

CORPORATE SOCIAL
RESPONSIBILITY REPORT
2021

Committed to clean



NILFISK

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Demand for refurbished equipment is growing

Introduction

The Nilfisk CSR report covers the financial year from January 1, 2021, to December 31, 2021, and contains our Statutory Statement for Corporate Social Responsibility per section 99a, 99b, 99d, and 107d of the Danish Financial Statements Act and the non-financial mandates of other European countries where Nilfisk maintains production and distribution sites.

The report should be seen as part of the Management Review in Nilfisk's Annual Report 2021. The report also serves as our Communication on Progress report to the UN Global Compact (UNGC).

With this report, we aim to provide transparent and balanced information about our short-term and long-term CSR strategies and goals and the impact of our activities on people and the planet. The continued COVID pandemic made 2021 a difficult year for many people and companies across the world. At Nilfisk, we have captured the rebound in the marketplace and restored growth across regions and segments, fueled by a stronger focus on clean among our customers and a renewed perception of clean. Continued high engagement and dedication from our global workforce has also been key.

As part of our reporting obligations, we are also issuing a Statement on the Modern Slavery Act 2021, which is available at <https://www.nilfisk.com/media/25200/nilfisk-statement-ukmsa-2022-signed.pdf>, as well as a Data Ethics Statement as required by section 99d of the Danish Financial Statements Act. This document is available at <https://www.nilfisk.com/media/25201/nilfisk-dk-data-ethics-policy-2022.pdf>.

New ambitious targets for sustainability

It's been a decade since Nilfisk made its first official commitment to track and improve efforts within CSR by signing the United Nation's Global Compact. Our efforts since then have placed us in the leadership category of our industry when it comes to climate action and overall sustainability performance. In 2021, our efforts were further acknowledged when we received an 'A-' score in the globally recognized CDP rating, ranking among the top 19% of all companies within our peer group. Also the EcoVadis 2021 Silver rating placed us in the top range of companies assessed across industries.

Sustaining this leadership position is imperative for us. We want to remain leaders, and are ready to further accelerate our sustainability efforts, setting new ambitious targets.

This re-emphasizes our support to the higher value-creating contribution of those initiatives, not only for sustainable business, but for society in general.

Progress through collaboration

During second half of 2021 alone, we have seen a doubling of customers asking for insights into our sustainability efforts. Across geographies, segments, and company size, we see clear signs that also our customers have started to integrate our CSR performance into their assessment of us. It underlines that we are all part of each other's eco-systems and scopes, and that only by collaborating we will see sufficient progress.

We have engaged with customers, investors, legislators, suppliers, and employees to discuss how Nilfisk can continue to deliver measurable actions to

lower our carbon footprint and drive CSR progress. CSR, ESG, carbon emission reduction, and circular economy are complex matters, and for many it is entering new territory ground. That is why we continue to train our frontline people in understanding our sustainability efforts and ambitions to be able to answer questions from and take the dialogue with our customers.

Strategy focused on long-term sustainable growth

As a global market leader, we acknowledge the importance of making a serious effort to reduce our climate footprint while growing our business.

Based on a strategic review in 2021, we have formulated a five-year business plan focusing on enabling long-term sustainable growth. One of the strategic priorities in this plan focuses on leading the industry with sustainable products and solutions. Any new product platform will be designed to set a new benchmark for sustainability and improved scalability, and in addition, we will provide upgrades to our current offer of products and services to help reduce carbon footprint and to enhance digital functionalities.

As an integral part of our business plan, we have enhanced our commitment to ambitious carbon emission reductions by 2030. We have set near-term emission reduction targets linked to the Science Based Targets initiative (SBTi), reducing greenhouse gas emissions from direct and indirect purchased energy sources, and from the use of sold products.

In addition, we have committed to wider sustainability targets on important social parameters.

Leading the way on environmental, social, and governance related matters is fundamental and key to success. We have set ambitious targets and it is not going to be easy. However, placing it as the core fundament of our long-term strategy we are determined to get there – in close collaboration with our people, our customers, and society in general.

Torsten Türling

CEO



About Nilfisk

Founded in 1906, Nilfisk brings over a century of experience to the manufacturing and sale of high-quality cleaning equipment.

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, supplying innovative cleaning products and services to businesses and consumers around the world.

Today, we are a global company operating in over 40 countries, with approximately 4,900 employees working at development centers, production facilities, and sales companies around the world, and at our headquarters in Denmark.

We focus on continuously innovating our products and solutions, integrating sustainability into all areas of the business. Also, we remain committed to making cleaning more sustainable, and we are continuously working to reduce our environmental footprint across the value chain.

Our solutions

Nilfisk offers an industry-leading product portfolio, along with significant aftermarket support. We constantly put our technological expertise to work by helping to meet the cleaning needs of people around the world. Our products and services are offered in more than 100 countries and help improve the sustainability of our partners' cleaning operations by:

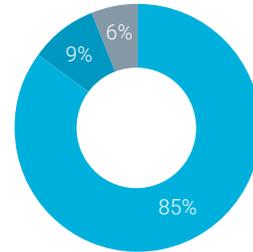
- Improving human health
- Helping protect the environment
- Enhancing customer profitability

994.9
mEUR annual revenue 2021

14.5%
EBITDA margin before special items

Our sales

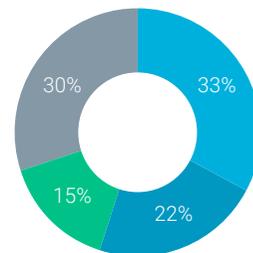
Share of revenue 2021



- Branded professional
- Consumer
- Private label and other

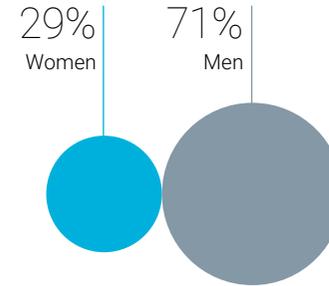
Our solutions

Share of revenue 2021



- Floorcare
- Vacuum cleaners
- High-pressure washers
- Aftermarket

Approximately
4,900
Employees



8.1
Employee engagement in 2021, 0.6 higher than industry benchmark

86%
of our suppliers have signed the United Nations Global Compact (UNGC)

SDG commitment

The United Nations Sustainable Development Goals (SDGs) serve as strategic guidance for us, ensuring that Nilfisk works toward more sustainable development in the future.



Reducing carbon emissions
We commit to reduce absolute Scope 1 and 2 GHG emissions from direct and indirect energy sources by

35%
by 2030 from a 2019 base year

We commit to reduce Scope 3 GHG emissions from use of sold products by

48%
per unit of gross profit by 2030 from a 2021 base year

“Sustainable, low-emitting products are essential to drive sustainable growth in the future, and it allow us to help our customers reducing their own environmental footprint.”

Torsten Türling
CEO of Nilfisk

CSR strategy and approach

At Nilfisk, Corporate Social Responsibility (CSR) plays a vital role in the future of our business. Our core ambition is that a systematized and cross-functional sustainability effort – in which we can do more than just comply with environmental policies and pressures but go beyond – is continuously linked to Nilfisk's core business and strategic priorities. This approach allows us to create a competitive advantage, strengthen our reputation, strengthen our relationships with all key stakeholders, and support business growth. It also ensures we can build on what we are doing right, acknowledge what we do wrong and make needed changes, and challenge ourselves to be as innovative as possible.

Our new five-year business plan integrates sustainability in all areas of the business and introduces a renewed focus on increasing the sustainability of our portfolio and operations.

Stakeholder engagement

We engage with key stakeholder groups on a frequent basis to understand expectations and collect insights into how to further develop our CSR efforts. In addition to an ongoing dialogue with key stakeholders and partners, we do this through a materiality assessment used to identify and prioritize specific environmental, social and governance (ESG) issues that are the most critical to our stakeholders, and to our organization.

These material issues help shape the objectives, goals, and metrics for the focus areas identified. We have identified four overall focus areas that create the framework of our shared CSR efforts:

- Climate and Environment
- Society
- Customers
- Workplace

Together with the identified risks in the value chain, the material issues identified provide the foundation for the continued development of our CSR strategy.

UN Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) serve as strategic guidance for us, ensuring that Nilfisk works toward more sustainable development in the future. We have identified and selected three specific SDGs most relevant for our business: SDG #3, "Good Health and Well-Being"; SDG #12, "Responsible Consumption and Production"; and SDG#13 "Climate Action". We aim to continuously show how our activities specifically support the achievement and fulfillment of the SDGs.

With our increased focus on diversity and inclusion, we plan in 2022 to select an additional SDG, the SDG#5, "Achieve gender equality and empower all women and girls", and apply to our CSR strategy and approach.



Our consolidated CSR efforts support Nilfisk's overall purpose; to enable sustainable cleaning worldwide to improve quality of life. This is the foundation of our CSR strategy, which covers four main areas aligned with the United Nations Sustainable Development Goals (SDGs).

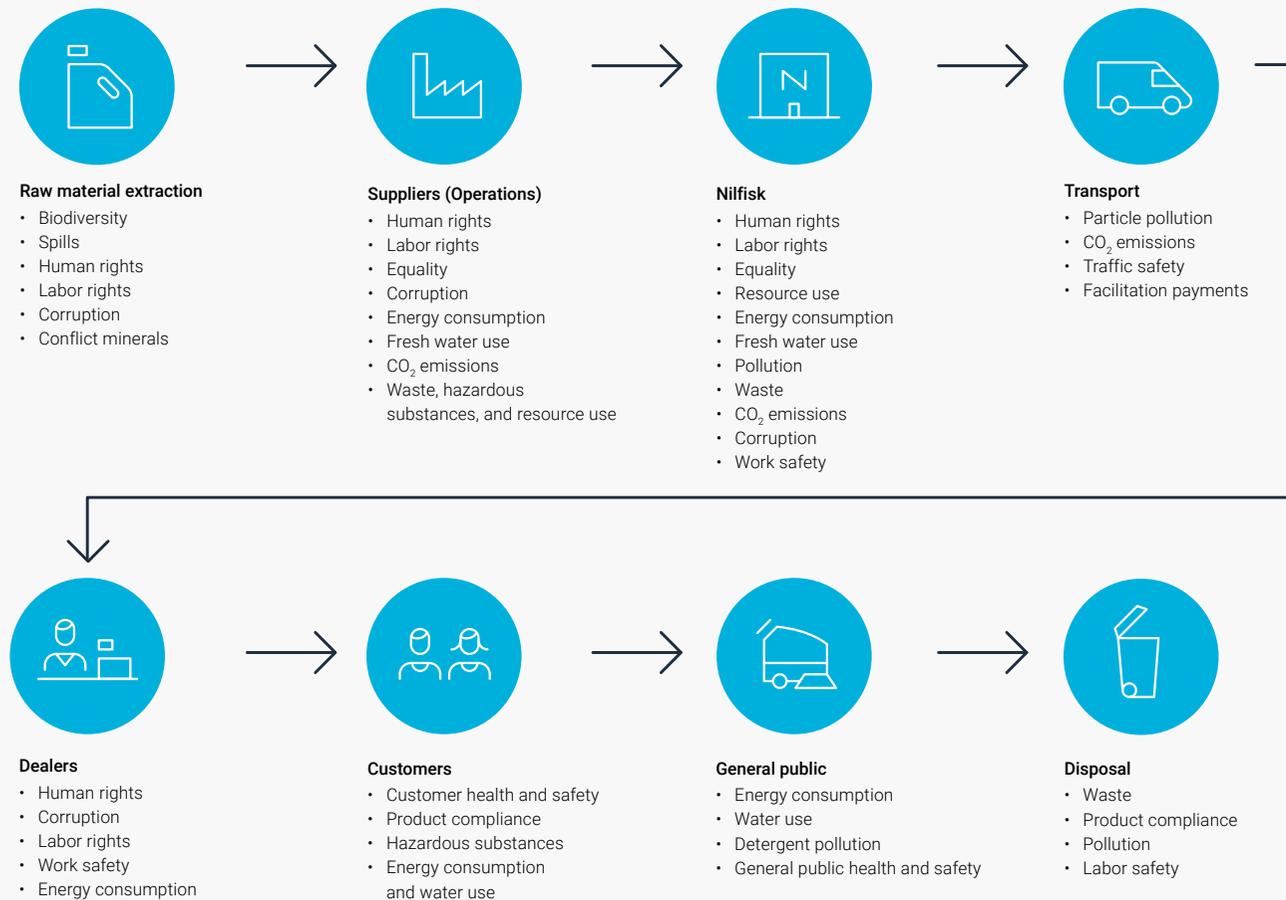
- | | | |
|--|-----------------|---|
| | SDGs 3-9 | Reduce illnesses and death from hazardous chemicals and pollution |
| | 12-2 | Sustainable management and use of natural resources |
| | 12-5 | Substantially reduce waste generation |
| | 12-6 | Encourage companies to adopt sustainable practices and sustainability reporting |
| | 13-2 | Integrate climate-change measures into policies and planning |

Value-chain risk assessment

The mitigation of risks is an essential aspect of our CSR efforts. Risks may have a negative impact on our business, eventually harming people and damaging the environment. Managing them well can create opportunities, not only for Nilfisk but for our stakeholders across the value chain, including customers, employees, investors, and the society in which we operate.

