



SUSTAINABILITY REPORT 2023

From Commitment to Action

NILFISK

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About the report

The Sustainability Report 2023 covers the financial year January 1, 2023 to December 31, 2023 for Nilfisk Holding A/S. The terms CSR, Sustainability and ESG are used interchangeably, assuming that all terms cover environmental, social and governance impacts.

The report is a part of the Management Review of the Annual Report and represents our statutory statement on corporate social responsibility in accordance with sections 99a of the Danish Financial Statements Act (page 5, 11, 34-45), reinforcing the Data Ethics Statement, and our commitment to the UK Modern Slavery Act, as well as Nilfisk's reporting in accordance with Regulation (EU) 2020/852 (Taxonomy), Delegated Regulation (EU) 2021/2139 on climate change mitigation and climate change adaptation, the Delegated Regulation (EU) of 27.6.2023 supplementing Regulation (EU) 2020/852, and Delegated Regulation (EU) 2021/2178 on the presentation of this information (pages 17-23).

The principle of double materiality is the foundation for how Nilfisk prioritizes and executes on sustainability. In 2023, Nilfisk aligned its current approach to double materiality assessment with the Delegated Regulation (EU) supplementing Directive 2013/34/EU towards the sustainability reporting standards.

While the annual communication on progress towards the UN Global Compact is in a transition phase to a new platform, this report presents all relevant data for Nilfisk's annual communication on progress.

Nilfisk's contribution to the UN Sustainable Development Goals (SDGs) is based on the double materiality assessment and Nilfisk's Business Plan 2026. Nilfisk welcomes any comments, suggestions or questions regarding this report or our performance. Please send an e-mail to sustainability@nilfisk.com.



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From commitment to action

As a leading global provider of cleaning solutions, our company supports the resilience of communities by enabling high-quality cleaning of everything from private homes, supermarkets, schools and hospitals to large-scale warehouses and production facilities.

What we did and how we did it was as important as ever in 2023. Across the world, geopolitical tension and division grew, triggering an increasing unpredictability in global markets. In addition, 2023 gave us a taste of the extreme weather which we can expect more of in the future. At the COP28 World Climate Summit, the need to end our dependence on fossil fuels as soon as possible was emphasized with good reason.

Adapting to change

Change might be an inevitable part of life, but it is also a test of leadership. The year 2023 truly demonstrated the urgent need to mitigate and adapt to climate change. At Nilfisk, we have been adapting to changing circumstances for more than 118 years, and with the launch of Business Plan 2026, we have significantly accelerated our sustainability efforts.

In addition to delivering solid progress on our sustainability commitments in 2023, we have upgraded our capabilities across functions and geographies moving towards a sustainability-enabled organization.

Also, we have prepared well for the EU Corporate Sustainability Reporting Directive and the corresponding EU Sustainability Reporting Standards, with an early adoption of the double materiality assessment.

Sustainability results

In 2023, we decreased our absolute market-based scope 1 and 2 greenhouse gas emissions by 16%, compared to 2019, and scope 3 greenhouse gas emission intensity by 25%, compared to 2021. We continued to implement initiatives for further reductions, globally and locally, and expect to follow the reduction trajectory towards 2030, guided by the Science-Based Target initiative.

In November 2023, Nilfisk achieved a Silver Medal from EcoVadis, scoring 65 points out of 100, showcasing an advanced approach to environmental management.

We also delivered progress on our gender diversity target, increasing the underrepresented gender in top management from 26% in 2022 to 30% in 2023. Our global diversity target was restated to align with new Danish regulation. In doing this, we also raised the ambition level, now targeting equal representation (minimum 40/60) by 2030 and 34% by 2026.

A unique transformation

I would like to extend my gratitude to Torsten Türling, who resigned as CEO in June 2023, for spearheading the sustainability agenda. Nilfisk stands before a unique transformation, and I am confident that Jon Sintorn is the ideal person to seize this, when he joins as new CEO in 2024.

I appreciate the warm welcome I have received from all Nilfisk colleagues as interim CEO.

René Svendsen-Tune
CEO



About Nilfisk

Founded in 1906, Nilfisk offers more than 118 years of experience developing innovative cleaning solutions to businesses and consumers around the world. Since the development of its first vacuum cleaner more than a hundred years ago, Nilfisk has responded to the changing needs of markets and customers. Headquartered in Denmark, Nilfisk is a global company, with approximately 4,700 employees, operating at more than 90 sites including distribution centers, warehouses, research and development centers, manufacturing facilities, sales companies, and offices.

Given climate change, Nilfisk must continue to adapt to an increased exposure to extreme weather events. Nilfisk seeks to adapt to and mitigate this by setting actionable and ambitious sustainability targets. Nilfisk offers a wide range of product solutions in the industry, and it is a strategic priority both to develop new, and upgrade existing products, grounded in sustainable principles. In addition, Nilfisk offers lifecycle services to its customers to prolong product lifetime and to increase both serviceability and sustainability. Nilfisk believes that sustainable and low-emitting products, manufactured with respect for fundamental human rights, are essential to combat climate change.

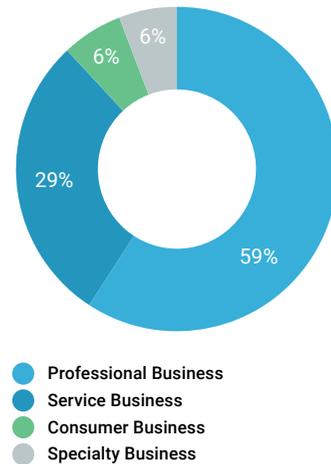
As part of the value creation for all stakeholders, Nilfisk is committed to offering transparency on the environmental, social and governance impacts of its business. In 2010, Nilfisk committed to the 10 principles of the UN Global Compact and has approved Science-Based Targets for all three scopes since January 2022. Today, the company discloses performance through several internationally-recognized providers of sustainability ratings.

1,033.6 mEUR
Total revenue in 2023

12.8%
EBITDA margin before special items

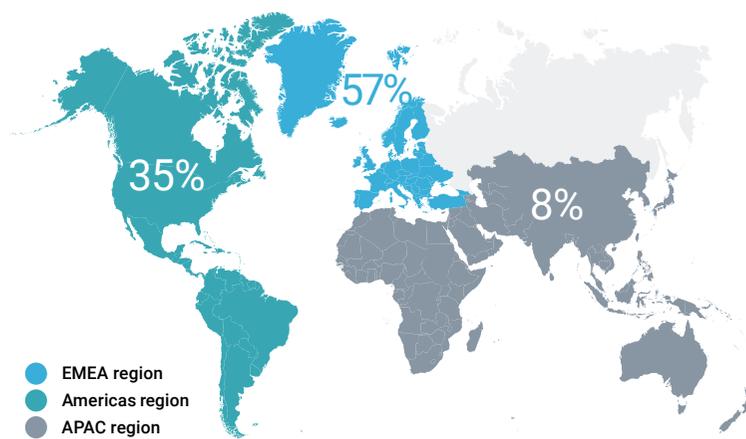
Revenue

Share of revenue 2023



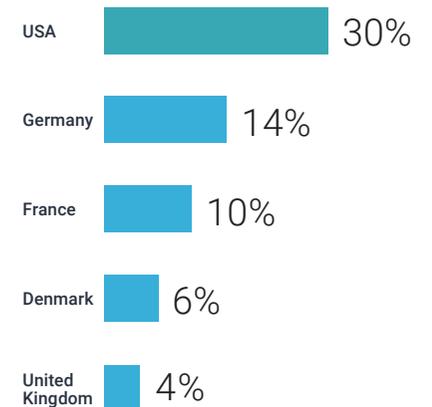
Regions

Share of revenue 2023



Key markets

Share of revenue 2023



Employees

Approximate number of FTEs

4,700

<1%
Non-binary/
not declared

28%
Women



72%
Men



ESG ratings and frameworks

Nilfisk favors transparent methodology and feedback. We share our data and proudly disclose ratings for all stakeholders to use.



SCIENCE
BASED
TARGETS

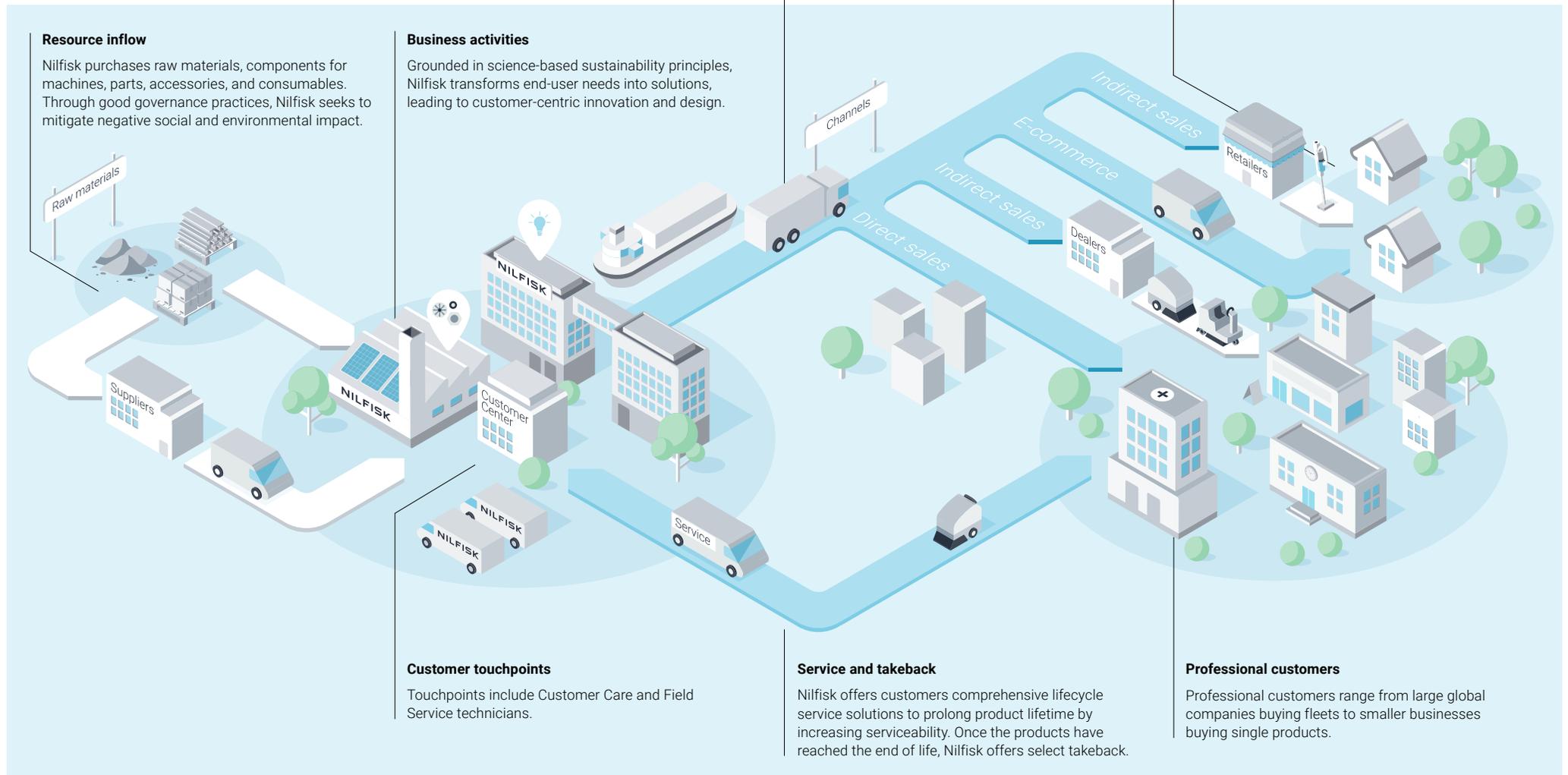


Sedex Member



How Nilfisk operates

Through sustainable cleaning solutions that put people first, Nilfisk enables cleaner environments.



Resource inflow

Nilfisk purchases raw materials, components for machines, parts, accessories, and consumables. Through good governance practices, Nilfisk seeks to mitigate negative social and environmental impact.

Business activities

Grounded in science-based sustainability principles, Nilfisk transforms end-user needs into solutions, leading to customer-centric innovation and design.

Sales channels

Channels across more than 100 countries include direct sales, indirect sales through dealers and retailers, and e-commerce platforms.

Consumers

Consumers are served with a range of vacuum cleaners and high-pressure washers.

Customer touchpoints

Touchpoints include Customer Care and Field Service technicians.

Service and takeback

Nilfisk offers customers comprehensive lifecycle service solutions to prolong product lifetime by increasing serviceability. Once the products have reached the end of life, Nilfisk offers select takeback.

Professional customers

Professional customers range from large global companies buying fleets to smaller businesses buying single products.

Sustainability anchored in Business Plan 2026

In creating a more sustainable future for the coming generations, we need to embed sustainability into everything we do. This recognition stands at the center of Business Plan 2026. In 2023, Nilfisk accelerated the implementation of its business plan and its commitment to create value for all stakeholders through science-based climate action, diversity and good governance.

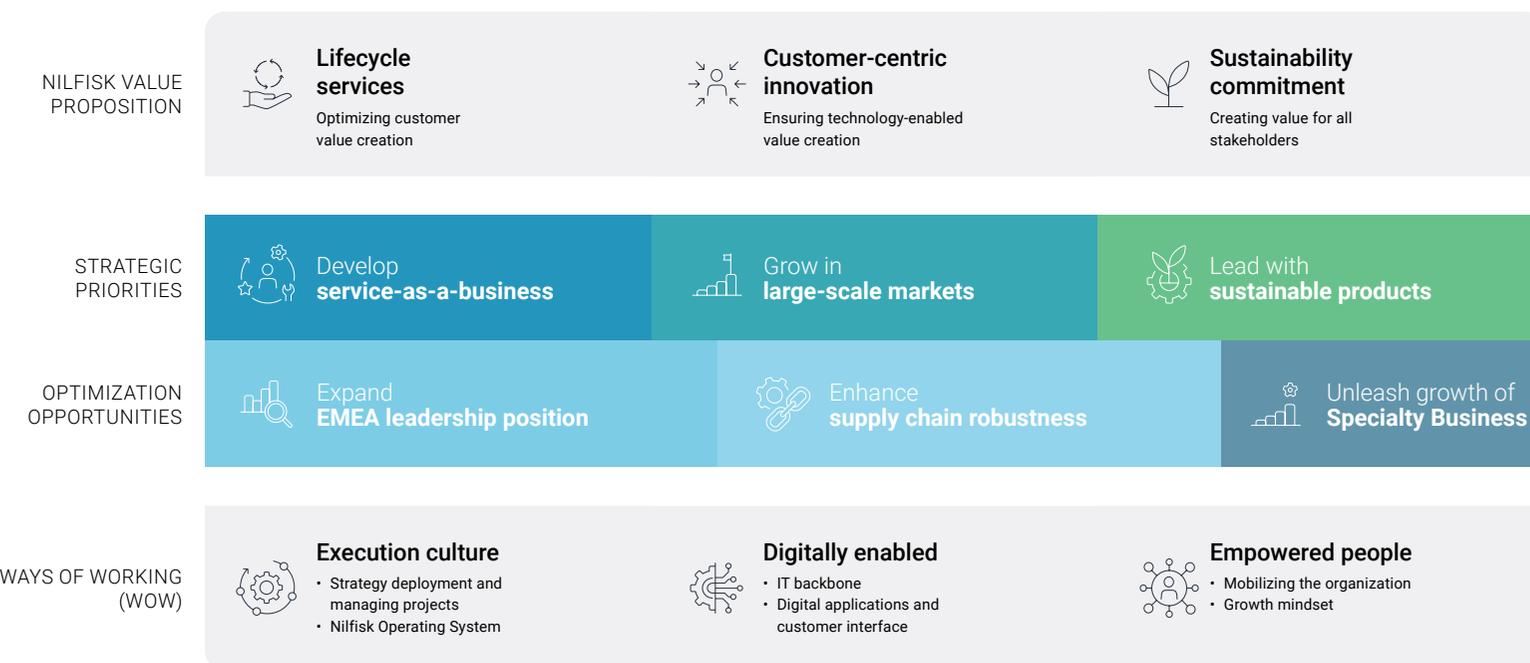
Nilfisk's Business Plan 2026 focuses on long-term sustainable growth and embedding sustainability throughout the company. It significantly expands the company's sustainability commitment anchored in three mutually reinforcing levers: the Nilfisk value proposition and two out of three strategic priorities, to develop service-as-a-business and to lead with sustainable products.

Nilfisk value proposition

The value proposition of Nilfisk is based on three fundamental pillars: Lifecycle services, Customer-centric innovation and Sustainability commitment. These serve as guiding principles for Nilfisk's innovation of products and services to ensure that the company creates value for all stakeholders, including customers, employees, investors and local communities.

Service-as-a-business

Service-as-a-business is a key strategic priority for Nilfisk. This entails a move towards increasing the offering of services throughout the lifecycle of products. The goal is to extend the technical and economic life of Nilfisk products by offering service plans that ensure timely service, value-adding upgrades, and customized leasing and rental solutions. Extending the lifetime of products helps conserve energy and resources and reduce waste.



Lead with sustainable products

Nilfisk's ambition is to lead with sustainable products. The company will provide upgrades to its current offering of products in the years ahead, introducing new technologies, materials, features and digital functionalities. Any new product or platform will be designed to be significantly more energy- and resource-efficient than previous versions. Through modularity, Nilfisk will be able to broaden its offering while controlling costs, improving serviceability and

reducing complexity. This will allow for resource-optimized, scalable growth that contributes to Nilfisk's enhanced sustainability commitments.

A sustainability-enabled organization

With the launch of Business Plan 2026, Nilfisk envisioned an organization that was empowered to work with its sustainability commitments across functions and geographies. During 2023, the organization significantly upgraded its sustainability capabilities through internal and external

recruitments, updated roles and responsibilities, increased frequency of management reporting, and a strengthened focus on training and learning management. As the organizational maturity levels increase, Nilfisk will focus on further advancing functional and regional accountability to deliver on the sustainability commitments.

Read more about the progress with implementing the strategy in Nilfisk's Annual Report (www.investor.nilfisk.com).

Sustainability governance

Nilfisk's Business Plan 2026 includes a commitment to sustainability, which requires sustainability to be integrated into processes and decision-making across the company.

Oversight and governance of progress towards Nilfisk's sustainability and ESG ambitions are anchored in the Board of Directors. In addition, the Board's Audit Committee oversees and monitors activities related to sustainability and ESG reporting.

As part of its responsibility for execution of the business plan, the Nilfisk Leadership Team (NLT) is responsible for monitoring progress on sustainability targets and approval of work that enables such progress. Sustainability targets are integrated in business processes across the company and progress reported in monthly business review meetings.

Governance of sustainability and ESG is enabled by the work carried out by three standing committees reporting to the NLT working on Enterprise Risk Management, Quality and Environmental Management (QMS/EMS) and Compliance.

2023 activities and improvements

In 2023, Nilfisk increased the frequency of sustainability management reporting from quarterly to monthly. Every month Nilfisk's sustainability team provided updates to NLT in addition to reporting progress on key sustainability targets.

In addition, the Audit Committee took steps to improve its oversight of sustainability reporting in consideration of the upcoming requirements of the EU Corporate Sustainability Reporting Directive (CSRD), which will be effective from January 2024.

During the year, an in-depth training session was held on this topic.

Incentivizing the organization

Nilfisk has added its scope 3 reduction target for greenhouse gas emissions to the executive managerial long-term incentive program as a supplement to the financial targets. In addition, it was decided to integrate sustainability targets into the global short-term bonus program, which will take effect in 2024.

Credit facility linked to sustainability

In 2022, Nilfisk established a 400 mEUR credit facility with an interest mechanism linking borrowing costs to the progress of four of the company's sustainability targets. The loan agreement's interest margin is adjusted based on Nilfisk's ability to deliver well-defined progress on an annual basis. In this way, the agreement works to integrate sustainability targets into Nilfisk's commercial and financial strategy. In 2023, Nilfisk complied with three of the four targets defined in the agreement.

Changes in Nilfisk Leadership Team

Following Torsten Türling's resignation as Nilfisk CEO in August 2023, the Board of Directors appointed Deputy Chair René Svendsen-Tune as interim CEO of Nilfisk. This change did not entail any changes to Business Plan 2026. In December, Jon Sintorn was announced as new CEO of Nilfisk, starting no later than July 2024.



Board of Directors

Oversees responsibility for sustainability and ESG matters

- Evaluates own sustainability performance
- Ensures necessary Board of Directors (BoD) training and recruitment
- Reviews and assesses risk management policies and procedures, which covers material sustainability matters



Audit Committee

Oversees responsibility for ESG reporting and assurance

- Supervises the integrity of sustainability reporting
- Supervises the internal control system for ESG data
- Recommends ESG Table and EU Taxonomy reporting for BoD approval
- Approves new reporting initiatives
- Informs the BoD of the outcome of the assurance of ESG reporting

Monitors

- The sustainability reporting process
- The double materiality assessment process
- The effectiveness of the enterprise risk management system regarding sustainability reporting



Nilfisk Leadership Team

Embeds sustainability into strategy and executes on the strategy

- Supervises sustainability reporting activities
- Monitors progress on sustainability targets
- Approves sustainability work in accordance with materiality
- Assigns accountability and monitors progress
- Approves new sustainability commitments and policies

ESG Working Groups & Committees



Enterprise Risk Management

Ensures key risks are monitored and evaluated on an ongoing basis, and reported to BoD annually



QMS/EMS Committee

Oversees progress on strategic priorities relating to quality and environmental performance, in addition to risk management



Compliance Working Group

Monitors compliance with laws, rules, standards, and the Business Code of Conduct for all business areas



Sustainability and ESG

Drives the sustainability reporting and the double materiality assessment processes



Annually



Quarterly



Monthly

Double materiality assessment

Materiality is the foundation for how Nilfisk prioritizes and executes on sustainability. With a rapidly changing sustainability landscape, the list of material topics grows more complex every year. Customers, investors and other key stakeholders expect Nilfisk to communicate and involve them in its sustainability work. The EU Corporate Sustainability Reporting Directive (CSRD) also creates new requirements for sustainability processes and content.

In 2022, Nilfisk completed an internal and external data collection process to meet the anticipated requirements of the Directive and updated its current approach to materiality including both impact and financial materiality (double materiality). In 2023, this approach was adapted based on the guidance provided in ESRS1, chapter 3, and ESRS2, IRO-1, IRO-2 and SBM-2.

Detailed materiality process

The first step of the updated double materiality assessment (DMA) is a pre-analysis of Nilfisk impacts, risks and opportunities. This is based on input from multiple sources such as investors and customers, Nilfisk's Business Plan 2026 and peer research. Output from a stakeholder workshop conducted in 2022, also contributed to updating the materiality assessment based on the new regulatory requirements.

The second step of the process is to assess each Nilfisk topic as 'actual' or 'potential' and rate it based on scale, scope, irremediability and, in the case of potential impacts, likelihood. Each dimension is rated from 1 to 5 and averaged to obtain the final score of the topic. Subsequently, it is matched against what are known as sub-topics

in the European Sustainability Reporting Standards (ESRS).

Each ESRS topic may have one or more Nilfisk topics allocated to it. If a Nilfisk topic is rated with an average score equal to or higher than 4, the ESRS topic is determined material for Nilfisk based on assessment of impact alone. If all Nilfisk topics under an ESRS topic score below 4, the ESRS topic will be assessed from a financial risk and opportunity perspective.

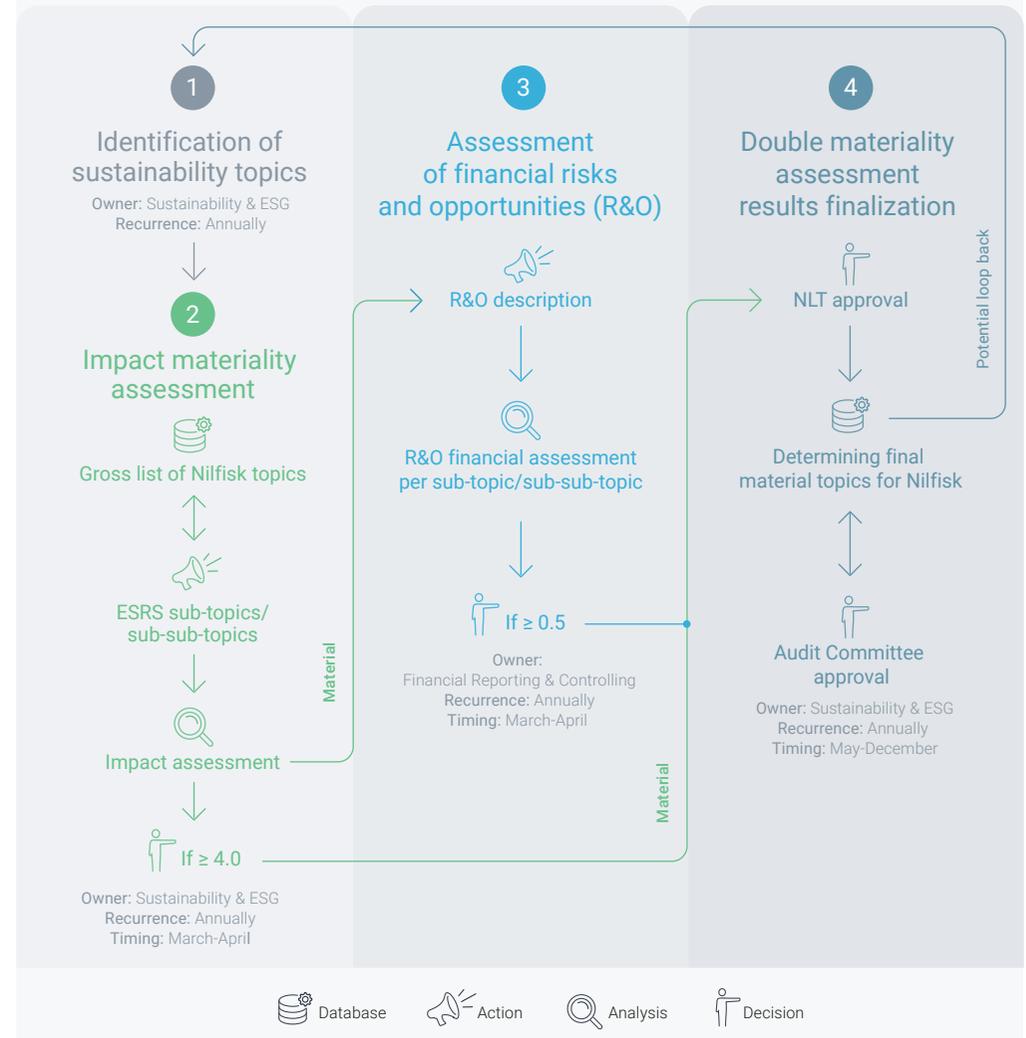
The third step in the process entails scoring of financial risks and opportunities based on the description of the Nilfisk topic. A score of 0.5 or 1 is given to each topic, representing the financial impacts of the risks and opportunities on Nilfisk (not material: 0; material: 0.5; very material: 1). This score is multiplied to the likelihood of the risk or opportunity to realize. Topics with a final score of 0.5 or higher are assessed as material.

