

NKT

Remuneration Report 2021

Contents

- 3** 1. Introduction

- 5** 2. Remuneration of the Board of Directors
 - Remuneration to Board members – 2021
 - Remuneration to Board members – last three years
 - Board of Directors – Shares

- 7** 3. Remuneration of Executive Management
 - Composition of remuneration
 - Base salary adjustment of NKT executives
 - Benefits and pensions according to local standards
 - Short-term incentives: 2021 NKT Global Bonus Program structure and results
 - 2021 NKT Performance Share Program awarded to ensure long-term retention
 - Executive Management - Shares
 - Total Remuneration of Executive Management
 - Annual change in remuneration

- 12** 4. Statement by the Board of Directors

- 14** 5. Independent Auditor’s Report

1. Introduction

Dear Reader,

We are happy to share the 2021 NKT Remuneration Report. With this report, we are providing insight into the remuneration outcomes for 2021 to comply with governance requirements and provide a better understanding of and transparency into our Executive Remuneration practices. The report will be presented for an advisory vote at the Annual General Meeting in March 2022. The 2020 remuneration report received 97.7% approval and we consider this to represent strong backing of our remuneration practices and efforts to align shareholder interests and incentive outcomes.

2021 has been another eventful year for NKT with improved financial results driven by increased activity across the business, cost structure improvements and efficiency gains. Furthermore, NKT continued to contribute to the transition to renewable energy sources having been selected in 2021 as the preferred supplier for the Champlain Hudson Power Express project in the United States.

In the year we saw only slight changes to the organisational structure and composition of the Group Leadership Team (GLT). NKT GLT members come from and operate out of different European locations, making remuneration comparisons difficult. Therefore, this remuneration

report will focus on the remuneration for the Board of Directors and registered Executive Management accordingly.

The focus of the Committee for 2021 has been on offering fair and attractive remuneration to executives who will continue to drive sustainable financial performance of NKT and position us for market opportunities driven by the green transformation. Furthermore, in 2021 there has been focus on ensuring that our variable remuneration provide pay for performance and reflect the business performance duly.

For this report, Executive Management refers to the executives registered as managers of the Company with the Danish Business Authority as executive officers of NKT (CEO Alexander Kara and CFO Line Andrea Fandrup).

The previously announced strategic review of NKT Photonics was resumed in 2021 but not finalised. Therefore as in 2020 the remuneration section on NKT Photonics is not included in this year's report.

Finally, there were no terminations within Executive Management in 2021 and therefore no need to use any clawback or malus clauses as outlined in our remuneration policy.

Work of the Remuneration Committee

The work of the Remuneration Committee and our governance is set out in the Terms of Reference for the Committee and follows an annual plan. In 2021, the committee held five meetings, focusing on overall supervision of remuneration practices for Executive Management as well as ensuring good alignment between the principles of the Remuneration Policy with the company wide practices related to compensation of employees.

The work of the Remuneration Committee is based on a set of core principles as set out by the Remuneration Committee and approved by the Board of Directors. These include focussing on:

- Retaining executives who are key to value creation
- Creating close ties between remuneration and our strategy by applying long-term financial and non-financial performance measures to incentive programs
- Remaining aware of the sensitivity surrounding executive pay issues in the Danish as well as international environment.

The NKT Remuneration Committee is also responsible for drafting the remuneration policy for the Board of Directors and the Executive Management of NKT; for making proposals on changes to the remuneration policy, and for obtaining

the approval of the draft from Board of Directors prior to seeking shareholders' approval at the Annual General Meeting.

The NKT Remuneration Policy was approved by shareholders at the 2021 Annual General Meeting and will remain in effect until 2025 unless material changes are proposed by the Board of Directors for shareholders to approve. The approved policy ensures alignment with evolving market norms for remuneration in an international company and compliance with the EU Shareholder Rights Directive and Danish Companies Act.

Yours sincerely,

Jutta af Rosenberg

Chair of the Remuneration Committee



2. Remuneration of the Board of Directors

Similar to our approach to Executive Remuneration, our approach to Board of Director remuneration aims to fairly award the work and responsibilities of the Board members. Fees are set relative to competitive benchmarks with companies of comparable size and scope, with the benchmark of the fees being carried out in 2021, having not been benchmarked since 2018. A proposal for revised fees will therefore be brought to the Annual General Meeting in March 2022.

The fees approved at the Annual General Meeting in March 2021 with effect from that point are shown in the tables below.

