of local roadmaps
- Implement the safety standards developed during 2022, develop remaining standards and implement them, including strengthening health and safety in the leadership development programs with an enhanced focus on psychosocial risks
- Define requirements of a behaviour-based safety program and choose the most appropriate (i.e. country-specific) and then execute locally



Total Recordable Incident Rate*



* The TRIR is defined as the combined number of Fatal Incidents, Lost Time Incidents, Medical Treatment Incidents and Restricted Work Cases, multiplied by 200,000 and divided by the sum of hours worked.

Social

Community engagement

NKT continuously works to be seen as a responsible employer actively engaging in the local communities where the company operates to support a sustainable and positive change.

16 Community engagement



Key risks and challenges:

As a leading employer at multiple locations, NKT commits to taking responsibility in supporting the local community through active participation in initiatives that drive sustainable and positive development. It can be challenging to efficiently assess and prioritize how to engage most efficiently to drive change in the local communities and ensure the inclusion of minorities.

Approach:

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

Target:

Develop global community engagement strategy by 2023.

Progress (examples):

Diversity and inclusion in technical education

- Introduce a girl to engineering (IGEday) with Women Engineer (Sweden)
- Teknisksprånget, promoting technical careers to female students (Sweden)
- Cooperation with high-schools and universities to drive interest for technical education (Czech Republic)
- Hosting school break activities to inspire youth to pursue a technical education (Sweden)

Safe and healthy lifestyle

- Red Cross, joint fundraising with NKT employees to support Ukraine (€35,000 from employees + €35,000 from the company) (Globally)
- Support local sports clubs and organizations (Sweden, Czech Republic)
- Support the sports facility NKT Arena in Karlskrona (Sweden)
- Unsold, fresh food distributed to people in need (Germany)

Care for the local society

- Support underprivileged children and families (Sweden, Germany, Lithuania)
- Supporting people with special needs (Denmark)
- NKT Family Days (Sweden, Czech Republic)
- Support Tree Planting Day with more than 2,500 trees (Czech Republic, Germany)

Future actions:

- Develop and implement global community engagement strategy by 2023
- Continue ongoing local engagements



Employees from the NKT office in Berlin, Germany, are preparing distribution of unsold, fresh food for people in need.

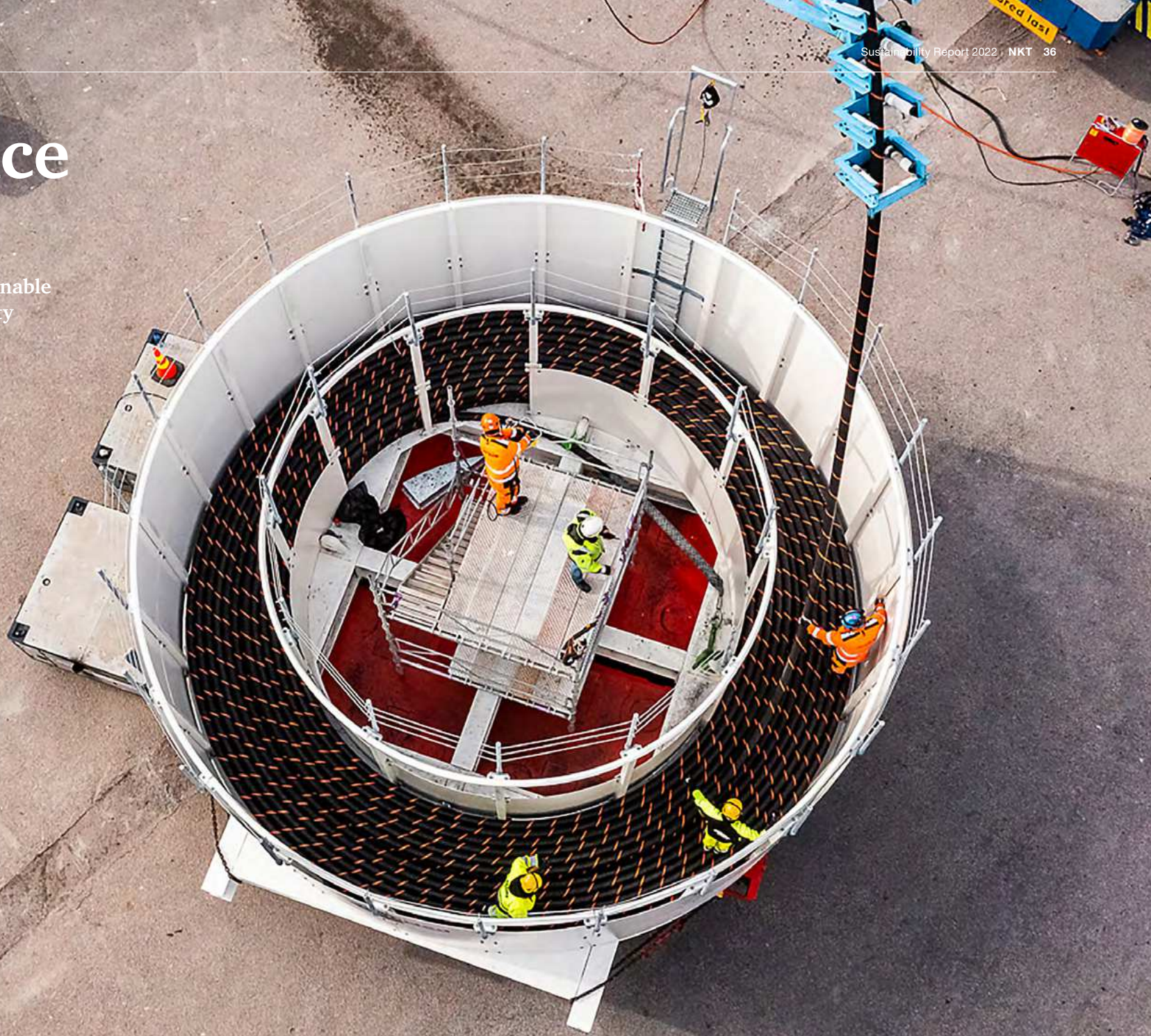


NKT employees engaging in school break activities to inspire technical interest of local youth in Karlskrona, Sweden. The activity is hosted by Blekinge Institute of Technology (BTH).

Governance

Responsible business operations are fundamental for global sustainable development and are a key priority for NKT

NKT is loading spare parts for the BritNed interconnector to a new, innovative storage solution using a customized basket for long-term storage. The new solution eases the logistics and can save time in case an unplanned cable repair is needed.



