# Welcome to your CDP Climate Change Questionnaire 2022

# C0. Introduction

## C0.1

**(C0.1) Give a general description and introduction to your organization.**

Danfoss engineers advanced technologies that enable the world to build a better, smarter and more efficient tomorrow. In the world's growing cities, we ensure the supply of fresh food and optimal comfort in our homes and offices, while meeting the need for energy-efficient infrastructure, connected systems and integrated renewable energy. Danfoss' solutions are used in areas such as refrigeration, air conditioning, heating, motor control and mobile machinery. Our innovative engineering dates back to 1933 and today Danfoss holds market-leading positions, employing 40.000 and serving customers in more than 100 countries. Danfoss is privately held by the founding family. Danfoss has a two-tier management system consisting of the Board of Directors and the Group Executive Team, including the CEO and CFO. The Board of Directors sets out the general direction for the company by approving strategies and targets, and the Group Executive Team develops and executes the strategy and handles the day-to-day management.

Driven by the potential of an electrified society, and powered by the opportunities of going digital, Danfoss is engineering technology that helps the world to get much more out of less. With the promise of quality, reliability and innovation deeply rooted in our DNA, we deliver an extensive range of products and solutions across our business segments of Danfoss Climate Solutions, Danfoss Drives and Danfoss Power Solutions. The center of our Going Great strategy is an ambition of driving long-term value creation for all our stakeholders: customers, employees, shareholders, and partners. By combining our application know-how and innovative engineering to create smart sustainable solutions, we play a significant role in the green transition towards lower carbon emissions and more electrification, making the world’s energy consumption more sustainable. This is how we work to meet our aspiration: engineering tomorrow and building a better future.

Danfoss Climate Solutions:
As a market leader within cooling and heating, Danfoss Climate Solutions is on a mission to lead the way to a greener future, providing integrated, energy-efficient heating and cooling solutions to enable sustainable development in buildings, cold chains, industrial applications, and infrastructure. Backed by our advanced components, systems, and software, we are

actively engineering tomorrow's HVACR technology with a focus on: energy-efficient solutions for a sustainable future, world-class expertise anchored in local knowhow, integrated solutions for optimized HVACR systems.

Danfoss Power Solutions:
A leading player and pioneer in the mobile hydraulics market, Danfoss Power Solutions engineers hydraulic, electric and electronic components to optimize machine management. By driving the next generation of hydraulics and electrification, we're enabling industries and machinery to build, move and transform our world in a more energy-efficient and sustainable way. The segment covers four divisions: Electric converters and machines, Electronic controls, Motors and Pumps. Within each division, the segment plays a leading role in R&D, design, manufacture and sale of innovative and performance-enhancing hydraulic and electronic systems and components. The business segment is highly specialized in mobile hydraulics and provides world-class solutions for the construction, agriculture, and other off-highway vehicle markets.

Danfoss Drives:
Danfoss Drives is dedicated to low voltage AC drives that work with any motor or system - for optimal control of electric motors. The key competitive advantage for Danfoss Drives is unique expertise and application knowledge, and Danfoss Drives is driven by passion to develop, manufacture and sell the best AC drives in the world and provide customers with efficient product lifecycle services.  AC drives are used, for example, in pumps, fans, elevators, escalators, conveyors and compressors. Danfoss Drives solutions also play a key role when energy is produced from renewable sources. Danfoss Silicon Power is also part of the Danfoss Drives segment. This business develops and manufactures power modules and stacks for a number of industries, like the automotive and wind industries.

# C0.2

### (C0.2) State the start and end date of the year for which you are reporting data.

| | Start date | End date | Indicate if you are providing emissions data for past reporting years |
|---|---|---|---|
| Reporting year | January 1, 2021 | December 31, 2021 | No |

# C0.3

### (C0.3) Select the countries/areas in which you operate.

Brazil
Bulgaria
China
Denmark
Finland
France
Germany
India

Italy
Japan
Mexico
Netherlands
Poland
Romania
Russian Federation
Slovakia
Slovenia
Spain
Turkey
United States of America

## C0.4

**(C0.4) Select the currency used for all financial information disclosed throughout your response.**

EUR

## C0.5

**(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.**

Operational control

## C0.8

**(C0.8) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?**

| Indicate whether you are able to provide a unique identifier for your organization | Provide your unique identifier |
|---|---|
| No | |

# C1. Governance

## C1.1

**(C1.1) Is there board-level oversight of climate-related issues within your organization?**

Yes

# C1.1a

**(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.**

| Position of individual(s) | Please explain |
|---|---|
| Chief Executive Officer (CEO) | The Chief Executive Officer (together with the Group Executive Team, including the Heads of the Segments, the CFO, CEO and president of Developing Regions) develops the strategy and handles the day-to-day management of the company and execution of the strategy. They have oversight over all business activities, including the climate targets, KPIs and risks related to climate change. The Group Executive Team (GET) has approved the decarbonization project plan, its governance structure and the Power Purchase Agreements (PPA), which ensures that the electricity used in all Danfoss locations in Denmark and Germany is renewable. In 2021, GET has approved the company wide ESG project to accelerate the integration of Danfoss ESG strategy into Core and Clear business strategy. |
| Board-level committee | The Board of Directors lays the general course for the company by approving strategies and targets, including the approach to climate, both when it comes to products and the business.<br>Climate related topics are being raised to the Board of Directors for management review, feedback and/or approval as decided by the Group Executive Team. The "2030 ESG Ambition" is approved by the Board of Directors in 2021 including the approach to decarbonizing Danfoss scope 1, 2 and 3. |

# C1.1b

**(C1.1b) Provide further details on the board's oversight of climate-related issues.**

| Frequency with which climate-related issues are a scheduled agenda item | Governance mechanisms into which climate-related issues are integrated | Please explain |
|---|---|---|
| Scheduled – some meetings | Reviewing and guiding strategy<br>Reviewing and guiding major plans of action<br>Reviewing and guiding risk management policies<br>Reviewing and guiding business plans<br>Monitoring implementation and performance of objectives | The board receives information from the CEO and other senior executives in the strategic direction of climate-related issues, e.g. the ambition to strive for carbon neutrality by 2030. The board then at the formal meetings or between meetings reviews the information and provides feedback and/or approval. |

| | | |
|---|---|---|
| | Overseeing major capital expenditures, acquisitions and divestitures<br>Monitoring and overseeing progress against goals and targets for addressing climate-related issues | |

# C1.1d

**(C1.1d) Does your organization have at least one board member with competence on climate-related issues?**

| | Board member(s) have competence on climate-related issues | Criteria used to assess competence of board member(s) on climate-related issues |
|---|---|---|
| Row 1 | Yes | Extensive knowledge and skills within climate, environment, social and governance areas, including science and environmental literacy.<br>Expertise on global sustainable development and green transition.<br>Strategic execution competences in supporting organizational change, mitigating risks, engaging stakeholders, being actively involved in policy efforts. |

# C1.2

**(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.**

| Name of the position(s) and/or committee(s) | Responsibility | Frequency of reporting to the board on climate-related issues |
|---|---|---|
| Chief Financial Officer (CFO) | Assessing climate-related risks and opportunities | As important matters arise |
| Sustainability committee | Both assessing and managing climate-related risks and opportunities | More frequently than quarterly |
| Other C-Suite Officer, please specify<br>Senior Vice President, Head of Group Communication and Sustainability | Both assessing and managing climate-related risks and opportunities | As important matters arise |
| Other committee, please specify<br>Group Executive Team | Assessing climate-related risks and opportunities | As important matters arise |

| | | |
|---|---|---|
| Chief Executive Officer (CEO) | Managing climate-related risks and opportunities | Quarterly |

# C1.2a

**(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).**

Danfoss has a two-tier management system consisting of its Board of Directors and the Group Executive Team. The Board of Directors lays the general course for the company by approving strategies and targets. The Group Executive Team develops the strategy and handles the day-to-day management of the company and execution of the strategy. The Group Executive Team implements the strategies and targets through their respective organizations.

The Group Executive Team is responsible for climate change and consists of the following members:

- President and CEO of Danfoss
- Executive Vice President and CFO of Danfoss
- Segment President, Danfoss Climate Solutions
- Segment President, Danfoss Power Solutions
- Segment President, Danfoss Drives
- President, Developing Regions

Danfoss has an ESG Leadership Team / Sustainability Board responsible for the continuous management, monitoring and alignment of ESG, sustainability and climate-related issues. The team consists of senior managers from:

- Group Communication & Sustainability
- Group Sustainability
- Group Procurement
- Group Regulatory
- Global Services
- Group Human Resources
- Danfoss Drives Segment
- Danfoss Climate Solutions Segment
- Danfoss Power Solutions Segment

The climate-related issues are monitored and prioritized by various organizational levels:

- Global Real Estate: Responsible for facility and energy management of all locations and buildings including risk management and risk mitigation. Furthermore, responsible for providing various services to the global organization: accounting, HR, logistics, EHS services.
- Group Sustainability: Responsible for overall risk assessment, climate strategy and targets, data collection and reporting.
- Segment management: Responsible for own operations including optimization of processes.
- Group Risk Management: Handles group related risk assessments and monitoring.

