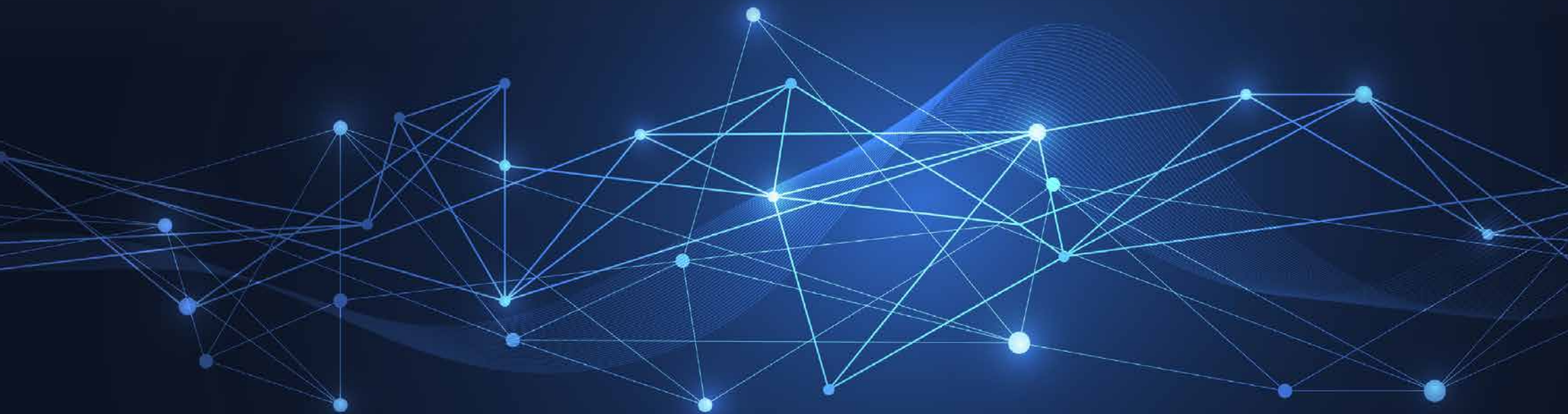


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Business developments

Strong strategic positioning in light of the global megatrends, with an excellent performance of the Smart Manufacturing segment, led to further growth during the year.

During the year, amidst challenging market circumstances, our technologies continued to gain traction on the back of the long-term megatrends automation, digitalization, and electrification. We again managed to improve our added value from 47.2% to 49.8%, underpinning our leading positions in the markets we operate in. Smart Manufacturing systems saw an acceleration of deliveries of a large inventory of incomplete Tire Building machines in the last few months of the year, as supply chain constraints eased. Despite the constraints encountered in the first half of 2023, this led to record results for Smart Manufacturing systems in 2023, with turnover up 16.8% and EBITA up 31.2%. In the course of the year, Smart Vision systems, most notably 2D and 3D machine vision, was affected by destocking at customers and adverse market conditions in certain end-markets. Security Vision on the other hand continued to record growth, on the back of certain larger infrastructure projects. Overall however, Smart Vision systems recorded a 0.2% growth in turnover, and a 10.1% decline in EBITA. EBITA was affected by the relatively high costs, as we continued to invest in our one-stop-shop and solutions offerings, thus keeping costs levels at elevated levels to capture the growth the market offers when demand returns. Smart Connectivity systems too was impacted by destocking at Dutch utility companies in the second half of 2023, higher cost levels associated with new hires and start-up costs related to the strategic investment program, underutilization of the subsea cable factory in the second half of 2023 and the costs associated with the relocation of

production capacity from China to Poland in fibre optic cables. Overall, Smart Connectivity systems recorded a 5.7% decline in turnover and a 7.1% decline in EBITA.

In 2022, we launched our Strategic Investment Program to further increase our global production capacity to respond to the increased market demand in the fields of automation, digitization, and electrification. During the year, a large number of these projects were completed, without delays or significant cost overruns. The expansion of our existing facilities in Lochem for the production of medium and high voltage cables has become operational in phases in Q3 2023. During the year we have also been selected as one of the suppliers by systems operator TenneT for the supply of high voltage cables in the coming years. The new plant for fibre optic cables in Poland, which will increase our EU cabling capacity to eliminate the import duties on fibre optical cables imported from China, became operational as of Q3 2023. A new plant in Poland specializing in customized connectivity systems became operational in Q3 2023. The construction of additional capacity for Tire Building systems in Poland became operational early Q2 2023. The investment in a new plant for inter-array cables in Eemshaven is progressing well and is expected to start serial production in Q2 2024. During 2023, TKH was awarded a major contract by offshore wind power world leader Ørsted for the supply of nearly 200 kilometers of inter-array and other cables. Also, TKH signed a multi-year framework agreement with Vattenfall for the single source





Expansion Tire Building systems factory
Leszno, Poland



New fibre optic cable factory and
new factory for specialized connectivity systems
Rawicz, Poland

supply of 66 KV, bottom fixed inter-array cables for offshore wind farms in Europe developed by Vattenfall. The agreement, which took immediate effect at the beginning of November 2023, was signed for an initial period of 3 years and can be extended for a further 5 years. Once the completion of the Eemshaven facilities is finished, we will have delivered on our the strategic program within a record 1.5 year time frame.

We also delivered on milestones in aligning our portfolio towards our Accelerate 2025 strategic program. On February 1, we finalized the divestment of our minority share in CCG with a one-off profit of € 36.2 million. In May, we announced the acquisition of Euresys, a leading, innovative, high-tech designer and provider of software for 2D and 3D image analysis and video capture and processing. In 2023 Euresys realized a turnover of € 17 million and contributed to TKH's normalized earnings per share in 2023. At the end of September, 2023, we announced the closing of the divestment of TKH France, the connectivity distribution activities in France, which includes the entities CAE Data and ID cables, to private equity company Argos Wityu SAS. Under the terms of the agreement, TKH reinvested € 26.5 million to acquire a minority stake of 40% in the carve-out. The transaction resulted in a one-off net profit contribution of about € 19.6 million.

In total, these divestments resulted in a one-off net profit of € 54.8 million. Part of these proceeds were used for two share buyback programs during the year of € 25 million each. Together with the € 67.6 million in dividends we distributed, we have returned a total of € 117.6 million in cash to shareholders this year.

On November 14, 2023, we announced that we will further accelerate our divestment opportunities in the coming 12 months, to provide TKH with further room to invest in the core technologies as well as use the funds for further share buyback programs.

Also, we have made substantial investments in our software expertise, with a strong focus on artificial intelligence (AI), for which we established a hub in Amsterdam to centrally develop AI software solutions for the TKH group entities. AI provides an additional opportunity to create solutions for our customers that deliver maximum performance and efficiency in their processes.

Early 2024, TKH announced the acquisition of JCAI, a company offering visual guidance software and equipment to airports and airlines, with a strong track record in airport de-icing technology. The acquisition complements TKH's CEDD connectivity technology. The transaction is expected to have a positive effect on TKH's earnings per share as per 2024.

Financial performance

Group financial performance

Turnover reached € 1,847.5 million in 2023, an increase of 1.7% (2022: € 1,816.6 million). Adjusted for acquisitions, divestments and currency effects, turnover grew organically by 3.2%, with price effects accounting for 2.9% of the turnover. Smart Manufacturing systems was the strongest contributor to this growth, with a turnover growth of 16.8%. The divestment of TKH France at the end of Q3 2023 had a negative 1.8% impact on turnover (in Q4 2022 TKH France turnover amounted to € 32 million).

The geographical distribution of turnover shifted in favor of Asia. The turnover share in the Netherlands remained at 25% of total turnover (2022: 25%), while the share in Europe, excluding the Netherlands, declined to 39% (2022: 44%). In Asia, the turnover share grew to 19% (2022: 15%), due to a larger share of tire building machines delivered to Asia, while in North America turnover remained stable at 13% (2022: 13%). The turnover share of the other geographic regions amounted to 4% (2022: 3%).

The added value increased to 49.8% in 2023 (2022: 47.2%). All segments reported an increase in added value. Most notably Smart Connectivity's added value went from 37.8% in 2022 to 41.8% in 2023. The increase in added value was mostly attributable to higher operational costs being passed on to customers, a changed product mix, and the impact of acquisitions and divestments.

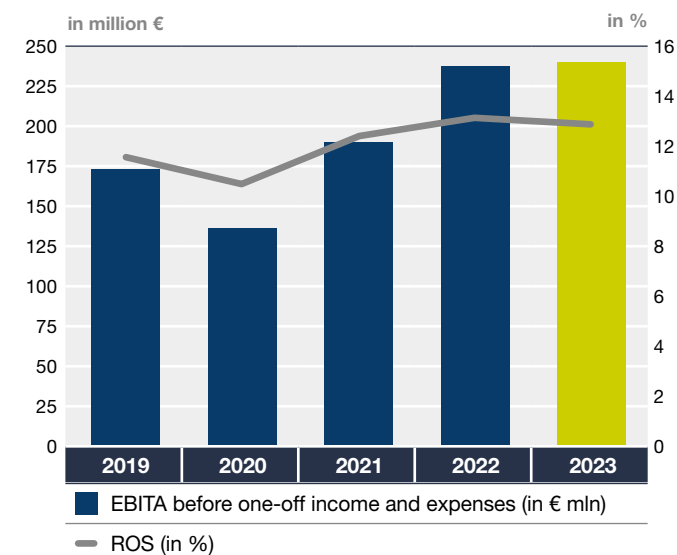
The order intake in 2023 amounted to € 1,834.9 million (2022: € 2,042.0 million), resulting in an order book at year-end of € 970.1 million, comparable level to the record year-end 2022

(€ 971.9). The order book at Smart Manufacturing systems reached € 631.3 million (2022: € 573.0 million). The order intake at Smart Manufacturing continues to be driven by Tire Building systems, which benefitted from the effects of reshoring and the capex programs of the tire manufacturers.

Operating expenses (excluding one-off income and expenses, amortization and impairments) increased by 9.6% compared to last year. Personnel expenses increased by 9.4% due to the expansion of the workforce, following the strategic investments, and payroll increases. Manufacturing and housing costs as well as general costs also increased, due to (energy) price increases and start-up costs for our new factories. Currency effects had a limited impact.

EBITA excluding one-off income and expenses increased by 3.0% organically to € 237.0 million in 2023, from € 234.8 million in 2022. The divestment of TKH France at the end of Q3 2023 had a negative 2.2% impact on EBITA (in Q4 2022 TKH France EBITA amounted to € 5.1 million). ROS remained relatively stable at 12.8% (2022: 12.9%).

EBITA and ROS Development



The figures of 2019 are based on 'continued operations' and thus excluding the divested industrial connectivity activities.

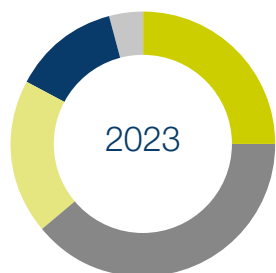
Inflationary effects, EU anti-dumping duties on fibre optic cables, destocking at customers and start-up costs of our new factories all had a dampening effect on ROS. The ROS at Smart Manufacturing systems increased markedly to 15.8% (2022: 14.1%) driven by the strong turnover growth and the gradual easing of the supply chain constraints during 2023.

In 2023, one-off net expenses on EBITA-level amounted to € 2.0 million (2022: one-off income of € 10.4 million) and included, among others, reorganization costs in Smart Connectivity systems due to the closure of fibre optic cable manufacturing activities in China in Q4 2023, Smart Vision systems and acquisition and divestment costs.

Amortization increased to € 56.9 million (2022: € 54.6 million) due to the higher amortization of capitalized R&D, as a result of increasing investment in previous years. Impairments amounted to € 3.7 million (2022: € 0.5 million) and were mostly related to discontinued R&D projects.