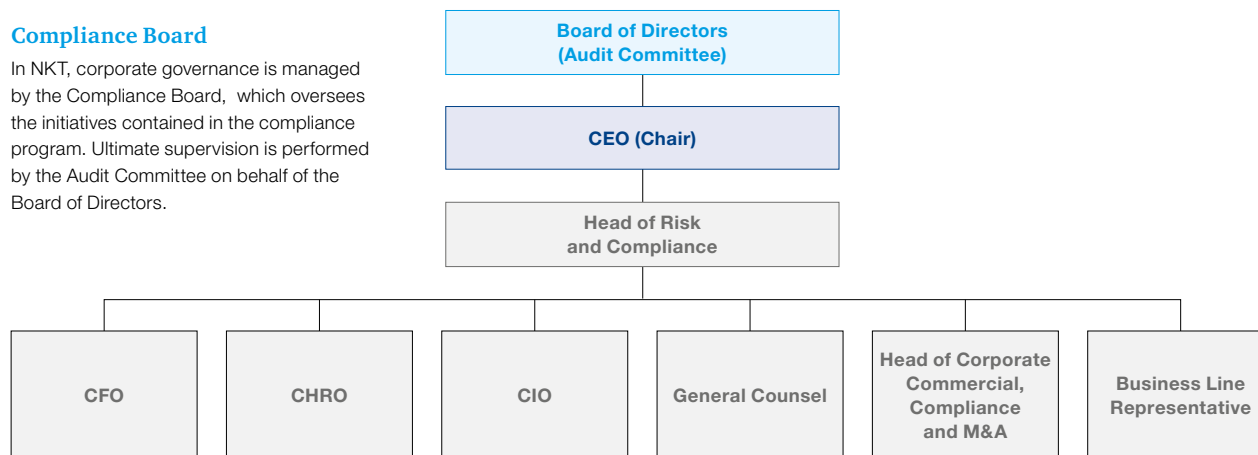
Governance

Responsible business

NKT is committed to promoting ethical behaviour throughout the company. Ethical compliance across all segments, markets and entities is crucial for commercial success and is therefore continuously strengthened and improved via a broad-reaching compliance program based on the principles and standards outlined in the NKT Code of Conduct.

Compliance Board

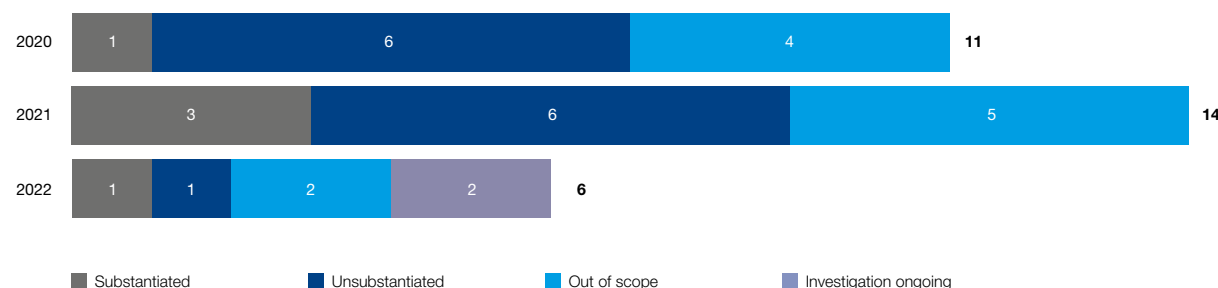
In NKT, corporate governance is managed by the Compliance Board, which oversees the initiatives contained in the compliance program. Ultimate supervision is performed by the Audit Committee on behalf of the Board of Directors.



Governance programs

- 17 Responsible business partners
- 18 Ethical business conduct
- 19 Speak-up culture
- 20 Responsible tax practices
- 21 Cyber security 3.0
- 22 Data privacy and data ethics
- 23 Supplier due diligence

Number of whistleblower reports 2020-2022



E-learning completion rate

	2021	2022	Ambition
Code of Conduct, incl. anti-corruption and anti-bribery	92%	91%	90%
Data privacy	87%	87%	90%
Competition law	89%	88%	90%
Trade sanctions	95%	92%	90%

* Find method statements and comments for non-financial data at page 55.

Governance

Business ethics and governance

NKT is committed to promoting ethical behaviour throughout the company. Ethical compliance principles are deeply embedded in operations and entities. NKT operates a comprehensive compliance program to ensure compliance with all applicable laws, regulations and international standards. In the performance of its business, NKT focuses on managing and mitigating risk exposure in respect of sanctions, corruption and bribery and strives to meet the expectations of shareholders.

17 Responsible business partners

Key risks and challenges:

Risk exposure in relation to sanctions, bribery, corruption and other governance indicators principally arises through financial interactions with external partners, including both customers and suppliers, in connection with tenders and business agreements.

Approach:

NKT will not tolerate any form of bribery, corruption or violation of sanctions, and mitigative actions and processes are in place to minimize risk exposure to third parties. Based on an internal risk assessment, customers and suppliers operating in high-risk countries undergo a due diligence screening and are monitored on an ongoing basis.

Targets:

- 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 annual recertification of relevant employees

Progress:

- Continued screening in light of current sanctions regime
- Dedicated training for leaders developed and implemented (2022)
- Training to support employees' understanding of sanctions, trade control and anti-corruption completed (2022)

Future actions:

- Expand and strengthen risk assessment process
- Ongoing monitoring of medium and high-risk third parties
- Continue to monitor compliance requirements related to export controls and sanctions in countries where NKT operates, especially focusing on new markets



Trade sanctions compliance training, completion rate %

	2021	2022	Ambition
Trade sanctions compliance training	95%	92%	90%

Find method statements and comments for non-financial data at page 55.

Governance

Business ethics and governance



[Learn more in the corporate Code of Conduct](#)

18 Ethical business conduct

Key risks and challenges:

Corruption, bribery and unethical business practices pose potential risks to the business operations of NKT and can lead to increased scrutiny from legal authorities, fines and reputational damage.

Approach:

NKT operates a comprehensive compliance program to support a culture of integrity and ensure compliance with applicable anti-bribery and anti-corruption laws and regulations. This is an integral part of the NKT culture, which includes a zero-tolerance approach towards corruption. The commitment to anti-bribery and anti-corruption is clearly outlined in the Code of Conduct. The compliance program includes written policies and guidelines for fair competition, gifts, entertainment and hospitality, trade sanctions compliance, confidentiality and data privacy. Furthermore, compliance training is in place for all relevant employees.