Members of the Board of Directors are not eligible to participate in short- or long-term incentive plans. Expenses such as travel and accommodation for board meetings as well as other relevant expenses are reimbursed.

Remuneration to Board members – 2021

Amounts in EURt	Base remuneration	Audit Committee	Nomination Committee	Remuneration Committee	NKT Photonics	Total remuneration
Jens Due Olsen, Chairman	120					120
René Svendsen-Tune, Deputy Chairman	80				8	88
Jens Maaløe	40	3	7	7	20	77
Jutta af Rosenborg	40	26		13		80
Karla Lindahl	40	13				53
Andreas Nauen	40		13			53
Thomas Torp Hansen*	20					20
Stig Nissen Knudsen**	40					40
René Dogan**	40					40
Pia Kaaber Bossen***	20					20
Total remuneration 2021	480	42	20	20	28	591

* Elected by employees and resigned from the Board of Directors June 2021

** Elected by employees

*** Elected by employees to the Board of Directors as alternate board member after the resignation of Thomas Torp Hansen in June 2021

Remuneration to Board members – last three years

Amounts in EURt	2019	2020	2021
Jens Due Olsen, Chairman	120	120	120
René Svendsen-Tune, Deputy Chairman	80	80	88
Jens Maaløe	80	84	77
Andreas Nauen	45	47	53
Jutta af Rosenberg	80	80	80
Lars Sandahl Sørensen	53	25	-
Peter Wennevold	40	-	-
Karla Lindahl	-	29	53
Thomas Torp Hansen*	-	40	20
Stig Nissen Knudsen**	40	40	40
Jack Ejlertsen	40	40	-
René Dogan**	-	-	40
Pia Kaaber Bossen***	-	-	20
Total remuneration	578	585	591

* Elected by employees and resigned from the Board of Directors June 2021

** Elected by employees

*** Elected by employees to the Board of Directors in 2021 as alternate board member after the resignation of Thomas Torp Hansen in June 2021

Board of Directors – Shares

At year-end 2021 the number of shares held by the Board of Directors was 54,889 amounting to a total market value of EURt 2,329 based on a year-end share price of DKK 315.6.

Number of shares held by Board of Directors*

Name	Number of shares ultimo 2020	Net change	Number of shares ultimo 2021
Jens Due Olsen	48,941	-	48,941
René Svendsen-Tune	5,333	-	5,333
Jens Maaløe	515	-	515
Andreas Nauen	-	-	-
Jutta af Rosenberg	-	-	-
Karla Lindahl	-	-	-
Stig Nissen Knudsen*	-	100	100
René Dogan*	-	-	-
Pia Kaaber Bossen*	-	-	-
Total	54,789	100	54,889

* Employee elected board members

3. Remuneration of Executive Management

The remuneration of Executive Management is reviewed yearly and the components which form part of the remuneration packages, and all material adjustments thereof, are approved by the Board of Directors based on discussions and recommendations by the Remuneration Committee. Based on the parameters set in the remuneration policy, the Board of Directors also approves the basis for calculating and granting any share-based incentive plans.

Composition of remuneration

Executive Management's remuneration for 2021 consists of a fixed base salary and other customary benefits such as phone, health insurance pension and a company car. The remuneration further includes variable remuneration elements such as short-term incentives in the form of a bonus program and long-term incentives in the form of a Performance Share Program (PSP).

Below the distribution of variable and fixed remuneration elements (i.e. the pay-mix) is illustrated below based on the actual 2021 pay-outs as well as the pay-mix at the theoretical target level of compensation.

NKT aims to have a market conform practice with a noticeable amount of variable compensation for its executives. As below figures illustrate, the actual 2021 pay-mix has more weight on the variable components than the theoretical target since bonus pay-outs overall have been in the upper end of the range.

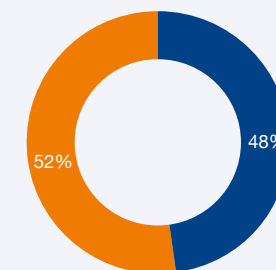
Overview of 2021 Executive Remuneration

Amounts in EURt	Base Salary	Bonus	Pension	Value of benefits	Value of PSPs at award*	Sign-on/ Extra-ordinary**	Total
Alexander Kara, CEO	896.0	801.3	-	95.0	358.4	64.5	2,215.4
Line Andrea Fandrup, CFO	404.0	242.4	60.6	18.6	101.0	10.0	836.6
Total Executive Remuneration	1,300.0	1,043.7	60.6	113.6	459.4	74.5	3,052.0

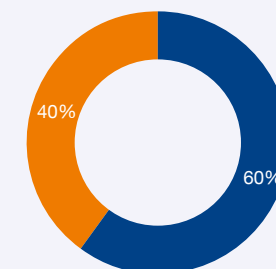
* Value of PSPs at award is defined as the expected value of PSUs at target performance level and is calculated as granted fair value at the point of award based on an award percentage of the base salary for 2021.

