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Introduction

The Nilfisk CSR report covers the financial year from January 1, 2018, to December 31, 2018, and contains our Statutory Statement for Social Responsibility per section 99a and 99b of the Danish Financial Statements Act. The report also serves as our Communication on Progress report to the UN Global Compact (UNGC).

Throughout 2018, Nilfisk has increased its focus on internal operations and processes rooted in the company's simplification strategy, with the goal of reducing complexity to improve earnings. With regards to CSR, these strategic priorities are seen in the development of a new governance framework, cross-functional audits, and enhanced internal CSR-related programs such as occupational health and safety, and data handling.

Being a responsible global citizen



At Nilfisk, we are proud of having been a responsible global citizen for more than a century. Global markets are essential to our success, and Nilfisk respects the disparate cultures, customs and values of each individual society. At the same time, Nilfisk must comply with many global laws and follow certain global standards of behavior for responsible and sustainable companies. To accomplish this, Nilfisk must have one standard of business behavior applicable to every Nilfisk company and employee.

functional audits, and enhancing focus on internal CSR-related programs

such as occupational health and safety, and data handling.

CSR continues to be a vital part of our everyday work at Nilfisk. We want CSR to be an integral part of our work, everywhere, every day, acknowledging and supporting our accountability for our impact on the community at large, and aligning our business with behaviors and norms that go beyond legal and regulatory requirements.

Nilfisk has been a signatory member to the United Nations' Global Compact (UNGC) since 2010, and we continue to support the UN guiding principles in our efforts to constantly develop our business and our products and services. Our contribution to the UN's Sustainable Development Goals (SDGs) is focused on two of the goals, "Good health and wellbeing" and "Responsible consumption and production patterns". Both represent areas with a clear link to Nilfisk's products and services, and to the mission statement that drives our business.

Over the course of 2018 we have enhanced focus on the health and safety of our employees, as well as on our own consumption worldwide, and we have developed an updated Code of Conduct governing legal compliance, regulatory matters and CSR. I am proud of the work and dedication that our employees have shown in implementing and incorporating these new standards and procedures. And I am proud of how our employees all over the world continue to be part of the transformation of Nilfisk, redefining industry standards and building the future of clean.

Hans Henrik Lund

CFO

About Nilfisk

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

Since the development of its first vacuum cleaner more than a hundred years ago, Nilfisk has responded to the changing needs of markets and customers, supplying innovative cleaning products and solutions to businesses and homes around the world.

Today, we are a global company, operating in over 40 countries, with 5,500 employees working at development centers, production facilities, and sales companies. We focus continuously on innovating and improving our products, thereby maintaining our position as one of the world's leading suppliers of professional cleaning equipment.

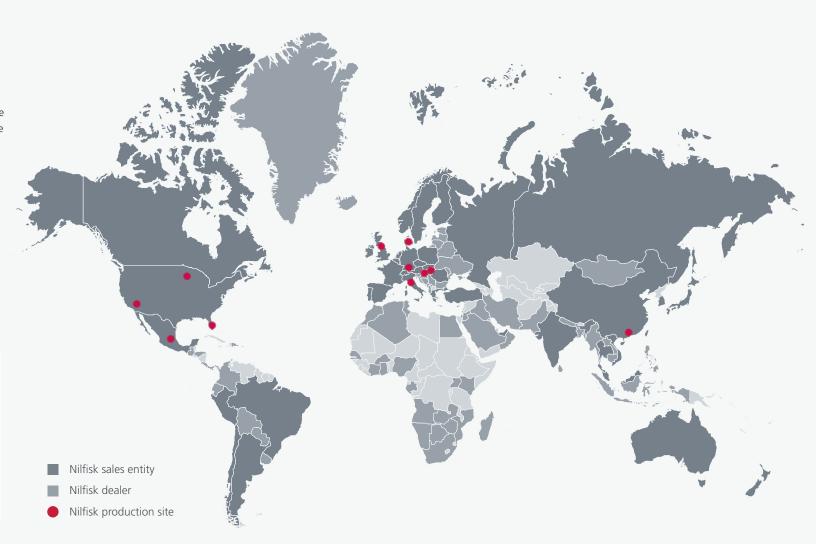
1906 Founded

1,054 mEUR Annual revenue in 2018

5,500 Employees

Our mission:

We enable sustainable cleaning worldwide to improve quality of life



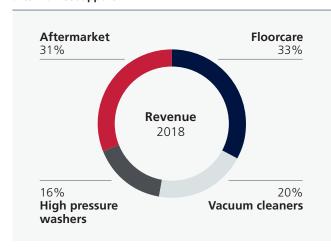
Our business model

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To support a clean environment, Nilfisk offers an industry-leading product portfolio, along with significant aftermarket support. Our products and services are offered in more than 100 countries, and help improve the sustainability performance of our customers, and partners, by:

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

Industry-leading product offerings with significant aftermarket support



Our products and services are offered to our customers through a business model built on a conscious use of resources with focus on creating and capturing value for our customers, society, employees, and shareholders.

Our customer base operates in a wide range of sectors and industries, and customers range from large global contract cleaners that buy fleets of machines across the product range to smaller businesses buying a single machine.

Based on in-depth customer insights, our product development, marketing, and sales activities are targeted three overall business verticals, named Industry, CCI and ABCA:

Industry covers areas like manufacturing and warehouse & logistics, in which cleaning becomes an integrated part of the ongoing optimization and automation of facilities and production. CCI covers contract cleaners and institutions such as retail and education, where optimization of the cleaning task is a key focus, as well as exploiting new and flexible ways of cleaning supported by new digital opportunities. ABCA refers to Agriculture, Automotive and Building & Construction. Cleaning solutions to these industries reflect that areas like health and safety are particularly important to these customers, as well as regulatory requirements to the equipment are high.







Our business model

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Nilfisk is an established global leader in cleaning technology with the broadest portfolio of cleaning equipment and solutions on the market. We are among the global market leaders in the professional cleaning equipment industry, which has an estimated value of 7.5 bnEUR.

Through a combination of direct and indirect sales, we service contract cleaners, retailers, industrial customers and many more across more than 100 markets.

Resources

Capital provided by investors

Insights from customers and market analysis

Facilities for development

Innovation

A competent and diverse staff



Innovation

Starting with customer insights, Nilfisk develops intelligent cleaning solutions and services rooted in new technologies and tailored to our customers' needs.







Portfolio

Across our extensive Nilfisk product portfolio, we aim to deliver a top-tier cleaning performance, complemented by services that increase productivity and reduce total cost of ownership.



Aftermarket

Through a broad range of aftermarket solutions

and a global team of dedicated service tech-

nicians, we ensure that our customers get the

support and service needed throughout

the product life cycle.

Customers

With innovative cleaning solutions we increase cleaning productivity and quality for our customers – in short, we make our customers' businesses smarter though intelligent cleaning solutions and services.



