

Corporate Governance Statement 2022



NILFISK

Nilfisk's annual statement of compliance with the Recommendations on Corporate Governance for the financial year ending on December 31, 2022

Recommendation	Nilfisk Holding complies	Nilfisk Holding complies with the recommendation due to the following reasons
1. Interaction with the company's shareholders, investors and other stakeholders		
<i>1.1. Communication with the company's, shareholders, investors and other stakeholders</i>		
<p>1.1.1. The Committee recommends that the management through ongoing dialogue and interaction ensures that shareholders, investors and other stakeholders gain the relevant insight into the company's affairs, and that the board of directors obtains the possibility of hearing and including their views in its work.</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, investors and other 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 and interaction.</p>
<p>1.1.2. The Committee recommends that the board of directors adopts policies on the company's relationships with its shareholders, investors and if relevant other stakeholders in order to ensure that the various interests are included in the company's considerations and that such policies are made available on the company's website.</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 is reviewed regularly by the Board of Directors to ensure that it meets and facilitates Nilfisk Holding's ambitious standards of communication with its shareholders, investors and other stakeholders.</p>
<p>1.1.3. The Committee recommends that the company publishes quarterly reports.</p>	√	<p>Nilfisk Holding publishes quarterly interim reports.</p>
<i>1.2. The general meeting</i>		
<p>1.2.1. The Committee recommends that the board of directors organizes the company's general meeting in a manner that allows shareholders, who are</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</p>

Recommendation	Nilfisk Holding complies	Nilfisk Holding complies with the recommendation due to the following reasons
<p>unable to attend the meeting in person or are represented by proxy at the general meeting, to vote and raise questions to the management prior to or at the general meeting. The Committee recommends that the board of directors ensures that shareholders can observe the general meeting via webcast or other digital transmission.</p>		<p>shareholders to be up to date on matters related to Nilfisk Holding and to participate actively in Nilfisk Holding's Annual General Meeting.</p> <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. The Annual General Meeting can also be followed via webcast.</p> <p>Electronic registration for the Annual General Meeting is possible. Shareholders can participate in person or be represented by proxy at the Annual General Meeting. 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 and postal votes to be used at the general meeting enable the shareholders to consider each individual item on the agenda.</p>	√	<p>Shareholder proxies and postal votes used 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 has a procedure in place in the event of takeover bids, containing a "road map" covering matters for the board of directors to consider in the event of a takeover bid, or if the board of directors obtains reasonable grounds to suspect that a takeover bid may be submitted. In addition, it is recommended that it appears from the procedure that the board of directors abstains from countering any takeover bids by taking actions that seek to prevent the shareholders from deciding on the takeover bid, without the approval of the general meeting.</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, including that the Board of Directors will not without the acceptance of the General Meeting attempt to counter a takeover bid by making decisions which in reality prevent the shareholders from deciding on the takeover bid themselves.</p>
<p><i>1.4. Corporate Social Responsibility</i></p>		
<p>1.4.1. The Committee recommends that the board of directors adopts a policy for the company's corporate social responsibility, including social responsibility and sustainability, and that the policy is available in the management commentary and/or on the company's website. The Committee recommends that the board of directors ensures compliance with the policy.</p>	√	<p>Nilfisk Holding is committed to Corporate Social Responsibility and publishes an annual CSR Report which sets out Nilfisk Holding's work with corporate social responsibility. The CSR Report is available on the Company's website. Nilfisk Holding works with four focus areas: Climate and Environment, Society, Customers, and Workplace which are described in the CSR Report.</p>

Recommendation	Nilfisk Holding complies	Nilfisk Holding complies with the recommendation due to the following reasons
		<p>Nilfisk Holding has industry leading ambitions for sustainability and its work with sustainability was recognized in 2022 with an EcoVadis Gold rating.</p> <p>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's 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 works actively with reducing its climate footprint and has signed up to the Science Based Targets initiative (SBTi). Nilfisk Holding maintains an 'A-' score from CDP for its climate actions.</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.</p>
<p>1.4.2. The Committee recommends that the board of directors adopts a tax policy to be made available on the company's website.</p>	√	<p>Nilfisk Holding's Board of Directors has adopted a Tax Policy which is available on the Company's website.</p>
<p>2. The duties and responsibilities of the board of directors</p> <p><i>2.1. Overall tasks and responsibilities</i></p>		
<p>2.1.1. The Committee recommends that the board of directors in support of the company's statutory objects according to its articles of association and the long-term value creation considers the company's purpose and ensures and promotes a good culture and sound values in the company. The company should provide an account thereof in the management commentary and/or on the company's website.</p>	√	<p>The Executive Management reports regularly on the organizational and cultural aspects of the company to the Board of Directors, enabling the Board of Directors to ensure and support a healthy culture in the company. Leadership, organization, organizational capabilities, talent review, succession planning, and employee engagement are all included as a fixed part of the Board of Directors annual work cycle.</p>
<p>2.1.2. The Committee recommends that the board of directors at least once a year discusses and on a regular basis follows up on the company's overall strategic targets in order to ensure the 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 evaluates 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. A new 5-year business plan for the period 2022 - 2026 has been approved by the Board of Directors and follow-up on the plan will happen at every ordinary board meeting to ensure the value creation behind the business plan is realized.</p>

