

## Nilfisk's annual statement of compliance with the Recommendations on Corporate Governance for the financial year ending on December 31, 2019

Recommendation	Nilfisk Holding complies	Nilfisk Holding complies with the recommendation due to the following reasons
<b>1. Communication and interaction by the company with its investors and other stakeholders</b>		
<i>1.1. Dialogue between company, shareholders and other stakeholders</i>		
<p>1.1.1. The Committee recommends that the board of directors ensure ongoing dialogue between the company and its shareholders, so that the shareholders gain relevant insight into the company and in order for the board of directors to be aware of the shareholders' views, interests and opinions in relation to the company.</p>	√	<p>Nilfisk Holding aims to maintain a high and consistent level of information and to be proactive and open in its communication with shareholders and related stakeholders within the boundaries of current stock exchange regulations. This is ensured by regular release of news, including company announcements and interim and annual reports via Nasdaq Copenhagen. A separate Investor Relations section is available on Nilfisk Holding's website where relevant investor information is uploaded. In addition, Nilfisk Holding provides an opportunity for interested parties to subscribe to Nilfisk Holding news.</p> <p>Nilfisk Holding's Investor Relations schedules meetings and telephone conferences with investors and analysts during the year to keep an ongoing dialogue.</p>
<p>1.1.2. The Committee recommends that the board of directors adopt policies on the company's relationship with its stakeholders, including shareholders, and that the board of directors ensure that the interests of the stakeholders are respected in accordance with company policies.</p>	√	<p>Nilfisk Holding has adopted an Investor Relations Policy, which is available in the 'Investors' section at the company's website. Nilfisk Holding strives - by use of its information and Investor Relation policies - to ensure the availability of relevant and updated information for valuation of the share price, and that the company is in compliance with prevailing stock exchange regulations.</p> <p>The Investor Relations Policy will be reviewed regularly by the Board of Directors to ensure that it meets and facilitates Nilfisk Holding's ambitious standards of communication with its stakeholders.</p>
<p>1.1.3. The Committee recommends that the company publish quarterly reports.</p>	√	<p>Nilfisk Holding publishes quarterly interim reports.</p>
<i>1.2. General meeting</i>		
<p>1.2.1. The Committee recommends that in organizing the company's general meeting, the board of directors plans the meeting to support active ownership.</p>	√	<p>Nilfisk Holding promotes and supports active shareholder ownership by the information and communication procedures accounted for in 1.1 above, which enable all shareholders to be up to date on matters related to Nilfisk Holding and to participate actively in Nilfisk Holding's Annual General Meeting.</p>

Recommendation	Nilfisk Holding complies	Nilfisk Holding complies with the recommendation due to the following reasons
		<p>Nilfisk Holding ensures that the date of the upcoming Annual General Meeting is published well in advance and normally at the same time as the Q3 interim report the year before allowing shareholders to plan their participation. Additionally, all shareholders are invited to the Annual General Meeting either by e-mail, via announcement on Nilfisk Holding's website, or via Nasdaq Copenhagen.</p> <p>Electronic registration for the Annual General Meeting is possible. Shareholders are encouraged to use their right to ask questions and are informed of their right to submit proposals.</p>
<p>1.2.2. The Committee recommends that proxies or votes by post for the general meeting allow shareholders to consider each individual item on the agenda.</p>	<p>√</p>	<p>Shareholder proxies granted for the general meeting enable shareholders to consider each individual item on the agenda.</p>
<p><i>1.3. Takeover bids</i></p>		
<p>1.3.1. The Committee recommends that the company set up contingency procedures in the event of takeover bids, from the time that the board of directors has reason to believe that a takeover bid will be made. The contingency procedures should establish that the board of directors should not without the acceptance of the general meeting, attempt to counter the takeover bid by making decisions which, in reality, prevent the shareholders from deciding on the takeover bid themselves.</p>	<p>√</p>	<p>Nilfisk Holding has adopted a Takeover Manual setting out the procedures to be followed by the Board of Directors in the event of a takeover bid.</p> <p>Nilfisk Holding's articles of association do not contain provisions that limit ownership or voting rights or that make it possible for the Board of Directors to generally prevent takeover bids.</p> <p>Nilfisk Holding's Board of Directors will consider a potential takeover bid in accordance with applicable legislation and the company's Takeover Manual.</p>
<p><b>2. Tasks and responsibilities of the board of directors</b></p>		
<p><i>2.1. Overall tasks and responsibilities</i></p>		
<p>2.1.1. The Committee recommends that at least once annually the board of directors consider the matters that should be included in the board's performance of its work.</p>	<p>√</p>	<p>Each year the Board of Directors takes a stand on the most important items for the Nilfisk Group in the coming year and plans how these items are to be handled efficiently in its annual planning cycle.</p> <p>Additionally, the details of the Board of Director's performance of its responsibilities are set out in its Rules of Procedure, ensuring thorough and consistent performance. These Rules of Procedure are reviewed and evaluated annually.</p>

