

SUSTAINABILITY REPORT 2022

From Commitment to Action



NILFISK

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About the report

Sustainability Report 2022 covers financial year January 1, 2022 to December 31, 2022 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 represents our statutory statement on corporate social responsibility in accordance with sections 99a, 99b, 99d, and 107d of the Danish Financial Statements Act, including the Data Ethics Statement, and it reinforces 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, and Delegated Regulation (EU) 2021/2178 on the presentation of this information.

Materiality is the foundation for how Nilfisk prioritizes and executes on sustainability. In 2022, Nilfisk updated its current approach to materiality including both impact and financial materiality (double materiality).

Although the annual communication on progress to UN Global Compact is now made within the UN Global Compact system, the report presents relevant data. Nilfisk's contribution towards the UN Sustainable Development Goals (SDGs) is based on materiality assessment and Nilfisk's Business Plan 2026.

Nilfisk welcomes any comments, suggestions, or questions regarding this report or our performance. Please send an email to sustainability@nilfisk.com.

From commitment to action

2022 was another year shaped by unpredictable events. The war in Ukraine followed by an energy crisis in Europe led to severe economic implications impacting both people and businesses around the world. Meanwhile, the global climate crisis remained ever so present.

Acknowledging our business' impact on climate and society, 2022 became the year where Nilfisk made ambitious sustainability commitments and turned them into action. Throughout the business and towards external stakeholders.

Commitments anchored in Business Plan 2026

With the launch of Business Plan 2026 in early 2022, we elevated sustainability to a new level. We anchored our commitments in our value proposition and in our platforms for long-term sustainable growth. We strive to ensure that we create value for all stakeholders, from customers and employees to our investors and the local communities, we are a part of.

At Nilfisk, we promote diversity and empower our people with a growth mindset and a can-do attitude. In our ambition to ensure a more sustainable future, our employees are now being mobilized to each contribute within their areas of expertise.

Anchored in Business Plan 2026 it is our ambition to lead the industry with sustainable products. We approach this from a lifecycle perspective, considering all stages of the products' lifecycle. Starting from the product design over materials sourcing to manufacturing, distribution, use, reuse, and eventual 'end-of-life' management. And it is our strategic priority to offer lifecycle services to our customers to optimize product usage and prolong product lifetime.

Actions led to important milestones in 2022

On our path towards realizing our ambitious long-term sustainability targets, we reached important milestones in 2022.

We made substantial progress on our greenhouse gas emission reduction targets for scope 1, 2 and scope 3. The reaffirmation of our 'A-' score with CDP underlines that Nilfisk has continued its efforts towards constant improvement and implementation of best practices in its climate actions

In September 2022, EcoVadis, the world's largest provider of business sustainability ratings, awarded Nilfisk a Gold Medal. Our improvement from Silver in 2021 to Gold was primarily driven by robust environmental actions.

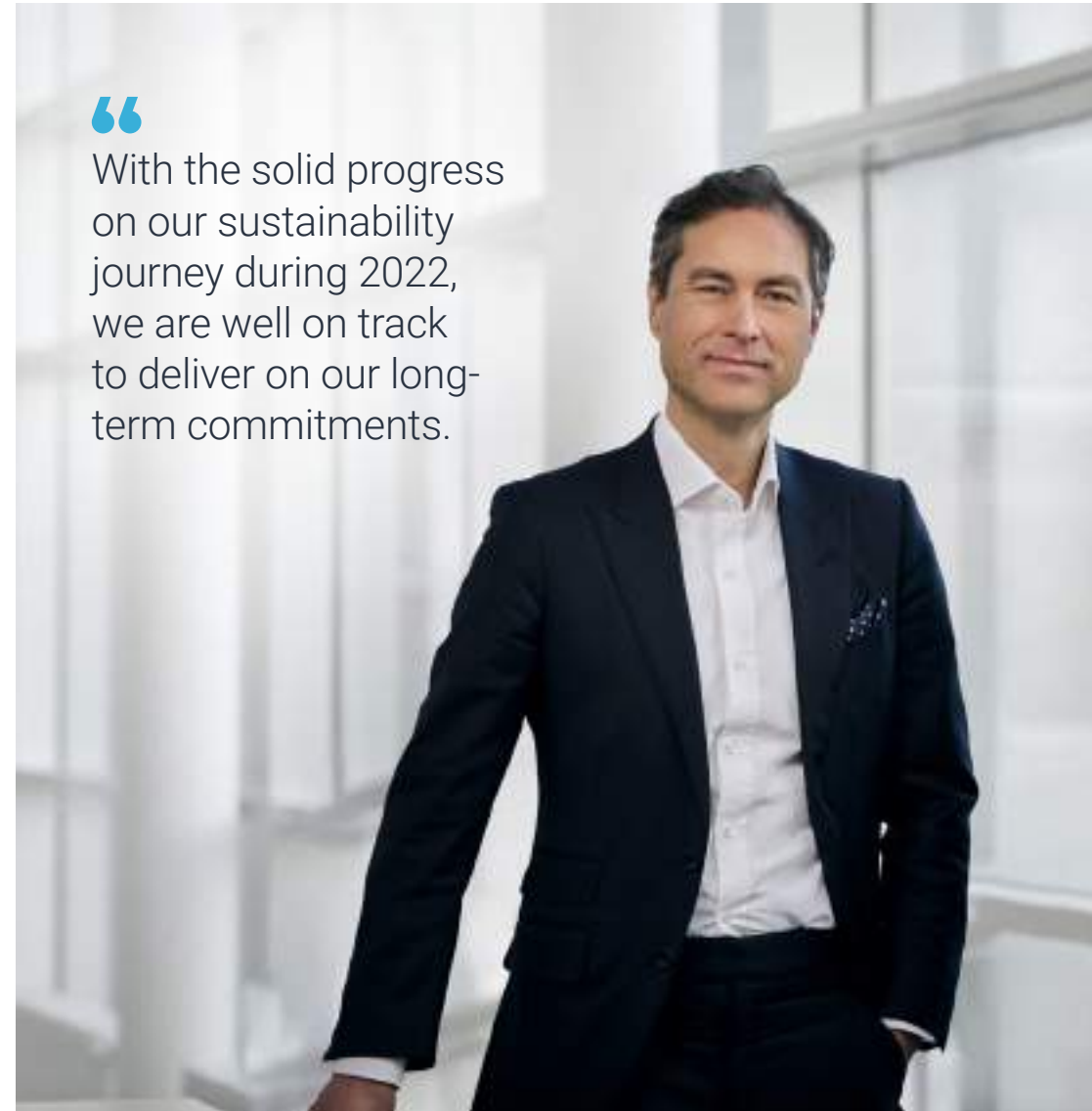
As part of our commitment to promote diversity and inclusion, we have set a near-term target to increase the equal representation of the under-represented gender in senior management positions to 25% by 2026. In 2022, the representation of women in management was 19%, 5 percentage points more than in 2021.

A joint effort to deliver sustainability results

Creating a more sustainable future for the coming generations, we need to embed sustainability into everything we do. This would not be possible without our dedicated people showing up with a growth mindset.

I would like to personally thank each of our employees for their strong interest in and commitment to joining our sustainability journey.

Torsten Türling
CEO



With the solid progress on our sustainability journey during 2022, we are well on track to deliver on our long-term commitments.

About Nilfisk

Founded in 1906, Nilfisk offers more than 117 years of experience developing innovative cleaning solutions to businesses and consumers around the world. Since the development of our first vacuum cleaner more than a hundred years ago, Nilfisk has responded to the changing needs of markets and customers. Headquartered in Denmark, we are now a global company, with approximately 4,700 employees, operating in more than 120 sites covering distribution centers, warehouses, research and development centers, manufacturing facilities, sales companies, and offices.

Climate change means increasing exposure to extreme weather events and infectious diseases. Nilfisk seeks to adapt to and mitigate this change and has set actionable and ambitious sustainability targets. We create new products grounded in sustainable principles and offer lifecycle services to our customers to prolong the lifetime of our products. Nilfisk offers an industry-leading product portfolio and will continue to do so in the future. 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 our stakeholders, Nilfisk is committed to offering transparency on the environmental, social and governance impacts of our business. In 2010, Nilfisk committed to the 10 principles of the UN Global Compact and today the company discloses performance through several internationally-recognized providers of sustainability ratings.

1,069.5 mEUR
Total revenue in 2022

13.2%
EBITDA margin before special items

100+
Countries

Our products and services are sold in more than 100 countries across the globe.

40+
Sales companies

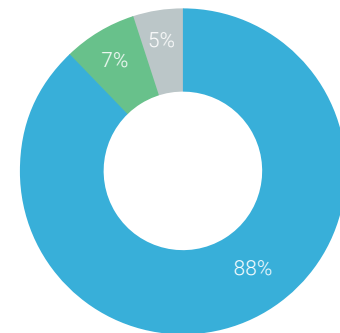
We have sales companies in more than 40 countries around the world.

120+
Sites

We have more than 120 sites including manufacturing, R&D, distribution centers, workshops, warehouses and offices.

Our sales

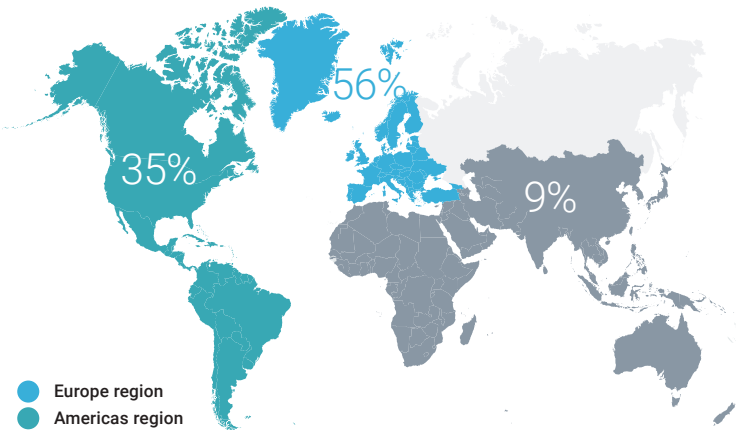
Share of revenue 2022



- Branded professional
- Consumer
- Private label and other

Our geographies

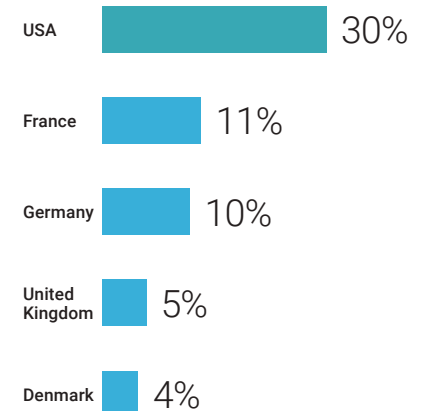
Share of revenue 2022



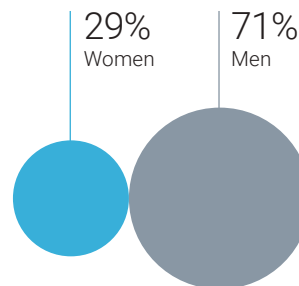
- Europe region
- Americas region
- APAC & MEA region

Our key markets

Share of revenue 2022



Approximately
4,700
Employees
(FTE)



ESG ratings and frameworks

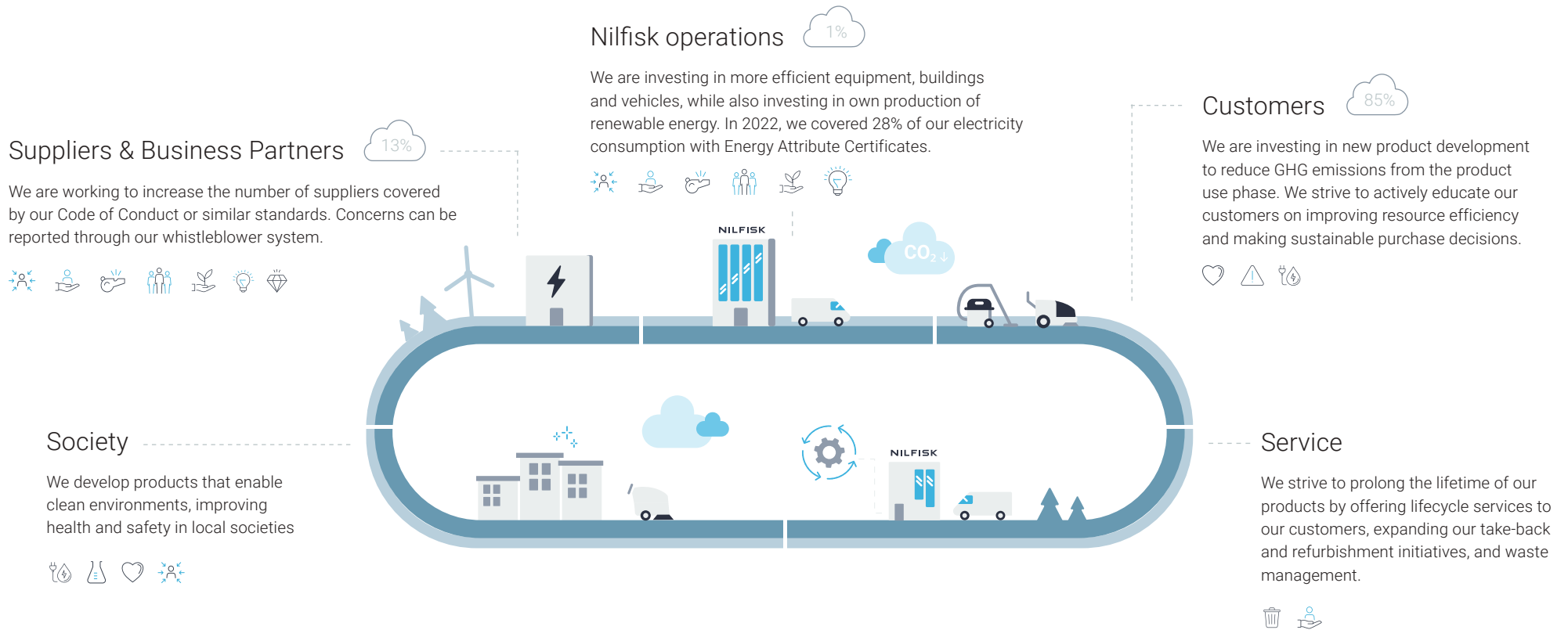
Nilfisk favors transparent methodology and feedback. We share our data and proudly disclose ratings for all stakeholders to use.



SCIENCE
BASED
TARGETS



How Nilfisk operates to create value and mitigate risks



Nilfisk is committed to actively mitigate risks posed by our business activities:

- | | | | |
|--------------|--|----------------------|----------------------|
| Human rights | Diversity | Conflict minerals | Energy and water use |
| Labor rights | Environmental management and pollution | Health & safety | Waste |
| Corruption | CO ₂ emissions and energy use | Hazardous substances | Detergent pollution |

Sustainability integrated in Business Plan 2026

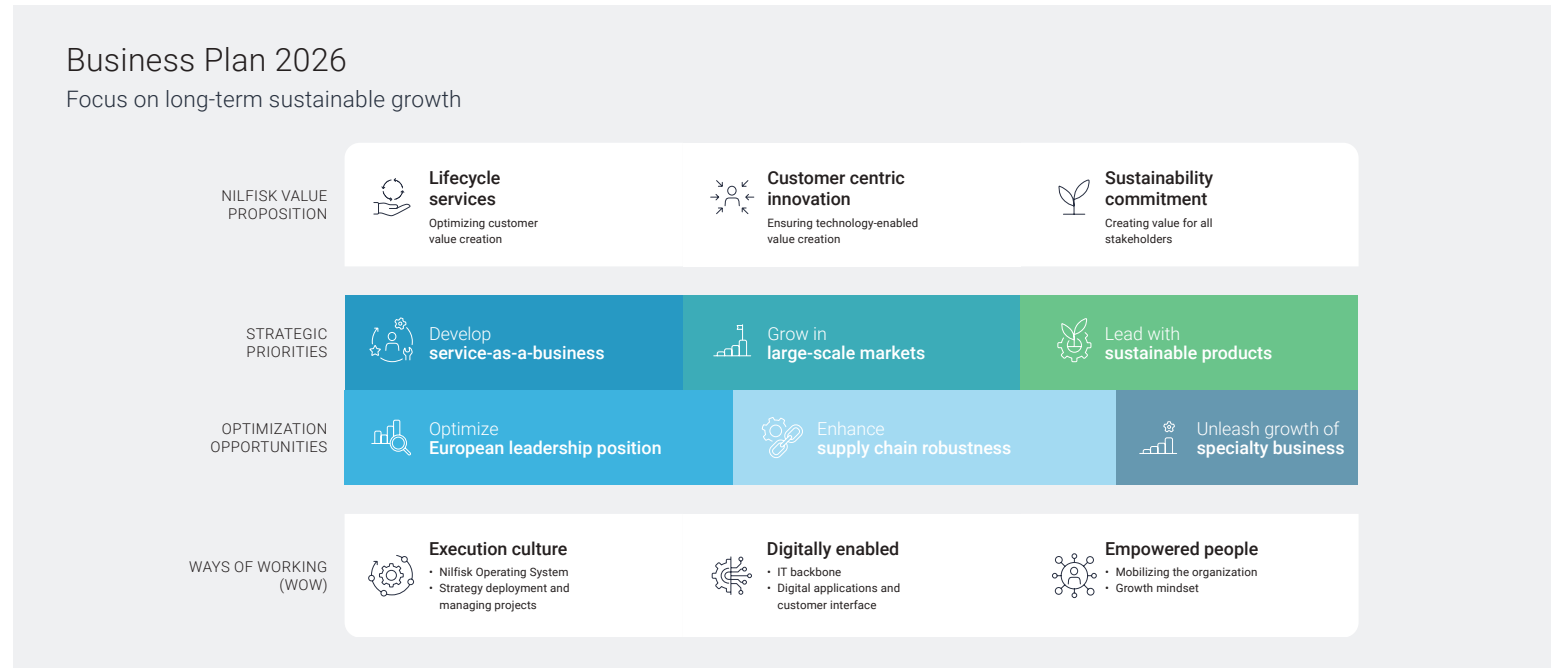
With the announcement of Business Plan 2026, we took significant steps in our sustainability commitment. Business Plan 2026 is focused on long-term sustainable growth and sustainability is embedded throughout.

With the launch in early 2022, we started mobilizing the entire organization and sustainability is now becoming an integral part of the business.

Nilfisk's sustainability ambitions in Business Plan 2026 are anchored in three mutually reinforcing sustainability levers. Our value proposition and two of our three strategic priorities.

Nilfisk value proposition

Our value proposition is based on three fundamental pillars: Lifecycle services, Customer-centric innovation, and our Sustainability commitment. The sustainability commitment guides us to ensure that we create value for all stakeholders, from customers over employees to investors and the local communities we are part of.



Develop service-as-a-business

Service-as-a-business is a key strategic priority for Nilfisk. This entails a move towards complementing the product offering with a range of services throughout the lifecycle of our professional cleaning equipment. 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 life of our products helps to conserve energy, resources and reduces waste.