The fourth and final step in the assessment process is the presentation and discussion with the Nilfisk Leadership Team and the Audit Committee to ensure that all relevant stakeholders and the entire value chain have been considered.

If a Nilfisk topic is not material within an ESRS sub-topic, then all sub-sub-topics are considered immaterial. If a Nilfisk topic is considered material within an ESRS sub-topic, materiality will be evaluated per sub-sub-topic.

Nilfisk is still investigating the best possible way to include the results of the DMA into the overall risk and opportunity frameworks of the company.

Nilfisk's process for identification of material topics



Overview of ESRS sub-topics



Preliminary assessment of topics

In its DMA, Nilfisk factors in the mitigating actions it is taking to tackle important topics such as waste, corruption, bribery or protection of whistleblowers. For that reason, even though those topics remain important to Nilfisk, they do not appear as material topics because of the low likelihood of incidents

occurring. However, as these topics are considered of ongoing importance, they are monitored by Nilfisk to ensure that processes in place are working. The materiality of these topics will be reevaluated every year. The outcome of the DMA conducted in 2023 is preliminary, and will serve as the basis for preparation of ESRS-compliant reporting in 2024.

Material sub-topics

- 01: Climate change mitigation
- 02: Substances of very high concern
- 03: Energy
- 04: Resource inflows, including resource use
- 05: Resource outflows related to products and services
- 06: Information-related impacts for consumers and/or end users
- 07: Direct impact drivers of biodiversity loss
- 08: Working conditions - Workers in the value chain
- 09: Other work-related rights - Workers in the value chain
- 10: Working conditions - Own workforce
- 11: Equal treatment and opportunities for all - Workers in the value chain
- 12: Climate change adaptation
- 13: Personal safety of consumers and/or end users
- 14: Equal treatment and opportunities for all - Own workforce

Sub-topics of ongoing importance

- 01: Water
- 02: Corporate culture
- 03: Political engagement and lobbying activities
- 04: Impacts on the extent and condition of ecosystems
- 05: Impacts and dependencies on ecosystem services
- 06: Waste
- 07: Corruption and bribery
- 08: Protection of whistleblowers
- 09: Pollution of air
- 10: Pollution of water
- 11: Pollution of soil
- 12: Management of relationships with suppliers including payment practices
- 13: Social inclusion of consumers and/or end user
- 14: Substances of concern
- 15: Microplastics
- 16: Pollution of living organisms and food resources

Watch list sub-topics

- 01: Communities' civil and political rights
- 02: Impacts on the state of species
- 03: Other work-related rights - Own workforce
- 04: Marine resources
- 05: Animal welfare
- 06: Particular rights of indigenous communities
- 07: Communities' economic, social and cultural rights

2023 Double Materiality Assessment

The preliminary DMA results show that 7 topics and 14 sub-topics are material to Nilfisk from an impact and/or financial risk and opportunity perspective.

ESRS topic	ESRS sub-topics
Climate change	Climate change mitigation
	Climate change adaptation
	Energy
Pollution	Substances of very high concern
Biodiversity and ecosystems	Direct impact drivers of biodiversity loss
Circular economy	Resource inflows
	Resource outflows related to products and services
Own workforce	Equal treatment and opportunities for all
	Working conditions
Workers in the value chain	Equal treatment and opportunities for all
	Working conditions
	Other work-related rights
Consumers and end users	Personal safety of consumers and/or end users
	Information-related impacts for consumers and/or end users

Assurance of selected ESG data points

In 2023, Nilfisk extended the scope of limited assurance to include some of the material disclosure requirements, following the DMA. These are related to energy consumption and mix, location-based greenhouse gas emissions, and Nilfisk's own workforce. An overview of all assured data points is provided in the ESG table.

UN Sustainable Development Goals

Nilfisk strives to contribute to the UN Sustainable Development Goals (SDGs) through its products, services and responsible business practices. Nilfisk defines its impact on the 17 SDGs in relation to Business Plan 2026 and the most material topics identified through the 2023 double materiality assessment.

Impact through products and services

Nilfisk contributes to health and safety at critical locations like hospitals, production facilities, distribution centers, construction sites, schools, households and many others. Nilfisk helps its customers to provide not only clean but also safe and operational environments. And the task to keep the world clean is growing in importance as the effects of climate change become increasingly visible. Further, Nilfisk products combat hazardous dust and strengthen health and safety at the workplaces of its customers. Consequently, through products and services, Nilfisk considers its primary societal impact to be related to SDG 3.

Impact through responsible business practices

Through its sustainability commitments, Nilfisk strives to contribute to SDG 5 (Gender equality), SDG 7 (Affordable and clean energy), SDG 12 (Responsible consumption and production) and SDG 13 (Climate action) and expects its business partners to do the same. Compared to the SDGs reported on in 2022, Nilfisk has excluded SDG 10 (Reduced inequalities) and SDG 16 (Peace, justice, and strong institutions), applying a threshold of impact materiality and financial materiality. In 2024, Nilfisk will continue to collaborate with the UN

Nilfisk contributes to these SDGs

Impact through products and services

-  **SDG 3**
Good health and well-being

Impact through responsible business practices

-  **SDG 5**
Gender equality
-  **SDG 7**
Affordable and clean energy
-  **SDG 12**
Responsible consumption and production
-  **SDG 13**
Climate action

Global Compact Network Denmark, to inspire and accelerate its work with the SDGs.

Validating the Nilfisk approach, the industry analysis of the International Electrotechnical Commission's (IEC) found that manufacturers such as Nilfisk contribute to SDG 3 as well as SDG 8.8 (Protect labor rights and promote safe and secure working environments) and SDG 11.5 (Significantly reduce the number of deaths and the number of people affected by disasters). Nilfisk considers these impacts closely connected with that of SDG 3.

Using EcoVadis to guide progress

Nilfisk's sustainability performance is assessed annually by EcoVadis. In the latest assessment, conducted in November 2023, Nilfisk was awarded a Silver Medal, demonstrating an advanced management system on environmental issues.

The company's total score was 65 out of 100, 20 points higher than the average score of companies in the 'Manufacturer of special-purpose machinery' industry group. This places Nilfisk among the top 14% of the 2,049 companies from this industry reporting to EcoVadis.

Impacting the total score was Nilfisk's score in the category 'Environmental activities', which in 2023 was 80 points out of 100 compared to 90 out of 100 in 2022. This is due to a 2022 settlement with the California Air Resource Board (CARB), resolving allegations against two of Nilfisk's US-based subsidiaries, Hydro Tek Systems, Inc. and Nilfisk Pressure-Pro, LLC, over a lack of required certifications for evaporative system components in certain pressure washers. Nilfisk initiated voluntary third-party testing on the relevant components, which confirmed that emissions were within regulatory limits. Nilfisk reported on this issue in the Sustainability Report 2022.

Nilfisk's target is to continuously improve its scoring to obtain and sustain a Gold Medal rating. Nilfisk views the EcoVadis Silver Medal in 2023 as an opportunity for further developing internal processes and recognizes and supports that being assessed by EcoVadis raises the ambition level for companies.



About EcoVadis

EcoVadis assesses and monitors more than 100,000 global companies' performance and progress on ESG subjects annually, and is considered the world's largest provider of business sustainability ratings.

New scoring methodology ahead

From 2024, EcoVadis will change its scoring methodology, basing its scoring of companies on their relative performance compared to the overall reporting population, instead of the absolute number of points scored by the individual company. This new methodology could also impact the rating of Nilfisk.

Sustainability commitments

The task of keeping the world clean is growing in importance, as the effects of climate change become increasingly visible. Nilfisk not only helps its customers to provide clean, but also safe and continuously operational environments. Having entered an era of extreme weather, cleaning needs to become even more swift and reliable to curb the effects of the extreme weather and to help limit the spread of infectious diseases.

Nilfisk has made ambitious sustainability commitments that are anchored in Business Plan 2026. Moving along the path of consistently turning commitments into action is seen as critical to achieving the company's business objectives.

Nilfisk's sustainability commitments

The sustainability commitments of Nilfisk address challenges and responsibilities within the areas of environment, social and governance.

Environment

Climate change represents the single biggest threat to sustainable development. If climate change is not curbed, it will negatively impact all other sustainability goals. For this reason, Nilfisk has historically had a strong focus on climate action and has also achieved solid progress on its science-based greenhouse gas (GHG) emission targets in 2023.

Social

Nilfisk acts to create fair, healthy and safe work environments for all employees. In 2023, Nilfisk delivered solid progress on the company's gender diversity targets. Further, the targets were restated in accordance with Danish legal requirements, and new, more ambitious targets were set.

	Environment	Social	Governance
Ambition	Science-based climate action as a compass We want to lead with sustainable products and services to deliver value to our customers and to all our stakeholders	Empowering people and communities We act to create fair, equal, healthy and safe working environments	Responsible business conduct at the core We are committed to promoting integrity-centric behavior throughout the company
ESRS topics	Climate change Pollution Biodiversity and ecosystems Circular economy	Own workforce Consumers and end-users Workers in the value chain	No material topics
Targets & milestones	Emission reduction 35% reduction of absolute scope 1 and 2 GHG emissions by 2030, based on 2019 48% reduction of scope 3 GHG emissions from the use of sold product per unit of gross profit by 2030, based on 2021	Equal representation 37.5% of the underrepresented gender in the Board of Directors by 2027 34% of the underrepresented gender in top management by 2026 and equal representation by 2030 (minimum 40/60)	EcoVadis Gold Gold Gold medal in the annual EcoVadis assessment

Governance

Good governance and integrity-centric behavior remain the foundation of Nilfisk's daily interactions with customers, suppliers, business partners and other stakeholders. In 2023, the Business Code of Conduct was updated, selected employees trained

and the supplier assessment framework was streamlined for greater ease and impact.

Preparing for ESRS

Nilfisk's sustainability efforts address additional

topics that are material to the company's management of sustainability risks and opportunities. In the future, Nilfisk will extend its reporting and target setting on material topics according to ESRS.

ESG performance



Environment

Data indicator	Unit	Assured*	2023	2022	2021	2020	2019	Comments	ESRS**
Environmental data									
GHG emissions									
Scope 1 and 2									
Total scope 1 and 2 - market based	tons CO ₂ eq	●	19,013	20,143	22,997	20,034	22,718	Total market-based scope 1 and 2 GHG emissions decreased by 6% compared to 2022, and 16% compared to base year 2019. Fleet emissions increased due to additional vehicles and increased mileage in 2023, while site emissions decreased driven by energy efficiency activities, Energy Attribute Certificates (EACs), and reduced production output. <i>Changes from 2022: the scope of reporting has been extended to cover 100% of Nilfisk sites with employees. The sites excluded in 2022 represented around 3% of Nilfisk market-based scope 1 and 2 emissions. Additionally, the fleet emissions calculation has been improved to account more accurately for mileage resulting in a decrease of fleet emissions throughout the years. The market-based scope 1 and 2 emissions reported in Nilfisk's Sustainability report 2022 (22,636 tons CO₂ eq in 2019, 20,367 tons CO₂ eq in 2020, 22,304 tons CO₂ eq in 2021 and 20,316 tons CO₂ eq in 2022) have been restated.</i>	
Total scope 1 and 2 - location based	tons CO ₂ eq	●	20,769	20,783	22,193	19,730	22,045	Total location-based scope 1 and 2 GHG emissions decreased by 6% compared to base year 2019. Emissions increased by 2% compared to 2022 driven by fleet emissions increasing. <i>Changes from 2022: 2023 is the first year for which location-based emissions are reported.</i>	
Scope 1	tons CO ₂ eq	●	15,158	14,925	14,923	12,558	13,736	Scope 1 emissions increased by 2% driven by additional vehicles and increased mileage increasing fleet emissions in 2023. <i>Changes from 2022: scope 1 emissions reported in 2022 (14,231 tons CO₂ eq in 2019, 13,353 tons CO₂ eq in 2020, 14,756 tons CO₂ eq in 2021 and 15,609 tons CO₂ eq in 2022) have been restated following the change of methodology to account more accurately for mileage, and the extension of Nilfisk sites covered in scope 1 and 2 calculation.</i>	E1-6 48(a)
Scope 2 - location-based	tons CO ₂ eq	●	5,611	5,859	7,270	7,172	8,309	Scope 2 location-based emissions decreased by 4% in 2023 as a result of increased investments in energy efficiency initiatives as well as reduced production output.	E1-6 49(a)
Scope 2 - market-based	tons CO ₂ eq	●	3,856	5,218	8,074	7,476	8,981	Scope 2 market-based emissions decreased by 26% in 2023 due to the increased investment in EACs and in energy efficiency initiatives, as well as reduced production output. <i>Changes from 2022: scope 2 market-based emissions reported in 2022 (8,405 tons CO₂ eq in 2019, 7,014 tons CO₂ eq in 2020, 7,548 tons CO₂ eq in 2021 and 4,708 tons CO₂ eq in 2022) have been restated mainly due to the extension of Nilfisk sites covered in scope 1 and 2 calculation.</i>	E1-6 49(b)
Scope 1 and 2 market-based emissions per relevant breakdown									
Manufacturing sites	tons CO ₂ eq	●	4,423	6,285	9,639	7,701	8,992	Manufacturing sites emissions decreased by 30% in 2023 as a result of increased investments in EACs and in energy efficiency initiatives, as well as reduced production output.	E1-6 48 and 49 referring to AR 41
Non-manufacturing sites	tons CO ₂ eq	●	3,808	3,834	4,334	4,105	5,003	Emissions from non-manufacturing sites remained stable in 2023.	
Fleet	tons CO ₂ eq	●	10,782	10,024	9,024	8,229	8,722	Fleet emissions increased by 8% due to additional vehicles and increased mileage in 2023. <i>Changes from 2022: fleet emissions reported in Nilfisk's Sustainability report 2022 (9,360 tons CO₂ eq in 2019, 9,172 tons CO₂ eq in 2020, 9,030 tons CO₂ eq in 2021 and 10,839 tons CO₂ eq in 2022) have been restated due to the change of methodology to account more accurately for mileage driven by vehicles.</i>	
Scope 3 - significant scope 3 GHG emissions									
Scope 3 - use of sold products	tons CO ₂ eq	●	1,612,672	1,929,831	2,059,437	-	-	'Purchased goods and services' is a significant scope 3 emission category for Nilfisk and will be reported in 2024. Absolute scope 3 emissions from use of sold products decreased by 16% between 2022 and 2023 and by 22% compared to base year 2021 driven by a combination of lower sales volumes and a change in the mix of sold products away from high emitting products. <i>Changes from 2022: it is the first year that Nilfisk reports absolute scope 3 - use of sold products emissions.</i>	E1-6 51
Scope 3 - use of sold products intensity metric	kg CO ₂ eq/ EUR gross profit	●	3.82	4.57	5.11	-	-	Absolute GHG emissions decreased while gross profit increased in 2023. This resulted in a reduction in scope 3 emission intensity by 25% compared to base year 2021.	



Environment

Data indicator	Unit	Assured*	2023	2022	2021	2020	2019	Comments	ESRS**
Environmental data									
Energy consumption									
Total amount of energy	MWh	●	91,370	91,109	95,616	85,254	95,514	Total energy consumption increased in 2023, due to increase in fuel consumption from the fleet. <i>Changes from 2022: total energy consumption reported in 2022 (93,232 MWh in 2019, 87,867 MWh in 2020, 93,085 MWh in 2021 and 92,816 MWh in 2022) have been restated following the change of methodology to account more accurately for mileage, and the extension of Nilfisk sites covered in scope 1 and 2 calculation. Most of the disaggregated indicators reported under 'Energy consumption' are being reported for the first year.</i>	E1-5 37
Fossil energy	MWh	●	85,667	86,986	94,653	84,136	94,014		E1-5 37(a)
Fuel from coal and coal products	MWh	●	-	-	-	-	-		E1-5 38(a)
Fuel from crude oil and petroleum products	MWh	●	52,912	49,992	46,438	42,732	46,948	Consumption of fuel from crude oil and petroleum products increased due to increase in number of vehicles and mileage. <i>Changes from 2022: this indicator corresponds to the indicator 'Other fuels' in Nilfisk's Sustainability Report 2022. Values reported in the 2022 report (47,971 MWh in 2019, 48,044 MWh in 2020, 46,543 MWh in 2021 and 53,967 MWh in 2022) have been restated following the change of methodology to account more accurately for mileage, and the extension of Nilfisk sites covered in scope 1 and 2 calculation.</i>	E1-5 38(b)
Fuel from natural gas	MWh	●	22,516	24,177	29,095	20,787	23,337	Natural gas consumption decreased as a result of investments in energy efficiency and reduced production output.	E1-5 38(c)
Fuel from other fossil	MWh	●	-	-	-	-	-		E1-5 38(d)
Purchased or acquired electricity, heat, steam and cooling from fossil sources	MWh	●	10,239	12,817	19,120	20,617	23,729	Electricity purchased from fossil sources decreased as a result of investments in EACs and in energy efficiency, as well as lower production output.	E1-5 38(e)
Share of fossil energy in total energy consumption	%	●	93.8%	95.5%	99.0%	98.7%	98.4%	Share of fossil energy in total energy consumption decreased by 1.7 pp predominately as a result of investments in EACs.	
Energy from nuclear sources	MWh	●	-	-	-	-	-		E1-5 37(b)
Share of energy from nuclear sources in total energy consumption	%	●	-	-	-	-	-		
Renewable energy	MWh	●	5,703	4,123	964	1,118	1,500		E1-5 37(c)
Fuel from renewable sources	MWh	●	224	556	964	1,118	1,500	Consumption of fuel from renewable sources decreased as a result of lower usage of vehicles driving on biodiesel.	E1-5 37(c)i
Purchased or acquired electricity, heat, steam and cooling from renewable sources	MWh	●	5,268	3,567	-	-	-	Consumption of purchased electricity from renewable sources increased by 34% due to higher investments in EACs.	E1-5 37(c)ii
Self-generated non-fuel renewable energy	MWh	●	212	-	-	-	-	For the first year, Nilfisk produced self-generated solar electricity from solar panels installed at its production plant in Dongguan, China.	E1-5 37(c)iii
Share of renewable sources	%	●	6.2%	4.5%	1.0%	1.3%	1.6%	Share of renewable sources increased by 1.7 pp as a result of increased investments in EACs.	
Waste									
Total waste generated	tons		1,549	1,559	1,733	-	-	In 2023, the total amount of waste generated remained flat compared to 2022. This result was driven by an increase in Americas and in APAC offset by a decrease in EMEA.	
Total non-hazardous waste	tons		1,531	1,543	1,722	-	-		
Total hazardous waste	tons		18	16	12	-	-	The increase in hazardous waste was driven by site cleaning initiatives at Nilfisk's manufacturing sites.	
Water									
Water consumption	m ³		80,409	79,773	91,671	109,942	124,936	Water consumption remained at 2022 level.	
Water recycled	m ³		8,955	12,926	12,235	17,995	36,575	The volume of recycled water decreased due to fewer tests needed at the R&D site in Denmark, and a lower rotomolding activity level at the manufacturing site in China.	
ISO certifications									
Number ISO 14001-certified sites	Number		9	9	7	7	7		
Number ISO 9001-certified sites	Number		13	13	11	11	12		
Number ISO 45001-certified sites	Number		1	1	-	-	-		



Social

Data indicator	Unit	Assured*	2023	2022	2021	2020	2019	Comments	ESRS**
Social data									
Total employee headcount	Number	●	4,676	4,617	4,678	4,374	4,797	Total employee headcount increased by 1%.	S1-6 50(a)
Headcount per country									
Hungary	Number	●	799	796	879	745	794	Hungary, the US and China each represent more than 10% of the Nilfisk workforce. The employee headcount in the US increased by 7% while employee headcount in China decreased by 3%.	S1-6 50(a)
US	Number	●	749	699	612	588	671		
China	Number	●	605	621	668	579	623		
Rest of the world	Number	●	2,523	2,501	2,519	2,462	2,709		
Headcount per gender									
Male	Number	●	3,345	3,294	3,316	3,148	3,426	Male employees made up the largest part of the workforce and the number of male employees increased by 1.5%.	S1-6 50(a)
Female	Number	●	1,287	1,302	1,344	1,223	1,326		
Non-binary	Number	●	3	2	-	-	-		
Not declared	Number	●	41	19	18	3	45		
Headcount of permanent employees									
Male	Number	●	3,061	3,005	-	-	-	The number of permanent employees increased by 1%.	S1-6 50(b)i
Female	Number	●	1,148	1,151	-	-	-		
Non-binary	Number	●	3	2	-	-	-		
Not declared	Number	●	1	1	-	-	-		
Headcount of temporary employees									
Male	Number	●	462	458	-	-	-	The number of temporary employees increased by 1%.	S1-6 50(b)i
Female	Number	●	283	289	-	-	-		
Non-binary	Number	●	139	151	-	-	-		
Not declared	Number	●	40	18	-	-	-		
Headcount of non-guaranteed hours employees									
Male	Number	●	1	-	-	-	-		S1-6 50(b)iii
Female	Number	●	1	-	-	-	-		
Non-binary	Number	●	-	-	-	-	-		
Not declared	Number	●	-	-	-	-	-		
Total number of employees who have left the company									
Employee turnover - all employees	%	●	18%	23%	21%	20%	24%	Employee turnover decreased by 5 pp driven by a decrease in voluntary turnover.	S1-6 50 (c)
Employee turnover - permanent employees	%	●	16%	19%	-	-	-		



Social

Data indicator	Unit	Assured*	2023	2022	2021	2020	2019	Comments	ESRS**
Social data									
Gender distribution at top management levels									
Male	Number	●	44	48	-	-	-	Share of women in the Nilfisk Leadership Team and its direct reports (women in top management) increased by 4 pp.	S1-9 66(a)
Female	Number	●	19	17	-	-	-		
Non-binary	Number	●	-	-	-	-	-		
Not declared	Number	●	-	-	-	-	-		
Male	%	●	70%	74%	-	-	-		
Female	%	●	30%	26%	-	-	-		
Non-binary	%	●	-	-	-	-	-		
Not declared	%	●	-	-	-	-	-		
Distribution of employees by age group									
Under 30 years old	%	●	11%	11%	-	-	-	Age composition remained the same as in the previous year.	S1-9 66(b)
30-50 years old	%	●	62%	62%	-	-	-		
Over 50 years old	%	●	27%	27%	-	-	-		
Gender pay gap	%	●	21%	24%	-	-	-	Gender pay gap decreased by 3 pp. <i>Changes from 2022: The methodology of calculation has been updated to cover all geographies. The unadjusted gender pay gap reported in 2022 (19%) has been restated. This indicator has been renamed from "unadjusted gender pay gap" to "gender pay gap" to align with ESRS.</i>	S1-16 97(a)
Annual total remuneration ratio	Ratio	●	62:1	62:1	69:1	66:1	65:1	No changes to the annual total remuneration ratio (CEO pay ratio). <i>Changes from 2022: The methodology of calculation has changed from a cost accounting approach to a Total Cash Compensation one. The CEO pay ratio reported in 2022 (38.6 in 2021 and 36.4 in 2022) has been restated. This indicator has been renamed from "CEO pay ratio" to "annual total remuneration ratio" to align with ESRS.</i>	S1-16 97(b)
Gender distribution in Board of Directors (% women, based on headcount)	%	●	25%	14%	14%	12%	14%	One additional female board member was elected during the year, increasing gender diversity by 11 pp.	ESRS 2 DR GOV-1 21(d)
Gender diversity in senior management (% women, based on headcount)	%	●	21%	19%	14%	-	-	The share of female vice presidents and above (women in senior management) increased by 2 pp.	
Gender diversity in Nilfisk Leadership Team (% women, based on headcount)	%	●	22%	20%	13%	25%	17%	Nilfisk Leadership Team decreased by one male member, increasing the share of women by 2 pp.	
Engagement survey participation rate	%	●	90%	88%	90%	92%	92%	The participation rate of the employee engagement survey increased by 2 pp.	
Employee engagement score	Score	●	8.1/10	8.1/10	8.1/10	8.0/10	7.8/10	The employee engagement score remained stable and stayed above the industry benchmark.	
Fatalities (headcount)	Number	●	-	-	-	-	-	There were no fatal accidents in 2023.	S1-14 88(b)
Lost time injury (LTI) frequency rate	Rate	●	5.6	5.1	9.6	-	-	Lost time injury frequency rate increased by 9.8%.	
Lost time injury (LTI) severity rate	Rate	●	0.24	0.06	-	-	-	Lost time severity rate increased by 75% due to two accidents resulting in longer recovery times.	



Governance

Data indicator	Unit	Assured*	2023	2022	2021	2020	2019	Comments	ESRS**
Governance data									
EcoVadis score	Score	●	65	68	65	-	-		
EcoVadis rating	Rate	●	Silver	Gold	Silver	-	-		
Share of supplier spend align with the UNGC 10 principles	%		87%	83%	86%	93%	93%	Share of supplier spend which aligns with the UNGC principles increased to 87%, above target of min 80%. The increase is primarily coming from Europe where 94% of all suppliers are aligned with the UNGC principles.	
Number of audits of suppliers	Number		40	25	34	63	10	Number of supplier audits increased in 2023 compared to the two previous years influenced by COVID-19. Online audits were introduced during the pandemic, and are now a standard part of auditing.	
Cumulative number of suppliers covered by CSR assessment	Number		294	156	129	14	-	Number of suppliers covered by CSR assessment increased by 138. Changes from 2022: the scope for data collection has been extended to material indirect suppliers, while until 2022 the assessment was only conducted on direct suppliers.	
Number of whistleblower cases submitted through whistleblower-function	Number		2	1	2	6	9	In 2023 Nilfisk updated its Business Code of Conduct and Whistleblower Policy which has facilitated the reporting of sustainability matters.	
Whistleblower cases admissible	Number		1	1	2	2	1		
Whistleblower cases resolved	Number		1	0	2	6	9		

* The data indicator has been subject to limited assurance, covering the columns 'data indicator', 'unit', and '2023'. Information presented in columns '2022', '2021', '2020', '2019', 'Comments' was not included in the scope of the limited assurance provided in 2023. In 2022, limited assurance was provided for the following indicators: "Total scope 1 and 2 - market based", "Scope 1", "Scope 2 - market based", "Fleet", "Scope 3 - use of sold products intensity metric", "Gender diversity in senior management" and "Ecovadis score and rating". The data indicators "Total Scope 1 and 2 - market based", "Scope 1", "Scope 2 - market based" and "Fleet" have been restated, see comment column for more information.