Geographical distribution of turnover

in %



Netherlands	25
Europe (other)	39
Asia	19
North America	13
Other	4

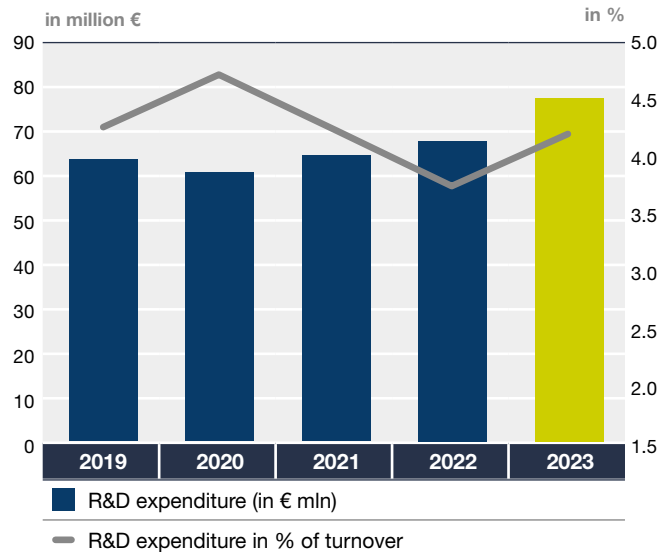
Net financial expenses increased to € 22.1 million (2022: € 9.7 million), due to the combination of higher debt levels and higher interest rates. The results from associates amounted to € 51.5 million (2022: € 3.1 million), and includes the one-off net profit contributions from the divestments of CCG and TKH France in 2023.

The normalized effective tax rate decreased slightly to 24.6% in 2023 from 24.8% in 2022. TKH benefitted from R&D tax facilities in several countries.

Net profit before amortization of intangible non-current assets related to acquisitions and one-off income and expenses attributable to shareholders decreased by 9.1% to € 130.5 million (2022: € 143.6 million). Net profit increased 20.9% to € 165.8 million (2022: € 137.1 million). Earnings per share before amortization, one-off income and expenses amounted to € 3.21 (2022: € 3.50). Ordinary earnings per share were € 4.07 (2022: € 3.34).

Net bank debt according to bank covenants increased by € 162.0 million from year-end 2022 to € 469.2 million at year-end 2023. The main items affecting the debt level include the increase in working capital (€ 71.3 million), net investments in property, plant, and equipment of € 177.0 million (of which € 134.2 million is related to the strategic investment program), dividends paid (€ 67.7 million), share buybacks (€ 50.0 million), acquisitions (net € 70.5 million), and investments in intangible assets (€ 53.1 million). Divestments amounted to € 130.5 million in 2023, including the € 54.8 million in one-off profits. At year-end 2023 € 18.0 million assets were held for sale (year-end 2022: € 75 million). Cash flow from operating activities amounted to =€ 152.9 million (2022: € 116.2 million), an improvement largely due to a lower working capital increase in 2023 compared to a year earlier. Working capital stood at 16.7% of turnover (2022: 12.9%). The net debt/EBITDA ratio, calculated according to TKH's bank covenant, was 1.8, well within the financial ratio agreed with our banks. Solvency improved to 39.3% (2022: 38.0%).

R&D expenditure



At year-end 2023, TKH employed a total of 6,899 FTEs (2022: 6,607), of which 434 were temporary employees (2022: 409 FTEs).

Developments per technology segment

Smart Vision systems

TKH creates state-of-the-art Vision systems, and Vision technology represents about 85% of the turnover of the Smart Vision systems segment. This technology encompasses 2D and 3D Machine Vision and Security Vision systems. Combining these technologies with in-house software development allows us to create unique, smart, integrated plug-and-play systems, and one-stop-shop solutions.

In 2023, turnover in Smart Vision systems increased marginally by 0.2% to € 500.5 million. Adjusted for acquisitions and currency effects, turnover decreased organically by 1.8%, with price effects accounting for a 3.2% increase of turnover. The order book decreased by 22.1% to € 124.0 million (2022: € 159.2 million). The added value increased slightly from 58.5% to 58.9%. Due to higher operating expenses combined with lower turnover growth, EBITA decreased to € 85.9 million (- 10.1%) and ROS reached 17.2%.

Vision Technology – Turnover in Security Vision achieved growth in 2023, due to winning a few larger projects for building applications and traffic monitoring security systems. The parking guidance systems showed an improved performance and a partial market recovery. The easing of supply chain shortages also supported the growth here. In Machine Vision, the performance at the start of the year was good, supported by the battery and solar market. In the second half of the year, Machine Vision experienced a large impact from destocking and in some areas a weaker demand due to reduced end user activity, mainly related to the factory automation market. Overall, the turnover for the Machine Vision declined throughout the year, for both 2D and 3D. During the year, we further strengthened our market positioning and cooperation within the group to take advantage of our one-stop-shop solutions and TKH Vision group's position as the technology partner for our customers. Specific developments were initiated to offer plug and play system integration, facilitated by software including AI propositions.

Key figures Smart Vision systems

in € million unless otherwise stated	2023	2022	Change in %	Organic change in %
Turnover	500.5	499.7	+ 0.2%	-1.8%
Added value	58.9%	58.5%		
EBITA excluding one-off income and expenses ¹	85.9	95.5	- 10.1%	- 12.1%
ROS	17.2%	19.1%		
Order book	124.0	159.2	-22.1%	
ROCE	15.6%	18.8%		

¹ One-off net expenses for Smart Vision systems amounted to € 0.5 million in 2023 (2022: nil) of which € 0.5 million in Q4 2023 (Q4 2022: nil).

Smart Manufacturing systems

TKH leverages its unique expertise and deep understanding of automating production processes in specific industries to create superior manufacturing systems. TKH engineers complete manufacturing systems and machines that contribute to highly efficient processes. Tire Building systems account for 75% of the Smart Manufacturing systems segment turnover share.

Smart Manufacturing systems showed strong turnover growth. Adjusted for currency effects, turnover grew organically by 17.1%, with price effects amounting to 1.8%. The order book grew by 10.2% compared to the previous year-end and peaked at € 631.3 million on December 31, 2023 (2022: € 573.0 million) with a significant contribution from Tire Building systems. The added value increased slightly from 49.9% to 50.5%. EBITA was up 31.8% organically at € 90.6 million. The ROS expanded to 15.8% (2022: 14.1%).

Tire Building systems – Tire Building systems benefitted from the easing of supply chain constraints in the second half of 2023. As a result, a large inventory of incomplete machines could be completed and delivered to customers, adding to the strong operating performance. Order intake for both passenger and truck tire systems in 2023 continued to be high. Drivers for these growing levels of intake are investments related to the production of more sustainable tires, the rise of electric vehicles and the need for more automation. Also, a high level of activities within the Tire Building industry related to reshoring has been an important driver for the high order intake. The expansion of the factory in Poland started production and capacity was successfully ramped up in the second half of 2023. A further expansion of these production facilities are due to come on stream in the first half of 2024. At the beginning of 2024, an order was booked for a UNIXX system, on the back of the large interest in the market, which proves the success of this advanced technology and is a major milestone for further growth in this segment.

Other – The activities related to industrial automation as well as the other industrial activities developed well. New orders were received for the Indivion and further interest in this exceptional system has been generated.

Key figures Smart Manufacturing systems

in € million unless otherwise stated	2023	2022	Change in %	Organic change in %
Turnover	573.6	491.2	+ 16.8%	+ 17.1%
Added value	50.5%	49.9%		
EBITA	90.6	69.1	+ 31.2%	+ 31.8%
ROS	15.8%	14.1%		
Order Book	631.3	573.0	+10.2%	
ROCE	66.0%	75.4%		

Smart Connectivity systems

TKH manufactures advanced connectivity systems, and engineers complete Smart Connectivity systems with a unique, integrated system approach and sustainability proposition. Energy and Digitalization account for about 39% and 33% of the Smart Connectivity systems segment turnover share.

Turnover in Smart Connectivity systems decreased 5.7% to € 800.5 million in 2023 (2022: € 848.6 million). The effect of the divestment of TKH France on this segment's turnover was a decrease of 3.8%. Adjusted for acquisitions, divestments and currency effects, turnover declined organically by 1.5%, with price effects amounting to + 3.2%. The order book decreased to € 214.8 million (2022: € 239.7 million). Added value as a percentage of turnover rose to 41.8% from 37.8% in 2022, mainly due to the effect of price increases to cover cost inflation and mix effects including the divestment. EBITA decreased marginally by 0.1% organically to € 81.1 million, mainly due to the divestment of TKH France and higher personnel and manufacturing expenses as a result of increased headcount in anticipation of the ramp-up in production capacities. In total, around 200 employees were hired for the ramp-up of the new production facilities. EU anti-dumping duties on fibre optic cables had a € 7.5 million negative impact on EBITA. Impacted by the divestment, lower volumes, and related underutilization in the second half of the year, ROS decreased to 10.1%.

Electrification – After a strong first half year, onshore energy cable turnover was impacted by destocking in the second half of 2023, due to delays encountered by the Dutch utility companies with the roll-out of their network infrastructure projects. The offshore Subsea cable capacity was underutilized in the second half of this year due to the postponement of an order. The new plant for Subsea cables in Eemshaven is on schedule to be operational during the second quarter of 2024. The production of prototype cables has already started in Q1 2024 and is running smoothly. We are excited to see the success of our innovative dry design technology in Subsea gaining traction, as evidenced by the framework agreement with Vattenfall, and the prospects for new orders in the coming quarters. The strategic investment program also prepared TKH for substantial additional capacity in medium and high voltage onshore energy cable in anticipation of substantial growth in the coming years. It is not expected that this capacity will be fully utilized before 2025.

Digitalization – In the second half of 2023, digitalization was impacted by the doubling of the EU anti-dumping duties and the implementation of anti-dumping duties on optical fibre cables from China to the United Kingdom. As a result, TKH decided to close the cable production activities in China and transferred the capacity to the new fibre optic plant in Poland during Q3. This new fibre optic plant was officially opened early September and is rapidly ramping up production. The transition of production from China to Poland temporarily impacted output and cost levels.

Other – Revenues were driven by the strong demand for specialized and customized connectivity systems for the machine-building, robotics, and medical industries. The new specialty cable factory in Poland was officially opened in early September.

Key figures Smart Connectivity systems

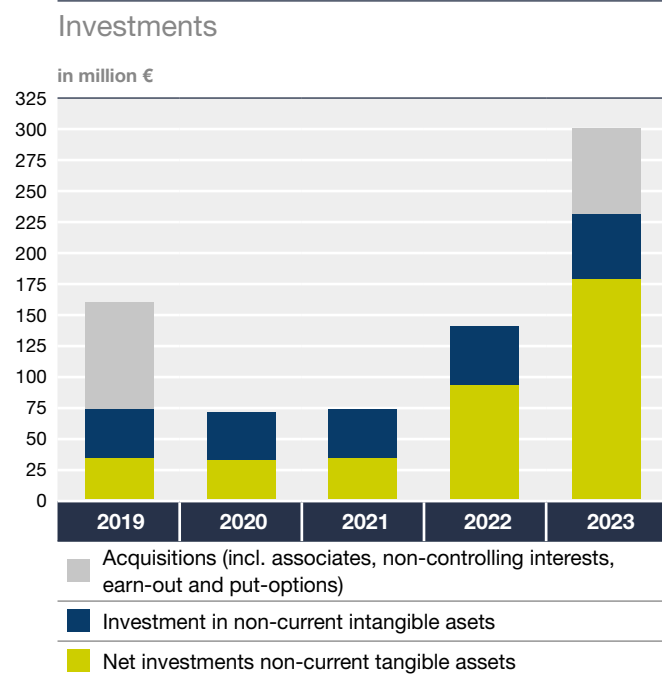
in € million unless otherwise stated	2023	2022	Change in %	Organic change in %
Turnover	800.5	848.6	- 5.7%	- 1.5%
Added value	41.8%	37.8%		
EBITA before one-off income ¹	81.1	87.3	- 7.1%	- 0.1%
ROS	10.1%	10.3%		
Orderbook	214.8	239.7	- 10.4%	
ROCE	16.6%	22.4%		

¹ One-off net expenses for Smart Connectivity systems amounted to € 0.6 million in 2023 (2022: income of € 8.1 million) of which € 2.2 million in Q4 2023 (Q4 2022: income of € 1.0 million).