Lead with sustainable products

Our ambition is to lead the industry with sustainable products. We have fundamentally reviewed our product and technology development roadmap to focus on delivering sustainable technologies, products, and solutions. We will provide upgrades to our current offering of products in the years ahead, introducing new technologies, features, and digital functionalities. Any new product or platform will be designed to be significantly more energy and resource efficient

than previous versions, and through modularity, we will be able to broaden our offering while controlling costs, improving serviceability, and reducing complexity. This will allow for resource-optimized, scalable growth that contributes to our enhanced sustainability commitments.

In 2022, Nilfisk took a big step in implementing Business Plan 2026. You can read more about our progress with implementing the strategy in Nilfisk's Annual Report 2022.

New credit facility linked to sustainability

To further integrate our sustainability targets into Nilfisk's commercial and financial strategy, this was included in our latest refinancing.

In April 2022, Nilfisk signed a 400 mEUR credit facility agreement with an interest mechanism that links borrowing costs to our progress on these sustainability targets. The credit facility's interest margin is adjusted based on Nilfisk's ability to deliver well-defined progress on an annual basis.

Governance

During 2022, Nilfisk matured its governance model for sustainability. Elevating sustainability into Business Plan 2026, the sustainability function now reports directly to the Nilfisk Leadership Team (NLT). As a natural consequence of this progression the former CSR Board was dissolved.

Nilfisk Operating System

In 2022, the Nilfisk Operating System (NOS) was rolled out to oversee and track progress against Business Plan 2026. NOS seeks to drive and support the implementation of strategic initiatives and manage interfaces across the organization. In NOS, the sustainability commitments for the near-term (2026) and the long-term (2030) are broken down into annual targets against which progress is tracked on a quarterly basis and reported to NLT. The aim is to ensure that Nilfisk stays on the planned trajectory and can initiate actions in a timely manner if gaps between targets and actual performance are identified. Sustainability targets and action plans are cascaded to the broader Nilfisk organization through NOS.

Incentivizing sustainability

Further emphasizing our sustainability commitments, in 2022 reduction targets for greenhouse gas (GHG) emissions were added to the senior managerial long-term incentive program as a supplement to the financial targets. The 2023 incentive program will also include a GHG reduction target.

Annually

Board of Directors

- Approves the annual Sustainability Report including the ESG table
- Approves reporting in accordance with EU Taxonomy regulation
- Monitors progress on sustainability targets
- Approves new sustainability commitments

Bi-annually

Audit Committee

- Supervises the integrity of sustainability reporting
- Approves new sustainability reporting initiatives
- Supervises the internal control system for ESG data
- Recommends the ESG table for Board approval
- Recommends the reporting in accordance with EU Taxonomy regulation for Board approval

Quarterly

Nilfisk Leadership Team (NLT)

- Supervises ESG reporting activities
- Approves sustainability prioritization according to materiality
- Assigns executive accountability for targets and initiatives
- Monitors progress on sustainability targets
- Approves new sustainability commitments
- Approves relevant sustainability policies

Ad hoc

QMS/EMS Committee

- Oversees strategic priorities relating to quality and environment, including within sustainability
- Reviews and reports on risks to NLT

Compliance Working Group

- Monitors compliance with laws, rules, standards, and the internal Code of Conduct for all business areas, including within sustainability

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 longer and more complex every year. Customers, investors, and other key stakeholders expect Nilfisk to communicate and involve them in our sustainability work. The EU Corporate Sustainability Reporting Directive (CSRD)

also creates new requirements for sustainability processes and content. In 2022, Nilfisk completed a process to meet the requirements of the EU Directive and updated its current approach to materiality including both impact and financial materiality (double materiality). The materiality assessment will be updated annually.

The 2022 materiality assessment process included the following actions



A mapping of upcoming legislation and how/what Nilfisk is expected to be required to disclose. This includes the US SEC exposure drafts on climate, the ISSB draft standard for climate change, and the EU CSRD



A customer review to identify material topics, where Nilfisk can help customers deliver on their strategic sustainability goals



An analysis of future potential sustainability topics by the team of sustainability experts in Nilfisk



A peer review to identify material topics that peers are disclosing, to ensure that Nilfisk is covering all important topics















A workshop with key internal stakeholders representing all primary functions and geographies



A validation of the materiality assessment by the Nilfisk Leadership Team

Overview of material topics

ESG topic	Material issue	Type of impact (Positive/Negative)	Main impact (Current/Potential)	Control of the impact	Impact materiality (Severity/Magnitude)	Financial materiality (Severity/Magnitude)		UNGC principle
 Environment	GHG emissions	+	Reduction in Nilfisk's GHG emissions will contribute to curb global temperature rise to well below 2°C above pre-industrial levels	Direct and indirect	●●●	●●●	 13.2	Principles 7-9
		-	Failure to deliver GHG emission reductions will contribute to climate change which can also impact Nilfisk facilities and operations					
	Energy use and efficiency	+	Increasing energy efficiency of Nilfisk activities reduces costs, while switching to renewable energy can also reduce dependency on fossil fuels	Direct	●●●	●●●	 7.2 and 7.3	Principles 7-9
		-	Volatile energy costs and uncertainty of renewable energy availability may slow down the transition to renewables					
	Circularity and life cycle analysis	+	Focusing on circularity of materials and parts will optimize use of resources	Direct	●●○	●●●	 3.9	Principles 7-9
		-	Potential loss of market access if Nilfisk does not comply with upcoming EU product regulation					
	Packaging	+	Optimized packaging will reduce waste of materials and save costs	Direct	●●○	●●●	 12.2	Principles 7
		-	Lack of optimization leads to waste of materials for packaging and customer dissatisfaction					
	Material sourcing	+	The ability to recycle materials is an opportunity to save costs	Direct and indirect	●●○	●●●	 12.2	Principles 7-9
		-	Limited access to raw materials increases prices					
Environmental pollution	-	Potential negative environmental impact on air, water and soil from local Nilfisk sites	Indirect	●●○	●●○	 12.2 and 12.5	Principles 7-9	
 Social	Diversity and inclusion	+	A culture that caters to diversity and inclusion has the opportunity to recruit and retain the best talent	Direct and indirect	●●●	●●●	 5.5 and 10.3	Principles 1-2 and Principle 6
		-	Inclusion of some groups should not take place at the expense of others					
 Governance	Anti-corruption/ Ethical behavior	+	Ethical behavior and processes will drive trust from customers and investors	Direct	●●●	●●●	 16.5	Principles 1-6 and Principle 10
		-	Corruption leads to lack of trust, loss of reputation, loss of business, and fines					

Extending our sustainability work

Climate change represents the single biggest threat to sustainable development everywhere. 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 and is on track to deliver solid progress and results.

With the anchoring of sustainability in Business Plan 2026 and the updated materiality analysis from 2022, Nilfisk has decided to extend the scope of our sustainability efforts. Material to Nilfisk is among other things an increased focus on diversity and inclusion and on anti-corruption/ethical behavior. In 2022, as a first step, Nilfisk defined a target for gender diversity in senior management as a proxy for broader diversity and published a formal Human Rights Policy.

In 2022, Nilfisk updated its sustainability priorities, based on double materiality assessment, and Business Plan 2026 while also taking into consideration Human Rights.

To underpin this extended commitment, Nilfisk revisited its impact on the Sustainable Development Goals (SDGs) and broadened the scope of impact from three to seven goals, adding SDG 5 (Gender Equality), SDG 10 (Reduced Inequalities), SDG 7 (Affordable and Clean Energy), and SDG 16 (Peace, Justice, and Strong Institutions). Facilitated by the UN Global Compact Network Denmark, Nilfisk will continue to accelerate its work with the SDGs.

SDG	2021	2022	SDG target
	SDG 3.9	SDG 3.9	Reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination
	-	SDG 5.5	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life
	-	SDG 7.2	Increase substantially the share of renewable energy in the global energy mix
	-	SDG 7.3	Double the global rate of improvement in energy efficiency
	-	SDG 10.3	Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard
	SDG 12.2	SDG 12.2	Achieve sustainable management and efficient use of natural resources
	SDG 12.5	SDG 12.5	Substantially reduce waste generation through prevention, reduction, recycling, and reuse
	SDG 12.6	-	Adopt sustainable practices and sustainability reporting
	SDG 13.2	SDG 13.2	Integrate climate change measures into policies, strategies, and planning
	-	SDG 16.5	Substantially reduce corruption and bribery in all forms

Using EcoVadis to guide progress



EcoVadis is considered the world's largest provider of business sustainability ratings. They assess and continually monitor more than 100,000 global companies' corporate social responsibility performance and progress.

The latest sustainability assessment of Nilfisk was given by EcoVadis in September 2022, awarding the company 68 out of 100 points, identifying Nilfisk's sustainability performance as 'advanced'. This rating is illustrated by a Gold Medal.

In EcoVadis, Nilfisk is part of the 'Manufacture of special-purpose machinery' industry. According to EcoVadis, the average score of companies in this industry (totaling 1,773 companies) is 44 points, which places Nilfisk among the top 4% in its industry and 24 points above industry average.

The improvement from silver in 2021 to the gold rating in 2022 was mainly driven by Nilfisk's environmental efforts, where the company scored a total of 90 out of 100 points. In the categories Labor and Human Rights, Ethics, and Sustainable Procurement Nilfisk was awarded 60 points. Going forward Nilfisk will focus on improving its sustainability performance in these three categories.

Sustainability priorities

E Environment



Science-based climate action as a compass

We strive to be aligned with the most updated environmental science to be able to track our performance against meaningful and impactful climate and environmental targets

Material topics

- GHG emissions
- Energy use and efficiency
- Environmental pollution

Targets and milestones

- 35% reduction of scope 1 and 2 GHG emissions by 2030, based on 2019, as validated by SBTi
- 48% reduction of scope 3 GHG emissions from the use of sold product per unit of gross profit by 2030, based on 2021, as validated by SBTi

Key Human Rights

- Right to health
- Right to adequate standard of living

Sustainable Development Goals

3.9, 7.2, 7.3 and 13.2



Lead with sustainable products

We work to produce high-quality products that deliver value to our customers and all our other stakeholders

Material topics

- Circularity and life cycle analysis
- Packaging
- Material sourcing

Targets and milestones

- 25% energy efficiency for new product platforms

Key Human Rights

- Right to health
- Right to adequate standard of living
- Principles and standards related to labor¹

Sustainable Development Goals

3.9, 12.2 and 12.5

S Social



Empowering people and communities

We act to create a fair, equal, healthy, safe, and engaging work environment for all employees. That also means committing to respect human rights in value chain activities

Material topics

- Diversity and inclusion

Targets and milestones

- Increase gender diversity of senior management to 25% women by 2026

Key Human Rights

- Freedom from labor discrimination¹
- Principles and standards related to labor¹

Sustainable Development Goals

5.5 and 10.3

G Governance



Responsible business conduct at the core

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

Material topics

- Anti-corruption and ethical behavior

Targets and milestones

- Increase gender diversity of Board of Directors to 25% women by 2024
- Achieve and maintain as a minimum an EcoVadis Gold Medal

Key Human Rights

- Right to privacy
- Principles and standards related to labor¹

Sustainable Development Goals

16.5

¹ Examples of rights and principles related to labor are freedom of association and collective bargaining, elimination of discrimination in respect of employment and occupation, elimination of child labor and forced labor in accordance with the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work

ESG performance



Climate and Environment

Data indicator	Unit	Assured*	2022	2021	2020	2019	Comments	GRI guidance
Environmental data								
GHG emissions								
Scope 1	tons CO ₂ eq	●	15,608	14,756	13,353	14,231	Total absolute scope 1 and 2 GHG emissions decreased by 10% compared to base year 2019. Fleet emissions increased due to additional vehicles and increased mileage in 2022, while site emissions decreased driven by energy efficiency activities, Energy Attribute Certificates (EACs), and reduced production output. <i>Changes from 2021: The list of sites included in the updated calculations has been updated based on a revised materiality assessment. Fleet emissions have been recalculated based on additional data quality checks identifying outliers as well as improved estimation of missing data. The scope 1 and 2 emissions reported in Nilfisk's CSR Report 2021 (24,081 tons CO₂ eq in 2019, 18,349 tons CO₂ eq in 2020 and 22,626 tons CO₂ eq in 2021) have been restated.</i>	GRI 305: Emissions
Fleet	tons CO ₂ eq	●	10,839	9,030	9,172	9,360		
Natural gas	tons CO ₂ eq	●	4,414	5,330	3,823	4,291		
Other fuels	tons CO ₂ eq	●	355	396	358	580		
Scope 2	tons CO ₂ eq	●	4,708	7,548	7,014	8,405		
Electric power	tons CO ₂ eq	●	4,575	7,402	6,731	7,963		
District heating	tons CO ₂ eq	●	133	146	283	442		
Total scope 1 and 2	tons CO ₂ eq	●	20,316	22,304	20,367	22,636		
Scope 3 – Use of sold products	kg CO ₂ eq/ EUR gross profit	●	4.57	5.11	-	-	Absolute GHG emissions decreased while gross profit increased in 2022. This resulted in a reduction in scope 3 emission intensity by 11% compared to base year 2021. <i>Changes from 2021: Emission factors have been changed to account for lifecycle emissions of energy sources. Extrapolation of data has been reduced from 20% of product portfolio to 2.6% of product portfolio based on revenue following data collection on product-specific technical data. The unit used in Nilfisk's CSR Report 2021 has been corrected. The 2021 value of the indicator has been restated from 4.4 to 5.11 kg CO₂ eq/EUR gross profit.</i>	
Energy consumption								
Total amount of energy	MWh		92,816	93,085	87,867	93,232	Total energy consumption decreased in 2022 driven by energy efficiency projects, implemented since 2021, in addition to reduced production output.	GRI 302: Energy
Natural gas	MWh		24,177	29,095	20,787	23,337		
Other fuels (incl. fleet)	MWh		53,967	46,543	48,044	47,971		
District heating	MWh		2,104	2,387	5,060	5,738		
Electricity	MWh		12,569	15,060	13,976	16,186		
Renewable electricity from Energy Attribute Certificates	%		28%	0%	0%	0%	28% of Nilfisk's total electricity consumption was covered by EACs in 2022.	
Waste								
Total waste generated	tons		1,559	1,733	-	-	Non-hazardous waste reduced by 10% mainly driven by reductions at Nilfisk's largest manufacturing site in Hungary. Hazardous waste increased, driven by extraordinary waste clean-up after several years of storage. <i>Changes from 2021: Waste volumes have been recalculated due to correction of errors in data units as well as new waste data added from the largest manufacturing facility in the US. Total 2021 waste volumes have been restated from 1,218,982 tons to 1,733 tons.</i>	GRI 306: Waste
Total non-hazardous waste	tons		1,543	1,722	-	-		
Total hazardous waste	tons		16	12	-	-		
Water								
Water consumption	m ³		79,773	91,671	109,942	124,936	Water consumption decreased in 2022 mainly driven by Nilfisk's manufacturing site in China consuming less water for plastic molding. <i>Changes from 2021: Water consumption has been recalculated to reflect the water usage of the revised list of sites. Reported water consumption volumes in Nilfisk's CSR Report 2021 were 122,909 m³ in 2019, 108,465 m³ in 2020 and 106,400 m³ in 2021.</i>	GRI 303: Water and Effluents
Water recycled	m ³		12,926	12,235	17,995	36,575	Recycled water remained at 2021 level.	
ISO certifications								
Number ISO 14001-certified sites	number		9	7	7	7	Two new sites were ISO 14001-certified, a Swedish sales office and a US manufacturing site, in addition to recertification of 7 sites.	
Number ISO 9001-certified sites	number		13	11	11	12	Two new sites were ISO 9001-certified, a Swedish sales office and a workshop in Belgium, in addition to recertification of 11 sites.	

* The data indicator has been subject for limited assurance, covering the columns 'unit' and '2022'. Information presented in columns '2021', '2020', '2019', 'Comments' and 'GRI guidance' was not included in the scope of the limited assurance.



Workplace

Data indicator	Unit	Assured*	2022	2021	2020	2019	Comments	GRI guidance
Social data								
Number of employees (FTEs)	number		4,655	4,887	4,339	4,886	Total number of full-time equivalents (FTEs) end of period decreased by 5%.	
Blue collar workers	% FTE		27%	30%	28%	29%	Number of white collar workers increased due to additional hires while the number of blue collar workers decreased due to lower production output at the manufacturing facilities.	
White collar workers	% FTE		73%	70%	72%	71%		
Employee turnover (based on headcount)	%		23%	21%	20%	24%	Increase in employee turnover driven by general labor market conditions.	GRI 401: Employment
Gender diversity in the company (% women, based on headcount)	%		29%	29%	27%	27%	The share of women in the company remained stable, while the share of women in senior management positions increased to 19%. One additional female EVP joined Nilfisk Leadership Team in 2022, increasing the share of women to 20%.	GRI 405: Diversity and Equal Opportunity
Gender diversity in senior management (% women, based on headcount)	%	●	19%	14%	-	-		
Gender diversity in Nilfisk Leadership Team (% women, based on headcount)	%		20%	12.5%	25%	17%		
Gender diversity in the Board of Directors (% women, based on headcount)	%		14%	14%	12%	14%	No changes in the Board of Directors' gender ratio.	
Unadjusted gender pay gap (headcount)	%		19%	-	-	-	2022 is the first year Nilfisk discloses the unadjusted gender pay gap.	
CEO pay ratio (based on FTE)	ratio		36.4	38.6	-	-	CEO pay ratio decreased, driven by an increase in average salary per employee.	
Engagement survey participation rate	%		88%	90%	92%	92%	There was a decrease in employee survey participation although it remained above industry benchmark.	
Employee engagement score	score		8.1/10	8.1/10	8.0/10	7.8/10	Employee engagement score remained stable.	
Fatalities (headcount)	number		0	0	0	0	There were no fatal accidents in 2022. Significant improvement in lost time injury frequency rate was driven by a 47% decrease in the number of lost time injuries. The improvement was due to successful implementation of preventive actions. <i>Change from 2021: The lost time injury frequency rate replaces the injury frequency rate reported in the past years.</i>	GRI 403: Occupational Health and Safety
Lost time injury (LTI) frequency rate	rate		5.1	9.6	-	-		
Lost time injury (LTI) severity rate	rate		0.06	-	-	-		



Society

Data indicator	Unit	Assured*	2022	2021	2020	2019	Comments	GRI guidance
Governance data								
EcoVadis rating	rate	●	Gold	Silver			Nilfisk obtained the Gold rating by raising its score by 3 points. The improvement is mainly driven by environmental efforts.	
EcoVadis score	score	●	68/100	65/100				
Share of supplier spend who align with the UNGC 10 principles	%		83%	86%	93%	93%	Share of suppliers' spend who align with the UNGC principles decreased, mainly driven by a change in spend distribution among suppliers in APAC. <i>Change from 2021: Correction of wrongly titled 'Number of suppliers signed the UNGC'.</i>	GRI 2: General Disclosure
Number of audits of suppliers	number		25	34	63	10	Number of supplier audits decreased due to COVID-19 related travel restrictions. In the meantime, online audits were conducted of some high-risk entities.	
Cumulative number of suppliers covered by CSR assessments*	number		156	129	14	-	Number of suppliers covered by CSR assessments continued to increase. <i>Changes from 2021: Correction of identified error. Reported numbers in Nilfisk's CSR Report 2021 were 18 in 2020 and 153 in 2021.</i>	
Number of whistleblower cases submitted through whistleblower function	number		1	2	6	9	Number of whistleblower cases submitted through the whistleblower system decreased, driven by Nilfisk employees using other channels. In 2022, 9 reports were received through internal channels.	
Whistleblower cases admissible	number		1	2	2	1		
Whistleblower cases resolved	number		0	2	6	9		

* The data indicator has been subject for limited assurance, covering the columns 'unit' and '2022'. Information presented in columns '2021', '2020', '2019', 'Comments' and 'GRI guidance' was not included in the scope of the limited assurance.