** In 2023, Nilfisk has for the first time aligned its ESG performance table to the European Sustainability Reporting Standards (ESRS) on selected indicators.

EU Taxonomy

The EU Taxonomy (also referred to as ‘the Taxonomy’) is a classification system created to identify environmentally sustainable economic activities. The Taxonomy has been introduced to establish a common definition for sustainability with the aim to direct investments towards sustainable projects and activities.

To report on the Taxonomy, Nilfisk has identified and determined which economic activities are eligible and aligned under the Taxonomy definition and subsequently allocated financial numbers to those activities. This work has been carried out with reference to the criteria set out in the Taxonomy regulation¹.

The process for assessing Taxonomy compliance has followed a three-step approach:

1. High-level screening of potentially eligible economic activities: Nilfisk performed a screening of the technical annexes of the Climate Delegated Act: Annex 1 on climate change mitigation and Annex 2 on climate change adaptation and a screening of the Environmental Delegated Act: Annex I on sustainable use and protection of water and marine resources, Annex II on transition to a circular economy, Annex III on pollution prevention and control and Annex IV on protection and restoration of biodiversity and ecosystems². Based on this, a ‘long list’ of economic activities was created for further assessment of eligibility. The screening included assessing potential revenue, CAPEX and OPEX related to the economic activities.

2. Assessment of eligible economic activities: Each of the economic activities on the ‘long list’ were assessed against how 1) Nilfisk performs

the economic activity, 2) evaluated for financial and strategic materiality. For Nilfisk, the financial materiality definition is based on the numerical value of either/or revenue/CAPEX/OPEX, while the strategic materiality is based on whether the activity is considered strategically important to Nilfisk, and the criteria hence vary from activity to activity.

3. Assessment of the alignment of economic activities: For each of the eligible economic activities related to the Climate Delegated Act and the Environmental Delegated Act, Nilfisk identified key internal stakeholders to assist in locating and collating documentation to fulfill the alignment criteria.

Taxonomy eligibility

The Taxonomy regulation is maturing and evolving, as such reporting within the taxonomy is subject to ongoing interpretation. Nilfisk’s Taxonomy-eligibility states the proportion of Nilfisk’s economic activities relating to the delegated acts on climate change mitigation and climate change adaptation, (EU) 2021/2139 and delegated regulation (EU) of 27.6.2023 supplementing Regulation 2020/852 (EU).

Revenue

In 2022, Nilfisk identified one activity related to the revenue KPI: *CCM 3.5 Manufacture of energy efficiency equipment for buildings* capturing floorcare, vacuum cleaners and high-pressure washers from Nilfisk’s product range. Nilfisk continues to report revenue on this activity in 2023.

In 2023, with the reporting scope extended to include the Environmental Delegated Act, four

additional revenue activities have been identified pertaining to the objective covering Transition to Circular Economy, as displayed in table 1.

CAPEX

Nilfisk identified economic activities related to the CAPEX KPI either classified as category (a) and category (c) CAPEX³. No category (b) CAPEX was classified since Nilfisk does not have any CAPEX that is ‘part of a plan to expand Taxonomy-eligible economic activities or enable Taxonomy-eligible economic activities to become Taxonomy-aligned’.

In 2022, Nilfisk reported CAPEX related to four activities. In 2023, Nilfisk continues to report on the same activities as last year, and two additional

activities have been added to the CAPEX reporting scope, as shown in table 1.

OPEX

Nilfisk identified economic activities to the OPEX KPI either classified as category (a) and category (c) OPEX⁴. No category (b) OPEX was classified since Nilfisk does not have any OPEX that is ‘part of a plan to expand Taxonomy-eligible economic activities or enable Taxonomy-eligible economic activities to become Taxonomy-aligned’.

In 2022, Nilfisk reported OPEX related to four activities, and Nilfisk continues to report on these in 2023. In 2023, Nilfisk reports OPEX on one additional activity, as shown in table 1.

Taxonomy-eligible economic activities		Revenue	CAPEX	OPEX
CCM 3.5 Manufacture of energy efficiency equipment for buildings		•	•	•
CCM 6.5 Transport by motorbikes, passenger cars and commercial vehicles			•	•
CCM 7.2 Renovation of existing buildings			•	•
CCM 7.6 Installation, maintenance and repair of renewable energy technologies	New		•	
CCA 8.2. Computer programming, consultancy, and related activities			•	•
CE 5.1 Repair, refurbishment and remanufacturing	New	•		
CE 5.2 Sale of spare parts	New	•		
CE 5.4 Sale of second-hand goods.	New	•		•
CE 5.5 Product-as-a-service and other circular use-and result oriented models	New	•	•	

Table 1: In 2023, Nilfisk identified a total of nine eligible economic activities for Taxonomy reporting

Abbreviations used for the Climate and Environmental objectives: Climate Change Mitigation (CCM), Climate Change Adaptation (CCA), Water and Marine Resources (WTR), Transition to Circular Economy (CE), Pollution Prevention and Control (PPC) and Biodiversity and Ecosystems (BIO).

Taxonomy-alignment

Nilfisk reviewed the extensive ‘substantial contribution’ and ‘do no significant harm’ criteria for all eligible economic activities and concluded that one of the eligible activities: *CCA 8.2 Computer programming, consultancy, and related activities* is Taxonomy-aligned. For the aligned activity, Nilfisk has documented the company’s effective ‘Minimum Social Safeguards’.

In addition, the eligible economic activity *CCM 3.5 Manufacture of energy efficiency equipment for buildings* has been reconsidered for alignment. To meet the criteria for alignment, it requires that the associated products fall into the highest two populated classes of energy efficiency of the EU energy label classification. In the professional cleaning industry, energy label classifications are still being developed for vacuum cleaners for private consumers. For industrial cleaning equipment, no such labelling currently exists. Therefore, no alignment is reported for this activity in 2023, a similar conclusion to 2022.

For the remaining activities, Nilfisk does not currently have the required detailed documentation available to meet the alignment criteria and will not disclose these activities as Taxonomy-aligned. Nilfisk will continuously review the documentation and requirements for taxonomy alignment going forward.

Accounting policies

The share of Taxonomy-eligible economic activities is expressed as the proportion of revenue derived from products or services associated with

economic activities that qualify as environmentally sustainable and the proportion of CAPEX and the proportion of OPEX related to assets or processes associated with economic activities that qualify as environmentally sustainable.

Revenue

In alignment with IFRS 15, revenue includes external net sales from contracts with customers associated with taxonomy-eligible activities. The revenue KPI is defined as taxonomy-eligible revenue (numerator) divided by total revenue (denominator).

CAPEX

CAPEX consists of additions to tangible assets covering property, plant and equipment (PPE) and intangible assets during the financial year. It includes additions to PPE (IAS 16), intangible assets (IAS 38) and right-of-use assets (IFRS 16). The CAPEX KPI is defined as Taxonomy-eligible CAPEX (numerator) relating to category (a) and (c) divided by total CAPEX (denominator).

OPEX

OPEX consists of direct non-capitalized costs that relate to research and development, building renovation, short-term lease, maintenance and repair and any other direct expenditures relating to the day-to-day servicing of PPE, right-of-use assets and ntangible assets. The OPEX KPI is defined as Taxonomy-eligible OPEX (numerator) relating to category (a) and (c) divided by total OPEX (denominator).

Double counting

For the allocation of revenue, CAPEX and OPEX, Nilfisk has identified the relevant purchases and measures associated with the primary related

economic activity in the Climate Delegated Act and Environmental Delegated Act. This is done to ensure that no revenue, CAPEX or OPEX is calculated more than once.

Changes to 2022 reporting on eligibility

In 2023, five additional economic activities were added to the reporting scope with the introduction of the Environmental Delegated Act containing four additional environmental objectives.

In 2022, Nilfisk took a broad interpretation of the activity *CCM 3.5 Manufacture of energy efficiency equipment for buildings* and included all revenue from machines. For the 2023 reporting, with the introduction of *CE 5.1 Repair, refurbishment and remanufacturing* and *CE 5.5 Product-as-a-service and other circular use and result-oriented models*, sale of refurbished machines and rental revenue from leased machines have been carved out and reported under these activities instead of CCM 3.5.

The remaining new activities included in the scope for 2023 have not yet previously been reported on.

Contribution to multiple objectives

In the assessment of contribution to multiple objectives, Nilfisk found that some economic activities could potentially be reported under multiple environmental objectives. Nilfisk has specifically assessed the scope of the activity *CCM 3.5 Manufacture of energy efficiency equipment for buildings*, and whether some activities should be reported under the activity *CE 1.2 Manufacture of electrical and electronic equipment*. For the sake of consistency and focus on improving Taxonomy-alignment, all associated activities are kept under

CCM 3.5, and no activities are reported under CE 1.2.

Nilfisk did not find that any other of the identified eligible economic activities contribute to multiple objectives.

Disaggregation of KPIs

In the assessment, there has been no disaggregation of revenue, CAPEX or OPEX KPIs for any of the assessed economic activities.

Contextual information about the revenue KPI

For 2023, Taxonomy-eligible revenue added to 918.3 mEUR and total revenue was 1,033.6 mEUR. The revenue from Taxonomy-eligible activities corresponds to 88.8% of the total revenue.

For the economic activity *CCM 3.5 Manufacture of energy efficiency equipment for buildings*, the numerator of the Taxonomy-eligible revenue is driven by sale of machines from the Professional, Specialty and Consumer business segments, corresponding to 66.9% of the total revenue denominator. In 2022, the reported revenue figure also included revenue from rental and refurbished machines, which has now been carved out and instead reported under the activities CE 5.4 and CE 5.5.

For the new economic activity *CE 5.1 Repair, refurbishment and remanufacturing*, the Taxonomy-eligible revenue is driven by field service from repairs and service contracts. The revenue from this activity corresponds to 5.9% of total revenue. Eligibility was not reported for this activity in 2022.

For the new economic activity *CE 5.2 Sale of spare parts*, the Taxonomy-eligible revenue is driven by sale of spare parts across product segments. The revenue from this activity corresponds to 14.3% of total revenue. Eligibility was not reported for this activity in 2022.

For the new economic activity *CE 5.4 Sale of second-hand goods*, the Taxonomy-eligible revenue is driven by sale of refurbished machines. This activity corresponds to 0.6% of total revenue. Last

year this activity was reported as a part of activity CCM 3.5.

For the new economic activity *CE 5.5 Product-as-a-service and other circular use- and result-oriented models*, the Taxonomy-eligible revenue is driven by leasing/rental primarily from the Professional business segment. This activity corresponds to 1.1% of total revenue. Last year this activity was reported as part of activity CCM 3.5.

Similarly, to 2022, no Taxonomy-eligible activities were considered aligned under the revenue KPI, since no economic activities were compliant with the required technical screening criteria.

Taxonomy-eligible revenue is in line with note 2 'Profit for the year' in Nilfisk Annual Report 2023.

Contextual information about the CAPEX KPI

For 2023, total investments included in the numerator of the Taxonomy-eligible CAPEX added up to 42.7 mEUR and the denominator of total CAPEX was 76.5 mEUR. The CAPEX from Taxonomy-eligible activities corresponded to 55.8% of total CAPEX.

For the economic activity *CCM 3.5 Manufacture of energy efficiency equipment for buildings*, the Taxonomy-eligible CAPEX is driven by investments into strategic research and development projects that support the continued development of the product portfolio. This activity corresponds to 22.0% of total CAPEX.

For the economic activity *CCM 6.5 Transport by motorbikes, passenger cars and commercial vehicles*, Taxonomy-eligible CAPEX is driven by investments into the fleet of leased cars. The car fleet mainly supports the sales and service activities in Nilfisk. This activity corresponds to 19.7% of total CAPEX.

For the economic activity *CCM 7.2 Renovation of existing buildings*, Taxonomy-eligible CAPEX is driven by investments into leasehold improvements. The activity corresponds to 0.4% of total CAPEX.

For the new economic activity *CCM 7.6 Installation, maintenance and repair of renewable energy*

technologies, taxonomy-eligible CAPEX is driven by investments in solar panels. This activity makes up 0.3% of total CAPEX. Eligibility was not reported for this activity in 2022.

For the economic activity *CCA 8.2 Computer programming, consultancy and related activities*, Taxonomy-eligible CAPEX is driven by capitalized costs for external consultants and internal hours related to writing, modifying, testing and supporting revenue-driven software. This activity makes up 4.2% of the total CAPEX. All CAPEX within this activity qualifies for taxonomy-aligned reporting.

For the new economic activity *CE 5.5 Product-as-a-service and other circular use- and result-oriented models*, Taxonomy-eligible CAPEX is driven by investments in Nilfisk's own fleet of machines for the rental business. This activity makes up 9.2% of the total CAPEX. Eligibility was not reported for this activity in 2022.

Taxonomy-eligible CAPEX is in line with note 4.3 Intangible assets, note 4.4 Property, plant and equipment and note 4.5 Right-of-use assets in Nilfisk Annual Report 2023.

Contextual information about the OPEX KPI

Within this reporting period, the total costs related to the denominator of the Taxonomy-eligible OPEX was 20.9 mEUR and the numerator 18.8 mEUR, corresponding to total OPEX Taxonomy-eligible activities of 90%.

For the economic activity *CCM 3.5 Manufacture of energy efficiency equipment for buildings*, Taxonomy-eligible OPEX is driven by non-capitalized research and development costs adding up to 59.8% of the total OPEX denominator.



For the economic activity *CCM 6.5 Transport by motorbikes, passenger cars and commercial vehicles*, is driven by short-term lease costs, maintenance and servicing of the Nilfisk car fleet. Taxonomy-eligible OPEX related to this activity corresponds to 14.4% of total OPEX.

For the economic activity *CCM 7.2 Renovation of existing buildings*, OPEX is driven by maintenance costs for buildings. Taxonomy-eligible OPEX related to this activity corresponds to 7.7% of total OPEX.

For the economic activity *CCA 8.2 Computer programming, consultancy and related activities*, OPEX is driven by non-capitalized costs towards external consultants related to writing, modifying, testing and supporting software. Taxonomy-eligible OPEX related to this activity corresponds to 4.3% of the total OPEX. All taxonomy-eligible OPEX related to this activity is considered taxonomy-aligned.

For the new economic activity *CE 5.4*, OPEX is driven by costs related to repair and refurbishment of returned leased machines owned by Nilfisk. Taxonomy-eligible OPEX related to this activity corresponds to 3.8% of total OPEX. Eligibility was not reported for this activity in 2022.

Taxonomy-eligible OPEX is in line with 'Overhead costs' in 8.6 Other Notes – Definitions in Nilfisk Annual Report 2023.

Proportion of revenue/total revenue

	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	66.9%
CCA	0%	0%
WTR	0%	0%
CE	0%	21.9%
PPC	0%	0%
BIO	0%	0%

Proportion of CAPEX/total CAPEX

	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	42.4%
CCA	4.2%	4.2%
WTR	0%	0%
CE	0%	9.2%
PPC	0%	0%
BIO	0%	0%

Proportion of OPEX/total OPEX

	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	81.9%
CCA	4.3%	4.3%
WTR	0%	0%
CE	0%	3.8%
PPC	0%	0%
BIO	0%	0%

Footnotes

- ¹ Article 3 of the Taxonomy Regulation (EU) 2020/852, delegated regulation (EU) 2021/2139 on climate change mitigation and adaptation, delegated regulation (EU) 2021/2178 supplementing Article 8 of the Taxonomy Regulation, the delegated regulation (EU) of 27.6.2023 amending delegated regulation (EU) 2021/2139 on climate mitigation and adaptation and the delegated regulation (EU) of 27.6.2023 supplementing Regulation 2020/852 (EU) by establishing the technical screening criteria relating to water and marine resources, the transition to a circular economy, pollution prevention and control, and to the protection and restoration of biodiversity and ecosystems.
- ² Abbreviations used for the Climate and Environmental objectives: Climate Change Mitigation (CCM), Climate Change Adaptation (CCA), Water and Marine Resources (WTR), Transition to Circular Economy (CE), Pollution Prevention and Control (PPC) and Biodiversity and Ecosystems (BIO).
- ³ a) related to assets or processes that are associated with Taxonomy-aligned economic activities;
 (b) part of a plan to expand Taxonomy-aligned economic activities or to allow Taxonomy-eligible economic activities to become Taxonomy-aligned ('CapEx plan') under the conditions specified in the second subparagraph of this point 1.1.2.2;
 (c) related to the purchase of output from Taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions, notably activities listed in points 7.3 to 7.6 of Annex I to the Climate Delegated Act, as well as other economic activities listed in the delegated acts adopted pursuant to Article 10(3), Article 11(3), Article 12(2), Article 13(2), Article 14(2) and Article 15(2) of Regulation (EU) 2020/852 and provided that such measures are implemented and operational within 18 months.
- ⁴ a) OPEX related to assets or processes associated with Taxonomy-aligned economic activities, including training and other human resources adaptation needs, and direct non-capitalized costs that represent research and development;
 (b) OPEX part of the CAPEX plan to expand Taxonomy-aligned economic activities or allow Taxonomy-eligible economic activities to become Taxonomy-aligned within a predefined timeframe as set out in the second paragraph of this point 1.1.3.2;
 (c) OPEX related to the purchase of output from Taxonomy-aligned economic activities and to individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions as well as individual building renovation measures as identified in the delegated acts adopted pursuant to Article 10(3), Article 11(3), Article 12(2), Article 13(2), Article 14(2) or Article 15(2) of Regulation (EU) 2020/852 and provided that such measures are implemented and operational within 18 months.

Revenue

Economic activities (1)	2023		Substantial contribution criteria							DNSH criteria ("Does Not Significantly Harm")									
	Code (2)	Revenue (3)	Proportion of revenue 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of taxonomy aligned (A.1) or eligible (A.2) revenue, 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
	m€	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0%		
Revenue of environmentally sustainable activities (Taxonomy-aligned) (A.1)	0	0%	0%	0%	0%	0%	0%	0%	0%	-	-	-	-	-	-	-	0%		
Of which Enabling	0	0%	0%	0%	0%	0%	0%	0%	0%	-	-	-	-	-	-	-	0%		
Of which Transitional	0	0%	0%							-	-	-	-	-	-	-	0%		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned)																			
			EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL										
Manufacture of energy efficiency equipment for buildings	CCM 3.5	692.3	66.9%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								70.1%		
Repair, refurbishment, and remanufacturing	CE 5.1	60.7	5.9%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								-		
Sale of spare parts	CE 5.2	147.9	14.3%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								-		
Sale of second-hand goods	CE 5.4	5.8	0.6%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								-		
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	11.6	1.1%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								-		
Revenue of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	918.3	88.8%	75.4%	0%	0%	0%	24.6%	0%									70.1%		
Revenue of Taxonomy eligible activities (A.1+ A.2)	918.3	88.8%	75.4%	0%	0%	0%	24.6%	0%									70.1%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Revenue of Taxonomy-non-eligible activities	115.3	11.2%																	
Total	1,033.6	100%																	

The codes used in Sections A.1 and A.2 of the annex indicate that:
Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

CAPEX

Economic activities (1)	2023			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")										Proportion of taxonomy aligned (A.1) or eligible (A.2) CAPEX, 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
	Code (2)	CAPEX (3)	Proportion of CAPEX 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	%	E	T			
	m€	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T			
A. TAXONOMY-ELIGIBLE ACTIVITIES																						
A.1 Environmentally sustainable activities (Taxonomy-aligned)																						
Computer programming, consultancy, and related activities	CCA 8.2	3.2	4.2%	N/EL	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	1.9%					
CAPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		3.2	4.2%	0%	100%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	1.9%					
Of which Enabling		0	0%	0%	0%	0%	0%	0%	0%	-	-	-	-	-	-	-	0%					
Of which Transitional		0	0%	0%						-	-	-	-	-	-	-	0%					
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned)																						
				EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL													
Manufacture of energy efficiency equipment for buildings	CCM 3.5	16.9	22.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								19.3%					
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	15.1	19.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								19.9%					
Renovation of existing buildings	CCM 7.2	0.3	0.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.3%					
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	0.2	0.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								-					
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	7.0	9.2%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								-					
CAPEX of taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		39.5	51.6%	82.3%	0%	0%	0%	17.7%	0%								39.5%					
CAPEX of Taxonomy eligible activities (A.1 + A.2)		42.7	55.8%	76.1%	7.5%	0%	0%	16.4%	0%								41.4%					
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																						
CAPEX of Taxonomy-non-eligible activities		33.8	44.2%																			
Total		76.5	100%																			

The codes used in Sections A.1 and A.2 of the annex indicate that:
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N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

OPEX

Economic activities (1)	2023		Substantial contribution criteria							DNSH criteria (“Does Not Significantly Harm”)										Proportion of taxonomy aligned (A.1) or eligible (A.2) turnover 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
	Code (2)	OPEX (3)	Proportion of OPEX 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum Safeguards (17)						
	m€	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T			
A. TAXONOMY-ELIGIBLE ACTIVITIES																						
A.1 Environmentally sustainable activities (Taxonomy-aligned)																						
Computer programming, consultancy, and related activities	CCA 8.2	0.9	4.3%	N/EL	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	2.0%					
OPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.9	4.3%	0%	100%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	2.0%					
Of which Enabling		0	0%	0%	0%	0%	0%	0%	0%	-	-	-	-	-	-	-	0%					
Of which Transitional		0	0%	0%						-	-	-	-	-	-	-	0%					
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned)																						
				EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL													
Manufacture of energy efficiency equipment for buildings	CCM 3.5	12.5	59.8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								59.8%					
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	3.0	14.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								6.0%					
Renovation of existing buildings	CCM 7.2	1.6	7.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								6.8%					
Sale of second-hand goods	CE 5.4	0.8	3.8%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								-					
OPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		17.9	85.7%	95.5%	0%	0%	0%	4.5%	0%								72.5%					
OPEX of Taxonomy eligible activities (A.1 + A.2)		18.8	90.0%	91.0%	4.8%	0%	0%	4.3%	0%								74.5%					
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																						
OPEX of Taxonomy-non-eligible activities		2.1	10.0%																			
Total		20.9	100%																			

The codes used in Sections A.1 and A.2 of the annex indicate that:
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N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

Environment

We strive to be aligned with the most up-to-date climate science to be able to track our performance against meaningful and impactful targets. At the same time, we work to develop and produce high-quality products that deliver value to our customers and all our other stakeholders.



Climate action

Nilfisk acknowledges the importance of reducing its climate footprint and has chosen to follow a science-based approach in doing so. Nilfisk has committed to decarbonizing its business across scopes 1, 2 and 3 and has set targets that are verified and approved by the Science Based Target initiative (SBTi).

By 2030, Nilfisk commits to achieve:

35%

decrease in absolute scope 1 and 2 greenhouse gas emissions compared to 2019

48%

decrease in scope 3 mission intensity from the use of sold products compared to 2021

These commitments align to a decarbonization trajectory curbing the global temperature rise to well-below 2°C above preindustrial levels, in line with the goal of the Paris Agreement. In addition, Nilfisk pursues efforts to limit the increase to 1.5°C above preindustrial levels.

Emissions by scope and category

Nilfisk's emissions in scope 1 and 2 cover only 1% of the company's total greenhouse gas

(GHG) emissions, principally stemming from manufacturing sites and the vehicle fleet of service vans and cars. Despite the low share of total GHG emissions, Nilfisk considers scope 1 and 2 emissions material because they stem from operational activities that Nilfisk can influence directly.

Scope 3 represents 99% of total GHG emissions, principally relating to the use phase of products, which make up 82% of total emissions. Consequently, Nilfisk's SBTi-approved scope 3 reduction target focuses on Category 11.

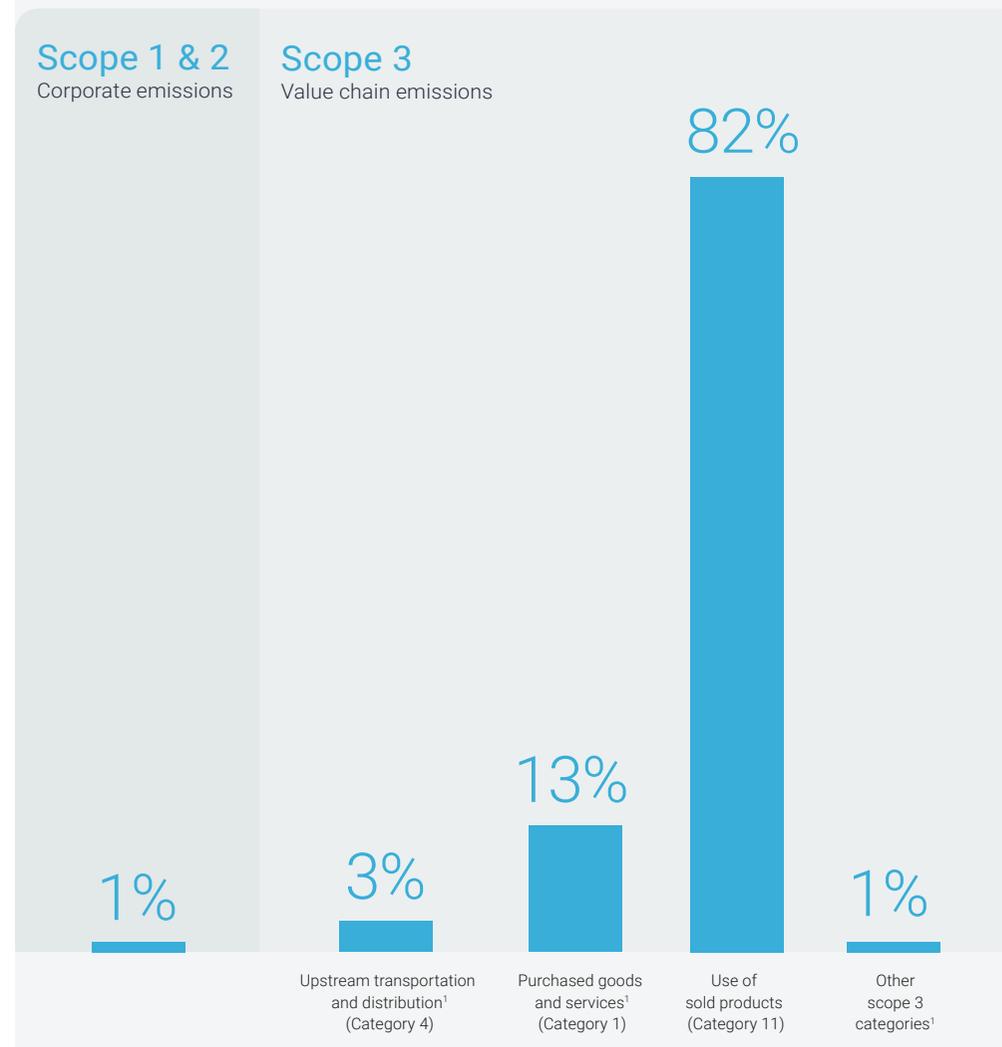


Science-Based targets

Targets are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to well below 2°C above preindustrial levels and pursuing efforts to limit warming to 1.5°C.