A global production footprint combined with a distribution set-up that ensure operational efficiency and quality.

Operations

our customers to increase their productivity, and quality of life. Rooted in insights about our customers and with a clear focus on harvesting the benefits of new technologies, we have a clear vision to be the leader in intelligent cleaning to make our customers' businesses smarter.

Our business model is based on creating value for our

customers. There is a universal need for cleaning, and

the effect of clean is valuable everywhere. By providing

high-quality cleaning products and services we enable

Value creation

For our shareholders:

- Dividends
- Optimal capital allocation

For our customers:

- Productivity increase
- Improved cleaning, hence enhanced quality of life for people

For our employees and society:

- Job creation and development
- Tax contribution
- Better cleaning solutions for the benefit of people and environment



Sales and marketing

Through a global team of sales representatives combined with dealers and e-commerce, we build customer relationships and drive sales across our strategic customer segments.

Value chain - risk assessment

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Nilfisk remains committed to ensuring that our entire value chain, is considered when evaluating the range of potential risks posed by our business activities.

We continuously evaluate these risks, assessing their potential impact and working proactively to mitigate them, with a primary focus on the most serious risks.

Our CSR department monitors risks. If significant risks arise, they are analyzed and reported to the Nilfisk Leadership Team through our corporate governance structure.

CSR governance

The Nilfisk Leadership Team has the overall responsibility for setting the strategic direction of CSR within the Nilfisk Group. Daily operation, and coordination, of our CSR activities is managed by the CSR department.

Raw material extraction

Mining of scarce minerals, extraction of crude oil for production of plastic and/or climate effect from crude oil, biodiversity, spills, human rights, labor rights, corruption, and conflict minerals.



Value chain – risk assessment



Suppliers (production)

Human rights, labor rights, equality, corruption, energy usage, water usages, CO₂ emission, waste, dangerous substances, and safety.

Nilfisk

Human rights, labor rights, equality, resource usage, pollution, waste, CO₂ emission, corruption, and work safety.



Transport

Particle pollution, CO₂ emission, traffic safety, and facilitation payments.



Dealers

Human rights, corruption, labor rights, work safety, and energy usage.



End users

Energy usage, water usage and detergent pollution, customer safety and health.



Disposal

Waste, product compliance, pollution, and labor safety.



Value chain – risk assessment

Nilfisk's approach to CSR

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This CSR report addresses issues material to Nilfisk and its stakeholders.

Nilfisk's primary stakeholders include shareholders, customers, employees, business partners, and society in general. Material issues have been identified through discussions and surveys, involving internal and external stakeholders

We believe the 17 UN Sustainable Development Goals (SDGs) can be a strategic guidance for our work with CSR, securing that Nilfisk works towards a more sustainable future development.

The SDGs refer to the 2030 Agenda for Sustainable Development, which comprises 17 goals for ending poverty, protecting the planet, and ensuring global prosperity through a new sustainable development agenda. Each goal has specific targets covering a broad range of sustainable development issues. Throughout the report we show how our activities specifically support the SDGs.

By incorporating the SDGs into our materiality assessment, Nilfisk commits to taking these into account when prioritizing activities and communication with stakeholder groups.

Our mission statement, "We enable sustainable cleaning to **improve quality of life,"** guides us in our work with the SDGs.





Nilfisk supports quality of life through our products, which help keep schools, hospitals, and many other locations clean. For us, health is a fundamental human right, and we integrate this philosophy with our development of cleaning solutions that support good health. That is why SDG #3, "Good health and well-being," is one of the global goals we support.

During 2018, we went deeper into activating our SDGs, working with one of 13 specific targets comprising SDG #3.



Nilfisk acknowledges its role in promoting responsible consumption and production patterns. As a global company, it is important that we intervene in active decisions that impact the environment positively. In doing so, we contribute directly to SDG #12, "Responsible consumption and production."

We have pursued three out of 11 specific targets that make up SDG #12.







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Materiality analysis

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In prioritizing activities, Nilfisk incorporates the findings of the bi-annual materiality assessment into our decision-making process. Our Materiality analysis defines four strategy pillars to guide our CSR approach:

- Conscious part of society
- Conscious towards climate and environment
- Conscious customer relationships
- Conscious employer



UN Sustainable Development Goals



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of society

Anti-corruption

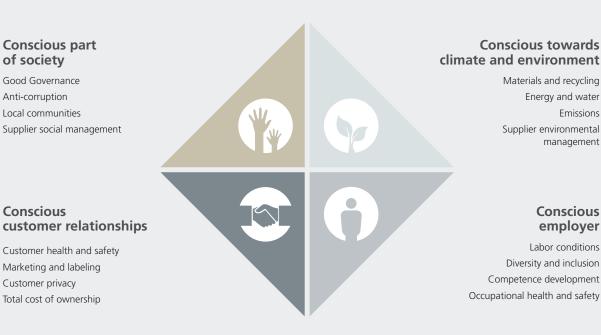
Conscious

Customer privacy

Good Governance

Local communities

Building the future of cleaning



Our mission

Materials and recycling

Supplier environmental

Energy and water

Emissions

management

Conscious

employer Labor conditions

Diversity and inclusion

Competence development

We enable sustainable cleaning worldwide to improve quality of life

Nilfisk has developed policies, rules, targets, and action plans to support the execution of this strategy and guide implementation efforts in the coming years. The aforementioned key policies and rules have been consolidated in Nilfisk's Code of Conduct.



Good governance

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Corruption and corrupt practices come in many forms, but all have in common that they promote inequalities, place employees and businesses at risk, tarnish reputation and have a detrimental effect on society. To mitigate these risks Nilfisk has adopted a governance framework comprising both guidance and comprehensive training. During 2018, an updated Code of Conduct was developed, and will be rolled out across the organization during the first half of 2019.

Key elements include:

- Nilfisk's Code of Conduct is a one-stop shop for learning about our behavioral standards. The Code of Conduct has two overarching policies, both covering key objectives and steps to achieve them. Each policy has underlying rules covering specific CSR and legalcompliance areas, including:
 - Anti-corruption, competition and data privacy
 - Labor rights, diversity and inclusion, health and safety, climate and environment
 - Product compliance
- Guidelines instructing employees on implementing the Code of Conduct in daily work, i.e. conducting risk-assessment or supplier-side due diligence
- Annual assurance of Code of Conduct integration, conducted by each global entity:
 - Consolidated into overall Nilfisk Group status report
 - Cross-functional audits of various good-governance areas, conducted at selected global entities
- Annual status-reporting to the Nilfisk Leadership Team and the Board of Directors
- Nilfisk's goal of ensuring that Code of Conduct principles are reflected throughout our value chain. Consequently, key focus areas in 2019 include enhancing supplier due diligence, and auditing suppliers' behavior obligations

General Data Protection Regulation

In May 2018, the EU's General Data Protection Regulation (GDPR) took effect, imposing a wide range of data-privacy obligations on EU-based companies, and on companies doing business within the EU from outside its borders. GDPR governs the processing of personal data, which is information that can be used to identify individuals, or which identifies them directly.