Acquisitions, divestments, and investments

Acquisitions are an important part of TKH's strategy and contributes to our long-term value creation by strengthening our business proposition.

We focus on acquiring structurally healthy companies that allow us to build our portfolio of proprietary technologies, or expand our geographic sales network within Europe, North America, and Asia. We aim to acquire a turnover of € 100 million to € 150 million in total within the medium term, at the same time as we manage our portfolio to reduce activities with lower margins and growth potential that do not contribute toward our long-term targets. We expect to accelerate our divestment opportunities in the coming 12 months.



Acquisitions & divestments

In May 2023, we further strengthened our leading position in Machine Vision with the acquisition of Euresys Group, a leading innovative high-tech designer and provider of software for 2D and 3D image analysis, as well as video capture and processing. We also made good progress with our divestment program. The divestment of our remaining stake in Cable Connectivity Group was closed in February 2023 and led to a one-off net profit of € 36 million. The divestment of the TKH France activities was closed in September 2023 and led to a one-off net profit of € 20 million. The TKH France activities will be continued in a newly established company in which TKH acquired a minority interest of 40%. The expenditure related to acquisitions amounted to € 0.9 million (2022: € 0.9 million).

At balance sheet date, an active program is in place to divest certain activities in our Smart Manufacturing segment related to customized electronic assemblies for the industrial and automotive market; accordingly, the associated assets and liabilities have been reclassified to assets and liabilities held for sale. Barring unforeseen circumstances, a transaction is expected within the upcoming 12 months.

Investments in property, plant and equipment

In 2023, the net investment in property, plant and equipment, excluding right-of-use assets, totaled € 177.1 million (2022: € 91.8 million). In 2022, we launched our Strategic Investment Program to further increase our global production capacity to respond to the increased market demand in the fields of automation, digitization, and

electrification. The execution of these expansions started in the second half of 2022 and is progressing on schedule.

The investments specifically target:

- Onshore and offshore power cables – the € 150 million investment program to meet the additional demand for onshore and offshore connectivity are progressing according to plan:
 - The expansion of our existing facilities in Lochem for the production of medium and high voltage cables has become operational in Q3 2023.
 - The investment in a new plant for inter-array cables in Eemshaven is progressing well and is expected to start serial production in Q2 2024.
- Fibre optic cables: the new plant in Poland, which will increase our EU cabling capacity to eliminate the import duties on fibre optical cables imported from China, became operational as of Q3 2023; the import duties incurred in 2023 amounted to € 7.5 million.
- A new plant in Poland specializing in customized connectivity systems became operational in Q3 2023.
- The construction of additional capacity for Tire Building systems in Poland became operational early Q2 2023.

Out of the total amount of € 200 million allocated for strategic investments, € 124 million has been spent in 2023 (2022: € 41 million). In total, we expect these investments to generate an additional € 250 - € 300 million annual turnover in the coming years, the majority of which will be realized by Smart Connectivity systems.

Outlook

TKH has made strong progress in its strategic positioning in 2023. With over 15% of turnover from innovations and the completion of the € 200 million strategic investment program, TKH is well positioned for further growth.

For Q1 2024, we anticipate Smart Manufacturing systems to grow compared to Q1 2023. Smart Vision and Smart Connectivity systems will face continued weak market demand. Overall, turnover and EBITA are expected to decrease in Q1 2024 compared to Q1 2023.

For the full year, we expect Smart Manufacturing systems to return to more normalized growth when compared to last year. In Smart Vision systems, we expect growth to return in the second half of 2024, on the back of market recovery. Within Smart Connectivity systems, we anticipate the destocking of onshore energy cables in the Netherlands to continue throughout the year. Barring unforeseen circumstances, we anticipate organic growth in turnover and EBITA in 2024.

TKH will provide a more specific outlook for the full year of 2024 at the presentation of its interim results in August 2024.



Strategic Investment Program

Electrification

Offshore: new Subsea cable factory
Eemshaven, the Netherlands

Onshore: Expansion factory for medium and high voltage cables
Lochem, the Netherlands

Digitalization

New fibre optic cable factory
Rawicz, Poland

Automation

New factory for specialized connectivity systems
Rawicz, Poland

Expansion Tire Building systems factory
Leszno, Poland

Depreciation of property, plant and equipment totaled € 32.6 million in 2023 (2022: € 31.7 million).

Investments in intangible assets and goodwill

In 2023, € 53.1 million was invested in intangible assets and goodwill (2022: € 45.9 million). The most important investments related to the ongoing development of our technologies:

- 2D and 3D Machine Vision portfolio.
- (Vision) security and communication systems.
- New generation of Tire Building systems, like the UNIXX, FLEXX, and Revolute.
- Portfolio and production technology for connectivity systems focused on electrification.
- Automated system for patching and connecting within fibre optic networks.

The investments above do not only relate to hardware development, but also the development of smart software based on artificial intelligence. In addition, there are investments in software including ERP of € 9.2 million and patents and licenses of € 2.1 million.



Sustainability statements

General disclosures

Our approach to sustainability

We aim to create long-term value for our stakeholders by creating Smart Technologies for a more efficient and sustainable world. We aim to do that by sustainable innovation, which is part of our DNA and key for our business, in combination with a focus on strategic areas of sustainability, which are increasingly integrated in our operations and supply chain.

Sustainability is a key element in our product portfolio and enables our customers to improve their sustainability performance

The world is facing a shortage of human resources and rising labor costs, driving the demand for automation and “hands-off, eyes-off” manufacturing. The need to reduce carbon footprints by reducing waste and energy consumption in manufacturing is driving the need for advanced smart technologies. In addition, electrification requires more (renewable) energy generation. Together with our customers, we create innovative and client-centric technology systems, to provide answers to these challenges. In doing so, we add value to make the world better by creating more efficient and more sustainable systems and contributing to the United Nations’ Sustainable Development Goals (SDGs).

Integrating sustainability into our operations and supply chain

As we continue to expand our operations, integrating sustainability enables us to minimize energy use, GHG emissions, and waste. We want to ensure that we have an attractive and safe workplace. Raw materials are becoming scarce due to the increasing demand, which is why we aim for a sustainable supply chain. We want to do business in a responsible way by focusing on integrated governance and transparent sustainability reporting. We want sustainability to be integrated throughout our business and supply chain. Therefore we inform and involve external and internal stakeholders about sustainability and empower them to contribute to the implementation of our sustainability strategy.

Sustainable Development Goals

The Sustainable Development Goals (SDGs), developed by the United Nations, are a blueprint for achieving a better and more sustainable future. TKH recognizes their importance and aims to contribute to the SDGs through its business operations and innovative product portfolio, in line with its long-term value creation process. To make an effective and targeted contribution through the SDGs, we focus on areas where we believe we can have the greatest impact and make the most direct contribution. Sustainability is a key element in our product portfolio and enables our customers

to improve their sustainability performance. In this context, we are focusing on four SDGs. Sustainability is increasingly integrated in our operations and supply chain, with two other SDGs we focus on internal operations and business practices. Approximately 70% of our total turnover is linked to at least one of the SDGs. In this way, we support our customers in meeting their sustainability criteria and simultaneously provide clear evidence of the forward-thinking approach of our business.

Focus on innovative product portfolio

Focus on internal operations and business practices

<p>3 Good health and well-being Ensure healthy lives and promote well-being for all at all ages</p> 	<p>9 Industry, innovation and infrastructure Build resilient infrastructure, promote sustainable industrialization and foster innovation</p> 
<p>7 Affordable and clean energy Ensure access to affordable, reliable, sustainable and modern energy</p> 	<p>11 Sustainable cities and communities Make cities inclusive, safe, resilient and sustainable</p> 

±70% of our turnover is linked to one or more of these SDGs

<p>8 Decent work and economic growth Promote inclusive and sustainable economic growth, employment and decent work for all</p> 
<p>12 Responsible consumption and production Ensure sustainable consumption and production patterns</p> 

Good health and well-being



TKH's technologies and solutions support the care process, resulting in greater efficiency and reliability in the healthcare sector, for home care, professional care, and pharmaceutical companies.

Impact

When it comes to the continuously evolving technological support of the care process, TKH believes that care can become more efficient and reliable by tailoring technology more closely to each client. In fact, "tailor-made" is at the heart of TKH's care solutions for both extramural and intramural care. Our care technology platform, which includes customized alarm scenarios and smart sensors, facilitates the rapid and flexible connection of care systems to a comprehensive range of functions and applications for care needs. It also helps to make care delivery more user-friendly and accessible.

Our Smart Manufacturing technology responds to increasingly stringent quality measures imposed by the pharmaceutical industry to package different medicines with the highest precision. In addition, the risk of contamination of medicines is eliminated.

Examples of our innovative SDG portfolio

- Care technology platform
- Mission-critical communication systems
- Medication distribution and inspection system
- Special cable systems for medical equipment
- 2D Vision systems for medical equipment
- Blood pressure sensors
- Thermal camera systems

Affordable and clean energy



With its Connectivity technologies, TKH is developing innovative cable systems that contribute to the energy transition and the use of sustainable energy sources, including offshore wind farms. In this way, we contribute to Europe's energy reduction targets.

Impact

TKH's Connectivity technology plays a fundamental role in the distribution of green energy, such as wind power. Our innovative subsea cable concept, for example, connects wind turbines in offshore wind farms and is characterized by high performance, risk reduction, installation efficiency, and sustainable composition. With the trend towards electrification, there is a considerable need to upgrade and expand power grids; TKH's power cable systems offer a solution to alleviate this enormous demand.

Examples of our innovative SDG portfolio

- Energy cable systems for the energy transition
- Subsea cable systems for offshore wind farms

Industry, innovation and infrastructure



TKH has a strong reputation as an innovator in the tire building, robotics, and mechanical engineering industries. We pioneer technologies and innovations to capitalize on the pillars of "Industry 4.0", and the demand for increased productivity, and improved product quality and production processes. Our technology also makes infrastructure safer and more available.

Impact

TKH's Connectivity, Vision and Security technologies make it possible to build sustainable infrastructure that meets strict safety and efficiency standards. Our innovative vision and manufacturing systems also enable our customers to make products more efficiently, reliably and flexibly. Our Vision technology is used for inspection, quality, product, and process control in amongst others industrial automation, battery inspection, consumer electronics, and scientific research. TKH leverages its unique expertise and deep understanding of the automation of production processes for controlling and monitoring industrial processes, as well as comprehensive manufacturing systems for car and truck tire production.

Examples of our innovative SDG portfolio

- Fiber-optic cable systems
- Access control and security systems
- CEDD/Airfield Ground Lighting system
- Industrial 2D and 3D Vision systems
- Tire Building systems
- Special cable systems for robotics and mechanical engineering
- Test & measurement systems for e-mobility

Sustainable cities and communities



By combining communications and Security technology to develop innovative, comprehensive solutions for the built environment, we help to improve the efficiency, safety, and security of the systems used in and around cities.

Impact

TKH's technologies and resulting solutions help make cities safer. Our Security technology enables the built environment to be monitored and controlled with alarm systems, mission-critical communication systems, access and recording systems, and evacuation systems. Mobility security solutions focus on vehicle tracking, video analytics for public transport and security solutions on toll roads. In addition, TKH technologies improve efficiency, safety, and security in multi-story car parks, football stadiums, schools, and financial institutions.

Examples of our innovative SDG portfolio

- Mobility inspection systems and security solutions
- Mission-critical communication systems
- Parking guidance and security systems
- Connectivity systems

Decent work and economic growth



Through knowledge sharing and our strong R&D focus, we offer a distinctive and innovative portfolio of high value-added products. Healthy balance sheet ratios and a solid operating cash flow also support TKH's growth strategy. Through good employment practices, we offer our employees a vibrant and safe working environment with ample development opportunities. We have set KPIs and targets on health and safety as well as employee satisfaction.

Impact

TKH is committed to providing a safe and inspiring work environment for our employees. We offer our employees the training and resources they need to perform their activities and develop their skills effectively. By sharing knowledge, TKH further develops its sustainable portfolio in response to market needs. Through our operational excellence programs, which systematically focus on both customer value and on making the best possible use of our people's knowledge and skills, we excel in our business operations. We have set KPIs and targets on training and education.

