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|----------------|---------------------------------|---|-------------------------|-----------------------------------|
| Author:        | <b>Betina Lougart</b>           | Approved by (if required): Joseph Simon/Siam Schmidt/Camilla Ramby/Peter Tanzer | Original released date: | <b>20-12-2022</b>                 |
| Function:      | <b>CSR Principal specialist</b> | Valid for – if other than resp. function: <b>Nilfisk Global</b>                 | Doc. Number:            | <b>QMS-0-CSR0840</b>              |
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| <b>NILFISK</b> |                                 | <b>Human Rights Policy</b>  |                         | Effective date: <b>20-12-2022</b> |
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# Human Rights Policy

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Version: 1.0  
Revised December 2022  
Approved by Nilfisk Leadership team:  
EVP, CMO and Head of CSR Camilla Ramby  
EVP, Head of HR Siam Schmidt

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## 1. Purpose of Policy

This policy underscores Nilfisk’s structured approach to demonstrate our respect for internationally recognized human rights, as expressed in the International Bill of Human Rights and The International Labor Organization’s Declaration on Fundamental Principles and Rights at Work. We commit to take appropriate action, within our sphere of influence in our chain of activities, and to address adverse impacts on Human Rights relevant to our chain of activities.

Nilfisk’s objective is to comply with applicable laws, international standards and recommendations and fulfill relevant expectations of our customers and stakeholders.

Recognizing that adequately addressing adverse impacts depends on its resources, Nilfisk will always prioritize impacts based on their severity and likelihood, just at it addresses other types of risks.

This policy is a consolidation and continuation of our existing *Code of Conduct & Supplier SOPs* (Standard Operating Procedure), as well as our *Whistleblower policy* and *statement on UK Modern Slavery Act*.

## 2. Scope of Policy

This policy covers all sites owned or operated by Nilfisk, our first-tier suppliers and other relevant business partners, based upon materiality, Nilfisk’s legal rights and obligations, and the fact that our influence diminishes as our chain of activities expands.

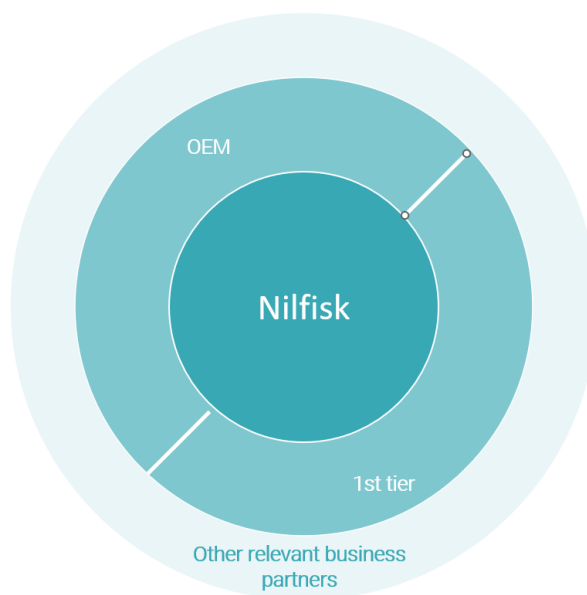


Figure 1. Scope overview

|                |                                 |   |                         |                                   |
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The policy has been developed and structured according to the generic 6 steps of due diligence that are based on international guidelines for human rights due diligence<sup>1</sup>.

- ➔ Commitment
- ➔ Risk assessment
- ➔ Dealing with negative impacts
- ➔ On-going follow up
- ➔ Communication
- ➔ Complaints

