



# Statement of compliance with the recommendations on corporate governance concerning the financial year 2022

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# Statement of Compliance with the Recommendations on Corporate Governance Concerning the Financial Year 2022

Recommendation	NKT A/S complies	Explanation
<b>1. Interaction with the company's shareholders, investors and other stakeholders</b>		
<b>1.1. Communication with the company's shareholders, investors and other stakeholders</b>		
<p><b>1.1.1. The Committee recommends</b> that the management through ongoing dialogue and interaction ensures that shareholders, investors and other stakeholders gain the relevant insight into the company's affairs, and that the board of directors obtains the possibility of hearing and including their views in its work.</p>		<p>NKT A/S aims to maintain a high and consistent level of information and to be proactive and open in its communication with shareholder related stakeholders within the boundaries of current stock exchange regulations. This is ensured by regular news, including company announcements and quarterly and annual reports released through Nasdaq Copenhagen during the financial year. The company's website also contains an investors section where relevant information is published. In addition, NKT A/S provides an opportunity for interested parties to subscribe for company news.</p> <p>The company's Investor Relations function, under a Head of Investor Relations, schedules meetings and telephone conferences with investors during the year.</p> <p>In connection with release of each quarterly report and the Annual Report, an investor presentation containing key messages and financial highlights is conducted at a live audiocast.</p> <p>Financial analysts, investors, media and other stakeholders are invited to participate and ask questions to the Executive Management. Members of the NKT A/S business unit managements also contribute to answer questions specifically related to each unit.</p> <p>In addition, NKT A/S hosts a Capital Market Day at certain intervals in which investors are invited to participate.</p>
<p><b>1.1.2. The Committee recommends</b> that the company adopts policies on the company's relationships with its shareholders, investors and if relevant other stakeholders in order to ensure that the various interests are included in the company's considerations and that such policies are made available on the company's website.</p>		<p>NKT A/S is committed to having an open, transparent and constructive dialogue with its shareholders and other stakeholders. Thus, NKT A/S has adopted an Investor Relations Policy, which is available in the "Investors" section of the company's website: <a href="https://investors.nkt.com/ir-policy">https://investors.nkt.com/ir-policy</a></p> <p>By means of its information and Investor Relation policies, NKT A/S strives to ensure that relevant and updated information is available for valuation of the company's share price, and that the company complies with prevailing stock exchange regulations.</p> <p>The Investor Relations Policy is regularly reviewed by the Board of Directors to ensure that it meets and facilitates the company's ambitious standards of communication with stakeholders.</p>

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<p><b>1.1.3. The Committee recommends</b> that the company publishes quarterly reports.</p>		<p>NKT A/S publishes quarterly reports. The reports are available at the company's website: <a href="https://investors.nkt.com/financial-information/quarterly-results">https://investors.nkt.com/financial-information/quarterly-results</a></p>
<p><b>1.2. The general meeting</b></p>		
<p><b>1.2.1. The Committee recommends</b> that the board of directors organises the company's general meeting in a manner that allows shareholders, who are unable to attend the meeting in person or are represented by proxy at the general meeting, to vote and raise questions to the management prior to or at the general meeting. The Committee recommends that the board of directors ensures that shareholders can observe the general meeting via webcast or other digital</p>		<p>NKT A/S promotes and supports active ownership by its shareholders through the information and communication procedures stated in 1.1.1 above, thereby enabling all shareholders to be up to date on company-related matters and to participate actively in the company's Annual General Meeting.</p> <p>NKT A/S ensures that the date of the next Annual General Meeting is published in due time before year-end, allowing shareholders to plan their participation well in advance.</p> <p>Additionally, shareholders who have so requested are invited to the Annual General Meeting by e-mail or through an announcement via the company's website or Nasdaq Copenhagen.</p> <p>In addition to registration by post and by phone, electronic registration for the Annual General Meeting is possible and shareholders are encouraged to use their right to ask questions and are informed of their right to submit proposals.</p> <p>The Annual General Meeting will be available in full as a webcast.</p>
<p><b>1.2.2. The Committee recommends</b> that proxies and postal votes to be used at the general meeting enable the shareholders to consider each individual item on the agenda.</p>		<p>To ensure the possibility of proxy or postal votes, NKT A/S makes a voting form available in the "Annual General Meeting" section of the company's website: <a href="https://investors.nkt.com/general-meetings">https://investors.nkt.com/general-meetings</a></p> <p>On the form it is possible to consider each individual item on the agenda.</p> <p>The right to proxy or postal vote has been secured in the company's Articles of Association.</p>