We remain committed to ensuring that the entire value chain is considered when evaluating the range of potential risks posed by our business activities. If significant risks arise through our operations, these risks are analyzed and reported to the Nilfisk Leadership Team, after which specific actions to mitigate them are identified and agreed upon.

We have highlighted risk areas related to CSR and sustainability in this path by which our products and services are created and sold:



Materiality assessment

Our materiality assessment is inspired by GRI principles and guidelines (Global Reporting Initiative) issued by the Global Sustainability Standards Board (GSSB), and the elements of Nilfisk's CSR strategy are structured according to the GRI framework.

	Risks in the value chain	Material topic	CSR strategic sub-area	
<p>Climate and Environment</p>	Energy consumption, environmental pollution, dangerous substances	Environmental compliance	Environmental responsibility	
	Energy consumption, CO ₂ emissions, air pollution, particle pollution	Emissions Energy	Climate action	
	Raw-material extraction, resource use, waste, fresh-water use, detergent pollution	Solid/liquid waste Materials Water	Circular economy	
<p>Society</p>	Anti-corruption, data privacy, integrity, fraud and conflict of interest, compliance	Anti-corruption, ethics, and integrity Customer privacy Anti-competitive behavior	Good governance	
	Human rights, labor rights, CO ₂ emissions, waste, resource use	Supplier social/environmental assessment Human rights-impact assessment	Sustainable supply chain	
	Traffic safety, particle pollution, climate effects, business license to operate	Local communities	Local communities	
<p>Customers</p>	Customer health and safety, product compliance, dangerous substances, energy consumption, water use	Customer health and safety Marketing and labelling Total cost of ownership	Customer health and safety Value of clean	
	<p>Workplace</p>	Human rights, labor rights, diversity and inclusion, work safety	Child labor Non-discrimination Forced and compulsory labor Diversity and equal opportunity Training and education Occupational health and safety	Labor rights Diversity and inclusion Organizational development Occupational health and safety

CSR governance

During 2021, we made progress on our sustainability journey, sharpened the focus in several areas, and set new ambitious targets. Sustainability has been integrated into our requirements for all new product development, as well as in our governance structure, ensuring that CSR is not a stand-alone discipline but rooted and embedded in Nilfisk's new strategy and business plan.

Further emphasizing our commitments, the Nilfisk Leadership Team added CSR targets to the annual bonus targets. From 2022, the greenhouse gas reduction targets will become part of our incentive programs as a supplement to the existing financial targets. By implementing these new targets into our incentive programs we will ensure they become an integral part of the daily business.

At an operational level, alignment of activities are discussed in a CSR Board with representatives from key global functions. During 2021, a total of seven meetings in the CSR Board have been held, in addition to several ad hoc discussions across functions. Significant CSR opportunities are developed into concrete business cases and presented to the Nilfisk Leadership Team and the Board of Directors for review and approval.

We are in the process of further strengthening our CSR governance structure with the aim of driving strategic sustainability initiatives more efficiently and implement global sustainability best practices across the organization. It should enable close collaboration between management and operations and create a holistic and cross-functional view of our sustainability efforts and ambitions, thereby enhancing our ability to comply with applicable laws, regulations and standards, and to achieve the high goals we set for ourselves.

ESG performance

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 all stakeholders into our CSR work.



Climate and Environment

Data indicator	Unit	2021	2020	2019	SDG (Target) alignment	GRI alignment	UNGC Principles alignment	
Environmental data								
GHG emissions¹								
Scope 1	GHG emissions ²	MtCO ₂ eq	15,510	11,653	15,402	SDG 13	GRI 305 Emissions	Environment Principles 7, 8, 9
	Fleet	MtCO ₂ eq	10,021	7,438	10,397			
	Natural gas	MtCO ₂ eq	4,941	3,863	4,399			
	Others	MtCO ₂ eq	548	352	606			
Scope 2	GHG emissions	MtCO ₂ eq	7,116	6,696	8,679			
	Electric power	MtCO ₂ eq	6,518	6,411	7,778			
	District heating	MtCO ₂ eq	598	285	901			
Scope 3	GHG emissions - Use of sold products	MtCO ₂ eq/ EUR gross profit	4.4	N/A	N/A			
Waste³								
	Total waste generated	Mt	1,217,982	N/A	N/A	SDG 12 12-5: Substantially reduce waste generation	GRI 306 Waste	
	Total non-hazardous waste ⁴	Mt	1,211,467	N/A	N/A			
	Total hazardous waste	Mt	6,515	N/A	N/A			
Water⁵								
	Water consumption	m ³	106,400	108,465	122,909	SDG 12 12-2: Sustainable management and use of natural	GRI 303 Water and Effluents	
	Water recycled	m ³	12,235	17,995	36,575	12-5: Substantially reduce waste generation		
ISO certifications								
	Number ISO 14001-certified sites	number	7	7	7	SDG 12 12-2: Sustainable management and use of natural resources 12-5: Substantially reduce waste generation		
	Number ISO 9001-certified sites	number	11	11	12	SDG 3 3-9: Reduce illnesses and death from hazardous chemicals and pollution		

¹ After publication of Nilfisk's 2020 CSR report, our 2019 and 2020 emission-data has been audited, which resulted in adjustments of the calculation for those years. Therefore, values have been updated with the most recent and accurate data. We are constantly improving our data quality and collection process, which results in improvement of accuracy when reporting emissions. Our 2021 data will be audited in 2022, which may result in updates in reported emissions. Emissions from our fleet in 2021 are provisional and still being consolidated

² The category Total emissions for testing the machines in our 2020 report has been replaced by the category Others to better reflect the broader activities it covers.

³ Due to the publication of new GRI guidelines on waste, effective from January 1, 2022, we have updated the fields reporting on waste generation. Details on waste destination per treatment technology are available on page 13. This data covers our production sites in Italy, Hungary, China, and Mexico, comprising 98% of our production volume, and is excluding municipal waste.

⁴ Due to limited data availability, data from China on non-hazardous waste includes only waste sent to reuse/recycling, and not incineration and landfilling.

⁵ Data covers alone our production sites.



Workplace

Data indicator	Unit	2021	2020	2019	SDG (Target) alignment	GRI alignment	UNGC Principles alignment
Social data							
Total full-time employees, end of period	number	4,887	4,339	4,886			Labor 3, 4, 5, 6
Blue collar workers	% of total FTEs	30%	28%	29%			
White collar workers	% of total FTEs	70%	72%	71%			
Employee turnover ⁶	%	20.5%	20%	24%			
% of women in the company	%	29%	27%	27%		GRI 404 Diversity and Equal Opportunity	
% of women in senior leadership positions ⁷	%	14%	N/A	N/A			
% of women in the Nilfisk Leadership Team	%	12.5%	25%	17%			
% of women on the Board of Directors	%	14%	12%	14%			
Engagement survey participation	%	90%	92%	92%			
Employee engagement score	(10-point-scale)	8.1	8.0	7.8			
Fatalities	number	0	0	0	SDG 3 3-9: Reduce illness and death from hazardous chemicals and pollution	GRI 403 OHS	
Injury frequency rate	number	43	51	68			



Society

Data indicator	Unit	2021	2020	2019	SDG (Target) alignment	GRI alignment	UNGC Principles alignment
Governance data							
Number of suppliers signed UNGC 10 principles	%	86% ⁸	93%	93%		GRI 412-1 Operations that have been subject to human-rights review or impact assessment	Human rights 1, 2
Number of supplier audits	number	34	63	10			
Number of supplier CSR assessments	number	153	18	N/A			
Number of suppliers covered by the Code of Conduct ⁸	number	82	11	N/A			
Number of whistleblower cases submitted	number	2	6	9		GRI 102-17 Mechanisms for advice and concerns about ethics	Anti-corruption 10
Whistleblower cases admissible	number	2	2	1			
Whistleblower cases resolved	number	2	6	9			

⁶ Numbers have been adjusted to exclude turnover related to divestments in 2019.

⁷ Senior Leadership positions defined as leadership level Vice President and above.

⁸ In 2021, we changed our way of assessing this KPI, as we considered that signing our Code of Conduct was not enough to state that suppliers apply its principles. Therefore, this number now represents suppliers that have had both our CSR and Legal assessment questionnaires approved, which cover the principles of our Code of Conduct. These questionnaires allow understanding in details how suppliers deal with CSR and legal topics, which better reflects their compliance with our Code of Conduct principles.

EU Taxonomy

The European Union (EU) is committed to sustainable development and environmental protection through regulation and specific action plans, and the European Commission has set a binding target of achieving climate neutrality by 2050. The “EU Taxonomy”, a classification system establishing a list of environmentally sustainable economic activities, aims to scale up sustainable investments and implement the “European green deal”, a set of policy initiatives by the European Commission to support climate neutrality. These actions include a review of existing law on its climate merits, and they also introduce new legislation in areas like circular economy and innovation.

Nilfisk supports these efforts to help private and public operators orient their investments towards projects that support the transition to a sustainable and low carbon economy.

Assessment of compliance

Nilfisk’s reporting on EU Taxonomy follows Regulation 2020/852 of the European Parliament and of the Council of June 18, 2020. This Taxonomy Regulation provides a definition of environmentally sustainable economic activities.

To qualify as environmentally sustainable, an economic activity shall, among other things, contribute substantially to one or more of the six environmental objectives stated in article 9 of the regulation. However, only screening criteria for the first two environmental objectives, climate change mitigation and climate change adaptation (environmental objective a. and b.), have been adopted. Criteria for the final four environmental objectives, the sustainable use and protection of water and marine resources, the transition to a

circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems (environmental objective c., d., e., and f.), have not been adopted yet.

To this end, Nilfisk’s disclosure on EU Taxonomy in the year 2021 covers the environmental objectives climate change mitigation and climate change adaptation. In line with article 10, paragraph 1 of the Delegated Act of July 6, 2021, specifying the content and presentation to be disclosed, we will for the fiscal year 2021 disclose the proportion of Taxonomy-eligible and Taxonomy non-eligible economic activities in total revenue, CAPEX, and OPEX.

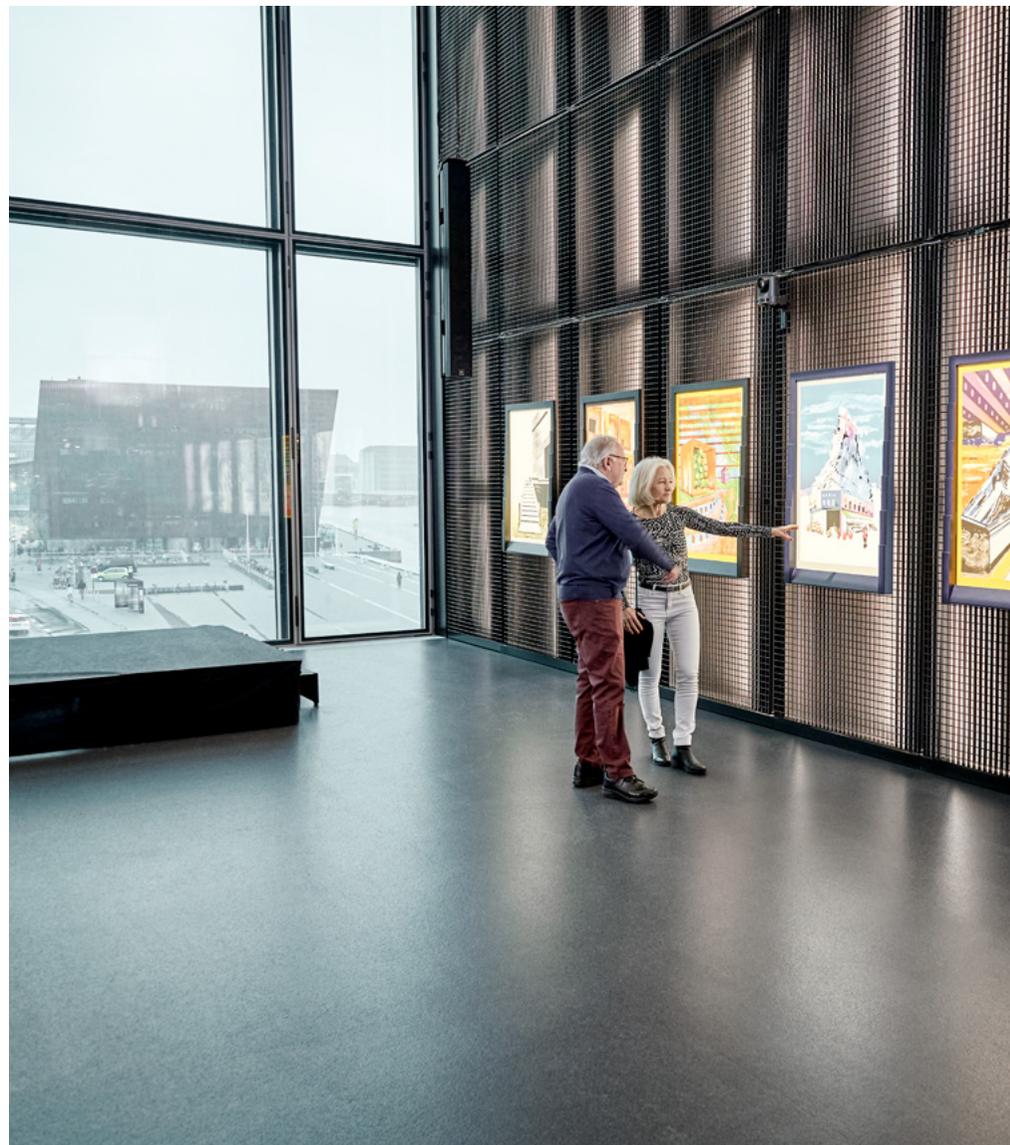
Taxonomy-eligibility

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. For 2021, the assessment does not cover whether these economic activities qualify as environmentally sustainable, also referred to as Taxonomy-alignment.