EU Taxonomy

Nilfisk ran an EU Taxonomy (“Taxonomy”) project in 2022 (“the reporting period”), supported by external consultants, as part of which the company reviewed the applicability of the economic activities listed in the environmental objectives on climate change mitigation and climate change adaptation to our core business.

To report on the Taxonomy, Nilfisk has identified and determined which economic activities are eligible under the Taxonomy definition and subsequently allocated financial numbers to those activities.

The process for assessing compliance with the criteria set out in Article 3 of Regulation (EU) 2020/852 has been conducted in three stages:

1. High-level screening of eligible economic activities: Nilfisk performed a screening of the technical annexes of the Climate Delegated Act: Annex¹ on climate change mitigation and Annex² on climate change adaptation to identify any potentially eligible economic activities. This included a screening of potential economic activities for the revenue KPI and for both category (a) and (c) of the CAPEX and OPEX KPIs. Areas where Nilfisk had any eligible economic activities in the reporting period were identified. Based on this, a long-list of economic activities was created to be used for further assessment of eligibility.

2. Assessment of eligible economic activities: Each of the economic activities on the long-list was assessed in regards to how the description of the economic activity in the Annex corresponds to how Nilfisk performs the economic activity and for financial and strategic materiality. Financial materiality has been set considering the numerical value of total CAPEX/OPEX/revenue, while the strategic materiality is based on if the activity is

considered strategically important to Nilfisk and can hence vary.

3. Assessment of the alignment of economic activities: For each of the eligible economic activities Nilfisk identified key internal stakeholders to help locate and collate documentation that would fulfill the alignment criteria.

Taxonomy-eligibility

Based on available data and current interpretation, our Taxonomy-eligibility states the proportion of Nilfisk’s economic activities described in the Taxonomy Regulation’s delegated acts on climate change mitigation and climate change adaptation, (EU) 2021/2139. In total, Nilfisk has identified four eligible activities for Taxonomy reporting.

Revenue

The assessment for our reporting of 2021 did not conclude on any eligible activities. For the reporting in 2022, our interpretation has changed, and Nilfisk identifies activities around both Floorcare, Vacuum cleaners and High-pressure washers from our product range, as covered by 3.5 ‘Manufacture of energy efficiency equipment for buildings’.

CAPEX

Following the process for assessing eligible activities under the EU Taxonomy, Nilfisk identified four economic activities to the CAPEX KPI classified as category (a) and category (c) CAPEX:

- 3.5 Manufacture of energy efficiency equipment for buildings
- 6.5 Transport by motorbikes, passenger cars and commercial vehicles
- 7.2 Renovation of existing buildings
- 8.2 Computer programming, consultancy, and related activities

No CAPEX can be classified under category (b) since Nilfisk has not had any CAPEX plans during the reporting period.

Nilfisk plans to have investments in taxonomy eligible activity 7.6 ‘Installation, maintenance, and repair of renewable energy technologies’ in 2023. Hence, Nilfisk expects to be able to report on this activity from 2023.

OPEX

Nilfisk has defined OPEX as direct non-capitalized costs that relate to research and development, building renovation measures, short-term leases, maintenance, and repair, and any other direct expenditures relating to day-to-day servicing of assets of property, plant, equipment, right of use assets, as well as intangible assets. Based on available data, Nilfisk’s Taxonomy-eligible OPEX relates to:

- 3.5 Manufacture of energy efficiency equipment for buildings
- 6.5 Transport by motorbikes, passenger cars and commercial vehicles
- 7.2 Renovation of existing buildings
- 8.2 Computer programming, consultancy, and related activities

In effect, the main part of the OPEX base in R&D costs primarily relate to activity 3.5 ‘Manufacture of energy efficiency equipment for buildings’.

Nilfisk has started to incur costs on taxonomy eligible activity 7.6 ‘Installation, maintenance, and repair of renewable energy technologies’. Hence, Nilfisk expects to be able to report on this activity from 2023.

Taxonomy-alignment

Nilfisk reviewed the extensive ‘substantial contribution’ and ‘do no significant harm’ criteria for all eligible economic activities and concluded that one of our eligible activities is Taxonomy-aligned; 8.2 ‘Computer programming, consultancy, and related activities’. For the remaining activities, 3.5, 6.5 and 7.2 Nilfisk currently does not have all the required detailed documentation available and will disclose these as not Taxonomy aligned. In 2023, Nilfisk will actively work on gathering the documentation and meeting the requirements going forward. In addition, Nilfisk has documented the company’s effective ‘Minimum Social Safeguards’.

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 under Article 3 and 9 and the proportion of CAPEX and the proportion of OPEX related to assets or processes associated with economic activities that qualify as environmentally sustainable under Article 3 and 9.

Revenue

Revenue includes external net sales according to IFRS 15 Revenue 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 fixed assets during the financial year. It includes additions to property, plant, and equipment

(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 property, plant and equipment, right-of-use assets as well as intangible 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 CAPEX and OPEX, Nilfisk has identified the relevant purchases and measures and the primary related economic activity in the Climate Delegated Act. In this way, no CAPEX or OPEX is considered more than once.

Changes in calculations compared to 2021

Eligibility

In 2022, Nilfisk reports eligibility on category 3.5. 'Manufacture of energy efficient equipment for buildings', which was not reported in 2021. Nilfisk has taken a broad interpretation to include both industrial and domestic products, despite that one of the associated NACE codes, covering vacuum cleaners, excludes industrial products. Nilfisk has chosen to do so for two reasons. Firstly, because energy efficiency is a pivotal element of new product development for Nilfisk and the Nilfisk corporate strategy (Business Plan 2026). Secondly, because Nilfisk has chosen to follow the Taxonomy description, which does not limit the activity to domestic products, since in the regulation, the Taxonomy activity description takes precedence over the NACE code. In 2022, eligibility for OPEX on 6.6. and 6.10. have been excluded based on stricter

interpretation of the activity description, since Nilfisk is not operating transport activities.

Alignment

This is the first year of reporting on the Taxonomy activity alignment, hence no changes in calculations have occurred. The criterion of alignment in activity 3.5. to which Nilfisk is eligible on revenue, CAPEX and OPEX requires that the products fall into the highest two populated classes of energy efficiency of the EU energy Label classification. In the professional cleaning industry such energy label classifications are being developed for vacuum cleaners for consumers, however, it is not available for most industrial cleaning equipment. Hence, no alignment is reported in this activity category in 2022. Nilfisk expects that the activity alignment in the category may increase over time with the formal introduction of other environmental objectives and their substantial contribution criteria.

Contribution to multiple objectives

In the assessment, Nilfisk has considered both climate change mitigation and climate change adaptation but has so far not concluded that any of the identified economic activities contribute to multiple environmental objectives.

Disaggregation of KPIs

There has been no disaggregation of revenue, CAPEX or OPEX KPIs for any economic activity assessed.

Contextual information about the Revenue KPI

For economic activity 3.5., the numerator of the taxonomy-eligible revenue KPI is driven by revenue related to Floorcare, Vacuum cleaners and High-pressure washers which makes up 70.1% of the total denominator for this economic activity. No taxonomy-aligned activities under revenue KPI have been identified to be compliant with the required technical screening criteria.

Taxonomy-eligible revenue is in line with note 2 Profit for the year in Nilfisk Annual Report 2022.

Contextual information about the CAPEX KPI

For economic activity 3.5, the numerator of the taxonomy-eligible CAPEX KPI is driven by investments into strategic research and development projects supporting the continued development of the product portfolio and the strategic focus of leading with sustainable product which makes up 19.3% of the total denominator for this economic activity.

The numerator of the taxonomy-eligible CAPEX KPI for economic activity 6.5 is driven by investments into the leased car fleet, which makes up 19.9% of the total denominator for this economic activity. The car fleet mainly supports the sales and service activities in Nilfisk.

For economic activity 7.2, the numerator of the taxonomy-eligible CAPEX KPI is driven by investments into leasehold improvements which makes up 0.3% of the total denominator for this economic activity.

The numerator of the taxonomy-eligible CAPEX KPI for economic activity 8.2 is driven by capitalized costs for external consultants and internal hours related to writing, modifying, testing, and supporting software, which makes up 1.9% of the total denominator for this economic activity. This activity also qualifies for taxonomy-aligned reporting.

Within the reporting period, the total investments into the numerator of the taxonomy-eligible CAPEX was 26.6 mEUR and the denominator 64.2 mEUR.

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 2022.

There are no CAPEX plans to upgrade a Taxonomy-eligible economic activity to become Taxonomy-aligned or to expand a Taxonomy-eligible economic activity ("category b" acc. to Sect. 1.1.2.2 of Annex I to the Art. 8 Delegated Act).

Contextual information about the OPEX KPI

For economic activity 3.5, the numerator of the taxonomy-eligible OPEX KPI is driven by research and developments costs that do not meet the criteria under the IFRS accounting standards for capitalization, which makes up 59.8% of the total denominator for this economic activity.

The numerator of the taxonomy-eligible OPEX KPI for economic activity 6.5 is driven by short term lease costs, maintenance and servicing of Nilfisk car fleet, which makes up 6.0% of the total denominator for this economic activity.

For economic activity 7.2, the numerator of the taxonomy-eligible OPEX KPI is driven by maintenance costs for buildings, which makes up 6.8% of the total denominator for this economic activity.

For economic activity 8.2, the numerator of the taxonomy-eligible OPEX KPI is driven by costs for external consultants related to writing, modifying, testing and supporting software that do not meet the criteria under the IFRS accounting standards for capitalization, which makes up 2.0% of the total denominator for this economic activity. The activity is considered taxonomy-aligned with 2.0%.

Within this reporting period, the additions to day-to-day servicing of property, plant and equipment, right-of-use assets as well as intangible assets into the numerator of the taxonomy-eligible OPEX was 18.7 mEUR and the denominator 25.1 mEUR.

Revenue

Economic activities (1)	Code(s) (2)	Absolute revenue (3) m€	Proportion of revenue (4) %	Substantial contribution criteria						Does Not Significantly Harm criteria						Minimum Safeguards (17) Y/N	Taxonomy aligned proportion revenue year N (18) %	Taxonomy aligned proportion revenue year N-1 (19) %	Category (enabling activity) (20) E	Category (transitional activity) (21) T
				Climate Change Mitigation (CCM) (5) %	Climate Change Adaptation (CCA) (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %	Climate Change Mitigation (CCM) (11) Y/N	Climate Change Adaptation (CCA) (12) Y/N	Water and marine resources (13) Y/N	Circular economy (14) Y/N	Pollution (15) Y/N	Biodiversity and ecosystems (16) Y/N					
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	0%	0%	0%	0%	-	-	-	-	-	-	-	0%	0%		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned)																				
Manufacture of energy efficiency equipment for buildings	3.5	749.9	70.1%																	
Revenue of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		749.9	70.1%														0%	0%		
Total (A.1 + A.2)		749.9	70.1%														0%	0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Revenue of Taxonomy-non-eligible activities (B)		319.6	29.9%																	
Total (A+B)		1,069.5	100%																	

CAPEX

Economic activities (1)	Code(s) (2)	Absolute CAPEX (3)	Proportion of CAPEX (4)	Substantial contribution criteria						Does Not Significantly Harm criteria						Minimum Safeguards (17)	Taxonomy aligned proportion CAPEX year N (18)	Taxonomy aligned proportion CAPEX year N-1 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
				Climate Change Mitigation (CCM) (5)	Climate Change Adaptation (CCA) (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (CCM) (11)	Climate Change Adaptation (CCA) (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)					
		m€	%	%	%	%	%	%	%	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	8.2	1.2	1.9%	0%	1.9%	0%	0%	0%	0%	-	Y	-	-	-	-	Y	1.9%	-		
CAPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		1.2	1.9%	0%	1.9%	0%	0%	0%	0%	-	Y	-	-	-	-	Y	1.9%	-		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned)																				
Manufacture of energy efficiency equipment for buildings	3.5	12.4	19.3%																	
Transport by motorbikes, passenger cars and commercial vehicles	6.5	12.8	19.9%																	
Renovation of existing buildings	7.2	0.2	0.3%																	
CAPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		25.4	39.5%														0%	-		
Total (A.1 + A.2)		26.6	41.4%														1.9%	-		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CAPEX of Taxonomy-non-eligible activities (B)		37.6	58.6%																	
Total (A+B)		64.2	100%																	

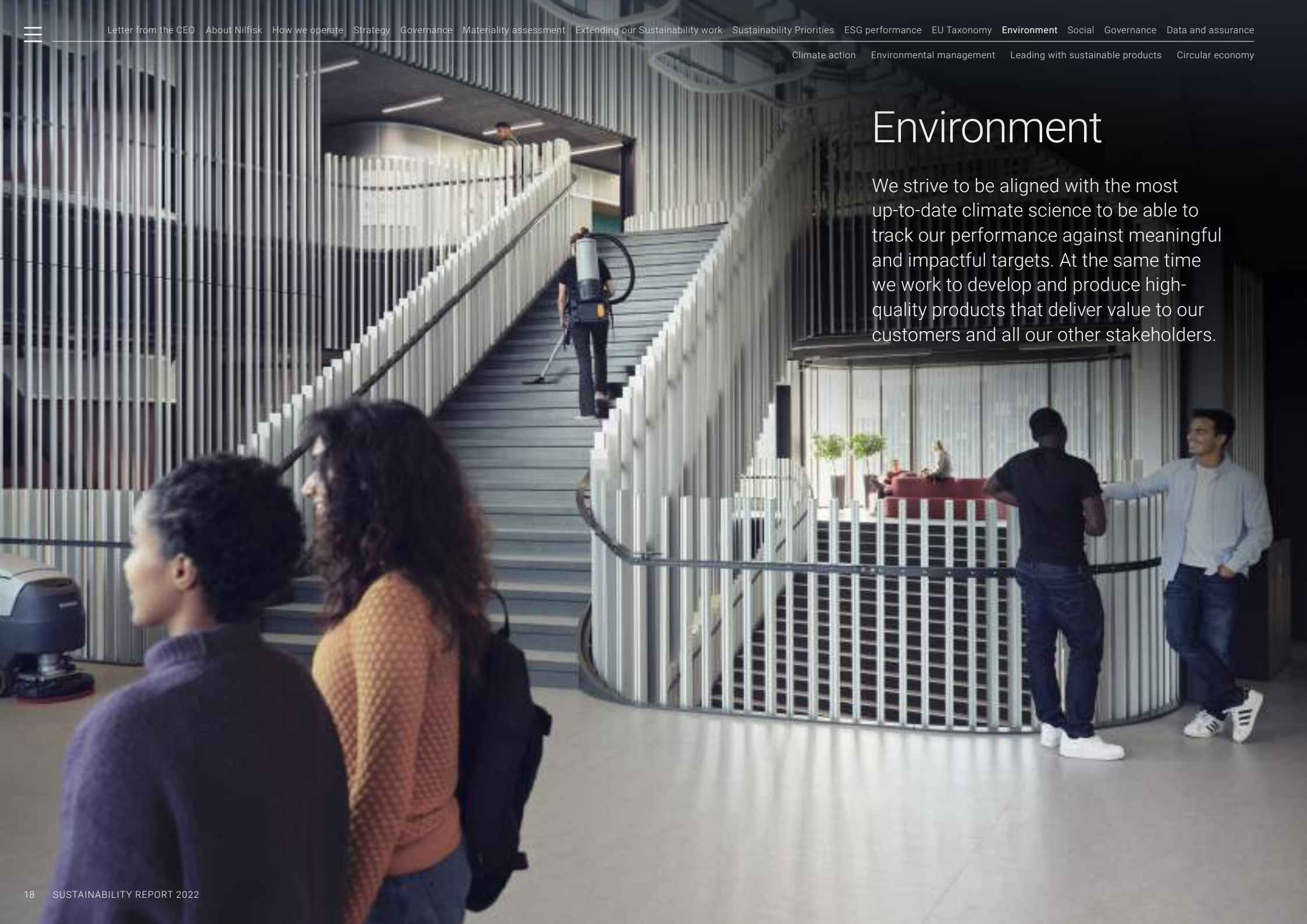
OPEX

Economic activities (1)	Code(s) (2)	Absolute OPEX (3)	Proportion of OPEX (4)	Substantial contribution criteria						Does Not Significantly Harm criteria						Minimum Safeguards (17)	Taxonomy aligned proportion OPEX year N (18)	Taxonomy aligned proportion OPEX year N-1 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
				Climate Change Mitigation (CCM) (5)	Climate Change Adaptation (CCA) (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (CCM) (11)	Climate Change Adaptation (CCA) (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)					
		m€	%	%	%	%	%	%	%	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	8.2	0.5	2.0%	0%	2.0%	0%	0%	0%	0%	-	Y	-	-	-	-	Y	2.0%	-		
OPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.5	2.0%	0%	2.0%	0%	0%	0%	0%	-	Y	-	-	-	-	Y	2.0%	-		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned)																				
Manufacture of energy efficiency equipment for buildings	3.5	15.0	59.8%																	
Transport by motorbikes, passenger cars and commercial vehicles	6.5	1.5	6.0%																	
Renovation of existing buildings	7.2	1.7	6.8%																	
OPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		18.2	72.5%														0%	-		
Total (A.1 + A.2)		18.7	74.5%														2.0%	-		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OPEX of Taxonomy-non-eligible activities (B)		6.4	25.5%																	
Total (A+B)		25.1	100%																	



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 supporting the Paris Agreement goals

At Nilfisk, we acknowledge the importance of reducing our climate footprint and have chosen to follow a science-based approach in doing so.

Nilfisk has committed to decarbonize its business across scope 1, 2 and 3 as verified by the Science Based Target initiative (SBTi). This commitment aligns to a decarbonization trajectory curbing the global temperature rise to well-below 2°C above pre-industrial levels. In 2030, it will be delivered by achieving a 48% reduction of greenhouse gas (GHG) emissions intensity from the use of our products compared to 2021 in addition to a 35% absolute reduction of scope 1 and 2 emissions compared to 2019.

In June 2022, Nilfisk’s GHG emissions of 2021 were verified by the external inspection and certification company, SGS. In addition, for 2022 data, limited assurance was provided on selected ESG data.

Prioritizing our efforts

Nilfisk prioritizes its decarbonization efforts according to the relative influence that Nilfisk has on the activity and the relative impact that the activity has on the climate. For Nilfisk, scope 1 and 2 cover only 1% of our total GHG emissions, predominantly stemming from our manufacturing sites and our 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 direct and indirect operational activities that Nilfisk can directly influence.