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<b>1.3. Takeover bids</b>		
<p><b>1.3.1. The Committee recommends</b> that the company has a procedure in place in the event of takeover bids, containing a “road map” covering matters for the board of directors to consider in the event of a takeover bid, or if the board of directors obtains reasonable grounds to suspect that a takeover bid may be submitted. In addition, it is recommended that it appears from the procedure that the board of directors abstains from countering any takeover bids by taking actions that seek to prevent the shareholders from deciding on the takeover bid, without the approval of the general meeting.</p>		<p>NKT A/S has adopted a Takeover Manual setting out the procedures to be followed by the Board of Directors in the event of a takeover bid. The manual is in line with the topics suggested in this recommendation.</p> <p>The company's Articles of Association do not contain any provisions that limit ownership or voting rights, or that make it possible for the Board of Directors to generally prevent takeover bids.</p> <p>The Board of Directors will consider a potential takeover bid in accordance with applicable legislation and the company's Takeover Manual.</p>
<b>1.4. Corporate Social Responsibility</b>		
<p><b>1.4.1. The Committee recommends</b> that the board of directors adopts a policy for the company's corporate social responsibility, including social responsibility and sustainability, and that the policy is available in the management commentary and/or on the company's website. The Committee recommends that the board of directors ensures compliance with the policy.</p>		<p>NKT has adopted a Code of Conduct and a Letter of Commitment describing in detail the company's work with Social Responsibility and Sustainability. These are supervised and confirmed by the Board of Directors. Furthermore, NKT has adopted a Sustainability Report containing a dedicated Corporate Social Responsibility section. To ensure compliance and accountability, management reports on Corporate Social Responsibility and Sustainability to the Board of Directors on a quarterly basis, as well as providing an annual review in the Sustainability Report. In 2022, NKT has also established an ESG committee. The ESG Committee is a Board committee charged solely with preparing resolutions to be taken by the Board of Directors in fulfilling its responsibility for oversight of relevant ESG policies, strategies and programmes of the company.</p> <p>The documents are available at the company's website:</p> <p><a href="https://www.nkt.com/about-us/code-of-conduct">https://www.nkt.com/about-us/code-of-conduct</a> and</p> <p><a href="https://investors.nkt.com/corporate-governance/statutory-reports">https://investors.nkt.com/corporate-governance/statutory-reports</a></p>
<p><b>1.4.2. The Committee recommends</b> that the board of directors adopts a tax policy to be made available on the company's website.</p>		<p>The NKT A/S tax policy, as adopted by the Board of Directors, is available at the company's website: <a href="https://investors.nkt.com/tax-policy">https://investors.nkt.com/tax-policy</a></p>