In preparation for GDPR implementation, Nilfisk mapped relevant global databases containing personal data; generated guidance and notices for employees and external parties, in accordance with GDPR; executed required data-processing and data-transfer agreements; and conducted compliance training.

Nilfisk has taken steps to ensure GDPR-compliance for secure personaldata processing, sharing it only on a need-to-know basis, heightening restrictions on the processing of sensitive personal data (i.e. concerning an employee's health status), and entering into data-processing and data-transfer agreements.

Although Nilfisk's processing of employee data outside the EU does not always fall within GDPR jurisdiction, Nilfisk has extended, to all global employees, the data-privacy rights granted by GDPR to individuals within its scope.

Nilfisk's internal compliance activities, and its work with external parties, are long-term, ongoing activities that will evolve with, and reflect, developments in the administration of GDPR by EU and national data-protection regulators. At the same time, Nilfisk is taking steps to comply with privacy laws outside the EU.

Integrity program

Nilfisk has launched a program that anchors our business in integrity:

- Fairness
- Accountability

This program is formulated in our Integrity Policy.

"We understand that customers, investors, regulators, and other key stakeholders, expect us to act with integrity in conducting business, and so do our employees."

– Hans Henrik Lund, CEO



Anti-corruption

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Nilfisk complies with applicable global anti-corruption laws. We do not engage in bribery, and actively oppose it, both as an individual group of companies and as a participant in global organizations like the UNGC and the OECD's Business and Industry Advisory Committee (BIAC).

"Bribery means giving someone something so they will do something they should not, or so they will not do something they should. You cannot engage in bribery if you act with integrity – and if we are confident our suppliers act with integrity, we can be confident that we are complying with applicable laws." - Joseph Simon, Global Compliance Officer

As stated in the Anti-corruption rule, no employee may, whether directly or indirectly, offer, give, or accept money – or anything else of value – to or from any person, in an effort to secure an improper business advantage.

In addition to implementing the new Anti-corruption rule, Nilfisk has conducted cross-functional audits at key facilities in China, India, Mexico, and Turkey. These audits included employee training and interviews with local suppliers.

Furthermore, Nilfisk is developing a new third-party due diligence system for implementation in 2019.

Competition law

In 2018, Nilfisk updated its Competition Law rule to enhance employee understanding of what Nilfisk – and its employees – may, and may not, do when setting up business relationships, especially those involving Nilfisk's competitors. Developing the competition-compliance program will be a key focus area in 2019.

Foreign trade controls

Nilfisk continues to enhance its compliance program in accordance with applicable US and EU regulations requiring export licenses (and re-export licenses, in the case of US-made items) for dual-use items in its inventory, i.e. standard commercial items and technology, the use of which might be associated with weapons or surveillance.

Likewise, Nilfisk continues to enhance its compliance program in accordance with applicable UN, US, and EU sanctions, including laws and regulations restricting, or prohibiting, commercial dealings with sanctioned countries, governments, and parties.

Nilfisk's compliance program involves growing cross-functional collaboration, including collaboration between its legal, treasury, procurement, R&D, and logistics teams, leading to synergy and enhanced efficiency.

Anti-fraud and conflicts of interest

Nilfisk's Anti-fraud rule mitigates conflicts of interest and fraud risks both external and internal. Supplemental guidelines, and the Authority Matrix – which clarifies managers' financial authority – also provide instructions and processes for avoiding these risks.

Joint audits, conducted by legal and financial control teams, also mitigate fraud risks, with each team providing a specialized review of local transactions, documentation, and practices.

Like many global companies, Nilfisk is experiencing increasingly sophisticated fraud attempts by external parties, as well as internal attempts. In response, Nilfisk has enhanced both its reactive and proactive fraudmitigation actions, including clear transaction-approval rules and processes, as well as enhanced awareness of suspicious practices.

In 2019, Nilfisk will focus on further implementation of its conflict of interest-mitigation program.

Whistleblower system

Nilfisk's whistleblower system helps employees and external parties report allegations of corruption, as well as other activities that may violate laws or key internal rules and procedures, i.e. Nilfisk's Code of Conduct. Reports are made online to a system operated by an independent supplier, Got Ethics, ensuring confidentiality – and, if the reporter wishes, anonymity.

Reports are investigated according to their complexity and severity, and are reviewed by Nilfisk's Compliance Committee, consisting of Nilfisk's CEO and CFO, the heads of HR and Legal, the global compliance officer, and by the Audit Committee of Nilfisk's Board of Directors.

The whistleblower system is accessible on nilfisk.com.

Local communities

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Nilfisk continues its active involvement in the local communities where we operate, thereby contributing to a positive working environment for both Nilfisk employees and local societies. As an example, our European Distribution Center employs people with mental disabilities; this effort has benefitted these individuals while simultaneously enhancing our operation.

In 2018, we decided to work more strategically with projects more closely related to our core business. This work included an assessment of current global partnerships, thereby helping us identify, and prioritize, projects that warrant increased focus, time, and funding.

From this baseline, we plan to work more strategically with the projects we believe most relevant to Nilfisk.

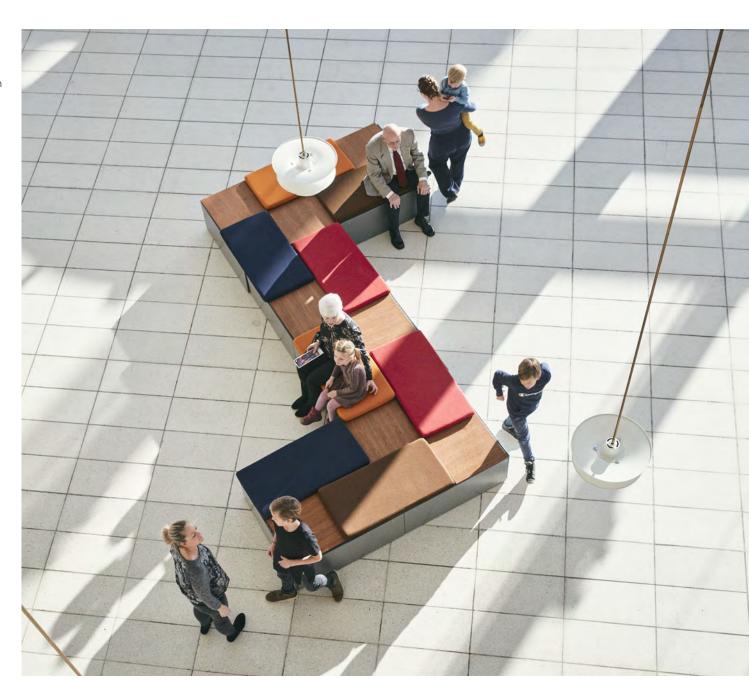
Supplier social management

Because Nilfisk's operations are mostly assembly-based, it is important that our extensive network of suppliers conform to our standards and observe the 10 UNGC principles.