## C1.3

**(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?**

| | Provide incentives for the management of climate-related issues | Comment |
|---|---|---|
| Row 1 | Yes | |

## C1.3a

**(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).**

| Entitled to incentive | Type of incentive | Activity incentivized | Comment |
|---|---|---|---|
| Environment/Sustainability manager | Monetary reward | Emissions reduction project<br>Energy reduction project<br>Efficiency target | Part of individual annual "Short term incentive" model for mid and senior management levels. |
| Chief Sustainability Officer (CSO) | Monetary reward | Emissions reduction project<br>Energy reduction project | Part of individual annual "Short term incentive" model for mid and senior management levels. |
| Other C-Suite Officer | Monetary reward | Emissions reduction project<br>Energy reduction project<br>Efficiency target | Part of individual annual "Short term incentive" model for mid and senior management levels. |

# C2. Risks and opportunities

## C2.1

**(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?**

Yes

## C2.1a

**(C2.1a) How does your organization define short-, medium- and long-term time horizons?**

| | From (years) | To (years) | Comment |
|---|---|---|---|
| Short-term | 0 | 3 | |

| | | | |
|---|---|---|---|
| Medium-term | 3 | 6 | |
| Long-term | 6 | 10 | |

# C2.1b

**(C2.1b) How does your organization define substantive financial or strategic impact on your business?**

At Danfoss all identified risks need to be assessed. To determine the current level of a risk, impact and likelihood is assessed according to the Danfoss Risk Assessment Guideline. The assessment should reflect the outcome of discussions between the risk experts considering respective background information and knowledge about the risk. The total impact of risks in Danfoss is composed of:

• Financial Impact - the effect a certain risk could have on Danfoss' (Segment's or Entity's) profit assuming a realistic worst-case scenario. The financial impact contributes 25% to the total impact.
• Impact on Brand - the effect a certain risk could have on Danfoss' brand assuming a realistic worst-case scenario. The impact on brand contributes 10% to the total impact.
• Impact on Health & Safety - the effect a certain risk could have on health & safety assuming a realistic worst-case scenario. The impact on health & safety contributes 20% to the total impact.
• Environmental Impact - the effect a certain risk could have on environment assuming a realistic worst-case scenario. The environmental impact contributes 5% to the total impact.
• Risk Velocity - the time until Danfoss perceives the effect after a risk has occurred. The risk velocity contributes 15% to the total impact
• Personal Liability - the effect a certain risk could have on employees in terms of fines or prosecution assuming a realistic worst-case scenario. The personal liability contributes 5% to the total impact.
• Impact on Customer Loyalty - the effect a certain risk could have on losing business or even customer relationships assuming a realistic worst-case scenario. The impact on customer loyalty contributes 20% to the total impact.

Each impact criteria are scored, and a weighted average is calculated to achieve the total impact score. To avoid a dilution effect only risk criteria which are applicable to the risk should be considered in the impact calculation. If one of the following risk criteria is not applicable or has no impact on a risk, an impact score of zero must be selected: As a consequence, non-applicable risk criteria will be excluded from the impact calculation and applicable criteria are considered with a respective higher weight.

Total impact of very low: Impact score <1,5
Total impact of low: Impact score ≥1,5
Total impact of high: Impact score ≥2,5
Total impact of very high: Impact score ≥3,5

# C2.2

**(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.**

### Value chain stage(s) covered

Direct operations
Upstream
Downstream

### Risk management process

Integrated into multi-disciplinary company-wide risk management process

### Frequency of assessment

More than once a year

### Time horizon(s) covered

Short-term
Medium-term

### Description of process

Risk Identification:
The identification of risks is the initial risk management step. When identifying risks the following two questions should be asked:
• What risks do we see in our own organizational unit?
• What risks do we see from our organizational unit's point of view for Danfoss as a group?
Approved risk identification tools are:
a) Bow-Tie Analysis
The Bow-Tie Analysis is a tool to analyze a particular risk and thus may support the risk identification. In a first step causes and consequences of the risk are identified. This could be of value when preparing for the Impact assessment (see Risk Assessment). Secondly, current risk treatment is investigated. Risk treatment to address causes is preventive, whereas treatment to address consequences is corrective. Risk treatment also helps to recognize if a risk is about to materialize or has already materialized. The identification of current risk treatment is a valuable preparation for the likelihood assessment (see Risk Assessment).
b) Brainstorming
In connection to risk identification, brainstorming is a group creativity technique by which efforts are made to find or identify risks spontaneously. To get a full list of risks, unusual input is welcome and criticism of input generated should be put 'on hold'. Looking from new perspectives and suspending assumptions trigger new ways of thinking and may detect hidden risks.
c) Danfoss Risk Universe
Danfoss classifies risks into risk categories. Each category is assigned to a risk acceptance level, which is confirmed by the Danfoss Risk & Compliance Committee.

The generic Risk Universe deals with best practice examples of risks and should provide inspiration, support and orientation during the risk classification. The Danfoss Risk Universe is a compilation of risks identified in Danfoss and serves for inspirational purposes only.

d) Vertical information sharing

To ensure a dynamic risk management, communication and exchange of risk information across organizational levels and units is elementary. Apart from risks identified in the own organization unit it is crucial to be aware of risks identified on lower/higher organizational levels, due to the escalation of risks and control over their treatment on different organizational levels.

e) Horizontal information sharing

A risk identified in a certain organization unit could be of relevance for other organization units as well. The communication of already identified risks could inspire other organization units and support in the risk identification, reducing the peril of overlooking a risk.

After a risk has been defined, Risk Stakeholders, who determine the Risk Owner, need to be identified. Based on the Danfoss Risk Universe the Stakeholders assign the risk to a risk identifier. All identified risks have to be documented in the Risk Repository and maintained regularly by employees with a risk management responsibility.

Opportunities

Risk-based thinking is essential when defining opportunities and plans. Therefore, risks connected to opportunities should be identified, assessed, treated and monitored. All risks which are connected to opportunities must be marked in the Risk Repository.

Risk assessment:

In Danfoss all identified risks need to be assessed. To determine the current level of a risk, impact and likelihood is assessed according to the Danfoss Risk Assessment Guideline. The assessment should reflect the outcome of discussions between the risk experts considering respective background information and knowledge about the risk.

The total impact of risks in Danfoss is composed of the impact in 7 categories, assuming a realistic worst-case scenario:

• Financial Impact contributing 25% to the total impact.
• Impact on Brand contributing 10% to the total impact.
• Impact on Health & Safety contributing 20% to the total impact.
• Environmental Impact contributing 5% to the total impact.
• Risk Velocity: The time until Danfoss perceives the effect after a risk has occurred, contributing 15% to the total impact.
• Personal Liability: The effect a certain risk could have on employees in terms of fines or prosecution, contributing 5% to the total impact.
• Impact on Customer Loyalty contributing 20% to the total impact.

Each impact criteria is scored and a weighted average is calculated to achieve the total impact score. If one of the risk criteria is not applicable or has no impact on a risk, an impact score of zero must be selected. As a consequence non-applicable risk criteria will be excluded from the impact calculation and applicable criteria are considered with a respective higher weight.

The total likelihood of risks in Danfoss is composed of:

• Ownership and responsibilities: Score considering the identification, communication of ownership and responsibilities including respective commitments, contributing 20% to the total likelihood.
• Capability and skill of people/organization: Score considering the capability, skills and the degree of organizational culture and structure in place supporting a robust risk management, contributing 20% to the total likelihood.
• Current treatment activities: Score based on the level of current treatment activities or the degree of their effectiveness, contributing 40% of the total likelihood.
• External influence: Score based on the extent Danfoss can influence the occurrence of a risk, contributing 20% to the total likelihood.

For the total impact and the total likelihood the following scale applies:
very low: Impact/Likelihood score <1,5
low: Impact/Likelihood score ≥1,5
high: Impact/Likelihood score ≥2,5
very high: Impact/Likelihood score ≥3,5
Based on the total risk impact and likelihood the current risk level can be determined using the impact/likelihood matrix.

Risk treatment:
Before determining the risk treatment for a specific risk, a comparison between the Current Risk Level and the Risk Acceptance Level is required. For each risk one of the following risk treatment strategies needs to be applied:
• Accept: To accept the risk is the recommended risk strategy if the comparison between current risk level and risk acceptance level reveals no gap. This means that no further risk treatment actions need to be defined, however, the existing actions need to be further performed (as they have been considered in the assessment of the current risk level) and their effectiveness monitored.
• Avoid: If the current risk level exceeds the risk acceptance level, the risk should be avoided, meaning that the risk will no longer be taken and related business areas and opportunities should no longer be pursued.
• Mitigate: If the Current Risk Level exceeds the Risk Acceptance Level, the risk should be mitigated by lowering the Current Risk Level, and thus, close the gap to the Risk Acceptance Level.
• Transfer: To transfer the risk to a third party or to a higher management level is the third option if the Current Risk Level exceeds the Risk Acceptance Level.

# C2.2a

### (C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

| | Relevance & inclusion | Please explain |
|---|---|---|
| Current regulation | Relevant, always included | Assessment of current regulation is performed as a part of the environmental management systems in each factory or business unit covered by the ISO 14001 certified management systems. The |

| | | |
|---|---|---|
| | | assessment is a part of the emergency preparedness processes or development/maintenance of the local business continuity plans. On group level, the assessment of regulation having an impact on a broad part of the organization is done as part of the regular corporate risk assessment. |
| Emerging regulation | Relevant, sometimes included | Assessment of emerging regulation is performed as a part of the environmental management systems in each factory or business unit covered by the ISO 14001 certified management systems. The assessment is a part of the emergency preparedness processes or development/maintenance of the local business continuity plans.<br>On group level, the assessment of regulation having an impact on a broad part of the organization is done as part of the regular corporate risk assessment. |
| Technology | Relevant, always included | Change in product technology and customer requirements. |
| Legal | Relevant, always included | EU Legislation making the premium gas filled thermostatic radiator valves (TRVs) obsolete. Danfoss has initiated a New Product Development-project to develop gas-filled TRV's in Danfoss that meet the EN215 requirements better. |
| Market | Relevant, always included | Market requirements, i.e. customer's requirement for climate-related product performance or climate-related disclosure is assessed as part of the product development process in the business units responsible for maintaining the products' performance.<br>We monitor regulation and development in the political landscape through interaction with politicians, decision makers and customers to ensure that we can react in time to changes in the regulations. The Public and Industry Affairs community in Danfoss monitors the development together with the market intelligence functions in the business units. This intelligence work provides management with the decision base to plan for new market penetrations, new product launches or increased appearance at fairs, tradeshows or the like. It also provides the basis for deciding how to approach customers and decision makers to best use our products to increase their energy efficiency and improve their resilience against increasing taxes. |
| Reputation | Relevant, always included | Danfoss reputational risk is assessed by Danfoss Group Communications & Sustainability as a part of a regular risk review process as well as on an ad-hoc basis, typically based on requests from the organization when they are dealing with climate-related projects and communication. An example is the reputational risk to the company if it is decided to use carbon offsetting as a mean to decarbonize the company. |

| | | |
|---|---|---|
| Acute physical | Relevant, always included | The assessment is a part of the emergency preparedness processes or development/maintenance of the local business continuity plans. On group level, the assessment of regulation having an impact on a broad part of the organization is done as part of the regular corporate risk assessment. |
| Chronic physical | Relevant, always included | The assessment is a part of the emergency preparedness processes or development/maintenance of the local business continuity plans. On group level, the assessment of regulation having an impact on a broad part of the organization is done as part of the regular corporate risk assessment. |

# C2.3

**(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?**

Yes

# C2.3a

**(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.**

**Identifier**

Risk 1

**Where in the value chain does the risk driver occur?**

Downstream

**Risk type & Primary climate-related risk driver**

Market

Changing customer behavior

**Primary potential financial impact**

Decreased revenues due to reduced demand for products and services

**Company-specific description**

If customers or communities get access to very cheap energy (e.g. electricity from new energy sources) and therefore no longer demand energy efficiency or energy productivity solutions or products, the business model of Danfoss is threatened if the company cannot adapt or change fast enough.

