

## **TERMS OF REFERENCE FOR THE REMUNERATION COMMITTEE**

Terms of reference for the Remuneration Committee of Nilfisk Holding A/S ("Nilfisk Holding").

The Remuneration Committee is a Board of Directors' committee charged solely with preparing the resolutions to be taken by the Board of Directors. The Committee works in accordance with these terms of reference. The terms of reference are updated and approved annually by the Board of Directors. Minutes of meetings are submitted to the Board of Directors.

### **1. COMMITTEE MEMBERS**

- 1.1 The Remuneration Committee shall consist of at least two members, both of whom shall be members of the Board of Directors.
- 1.2 Members are appointed to the Remuneration Committee for one-year terms. Members may be removed by the Board of Directors at any time. Any member of the Remuneration Committee who resigns from the Board of Directors must also resign from the Remuneration Committee. The majority of the members of the Remuneration Committee must be independent.
- 1.3 The Committee convenes when it is deemed necessary or appropriate in relation to Nilfisk Holding's needs, but a minimum of once annually.

### **2. COMMITTEE TASKS**

- 2.1 To update, prepare and submit the remuneration policy for the Board of Directors and the Executive Management of Nilfisk Holding and Nilfisk A/S to the whole Board of Directors for approval when deemed necessary, however, at least once a year.
- 2.2 To prepare and submit the general guidelines on incentive pay for the Executive Management and the Board of Directors of Nilfisk Holding to the whole Board of Directors for approval prior to final approval by the Annual General Meeting as required by the Danish Companies Act.
- 2.3 To submit proposals to the Board of Directors regarding remuneration for members of the Board of Directors prior to approval by the Annual General Meeting.
- 2.4 On behalf of the Board of Directors to implement and agree customary adjustments to the pay and employment conditions of the Executive Management of Nilfisk Holding and Nilfisk A/S, including remuneration, customary bonus agreements as well as employee benefits, car arrangements and severance agreements, while signature of new agreements and establishment or adjustment of share-based incentive schemes is negotiated by the Committee and submitted to the whole Board of Directors for approval or determined by the Committee pursuant to specific mandate from the whole Board of Directors.
- 2.5 To ensure that the remuneration (and other benefits accruing to the Board of Directors and Executive Management) are consistent with Nilfisk Holding's remuneration policy and with the assessment of the individual's contribution.
- 2.6 To monitor the remuneration and other benefits of second level managers of Nilfisk Holding and Nilfisk A/S to secure that is in line with the principles of the remuneration policy - second level managers being all managers reporting directly to the Executive Management in Nilfisk Holding or Nilfisk A/S.

- 2.7 To monitor that the disclosures in the annual report regarding remuneration to the Board of Directors and Executive Management are correct, give a true and fair view and are adequate.
- 2.8 To monitor other factors in relation to the tasks stated which the Remuneration Committee may find necessary in its judgement as well as other tasks, which the rest of the Board of Directors may ask the Committee to prepare or assess.
- 2.9 The Chairman of the Remuneration Committee shall also be a member of the Nomination Committee in order to ensure adequate coordination between the committees.

### **3. CHANGES**

- 3.1 Changes to the terms of reference of the Remuneration Committee can only take place at a Board of Directors' meeting where the whole Board of Directors is present and has the requisite majority pursuant to Nilfisk Holding's rules of procedure.
- 3.2 The changes are proposed on the basis of an annual self-assessment submitted to the Board of Directors.

*Adopted by the Board of Directors on 10 October 2017.*