Having science-based targets provides Nilfisk with a clearly defined path to reduce emissions in line with the Paris Agreement goals.

Nilfisk's greenhouse gas emissions by scope and category



¹ Based on scope 3 materiality assessment using 2022 data or, when not available, 2021 data.

² Emissions from category 11 are based on 2023 data.

Reducing scope 1 and 2 emissions

In 2023, absolute scope 1 and 2 GHG market-based emissions decreased by 16% compared to 2019, which is slightly better than the trajectory suggested by SBTi.

The main drivers of the 2023 reductions were an increase in the purchase of renewable electricity by 48% and a decrease in electricity and purchased heat by 4%, and natural gas by 7%. The reductions were partly offset by a 24% increase in vehicle fleet emissions compared to 2019. In 2023, the vehicle fleet constituted 57% of Nilfisk's total scope 1 and 2 market-based emissions and was the only major emissions contributor to increase in recent years.

Nilfisk works to reduce scope 1 and 2 GHG emissions through three work streams: optimizing energy efficiency across Nilfisk sites, transitioning to renewable energy sources and reducing fleet emissions.

The emphasis in Nilfisk's work to reduce scope 1 and 2 GHG emissions is adjusted to align with the current key contributing factors and the solutions available in the countries where Nilfisk operates.

Optimizing energy efficiency across Nilfisk sites
Nilfisk employs people in more than 90 sites across the world. Nine of these are manufacturing sites

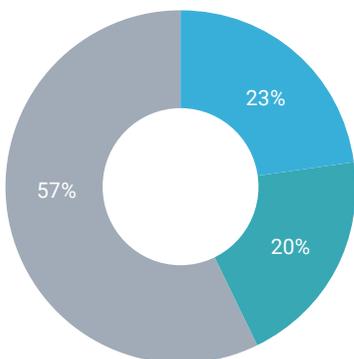
representing 23% of total scope 1 and 2 emissions due to energy-intensive manufacturing processes consuming both electricity and natural gas and sourcing renewable electricity.

Compared to 2022, GHG emissions from manufacturing sites decreased by 30% in 2023 driven by sourcing of renewable electricity, energy efficiency initiatives and reduced production output.

The manufacturing sites are working towards a target to reduce electricity consumption by 25% in 2026 and at a minimum to keep natural gas use constant compared to 2019 levels. Key energy

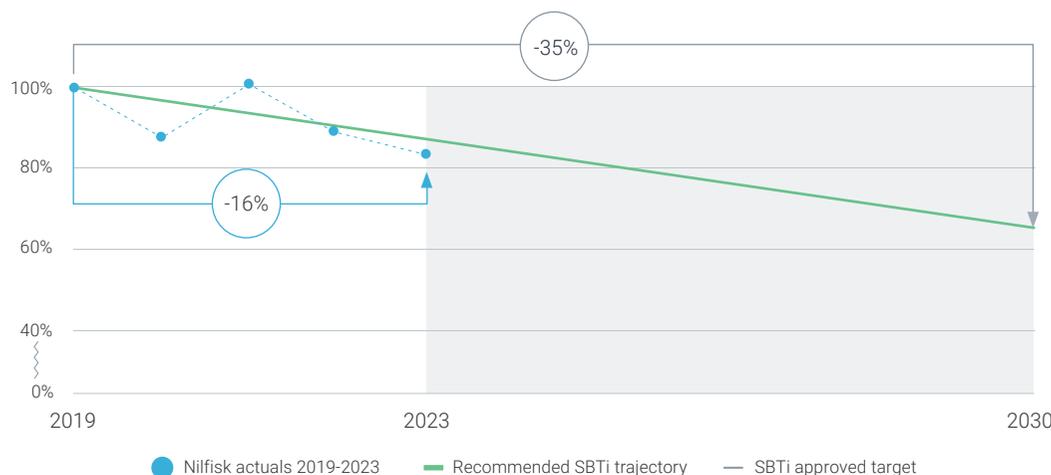
efficiency measures applied in 2023 include improved insulation, electrification of heating to replace natural gas, switch to LED lighting, use of automated timers and optimization of production equipment. In addition, internal campaigns to promote further energy-saving initiatives were executed and will continue in 2024.

Share of scope 1 and 2 market-based emissions by relevant breakdown



- Manufacturing sites
- Non-manufacturing sites
- Fleet

Pathway to reduce absolute scope 1 and 2 emissions



The SBTi recommends that companies follow a linear trajectory to meet their ultimate long-term commitments, which for Nilfisk is 35% GHG emissions reductions by 2030 from a 2019 base year. Nilfisk has the ambition to deliver according to this guidance. However, a certain fluctuation around this pathway is to be expected based on market development.

WE SUPPORT



Nilfisk signs CEO statement on climate change

In October 2023, Nilfisk signed a CEO Statement with CEOs from 27 Danish businesses. Organized by the UN Global Compact Network Denmark, the message was to stand together globally with high ambitions for a just and green transition towards a net zero future.

The letter was a response to UN Secretary-General António Guterres' call for ambitious and credible commitments and clear and transparent plans and pledges to "rescue the SDGs".

Nilfisk participated to reaffirm its support for the UN Global Compact's 10 Principles and the Sustainable Development Goals.

Transitioning to renewable energy sources

In pursuit of the emissions reduction target for scope 1 and 2, Nilfisk wants to accelerate the transition to sourcing more renewable energy. The preferred method is to establish more on-site energy production. Several projects to install solar panels at Nilfisk sites have been initiated, as shown in the table below.

Country	Expected MWhs/year	Status
China	1260 (36% of annual electricity consumption)	Operational
Italy	85 (50% of annual electricity consumption)	Awaits grid permission
Denmark	-	Operational, data available in 2024

In 2023, the installation of solar panels on a Nilfisk manufacturing site in China was completed, and electricity started to be consumed for manufacturing activities. Since October 2023, 212 MWh of solar electricity has been consumed to produce machines at the facility.

Solar panels installed at the facility in Italy are currently awaiting permission to be connected to the grid. In October 2023, Nilfisk moved its corporate headquarters to a new building in the center of Copenhagen equipped with solar panels. First data will be available in 2024.

In 2023, Nilfisk purchased renewable electricity, covering the electricity consumption of 5,268 MWh. This is equal to the electricity needed for all products produced in Europe and China. For this, Nilfisk has sourced Energy Attribute Certificates (EACs) based on wind and solar energy from local producers in the respective manufacturing countries. This constitutes 39% of Nilfisk’s global electricity consumption.



Local investments in EACs are considered a supplement to own reductions and will be phased out with increased on-site electricity production. In 2024, Nilfisk will consider entering a longer-term supply contract for unbundled renewable energy purchases to provide predictability for Nilfisk and to add renewable production capacity, ideally connected to one or more specific renewable energy assets.

Reducing fleet emissions

Reducing fleet emissions is necessary to reach the SBTi-approved scope 1 and 2 reduction target, but other elements are also motivating Nilfisk to reduce fleet emissions. First of all, an increasing number of customers require visits by electric vehicles (EVs) only. In addition, there are emissions restrictions in certain European cities where Nilfisk operates. Finally, the EU Taxonomy regulation is setting ambitious sustainability thresholds for both cars and vans, and Nilfisk is working to align with this.

A new global vehicle policy

In 2023, Nilfisk implemented its global vehicle policy that strongly emphasizes the company's commitment to reducing its vehicle fleet's GHG emissions. The target is a 50% reduction by 2030 compared to 2019. The policy was released with high priority in May and covers the entire fleet including cars, vans, and commercial trucks.

Vans constitute the largest emissions category. However, the technology and availability of electrified vans do not yet fully live up to the Nilfisk-defined standard of a reach of a minimum of 300 km per charge. This means that electric vans are not mandatory yet.

The second most contributing category is cars, and due to more advanced technology and performance, this constitutes the first category in the rollout plan of the global vehicle policy.

Nilfisk only has a few commercial trucks, and these are currently not considered material.

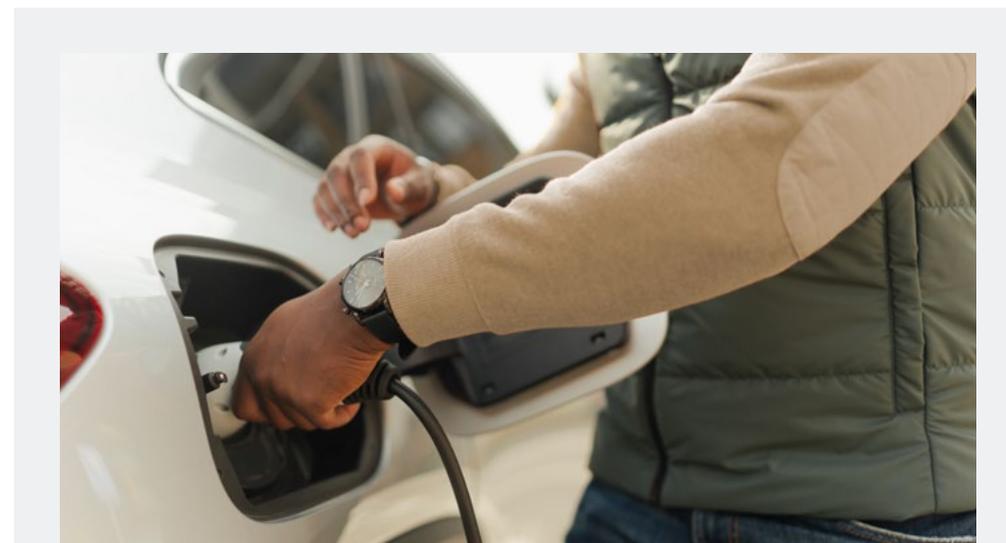
Rollout in the US and Europe

At the end of 2023, the Vehicle Policy was rolled out in the US and European markets, with the remaining markets still in process for 2024. Nilfisk expects to see the first emissions effects in 2024 as the fleet is gradually renewed and new practices implemented.

A full fleet transition is expected by 2028 in mature markets where the infrastructure necessary for charging and servicing electric cars is available. The countries' maturity levels are based on several parameters, e.g., the number of EVs registered in the country compared to the total population.

Working smarter

In addition to outlining fleet requirements, the global vehicle policy urges Nilfisk's stakeholders to organize their work to reduce vehicle mileage. One example is providing initial diagnostics to solve a problem online, which can reduce mileage by eliminating the need to send a technician in a service van.



New requirements for vehicle leases

All markets

- Fossil fuel SUVs are banned
- Pick-up trucks are banned

Markets with mature infrastructure

- Electric cars are mandatory unless this compromises business needs such as ability to cover long distances
- Plug-in hybrid cars are banned

Markets with immature infrastructure

- Plug-in hybrid cars are allowed until infrastructure maturity increases
- If fully or partly electric cars are not an option, cars should be downsized

Reducing scope 3 emissions

For Nilfisk, 99% of total GHG emissions stem from scope 3, and 82% of the total relate to the use of sold products. Nilfisk aims to reduce scope 3 GHG emissions from the use of sold products by 48% per unit of gross profit in 2030, from a 2021 base year.

In 2023, Nilfisk delivered a reduction in scope 3 emission intensity of 25% which is lower than the trajectory guided by SBTi. The main drivers of the 2023 reduction were a shift in mix of products sold, combined with lower sales volumes and an increase in gross profit.

A total of 3.82 kg CO₂/EUR gross profit was emitted in 2023, compared to 5.11 kg CO₂/ EUR gross profit emitted in 2021, achieved by 22% reduction in absolute GHG emissions and 5% gross profit growth.

Actions to reduce scope 3 emissions

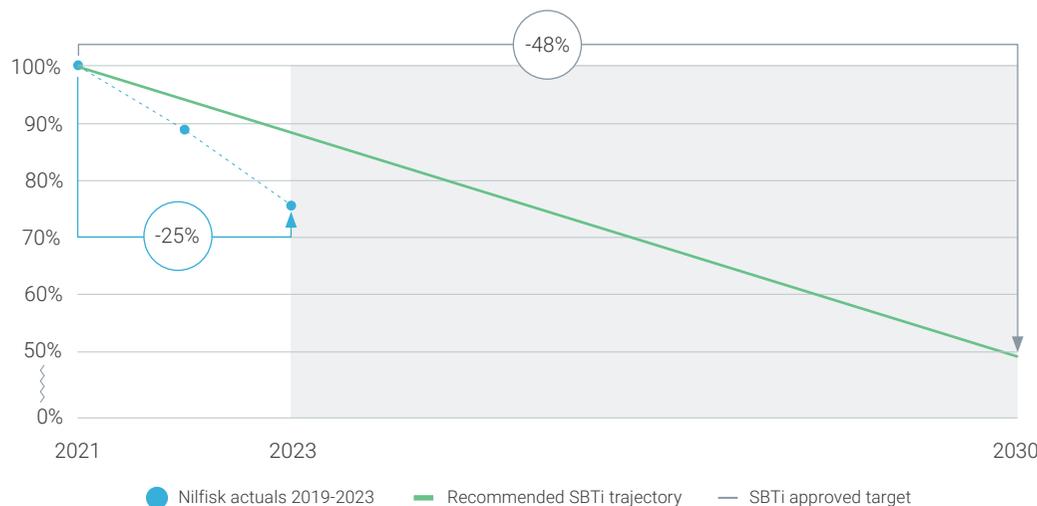
Nilfisk has a broad product portfolio with significant variations in emissions levels between and within product categories. To actively promote lower-emitting products to its customers, Nilfisk has developed a CO₂ calculator. There is, however, still a need to train customer-facing staff in using this tool, and this work will continue in 2024.

In 2023, Nilfisk's tracking and monitoring of absolute scope 3 emissions from product use was further developed to enable regional breakdown of emissions. Having a regional overview of scope 3 emissions allows Nilfisk to identify and prioritize regional reduction initiatives and enforce mitigating actions if there are deviations from the planned trajectory. Regional data was reported to the Nilfisk Leadership Team with the intention of further anchoring emissions targets in the regions as part of monthly sustainability business reviews.

Scope 3 emission intensity development

	2023	2022	2021
Absolute emissions (tons CO₂ e)	1,612,672	1,929,831	2,059,427
Absolute emission development (vs 2021)	-22%	-6%	
Gross profit (mEUR)	422.5	422.0	402.7
Gross profit development (vs 2021)	5%	5%	
Ratio (kg CO₂ e/EUR)	3.82	4.57	5.1
KPI percentage reduction	-25%	-11%	0

Pathway to reduce scope 3 emissions



The SBTi recommends that companies follow a linear trajectory to meet their long-term commitments. Nilfisk's ambition is to deliver according to the SBTi guidance. However, a certain fluctuation around this pathway based on market development is to be expected.

Sustainable material sourcing

'Purchased goods and services' is the second highest emitting category with 13% of Nilfisk's total scope 3 emissions. Although not included in the scope 3 target, Nilfisk is committed to also lowering the footprint from the upstream value chain. In 2023, as part of the preparations for the European Sustainability Reporting Standards (ESRS), a process to collect annual data on the weight of input materials was developed.

Life Cycle Analysis tool

As an enabler of Nilfisk's efforts to build robustness, realize cost savings and reduce carbon impact in the upstream supply chain, an internal, simplified Life Cycle Analysis (LCA) tool has been developed.

In 2023, the tool was used to inform Nilfisk's procurement team on the climate impact of 30 business cases, of which 18 were completed and nine are still under execution, while three were canceled. The projects aimed at looking for alternative materials, including recycled plastics, and changing suppliers' locations. The use of the tool ensured that the adoption of new sourcing business cases did not result in increased emissions in Nilfisk's supply chain.

Among projects already implemented and identified as enabling the decrease of supply chain emissions, four focused on replacing virgin plastics (nylon, polystyrene, ABS and polypropylene) with recycled plastics. These will be tested and thereafter improved on a continuous basis. The tool is expected to facilitate a broader use of LCA across Nilfisk.

Leading with sustainable products

Designing safe, efficient and durable products grounded in customer-centric innovation is part of Nilfisk’s heritage and a strategic priority anchored in Business Plan 2026. By embedding sustainability into the product innovation process, Nilfisk can lead with sustainable products, unlock new service-based business models, and consolidate its position in major markets.

In Nilfisk, product sustainability is approached from a lifecycle perspective, considering all stages in the lifecycle of products, including design, materials sourcing, manufacturing, distribution, use, reuse, and eventual ‘end-of-life’ management.

In 2023, Nilfisk’s product sustainability innovation efforts were reflected in four main areas: energy efficiency, serviceability, recyclability and sustainability data.

Energy efficiency

In May 2022, Nilfisk launched a target to achieve 25% energy efficiency in all new product platforms. This target is instrumental in reducing the emissions from the use of sold products to meet the SBTi-approved scope 3 target.

The efficiency target has unleashed the company’s innovation potential, resulting in many new innovations, including repositioning components, increasing motor efficiency and switching to high-performance materials, among others. All of these measures are aimed at achieving the highest cleaning performance with the least amount of energy.

In 2023, the development of the first products integrating the energy efficiency target continued. Up against a comparable product already in the



Durability is in Nilfisk’s DNA

Nilfisk is committed to developing machines that will last long and outperform market expectations. In a study from May 2021, funded by the European Commission, consumers defined Nilfisk as one of the most durable vacuum cleaner brands in Europe.

More importantly, when it comes to delivering on lifecycle expectations, the study ranks Nilfisk at the very top of all brands included. When

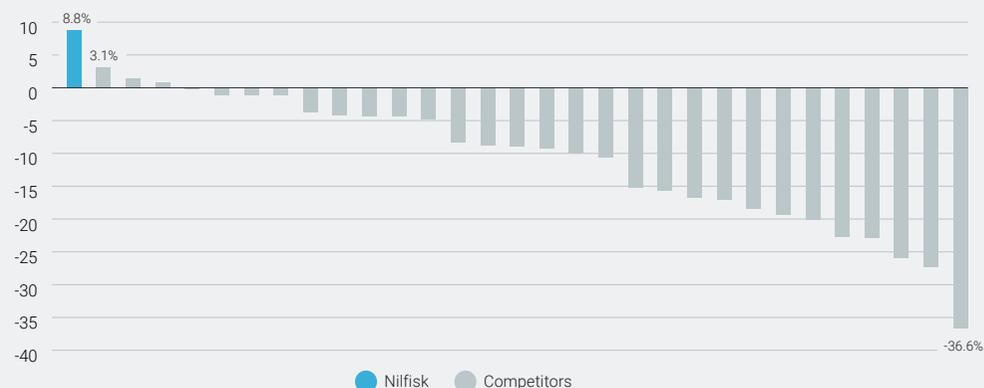
comparing the minimum lifecycle expectations and the actual lifecycle, Nilfisk delivered 8.8% above the consumers’ minimum lifecycle expectations. The closest runner up in the study delivered 3.1% above expectations, as reflected in the graph below.

Delivering on high lifecycle expectations

This means that consumers have high expectations of Nilfisk. Approximately 50% of

consumers expect to be able to use their Nilfisk vacuum cleaner for more than 10 years and almost 30% expect it to last for 8 to 10 years. At the same time, survey respondents reply that on average their previous appliance from Nilfisk lasted more than 12.1 years, which is the third highest reported durability in the study.

When it comes to delivering on lifecycle expectations, the EU funded PROMPT study ranks Nilfisk at the very top of all brands included.



Source: 2021_PROMPT-lifecycle-and-replacement-reasons-report.pdf (prompt-project.eu)

portfolio, these product developments are set to deliver at least 25% improvements when they enter the market in the coming years.

Serviceability

Serviceability is the ability of a product to be serviced and maintained. By design, products can be made more serviceable, for example, by making components with low durability more accessible or by implementing self-diagnosis systems. Overall, designing for serviceability is critical to delivering value to Nilfisk customers because it reduces downtime and service time.

Nilfisk optimizes serviceability with continuous monitoring, preventive maintenance, fast repairs, refurbishment and upgrades. This approach extends product life, ensures that products are operating at peak efficiency throughout their intended lifespan, and minimizes the need for premature replacements. This can lead to a reduction in overall resource consumption and other environmental impacts associated with manufacturing of new equipment.

Recyclability

Nilfisk supports the EU's circular economy standards, promoting a uniform approach for companies to measure and communicate the recyclability of products.

Nilfisk is exploring circular practices such as refurbishment, remanufacturing, and component recycling to minimize waste and embrace a more circular approach to product lifecycles. In selected markets, refurbishment already contributes financially to Nilfisk's business.

In 2023, Nilfisk engaged in a multi-stakeholder collaboration called the CirkEL project, which is funded by the Danish Environmental Protection Agency. As part of the project, Nilfisk and partners have analyzed the opportunities and challenges of reuse, refurbishment, and recycling in floorcare products. The CirkEL project has already generated valuable insights related to recyclability, recycling scenarios, and material value recovery.

Moving forward, Nilfisk will translate this knowledge into other product categories with the goal to improve the recyclability of the entire portfolio as well as raise awareness across the value chain concerning recycling and value recovery.

Sustainability data

Nilfisk recognizes that sustainability data is crucial to powering the sustainability transformation, meeting regulatory and customer demands, and achieving sustainability goals.

With demands for data rising and more stakeholders requiring access to this data, in 2023, Nilfisk initiated two key projects regarding product sustainability data. The first was a project aimed to identify and close the main gaps regarding product sustainability data. The second was scoping and designing the functionalities for a new product information management (PIM) system.

Running in parallel, the first project will generate sustainability data. At the same time, the new PIM system is expected to serve as a platform for internal collection, storage, validation and distribution of data such as CO₂ footprints, recyclability, reparability, country of origin, packaging content, etc.



Recycled content

Nilfisk's total virgin plastic consumption in Europe is approximately 3,700 tons annually. In 2023, Nilfisk replaced 13% of this volume with recycled content, corresponding to approximately 480 tons.

The virgin material was replaced with postindustrial and postconsumer recycled content, primarily for producing plastic parts for the Nagykanisza factory in Hungary.

An additional 6%, approximately 220 tons, is currently undergoing testing and is expected to be replaced with recycled content in early 2024. The plastic parts will be included in commercial and light industrial vacuum cleaners.

13%
virgin material replaced

480 tons
virgin material replaced



Environmental transparency is vital when tracking progress towards a low-carbon economy. Nilfisk discloses its climate actions and achievements via CDP, an international non-profit organization that administers a global disclosure system in which investors, companies, cities, regions, and states can manage their environmental impacts.

Total	2023	2022	2021	2020	2019
Nilfisk	A-	A-	A-	A-	B
Industry	B	C	B	B	B

Since 2018 Nilfisk has disclosed to CDP and for four consecutive years received an A- score.

Maintaining an A- score represents solid improvements and, besides keeping Nilfisk in the leadership category, it underlines that Nilfisk continues its efforts towards constant improvement and implementation of best practices in its climate actions.



Climate risk assessment

It is crucial for Nilfisk to develop long-term resilience and adapt to more severe climate change impacts, including more frequent extreme weather events. In 2023, Nilfisk continued to build knowledge and capabilities on climate risk by performing two assessments of potential climate change impacts.

To assess the climate risk of its nine manufacturing sites, Nilfisk used the WWF Biodiversity Risk Filter, looking at risk levels caused by extreme weather events such as landslides, fire hazards, extreme heat, and tropical cyclones. Each site was assigned a risk level score based on its location and the type of activity. Tropical cyclones were identified as a 'very high risk' in Dongguan (China), Querétaro (Mexico) and Fort Pierce (US) in 2023.

To comply with the EU Taxonomy requirements, Nilfisk has also performed an assessment of physical climate risks in relation to the company's 'Computer programming, consultancy, and related activities'. Severe and major risks were identified in relation to the functioning of data centers. Nilfisk's major IT service providers were subsequently screened with the conclusion that at the time of reporting, these suppliers were aware of the risks and taking measures to mitigate them.

Nilfisk will perform further analysis of the physical risks from climate change in 2024 to inform potential actions needed to adapt to future climate change. This work will be aligned with the Task Force on Climate-related Financial Disclosures framework, which provides recommendations on the disclosure of financial impact of the risks related to climate change.

Reaching Nilfisk's SBTi-approved targets requires action on a broad range of factors within scopes 1, 2 and 3. By 2023, absolute scope 1 and 2 emissions were reduced by 16% compared to 2019 base year, and scope 3 emission intensity (kg CO₂e/EUR) was reduced by 25% compared to 2021 base year.

Environmental management

Nilfisk’s policy on environmental protection is anchored in the Business Code of Conduct with a focus on continuous improvement in the performance of the company’s environmental and climate management systems. Nilfisk works to minimize the negative impacts of the company’s operations on the natural environment.

Specifically, Nilfisk minimizes pollution and other negative environmental impacts by reducing and controlling discharges into water, soil,

and air, including air particles, ozone-depleting substances, gases, noise, vibration, odor, and light. Nilfisk controls the use of hazardous chemicals in its products and works to replace hazardous substances with safer alternatives, often exceeding applicable legal requirements.

Environmental certifications

Nilfisk has an Environmental Management System (EMS), which is based on the ISO 14001:2015 standard, and in 2023, the company successfully

completed ISO recertification effective for the next three years.

The EMS currently includes nine sites in the scope of ISO 14001 certification. The focus continues to be on enabling the execution of initiatives to reduce energy usage and GHG emissions. This was highlighted as a strength during the ISO recertification in 2023.

In support of the strategic direction and sustainability commitment, Nilfisk moved to a new corporate headquarters in 2023. The building has achieved a DGNB Gold certification, documenting that it has been constructed to a high-quality standard, among others as regards environmental and social aspects.