Target:

- ≥90% completion rate on annual anti-bribery and anti-corruption training
- ≥90% completion rate on annual competition law training

Progress:

- Code of Conduct training included in updated onboarding process (2022)
- Dedicated training of all managers (2022)
- Dedicated training of employees working in high-risk areas (2022)
- No significant instances of non-compliance with laws and regulations and no fines were paid during the reporting period

Future actions:

- Ensure continued integrity and adherence to compliance, particularly in new markets
- Continued focus on training with emphasis on high-risk areas and employees with increased exposure
- Further strengthening of existing risk assessment framework



Training completion rate

	2021	2022	Ambition
Code of Conduct, incl. anti-corruption and anti-bribery	92%	91%	90%
Competition law	89%	88%	90%

Find method statements and comments for non-financial data at page 55.



Governance

Business ethics and governance

19 Speak-up culture

Key risks and challenges:

NKT is committed to a culture of openness and honesty and takes full responsibility for its actions. Employees and business partners are urged to report any concerns arising from their daily work or their collaboration with NKT. Unresolved concerns of misconduct or unethical behaviour pose a risk to NKT’s reputation as a responsible employer and business partner.

Approach:

NKT operates a secure and confidential whistleblower hotline which both employees and external stakeholders can use to report suspected unethical or unlawful behaviour such as bribery, fraud, serious misconduct, harassment, discrimination, violence, criminal behaviour or other violations of regulations or the NKT Code of Conduct. NKT has a zero-tolerance policy on retaliation and no employee will suffer retaliation for raising a concern or reporting misconduct in good faith.

Target:

Continuous efforts to raise awareness about the whistleblower hotline, including online and face to face training and other internal communication channels.

Progress:

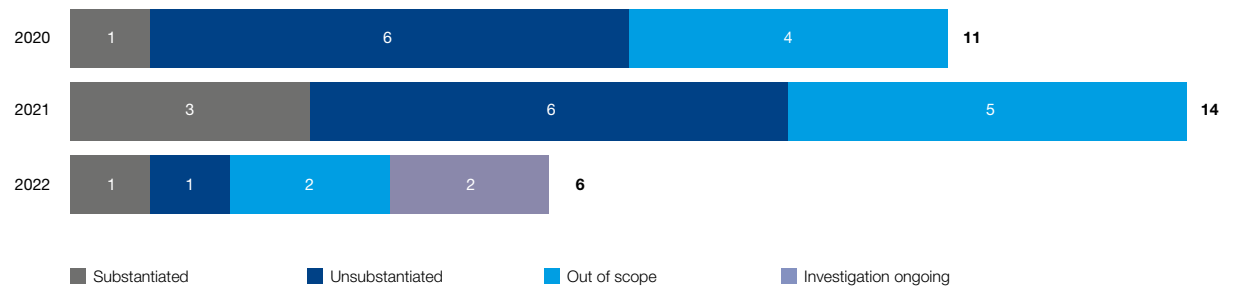
- Updated internal guidelines and procedures in accordance with EU Whistleblower Directive (2022)
- Completed awareness campaign targeting all NKT employees (2022)
- All cases investigated thoroughly with appropriate actions taken

Future actions:

- Continue to drive awareness of whistleblower hotline among both internal and external stakeholders



Number of whistleblower reports



The reports received in 2022 related to potential concerns about misuse of company funds, workplace harassment and illegal sharing of confidential information. All cases have been investigated thoroughly and appropriate action taken where necessary. Due to the decreased number of reports in 2022 compared to previous years, concerted efforts have been made to raise internal awareness about the whistleblower hotline.

Find method statements and comments for non-financial data at page 55.

Governance

Business ethics and governance



[Learn more in the corporate tax policy](#)

20 Responsible tax practices

Key risks and challenges:

Complying with tax rules across many tax jurisdictions can be complex as the legislation may allow for different interpretations or choices, and legislation and interpretations tend to change over time. Further, the tax legislation has developed rapidly in recent years and a result hereof the compliance burden has increased significantly.

Approach:

NKT has implemented a global corporate tax policy that is both responsible and sustainable, ensuring tax compliance and value creation for all stakeholders.

NKT strives to mitigate potential risks by having strong compliance processes and transparent communication with tax authorities. Complying with legislation can be complex where legislation allows for different interpretations or choices, and legislation and interpretations tend to change over time. If a common practice or interpretation has not yet formed, NKT will adopt progress following the more-likely-than-not principle, and where appropriate seek advice from tax advisors and tax authorities to establish a reasonable interpretation. 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. The more-likely-than-not principle means that NKT will only adopt a position expected to be upheld in court if challenged by tax authorities.

NKT does not operate in tax havens and tax is paid in the countries where value is created. Furthermore, the company aims to benefit from tax incentives in the countries where it has substance. NKT is committed to responsible tax through adherence to international double taxation treaties, EU regulations and relevant domestic and OECD guidelines.

Targets:

- Ensure transparency in tax reporting
- Continue compliance with relevant laws and regulations

Progress:

- Prepared for future extensive reporting requirements by further advancing the digital foundation used for tax compliance and reporting (2022)
- Tax policy updated (2021)

Future actions:

- Prepare for country-by-country reporting
- Continue adherence to international double taxation treaties, EU regulations and relevant domestic and OECD guidelines
- Prepare for OECD Pillar 2 (minimum taxation)



Find relevant data for corporate tax in Note 2.5 in the [Annual Report 2022](#).

Governance

IT and cyber security

IT security, data privacy and data protection are of paramount concern for NKT in order to safeguard the data of its customers and employees as well as data that is critical to the continued operations of the business. To support this, NKT has established a strategic initiative which focuses on raising the governance, awareness and ownership of information security within the organization to support the protection of the data held.

21 Cyber Security 3.0

Key risks and challenges:

Large international organizations are increasingly threatened by malicious actors that specifically look to disrupt the ability to operate by launching cyber attacks.

Approach:

In view of the rising cyber risks and digitalization of internal processes, NKT is taking decisive action in relation to several aspects of information security. NKT is committed to updating and modernizing the corporate network to mitigate risks of cyber attacks. Likewise, security governance and awareness will be strengthened across the organization to mitigate risks and cyber threats potentially facing NKT.