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<b>2. The duties and responsibilities of the board of directors</b>		
<b>2.1. Overall tasks and responsibilities</b>		
<p><b>2.1.1. The Committee recommends</b> that the board of directors in support of the company's statutory objects according to its articles of association and the long-term value creation considers the company's purpose and ensures and promotes a good culture and sound values in the company. The company should provide an account thereof in the management commentary and/or on the company's website.</p>		<p>The company has defined a purpose, We connect a greener world, and four shared beliefs: We Advance, We Connect, We Deliver, and We Care (AC/DC), which all ensure a common direction and a shared set of values.</p> <p>The Board of Directors promotes and supports a purpose- and values-driven approach to conducting business in NKT, which is also reflected in the Annual Report, the Sustainability Report and at the company's website.</p>
<p><b>2.1.2. The Committee recommends</b> that the board of directors at least once a year discusses and on a regular basis follows up on the company's overall strategic targets in order to ensure the value creation in the company.</p>		<p>In 2022, the Board of Directors held a two-day strategy seminar where the company's strategy was discussed and evaluated both for the short and long term, including deliberations on the "best owner philosophy".</p> <p>The Board of Directors also monitors and discusses the strategies of the company's business lines throughout the year.</p>
<p><b>2.1.3. The Committee recommends</b> that the board of directors on a continuously basis takes steps to examine whether the company's share and capital structure supports the strategy and the long-term value creation in the interest of the company as well as the shareholders. The Committee recommends that the company gives an account thereof in the management commentary.</p>		<p>The Board of Directors closely monitors the company's capital structure to ensure it supports the current strategy and is always appropriate for the company's activities. This also includes assessing the company's share structure and monitoring fluctuations in the company's share on a regular basis. The company's capital structure is described in the Annual Report.</p>
<p><b>2.1.4. The Committee recommends</b> that the board of directors prepares and on an annual basis reviews guidelines for the executive management, including requirements in respect of the reporting to the board of directors.</p>		<p>The Board of Directors has issued a Management Instruction detailing the functions and responsibilities of the Executive Management, including reporting and communication procedures. The Management Instruction is reviewed and amended at least once a year as appropriate.</p> <p>The company's reporting is closely aligned between the Board of Directors and Executive Management, ensuring a consistent and relevant information flow. In addition, working committees consisting of members of the Board of Directors work closely with the Executive Management and the management team of the individual business units on all specifically related matters. The entire Board of Directors is continuously kept informed by the working committee members.</p>

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<p><b>2.2.1. The Committee recommends</b> that the board of directors, in addition to a chairperson, appoints a vice chairperson, who can step in if the chairperson is absent and who can generally act as the chairperson's close sparring partner.</p>		<p>NKT A/S has appointed a Deputy Chair to assume the Chair's responsibilities in case of absence. The Rules of Procedure of the Board of Directors include a general description of the responsibilities and tasks of the Chair and the Deputy Chair.</p>
<p><b>2.2. Members of the board of directors</b></p>		
<p><b>2.2.2. The Committee recommends</b> that the chairperson in cooperation with the individual members of the board of directors ensures that the members up-date and supplement their knowledge of relevant matters, and that the members' special knowledge and qualifications are applied in the best possible manner.</p>		<p>As part of the annual self-assessment exercise by the Board of Directors, specific time is allocated for discussion of issues such as Board composition (age, gender, nationality, number of members and qualifications), special skills, the need for supplementary training, and the interaction between Board members.</p> <p>Furthermore, the Chair has individual discussions with the members of the Board of Directors as required and at least once every year.</p>
<p><b>2.2.3. The Committee recommends</b> that if the board of directors, in exceptional cases, requests a member of the board of directors to take on special duties for the company, for instance, for a short period to take part in the daily management of the company, the board of directors should approve this in order to ensure that the board of directors maintains its independent overall management and control function. It is recommended that the company publishes any decision on allowing a member of the board of directors to take part in the daily management, including the expected duration thereof.</p>		<p>No member of the Board of Directors participates in the day-to-day management of NKT A/S or any of its business units.</p>