We have assessed our Taxonomy-eligibility based on three KPIs that are calculated as part of revenue, CAPEX, and OPEX considered to be Taxonomy-eligible (numerator), divided by Nilfisk’s total revenue, CAPEX and OPEX (denominator). This is subject to change if more information will be shared from the EU. Descriptions of the three KPIs are provided below.

Revenue

Based on current interpretation Nilfisk does not have revenue activities that can be considered to be taxonomy-eligible.



CAPEX

Taxonomy-eligible CAPEX is calculated from the following economic activities:

- Activity 6.5** Transport by motorbikes, passenger cars and light commercial vehicles
- Activity 7.2** Renovation of existing buildings
- Activity 8.2** Computer programming, consultancy, and related activities

OPEX

We have defined OPEX as direct non-capitalized costs that relate to research and development, sales and distribution, and administration such as salaries, 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, and equipment. Based on available data, Nilfisk's Taxonomy-eligible OPEX relates to:

- Activity 6.2** Freight rail transport
- Activity 6.5** Transport by motorbikes, passenger cars and light commercial vehicles
- Activity 6.6** Freight transport services by road
- Activity 6.10** Sea and coastal freight water transport, vessels for port operations and auxiliary activities
- Activity 8.1** Data processing, hosting and related activities
- Activity 8.2** Data-driven solutions for GHG emissions reductions – contribution to climate mitigation
- Activity 8.2** Computer programming, consultancy, and related activities
- Activity 9.3** Professional services related to energy performance of buildings

Revenue	
Economic activities	Proportion of revenue
Taxonomy-eligible activities	
Revenue for Taxonomy-eligible activities	0%
Taxonomy-non-eligible activities	
Revenue for Taxonomy-non-eligible activities	100%
Total	100%

CAPEX	
Economic activities	Proportion of CAPEX
Taxonomy-eligible activities	
6.5 Transport by motorbikes, passenger cars, and light commercial vehicles	31%
7.2 Renovation of existing buildings	3%
8.2 Computer programming, consultancy, and related activities	8%
CAPEX for Taxonomy-eligible activities	43%
Taxonomy-non-eligible activities	
CAPEX for Taxonomy-non-eligible activities	57%
Total	100%

OPEX	
Economic activities	Proportion of OPEX
Taxonomy-eligible activities ¹	
6.5 Transport by motorbikes, passenger cars, and light commercial vehicle	2%
6.6 Freight transport services by road	19%
6.10 Sea and coastal freight water transport, vessels for port operations, and auxiliary activities	13%
8.2 Computer programming, consultancy, and related activities	1%
OPEX for Taxonomy-eligible activities	35%
Taxonomy-non-eligible activities	
OPEX for Taxonomy-non-eligible activities	65%
Total	100%

¹ Activities related to 6.2 Freight rail transport, 8.1 Data processing, hosting and related activities, 8.2 Data-driven solutions for GHG emissions reductions - contribution to climate mitigation, and 9.3 Professional services related to energy performance of buildings, are not disclosed as the values are immaterial.



Climate and environment

Nilfisk has committed to the Science Based Targets initiative (SBTi) and set targets to significantly reduce direct and indirect carbon emissions from operations, and emissions from the use of sold products.

Environmental responsibility

Nilfisk has implemented a Quality Management System (QMS) and an Environmental Management System (EMS) working alongside to support our sustainability efforts and environmental responsibility. During 2021, we improved the integration of the QMS with EMS, providing a clearer and more transparent definition of roles and responsibilities at global and local level, as well as of the governance process.

The QMS documents processes, procedures, and responsibilities for achieving quality policies and objectives, and helps us coordinate and direct our activities to meet customer and regulatory requirements. Learn more in the Customer section on page 25.

The processes and practices in the EMS enable our organization to reduce environmental impact and increase operating efficiency and they provide the framework for monitoring and measuring greenhouse gas (GHG) emissions.

Our online data-collection system is called Resource Advisor, which supports us in tracking environmental KPIs. In 2021 we improved the definition roles in this system, and workshops and regular exchanges between the CSR team and representatives of local Nilfisk sites worldwide allowed us to strengthen the data-collection process. This process is crucial for monitoring our progress towards our GHG emissions reduction targets. Learn more in the Climate action section on page 14.

ISO certifications

The ISO 14001 standard sets out the criteria for an environmental management system and maps out a framework for an effective EMS. By the end of 2021, a total of seven Nilfisk sites were ISO 14001-certified. Our 2022 plans include the preparation of additionally two US sites and a sales company in Europe for ISO 14001 certification. We expect them to be certified in Q4 2022.

The ISO 9001 standard specifies the requirements for a QMS, and by the end of 2021 a total of 11 Nilfisk sites were ISO 9001-certified. During the year, these sites continued with actions aimed at strengthening the system through deeper audits and a globally-defined governance process. Learn more in the Product quality section on page 25.

Number of ISO 14001 certified Nilfisk sites				
2018	2019	2020	2021	Target 2022
7	7	7 ¹	7	10 ²

¹ Our manufacturing facility in Querétaro, Mexico, received ISO 14001 certification in 2020. However, operations at our European Distribution Center (EDC) located in Broendby, Denmark, were terminated end-2020. That meant the total number of certified sites did not change compared to 2019.

² 2022 plans include the preparation of two US sites and a sales company in Europe for ISO 14001 certification. This is expected to be finalized 2022.

Water management

In 2021, the consumption of water remained stable compared to 2020. The amount of recycled water decreased by 32% from 17,995 m3 in 2020 to 12,235 m3 in 2021. Water is mainly recycled at our high-pressure washer testing site in Hadsund, Denmark, and in 2021, very few tests were completed. This drop was partially compensated by a new recycling facility installed in Dongguan, China.

Waste management

During 2021, we aligned our data-reporting process on waste generation with the new GRI reporting guidelines and our waste reduction target, pledging zero-waste transfer to landfill from operations.

We will continue the work on enabling all manufacturing sites to collect and enhance waste production volumes and shares of final treatment. For selected sites, part of this information was not yet available for 2021 from service providers.

Amounts and treatment of waste	
	Annual weight (tons)
	2021
Total waste generated¹	1,217,982
Total non-hazardous waste	1,211,467
To reuse/recycling	1,108,194
To incineration ²	11,560
To landfill ²	91,713
Total hazardous waste	6,515
To reuse/recycling	4,139
To incineration	35
To landfill	2,341

¹ Excluding municipal waste. This data covers our production sites in Italy, Hungary, China, and Mexico, comprising 98% of our production volume.

² Excluding data from our manufacturing site in China.



Climate action

At Nilfisk, we acknowledge the importance of making a serious effort to reduce our climate footprint and in 2021, we further scoped our efforts on climate action and strengthened our commitments to lower Nilfisk’s total carbon emissions.

In 2021, our Scope 1 emissions have increased to a level slightly above 2019, while Scope 2 emissions decreased by 18% from a 2019-level. The increase in Scope 1 emissions is mainly due to increased production output from our manufacturing facilities in China and Hungary leading to an increased consumption of natural gas to the manufacturing of parts.

We have committed to the Science Based Targets initiative (SBTi), the only global initiative that directly links a company’s carbon emission targets to the Paris Agreement and associated global efforts. Our commitment was reinforced in 2021 with a third-party validation of our Scope 1 and 2 targets, and the assessment and identification of targets on Scope 3. All targets were submitted to SBTi during the second half of the year, and the approval was received in beginning of 2022, marking a significant milestone in our climate action efforts.

Key milestones and activities from 2021 supporting our climate actions included the following:

Consolidation of Scope 1 and 2 targets

As part of our initial commitment to SBTi to reduce direct and indirect emissions from operations, we defined our emissions baseline at 2019 values. In 2021, we got the emissions data from 2019 and 2020 verified by a third-party auditor. We consolidated the use-data in Resource Advisor from local sites to enable the continuous upload of data.



Nilfisk has defined a carbon emission reduction target from purchased sources like heating and cooling of 35% by 2030. Our site in Hadsund, Denmark, took the lead and implemented a district heating solution delivering a 42% CO₂ reduction the first year.

John B. Pedersen, Head of Hadsund’s Facility Management Team, has been driving the project. “We hope that our success story can be an inspiration to our colleagues in other sites around the world by showing that solutions to lower CO₂ emissions can lead to a win-win for both the company’s bottom line and the after climate.

Our 25,000 square meter Hadsund site has switched from natural gas for heating to the local district heating grid. Here, we could get a 100% green solution from a combination of solar and burning biomass.

In addition to the initial cost savings on heating, more were identified as the local district heat supplier identified insufficiencies in the site system, which was optimized and regulated

accordingly. Not only do our colleagues in Hadsund hope that their decision to opt for a climate-friendly heating solution can serve as inspiration at other Nilfisk sites all over the world, the success has also triggered a grass roots movement across the local site. Colleagues now think of other ways to reduce daily waste and consumption, like more systematic collection of office paper for recycling.

“It is when all employees fully embrace a ‘green’ mindset as part of our working culture that our climate goals will be truly sustainable,” John says.

→ Read the full interview with John B. Pedersen at nilfisk.com and learn more about the initiatives at the Hadsund site.

“ Solutions to lower CO₂ emissions can lead to a win-win for both the company’s bottom line and the climate.

John B. Pedersen
Head of Facility Management
Nilfisk Hadsund

20-30%
Cost savings on electricity and heating in the first year

42%
CO₂ reductions in first year (equivalent to 380 tons CO₂)

Nilfisk sets near-term science-based emission reduction targets

Reducing greenhouse gas emissions from direct and purchased energy sources (Scope 1 and 2)

Absolute reduction of

35%

by 2030 from a 2019 base year¹

Reducing greenhouse gas emissions from the use of sold products (Scope 3)

Reduction of

48%

per unit of gross profit by 2030 from a 2021 base year



Low-emitting products are essential to drive sustainable growth. We are proud to be leading the industry with a 48% reduction target per unit of gross profit related to the use of our products

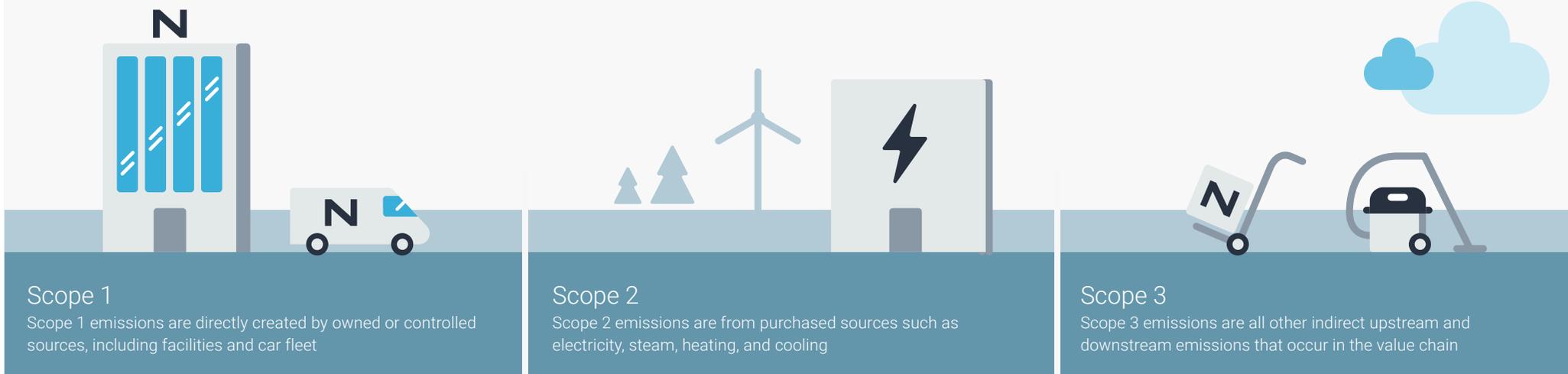
Torsten Türling
CEO of Nilfisk

With the recent validation and approval from the Science Based Targets initiative (SBTi), Nilfisk has a fully approved near-term Science Based Target commitment.