Recommendation	Nilfisk Holding complies	Nilfisk Holding complies with the recommendation due to the following reasons
<p>2.1.3. The Committee recommends that the board of directors on a continuously basis takes steps to examine whether the company's share and capital structure supports the strategy and the long-term value creation in the interest of the company as well as the shareholders. The committee recommends that the company gives an account thereof in the management commentary.</p>	√	<p>The Board of Directors closely monitors Nilfisk Holding's capital structure to ensure it supports the Nilfisk Group's strategy, the long-term value creation, 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. Also, as part of the new 5-year business plan for the period 2022 – 2026, the Board of Directors has considered the required investments and capital structure.</p>
<p>2.1.4. The Committee recommends that the board of directors prepares and on an annual basis reviews guidelines for the executive management, including requirements in respect of the 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, the Chair's frequent meetings with the CEO/Executive Management Board, and meetings between other Board Committees and the Executive Management Board.</p>
<p><i>2.2. Members of the board of directors</i></p>		
<p>2.2.1. The Committee recommends that the board of directors, in addition to a chairperson, appoints a vice chairperson, who can step in if the chairperson is absent, and who can generally act as the chairperson's close sparring partner.</p>	√	<p>Nilfisk Holding has appointed a Deputy Chair to assume the Chair'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 Chair and the Deputy Chair.</p>
<p>2.2.2. The Committee recommends that the chairperson in cooperation with the individual members of the board of directors ensures that the members update and supplement their knowledge of relevant matters, and that the members' special knowledge and qualifications are applied in the best possible manner.</p>	√	<p>The Chair has dialogues with all board members throughout the year to ensure the knowledge and qualifications of each board member are applied in the discussions of the Board of Directors. This is also ensured through the annual board self-assessment.</p>
<p>2.2.3. The Committee recommends that if the board of directors, in exceptional cases, requests a member of the board of directors to take on special duties for the company, for instance, for a short period to take part in the daily management of the company, the board of directors maintains its independent overall management and control function. It is recommended that the company publishes any decision on allowing a member of the board of directors to take part in the daily management, including the expected duration thereof.</p>	√	<p>No member of the Board of Directors participates in the day-to-day management of Nilfisk Holding.</p>

Recommendation	Nilfisk Holding complies	Nilfisk Holding complies with the recommendation due to the following reasons
3. The composition, organisation and evaluation of the board of directors		
<i>3.1. Composition</i>		
<p>3.1.1. The Committee recommends that the board of directors on an annual basis reviews and in the management commentary and/or on the company's website states</p> <ul style="list-style-type: none"> • which qualifications the board of directors should possess, collectively and individually, in order to perform its duties in the best possible manner, and • the composition of and diversity on the board of directors. 	√	<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-assessment in accordance with recommendation 3.5.1, both the Nomination Committee and the Board of Directors allocates specific time at committee and Board level 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 on an annual basis discusses the company's activities in order to ensure relevant diversity at the different management levels of the company and adopts a diversity policy, which is included in the management commentary and/or available 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>Nilfisk Holding has set a target of 25% for women in senior management positions by 2026 as a testimony to Nilfisk Holding's commitment to gender diversity. However, it is important for Nilfisk Holding that embracing and improving diversity is not only about gender but also all other diversity topics, such as religion, ethnicity, cultural background, etc. Nilfisk Holding will continue to work for more diversity across the business within all diversity areas.</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>