Targets:

- Continue recurring training on risk awareness and function-specific training for high-risk functions
- Complete network renewal project by 2024

Progress:

- Annual Cyber Security Month implemented (2022)
- Completion of wave 1 of network renewal project (2022)
- Update of Incident Response Plan, Major Incident Response Plan and associated procedures (2022)
- Expanded external Security Operations Center (2022)

Future actions:

- Updated Information Security Onboarding training package for new employees (2023)
- Implement wave 2 of network renewal project
- Complete Cyber Security Month
- Continue recurring training on risk awareness
- Strengthen focus on ensuring a resilient and secure infrastructure that continuously matches developments in external threats by focusing on people, processes and technology



Governance

Data privacy, data protection and data ethics

22 Data privacy and data ethics

Key risks and challenges:

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

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 the trust of stakeholders. Such data is handled in compliance with applicable laws and regulations and in accordance with internal ethical standards. Employees are trained in data privacy on an ongoing basis, and NKT has processes in place to ensure that data is transferred in a secure manner, supported by IT systems, and complies with legal requirements.

Target:

≥90% completion rate on data privacy training in 2023.

Progress:

- Roadmap developed to strengthen data privacy compliance program
- Developed data ethics policy
- Employee training completed

Future actions:

- Continue implementation of data ethics principles
- Enhance data privacy compliance program
- Maintain strict privacy in respect of all personal information relating to employees and third parties

Data privacy training


	2021	2022	Ambition
Completion rate, %	87	87	90

Find method statements and comments for non-financial data at page 55.

Governance

Responsible value chain

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

<p>23 Supplier due diligence</p>		
<p>Key risks and challenges: NKT is exposed to risks in relation to supplier compliance with legal and market requirements linked to health, safety, quality, financial stability, human rights, climate and environment. Potential future changes in legislation and an increased focus from customers requires a high degree of adaptability in the organization. Not being able to meet legal and market requirements poses a threat to business performance.</p>	<p>Qualified strategic suppliers 2021: 81% 2022: 97%</p>	<p>Supplier due diligence process In NKT, the supplier due diligence approach includes supplier qualification, compliance and financial risk review and supplier audits.</p>
<p>Approach: 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 in 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.</p>	<p>Strategic suppliers agreeing to the NKT Code of Conduct 2021: 100% 2022: 100%</p>	<p>As part of the qualification process, suppliers complete a self-assessment questionnaire which incorporates parameters related to health, safety, quality, human rights, climate and environment. Suppliers are also required to confirm compliance with NKT's Code of Conduct.</p>
<p>Target:</p> <ul style="list-style-type: none"> 100% of strategic suppliers (A+, A and B) are qualified 100% of strategic suppliers agree to corporate Code of Conduct 30 supplier audits conducted in 2023 	<p>Supplier audits conducted 2020: 3* 2021: 14 2022: 28</p>	<p>For the compliance risk review, a screening and monitoring tool is used to check suppliers against: sanction lists, watchlists and blacklists, politically exposed persons (PEP) and adverse media, etc. If the report shows that a supplier is non-compliant, the scope of the cooperation must be reviewed and documented to the NKT compliance function. Furthermore, the financial stability of the supplier is evaluated.</p>
<p>Progress:</p> <ul style="list-style-type: none"> In 2022, strategic suppliers comprised 105 suppliers representing 71% of NKT's annual spend Supplier qualification process implemented (2019) Implementation of Supplier Relationship Management program covering strategic suppliers (A+ and A) (2020) Supplier due diligence approach updated with additional social and climate aspects (2022) 	<p>* Reduced number of audits due to impacts of COVID-19 related travel restrictions. Find method statements and comments for non-financial data at page 55.</p>	<p>The supplier due diligence is valid for two years and then needs to be re-performed.</p>
<p>Future actions:</p> <ul style="list-style-type: none"> Review and update procurement processes, emphasizing supplier due diligence Increase emphasis on human rights and climate legislation in supplier audits Supply chain risk mapping of raw materials 		<p>In addition, NKT Group Procurement conducts an annual supplier risk assessment, including if the supplier operates out of a high-risk country. The outcome of the supplier risk assessment feeds into supplier segmentation. The supplier information is assured through an on-site supplier audit.</p>

Data sheets

NKT uses operational scope for the ESG data collection as part of its data-driven approach to sustainability.

NKT operates some of the most advanced high-voltage test centres in the industry.

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.

ESG data collection and quality:

NKT continuously strives to improve data quality and increase data transparency and granularity.

Reporting period: Q4 2021 - Q3 2022 for all environmental data and calendar year for social, governance and taxonomy data. The data is reported annually in the annual sustainability report.

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and HV Solutions Marketing
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New indicators:

Environment

Scope 2: Total energy indirect GHG emissions (location- and market-based)

Scope 3: Category 11: Use of sold products

Energy consumption:

Biogas

Share of renewable energy in electricity consumption

District heating and cooling

Energy intensity

Social

Employees by type, gender, region and age

Employee turnover

New Recruitments by employment type

Discontinued indicators:

Environment

Green electricity, share at production facilities (full year), verified by Guarantees of Origin.

HSE management training for top 200 leaders, completion rate Implement Safety Culture Ladder level certification, HV Solutions

Restatement of information:

Scope 3 - recalculation of scope 3 emissions from 2019-2022 for the categories C4, C5, C6, C7 and C11 due to improved accounting methodology and data availability.