**Time horizon**

Medium-term

**Likelihood**

Unlikely

**Magnitude of impact**

High

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

35,000,000

**Potential financial impact figure – maximum (currency)**

180,000,000

**Explanation of financial impact figure**

Major loss of revenue. Estimated bottom-line effect.

**Cost of response to risk**

0

**Description of response and explanation of cost calculation**

The risk management program and internal and external intelligence measures provide for timely information about market trends and changes in regulations affecting the product portfolio.

**Comment**

Not estimated.

## C2.4

**(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

Yes

## C2.4a

**(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.**

**Identifier**

Opp1

**Where in the value chain does the opportunity occur?**

Direct operations

**Opportunity type**

Products and services

### Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

### Primary potential financial impact

Increased revenues resulting from increased demand for products and services

### Company-specific description

EU directives regarding energy using products and energy efficiency (e.g. "EN 50598-3 Ecodesign for power drive systems, motor starters, power electronics & their driven applications - Part 3: Quantitative eco design approach through life cycle assessment including product category rules and the content of environmental declarations") could increase customers' focus on energy saving products and more energy efficient solutions and thereby increase the demand for Danfoss' products and solutions and create new or expanding markets.

### Time horizon

Short-term

### Likelihood

Virtually certain

### Magnitude of impact

High

### Are you able to provide a potential financial impact figure?

Yes, an estimated range

### Potential financial impact figure (currency)

### Potential financial impact figure – minimum (currency)

35,000,000

### Potential financial impact figure – maximum (currency)

180,000,000

### Explanation of financial impact figure

Danfoss follows its assessment guideline as defined in the Danfoss risk management process. Based on stakeholders input the impact is estimated in the described range.

### Cost to realize opportunity

0

### Strategy to realize opportunity and explanation of cost calculation

Group Regulatory Affairs monitors together with the market intelligence and approvals functions in the business units regulation and standards to ensure that we can react in time to changes in the regulations. Group Risk Management has implemented tools and methods to determine the risk for violation of product regulation to ensure compliance in due time. This intelligence work provide management with the decision base to plan for implementation of new regulation. The implementation of the regulation is the

responsibility of the R&D functions in the business units together with Group Regulatory and Group Approvals.

### Comment

Not disclosed

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### Identifier

Opp2

### Where in the value chain does the opportunity occur?

Direct operations

### Opportunity type

Products and services

### Primary climate-related opportunity driver

Development of new products or services through R&D and innovation

### Primary potential financial impact

Increased revenues resulting from increased demand for products and services

### Company-specific description

Future carbon taxes could increase customers' focus on energy saving products and more energy efficient solutions to reduce their carbon emissions. That could lead to increased demand for Danfoss' products and solutions and create new or expanding markets.

### Time horizon

Medium-term

### Likelihood

Very likely

### Magnitude of impact

High

### Are you able to provide a potential financial impact figure?

Yes, an estimated range

### Potential financial impact figure (currency)

### Potential financial impact figure – minimum (currency)

35,000,000

### Potential financial impact figure – maximum (currency)

180,000,000

### Explanation of financial impact figure

Not disclosed

**Cost to realize opportunity**

0

**Strategy to realize opportunity and explanation of cost calculation**

We monitor regulation and development in the political landscape through interaction with politicians, decision makers and customers to ensure that we can react in time to changes in the regulations. The Public and Industry Affairs community in Danfoss monitors the development together with the market intelligence functions in the business units. This intelligence work provide management with the decision base to plan for new market penetrations, new product launches or increased appearance at fairs, tradeshows or the like. It also provides the basis for deciding how to approach customers and decision makers to best use our products to increase their energy efficiency and improve their resilience against increasing taxes.

**Comment**

Not disclosed

# C3. Business Strategy

## C3.1

### (C3.1) Does your organization's strategy include a transition plan that aligns with a 1.5°C world?

**Row 1**

**Transition plan**

No, but our strategy has been influenced by climate-related risks and opportunities, and we are developing a transition plan within two years

**Explain why your organization does not have a transition plan that aligns with a 1.5°C world and any plans to develop one in the future**

## C3.2

### (C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

| | Use of climate-related scenario analysis to inform strategy | Primary reason why your organization does not use climate-related scenario analysis to inform its strategy | Explain why your organization does not use climate-related scenario analysis to inform its strategy and any plans to use it in the future |
|---|---|---|---|
| Row 1 | No, but we anticipate using qualitative and/or quantitative analysis in the next two years | | |

# C3.3

**(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.**

| | Have climate-related risks and opportunities influenced your strategy in this area? | Description of influence |
|---|---|---|
| Products and services | Yes | EU directives regarding energy using products and energy efficiency (e.g. "EN 50598-3 Ecodesign for power drive systems, motor starters, power electronics & their driven applications - Part 3: Quantitative eco design approach through life cycle assessment including product category rules and the content of environmental declarations") could increase customers' focus on energy saving products and more energy efficient solutions and thereby increase the demand for Danfoss' products and solutions and create new or expanding markets.<br>Future carbon taxes could increase customers' focus on energy saving products and more energy efficient solutions to reduce their carbon emissions. That could lead to increased demand for Danfoss' products and solutions and create new or expanding markets. |
| Supply chain and/or value chain | No | Danfoss' supply chain is robust and due to a distribution across the globe not prone to risks in the supply chain with substantive financial or strategic impact. Therefore, these risks and opportunities have not influenced our business strategy to this point. |
| Investment in R&D | No | Danfoss has not identified a connection between climate-related risk mitigation or climate-related opportunity use and the investment in R&D. Therefore the strategy on R&D investment has not been influenced by climate-related risks and opportunities to date. |
| Operations | Yes | A carbon price of e.g. €30 per ton would increase our operational costs to €2.5m in Europe and potentially €7-8m globally. This has led to our Group Executive Teams strategic decision to join RE100 and commit to transition to 100% renewable electricity by 2030. Danfoss has furthermore joined EV100 to commit to transition the company's 2,000 company cars to EVs before 2030.<br>In 2021, 25% of our electricity used at the global production facilities came from the renewable sources through PPAs. |

## C3.4

**(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.**

| | Financial planning elements that have been influenced | Description of influence |
|---|---|---|
| Row 1 | Revenues<br>Direct costs<br>Capital expenditures | Increased interest by customers in energy efficient products and solutions will lead to increased net sales and thereby a better revenue.<br><br>As consequence of the company's aim to be carbon neutral in its operations by 2030, a project has been approved by management to start procuring green electricity from existing or new energy sources, e.g. wind or solar. Internal assessments show that the need for carbon neutral electricity can be met though Power Purchase Agreements with energy providers or through carbon offsetting.<br>Our priorities are "Energy efficiency first!" followed by procurement of electricity from new sources to ensure additionality and as a last resort carbon offsetting in those markets where PPAs are not available or where the price for the PPAs are not acceptable at present.<br>The PPAs will be CAPEX neutral to Danfoss as the investments will be made by third party investors.<br>It is expected that the PPAs will not impact our direct energy cost negatively as it is foreseen that the electricity prices will increase by up to 25% from 2021 to 2025 (source: The Danish Energy Agency). Signing fixed price PPAs will mitigate any increasing electricity prices over the strategy period 2020-2030.<br><br>Decarbonizing our use of fossil fuels for heating and production processes will be the most costly part of our journey towards carbon neutrality as many of our factories use natural gas for heating in own boilers. A study with the assistance of a major Danish engineering consultancy has shown that the cost of converting the local boilers to e.g. heat pumps will require a CAPEX in the range of 100-200 EURm over 10 years. |

# C4. Targets and performance

## C4.1

**(C4.1) Did you have an emissions target that was active in the reporting year?**

Absolute target
Intensity target

# C4.1a

**(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.**

**Target reference number**
Abs 1

**Year target was set**
2019

**Target coverage**
Company-wide

**Scope(s)**
Scope 1
Scope 2

**Scope 2 accounting method**
Market-based

**Scope 3 category(ies)**

**Base year**
2019

**Base year Scope 1 emissions covered by target (metric tons CO2e)**
55,696

**Base year Scope 2 emissions covered by target (metric tons CO2e)**
246,352

**Base year Scope 3 emissions covered by target (metric tons CO2e)**

**Total base year emissions covered by target in all selected Scopes (metric tons CO2e)**
302,048

**Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1**
100

**Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2**
100

**Base year Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)**

**Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes**

100

**Target year**

2030

**Targeted reduction from base year (%)**

100

**Total emissions in target year covered by target in all selected Scopes (metric tons CO2e) [auto-calculated]**

0

**Scope 1 emissions in reporting year covered by target (metric tons CO2e)**

45,100

**Scope 2 emissions in reporting year covered by target (metric tons CO2e)**

219,254

**Scope 3 emissions in reporting year covered by target (metric tons CO2e)**

**Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)**

264,354

**% of target achieved relative to base year [auto-calculated]**

12.4794734612

**Target status in reporting year**

Underway

**Is this a science-based target?**

No, but we are reporting another target that is science-based

**Target ambition**

**Please explain target coverage and identify any exclusions**

In 2020, we announced our ambition to be carbon-neutral in all our global operations by 2030. The target includes the scope 1 emissions (of the Greenhouse Gas Protocol) from the energy used to heat our buildings and emissions generated by the company car fleet and refrigerants used in our operational processes. It also covers scope 2 emissions from the purchased electricity, heating and cooling. In 2021, Danfoss carried the scope 1 and scope 2 emission baseline estimation as a part of the science-based target setting process. This has led to the change in the scope of the baseline emissions

and to the inclusion of the emissions from the company car fleet and from the use of the filling media in scope 1 baseline emissions.

**Plan for achieving target, and progress made to the end of the reporting year**

We will reach our goal by continuing to prioritize energy efficiency in buildings and processes, by moving towards electrification to meet our heating demand, and by using electricity from renewable sources to limit our global carbon-emissions footprint. We aim to substitute the natural gas and fossil-based district energy used for heating with renewable energy sources while, at the same time, we will continue to reduce energy demand by ensuring that no heat is wasted but is recovered and reused.