Recommendation	Nilfisk Holding complies	Nilfisk Holding complies with the recommendation due to the following reasons
<p>3.1.3. The committee recommends that candidates for the board of directors are recruited based on a thorough process approved by the board of directors. The committee recommends that in assessing candidates for the board of directors – in addition to individual competencies and qualifications - the need for continuity, renewal and diversity is also considered.</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- assessment.
<p>3.1.4. The Committee recommends that the notice convening general meetings, where election of members to the board of directors is on the agenda – in addition to the statutory items – also includes a description of the proposed candidates'</p> <ul style="list-style-type: none"> • qualifications • other managerial duties in commercial undertakings, including board committees, • demanding organisational assignments, and • independence. 	√	A detailed description of nominated Board candidates' special qualifications, other managerial duties, organizational assignments 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>3.1.5. The Committee recommends that members to the board of directors elected by the general meeting stand for election every year at the annual general meeting, and that the members are nominated and elected individually.</p>	√	All Board members elected by the general meeting are up for election every year at Nilfisk Holding's Annual General Meeting, and the Board members are nominated and elected individually. Members elected by the employees according to the Danish Companies Act are elected individually for a period of four years.
<p><i>3.2. The board of director's independence</i></p>		
<p>3.2.1. The Committee recommends that at least half of the members of the board of directors elected in general meeting are independent in order for the board of directors to be able to act independently avoiding conflicts of interests.</p> <p>In order to be independent, the member in question may not:</p> <ul style="list-style-type: none"> • be or within the past five years have been a member of the executive management or an executive employee in the company, a subsidiary or a group company, • within the past five years have received large emoluments from the company/group, a subsidiary or a group company in another capacity than as member of the board of directors, • represent or be associated with a controlling shareholder • within the past year have had a business relationship (e.g. personally or indirectly as a partner or an employee, shareholder, customer, supplier or member of a governing body in companies with similar relations) with the company, a 	√	Under this definition, three of the current shareholder-elected Board members are considered non-independent due to their affiliation with major shareholders.

Recommendation	Nilfisk Holding complies	Nilfisk Holding complies with the recommendation due to the following reasons
<p>subsidiary or a group company, which is significant for the company and/or the business relationship,</p> <ul style="list-style-type: none"> • be or within the past three years have been employed with or a partner in the same company as the company's auditor elected in the general meeting, • be a CEO in a company with cross- memberships in the company's management, • have been a member of the board of directors for more than twelve years, or • be a closely related to persons, who are not independent, cf. the above-stated criteria. <p>Even if a member of the board of directors does not fall within the above-stated criteria, the board of directors may for other reasons decide that the member in question is not independent.</p>		
<p>3.2.2. The Committee recommends that members of the executive management are not members of the board of directors and that members retiring from the executive management does not join the board of directors immediately thereafter.</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. None of the members of the Board of Directors are retired from the Executive Management Board or any other officer position of Nilfisk Holding.
<i>3.3. Members of the board of directors and the number of other managerial duties</i>		
<p>3.3.1. The Committee recommends that the board of directors and each of the members on the board of directors, in connection with the annual evaluation, cf. recommendation 3.5.1., assesses how much time is required to perform the board duties. The aim is for the individual member of the board of directors not to take on more managerial duties than the board member in question is able to perform in a satisfactory manner.</p>	√	The Board of Directors and each Board member individually assess 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>3.3.2. The Committee recommends that the management commentary, in addition to the statutory requirements, contains the following information on the individual members of the board of directors:</p> <ul style="list-style-type: none"> • position, age and gender, • competencies and qualifications relevant to the company, • independence, • year of joining the board of directors, • year of expiry of the current election period, • participation in meetings of the board of directors and committee meetings, 	√	The information set out in this recommendation is included in Nilfisk Holding's Annual Report.