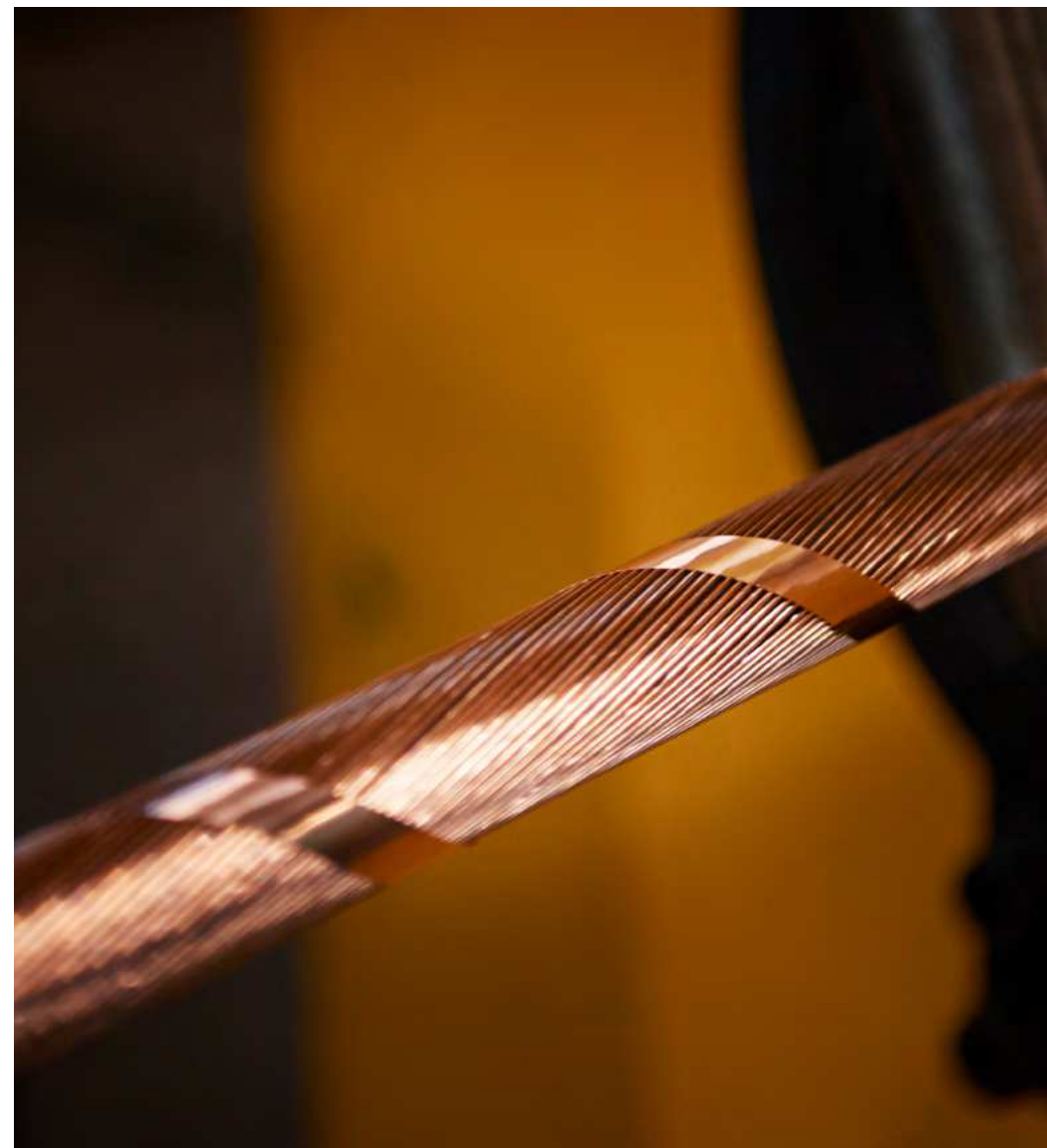
Trend evaluation:

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

Changes in business structure affecting

ESG performance:

On 10 January 2022, NKT acquired Vencroft Ltd, a UK based company.



Sustainability data

Environment

	2022	2021	2020	2019
Greenhouse gas emissions				
Scope 1				
Total direct GHG emissions (Tonnes CO₂e)	13,215	15,748**	12,053	16,247
Scope 2				
Electricity - market-based (Tonnes CO ₂ e)	26	705	13,147	47,138
Heating -market-based (Tonnes CO ₂ e)	136	294	296*	199
Electricity - location-based (Tonnes CO ₂ e)	37,494	39,456	44,385	42,774
Heating - location-based (Tonnes CO ₂ e)	766	852	296*	199
Total energy indirect GHG emissions - market-based	162	999	13,443	47,337
Total energy indirect GHG emissions - location-based	38,260	40,308	44,681	42,973
Scope 3 (Kilotonnes CO₂e)				
Category 1: Purchased goods and services	1,842.8	1,182.3	1,468.2	1,308.9
Category 2: Capital goods	42.3	33.9	35.2	35.2
Category 3: Fuel- and Energy-Related	3.3	4.1	5.5	13.5
Category 4: Upstream transport	29.6	14.5	24.9	24.2
Category 5: Waste	0.6	0.9	0.8	0.8
Category 6: Business travel	0.7	0.2	0.6	1.5
Category 7: Employee commuting	6.3	6.3	6.3	6.3
Category 9: Downstream transport	17.1	8.4	14.4	14.0
Category 11: Use of sold products	8,298.4	5,557.5	5,203.7	8,197.8
Category 12: End-of-life treatment of products sold	146.7	158.9	158.9	160.7
Total other indirect GHG emissions	10,387.9	6,966.9	6,918.4	9,762.9
Emissions from bioenergy (Tonnes CO ₂ e)	41.7	10.2	5.9	-
Carbon Intensity (kgCO ₂ e/EUR)	0.006	0.009	0.018	0.050

* Scope prior to 2020 included only production facilities.

** excluding methane emissions

Trend evaluation

Total scope 1 emissions

Decreased due to an increase of electric vehicles (e.g. forklifts), an increased use of renewable fuels (incl. biogas), and a reduction of fuel oil consumption by NKT Victoria.

Market-based scope 2 emissions

Increased purchase of renewable energy including production and non-production across regions. Updated utility specific emission factors in Sweden result in a decrease of emissions from heating.

Location-based scope 2 emissions

Updated location-based emission factors 2022 drove decrease in location-based emissions.

Scope 3 emissions

C1 and C2 increased as result of increased production volume; Quantis calculates C3 based on scope 1 & 2 emissions, which decreased in 2022; the increase of C4, C6 and C9 results from improving the accounting methodology; C5 decreased because we diverted less waste to landfill; C11 increased due to more delivered km of HV cable. The total mass of produced goods decreased resulting in a decrease of C12.

Emissions from bioenergy

Increased use of biodiesel at Karlskrona site and Service & Installation business line and replacement of natural gas with biogas at the Cologne production site

Sustainability data

Environment

	2022	2021	2020	2019
Energy consumption				
Fuel for transportation of personnel and goods				
Non-stationary sources: Diesel and fuel oil (MWh)	32,693	36,185	22,997	36,306
Non-stationary sources: Petrol (gasoline) (MWh)	1,148	860	794	489
Non-stationary sources: LPG (MWh)	173	149	255	-
Non-stationary sources: Renewable fuels (MWh)	3,042	602	130	-
Fuel for own stationary equipment				
Natural gas (MWh)	19,959	31,671	25,695	28,878
Biogas (MWh)	4,957	-	-	-
Stationary equipment: Diesel (MWh)	10	154	613	930
Electricity and district heating				
Electricity (MWh)	156,470	151,528	154,333	142,294
Share of renewable energy in electricity consumption (%)	99.97	99.82	-	18
District Heating & Cooling (MWh)	16,620	14,580	11,978	11,915
Energy Intensity (kWh/EUR)	0.11	0.13	0.15	0.17

Trend evaluation

Non-stationary source: diesel and fuel oil

Decreased due to increased usage of renewable fuels; electrification of internal vehicles; decrease of diesel-fuel fleet and reduction of fuel oil consumption of NKT Victoria

Non-stationary source: petrol

Vehicle usage increased across sites in the aftermath of COVID-19 restrictions.