Lowering emissions from future products

Objectives in greenhouse gas reduction during the use-phase of our products have been integrated into the roadmap for the development of new products and will contribute to increasing the energy efficiency of new products and to lowering GHG emissions during the use-phase.



Based on the data-validation Nilfisk maintains its commitment to reducing GHG emissions within Scope 1 and 2 as follows:

- Scope 1 and 2: Nilfisk commits to reduce absolute Scope 1 and 2 GHG emissions by 35% by 2030 from a 2019 base year¹

Local initiatives to drive GHG emission reduction

The first measures were taken at selected Nilfisk facilities across the world to initiate the GHG reduction within Scope 1 and 2:

- An Energy Maturity Assessment was conducted for all Nilfisk manufacturing sites as well as our US distribution center to identify energy-saving potential
- Selected local sites implemented measures to reduce emissions from their energy use. Initiatives included:
 - Implementation of rental photovoltaic panels on the roof of our manufacturing site in Italy
 - Energy saving projects in our manufacturing site in China, including optimization of lighting with the installation of LED lights and automated time switches, optimization of the air compressor set up, implementation of a heat energy recycling system for hot water, and optimization of the rotomolding process to reduce natural gas consumption

Definition of Scope 3 targets

While Scope 1 covers direct emissions from owned or controlled sources, and Scope 2 covers indirect emissions from the generation of purchased electricity, heating, and cooling consumed by Nilfisk, Scope 3 includes all other indirect emissions that occur in our value chain.

Following the materiality assessment of our Scope 3, we focused our continued assessment on the detailed emissions of two Scope 3 categories, which represent more than 95% of our total Scope 3 emissions: Category 11 – Use of Sold Products and Category 1 – Purchased Goods and Services. This approach allowed us to identify the main contributors to our Scope 3 and the data structure currently available to monitor progress.

Since Category 11 represents more than 80% of our Scope 3 emissions, we focused our Scope 3 reduction target on this category and committed to a reduction target within Scope 3 Category 11 as follows:

- Scope 3: Nilfisk commits to reduce Scope 3 GHG emissions from use of sold products by 48% per unit of gross profit by 2030 from a 2021 base year

Implementing actions to reduce Scope 3 emissions

The in-depth calculations on Scope 3 emissions showed us that there were two main contributors to our indirect carbon footprint: material in our products and usage of our products. Based on these findings, several efforts to lower the carbon footprint of our products were initiated, including the following:

- Life Cycle Assessment (LCA) pilot
- GHG reduction applied to product roadmap
- Supplier base screening

In terms of Life Cycle Assessment (LCA), an LCA expert was hired to conduct the assessments of our products, and a pilot project covering three specific products was launched. The LCA results will be used to identify ecodesign measures and improvement potential along supply chains, and will allow us to

Nilfisk receives Silver rating in global EcoVadis assessment

In 2021, Nilfisk was awarded a silver rating for corporate social responsibility and business sustainability from EcoVadis, the world's most trusted provider of business sustainability ratings.

The EcoVadis assessment covers 21 CSR indicators across four main themes: Environment, Labor and Human Rights, Ethics, and Sustainable Procurement. The silver rating is a significant improvement from Nilfisk's previous rating.

Nilfisk is ranked in the top range of the silver rating criteria and furthermore in the 91st percentile across all industries, meaning that Nilfisk's score is higher than or equal to the score of 91% of all companies rated by EcoVadis.

The award allows our customers, and other business partners, to gain insight into our ESG performance. We use EcoVadis to focus our efforts and drive action plans to continuously improve our sustainability performance, and the silver rating demonstrates our awareness for sustainability and the progress made.



communicate our products' environmental footprint in a science-based manner to our customers.

Objectives in GHG reduction during the use-phase of our products have been integrated into the roadmap for the development of new products. This detailed work was a cross-functional effort across R&D, Product Management, and CSR functions, and will contribute to increasing the energy efficiency of new products, and lowering GHG emissions during the use-phase.

Additionally, we are increasingly engaging with our suppliers to collect and share information on sustainability topics. This will encourage more sustainable practices across the value chain and contribute to lowering the impact of purchased materials. In 2021, we conducted a screening of 10 of our largest suppliers to evaluate their maturity level in terms of climate action. We are continuously developing the scope and early 2022 we plan to involve potential suppliers with experience and engineering capacity related to sustainability activities.

¹ In our 2020 CSR report we initially stated that we planned to reduce our emissions by 35% from a 2018 base year. However, because of low data availability for 2018, we could not calculate robust baseline emissions. Therefore, we will be using 2019 as our baseline year. This has been included in the third-party validation of data and the submission of data to SBTi in 2021.

Circular economy

Nilfisk understands that a sustainable society can only flourish if it considers the limits imposed by resource availability. Developing a circular economy allows us to operate within these limits, and Nilfisk is determined to integrate circular systems in its activities. In 2021, several initiatives were launched in this direction.

Use of recycled materials

Lowering the amount of virgin raw materials in our products is an important lever to decrease our environmental footprint. To this end, R&D, Strategic Sourcing, and Product Management teams have started assessing the potential for increasing the recycled share of materials in the development of new products, and discussions with potential suppliers of recycled materials have begun.

While taking the necessary time to extend our approach towards the use of recycled materials at a global level, our Strategic Sourcing team is regularly identifying opportunities to contribute to this agenda. An example from 2021 is the launch of a project that will change plastic bags and stretch foil material from virgin plastic to plastic regrind in our packaging. In a sourcing partnership, we have been working with our supplier on feasibility as to what type of material (visible plastic bag, non-visible plastic bag, stretch foil) can be used for Nilfisk's various packaging solutions, and the parties have agreed to a pilot project focusing on the non-visible plastic bags for a key customer using OEM services from Nilfisk.

Pursuing our take-back initiatives

We have continued our efforts to further develop and expand our take-back programs. This went well in 2021, and we were confirmed that taking back equipment at end-of-life is a key lever to maximize resource use and support our customers' willingness to divert equipment from disposal.



We ensure that all Nilfisk products on the market, whether new or used, live up to the company's high-quality standards.

Todd Litton
Director of Nilfisk US Field Operations

Our customers are increasingly focused on the value of buying refurbished cleaning equipment. Extension of certain products' life span by 50-100% is attractive both from a procurement and a sustainability point of view.

Todd Litton, Director of Nilfisk US Field Operations in Detroit, Michigan, knows that.

Although he formerly worked in the Casino industry, Todd is not a risk taker. Rather, he prefers to stake his wager on a sure win and, in Todd's opinion, future growth in the refurbishment business is a safe bet. Over the past 5-6 years, he has noticed a steady uptick in the demand for refurbished Nilfisk equipment.

"Our aim is to capture sales where they are by providing quality service for our key customer segments. We do this by ensuring that all Nilfisk products on the market, whether new

or used, live up to the company's high-quality standards," says Todd.

Nilfisk runs take-back programs in the US and key European markets. In the US we mainly refurbish equipment for which there is a steady demand, such as well-maintained small walk-behind and mid-size scrubber units. Such equipment can be refurbished relatively fast and to a quality that meet our high standards.

We have run a constant backlog on US orders for refurbished equipment, and as of recently, we offer subscriptions for continuous purchases of refurbished equipment, which allows us to forecast demand for certain products.

➔ Read the full interview with Todd Litton and learn more about the Nilfisk refurbishment programs at nilfisk.com

Further EU regulation on Sustainable Products

The EU Sustainable Product Initiative, which is expected to be released in the first quarter of 2022, will create new requirements for products sold in Europe. The initiative aims to encourage industries to manufacture products in a resource-efficient way that supports a climate neutral and circular economy. On circular economy, these requirements are expected to cover topics such as recycled content, green claims and labelling on reparability.

The work we have launched in 2021 on recycled materials and life-cycle assessment is in line with these expected requirements. To meet the upcoming requirements on reparability, the calculation of a reparability index as defined by the French government has already been tested on selected Nilfisk products and will be extended to more products in 2022.

Learn more about our work on meeting regulation requirements and contributing to increasing industry standards on page 25.

Nilfisk maintains leadership position within climate action

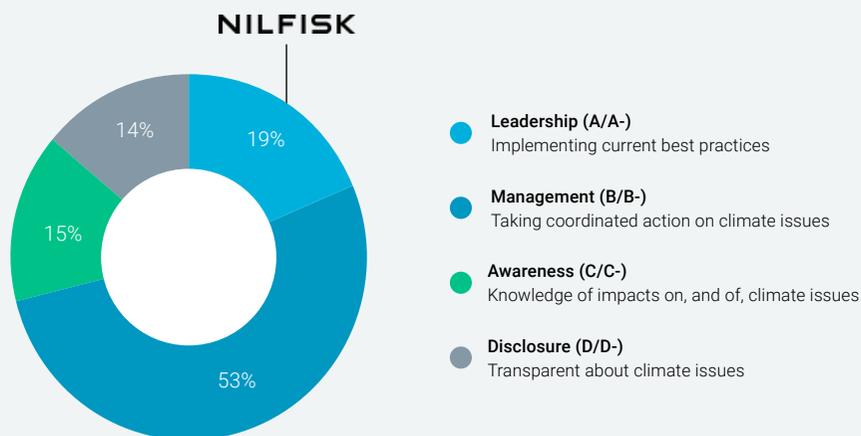
Environmental transparency and accountability are vital to tracking progress towards a low-carbon economy. Nilfisk discloses its climate actions and achievements via CDP, an international nonprofit organization that administers a global disclosure system in which investors, companies, cities, regions,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

In 2021, Nilfisk received an A- score, maintaining the score achieved in 2020. As the requirements for obtaining CDP scores are gradually being lifted, maintaining an A- score represents a solid improvement and keeps Nilfisk in the leadership

category, underlining that Nilfisk continues its efforts towards constant improvement and implementation of best practices in its climate actions.

Nilfisk CDP peer group is the "General" sector and "Powered Machinery" Activity Group. Our 2021 score ranks among the top 19% of all companies within our peer group.

	2018	2019	2020	2021
Nilfisk	F	B-	A-	A-
Industry group average	D	B	B	B



2021 results

Focus Area

Environmental responsibility

Risks: Energy consumption, environmental pollution, dangerous substances

Climate action



Risks: Energy consumption, CO₂ emissions, air pollution, particle pollution



Circular economy



Risks: Raw-material extraction, resource use, waste, fresh-water use, detergent pollution

Goals

- Include Scope 1 and 2 Science Based Targets (SBTi) in the Environmental Management System (EMS) objectives and processes
- Apply additional manufacturing sites to the ISO 14001 certification
- Improve EcoVadis business sustainability rating

- Submit emission reduction targets within Scope 1 and 2 to the Science Based Targets initiative (SBTi) and initiate local initiatives to drive carbon reduction
- Adopt and submit emission reduction targets within Scope 3 to SBTi

- Define global targets for waste and water consumption
- Lower Nilfisk's CO₂ footprint from packaging materials and plastic

Actions and results 2021

- Improved integration of EMS with the Quality Management System (QMS)
- ISO 14001 implementation initiated in one manufacturing site, one distribution center, and one sales company
- Obtained EcoVadis Silver rating

- Submitted Scope 1 and 2 targets to SBTi - and received final approval
- Assessed and submitted Scope 3 target on category 11 "Use of sold products" to SBTi. Targets approved by SBTi
- Completed Energy Maturity Assessment at eight Nilfisk manufacturing sites and one distribution center
- Identified energy efficiency projects and budget allocation for implementation in 2022
- Maintained CDP score A-

- Harmonized data-tracking across sites enabling target setting
- Commitment taken to reach zero waste-transfer to landfills from operations by 2030
- Initiated pilot supplier engagement projects to integrate sustainability criteria in new products, including more recycled content
- Launched Life-Cycle Assessment of three products
- Launched a pilot project on the French Repairability Index

Future objectives

Goals

- Apply all manufacturing sites to ISO 14001 certification
- Ensure responsible management of batteries at their end-of-life worldwide

- Reduce emissions within Scope 1 and 2
- Build a roadmap to lower the emissions from supply chain activities
- Extend our sustainable sourcing efforts
- Reduce the impact of the use-phase of new products

- Define global targets for water consumption and implement water and waste reduction measures
- Increase knowledge on the footprint of Nilfisk products and decrease over time
- Scale and globalize take-back and refurbishing programs
- Lower the environmental impact of packaging

Planned actions

- Finalize ISO 14001 certifications
- Build overview of current batteries management practices per market and launch mitigation projects if necessary

- Implement energy efficiency projects at manufacturing sites
- Launch R&D projects to lower the CO₂ footprint of products usage
- Extend one-to-one dialogue with suppliers on their climate strategy
- Conduct detailed assessment of Scope 3 category 4 "Downstream transportation and distribution"

- Evaluate the current use of water per site and implement water saving technologies
- Extend to new products:
 - execution of Life Cycle Assessment
 - supplier engagement projects on sustainability
 - the calculation of the repairability index
- Strengthen our take-back and refurbishing programs
- Define minimum requirements for sourcing of packaging materials



Society

As a global company, Nilfisk navigates different business cultures and national regulations. Hence, we have a constant focus on complying with applicable laws, and we prohibit any form of corruption or bribery. In 2021, we continued rolling out our legal and CSR questionnaires among both new and existing suppliers.