Recommendation	Nilfisk Holding complies	Nilfisk Holding complies with the recommendation due to the following reasons
<p>2.1.2. The Committee recommends that at least once annually the board of directors consider the overall strategy of the company with a view to ensuring value creation in the company.</p>	√	<p>The Board of Directors has an annual strategy seminar where the Nilfisk Group's strategy is discussed and evaluated both in the short and long term perspective.</p> <p>Throughout the year, the Board of Directors also follows and discusses the strategy of the Nilfisk Group in close cooperation with the Executive Management Board.</p>
<p>2.1.3. The Committee recommends that the board of directors ensure that the company has a capital and share structure which supports that the strategy and long-term value creation of the company are in the best interest of the shareholders and the company, and that the board of directors explain this in the management commentary and/or on the company's website.</p>	√	<p>The Board of Directors closely monitors Nilfisk Holding's capital structure to ensure it supports the Nilfisk Group's strategy and that it is always appropriate for the Group's activities. This also includes assessing Nilfisk Holding's share structure and monitoring the movements in the shareholder structure of Nilfisk Holding on a regular basis. Information on this is included in Nilfisk Holding's Annual Report.</p>
<p>2.1.4. The Committee recommends that the board of directors annually review and approve guidelines for the executive board; this includes establishing requirements for the executive board's reporting to the board of directors.</p>	√	<p>The Board of Directors has issued an Executive Management Instruction setting out the details of the Executive Management Board's functions and responsibilities, including reporting and communication procedures. At least once a year this Management Instruction is reviewed and amended as appropriate.</p> <p>Nilfisk Holding has a close line of reporting between the Board of Directors and the Executive Management Board ensuring a consistent and relevant information flow, both in regular board meetings and frequent chairmanship meetings with the Executive Management Board.</p>
<p>2.1.5. The Committee recommends that at least once annually, the board of directors discuss the composition, developments, risks and succession plans of the executive board.</p>	√	<p>In connection with the annual self-evaluation process, the Board of Directors also evaluates the composition and performance of the Executive Management Board. At least once a year, the Board of Directors has a structured discussion of development, risk and succession plans for the Executive Management Board. This discussion is driven by the Nomination Committee.</p>
<p>2.2. Corporate social responsibility</p>		

Recommendation	Nilfisk Holding complies	Nilfisk Holding complies with the recommendation due to the following reasons
<p>2.2.1. The Committee recommends that the board of directors adopt policies on corporate social responsibility.</p>	√	<p>Nilfisk Holding is committed to Corporate Social Responsibility and has adopted policies to this effect. Nilfisk Holding has adopted a Code of Conduct including policies related to employees, external relationships, and environment and society. The Code of Conduct is available on the company website.</p> <p>Nilfisk Holding's work in the area of social responsibility has been formalized by the framework provided by the UN Global Compact, and supports Nilfisk Holding's mission of long-term value creation both in the Nilfisk Holding's businesses and in the international community.</p> <p>Nilfisk Holding is signatory to the UN Global Compact and provides an annual Communication on Progress (COP) report on human and labor rights, environment and anti-corruption. Nilfisk Holding also reports on Corporate Social Responsibility in its annual report as required by the Danish Financial Statements Act. The statutory report is available on the company website.</p>
<p>2.3. Chairman and vice-chairman of the board of directors</p>		
<p>2.3.1. The Committee recommends appointing a vice-chairman of the board of directors, who will assume the responsibilities of the chairman in the event of the chairman's absence, and who will also act as effective sparring partner for the chairman.</p>	√	<p>Nilfisk Holding has appointed a Deputy Chairman to assume the Chairman's responsibilities in the event of absence. The Rules of Procedure of the Board of Directors include a general description of the responsibilities and tasks of the Chairman and the Deputy Chairman.</p>
<p>2.3.2. The Committee recommends that, if the board of directors, in exceptional cases, asks the chairman of the board of directors or other board members to perform special activities for the company, including briefly participating in the day-to-day management, a board resolution to that effect should be passed to ensure that the board of directors maintains its independent, general management and control function. Resolutions on the chairman's or other board members' participation in day-to-day management and the expected duration hereof should be publicly announced.</p>		<p>Neither the Chairman of the Board of Directors nor any other board member participates in the day-to-day management of Nilfisk Holding.</p>
<p>3. Composition and organization of the board of directors</p>		
<p>3.1. Composition</p>		