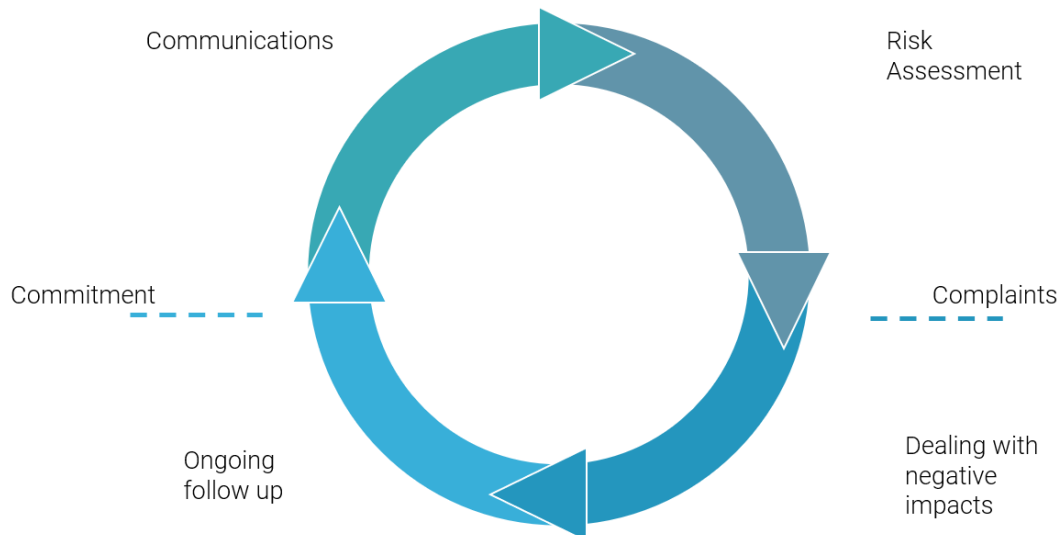


Figure 2. 6 steps of due diligence

### 3. Policy Owner / Roles & Responsibilities

Fulfilling the Human Rights Policy is a responsibility shared by all Nilfisk employees everywhere. However, certain operational functions have a particular influence on the fulfillment of the policy:

- ➔ Global HR
- ➔ Strategic Sourcing
- ➔ CSR
- ➔ Compliance

The Human Rights Policy is formally approved by Nilfisk Leadership team, by:  
 EVP, CMO and Head of CSR Camilla Ramby  
 EVP, Head of HR Siam Schmidt

<sup>1</sup> Ref.: Respect for Human Rights (the6steps.dk);  
<https://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-for-Responsible-Business-Conduct.pdf>

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### Policy Owner

The CSR / Sustainability team is the policy owner, ensuring that it is updated. The Human Rights Policy will be **reviewed bi-annually**, to ensure that Nilfisk complies with applicable international standards and live up to the expectations of our customers and stakeholders. The CSR team will collaborate with global HR, Strategic Sourcing, the global Compliance team, and other relevant functions to align potential adjustments to the existing policy and overlapping policies.

The Global Compliance Function owns and maintains the **Code of Conduct, Nilfisk Statement related to the UK Modern Slavery Act and Whistleblower Policy**, which overlaps this policy.

Strategic Sourcing owns and maintains the **Supplier SOPs and -manual** that also overlaps this policy.

## 4. Commitment to respect

Nilfisk commits to respect the internationally recognized human rights as expressed in the International Bill of Human Rights<sup>2</sup> and The International Labor Organization’s Declaration on Fundamental Principles and Rights at Work and will ensure that this policy applies to all Nilfisk sites and our chain of activities.

Wherever we operate, we will have processes employing appropriate measures to identify (through risk analysis), prevent (through our Code of Conduct) and mitigate (through our whistleblower process) relevant potential adverse human rights impacts that we may cause or contribute to through our business activities, and to use appropriate influence to seek to mitigate impacts to which we are directly linked.

*Our commitment to respect Human Rights is an integral part of the Nilfisk Code of Conduct, anchored in behaving with integrity as individuals and as a company. The Code of Conduct helps employees to act responsibly in their daily business-related decision making and interaction both internally and externally<sup>3</sup>. We will always act with integrity by being honest, fair, and accountable for our actions. This is what we expect of every Nilfisk colleague, and it reflects our expectations of business partners throughout the entire chain of activities. We recognize that in some places where we operate, laws against corruption or discrimination may be weak, or rarely enforced, and that standards of health, safety, and environmental protection may be rudimentary. Such concerns are irrelevant when it comes to implementing our Human Rights Policy and Code of Conduct – we act with the same level of integrity, no matter where we operate.*

If we determine that we have caused or contributed to an adverse human rights impact, we will endeavor to mitigate the adverse effect in line with our level of involvement in the impact. If we determine that we are directly linked to an adverse impact through our chain of activities, we will use the leverage we have on relevant business partners to seek to prevent or mitigate further adverse human rights impacts. The Nilfisk whistleblower system is one of several means to report *willful or negligent actions that are in direct violation of Human Rights, such as diversity and non-discrimination, freedom of organization, child labor, forced labor and health and safety<sup>4</sup>.*

<sup>2</sup> [OHCHR | International Bill of Human Rights](#)

<sup>3</sup> Quote from Nilfisk Code of Conduct

<sup>4</sup> Quote from the Nilfisk Whistleblower policy

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## 5. Risk Assessment

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The Nilfisk materiality assessment covers risks relating to forced and compulsory labor, diversity and equal opportunities, anti-corruption and ethical behavior and other human rights impacts. The process of human rights due diligence requires that Nilfisk assesses risks with regards to negative impacts on human rights within our chain of activities.