** CEO extra-ordinary bonus for 2021 included an obligation to purchase NKT shares for the equivalent amount less applicable taxes. CFO extra-ordinary bonus was to compensate for the loss of incentive remuneration from former employer

Share of fixed and variable remuneration elements – 2021 Actual Pay-Out



Share of fixed and variable remuneration elements – Theoretical target level



■ Fixed Remuneration Elements
 ■ Variable Remuneration Elements

* Distribution of total remuneration sum of Executive Management. Fixed remuneration components: base salary, pension and benefits. Variable remuneration components: bonus and value of PSP awards.

Base salary adjustment of NKT executives

To ensure retention and long-term stability, NKT seeks to compensate its executives in a competitive manner compared to relevant external benchmarks. The companies in the benchmark group represent competitors, the energy industry overall as well as other similar sized European manufacturing companies. The individual base salaries consider market remuneration levels as well as the executives' skills and experience. In addition, base salary is always considered in the context of the executive's total remuneration.

In 2020 NKT Executive Management was not granted any base salary adjustments due to the uncertainty related to the Corona pandemic and general cost restraint throughout the organization. However, the Board of Directors committed to review the Executive Management remuneration in 2021 after a year of restraint. The Board of Directors is aware of the importance and impact of Executive Management in driving sustainable financial performance and therefore strives to ensure that fixed remuneration for Executive

Management remains competitive to benchmark groups accordingly (subject to continued high performance). On this basis CEO Alexander Kara and CFO Line Fandrup were granted base salary adjustments of 12% & 15% respectively in 2021 to ensure market alignment.

Benefits and pensions according to local standards

NKT benefits follow a country-specific norm where individuals are covered by pension schemes and car policies which conform with local country practices. NKT regularly reviews its benefit levels to ensure that these are market conforming and competitive in the local setting.

There were no changes to pension schemes during 2021 impacting the remuneration level of NKT executives. Specific values for pension and benefits are listed in the table showing the 3 year overview of remuneration on page 10.

Short-term incentives: 2021 NKT Global Bonus Program structure and results

Pay for performance is a key element of the overall remuneration strategy for NKT and therefore our executives and our Global Leadership Team are also rewarded based on short-term performance. This bonus scheme, called the NKT Global Bonus Program, is aligned in structure with the bonus schemes for our mid-level manager and specialists through-out NKT.

The Global Bonus Program represents a balanced approach to incentives and rewards. It typically includes KPIs related to NKT's overall financial results, results of individual business lines as well as individual goals. For NKT executives the primary KPIs are related to overall financial indicators as well as business performance KPIs with only limited inclusion of individual KPIs requiring discretionary judgement. Typical individual KPIs are related to specific sales targets, productivity KPIs or concrete business achievements. However, a few individual KPIs relate to more long-term business development, specific

organisational topics or key focus areas such as people, talents and competencies.

Each year the structure, weighting and KPIs of the bonus scheme are adjusted towards the intended focus areas for NKT executives for the specific year. Given the current focus of the NKT business, for the 2021 bonus scheme it was decided to focus on Group Revenue & Group EBITDA to support the continued improvement in NKT financials and build the foundation for executing on our order backlog. The individual KPIs included stretch targets on ESG metrics to support our sustainability agenda and commitment to reach our Science Based Targets. More specifically the individual KPIs included targets related to safety, diversity & inclusion and CO₂ reduction to support our commitment to reach net zero.

The table below summarizes maximum bonus opportunity and the weighing of the different bonus elements.

Max Bonus and Weight of Bonus Elements

	Max. Bonus*	Group EBITDA	Group Revenue	Individual KPIs	Total
Alexander Kara, CEO	90%	48%	32%	20%	100%
Line Andrea Fandrup, CFO	60%	48%	32%	20%	100%

* Maximum bonus opportunity in percent of base salary

Based on the 2021 financial results, the bonus scheme achieved a pay-out in the upper range on average. Group EBITDA & Group Working Capital both reached maximum while business line specific and individual KPIs varied between 0-100% achievement.

The achievement on bonus KPIs is summarised below.