Recommendation	Nilfisk Holding complies	Nilfisk Holding complies with the recommendation due to the following reasons
<p>3.1.1. The Committee recommends that the board of directors annually evaluate and in the management commentary account for</p> <ul style="list-style-type: none"> <li>the competencies that it must have to best perform its tasks,</li> <li>the composition of the board of directors, and</li> <li>the special competencies of each member.</li> </ul>	√	<p>As a global company Nilfisk Holding is aware of the importance of the Board members possessing diverse, international and relevant skills and experience to ensure an optimal performance by the Board of Directors. As part of the annual self- evaluation exercise by the Board of Directors, specific time is allocated for discussion of matters such as the composition of the Board of Directors (age, gender, nationality, number of members and qualifications), special skills of the Board members, the need for supplementary training, and the interaction between Board members. Nilfisk Holding includes an account of the composition and competencies of the Board of Directors in its Annual Report.</p>
<p>3.1.2. The Committee recommends that the board of directors annually discuss the company's activities to ensure relevant diversity at management levels and prepare and adopt a policy on diversity. The policy should be published on the company's website.</p>	√	<p>As a global company Nilfisk Holding believes in diversity and equal opportunities at all levels. Nilfisk Holding has adopted a Diversity Policy, which is available at the company's website.</p> <p>At Nilfisk Holding, selecting members for the Board of Directors and recruiting executives for senior management positions is about ensuring that the Nilfisk Group possesses the best professional competences, social skills and cultural qualities to successfully reach its objectives. Nilfisk Holding has adopted a Diversity Policy and maintains that all genders have equal job opportunities in the Nilfisk Group. However, women are under-represented in management and in staff functions generally. The reason is partly historical as there is a marked preponderance of men in the sectors in which Nilfisk Holding operates. Nilfisk Holding reports on diversity in its annual UN Global Compact Communication on Progress (COP) report, in the Annual Report, and on its website.</p> <p>In connection with the annual evaluation of the Executive Management Board, the Board of Directors includes reflections on diversity at senior management level to ensure continued value creation for the Nilfisk Group.</p>
<p>3.1.3. The Committee recommends that the selection and nomination of candidates for the board of directors be carried out through a careful and transparent process approved by the board of directors. When assessing its composition and nominating new candidates, the board of directors should, in addition to the need for competencies and qualifications, take into consideration the need for integration of new talent and diversity.</p>	√	<p>The Nomination Committee heads the process for selecting and nominating candidates for the Board of Directors under the Rules of Procedures approved by the Board of Directors. The selection and nomination process takes place open- mindedly between the Board of Directors and the Nomination Committee, and in full consideration of the result of the Board of Directors' self- evaluation.</p>