Nilfisk has a responsible procument initiative that ensures supplier compliance with the UNGC principles remains in effect. We continue to interact proactively with suppliers, encouraging them to adopt the principles.

With 89% of suppliers with a direct spend exceeding 50,000 EUR having confirmed compliance with the aforementioned principles, we have exceeded our target of 80% for 2018.

A focus area in 2019 will be an updated supplier due diligence system, including risk assessment.



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	2018	results	Future o	Future objectives	
Focus area	Goals	Actions and results 2018	Goals	Planned actions	
Good governance Policy: Integrity All Risks: Human and labor rights, legal compliance	» New Code of Conduct » Launch Integrity Project » Governance Framework System » Compliance strategy 2019-2021	Code of Conduct completed Integrity project initiated Framework system initiated Compliance strategy drafted, reviewed by the Nilfisk Leadership Team	Roll out Code of Conduct globally Conduct training in all rules Code of Conduct integration into daily operations Supplier-compliance verification	 Communicate and activate roll-out Identify appropriate training system Promote Code of Conduct during site visits, e.g. town-hall meetings Audit key suppliers to assess compliance with Nilfisk's Code of Conduct and similar behavior obligations 	
GDPR Rule: Data privacy Risks: Human rights	» Nilfisk is GDPR-prepared	 Global databases being mapped Required documents generated, published Execution of data-processing and data-transfer agreements 	» Keep our high GDPR-compliance standard	 Continue database-mapping Continue GDPR-compliance actions Compliance audits 	
Anti-corruption Rule: Anti-corruption Risks: Corruption, bribery	New Anti-corruption rule Anti-corruption-compliance audits: internal and suppliers	» Anti-corruption rule adopted » Five audits performed	» Audits on anti-corruption expanded	» Continue audits and supplier interviews as needed, based on risk	
Competition law Rule: Competition law Risks: Cartels, anti-competitive actions	» New Competition rule	» Rule adopted	» Audits on competition law expanded	 Trainings Continue audits and supplier interviews as needed, based on risk 	
Fraud, conflicts of interest Rule: Fraud and conflicts of Interest Risks: Corruption, fraud	New Fraud and Conflicts of interest rule Implement joint audits Authority Matrix	Rule completed Performed five joint audits Rolled out Authority Matrix	 Roll out Conflicts of interest program globally 	Support Authority Matrix-implementation and training Continue joint audits with Finance teams	
Local Communities Policy: Compliance and CSR policy Risks: Labor rights, work safety, customer health/safety, and human rights	» Develop synergy among local initiatives	» Not completed	 Investigate the possibilities of establishing a global initiative that can embrace and support local initiatives 	 Work with Marketing on establishing a global initiative Internal survey on local initiatives from all sites 	
Supplier social management Policy: Compliance and CSR policy Risks: Human rights, corruption, equality, and labor rights	 New third-party due-diligence system regarding supplier social management 80% of suppliers (yearly procurement above 50,000 EUR) sign UNGC Principles 		» New third-party due-diligence system regarding supplier social management	 Develop supplier behavior, requirements Develop training Audit key suppliers 	

» Result 89% of suppliers (yearly procurement above 50,000 EUR) has

signed UNGC Principles



In 2018, we have reaffirmed our commitment to reducing Nilfisk's environmental impact and our focus has been on improving environment and climate-centric performance by optimizing internal structures, systems and processes.

Our efforts have among other things resulted in ISO 14001 certification of four additional Nilfisk sites.

Materials and recycling

The extraction of oil, for production of raw materials like plastic, has a huge impact on the environment and global climate change¹. As part of an industrial sector, with relatively heavy use of plastic in production, we are working on reducing the amount of virgin plastic in our machines



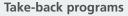
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Our work with materials and recycling correlates directly to Nilfisk's CSR strategy, evincing our continued contribution to supporting the UN's SDG Goal #12: "Responsible production and consumption patterns"

From a recycling perspective, plastic has an intrinsic recyclability; it is already durable and lightweight, so the challenge is to design, collect, and separate machines in the most sustainable way.

Nilfisk uses approximately 11,500 tons of plastic per year in the production of cleaning equipment. A focus area in 2019 will be to determine the extend to which substituting virgin plastic with recovered plastic granulates is feasible for Nilfisk, and securing a greater use of spare parts from old machines.

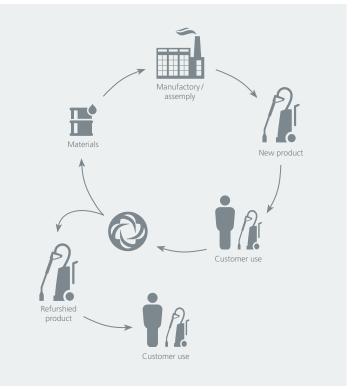
With our products made available to a wider range of customers, recycled spare parts generate less waste, all of which is separated, and sold off for handling by professional scrap dealers.



Nilfisk runs "take-back" programs for faulty or old machines. These machines are subsequently refurbished, and sold or rented on the secondhand market, ensuring that they are used to their fullest capacity. Nilfisk is experiencing growing interest from the rental market

Customers are offered the choice of buying new or refurbished, or renting a machine, primarily high-pressure cleaners. Old machines are brought back and refurbished, if possible. Machines beyond economically feasible repair are dismantled, with full Nilfisk traceability of parts, such as batteries, plastic, metal, and electrics.

Revenue from the German, UK, and US markets	Increase in revenue 2016-2018 ²		
Rentals, incl. service	40%		
Refurbished machines	12%		





Plastic-recycling in our supply chain

In 2018, a team in Nilfisk's global R&D organization, which delivers cleaning solutions to the Agriculture, Building & Construction, and Automotive industries, initiated a recycling and saving project. One activity involves pilot production of select plastic parts, using up to 100%-recycled plastic material. Depending on the results of related tests and fine-tuning, the use of recycled raw materials can be introduced into Nilfisk's production of certain industrial vacuum-cleaner solutions. Subsequently, use of recycled plastic material can be rolled out, globally, across similar part categories for all Nilfisk products.

"The unexplored recycling subject is among the more exciting discoveries in our cost-and-materialsaving program, and I am pleased to be able to contribute to improving the environmental footprint of Nilfisk."

– Søren Møller, Senior Project Manager

Our next step is to explore the possibility of recycling high-quality plastic from our own scrap, further supplementing a reduction in the use of virgin raw materials. The project saves both virgin raw materials and cost.