Examples internal operation/business practices

- Healthy balance sheet ratios and a solid operational cash flow
- ISO 9001 certification - quality management system
- ISO 45001 certification - occupational health and safety (OH&S) system
- KPIs and targets on health and safety

Responsible consumption and production



Through our business operations, TKH focuses on responsible operations and production, and on reducing our negative impact on the environment as much as possible. All our production companies are certified in accordance with the ISO 14001 environmental management system and work according to the LEAN principle to eliminate waste in the production process. We have set KPIs and targets on waste and recycling.

Impact

TKH's sustainability policy is designed to ensure that we continuously improve our environmental performance and minimize the negative impact of our operations on the environment. All of the raw materials used by TKH production companies are selected, to the greatest extent possible, to have little or no harmful effect on the environment from the initial design stage. TKH's production environment focuses on eliminating waste as much as possible, and sets targets for reducing waste and recycling raw materials. We regularly discuss sustainability opportunities and our Code of Supply with our suppliers.

Examples internal operation/business practices

- ISO 14001 certification - environmental management system
- Work according to LEAN principle
- KPIs and targets on waste and recycling

EU Taxonomy disclosures

TKH's reporting on EU taxonomy activities follows Regulation EU 2020/852 of the European Parliament and of the Council. The EU Taxonomy Regulation is intended to serve as a standardized and mandatory classification system to determine which economic activities can be considered environmentally sustainable, and it requires companies to report on how and to what extent their activities are associated with such taxonomy-eligible activities. The Taxonomy Regulation is relatively new, and there are still significant uncertainties about its phased implementation after the second reporting year in 2022. However, the EU is expected to develop a comprehensive and detailed framework over the coming years.

The EU Taxonomy Regulation provides certain conditions for taxonomy alignment. The relevant activity must substantially contribute to one or more of the following six environmental objectives, while not significantly harming any of the others.

There are six environmental objectives under the EU Taxonomy:

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

The Delegated Acts adopted under the EU Taxonomy Regulation provide technical screening criteria that must also be met to conclude on taxonomy alignment. In 2023, the second Delegated Act was published concerning activities significantly contributing to environmental objectives 3-6 above. For an economic activity to be

considered environmentally sustainable under the EU Taxonomy, it must be determined whether it is taxonomy eligible and whether it is taxonomy aligned, and the proportion in the total turnover, capex and opex. We used the Regulation (EU) 2020/852, the Delegated Act (EU) 2021/2139, the Delegated Act (EU) 2021/2178, and the Delegated Act (EU) 2023/2486 for this assessment. In 2023, companies are required to report on to what extent the economic activities are eligibility (i.e. contributing to one or more of the 6 environmental objectives). Report on alignment is required for the first two environmental objectives.

EU Taxonomy turnover

Based on our assessment we concluded that only a very limited proportion of our turnover-generating activities should be included. The Taxonomy-eligible but not Taxonomy-aligned turnover was 0.3% in 2023 and related to data processing, hosting, and related activities. Because we do not meet the requirements of the EU Directive on Data Centre Energy Efficiency the technical screening criteria are not met. As a result this activity is considered to be eligible but not aligned. The remaining turnover is non-eligible (99.7%). The turnover is calculated based on the "total turnover" according to the consolidated statement of profit and loss. The total value of TKH's turnover amounts to € 1,847.5 million.

EU Taxonomy capex

We also assessed our capital expenditure. The reportable Taxonomy-eligible but not aligned capital expenditures in 2023 was 0.5% of the total capital expenditure in 2023 and related to data processing, hosting, and related activities. Because we do not meet the requirements of the EU Directive on Data Centre Energy Efficiency the technical screening criteria are not met. As a result, this activity is

considered to be eligible but not aligned. The remaining capex is non-eligible (99.5%). The capital expenditure was determined based on the 2023 additions to property, plant and equipment, intangible assets, and additions to right-of-use assets, excluding any re-assessments and excluding goodwill (refer to note 3 intangible assets and goodwill, note 4 property, plant and equipment, and note 5 right-of-use assets of the financial statements). The total value of TKH's capex amounts to € 259.8 million.

EU Taxonomy opex

In 2023, we did not record reportable Taxonomy-eligible operational expenditures (0%). Not eligible operational expenditures were 100%. Operating expenses per the EU Taxonomy definition covers direct non-capitalized costs that relate to research and development, building renovation measures, short-term leases, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plants, and equipment. This differs from the definition of operating expenses in our financial statements. We used the following general ledger accounts in the operational expenditures assessment: R&D expenses, building maintenance, repair/maintenance, short-term leases, low-value leases, cost of machinery, cost of warehousing and furniture, and cost of manufacturing and housing. These costs are included in the other operating expenses (refer to note 25 of the financial statements). The total value of TKH's opex amounts to € 53.4 million.

Our EU taxonomy accounting policy includes references to the related line items in the consolidated financial statements, to avoid double counting between the various reporting categories and objectives. We will continue to monitor legislative developments and adapt our disclosures as necessary.

CSRD

We proactively started preparing for compliance with the Corporate Sustainability Reporting Directive (CSRD), and its detailed applications as included in the European Sustainability Reporting Standards (ESRS), which will apply to TKH from the reporting year 2024. We performed our materiality analysis based on the reporting requirements of the Global Reporting Initiative (GRI). As part of our efforts to start aligning with the requirements of CSRD, we conducted a double materiality assessment (DMA) in 2023 following the principles described in the ESRS. According to this concept, a topic is considered material if our impact on society or the environment is material (impact materiality) or if the topic gives rise to risks and opportunities that could have material consequences for our (future) financial performance or position (financial materiality).

The following steps were taken from the start of the DMA project to the sign-off of material topics:

- Defining the scope and objectives
- Identifying potential material sustainability matters (longlist of ESG topics)
- Determining definitions, thresholds and value chains
- Assessing of material sustainability matters (shortlist of ESG topics)
- Internal validation of assessment outcomes
- Validation by other internal and external stakeholders
- Signing-off on material topics by the Executive Board

In performing this assessment, we used the ESRS to generate a comprehensive longlist of potentially relevant topics, which we narrowed down to a shortlist of topics. For each topic on the shortlist we assessed the impacts, risks, and opportunities in the short, medium and long-term, as well as their respective materiality. The impact materiality score is calculated by the scale plus the scope plus the irremediable character (for negative impacts only) multiplied

by the likelihood for potential impacts. The financial materiality score is calculated by financial size times likelihood for potential risks and opportunities. This assessment was carried out with input from executive and senior management at both TKH Group level and the operating company level, and with the support of an external advisor. In addition, internal subject matter experts provided input on the shortlisted topics. The process and outcome of the materiality assessment were discussed within the Audit Committee, approved by the Executive Board and communicated to the Supervisory Board. The first DMA resulted in the material ESG topics presented in the table.

The material topics identified are grouped into three categories: Environmental, Social, and Governance (ESG). In addition, we identified two company specific topics: sustainable innovation and AI and algorithm ethics. While most of the material ESG topics are in line with the materiality analysis based on the reporting requirements

of the GRI from the prior year, we have identified AI and algorithm ethics as an additional ESG topic that requires attention because of changes in the execution of our strategy over the past year. Furthermore, we have now identified water use, compliance with environmental regulations, and human rights in the value chain as a distinct topic, which was previously included under respectively responsible production and responsible procurement.

For some of the topics identified, we have established appropriate key performance indicators (KPIs) and corresponding targets. We started the process to collect additional data for KPIs and targets on the remaining topics. The biggest challenges for 2024 are related to the scope 3 emissions, science based target setting, and obtaining relevant data from external parties in the value chains. Furthermore, in 2024 we will update the first DMA and will continue to engage with our stakeholders on material ESG topics.

Environmental	Social	Governance
GHG emissions, energy efficiency and consumption	Health and safety	Management of relationships with suppliers
Resource inflows, outflows and direct exploitation	Diversity	Business conduct
Waste (plastic, hazardous and non-hazardous)	Human rights in the value chain	
Waste recycling	Privacy for consumers/end users	
Compliance with environmental regulations		
Water use		

ESG ratings

We continuously improve and increasingly integrate sustainability in our operations and value chains. In 2023, this resulted in an improved score of our most important ESG ratings, reflecting our sustainability performance and commitment.

The following ESG ratings are available for TKH Group:

- Sustainability: score 20.1 (medium risk level)
- MSCI: score AA (leaders)
- CDP: climate score B (managing environmental impact)

In addition, a number of other ESG ratings are used by the operating companies, because these ESG ratings are better suited to their activities or because they are used within the value chain. In 2023, the operating companies VMI and TKF received a silver EcoVadis medal in recognition of their sustainability achievements.

Key non-financial KPIs

ESG topic	KPI	Target	2023	2022
Environmental	Carbon footprint (CO ₂ e emissions)	100% carbon neutrality in own operations by 2030 (scopes 1 & 2) – reduction of CO ₂ footprint compared to reference year (2019)	64.3%	42.7%
	% waste of most relevant raw materials, compared to total relevant material consumption	< 5% waste	5.2%	5.3%
	Recycling most relevant raw materials	> 80% recycling	87.3%	88.0%
Social	% of female members in executive and senior management teams	> 25% by 2030	19.2%	18.4%
	Accident rate (LTIFR)	< 1.0	0.75	0.78
	Illness rate	< 4.0%	3.85%	4.04%
	Employee satisfaction score	> 7.5	7.8	7.6
	Number of employees with disabilities and/or disadvantages on the labor market	Maintain at least current number	108	105
	Customer satisfaction score	Average score above benchmark (7.8)	8.6	8.6
Governance	Employees acting in accordance with Code of Conduct	Reporting of breaches of the Code of Conduct	3	0
	Code of Supply signed by suppliers	> 90% strategic suppliers signed up	91.9%	91.9%

Sustainability Statements

As part of the Accelerate 2025 strategic program, we continue to focus on sustainability in our strategy, with strong ambitions and non-financial targets for the coming years. We have a clear focus on the material ESG matters where TKH has the greatest impact on, with the aim of reducing the negative impact and/or increasing the positive impact of:

- CO₂e footprint
- Circular economy
- Attractive and safe workplace
- Responsible supply chain
- Responsible business

The key non-financial KPIs and performance are shown in the table below. Ernst & Young Accountants LLP (EY) provided limited assurance on these metrics.

Our sustainability information has been prepared with reference to the GRI. As part of our efforts to align with the upcoming CSRD, we have started to incorporate relevant reporting requirements of the ESRS where applicable and possible, such as water consumption and human rights in the value chain.



Environmental

As a strategic priority, sustainability is firmly embedded in our day-to-day operations, and sustainability initiatives are being integrated into our organization. Our operating production companies have implemented the ISO standards that share common ground with sustainability goals, including the ISO 14001 environmental management system and the EN-16247 energy audit system, which is related to the European Energy Efficiency Directive.

Integrating sustainability enables us to minimize energy use, GHG emissions and waste. Raw materials are becoming scarce due to the increasing demand. As a company we want to take responsibility for our incoming products, which is why we are aiming for a sustainable supply chain.

GHG emissions

Efficient energy consumption and the reduction of CO₂e emissions are important performance indicators for all our sites. Under the terms of the EU Energy Efficiency Directive (2012/27/EU), member states must ensure that large organizations undergo an energy audit to gather information on real-time energy consumption and gain insight into the potential for energy savings. At a country level, where applicable, TKH developed an integrated plan for energy efficiency to meet the requirements of this Directive. We use these reports for our energy reduction plan, among other things. We regularly monitor the identified potential for energy savings to ensure our progress and compliance with improvement plans. Energy-saving measures that have already been implemented include replacing conventional lighting with LED lighting, replacing central-heating boilers with energy-efficient models, replacing LPG lift trucks with electric lift trucks, monitoring and reducing energy peaks, and investing in energy from sustainable sources, such as solar panels. By constantly improving our production processes and procedures, and continuing to explore new, energy-efficient

solutions, and investigating the opportunities to invest in self-generated electricity, we aim to address the energy factor wherever possible. By doing so, we are attempting to minimize both CO₂e emissions and energy costs.