**List the emissions reduction initiatives which contributed most to achieving this target**

---

**Target reference number**

Abs 2

**Year target was set**

2021

**Target coverage**

Company-wide

**Scope(s)**

Scope 1
Scope 2

**Scope 2 accounting method**

Market-based

**Scope 3 category(ies)**

**Base year**

2019

**Base year Scope 1 emissions covered by target (metric tons CO2e)**

55,696

**Base year Scope 2 emissions covered by target (metric tons CO2e)**

246,352

**Base year Scope 3 emissions covered by target (metric tons CO2e)**

**Total base year emissions covered by target in all selected Scopes (metric tons CO2e)**

302,048

**Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1**

100

**Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2**

100

**Base year Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)**

**Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes**

100

**Target year**

2030

**Targeted reduction from base year (%)**

46.2

**Total emissions in target year covered by target in all selected Scopes (metric tons CO2e) [auto-calculated]**

162,501.824

**Scope 1 emissions in reporting year covered by target (metric tons CO2e)**

45,100

**Scope 2 emissions in reporting year covered by target (metric tons CO2e)**

219,254

**Scope 3 emissions in reporting year covered by target (metric tons CO2e)**

**Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)**

264,454

**% of target achieved relative to base year [auto-calculated]**

26.9401864513

**Target status in reporting year**

New

**Is this a science-based target?**

Yes, and this target has been approved by the Science Based Targets initiative

**Target ambition**

1.5°C aligned

### Please explain target coverage and identify any exclusions

In 2020, Danfoss announced the commitment to align its emission reduction pathway with science and to set a science-based target. In May 2022, we received our science-based target validation by the Science Based Target initiative. The target ambition was confirmed to be in line with a 1.5°C trajectory. The target boundary is aligned with the GHG inventory boundary. and it covers all emissions under Danfoss operational control.

### Plan for achieving target, and progress made to the end of the reporting year

We will reach our goal by continuing to prioritize energy efficiency in buildings and processes, by moving towards electrification to meet our heating demand, and by using electricity from renewable sources to limit our global carbon-emissions footprint. We aim to substitute the natural gas and fossil-based district energy used for heating with renewable energy sources while, at the same time, we will continue to reduce energy demand by ensuring that no heat is wasted but is recovered and reused.

### List the emissions reduction initiatives which contributed most to achieving this target

---

### Target reference number

Abs 3

### Year target was set

2021

### Target coverage

Company-wide

### Scope(s)

Scope 3

### Scope 2 accounting method

### Scope 3 category(ies)

Category 1: Purchased goods and services
Category 2: Capital goods
Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2)
Category 4: Upstream transportation and distribution
Category 5: Waste generated in operations
Category 6: Business travel
Category 7: Employee commuting
Category 9: Downstream transportation and distribution
Category 11: Use of sold products
Category 12: End-of-life treatment of sold products

### Base year

2019

**Base year Scope 1 emissions covered by target (metric tons CO2e)**

**Base year Scope 2 emissions covered by target (metric tons CO2e)**

**Base year Scope 3 emissions covered by target (metric tons CO2e)**

66,820,000

**Total base year emissions covered by target in all selected Scopes (metric tons CO2e)**

66,820,000

**Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1**

**Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2**

**Base year Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)**

100

**Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes**

100

**Target year**

2030

**Targeted reduction from base year (%)**

15

**Total emissions in target year covered by target in all selected Scopes (metric tons CO2e) [auto-calculated]**

56,797,000

**Scope 1 emissions in reporting year covered by target (metric tons CO2e)**

**Scope 2 emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3 emissions in reporting year covered by target (metric tons CO2e)**

77,814,000

**Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)**

77,814,000

**% of target achieved relative to base year [auto-calculated]**

-109.687718248

**Target status in reporting year**

Underway

**Is this a science-based target?**

Yes, and this target has been approved by the Science Based Targets initiative

**Target ambition**

2°C aligned

**Please explain target coverage and identify any exclusions**

In 2020, Danfoss announced the commitment to align its emission reduction pathway with science and to set a science-based target. In May 2022, we received our science-based target validation by the Science Based Target initiative. The target ambition was confirmed to be in line with a below 2°C trajectory. The target boundary is aligned with the GHG inventory boundary and it addresses the main sources of the GHG emissions.

**Plan for achieving target, and progress made to the end of the reporting year**

In 2021, we identified levers and mitigation activities for the reduction of CO2 emissions in our value chain. We'll take significant efforts to reduce emissions from the purchased goods and use of sold products by increasing energy efficiency, energy optimizing solution, new business models and circularity measures.

**List the emissions reduction initiatives which contributed most to achieving this target**

## C4.1b

**(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).**

**Target reference number**

Int 2

**Year target was set**

2008

**Target coverage**

Company-wide

**Scope(s)**

Scope 1

Scope 2

**Scope 2 accounting method**

Market-based

**Scope 3 category(ies)**

**Intensity metric**

Other, please specify

Metric tons CO2e per EURm net sales

**Base year**

2007

**Intensity figure in base year for Scope 1 (metric tons CO2e per unit of activity)**

14.15

**Intensity figure in base year for Scope 2 (metric tons CO2e per unit of activity)**

46.42

**Intensity figure in base year for Scope 3 (metric tons CO2e per unit of activity)**

**Intensity figure in base year for all selected Scopes (metric tons CO2e per unit of activity)**

60.57

**% of total base year emissions in Scope 1 covered by this Scope 1 intensity figure**

100

**% of total base year emissions in Scope 2 covered by this Scope 2 intensity figure**

100

**% of total base year emissions in Scope 3 (in all Scope 3 categories) covered by this Scope 3 intensity figure**

**% of total base year emissions in all selected Scopes covered by this intensity figure**

100

**Target year**

2030

**Targeted reduction from base year (%)**

50

**Intensity figure in target year for all selected Scopes (metric tons CO2e per unit of activity) [auto-calculated]**

30.285

**% change anticipated in absolute Scope 1+2 emissions**

-100

**% change anticipated in absolute Scope 3 emissions**

-15

**Intensity figure in reporting year for Scope 1 (metric tons CO2e per unit of activity)**

6.68

**Intensity figure in reporting year for Scope 2 (metric tons CO2e per unit of activity)**

32.47

**Intensity figure in reporting year for Scope 3 (metric tons CO2e per unit of activity)**

**Intensity figure in reporting year for all selected Scopes (metric tons CO2e per unit of activity)**

39.15

**% of target achieved relative to base year [auto-calculated]**

70.7280832095

**Target status in reporting year**

Replaced

**Is this a science-based target?**

No, but we are reporting another target that is science-based

**Target ambition**

**Please explain target coverage and identify any exclusions**

The target has been replaced by the targets Abs1 and Abs2 as part of Danfoss journey towards carbon-neutrality in its own global operations by 2030.

**Plan for achieving target, and progress made to the end of the reporting year**

**List the emissions reduction initiatives which contributed most to achieving this target**

## C4.2

**(C4.2) Did you have any other climate-related targets that were active in the reporting year?**

Target(s) to increase low-carbon energy consumption or production

Other climate-related target(s)

# C4.2a

**(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.**

**Target reference number**
Low 1

**Year target was set**
2019

**Target coverage**
Company-wide

**Target type: energy carrier**
Electricity

**Target type: activity**
Consumption

**Target type: energy source**
Renewable energy source(s) only

**Base year**
2019

**Consumption or production of selected energy carrier in base year (MWh)**
445,259

**% share of low-carbon or renewable energy in base year**
1.59

**Target year**
2030

**% share of low-carbon or renewable energy in target year**
100

**% share of low-carbon or renewable energy in reporting year**
26.86

**% of target achieved relative to base year [auto-calculated]**
25.6782847272

**Target status in reporting year**
Underway

**Is this target part of an emissions target?**
Abs2

### Is this target part of an overarching initiative?

RE100

### Please explain target coverage and identify any exclusions

In December 2019 Danfoss joined all three business initiatives by The Climate Group, including RE100 to send a strong signal to our business partners that we deliver on our climate ambition. To achieve our overarching goal to become carbon-neutral in our global operations by 2030, we start by purchasing electricity from renewable sources in all our locations.

### Plan for achieving target, and progress made to the end of the reporting year

We source renewable electricity through PPAs. Denmark and Germany have CO2-neutral electricity from January 2021 and we anticipate that the rest of Europe and all of USA will follow in 2022 or early 2023. By end of the reporting year, 25% of the company's electricity consumption was covered by PPAs.

### List the actions which contributed most to achieving this target

---

### Target reference number

Low 2

### Year target was set

2019

### Target coverage

Site/facility

### Target type: energy carrier

Other, please specify

Scope 1 and 2 combined

### Target type: activity

Consumption

### Target type: energy source

Renewable energy source(s) only

### Base year

2019

### Consumption or production of selected energy carrier in base year (MWh)

61,975

### % share of low-carbon or renewable energy in base year

0

### Target year

2022

**% share of low-carbon or renewable energy in target year**

100

**% share of low-carbon or renewable energy in reporting year**

80

**% of target achieved relative to base year [auto-calculated]**

80

**Target status in reporting year**

Underway

**Is this target part of an emissions target?**

Abs1, Abs2

**Is this target part of an overarching initiative?**

No, it's not part of an overarching initiative

**Please explain target coverage and identify any exclusions**

The carbon-neutral Headquarter target is a milestone of decarbonizing Danfoss global operations by 2030. Danfoss' campus in Nordborg, Denmark, hosts the company's largest production facility with more than 250,000 m2 under roof and >3,000 employees.

**Plan for achieving target, and progress made to the end of the reporting year**

The buildings have undergone massive energy efficiency improvements and the use of fossil fuels for heating has been reduced by 80% since 2007. In 2021, we sourced 100% green electricity for our headquarters and cover 60% of the heating demand by carbon-neutral district energy. The remaining heating demand will from 2022 be covered by excess heat from data centers, processes and buildings.