Energy and water

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In 2018, Nilfisk established a project for creation of a global overview of our water and energy consumption. This allows us to set a baseline from which we can establish global KPI's. Nilfisk has acquired, and implemented, a global cloud-based system to capture, contain, and visualize all resource and energy data.

We are currently working on achieving our environmental goals through several projects, including working alongside Schneider Electric to establish a global system for Nilfisk's environmental data. We have gained a global energy consumption overview, which enables us to track and monitor our CO₂ footprint.

This project enables global monitoring of Nilfisk facilities and their consumption rates. We have created a data stream for comparing sites and sharing best-practice knowledge on a global scale.

Key elements from this project include:

- Collection of consumption data from 95% of global sites
- Collection of waste data from all production/ISO 14001 sites
- Establishing a complete overview of water and energy consumption of all Nilfisk sites
- Establishing a roadmap for the most essential energy-efficient and CO₂-reducing projects
- Identification of our CO₂ footprint according to Science Based Targets initiative (SBTi) methodology³
- Compliance with updated Green House Gases (GHG) Protocolguidance for Scope 2 emissions, including access to marketand location-based reporting
- Aggregation of historical data for Scope 1 and 2 emissions in one global system4

The scope of the energy-consumption project comprises the 36 largest Nilfisk sites and offices comprising 95% of Nilfisk total site-related emissions. The next step is identifying energy-efficiency projects, and implementing them on a global scale. This enables us to further reduce company consumption and waste, ultimately minimizing our CO₂ footprint – and generating significant cost savings.

"Working with this project has given us the structure, and dedication, needed to collect and log all relevant data regarding our utility spend from all sites worldwide. Nilfisk is now much better equipped to compare sites, learning from the best so we can help the rest." – Lars Berg, Head of Global Facilities Management



The project correlates directly to the UN's SDG Goal #12: "Responsible production and consumption patterns".

Baseline - Car fleet - km (thousand)



Baseline – Gas – mWh



Baseline - Electricity - kWh (thousand)



Emissions

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The project for gathering site-consumption data has also generated data on our emissions through a materiality assessment, which will aid us in measuring and defining our CO₂ footprint. We have identified the 36 most relevant Nilfisk sites for inclusion in both our scope and our emission-reduction activities, and we have now created a global baseline for emission data, to be used in reducing Nilfisk's CO₂ footprint.

Supplier environment management

Nilfisk has generated contract terms requiring suppliers to maintain standards of environmental and climate protection similar to Nilfisk's internal requirements. Our goal is to implement risk assessments and audits in 2019.



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		2018	results	Future objectives	
Focus area		Goals	Actions and results 2018	Goals	Planned actions
General		» Update Environment and climate rule	» Environment and climate rule updated	» EMS to be updated according to	» Internal communication and training
Risks: Customer health and safety, dangerous substances, pollution, waste, and consumption		» ISO 14001 scope/certification expanded to all sales/service, product	 All European sites have been included in Nilfisk's ISO 14001:2015 certificate 	on new Environment and climate rule	
		development, production, and distri- issued by Intertek bution sites	issued by Intertek	» All European sites will have fully implemented Nilfisk EMS according	» ISO 14001 training to be conducted at all European sites
		 More actionable environmental- performance measurement (Global KPIs) 	» All relevant data and site attributes have been captured in order to support transparency in 2019 KPI development	to ISO 14001	
Materials and recycling	SDG target	» Measure of waste (in kg) from all	» Data gathered from highest-impact	» Establish global KPIs based on	 Internal communication and training on new KPI's Defining and implementing cost-
Rule: Environment and climate rule	impacted: 12∙5 Substantially	Nilfisk sites established	sales, production, distribution, and product developmental sites on	baseline calculations	
Risks: Waste, pollution, CO_2 , and emissions	reduce waste generation		waste		and CO ₂ -saving projects
Energy and water	SDG target impacted: 12·2 sustainable management and use of natural	Measure power-consumption (in kWh) of all Nilfisk sites	» Power and water consumption mea- sured at 95% of sites	Establish global KPIs based on baseline calculations	» Internal communication and training on new KPI's
Rule: Environment and climate		» Establish power-consumption KPIs	 36 relevant sites identified Baseline created to form basis for 	baseline calculations	 Defining and implementing cost- and CO₂-saving projects
Risks: Energy usage, water usage, detergent, waste, and emissions			future KPIs		and CO ₂ -saving projects
	resources	 Measure potable-water consumption (in L) of all Nilfisk premises (buildings and production) Establish water-consumption KPIs 	» Baseline created to form basis for future KPIs		
Emissions	SDG target	» Establish baseline on Nilfisk emissions	» Materiality assessment of 36 biggest	» Establish global KPIs based on	» Internal communication and
Rule: Environment and climate	impacted: 12-2 sustainable management and use of natural resources	» Establish baseline for CO2 emission via leased-car fleet fuel-consumption	sites » Our global CO ₂ footprint is	baseline calculations	training on new KPI's » Defining and implementing
Risks: Emissions, CO_2 , and pollution			28,807 metric tons ""> CO ₂ footprint on fleet is 12,197 metric tons		cost and CO₂ saving projects
Supplier environmental management	SDG target	» New third-party due diligence	» Process ongoing	» New third-party due diligence	» Develop supplier behavior
Rule: Environment and climate	impacted: 12∙6 encourage	system regarding supplier environ- mental management		system regarding supplier environ- mental management	& requirements » Develop training
Risks: Emissions, CO ₂ , pollution, detergent, energy usage, water usage, waste, and dangerous substances	companies to adopt sustainable prectices and sustainability reporting	» 80% of suppliers (yearly procure- ment above 50,000 EUR) sign UNGC Principles	» 89% of suppliers (yearly procure- ment above 50,000 EUR) sign UNGC Principles		» Audit key suppliers



Nilfisk is committed to investing in innovative customer solutions while ensuring product safety and quality.

Nilfisk complies with applicable standards, regulations, and legal requirements governing our products, working proactively to improve product safety through numerous working groups in the EU and US.

To develop and control our product quality, Nilfisk has implemented an ISO 9001-certified Quality Management System.

Life cycle-analysis shows that Nilfisk products higest energy and consumption footprint is during the user-phase that is why working with lovering the energy consumption in our product development is a focus area.

Customer health and safety

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Nilfisk works to raise the bar for product quality across our entire industry. This is being accomplished through participation in external bodies, where we work to create new standards that enhance product safety worldwide. Nilfisk has, during the last decade, cooperated with authorities to create a new IECEx⁵ standard, establishing safety requirements for hazardous or explosive dust. This will ensure safer products for our customers, thereby improving the global industry standard for customer health and safety.

We want to enable our customers to choose products that offer the best value of cleaning, thereby raising the global industry standards for customer health and safety. Objective, global definitions of standardization remain the only real way for our customers to compare competing products.