The focus of TKH's CO₂e footprint reduction remains primarily on scopes 1 and 2, as these are within our direct control as they concern our own operations. We have expanded our internal dashboard to include components from scope 3. For scope 1 and 2, TKH calculates the energy use and the related CO₂e emissions, using conversion factors from reputable and authoritative sources. TKH uses tank-to-wheel emission factors. All conversion factors are reviewed annually and updated if necessary. The basis for consolidated energy consumption and CO₂e emissions is activity data, which in turn are based mostly on meter readings, invoices, and data provided by suppliers. Where reliable data is not available, TKH uses calculations or estimations obtained through reliable methods and input data.

In 2021, we set ourselves the target of 100% carbon neutrality by 2030 for our own operations (scopes 1 and 2). To report on progress, we compare the CO₂e footprint and relative reduction to the reference year of 2019, which represents TKH's activities prior to COVID-19.

Net carbon footprint by scope

in kg ton CO ₂ -equivalent unless otherwise stated	2023	2022	2019 (reference year)
Scope 1	6,285	6,342	8,642
Scope 2 (market based)	8,496	17,390	32,773
Total (scopes 1 and 2)	14,781	23,732	41,415
Net CO ₂ e footprint reduction (scopes 1 and 2)	64.3%	42.7%	
Turnover in million €	1,848	1,817	1,490
Carbon intensity rate in kg ton CO ₂ e/turnover in million €	8.0	13.1	27.8
Scope 3 – cat. 3. Fuel- and Energy-related activities	3,402	4,894	8,557
Scope 3 – cat. 5. Waste Generated in Operations	318	231	467
Scope 3 – cat. 6. Business Travel - by plane	6,059	3,337	5,633
Total (scope 3)	9,779	8,462	14,657
Net CO ₂ e footprint reduction (scope 3)	33.3%	42.3%	
Total (scopes 1, 2, and 3)	24,560	32,194	56,072
Net CO ₂ e footprint reduction (scopes 1, 2 and 3)	56.2%	42.6%	

In 2023, our net carbon footprint for scopes 1 and 2 decreased by 64.3% compared with the reference year, 2019 (2022: reduction of 42.7% compared to 2019). The reported figures do not include any acquired carbon offsets. At our sites, we reduced our scope 1 (direct) emissions. This was mainly driven by energy efficiency measures, our program to replace gas with alternative energy sources, the continuation of working from home, and mild winters. New buildings, such as our new subsea factory in Eemshaven in the Netherlands, are constructed without gas as much as possible. Emissions from transportation from own and/or controlled vehicles, which include emissions from lease cars, decreased by 12.1%. This is mainly due to the electrification of our lease car fleet and promoting online collaboration to limit travel as much as possible. Since 2022, new company cars leased in the Netherlands must be electrical, resulting in a share of electric cars of 42.4% of the total lease car fleet in the Netherlands. From 2024, all new lease cars within the group must be electric, with only a few exceptions. Our

scope 2 emissions were further reduced as a result of a higher share of renewable energy, resulting from a shift to renewable energy sources and self-generated energy through solar panels installed on our buildings and properties, combined with purchased green certificates which was the main contributor in the reduction of scope 2 emissions. As a result, our carbon intensity rate for scopes 1 and 2 improved from 13.1 in 2022 to 8.0 in 2023.

In the year under review, we extended our scope 3 dashboard and included category 3 fuel- and energy-related activities, category 5 waste generated in own operations and category 6 business travel by plane. Category 3 is related to scope 1 and scope 2 consumption and therefore shows the same development. For further details, we refer to the paragraph below with regards to energy efficiency and consumption. We also included the CO₂e footprint of our waste produced, which includes copper, aluminium, plastics and other waste. For more information on waste we refer to

the paragraph waste and recycling. The CO₂e footprint of business travel by air (category 6) increased compared to last year, partly due to the effects of fewer COVID-19 restrictions resulting in more exhibitions and fairs. Much of our business air travel is related to the installation of our tire building systems at customer sites around the world. As the level of activity increased, so did the amount of business air travel, although we choose direct flights where possible.

Taking into account scopes 1, 2 and 3, the net CO₂e footprint decreased by 56.2% compared to the reference year, 2019 (2022: reduction of 42.6% compared to 2019). In 2024, we will further expand our internal dashboard with other components included in scope 3.

Energy efficiency and consumption

Energy consumption focuses primarily on electricity (MWh) and natural gas (m³). At 83% of the total energy consumed (2022: 79%), electricity consumption is the largest in terms of absolute volume, owing to its use in the production process, lighting, ventilation, air-conditioning, and extraction systems. Gas accounts for 16% of the total energy consumption (2022: 20%) and is used for heating buildings and, to a lesser extent, for process heating. The decrease in gas consumption was mainly driven by energy efficiency measures and our GHG reduction program to replace gas with alternative energy sources (e.g. electricity). Consumption of diesel and fuel oil has declined in recent years and now accounts for only 1.2% of total energy consumption.

Energy consumption

in MWh unless otherwise stated	2023	2022	2019 (reference year)
Electricity consumption	74,049	73,222	74,367
Gas consumption	14,506	19,075	25,054
Fuel consumption	1,090	760	1,269
Total energy consumption	89,645	93,057	100,690
Renewable electricity share in total electricity consumption	58.7%	37.5%	2.2%
Turnover in million €	1,848	1,817	1,490
Energy intensity rate in MWh/turnover in million €	48.5	51.2	67.7

The total energy consumption was 13.2% lower than in the reference year 2019. The COVID-19 situation had an impact on this, as did the divestment of activities. The increased activity level and the announced strategic capital expenditure program will result in an increase in energy consumption. Combined with the energy reductions we achieved and the increase in turnover, this led to an improved energy intensity rate of 48.5 in 2023 compared to the reference year 2019 (67.7).

We increased our share of renewable energy from 2.2% in the reference year 2019 to 58.7% in 2023. This is mainly the result of purchased renewable energy, self-generated energy through solar panels installed on our buildings and properties, combined with purchased green certificates which was the main contributor in the reduction of scope 2 emissions.

In 2024, we will continue to focus on our GHG reduction program and increase the share of renewable energy to reduce our net CO₂e footprint. In addition, we will set up a compensation program to offset residual CO₂e emissions, with the aim of working toward our carbon neutrality target for scopes 1 and 2 by 2030.

Waste and recycling

Sustainable business practices also include the sustainable management of resources. Our Operational Excellence

Program focuses on production efficiency, so we never lose sight of issues such as reducing energy consumption and the use of raw materials. At all our manufacturing sites, we aim to select raw materials and other materials that have little or no environmental impact from the design stage. Efficient management of materials and raw materials is important because of the consumption of valuable metals such as copper and aluminum, which are an essential part of the cable production process, and because of the waste that is inevitably generated. The main raw materials used by TKH are copper, aluminum, and plastic, which result in respectively waste streams. Other waste is mainly related to steel, wood, paper and other raw materials. The majority of the waste is classified as non-hazardous.

Our policy is to eliminate waste to the extent that it has the least impact on the environment. This also helps us to avoid unnecessary costs. We have adopted the two following approaches to this:

- Quantitative: we aim to reduce the amount of waste at source, structurally, by using the raw materials most efficiently and therefore increasing material productivity. We also reduce waste through process improvement and innovation.
- Qualitative: we aim to minimize the harmful effects of waste; this means maximizing the use of recycled

materials and optimizing waste treatment through greater cooperation throughout the value chain.

Total waste from the most relevant raw materials (copper, aluminum and plastics), compared to total relevant material consumption, was 5.2% in the year under review, compared with 5.3% in the previous year and 5.2% in 2021, and close to the target set for a maximum of 5% waste compared with total consumption of materials. Although the total consumption of materials in tons of kilos increased in 2023 compared to 2022 – mainly due to increased activity levels and change in product mix – we were able to reduce the percentage of material waste compared to material consumption. This was driven by waste reduction and operational excellence programs focused on right-first-time production. The waste in 2023, expressed as a percentage of the consumption of materials, shows that measures to reduce waste have been implemented effectively, and that we are well on track to further reduce our waste streams.

Of the main raw materials, 87.3% of our total waste was recycled in 2023 (2021: 88.0%), while our target is to recycle at least 80%. Our copper supplier reprocesses pure copper waste into fully usable copper – so the figure for copper was 100% recycled waste. This also applies for the recycling of

Waste of most important raw materials

in kg ton	2023	2022
Copper	1,034	1,015
Aluminum	813	775
Plastic	1,110	893
Total waste most important raw materials	2,957	2,683
Waste compared to consumption	5.2%	5.3%
Recycling of waste	87.3%	88.0%
Other waste	942	641



aluminium. Plastics that have become unusable during the cable production process, but are suitable for recycling, are offered to waste processing companies for conversion into new raw materials. Mainly due to the product mix, we increased the use of plastics, which resulted in more plastic waste. As a result the total recycling percentage decreased. Cables (particularly odd lengths of cable) are sorted as much as possible, and we are looking into the possibility of completely recycling these cables – and the same applies to the plastics used in insulation and sheathing material.

In addition to price and quality, we consider sustainability criteria when selecting raw materials and other materials. Partnerships in the value chain also play a role in the successful introduction of sustainable product innovations. By working closely with our partners in the value chain, we will achieve the innovations needed to meet this goal. Sustainable cable composition is a high priority for cable manufacturing companies, and we continue to look for innovative manufacturing techniques and ways to improve efficiency in the value chain. We are engaged in discussions throughout the value chain on how to make processes and products more sustainable, so we can use resources more effectively. Approximately 34% of the copper we purchase is already recycled, which means that 34% of the copper we purchase contains recycled content. We aim to increase this percentage in the coming years, together with our copper wire suppliers, to reduce our CO₂e footprint.

In 2023, our cable production company TKF participated in the International Responsible Business Conduct (IRBC) agreement for the Renewable Energy Sector. While the renewable energy sector has achieved great progress on environmental and societal issues, including climate change, there are still numerous obstacles to overcome. As a prominent player in the cable production and telecom industry in the Netherlands, TKF understands the vital importance of sustainable practices and responsible

behavior in an ever-evolving world. TKF has a responsibility as a supplier of subsea cables for offshore wind energy to bring the industry expertise to the forefront and acknowledge the hurdles faced by our company and many others involved in the renewable energy value chain. By participating in this agreement TKF is committed to collaborating with our stakeholders, as well as all others participating in the renewable energy agreement. We aim to identify and mitigate our own (including suppliers) risks and impacts on both society and the environment. We are also in continuous conversation with our main copper suppliers regarding a responsible supply chain. Our largest supplier in terms of purchase volume is part of “The Copper Mark” industry initiative. The Copper Mark is an initiative that requires a review of the sustainability standards at copper production sites including mines, smelters, and refineries. The Copper Mark covers the 32 sustainability criteria set out in the Responsible Minerals Initiative’s (RMI) Risk Readiness Assessment and incorporates all major environmental, social and governance issues, such as child labor and occupational safety. The Copper Mark is also aligned with the United Nations Sustainable Development Goals (SDGs).

In the year under review, TKF received the first certificate for validation of raw material passports. The raw material passport was created a few years ago and makes it possible to clearly calculate the degree of circularity of a raw material and the CO₂ emissions. This certification validates the circularity data in raw material passports.

We are trying to reduce the environmental impact of our activities as much as possible by continuously measuring and improving our environmental performance. For example, at our production location TKF truck transport by night is very limited. As our activities may cause nuisance in the surrounding area, we make every effort to prevent or minimize this. To this end, we have drawn up several internal guidelines and implemented measures to reduce noise and

odors. We register and manage (environmental) complaints, and inform those concerned in good time of corrective or preventive measures.