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<h3>3. The composition, organisation and evaluation of the board of directors</h3>		
<h4>3.1. Composition</h4>		
<p><b>3.1.1. The Committee recommends</b> that the board of directors on an annual basis reviews and in the management commentary and/or on the company's website states</p> <ul style="list-style-type: none"> <li>▪ which qualifications the board of directors should possess, collectively and individually, in order to perform its duties in the best possible manner, and</li> <li>▪ the composition of and diversity on the board of directors.</li> </ul>		<p>Being a global company, NKT A/S is aware of the importance of the members of the Board of Directors possessing diverse, international and relevant skills and experience to ensure optimal performance by the Board of Directors.</p> <p>NKT conducts an annual Board evaluation, assessing not only the Board's efficiency and commitment but also the Board's experience and competencies, which should reflect NKT's strategy.</p> <p>The Annual Report states which qualifications the Board of Directors should possess, both individually and collectively.</p> <p>The Annual Report provides an overview of diversity (gender, age and nationality). Much of this information can also be found at the company's website <a href="https://investors.nkt.com/corporate-governance/board-of-directors">https://investors.nkt.com/corporate-governance/board-of-directors</a></p> <p>Both the information in the Annual Report and Diversity as an independent item is reviewed by the Board of Directors.</p>
<p><b>3.1.2. The Committee recommends</b> that the board of directors on an annual basis discusses the company's activities in order to ensure relevant diversity at the different management levels of the company and adopts a diversity policy, which is included in the management commentary and/or available on the company's website.</p>		<p>As a global company NKT A/S believes in diversity and equal opportunity at all levels.</p> <p>The diversity policy is published at the company's website:</p> <p><a href="https://www.nkt.com/about-us/sustainability/social/people">https://www.nkt.com/about-us/sustainability/social/people</a></p> <p>The annual assessment and succession planning performed by the Board of Directors in respect of the Executive Management and the management team of each business unit includes deliberations on diversity at senior management level to ensure continued value creation for the company.</p>

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<p><b>3.1.3. The committee recommends</b> that candidates for the board of directors are recruited based on a thorough process approved by the board of directors. The Committee recommends that in assessing candidates for the board of directors – in addition to individual competencies and qualifications – the need for continuity, renewal and diversity is also considered.</p>		<p>The Nomination Committee heads the process of selecting and nominating candidates for the Board of Directors under Rules of Procedure approved by the Board of Directors. The selection and nomination take place in an open discussion between the Board of Directors and the Nomination Committee and in full consideration of the outcome of the Board of Directors' self-assessment.</p>
<p><b>3.1.4. The Committee recommends</b> that the notice convening general meetings, where election of members to the board of directors is on the agenda - in addition to the statutory items - also includes a description of the proposed candidates'</p> <ul style="list-style-type: none"> <li>▪ qualifications,</li> <li>▪ other managerial duties in commercial undertakings, including board committees,</li> <li>▪ demanding organisational assignments and</li> <li>▪ independence.</li> </ul>		<p>A detailed description of nominated Board candidates' special qualifications, other executive functions and organisational tasks and independence is included in the company's invitation to its Annual General Meeting. A similar description for all elected Board members is available in the NKT A/S Annual Report and at the company's website:  <a href="https://investors.nkt.com/corporate-governance/board-of-directors">https://investors.nkt.com/corporate-governance/board-of-directors</a></p>
<p><b>3.1.5. The Committee recommends</b> that members to the board of directors elected by the general meeting stand for election every year at the annual general meeting, and that the members are nominated and elected individually.</p>		<p>All Board members are up for election at the company's Annual General Meeting, except for members elected by the employees according to the Danish Companies Act.</p> <p>All members elected at the Annual General Meeting are nominated and elected individually.</p>

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<b>3.2. The board of director's independence</b>		
<p><b>3.2.1. The Committee recommends</b> that at least half of the members of the board of directors elected in general meeting are independent in order for the board of directors to be able to act independently avoiding conflicts of interests.</p> <p>In order to be independent, the member in question may not:</p> <ul style="list-style-type: none"> <li>▪ be or within the past five years have been a member of the executive management or an executive employee in the company, a subsidiary or a group company,</li> <li>▪ within the past five years have received large emoluments from the company/group, a subsidiary or a group company in another capacity than as member of the board of directors,</li> <li>▪ represent or be associated with a controlling shareholder,</li> <li>▪ within the past year have had a business relationship (e.g. personally or indirectly as a partner or an employee, shareholder, customer, supplier or member of a governing body in companies with similar relations) with the company, a subsidiary or a group company, which is significant for the company and/or the business relationship,</li> <li>▪ be or within the past three years have been employed with or a partner in the same company as the company's auditor elected in general meeting,</li> <li>▪ be a CEO in a company with cross-memberships in the company's management,</li> <li>▪ have been a member of the board of directors for more than twelve years, or</li> <li>▪ be closely related to persons, who are not independent, cf. the above-stated criteria.</li> </ul> <p>Even if a member of the board of directors does not fall within the above-stated criteria, the board of directors may for other reasons decide that the member in question is not independent.</p>		At least half of the members of the Board are considered independent under this definition.
<p><b>3.2.2. The Committee recommends</b> that members of the executive management are not members of the board of directors and that members retiring from the executive management does not join the board of directors immediately thereafter.</p>		No members of the company's Executive Management are members of the Board of Directors, and no member of the Board of Directors has previously been a member of the Executive Management.