Good governance

Throughout the pandemic, good governance and our Business Code of Conduct have remained fundamental to the way Nilfisk conducts business activities and interactions with stakeholders. Integrating integrity and ethical behavior in every aspect of our business has continued, facilitating long-term financial and sustainable success for our company and employees.

In 2021, the COVID-19 pandemic continued to impact our compliance activities, although not as severely as happened in 2020. Global travel restrictions throughout 2021 continued to make planned compliance site visits to Southeast Asia, Mexico, and China impossible, and caused the delay of several key compliance goals and actions planned for 2021.

Preparations for the Nilfisk Governance Framework (NGF), which includes rules, guidelines, and information about key standard processes across all functions have progressed. Implementation and related training are planned for 2022.

Throughout the year, the Compliance team worked with colleagues at our US facilities to enhance the diversity scope of US-based suppliers, in order to purchase more from disadvantaged groups. The Compliance team added additional resources towards the end of 2021 to help ensure that future compliance goals can be met.

Anti-corruption

Nilfisk continues to comply with applicable global anti-corruption laws, prohibiting employees and directors from directly or indirectly offering, giving, or receiving anything of value in order to secure an improper business advantage. We do not engage in, and actively oppose, bribery, both as a company and as a participant in global organizations such as the United Nations Global Compact (UNGC) and the OECD's Business and Industry Advisory Committee (BIAC).

Nilfisk continues to assess corruption risks in its markets, especially where corruption is reported to be widespread. Cross-functional collaboration between Compliance, Finance, and operational functions, and collaboration with Nilfisk's global entities, continue to strengthen governance and compliance.

Competition Law

Nilfisk continues its efforts to comply with global competition laws. The Code of Conduct requires employees negotiating contracts to use global corporate guidance when reviewing competition-law risks. In 2021, there was increased focus on competition law compliance guidance on how employees must act to ensure that legitimate contacts with Nilfisk competitors do not violate competition laws.

Data privacy, including GDPR

We continued our long-term, ongoing actions to ensure compliance with the 2018 EU General Data Protection Regulation (GDPR), purchasing a GDPR compliance tool and obtaining short-term external consultant support in 2021. Our Global Compliance Officer monitors compliance actions and addresses GDPR-related inquiries, e.g., requests for personal data from individuals and reports of data breach. GDPR compliance is a key element of Code of Conduct training. We continue our efforts to comply with other applicable data-privacy laws. For example, 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, and we have issued a Nilfisk Data Ethics Statement outlining our legal obligations and ethical responsibilities subject to the special reporting requirements in section 99d of the Danish Financial Statements Act. The statement is available at <https://www.nilfisk.com/media/25201/nilfisk-dk-data-ethics-policy-2022.pdf>.

Data privacy remains a key focus area in Nilfisk's autonomous cleaning solutions programs, including contract data terms and customer guidance on data privacy, and training for global sales and service teams.

Foreign Trade Controls

Nilfisk continued to enhance its compliance program covering applicable trade and financial sanctions and export control laws, in particular US and EU legislation. This included following global banking restrictions that may exceed regulatory restrictions. We continued to require suppliers to identify dual-use components and spare parts that may require export licenses. Cross-functional collaboration also continued between R&D, Logistics, Treasury, Sales, and other teams to map dual use items in Nilfisk's inventory, and to determine their country-of-origin.

Anti-fraud and conflicts of interest

Cross-functional collaboration continued between our legal and finance teams to ensure compliance with our Anti-fraud and Conflicts of Interest Rule, in order to mitigate fraud risks. During 2021, the Compliance and Finance teams continued cooperating in matters involving possible fraud or financial irregularities.

Whistleblower system

Employees and external parties can report concerns about violations of the Code of Conduct or laws in Nilfisk's whistleblower system online in several languages. The system is hosted by an external Danish company, ensuring confidentiality, and anonymity if the reporter wishes.

The system supplements internal reporting of concerns by employees to managers, HR, or Corporate Affairs. Almost all serious matters have been reported internally. We see this as a signal of employees' trust their colleagues and managers, and

therefore we remain focused on the following three key levers; the means of reporting concerns, the management support, and how investigations are conducted.

All reports are investigated according to complexity and severity. Investigations are generally supervised by Nilfisk's Global Compliance Officer and must follow the requirements in the Code of Conduct. Investigation reports of all Whistleblower reports and of internal reports involving possible Code of Conduct violations are reviewed by the Audit Committee, the Group CFO, and Nilfisk's General Counsel, and the head of global HR reviews relevant reports.

Only two reports were made in Nilfisk's whistleblower system in 2021, both alleging possible financial irregularities at a Nilfisk US facility. The anonymous reporter(s) did not, however, respond to requests for additional information needed to launch an investigation. Additional reports of alleged Code of Conduct violations were made internally at Nilfisk or were sent directly to persons in Nilfisk by external parties.

In 2021 we expanded our whistleblower system at relevant Nilfisk sites to comply with the new EU whistleblower directive that requires local reporting options at EU companies with at least 250 employees.

Sustainable supply chain

In 2021, we continued rolling out Legal and CSR questionnaires among new suppliers, but also started to send them to our supplier base. Both questionnaires aim at gathering details and information on suppliers' environmental, social, and legal policies, as well as which processes and tools they have in place, to evaluate their CSR efforts and level of legal compliance.

Moreover, we strengthened the way of verifying the alignment of suppliers with our Code of Conduct. Until 2020, the alignment of suppliers with its principles was verified through a simple signature of the Code of Conduct. In 2021, this alignment was verified through the response to both our legal and CSR questionnaires.

Audits of Nilfisk suppliers

Our full-time supplier auditor, based at Nilfisk's Asian HQ in Shanghai, conducted 34 audits of China-based suppliers in 2021. This number was lower than originally anticipated due to severe domestic COVID-19 related travel restrictions in China.

Audits consist of evaluating a supplier's compliance and CSR programs by inspecting facilities and documents, interviewing randomly selected employees on safety and labor standards, and face-to-face meetings with senior management. Audit reports, provided to suppliers and Nilfisk, identify strengths and weaknesses in each supplier's programs and practical advice on remedial steps. Nilfisk's auditor works closely with Strategic Sourcing in enhancing dialogue with suppliers.



Resourceful Nilfisk employees help in 2021 flooding in Germany

During summer 2021, the Western part of Germany experienced the worst flooding in decades. Our German colleague, Karsten Honnefeller, Director of Sales for Nilfisk Germany, was deeply touched and quickly realized that Nilfisk cleaning equipment could be useful.

"Like everyone else, I was deeply touched by what I saw on TV, and I wanted to help," Karsten says. Together with colleagues, he quickly made a list of used high-pressure washers and wet & dry machines for donation. Unfortunately, the local disaster relief organization did not have the capacity to receive the donation. However, he got a request from a neighbor.

"They had no idea where I worked and were only looking to see if we had any computers to donate to victims of the storm. I knew immediately that we had found a distribution channel for our machines!" Next morning, two big pallets of Nilfisk machines were delivered to the neighbor's door and they

quickly organized to deliver the machines to families in need. The donations from Nilfisk included high-pressure washers and premium wet & dry vacuum cleaners. Especially diesel or gasoline-powered devices were in high demand as electricity was still in short supply in many places due to the flooding

No hesitation. Just pure response. "Beyond corporate social responsibility, this is about pulling together in times of need to support the communities in which we live and work," Karsten finishes.

→ Stories like Karsten's, of Nilfisk employees taking action to provide support to their local communities during natural disasters, are not uncommon. Notably, colleagues in Belgium, Turkey, Greece, and the US also organized relief support in 2021. Read more, and meet more Nilfisk staff engaged in donations, on our website, nilfisk.com

“ I was deeply touched by what I saw on TV, and I wanted to help.