Long-term incentives: 2021 NKT Performance Share Program awarded to ensure long-term retention

During 2021, NKT continued the Performance Share Program, which was first introduced during 2018.

The Performance Share Plan is structured as a conditional right for participants to receive shares after a three-year performance period at nil payment.

For 2021, the performance share awards were made to selected individuals in line with the award level permitted under the policy. The performance shares will vest subject to continuous service and the achievement of performance KPIs over three years as described to the right.

As in 2020 it was decided to focus on two key elements of business performance in the 2021 program. 2023 year-end Operational EBITDA to ensure continuous focus on securing the projected earnings of the underlying business and also TSR to ensure that Executive Management focuses on providing adequate value to shareholders, thereby securing the long-term viability of NKT.

The tables to the right summarise the number and grant value awards as well as the expensed accounting value of the 2021 Performance Share Plan.

2021 Performance Share Plan – Performance KPIs

Measure	Weight	Target
Operational EBITDA	50%	Operational EBITDA reported at the end of the three-year performance period, 31 December 2023
Absolute Total Shareholder Return (TSR)	50%	TSR performance in the three years, but measured on 10 days after the publication of the annual report in the year of award to the same 10th day in the year of vesting

2021 Performance Share Plan Awards – Number and grant value of award

EURt	Number of PSUs	Expected value of PSUs at target performance level*	Maximum value if all PSUs vest (share price equal to award date)**
Alexander Kara, CEO	22.8	358.4	716.8
Line Andrea Fandrup, CFO	5.7	101.0	202.0

* Expected value of PSUs at target performance level is calculated as granted fair value at the point of award based on an award percentage of the base salary for 2021.

** Maximum value if all PSUs vest is calculated as the maximum possible value if all performance criteria are achieved in full using the share price equal to the share price at the award date (DKK 234.92).

2021 Bonus KPI Achievement

	Group EBITDA	Group Revenue	Individual KPIs	Total Achievements
Alexander Kara, CEO	100%	100%	96%	99%
Line Andrea Fandrup, CFO	100%	100%	100%	100%

When comparing the costs recorded in 2021 with 2020, costs increased for CEO Alexander Kara. In 2020, costs recorded related to the targets of the 2019 program were reversed, as they were not expected to be reached. As it became clear targets would be partly reached in 2021, the full cost relating to the expected outcome was recognized in 2021. For CFO Line Andrea Fandrup, the cost increased from participating in two programs and for a full year of service.

Finally, no cases of malus or claw back occurred during 2021.

Executive Management – Shares

At year-end 2021 the number of shares held by Executive Management was 20,017 amounting to a total market value of tEUR 849.6 based on a year-end share price of DKK 315.6.

Total Remuneration of Executive Management

Total remuneration for the Executive Management is shown below and three years' data is provided as recommended by the Danish recommendations on Corporate Governance.

The notice period of Executive Management are set to ensure that NKT can follow the Danish recommendations. Currently notice periods vary between 12 to 18 months for the company and a 9 months' notice for Executive Management.

All Performance Share Program – Expensed accounting value

EURt	2019	2020	2021
Alexander Kara, CEO	29.2	56.9	415.6
Line Andrea Fandrup, CFO	-	6.4	62.9

Note awards granted to former CFO Roland M. Andersen were forfeited as per the bad leaver provision in the NKT Remuneration Policy following his resignation.

Number of shares held by Executive Management

	Number of shares ultimo 2020	Net change	Number of shares ultimo 2021
Alexander Kara, CEO	17,232	2,785	20,017
Line Andrea Fandrup, CFO	-	-	-
Total	-	2,785	20,017

Executive Management – Overview of three-year remuneration

EURt	Alexander Kara*			Line Andrea Fandrup**			Roland M. Andersen***		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Salary	332.8	805.2	896.0	-	164.4	404.0	796.3	239.7	-
Bonus	99.8	563.6	801.3	-	97.2	242.4	142.9	420.1	-
Sign-on/Extraordinary bonus		80.5	64.5		10.0	10.0			
Pension	-	-	-	-	22.6	60.6	71.4	36.0	-
Value of benefits	71.0	99.5	95.0	-	7.7	18.6	26.4	12.9	-
Total excluding LTI	503.6	1,548.8	1,857.0	-	291.9	735.6	1,037.0		-
Long Term Incentives	116.5	281.8	358.4	-	37.7	101.0	119.1		-
Total remuneration	620.1	1,830.7	2,215.4	-	339.6	836.6	1,156.1	708.7	-

