



Independent limited assurance report on Danfoss A/S recalculated baseline emissions from scope 1 and 2 for the 12 month period ended 31 December 2019

To the executive management of Danfoss A/S

Danfoss A/S engaged us to provide limited assurance on the recalculated baseline emissions from scope 1 and 2 for the 12 month period ended 31 December 2019, as stated in Appendix B attached to this report.

Our conclusion

Based on the procedures we performed and the evidence we obtained, nothing came to our attention that causes us not to believe that the recalculated baseline emissions from scope 1 and 2 for the 12 month period ended 31 December 2019 of Danfoss A/S are prepared, in all material respects, in accordance with the applied accounting policies developed by Danfoss A/S as stated in Appendix A the “accounting policies”.

This conclusion is to be read in the context of what we state in the remainder of our report.

Emphasis of matter

We draw attention to the recalculated 2019 baseline, whereby Danfoss A/S has updated the emissions from scope 1 and 2 for the 12 month period ended 31 December 2019 to include the acquisition and divestment of businesses as at 31 December 2023. The emissions from scope 1 and 2 are prepared in accordance with the accounting policies: see Appendix A and Appendix B.

Our conclusion is not modified in respect of this matter.

What we are assuring

The scope of our work was limited to assurance over the recalculated baseline emissions from scope 1 and 2 for the 12 month period ended 31 December 2019 of Danfoss A/S (the “performance data”): stated in Appendix B attached to this report.

Professional standards applied and level of assurance

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3410 ‘Assurance Engagements on Greenhouse Gas Statements’. The quantification of greenhouse gas emissions is subject to inherent uncertainty because of incomplete scientific knowledge used to determine the emissions factors and the values needed to combine emissions of different gases.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks; consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.



Our independence and quality control

We have complied with the independence requirements and other ethical requirements in the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior, and ethical requirements applicable in Denmark.

PricewaterhouseCoopers applies International Standard on Quality Management 1, ISQM 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our work was carried out by an independent multidisciplinary team with experience in sustainability reporting and assurance.

Understanding reporting and measurement methodologies

The performance data needs to be read and understood together with the accounting policies. The accounting policies used for the preparation of the accounting policies stated in Appendix A, which Management is solely responsible for selecting and applying.

The absence of a significant body of established practice on which to draw to evaluate and measure the performance data allows for different, but acceptable, measurement techniques and can affect comparability between entities, and over time.

Work performed

We are required to plan and perform our work in order to consider the risk of material misstatement of the performance data. In doing so and based on our professional judgement, we:

- Evaluated the appropriateness of the accounting policies used (Appendix A), their consistent application and related disclosures (Appendix B).
- Obtained an understanding of the reporting processes for the performance data, including obtaining a general understanding of internal control relevant to our limited assurance engagement.
- Made inquiries and conducted interviews with Danfoss A/S' management with responsibility for management and reporting of the performance data to assess reporting and consolidation process, use of company-wide systems and controls performed;
- Obtained assurance evidence that the performance data reconciles with underlying records of the company;
- Performed limited substantive testing on a sample basis to underlying documentation and evaluated the appropriateness of quantification methods and compliance with the accounting policies for preparing performance data and in relation to selected Danfoss A/S reporting sites;
- Evaluated the evidence obtained.



Management's responsibilities

Management of Danfoss A/S is responsible for:

- Designing, implementing and maintaining internal control over information relevant to the preparation of the performance data in the attached appendices that are free from material misstatement, whether due to fraud or error;
- Establishing objective accounting policies for preparing the performance data;
- Measuring and reporting the information in the performance data based on the accounting policies; and
- The content of the performance data.

Our responsibility

We are responsible for:

- Planning and performing the engagement to obtain limited assurance about whether the performance data for the year are prepared, in all material respects, in accordance with the accounting policies;
- Forming an independent conclusion, based on the procedures performed and the evidence obtained; and
- Reporting our conclusion to the executive management of Danfoss A/S.