Recommendation	Nilfisk Holding complies	Nilfisk Holding complies with the recommendation due to the following reasons
<ul style="list-style-type: none"> managerial duties in other commercial undertakings, including board committees, and demanding organisational assignments, and the number of shares, options, warrants, etc. that the member holds in the company and its group companies and any changes in such holding during the financial year. 		
3.4. Board committees		
<p>3.4.1. The Committee recommends that the management describes in the management commentary:</p> <ul style="list-style-type: none"> the board committees' most significant activities and number of meetings in the past year, and the members on the individual board committees, including the chairperson and the independence of the members of the committee in question. <p>In addition, it is recommended that the board committees' terms of reference are published on the company's website.</p>	√	<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 board committees solely consist of members of the board of directors and that the majority of the members of the board committees are independent.</p>	√	<p>The Audit Committee and the Remuneration Committee each consist of two members from the Board of Directors, and the Nomination Committee consists of three members from the Board of Directors.</p> <p>The Nomination Committee has a majority of members that are considered independent.</p> <p>In both the Audit Committee and the Remuneration Committee, one member is considered independent and one member is considered non-independent. However, the Chair in 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 this recommendation 3.4.2.</p>
<p>3.4.3. The Committee recommends that the board of directors establishes an audit committee and appoints a chairperson of the audit committee, who is not the chairperson of the board of directors. The Committee recommends that the audit committee, in addition to its statutory duties, assists the board of directors in:</p> <ul style="list-style-type: none"> supervising the correctness of the published financial information, including accounting practices in significant areas, significant accounting estimates and related party transactions, 	√	<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 Chair of the Board of Directors is not chair or member of the Audit Committee.</p> <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</p>

Recommendation	Nilfisk Holding complies	Nilfisk Holding complies with the recommendation due to the following reasons
<ul style="list-style-type: none"> • reviewing internal control and risk areas in order to ensure management of significant risks, including in relation to the announced financial outlook, • assessing the need for internal audit, • performing the evaluation of the auditor elected by the general meeting, • reviewing the auditor fee for the auditor elected by the general meeting, • supervising the scope of the non-audit services performed by the auditor elected by the general meeting, and • ensuring regular interaction between the auditor elected by the general meeting and the board of directors, for instance, that the board of directors and the audit committee at least once a year meet with the auditor without the executive management being present. <p>If the board of directors, based on a recommendation from the audit committee, decides to set up an internal audit function, the audit committee must:</p> <ul style="list-style-type: none"> • prepare terms of reference and recommendations on the nomination, employment and dismissal of the head of the internal audit function and on the budget for the department, • ensure that the internal audit function has sufficient resources and competencies to perform its role, and • supervise the executive management's follow-up on the conclusions and recommendations of the internal audit function. 		<p>basis throughout the year, most intensively in connection with preparation and approval of the annual report.</p> <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>3.4.4. The Committee recommends that the board of directors establishes a nomination committee to perform at least the following preparatory tasks:</p> <ul style="list-style-type: none"> • describing the required qualifications for a given member of the board of directors and the executive management, the estimated time required for performing the duties of this member of the board of directors and the competencies, knowledge and experience that is or should be represented in the two management bodies, • on an annual basis evaluating the board of directors and the executive management's structure, size, composition and results and preparing recommendations for the board of directors for any changes, • in cooperation with the chairperson handling the annual evaluation of the board of directors and assessing the individual management members' competencies, knowledge, experience and succession as well as reporting on it to the board of directors, • handling the recruitment of new members to the board of directors and the executive management and nominating candidates for the board of directors' approval, 	√	<p>The Board of Directors has set up a Nomination Committee consisting of three members carrying out the tasks identified in this recommendation.</p> <p>A description of the Nomination Committee can be found on the company website.</p>