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<b>3.3. Members of the board of directors and the number of other managerial duties</b>		
<p><b>3.3.1. The Committee recommends</b> that the board of directors and each of the members on the board of directors, in connection with the annual evaluation, cf. recommendation 3.5.1., assesses how much time is required to perform the board duties. The aim is for the individual member of the board of directors not to take on more managerial duties than the board member in question is able to perform in a satisfactory manner.</p>		<p>All Board member individually assess the expected time commitment for each of their functions to ensure they can perform these functions satisfactorily. Allocation and use of time are openly discussed within the Board of Directors based on a description prepared by the Nomination Committee to ensure that tasks and functions are always carried out efficiently and satisfactorily.</p>
<p><b>3.3.2. The Committee recommends</b> that the management commentary, in addition to the statutory requirements, contains the following information on the individual members of the board of directors:</p>		<p>The information set out in this recommendation is included in the company's Annual Report and is available at the company's website.</p>
<ul style="list-style-type: none"> <li>▪ position, age and gender,</li> <li>▪ competencies and qualifications relevant to the company,</li> <li>▪ independence,</li> <li>▪ year of joining the board of directors,</li> <li>▪ year of expiry of the current election period,</li> <li>▪ participation in meetings of the board of directors and committee meetings,</li> <li>▪ managerial duties in other commercial undertakings, including board committees, and demanding organisational assignments, and</li> <li>▪ the number of shares, options, warrants, etc. that the member holds in the company and its group companies and any changes in such holdings during the financial year.</li> </ul>		

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<b>3.4. Board committees</b>		<p>Descriptions of the Nomination Committee, the Audit Committee, the ESG Committee and the Remuneration Committee and information about their members are included in the Corporate Governance section of the Annual Report and available at the company's website:</p> <p><a href="https://investors.nkt.com/corporate-governance/committee-composition">https://investors.nkt.com/corporate-governance/committee-composition</a></p> <p>The committees' terms of reference can also be found at the company's website.</p>
<p><b>3.4.1. The Committee recommends</b> that the management describes in the management commentary:</p> <ul style="list-style-type: none"> <li>▪ the board committees' most significant activities and number of meetings in the past year, and</li> <li>▪ the members on the individual board committees, including the chairperson and the independence of the members of the committee in question.</li> </ul> <p>In addition, it is recommended that the board committees' terms of reference are published on the company's website.</p>		
<p><b>3.4.2. The Committee recommends</b> that board committees solely consist of members of the board of directors and that the majority of the members of the board committees are independent.</p>		<p>The committees consist only of members of the Board of Directors and only of members elected at the Annual General Meeting (AGM).</p> <p>NKT's Board governance set-up stipulates that the number of committee members must be lower than half of the number of AGM-elected members; this to ensure that key discussions and decisions are always taken by the Board of Directors.</p> <p>This means that a committee does not necessarily have a majority of independent members.</p> <p>In the ESG Committee, the Nomination Committee and the Remuneration Committee, one of two committee members is not considered independent (due to tenure at the Board of Directors).</p> <p>NKT considers itself to be in compliance with this recommendation as the committees are all chaired by independent members, so the casting vote of the committees belongs to an independent member across all committees.</p>