Scope 3 represents 99% of total GHG emissions predominantly relating to the use phase of our products and consequently the SBTi reduction target and related activities focus on this category (category 11).

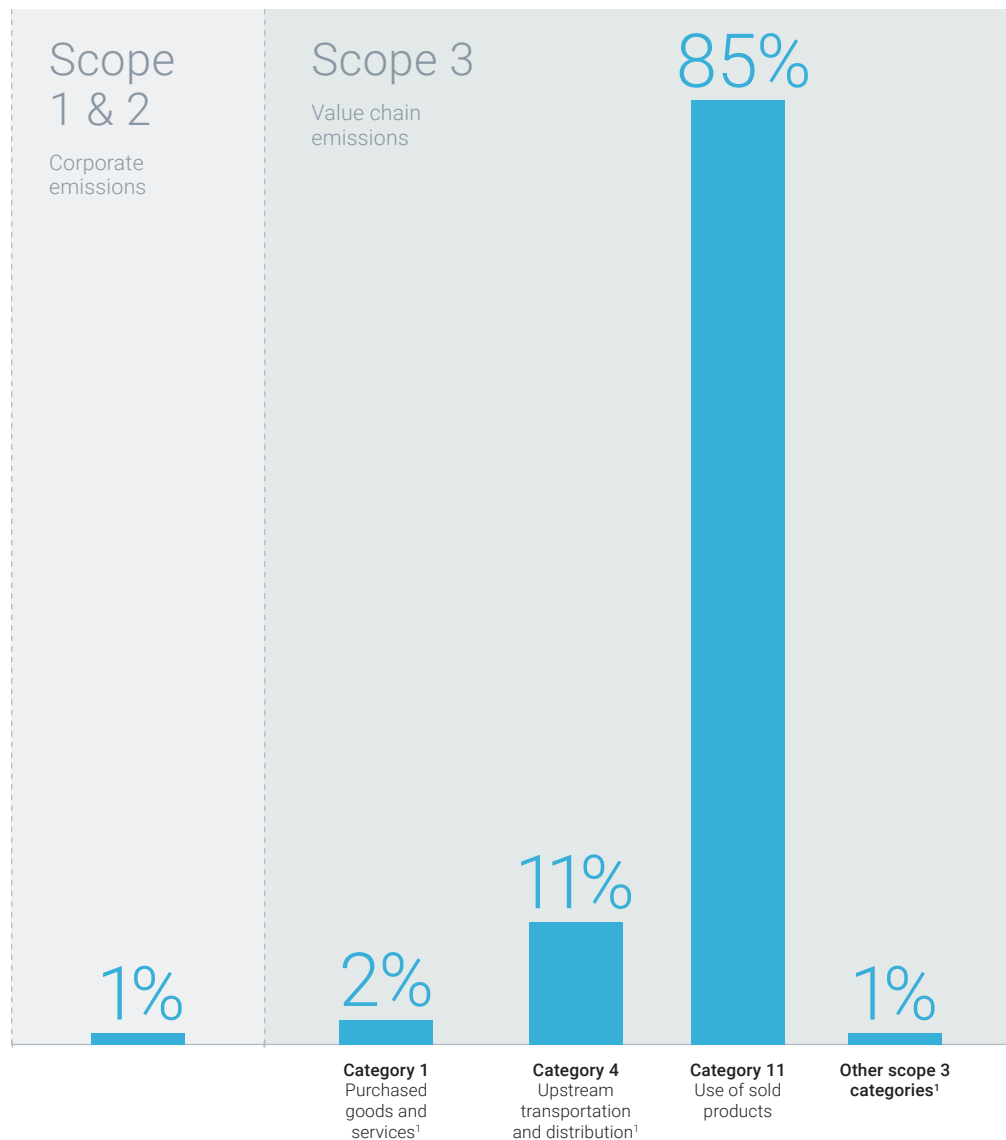


What are science-based targets?

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 pre-industrial levels and pursuing efforts to limit warming to 1.5°C.

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

Nilfisk greenhouse gas emissions by scope and category



Reducing GHG emissions in scope 1 and 2

The SBTi recommends companies to 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.

In 2022, the absolute scope 1 and 2 emissions decreased by 10% compared to 2019, which is on the trajectory guided by SBTi.

Optimizing energy efficiency across Nilfisk sites

Nilfisk operates more than 120 sites across the world. Nine of these are manufacturing sites representing 31% of total scope 1 and 2 emissions due to energy intense manufacturing processes consuming both electricity and natural gas.

In 2022, GHG emissions from manufacturing sites decreased by 35% driven by energy efficiency

projects implemented since 2021, in addition to reduced production output impacted by global supply chain constraints in 2022.

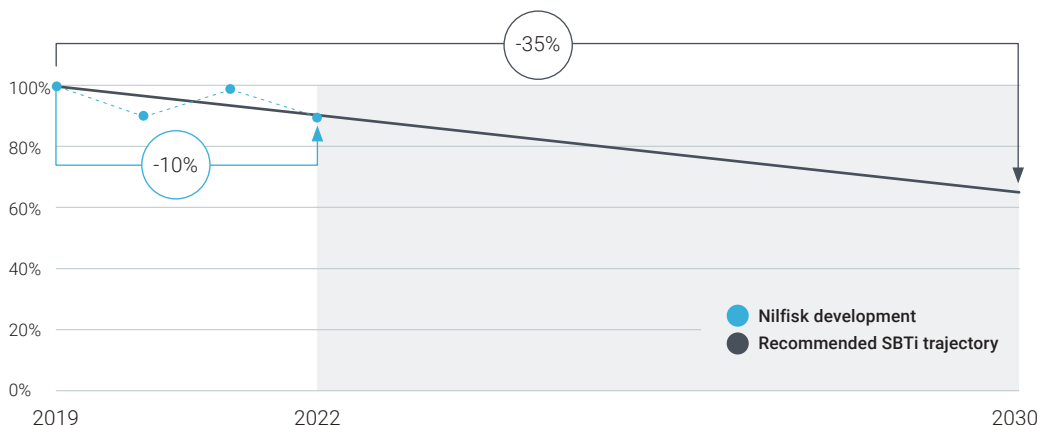
In 2022, Nilfisk defined specific targets for the manufacturing sites to reduce electricity consumption by 25% in 2026 and as a minimum to keep natural gas constant, based on 2019 levels. In addition, internal campaigns to promote energy saving actions were initiated and the work to further identify energy reduction initiatives continues in 2023.

Energy savings at manufacturing sites from 2022 activities

Total	
Natural gas (m³)	50,780
Electricity (kWh)	940,860
CO ₂ eq (tons)	450



Pathway to reduce absolute scope 1 and 2 GHG emissions



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	2018	2019	2020	2021	2022
Nilfisk	F	B	A-	A-	A-
Industry	D	B	B	B	C

In 2022, for the third consecutive year Nilfisk received an A- score with CDP. 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.

Main energy efficiency activities 2022

Brooklyn Park, Redlands & Fort Pierce, US

- Improvement of lighting infrastructure (LED implementation and automatic twilight switch)

Queretaro, Mexico

- Infrastructure changes to reduce climatization needs
- Improvement of lighting infrastructure (LED implementation)

Nagykanizsa & Szigetszentmiklós, Hungary

- Infrastructure changes to improve insulation
- Electrification of heating to replace natural gas

Dongguan, China

- Replacement of cooling tower used in injection-molding
- Air compressor optimization
- Improvement of lighting infrastructure (LED implementation)



Behavior-based energy savings

To deliver on our greenhouse gas emission reduction target, and accelerated by the energy crisis in Europe, a wider range of actions was implemented in 2022 at many manufacturing sites under the 'Energy Commando' initiative.

One aspect of this project was to reduce consumption of energy. This included implementation of time switches, regulators, intersections, twilight switches and motion detectors for the lighting system.

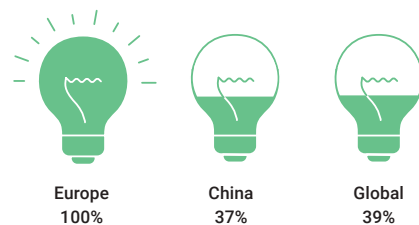
Another aspect was employee behavior regarding responsible energy management. Involvement of all employees on the sites was initiated by posters, information sheets and small videos on how colleagues could contribute to reducing the overall energy consumption in Nilfisk.

Transitioning into renewables

Nilfisk wants to accelerate the transition to more renewable energy. In 2022, the company initiated several projects to install solar panels at its sites. In Italy, the installations were initiated at the manufacturing site in Zocca and Nilfisk expects 50% of the annual electricity consumption to be supplied by the solar panel system. In China, a contract for solar panels installation was signed, and in Mexico a feasibility check was completed.

To further support the transition to renewable energy production, Nilfisk purchased Energy Attribute Certificates (EACs) covering 100% of the electricity consumed at the European and 37% at the Chinese manufacturing sites. This constitutes 39% of the total electricity consumed across all Nilfisk manufacturing sites and 28% of total electricity consumption. The certificates are sourced from producers located in the respective manufacturing countries, based on wind energy. Local investments in EACs is considered a supplement to own reductions and will be phased out with an increased on-site electricity production.

Use of renewable electricity in manufacturing sites



Coverage of Energy Attribute Certificates in Nilfisk manufacturing sites in percentage of total electricity consumption of manufacturing sites

Reducing fleet emissions

In 2022, fleet emissions increased by 16% compared to 2019, due to an increasing number of company vehicles and mileage. The explanation for this is mainly COVID-19 related postponements of service and sales activity from 2021 to 2022.

The Nilfisk fleet represents 53% of Nilfisk's total scope 1 and 2 emissions. Reducing these emissions is necessary to reach the scope 1 and 2 reduction target of 35% by 2030, from a 2019 base year. Several other elements are also motivating Nilfisk to reduce fleet emissions. Firstly, increasingly more customers require visits by electric vehicles only. Secondly, there are emission restrictions in certain European cities where Nilfisk operates. Thirdly, the EU Taxonomy Regulation is setting ambitious sustainability thresholds for both cars and vans.

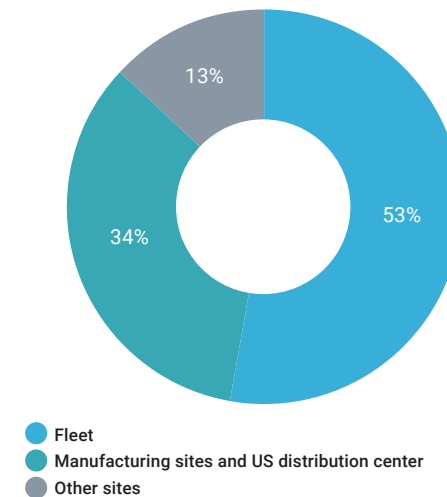
Introducing a new global vehicle policy

To reduce fleet emissions, a new ambitious global vehicle policy was developed in 2022 and prepared to be rolled out in 2023. The policy considers differentiated roll out targets, depending on local availability of electric vehicles and market maturity. In addition to electric vehicles, Nilfisk has defined guidelines to lower the overall emissions of the fleet, by reducing mileage through new ways of working and deselecting high emitting vehicles. Generally, Nilfisk seeks to phase out SUVs that are not electric as well as hybrid cars in the long term.

Depending on the development of global electrical vehicle maturity, Nilfisk expects the new vehicle policy to halve fleet emissions by 2030 compared to 2019, significantly supporting progress towards Nilfisk's scope 1 and 2 reduction target.

Nilfisk has defined guidelines to lower the overall emissions of the fleet by reducing mileage through new ways of working and deselecting high emitting vehicles.

Scope 1 and 2 emissions by source



ENERGY

Harvesting the power of the sun

Zocca is located in the Province of Modena in the northern Italian region of Emilia-Romagna. With a population of 4,585, Zocca is a little town, but it has a big reputation as the birthplace of the Italian rock star, Vasco Rossi, as well as for its hearty local cuisine and fresh mountain air.

Life is good in Zocca and the Nilfisk employees who live, and work there want it to stay that way.

That is why they are proud to be embarking on a journey to install 208 solar panels across 500 m² of rooftop space covering two factory sites in Zocca.

Clean is part of the Nilfisk DNA

Paolo Dotti, VP of Nilfisk operations in Zocca, says the solar panel system will cover 50% of the plant's electricity consumption.

The solar panel system is expected to be fully operational by May 2023, at which point the panels will contribute to reducing the energy consumption from fossil fuels by 84,800 kWh annually. While the factory's annual electricity consumption is expected to remain the same, half of the annual consumption will be produced by the solar panels with zero emissions and at a lower cost. The energy produced by the solar panels annually is equivalent to what 20 families of four would typically use in electricity over the course of one year.

"We are in the cleaning industry. It makes sense that we are committed to working cleaner and protecting the environment in which we do our business – for ourselves, our children, and the generations to follow," explains Paolo Dotti.

A sense of purpose

Employees at the Zocca site are looking for additional ways to cut energy consumption, such as insulating doorways, and agreeing on a common 'work from home day' so the heating can be turned off at the site. The company is also switching to electric company vehicles that can be charged at work using the solar panel grids.



We are happy to work for a company that cares for us and for our environment. It inspires us to do our part.

Valentina Bonucchi

Global Marketing Operations and Project Manager in Zocca

Green knock-on effect

Harvesting energy from the sun is also having a knock-on effect at home and in the surrounding community. "I am even installing solar panels in my home to save on energy costs," says Paolo Dotti. He is also sharing the business case for the project with his friends, many of whom are leaders of local businesses, all keen to learn more about how solar panels can contribute to their bottom line.



Reducing GHG emissions on scope 3

A full 99% of Nilfisk's total GHG emissions are from scope 3, and 85% relate to the use of sold products. In 2022, Nilfisk committed 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.

The SBTi recommends that companies follow a linear trajectory to meet their long-term commitments. Nilfisk has the ambition to deliver according to the SBTi guidance. However, a certain fluctuation around this pathway based on market development is to be expected. In 2022, total scope 3 emission intensity decreased by 11% compared to 2021 which is lower than the trajectory guided by SBTi.

Actions to reduce scope 3 emissions

In 2022, 4.57 kg CO₂/Euro gross profit was emitted which is 11% lower than the 5.11 kg CO₂/Euro gross profit emitted in 2021. The target was achieved by reduction in absolute GHG emissions, combined with gross profit growth.

Optimizing energy efficiency with 25%

In May 2022, Nilfisk launched an ambitious 25% energy efficiency target for all new product platforms, with the goal of getting more cleaning out of the power used. The target has been formalized and integrated into Nilfisk's product development process, a step which is pivotal to Nilfisk's long-term scope 3 target realization. The energy efficiency target applies to new product development projects initiated after June 2022 where the target does not interfere with the products' ability to meet regulatory requirements e.g., the Energy-Related Products Directive from the EU.

Nilfisk has a broad product portfolio with big variations in emission levels between and within product categories. To actively promote lower emitting products to our customers, a CO₂ calculator has been developed and tested. Also, customer-facing staff has been trained to be able to advise customers on making sustainable choices by choosing lower emitting products.

In 2022, Nilfisk also developed a new management information system to track and monitor absolute

scope 3 emissions from product use on a quarterly basis. This allows Nilfisk to enforce mitigating actions if there are deviations from the planned trajectory. In 2022, the system was used as a reporting tool to the Nilfisk Leadership Team.

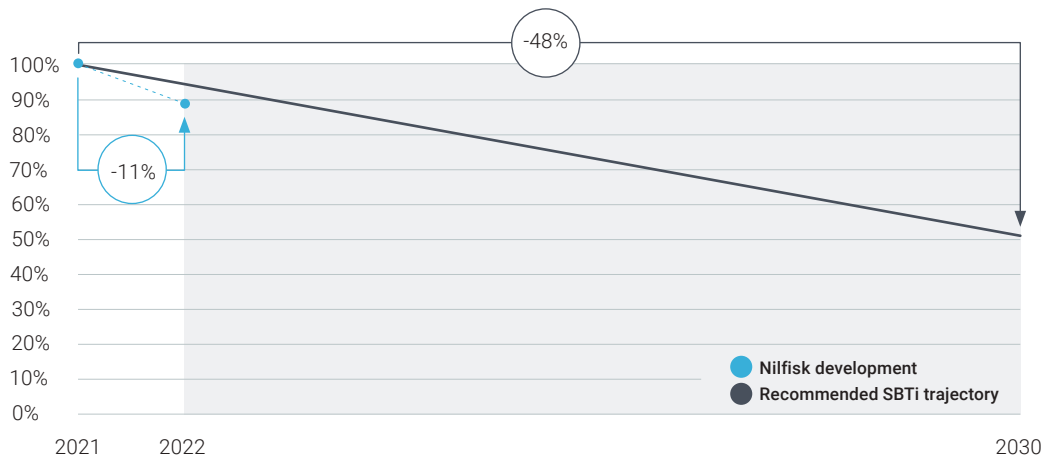
Working on sustainable material sourcing and Life Cycle Assessment (LCA)

Subsequent to the 'Use of sold products' (86% of scope 3 emissions), emissions from 'Purchased goods and services' is the second most emitting category (11% of scope 3 emissions) and although not included in the scope 3 target, Nilfisk is committed to also lowering the footprint from the upstream value chain. As a first step, in June 2022, the 2021 emissions from 'Purchased goods and services' were third-party verified. This exercise confirmed the methodology for calculating suppliers' emissions and identified improvement potentials to increase data quality.

During the year, Nilfisk has used LCA on an ad-hoc basis to compare sourcing business cases and support decision making. Specifically, LCA was applied in five cases to support choices on material substitution, supplier selection, and assembly location.

A strategic project was also launched to help Nilfisk build robustness, realize cost savings, and reduce carbon impact in the upstream supply chain. Going forward, the project is being extended as an internal program, in which sustainability will be further anchored to qualify decision making. As an enabler, an internal LCA tool has been developed to help relevant functions compare sourcing business cases. In the beginning of 2023, the tool will be tested and thereafter improved on a continuous basis. The tool is expected to facilitate a broader use of LCA across Nilfisk.

Pathway to reduce scope 3 GHG emission intensity



Collaborating to create a clear Life Cycle Assessment methodology for the industry



So far, the key players in the professional cleaning industry have not agreed upon a standard to conduct harmonized LCAs. This is a weakness, not only for Nilfisk, but for the industry. Without a standard, the ability to prove environmental benefits from individual projects is low.

Nilfisk is addressing this by initiating a project with the Industry Association EUnited Cleaning with the aim to define a Product Category Rule specific for floorcare machines in line with the Product Environmental Footprint methodology as defined by the European Commission. If successful, the project will proactively feed into the legislative process and facilitate industry-wide collaboration on environmental matters.





The dilemma with SBTi targets

“Because the scope 3 inventory accounts for total lifetime emissions of sold products, companies that produce more durable products with longer lifetimes could appear to be penalized because, as lifetimes increase, scope 3 emissions increase, assuming all else is constant”.

Greenhouse Gas Protocol Technical Guidance for calculating scope 3 emissions, p. 115.

This dilemma of increasing product lifetime versus reducing scope 3 GHG emissions based on product use is an example of the ambiguities that exist in how best to measure and report on sustainability progress. During 2022, Nilfisk brought public attention to this dilemma.