**List the actions which contributed most to achieving this target**

## C4.2b

**(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.**

**Target reference number**

Oth 1

**Year target was set**

2016

**Target coverage**

Company-wide

**Target type: absolute or intensity**

Intensity

**Target type: category & Metric (target numerator if reporting an intensity target)**

Energy productivity

Other, please specify

net sales EURm per GWh

**Target denominator (intensity targets only)**

Other, please specify

GWh

**Base year**

2007

**Figure or percentage in base year**

5.5

**Target year**

2030

**Figure or percentage in target year**

11

**Figure or percentage in reporting year**

11.2

**% of target achieved relative to base year [auto-calculated]**

103.6363636364

**Target status in reporting year**

Achieved

**Is this target part of an emissions target?**

Abs1, Abs2

**Is this target part of an overarching initiative?**

EP100

**Please explain target coverage and identify any exclusions**

In December 2019 Danfoss joined all three business initiatives by The Climate Group to send a strong signal to our business partners that we deliver on our climate ambition. Increasing the energy productivity reduces the amount of energy needed at all - the best energy is the one we don't use, according to our principle energy efficiency first. This target contributes to decarbonizing our global operations by 2030.

**Plan for achieving target, and progress made to the end of the reporting year**

**List the actions which contributed most to achieving this target**

Energy efficiency measures, e.g., refurbishment of heating and ventilation systems (40% reduction of consumption); utilization of excess heat from processes and buildings.

**Target reference number**

Oth 2

**Year target was set**

2019

**Target coverage**

Company-wide

**Target type: absolute or intensity**

Absolute

**Target type: category & Metric (target numerator if reporting an intensity target)**

Low-carbon vehicles

Percentage of battery electric vehicles in company fleet

**Target denominator (intensity targets only)**

**Base year**

2019

**Figure or percentage in base year**

2.7

**Target year**

2030

**Figure or percentage in target year**

100

**Figure or percentage in reporting year**

5.1

**% of target achieved relative to base year [auto-calculated]**

2.4665981501

**Target status in reporting year**

Underway

**Is this target part of an emissions target?**

Abs1

**Is this target part of an overarching initiative?**

EV100

**Please explain target coverage and identify any exclusions**

In December 2019 Danfoss joined all three business initiatives by The Climate Group to send a strong signal to our business partners that we deliver on our climate ambition.

The target coverage is in line with our scope of commitment to the EV100 initiatives. The target covers 100% of the company cars between 3.5 and 7.5 tons and 50% of vehicles over 7.5 tons. Electrifying our corporate car fleet leads the way for decarbonizing our Scope 1 emissions by 2030.

**Plan for achieving target, and progress made to the end of the reporting year**

In 2021, we continues rolling out the initiatives in the selected pilot countries in Europe, by replacing the fossil-fuel cars with electric vehicles and by installing the charging infrastructure at selected Danfoss' sites and at employees' homes.

**List the actions which contributed most to achieving this target**

## C4.3

**(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.**

Yes

## C4.3a

**(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.**

| | Number of initiatives | Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *) |
|---|---|---|
| Under investigation | | |
| To be implemented* | 7 | 70,000 |
| Implementation commenced* | 3 | 1,100 |
| Implemented* | 5 | 37,000 |
| Not to be implemented | | |

## C4.3b

**(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.**

**Initiative category & Initiative type**

Energy efficiency in buildings

Heating, Ventilation and Air Conditioning (HVAC)

**Estimated annual CO2e savings (metric tonnes CO2e)**

2,500

**Scope(s) or Scope 3 category(ies) where emissions savings occur**

Scope 2 (market-based)

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

2,500,000

**Investment required (unit currency – as specified in C0.4)**

**Payback period**

1-3 years

**Estimated lifetime of the initiative**

6-10 years

**Comment**

---

**Initiative category & Initiative type**

Low-carbon energy consumption

Wind

**Estimated annual CO2e savings (metric tonnes CO2e)**

34,500

**Scope(s) or Scope 3 category(ies) where emissions savings occur**

Scope 2 (market-based)

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

0

**Investment required (unit currency – as specified in C0.4)**

0

**Payback period**

<1 year

**Estimated lifetime of the initiative**

6-10 years

**Comment**

PPAs in Denmark and Germany

## C4.3c

**(C4.3c) What methods do you use to drive investment in emissions reduction activities?**

| Method | Comment |
|---|---|
| Internal finance mechanisms | All investments in energy saving and efficiency measures must have a simple payback below 3 years. This drives creativity when the organization is required to meet the savings targets. |
| Financial optimization calculations | Optimization of other variable costs (including utilities) through the M4L project (M4L = More for Less) focused on driving the cost down. |
| Dedicated budget for energy efficiency | Danfoss Real Estate function drives internal energy savings and energy efficiency programs to lower utility cost and to ensure compliance with the company's climate strategy. |

## C4.5

**(C4.5) Do you classify any of your existing goods and/or services as low-carbon products?**

No

# C5. Emissions methodology

## C5.1

**(C5.1) Is this your first year of reporting emissions data to CDP?**

No

## C5.1a

**(C5.1a) Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data?**

**Row 1**

**Has there been a structural change?**

Yes, an acquisition

Yes, a divestment

**Name of organization(s) acquired, divested from, or merged with**

White Drives, Danfoss Power Solutions Telecontrol, Eaton Hydraulics.

**Details of structural change(s), including completion dates**

White Drives divested and Telecontrol acquired in 2021. Both effective all of the reporting year.

Eaton Hydraulics acquired end of 2021 and will be factored in from 2022 reporting year.

# C5.1b

**(C5.1b) Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?**

| | Change(s) in methodology, boundary, and/or reporting year definition? |
|---|---|
| Row 1 | No |

# C5.1c

**(C5.1c) Have your organization's base year emissions been recalculated as result of the changes or errors reported in C5.1a and C5.1b?**

| | Base year recalculation | Base year emissions recalculation policy, including significance threshold |
|---|---|---|
| Row 1 | No, because we do not have the data yet and plan to recalculate next year | We expect to recalculate the baseline in 2023 when we have data for the Eaton acquisition for a full calendar year. |

# C5.2

**(C5.2) Provide your base year and base year emissions.**

## Scope 1

### Base year start

January 1, 2007

### Base year end

December 31, 2007

### Base year emissions (metric tons CO2e)

58,097

### Comment

Changed from 41,860 due to recalculation of baseline (including Car Fleet, Filling Media and energy use of additional Real Estate premises). The emissions for Car Fleet, Filling Media and the additional Real Estate energy use are backwards extrapolated by growth from 2019 data.

## Scope 2 (location-based)

### Base year start

January 1, 2007

### Base year end

December 31, 2007

### Base year emissions (metric tons CO2e)

143,164

#### Comment

Changed from 137,357 due to recalculation of baseline (including energy use of additional Real Estate premises). The emissions for the additional Real Estate energy use are backwards extrapolated by growth from 2019 data.

### Scope 2 (market-based)

#### Base year start

#### Base year end

#### Base year emissions (metric tons CO2e)

#### Comment

### Scope 3 category 1: Purchased goods and services

#### Base year start

#### Base year end

#### Base year emissions (metric tons CO2e)

#### Comment

### Scope 3 category 2: Capital goods

#### Base year start

#### Base year end

#### Base year emissions (metric tons CO2e)

#### Comment

### Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)

#### Base year start

**Base year end**

**Base year emissions (metric tons CO2e)**

**Comment**

## Scope 3 category 4: Upstream transportation and distribution

**Base year start**

**Base year end**

**Base year emissions (metric tons CO2e)**

**Comment**

## Scope 3 category 5: Waste generated in operations

**Base year start**

**Base year end**

**Base year emissions (metric tons CO2e)**

**Comment**

## Scope 3 category 6: Business travel

**Base year start**

**Base year end**

**Base year emissions (metric tons CO2e)**

**Comment**

## Scope 3 category 7: Employee commuting

**Base year start**

**Base year end**

**Base year emissions (metric tons CO2e)**

**Comment**

## Scope 3 category 8: Upstream leased assets

**Base year start**

**Base year end**

**Base year emissions (metric tons CO2e)**

**Comment**

## Scope 3 category 9: Downstream transportation and distribution

**Base year start**

**Base year end**

**Base year emissions (metric tons CO2e)**

**Comment**

## Scope 3 category 10: Processing of sold products

**Base year start**

**Base year end**

**Base year emissions (metric tons CO2e)**

**Comment**

## Scope 3 category 11: Use of sold products

### Base year start

### Base year end

### Base year emissions (metric tons CO2e)

### Comment

## Scope 3 category 12: End of life treatment of sold products

### Base year start

### Base year end

### Base year emissions (metric tons CO2e)

### Comment

## Scope 3 category 13: Downstream leased assets

### Base year start

### Base year end

### Base year emissions (metric tons CO2e)

### Comment

## Scope 3 category 14: Franchises

### Base year start

### Base year end

### Base year emissions (metric tons CO2e)

**Comment**

**Scope 3 category 15: Investments**

**Base year start**

**Base year end**

**Base year emissions (metric tons CO2e)**

**Comment**

**Scope 3: Other (upstream)**

**Base year start**

**Base year end**

**Base year emissions (metric tons CO2e)**

**Comment**

**Scope 3: Other (downstream)**

**Base year start**

**Base year end**

**Base year emissions (metric tons CO2e)**

**Comment**

## C5.3

**(C5.3) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.**

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

# C6. Emissions data

## C6.1

### (C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

#### Reporting year

**Gross global Scope 1 emissions (metric tons CO2e)**

45,100

**Comment**

## C6.2

### (C6.2) Describe your organization's approach to reporting Scope 2 emissions.

#### Row 1

**Scope 2, location-based**

We are not reporting a Scope 2, location-based figure

**Scope 2, market-based**

We are reporting a Scope 2, market-based figure

**Comment**

## C6.3

### (C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

#### Reporting year

**Scope 2, market-based (if applicable)**

219,254

**Comment**

# C6.4

**(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?**

No

# C6.5

**(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.**

## Purchased goods and services

### Evaluation status

Relevant, calculated

### Emissions in reporting year (metric tons CO2e)

1,551,579

### Emissions calculation methodology

Spend-based method

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

1

### Please explain

Only data for downstream transport is obtained from value chain partners. Remaining data are retrieved from own data management systems.

## Capital goods

### Evaluation status

Relevant, calculated

### Emissions in reporting year (metric tons CO2e)

40,188

### Emissions calculation methodology

Asset-specific method

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Please explain

Only data for downstream transport is obtained from value chain partners. Remaining data are retrieved from own data management systems.