Karsten Honnefeller
Director of Sales, Nilfisk Germany

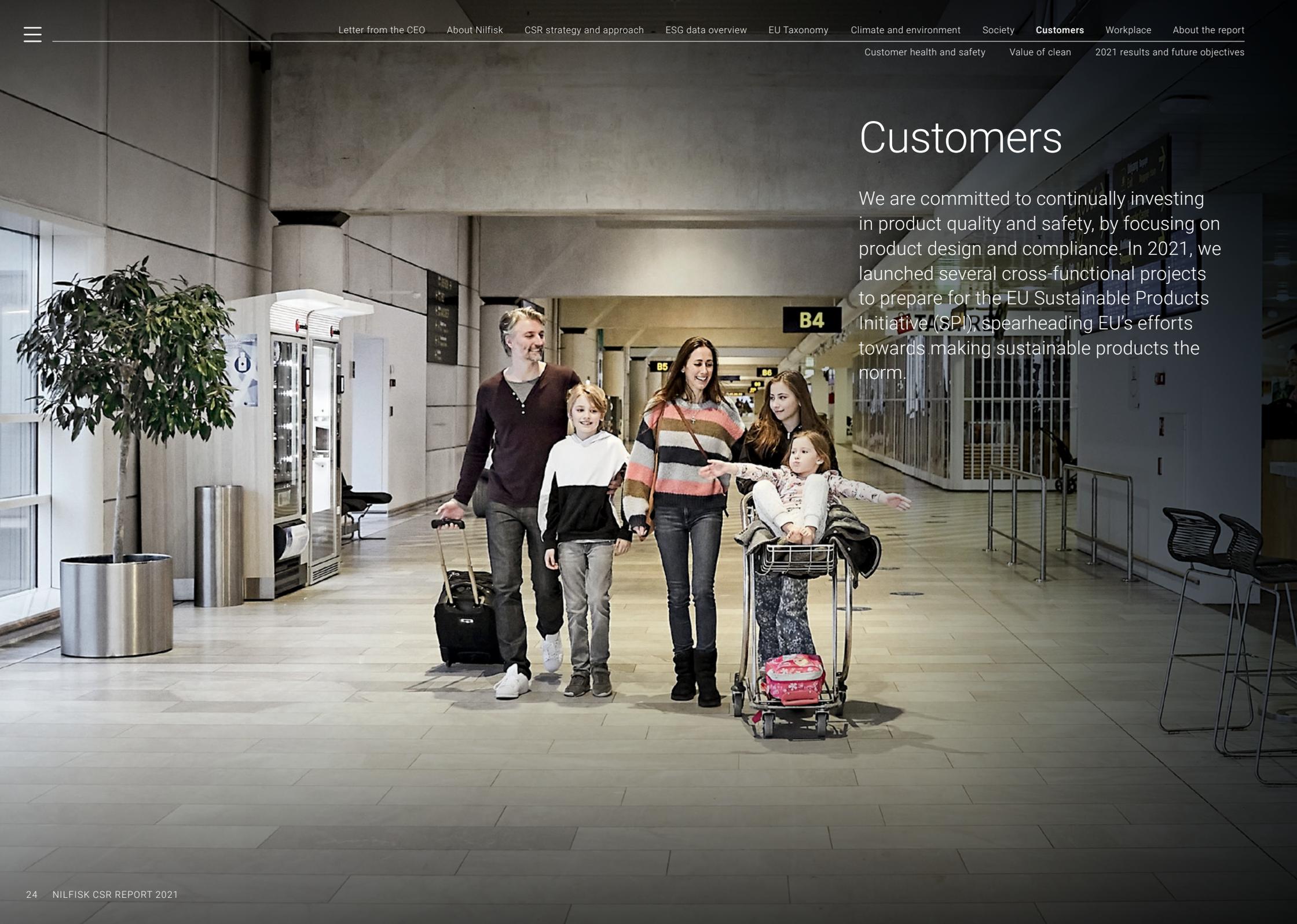
2021 results

Future objectives

Focus Area	Goals	Actions and results 2021	Goals	Planned actions
Good governance Risks: Anti-corruption, data privacy, integrity, fraud and conflicts of interest, compliance	<ul style="list-style-type: none"> Implement Nilfisk Governance Framework (NGF) Enhance processes, knowledge for participation in government tenders 	<ul style="list-style-type: none"> Majority of NGF rules drafted and website created Enhanced contract terms process in US public tenders Established US diverse supplier program 	<ul style="list-style-type: none"> Establish Nilfisk Governance Framework (NGF) globally Enhance US diverse supplier program Promote importance of reporting Code of Conduct concerns and follow up investigations Enhance online Code of Conduct training 	<ul style="list-style-type: none"> Launch NGF and conduct training Use tools and training to increase number of diverse suppliers Generate guidance and training for US public tender teams Purchase/implement online training tool
Anti-corruption	<ul style="list-style-type: none"> Resume on-site audits Enhance online training to cover all global employees Implement due diligence tool 	<ul style="list-style-type: none"> One compliance audit conducted (others were cancelled due to COVID restrictions) Postponed due diligence tool to 2022 	<ul style="list-style-type: none"> Resume on-site audits Implement due diligence tool Establish structured risk assessment for subsidiaries in high-risk countries Enhance online training to cover all global employees 	<ul style="list-style-type: none"> Visit subsidiaries in Southeast Asia, Latin America, Russia, other relevant countries Purchase and implement automated due diligence tool Assess corruption risks using internal risk assessment tool Strengthen dialogue with logistics and transport service providers during site visits
Competition law	<ul style="list-style-type: none"> Complete global risk assessment Enhance online training 	<ul style="list-style-type: none"> Evaluated competition risks - focused on one country and on specific contractual relationships Purchase and implementation of a training tool moved to 2022 	<ul style="list-style-type: none"> Complete global risk assessment of high-risk subsidiaries Enhance online training 	<ul style="list-style-type: none"> Evaluating competition risks through dialogue with sales, R&D, and Procurement teams
Data privacy, GDPR	<ul style="list-style-type: none"> Continue mapping databases with personal data Audit GDPR compliance Enhance training 	<ul style="list-style-type: none"> Employed short term external advisor to help map databases Purchased online tool to support data mapping and compliance Updated data terms in sales and leasing contracts for autonomous machines in templates and ad-hoc contracts 	<ul style="list-style-type: none"> Complete mapping databases with personal data Audit GDPR compliance Enhance training Update data privacy documentation 	<ul style="list-style-type: none"> Conduct four desktop audits of subsidiaries Webinars and video training for targeted employees Update GDPR notifications to third parties and employees Enhance data mapping documents
Fraud and conflict of interests	<ul style="list-style-type: none"> Strengthening processes and controls to reduce the possibility of fraud and to identify fraud if it occurs 	<ul style="list-style-type: none"> Collaboration strengthened between Corporate Affairs and Global Finance, including on needed training 	<ul style="list-style-type: none"> Strengthening processes and controls to reduce the possibility of fraud and to identify fraud if it occurs 	<ul style="list-style-type: none"> Develop structured knowledge sharing between Corporate Affairs, Global Finance, and global entities Continue joint site visits and joint training
Sustainable Supply Chain  Risks: Human rights, labor rights, CO ₂ emissions, waste, resource use	<ul style="list-style-type: none"> Expand CSR due-diligence system to cover all direct suppliers and establish governance structure Expand on-site audits to countries other than China 	<ul style="list-style-type: none"> Expanded roll-out plan of CSR questionnaires and extend one-to-one dialogue with suppliers Expanded roll-out plan for on-site audits countries other than China 	<ul style="list-style-type: none"> Consolidate our approach towards suppliers' data collection and verification on CSR information 	<ul style="list-style-type: none"> Consolidate and further expand roll-out plan of CSR questionnaires Integrate the verification of responses to the CSR questionnaire in our suppliers' audits Continue assessment and establish a global strategy for local-community work
Local communities Risks: Traffic safety, labor rights, particle pollution, climate effects, business license to operate	<ul style="list-style-type: none"> Investigate possibility of establishing a global initiative that can embrace and support local initiatives 	<ul style="list-style-type: none"> Started assessment of initiatives Donations of cleaning equipment completed to local communities involved in the restoration after natural disasters in 2021 such as flooding and wildfires 	<ul style="list-style-type: none"> Investigate possibility of establishing a global initiative that can embrace and support local initiatives 	<ul style="list-style-type: none"> N/A

Customers

We are committed to continually investing in product quality and safety, by focusing on product design and compliance. In 2021, we launched several cross-functional projects to prepare for the EU Sustainable Products Initiative (SPI), spearheading EU's efforts towards making sustainable products the norm.



Customer health and safety

Raising the bar on product safety

Product safety and performance are fundamental pillars for creating business value for our customers, and that is why we are committed to developing innovative solutions while always ensuring product quality and safety. At Nilfisk, we have continued our work on raising the bar when it comes to product standards across the industry. We actively participate in and with external bodies in charge of review and creation of new standards applicable to products worldwide.

Global regulatory frameworks

Nilfisk's entire product portfolio is covered by a global regulatory framework comprised of international, regional, and national regulations. Along with harmonized standards of conformity, this helps determine requirements and compliance specifications for Nilfisk products. Amongst the topics regulated are included:

- Performance
- Electrical and mechanical safety
- Electromagnetic compatibility (EMC) and radio matters (RED)
- Restriction and reporting on hazardous substances (RoHS, REACH, etc.)
- Ecodesign and product sustainability
- Exhaust and evaporative emission
- Safety of equipment intended for use in potentially explosive atmospheres

Environmental and ecodesign regulations applicable to Nilfisk products continue to increase, and we embrace this drive towards product sustainability.

At a European Union (EU) level, the most impactful regulations are derived from the Sustainable Products Initiative (SPI). The SPI spearheads the EU Commission's efforts towards making sustainable products the norm. It is expected to increase the

New safety standard for Ultra-High-Pressure Cleaners

Nilfisk is participating in the development of a new safety standard for Ultra-High-Pressure Cleaners (UHPC) with a working pressure above 35 MPa. This new standard is being developed by a working group¹ of the International Electrotechnical Commission (IEC).

The new standard, which is expected to be published in 2022, include safety-related requirements dealing with significant hazards, hazardous situations, and events arising during assembly, set-up, operation, and servicing of UHPCs.

Being part of this working group makes Nilfisk an active participant in developing safer products for its customers.

¹ International Electrotechnical Commission (IEC) SC 61J Working Group 4

scope and stringency of ecodesign and bring new requirements for data collection and transparency of product environmental impacts across the value chain. In preparation for the SPI, a series of internal cross-functional projects was launched at Nilfisk in 2021 in order to address product sustainability from a full life-cycle perspective.

Efficient and effective processes

As a global company, we must ensure compliance with regulations all over the world. We continuously develop our internal processes for regulatory compliance in order to increase their effectiveness and efficiency. Using digitalization and standardization as guiding principles, several internal initiatives have been launched and completed.

One example is the global Product Certification Overview, which was completed in 2021. It compiles more than 2,500 active product test reports and certificates. With this new tool, our engineers and compliance officers have efficient and controlled access to reports and certificates, which is essential for guaranteeing ongoing compliance with regulations and availability of Nilfisk products in all customer markets.

Product quality

During 2021 we were challenged by global supply chain constraints. Our robust supplier, production, and distribution quality management processes supported our ability to continue delivering high-quality products and services. We finalized the implementation of a new global digital system named the Nilfisk Manufacturing Execution System (MES). This system will enhance and strengthen our manufacturing processes across all key manufacturing sites in China, Hungary, Mexico, and the US, and the software integrates with production equipment, other applications, and operators to digitalize data from product and production

Number of ISO 9001-certified Nilfisk sites

2018	2019	2020	2021	Target 2022
11	12	11 ¹	11	13 ²

¹ Number is excluding the European Distribution Center (EDC) workshop located in Broendby, Denmark, which terminated operations in 2020.

² The plan is to prepare the new workshop located in Belgium, as well as a European sales office, to be audited and incorporated into the ISO 9001 scope.

performance. It improves real time product-quality data retrieval and increases traceability of products.

Although there has not been a change in the number of sites included within the scope of the global Quality Management System (QMS) during 2021, the sites enrolled continued with actions aimed at strengthening the system through deeper audits and a globally-defined governance process. Nilfisk has now also established a systematic approach for identifying and prioritizing process development in order to further improve process execution and performance.

Value of clean

Health and safety are becoming increasingly business critical. Across all sectors, our customers must comply with stricter health and safety regulations, and ensuring a safe and healthy working environment is becoming ever more important to attract and retain staff. This is especially the case in the commercial cleaning industry. Nilfisk studies¹ show that commercial cleaners are facing the triple challenge of labor shortages, high employee turnover, and rising cost pressure on the services they deliver.

Good working conditions play an important role not only in caring for employees and complying with rules and regulations, but also in ensuring a strong business. A key work environment focus area for companies is ergonomics, and the feedback we hear from our sales organizations, dealers, and customers is that good ergonomics is increasingly making its way into the key buying criteria for cleaning machine solutions and a prerequisite to qualify for public tenders. For Nilfisk, a consistent focus on designing our solutions for good ergonomics is a key priority, and that is why ergonomics was integrated as a key priority in the design strategy finalized in 2021 for future products.

Sustainability becoming a business qualifier

Sustainability is increasingly taking its place among the key priorities for our customers across markets. We have left the times where sustainability was considered 'icing on the cake' to a situation where it is fast becoming a key business qualifier.

We believe we are only seeing the start of the importance of sustainability. During 2021, the number of requests from customers to Nilfisk related to sustainability matters increased significantly, across geographies, segments, and volumes. In the second half of 2021 the number of requests more than

Health and safety matter

34%

In the US, 34% of all lost workday injuries are connected to muscle and joint disorders – mainly caused by poor ergonomics.

50 billion USD

For US employers the total cost from muscle and joint related injuries to their employees is 50 billion USD based on costs related to compensation, lost productivity, insurance, higher employee turnover, replacement hiring etc.

40%

40% of worker compensation costs across the EU are linked to musculoskeletal disorders – making it the biggest cause of absence from work.

Sustainability drivers

According to Nilfisk studies¹, a number of trends and arguments are currently driving the sustainability agenda among customers in the professional cleaning industry:

Regulatory

Complying with stricter regulations aimed at reducing environmental impact means that customers need to reduce their consumption of water, power, and harmful chemicals. Customers must also reduce waste and/or handle safe waste disposal.

Business positioning

Across all sectors, businesses increasingly see a need to make a clear stand on sustainability – and understand how support for sustainability can be part of the company's brand image and business. Green cleaning business positioning and certifications are trending as awareness and demand grow among customers and stakeholders.

Managing costs

Due to stricter regulations we are moving towards a financial reality where businesses will look upon environmental impact as another area in which costs need to be controlled and lowered. It will be too expensive for businesses not to act as sustainably as possible.



It (sustainability) is a big trend. The city municipality is demanding it in tenders. We have no choice if we are to stay relevant and competitive (...) We think a lot about what our suppliers do in this area.

Nilfisk customer

Contract cleaner in Germany

¹ Combination of product development research studies, conversations with customers, dealers, and Nilfisk sales people, as well as desk research on trends.

doubled. The queries and expectations we hear from the market are becoming more specific and cover the full lifetime of the product, including:

- Sourcing of materials
- Recyclability of materials and components
- Manufacturing
- Supply chain
- Packaging
- Consumption of energy, water, and detergents
- Level of CO₂ emissions
- Availability of refurbishment programs

Our customers increasingly expect us to provide them with what they need to make as informed a choice as possible when considering cleaning solution supplier. We are facing a chain of expectations and at Nilfisk, we are committed to doing our part to meet those expectations through active transparency about our sustainability efforts, from sourcing to innovation and solution design.

Optimized serviceability

An important focus area for Nilfisk in minimizing the environmental impact of cleaning is to ensure that our solutions are designed to enable a high level of serviceability and repairability. Every machine kept operational due to timely maintenance and service is one less machine going to a landfill.

We consistently focus on improving our solution design to make maintenance and service as quick and cost-effective as possible. This keeps performance quality high and prolongs machine lifetimes.

Cost is naturally a driving factor shaping mindsets and choices, and that is also true when it comes to sustainability. Across all sectors we see more and more customers considering the total cost

throughout the lifetime of a cleaning machine. The key here is that sustainability benefits related to optimized serviceability and repairability go hand in hand with a number of cost reduction benefits, making it a win-win:

- Unplanned machine downtime – and associated negative effects - can be minimized
- Risks of unforeseen major repair issues can be mitigated
- Customers will have to do a full replacement of the machine less often

At Nilfisk it is our ambition to be a solution partner supporting our customers' businesses. By designing for optimized serviceability and repairability, we provide reliable and total cost-effective solutions to enable our key business, supporting the value of clean.



Sustainability is very important for our brand image and to qualify in tenders.

Nilfisk customer

Contract cleaner in France

Data-based actionable insights

In recent years, we have seen a rapid development within connected digital services providing data-based actionable insights about cleaning machine status, activity, and performance.

We see a great potential in our digital fleet management tool to support sustainability. Possible, future features may include

- Preventative and predictive maintenance alerts to facilitate timely maintenance, change of components, and repairs to prolong cleaning machine lifetime
- Detailed monitoring and reporting on usage of resources like water, power, and chemicals. These can be benchmarked against pre-set company sustainability target
- Documentation of the use of sustainable detergents



There will be more and more focus on repairability and repair costs. This is driven by a need to bring down costs. And for some customers like public institutions it's also driven by a need to keep machines going for a longer time to support their sustainability goals.