Life Cycle Assessment (LCA)

We use product life-cycle assessments as input for sustainable product innovations, including circularity. For example, our operating company VMI achieved a remarkable milestone by conducting a comprehensive Life Cycle Assessment for their MAXX tire building machine. This accomplishment marked a pioneering effort in the tire manufacturing industry, as VMI became the first manufacturer to undertake such an analysis specifically for tire building machines. This cradle-to-grave analysis examined the entire lifecycle of the machine, emphasizing aspects under VMI's control. EcoDesign is a crucial approach that VMI values, and VMI provides training on it to their lead engineers. This training equips engineers with the knowledge and tools to seamlessly incorporate environmental considerations into the product development process. EcoDesign essentially means finding a balance between environmental and economic factors. It's about making sure that environmental concerns are a fundamental part of every step in developing a product. This approach aims to create products that have the least possible negative impact on the environment throughout their entire life cycle, from the initial idea to when they're no longer in use. During the training, engineers focus on a strategy called life cycle design using a tool called the LIDS wheel. This strategy encourages engineers to think about a product's entire life cycle, including how it's made, how it's used, how it's maintained, and what happens to it when it's no longer needed. By embracing EcoDesign principles and using the LIDS wheel, VMI's lead engineers are better equipped to develop products that not only work well and make economic sense but also contribute positively to environmental sustainability. This commitment not only benefits VMI but also aligns with global efforts to make products that have a smaller impact on the environment.

Climate change

The potential impact of climate change on our strategy and our business model has received a great deal of attention in the year under review. Based on recommendations from the Task Force on Climate-Related Financial Disclosures (TCFD), we extensively analyzed the potential risks to our operations posed by climate change, and how these climate-related risks could be turned into opportunities, for instance through innovations in climate adaptation or climate-change mitigation. Our analysis identified four potential risk areas that could impact TKH's strategy and operations, which are presented in the table on the right.

In addition, we have specifically assessed physical (acute) climate change risks, including rising temperatures, resulting in flooding or extreme weather, and their impact on TKH's

operations. Due to the locations of our (production) facilities, the risk is considered less relevant for TKH. However, physical (acute) climate change risks are part of the assessment when making business decisions, for example when changing locations or expanding our facilities or activities. We have also assessed the exposure of our strategic suppliers to any material first-order and second-order physical climate change impacts. This assessment includes impacts indirectly caused by the physical effects of climate change, such as a significant economic crisis due to physical damage to business, or human migration due to flooding.

The analysis also highlighted seven possible opportunity categories that we could use to increase our positive contribution in relation to climate change and climate change mitigation, which we have presented here.

Risk area	Risks
Laws and regulations	Future implementation of CO ₂ e taxation/pricing will mean higher operational and compliance costs
Technology	High investment costs to bring technology up to a level where it can meet the demand for products and services that can offer reduced emissions
Market demand and market change	Failure to meet the expectations of key stakeholders, including customers and investors, in relation to information on how we are addressing the challenges of climate change
Scarcity of resources	Increasing volatility in the price and availability of raw materials/resources and materials
Opportunity category	Opportunities
Efficient use of production processes	Further implementing more efficient production processes via our Operational Excellence Program
Use of energy sources with lower emissions	Further implementing CO ₂ e-neutral operations
Development of new products and services by means of R&D and innovation	Accessing markets with our innovations
Focus on zero-emissions products and services	Increasing turnover through demand for those of our innovations that result in lower emissions for our customers Differentiating ourselves from the competition
Participation in value chain (and other) programs for generation of sustainable energy	Contributing to the achievement of internationally agreed climate mitigation targets
Circular economy	Continuing to pursue waste-reduction targets and recycling ambitions to make a sustainable and demonstrable contribution to the circular economy
Participation in initiatives for renewable energy	Acquiring and leveraging our knowledge

We aim to continuously discuss the results of the analysis with our strategic stakeholders to gain a validated overview of the key threats and opportunities. In this way, we can gain insight into the acceptance and mitigation of threats, and we can take further steps to realize opportunities. To verify and discuss the results of the climate change assessment, we conducted several stakeholder dialogues in 2023. The results of the survey and the stakeholder dialogues did not result in material changes to the risks and opportunities identified. Therefore, the climate threat profile, a blueprint for how we aim to address climate change, remains valid. The climate risks we have identified are also embedded in the risk management system, so these issues are addressed at an organizational level.

Water

TKH is not a water-intensive company. Water is mainly used at our production companies for cooling purposes. For our cable production activities, part of the water withdrawal is used in a closed system, which means the water is reused. This resulted in water saving of around 12,000 m³. Water use at our other production sites and offices is limited. For a small minority of our offices, where water was often a shared facility, water withdrawal data was not available. Where possible, estimations have been added.

One of our production locations is located in a high water stress area, also a few other operating companies (office locations) are based in (extremely) high water stress areas, based on the Aqueduct Water Risk Atlas by WRI. Although our water withdrawal is limited compared to other industrial parties, we are aware that the total environmental impact of the full value chain could be substantial, especially upstream in the copper mining industry. Therefore, in 2024, we will conduct thorough assessments of our strategic suppliers to address potential water-related risks. We will utilize publicly accessible tools such as the Aqueduct Water Risk Atlas by WRI and WWF Water Risk Filter to define and respond to these risks.

Water withdrawal

	2023 in m ³	2023 in %
from areas with low stress levels	122,525	81.5%
from areas with low to medium stress levels	804	0.5%
from areas with medium to high stress levels	3,716	2.4%
from areas with high stress levels	22,629	15.1%
from areas with extremely high stress levels	735	0.5%
Total water withdrawal	150,409	100.0%
Turnover in million €	1,848	
Water intensity ratio in m ³ /turnover in million €	81.4	



Social

The quality of both the organization and its employees are decisive factors in the success of TKH Group. We demand a lot from our employees, who have a clear idea of what is expected of them and how they can make an active contribution. It is our duty to be a good employer and to motivate and support our employees as much as possible, so they can carry out their work efficiently and with enthusiasm.

We provide our employees with a healthy work environment where safety comes first, and we give them opportunities to develop. Since 2021, the production locations of TKH are certified for the occupational health and safety (OH&S) management system, ISO 45001.

Organizational structure

TKH has a decentralized organizational structure, in which responsibility is distributed as far down the organization as possible. The Executive Board – the body bearing ultimate responsibility – is supported by the Management Board in the operational implementation of the strategy. In addition to the three members of the Executive Board, the Management Board consists of the Director of Finance & Control, the Director of Investor Relations & Corporate Communications, and the Company Secretary. The Executive Board is responsible for the decisions taken by the Management Board and bears ultimate responsibility in accordance with the company's Articles of Association.

During the year under review, further steps were taken to simplify the organizational structure, and to focus on activities with a greater value creation potential. The integration of the operating companies, with a focus on the benefits of economies of scale, will enable operational synergies to be exploited and existing expertise to be better leveraged. As a result, activities such as product development,

procurement, marketing, communications, and sales can be clearly addressed – an approach that leads to consistency in both branding and customer service. The number of operating companies has been further reduced by divesting activities that, by their nature have narrow profit margins or limited value creation potential.

Culture and Risk Management

TKH has a culture that encourages entrepreneurship. Organizational risks associated with entrepreneurship are easily identified through a clear framework of responsibilities and authorizations. An open and transparent culture in the organization, coupled with the capacity to be self-critical, enables it to manage responsibilities and authorizations correctly and to identify risks in a timely manner. Risk management is firmly embedded in our management model. It is characterized by short lines of communication with the Executive Board and backed up by close monitoring of agreed objectives using a comprehensive KPI dashboard that is divided into weekly, monthly, and quarterly information. It also provides a clear overview of developments over a longer period of time. A solid frame of reference, such as budgetary and historical information, helps us to quickly and effectively identify deviations from agreements and adjust operations where necessary. This method is encouraged from the top down to ensure that it permeates all levels of the company. Every quarter – or, if necessary, every monthly

or week - the management teams of the operating companies discuss a strategic scorecard based on highlights and lowlights for each business segment, as well as any related short- and medium-term action points. This provides insight into market, financial, commercial, and sustainability developments. The reports contain both quantitative and qualitative information and are structured according to TKH guidelines. This encourages transparent reporting on both positive and negative issues.

TKH aims to have an open business culture where employees are recognized and heard, and, in this respect, places great value on the integrity of its employees' conduct. We encourage an open, transparent, and professional attitude with our managers leading by example. The Executive Board and the management of the operating companies also lead by example and set the right values and standards in the organization. An important principle is achieving a balanced relationship in the company's senior ranks and ensuring that there is harmony in terms of personalities, expertise, and skills. Mutual respect is the basis for making well-considered decisions. A clear Code of Conduct, operational controls, and a zero-tolerance policy regarding matters of principle such as fraud, bribery, and corruption are also important tools to ensure that work is carried out in accordance with the right principles and agreements. Our open culture encourages employees to feel a sense of ownership in the company and to hold each other accountable for any undesirable or unacceptable behavior that is inconsistent with our standards and values. Cultural aspects are assessed through an employee satisfaction survey, which identifies areas for improvement. The Executive Board maintains direct contact with employees in all parts of the organization, for example by attending employee presentations, participating in project meetings, or taking part in informal gatherings.

Employee representation

The interests of the employees are represented at the level of the operating companies by the local Works Councils, and at the TKH group level by the Central Works Council. These councils ensure ongoing employee representation under the terms of the Works Councils Act (*Wet op de Ondernemingsraden*). During the year under review, the Executive Board and the Central Works Council held frequent, close consultations. Topics discussed included the results and organizational developments, progress on the strategic program including acquisitions and divestments, the budget, and TKH's annual report. An annual Works Council day is held on a regular basis to strengthen the ties between the various Works Councils of the Dutch operating companies and to promote the exchange of knowledge and experience. TKH considers consultation with the central works council and other works councils to be important and places great value on an open dialogue. We believe that an active approach to employee representation helps us to remain vigilant.

Employee satisfaction

It is very important to measure good employment practices. We have a long history of conducting employee satisfaction surveys within a four-year cycle combined with "are we on track" surveys during this cycle. The surveys provide important information regarding the motivation, satisfaction, and expectations of our employees. Follow-up surveys also measure the effects of improvements made in response to the findings. We carry out these surveys in collaboration with a specialized third-party research agency. Some operating companies have carried out a satisfaction survey focusing on (company) specific topics. Based on the results of the survey, we evaluate where we need to amend our working methods, policies and develop a robust action plan. The employee satisfaction score in 2023 was 7.8, reflecting surveys from 2020-2023 among 3,506 FTEs, representing 54% of the total FTEs at our own payroll excluding temporary personnel as of December 31, 2023. The employee satisfaction score has

increased compared to 2022 (7.6), demonstrating the effectiveness of the measures and action plans implemented.

Healthy and safety

Safety management, including awareness and performance, is a top priority within the TKH Group, and preventing accidents and promoting a professional safety culture are an important part of this. We achieve the latter by being transparent about accidents and near-misses, so employees are more aware of potentially risky situations and can react quickly. The manufacturing companies provide information on safety within the organization, and clear work instructions are available on machine safety. Strict measures are taken to ensure that employees comply with requirements such as wearing safety shoes and protective clothing. We also encourage employees to alert each other to situations that could lead to dangerous incidents.

Safety is crucial for our operating companies. Due to the nature of their work, the TKH's manufacturing companies are certified under the ISO 45001 standard. This ISO standard covers requirements for an occupational health and safety (OH&S) management system, which means that OH&S risks can be managed and performance improved.

To make safety demonstrable, we focus on specific, measurable performance targets for safety measures, including LTIFR (Lost Time Injury Frequency Rate) and illness rate. We continued to focus on health and safety programs at our production facilities. Regular risk assessments are conducted to identify potential safety risks. In some cases, this resulted in the relocation of machinery or material storage to eliminate the risk. For certain activities with a higher safety risk, the employee concerned must first complete a special safety course. As part of an ongoing safety learning program, safety questions are asked on a weekly basis. The aim is to increase attention for and awareness of important health and safety topics. The LTIFR

for 2023 decreased slightly to 0.75 compared to the previous year (2022: 0.78) and is below the target of <1.0. In 2023, there were 38 work-related incidents resulting in injury (2022: 46) of which 9 were occupational accidents resulting in absenteeism where replacement work was not possible (2022: 9). This confirms the need for continuous training and focus on safety issues in both our own organization and that of our suppliers. There were no fatalities in 2023, as in the two previous years. In 2024, our cable production company TKF aims to obtain the Safety Culture Ladder certification in addition to the ISO 45001 certification.