Nilfisk environmental governance

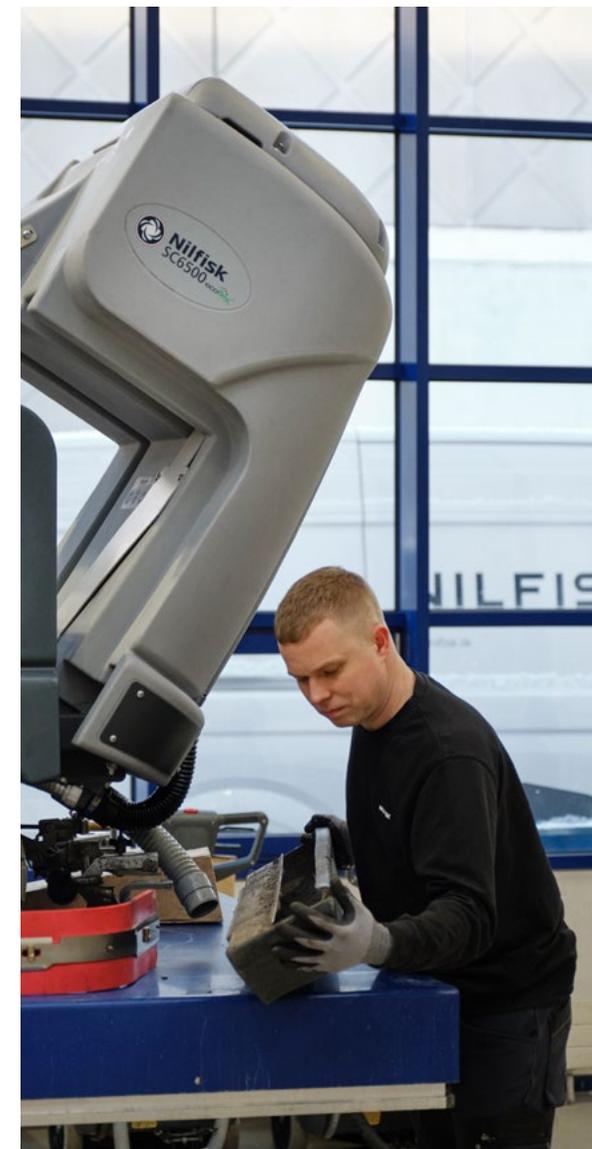
Environmental topic	Business policy	Legislation & management system
 Pollution of air, water, and soil	Business Code of Conduct: • rule #6 Climate & Environment, • rule #10 Quality	Local regulation Quality and Environmental Management System (QMS/ EMS), including environmental risk assessment and mitigating actions ISO 14001 ISO 9001
 Substances of concern/ substances of very high concern	Business Code of Conduct: • rule #6 Climate & Environment • rule #10 Quality Substances of Concern policy	Local regulation REACH regulation CLP regulation Quality and Environmental Management System (QMS/ EMS) ISO 14001 ISO 9001
 Waste	Business Code of Conduct: • rule #6 Climate & Environment	Local regulation Quality and Environmental Management System (QMS/ EMS). Including environmental risk assessment and mitigating actions ISO 14001 ISO 9001

ISO 14001 certification

Nilfisk sites in scope

- Manufacturing site, Dongguan, **China**
- Manufacturing sites, Nagykanizsa, **Hungary**
- Manufacturing sites, Szigetszentmiklos, **Hungary**
- Manufacturing site, Zocca, **Italy**
- Headquarters, Copenhagen, **Denmark**
- R&D site, Hadsund, **Denmark**
- Sales office, Mölndal, **Sweden**
- Manufacturing site, Querétaro, **Mexico**
- Manufacturing site, Brooklyn Park, Minnesota, **US**
- US distribution center, Springdale, Arkansas, **US**
- Manufacturing sites, Fort Pierce, Florida, **US**

- Site with certification
- Site in scope for certification





Substances of concern

Nilfisk acknowledges that certain components within the company's machinery and equipment, as well as aspects of its production processes may contain substances posing potential risks to human health, safety, and the environment. Some components may derive from unsafe workplaces or where fundamental human rights are not protected.

Nilfisk is committed to complying with applicable laws and global standards, upholding internationally recognized human rights affected by its activities, and prioritizing environmental sustainability. This commitment is evident in its worldwide efforts and its principles and rules.

To demonstrate this commitment, Nilfisk updated its Substances of Concern Policy in 2023. Through refining this policy and complementing it with additional measures, Nilfisk strives to outline its commitment and efforts in handling these products, incorporating practices such as comprehensive due diligence and supply chain traceability.

Waste management

Nilfisk consistently evaluates methods to enhance waste sorting for optimized recycling. From 2023, the company enlarged the scope of data collection, including new waste streams in the manufacturing sites in China and the US. This is part of the company's improvement initiative on waste data quality that will continue in 2024.

In 2023, the total amount of waste generated remained flat compared to 2022. This is despite an increase driven by production scope extensions in the Americas and more accurate waste data collection, including new waste streams in APAC, offset by a 11% decrease in the total amount of waste generated in EMEA.

Hazardous waste increased by 14% driven by the continuation of site cleaning initiatives at manufacturing sites.

Waste from manufacturing sites

	Annual weight (tons), 2023
Total waste generated*	1549
Total nonhazardous waste	1532
To reuse/recycling	1487
To incineration	9
To landfill	35
Total hazardous waste	18
To reuse/recycling	10
To incineration	8
To landfill	0

* Excluding two sites in the US and one site in Denmark

Water consumption

Water is a critical resource for Nilfisk, and the aim is to use and reuse it as efficiently as possible. Data on total water consumption is collected from manufacturing sites.

Within a few years, Nilfisk plans to have a target for water consumption and identify actions to limit fresh water consumption. Nilfisk already works to optimize and reduce water consumption, primarily related to product testing in the development phase and cooling during the molding of parts during manufacturing. Two Nilfisk sites have water recycling systems in place; one is in Denmark, where most product testing occurs, and the other is in China.

At the Danish site, a 300,000-liter water tank with carbon filters recirculate water, minimizing municipal water use. In China, the facility has a water recycling system and a rainwater collection system, which protects against pollution of lakes and rivers. In 2024, Nilfisk will include Water Security in its CDP submission.

Water use in products

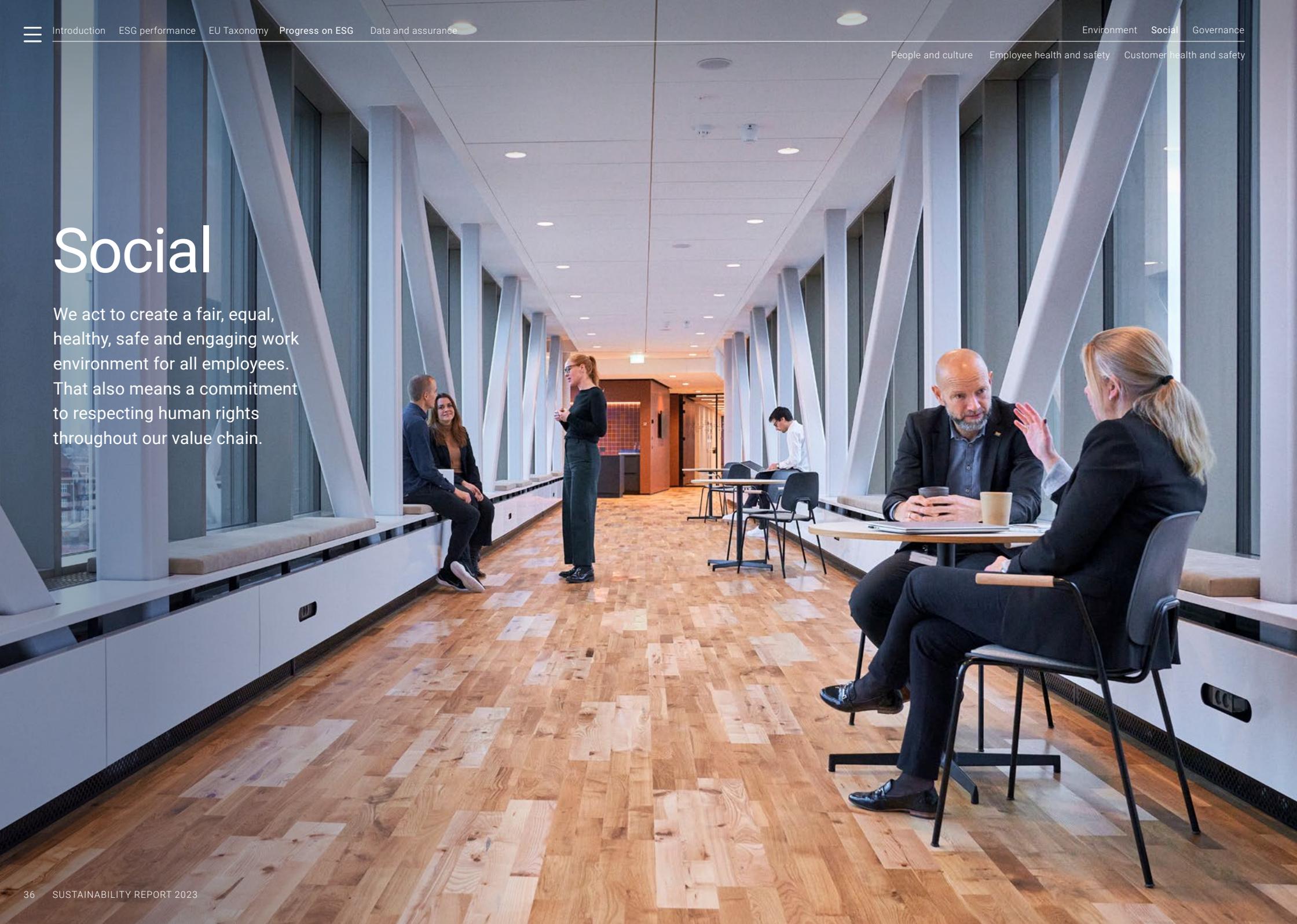
Nilfisk offers professional floor cleaning equipment with the resource-saving features EcoFlex™ and SmartFlow™. Utilizing these features in floor cleaning machines may deliver a reduction of up to 40% in water usage and up to 60% in detergent usage. EcoFlex™ provides total flexibility to switch between chemical-free, water-only cleaning or different cleaning intensities at the touch of a button. In 2023, Nilfisk ran targeted campaigns to ensure customers were aware of and taking advantage of these features.

Addressing biodiversity risks

Nilfisk acknowledges the significance of preserving biodiversity for local and global sustainable development. The 2023 materiality assessment identified biodiversity as an area of concern. In 2024, Nilfisk intends to conduct a mapping exercise to assess the impact on biodiversity at selected sites associated with its business activities.

Social

We act to create a fair, equal, healthy, safe and engaging work environment for all employees. That also means a commitment to respecting human rights throughout our value chain.



People and culture

Nilfisk's people are essential to the successful execution and delivery of Business Plan 2026. By fostering a culture in which empowered people collaborate with a growth mindset, Nilfisk will grow long-term value creation for its customers, communities and employees.

Own workforce

In 2023, Nilfisk employed 4,676 people across 42 countries, with the largest headcount being in Hungary (17%), US (16%) and China (13%). Nine out of ten Nilfisk workers are permanently employed in the company, which is stable compared to 2022.

During 2023, the percentage of women in the Nilfisk workforce remained stable compared to 2022 at 28%, while the representation of women in top management increased from 26% to 30%. Top management consists of two levels: Nilfisk Leadership Team (NLT) and its direct reports with management responsibility. Gender diversity in NLT increased from 20% to 22% as the leadership team was reduced by one male leader, while gender diversity among direct reports to NLT increased from 27% to 31%.

Policy framework for Nilfisk's own workforce

The Business Code of Conduct constitutes the policy framework for Nilfisk's own workforce. It is the company's policy to prohibit all forms of forced labor (in accordance with the UK Modern Slavery Act), as well as child labor (in accordance with the labor standards as defined by the UN Global Compact Labor Principles 3, 4, 5 and 6). Nilfisk ensures fair work hours, wages and benefits, as well as fair free time, respecting local legislation.

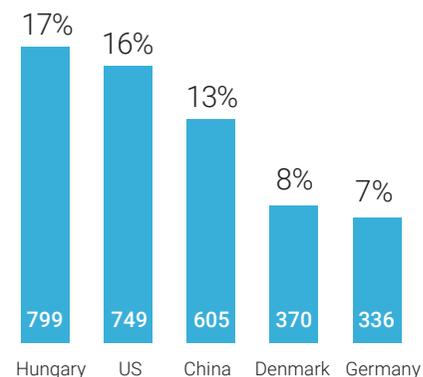
Nilfisk is committed to being a multicultural, safe, and healthy workplace where employees freely exercise their rights to engage, or not, in collective bargaining and/or join labor unions. Furthermore, Nilfisk is committed to providing all employees with equal opportunities based solely on individual merit. Nilfisk wants to ensure a workplace that prohibits harassment and discrimination, and this commitment and expectation is stated in the Business Code of Conduct and related policies.

Diversity, equity and inclusion policy

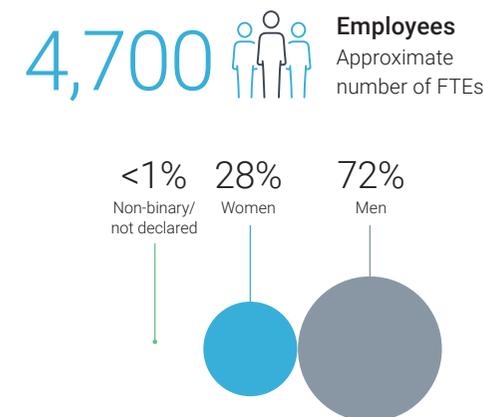
In 2023, the Business Code of Conduct was supplemented by an updated global diversity, equity and inclusion (DE&I) policy that further explains the principles and objectives to ensure a

A multicultural company with Danish heritage

Top 5 countries (by headcount)

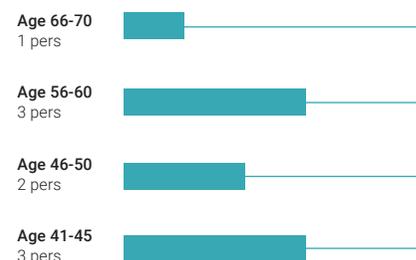


Gender distribution

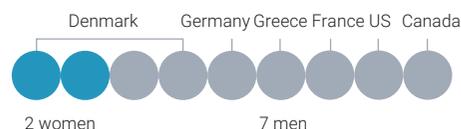


Nilfisk Leadership Team

Age distribution

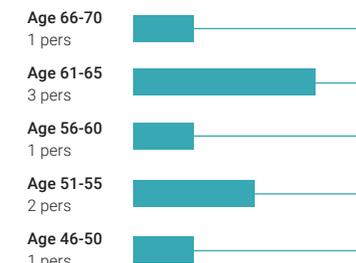


Nationality and gender distribution

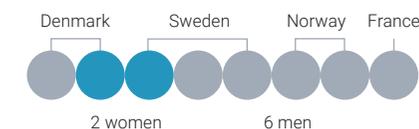


Board of Directors

Age distribution



Nationality and gender distribution



Definitions of management levels

Top management = NLT and its direct reports with management responsibility. The definition is based on reporting lines, as guided by the Danish Financial Statements Act.

Senior Management = Vice President level and above, including NLT. This definition is based on titles and was introduced as the basis of the original diversity target introduced by Nilfisk in 2022.

diverse, equitable and inclusive workplace across the company. Nilfisk is committed to providing an inclusive and equal experience for all employees, regardless of national or social origin, race, skin color, ethnicity, religion, physical or mental ability, age, gender, gender identity or expression, sexual orientation and political standpoint. Specifically, the policy also puts forward new targets and levers for equal representation (minimum 40/60) in top management by 2030.

Levers identified for target realization are, among others, talent acquisition processes that minimize bias and promote DE&I, mentor programs, training on DE&I as part of Nilfisk's leadership program, and supporting local DE&I networks and partnerships.

To ensure a place to report any misconduct or unethical behavior, Nilfisk provides a whistleblower system that helps ensure that such violations are brought forward and dealt with appropriately.

Equal treatment

An inclusive culture at Nilfisk is a prerequisite for DE&I, and is characterized by striving to be tolerant of differences and acknowledging that these differences can strengthen Nilfisk.

The aspiration is that all employees experience equal opportunities to realize their full potential, and that they have a sense of belonging and can be themselves at work.

Equal representation in top management by 2030

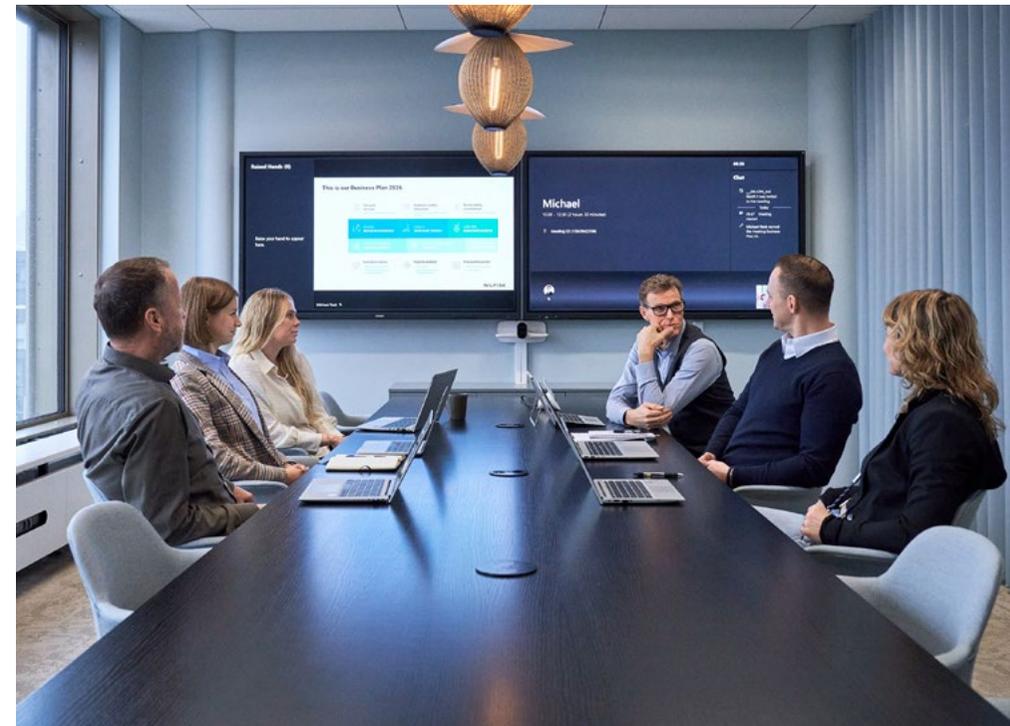
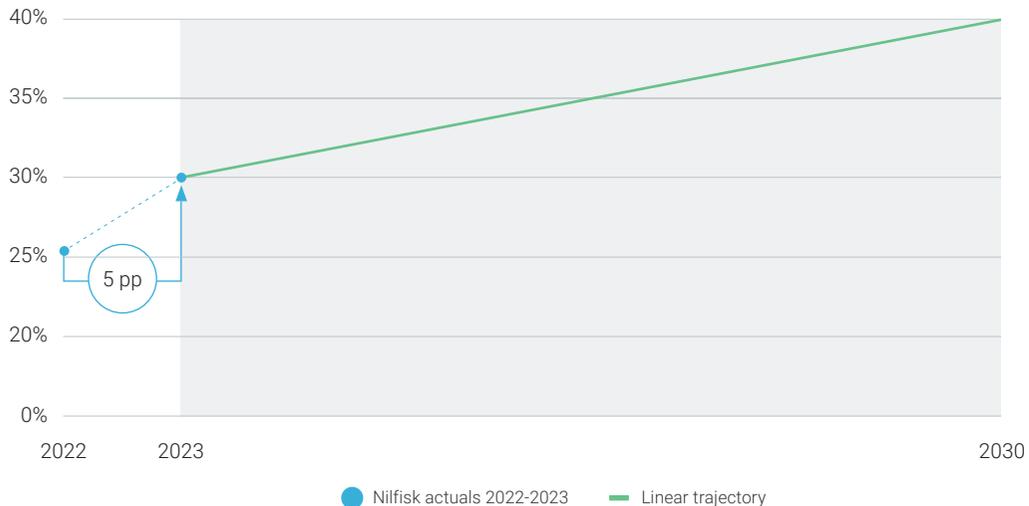
In Business Plan 2026, Nilfisk set a near-term target to increase the representation of the underrepresented gender in senior management positions from 14% in 2021 to 25% by 2026.

In 2023, Nilfisk restated the target in accordance with requirements in the Danish Financial Statements Act. The new target aims to have 34% of the underrepresented gender in top management by 2026 and equal representation (minimum 40/60) by 2030.

In 2022, Nilfisk set a target for the underrepresented gender among shareholder-elected Board members of minimum 25%, to be achieved by no later than 2024. This target was achieved in 2023.

The Board of Directors set a new target for the underrepresented gender among shareholder-elected Board members to constitute 37.5% by no later than 2027, which is within the definition of equal representation in Danish legislation for a Board consisting of 8 people.

Milestones to equal representation in top management





Nilfisk awarded company of the year

The 'Women of Nilfisk' community was founded by US colleagues in 2022. It is now an integrated part of how Nilfisk works with diversity and inclusion across the US organization.

What was initially created by the people for the people is now an established community in Nilfisk, with approximately 120 members.

A key ambition of the initiative was for women to come together to offer a network of support, growth and learning, explains Katie Larson, VP of Human Resources, who is one of the founders together with Rachel Brutosky, VP US Strategic Accounts Sales:

"The aim was – and still is – to break down silos within the company and encourage community building, and best practice sharing within the diversity and inclusion agenda. We all win by expanding our diversity, for instance, bridging the gap between generations. It is an integrated part of how we work with diversity and inclusion giving members of the network room to grow and elevate in the business," Rachel Brutosky explains.

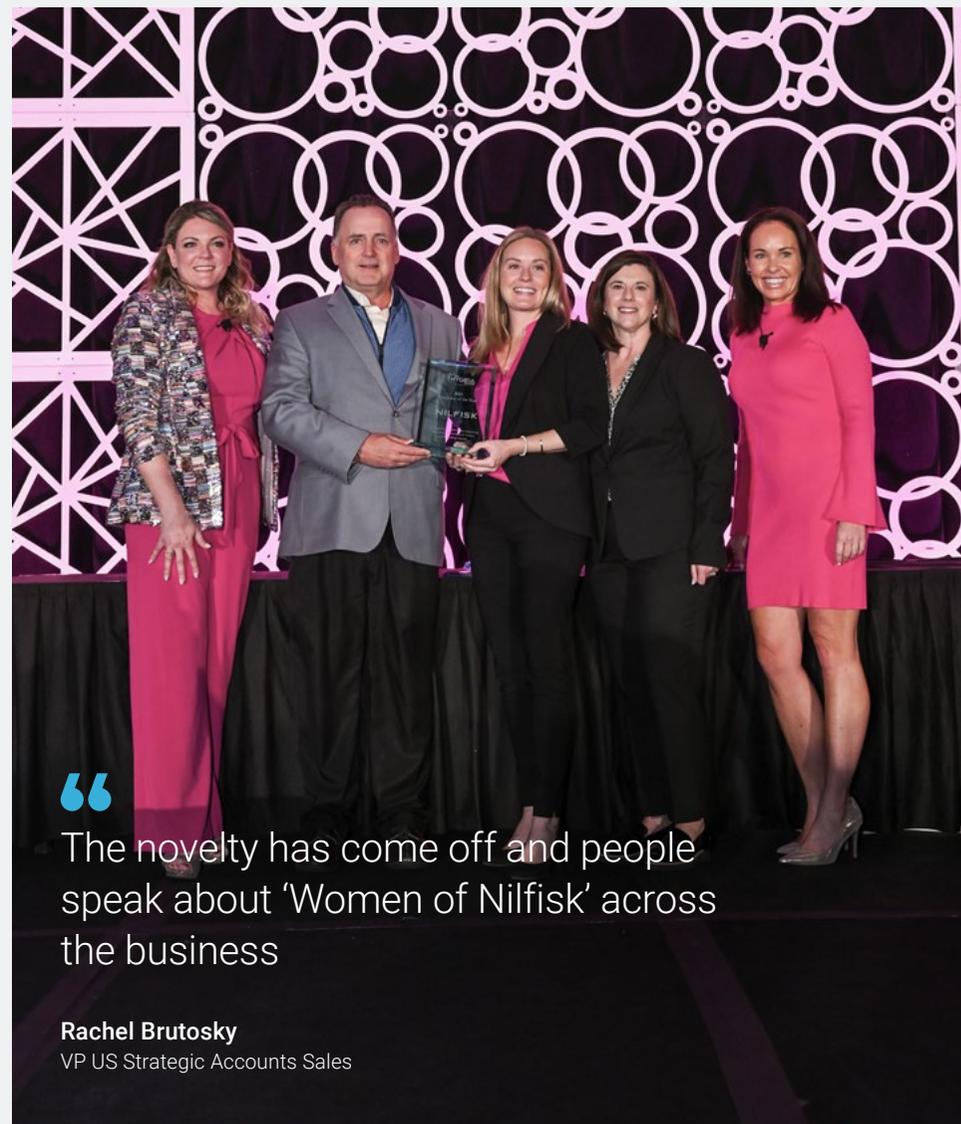
Everyone is welcome, and with three to four online sessions annually the community is getting a strong foothold. Mentorship programs, network building, time management and self-care

initiatives are all topics that have been on the agenda in 2023.

The 'Women of Nilfisk' initiative is becoming well-known in the industry, and in November 2023, Nilfisk was awarded 'Company of the Year' by Hygieia, a network under the International Sanitary Supply Association advancing women in the professional cleaning industry. The award was a huge recognition of the work Nilfisk does to promote gender diversity in the US.

Colleagues across the organization are now carrying the torch to anchor similar local initiatives in EMEA and APAC. Becky Li, Global Head of Processes and Tools, is based in China:

"We have a lot of activities promoting a diverse and inclusive work environment. Ten years ago, there was a fixed understanding in China of engineering as a typical male job role. Today, in the Nilfisk R&D department in the Suzhou office, women and men are equally represented, and women have earned a lot of respect in the tech industry because we bring other aspects to the table," says Becky.



“The novelty has come off and people speak about 'Women of Nilfisk' across the business

Rachel Brutosky
VP US Strategic Accounts Sales

Focus on diversity in talent acquisition

Since 2022, Nilfisk has placed a special emphasis on its recruitment process to minimize bias and promote DE&I at the time of entry to the company. Among others, job ads are scanned by a gender-bias decoder software tool to ensure a neutral and inclusive language because studies indicate that

avoiding too stringent criteria in job advertisements will enable the attraction of a diverse talent pool.