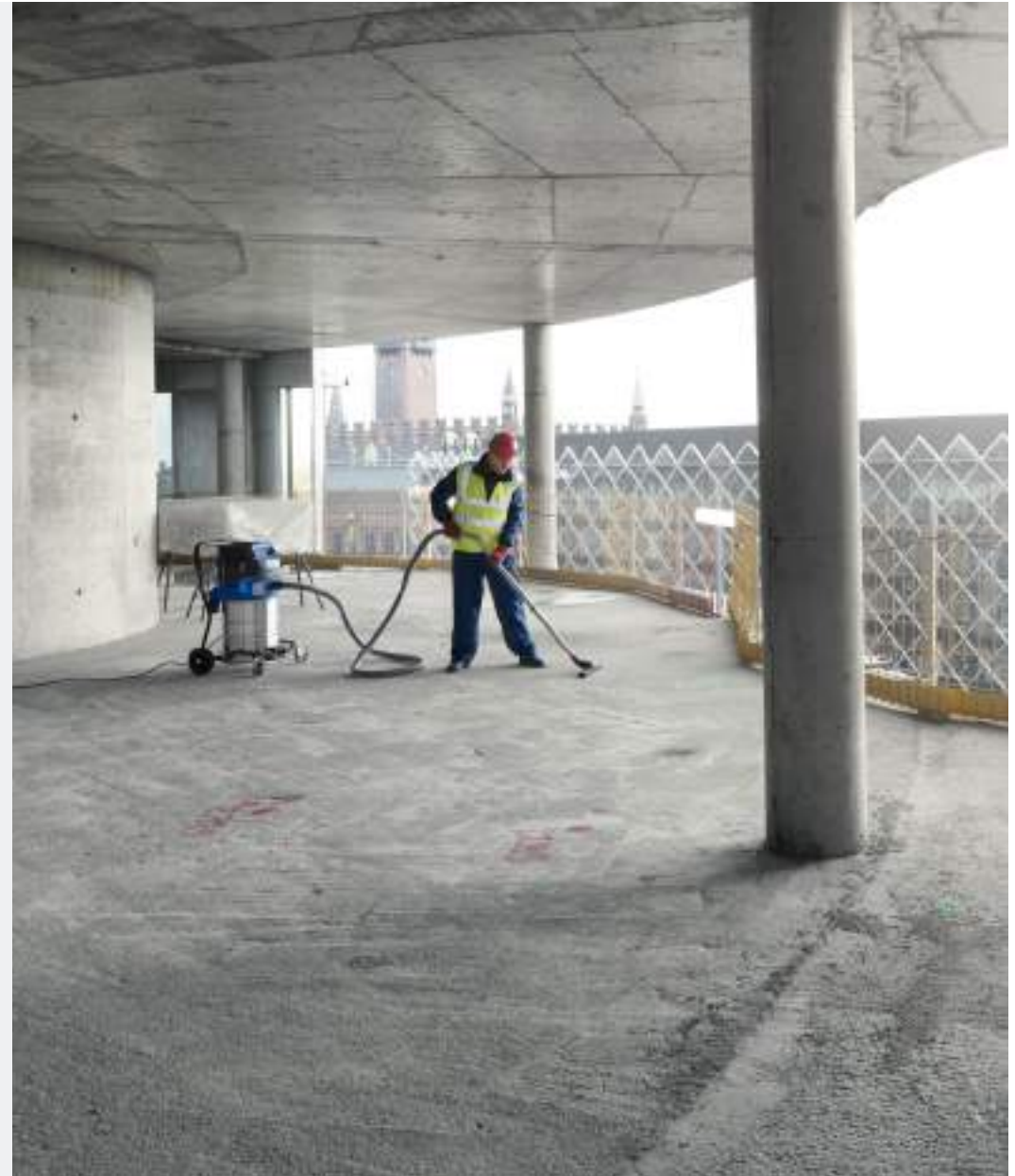
The formula for how to measure and reduce scope 3 emissions according to the GHG Technical Guidance is:

$$\begin{aligned} & \text{Sum across energy consumed from use of} \\ & \text{products} \\ & = \sum (\text{total lifetime expected uses of product} \\ & \times \text{number sold in reporting period} \\ & \times \text{energy source consumed per use (kWh)} \\ & \times \text{emission factor for energy source} \\ & \text{(kg CO}_2 \text{ eq/kWh)}) \end{aligned}$$

In general, Nilfisk believes that companies need to first focus on what has the most impact to lower emissions. At Nilfisk, the first things that we seek to optimize are the use of energy and the time used to perform the job.

Nilfisk will maintain and continue to improve the lifetime of its products even though this will increase the scope 3 emissions due to the current measuring method.

Nilfisk will always seek to grow the number of products sold. At the same time, because the emission factor is given, the span of action to deliver on the scope 3 targets is rather narrow. To address this dilemma, Nilfisk is contributing to a roundtable organized by the UN Global Compact Network Denmark to promote and support the discussion of this dilemma among Danish companies.



Environmental management

As part of the Code of Conduct, it is corporate policy to protect the environment and climate, by reducing and preventing waste and pollution through continuous improvement of our environmental and climate management systems.

Waste

Nilfisk is regularly reviewing how to improve waste sorting, to ensure optimized recycling. The waste data is collected through Resource Advisor, which is a global IT platform for collection of environmental data. The platform enables Nilfisk to monitor and analyze waste streams. From 2021 to 2022, the total amount of waste generated decreased by 10%. In several sites the amount of hazardous waste sent to reuse and recycling increased due to regulatory changes followed by waste recategorization (non-hazardous to hazardous), battery scrapping, and chemical sweeps.

Water

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. In the coming years, this data will support the business in setting targets for water consumption and identify actions for how to limit fresh-water consumption.

Mapping biodiversity risks

Nilfisk recognizes the importance of preserving biodiversity for local and global sustainable development. In the 2022 materiality assessment, biodiversity figured in the list of topics to watch. In 2023, Nilfisk plans to map biodiversity impact around selected sites related to business activities.

Amounts and treatment of waste from manufacturing sites

	Annual weight (tons), 2022
Total waste generated	1559
Total non-hazardous waste	1543
To reuse/recycling	1486
To incineration	10
To landfill	47
Total hazardous waste	16
To reuse/recycling	8
To incineration	5
To landfill	3

Excluding two sites in the US and one site in Denmark

Water recycling systems at Nilfisk facilities



Nilfisk delivers high quality professional cleaning equipment which requires hours of testing. For part of our product range, this includes considerable amounts of water. Nilfisk is working on doing more with less as the following examples from the R&D site in Hadsund, Denmark, and the manufacturing site in Dongguan, China show.

Nilfisk Hadsund

Nilfisk's R&D site in Hadsund, Denmark primarily focuses on design and test of professional high-pressure washers. This requires the use of water for durability and quality control tests. The demand for water has been a concern for many years and as early as the 1980s Nilfisk committed to save water by installing a water recycling system.

The water recycling system at the facility saves valuable groundwater by minimizing the use of municipal water for tests. In addition, it saves on costs for both the water itself and for water discharge. The water recycling system consists of a 300,000-liter tank of water. The water flows through carbon filters so the recycled water can be used for testing purposes, and thereby avoid using municipal water. During the tests, Nilfisk collects the water and recirculate it to the water tank. The recycled water is used for lifetime and performance testing on all

professional high pressure washer machines. New municipal water has not been added to the system for the last 3 years.

Nilfisk Dongguan

In 2007, Nilfisk acquired the Chinese cleaning company Viper, and this has become the base for our R&D and manufacturing site in Dongguan, China. Today, the site manufactures more than 300,000 machines per year.

In 2020, Nilfisk established a new water recycling system in Dongguan, based on water usage from the production area. The system was inaugurated in February 2021.

Since installation of the new system in Dongguan, industrial water consumption has dropped approximately 30%, saving water as well as costs for Nilfisk.



PRODUCT

Optimizing resources with EcoFlex technology

Water is a scarce resource not only for Nilfisk, but also for our customers. There is a rising demand from customers for cleaning equipment that can help reduce their use of resources in their daily routines. It is a priority for Nilfisk to ensure that our equipment uses just enough water for an optimal cleaning result without using one drop more than needed. Most Nilfisk floorcare machines are equipped with the feature of EcoFlex, which manages use of water, detergent, and energy to give a satisfying cleaning result using only what is strictly necessary. In 2022, internal tests were made on the EcoFlex technology to verify how much customers would be able to save compared to machines without this technology.

The tests show that a cleaning routine performed by floorcare machines with EcoFlex can save as much as 20% energy, 40% water and 60% detergent, compared to machines without this technology.

Environmental certifications

Nilfisk adheres to the ISO 14001 standard for Environmental Management System (EMS). To ensure continuous improvement in the level of integration of EMS with the business processes, two additional sites were added this year to Nilfisk's ISO 14001 certification. The target set for 2022 was to achieve three ISO 14001 certifications. However, as the US distribution center in Springdale, Arkansas, was destroyed by a tornado in March 2022, reestablishment of the operation to deliver on the customer commitments was the sole focus and priority, and the planned certification was postponed for this site.

The sites added to the ISO 14001 scope in 2022 were our floorcare manufacturing facility in Brooklyn Park, Minnesota, US, and the sales office in Mölndal, Sweden, both of which successfully went through external audit. With the new additions, 9 sites out of a total of 13 in scope by 2026 are now covered by the ISO certificate.

ISO 14001 certification

Nilfisk sites in scope

- Site with certification
- Site in scope for certification
- Manufacturing site, Dongguan, China
- Manufacturing sites, Nagykanizsa, Hungary
- Manufacturing sites, Szigetszentmiklos, Hungary
- Manufacturing site, Zocca, Italy
- European Distribution Center, Ghent, Belgium
- Headquarter, Brøndby, Denmark
- R&D site Hadsund, Denmark
- Sales Office Mölndal, Sweden
- Manufacturing site, Queretaro, Mexico
- Manufacturing site, Brooklyn park, Minnesota, US
- Manufacturing sites, Redlands, California, US
- US Distribution Center, Springdale, Arkansas, US
- Manufacturing sites, Fort Pierce, Florida, US

Leading with sustainable products

Product sustainability is not new to Nilfisk. For years the company has strived to make safe, efficient, and durable products grounded in customer-centric innovation. Recently these efforts have taken on a new dimension with the strategic focus to Lead with Sustainable Products as stated in Business Plan 2026.

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. From this perspective and following the EcoDesign for Sustainable Products Regulation (ESPR), published in 2022 by the EU Commission, Nilfisk has identified 13 topics relevant to product sustainability. These 13 topics help capture the various ongoing and soon-to-be implemented initiatives, in relation to assessing and improving the products' sustainability.

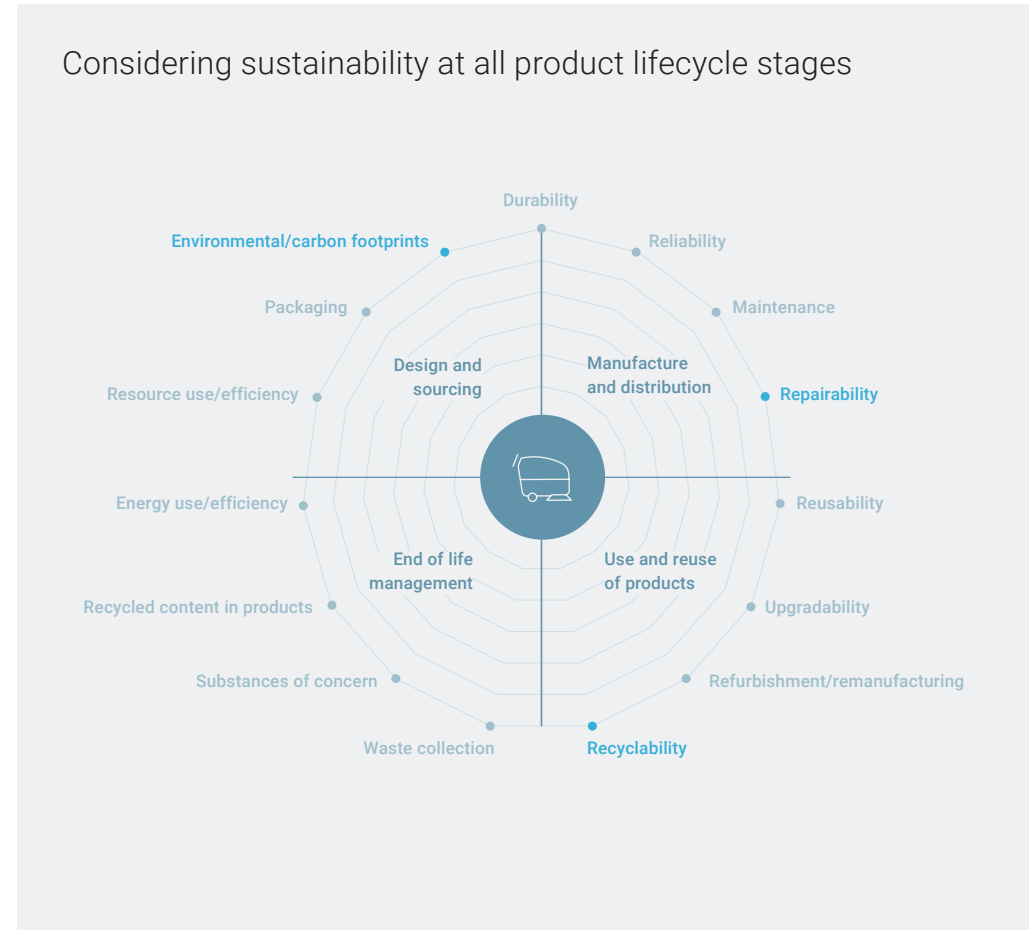
3 product sustainability topics in focus:

Environmental/carbon footprints: Nilfisk believes that reliable data should form decision making, also when it comes to products' environmental footprint. In 2023, Nilfisk will begin to apply the development of Product Environmental Footprint Category Rules (PEFCR) to the floor cleaning equipment, the most extensive category in the Nilfisk product portfolio. The PEFCR will allow a comparable lifecycle environmental assessment for floorcare equipment, not only providing Nilfisk with reliable data for demonstrating and improving the sustainability of its products, but also by being a driving force for sustainability across the industry.

Repairability: The recent wave of reparability regulations, spearheaded by the French Repairability Index (FRI) and soon to be expanded by the EU Commission, has been well-received by Nilfisk. In 2022, the reparability index for Nilfisk's consumer products was calculated. The scores for each product can be found on www.nilfisk.com/fr-fr/.

A quick overview of the FRI scores reveals that almost 80% of Nilfisk high pressure washers obtained a score of 8.5 or higher, in the 0-10 scale of the index. These scores were achieved because of the ease of disassembly of Nilfisk products which facilitates their repair, great availability of spare parts combined with low spare part pricing. For 2023, efforts to improve the reparability of Nilfisk products will continue both in relation to FRI and beyond. One key initiative is creating a tool for assessing reparability of professional and industrial products, hence expanding the reparability baseline of the Nilfisk portfolio.

Recyclability: In 2023, Nilfisk will expand its work on product sustainability by focusing on product reuse and recyclability. The work will be carried out in the context of a multi-stakeholder collaboration project with the objective to include insights regarding recyclability of Nilfisk products and developing design guidelines.



Optimizing value creation with circular economy

Nilfisk considers packaging of goods a continuation of the product. Packaging is an area where Nilfisk works to improve resource efficiency. However, the many objectives of the packaging and a high degree of automation elevates the complexity. When customers receive their ordered goods, the packaging must ensure that the products are well protected, and that both look and functionality is as high, as when the products left the factory. The packaging must tell a story of the product at a glance and at the same time be as resource efficient as possible. Packaging engineers are continuously working to improve the Nilfisk packaging in three ways:

Packaging of items delivered by external suppliers

Nilfisk approves not only an item from an external supplier based on its quality, but also on its packaging. Current parameters are stacking abilities and drop tests.

Packaging of items delivered by Nilfisk manufacturing plants

A consolidated delivery can be difficult to optimize, as the parts vary a lot in size and nature, and only a limited number of different boxes are available. If the box is too big, the shipping space is non-utilized, and the resource consumption and the customer experience are impacted negatively. Nilfisk is currently working on implementing packaging-on-demand machines on selected sites, to be able to cut boxes in the exact size needed for each individual part.

Packaging added at distribution centers

In the regional Nilfisk distribution centers, packaging is added when distributing the products. Most parts are picked directly into the distribution box, which requires high accuracy in master data. Based on the mix of items on the customer order, one or more of eight standard box sizes for distribution, are chosen automatically by the system. The system is set to optimize total volume in the packaging logic. The fill rate per box type is monitored very closely and if a gap is identified in the box sizes, additional sizes will be added to the range of boxes.

In the Nilfisk distribution centers, all fiber-based, wood, and corrugated packaging are FSC certified, and all corrugated packaging is also Resy certified.

80% of Nilfisk customers are satisfied with packaging quality

Customer Experience Survey, October 2022

Reducing dependency on virgin material supply with take-back initiatives

Nilfisk has the ambition to actively support customers with meeting their sustainability targets. Nilfisk's take-back initiatives in different countries play a vital role in the effectiveness of the circularity program.

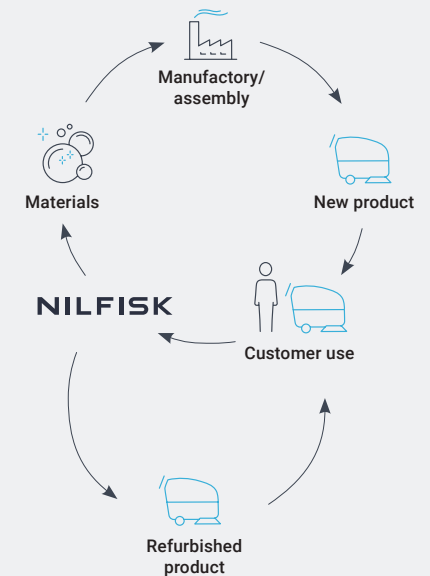
In France, Nilfisk partnered with M2H, a Nilfisk associated company, to take the first steps towards creating a closed loop supply chain with the aim to reduce the dependency on virgin material supply. In 2022, the 10,000 m² French refurbishment center for ride-on floor cleaning machines continued to be reinforced to be able to remanufacture used machines.

In Nilfisk's circularity strategy, leasing and rental programs are vital, since the ownership remains with Nilfisk, allowing the control of the lifecycle of the assets within the business. Nilfisk will expand the roll out of these outcome based offerings in the coming years and expects to see a continued growth of recycled material streams.

By extending the life of a product, refurbishment reduces the resources used to create new products, which helps to conserve resources, energy and reduce waste, including hazardous waste generated by a product.

Making a closed loop supply chain work

At Nilfisk's refurbishment centers, used machines are disassembled completely, and all components are sorted and assessed. Non-upgradable components are recycled through specialized proximity third-party partners (e.g. batteries, plastics, metal) and refurbishable components are rebuilt through circular reindustrializing processes such as sanding operations, paint stripping, galvanizing, etc. Second-hand machines are then re-assembled, tested and made available for another lifecycle.





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.

Employee rights and engagement

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.

As stated in the Code of Conduct, it is the policy of Nilfisk 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). In addition, Nilfisk ensures fair work hours, wages, and benefits, as well as fair free time, respecting local legislation.