In 2023, the illness rate was 3.85%, which is below the previous year's level (2022: 4.04%) and slightly below the target of a maximum of 4.0%. Fewer cases of COVID-19 and flu-related illnesses had the greatest impact on the reduction of the illness rate.

Diversity and inclusiveness

TKH is an international group of companies with a workforce of many nationalities. In such an international environment, we take a broad view of diversity. The diversity policy at TKH focuses on a variety of abilities, skills, and nationalities, and we employ a mix of men and women, as well as a balanced age distribution. There is good job occupancy at the junior, middle, and senior levels. The current age structure also results in a manageable level of staff turnover due to retirement.

Distribution of employees by region

	total	male	female
Netherlands	2,458	2,106	352
Europe (other)	2,830	1,975	855
Asia	883	642	241
North America	498	362	136
Other	100	69	31
Total	6,769	5,154	1,615

Distribution of employees by age

	total	male	female
<20	41	32	9
20-29	988	788	200
30-39	1,907	1,450	457
30-49	1,821	1,329	492
50-59	1,415	1,073	342
>59	597	482	115
Total	6,769	5,154	1,615

The diversity of our workforce brings a wide range of skills to our business, which leads to greater objectivity and dynamism. We continue to believe that skills and experience should be the main criteria for selecting the right candidate. We have set up targeted programs with different approaches to make people aware of diversity and to better embed it in the organization. For example, there are programs for middle and senior management to achieve gender balance in jobs and consultation structures. Moreover, this is also important in the context of succession planning. Operating companies are responsible for improving the gender balance within their own organizations, and progress is closely monitored by the Executive Board.

Inclusiveness is also part of our diversity policy. In our recruitment policy, we are committed to providing a suitable work environment for people with a disability and/or disadvantage in the labor market. Disability is an umbrella term that covers illnesses/disorders, activity limitations, and participation restrictions. An illness/disorder is a problem in the function or structure of the body. An activity limitation is a difficulty encountered by an individual in executing a task or action. A participation restriction is a problem experienced by an individual in a range of everyday situations that results in a disadvantage in the labor market. TKH creates work experience opportunities for the long-term unemployed or people returning to the labor market. Workers from sheltered

employment are used to performing repetitive work. In the year under review, the number of employees with a disadvantage in the labor market was 108 FTEs. Since 2022, TKH has been PSO certified (“prestatieladder socialer ondernemen”). This certificate is a quality mark that proves our organization has an above-average level of social entrepreneurship and focuses on the employment of vulnerable groups in the labor market. We have a proven record of contributing to an inclusive society. By participating in the PSO, organizations around TKH are also encouraged to do business in a more socially responsible way.

TKH has a strict policy of equal treatment for all employees regardless of race, nationality, ethnic background, age, religion, gender, sexual orientation, or disability. We have established a transparent process for recruiting new employees based on an appropriate profile. We do not differentiate between male and female employees' base salaries and apply market-based remuneration. There may be differences between countries depending on local market practices and tax and social security structure. We have a remuneration policy based on the requirements of the job, and the experience and skills of the individual.

Depending on the sector, for Dutch employees we adhere to the social conditions of employment as set out in a collective labor agreement. Agreement-related rules are implemented in those operating companies where there is no collective labor agreement. We apply a similar policy to foreign operating companies, in line with local laws and regulations. TKH ensures that such agreements are correctly drafted and observed, particularly regarding periods of notice, restraint-of-trade and non-compete clauses, and profit-sharing arrangements, and that the statutory notice periods and other provisions are observed. In the case of acquisition opportunities, the salary structure of the target company is one of the subjects examined during the due diligence process.

Distribution of employees by function and by gender

number of people unless otherwise stated	total	male	female	male %	female %	target
Total workforce (employees)	6,769	5,154	1,615	76.1%	23.9%	
Supervisory Board	5	3	2	60.0%	40.0%	1/3
Executive Board	3	3	0	100.0%	0.0%	1/3
Management Board	6	5	1	83.3%	16.7%	1/3
Executive and senior management	349	282	67	80.8%	19.2%	25.0%

At year-end 2023, the number of employees (in FTEs) was 6,899 (2022: 6,607 FTEs), of which 434 were temporary employees (2022: 409 FTEs).

In 2023, the proportion of women in our total workforce decreased slightly to 23.9% (2022: 24.3%). The male-to-female ratio was relatively high due to the technical and technological nature of our work and the labor market supply. However, women are increasingly choosing technical and technology-related careers, so we can continue to target and recruit more women for the positions in our organization.

TKH has strong ambitions and has set ambitious non-financial targets for the coming years. Among other things, we have set a diversity target, to increase the proportion of female employees in executive and senior management roles to at least 25% by 2030. These positions are defined as follows:

- Executive management: statutory management director level (reporting directly to the Executive Board).
- Senior management: managers who are members of the operating company's management team and responsible for specific business units or departments (e.g. finance, human resources, sales, marketing, legal, R&D, QHSE, supply chain and operations).

To recruit new (female) talent, TKH maintains close contact with business schools and universities. We are in contact with educational institutions that provide job-specific or

management training courses. We offer internships, graduation projects, and short courses to attract potential talent at an early stage. In addition, we use targeted programs to attract more (female) students with limited or lower levels of education – such as those in vocational training – to give them an opportunity to improve their skills in practice, and to interest them in a possible job in our organization.

Recruitment of this kind is a high-priority area. There is an increasing shortage of qualified (female) personnel, especially in technical and technological positions. It will become more challenging to fill such positions in the coming years.

However, we have seen that the positioning of our operating companies under the TKH brand has had a positive effect in attracting new employees. Employer branding is increasingly being used to reach and interest future talent. When recruiting external (female) candidates, we are increasingly using referral recruitment, i.e. asking our current employees to recommend new colleagues. By recruiting in this way, we have a higher chance of finding a match, as our employees can make a good assessment of a potential candidate's suitability for the position and fit with the organization. When capacity became available due to reduced demand or other constraints, employees were (in some cases temporarily) reassigned to fill other positions, where possible.

In 2023, the proportion of female executive and senior management employees increased to 19.2% from 18.4% in

2022. In the year under review, we expanded our diversity and inclusiveness program, which will continue in 2024 to meet our ambitious target of 25% by 2030. We initiated specific programs to recruit women, including a trainee program for young women. Through this program, female employees have the opportunity to work in different (technical and technological) positions combined with a specific development program to further develop their other skills including management skills and personal development. We have also established specific working groups to promote women within our organizations. In this way, we aim to increase the inflow and throughput of female employees within our organizations.

The Executive Board, Management Board and Supervisory Board aim for diversity in their composition in terms of age, gender, background, expertise, occupational experience, and nationality, taking into account the statutory requirements. In terms of gender diversity, the Supervisory Board has a balanced composition of at least 1/3 female members and at least 1/3 male members. The Executive Board consists of three members, all of whom are male. The Management Board consists of six members, of which five are male and one female. TKH will strive to ensure that new appointments to the Executive Board, Management Board, and Supervisory Board are made with the aim of having of at least 1/3 female members and at least 1/3 male members.

Personal development opportunities

Talent and management development are of great strategic value. Our employees' skills and backgrounds are matched as closely as possible to the strategic developments at TKH and, where necessary, we provide education and training to help employees grow in their jobs or take the next step in their careers. At the same time, we are mindful of the need to retain critical skills to pursue our strategic agenda in technological development and innovation. Yearly performance interviews are conducted to discuss

performance and opportunities for further development. In 2023, 76% of all employees received a performance review (2022: 72%). This is not 100% because not all of the employees are eligible for performance review, for example because they just have been hired and the one-year period has not yet passed.

Our employees are encouraged to develop in the direction of their choice. Education and training are an indispensable part of maintaining our knowledge base. We provide training budgets to further develop our employees' skills and enhance their employability. We organize internal training, with the help of external experts so that it is as close as possible to TKH's normal practice. New employees go through introduction programs, including product training.

In collaboration with Nyenrode Business University in Breukelen, the Netherlands, a Management Development (MD) program has been developed for those identified as having high potential for accelerated career advancement. Candidates are nominated by the management teams of the operating companies based on predetermined selection criteria. The Executive Board plays a proactive role in the MD program. In 2023, we launched a new MD program. In this 2023-2024 MD program, selected candidates gain in-depth knowledge of topics such as strategy and leadership, business development and value creation, business processes and sustainability, and also work on business cases to put this into practice.

In 2023, significantly more hours were spent on training and other courses than in 2022. Fewer COVID-19 restrictions meant that more training courses could be held, in addition to virtual training. In addition, the number of FTEs increased in 2023, resulting in more training hours. Our new production facilities, in particular, require training and education before operators can begin. On average, FTEs spent 42 hours in training in 2023 (2022: 29 hours per FTE). In 2023, we further

scaled up awareness and training programs on ESG material themes (e.g. the Corporate Sustainability Reporting Directive), including health and safety, IT security, sanctions, and our Code of Conduct, among other topics.

Customer satisfaction

High-quality technologies, solutions, and corresponding services are essential to our commercial impact. Customer interests play a central role in the way we conduct and implement operational activities and developments. We measure, monitor, and evaluate customer loyalty and appreciation through customer satisfaction surveys on a four-year cycle. Based on the outcomes, we can take specific action better serve our customers. Our average customer satisfaction survey score for 2023 is 8.6 (2022: 8.6), which is above the benchmark score of 7.8. Through training and skills management, standardization of processes, and further improvement of our availability, information systems, and 24-hour service, we aim to provide an even better customer experience.

Management Board

- Alexander van der Lof MBA
(Executive Board, *chairman & CEO*)
- Elling de Lange MBA (Executive Board, *CFO*)
- Harm Voortman MSc (Executive Board)
- Jacqueline Lenterman
- Gertjan Sleeking
- Derk Postma

Central Works Council

- Olaf Karsten (VMI), *chairman*
- Gerard Roolvink (TKF), *secretary*
- Alicia Wiersma (EKB)
- Jan Jaap Derksen (VMI)
- Maurice Fliescher (Intronics)
- Onno Verkerk (TKH Security)
- Louis Scholten (TKF)



Governance

TKH conducts its business according to the principles of honesty, integrity, accountability, and transparency. We use dedicated events (e.g. investor roadshows and employee meetings), and relevant channels (e.g. our annual report and social media) to share our sustainability strategy, programs, and performances.

Continuous stakeholder engagement through open dialogue and knowledge sharing, is important in an innovation-driven industry and helps us to identify areas for improvement. We are committed to complying with relevant sustainability laws and regulations that are in force.

Risk Management and Internal Control Framework

TKH has embedded its risk management policy at all levels of the organization. This involves an Internal Control Framework (ICF) based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO 2017). TKH uses this framework to analyze and evaluate the strategic, operational, financial, and compliance risks for its operating companies. TKH's risk management policy reflects the organization's size and decentralized structure. The components of this risk management policy are assessed by Internal Audit. An open, transparent culture with sufficient critical capacity is a prerequisite for an organization to properly manage risks, responsibilities, and competencies. TKH considers a suitable risk management model to be an important tool for creating sustainable long-term value. A continuous focus on risk awareness is a key element of TKH's culture. The pursuit of a balanced risk profile is embedded in this culture through short lines of communication and is supported by closely monitoring agreed objectives through a comprehensive Key Performance Indicator (KPI) dashboard. More information can be found in the Risk Management and Management Statement sections.

Ethical business practices

TKH highly values the integrity of its employees' conduct. Clear guidelines, operational control, and a zero-tolerance policy regarding matters of principle, such as fraud, bribery, and corruption, ensure that work is carried out in accordance with the appropriate principles and agreements. We have a Code of Conduct in place to ensure that every employee acts in accordance with TKH's guidelines. The Code of Conduct uses the OECD Guidelines as a reference framework. Employees confirm in writing that they will act in accordance with the Code of Conduct, which is linked to a sanctions policy in the event of unacceptable behavior. The managers of our operating companies are responsible for implementing the Code of Conduct in their organizations. The Code of Conduct has been signed by 96.5% (2022: 97.7%) of the total number of employees. The target of 100% has not been achieved, partly due to a longer than expected lead time for new employees to sign the Code. We are in close contact with the operating companies, and we are establishing clear rules to eliminate such delays as soon as possible. The Internal Audit team ensures that every part of our organization complies with our Code of Conduct. It works closely with TKH's Compliance Officer and Legal Advisor. Among other things, the Internal Control Framework is used to effectively monitor and assess potential bribery and corruption risks. The Code of Conduct can be downloaded from the TKH website.