Recommendation	Nilfisk Holding complies	Nilfisk Holding complies with the recommendation due to the following reasons
<ul style="list-style-type: none"> ensuring that a succession plan for the executive management is in place, supervising executive managements' policy for the engagement of executive employees, and supervising the preparation of a diversity policy for the board of directors' approval. 		
<p>3.4.5. The Committee recommends that the board of directors establishes a remuneration committee to perform at least the following preparatory tasks:</p> <ul style="list-style-type: none"> preparing a draft remuneration policy for the board of directors' approval prior to the presentation at the general meeting, providing a proposal to the board of directors on the remuneration of the members of the executive management, providing a proposal to the board of directors on the remuneration of the board of directors prior to the presentation at the general meeting, ensuring that the management's actual remuneration complies with the company's remuneration policy and the evaluation of the individual member's performance, and assisting in the preparation of the annual remuneration report for the board of directors' approval prior to the presentation for the general meeting's advisory vote. 	√	<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 Chair of the Board of Directors. During the formulation of these recommendations, the Chair 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 & Benefits assist with the preparation of the annual remuneration report.</p>
<p><i>3.5. Evaluation of the board of directors and the executive management</i></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 once a year evaluates the board of directors and at least every three years engages external assistance in the evaluation. The Committee recommends that the evaluation focuses on the recommendations on the board of directors' work, efficiency, composition and organisation, cf. recommendations 3.1.-3.4. above, and that the evaluation as a minimum always includes the following topics:</p> <ul style="list-style-type: none"> • the composition of the board of directors with focus on competencies and diversity, • the board of directors and the individual member's contribution and results, • the cooperation on the board of directors and between the board of directors and the executive management, • the chairperson's leadership of the board of directors, • the committee structure and the work in the committees, • the organisation of the work of the board of directors and the quality of the material provided to the board of directors, and • the board members' preparation for and active participation in the meetings of the board of directors. 	√	<p>Once every year, the Board of Directors performs a self-assessment of its performance and composition headed by the Chair, and at least every third year with assistance from external consultants.</p> <p>The Nomination Committee prepares the self-assessment based on a questionnaire featuring the points listed in this recommendation 3.5.1.</p>
<p>3.5.2. The Committee recommends that the entire board of directors discusses the result of the evaluation of the board of directors and that the procedure for the evaluation and general conclusions of the evaluation are described in the management commentary, on the company's website and at the company's general meeting.</p>	√	<p>The self-assessment prepared by the Nomination Committee in accordance with recommendation 3.5.1 is presented, discussed and finalized in a Board meeting with all Board members present.</p> <p>The evaluation procedure and the general conclusions of the evaluation process are published in the Nilfisk Holding Annual Report, and the conclusions are summarized at the Annual General Meeting as part of the Chair's Report.</p>
<p>3.5.3. The Committee recommends that the board of directors at least once a year evaluates the work and results of the executive management according to pre-established criteria, and that the chairperson reviews the evaluation together with the executive management. In addition, the board of directors should on a continuous basis assess the need for changes in the structure and composition of the executive management, including in respect of diversity, succession planning and risks, 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-assessment. 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>Once every year the Chair 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 Chair presents the outcome of this meeting to the Board of Directors.</p>
<p>4. Remuneration of management</p>		

Recommendation	Nilfisk Holding complies	Nilfisk Holding complies with the recommendation due to the following reasons
<i>4.1. Remuneration of the board of directors and the executive management</i>		
<p>4.1.1. The Committee recommends that the remuneration for the board of directors and the executive management and other terms of employment/service is considered competitive and consistent with the company's long-term shareholder interests.</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.</p> <p>The current Remuneration Policy was adopted by the Annual General Meeting in 2021 and minor amendments were adopted by the Annual General Meeting in 2022.</p>
<p>4.1.2. The Committee recommends that share-based incentive schemes are revolving, i.e. that they are periodically granted, and that they primarily consist of long-term schemes with a vesting or maturity period of at least three years.</p>	√	<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>4.1.3. The Committee recommends that the variable part of the remuneration has a cap at the time of grant, and that there is transparency in respect of the potential value at the time of exercise under pessimistic, expected and optimistic scenarios.</p>	√	<p>Variable parts of remuneration are capped and potential different value scenarios are set out in Nilfisk Holding's current Remuneration Policy available at investor.nilfisk.com.</p>
<p>4.1.4. The Committee recommends that the overall value of the remuneration for the notice period, including severance payment, in connection with a member of the executive management's departure, does not exceed two years' remuneration including all remuneration elements.</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>4.1.5. The Committee recommends that members of the board of directors are not remunerated with share options and warrants.</p>	√	<p>No member of the Board of Directors receives share options, warrants or other types of incentive pay.</p>
<p>4.1.6. The Committee recommends that the company has the option to reclaim, in whole or in part, variable remuneration from the board of directors and the executive management if the remuneration granted, earned or paid was based on information, which subsequently proves to be incorrect, or if the</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>

Recommendation	Nilfisk Holding complies	Nilfisk Holding complies with the recommendation due to the following reasons
recipient acted in bad faith in respect of other matters, which implied payment of a too large variable remuneration.		
5. Risk Management <i>5.1. Identification of risks and openness in respect of additional information</i>		
5.1.1. The Committee recommends that the board of directors based on the company's strategy and business model considers, for instance, the most significant strategic, business, accounting and liquidity risks. The company should in the management commentary give an account of these risks and 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.
5.1.2. The Committee recommends that the board of directors establishes a whistleblower scheme, giving the employees and other stakeholders the opportunity to report serious violations or suspicion thereof in an expedient and confidential manner, and that a procedure is in place for handling such whistleblower cases.	√	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 compliance 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.



Nilfisk Holding A/S, Kornmarksvej 1, DK-2605 Brøndby, Denmark.
Company reg. No. 38 99 88 70.