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<p><b>3.4.3. The Committee recommends</b> that the board of directors establishes an audit committee and appoints a chairperson of the audit committee, who is not the chairperson of the board of directors. The Committee recommends that the audit committee, in addition to its statutory duties, assists the board of directors in:</p> <ul style="list-style-type: none"> <li>▪ supervising the correctness of the published financial information, including accounting practices in significant areas, significant accounting estimates and related party transactions,</li> <li>▪ reviewing internal control and risk areas in order to ensure management of significant risks, including in relation to the announced financial outlook,</li> <li>▪ assessing the need for internal audit,</li> <li>▪ performing the evaluation of the auditor elected by the general meeting,</li> <li>▪ reviewing the auditor fee for the auditor elected by the general meeting,</li> <li>▪ supervising the scope of the non-audit services performed by the auditor elected by the general meeting, and</li> <li>▪ ensuring regular interaction between the auditor elected by the general meeting and the board of directors, for instance, that the board of directors and the audit committee at least once a year meet with the auditor without the executive management being present.</li> </ul> <p>If the board of directors, based on a recommendation from the audit committee, decides to set up an internal audit function, the audit committee must:</p> <ul style="list-style-type: none"> <li>▪ prepare terms of reference and recommendations on the nomination, employment and dismissal of the head of the internal audit function and on the budget for the department,</li> <li>▪ ensure that the internal audit function has sufficient resources and competencies to perform its role, and</li> <li>▪ supervise the executive management's follow-up on the conclusions and recommendations of the internal audit function.</li> </ul>		<p>The Board of Directors has set up an Audit Committee consisting of two members who – between them – possess significant experience in the financial, accounting and audit aspects of companies similar to NKT A/S. The work of the Audit Committee is defined in an annual plan approved by the Board of Directors, and a description of the Audit Committee and its terms of reference can be found at the company's website:</p> <p><a href="https://investors.nkt.com/corporate-governance/committee-composition">https://investors.nkt.com/corporate-governance/committee-composition</a></p> <p>The Chair of the Board of Directors is not Chair or a member of the Audit Committee.</p> <p>The Audit Committee carries out the tasks identified in this recommendation.</p> <p>In accordance with good governance and auditor's independence rules, the Audit Committee has executed an audit tender process in 2022. The outcome and recommendations of the Board of Directors will be presented at the Annual General Meeting.</p>

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<p><b>3.4.4. The Committee recommends</b> that the board of directors establishes a nomination committee to perform at least the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>▪ describing the required qualifications for a given member of the board of directors and the executive management, the estimated time required for performing the duties of this member of the board of directors and the competencies, knowledge and experience that is or should be represented in the two management bodies,</li> <li>▪ on an annual basis evaluating the board of directors and the executive management's structure, size, composition and results and preparing recommendations for the board of directors for any changes,</li> <li>▪ in cooperation with the chairperson handling the annual evaluation of the board of directors and assessing the individual management members' competencies, knowledge, experience and succession as well as reporting on it to the board of directors,</li> <li>▪ handling the recruitment of new members to the board of directors and the executive management and nominating candidates for the board of directors' approval,</li> <li>▪ ensuring that a succession plan for the executive management is in place,</li> <li>▪ supervising executive managements' policy for the engagement of executive employees, and</li> <li>▪ supervising the preparation of a diversity policy for the board of directors' approval.</li> </ul>		<p>The Board of Directors has set up a Nomination Committee consisting of two Board members to carry out the tasks identified in this recommendation. A description of the Nomination Committee and its terms of reference can be found at the company's website:</p> <p><a href="https://investors.nkt.com/corporate-governance/committee-composition">https://investors.nkt.com/corporate-governance/committee-composition</a></p>
<p><b>3.4.5. The Committee recommends</b> that the board of directors establishes a remuneration committee to perform at least the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>▪ preparing a draft remuneration policy for the board of directors' approval prior to the presentation at the general meeting,</li> <li>▪ providing a proposal to the board of directors on the remuneration of the members of the executive management,</li> <li>▪ providing a proposal to the board of directors on the remuneration of the board of directors prior to the presentation at the general meeting,</li> <li>▪ ensuring that the management's actual remuneration complies with the company's remuneration policy and the evaluation of the individual member's performance, and</li> <li>▪ assisting in the preparation of the annual remuneration report for the board of directors' approval prior to the presentation for the general meeting's advisory vote.</li> </ul>		<p>The Board of Directors has set up a Remuneration Committee consisting of two members to carry out the tasks identified in this recommendation. A description of the Remuneration Committee can be found at the company's website:</p> <p><a href="https://investors.nkt.com/corporate-governance/committee-composition">https://investors.nkt.com/corporate-governance/committee-composition</a></p>