LPG

Increased usage of LPG at Velke Mezirici and Runcorn sites

Renewable Fuels

Continued activity to increase renewable fuels usage for vehicles and non-stationary equipment

Natural Gas

Acute natural gas reduction initiatives and replacing natural gas for biogas at Cologne/Leverkusen site

Biogas

New indicator; Investment from natural gas to biogas at Cologne site

Stationary equipment: diesel

Updated inventory re-categorized previously recorded stationary diesel sources as non-stationary diesel source in the current reporting period.

Share of renewable energy in electricity consumption

New indicator; calculated based on electricity consumption covered by renewable energy guarantees of origin (wind, solar, hydro).

District Heating

The average temperature during winter months in the reporting period 2022 was lower than in the previous year 2021.

Sustainability data

Environment

	2022	2021	2020	2019
Waste and material utilization				
Hazardous waste				
Reuse, recycling and composting (Tonnes)	1,655	747	477	-
Recovery, including incineration with energy recovery (Tonnes)	188	152	532	-
Landfill and incineration (no energy recovery) (Tonnes)	67	105	387	-
Non-hazardous waste				
Reuse, recycling and composting (Tonnes)	15,099	14,655	13,362	-
Recovery, including incineration with energy recovery (Tonnes)	3,546	2,515	4,600	-
Landfill and incineration (no energy recovery) (Tonnes)	258	967	412	-
Waste by treatment type				
Reuse, recycling and composting (% of total waste volume)	80	80	70	-
Recovery, including incineration with energy recovery (% of total waste volume)	18	14	26	-
Landfill and incineration (no energy recovery) (% of total waste volume)	2	6	4****	-
Material utilization				
Material utilization rate (%)	96.8	95.6	95.5***	95.8
Water				
Water withdrawal				
Municipal Water (m3)	174,779*	128,709	130,105	102,508
Incidents				
Environmental and climate impact incidents	0/0/14**	0/0/9**	4.00	1.00

* Excl. site in Drammen, Norway

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

*** One site excluded from calculation.

**** Two sites excluded from the reporting scope.

Trend evaluation

Hazardous Waste

Increase attributed to increased waste oil in production and increase of process water.

Non-Hazardous Waste

The total non-hazardous waste remained on a similar level as previous year with a decrease in landfill, and increase in the other treatment categories.

Reuse, recycling and composting

The increased hazardous waste volumes were primarily diverted away from disposal to reuse, recycling or composting.

Recovery, including incineration with energy recovery

Increase of waste diverted to incineration across waste category due to diversion away from landfill.

Landfill and incineration (no energy recovery)

Decrease of waste diversion to landfill or incineration without energy recovery across waste category due to improved waste and circularity management.

Municipal Water

Falun site consumed unusual higher volumes of water due to temporary open loop circulation in cooling system instead of closed loop.

Environmental and climate impact incidents

Increase attributed to minor leakages of fugitive gases.

Sustainability data

Methods and comments - Environment

Greenhouse gas emissions:

Scope 1: Reporting is conducted based on the Greenhouse Gas Protocol (GHG Protocol) and covers direct NKT emissions included in the scope of reporting. Emissions are calculated based on the emission factors applicable to the type of fuel. Emissions from the biofuels are excluded from the Scope 1 emissions and are reported separately as per GHG Protocol.

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.

Scope 3: Reporting is based on the GHG protocol employing a hybrid accounting approach:

Category C2, C3, C4, C7, C12 and 29% of total C1 emissions result from a screening based on spent data with the Quantis scope 3 evaluator tool.

An inventory was performed for 71% total C1 emissions, C5, C6, C11. The inventory for C1 applied an average-data method for the material provided by the suppliers in the supplier decarbonization program. C5 emissions are based on actual waste data and emission factors for the respective treatment type. C6 emissions are calculated based on GHG emissions of flights, rail travel, and hotel nights provided by the corporate travel agent. C11 emissions have been calculated based on associated power losses of the cables, per application and region, over their lifetime. C9 emissions have been modelled together with C4 emissions based on logistics and transportation agreements with suppliers and customers.

C8, C10, C13-15 are not relevant for NKT operations.

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 guarantee 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.

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 sites producing more than 1% of the total revenue-generating production in the year. Waste diverted from disposal are allocated in the category: "Reuse, recycling and composting".

Waste directed to disposal are 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 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

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

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

Trend evaluation

Permanent female employees

Efforts are to build more diverse organization and NKT is actively working to ensure more women the company.

Temporary male employees

More temporary employees in CZ, SWE, DE project related.

Non-guaranteed hours employees

Reduction due to decrease use of external consultants.

Employees by country

Czech Republic - Increase in production
Denmark - Decrease in production
Germany - Decrease in production
India - Expansion at the Chennai site
Lithuania - Expansion of the Shared Service Team
Poland - Increase in production
United Kingdom - acquisition of Runcorn site

Age distribution

<30 - increase especially due to new recruitments in India and Lithuania

Sustainability data

Social

	2022	2021	2020	2019
Senior leadership*				
Total senior leaders (FTE)	78	80	80	53
Total female senior leaders (FTE)	15	10	14	8
Total male senior leaders (FTE)	63	70	66	45
Gender diversity in senior leadership (%)	19	13	18	15
Average age (No.)	49	48	49	-
Nationalities in senior leadership (No.)	15	14	12	10
Employee attrition				
Employee attrition rate (%)	13.7	11.5	8.8	13.6
Voluntary attrition rate (%)	9.5	7.9	6.3	8.0
Total employee attrition (FTE)	543	433	304	434
Total voluntary attrition (FTE)	375	297	218	257
New recruitments				
Total new recruitments (FTE)	1,033	1,028	833	571
Total new recruitments - Permanent (FTE)	625	773	571	434
Total new recruitments - Temporary (FTE)	409	255	263	136
Total new female recruitments (FTE)	216	194	149	134
Total new male recruitments (FTE)	816	834	684	436
Total new other recruitments (FTE)	1	-	-	-
Employee engagement				
Employee Engagement Score (%)	73	74	65	58
Employees with performance and career development review (HC)	1,530	1,204	1,030	858
Health and safety				
Lost Time Incident Rate (Per 200,000 hours worked)	0.59	0.57	0.41	0.73
Total Recordable Incident Rate (Per 200,000 hours worked)	1.14	1.19	1.20	-
Lost Work Day Rate (Per 200,000 hours worked)	8.54	12.0	11.6	21.3
Fatal incident (No.)	0	0	0	0
Reported near misses (No.)**	436	328	532	259
Reported unsafe acts and conditions (No.)**	4100	2269	2723	1922

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

** excl. Indian sites and Runcorn, UK site. Plan to onboard them during 2023.

Trend evaluation

Senior Leadership

Increase of female senior leaders is a strategy initiative to build a more diverse organization

Employee Attrition

Increase of attrition is especially attributed to production and operation employees, and mirrors a macro trend in employee mobility post COVID-19.