This report, including our conclusions, has been prepared solely for the Management of Danfoss A/S in accordance with the agreement between us. We permit this report to be disclosed online at Danfoss A/S' website in respect of the 2023 reporting year. The maintenance and integrity of Danfoss A/S's website and its content are the responsibility of the Management; the work carried out by us will not involve consideration of these matters.

Hellerup, 19 February 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 3377 1231

A handwritten signature in blue ink, appearing to read 'Mads Melgaard', is written over a printed name.

Mads Melgaard

State Authorised Public Accountant

A handwritten signature in black ink, appearing to read 'Soomi Do', is written over a printed name.

Soomi Do
ICAEW Chartered Accountant (ACA)



Appendix A - Accounting policies for Danfoss A/S recalculated 2019 baseline emissions from scope 1 and 2

Consolidation and scope of reporting

The scope 1 and 2 GHG emission calculation encompasses consolidated data from the parent company, Danfoss A/S (Danfoss), and subsidiaries controlled by Danfoss.

Scope of reporting is covering all Danfoss locations.

GHG emissions are calculated in accordance with the GHG Protocol. The consolidation of GHG emissions follows the operational control approach, which implies that all locations where Danfoss has operational control are included in the scope 1 and 2 figures.

Data from associates, joint ventures and other capital interests are not included. Data from mergers and acquisitions are included from the reporting year after finalization of the transaction. This applies for the newly acquired BOCK Compressor business, where Danfoss will include environmental performance data from 2024. In case of divestments in the reporting year, the data are included until the transaction date.

The recalculated 2019 baseline includes Danfoss acquisition of Eaton Hydraulics business in August 2021 (2019 emissions data), Danfoss acquisition of Semikron business in August 2022 (2019 emissions data), and it's also corrected for the divestment of White Drive business in 2022 (2019 emissions data), and for Danfoss exit from Russia in 2022 (2019 emissions data).

General considerations

Primary data on scope 1 and 2 GHG emission constitutes the largest proportion of the emissions data. This includes data from digital and manual meter readings and consumption data from invoices.

For the part of Danfoss locations where no consumption and emission data are available, average consumption values per m² have been applied to estimate energy consumption and GHG emissions. For 2019 this amounts to 8% of total scope 1 and 2 emissions (location-based).

If available, calculations of GHG emissions are based on emission factors from invoices from energy suppliers. Otherwise, the most recent available emission factors from the International Energy Agency (IEA), are applied. For 2019 emissions, factors from 2018 were used. All GHG emissions are converted to CO₂ equivalents (CO₂e).

Scope 1 GHG emissions

Scope 1 GHG emissions includes direct emissions from combustion of gas and oil, filling media and mileage in Danfoss owned or controlled vehicles. Emission factors from IEA have been applied. For 2019 emissions, factors from 2018 were used.

Scope 2 GHG emissions (location-based)

Scope 2 GHG emissions (location-based) include indirect emissions from purchased heating and electricity. Location-based emission factors from IEA have been applied. For 2019 emissions, factors from 2018 were used.



Scope 2 GHG emissions (market-based)

Scope 2 GHG emissions (market-based) include indirect emissions from purchased heating and electricity. Emission factors from IEA have been applied. For 2019 emissions, factors from 2018 were used.



Appendix B - Danfoss A/S recalculated baseline emissions from scope 1 and 2 for the 12 month period ended 31 December 2019

Scope	2019 (CO₂e metric tons)	Semikron acquisition 2022	Recalculated 2019 (CO₂e metric tons)¹
Scope 1 GHG emissions	114,539	46,388	161,122
Scope 2 GHG emissions (location-based)	304,577	10,091	314,137
Scope 2 GHG emissions (market-based)	304,577	10,091	314,137

¹ The 2019 scope 1 and 2 GHG emissions have been updated with acquisitions and divestment of businesses as at 31 December 2023. The remaining immaterial variances are due to ongoing improvements in data quality.