Nilfisk becomes stronger and more dynamic by having a workforce that reflects the vast diversity of cultures and backgrounds in the global marketplace in which Nilfisk operates. Nilfisk is committed to seeing employees as individuals and to providing all employees with equal opportunities based solely on individual merit.

Employee engagement thoroughly monitored

Employees are key to our success at Nilfisk. That's why we closely monitor employee satisfaction and engagement with the company. In 2022, Nilfisk rolled out engagement surveys twice: an extended version in May and a shorter version in November. The survey is a way for employees to express their opinions and allow actions to be taken. The survey findings also help drive important dialogues between managers and teams.

In the most recent engagement survey, Nilfisk achieved a response rate of 88% from the targeted employees, 5% more than the industry benchmark. This shows that our employees feel comfortable voicing their opinions and are willing to provide feedback.

In the survey, Nilfisk had an employee engagement score of 8.1 against an industry benchmark of 7.6, placing Nilfisk among the top 25% of manufacturing companies globally. The employee engagement score remained stable compared to 2021.

Remuneration above minimum 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 renowned position evaluation system used around the world. The benchmark system enables 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.

In 2022, 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 benchmark for each position in that market.

Diversity and inclusion

Nilfisk is committed to providing an inclusive and equal experience for all employees, regardless of race, ethnicity, religion, physical or mental ability, gender, gender-identity or expression, sexual orientation, and age.

The Nilfisk's Code of Conduct constitutes the policy framework for diversity and inclusion. It is supplemented by local diversity policies and a diversity policy for the Board of Directors and senior management. In 2023, Nilfisk will be introducing a consolidated diversity policy streamlining the ways of ensuring diversity across the company.

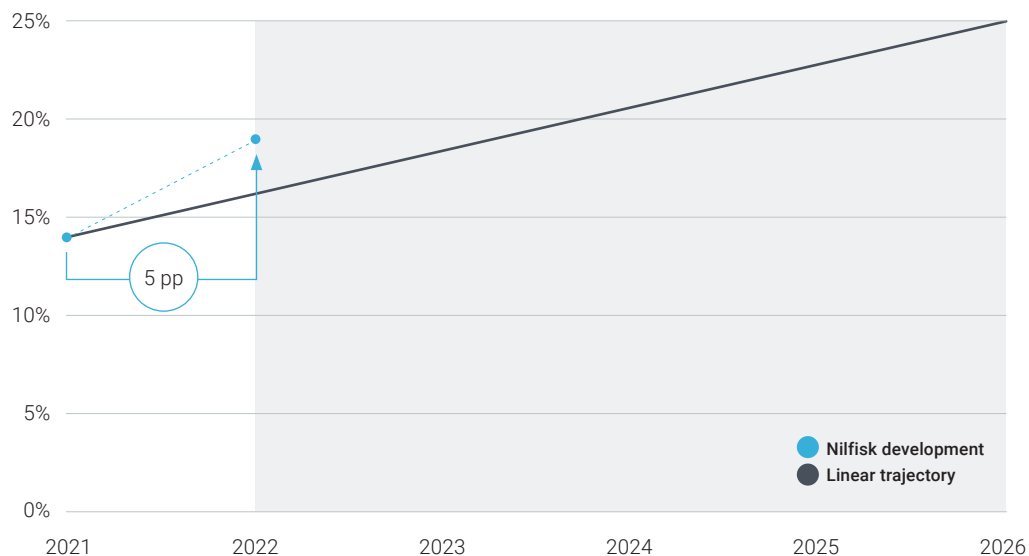
In Business Plan 2026, as a proxy of diversity, Nilfisk set a near-term target to increase the

representation of the under-represented gender in senior management positions (vice president levels and above) from 14% in 2021 to 25% by 2026. The progress on this target, as well as the other sustainability targets, are reported quarterly to the Nilfisk Leadership Team (NLT). In 2023, Nilfisk will define additional diversity targets.

While the percentage of women in the company remained stable compared to 2021 (29% women), the representation of women in senior management increased from 14% to 19% in 2022. Gender diversity in NLT also increased in 2022 with one female executive vice president joining the team. At the end of 2022, 20% of the NLT were women against a representation of 12.5% in 2021.

Pathway to a more diverse senior management

Percentage of women in senior management





In the Board of Directors, the gender-ratio among the shareholder-elected members was 14% women and 86% men. Compared to 2021, this ratio shows no change. The target figure of the under-represented gender, guided by section 99b of the Danish Financial Statements Act, is set to minimum 25% among shareholder-elected Board members to be achieved by no later than 2024. The target was not met in 2022, but Nilfisk remains committed to achieving the target by 2024. Nilfisk is also preparing for the new EU legislation on gender equality in company boards.

Pursuing equality in pay

In 2022, Nilfisk started tracking the unadjusted gender pay gap, measuring to what extent men and women are paid equally. The unadjusted gender pay gap for Nilfisk was 19%, which means that in 2022, across all Nilfisk geographies, employee levels, and functions, women were on average paid 19% less than men.

The 2022 merit process, effective January 1, 2023, focused on providing a lift to employees where salary gaps were identified, in addition to relieving inflationary pressures.

Nilfisk also monitors and reports on the CEO pay-ratio that compares the full year target salary cost of the CEO with the average pay for company employees. For Nilfisk, this ratio was 36.4, influenced by Nilfisk being a manufacturing company with global presence and headquartered in Denmark.

Diversity drives belonging

The culture of empowering diversity across the company was verified in the engagement survey. The average score was 8.7 when employees were asked if 'People from all backgrounds are treated fairly at Nilfisk'. Breaking down this number by gender it was 8.7 for men and 8.6 for women.

Strengthened focus on diversity in recruitment

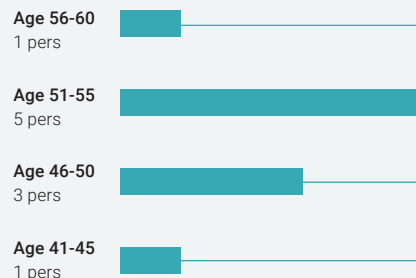
To further build diversity in the organization, Nilfisk has adjusted its recruitment processes. As a specific initiative, all job ads are now scanned by a gender-bias decoder software tool to ensure a neutral and inclusive language. The goal is to receive more applications from diverse candidates. All candidates are encouraged to apply regardless of race, ethnicity, religion, physical or mental ability, gender, gender identity or expression, sexual orientation, and age.

A multicultural company with Danish heritage

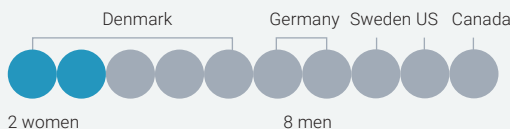
Today, Nilfisk is a multicultural company with employees from all over the world. The greatest numbers of employees are located in Hungary, the US, China, Denmark, and Germany. The company has a global and diverse workforce that includes more than 60 nationalities and cultures.

Nilfisk Leadership Team

Age distribution

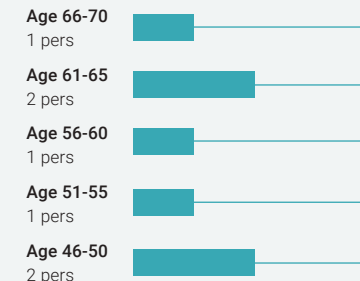


Nationality and gender distribution

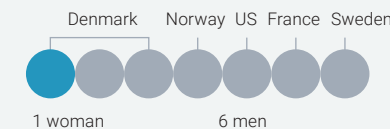


Board of Directors

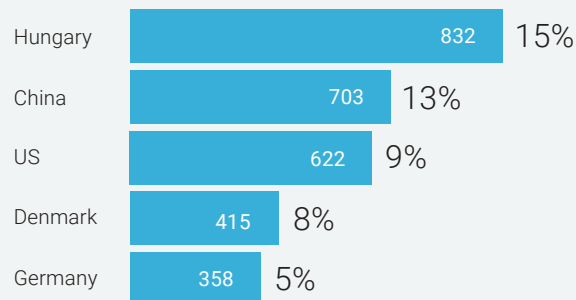
Age distribution



Nationality and gender distribution

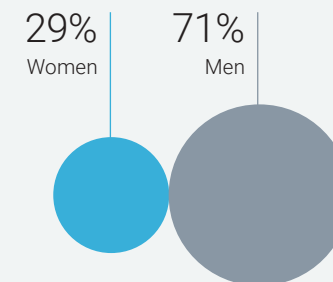


Top 5 countries by number of employees



Gender distribution

Approximately
4,700
Employees
(FTE)



DIVERSITY

Women of Nilfisk: Powering inclusion, resilience, and business growth

Did you know that companies with more gender-diverse executive teams are 25% more likely to have above-average profitability?

This is one of the infrequently cited, but unsurprising, facts that Katie Larson, VP of Human Resources based in Minneapolis, Minnesota, US, shared at the kick-off meeting for the Women of Nilfisk initiative on 29th April 2022. Over 40 women working at Nilfisk from all over the US attended the online event.

The idea for this women's empowerment initiative came after the national sales meeting for the Americas region held in March 2022. During this meeting, Nilfisk leaders discussed how to increase the number of women in senior management as part of the corporate sustainability commitment plan. In an industry dominated by men, this priority is particularly ambitious.

To support the successful execution of the objective, Katie together with her colleagues, Rachel Brutosky, VP Strategic Accounts Sales in Americas, and Chrissy Spiri, Senior Manager of Sales kicked off the Women of Nilfisk initiative.

Off to a great start

A key ambition of the Women of Nilfisk initiative is to create a centralized Teams hub for women. "We wanted to break down silos within the company and encourage cross disciplinary, best practice sharing. As an organization, we will host webinars featuring both internal and external guest speakers on relevant topics and offer access to training courses and mentoring opportunities to hone business skills and increase professional mobility for initiative members."

Since its inception, Women of Nilfisk has successfully facilitated several professional coaching relationships, linking up women across the organization from top sales employees to colleagues working on the warehouse floor. The portal also offers a recommended reading list to members. One of the featured titles, 'Lean In: Women, Work, and the Will to Lead', by Sheryl Sandberg in collaboration with Nell Scovell, is a manifesto on how to negotiate professional life as a woman. In 2022, three meetings were held with a total of 130 participants.

Inclusion with impact

The response to the Women of Nilfisk initiative has been largely positive across the US. Among the US sales leadership, we are also looking to grow this movement to support allyship for all employees within the company.

“
We want to take concrete steps to make our job functions and career tracks at Nilfisk more inclusive.

Katie Larson
VP, HR Americas



Developing a growth mindset

At the beginning of 2022, people managers in Nilfisk were invited to attend an online leadership training on 'How to lead culturally diverse teams'. About 220 out of our 650 people managers attended the session and the webinar was also available on demand.

In addition, nine groups of 10-12 completed training on developing a growth mindset and driving leadership excellence across the organization. The training sessions included three trainer-led modules of three sessions each, as well as self-study, team-exercises, and learning partner collaboration.

During the year, updated tools and activities to improve leadership self-awareness and to support the implementation of Nilfisk Ways of Working was provided. In the beginning of 2023, the updated leadership program will be re-launched.

Introducing a global mentor program

In December 2022, Nilfisk launched a global mentor program providing 46 talented Nilfisk professionals with the opportunity to grow personally and professionally via a one-year mentorship with a more senior colleague from the Nilfisk leadership community. The group of mentees work in 15 different Nilfisk sites across the US, Denmark, Hungary, Germany, China, Spain, UK, France, Netherlands, Poland, Slovakia, Italy, and India. They represent diverse functions such as Service, Sales, and Operations as well as CSR, IT, Finance, Corporate Affairs, R&D, Product Management.

The program aims to ensure the retention and development of key employees in the organization and strengthen the talent pipeline across job functions, business units, and geography. It also aims to grow female talent and contribute

to reaching the target of 25% women in senior management positions by 2026.

Strengthening corporate language capabilities

At Nilfisk, English is the corporate language, used for communication internally among colleagues as well as externally with customers, suppliers, and other stakeholders across borders. To support overall job performance, engagement, retention, and talent development of colleagues who do not have English as their native language, Nilfisk launched a global English training initiative in 2022. Two hundred employees went through online and instructor-led English training and have made clear and measurable improvements in their ability to communicate and collaborate in English. The global program is continuing in 2023, with another 200 participants.

Development-oriented Grow conversations

In 2022, Nilfisk updated its 'Performance and Development Conversations' framework to reflect the agenda 'Empowered People' in Business Plan 2026. The aim was to make the annual one-to-one performance and development dialogue between employee and immediate manager more forward-looking and development-oriented through continuous, informal check-ins during the year. Rooted in the ambition to build a strong growth mindset across Nilfisk, the updated guidance to employees and leaders emphasized the importance of having development conversations and development plans that take stock of personal job aspirations, development needs related to the current job role, and Nilfisk's strategic direction.

Strong employee engagement in local communities

Nilfisk wants to take sustainability beyond the workplace, and the employees are embracing this. Around the globe, Nilfisk colleagues are engaging in local community activities. Such activities are encouraged, and in the US and Canada for instance, Nilfisk employees are given 8 hours of paid time each year to volunteer.

In Southern California, US, Nilfisk employees contribute to the community by helping to reduce food waste and retribute it to people in need. In 2022, the employees chose to partner with the

Second Harvest Food Bank of Orange County, a regional food bank providing food for all who need it with a concentrated focus on the most vulnerable populations – children, working families, college students, and seniors. There, a group of 10 Nilfisk colleagues quality inspected fresh fruit and vegetables and sorted and packed other perishable food. Items provided were delivered to worship, school, and college pantries, afterschool programs, permanent school pantries, senior centers, transitional housing facilities, soup kitchens, and shelters for the unhoused.



Health and Safety

Even though Nilfisk is predominantly an assembly-based manufacturing company where safety risks are relatively low, health and safety of our employees is a priority. Nilfisk strives to keep a high Occupational Health and Safety (OHS) standard, reflected in the Code of Conduct and in the OHS Charter, which defines the OHS procedures and commitments all employees and other stakeholders providing services to Nilfisk or on behalf of Nilfisk, are expected to follow. The Nilfisk OHS standard operating procedure is implemented at all manufacturing sites and follows the logic of the ISO 45001 standard certification manual.

Focus on prevention

Prevention starts with risk assessments, reporting, and following up on the various incident types. This includes all incidents, even if they don't result in injuries or happen on-site. Nilfisk believes in lowering the severity required for an event to trigger a response, investigation, and corrective actions. By addressing root causes of non-serious incidents, we can prevent more serious incidents from happening. To encourage and ensure full transparency in the reporting of cases from all levels in the organization, Nilfisk continuously works to make it easy and safe for people to report any type of incident.

Progression on key indicators

The Injury Frequency Rate (IFR) expresses the rate between the total number of injuries and the total number of worked hours. The rolling IFR decreased from 43 in 2021 to 41 in 2022.

The lost time IFR expresses the rate between the total number of injuries, resulting in days away from work, and the total number of worked hours. In 2022, this indicator moved from 9.6 to 5.1. During the year, 19 injuries were recorded, which is a

significant improvement compared to the 37 cases in 2021. The improvement is linked to a preventive strategy at the Nilfisk manufacturing sites. The IFR is part of the monthly KPIs presented to the Board of Directors.

In 2022, Nilfisk started to monitor lost time severity rate to gain a deeper understanding of whether the lost time IFR covers less severe injuries with 1 or 2 lost days or more serious accidents causing longer recovery times. In the first year of monitoring, the indicator was 0.06, showing the rate between the total number of working days lost due to work-related injuries, and the total hours worked.

In 2022, a total of 225 near-misses were reported, investigated and root causes corrected. These cases did not cause injuries, and the purpose of these reports was to prevent future potential cases.

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

Governance improvements

In 2022, Nilfisk strengthened its governance set-up relating to health and safety. The creation of a global Environment, Health and Safety (EHS) manager position for Operations, the creation of a global EHS knowledge webpage with a specific best practice sharing folder, and monthly alignment meetings for the Operational EHS team are some of the improvements made to make the overall management system for operational health and safety more robust.

HEALTH



Nurturing physical and mental health in Hungary

In 2022, Nilfisk's three Hungarian sites (Budapest, Nagykanizsa and Szigetszentmiklós), the workplace of more than 800 employees, introduced a Health Program as a joint project between EHS and HR.

The Health Program serves to maintain, develop, and promote physical and mental health. Along with the psychological support provided at the workplace, Nilfisk puts great emphasis on supporting individual and team sports activities as well as regular health check-ups and screening programs.

Mental health

According to general Hungarian statistical data, 25% of the Hungarian workforce experiences negative effects of stress at work. To improve employee mental health, reinforce resilience and prevent burn-out, Nilfisk, Hungary employs psychologists whose main task is to support and motivate employees to overcome difficult day to day situations or specific traumas.

Different types of services are available to the employees, including personal remote consultation with a specific topic chosen by the employee, personal or work-related. Another service is intensive individual development training focusing on management of extensive workloads, coping with change, or burn-out.

Sport activities

Nilfisk supports initiatives where colleagues, individually or as a team, enter national or local sport events or competitions, including running races, bicycle races as well as local football competitions and practices.

Screening programs

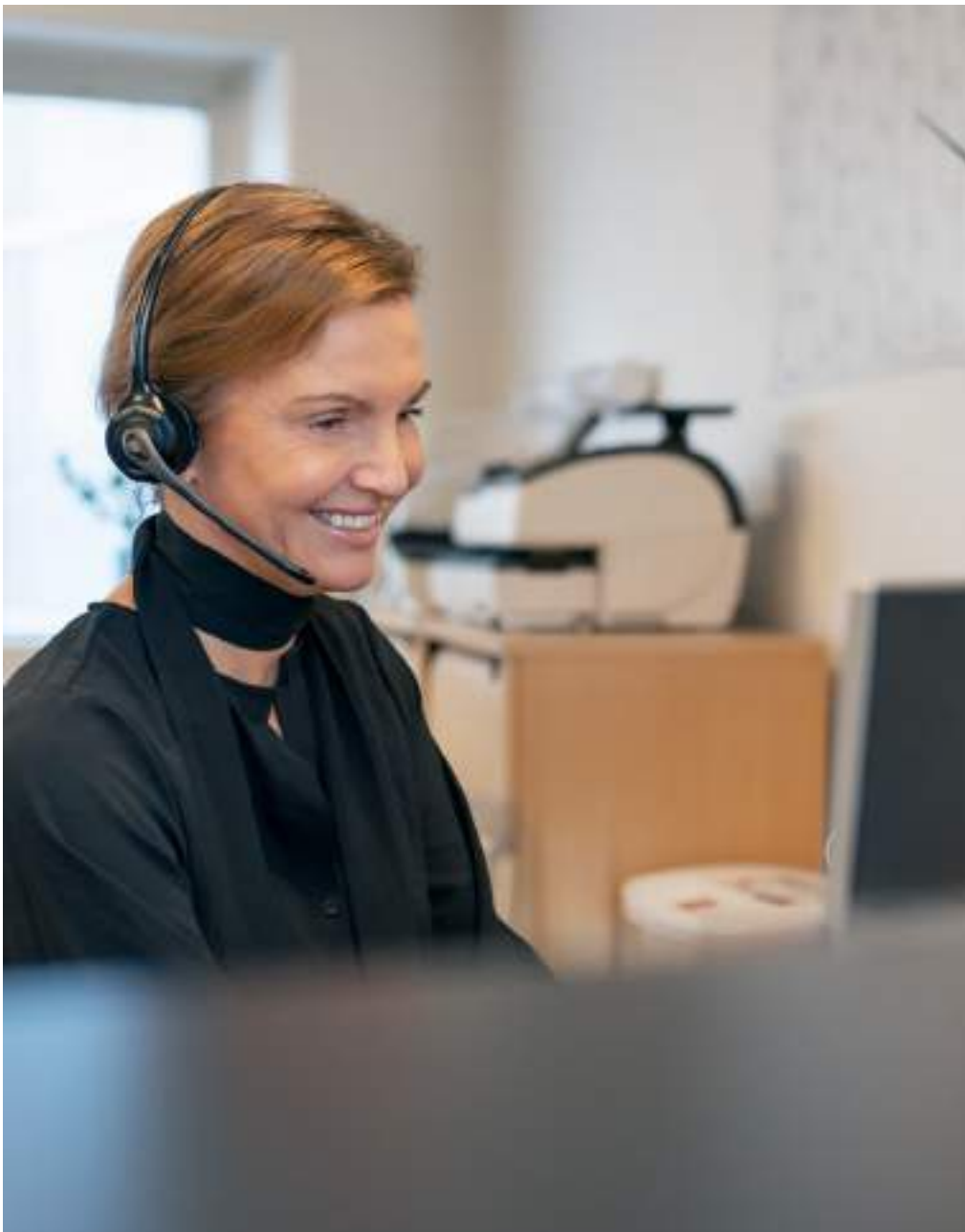
Nilfisk organizes screening programs on a quarterly/bi-annual basis to support early detection of illnesses. In 2022, the following screening programs were included in the on-site screening package offered to all employees: tele-dermatology (melanoma prevention), arteriographic examination (preventing cardiovascular diseases), metabolism test, and a bone density test.