Recommendation	Nilfisk Holding complies	Nilfisk Holding complies with the recommendation due to the following reasons
<p>3.1.4. The Committee recommends that the notice convening a general meeting where the agenda includes the election of members to the board of directors, include (in addition to the statutory requirements) a description of the qualifications of the nominated candidates, including information about the candidates'</p> <ul style="list-style-type: none"> <li>• other executive functions, including positions on executive boards, boards of directors and supervisory boards, including board committees, in Danish and foreign enterprises, and</li> <li>• demanding organizational tasks.</li> </ul> <p>Furthermore, it should be indicated if the candidates to the board of directors are considered independent.</p>	√	<p>A detailed description of nominated Board candidates' special qualifications, other executive functions, organizational tasks and independence, is included in Nilfisk Holding's invitation to its Annual General Meeting. A similar description for all elected Board members is available in Nilfisk Holding's Annual Report and on the company website.</p>
<p>3.1.5. The Committee recommends that members of the company's executive board be not members of the board of directors and that a resigning chief executive officer be not directly elected as chairman or vice chairman for the same company.</p>	√	<p>None of the members of the Executive Management Board of Nilfisk Holding are also a member of the board of directors in Nilfisk Holding. Neither the chairman or the deputy chairman is a resigned chief executive officer of Nilfisk Holding.</p>
<p>3.1.6. The Committee recommends that members of the board of directors elected by the general meeting be up for election every year at the annual general meeting.</p>	√	<p>All Board members are up for election at Nilfisk Holding's Annual General Meeting, except for members elected by the employees according to the Danish Companies Act. Employee-elected Board members are elected for a period of four years.</p>
<p><i>3.2. Independence of the board of directors</i></p>		
<p>3.2.1. The Committee recommends that at least half of the members of the board of directors elected by the general meeting be independent persons, in order for the board of directors to be able to act independently of special interests. To be considered independent, this person may not:</p> <ul style="list-style-type: none"> <li>• be or within the past five years have been a member of the executive board, or senior staff member in the company, a subsidiary or an associated company,</li> <li>• within the past five years, have received significant remuneration from the company/group, a subsidiary or an associated company in a different capacity than as member of the board of directors,</li> <li>• represent or be associated with a controlling shareholder,</li> <li>• within the past year, have had significant business relations (e.g. personally or indirectly as partner or employee, shareholder, customer, supplier or member of management in companies with corresponding connection) with the company, a subsidiary or an associated company.</li> </ul>	√	<p>Under this definition, six of the current shareholder-elected Board members are considered independent and one is considered non-independent.</p>

Recommendation	Nilfisk Holding complies	Nilfisk Holding complies with the recommendation due to the following reasons
<ul style="list-style-type: none"> <li>• be or within the past three years have been employed or been a partner at the same company as the auditor elected by the general meeting,</li> <li>• be part of the executive management in a company with cross-management representation in the company,</li> <li>• have been a member of the board of directors for more than 12 years, or</li> <li>• be a close relative with persons who are not considered independent.</li> </ul> <p>Even if a member of the board of directors is not covered by the above criteria, certain conditions may exist that will lead the board of directors to decide that one or more members cannot be regarded as independent.</p>		
<p><i>3.3. Members of the board of directors and the number of other management functions</i></p>		
<p>3.3.1. The Committee recommends that each member of the board of directors assess the expected time commitment for each function so that the member does not take on more functions than he/she can complete at a satisfactory level for the company.</p>	√	<p>Each Board member individually assesses the expected time commitment for each of his/her functions to ensure that he/she can manage these functions satisfactorily. Allocation and use of time is openly discussed within the Board to ensure that tasks and functions are always carried out efficiently and satisfactorily.</p>
<p>3.3.2. The Committee recommends that the management commentary, in addition to the provisions laid down by legislation, includes the following information about the members of the board of directors:</p> <ul style="list-style-type: none"> <li>• the position of the relevant person,</li> <li>• the age and gender of the person in question,</li> <li>• the person's competencies and qualifications that are relevant to the company,</li> <li>• whether the member is considered independent,</li> <li>• the member's date of appointment to the board of directors,</li> <li>• expiry of the current election term,</li> <li>• other management functions, including memberships in executive boards, boards of directors, and supervisory boards, including board committees in Danish and foreign enterprises and demanding organizational tasks, and</li> <li>• the number of shares, options, warrants and similar owned by the member in the company, and other group companies, as well as changes to the member's portfolio of the mentioned securities which have occurred during the financial year.</li> </ul>	√	<p>The information set out in this recommendation is included in Nilfisk Holding's Annual Report.</p>