The assessment is further enhanced by incorporating personality assessments, aptitude tests, and, when possible, skills tests to minimize bias. In 2023, all people managers were invited and

40% participated in recruitment training sessions to heighten their awareness of unconscious biases within the recruitment process.

Pursuing equality in pay

In 2023, Nilfisk continued to track the unadjusted gender pay gap, measuring to what extent men and women are paid equally. The unadjusted gender pay gap measures the pay gap between men and women across all geographies, employee levels and functions, and in 2023 this number was 21% for Nilfisk. This means that on average, across all functions and global geographies, women in Nilfisk were paid 21% less than men. This is an improvement compared to 2022, where the pay gap was 24%.

The 2023 process focused, amongst other levers, on providing a lift to employees where salary gaps had been identified, as well as relieving inflationary pressures.

Nilfisk also monitors and reports on the Annual Total Remuneration Ratio that compares the annual salary, including the long- and short-term incentive targets of the CEO, with the median pay of the company's employees globally. For Nilfisk, this ratio was 62:1 in 2023, influenced by Nilfisk being a manufacturing company with a global presence and headquartered in Denmark.

Working conditions

Nilfisk promotes social dialogue through unions and other forms of worker-selected representatives to ensure better visibility of potential health and safety issues and worker-related concerns. Collaboration with, e.g. work councils, labor unions or other worker representatives help address working conditions, skill development, remuneration and occupational

health and safety needs. In 2023, around 38% of the workforce was covered by formally elected employee representatives and 33% of the workforce was covered by a formal collective agreement concerning working conditions.

High employee engagement

Nilfisk's success is driven by the engagement and performance of its people. The company's employee engagement survey is conducted twice a year and serves as a dialogue tool for people managers and their teams on how different work-related factors influence engagement, well-being, and performance. All responses are anonymous and confidential. Managers at all levels facilitate dialogues in their teams to get an understanding of survey feedback with regard to both strengths and improvement areas.

The survey conducted in late 2023 achieved a response rate of 90%, which is 9% more than the industry benchmark. The employee engagement score from this same survey was 8.1 versus an industry benchmark of 7.7, placing Nilfisk among the top 25% of manufacturing companies globally. The employee engagement score remained stable compared to 2022.

In 2023, Nilfisk updated the survey questionnaire to include additional questions about diversity, equity and inclusion, as well as psychological safety and mental well-being. In addition, the scope was expanded to include all employees in both surveys. On a scale of 1 to 10, the average score was 8.6 when employees were asked if 'People from all backgrounds are treated fairly at Nilfisk'. Breaking down this number by gender, it was 8.6 for men and 8.4 for women. When employees were asked about the satisfaction level of 'Nilfisk's efforts to support



8.6

average score when asked if 'People from all backgrounds are treated fairly at Nilfisk'

5 pp

decrease in turnover for all employees

diversity and inclusion', the average score was 8.3 for men and 8.2 for women. The result of these scores is a positive statement to the DE&I agenda at Nilfisk.

Decrease in employee turnover

Employee turnover can be taken as an indicator of the perceived working conditions. Nilfisk turnover for all employees decreased by 5 percentage points to 18% between 2022 and 2023, driven by a decrease in voluntary turnover. Turnover among permanent employees also decreased, from 19% in 2022 to 16% in 2023.

Remuneration at standard levels

Nilfisk recognizes the importance of fair remuneration to all employees. Since 2020, Nilfisk has been building and maintaining a global benchmark system based on a widely used position evaluation system, enabling Nilfisk to measure all jobs against a relevant benchmark for the country, location, and type of job. Based on the data, it is possible to assess whether a given person is paid a salary within the benchmark.

During 2023, Nilfisk granulated pay ranges to be more precise for several countries. Furthermore,

Nilfisk continued to pay all employees at least the minimum statutory wage where there was minimum wage defined by law. In countries where no minimum wage was defined, Nilfisk paid a salary between the 25th percentile and the 50th percentile of the relevant benchmark for each position in the respective markets.

Capability building and new Ways of Working

In Business Plan 2026, Nilfisk identified new 'Ways of Working' as a key enabler for successful strategy execution. In October 2023, Nilfisk launched a global learning management system. The launch marks a significant step towards the intention to democratize learning, with the purpose of empowering people and leadership while securing the ability to enhance Nilfisk's new 'Ways of Working'.

Ensuring career development

Nilfisk's people review process plays a key role in the employee journey. It serves as a leadership tool that enables tangible actions that will support the performance and development of people as well as providing them with feedback and opportunities to own their development through support from the organization.

In 2024, a series of training sessions will be hosted for leaders and HR Business Partners to provide a uniform approach that will ensure an inclusive process where all employees are evaluated fairly and without unconscious bias.

Workers in the value chain

Nilfisk considers equal treatment, working conditions and other work-related rights to be material topics. The policy framework providing

guidance for these topics is the same as giving guidance to Nilfisk's own workforce.

Human Rights Policy

Nilfisk's Human Rights Policy is a consolidation and continuation of the policy framework for Nilfisk's own workforce, in particular the Business Code of Conduct. Anchored in behaving with integrity as individuals and as a company, the Business Code of Conduct helps employees to act responsibly in their daily decision making and interaction both internally and externally. If you are working for Nilfisk, you must act with integrity by being honest, fair, and accountable for your actions. This is what is expected of every Nilfisk colleague, and this is what reflects Nilfisk's expectations for its business partners throughout its chain of activities.

Nilfisk recognizes that in some places, laws may be weak, or rarely enforced and standards of, for instance, health, safety and environmental protection may be rudimentary. The Business Code of Conduct is implemented to ensure that Nilfisk will act with the same level of integrity no matter where it operates.

Business Code of Conduct training

The Business Code of Conduct was the first global training activity that was provided in the learning management system after its launch and was made available as an e-learning module. In 2023, the new Business Code of Conduct training was made mandatory for approximately 1,600 of 4,700 employees. The training rolled out the principles of ethical behavior by Nilfisk employees as defined in the Human Rights Policy. The training will continue in 2024, where it will be made available in more languages. Together with the activities described in the 'Compliance and good governance' section

(page 46), this training was the main outcome of the Human Rights activities in 2023. In 2024, the Human Rights Policy will be further elaborated in a dedicated training program in the learning management system.

Supplier Code of Conduct

Nilfisk's Supplier Code of Conduct mirrors the requirements of the Business Code of Conduct, giving clear behavioral guidance on topics like climate and environment, health and safety, and labor rights, diversity and inclusion.

If a supplier does not live up to the legal, social and environmental requirements set out in the Nilfisk Supplier Code of Conduct, or if second- or third-party audits identify nonconformities, Nilfisk will collaborate with the supplier to improve performance. Refer to the section on 'Responsible sourcing and supply chain' (page 47) for further information.

Employee Health and Safety

Nilfisk is committed to creating and upkeeping progressive Health & Safety (H&S) standards that follow international trends and requirements. The Business Code of Conduct constitutes the policy framework, encompassing Nilfisk's H&S policies and stating the required behavior from Nilfisk's own workforce as well as non-employees providing services to Nilfisk or on behalf of Nilfisk.

Improved coverage of own workforce

The H&S Standard Operating Procedure (SOP) follows the ISO 45001 standard for management systems of occupational health and safety. Its purpose is to establish the H&S behavior expected of all employees working at Nilfisk. It specifies how individual Nilfisk sites should set up H&S systems and approaches to comply with global policy requirements. The H&S SOP describes Nilfisk's global H&S work, governance, responsibilities, targets and procedures.

In 2023, the scope of the H&S SOP was extended and now covers all Nilfisk sites, compared to previous years, when the requirements only covered

manufacturing sites. As a consequence, 100% of the Nilfisk workforce is now covered by a H&S management system. In addition, Nilfisk had its manufacturing site in China ISO 45001 recertified, and in 2024, four additional sites will be in scope for certification.

Progress on key indicators

While Nilfisk monitors several H&S indicators to improve its performance, those reported publicly are fatalities, lost time injury frequency rate, and lost time injury severity rate. In 2023, no work-related fatalities were reported.

Lost time injury frequency rate

The lost time injury frequency rate (LTIFR) expresses the rate between the total number of lost time injuries resulting in days away from work and the total number of worked hours. The LTIFR was 5.6 in 2023, compared to 5.1 in 2022. The increase was driven by injuries due to layout changes at two Nilfisk sites, and mitigating actions have been taken.

Lost time injury severity rate

Nilfisk is monitoring lost time severity rate to gain a deeper understanding of whether the lost time injury frequency rate covers less severe injuries with one or two lost days or more serious accidents causing longer recovery times. In 2023, the indicator was 0.24, showing the rate between the total number of working days lost due to work-related injuries and the total hours worked. Coming from a low value of 0.06 in 2022, the number increased by 75% in 2023, driven by two accidents resulting in longer recovery times.

Increase in reported near-misses

In 2023, 286 near-misses were reported and investigated, and root causes were corrected by



Nilfisk. These cases did not result in injuries, but Nilfisk aimed to prevent future potential cases.

The number of reported near-misses increased from 225 in 2022 to 286 in 2023, which is an increase of 27%. This demonstrates awareness and commitment across the company to report on risks

in the work environment. Employee involvement in the safety incident reporting program is essential, and the progression in this key indicator is attributed to the behavior of employees and a continuously improved safety culture in the company.

ISO 45001 certification

Nilfisk sites in scope

- Manufacturing site, Dongguan, China
- Manufacturing site, Nagykanizsa, Hungary
- Manufacturing site, Szigetszentmiklos, Hungary
- Manufacturing site, Zocca, Italy
- Manufacturing site, Queretaro, Mexico

Site with certification

- Site in scope for certification in 2024

27%

increase in near-miss reporting demonstrating an improved safety awareness

Health and Safety governance

Learnings from routine safety walks, formal assessments and incident investigations are shared across the Nilfisk regions during monthly online Environment, Health and Safety (EHS) meetings, where the representatives of the different sites can raise questions and share their experience and knowledge. Nilfisk uses a standardized safety alert tool to inform stakeholders about major incidents.

The H&S risk assessments covering local compliance requirements are performed by the local EHS teams. For ISO 14001 certified sites, the emergency response processes are aligned with this standard, and all incidents are reported and investigated.

The following H&S KPIs are reported at every Board meeting: lost time injury frequency rate, lost time injuries, injuries without lost time, near-misses and the distribution of all reported incidents based on their severity.



Customer health and safety

The societal cost of muscle and joint disorders is significant, and Nilfisk's customers are often required to comply with strict health and safety regulations. At the same time, ensuring a safe and healthy working environment is becoming ever more important to attract and retain staff, particularly in the commercial cleaning industry that faces the triple challenge of labor shortages, high employee turnover and rising cost pressure.

As a manufacturer of cleaning equipment, Nilfisk strives to assist customers in providing a safe and healthy work environment, through a focus on ergonomics in the design and operations of Nilfisk products and a continuous focus on product safety.

Product safety and global regulatory frameworks

Nilfisk products are covered by a global regulatory framework comprised of international, national and regional regulation along with harmonized standards. Providing presumption of conformity, the regulation determines requirements and compliance standards.

Nilfisk participates in various standardization committees to help drive new initiatives within e.g., safety, sustainability and environmental areas. This work is to ensure Nilfisk customers' safety and push the sustainability transition.

Monitoring new requirements in a structured way has become increasingly important to Nilfisk.

1,800
active product records
third-party tested

The regulatory landscape is dynamic, and during the last five years, there has been a significant increase in the number of new requirements being implemented regionally, especially in the areas of product sustainability and hazardous materials.

Third-party testing

Nilfisk has an internal policy to use third-party test laboratories to validate product compliance, and the company runs a product certification database that currently contains more than 1,800 active product

ISO 9001 certification

Nilfisk sites in scope

- Manufacturing site, Dongguan, China
- Manufacturing site, Nagykanizsa, Hungary
- Manufacturing site, Szigetszentmiklos, Hungary
- Manufacturing site, Zocca, Italy
- Headquarters, Copenhagen, Denmark
- R&D site, Hadsund, Denmark
- Sales office, Mölndal, Sweden
- Manufacturing site, Querétaro, Mexico
- US distribution center, Springdale, Arkansas, US
- Distribution center, Ghent, Belgium
- Manufacturing site, Fort Pierce, Florida, US
- Manufacturing site, Brooklyn Park, Minnesota, US
- Manufacturing site, Redlands, California, US
- R&D site, Dongguan, China
- R&D site, Suzhou, China
- Service center, Manchester, UK
- Sales office, Penrith, UK

- Site with certification
- Site in scope for certification

records from third-party test laboratories mainly covering radio and electromagnetic compatibility and safety.

To track changes diligently, Nilfisk has developed a tool that provides easy access to test reports and certificates for engineers and compliance officers. The tool also provides regular reporting of certificates expiring by date, due to replacement or because new standards are being harmonized. This reporting is essential for guaranteeing ongoing compliance with new product requirements and ensuring the safety of products.

Product quality

Nilfisk utilizes a Quality Management System (QMS) based on the ISO 9001:2015 standard to ensure high and consistent quality throughout the

company's operations. In 2023, Nilfisk completed ISO recertification for the QMS for the next three years. Currently, there are 13 primary and secondary sites within the full scope of the QMS, with global system elements extending into 40 additional secondary sites. In 2024, Nilfisk expects to add two more primary sites in China and two secondary sites in the UK to the certificate.

Performance measurement, monitoring and analysis are essential in enabling continuous improvement. During 2023, Nilfisk strengthened its quality performance measures and implemented digital solutions to provide a stronger foundation for identifying and prioritizing continuous improvement projects with great customer satisfaction and business impact.



Governance

Good governance is fundamental to our daily interactions with customers, suppliers, business partners, and other stakeholders. Nilfisk is committed to promoting integrity-centric behavior throughout the company.



Compliance and good governance

Good governance and the Business Code of Conduct remain fundamental to how Nilfisk conducts its business activities and interacts with stakeholders.

Nilfisk policy framework

The Business Code of Conduct describes the fundamental principles and policies governing the behavior of Nilfisk and its employees. The Business Code of Conduct covers the following topics: Anti-corruption, climate and environment, competition compliance, data privacy, foreign trade controls, fraud and conflicts of interest, health and safety, information security, labor rights, diversity and inclusion, product certification, and quality.

The framework includes practical tools, such as guidelines for conducting risk assessment, for

assurance actions, and for behavior implementation. It is further supplemented by corporate targets for greenhouse gas emissions reductions and gender diversity, as well as the Human Rights Policy, the Data Ethics Policy, Health and Safety Standard Operating Procedure and the UK Modern Slavery Act.

The Business Code of Conduct was updated in 2023 with a special focus on strengthening language regarding anti-harassment and clarifying what can be reported using the whistleblower system to help colleagues better understand and use Nilfisk's grievance reporting systems.

All new employees receive mandatory training on the Business Code of Conduct, and the framework is available online for all employees to access. In the

final months of 2023, 870 out of 1,600 managers and English-speaking employees completed the updated Business Code of Conduct training online, using Nilfisk's new global learning management system. During 2024, the Business Code of Conduct training will be made available in more languages out to all Nilfisk employees. Training covers the Nilfisk Integrity Policy, company rules, reporting concerns and subsequent investigations of reports.

Mitigating enterprise risks

Mitigating risks is an essential aspect of the Business Code of Conduct. Global Finance, headed by the CFO, consolidates risk assessments from all focus areas of the business, defining the significance of risks relative to each other as part of the Enterprise Risk Management system of Nilfisk.

On an annual basis, the consolidated risk assessment, based on risks' likelihood and impact before and after mitigating activities, is presented for review by the Audit Committee and subsequently for approval by the Board of Directors. In addition, an internal risk management review is carried out as part of Nilfisk's Quality Management System. Once a year, a risk meeting with the Nilfisk Leadership Team, headed by the CEO, and several functional heads is organized. At this meeting, a consolidated and approved risk register is reviewed, and actions are identified and approved by the CEO.

New due diligence tool

In 2023, Nilfisk implemented a due diligence tool to screen current and potential business partners for legal compliance and reputational risks. Screenings enhance Nilfisk's compliance efforts regarding anti-corruption, competition law, foreign trade controls and sustainability areas, such as environmental protection. With the implementation of the new

tool, screenings were conducted of current business partners, and in 2024, the focus will be on implementing a process to screen future business partners before Nilfisk begins to do business with them, as well as regular rescreening of legacy business partners.

Internal audits

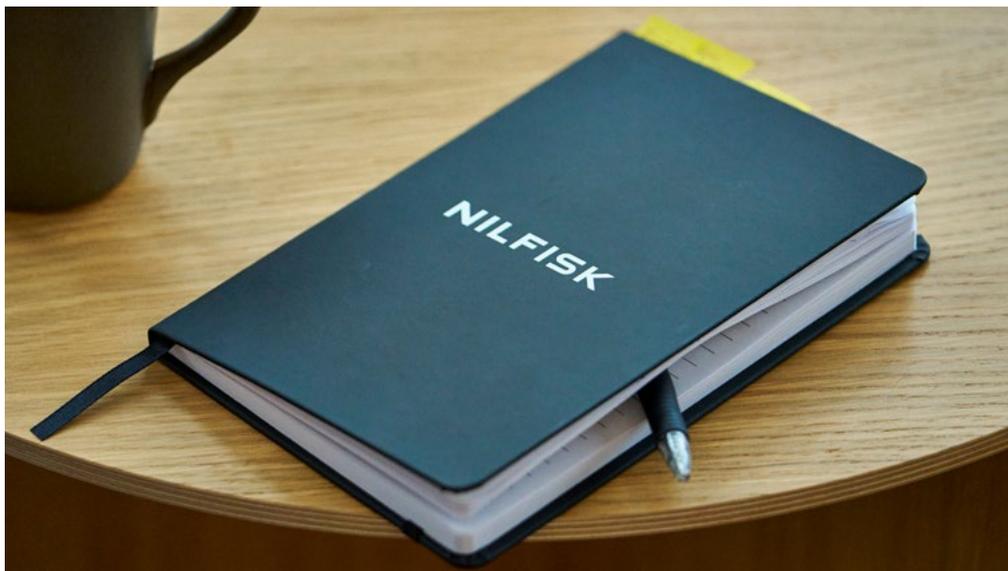
In 2023, one internal compliance audit was carried out. This took place at Nilfisk Poland and was done as a collaboration between the Legal Compliance and Global Finance functions of Nilfisk. Nilfisk anticipates that site audits in countries in Southeast Asia and Latin America will be done in 2024.

Ending business in Russia

As a result of Russia's invasion of Ukraine in February 2022, Nilfisk decided to end all business involving Russia and to liquidate its Russian subsidiary, Nilfisk LLC. The process began in June 2022, and final liquidation and closing of the company occurred in June 2023 within the usual timeframe for Russian liquidations.

Corporate Governance

As a listed company on Nasdaq Nordic, Nilfisk is subject to Nasdaq Nordic's rules governing share issuers, and also the corporate governance recommendations issued by the Danish Committee on Corporate Governance which can be found at <https://corporategovernance.dk>. Nilfisk fulfils its obligations with respect to the corporate governance recommendations by complying with all recommendations. More details can be found in Nilfisk's annual reporting on the corporate governance recommendations available at Nilfisk's Investor Relations site <https://nilfisk.gcs-web.com>.



Responsible sourcing and supply chain

Nilfisk recognizes that it can only make lasting, sustainable change through collaboration with its global network of suppliers.

Nilfisk works to assume responsibility for the impact it has along its value chain through legal, compliance and sustainability due diligence and through continuous dialogue and collaboration with its suppliers.

Nilfisk policy framework

The policies that guide Nilfisk in responsible sourcing and supply chain are the Nilfisk Human Rights Policy, the Supplier Code of Conduct, the Supplier Standard Operating Procedures (SOP), the Whistleblower Policy and the Statement on the UK Modern Slavery Act.

Nilfisk manages approximately 1,700 direct suppliers within 20 subcategories, based on how their materials or components are utilized in its cleaning solutions. Direct suppliers supply products and components that are part of Nilfisk's product portfolio of cleaning solutions. The strategically most important suppliers are those that manufacture on Nilfisk's behalf, so-called original equipment manufacturer (OEM) suppliers. They are of high strategic importance to Nilfisk as they impact product quality and the potential for innovation.

The number of indirect suppliers varies but is estimated to be more than 5,000 suppliers globally. Indirect suppliers, such as forwarders and software solution providers, cover equipment and

consumables that are not directly linked to the products.

A differentiated due diligence approach

Nilfisk applies a due diligence approach to address the risk from suppliers to its business. Supplier due diligence is subdivided into legal and compliance due diligence and sustainability due diligence, summarized in the table below.

Nilfisk applies these due diligence screenings on both current and new suppliers, and both direct and indirect suppliers.

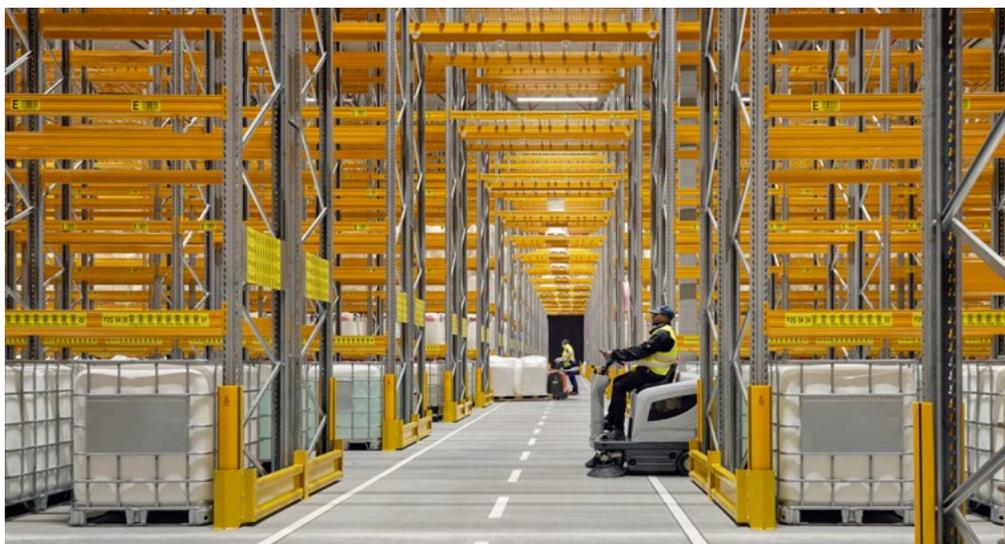
Legal and compliance due diligence

When it comes to legal and reputational risks, the goal is to ensure all direct suppliers are screened

annually, which was achieved in 2023, through the implementation of a new external due diligence tool. The tool was used to screen current and potential business partners for legal compliance and reputational risks. The screenings enhance Nilfisk's compliance efforts in the areas of anti-corruption, competition law and foreign trade controls, as well as sustainability areas, such as environmental protection.

Sustainability due diligence

To identify sustainability risks, Nilfisk screens direct and selected indirect suppliers based on a combination of spend and risk. In 2023, Nilfisk defined high-risk categories on three dimensions: sourcing category, geographical area of production and strategic importance to Nilfisk.



	Legal and compliance due diligence	Sustainability due diligence
Tool	External screening tool	Nilfisk sustainability questionnaire
Examples of topics screened for	<ul style="list-style-type: none"> • Legal compliance • Reputational risks • Anti-corruption • Competition law • Trade sanctions • Environmental protection 	<ul style="list-style-type: none"> • Climate action • Environmental management • Social conditions in relation to labor and human rights
Suppliers in scope	All active direct suppliers (> EUR 10,000) in addition to indirect suppliers providing logistics and customs services, based on geographical location	Direct and indirect suppliers representing 50% of Nilfisk total spend and additional high-risk suppliers, defined by geography and category
Total material suppliers assessed 2023	2,567	138
Target	To ensure all direct suppliers are screened annually	224
Target fulfilment	100%	62%



Nilfisk Supplier Code of Conduct

The Nilfisk’s sustainability requirements are legally binding upon signing of the contract. The Nilfisk Supplier Code of Conduct is an appendix to the standard contract. It mirrors the requirements of the Business Code of Conduct, giving clear behavioral guidance on topics like climate and environment, health and safety, labor rights, diversity and inclusion.

If a supplier does not live up to the legal, social and environmental requirements set out in the Nilfisk Supplier Code of Conduct, or if second- or third-party audits identify nonconformities, Nilfisk will collaborate with the supplier to improve the performance. If, during the supplier reevaluation procedure, compliance is found as ‘not achieved’, required mitigation actions vary and may include an update of the category strategy, new business hold or full exit.

The sustainability due diligence assessments screen for climate, environment, and labor and human rights.

In 2023, a screening of high-spend and high-risk direct and indirect suppliers was carried out using Nilfisk’s sustainability supplier assessment questionnaire. The suppliers that responded represent 47% of spend in the targeted group and 27% of total supplier spend. In addition, locally selected suppliers with lower spend but with high significance to specific product lines were assessed.

Screening of new direct suppliers

All new direct suppliers go through an approval process prior to final approval. As part of this process, they need to answer several questionnaires screening the supplier against, among others, Nilfisk’s sustainability, legal and compliance standards. The Nilfisk sustainability questionnaire is inspired by the UN Global Compact reporting on progress principles and was updated in 2023 to simplify and better collect information from suppliers on how they work with Environmental, Social, and Governance (ESG) topics. In 2023, the cumulative number of suppliers covered by the sustainability assessment was 294, and the share of supplier spending that aligned with the 10 principles of the UN Global Compact was 87%.

Supplier audits in 2023

Nilfisk conducts second-party, on-site audits of its direct suppliers, including original equipment manufacturers (OEMs). In 2023, the Nilfisk compliance team conducted 28 on-site audits and 12 online audits, covering three phases: initial audit, follow-up audit and annual audit. The focus on China supplier programs covering the environment

and climate, labor rights, employee health and safety, and anti-corruption continued in 2023.

Nilfisk provides detailed training or guidance to its suppliers, based on identified nonconformances in the audit process to strengthen the overall performance and legal compliance in Nilfisk’s value chain. The positive development in supplier compliance over the past years can primarily be attributed to increased attention paid to global supply chains.

Development in supplier audit performance

	2023	2022	2021	2020
Number of audits per year	40	25	34	63
Good	5%	4%	3%	0%
Moderate	63%	64%	32%	24%
Action required	22%	16%	38%	35%
Poor	10%	16%	27%	41%



Third-party auditing

The Sedex reporting platform offers transparency on conditions related to labor, health and safety, environment, and business ethics, not just with key Nilfisk suppliers but also for Nilfisk’s own manufacturing sites.