Vitamins and fresh fruit

Nilfisk periodically provides vitamins for the winter period and ensures that fresh fruit is available for free to employees in the kitchen areas.

Vaccinations and blood donation

As part of the health program, Nilfisk offers annual flu vaccines recommended by the medical teams on site. As a joint effort with the Hungarian Red Cross, Nilfisk provides colleagues the opportunity to donate blood on-site and to offer their help to others several times a year.



Taking care of the customers

As a manufacturer of cleaning equipment, naturally, Nilfisk is concerned about both employee health and product safety. This extends from the value of the products sold to the people who operate the Nilfisk equipment.

Product safety and global regulatory frameworks

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

Monitoring new requirements in a structured way has become increasingly important to Nilfisk. The regulatory landscape is dynamic, and during the last 5 years there has been a significant increase in the number of new requirements being implemented regionally.

Number of new requirements impacting Nilfisk products

New requirements

Number of new topics (2017-2028)	119
Number of topics completed	44
Number of projects in progress	17

Efficient processes

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 records from third-party test laboratories mainly covering safety, radio and electro-magnetic compatibility.

In order to track changes diligently, Nilfisk has developed a tool that provides easy access to test reports and certificates for engineers and compliance officers. In 2022, Nilfisk expanded the tool to also provide regular reporting of certificates expiring either by date, due to replacement, or because of new standards being harmonized. This reporting is essential for guaranteeing ongoing compliance with new product requirements and ensuring the safety of products.

Electro-Magnetic Compatibility



Nilfisk participates in Electro-Magnetic Compatibility (EMC) standardization, which is a regulatory area of growing importance. The increasing density of electronic and radio devices in human daily life reinforces the need for EMC legislation and further standardization.

Nearly all Nilfisk products contain electrical components, an increasing level of digital electronics as well as radio transmitters and -receivers. The products emit electromagnetic fields and are also vulnerable to be influenced from other electrical devices. Nilfisk observes a high number of EMC standards being revised. Approximately 20 different EMC standards are applied across the entire Nilfisk product range and about 50% of those have been published in new versions of standards in 2021 and 2022. Newly published versions of standards or brand-new standards are subject to a detailed analysis on the impact of the products.

Product quality

Product quality and safety for customers are top priorities for Nilfisk. The company works with ISO 9001 to ensure high quality throughout the company's operations. The number of sites certified increased from 11 to 13 in 2022. The new sites added were Nilfisk's workshop at the main European distribution center in Ghent, Belgium and the sales office in Mölndal, Sweden. In 2023, Nilfisk expects to also ISO 9001 certify the R&D site in Suzhou, China.

When dealing with quality, continuous improvement is of the essence. In 2022, Nilfisk updated its process for developing new products and services that meet customer and other stakeholders' requirements and expectations, including sustainability targets. The change was made to improve time to market and increase the efficiency of the development processes.

According to the latest Customer Experience Survey from October 2022, 80% of customers were satisfied or very satisfied with Nilfisk product quality and reliability.

Optimized serviceability

When working with the ISO management systems, and for quality and environmental processes in particular, resource efficiency and awareness are pivotal. Longevity and effective and efficient maintenance are key efforts to create a more circular manufacturing system where resources are kept in the loop for as long as possible.

Prolonging longevity starts with designing durable, modular products that are easy to service and repair. 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.

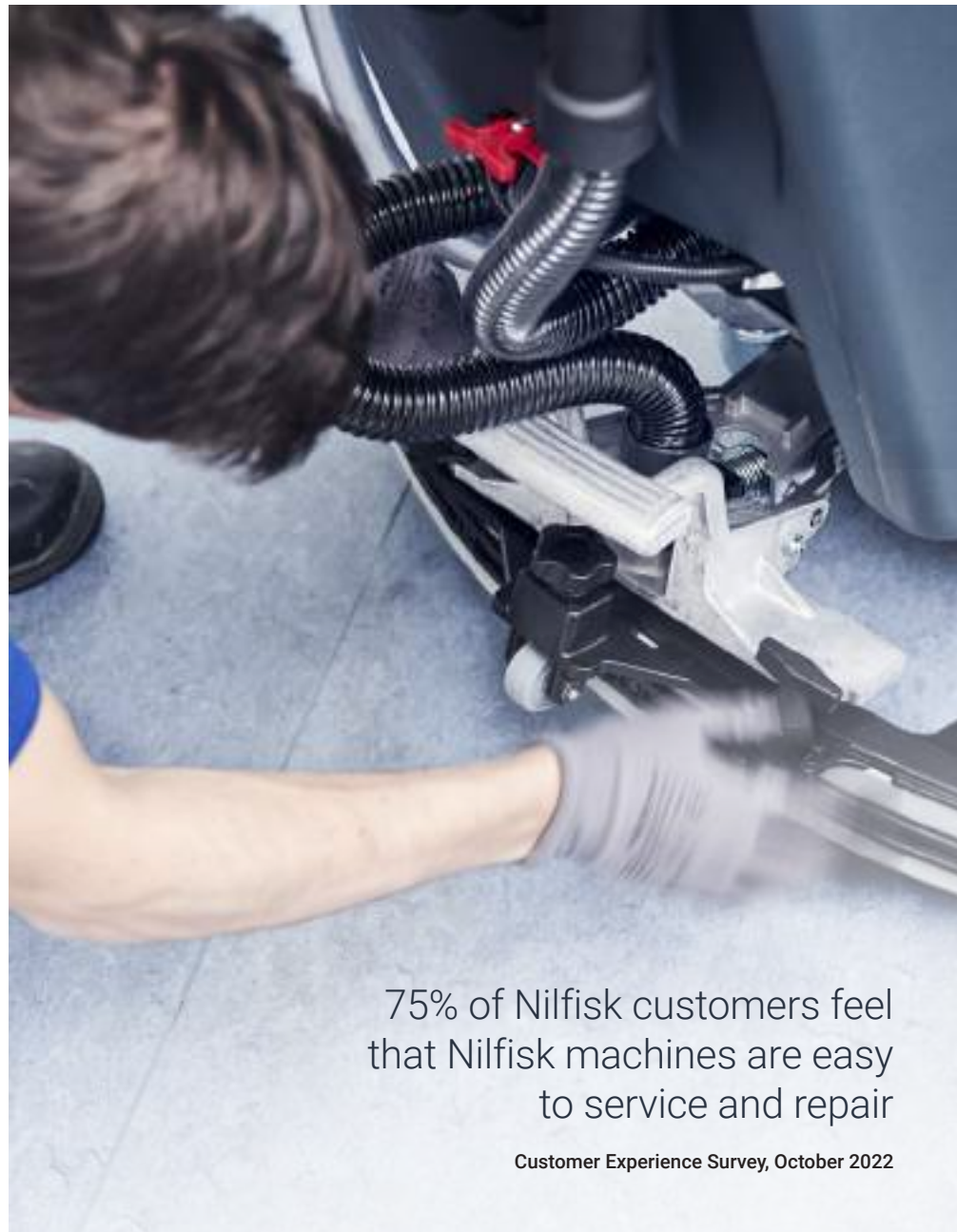
ISO 9001 certification

Nilfisk sites in scope

- Manufacturing site, Dongguan, **China**
- Manufacturing sites, Nagykanizsa, **Hungary**
- Manufacturing sites, Szigetszentmiklos, **Hungary**
- Manufacturing site, Zocca, **Italy**
- European Distribution Center, Ghent, **Belgium**
- Headquarter, Brøndby, **Denmark**
- R&D site Hadsund, **Denmark**
- Sales Office Mölndal, **Sweden**
- Manufacturing site, Queretaro, **Mexico**
- Manufacturing sites, Redlands, California, **US**
- US Distribution Center, Springdale, Arkansas, **US**
- Manufacturing sites, Fort Pierce, Florida, **US**
- Manufacturing site, Brooklyn park, Minnesota, **US**
- R&D site, Suzhou, **China**

- **Site with certification**
- **Site in scope for certification**

Best-of-breed IT infrastructure, combined with increased connectivity (IoT), enable pre-emptive and non-invasive problem resolution, ensures seamless remote service and long product lifetime. Remote services not only offer great benefits to customers but will enable Nilfisk to reduce greenhouse gas emissions from the mobility of the service workforce. The data-driven maintenance capabilities will have a further, positive impact on emissions as the dispatching teams in Nilfisk are digitally enabled to optimize the planning processes and improve route optimization.



75% of Nilfisk customers feel that Nilfisk machines are easy to service and repair

Customer Experience Survey, October 2022



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.

Supporting societal resilience

Through its products and services, Nilfisk is committed to making the world a cleaner place. By empowering customers with the very best in cleaning solutions, Nilfisk is paving the way for higher productivity and a cleaner and safer everyday life for millions of businesses and homes throughout the world. From hospitals to heavy industry, from busy offices and vast warehouses, construction sites and airports, to public libraries and places where children play, this is the essence of what Nilfisk calls 'The value of clean'.

The value of clean

The 2022 World Economic Forum's risk report was dominated by environmental risks. Climate action failure, resulting in extreme weather events and biodiversity loss, were considered the top three of the top 10 global risks by severity over the next 10 years. This situation is exacerbated by the diverging recoveries to the pandemic. At Nilfisk, we want to do our part by helping to build resilient societies and combat climate change. Nilfisk strives to be aligned with the most updated climate science so we can track our performance against meaningful and impactful targets.

Cleaning may not be the first thing on your mind, when facing extreme floodings, an outbreak of infectious diseases or armed conflicts. Still, cleaning equipment plays an important role by keeping the most important buildings and facilities clean and thereby safe. Critical infrastructure like hospitals, healthcare providers, food manufacturers and retailers, as well as transportation and logistics companies, must be kept clean and safe to ensure their continued operation. Nilfisk enables the maintenance of clean and safe working environments ensuring continued operation of critical infrastructure and societal functions.

Nilfisk recognizes that its products and services have an impact on society, globally and locally. They play an important role in supporting humanitarian purposes, and in 2022, Nilfisk updated its Humanitarian Policy to enable local entities to quickly respond to local philanthropical requests.

Strengthening our Human Rights commitment

In 2010, Nilfisk committed to the 10 principles of the UN Global Compact on labor rights, human rights, environment, and anti-corruption. Respect for internationally-recognized human rights forms the backbone of Nilfisk's sustainability work and the company wants to ensure full and irrevocable application of human rights by assessing this on a corporate level, but also on a country and site basis.

In 2022, Nilfisk strengthened its commitment to human rights by developing the Human Rights Policy. This is a consolidation and continuation of the existing Code of Conduct and Supplier Standard Operating Procedure (SOP) as well as the Whistleblower policy and statement on UK Modern Slavery Act. The Nilfisk Human Rights Policy was developed based on international guidelines for human rights due diligence and as expressed in OECD's Guidelines for Multinational Enterprises.

In 2022, Nilfisk also developed a new process to assess human rights risks for implementation in 2023. Together, the Human Rights Policy and the risk assessment process ensure that wherever Nilfisk operates, there will be processes that enable the company to identify, prevent and mitigate potential adverse human rights impacts that Nilfisk may cause, contribute, or be directly linked to through its business activities. These new additions to Nilfisk will also serve to prepare for the future Corporate Sustainability Due Diligence EU Directive.



COMMUNITY

Nilfisk machines cleared as humanitarian aid in Kyiv, Ukraine

In a time of war, hygiene isn't always the first thing on people's mind, but for Martin Führer, Senior General Manager of Nilfisk Central Europe, hygiene, and clean hospital floors play an important role in his definition of human rights. Particularly, when he talks about Nilfisk's donation of much-needed cleaning equipment to a major hospital in Kyiv, Ukraine's war-torn capital city.

Nilfisk was one of the first businesses in the cleaning industry to suspend all its operations in Russia due to the continued escalation of the situation in Ukraine. In a company announcement issued on March 4th, 2022, the Nilfisk leadership expressed "deep concern for and sympathy with the Ukrainian people and a hope for peaceful resolution of the conflict".

In March, Nilfisk also mobilized a special recruitment process for Ukrainians and launched an internal campaign where employees could make monetary contributions to Ukraine through Red Cross and UNICEF which were then doubled by a corporate donation.

Providing more tangible support to Ukrainians

"We had 100% alignment across the company that we wanted to do more", Martin Führer says.

The local Nilfisk dealer helped identify a major hospital in Kyiv that needed cleaning equipment. The dealer assessed the type of equipment that would best support the hospital's maintenance needs and how Nilfisk could also help ensure proper installation, training, and maintenance of the equipment once shipped.

Cleaning equipment cleared as humanitarian aid

While the value of Nilfisk equipment to maintain the hospital's hygiene was obvious, getting the donated equipment into the country was less straightforward. Industrial cleaning equipment was not on the Ukrainian custom authority's list of humanitarian aid supplies.

After two months and extensive documentation, the machines were approved as humanitarian aid and permitted into the country. In December, the cleaning equipment finally reached the hospital site.

"As a Nilfisk employee, I am proud that our equipment is one step closer to helping the hospital's staff keep their work environment safe and clean. It is in our corporate DNA to give back to the communities in which we work and, at times of crisis like this, we stand in unity with the Ukrainian people," Martin Führer says.



Hygiene is a human right but during times of crisis, it is regrettably not always a given.

Martin Führer

Senior General Manager, Nilfisk Central Europe



Compliance and good governance

Throughout 2022, good governance and the Code of Conduct were fundamental to the way Nilfisk conducted business activities and interactions with stakeholders. Nilfisk's compliance programs supported Business Plan 2026, enhancing Nilfisk's reputation and credibility among key customers and other stakeholders by strengthening our supply chain, facilitating execution, and empowering employees. Additional resources were added to the compliance team at the end of 2021 to ensure that Nilfisk could meet future compliance goals. It is anticipated that more resources will be added in 2023.

Nilfisk policy framework

The Code of Conduct describes the fundamental principles and policies that govern our behavior as a company and as individuals. The Code of Conduct is comprised of 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 emission reductions, gender diversity, as well as the Human Rights Policy, the Data Ethics Policy, and the OHS Charter.

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

Mitigating risks

Mitigation of risks is an essential aspect of the Code of Conduct. Group Finance, headed by the CFO, consolidates risk assessments from all focus areas of the business, defining the significance of risks relative to each other. 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 recommendation for Board approval. In addition, an internal risk management review is carried out as part of Nilfisk's Quality Management System. Twice a year risk meetings with Nilfisk Leadership Team (NLT), headed by the CEO, and several functional heads are organized. At these meetings, a consolidated and approved risk register is reviewed, and actions are identified and approved by the CEO.

Travel restrictions and online audits

In 2022, travel restrictions due to COVID-19 made planned internal compliance site visits to Nilfisk entities in Southeast Asia and Latin America impossible. Nilfisk anticipates that site audits in at least some of these countries can take place in 2023. In the meantime, online audits were conducted of some high-risk entities.

Competition law training

Nilfisk conducted competition law and anti-trust training in 2022 to selected key employees, and will continue the training in 2023, along with global training on preventing discrimination and harassment in the upcoming global training system.

Preparations for the Nilfisk Governance Framework, which includes rules, guidelines, and information

about key standard processes across all functions have progressed. Implementation and related training is planned for 2023.

Increased purchasing from diverse suppliers

For Nilfisk, diversity is a strategic focus area. We consider diversity when we do business with Nilfisk suppliers. A major project implemented at the US facilities aims to enhance the diversity scope of US-based suppliers and to purchase more from disadvantaged groups. In 2022, a US category manager became a certified professional in supplier diversity by The Institute for Supply Management. In addition, Nilfisk US has steadily increased its purchases from diverse suppliers, rising in 2022 from 26% to 33% of total spend.

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 and final liquidation and closing of the company is anticipated to occur in the first quarter of 2023.

Ensuring environmental compliance

In 2022, Nilfisk entered a settlement with the California Air Resource Board (CARB) to resolve allegations against two of its US based subsidiaries, Hydro Tek Systems, Inc. and Nilfisk Pressure-Pro, LLC. CARB alleged that Nilfisk did not obtain the required certifications for evaporative system components in certain pressure washers. Upon discovery, Nilfisk immediately disclosed the issue to relevant authorities. Nilfisk resolved the allegations by agreeing to pay a civil penalty amount far below the statutory maximum.

Nilfisk is confident that the pressure washers did not cause any harm to the environment and, if certified, would have fully complied with applicable requirements. Nilfisk initiated voluntary third-party testing on the relevant components that confirmed emissions were within regulatory limits.

Nilfisk is reporting this issue to be transparent despite the settlement value being lower than what we would normally report. This disclosure is an important example of how Nilfisk is following its integrity policy within the Code of Conduct. In summary, Nilfisk discovered, quickly disclosed, and corrected the issue, then implemented structural changes to prevent future recurrence.

Supply chain

Nilfisk relies on a global network of suppliers to manufacture and distribute high quality professional cleaning solutions. These suppliers must live up to Nilfisk’s standards regarding social, environmental, and legal responsibility. Nilfisk distinguishes between direct and indirect suppliers. The former supplies components and materials that go into Nilfisk products or are strategic Original Equipment Manufacturer (OEM) suppliers. Indirect suppliers cover equipment and consumables not directly linked to the products. Direct suppliers are of higher strategic importance than indirect suppliers since this collaboration directly impacts quality and potential for innovation.