New Recruitments

Increase of female recruitments is a strategy initiative to build a more diverse organization

Lost Work Day Rate

Decrease indicates an overall reduction of risk driven by concentrated actions on awareness and safety behavior and refreshment of the corporate life-saving principles.

Reported Near Misses

Increase due to succeeding focus on reinforcing the safety culture encouraging the reporting of near miss.

Reported unsafe acts and conditions

Increase due to succeeding focus on reinforcing the safety culture encouraging the reporting of unsafe acts and conditions.

Sustainability data

Methods and comments - Social

Employees by type, gender, and country

The metrics describing the NKT workforce are based on cut-off data on 31.12.2022 describing characteristics of the workforce as is on 31.12.2022. The cut-off was extract on 02.01.2023. The values are reported in full-time equivalent (FTE) or head count (HC).

Total employees describe 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 all other gender an employee identifies with, or the employee did not wish to disclose gender, or 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 count of unique nationalities in the senior leadership group.

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 rate, 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.

New recruitments: New recruits are employees who started working at NKT during 2022 and the values are calculated as sum of FTE employees reported in total, and by type and gender with hire date from 1.1.2022 to 31.12.2022. (see employees by type and gender for definition).

Employee Engagement Score is a key metric of the yearly employee engagement survey conducted in October 2022 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 2022 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

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

* Strategic suppliers (segmented as A+/ A/ B) represent 71% of the overall third party supplier spend. NKT has a total of 105 strategic suppliers

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

*** OHSAS 18001

Trend evaluation

Supplier audits

Increase due to the possibility to travel for audits after lifted COVID-19 restrictions and hybrid approach combining virtual and on-site audit.

Share of strategic suppliers who have completed the qualification process

Increase due to improved and strengthened supplier qualification governance.

ISO 45001

Decrease due to acquisition of site without 45001 certification and one site without ISO 45001 certification passed the 1% of the total revenue-generating production threshold.

ISO 14001

Decrease due to acquisition of site without 14001 certification.

ISO 9001

Decrease as one site without ISO 9001 certification passed the 1% of the total revenue-generating production threshold.

Sustainability data

Methods and comments - Governance

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. 4 out of the total number of cases reported in 2022 were concluded as either substantiated or unsubstantiated after an investigation and evaluation had been conducted. 2 cases remain open as of 31.12.2022.

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 100% 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 cover 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. 81% 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 2022. 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 method statement

NKT is a European based turnkey provider of power cable solutions and accessories. NKT has assessed and deemed financial activities of 2022 both EU Taxonomy eligible (activities contributing to the climate objectives) and taxonomy aligned (fully compliant). In 2022, there has been no significant changes in the nature of financial activities compared to 2021.

NKT has evaluated the business activities against the EU Taxonomy eligibility criteria for climate mitigation and climate adaptation under the Regulation (EU) 2020/852 of the European Parliament. NKT has subdivided eligible activities into three activity types:

- '3.1. Manufacture of renewable energy technologies'
- '4.9. Transmission and distribution of electricity'
- '7.6. Installation, maintenance and repair of renewable energy technologies'

1. For all the projects and products that relate to manufactured cable systems for 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 financial activity has been deemed aligned with the "Substantial contribution to climate change mitigation" when complying with the technical criteria manufactures renewable energy technologies.

2. In 2022, the assessment has been further aligned with industry recommendations from EuropaCable. 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.:

The financial activity has been deemed aligned with the "Substantial contribution to climate change mitigation" when complying with at least one of the following technical criteria's:

- a. 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.
- b. 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 aligned.
- c. 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.

3. Repair activities conducted for the renewable energy sector were also deemed eligible as per activity '7.6. Installation, maintenance and repair of renewable energy technologies'. Installation, maintenance and repair should occur on site, not remotely.

The financial activity has been deemed aligned with the "Substantial contribution to climate change mitigation" when complying with the technical criteria:

- a. installation, maintenance and repair of cable systems used for the transmission of renewable energy from wind turbines.

In 2022, no repair activities were categorized eligible within 7.6 since they were not related to renewable energy sector (for example repair of cables for offshore wind energy).

The financial activities have been deemed aligned when complying with the relevant "Do no significant harm"

(DNSH) criteria's for the categories 3.1, 4.9 and 7.6 as described in the tables. Climate change adaptation (Appendix A), Sustainable use and protection of water and marine resources (Appendix B), Pollution prevention and control (Appendix C), Protection and restoration of biodiversity and ecosystems (appendix D) and transition to circular economy have been assessed on product, project and manufacturing site level. The assessments are documented in either product, project specific documentation and/or the integrated management plans, processes and procedures for the manufacturing sites. Read more about our transition to circular economy on page 22-25 and biodiversity on page 28.

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's. This can be the case when a project is new and thereby the necessary documentation has not been developed yet.

The Minimum Safeguards has been assessed on a global company level with reference to the corporate Code of conduct, related policies, processes and governance. Read more on page 30-34 and 37-44.

Reporting Principles

The Turnover (revenue), CAPEX and OPEX related to taxonomy-aligned activities have been determined based 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 we do 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 according to NKT's revenue definition in the annual report

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 on site and Business Line level applying share of taxonomy-aligned turnover in the specific site or 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 split 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 2022 have been within the Solutions 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, equipment and technologies, and does not include non-turnover related items. The nature of CAPEX is largely unchanged compared to 2021.

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 on site and Business Line level applying share of taxonomy-aligned turnover in the specific site or Business Line as allocation key. Most costs can be associated with both aligned and non-aligned projects/products, and NKT believes that split between aligned and non-aligned turnover represents a good proxy for the split between aligned and non-aligned activities. OPEX has been 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 are not defined as OPEX in this respect. The nature of OPEX is largely unchanged compared to 2021.

