

TAX POLICY

THE NILFISK GROUP



November 2023

NILFISK

Introduction

The nature of our business and global presence implies a various number of direct, indirect and other taxes. The Nilfisk Group recognizes that these taxes contribute importantly to the countries in which we do business. We are committed to operate our business in a responsible and transparent manner which includes paying taxes accurately and in a timely manner, wherever such taxes are applicable.

Our guiding principle within tax is to have a sustainable approach, thus, we observe and comply with the applicable international tax initiatives regarding reporting and disclosure requirements. We monitor developments in order to assess and consider our response to the proposed international disclosure requirements.

At Nilfisk we recognize the importance of taxes giving back to local society and contributing to the sustainable development of countries in which we do business. On an annual basis, we publish the Nilfisk CSR Report, in which we aim to provide transparent and balanced information about the ESG impact of our company, including our work on climate and environment, society and workforce, general tax information and ESG reporting.

We are committed to run our business in a way that contributes to the UN Sustainable Development Goals (SDG), especially SDGs 3 (Good Health & Wellbeing), 5 (Gender Equality), 12 (Responsible consumption & production) and 13 (Climate action). Besides, we acknowledge that tax payments are important contributors directly and indirectly to many of the SDGs.

The combination of increased complexity, compliance requirements within the tax area and the Nilfisk business structure demands a dedicated focus on tax management, a focus that respects international tax principles, statutory tax laws and proactively manages the appropriate balance on tax cost and tax risk of the Nilfisk Group. The Nilfisk Group follows the OECD principles on Transfer Pricing and any local requirements, if they deviate from the OECD standard.

The Nilfisk Group expects that the demands of transparency will increase over time and we are working on securing transparency on tax issues to the highest level possible, including following the development and live up to the expectations from authorities, investors and society on tax reporting.

This Policy states the principles by which the Nilfisk Group manages its tax affairs in a compliant and responsible manner.

Tax Governance and Compliance

The Nilfisk Group makes best efforts to comply with the tax legislation in the operating countries and in accordance with current OECD guidelines and arm's length principles.

To proactively manage our tax position, the global tax team is responsible for relevant tax processes, controls and operational guidelines to ensure that the Group is always compliant with the tax rules in the countries we operate in. The global tax team is involved in all significant business developments to support the business decisions as well as fully assess any potential tax consequences such decisions in advance. The global tax team will continue working on improving the control framework to ensure compliance and mitigating tax risks.

All statutory tax risks, tax audits/inquiries, as well as uncertain tax positions is to be reported without delay to the Global Tax Department to secure coordination and alignment.

The global tax team maintains an updated overview of all reported local tax risks, tax audits, inquiries and uncertain tax positions.

The tax position for the Nilfisk Group is reported by the global tax team to the Nilfisk Audit Committee on a regular basis.

The responsibility for tax risk management lies with the CFO and is overseen by the Audit Committee. The day-to-day management of the Nilfisk Group's tax affairs is handled by a centralized global tax team.

Anyone in the Nilfisk Group may report any concerns about tax-related conduct that may violate Nilfisk's Code of Conduct, applicable laws and regulations, or group tax policies. This can be done internally in Nilfisk or through its Whistleblower System. ¹

We will continue to explore how we can provide further meaningful and relevant information to increase tax transparency.

Tax Planning

Any tax planning that is under-taken must be based on sound commercial rationale and will at the same time consider the interests of wider stakeholder groups, including local communities and economies and act in line with the requirements of the Nilfisk Code of Conduct.

The Nilfisk Group will only consider business-driven tax optimization and will monitor the risk position, including reputation of the Group to mitigate the risk of a reputational impact on our business. The Group will not setup artificial tax structures to secure tax benefits outside the intension of the tax laws. The Group does not operate in tax havens or jurisdictions stated on EU's blacklist.

All new structural setups should be subject to a tax assessment performed by the global tax team and if there are any uncertainties on a given tax position, external advisors will be used to seek a clarification of the tax position. If the uncertainties remain e.g., due to the lack of case law on the subject, the tax authorities should be approached for clarification.

¹ <https://nilfisk.whistleblownetwork.net/WebPages/Public/FrontPages/Default.aspx>

<https://nilfisk.sharepoint.com/sites/knowledge/Legal/ethics-compliance/business-code-conduct/Pages/Default.aspx>

Risk Mitigation

The Nilfisk Group acts with a transparent and consistent approach to all tax matters and makes best efforts to sustain a tax position that reflects the underlying business reality of the transaction at hand.

We monitor the local tax legislation in the countries where we are doing business. In cases where we are subject to any doubts about interpretation of the legislation, we will take a prudent and conservative approach.

Intercompany transactions are undertaken on an arm's length basis and in line with Transfer Pricing policies based on OECD guidelines and any local requirements. This is secured through a clearly defined Transfer Pricing Policy. The Transfer Pricing Policy is reviewed regularly, and it is the responsibility of the global tax team to ensure the policies are up to date. When applying the Transfer Pricing Policy, the Nilfisk Group uses the OECD proven methods and all benchmark used are updated or confirmed on a yearly basis.

Tax Incentives

The Nilfisk Group will make use of the benefits of incentives only to the extent that such incentives are available according to our commercial business structure and transfer pricing setup and are generally available for other in a similar position.

Where we claim tax incentives offered by government authorities, we seek to ensure that they are transparent and consistent with statutory or regulatory frameworks and implemented in the manner intended within the relevant statutory, regulatory, or administrative framework.

Any incentive will only be used when it is clearly inside the intention of the rules. In Denmark and the US, Nilfisk is claiming an R&D tax benefit.

Cooperation with Governments and Authorities

The Nilfisk Group's intention is to engage in professional communications with the Tax Authorities, to participate in an open dialogue on tax matters, including both existing and future matters of relevance.

If relevant, the Nilfisk Group will seek dialogue and agreement with Tax Authorities to increase predictability and minimize the risk of tax disputes.

In case of inquiries or investigations, the Group will ensure that the relevant resources and documentation is available for the Tax Authorities. Full disclosure on such matters is a high priority for the Group.

The Group is not operating in jurisdictions stated on OECD's list of non-cooperatives.



Policy Revision

The Tax Policy is reviewed by the Audit Committee on an annual basis.

Audit Committee member responsible for reviewing and approving the Tax Policy: Jutta af Rosenberg



Deviations

The Tax Policy applies globally and must always be adhered to. No exceptions from the Policy are to be granted.



Contact

For further information, please contact Head of Group Tax.