Nilfisk manages approximately 1,700 direct suppliers within 20 sub-categories, based on how their material or components are utilized in the company. Around 600 of these suppliers are categorized as either Consolidation Partners or Tactical Suppliers, based on the nature of the business relationship.

Continued improvement of supplier processes

Approval processes of new direct suppliers are managed through the supplier database system SAP Ariba. The use of SAP Ariba has created a structured approach towards new and established direct suppliers, with clear ownership of supplier-approval tasks and globally accessible documents. It has also allowed for transparency, which is a priority to Nilfisk. Comprehensive Legal and CSR questionnaires have been incorporated into the assessment, aiming to evaluate suppliers’ relevant processes and tools within these areas.

The number of new CSR assessments reviewed in 2022 was 27, which was lower than in 2021 due to supply chain challenges putting pressure on Nilfisk’s procurement team.

The CSR assessment checks for alignment with the UN Global Compact (UNGC) principles. In 2022, the share of supplier spend aligned with the UNGC principles decreased, driven by a change in spend distribution among suppliers in the Asia-Pacific region. However, meanwhile, the absolute number of suppliers who signed the UNGC principles increased from 69% in 2021 to 72% in 2022.

The information gathered from the questionnaires is stored in our supplier database ensuring a strong and sustainable supplier portfolio that accommodates future customer and regulation needs, as well as reducing overall business risk.

100%

of new supplier approvals were done using the SAP Ariba approval process

17%

of existing Tactical or Consolidated suppliers were confirmed to be in compliance with Code of Conduct

10

questionnaires employed encompassing everything from climate action to diversity as well as other topics specified in the supplier approval process

Implementing a due diligence system in 2023

In 2023, Nilfisk will begin implementing a due diligence system that will screen selected suppliers and other business partners against US, EU, and other official lists of parties subject to trade and financial sanctions. The system also provides data on the legal compliance reputation and status of selected service providers and dealers, e.g., whether a party has been investigated for or charged with corruption or other wrongdoing.

Audits of Nilfisk suppliers

Nilfisk conducts second party, on-site audits of its suppliers. In 2022, the Nilfisk compliance team conducted 25 on-site audits, covering three phases: initial audit, follow-up audit and annual audit. During years with no travel restrictions, 50-60 audits per year were the target. In 2022, the number of audits was lower due to COVID-19 related travel restrictions in China. In 2023, virtual audits of selected suppliers will supplement planned on-site audits. Audits of OEM suppliers and key component suppliers in China were prioritized in 2022.

The procurement team also suggests audits of potential new suppliers. An audit entails inquiries relating to child, juvenile and migrant labor, forced labor, discrimination and disciplinary rules and regulations, among others. Nilfisk is also investigating wages and benefits, freedom of association and employee health, safety, housing, environmental management, and issues related to ethics and compliance.

Nilfisk provides detailed training and guidance to its suppliers to identify strengths and weaknesses in each supplier’s programs, improves their awareness of these topics, and advises them to take remediation steps. Suppliers will get help to find the

root cause of non-compliance issues, make realistic improvements, and set up a good compliance management system.

The performance among Nilfisk suppliers is gradually improving

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

Whistleblower system

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

The external system supplements internal reporting of concerns by employees to managers, HR, or Corporate Affairs. Employees can also report concerns through their local work councils, where these exist, and trade unions of which they are members. Nilfisk's reporting channels comply with the EU Whistleblower Directive (2019/1937).

Encouraging internal reporting

In Nilfisk, almost all serious matters are reported internally. This could be a lack of awareness of the external whistleblower channel, but it could also be an indication that the employees trust their colleagues and managers. The Code of Conduct encourages internal reporting as the best means of reporting, but the whistleblower system is listed as another option. For 2023, Nilfisk is focusing on the following key issues: Enhancing awareness of all means of reporting and of how related investigations are conducted, demonstrating management support for employees to report concerns, and underscoring that Nilfisk prohibits retaliation against persons making good faith reports, even when investigations do not support the reported concerns.

Investigations in accordance with Code of Conduct

One report was made in Nilfisk's whistleblower system in 2022, alleging possible financial irregularities, GDPR violations, and bullying at a Nilfisk office in Europe. The reporter had also contacted public authorities about these matters and a final internal decision on the report must await the authorities' investigations and conclusions. A total of 9 additional reports of alleged Code of Conduct violations were made internally at Nilfisk or sent directly to persons in Nilfisk by external parties, primarily about misuse of company assets, favoritism, and mismanagement. These matters were all investigated in accordance with the 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.

The status and conclusions of all whistleblower reports and internal reports of possible legal or Code of Conduct violations are 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 Code of Conduct, Nilfisk has in 2022 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, including clear examples of what they 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 (UNGC) and the OECD's Business and Industry Advisory Committee (BIAC).

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 (CPI).

In 2023, internal procedures to prevent, detect and address possible bribery will continue to include compliance audits at Nilfisk subsidiaries in high-risk markets, anti-corruption training, and maintaining of close contact with relevant managers in those markets regarding corruption risks.

Competition law

Nilfisk continues its efforts to comply with global competition laws. The 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 2022, there was increased focus on giving guidance on competition law, for instance on how employees must act to ensure that legitimate contacts with Nilfisk competitors do not violate competition and anti-trust laws. The Corporate Affairs team in Denmark and in the US provided in-depth compliance training to key members of global product management, along with providing detailed FAQ's about situations that Nilfisk employees address in their daily work in several countries.

Foreign trade controls

Nilfisk continued to enhance its compliance program covering applicable trade and financial sanctions and export control laws, in particular EU and US legislation. This included 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 existing suppliers are targeted by e-mail requesting country-of-origin documentation of their items.

Anti-fraud and conflicts of interest

Cross-functional collaboration continued between Nilfisk's Legal and Finance teams to ensure compliance with the Code of Conduct rule on Anti-fraud and Conflicts of Interest to mitigate fraud risks. During 2022, the Compliance and Global Finance teams continued cooperating in matters involving possible fraud or financial irregularities globally but did not conduct any joint compliance audits.



Sustainable taxes

Nilfisk recognizes the importance of taxes giving back to local society, and of contributing to the sustainable development of the countries in which Nilfisk does business. Nilfisk acknowledges that tax payments are important contributors directly and indirectly to achieving the UN Sustainable Development Goals (SDGs).

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 does it make use of 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.

Tax payments

Nilfisk is committed to operating its business in a responsible manner and this also implies paying taxes accurately and in a timely manner.

Nilfisk distributes products in more than 100 countries and thus Nilfisk is contributing 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 head office is located, and in jurisdictions outside of Denmark where its subsidiaries are located. Income taxes are paid by Nilfisk in relation to its employment contracts as per applicable laws.

Data privacy

Nilfisk is driving long-term, ongoing actions to ensure compliance with the European Union (EU) General Data Protection Regulation (GDPR), gradually implementing a GDPR compliance tool purchased in 2021. The tool 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 the Code of Conduct training, helping colleagues globally to follow the Code of Conduct's rule on Data Privacy. 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.

As to Data Ethics, 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. See the Nilfisk Data Ethics Policy as per section 99d of the Danish Financial Statements Act: www.nilfisk.com/media/25201/nilfisk-dk-data-ethics-policy-2022.pdf



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 2022 is part of Nilfisk's corporate reporting and together with the Annual Report 2022 it is offering a comprehensive overview of Nilfisk's business approach and activities, corporate results, and our environmental, social, and governance impact. We continuously seek to improve our 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 our sustainability work.

Basis of reporting

Reporting period

This report covers relevant data from January 1, 2022, to December 31, 2022. The double materiality assessment carried out in 2022 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 the note 8.5 of 2022 Annual Report to see the disclosure of all group companies enclosed in the reporting scope.

Application of reporting frameworks

Nilfisk does not apply a specific overall reporting framework but uses the GRI standards, updated in 2021, as guidance to determine the report content and quality.

Changes in data in 2022

Improved data quality for scope 1 and 2

In 2022, Nilfisk reassessed the materiality of its sites included in the 2019 baseline and for which greenhouse gas (GHG) emissions are tracked over the years. An accurate sites' materiality assessment is important because it determines which sites largely contribute to GHG emissions, thus helping Nilfisk to identify critical places to act on. As a cut-off rule, sites which emit less than 0.2% of total scope 1 and 2 are excluded while making sure to account for at least 95% of total scope 1 and 2 emissions, as required by the GHG Protocol guidance. The final list of sites includes 35 sites in total, meaning the addition of 3 new sites and the exclusion of 4 sites compared to the 2021 list. The updated list covers 97% and excludes 3% of total scope 1 and 2 emissions.

A more structured data check on energy data at Nilfisk sites has started to be implemented. In December 2022, an internal verification of data was run to improve data quality before the 2022 full year provision of limited assurance on scope 1 and 2 emissions.

Nilfisk expanded its work in increasing accuracy of fleet data by implementing error identification checks to avoid accounting for unrealistic mileage values. The new methodology was applied for current 2022 data and for the last three years (2021, 2020 and 2019) to update the GHG emissions.

Improved data quality for scope 3

At Nilfisk, the category contributing the most to scope 3 emissions is category 11 (use of sold products), which has been challenging to calculate due to the difficulty to consolidate product-specific sales and technical data for the entire product

portfolio. In 2021, emissions were extrapolated for an estimated 20% of production portfolio, based on the full-year revenue coverage. However, the products for which emissions have been extrapolated are relatively low emitting products, only representing 11% of 2021 emissions from category 11. During the second half 2022, a project was initiated to replace these extrapolated product emission values with actual data. This was done to ensure that the improvement actions Nilfisk takes going forward will be reflected in the data. For full-year 2022, emissions were extrapolated for an estimated 2.6% of the product portfolio, based on 2022 revenue coverage and it is expected to bring this further down during 2023.

Changes to scope 3 calculation

In January 2022, Nilfisk had its scope 3 target validated by the Science Based Target initiative (SBTi). In June 2022 the 2021 GHG emissions were verified by the external inspection and certification company, SGS. The main suggestion from the verifiers was to use lifecycle emission factors for electricity and fuel usage in Nilfisk products. This suggestion was implemented in June 2022. It resulted in an increase of Nilfisk absolute scope 3 emissions as Nilfisk is not only accounting for the direct emissions from fuel combustion and electricity generation, but also for the emissions occurring during the production of energy sources due to the revised method emission factors.

Changes in input data realized after the third-party verification and after improving data quality have resulted in updating Nilfisk scope 3 emissions for 2021. This is the explanation of the difference in the reported numbers in Nilfisk CSR Report 2021 and in this report. However, these changes relate to an improvement of the calculation process and do not

have any impact on Nilfisk's level of commitment or expected emissions reduction trajectory.

For 2022, limited assurance was provided on selected ESG data including the scope 3 emission intensity indicator, which contributed to increase the overall data quality for this indicator.

Accounting policies for environmental data

Greenhouse gas emissions

GHG emissions are calculated by multiplying volumes of energy consumed with energy-specific emission factors. Emission factors databases and schemes are the IPCC Fifth Assessment Report (AR5), the emission factors dataset of the IEA (updated 2022), the conversion factors published by DEFRA for GHG reporting (updated 2022), the European residual mix dataset published by AIB (updated 2021), and the Green-e residual mix emissions rate tables (updated 2022). Factors from the IPCC Fourth Assessment Report (AR4) are only used when there is no possibility of conversion into AR5-based emissions. This is the case for Scope 3 emission factors for well-to-wheel and transmission and distribution emissions used for fuel and electricity. For these, emission factors from DEFRA and IEA are not available per GHG, but only consolidated into amounts of CO₂ equivalents.

The consolidation of GHG emissions is based on the Greenhouse Gas Protocol Corporate Standard Revised edition (2015). Greenhouse gases are the sum of CO₂, CH₄ and N₂O emissions. As per our 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 GHG emissions

Based on the GHG Protocol, scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. Nilfisk follows the market-based GHG accounting approach.

GHG emissions from Nilfisk sites

GHG emissions from sites cover consumption of electric power, natural gas, district heating and other fuels used for stationary combustion, machinery, and product testing (LPG, fuel oil, petrol, ethanol, diesel). Emissions are calculated according to the GHG Protocol and based on the latest emission factors available at the time of the publication of the report. Residual electricity mix is preferred and used when available. AIB residual mix factors (updated 2021) are used for sites located in Europe, Green-e residual mix factors (updated 2022) are used for sites located in the US and IEA factors (updated 2022) are used for all the other sites outside Europe. For district heating, supplier-specific emission factors are preferred when available, otherwise factors from DEFRA are used. Electricity covered by Energy Attribute Certificates (EACs) has an emission factor equals 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.

Sites representing more than 0.2% of all scope 1 and 2 GHG emissions at the baseline year (2019) are included in the GHG calculation. New sites opening after 2019 and representing more than 0.2% of total scope 1 and 2 emissions are included in the assessment. 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. In 2022, 0.4% of data points were estimated, one data point representing the energy consumption from one source, during one month, at one site.

GHG emissions from fleet

GHG emissions from fleet cover GHG emissions from cars, vans and trucks owned and leased by Nilfisk. Emissions are calculated based on the estimated mileage driven by the vehicles in the reporting period. Daily mileage is estimated based on data on total mileage driven by the vehicle between the start of the contract period and the date when mileage was last recorded. 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. Emissions factors are from DEFRA (updated 2022). As Nilfisk only operates few electric vehicles until now, emissions from electric vehicles are neglected and have an emission factor equal to zero. This approach is expected to be revised as Nilfisk extends its fleet of electric vehicles. If data on mileage cannot be estimated or an outlier is identified due to errors in the dataset, the contract budgeted yearly mileage is used. If no budgeted yearly mileage is available, the average budgeted mileage for the same vehicle type (car, van or truck) used in the same country is used or, if not available, the global average for the same vehicle type.

Scope 3 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.

GHG emissions are calculated based on sales data per country, extracted from Nilfisk's ERP systems (SAP and LN). 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. 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 managers experience and R&D data considering parameters such as jobs-to-be done, machine productivity, sales profiles per machine and component lifetime tests. For full-year 2022, emissions were extrapolated for an estimated 2.6% of the product portfolio, based on 2022 revenue coverage due to some machines not having been attributed data to calculate their emissions. 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 CO₂eq/EUR gross profit.

Energy

Total energy consumed is the sum of the energy consumed at the Nilfisk sites included in scope 1 and 2 calculation and the energy used by Nilfisk fleet. 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. 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 emissions factors' file (update 2022).

Waste

Waste data cover 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

Water consumption is the sum of the water consumed at the Nilfisk sites included in scope 1 and 2 calculation. 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 on a monthly basis on the online platform Resource Advisor.

Accounting policies for social data

Number of employees

Total full-time equivalents (FTE) end of period excluding contingent workers. FTE data is taken from Note 8.6 in the Nilfisk Annual Report 2022.

Blue collar/white collar

Employees are categorized as blue or white collars by Nilfisk HR department. The share of each of these categories is calculated as the number of full-time equivalent (FTE) in the category over the total Nilfisk employees' FTE. The calculation excludes contingent workers.

Employee turnover

Total turnover based on headcount, excluding contingent workers.

Gender diversity in the company

The number of women over the total percentage of women employed based on headcount, excluding contingent workers.

Gender diversity in senior management

Gender diversity assessed through the percentage of women in senior management corresponding to vice president level and above. Data is extracted from Nilfisk HR system called Workday. Terminations occurring during the reporting period have been excluded, which means that employees that have terminated their contracts within the reporting period have been taken out of the data sample even if the termination date was in the future. Data is also not accounting for positions with no management responsibility and excludes externals and contingent workers. The percentual representation of females in senior management is calculated as the absolute number of female employees in senior management (e.g. 10) divided by total number of employees in senior management (e.g. 61), resulting in a rounded percentage (e.g. $0,1639 \approx 16$ percent).

Gender diversity in the Nilfisk Leadership Team

Gender diversity assessed through the percentage of women in the Nilfisk Leadership Team, which corresponds to executive vice presidents.

Gender diversity in the Board of Directors

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

Unadjusted 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, excluding countries where Nilfisk does not have women employed. These countries make up less

than 1% of Nilfisk workforce. The average gross hourly pay is calculated from the total cash amount, which means that the salary, allowances, and bonus are included.

CEO pay ratio

CEO pay ratio is calculated by dividing the CEO's full-year target salary costs by the average pay for company employees. Average pay per employee is the total staff cost (excluding the salary cost of Board of Directors and Executive Management Board) divided by the number of average employees in the company (calculated as full time equivalent).

Engagement survey participation

Aggregated participation rate in percentage across surveyed employees.

Employee engagement score

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

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 score and rating

The EcoVadis overall score (0-100) is provided by EcoVadis, which assessment 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 September 2022 and is valid until September 2023. The EcoVadis questionnaire covers the following sustainability areas, for which Nilfisk collects documentation internally: 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 Nilfisk CSR questionnaire. Based on the answers, the CSR team assesses compliance of the supplier with the 10 principles.

Number of supplier audits

Number of on-site second-party audits performed by Nilfisk.

Cumulative number of suppliers covered by CSR assessments

Total number of direct suppliers who filled the CSR assessment since its introduction in 2020.

Indicators on whistleblower cases

Number of cases recorded through Nilfisk whistleblower system and treated by Nilfisk's Corporate Affairs team.

Independent auditor's assurance report on selected ESG data

To Management and broader stakeholders of Nilfisk A/S

Nilfisk A/S engaged us to provide limited assurance on selected ESG data (KPI 1 – Annual CO₂e Emissions (Scope 1 and scope 2), KPI 2 – Annual CO₂e Emissions (Scope 3 – Use of sold products), KPI 3 – EcoVadis Rating and Score 2022 and KPI 4 – Gender diversity in Senior Management) (collectively “the selected ESG KPIs”) for the year ended 31 December 2022, presented on pages 11 and 12 in the Sustainability Report 2022 of Nilfisk A/S.

Management's responsibility

Management of Nilfisk 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 KPIs, ensuring they are free from material misstatement, whether due to fraud or error. Furthermore, Management is responsible for establishing objective accounting policies for the preparation of the selected ESG KPIs, for the overall content of the selected ESG KPIs, and for measuring and reporting the selected ESG KPIs in accordance with the accounting policies included on pages 45-47.

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 selected ESG KPIs are free from material misstatement, whether due to fraud or error, and prepared, in all material respects, in accordance with the accounting policies;
- forming an independent conclusion, based on the procedures we performed and the evidence we obtained; and
- reporting our conclusion to the Management and broader stakeholders of Nilfisk A/S.

Deloitte Statsautoriseret Revisionspartnerselskab is subject to International Standard on Quality Control (ISQC) 1 and, accordingly, applies a comprehensive quality control system, including documented policies and 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 KPIs. 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 ESG data related to the selected ESG KPIs;
- performed limited substantive testing 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 KPIs;
- 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 KPIs subject to assurance, presented on pages 11 and 12 in the Sustainability Report of Nilfisk A/S for the year ended 31 December 2022, have been prepared, in all material respects, in accordance with the accounting policies on pages 45-47.

Copenhagen, 23 February 2023

Deloitte

Statsautoriseret Revisionspartnerselskab
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State Authorised Public Accountant
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Nilfisk's Sustainability Report 2022
was published on February 23, 2023.
The report is also available at www.nilfisk.com.

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