During 2023, Nilfisk completed self-assessment questionnaires (SAQ) for all major Nilfisk manufacturing sites. This allows the company to easily contribute to the supply chain management processes carried out by Nilfisk’s large customers.

Nilfisk has assessed two strategic suppliers through the Sedex Members Ethical Trade Audit (SMETA) system in 2023. Nilfisk is now engaging with these suppliers to mitigate the identified areas for improvement and nonconformities, before a planned reauditing in 2024. In the future, additional selected suppliers will be asked to register with Sedex or other sustainability reporting frameworks to support and improve Nilfisk’s supplier sustainability performance.



Supplier diversity program

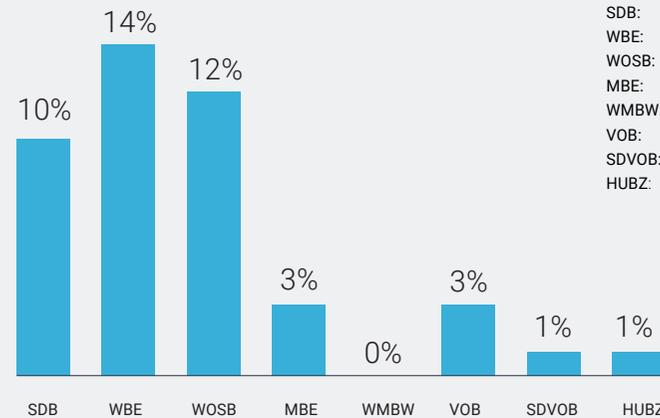
Nilfisk is committed to developing mutually beneficial business relationships with diverse and disadvantaged companies, as defined under applicable US regulations, such as small businesses owned by racial and ethnic minorities, women, veterans and members of the LGBTQ+ communities. Nilfisk's supplier diversity program is intended to enhance these relationships.

The primary goal of Nilfisk's supplier diversity program is to provide opportunities to diverse suppliers that satisfy the procurement and contractual standards. It also supports the customers in achieving their own corporate diversity goals. Further, the program demonstrates Nilfisk's

compliance with federal, state and local requirements applicable to suppliers of government entities, organizations that receive public funds, and companies that supply those entities and organizations.

In 2023, the Nilfisk supplier base in the US had 389 suppliers that met the Small Business Enterprises (SBE) requirements. Nilfisk pledges to continuously monitor the development of small business enterprise the US supplier base and to include new potential suppliers when legacy sourcing activities are renegotiated and also when new sourcing activities are developed.

Nilfisk partners with 389 small business enterprises (SBE) in the US¹



Nilfisk uses these business categories

- SDB: Small Disadvantaged Business
- WBE: Women-Owned Business Enterprise
- WOSB: Woman-Owned Small Business
- MBE: Minority Business Enterprise
- WMBW: Woman Minority Business Enterprise
- VOB: Veteran Owned Business
- SDVOB: Service Disabled Veteran Owned
- HUBZ: Historically Underutilized Business Zone

¹ SBE calculation according to NAICS code and number of employees.

Source: Duns & Bradstreet (D&B), <https://www.sba.gov/size-standards/index.html>



Standardized ESG framework for suppliers

Today, suppliers are faced with multiple and varying sustainability documentation requirements from global companies. To ensure transparency and make life easier for suppliers, Nilfisk advocates for a standardized sustainability reporting framework for all suppliers.

Consequently, Nilfisk has aligned its supplier sustainability questionnaire with recognized

frameworks such as CDP, EcoVadis and Sedex. For instance, if a supplier receives at a minimum an EcoVadis Silver rating, the request for sustainability information will be adjusted accordingly to ensure that information and data do not have to be reported twice.



CDP is a not-for-profit charity that runs a global environmental disclosure system for investors, companies, cities, states and regions to measure and manage their environmental impacts.

peers with access to comparable corporate sustainability data.



Science-based targets provide a clearly defined pathway for companies to reduce greenhouse gas (GHG) emissions, helping prevent the worst impacts of climate change and futureproof business growth.



The EcoVadis sustainability assessment methodology evaluates how well a company has integrated the principles of sustainability and corporate social responsibility (CSR) into their business and management system.

ISO 9001

The ISO 9001 standard guides quality management principles to ensure that customers get consistent, good-quality products and services, which in turn brings many business benefits.



The Sedex platform helps businesses manage sustainability practices in their supply chain

ISO 14001

The ISO 14001 standard provides environmental management tools for a strategic approach to environmental issues, setting out the criteria for an environmental management system.



Communication on Progress (CoP) to the UN Global Compact enables participating companies to measure and demonstrate progress. It allows for improved performance by identifying gaps and setting sustainability goals as well as comparing performance against

ISO 45001

The ISO 45001 standard provides guidance for health and safety at work developed by national and international standards committees independent of government.



Whistleblower system



Employees and external parties can report concerns through Nilfisk's multilingual online whistleblower system. In scope for this system are reports about violations of laws, the Business Code of Conduct, retaliation against whistleblowers, and any other serious issues. The system is hosted by an external company, ensuring confidentiality, as well as anonymity if the whistleblower prefers.

The external system supplements internal reporting of concerns by employees to managers, HR or Nilfisk's compliance team. Employees can also report concerns locally, in accordance with the EU Whistleblower Directive (2019/1937).

Nilfisk updated its Whistleblower Policy in 2023, expanding the scope of concerns that can be reported, clarifying that persons can report something they have experienced, witnessed or heard about. The updated Whistleblower Policy also enhanced focus on escalating reported concerns to the compliance team, Nilfisk's no-retaliation policy and management support for employees reporting their concerns.

Encouraging internal reporting

At Nilfisk, almost all serious Business Code of Conduct concerns have been reported internally. This could be a lack of awareness of the external whistleblower channel, yet it could also indicate that employees trust their colleagues and managers. The Business Code of Conduct encourages internal reporting as the best means of reporting, but the whistleblower system is provided as another option.

In early 2024, Nilfisk will carry out global online dialogues. This will involve employees from all job levels and locations, as well as board members,

discussing the importance of reporting concerns, how investigations are conducted and employee protections.

Investigations in 2023

Two reports were made in Nilfisk's whistleblower system in 2023. One alleging unprofessional and unduly harsh behavior by a manager and a second alleging favoritism in hiring practices. The first report has been investigated in accordance with the Business Code of Conduct and the other has been closed because the reporter did not respond to multiple requests for evidence.

A total of eight additional reports of alleged Code of Conduct violations were made internally at Nilfisk, involving allegations of corruption, fraud, harassment, unprofessional and inappropriate communication, and misuse of company assets. These matters were all investigated in accordance with the Business Code of Conduct, and where evidence supported the allegations, Nilfisk took appropriate employment-related action, including dismissal, often in consultation with an external legal counsel. No evidence of corruption was ever submitted in the internal report alleging corruption.

The status and conclusions of all whistleblower reports and internal reports of possible legal or Business Code of Conduct violations have been reviewed by the Group CFO, the Audit Committee, and the General Counsel. The Head of Global HR also reviews relevant reports.

Business ethics



Anti-corruption

Through the Integrity Policy and anti-corruption rule in the Business Code of Conduct, Nilfisk has in 2023 continued to comply with applicable global anti-corruption laws. The rule prohibits employees and managers from directly or indirectly offering, giving or receiving anything of value to secure an improper business advantage. The anti-corruption rule includes clear examples of what employees and managers may and may not do.

Nilfisk actively opposes bribery, both as a company and as a participant in global organizations such as the UN Global Compact and the OECD's Business and Industry Advisory Committee.

Nilfisk assesses corruption risks in its markets, focusing on high-risk areas of business, for instance, where Nilfisk employees and service suppliers may face demands from public officials for improper payments, such as in transport, logistics and customs clearance. The definition of high-risk markets generally reflects the risk rankings of countries in Transparency International's Annual Corruption Perception Index. Material risks are handled within Nilfisk's enterprise risk management risk system, a third-party due diligence tool and the new supplier compliance questionnaire.

In 2024, internal procedures to prevent, detect and address possible bribery will continue. This includes compliance audits at Nilfisk subsidiaries in high-risk markets, anti-corruption training, and maintaining close contact with relevant managers in those markets regarding corruption risks. Site audits will include town hall meetings covering the Business Code of Conduct, reporting concerns and dealing with local compliance challenges.

Competition law

The Business Code of Conduct rule on competition law requires employees negotiating contracts to use global corporate guidance when reviewing competition law risks. Further, the rule provides clear examples of what employees may and may not do, as regards contacts with and information involving Nilfisk competitors. In 2024, Nilfisk's learning management system will be used to provide detailed training to targeted employees.

Foreign trade controls

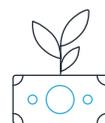
Nilfisk continues to enhance its compliance program covering applicable trade and financial sanctions and export control laws, in particular EU and US legislation. This includes following global banking restrictions that may exceed regulatory restrictions. Nilfisk requires suppliers to identify dual-use components and spare parts that may require export licenses. Prospective suppliers are asked when they are being evaluated, and current suppliers are targeted by e-mail requesting country of origin documentation of their items. In 2023, Nilfisk began a long-term project to enhance identification of dual-use finished products as well as components and spare parts. Nilfisk also began efforts to ensure compliance with EU regulations restricting imports into the EU of items containing iron or steel originating from Russia.

Anti-fraud and conflicts of interest

Cross-functional collaboration continued between Nilfisk's Legal and Finance teams to ensure compliance with the Business Code of Conduct rule on anti-fraud and conflicts of interest to mitigate fraud risks. During 2023, the Compliance and Finance teams continued cooperating in matters involving possible fraud or financial irregularities globally.



Responsible tax



Nilfisk recognizes the importance of taxes, giving back to local society, and of contributing to the sustainable development of the countries where

Nilfisk does business. Nilfisk acknowledges that tax payments are important contributors, both directly and indirectly, to achieving the UN Sustainable Development Goals.

The guiding principle for Nilfisk within tax is to observe and comply with the applicable international tax initiatives regarding payment, reporting and disclosure requirements. Nilfisk monitors developments to assess and consider the response to the proposed international disclosure requirements and strives to follow both demands and intentions of the requirements.

Nilfisk does not operate in low-tax jurisdictions, nor uses special tax optimization models designed for tax evasion purposes. Nilfisk's Tax Policy is based on compliance with tax laws, tax risk management, transparent tax planning and use of incentives, and cooperation with governments and authorities. Nilfisk does not operate in tax havens or jurisdictions stated on EU's blacklist.

Tax payments

Nilfisk distributes products in more than 100 countries and thereby contributes with taxes and duties collected, which include, without limitation, VAT, GST or other consumption taxes, withholding taxes and excise duties.

Nilfisk pays corporate tax in Denmark, where the headoffice is located, and in jurisdictions outside of Denmark, where its subsidiaries are located. Nilfisk pays income taxes in relation to its employment contracts as per applicable laws.

Effective tax rate

In 2023, Nilfisk's effective tax rate was 25.4% on the reported profit before tax, which shows that Nilfisk's tax contribution is at a sustainable rate.

Country-by-Country report

Nilfisk acknowledges the need for more transparency by both taxpayers and tax administrations, and the need to provide more clarity about Nilfisk's position on tax. In doing so, the company provides insight in accordance with the EU Directive 2021/2101 of the European Parliament and of the Council of 24 November 2021 amending Directive 2013/34/EU as regards disclosure of income tax information by certain undertakings and branches which introduces public country-by-country reporting requirements.

Publishing the report based on the EU Directive is an early adoption of requirements that are mandatory for fiscal years starting on or after June 2024. The information is based on the principles from the OECD Country-by-country reporting guidelines which also include various intercompany transactions. Thus it is not possible to reconcile all numbers in this section to the ones in the Annual Report.

Country-by-Country report for 2023

Tax Jurisdiction	Business Activity	Revenue Unrelated party (kEUR)	Revenue Related party (kEUR)	Total Revenue - unrelated and related party. (kEUR)	Profit/Loss before Income Tax (kEUR)	Income Tax Paid (on Cash Basis) (kEUR)	Income Tax Accrued (Current year) (kEUR)	Accumulated earnings/ Retained earnings (kEUR)	Number of Full time Employees (FTE)
Denmark	Principal	7,029.4	451,692.7	458,722.1	-8,428.4	88.0	-376.8	160,270.4	365
Austria	Sales	8,478.5	310.3	8,788.8	323.2	23.8	59.5	3,006.9	30
Belgium	Sales	17,796.8	105.9	17,902.7	561.3	218.3	140.3	1,868.3	49
Czech Republic	Sales	6,585.9	1,422.1	8,008.0	164.9	35.4	41.9	169.2	33
Finland	Sales	7,097.4	3.5	7,100.9	211.2	81.1	16.0	450.2	16
France	Sales	104,169.6	1,658.7	105,828.4	3,065.6	1,295.8	968.3	2,981.9	232
Germany	Sales	142,074.5	3,483.4	145,557.9	5,579.4	2,429.3	1,553.5	-11,561.1	314
Greece	Sales	8,267.0	481.3	8,748.3	196.0	77.0	72.0	-156.1	19
Hungary	Sales/Production/R&D	7,209.8	181,999.7	189,209.5	9,210.5	1,655.5	700.3	8,017.5	791
Ireland	Sales	2,931.0	28.3	2,959.3	112.6	---	14.0	215.6	2
Italy	Sales/Production/R&D	28,301.0	22,800.0	51,101.0	4,105.6	18.0	37.6	23,448.4	153
Netherlands	Sales	24,211.3	1,874.9	26,086.2	762.8	190.5	190.7	2,536.1	77
Poland	Sales	10,925.0	463.0	11,388.0	234.0	64.8	104.4	417.7	46
Portugal	Sales	6,996.3	600.5	7,596.8	145.4	28.8	48.1	3,784.1	24
Romania	Sales	2,899.1	--	2,899.1	87.1	19.0	13.9	479.7	11
Slovakia	Sales	1,915.1	1.2	1,916.3	57.4	24.6	12.9	275.1	7
Spain	Sales	20,922.1	520.7	21,442.8	752.2	132.6	203.6	3,252.5	89
Sweden	Sales	20,780.0	339.6	21,119.6	528.1	216.7	117.4	2,444.5	48
Total EU member states		428,589.6	667,785.9	1,096,375.4	17,668.7	6,599.0	3,917.6	201,900.9	2,306
Total Americas		375,534.8	102,459.3	477,994.1	11,638.8	3,360.4	5,869.1	26,241.4	1,164
Total Rest of the World		242,854.7	68,185.0	311,039.8	18,469.0	3,294.4	4,364.5	49,861.2	1,210
Total Nilfisk Group		1,046,979.1	838,430.2	1,885,409.3	47,776.5	13,253.8	14,151.2	278,003.5	4,680



Information security



Nilfisk's use of technology and data adheres to the 10 central values and principles of responsible data ethics described by Denmark's Data Ethics

Council. As Nilfisk embraces digital transformation, the handling and safeguarding of data have become a compliance requirement and a cornerstone of ethical business practices. Nilfisk sees good cybersecurity and data protection as a duty but also as a competitive advantage.

With Nilfisk products being connected and operating autonomously, cybersecurity becomes an essential part of product quality. Therefore, Nilfisk is implementing security measures like code scanning, software composition analysis and penetration testing in the product development process.

GDPR

Nilfisk continuously ensures compliance with the EU General Data Protection Regulation (GDPR), including the use of a GDPR compliance tool that enhances mapping of global databases and applications containing personal data and enables structured documentation of processes, as required by GDPR.

Nilfisk's compliance team monitors actions and addresses GDPR-related inquiries, e.g. requests for personal data from individuals and reports of possible data breaches. GDPR compliance is a key element of Business Code of Conduct training, helping employees globally to follow the Business Code of Conduct's rule on Data Privacy.

Other data privacy activities

Nilfisk continues its efforts to comply with other applicable data privacy laws. Key compliance elements throughout Nilfisk's global organization

include processing only the personal data necessary for running the business, treating data confidentially, and making it available only on a need-to-know basis.

Nilfisk will provide targeted data privacy training to relevant employees in 2024.

Refer to the Nilfisk Data Ethics Policy for Nilfisk Holding A/S as per section 99d of the Danish Financial Statements Act:

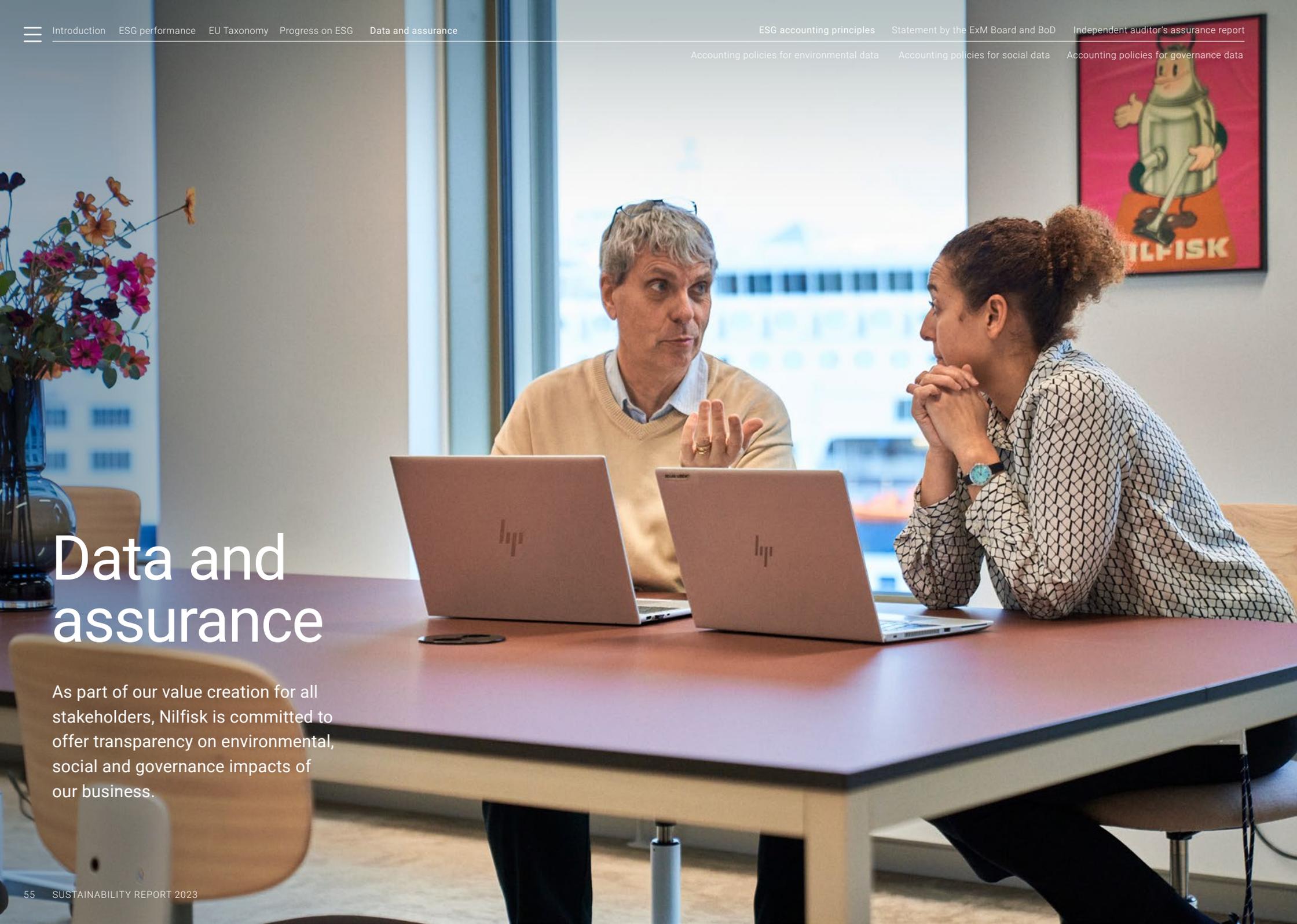
www.nilfisk.com/global/about-nilfisk/sustainability/

Information security incidents

In 2023, Nilfisk detected 788 information security incidents or cases. Among these, 26 cases were of high severity, but no major incidents were reported impacting Nilfisk's business activities and mitigating actions were taken.

Information security incidents	Incidents with impact on business activity	Incidents of high severity
788	0	26

A high severity case refers to a situation where malicious actors would have been able to compromise Nilfisk, if Nilfisk had not successfully detected and stopped the attacks. Examples of these types of attacks are phishing e-mails and malware/ransomware attacks.



Data and assurance

As part of our value creation for all stakeholders, Nilfisk is committed to offer transparency on environmental, social and governance impacts of our business.

ESG accounting principles

The Sustainability Report 2023 is part of Nilfisk's corporate reporting and together with the Annual Report 2023 it is offering a comprehensive overview of Nilfisk's business approach and activities, corporate results, and its environmental, social and governance impact. Nilfisk continuously seeks to improve its data registration, collection and reporting of relevant ESG indicators, and provide data that can be measured year over year. The ESG data collection and reporting support the business to drive action plans, and it provides transparency for stakeholders into Nilfisk's sustainability work.

Basis of reporting

Reporting period

This report covers relevant data from January 1, 2023, to December 31, 2023. The preliminary double materiality assessment carried out in 2023 guides the prioritization of topics included.

Reporting scope

Unless otherwise stated, the ESG data in this report is reported based on the same policies as the financial statements. ESG and sustainability data include consolidated data from the parent company, Nilfisk Holding A/S (Nilfisk), and subsidiaries controlled by Nilfisk. Data from associates and joint ventures are not included. Please refer to note 8.5 of the Annual Report 2023 to see the disclosure of all group companies included in the reporting scope.

Application of reporting frameworks

Nilfisk does not apply a specific overall reporting framework but historically used the Global Reporting Initiative (GRI) standards as guidance to determine the report content and quality. In 2023, Nilfisk began transitioning from GRI to the European Sustainability Reporting Standards (ESRS),

as guiding principles, which will be fully phased in for the reporting year 2024.

Changes in data in 2023

Extended reporting scope for scope 1 and 2 emissions

In 2023, Nilfisk extended the scope of the sites included in its scope 1 and 2 greenhouse gas (GHG) emissions calculation. Until 2022, scope 1 and 2 emissions included sites covering 97% of scope 1 and 2 emissions, and excluded sites representing 3% of Nilfisk emissions. In 2023, the scope was extended to cover 100% of scope 1 and 2 emissions, resulting in including all Nilfisk sites with employees globally.

Improved fleet emissions calculation in scope 1 and 2 emissions calculation

Nilfisk improved the way daily mileage is estimated. In 2022, daily mileage was estimated based on data on total mileage between the start of the contract period and the date when mileage was last recorded. In 2023, daily mileage is estimated based on data on total mileage between the two last recorded mileages. This change allows for more granular estimation of daily mileages and allows for more accurate tracking of mileage during a defined period.

Update of disaggregated scope 1, 2 and 3 emissions and energy sources

To prepare reporting compliance with the ESRS E1 standard on Climate change, emissions have been disaggregated into market-based, location-based, scope 1, scope 2 market-based, and scope 2 location-based emissions. Additionally, instead of disaggregating scope 1 and 2 emissions by energy source as in 2022 (natural gas, fleet, electric power,

district heating and other fuels), emissions are disaggregated into a more relevant breakdown, namely manufacturing sites, non-manufacturing sites and fleet. Nilfisk is not regulated by an emission trading scheme, so the requirement to disclose the percentage of scope 1 GHG emissions from regulated emission trading schemes does not apply to Nilfisk.

Similarly, energy consumption disaggregation has been updated to the level of disaggregation required in the ESRS E1 standard on Climate change.

Restatement rules for GHG emissions

The Nilfisk restatement practices are being challenged by continuous methodology improvement combined with growing reporting requirements introducing new disaggregated indicators. To reduce complexity, Nilfisk introduced new restatement rules in 2023 allowing a more streamlined and consistent presentation of disaggregated values throughout the years, and to allow reconciliation of aggregated with disaggregated indicators. This new policy will be tested in the coming years as the reporting landscape matures.

Restatement rules for GHG emissions Update of disaggregated social indicators

To prepare reporting compliance with the ESRS S1 standard on Own workforce, social indicators have been disaggregated according to the disclosure requirements S1-6 Characteristics of the undertaking's employees, S1-9 Diversity metrics and S1-16 Remuneration metrics (pay gap and total remuneration).

Update of remuneration metrics methodology

Gender pay gap: The methodology of calculation has changed from a selection of countries to all geographies. This indicator was renamed from "unadjusted gender pay gap" to "gender pay gap" to align with ESRS S1 standard on Own workforce. Annual total remuneration ratio: The methodology of calculation has changed from a cost accounting approach to a total cash compensation one. Data extracted from Nilfisk's global HR system (Workday) is utilized to calculate the CEO's annual target compensation that is a sum of annual base pay, short-term incentive and long-term incentive targets. For the employee median pay distinction, the global median of the sum of annual base pay and annual target bonus of all employees is used and converted to euros with the effective foreign exchange rates of the last day of the year.

Cumulative number of suppliers covered by CSR assessments

While until 2022 only direct suppliers were assessed, the scope for assessment has been extended to material indirect suppliers, that, from 2023, also need to complete the CSR assessment.

Accounting policies for environmental data

Scope 1 and 2 greenhouse gas (GHG) emissions

Scope 1 and 2 GHG emissions are calculated by multiplying volumes of energy consumed with energy-specific emission factors. The consolidation of GHG emissions is based on the Greenhouse Gas Protocol Corporate Standard revised edition (2015), following the operational control approach. Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. Greenhouse gases are the sum of CO₂, CH₄ and N₂O emissions. As per Nilfisk's knowledge at the time of publication of this report, other GHG are not applicable to Nilfisk operations and not yet available in the databases used to calculate GHG emissions. Scope 1 and 2 emissions are the sum of Nilfisk fleet and sites emissions.

GHG emissions are calculated for two groups of sites: main sites and other sites. Main sites are sites for which real energy usage data is collected throughout the reporting year and used for scope 1 and 2 calculation. Their footprint contributes to more than 97% of sites' GHG emissions. Other sites are the sites for which real data is collected every five years and estimated for the in-between years. The list of main and other sites together covers all Nilfisk sites with employees.