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<b>3.5. Evaluation of the board of directors and the executive management</b>		
<p data-bbox="143 456 1021 608"><b>3.5.1. The Committee recommends</b> that the board of directors once a year evaluates the board of directors and at least every three years engages external assistance in the evaluation. The Committee recommends that the evaluation focuses on the recommendations on the board of directors' work, efficiency, composition and organisation, cf. recommendations 3.1.-3.4. above, and that the evaluation as a minimum always includes the following topics:</p> <ul data-bbox="143 639 1021 951" style="list-style-type: none"> <li>▪ the composition of the board of directors with focus on competencies and diversity</li> <li>▪ the board of directors and the individual member's contribution and results,</li> <li>▪ the cooperation on the board of directors and between the board of directors and the executive management,</li> <li>▪ the chairperson's leadership of the board of directors,</li> <li>▪ the committee structure and the work in the committees,</li> <li>▪ the organisation of the work of the board of directors and the quality of the material provided to the board of directors, and</li> <li>▪ the board members' preparation for and active participation in the meetings of the board of directors.</li> </ul>		<p data-bbox="1211 456 2085 544">The Board of Directors conducts an annual assessment of the qualifications of the members of the Board of Directors and cooperation within the Board, as well as the various Board committees.</p> <p data-bbox="1211 576 1805 595">The evaluation includes the topics listed in this recommendation.</p> <p data-bbox="1211 632 2063 687">The assessment will be conducted with the assistance of an external consultant with relevant expertise in the area at least every three years.</p> <p data-bbox="1211 719 2063 738">The assessment conducted in winter 2022/23 has been conducted with external assistance.</p>
<p data-bbox="143 983 1021 1102"><b>3.5.2. The Committee recommends</b> that the entire board of directors discusses the result of the evaluation of the board of directors and that the procedure for the evaluation and the general conclusions of the evaluation are described in the management commentary, on the company's website and at the company's general meeting.</p>		<p data-bbox="1211 983 2085 1102">The Nomination Committee annually ensures that the performance and results of the Board as a whole and its individual members, along with the Board's collaboration with the Group Leadership Team, are evaluated and the findings of such evaluation are presented for discussion with the entire Board of Directors.</p> <p data-bbox="1211 1134 2085 1222">The procedure for the evaluation and the general conclusions of the evaluation are described in the management commentary, in the Nomination Committee's terms of reference at the company's website and at the company's Annual General Meeting.</p>