Recommendation	Nilfisk Holding complies	Nilfisk Holding complies with the recommendation due to the following reasons
<p>3.3.3. The Committee recommends that the annual evaluation procedure, cf. section 3.5, include an evaluation of what is regarded as a reasonable level for the number of other management functions, where the number, level and complexity of the other individual management functions are taken into account.</p>	√	<p>The Board's evaluation of a reasonable level for the number of other management functions held by its members is included in the annual self-evaluation procedure described in section 3.5.</p>
<b>3.4. Board committees</b>		
<p>3.4.1. The Committee recommends that the company publish the following on the company's website:</p> <ul style="list-style-type: none"> <li>• The terms of reference of the board committees,</li> <li>• the most important activities of the committees during the year and the number of meetings held by each committee, and</li> <li>• the names of the members of each committee, including the chairmen of the committees, as well as information regarding which members are independent members and which members have special competencies.</li> </ul>	√	<p>The Board of Directors has established an Audit Committee, a Nomination Committee, and a Remuneration Committee. A description of each of these three committees can be found at the company website including details on who sits on each committee, each committee's tasks, and the number of meetings planned/held in each committee.</p>
<p>3.4.2. The Committee recommends that a majority of the members of a board committee be independent.</p>	√	<p>All Board committee members of the Nomination Committee are considered independent. One of the Board committee members in both the Audit Committee and the Remuneration Committee is considered non-independent. Both committees consist of two members from the Board of Directors. However, the chairman of both the Audit Committee and the Remuneration Committee is independent and has the casting vote for which reason Nilfisk Holding considers itself in compliance with the recommendation.</p>
<p>3.4.3. The Committee recommends that the members of the board of directors set up an audit committee and that a chairman is appointed who is not the chairman of the board of directors.</p>	√	<p>The Board of Directors has set up an Audit Committee consisting of two members from the Board of Directors who possess significant experience in the financial, accounting and audit aspects of companies similar to Nilfisk Holding. The work of the Audit Committee is defined in an annual plan approved by the Board of Directors. A description of the Audit Committee can be found on the company website.</p> <p>The Chairman of the Board of Directors is not chairman or member of the Audit Committee.</p>



Recommendation	Nilfisk Holding complies	Nilfisk Holding complies with the recommendation due to the following reasons
<p>3.4.4. The Committee recommends that, prior to the approval of the annual report and other financial reports, the audit committee monitor and report to the board of directors about:</p> <ul style="list-style-type: none"> <li>• significant accounting policies,</li> <li>• significant accounting estimates,</li> <li>• related party transactions, and</li> <li>• uncertainties and risks, including in relation to the outlook for the current year.</li> </ul>	√	<p>The Audit Committee monitors Nilfisk Holding's accounting and internal controls and risk management systems, and establishes conditions and a framework for the work of the external auditors. The Audit Committee reports to the Board of Directors on a regular basis throughout the year, most intensively in connection with preparation and approval of the annual report.</p>
<p>3.4.5. The Committee recommends that the audit committee:</p> <ul style="list-style-type: none"> <li>• annually assesses the need for an internal audit function and, in such a case, presents mandates and recommendations on selecting, appointing and removing the head of any internal audit function and on the budget of the internal audit function,</li> <li>• ensure that if an internal audit has been established, a description of its functions is approved by the board of directors,</li> <li>• ensure that if an internal audit has been established, adequate resources and competencies are allocated to carry out the work, and</li> <li>• monitor the executive board's follow-up on the conclusions and recommendations of the internal audit function.</li> </ul>	√	<p>The Audit Committee assesses the need for an internal audit function annually.</p> <p>Nilfisk Holding does not have an internal audit function. Instead, the company has an internal controlling function which conducts controlling visits using a risk based approach. The internal controlling function works closely with the group legal compliance function in order to ensure a cross-functional approach and scope during the visits and on an ongoing basis. The internal controlling function reports any material findings to the Audit Committee. The Audit Committee monitors the company's follow-up on conclusions and actions recommended by the internal controlling function on an ongoing basis, and annually assesses whether the internal controlling procedures are adequate considering the size and nature of Nilfisk Holding's operations and reports to the Board of Directors.</p>
<p>3.4.6. The Committee recommends that the board of directors establish a nomination committee, which is at least, responsible for the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>• describing the qualifications required by the board of directors and the executive board and for a given position, indicating the time expected to be spent carrying out a specific position, as well as assessing the competencies, knowledge and experience found in the two governing bodies,</li> <li>• annually assessing the structure, size, composition and results of the board of directors and the executive board and recommend any changes to the board of directors,</li> <li>• annually assess the competencies, knowledge, experience and succession of the individual members of management, and report to the board of directors in this respect,</li> <li>• recommending candidates for the board of directors and the executive board, and</li> <li>• proposing an action plan to the board of directors on the future composition of the board of directors, including proposals for specific changes.</li> </ul>	√	<p>The Board of Directors has set up a Nomination Committee consisting of two members carrying out the tasks identified in this recommendation. A description of the Nomination Committee can be found on the company website.</p> <p>The Nomination Committee consists of the Chairman and the Deputy Chairman. The Deputy Chairman is chairman of the Nomination Committee and both the Chairman and the Deputy Chairman are active within the Chairmanship and the Nomination Committee.</p>