Nilfisk dealer

United Kingdom

Focus Area

Customer health and safety



Risks: Customer health and safety, product compliance, dangerous substances, energy consumption, water use

Value of clean

Risks: Energy consumption, Water use, Detergent pollution, Customer health and safety, Public health and safety

2021 results

Goals

- Increase awareness of product certifications and the factors affecting them
- Define system solutions (Product Compliance)
- Optimize internal product compliance processes
- Implement and prepare new regulatory requirements

Actions and results 2021

- Increased number of internal product certifications reviews within manufacturing
- Strengthened product certification training
- Process implemented to apply product certification audit results into quarterly reporting
- Developed database of product certifications
- Completed submission of Substances of Concern into Products (SCIP) database
- Completed four compliance projects in relation to new regulatory requirements. Another 21 projects initiated
- Preparation for upcoming ecodesign regulation of vacuum cleaners
- Initiated assessment of repairability across product portfolio

- Provide strategies to help businesses meet sustainable cleaning demands of the future
- Create awareness of the 'value of clean' to improve health and well-being
- Develop and implement Sustainable Universal Design Principles (UDP)

- Launched the concept "Clean is Changing" which breaks down and explains the trends we see in the cleaning industry

Future objectives

Goals

- Extend awareness of product certifications within local and global management
- Enhance governance and accountability for regulatory compliance inside the organization
- Improve control and efficiency of regulatory compliances processes through digitalization and standardized tools
- Implement and prepare new regulatory requirements

Planned actions

- Expand the number of ISO 9001 certified sites
- Identify gaps between global and local processes and reduce gaps
- Incorporate status of product certification corrective actions in local management reviews
- Resume regulatory compliance training and dialogue across organization
- Restructure waste obligations governance
- Develop IT-based solutions related to SCIP (Substance of Concern In Products)
- Review portfolio based on safety IEC/EN standards (60335-1 and 60335-2)
- Integrate upcoming ecodesign requirements into new product developments
- Develop and roll out Repairability Index template

- Continue the communication of "Clean is Changing" and addressing the importance cleaning have to our environment and the surroundings where we live and work

- Develop and implement awareness communication around Clean is Changing and the four Dimensions of Clean
- Focus on the trends is the cleaning industry and applying our findings to our communication

Workplace

Creating a healthy, safe, and engaging work environment for our employees is important to maintain Nilfisk's success as a company. We focus on complying with applicable labor rights laws, and ensuring that all employees are treated equally irrespective of their economic, social, political, cultural, or civil life.



Labor rights

Nilfisk is committed to providing a safe and healthy workplace for all employees. Our people are the basis of our business. Without them the company has no relevance. We take their health and safety seriously.

We continue to have strict protocols in place for how to respond if on-site employees contract COVID-19. During 2021, we adhered strictly to legislation and guidance from relevant authorities in the countries where we operate.

Diversity and inclusion

At Nilfisk, our diversity and inclusion focus means fostering a culture where individuals from all backgrounds experience equal opportunities to perform, learn, and grow, both personally and professionally. We see a diverse employee base as a prerequisite for engaging, understanding, and serving our equally diverse portfolio of customers and communities.

A planned initiative to conduct unconscious bias awareness training for all employees in 2021 was adjusted during the year to target all Nilfisk managers and selected segments such as the US Sales organization. The global leadership program in 2021 offered training on both diversity and inclusion and unconscious bias and will continue in the global sales organization in 2022.

Global Mindset Training

In support of our ongoing pursuit of an inclusive culture, we have started to offer training to managers and teams in cultural understanding and development of a global mindset. With the acquisition of common tools and a shared language to deal with situations and people with cultural differences, we strive to build a strong recognition of



HEALTH AND SAFETY

Proactive COVID-19 vaccine efforts in the US

To encourage health, safety and COVID mitigation efforts, management and HR in the US decided during spring 2021 to act proactively to provide more information about vaccination. They arranged vaccination events and facilitated on-site clinics.

In Arkansas, a strike team from the Arkansas Department of Health came to the Nilfisk facility in Springdale to provide vaccines to Logistic & Transportation workers as early as April 2021, which was significantly earlier than the vaccine was available to the general public.

These proactive vaccine efforts resulted in an impressive 75% participation rate at the Arkansas site, and a workforce that was very appreciative of the extra steps taken to ensure vaccine availability.

In California, workers at Nilfisk sites were informed early about paid time off for any missed hours to obtain the vaccine. Employees were referred to local clinics and pharmacies in the areas to readily obtain the vaccine for those who wanted it.

At the Nilfisk site in Brooklyn Park, Minnesota, vaccination events were held in August and September.

Throughout 2021, the Nilfisk US Crisis Management Teams continued to monitor and support COVID mitigation efforts to ensure a safe and healthy environment for employees and customers.

Nilfisk's recommendations regarding COVID-19 vaccination

- In general, Nilfisk recommends that employees participate in local vaccination programs when available
- We recommend that all employees get vaccinated, and we constantly monitor opportunities to help and support our employees who want to get vaccinated
- If a negative COVID test is required to visit customers or for other business purposes, the company will cover the expense of testing

the advantages of ethnic, age, gender, professional and any other differences.

Flexible work culture

At Nilfisk, we believe that flexible working conditions support a healthy balance between our business needs and the personal lives of our people, and they are a key element of an attractive and contemporary workplace focused on building a dynamic and inclusive working environment.

As the global pandemic continued to disrupt normal ways of working during 2021, we saw a need to support the organization with policies and guidance on how to navigate and balance on-site with remote work under changing pandemic conditions. A global work-from-home policy was developed to communicate Nilfisk's fundamental belief about the value of being physically present in the offices to fuel culture, creativity, and relationship building, while also supporting the flexibility to work from home. To further support a flexible work culture, leadership webinars for all managers were held on this topic, and a "Flexible Work Culture Guide" was distributed.

Gender distribution

Overall gender split in the organization remains at level with previous two years, with 29% women and 71% men.

There has been an increase in women in managerial positions from 22% in 2020 to 28% in 2021, however, the increase was carried by positions at lower managerial levels. The Nilfisk Leadership team has committed to increase the number of women in senior leadership positions and has set a target of 25% in 2026, with current baseline of 14% (2021).

At the Nilfisk Leadership Team the gender-ratio was 1/8 by the end of 2021, equaling a ratio of 12.5/87.5, a decline from end-2020 where the gender ratio was

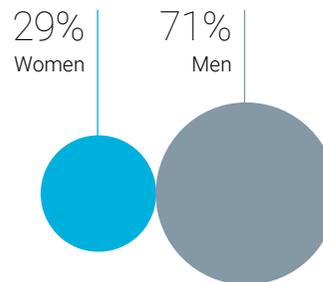
25/75. This is due to one female member of the Leadership Team leaving in 2021, being replaced by a male member.

In the Board of Directors the gender-ratio among the shareholder-elected members was 1/7 by the end of 2021, equaling a ratio of 14.3/85.7. 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 2021 as no new members have joined the Board of Directors during the year.

In 2021, a new diversity and inclusion dashboard was developed and launched based on existing data from the global HRIS system in Nilfisk and benchmark data from external sources. The tool is the first step to help identify and analyze how Nilfisk can become even better at creating and maintaining equal career opportunities for all employees in the future. The tool will be used for not only reporting on general equal pay and gender pay, but also to allow big data analysis to highlight where and how equal career opportunities needs to further improve.

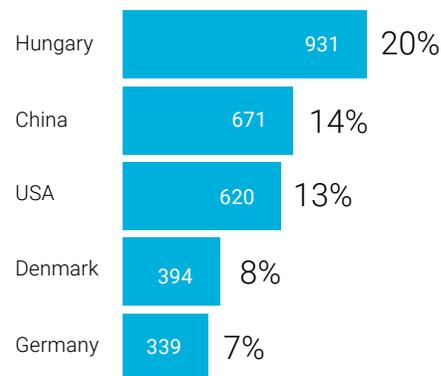
In addition to the Nilfisk Mentorship Program for women, which has been reconsidered and redirected towards more broadly-focused talent development activity involving leaders across all genders, we plan to initiative specific projects to support career opportunities for women at Nilfisk.

Gender distribution



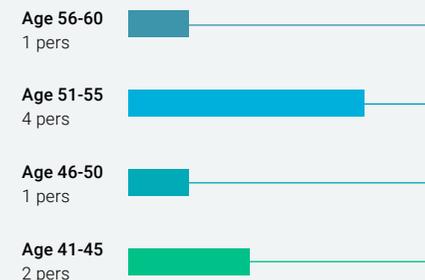
A global and diverse workforce counting more than 60 nationalities and cultures

Top 5 countries by number of employees:

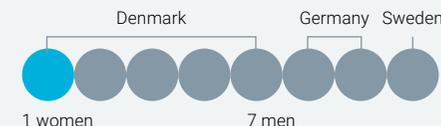


Nilfisk Leadership Team

Age distribution

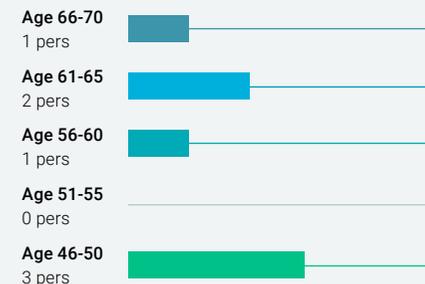


Nationality and gender distribution

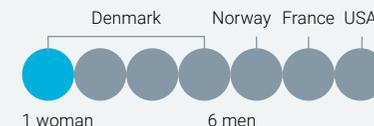


Board of Directors

Age distribution



Nationality and gender distribution



Employee development

During 2021, Nilfisk conducted an engagement survey three times. Two were larger surveys that covered the fundamental perception of company culture, strategic direction, and a broad range of topics impacting employee engagement. Towards the end of the year, an additional smaller survey was conducted to serve as a starting point for a good dialogue between manager and team around the current working environment. This survey also provided the opportunity to suggest changes to behavior by managers or team members. All three surveys had a participation rate of 90 or above and an overall engagement score of 8.1 on a 10-point scale, which is 0.6 higher than the industry benchmark.

Global leadership training program

A new leadership program targeting Nilfisk people managers at all levels was piloted in early 2021. Two diverse groups of managers from across functions and geographies were the first to try the new leadership development program – in a 100% virtual set-up. Reviews were positive and encouraging and led to the decision to continue with a full rollout, based on managers' discretionary demand. By year-end, 11 groups with a total of 120 participants had been initiated.

To ensure an additional internal learning effect, a train-the-trainer process was put in place based on resources from Nilfisk's HR Centers of Excellence together with the HR Business Partner community. The roll-out of leadership training will continue in 2022 and will include both diverse groups of leaders from across the organization and groups tailored local management teams, where language constraints make this a better solution.



At first, I was a bit skeptical about the set-up with mixed groups of managers, but it turned out to be valuable. We share the same challenges and could use each other as sounding boards.

Linda Brahe

Senior Customer Care Manager, Nordic & Russia



I have gained valuable insights into leadership psychology and learned interesting models and tools for improving communication skills and giving feedback.

Reiner Zenke

Sales Manager Germany

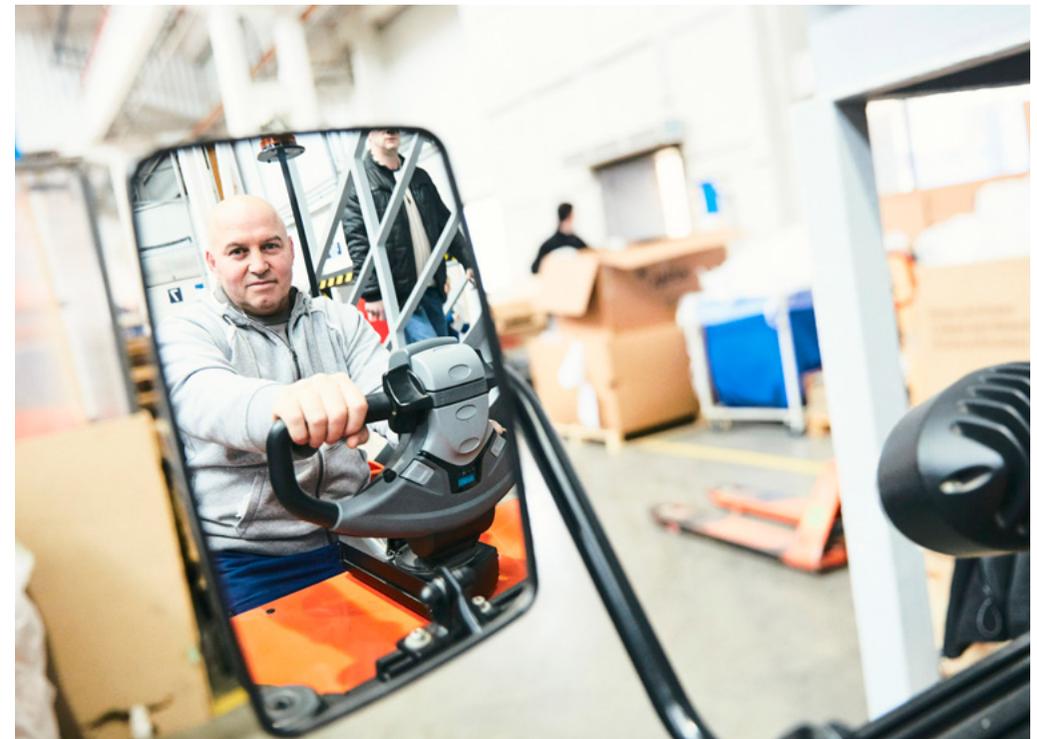
Occupational health and safety

Even though Nilfisk is predominantly an assembly-based manufacturing company where safety risks are relatively low, the health and safety of our employees is a priority for us. We focus on employee involvement, reporting, and prevention. We believe in creating and maintaining visibility when accidents occur, including minor incidents. This ensures the right risk picture and helps guide our occupational health and safety efforts.