Recommendation	NKT A/S complies	Explanation
<p><b>3.5.3. The Committee recommends</b> that the board of directors at least once a year evaluates the work and results of the executive management according to pre-established criteria, and that the chairperson reviews the evaluation together with the executive management. In addition, the board of directors should on a continuous basis assess the need for changes in the structure and composition of the executive management, including in respect of diversity, succession planning and risks, in light of the company's strategy.</p>		<p>The Board of Directors annually assesses the entire Executive Management team against a number of pre-defined goals and criteria to ensure that the performance, structure and composition of the management team are adequate.</p> <p>The Board of Directors discusses the company strategy, including any need for changes based on the strategy, in detail twice a year.</p> <p>As part of the annual Board assessment, the Chair of the Board of Directors meets once a year with the Executive Management to evaluate the cooperation between the Board and the Executive Management. The Chair presents the outcome of this meeting to the Board of Directors.</p>
<h2>4. Remuneration of management</h2>		
<h3>4.1. Remuneration of the board of directors and the executive management</h3>		
<p><b>4.1.1. The Committee recommends</b> that the remuneration for the board of directors and the executive management and the other terms of employment/service is considered competitive and consistent with the company's long-term shareholder interests.</p>		<p>NKT A/S has utilised incentive pay for its Executive Management for a number of years, but the Board of Directors does not receive incentive pay. The Executive Management's variable remuneration components consist partly of an annual cash bonus for short-term results achieved during the calendar year based on clear, pre-defined criteria, and partly of long-term incentive plans consisting of performance share awards. The Board of Directors reserves the right to reclaim, in full or in part, variable components of remuneration that were paid on the basis of information subsequently found to be incorrect.</p>
<p><b>4.1.2. The Committee recommends</b> that share-based incentive schemes are revolving, i.e., that they are periodically granted, and that they primarily consist of long-term schemes with a vesting or maturity period of at least three years.</p>		<p>In accordance with the Remuneration Policy adopted at the Annual General Meeting, NKT has implemented a Long-Term Incentive programme based on Performance Shares. This programme is structured as a share award which will be delivered to the relevant participants following a three-year vesting period, subject to achievement of certain long-term targets.</p>
<p><b>4.1.3. The Committee recommends</b> that the variable part of the remuneration has a cap at the time of grant, and that there is transparency in respect of the potential value at the time of exercise under pessimistic, expected and optimistic scenarios.</p>		<p>NKT A/S' Remuneration Policy outlines the applicable caps for the variable part of remuneration. The cap for short-term incentives is 100% of the base salary in a financial year, and for long-term incentives the maximum value at vesting cannot exceed three times the individual's base salary at the time of award.</p>

Recommendation	NKT A/S complies	Explanation
<p><b>4.1.4. The Committee recommends</b> that the overall value of the remuneration for the notice period, including severance payment, in connection with a member of the executive management's departure, does not exceed two years' remuneration including all remuneration elements.</p>		<p>The maximum notice period for any executive in the NKT Group is 18 months. In connection with significant changes in the ownership structure, the notice period may be extended for a transitional period of six months.</p>
<p><b>4.1.5. The Committee recommends</b> that members of the board of directors are not remunerated with share options and warrants.</p>		<p>No members of the Board of Directors receive share options or any other incentive pay.</p>
<p><b>4.1.6. The Committee recommends</b> that the company has the option to reclaim, in whole or in part, variable remuneration from the board of directors and the executive management if the remuneration granted, earned or paid was based on information, which subsequently proves to be incorrect, or if the recipient acted in bad faith in respect of other matters, which implied payment of a too large variable remuneration.</p>		<p>The Board of Directors has reserved the right to reclaim, in full or in part, variable components of remuneration that were paid on the basis of information subsequently found to be incorrect.</p>
<h2>5. Risk management</h2>		
<h3>5.1. Identification of risks and openness in respect of additional information</h3>		
<p><b>5.1.1. The Committee recommends</b> that the board of directors based on the company's strategy and business model considers, for instance, the most significant strategic, business, accounting and liquidity risks. The company should in the management commentary give an account of these risks and the company's risk management.</p>		<p>The Board of Directors monitors and reviews the overall risk exposure to the company's business units as well as the individual risk factors. The NKT A/S Annual Report includes detailed information on the Board of Directors' view on strategic and financial risks related to the business units and how the company manages these risks.</p>
<p><b>5.1.2. The Committee recommends</b> that the board of directors establishes a whistle-blower scheme, giving the employees and other stakeholders the opportunity to report serious violations or suspicion thereof in an expedient and confidential manner, and that a procedure is in place for handling such whistle-blower cases.</p>		<p>The Board of Directors has established a whistle-blower system to which all employees have been introduced. Employees and members of the Board of Directors, customers, suppliers, collaborators, business partners and others related to NKT A/S are encouraged to come forward with any concerns. The whistle-blower system is maintained externally and allows for anonymous reporting.</p>

**NKT A/S**

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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.