## Fuel-and-energy-related activities (not included in Scope 1 or 2)

### Evaluation status

Relevant, calculated

### Emissions in reporting year (metric tons CO2e)

38,892

### Emissions calculation methodology

Fuel-based method

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Please explain

## Upstream transportation and distribution

### Evaluation status

Relevant, calculated

### Emissions in reporting year (metric tons CO2e)

13,852

### Emissions calculation methodology

Hybrid method

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Please explain

## Waste generated in operations

### Evaluation status

Relevant, calculated

### Emissions in reporting year (metric tons CO2e)

1,085

### Emissions calculation methodology

Average data method

Waste-type-specific method

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Please explain

## Business travel

### Evaluation status
Relevant, calculated

### Emissions in reporting year (metric tons CO2e)
5,671

### Emissions calculation methodology
Supplier-specific method

### Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

### Please explain
All data is retrieved from our Concur Travel Management platform.

## Employee commuting

### Evaluation status
Relevant, calculated

### Emissions in reporting year (metric tons CO2e)
25,338

### Emissions calculation methodology
Average data method

### Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

### Please explain
Estimated figure is based on commuting patterns in Denmark 2020 as calculated by Statistics Denmark.

## Upstream leased assets

### Evaluation status
Not relevant, explanation provided

### Please explain
We have no registered upstream leased assets.

## Downstream transportation and distribution

### Evaluation status
Relevant, calculated

### Emissions in reporting year (metric tons CO2e)

501,571

### Emissions calculation methodology

Supplier-specific method

Spend-based method

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

80

### Please explain

Data received from suppliers and extrapolated to complete spend.

## Processing of sold products

### Evaluation status

Not relevant, explanation provided

### Please explain

All products are sold to OEM's or end customers as finished products and do not require further processing.

## Use of sold products

### Evaluation status

Relevant, calculated

### Emissions in reporting year (metric tons CO2e)

75,613,166

### Emissions calculation methodology

Average product method

Methodology for direct use phase emissions, please specify

Use-phase emissions calculated as: (power consumption per hour * operating hours per year * expected lifetime * applied emission factor). The figures were aggregated for all products in scope. Indirect emissions were omitted from the calculations.

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Please explain

## End of life treatment of sold products

### Evaluation status

Relevant, calculated

### Emissions in reporting year (metric tons CO2e)

20,341

### Emissions calculation methodology

Average data method
Average product method
Waste-type-specific method

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Please explain

Emissions based on the weight of purchased goods.

## Downstream leased assets

### Evaluation status

Not relevant, explanation provided

### Please explain

We don't have downstream leased assets beyond vehicles and capital goods (production equipment).

## Franchises

### Evaluation status

Not relevant, explanation provided

### Please explain

Danfoss does not provide franchise business to our customers.

## Investments

### Evaluation status

Not relevant, explanation provided

### Please explain

## Other (upstream)

### Evaluation status

Not relevant, explanation provided

### Please explain

No further emission categories are relevant to our business.

## Other (downstream)

### Evaluation status

Not relevant, explanation provided

**Please explain**

No further emission categories are relevant to our business.

## C-CG6.6

**(C-CG6.6) Does your organization assess the life cycle emissions of any of its products or services?**

| | Assessment of life cycle emissions | Comment |
|---|---|---|
| Row 1 | Yes | |

## C-CG6.6a

**(C-CG6.6a) Provide details of how your organization assesses the life cycle emissions of its products or services.**

| | Products/services assessed | Life cycle stage(s) most commonly covered | Methodologies/standards/tools applied | Comment |
|---|---|---|---|---|
| Row 1 | On a case-by-case basis | Cradle-to-gate + end-of-life stage | PAS 2050 | |

## C6.7

**(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?**

No

## C6.10

**(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.**

**Intensity figure**

0.000039146

**Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)**

264,354

**Metric denominator**

unit total revenue

**Metric denominator: Unit total**

6,753,000,000

### Scope 2 figure used

Market-based

### % change from previous year

19

### Direction of change

Decreased

### Reason for change

Reduction of emissions due to procurement of carbon neutral electricity in Denmark and Germany. Increased energy efficiency in own operations.

# C7. Emissions breakdowns

## C7.1

### (C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

No

## C7.2

### (C7.2) Break down your total gross global Scope 1 emissions by country/region.

| Country/Region | Scope 1 emissions (metric tons CO2e) |
|---|---|
| Brazil | 136 |
| Bulgaria | 380 |
| China | 4,216 |
| Denmark | 6,869 |
| Finland | 162 |
| France | 1,457 |
| Germany | 6,561 |
| India | 186 |
| Italy | 901 |
| Japan | 2 |
| Mexico | 7,200 |
| Poland | 2,590 |
| Romania | 244 |
| Russian Federation | 3,097 |
| Slovakia | 386 |
| Slovenia | 142 |

| | |
|---|---|
| United States of America | 8,041 |
| Turkey | 260 |
| Netherlands | 210 |
| Other, please specify<br>Rest of World | 1,876 |

## C7.3

**(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.**

By business division

## C7.3a

**(C7.3a) Break down your total gross global Scope 1 emissions by business division.**

| Business division | Scope 1 emissions (metric ton CO2e) |
|---|---|
| Campus locations | 6,220 |
| All other locations | 38,880 |

## C7.5

**(C7.5) Break down your total gross global Scope 2 emissions by country/region.**

| Country/Region | Scope 2, location-based (metric tons CO2e) | Scope 2, market-based (metric tons CO2e) |
|---|---|---|
| Brazil | 1,191 | 4,067 |
| Bulgaria | 264 | 134 |
| China | 101,803 | 117,053 |
| Denmark | 27,189 | 1,983 |
| Finland | 2,034 | 1,627 |
| France | 1,014 | 1,155 |
| Germany | 15,088 | 1,639 |
| India | 14,329 | 6,967 |
| Japan | 2,137 | 2,214 |
| Italy | 1,963 | 1,609 |
| Mexico | 9,151 | 9,969 |
| Poland | 9,237 | 230 |
| Romania | 605 | 238 |
| Russian Federation | 2,547 | 1,971 |
| Slovakia | 4,171 | 5,203 |

| | | |
|---|---|---|
| Slovenia | 3,853 | 6,168 |
| United States of America | 44,712 | 51,169 |
| Turkey | 100 | 95 |
| Netherlands | 247 | 247 |
| Other, please specify Rest of World | 5,564 | 5,516 |

## C7.6

**(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.**

By business division

## C7.6a

**(C7.6a) Break down your total gross global Scope 2 emissions by business division.**

| Business division | Scope 2, location-based (metric tons CO2e) | Scope 2, market-based (metric tons CO2e) |
|---|---|---|
| Campus locations | 82,184 | 94,288 |
| All other locations | 165,015 | 124,966 |

## C7.9

**(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?**

Decreased

## C7.9a

**(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.**

| | Change in emissions (metric tons CO2e) | Direction of change | Emissions value (percentage) | Please explain calculation |
|---|---|---|---|---|
| Change in renewable energy consumption | 26,320 | Decreased | 9.61 | Due to a "change in renewable energy consumption" during the reporting year the Scope 1&2 emissions reduced by 26320 tons CO2e. Therefore we |

| | | | | |
|---|---|---|---|---|
| | | | | arrived at -9.6% through (-26320/273846)*100 |
| Other emissions reduction activities | 5,000 | Decreased | 1.83 | Due to installation of energy efficient HVAC systems and reducing the heating temperature, the Scope 1&2 emissions were reduced by 5000 tons CO2e. Therefore we arrived at a change of -1.8% through (5000/273846)*100 |
| Divestment | 4,283 | Decreased | 1.56 | Due to divestment of 3 entities, the Scope 1&2 emissions is reduced by 26320 tons CO2e. Therefore we arrived at -1.5% through (-3283/273846)*100 |
| Acquisitions | 127 | Increased | 0.05 | Due to acquisition of 2 small entities, the Scope 1&2 emissions is increased by 127 tons CO2e. Therefore we arrived at 0.05% through (-127/273846)*100 |
| Mergers | 0 | No change | | |
| Change in output | 25,985 | Increased | 9.49 | Due to increased activity (increase revenue), the Scope 1&2 emissions increased by estimated 25985 tons CO2e. Therefore we arrived at -9.49% through (-25985/273846)*100 |
| Change in methodology | 0 | No change | | |
| Change in boundary | 0 | No change | | |
| Change in physical operating conditions | 0 | No change | | |
| Unidentified | | | | |
| Other | | | | |

# C7.9b

**(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?**

Market-based

## C-CG7.10

**(C-CG7.10) How do your total Scope 3 emissions for the reporting year compare to those of the previous reporting year?**

This is our first year of reporting

# C8. Energy

## C8.1

**(C8.1) What percentage of your total operational spend in the reporting year was on energy?**

More than 0% but less than or equal to 5%

## C8.2

**(C8.2) Select which energy-related activities your organization has undertaken.**

| | Indicate whether your organization undertook this energy-related activity in the reporting year |
|---|---|
| Consumption of fuel (excluding feedstocks) | Yes |
| Consumption of purchased or acquired electricity | Yes |
| Consumption of purchased or acquired heat | Yes |
| Consumption of purchased or acquired steam | No |
| Consumption of purchased or acquired cooling | No |
| Generation of electricity, heat, steam, or cooling | Yes |

## C8.2a

**(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.**

| | Heating value | MWh from renewable sources | MWh from non-renewable sources | Total (renewable and non-renewable) MWh |
|---|---|---|---|---|
| Consumption of fuel (excluding feedstock) | LHV (lower heating value) | | 147,670 | 147,670 |

| | | | | |
|---|---|---|---|---|
| Consumption of purchased or acquired electricity | | 106,221 | 348,390 | 454,611 |
| Consumption of purchased or acquired heat | | 20,869 | 19,688 | 40,557 |
| Consumption of self-generated non-fuel renewable energy | | 1,316 | | |
| Total energy consumption | | 128,406 | 515,749 | 644,155 |

# C8.2b

**(C8.2b) Select the applications of your organization's consumption of fuel.**

| | Indicate whether your organization undertakes this fuel application |
|---|---|
| Consumption of fuel for the generation of electricity | No |
| Consumption of fuel for the generation of heat | Yes |
| Consumption of fuel for the generation of steam | No |
| Consumption of fuel for the generation of cooling | No |
| Consumption of fuel for co-generation or tri-generation | No |