"Collaboration with authorities, on legislation, ensures that Nilfisk's expertise and customer knowledge are both used to define the best future legislation governing safety, sustainability, and eco-design. This puts Nilfisk in a leading position to offer our customers the most innovative and beneficial solutions."

Lennart Frølund, Production Manager





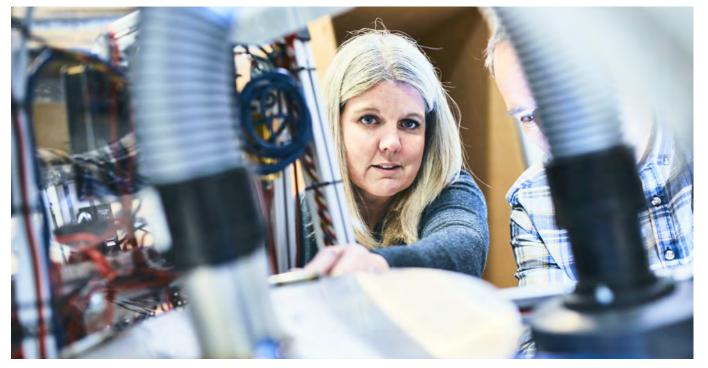
This work correlates directly to the UN's SDG Goal #3: "Good health and well-being".

The value of cleaning is high – and measurable. The following examples motivate us in continuing to contribute to our customers' business. A clean working environment can:

- Reduce absenteeism by up to 46%⁶
- Reduce the probability of contracting rhinovirus or influenza by 80%7
- Reduce the occurrence of respiratory infections, which remain the world's deadliest communicable diseases8

The WHO lists the 10 most common causes of death, five of which are related to a reduced hygienic standard.

These factors motivate us to meet our customers' changing needs, thereby enhancing the performance of their cleaning operations, and improving quality of life for people around the world.



Marketing and labeling

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At Nilfisk, it is vital that we provide for open, effective dialogue with our customers in order to provide correct, complete instructions for our products.

Our products are covered by the EU's regulatory framework, along with other regional frameworks establishing requirements and underlying harmonized standards of conformity.

These areas include, but are not limited to:

- Electrical safety
- Electro Magnetic Compatibility (EMC) and Radio matters (RED)
- Restriction of hazardous substances
- Eco design
- Equipment for intended use in potentially explosive atmospheres

The CE mark on Nilfisk products is our statement, as the manufacturer, that a product complies with applicable EU requirements. Similar requlatory frameworks are in place in other regions, where we use markings such as ETL (US and/or Canada), RCM (Australia), CCC (China), EAC (Russia), to show compliance with applicable requirements.

Nilfisk exceeds legal requirements by prohibiting the use of Substances of Very High Concern (SVHC) in our products, and we will continue to find alternate solutions whenever technically possible, in accordance with the EU's Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) regulation, which restricts the use of certain chemicals.

Customer data privacy

Data privacy is not only an internal concern for Nilfisk. GDPR-compliance also ensures security for our customers, as external data privacy is also of high concern for Nilfisk. For further information on the GDPR implementation process, please be see page 12.

Total cost of ownership

Delivering sustainable cleaning solutions is an integral pillar of Nilfisk's business, and we place high value on efficiency, productivity, and reduction of total cost of ownership (TCO) across the product portfolio. We will achieve this by developing solutions that use less energy, water, and detergents, while simultaneously performing more efficiently and effectively to reduce environmental impact.

The best way for Nilfisk to meet future customer needs is by ensuring:

- Lower TCO for our customers
- Higher cleaning value for our customers
- Better working environments for equipment operators
- Reduced consumption through increased efficiency



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		2018 results		Future objectives	
Focus area		Goals	Actions and results 2018	Goals	Planned actions
Customer health and safety		impacted: customer health and safety 3-9 reduce illnesses and	» Creation of new ATEX standard to improve customer health and safety	» Secure consistently high safety standards for new product types at a global scale	Establish standards covering new autonomous products Work on global extension of the European standard for hazardous
Rule: Labor rights, diversity and inclusion, and product compliance	3.9 reduce illnesses and death from hazardous				
Risks: Labor rights, human rights, customer health/safety, and equality	chemicals and pollution				particles
Marketing and labelling		» Increase focus on product compliance	» Established new policy and rule regarding third party verification on safety and other regulatory areas	» Increase transparency of product-compliance status	» Establish IT solutions: – Certificate overview – Reports on re-certification » Complete compliance processes
Rule: Product compliance					
Risks: Customer health/safety, and work safety					
Customer data privacy		» GDPR compliance	» GDPR compliance secured	» Keep our high GDPR-compliance standard	» Continue database-mapping» Continue GDPR-compliance actions
Rule: Confidential information, Data privacy and	protection				» Compliance audits
Risks: Human rights					
Total cost of ownership (TCO)		» Define TCO projects	» Initial overview of TCO projects in Nilfisk	» Structure for product-screening of TCO established	» Working to establish TCO structure
Rule: Environment and climate Risks: Energy/water usage					
nisks. Lifelyjivvatel usage					



With a large, broad and global workforce, there will always be a risk that employee rights can be violated. This is something we at Nilfisk take seriously and we are constantly working to improve our internal processes, policies and workflows to reduce the risk of breach of employee rights. We want to continuously develop Nilfisk as a positive, healthy, innovative workplace that creates sustainable value for customers, employees, and suppliers.

Labor conditions

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One of our 2018 initiatives was placing a global focus on health and safety. Workplace-safety standards are important to Nilfisk, hence, we have established a new global Health and Safety task force, coinciding with the development of a Code of Conduct rule, and guidelines, within Occupational Health and Safety (OHS).

Nilfisk adheres to the rights described in the UNGC Principles on Business and Human Rights; the International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work; the Children's Rights and Business Principles; and the Organization for Economic Co-operation and Development (OECD) guidelines for Multinational Enterprises. We also meet the requirements for employee protection as described in the UK Modern Slavery Act.



Diversity and inclusion

With 5,500 employees spread across more than 40 countries, our starting point is employee diversity, but diversity is not only about nationality, gender, or age. It is about encouraging diversity in mindsets, and building diverse teams.

We want to maintain, and nurture, this diversity by creating an inclusive culture that allows everyone to openly share their point of view. By working with people from different backgrounds, with different experiences, we can inspire new ways of thinking, leading to better, more innovative decision-making. A wide range of ideas, and perspectives, is a critical advantage in meeting the needs of diverse customers.

In 2018, we developed a new set of company behaviors, defined with active participation from people across the global organization. They illustrate the culture we want to promote, in order to execute on our strategy and drive transformation, and ultimately realize our vision of leading intelligent cleaning.