GHG emissions from main sites are calculated based on real energy usage data collected from the sites. Energy sources are natural gas, electricity, district heating and liquid fuels (diesel, petrol, fuel oil, LPG, ethanol, and biodiesel). Energy consumed by the sites is collected in the online platform called Resource Advisor, where the sites enter their monthly energy consumption based on received invoices or meter reading. Estimations are performed for data on energy usage not yet

available at the time of reporting (for example, for December consumptions when invoices have not been received). The estimation is based on the percentage development observed for each site with missing data for the same period in the previous year. If the data for the full year is missing, data from the previous year is used. The estimation method can deviate if sites provide additional insights to estimate missing data.

GHG emissions from other sites are calculated based on real data every five years. In-between the five years, an estimation of emissions is made based on the percentage emissions development of main non-manufacturing sites from one year to another. The latest data collection process was conducted in 2022 using 2021 data.

GHG emissions from vehicle fleet covers GHG emissions from cars, vans and trucks owned and leased by Nilfisk. Emissions are calculated based on the estimated mileage in the reporting period. Daily mileage is estimated based on total mileage between the two last recorded mileages. Total mileage driven in the reporting period is then calculated as daily mileage multiplied by the number of days in the reporting period. Yearly mileage is multiplied by the vehicle's emission factor per kilometer as communicated by the vehicle manufacturers.

If no emission factor is available, the fuel consumption per kilometer as communicated by the car manufacturer is used and multiplied by a GHG emission factor for that specific fuel. If no fuel consumption per kilometre is available, the average factor for the same vehicle type in the same country is used. Emissions from electric vehicles are calculated based on default electricity consumption

per kilometer: 0.166 kWh/km for cars (EEA 2022) and 0.254 kWh/km for vans (average made on seven electric vans models). If data on mileage cannot be estimated or an outlier is identified in the dataset, daily mileage is estimated based on data on total mileage between the start of the contract period and the date when mileage was last recorded. If no data is available for this estimation, the contract budgeted yearly mileage is used or, if not available, the average budgeted mileage for the same vehicle type (car, van or truck) used in the same country. For all rules, global averages are used if country averages cannot be calculated.

Emission factors are based on the IPCC Fifth Assessment Report (AR5). Factors from the IPCC Fourth Assessment Report (AR4) are only used when there is no possibility of conversion into AR5-based emissions.

Emissions are based on the latest emission factors available at the time of the publication of the report.

Electricity and district heating

- Market-based emission factors: Residual electricity mix is preferred and used when available. AIB residual mix factors (updated 2022) are used for sites located in Europe, Green-e residual mix factors (updated 2023) are used for sites located in the US and IEA factors (updated 2023) are used for all the other sites outside Europe. For district heating, supplier-specific emission factors are preferred when available, otherwise factors from DEFRA (updated 2023) are used. Electricity covered by Energy Attribute Certificates (EACs) has an emission factor equal to zero. When EACs only partially cover the electricity use of a site, the emission factor for electricity used at this site is calculated based on

the share of electricity covered by EACs.

- Location-based emission factors: DEFRA emission factors (updated 2023) are used for district heating, and IEA factors (updated 2023) are used for electric power used at all sites.

Fuels and natural gas

DEFRA emission factors (updated 2023) are used. Scope 1 emission factors are based on DEFRA factors, which exclude biogenic emissions. DEFRA provides 'out of scope' emissions, which allow reporting GHG emissions separately from biogenic sources. These factors are used to report Nilfisk biogenic emissions from diesel and petrol (average biofuel blend), ethanol and biodiesel used at Nilfisk sites and by Nilfisk fleet.

Scope 2 emission factors are based on various databases (see above) which do not publish biogenic emissions separately from total GHG emissions for electricity and district heating. Therefore, biogenic emissions from electricity and district heating cannot be reported separately from total scope 1 and 2 emissions.

Scope 3 GHG emissions – category 11 (Use of Sold Products)

As defined by the Corporate Value Chain (scope 3) Accounting and Reporting Standard (2011), scope 3 emissions – category 11 'Use of Sold Products' includes emissions from the use of goods and services sold by the reporting company in the reporting year. Greenhouse gases are the sum of CO₂, CH₄ and N₂O emissions. As per Nilfisk knowledge, other GHG are not applicable to Nilfisk products and not yet available in the databases used to calculate GHG emissions. Scope 3 – Use of sold products GHG emissions exclude products sold by Nilfisk Food. The exclusion of Nilfisk Food

products was originally made to lower the modelling complexity, as data from Nilfisk Food products are not included in Nilfisk ERP system and their contribution to scope 3 emissions is assessed to be very low, as volumes are low compared to the rest of the products sold by Nilfisk, and products are mainly working on electricity.

GHG emissions from sold products are calculated by multiplying the amount of energy consumed by Nilfisk products during the reporting period by an emission factor. The amount of energy consumed is calculated as the lifetime energy consumption of each product multiplied by its lifetime number of uses and the number sold.

Sales per country data are extracted from Nilfisk's ERP systems (SAP, Navision and LN). Data from US high-pressure washers are received separately from Nilfisk US entities. Non-emitting products (spare parts, detergents, etc) are filtered out from the data using an automatic filter and completed by a manual screening validated by Product Management. Products' energy use is based on the technical specifications of products. Yearly usage and product lifetime are applied to account for the GHG emitted during the entire lifetime of products sold in the reporting year. These factors are based on product manager experience and R&D data considering parameters such as jobs to be done, machine productivity, sales profiles per machine and component lifetime tests.

The energy consumption of Nilfisk products (electricity, diesel, petrol or LPG) is multiplied by emission factors to obtain the GHG emissions. Emission factors used are lifecycle emission factors, considering emissions from extraction of resources up to its usage in the products. For fuels,

well-to-tank and combustion emissions are from DEFRA. The emission factors of electricity are the sum of the upstream emission factors (from IEA), the combustion emission factors (from IEA and EIB) and the life cycle transmission and distribution emission factors (from IEA).

Emission factors are based on the IPCC Fifth Assessment Report (AR5). Factors from the IPCC Fourth Assessment Report (AR4) are only used when there is no possibility of conversion into AR5-based emissions.

Emission factors from LPG, petrol and diesel used in Nilfisk products are from DEFRA, which exclude biogenic emissions. Only 100% mineral diesel, petrol and LPG are considered being used in Nilfisk products, so no biogenic GHG emissions are attributed to fuel combustion during product usage. Emission factors from electricity used by products during their lifetime are based on IEA and EIB factors, which do not exclude biogenic emissions. Therefore, biogenic emissions are reported along with GHG emissions from electricity use. For full-year 2023, emissions were extrapolated for an estimated 2.8% of the product portfolio, based on 2023 revenue coverage due to some machines not having been attributed data to calculate their emissions. The share of extrapolated emissions slightly increased compared to 2022 (2.6%) due to a slightly higher share of sold products without attributed data. The extrapolation is done by extrapolating the emissions from products without emission data over the emission-revenue ratio of products with emission data on multiple levels of the product hierarchy. If a product has no known emission on any step of the product hierarchy, the total average of revenue and emissions is taken to extrapolate.

The calculated absolute emissions are then divided by Nilfisk annual gross profit. The indicator is an intensity metric expressed in kg CO₂ eq/EUR gross profit.

Energy consumption and mix

Total energy consumed is the sum of the energy consumed at the Nilfisk sites included in scope 1 and 2 calculation and the energy consumed by Nilfisk's fleet.

Energy from sites

Energy consumption is calculated for two groups of sites: main sites and other sites. Energy consumed at main sites is calculated based on real energy usage data collected from the sites. Estimations are performed for data on energy usage not yet available at the time of reporting (for example, for December consumptions when invoices have not been received in January). The estimation is based on the percentage development observed for each site with missing data for the same period in the previous year. If the data for the full year is missing, data from the previous year is used. The estimation method can deviate if sites provide additional insights to estimate missing data. Energy consumption from other sites is calculated based on real data every five years. In-between the five years, an estimation of emissions is made based on the percentage consumption development of main non-manufacturing sites from one year to another. The latest data collection process was conducted in 2022 using 2021 data.

Energy consumption is converted into MWh by using the conversion factors available on the data collection platform called Resource Advisor.

Energy from fleet

Energy from the fleet is estimated based on kilometers driven by each vehicle, multiplied by vehicle- and fuel-specific factors of energy usage per kilometer. These factors are taken from DEFRA emission factors' file (update 2023). If a factor is missing for a specific vehicle type-fuel type pair, an estimation is made based on the difference between the known difference of energy consumed per kilometer for another vehicle type. If the fuel type of a specific vehicle is unknown, the DEFRA factor for unknown fuel of the vehicle type is used, or, if not available, the average between the petrol and diesel factors for the same vehicle type.

Allocation of energy sources to ESRS breakdown

Nilfisk does not consume coal and coal products nor nuclear products. Fuel consumption from crude oil and petroleum products is calculated as the sum of the energy consumption at the sites and by the fleet through the consumption of diesel, fuel oil, LPG and petrol. Fuel consumption from natural gas is calculated as the sum of the natural gas consumed at the sites. The consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources is calculated as the sum of consumed electricity and district heating consumed at the sites (excluding electricity covered by EACs and produced from solar panels) and by the electric vehicles. The share of fossil energy in total energy consumption is calculated as the sum of energy from fuel from crude oil and petroleum products, natural gas and purchased or acquired electricity, heat, steam and cooling from fossil sources, divided by the total energy consumption.

Accounting policies for social data

The fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) is calculated as the sum of the consumption of ethanol, biodiesel and biodiesel HVO consumed at the sites and biodiesel consumed by the fleet. The consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources is calculated as the sum of the electricity covered by the EACs. The consumption of self-generated nonfuel renewable energy is calculated as the sum of the electricity consumed from on-site generation installation (and not claimed elsewhere, e.g. by the building owner). The share of renewable sources is calculated as the sum of energy from fuel from renewable sources, purchased or acquired electricity, heat, steam and cooling from renewable sources, and self-generated nonfuel renewable energy, divided by the total energy consumption. Nilfisk does not produce non-renewable energy, so only the self-generated nonfuel renewable energy is reported.

Waste

Waste data covers Nilfisk manufacturing sites only, excluding two sites in the US and one site in Denmark due to a lack of data. Waste treatment volumes per final treatment are collected on an annual basis directly from the manufacturing sites. Waste data excludes municipal waste.

Water

Until 2022, the sites in scope of water consumption reporting aligned with the sites included in scope 1 and 2 reporting, which excluded the sites

representing around 3% of sites' emissions. In 2023, the reporting scope of scope 1 and 2 emissions was extended to 100% of Nilfisk's sites. The scope of water reporting remained unchanged for 2023, but in 2024, reporting of water consumption will be redefined to align with upcoming ESRS requirements. Recycled water is collected from the same sites and defined as the volume of water going through an on-site recycling system. Both datasets are recorded by the sites in scope based on invoices or meter reading.

Total employee headcount

Total employee headcount is the total number of individuals employed by Nilfisk, and which perform work for its entities at the end of the reporting period, irrespective of the extent of working hours (full-time/part-time). The data excludes external and contingent workers, employees with a non-active worker status (on leave) and terminated employees. Contingent workers are defined as temporary external workers. The principle serves as an overarching principle for the following metrics: headcount specifications, age distribution, gender pay gap, annual total remuneration ratio and gender distribution (diversity metrics).

Headcount per country

Headcount per country is the total headcount at the end of the reporting period, specified for countries in which Nilfisk has 50 or more employees representing at least 10% of the total number of employees.

Headcount per gender

Headcount per gender is the total headcount at the end of the reporting period and is categorized per gender.

Headcount of permanent employees

Headcount of permanent employees is the total headcount at the end of the reporting period for permanent employees and is categorized per gender. Permanent employees are employed by Nilfisk without a predetermined end date to the employment.

Headcount of temporary employees

Headcount of temporary employees is the total headcount at the end of the reporting period for temporary employees and is categorized per gender. Temporary employees are employed by Nilfisk with a predetermined end date to the employment.

Headcount of non-guaranteed hours employees

Headcount of non-guaranteed hours employees is the total headcount at the end of the reporting period for non-guaranteed hours employees and is categorized per gender. Non-guaranteed hours employees are employed by Nilfisk without a guarantee of a minimum or fixed number of working hours.

Total number of employees who have left the company

This is defined as the total number of employees who left Nilfisk in the reporting period. Employees is defined as the number of individuals employed by Nilfisk, irrespective of the extent of working hours (full-time/part-time). The data excludes external and contingent workers.

Employee turnover – all employees

Employee turnover is calculated as the number of employees who left Nilfisk voluntarily or involuntarily in the reporting period, divided by the average number of employees in the reporting period. The average number of employees is calculated by adding the starting employee count in the reporting period to the ending employee count in the reporting period and dividing the number by two. The denominator (average number of employees)

includes employees with an active and non-active worker status (on leave). The calculated percentage is rounded to the nearest whole number.

Employee turnover - permanent employees

Employee turnover for permanent employees is calculated as the number of permanent employees who left Nilfisk voluntarily or involuntarily in the reporting period, divided by the average number of permanent employees in the reporting period. The average number of permanent employees is calculated by adding the starting permanent employee count in the reporting period to the ending permanent employee count in the reporting period and dividing the number by two. The denominator (average number of permanent employees) includes permanent employees with an active and non-active worker status (on leave). The calculated percentage is rounded to the nearest whole number.

Gender distribution at top management levels

Gender distribution is based on the employee headcount of the underrepresented gender at top management levels in relation to the total employee headcount at top management levels at the end of the reporting period. Top management level is defined as the highest-ranking management level (executive management) and employees, with people responsibility, reporting to executive management.

The percentual representation of the underrepresented gender in top management is calculated as the absolute number of the underrepresented gender in top management divided by the total number of the employee headcount in top management. The calculated percentage is rounded to nearest whole number.

Distribution of employees by age group

Distribution of employees by age group is the percentage distribution of headcount at the end of the reporting period for the specified age groups and is categorized based on the employee's date of birth. The calculated percentage is rounded to the nearest whole number.

Gender pay gap

The unadjusted gender pay gap is defined as the difference between the average gross hourly earnings of men and women expressed as a percentage of the average gross hourly earnings of men. It is calculated for the entire company. The average gross hourly pay is calculated from the total base pay amount, which means the salary. Other compensation information (e.g. allowances, target bonus) is not implemented globally through the Global HR data system and therefore is excluded.

Annual total remuneration ratio

Pay ratio is calculated by dividing the full-year target total cash compensation of the highest paid employee by the median target pay for company employees. Remuneration for all employees is annualized, not taking the start date into consideration nor number of employees who have left during the year. Median pay per employee is based upon the global HR data system data. Highest paid employee is based upon annualized target remuneration which includes base salary, short-term incentive and long-term incentive programs. LTI has been amended to include data from the global HR data system. The calculation is based upon permanent employees end of year.

Gender diversity in the Board of Directors

Gender diversity in the Board of Directors is assessed through the percentage of women in the Nilfisk Board of Directors.

Gender diversity in senior management

Gender diversity in senior management is based on the employee headcount of the underrepresented gender in senior management in relation to the total employee headcount in senior management at the end of the reporting period. Senior management is defined as the management levels vice president and above, including the highest-ranking management level (executive management). The percentual representation of the underrepresented gender in senior management is calculated as the absolute number of the underrepresented gender in senior management divided by the total number of the employee headcount in senior management. The calculated percentage is rounded to nearest whole number.

Gender diversity in Nilfisk Leadership Team

Gender diversity in the NLT is assessed through the percentage of women in the NLT, which corresponds to executive vice presidents.

Engagement survey participation rate

Engagement survey participation rate is the aggregated participation rate in percentage across surveyed employees.

Employee engagement score

Employee engagement score is the average score given by survey respondents to four engagement

questions, using the responses from the latest survey of the reporting year.

Fatalities

Occupational fatality is the number of work-related accidents leading to the death of an employee.

Lost time injury frequency rate

Lost time injury frequency rate is the number of injuries with lost time (LTI) in a specific timeframe (12 months for the rolling LTIFR) multiplied by 1 million and divided by total worked hours in this timeframe. Lost time injury (LTI) is an incident/accident that results in days away from work. It is calculated for all Nilfisk manufacturing sites.

Lost time injury severity rate

Lost time injury severity rate is the number of days lost due to injuries multiplied by 1,000 per total hours worked. It is calculated for all Nilfisk manufacturing sites.

Accounting policies for governance data

EcoVadis rating and score in 2023

The EcoVadis assessment provides an overall score (0-100) which reflects the quality of a company's sustainability management system at the time of the assessment. Based on the score, a rating is provided, from bronze to platinum. The latest certificate was received in October 2023 and is valid until October 2024. The EcoVadis questionnaire covers the following sustainability areas, environment, ethics, labor and human rights and sustainable procurement.

Share of spend from suppliers who align with the UNGC 10 principles

This indicator is calculated as the spend on direct suppliers aligned with the UNGC principles over the total spend on direct suppliers. Alignment of the suppliers with the UNGC 10 principles is assessed before 2020 by the signature of a self-declaration of compliance with the 10 principles from the supplier, and from 2020 by the replies of the suppliers to the Nilfisk CSR questionnaire. Based on the answers, the CSR team assesses compliance of the supplier with the 10 principles.

Number of supplier audits

This is the number of on-site second-party audits performed by Nilfisk.

Cumulative number of suppliers covered by CSR assessments

This is the total number of direct suppliers who completed the CSR assessment since its introduction in 2020.

Indicators on whistleblower cases

This is the number of cases recorded through the Nilfisk whistleblower system and treated by the Nilfisk's Corporate Affairs team.



Statement by the Executive Management Board and Board of Directors

The Executive Management Board and Board of Directors have today considered and approved the Sustainability Report of Nilfisk Holding A/S for the financial year 1 January - 31 December 2023.

The Sustainability Report represents our statutory statement on corporate social responsibility in accordance the Danish Financial Statements Act, and Nilfisk's reporting in accordance with Regulation (EU) 2020/852 (Taxonomy), Delegated Regulation (EU) 2021/2139 on climate change mitigation and climate change adaptation, the Delegated Regulation (EU) of 27.6.2023 supplementing Regulation (EU) 2020/852, and Delegated Regulation (EU) 2021/2178 on the presentation of this information. The Sustainability Report also reinforces our commitment to the UK Modern Slavery Act.

Further, the ESG performance data indicators as presented in section "ESG performance" in the Sustainability Report for 2023 on pages 12 to 16 have been prepared in accordance with the ESG accounting principles stated on pages 56-61.

In our opinion, the Sustainability Report gives a true and fair presentation of Nilfisk Holding A/S' sustainability activities and results of the Group's sustainability efforts in the reporting period in accordance with the ESG accounting principles, as well as a balanced presentation of Nilfisk Holding A/S' environmental, social and governance performance.

Copenhagen, 15 February 2024

Executive Management Board

René Svendsen-Tune
CEO

Reinhard Josef Mayer
CFO

Board of Directors

Göran Peter Nilsson
Chairman

Bengt Thorsson
Deputy Chair

Jutta af Rosenberg

René Svendsen-Tune

Ole Kristian Jørdahl

Are Dragesund

Franck Falezan

Viveka Marianne Ekberg

Gerner Raj Andersen

Claus Dalmose

Nadia Roya Damiri

Marcus Faber Kappendrup

Independent auditor's assurance report on selected ESG data indicators

To the stakeholders of Nilfisk Holding A/S

Nilfisk Holding A/S engaged us to provide limited assurance on selected ESG performance data indicators for Nilfisk Group for the financial year 1 January - 31 December 2023 marked with an asterisk (*) in column "Assured*" as presented in section "ESG performance" under column "2023" on pages 12 to 16 in the Sustainability Report 2023 of Nilfisk Holding A/S.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in section "ESG performance" nor in the Sustainability Report 2023, and accordingly, we do not express an opinion on this information.

Management's responsibility

Management of Nilfisk Holding A/S is responsible for designing, implementing, and maintaining internal controls over information relevant to the preparation of the ESG data and information in the selected ESG performance data indicators, ensuring they are free from material misstatement, whether due to fraud or error. Furthermore, Management is responsible for establishing objective accounting principles for the preparation of the selected ESG performance data indicators, for the overall content of the selected ESG performance data indicators, and for measuring and reporting the selected ESG performance data indicators for Nilfisk Group in accordance with the ESG accounting principles for environmental data, social data, and governance data, respectively, the Greenhouse Gas Protocol Corporate Standard Revised edition (2015) and The Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011) ("accounting principles") included on pages 56 to 61.

Auditor's responsibility

Our responsibility is to express a limited assurance conclusion based on our engagement with Management and in accordance with the agreed scope of work. We have conducted our work in accordance with ISAE 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information and ISAE 3410 Assurance Engagements on Greenhouse Gas Statements, and additional requirements under Danish audit regulation, to obtain limited assurance about our conclusion. Greenhouse Gas emissions quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emission factors and the values needed to combine emissions of different gasses.

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the ESG statement is free from material misstatement, whether due to fraud or error, and prepared, in all material respects, in accordance with the accounting principles;
- forming an independent conclusion, based on the procedures we performed and the evidence we obtained; and
- reporting our conclusion to the stakeholders of Nilfisk Holding A/S.

Deloitte Statsautoriseret Revisionspartnerselskab applies International Standard on Quality Management 1, ISQM 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements,

professional standards and applicable legal and regulatory requirements.

We have complied with the requirements for independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, and ethical requirements applicable in Denmark.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Work performed

We are required to plan and perform our work in order to consider the risk of material misstatement in the selected ESG performance data indicators. To do so, we have:

- conducted interviews with data owners and internal stakeholders to understand the key processes and control activities for measuring, recording and reporting the selected ESG performance data indicators;
- reviewed evidence on a selective basis to check that data has been appropriately measured, recorded, collated and reported;
- performed analysis of data, selected based on risk and materiality;
- made inquiries regarding significant developments in the reported data;

- considered the presentation and disclosure of the selected ESG performance data indicators for Nilfisk Group;

- assessed that the process for reporting greenhouse gas emissions data follows the principles of relevance, completeness, consistency, transparency and accuracy outlined in The Greenhouse Gas Protocol Corporate Standard Revised edition (2015) and The Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011); and

- evaluated the evidence obtained.

Our conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us not to believe that the selected ESG performance data indicators marked with an asterisk (*) in column "Assured*" as presented in section "ESG performance" under column "2023" on pages 12 to 16 in the Sustainability Report 2023 of Nilfisk Holding A/S for the financial year 1 January - 31 December 2023, have been prepared, in all material respects, in accordance with the accounting principles on pages 56 to 61.

Copenhagen, 15 February 2024

Deloitte

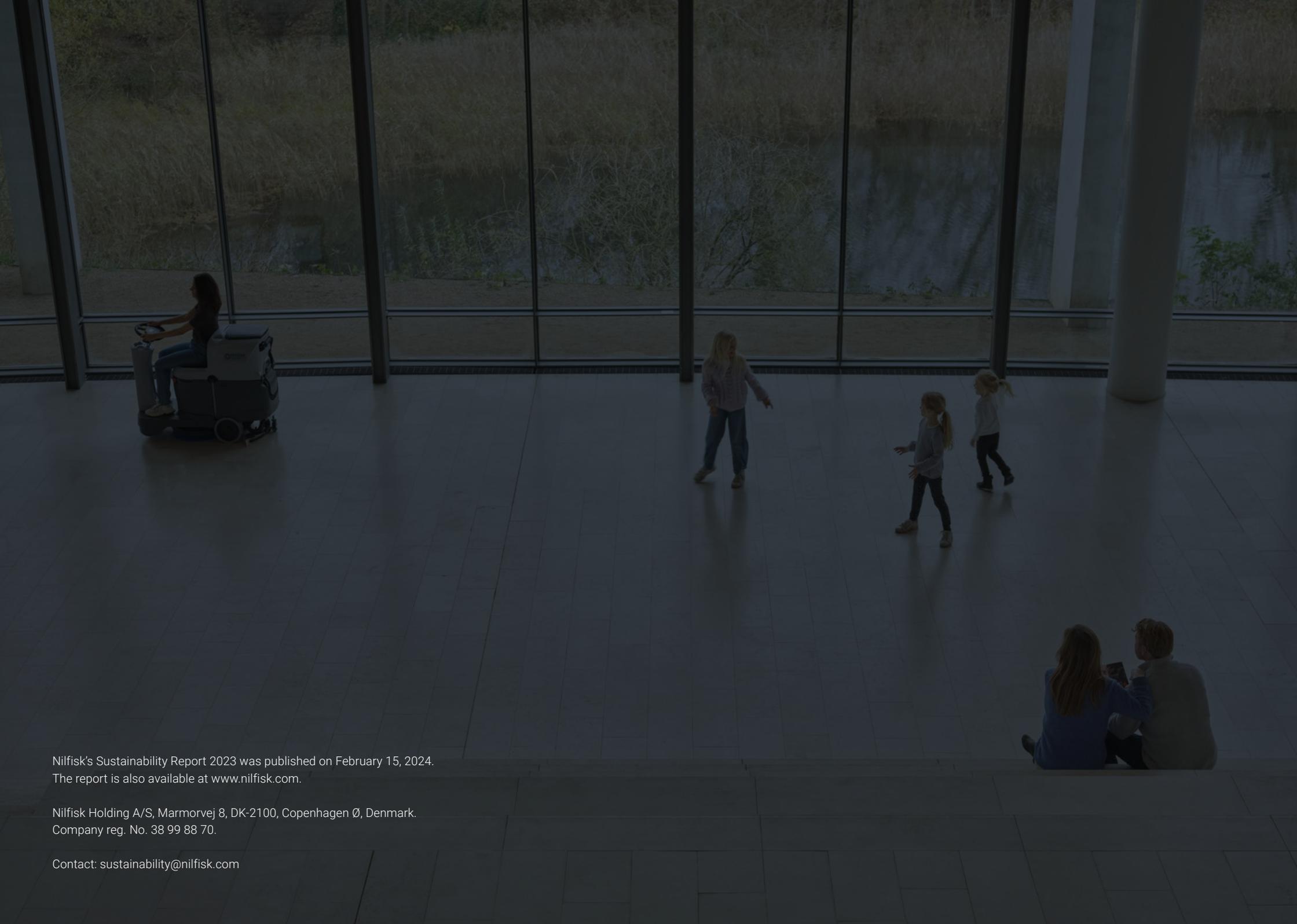
Statsautoriseret Revisionspartnerselskab
Business Registration No. 33 96 35 56

Kirsten Aaskov Mikkelsen

State Authorised Public Accountant
MNE no 21358

Aida Sasivarevic

State Authorised Public Accountant
MNE no 47817



Nilfisk's Sustainability Report 2023 was published on February 15, 2024.
The report is also available at www.nilfisk.com.

Nilfisk Holding A/S, Marmorvej 8, DK-2100, Copenhagen Ø, Denmark.
Company reg. No. 38 99 88 70.

Contact: sustainability@nilfisk.com