# C8.2c

**(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.**

### Sustainable biomass

#### Heating value

#### Total fuel MWh consumed by the organization

0

#### Comment

### Other biomass

**Heating value**

**Total fuel MWh consumed by the organization**

0

**Comment**

## Other renewable fuels (e.g. renewable hydrogen)

**Heating value**

**Total fuel MWh consumed by the organization**

0

**Comment**

## Coal

**Heating value**

**Total fuel MWh consumed by the organization**

0

**Comment**

## Oil

**Heating value**

LHV

**Total fuel MWh consumed by the organization**

3,332

**Comment**

## Gas

**Heating value**

LHV

**Total fuel MWh consumed by the organization**

131,722

**Comment**

### Other non-renewable fuels (e.g. non-renewable hydrogen)

#### Heating value

#### Total fuel MWh consumed by the organization

0

#### Comment

### Total fuel

#### Heating value

LHV

#### Total fuel MWh consumed by the organization

135,054

#### Comment

## C8.2d

**(C8.2d) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.**

| | Total Gross generation (MWh) | Generation that is consumed by the organization (MWh) | Gross generation from renewable sources (MWh) | Generation from renewable sources that is consumed by the organization (MWh) |
|---|---|---|---|---|
| Electricity | 8,038 | 8,038 | 1,316 | 1,316 |
| Heat | 108,984 | 108,984 | 0 | 0 |
| Steam | 0 | 0 | 0 | 0 |
| Cooling | 0 | 0 | 0 | 0 |

## C8.2g

**(C8.2g) Provide a breakdown of your non-fuel energy consumption by country.**

#### Country/area

Brazil

#### Consumption of electricity (MWh)

8,101

#### Consumption of heat, steam, and cooling (MWh)

1,898

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

9,999

**Is this consumption excluded from your RE100 commitment?**

No

---

**Country/area**

Bulgaria

**Consumption of electricity (MWh)**

497

**Consumption of heat, steam, and cooling (MWh)**

557

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

1,054

**Is this consumption excluded from your RE100 commitment?**

No

---

**Country/area**

China

**Consumption of electricity (MWh)**

138,104

**Consumption of heat, steam, and cooling (MWh)**

18,882

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

156,986

**Is this consumption excluded from your RE100 commitment?**

No

---

**Country/area**

Denmark

**Consumption of electricity (MWh)**

87,345

**Consumption of heat, steam, and cooling (MWh)**

47,191

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

134,536

**Is this consumption excluded from your RE100 commitment?**

No

---

**Country/area**

Finland

**Consumption of electricity (MWh)**

10,619

**Consumption of heat, steam, and cooling (MWh)**

3,338

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

13,957

**Is this consumption excluded from your RE100 commitment?**

No

---

**Country/area**

France

**Consumption of electricity (MWh)**

13,373

**Consumption of heat, steam, and cooling (MWh)**

4,329

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

17,702

**Is this consumption excluded from your RE100 commitment?**

No

---

**Country/area**

Germany

**Consumption of electricity (MWh)**

30,530

**Consumption of heat, steam, and cooling (MWh)**

20,694

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

51,224

**Is this consumption excluded from your RE100 commitment?**

No

---

**Country/area**

United Kingdom of Great Britain and Northern Ireland

**Consumption of electricity (MWh)**

297

**Consumption of heat, steam, and cooling (MWh)**

364

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

661

**Is this consumption excluded from your RE100 commitment?**

No

---

**Country/area**

India

**Consumption of electricity (MWh)**

15,516

**Consumption of heat, steam, and cooling (MWh)**

2,947

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

18,463

**Is this consumption excluded from your RE100 commitment?**

No

---

**Country/area**

Italy

**Consumption of electricity (MWh)**

4,974

**Consumption of heat, steam, and cooling (MWh)**

2,508

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

7,482

**Is this consumption excluded from your RE100 commitment?**

---

**Country/area**

Japan

**Consumption of electricity (MWh)**

3,882

**Consumption of heat, steam, and cooling (MWh)**

72

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

3,954

**Is this consumption excluded from your RE100 commitment?**

No

---

**Country/area**

Mexico

**Consumption of electricity (MWh)**

20,181

**Consumption of heat, steam, and cooling (MWh)**

10,026

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

30,207

**Is this consumption excluded from your RE100 commitment?**

No

---

**Country/area**

Netherlands

**Consumption of electricity (MWh)**

488

**Consumption of heat, steam, and cooling (MWh)**

791

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

1,279

**Is this consumption excluded from your RE100 commitment?**

No

---

**Country/area**

Poland

**Consumption of electricity (MWh)**

12,274

**Consumption of heat, steam, and cooling (MWh)**

8,994

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

21,268

**Is this consumption excluded from your RE100 commitment?**

No

---

**Country/area**

Romania

**Consumption of electricity (MWh)**

1,259

**Consumption of heat, steam, and cooling (MWh)**

1,259

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

2,518

**Is this consumption excluded from your RE100 commitment?**

No

---

**Country/area**

Russian Federation

**Consumption of electricity (MWh)**

5,912

**Consumption of heat, steam, and cooling (MWh)**

10,775

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

16,687

**Is this consumption excluded from your RE100 commitment?**

No

**Country/area**

Slovakia

**Consumption of electricity (MWh)**

17,523

**Consumption of heat, steam, and cooling (MWh)**

5,482

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

23,005

**Is this consumption excluded from your RE100 commitment?**

No

**Country/area**

Slovenia

**Consumption of electricity (MWh)**

10,321

**Consumption of heat, steam, and cooling (MWh)**

3,200

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

13,521

**Is this consumption excluded from your RE100 commitment?**

**Country/area**

Spain

**Consumption of electricity (MWh)**

515

**Consumption of heat, steam, and cooling (MWh)**

894

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

1,409

**Is this consumption excluded from your RE100 commitment?**

No

---

**Country/area**

Turkey

**Consumption of electricity (MWh)**

213

**Consumption of heat, steam, and cooling (MWh)**

426

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

639

**Is this consumption excluded from your RE100 commitment?**

No

---

**Country/area**

United States of America

**Consumption of electricity (MWh)**

78,124

**Consumption of heat, steam, and cooling (MWh)**

34,089

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

112,213

**Is this consumption excluded from your RE100 commitment?**

No

# C8.2h

## (C8.2h) Provide details of your organization's renewable electricity purchases in the reporting year by country

**Country/area of renewable electricity consumption**
Denmark

**Sourcing method**
Direct procurement from an offsite grid-connected generator e.g. Power Purchase Agreement (PPA)

**Renewable electricity technology type**
Wind

**Renewable electricity consumed via selected sourcing method in the reporting year (MWh)**
87,345

**Tracking instrument used**
GO

**Total attribute instruments retained for consumption by your organization (MWh)**
87,345

**Country/area of origin (generation) of the renewable electricity/attribute consumed**
Denmark

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**
2,010

**Vintage of the renewable energy/attribute (i.e. year of generation)**
2021

**Brand, label, or certification of the renewable electricity purchase**
Other, please specify
Orsted

**Comment**

**Country/area of renewable electricity consumption**
Germany

**Sourcing method**

Direct procurement from an offsite grid-connected generator e.g. Power Purchase Agreement (PPA)

**Renewable electricity technology type**

Wind

**Renewable electricity consumed via selected sourcing method in the reporting year (MWh)**

30,530

**Tracking instrument used**

GO

**Total attribute instruments retained for consumption by your organization (MWh)**

30,530

**Country/area of origin (generation) of the renewable electricity/attribute consumed**

Denmark

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

2,010

**Vintage of the renewable energy/attribute (i.e. year of generation)**

2021

**Brand, label, or certification of the renewable electricity purchase**

Other, please specify

Orsted

**Comment**

## C8.2i

**(C8.2i) Provide details of your organization's low-carbon heat, steam, and cooling purchases in the reporting year by country.**

**Country/area of consumption of low-carbon heat, steam or cooling**

Denmark

**Sourcing method**

Other, please specify

Declaration from energy provider.

**Energy carrier**

Heat

**Low-carbon technology type**

Sustainable biomass

**Low-carbon heat, steam, or cooling consumed (MWh)**

15,701

**Comment**

## C8.2j

**(C8.2j) Provide details of your organization's renewable electricity generation by country in the reporting year.**

**Country/area of generation**

Finland

**Renewable electricity technology type**

Solar

**Facility capacity (MW)**

**Total renewable electricity generated by this facility in the reporting year (MWh)**

40

**Renewable electricity directly consumed by your organization from this facility in the reporting year for which certificates were not issued (MWh)**

40

**Renewable electricity directly consumed by your organization from this facility in the reporting year for which certificates were issued and retired (MWh)**

0

**Renewable electricity sold to the grid in the reporting year (MWh)**

0

**Certificates issued for the renewable electricity that was sold to the grid (MWh)**

0

**Certificates issued and retired for self-consumption for the renewable electricity that was sold to the grid (MWh)**

0

**Type of energy attribute certificate**

**Total self-generation counted towards RE100 target (MWh) [Auto-calculated]**

40

**Comment**

---

**Country/area of generation**

India

**Renewable electricity technology type**

Solar

**Facility capacity (MW)**

1

**Total renewable electricity generated by this facility in the reporting year (MWh)**

1,276

**Renewable electricity directly consumed by your organization from this facility in the reporting year for which certificates were not issued (MWh)**

1,276

**Renewable electricity directly consumed by your organization from this facility in the reporting year for which certificates were issued and retired (MWh)**

0

**Renewable electricity sold to the grid in the reporting year (MWh)**

0

**Certificates issued for the renewable electricity that was sold to the grid (MWh)**

0

**Certificates issued and retired for self-consumption for the renewable electricity that was sold to the grid (MWh)**

0

**Type of energy attribute certificate**

**Total self-generation counted towards RE100 target (MWh) [Auto-calculated]**

1,276

**Comment**

## C8.2k

**(C8.2k) Describe how your organization's renewable electricity sourcing strategy directly or indirectly contributes to bringing new capacity into the grid in the countries/areas in which you operate.**

Danfoss preferred approach to renewable electricity sourcing is to engage in PPA projects with developers to bring new capacity to the grid of financially viable in the countries where we operate. If new assets are not available or financially viable, our second priority is to enter PPAs with existing assets outside government subsidy schemes. The latter ensures that the contractor can maintain the assets beyond the subsidy period and provides funding for maintenance and potentially new assets.

