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REMUNERATION POLICY FOR THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT OF NILFISK HOLDING A/S - GENERAL GUIDELINES ON INCENTIVE PROGRAMS

1. INTRODUCTION

- 1.1 The remuneration policy of Nilfisk Holding A/S (the "Company") for the Board of Directors and the Executive Management comprises principles for provision of remuneration and general guidelines for provision of incentive pay for the Board of Directors and the Executive Management (including the Board of Directors and Executive Management in Nilfisk A/S). The "Executive Management" refers to the executive board registered with the Danish Business Authority.
- 1.2 The Company uses provision of remuneration to the Board of Directors and provision of remuneration and incentive pay to the Executive Management with the object of ensuring coincidence of interest between the Company's and Nilfisk A/S' Board of Directors, Executive Management and shareholders, and with the object of constantly maintaining the motivation of both Boards for achieving the targets set by the Company.
- 1.3 In accordance with section 139 of the Danish Companies Act the Board of Directors has formulated general guidelines for the Company's provision of incentive pay to the Board of Directors and the Executive Board of the Company and Nilfisk A/S and has submitted these guidelines for approval by the Company at the General Meeting (cf. item 3).

2. PRINCIPLES FOR REMUNERATION OF THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT

2.1 Board of Directors

- 2.1.1 The Board of Directors considers the directors' remuneration at frequent intervals based on recommendations from the Remuneration Committee of the Board. During the formulation of these recommendations, the Remuneration Committee is guided by relevant comparisons with other large Danish companies. Proposals for the directors' remuneration for the current year will be notified at the general meeting prior to adoption of the remuneration. The directors' remuneration is approved as a separate item on the agenda at the general meeting.
- 2.1.2 Each member of the Board of Directors receives a fixed annual fee. Ordinary board members receive a fixed amount (basic fee), while the Chairman and Deputy Chairman receive multiples thereof: The Chairman receives 3 x the basic fee and the Deputy Chairman receives 2 x the basic fee. For participation in the board committees formed by the Company the remuneration shall be as follows:
- 2.1.3 The Chairman of the Audit Committee is remunerated with DKK 200,000, whereas the committee's second member is remunerated with DKK 100,000.
- 2.1.4 The Chairmen of the Remuneration Committee and the Nomination Committee are remunerated with DKK 100,000 each and the second member of each committee is remunerated with DKK 50,000.
- 2.1.5 Expenses such as travel and accommodation relating to board meetings and relevant training are reimbursed.

2.1.6 Regardless of clause 2.1.2, members of the Board of Directors of Nilfisk A/S, who also serve as members of the Board of Directors of the Company or who are employed by the Nilfisk group, do not receive specific remuneration related to their board position in Nilfisk A/S.

2.2 Executive Management

2.2.1 Proposals concerning the remuneration to the Executive Management in the Company and Nilfisk A/S are submitted by the Remuneration Committee. Proposals for remuneration are dealt with and decided by the respective Board of Directors. Where a member of the Executive Management in the Company serves as group CEO or CFO, such member will only receive one remuneration package, resolved by the Board of Directors of the Company.

2.2.2 The remuneration of the Executive Management is considered annually in relation to that of other comparable companies.

2.2.3 The remuneration package to the Executive Management consists of a fixed basic salary, a short-term cash bonus, a long-term incentive scheme (share based or bonus based) and other benefits in the form of usual non-monetary benefits and reimbursement of expenses relating to the employment.

2.3 Pension

2.3.1 The pension contribution for the Executive Management comprises a maximum of 15% of the fixed basic salary.

2.4 Other benefits

2.4.1 The Executive Management receives special non-monetary benefits such as company car, phone, etc. Expenses incurred by the Executive Management relating to travel, conferences, training etc. are reimbursed.

2.5 Severance pay

2.5.1 The period of notice for the Executive Managers may not exceed 18 months. In connection with significant changes in the Company's or Nilfisk A/S' ownership structure, these notice periods may be extended for a transitional period by six months.

3. GENERAL GUIDELINES ON INCENTIVE PAY FOR THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT, CF. SECTION 139 OF THE DANISH COMPANIES ACT

3.1 Members of the Executive Management of the Company and Nilfisk A/S may receive incentive pay, whereas members of the Board of Directors do not participate in any incentive programs.

3.2 Incentive programs for the Executive Management may consist of pay by shares, stock options, warrants, restricted shares, phantom shares (hereinafter collectively "share based incentives") and bonus agreements.

3.3 Share based incentives

3.3.1 At the decision of the Board of Directors of the Company, the Executive Management may be granted annually share based incentive pay of a value comprising up to 50% of the individual Executive's fixed annual salary including pension. The value of stock options, warrants or the like granted is calculated using the Black & Scholes formula.

- 3.3.2 It will be determined in the decision of share based incentives whether or not any consideration is payable by the Executive Management. The award of share based incentives must be granted at market price. Discounts, if any, must be mitigated by performance criteria or other features that justify such discount. The incentive pay may be granted on terms entailing favourable taxation for the individual Executive, including where the related costs are not being tax-deductible for the Company.
- 3.3.3 Share based incentives must have a minimum vesting period of three years and a maximum vesting period of six years after the date granted. Furthermore, the Board of Directors can determine as a condition that any exercise is subject to a certain target achievement in the form of various "key performance indicators" ("KPI"), including increase in for example EBITDA, EBIT, return on investments to the shareholders, available funds, performance compared to competitors etc. ("Matching Shares / Performance Shares").
- 3.3.4 The Board of Directors may decide to compensate for disadvantages arising through changes in the Company's capital structure or resulting from submission of a takeover offer for the Company's shares. Shares necessary for any compliance with share pay may be obtained by issue of new shares or use of own shares. The Company's Board of Directors may decide that warrants can be exercised through differential settlement.
- 3.3.5 The Company's Board of Directors has the right to change or discontinue one or more incentive programs established (but not yet fully exercised) in compliance with this policy including any KPI, provided that such change is covered by the remuneration policy's general guidelines and does not affect the overall scope and purpose.

3.4 Bonus payments

- 3.4.1 An annual bonus may be paid to the individual Executive subject to fulfilment of conditions, targets and terms stated in the bonus agreement.
- 3.4.2 The criteria for granting of bonus may be the achievement of specified sales or earnings targets or completion of special one-off tasks such as significant acquisitions or divestments, etc.
- 3.4.3 On the basis of a bonus agreement an Executive may each year receive a bonus payment corresponding to 40% of the fixed annual salary. The CEO may, however, receive a bonus payment corresponding to 70% of the fixed annual salary. The value of the total yearly granted bonus will appear in the Company's Annual Report.

3.5 Specific agreements

- 3.5.1 Specific agreements on remuneration with the Executive Management or changes to existing agreements may only be entered into within the framework of the present guidelines. Agreements or changes thereto not falling within the framework of these guidelines must be approved by the Annual General Meeting before becoming effective.

Adopted in connection with the establishment of Nilfisk Holding A/S by NKT A/S' Extraordinary General Meeting held on 10 October 2017.