Employees are expected to be aware of the core values underlying our actions and our risk profile, and to take responsibility for any potential risks they take. They are also expected to adhere to the TKH culture and to act in accordance with TKH's Code of Conduct. This Code of Conduct is fundamental to everything we do and describes how we act as a company, how we make decisions, and how we deal with different dilemmas within our company. TKH Group is committed to an open culture where employees can openly discuss any concerns, problems, or violations of the Code of Conduct. The Whistleblower Procedure provides for a clear course of action for employees who wish to raise issues or concerns such as a possible criminal offense or violation of the law, a violation of TKH's internal policies and/or procedures, giving or receiving a bribe, disclosure of confidential information, dishonesty or unethical behavior (such as discrimination, (sexual) harassment, bullying, etc.), and tax-related issues. Reports are reviewed and investigated by the local Confidential Officer and/or the Group Compliance Officer. If deemed necessary, disciplinary and corrective measures are taken. External parties can also report to the Group Compliance Officer. A report will not affect the position of the whistleblower if the report is made in accordance with the procedure established for that purpose. In 2023, one report was received through the Whistleblower Procedure. This report is still under investigation by an external researcher specialized in the relevant research topic. In addition, two employees violated the Code of Conduct. As a result, the employees involved were dismissed after various conversations and measures to improve their behavior and to ensure that they would act in accordance with the Code of Conduct. It is difficult to draw clear conclusions about the level of awareness of acting with integrity and the possibility of reporting wrongdoing. We believe it is important to promote an open and transparent culture and to measure these issues in employee satisfaction surveys.

We also expect our suppliers to adopt a zero-tolerance policy on issues that are material to us. Our principles are set out in a Code of Supply, which covers such issues as human rights, the environment, occupational health and safety, compliance with law and regulations, and ethical behavior. Our requirements are also set out in the Code of Supply and focus on the forementioned issues. Any supplier with an annual purchase volume of more than € 1 million must sign the Code of Supply. The Code of Supply has been signed by 91.9% (2022: 91.9%) of the total number of suppliers in scope. Within a maximum of two years after signing the Code of Supply, an assessment of the supplier in question must be carried out to review the items stipulated in the Code. Internal Audit has included the auditing of processes related to the Code of Supply in its work program.

Unfortunately, we have been scammed in four instances, in which a fraudster impersonated an existing customer. As a result, products were delivered for which no payment was made. The impact is not material, but it confirms that the organization must continue to focus on proper implementation of key internal controls and checks.

We have included provisions regarding the respect and protection of human rights in both our Code of Conduct and our Code of Supply. Our policy is not to tolerate any violation of human rights. We use the OECD Guidelines as a reference framework to enable us to quickly identify potential risks. These OECD Guidelines refer to the Universal Declaration of Human Rights, which states that all parties in society, including companies, have an obligation to respect and protect human rights. As part of the assessment we carry out with suppliers as part of our Code of Supply, we ask suppliers about their human rights record and discuss possible areas where discrimination, the right to social security, and the risk of child labor in the value chain. The assessments carried out with suppliers have not revealed any violations of human rights. In case of violations, the business relation will be reconsidered. Privacy is an important human rights principle.

People must be able to live in freedom without everyone knowing everything about them. The Privacy Act, including the General Data Protection Regulation (GDPR) gives people more rights – and organizations more obligations – to handle personal data carefully. Internal Audit covers human rights as part of its auditing activities and asks our managers about their compliance with human rights and whether any potential human rights conflicts could arise, especially in the value chain in which we operate.

In 2023, we specifically focused on responsible lobbying, political activities, and donations. In particular, TKH does not engage in political activity or political representation and does not make any payment to political parties in relation to its public representation. In 2023, TKH was not involved in sponsoring local, regional, or national political campaigning. TKH is not a lobbying company and therefore does not employ any lobbyists. However, we are members of trade associations, business coalitions, and other organizations that are dedicated to important industry-related topics, or work on standardization.

Anti-competitive behavior and sanctions

TKH is fully committed to combating anti-competitive behavior by providing all parties with the same information, setting realistic requirements, and establishing clear contract conditions. We also avoid any activities that conflict with legislation. To ensure this, internal guidelines drawn up for strategic management within the TKH Group must be followed. The guidelines contain rules on decision-making procedures and internal authorizations. The TKH Code of Conduct also applies in this respect. It goes without saying that we comply with applicable competition legislation. Internal Audit has an important role to play in monitoring our compliance with laws and regulations. If sanctions are imposed on our company by authorities, we will explain the cause and the corrective measures been taken. In 2023, we did not incur any sanctions.

Privacy and IT security

Increased awareness of potential cyber risks has placed IT & Security high on the strategic agenda, and a clear IT security policy has been developed at TKH. In addition, IT audits have been carried out at the operating companies, based on which action plans have been developed to address vulnerabilities in the IT systems. As a result of the IT audits, cybersecurity and cyber risks have been given a high priority in the organization and awareness of potential risks has been increased.

Communication on cybersecurity takes place through regular newsletters, for example. Penetration tests have also been carried out at some operating companies to determine whether the organization is sufficiently resilient to potential digital attacks. These tests have provided insights into potential vulnerabilities in our IT infrastructure and their potential consequences. The ultimate goal is to implement secure processes and effective controls and to create a safe and honest culture. In 2023, we placed increasing emphasis on the risk of ransomware and our resilience should such an event occur, as well as the upcoming EU NIS2 Directive, which will be implemented into national law by EU Member States in 2024. The topic is a recurring item on the agenda in meetings of the Executive Board and Audit Committee meetings. As a result, this topic continues to receive the attention it deserves. IT & Security is part of the immediate focus area of the Internal Audit team. Several security incidents occurred during the year under review. By responding in a timely manner with a team of cybersecurity experts, we ensured that these incidents did not result in significant data leaks, cause significant or permanent damage, or impact business continuity. However, these incidents reinforce the need to remain vigilant to IT Security risks. Further information about IT security is included in the Risk Management section.

European legislation on the protection of private data, the General Data Protection Regulation (GDPR), imposes strict rules on the use of personal data and the storage of such information. One of the requirements is the establishment of

a processing register that shows what personal data is being used or stored, where, and for what purpose. The establishment of this register provides insight into and control over the organization's data processing and the related privacy controls. An internal privacy policy has also been drawn up and implemented in the organization. Internal Audit, in collaboration with the internal Legal Advisor (who is also the Data Privacy Officer), ensures the proper application of GDPR legislation within the organization.

Taxes

General

Tax is an integral part of our sustainability strategy which, in turn, is part of our business strategy. Tax is included in the materiality assessment for sustainability purposes and is an element of our ESG policy.

The tax policy is aligned with TKH's organizational values and forms an important part of TKH's ESG policy. The tax strategy is regularly discussed with and signed off by the Executive Board. Bodies such as the OECD provide guidelines on international tax matters, which TKH follows. This is reflected, for example, in TKH's tax position, which shows that taxes are paid where there is significant economic activity and value creation. For TKH, this is one of the relevant elements in the context of a fair-share tax contribution.

TKH focuses on compliance with applicable tax laws, regulations, and ethical standards in the countries in which we operate, and we pay our taxes in accordance with the letter and the spirit of tax laws and regulations. TKH's tax department is guided by TKH's core values, does not engage in aggressive tax planning (including tax havens as defined by the OECD), and seeks to limit tax risks. The tax department has global responsibility for the tax position of TKH Group, particularly in relation to corporate income tax, restructuring, and transfer pricing. In carrying out this task,

the long-term considerations and interests of TKH's various stakeholders are taken into account.

Tax systems around the world and their application are becoming increasingly complex. To keep abreast of these developments and comply with them, we provide our tax department with continuous training, and internal training modules are regularly organized for selected departments of the various TKH operating companies, focusing on technical and other tax issues, including tax dilemmas.

We continuously invest in technologies to improve data management, and thus the overall quality of direct and indirect tax compliance, control, and reporting. We strongly believe in the benefits that technology can offer to in providing earlier access to tax-relevant data, particularly as the legal and regulatory environment is rapidly evolving and tax authorities are increasingly embracing digitalization. In recent years, the Tax Function has evolved from a manually-oriented function to a more data-driven, digitally-enabled one.

Working together with tax authorities

We strive to build strong, mutually respectful relationships with the tax authorities based on transparency and trust. We therefore believe in an open and constructive dialogue, both with the Dutch tax authorities and those in other countries. In the Netherlands, this was made explicit through the "horizontal monitoring" covenant, which was renewed in December 2022. Under horizontal monitoring, the company's relationship with the authorities is based on trust, mutual understanding, and transparency. In this context, it provides an opportunity for the parties to discuss potential tax uncertainties and keep each other informed of developments and their tax implications, thereby giving companies more certainty about their tax position, improving the quality of tax returns and ensuring that double taxation is avoided.

As of 2024, TKH has been selected for Individual Customer Management, which is being applied to the hundred largest and most complex organizations in the Netherlands, such as multinationals and listed companies. The application of the Individual Customer Management should be considered a continuation of the way of working under horizontal monitoring. In the course of 2024, Individual Customer Management will be given further content and context. In this respect, TKH actively cooperates with the Dutch Tax and Customs Administration to share the potential tax impact of new initiatives with them, and, if necessary, to embed them in a ruling. This ensures that the tax classification of new initiatives is in line with TKH's tax policy and meets the expectations of the Dutch Tax and Customs Administration. It also ensures that activities are taxed only once at a generally accepted tax rate where the business is conducted.

International tax developments

TKH submits an annual Country-by-Country (CbC) report to the Dutch Tax and Customs Administration. This report is made available through the appropriate channels to the tax authorities of the countries in which TKH operates. In addition, TKH is subject to the so-called Mandatory Disclosure Rules (DAC6), which require TKH and the advisors involved to report selected cross-border tax arrangements. During the period under review, no reportable arrangements were disclosed.

TKH is within the scope of the OECD's Pillar Two model rules. Pillar Two legislation went into effect in the Netherlands effective on 31 December 2023 for financial years starting on or after this date (e.g. financial year 2024). Under this legislation, the group is liable to pay a top-up tax equal to

the difference between the effective tax rate per jurisdiction and the minimum rate of 15%. Based on an assessment of the financial years 2021 - 2023, most of the group entities have an effective tax rate that exceeds 15%. There are three jurisdictions that may be at risk of having an effective tax lower than 15% in the future. For these countries, a more detailed assessment of the additional taxation due has been made and it has been determined that it is not material.

Taxes paid by region

The following table shows the tax paid in 2023 by region. The tax paid often differs from the calculated tax burden due to prepayments that differ from the final tax burden. This may be caused by temporary differences, deferred taxes, and uncertain tax positions.

Corporate Income Tax

Amounts in thousands of euros	The Netherlands	Europe (other)	Asia	North America	Other countries	Amortization PPA ¹	Total
General information							
Aggregated revenues realized by the companies in the region without elimination of intercompany transactions	1,091,400	760,299	281,195	188,519	16,007		2,337,420
Result on ordinary activities before tax	107,006	58,004	21,136	25,646	7,998	-16,141	203,649
Property, plant and equipment	284,830	121,175	29,029	6,384	5,319	-10,718	436,019
Number of own FTE	2,299	2,689	892	488	97		6,465
Income taxes (paid)/received							
Income tax to be (paid)/received at January 1, 2023	-1,875	-6,318	-374	-4,111	-505		-13,183
Income taxes paid	-12,031	-19,432	-2,868	-8,456	-434		-43,221
Income tax to be (paid)/received at December 31, 2023	-704	-4,108	-2,725	-50	-1,101		-8,688

1 Amortization of intangible non-current assets from acquisitions.