Recommendation	Nilfisk Holding complies	Nilfisk Holding complies with the recommendation due to the following reasons
<p>3.4.7. The Committee recommends that the board of directors establish a remuneration committee, which is at least, responsible for the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>recommending the remuneration policy (including the “General Guidelines for incentive-based Remuneration”) to the board of directors and the executive board for approval by the board of directors prior to approval by the general meeting,</li> <li>making proposals to the board of directors on remuneration for members of the board of directors and the executive board, as well as ensuring that the remuneration is in compliance with the company’s remuneration policy and the assessment of the performance of the persons concerned. The committee should have information on the total remuneration that members of the board of directors and the executive board receive from other companies in the group, recommending a remuneration policy applicable for the company in general, and</li> </ul> <p>assisting with the preparation of the annual remuneration report.</p>	√	<p>The Board of Directors has set up a Remuneration Committee consisting of two members carrying out the tasks identified in this recommendation.</p> <p>A description of the Remuneration Committee can be found on the company website.</p> <p>Nilfisk Holding has adopted a Remuneration Policy which is available on the company website. The Board of Directors considers its members’ remuneration at frequent intervals based on recommendations from the Chairman of the Board of Directors. During the formulation of these recommendations, the Chairman is guided by relevant comparisons with other large Danish companies. Proposals for the Board members’ remuneration for the current year will be notified at the Annual General Meeting prior to adoption. The Board members’ remuneration is approved as a separate item on the agenda at the Annual General Meeting.</p> <p>Compensation of the Executive Management Board and the other members of the Nilfisk Leadership Team are monitored and reviewed at least annually by the Remuneration Committee, including both short-term and long-term incentive programs.</p> <p>The Remuneration Committee and the company’s Head of Global Compensation &amp; Benefits assist with the preparation of the annual remuneration report.</p>
<p>3.4.8. The Committee recommends that the remuneration committee do not consult with the same external advisers as the executive board of the company.</p>	√	<p>The Remuneration Committee is confident in the independence of its external advisers. These advisers are not used by the Executive Management Board or other functions.</p>
<p>3.5. Evaluation of the performance of the board of directors and the executive board</p>		

Recommendation	Nilfisk Holding complies	Nilfisk Holding complies with the recommendation due to the following reasons
<p>3.5.1. The Committee recommends that the board of directors establish an evaluation procedure for an annual evaluation of the board of directors and the individual members. External assistance should be obtained at least every third year. The evaluation should inter alia include:</p> <ul style="list-style-type: none"> <li>• contribution and results,</li> <li>• cooperation with the executive board,</li> <li>• the chairman's leadership of the board of directors,</li> <li>• the composition of the board of directors (including competencies, diversity and the number of members),</li> <li>• the work in the committees and the committee structure, and</li> <li>• the organization and quality of the material that is submitted to the board of directors.</li> </ul> <p>The evaluation procedure and the general conclusions should be described in the management commentary and on the company's website. The chairman should account for the evaluation of the board of directors, including the process and general conclusions on the general meeting prior to the election of the board of directors.</p>	√	<p>Once every year, the Board of Directors performs a self-evaluation of its performance and composition headed by the Chairman, and at least every third year with assistance from external consultants.</p> <p>The Chairman of the Board of Directors conducts evaluation meetings with each Board member based on a questionnaire featuring the points listed in this recommendation 3.5.1. The Chairman prepares a report on the outcome of the valuation process which is discussed in a Board meeting with all Board members present. The Chairman's performance is evaluated in a meeting without his/her presence headed by the Deputy Chairman.</p> <p>The evaluation procedure and the general conclusions of the evaluation process are published in the Nilfisk Holding Annual Report.</p>
<p>3.5.2. The Committee recommends that at least once annually, the board of directors evaluate the work and performance of the executive board in accordance with pre-defined criteria. Furthermore, the board of directors should evaluate the need for changes to the structure and composition of the executive board, in light of the company's strategy.</p>	√	<p>The Board of Directors annually evaluates the performance and composition of the Executive Management Board in connection with but independent of the Board of Directors' self-evaluation. The evaluation of the Executive Management Board is carried out pursuant to predefined criteria annexed to the Rules of Procedure of the Board of Directors.</p>
<p>3.5.3. The Committee recommends that the executive board and the board of directors establish a procedure according to which their cooperation is evaluated annually through a formalized dialogue between the chairman of the board of directors and the chief executive officer, and that the outcome of the evaluation be presented to the board of directors.</p>	√	<p>Once every year the Chairman of the Board of Directors meets with the Executive Management Board to evaluate the cooperation between the Board of Directors and the Executive Management Board. The Chairman presents the outcome of this meeting to the Board of Directors.</p>