Nilfisk Behaviors:

- Be one team, with one agenda
- Understand our customers' business
- Act, and expect forgiveness
- Try, learn, and disrupt
- Deliver on your promise

"The behaviors have already released a lot of energy and passion across the organization, and I think we will be able to release a huge amount of potential in the organization... but we know it is a journey that will take some time." – Jacob Blom, Executive Vice President, Group HR

Employee engagement increases at Nilfisk

Employee feedback, gathered through a yearly engagement survey, is critical to ensuring that we take action that best supports the ongoing transformation of Nilfisk. The overall engagement score for our 2018 survey was 7.6 on a 10 point scale – 0.2 points above the global average benchmark for manufacturing companies.

We have improved in areas related to employee understanding of the company's future direction and strategy. Feedback shows that this progress is supported by open, honest, and transparent communication via channels like leadership blogs and town hall meetings on a global and local scale.

Best-in-class company

Nilfisk aspires to be among the top 25% of companies within the manufacturing industry (those with an aggregate engagement score of 7.9 or higher). We already occupy this bracket in areas like Freedom of Opinion and Communication of Strategy. Learning emerged as the biggest area of improvement, and has been identified as a global focus

2018 Employee Engagement Survey

43 countries	4,818 participants
84% response rate	7.6 engagement score

Note: Change of scale on engagement score from 5 to 10 point, new aspirational best-in-class benchmark is 7.9. Survey took place in September, 2018.

Gender diversity

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As of December 31, 2018, the Nilfisk Leadership Team consists of 11 persons, two of whom are women. The ratio of 18% is similar to 2017.

Nilfisk believes that all genders should enjoy equal opportunities, and we are taking action to address possible imbalances caused by the historical, marked preponderance of men within our industry sector. To bridge the gap, we will launch initiatives, i.e. mentor programs, supporting stronger cultural diversity, especially with regards to the underrepresented gender defined in the Danish Financial Statements Act § 99b.

The target figure for the under-represented gender, in accordance with section 99b of the Danish Financial Statements Act, among shareholderelected Board members is minimum 17%, which corresponds to one person. This target was met in 2017. While Nilfisk believes the current Board of Directors has an optimal composition based on qualifications and experience, the target figure will be monitored to ensure this is both realistic and ambitious, with the aim of increasing the representation of the under-represented gender.

Global distribution of gender and age

Gender distribution across the entire organization is 29% female employees and 71% male employees. Further, there is a good spread across all age groups, and the average age is declining mainly due to generational shift in the organization.

We will continue monitoring diversity development. The 2018 implementation of a global Human Resources Information System (HRIS) will create a much stronger foundation for data collection, and subsequent identification of critical actions to address diversity challenges.

To promote equal opportunities for both genders in the pursuit of senior positions, we also require that recruitment firms and headhunters include both genders in their candidate pools whenever feasible.

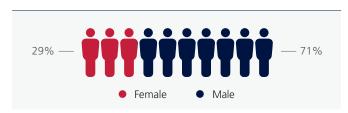
Competence development

Our engagement survey identified Learning as a global key focus area, and we will launch support initiatives in 2019 in connection with release of our new performance management process.

In 2018, we launched several training activities with a special focus on the Nilfisk Behaviors. This journey will take time, supporting the longterm transformation of Nilfisk.

We have completed the original scope of the Sales Academy training for 850 sales representatives, and feedback was positive, with stories of how sales representatives, throughout the organization, have applied the new tools to increase sales and market presence.

Gender split organization



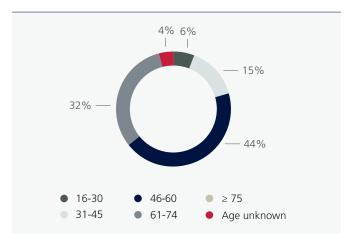
Gender split Nilfisk Leadership Team



Gender split Board of Directors



Global age distribution



Occupational health and safety

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Throughout 2018, we renewed Nilfisk's focus on Occupational Health and Safety (OHS) at a global level, and we remain committed to providing even better, safer workplaces for our employees.

Nilfisk has established a global OHS project group consisting of facility managers from our biggest sites worldwide, as well as representatives from CSR and Global Production.

The key elements of this OHS project are:

- Creation of a shared approach to OHS at Nilfisk
- Definition of global KPIs for OHS Nilfisk
- Establishment of global OHS rules and guidelines, in order to provide facility management with a viable framework
- Ensuring that data-mapping of workplace accidents is reported correctly, thereby providing a complete overview of site routines and risks
- Working on changing and aligning the reporting culture globally



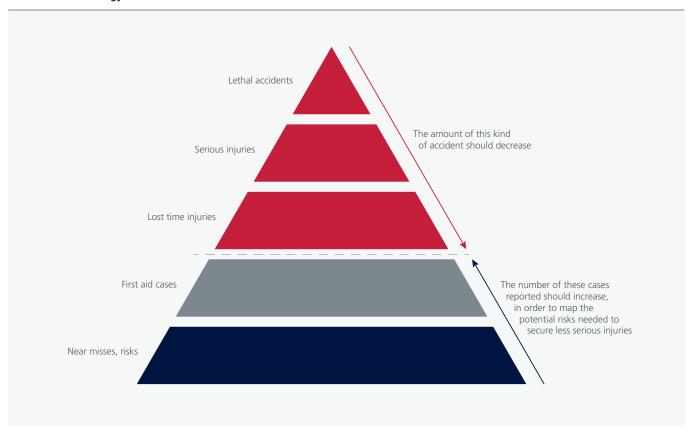
The project correlates directly to the UN's SDG Goal #3: "Good health and well-being"

"Occupational Health and Safety is one of the most important parts of our business, because it protects our greatest assets: our people. Everyone will benefit from an initiative to align all Nilfisk sites globally, and bring us closer together in the process."

– Shaun Spring, Production Manager, US

The overall purpose of the global OHS group is to create global alignment and standards for Nilfisk's OHS processes. Changing the culture of reporting is integral, and people across the organization need to understand, and accept, that the only way to prevent accidents is to report all minor accidents, near misses, and potential hazards, so we have a complete overview of routines and risks.