Appendix

GRI content index

Statement of use NKT has reported the information cited in this GRI content index for the period Q4 2021-Q3 2022 (environmental data) and full-year 2022 (social and governance data), with reference to the GRI standards. NKT refers to the Annual Report 2022 (AR) and the Sustainability Report 2022 (SR)

GRI 1 used GRI 1: Foundation 2021

GRI standard	Disclosure	Location	
GRI 2: General Disclosures 2021	2-1	Organizational details	SR p.46, NKT website
	2-2	Entities included in the organization's sustainability reporting	SR p.46, NKT website
	2-3	Reporting period, frequency and contact point	SR p.46
	2-4	Restatements of information	SR p.46
	2-5	External assurance	SR p.63
	2-9	Governance structure and composition	SR p.10
	2-10	Nomination and selection of the highest governance body	AR p.42-45
	2-11	Chair of the highest governance body	AR p.46
	2-12	Role of the highest governance body in overseeing the management of impacts	SR p.10, AR p.45-48
	2-13	Delegation of responsibility for managing impacts	SR p.10, AR p.45
	2-14	Role of the highest governance body in sustainability reporting	AR p.45, SR p.10
	2-16	Communication of critical concerns	AR p.21, SR p.37, p. 54-55
	2-17	Collective knowledge of the highest governance body	NKT investor website
2-19	Remuneration policies	AR p.44	
2-20	Process to determine remuneration	AR p.44	

GRI standard	Disclosure	Location	
	2-22	Statement on sustainable development strategy	SR p.5,11
	2-23	Policy commitments	SR, p.2, 8, 28, 30, 32, 41, 43
	2-26	Mechanisms for seeking advice and raising concerns	Whistleblower hotline , SR p. 54-55
	2-27	Compliance with laws and regulations	SR p.39, AR p.44
	2-28	Membership associations	SR p.8
	2-29	Approach to stakeholder engagement	SR p.13-14
GRI 3: Material Topics 2021	3-1	Process to determine material topics	SR p.13-14
	3-2	List of material topics	SR p.13
	3-3	Management of material topics	SR p.16-44
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.48
	302-3	Energy intensity	SR p.48, p.50
GRI 303: Water and Effluents 2018	303-3	Water withdrawal	SR p.49-50
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	SR p.47
	305-2	Energy indirect (Scope 2) GHG emissions	SR p.47
	305-3	Other indirect (Scope 3) GHG emissions	SR p.47
	305-4	GHG emissions intensity	SR p.47
	305-5	Reduction of GHG emissions	SR p.18-21

GRI content index continued

GRI standard	Disclosure	Location	
GRI 306: Waste 2020	306-2	Management of significant waste-related impacts	SR p.22-25,
	306-3	Waste generated	SR p.49-50
	306-4	Waste diverted from disposal	SR p.49-50
	306-5	Waste directed to disposal	SR p.49-50
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	SR p.34, 52-53
GRI 404: Training and Education 2016	404-2	Programs for upgrading employee skills and transition assistance programs	SR p.31
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	SR p.51-52

Independent assurance statement on selected ESG data

SGS Poland's assurance opinion on KPIs in NKT Cables Group A/S's ESG scorecard of NKT Sustainability Report for 2022

Nature and 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 2022 - ESG scorecard (pages 45-59) dated Feb 6, 2023 (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 (ESG scorecard, pages 45-59) 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 manage 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;
- ISO 14064-1 :2018 and the WRI/WBCSD GHG Protocol – A Corporate Accounting and Reporting Standard
- GRI Standards 2021.

We are providing a limited level of assurance, 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 Karlskrona and Cologne production units
- Review of documentation of record to check statements back to source.

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. Reporting Criteria Options
2. GHG Protocol
3. ISO14064-1
4. ISAE3000 (Revised)

Specified performance information and disclosures included in scope

Scope of the verification included independent assurance of the NKT Sustainability Report 2022 - ESG scorecard (pages 45-59) dated 31 Jan, 2023. NKT has defined the reporting period as Q4 2021 - Q3 2022 for all environmental data and full year (2022) for social and governance data.

Assurance methodology

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 2022 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, phone calls 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

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 01/10/2021 – 30/09/2022 disclosing gross emissions of 10 439 475tCO₂e (location based methodology), 10 401 377 tCO₂e (market based methodology), 42 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:

- KPIs more adjusted to NKT's operations and organizational structure comparing to the previous reporting cycle.
- GHG related data expanded to include scope 3 emissions.
- Source data for majority of KPIs collected / recorded for the last day of reporting period (ending of Q3 2022 for all environmental data and ending of Dec for social and governance data).
- Customer satisfaction data generated from well managed external systems.
- On-line platform used for data collection of environmental data (Resource Advisor).

Opportunities for improvements:

- Overall assurance process could be straightened 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.
- It is encouraged to prepare for the transition to reporting in accordance with the GRI Standards, with more comprehensive details of its management processes on the identified im-

pacts on the economy, environment, and people, including impacts on their human rights.

- For employment statistics related KPIs it is recommended to average the data in reporting period to make data more representative.

Adherence to GRI standards requirements

The report, NKT Sustainability Report 2022 - ESG scorecard, 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 reference 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. For future reporting, it is encouraged to prepare for the transition to reporting in accordance with the GRI Standards, with more comprehensive details of its management processes on the identified impacts on the economy, environment, and people, including impacts on their human rights.

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 period Q4 2021-Q3 2022 (environmental data) and full-year 2022 (social and governance data), with reference to the GRI standards. NKT refers to the Annual Report 2022 (AR) and the Sustainability Report 2022 (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 9, 2023

www.sgs.com

ESG ratings 2022

NKT is constantly increasing sustainability in all activities which was recognized in ESG ratings provided by four independent agencies in 2022.



- NKT is rated in the Management (B) band
- NKT is among the 34 % of companies reaching Management level in the group "Electrical and electronic equipment"



- NKT is rated AA in the MSCI ESG Ratings assessment in 2022



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- Rated Platinum with a score of 83 out of 100 in 2022 within the industry category "manufacture of wiring and wiring devices"
- This places NKT among the top 1% of companies in total



- As of December 2022, NKT A/S received an ESG Risk Rating of 15.3 from Morningstar Sustainalytics and was assessed to be at low risk of experiencing material financial impacts from ESG factors



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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.