#### 4. Remuneration of management

Recommendation	Nilfisk Holding complies	Nilfisk Holding complies with the recommendation due to the following reasons
4.1. Form and content of the remuneration policy		
<p>4.1.1. The Committee recommends that the board of directors prepare a remuneration policy for the board of directors and the executive board, which includes</p> <ul style="list-style-type: none"> <li>• a detailed description of the components of the remuneration for members of the board of directors and the executive board,</li> <li>• the reasons for choosing the individual components of the remuneration,</li> <li>• a description of the criteria that form the basis for the balance between the individual components of the remuneration, and</li> <li>• an explanation for the correlation between the remuneration policy and the company's long-term value creation and relevant related goals.</li> </ul> <p>The remuneration policy should be approved by the general meeting at least every fourth year and upon any material amendments and it should be published on the company's website.</p>	√	<p>The shareholders of Nilfisk Holding have adopted a Remuneration Policy containing the items listed in this recommendation. The current Remuneration Policy is available at the company website. The Remuneration Policy was adopted by the Annual General Meeting in 2018. A new Remuneration Policy incorporating changes required under the Danish Companies Act and the SRD II Directive (Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC) will be on the agenda for approval by the shareholders at the up-coming Annual General Meeting in Nilfisk Holding in March 2020.</p>
<p>4.1.2. The Committee recommends that, if the remuneration policy includes variable components,</p> <ul style="list-style-type: none"> <li>• limits be set on the variable components of the total remuneration package,</li> <li>• a reasonable and balanced composition be ensured between remuneration for members of management and the value creation for shareholders in the short and long term,</li> <li>• clarity be established about performance criteria and measurability for the award of variable components,</li> <li>• it is ensured that variable remuneration not only consists of short-term remuneration components, and that long-term remuneration components must have a vesting or maturity period of at least three years, and</li> <li>• it be ensured that the company has the ability to reclaim, in full or in part, variable components of remuneration that were paid on the basis of information, which subsequently are found to be incorrect.</li> </ul>	√	<p>The members of the Executive Management Board and certain key senior employees receive incentive pay. The current Remuneration Policy takes into account the points listed in this recommendation 4.1.2. The variable components of the remuneration of these participants consist partly of an annually based cash bonus for short-term results achieved during the calendar year based on clear, pre-defined criteria as well as a share-based incentive scheme for long-term results achieved beyond the calendar year also based on pre-defined criteria.</p> <p>The Board of Directors does not receive incentive pay.</p> <p>Nilfisk Holding's Remuneration Policy includes a right to reclaim, in full or in part, any overpayment from the annual bonus, or cancel or withdraw unvested and/or vested long-term incentive awards made to the Executive Management Board.</p>
<p>4.1.3. The Committee recommends that remuneration of members of the board of directors does not include share options or warrants.</p>	√	<p>No member of the Board of Directors receives share options, warrants or other types of incentive pay.</p>