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 are even happening on-site. We believe in lowering the severity required in order for an event to trigger a response, investigation, and corrective actions. By addressing the 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, we continuously work to make it easy and safe for people to report any type of incident. The transparency of incidents that did not result in an injury, the so-called near-misses, or unsafe acts and



circumstances that could result in an incident, are the basis of our health and safety culture. In 2021, this approach was supported by a new tool in our global people management system Workday named Safety Incident Reporting. The tool allows all Nilfisk employees to report an incident in a quick and easy way. By filling in just a few of details and uploading photos, employees can submit reports with just in three clicks. It's available on all Nilfisk sites and it allows cross-functional or cross-site safety alerts and best-practice sharing.

As the COVID pandemic continued to impact our lives in 2021, we continued our strong focus on prevention at our facilities, adhering to guidelines and restrictions from local authorities. Measures included periodic disinfecting, mask-wearing, on-site testing, and keeping safe distance, also in the manufacturing facilities. Nilfisk also supported on-site vaccination programs in 2021 as part of our routines, learn more on page 30.



A continued safe work environment requires a proactive mindset

“
The challenge of maintaining a sustainably safe work environment is a journey that we must all embark upon together.

Lilla Weiszburg
Global EHS Manager

Sustainability is not simply a destination, it's more like a lifelong journey for Lilla Weiszburg, Global Manager of Environment, Health, and Safety (EHS) and based at the two Nilfisk manufacturing facilities in Hungary.

“The challenge of maintaining a sustainably safe work environment is a journey that we must all embark upon together,” she says.

At our two sites in Hungary, employing more than 800 skilled people combined, a typical day requires working with technical equipment and operating machinery like forklifts in a fast-paced work environment to ensure our customer orders are filled on time. Such environment requires that we constantly focus on safety.

In 2021, we have worked particularly on safety changes arising from a near miss initiative. Near misses are incidents where someone comes

close to being hurt, however escape without injury. The initiative has called for ownership from top management to people on the shop floor. The outcome include colleagues are now speaking up, giving feedback, implementing new solutions and adopting measures as they get points in the quarterly EHS awarding system for reporting safety related findings. The goal is that a safe work environment becomes part of our people's mindset through training, peer-to-peer support, and dialogues.

“Safety has to be an intuitive part of the daily routine in such a busy workplace where speed and efficiency is paramount,” says Lilla..

➔ Read the full interview with Lilla Weiszburg and learn more about our recent OHS initiatives in Hungary at nilfisk.com

2021 results

Focus Area

Labor rights

Risks: Human rights, labor rights, diversity and inclusion, work safety

Goals

- Create a dynamic and highly engaged workplace in which employees can thrive while meeting challenges and gaining knowledge and new experiences
- Ensure a safe and healthy workplace where employees may freely exercise their rights to, or not to, engage in collective bargaining and/or join labor unions
- Ensure fair work hours, wages and benefits, and fair free time, e.g., vacations and leave
- Ensure no non-conformities in this area from audits

Actions and results 2021

- Continued efforts to ensure a safe and healthy workplace, adherence to legislation and guidance led by Crisis Management Teams in all countries. No non-conformities identified
- Local monitoring of legislation and internal control

Future objectives

Goals

- Create a dynamic and highly engaged workplace in which employees can thrive while meeting challenges and gaining knowledge and new experiences
- Ensure a safe and healthy workplace where employees may freely exercise their rights to, or not to, engage in collective bargaining and/or join labor unions
- Ensure fair work hours, wages and benefits, and fair free time, e.g., vacations and leave
- Ensure no non-conformities in this area from audits

Planned actions

- Further monitoring and supporting COVID mitigation efforts through the lead of local Crisis Management Teams
- Further implementation of global operating HR model to ensure standardization of processes, policies, guidelines, and reporting in regard to working conditions including wages and benefits

Diversity and inclusion

Risks: Human rights, labor rights, diversity and inclusion, work safety

- Minimize risk of unequal pay for equal jobs
- Minimize the risk of gender pay gaps
- Increase percentage of women in managerial positions

- Implemented Gender Pay Gap Tool, a monitoring system for gender pay gaps in key markets based on global framework
- Percentage of women in leadership positions increased to 28%
- Scores on diversity-related questions in our engagement survey came in 0.7-0.8 above industry benchmark (10-point scale)

- Continued implementation in all countries of monitoring system for gender pay gaps
- Foster a culture, where individuals from all backgrounds experience equal opportunities to perform, learn and grow, professionally and personally
- Increase percentage of women in senior leadership positions to 25% in 2026
- Add at least one additional female in the Board of Directors by 2024 at the latest

- Highlight gender pay gaps for managers in connection with merit process 2022
- Expand implementation of global mindset and inclusive culture through awareness and training by certified internal trainer corps
- Further deploy a successful flexible and inclusive work culture through awareness, communication of global guidelines, and recommendations for managers and teams

Organizational development

Risks: Human rights, labor rights, diversity and inclusion, work safety

- Improve managerial skills and develop competences within key focus areas of leadership, customer engagement and execution
- Increase awareness of internal development opportunities
- Build employee engagement

- 120 leaders enrolled in training
- Employee engagement measured in the Nilfisk engagement survey reached an all-time high of 8.1 on a 10-point scale

- Expand the coverage of global leadership training to further improve leadership capabilities
- Have a global infrastructure to make online learning and development available to all employee groups with the aim of building critical capabilities

- Initiate 7 additional diverse groups of leaders on global leadership training
- Revitalize and expand mentorship program to include mentors from all leadership levels and target Nilfisk talent across geographies and functions
- Start the implementation of a global learning management system to be launched in 2023

Occupational health and safety

Risks: Human rights, labor rights, diversity and inclusion, work safety



- Establish a healthy and safe workplace and integrate health and safety into all workplace activities
- Treat applicable health and safety legislation as a minimum rather than a maximum standard
- Further roll-out of ISO 45001 certification at manufacturing sites

- Implemented a Safety Alert standard form to allow quick and easy information-sharing within the company in case of serious incidents
- Standardized incident-reporting for manufacturing, introducing a module enabling continuous data upload from manufacturing sites
- Aligned NFPS Safety lean key requirements by completing workshops with all the manufacturing sites

- Improve information sharing in all EHS related topics (Environment, Health, and Safety), including OHS
- Integrate a common incident reporting platform into processes to strengthen incident prevention
- Harmonize standard minimum OHS requirements at all manufacturing sites (beyond the local minimum compliance level)
- Further roll-out of ISO 45001 certification at manufacturing sites

- Create a Global EHS internal platform to grant access to the manufacturing sites in all EHS related information.
- Introduce global EHS manager role for Manufacturing
- Deploy 100% data-upload in Manufacturing, training to other functions
- Introduce a document describing the Nilfisk minimum OHS requirements and implement the described changes
- Certification of our Italian and Hungarian sites in 2022

About the report

Scope of reporting

This report constitutes the stationary report of cf. Danish Financial Statements Act, section 99a, 99b, 99d, and 107d, as well as the mandatory non-financial requirements of other European countries where Nilfisk maintains production and distribution sites, regarding corporate social responsibility and diversity of the Board of directors and management. This report should be seen as part of the Management Review in Nilfisk's Annual Report 2021.

The CSR report is published annually together with the Nilfisk Annual Report and covers the 2021 financial year from January 1, 2021, to December 31, 2021.

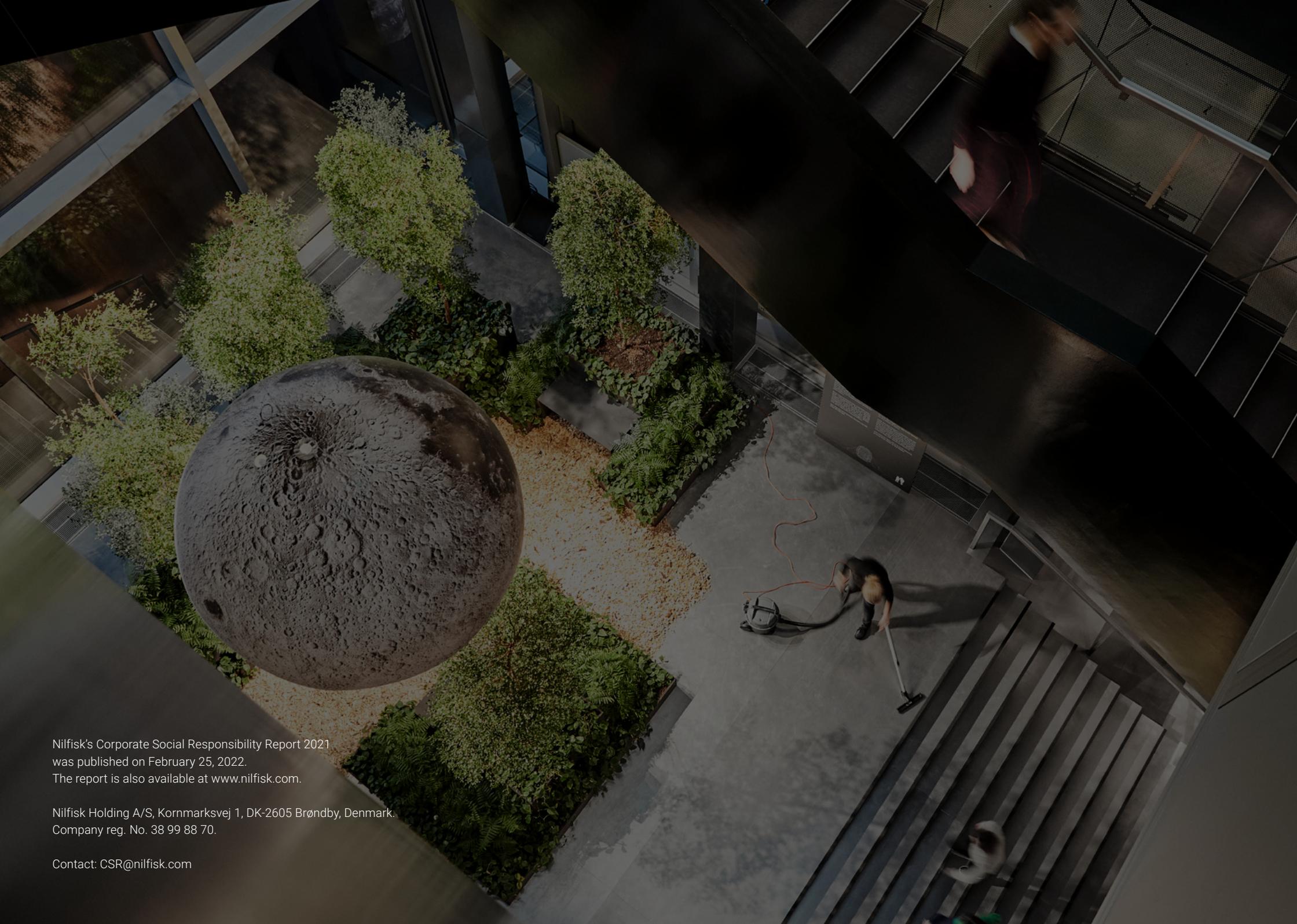
In addition, this report also functions as the Communication of Progress to the UN Global Compact.

The report is a presentation of Nilfisk's activities in the field of Corporate Social Responsibility (CSR), legal compliance, and regulatory requirements. It describes strategies and goals along with initiatives, programs, and management systems to support those strategies, as well as the challenges Nilfisk faces. The report also outlines the data on environmental, social and governance (ESG) matters for specialist-use in the most transparent way possible.

Data-handling, scope, and summary

Data is generated by respective business owners and consolidated and controlled by Nilfisk's CSR team. Data has been requested based on standardized definitions across the organization.

The report covers all entities, subsidiaries, associated companies, and sites within the Nilfisk Group. Wherever possible, we have guided readers to additional sources of information, including our corporate website and financial reports. Our previous annual sustainability reports can be found at <https://www.nilfisk.com/global/about-nilfisk/corporate-social-responsibility/>



Nilfisk's Corporate Social Responsibility Report 2021 was published on February 25, 2022. The report is also available at www.nilfisk.com.

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