* Appointed CEO during 2019. 2019 Remuneration represents prorated amount for Aug-Dec 2019. Extra-ordinary bonuses for 2020 & 2021 included an obligation for the CEO to purchase NKT shares for the equivalent amount less applicable taxes. The costs related to these bonuses was recognized in the income statement in 2021

** Appointed CFO during 2020, hence no historical data included. 2020 Remuneration represents prorated amount for Aug-Dec 2020. Extraordinary bonuses for 2020 & 2021 were to compensate CFO for the loss of incentive remuneration from former employer of EURt 20.0

*** 2019 included special allowance for interim CEO responsibility from January to August, exit from NKT in June 2020

3. Annual changes in remuneration

The development in the remuneration of the Board and Executive Management over the past financial year is summarized in the table below.

Change in total remuneration incl bonus & value of shares		
	2021 vs 2020	2020 vs 2019
Alexander Kara, CEO	21.6%	35.6%
Line Andrea Fandrup, CFO	13.8%*	-
Fixed fee to Board of Directors	0%	0%

* Comparative calculation made on an annualized basis

	Revenue (Std. metal prices)	Operational EBITDA	Revenue (Std. metal prices)	Operational EBITDA
	2021 vs 2020	2021 vs 2020	2020 vs 2019	2020 vs 2019
NKT Group	16.2%	133.7%	13.3%	99.7%

Change in total remuneration incl bonus & value of shares		
	2021 vs 2020	2020 vs 2019
Average FTE remuneration in NKT Cables Group A/S (excl GLT)*	5.1%	10%

* The listed company NKT A/S (the parent) has no employees, instead the subsidiary NKT Cables Group A/S used for comparison

The pay mix for the NKT CEO & CFO is the primary driver for the difference between the CEO/CFO increase vs NKT Group whereby the CEO & CFO have a higher amount of variable pay. 2021 yielded high pay outs on variable components which is reflected accordingly.

4. Statement by the Board of Directors

The Board of Directors has today considered and adopted the remuneration report of NKT A/S for the financial year 1 January - 31 December 2021.

The remuneration report has been prepared in accordance with section 139b of the Danish Companies Act.

In our opinion, the remuneration report is in accordance with the remuneration policy adopted at the Annual General Meeting, and is free from material misstatement and omissions, whether due to fraud or error.

The remuneration report will be presented for an advisory vote at the Annual General Meeting.

Brøndby, 23 February 2022

Board of Directors

Jens Due Olsen
Chairman

René Svendsen-Tune
Deputy Chairman

Karla Lindahl

Pia Kaaber Bossen

Stig Nissen Knudsen

René Dogan

Jens Maaløe

Andreas Nauen

Jutta af Rosenberg

5. Independent Auditor's Report

To the shareholders of NKT A/S

We have examined whether Management has fulfilled its obligations to report the disclosures required by section 139b(3) of the Danish Companies Act in the company's remuneration report for 2021.

Management's responsibility

Management is responsible for the preparation of the remuneration report in accordance with section 139b of the Danish Companies Act and the remuneration policy adopted at the Annual General Meeting.

Further Management is responsible for the internal control that the Board of Directors considers needed to prepare the remuneration report that is free from material misstatement and omissions, whether due to fraud or error.

Auditor's responsibility

It is our responsibility to express a conclusion on whether Management has fulfilled its obligations to report the disclosures required by section 139b(3) of the Danish Companies Act in the company's remuneration report.

We have conducted our examinations in accordance with ISAE 3000, Assurance Engagements Other than Audits or Reviews of Historical Fi-

ancial Information, and additional requirements under Danish audit regulation to obtain reasonable assurance about our conclusion.

Deloitte Statsautoriseret Revisionspartnerselskab is subject to International Standard on Quality Control (ISQC) 1 and, accordingly, applies a comprehensive quality control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the requirements for independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, and ethical requirements applicable in Denmark.

Our examinations included an examination of whether the remuneration report, to the extent relevant, includes the disclosures required by section 139b(3), items 1-6, of the Danish Companies Act for the remuneration of each member of Management.

Our examinations have not included an examination of accuracy and completeness of the disclosures, and we do not express any conclusion on this.

Conclusion

It is our opinion that Management has fulfilled its obligations to disclose, in all material respects, the information required by section 139b(3) of the Danish Companies Act in the company's remuneration report for 2021.

Copenhagen, 23 February 2022

Deloitte

Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Kirsten Aaskov Mikkelsen
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MNE no mne21358

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NKT is signatory of the Europacable
Industry Charter: A commitment
towards superior quality.