The Nilfisk risk assessment channels identify:

- ➔ relevant risks of negative effects on human rights
- ➔ how to prioritize our efforts
- ➔ topics to investigate further with our suppliers and stakeholders

Nilfisk identifies Human Rights risks through the following channels:

### High level risk assessment and mitigation at corporate level:

- **Enterprise risk assessment:** The overall objective of risk management is to support the realization of Nilfisk's strategy and support our operational and financial objectives, ensuring that risks are properly identified and mitigated. We use an integrated risk management framework to identify, assess, manage, monitor and communicate risks across the company. Nilfisk reports on the top-5 identified risks in its annual report, but to date Human Rights-related risks have not been ranked in the top 5 reported risks.
- **Quality risk assessment:** through this assessment, Nilfisk identifies external and internal relevant issues that could represent risks and opportunities to Nilfisk, relating to the QMS (Quality Management System) and EMS (Environment Management System). The risk register is updated annually with risks and mitigating activities, including internal risks in 2022 such as facility environmental compliance, and external risks such as due diligence checks of relevant business partners.
- **Internal audit of own activities:** Legal compliance audits are conducted by Nilfisk's Compliance team and framed by a Standard Operating Procedure (OTH-1-COM0759-01 Internal compliance site visits) to check Nilfisk compliance with its Code of Conduct. Locations are selected based on various factors including the Transparency International Annual Corruption Perception Index and empirical compliance information about a Nilfisk entity (e.g., reports of compliance violations or of risks that the entity faces).
- **Whistleblower system:** Nilfisk whistleblower system allows employees and external stakeholders to report non-compliance with the principles stated in Nilfisk Code of Conduct, including potential human rights impacts. Nilfisk also receives reports on these issues through internal reporting and through direct contact from individuals, e.g., by e-mail.

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#### Suppliers-specific risk assessment channels:

- **On-site audits of suppliers:** Nilfisk’s Compliance team visits Nilfisk suppliers to check their compliance with the Code of Conduct rules and applicable global standards. The list of targeted suppliers is defined by the Compliance team based on annual turnover, business situation with Nilfisk and location of the suppliers.
- **CSR, compliance and regulatory questionnaire:** Nilfisk sends a questionnaire to prospective suppliers with whom Nilfisk signs a new contract or renews a contract. Completing the questionnaire is a mandatory step in the supplier's approval procedure, requiring supplier responses regarding environment, health and safety, labor and human rights, product safety and quality and a broad range of business ethics.
- **Supplier risk evaluation procedure** (framed by the SOPs QMS-1-PRC0260 Supplier Evaluation, Re-Evaluation based on Performance and Overall Risk): this procedure aims at assessing existing suppliers’ performance and overall risk. The assessment includes, among other, compliance with the UNGC principles. The Supplier assessment is defined for active suppliers (activities last 12 months) fulfilling one of below criteria:
  - ➔ OEM supplier
  - ➔ Supplier manufacturing or assembly of Nilfisk design (machines or spare parts)

## 6. Dealing with negative impacts

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### Dealing with risks of negative impacts – prevention action

Nilfisk is acting to prevent human rights risk through:

- Nilfisk Code of Conduct: *expressing Nilfisk's commitment to promoting integrity-centric behavior throughout the global organization. Nilfisk is committed to inform and train employees, relevant business partners, and other key stakeholders in the Code of Conduct*<sup>5</sup>.
- Compliance appendix in supplier contracts: Nilfisk requires suppliers at all times to comply with their own Code of Conduct, which should be significantly similar to the Nilfisk Code of Conduct. Suppliers without such a Code of Conduct must implement and comply with the Nilfisk Code of Conduct, including all applicable guidelines.

Moreover, Nilfisk risk assessment channels are associated with a risk mitigation plan:

- Enterprise risk assessment: *the Nilfisk Leadership Team is responsible for the identification, assessment, prioritization, and mitigation of strategic, financial, operating, CSR, compliance, safety, and reputational risks as well as key risks related to other areas*<sup>6</sup>

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<sup>5</sup> Quote from Nilfisk Code of Conduct

<sup>6</sup> Quote from the Nilfisk Annual Report 2021

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- Quality risk assessment includes an *updated risk register with mitigating activities, responsible person, risk owner, and deadlines for implementing risk mitigating activities is validated by the CEO*<sup>7</sup>.