The OHS methodology



"Our long-term goal is to have zero work-related injuries, and it starts with making sure we have a culture where all incidents, whether they're accidents or near-misses, are openly reported and shared so we can learn from them. Building cultures takes time, and therefore we are, for now, focusing our work on Global Production, where we have the biggest complexity in terms of different areas of risk, as well as cultural differences "

– Søren Pap-Tolstrup, Senior Vice President, Global Production

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	2018 results		Future objectives	
Focus area	Goals	Actions and results 2018	Goals	Planned actions
Labor conditions Rule: Labor, diversity and inclusion Risks: Labor conditions, equality and human rights	» Update Business Code of Conduct and include labor conditions	 Rule created combining Labor policy and Diversity and inclusion Renewed focus on compliance and integrity 	» Prepare for 2019 launch of annual self-assessment	 Establish an annual self-assessment system, based on the Business Code of Conduct and signed by all country managers Launch a Behaviors Award to strengthen focus on employee-recognition, and diverse talents
Diversity and inclusion Rule: Labor rights, diversity and inclusion Risks: Labor rights, equality, and human rights	Develop of diverse, inclusive culture at Nilfisk	Began monitoring progress concerning equal opportunities. Implemented new HRIS system to begin establishing a global data foundation Launch of new Nilfisk Behaviors	» Launch new reward/ performance-management process » Offer mentoring to a couple of upcoming female leaders with the purpose of identifying critical actions for 2020	 Launch new global recruitment system to begin building knowledge of trends and issues to be addressed in 2020, i.e. finding areas, jobs, and roles, where the largest number of women apply; learning from experiences; and sharing best practices across the organization Ensure we have female candidates for business areas/key roles in our succession plans Review company benefits to streamline these globally, also in the context of offering employees benefits that are aligned with the market and supports equal pay
	 Update Business Code of Conduct and include Diversity and inclusion 	» Single rule created, combining Labor policy and diversity and inclu- sion	» Establish global training on the Business Code of Conduct, incl. Diversity and Inclusion	» Partly accomplished; continue in 2019
Competence development Rule: Labor rights, diversity and inclusion Risks: Work safety, and labor rights	» Conduct Global Sales Academy training for additional 300 sales representatives	 » Original scope of 850 sales representatives reached 	» Enable a stronger focus on developing skills and competencies	» Launch new Nilfisk performances management process
Occupational health and safety Rule: Occupational health and safety Risks: Work safety, labor rights, and equality SDG target impacted: 3-9 reduce illnesses and death from hazardous chemicals and pollution	Establish Global OHS work group Establish Global OHS rule and wwguidelines	Established global OHS group Established global OHS rule and guideline Updated accident definitions	Change culture of reporting in Nilfisk and develop and share best practices	» Update accident definitions » Develop best practices » Communicate and train/assess » Develop new KPIs

About the **report**

Scope of reporting

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This report constitutes the statutory report cf. Danish Financial Statements Act, section 99a and 99b, regarding social responsibility and the underrepresented gender. The report is published annually, together with the Nilfisk Annual Report, and covers the 2018 financial year, from January 1, 2018, to December 31, 2018.

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

The aim of the report is to present complex issues in simple language, while introducing the data needed for specialist use. Nilfisk follows Global Reporting Initiative's (GRI) G4 in determining content and quality in terms of materiality.

- This report is a presentation of Nilfisk's activities in the field of Corporate Social Responsibility (CSR), legal compliance, and regulatory requirements, as well as the challenges Nilfisk faces
- Our Materiality analysis is inspired by GRI principles and guidelines, and the elements of Nilfisk's CSR strategy are structured according to the GRI framework as seen below

Data references

- ¹ https://stanfordmag.org/contents/the-link-between-plastic-use-and-climate-change-nitty-gritty
- ² Data from December 2018 is estimated
- ³ The Science Based Targets initiative champions science-based target setting as a powerful way of boosting companies' competitive advantage in the transition to the low-carbon economy. It is a collaboration between CDP, the United Nations Global Compact (UNGC), World Resources Institute (WRI), and the World Wide Fund for Nature (WWF) and one of the We Mean Business Coalition commitments. (www.sciencebasedtargets.org)
- ⁴ The GHG Protocol Corporate Standard classifies a company's GHG emissions into three 'scopes'. Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.
- ⁵ The IECEx (International Electrotechnical Commission System for Certification to Standards Relating to Equipment for Use in Explosive Atmospheres (IECEx System)) directive consists of two EU directives describing what equipment and work space is allowed in an environment with an explosive atmosphere.
- $^{6,\,7}\,https://www.issa.com/member-benefits/value-of-clean/value-of-clean-infographic.html$
- 8 http://origin.who.int/mediacentre/factsheets/fs310/en/

GRI reference	Description	Page
102-14	GRI: Statement from senior decision-maker Nilfisk: Letter from the CEO	3
102-18	GRI: Governance structure Nilfisk: CSR governance	
102-15	GRI: Key impacts, risks and opportunities Nilfisk: Value chain – risk assessment	7
102-9	GRI: Supply chain Nilfisk: Value chain – risk assessment	7
102-40	GRI: List of stakeholder groups Nilfisk: Materiality analysis + Local communities	9 and 14
205-2	GRI: Communication and training about anti-corruption policies and procedures Nilfisk: Anti-corruption	
102-17	GRI: Mechanisms for advice and concerns about ethics Nilfisk: Whistleblower system	13
413-1	GRI: Operations with local community engagement, impact assessments, and development programs Nilfisk: Local communities	
412-1	GRI: Operations that have been subject to human rights reviews or impact assessments Nilfisk: Supplier social management	
301-3	GRI: Reclaimed products and their packaging materials Nilfisk: Materials and recycling	
304-2	GRI: Significant impacts of activities, products, and services on biodiversity Nilfisk: Energy and water	18
416-1	GRI: Assessment of the health and safety impacts of product and service categories Nilfisk: Customer health and safety	
417-1	GRI: Requirements for product and service information and labeling Nilfisk: Marketing and labeling	23
418	GRI: Customer privacy Nilfisk: General Data Protection Regulation + Customer data privacy	12 and 23
405	GRI: Diversity and equal opportunity Nilfisk: Diversity and inclusion	26
405-1	GRI: Diversity of governance bodies and employees Nilfisk: Diversity and inclusion + Gender diversity	26 and 27
404-2	GRI: Programs for upgrading employee skills and transition assistance programs Nilfisk: Competence development	
403	GRI: Occupational health and safety Nilfisk: Occupational health and safety	

UN Global Compact

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Nilfisk works actively within the main areas of the UNGC, which we joined in 2010.

UN Global Compact		Page
Human rights	1: Support and respect the protection of internationally-proclaimed human rights	13, 14 and 22
	2: Make sure that we are not complicit in human rights abuses	12, 13, 14, 22 and 23
Labor	3: Uphold the freedom of association and the effective recognition of the right to collective bargaining	14 and 26
	4: Eliminate all forms of forced and compulsory labor	14 and 26
	5: Effective abolition of child labor	14 and 26
	6: Eliminate discrimination in respect of employment and occupation	14, 26 and 27
Environment	7: Support a precautionary approach to environmental challenges	16 to 20
	8: Undertake initiatives to promote greater environmental responsibility	16 to 20
	9: Encourage the development and diffusion of environmentally friendly technologies	16 to 20
Anti-corruption	10: Work against corruption in all its forms, including extortion and bribery	12 and 13

Data handling

Data is generated by respective business owners, and consolidated and controlled by Nilfisk's CSR department. Unless otherwise noted, data and reporting includes the entire Nilfisk organization, i.e. production sites, distribution centers, administration, and sales offices. Data has been requested based on standardized definitions across the organization.

Organizational scope

The report covers all sites in the Nilfisk group. If this is not applicable, it will be stated in the relevant chapters.