Recommendation	Nilfisk Holding complies	Nilfisk Holding complies with the recommendation due to the following reasons
<p>4.1.4. The Committee recommends that if, in relation to long-term incentive programs, a share-based remuneration is used, the programs should have a vesting or maturity period of at least three years after being allocated and should be roll-over programs, i.e. the options should be granted periodically.</p>	√	<p>Share-based incentives are granted on an annual basis and may generally be exercised not earlier than three years after the date granted.</p> <p>Reference is made to Nilfisk Holdings current Remuneration Policy available at <a href="http://investor.nilfisk.com">investor.nilfisk.com</a>.</p>
<p>4.1.5. The Committee recommends that the total value of the remuneration relating to the notice period, including severance pay, do not exceed two years of remuneration, including all components of the remuneration.</p>	√	<p>Pursuant to the Remuneration Policy of Nilfisk Holding, the total value of the remuneration during the period of notice for members of the Executive Management Board, including severance pay, may not exceed 24 months remuneration, including all components of remuneration. The maximum notice period applicable to any executive in the Nilfisk Group is 18 months. In connection with significant changes in ownership structure, in some cases the applicable notice period for an executive may be extended for a transitional period of six months.</p>
<p><i>4.2. Disclosure of the remuneration policy</i></p>		
<p>4.2.1. The Committee recommends that the company's remuneration policy and compliance with this policy be explained and justified annually in the chairman's statement at the company's general meeting.</p>	√	<p>It is important for Nilfisk Holding that its shareholders understand and support Nilfisk Holding's endeavor to attract and retain the best people, as this is crucial to support Nilfisk Holding's strategy and continued value-creation. Nilfisk Holding believes that its Remuneration Policy (both the current one and the proposed Remuneration Policy up for approval at the Annual General Meeting in March 2020) fulfils this requirement while still being fair and balanced.</p> <p>In order to be transparent and to obtain support from its shareholders, the Chairman's statement at the Annual General Meeting 2020 includes an explanation and a justification of the Remuneration Policy.</p>
<p>4.2.2. The Committee recommends that shareholders at the general meeting consider proposals for approval of remuneration for the board of directors for the current financial year.</p>	√	<p>The remuneration of the Board of Directors is submitted to the Annual General Meeting for approval by Nilfisk Holding's shareholders.</p>
<p>4.2.3. The Committee recommends that the company prepares a remuneration report that includes information on the total remuneration received by each member of the board of directors and the executive board from the company and other companies in the group and associated companies for the last three years, including information on the most important content of retention and resignation arrangements and that the correlation between the remuneration and company strategy and relevant related goals be explained.</p> <p>The remuneration report should be published on the company's website.</p>	√	<p>A remuneration report with the information on the total remuneration granted to each member of the Board of Directors and to the Executive Management Board together with certain details of the Remuneration Policy is available on Nilfisk Holding's website. This information is also included in the Annual Report. As an explanatory note, the report does not include comparison numbers for the remuneration of the Board of Directors for the period before October 10, 2017, which is the date Nilfisk Holding and the Board of Directors were established.</p> <p>From and including 2021, the remuneration report will be approved at the Annual General Meeting in Nilfisk Holding.</p>

Recommendation	Nilfisk Holding complies	Nilfisk Holding complies with the recommendation due to the following reasons
<b>5. Financial reporting, risk management and audits</b>		
<i>5.1. Identification of risks and transparency about other relevant information</i>		
5.1.1. The Committee recommends that the board of directors consider and in the management commentary account for the most important strategic and business-related risks, risks in connection with the financial reporting as well as for the company's risk management.	√	The Board of Directors monitors and reviews the overall risk exposure of Nilfisk Holding. Key points on these subjects are included in the management commentary in the Annual Report.
<i>5.2. Whistleblower scheme</i>		
5.2.1. The Committee recommends that the board of directors establish a whistleblower scheme for expedient and confidential notification of serious wrongdoing or suspicions thereof.	√	The Board of Directors has established a Whistleblower Scheme to which all employees have been introduced. The Whistleblower Scheme is available both to employees and external parties and a reporting person can choose to be anonymous. The Whistleblower Scheme is monitored and maintained by an external provider. Nilfisk Holding's group legal function is responsible for operating the Whistleblower Scheme and following through on any reports received with regular reporting to the Audit Committee. Operation of the Whistleblower Scheme is handled in full confidentiality.
<i>5.3. Contact to auditor</i>		
5.3.1. The Committee recommends that the board of directors ensure regular dialogue and exchange of information between the auditor elected by the general meeting and the board of directors, including that the board of directors and the audit committee meet with the auditor elected by the general meeting at least once annually without the executive board present. This also applies to the internal auditor, if any.	√	<p>Nilfisk Holding has a regular dialogue and exchange of information with its auditor. The company's auditor is present at all Audit Committee meetings. Once a year, an Audit Committee meeting is held without the participation of the Executive Management.</p> <p>The auditor's records are presented at each Board meeting, and the auditor is present and reports at the Board meeting at which the annual report is approved.</p>
5.3.2. The Committee recommends that the audit agreement and auditor's fee be agreed by the board of directors and the auditor elected by the general meeting based on a recommendation from the audit committee.	√	<p>The audit agreement is negotiated annually by the Audit Committee and is approved by the Board of Directors based on a recommendation from the Audit Committee.</p> <p>Appointment of the auditor is proposed at the Annual General Meeting based on a recommendation from the Audit Committee.</p>