## Dealing with negative impacts that have occurred

**Through the whistleblower system and other means of reporting concerns** - Any reported concern is reviewed to determine whether it should be investigated as a Code of Conduct matter – matters not relevant to the Code are reviewed by the appropriate Nilfisk function. Investigations depend on the nature, complexity and severity of the report. The investigator usually gathers more information to clarify reported concerns, such as:

- Interviewing involved employees and other relevant persons connected to the matter
- Reviewing documents, IT-equipment
- Following up on communication with the reporters
- Involving relevant parties on a need-to-know basis
- Information to HR responsible employees when needed

Where a report is assessed as 'real' and 'material' the matter may be referred to third parties, such as audit firms and legal firms, for further investigation, and information may be disclosed to public authorities and/or the courts. Nilfisk will cooperate with the authorities as appropriate. The Audit Committee and the Board of Directors of Nilfisk Holding A/S are regularly updated on relevant reports and receive statistical information of the Whistleblower Hotline Reports<sup>8</sup>.

**Through internal audits of own activities** – Internal audits are followed up by sharing a report of findings and mitigation actions with local management for comments and questions, before final completion<sup>9</sup>:

- The report is shared with local management and Nilfisk's general counsel and when relevant with Global Finance
- A summary is provided to the Audit Committee, relevant members of the Nilfisk Leadership Team and other relevant colleagues
- As needed, the compliance team follows up with local management on mitigation steps<sup>10</sup>

**Through supplier's audit and assessment** - Nilfisk deals with suppliers in a structured and responsible manner. Nilfisk only agrees to work with suppliers that respect fundamental human rights and follow applicable international guidelines for human rights due diligence.

If relevant negative impacts are identified at a supplier, Nilfisk will first engage in dialogue with the supplier, providing advice on mitigating steps and a reasonable timeline to comply. If, during the supplier re-evaluation procedure, compliance is found as "not achieved", required mitigation actions vary.

Typical mitigation actions include:

- Category Strategy Update / Supplier Relationship Management,
- New Business Hold or Full exit,

<sup>7</sup> Quote from the CDP report 2022

<sup>8</sup> Quote from the Whistleblower policy

<sup>9</sup> Quote from Internal Compliance site visits process

<sup>10</sup> Text from the Nilfisk Internal compliance site visits SOP

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- *Dual Sourcing,*
- *Stock or Frame agreement,*
- *Supplier Improvement, Development activity, Top Focus program<sup>11</sup>.*

## 7. On-going follow up

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Internal negative impacts: The CSR / Sustainability team will host quarterly follow up meetings with relevant stakeholders to ensure necessary actions have occurred.

Supplier negative impacts: If a risk area has been identified with a supplier<sup>12</sup>, Nilfisk Strategic Sourcing will be responsible to identify mitigating action and follow-up to ensure necessary actions have been taken.

## 8. Communication

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This Policy will be available on Nilfisk website and communicated on Nilfisk World as well as anchored in the Quality Management System of Nilfisk.

Moreover, it will be communicated to our suppliers, old and new ones, as a matter of ensuring that they are aware of the Nilfisk standards for Human Rights.

## 9. Revision Log

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| Section | Rev | Description of Change              | Review date | Reviewed by:   | Approve date | Approved by:  |
|---------|-----|------------------------------------|-------------|----------------|--------------|---|
| All     | 01  | Original Release (Initial Version) | 20 Dec 2022 | Betina Lougart | 15 Dec 2022  | Joseph Simon / Siam Schmidt/ Camilla Ramby / Peter Tanzer |
|         |     |                                    |             |                |              |   |

<sup>11</sup> Quote from Nilfisk Supplier SOP

<sup>12</sup> As per supplier assessment stated in sec 5 Risk assessment



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## 10. Appendix: Related Nilfisk Policies

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[English - Code of Conduct 2019.pdf \(sharepoint.com\)](#)

[UK Modern Slavery Act statement final.docx \(sharepoint.com\)](#)

[QMS-0-070038-03: Supplier Requirement Manual \(SRM\) \(refers to the UNGC principles\)](#)

[QMS-1-PRC0129-05: Strategic Sourcing \(stresses the contribution of Strategic Sourcing to fulfil the CSR agenda of Nilfisk\)](#)

[QMS-1-PRC0260: Supplier Evaluation, Re-Evaluation based on Performance and Overall Risk](#)