## C8.2l

**(C8.2l) In the reporting year, has your organization faced any challenges to sourcing renewable electricity?**

| | Challenges to sourcing renewable electricity | Challenges faced by your organization which were not country-specific |
|---|---|---|
| Row 1 | Yes, not specific to a country/area | Availability of viable projects and lack of internal knowledge of the PPA market provided challenges to us. We have overcome these challenges by engaging with an external consultancy specialized in the energy market and PPAs. |

## C-CG8.5

**(C-CG8.5) Does your organization measure the efficiency of any of its products or services?**

| | Measurement of product/service efficiency | Comment |
|---|---|---|
| Row 1 | No, but we plan to start doing so within the next two years | Many of our products save energy during operation and provides energy efficiency to our customers. We calculate/measure the efficiency of many of the products and are establishing processes for calculation and third party validation of product related efficiency claims (avoided emissions and energy saving potentials). |

# C9. Additional metrics

## C9.1

**(C9.1) Provide any additional climate-related metrics relevant to your business.**

**Description**

Waste

**Metric value**

5.35

**Metric numerator**

Metric tonnes

**Metric denominator (intensity metric only)**

Million EUR

**% change from previous year**

0

**Direction of change**

No change

**Please explain**

The amount of waste is proportional to the company's activity level and no improvement projects have been commenced in the reporting year making a measurable difference to the waste amount.

## C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6

**(C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6) Does your organization invest in research and development (R&D) of low-carbon products or services related to your sector activities?**

| | Investment in low-carbon R&D | Comment |
|---|---|---|
| Row 1 | Yes | We invest in development of product that save energy during operation at the end-user and we invest in R&D activities that drive the green transition and drive energy efficiency across sectors. We develop product aiming at utilizing excess energy from heating and cooling systems and processes. We cannot disclose details about the investment |

# C-CG9.6a

**(C-CG9.6a) Provide details of your organization's investments in low-carbon R&D for capital goods products and services over the last three years.**

**Technology area**

Energy efficient heating and cooling systems

**Stage of development in the reporting year**

Applied research and development

**Average % of total R&D investment over the last 3 years**

21 - 40%

**R&D investment figure in the reporting year (optional)**

**Comment**

**Technology area**

Electromobility components

**Stage of development in the reporting year**

Applied research and development

**Average % of total R&D investment over the last 3 years**

≤20%

**R&D investment figure in the reporting year (optional)**

**Comment**

**Technology area**

Machinery automation

**Stage of development in the reporting year**

Applied research and development

**Average % of total R&D investment over the last 3 years**

21 - 40%

**R&D investment figure in the reporting year (optional)**

**Comment**

**Technology area**

Other energy efficient products or efficiency drivers

**Stage of development in the reporting year**

Applied research and development

**Average % of total R&D investment over the last 3 years**

21 - 40%

**R&D investment figure in the reporting year (optional)**

**Comment**

# C10. Verification

## C10.1

**(C10.1) Indicate the verification/assurance status that applies to your reported emissions.**

| | Verification/assurance status |
|---|---|
| Scope 1 | No third-party verification or assurance |
| Scope 2 (location-based or market-based) | No third-party verification or assurance |
| Scope 3 | No third-party verification or assurance |

## C10.2

**(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?**

No, but we are actively considering verifying within the next two years

# C11. Carbon pricing

## C11.1

**(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?**

Yes

# C11.1a

**(C11.1a) Select the carbon pricing regulation(s) which impacts your operations.**

EU ETS

# C11.1b

**(C11.1b) Complete the following table for each of the emissions trading schemes you are regulated by.**

## EU ETS

**% of Scope 1 emissions covered by the ETS**

5.9

**% of Scope 2 emissions covered by the ETS**

0

**Period start date**

January 1, 2021

**Period end date**

December 31, 2021

**Allowances allocated**

1,588

**Allowances purchased**

0

**Verified Scope 1 emissions in metric tons CO2e**

2,797

**Verified Scope 2 emissions in metric tons CO2e**

0

**Details of ownership**

Facilities we own and operate

**Comment**

# C11.1d

**(C11.1d) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?**

The campus in Nordborg handles the compliance to the requirements set by the EU ETS scheme. Our Real Estate operation is monitoring the compliance to the requirements on the operational level. Annual third-party verification (Bureau Veritas) reviews and confirms compliance with the EU ETS scheme . In 2021 the campus in Nordborg implemented Energy

Management according to ISO 50001. Final certification is pending final management decision, but the management system is fully implemented to ensure continuous focus on energy efficiency in our buildings and processes.

## C11.2

**(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?**

No

## C11.3

**(C11.3) Does your organization use an internal price on carbon?**

No, but we anticipate doing so in the next two years

# C12. Engagement

## C12.1

**(C12.1) Do you engage with your value chain on climate-related issues?**

Yes, other partners in the value chain

## C12.1d

**(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.**

We engage with our logistic partners to understand their emissions and address potential for reducing the emissions from downstream transport. As part of our target to become CO2 neutral in our own operations we engage with utility providers to decarbonize our electricity by using PPAs. In 2021, 25% of Danfoss global electricity consumption was covered by renewable energy through PPA agreements for all locations in Denmark and Germany. As part of our science-based emission reduction target, we will reduce our scope 3 emissions by 15% by 2030. This covers upstream and downstream emissions generated across our value chain. Moreover, we engage with the providers of lease cars to ensure a larger portfolio of electric vehicles available for our employees, so we can meet our target to electrify the entire company car fleet before 2030.

## C12.2

**(C12.2) Do your suppliers have to meet climate-related requirements as part of your organization's purchasing process?**

No, but we plan to introduce climate-related requirements within the next two years

# C12.3

## (C12.3) Does your organization engage in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?

### Row 1

#### Direct or indirect engagement that could influence policy, law, or regulation that may impact the climate

Yes, we engage directly with policy makers
Yes, we engage indirectly through trade associations
Yes, we engage indirectly by funding other organizations whose activities may influence policy, law, or regulation that may significantly impact the climate

#### Does your organization have a public commitment or position statement to conduct your engagement activities in line with the goals of the Paris Agreement?

Yes

#### Attach commitment or position statement(s)

STATUS REPORT: BUSINESS AMBITION FOR 1.5°C RESPONDING TO THE CLIMATE CRISIS - https://sciencebasedtargets.org/resources/files/status-report-Business-Ambition-for-1-5C-campaign.pdf

#### Describe the process(es) your organization has in place to ensure that your engagement activities are consistent with your overall climate change strategy

Danfoss Group Sustainability and Group Public Affairs are located within same department and regularly align to ensure coherence between commitments and policy positions and advocacy.

# C12.3a

## (C12.3a) On what policy, law, or regulation that may impact the climate has your organization been engaging directly with policy makers in the reporting year?

#### Focus of policy, law, or regulation that may impact the climate

Minimum energy efficiency requirements

#### Specify the policy, law, or regulation on which your organization is engaging with policy makers

EED, EPBD

#### Policy, law, or regulation geographic coverage

Regional

#### Country/region the policy, law, or regulation applies to

EU27

**Your organization's position on the policy, law, or regulation**

Support with no exceptions

**Description of engagement with policy makers**

We have engaged directly with policy makers and via associations to strengthen proposals

**Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation**

**Have you evaluated whether your organization's engagement is aligned with the goals of the Paris Agreement?**

Yes, we have evaluated, and it is aligned

---

**Focus of policy, law, or regulation that may impact the climate**

Carbon tax

**Specify the policy, law, or regulation on which your organization is engaging with policy makers**

Green tax reform

**Policy, law, or regulation geographic coverage**

National

**Country/region the policy, law, or regulation applies to**

Denmark

**Your organization's position on the policy, law, or regulation**

Support with minor exceptions

**Description of engagement with policy makers**

We have engaged directly with policy makers and via associations to strengthen proposals

**Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation**

**Have you evaluated whether your organization's engagement is aligned with the goals of the Paris Agreement?**

Yes, we have evaluated, and it is aligned

# C12.3b

**(C12.3b) Provide details of the trade associations your organization engages with which are likely to take a position on any policy, law or regulation that may impact the climate.**

**Trade association**

Confederation of Indian Industries (CII)

**Is your organization's position on climate change consistent with theirs?**

Mixed

**Has your organization influenced, or is your organization attempting to influence their position?**

We publicly promote their current position

**State the trade association's position on climate change, explain where your organization's position differs, and how you are attempting to influence their position (if applicable)**

India's climate change agenda agreed in COP26 targets India to be carbon neutral by 2070 amongst others. Danfoss aims to be carbon neutral in its global operations by 2030 and aims to lead by example in driving India's green transition. Given the green strategic partnership between Denmark and India, Danfoss showcases how Danish technologies matched with India scale can help accelerate the sustainable development of India directly and through industry bodies.

**Funding figure your organization provided to this trade association in the reporting year, if applicable (currency as selected in C0.4) (optional)**

**Describe the aim of your organization's funding**

**Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?**

Yes, we have evaluated, and it is aligned

**Trade association**

Other, please specify

Confederation of Danish Industry

**Is your organization's position on climate change consistent with theirs?**

Consistent

**Has your organization influenced, or is your organization attempting to influence their position?**

We publicly promote their current position

**State the trade association's position on climate change, explain where your organization's position differs, and how you are attempting to influence their position (if applicable)**

Confederation of Danish Industry supports green transition and the goals of Paris Agreement. In 2019, it has released 2030-plan for Denmark with the concrete steps to cut national emissions by up 70 per cent. This goes in line with Danfoss' 2030 commitment to become carbon-neutral in global operations.

**Funding figure your organization provided to this trade association in the reporting year, if applicable (currency as selected in C0.4) (optional)**

**Describe the aim of your organization's funding**

**Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?**

Yes, we have evaluated, and it is aligned

## C12.3c

**(C12.3c) Provide details of the funding you provided to other organizations in the reporting year whose activities could influence policy, law, or regulation that may impact the climate.**

**Type of organization**

Research organization

**State the organization to which you provided funding**

CONCITO

**Funding figure your organization provided to this organization in the reporting year (currency as selected in C0.4)**

**Describe the aim of this funding and how it could influence policy, law or regulation that may impact the climate**

Funding figure is not disclosed.

**Have you evaluated whether this funding is aligned with the goals of the Paris Agreement?**

Yes, we have evaluated, and it is aligned

## C12.4

**(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).**

**Publication**

In voluntary sustainability report

**Status**

Complete

**Attach the document**

Annual-Report-2021 (1).pdf

**Page/Section reference**

8, 9-10, 16-26, 27-30, 32-41, 50-52, 53-61, 63-56

**Content elements**

Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets

**Comment**

Danfoss Annual Report 2021 combines sustainability, financial and corporate governance information. It summarizes the development towards previously set climate-related targets and new ambitions in the section Environment - Decarbonization. It showcases examples of action undertaken in the reporting year. It also presents key developments with regards to financial statements as well as governance structure and strategy going forward.

# C15. Biodiversity

## C15.1

**(C15.1) Is there board-level oversight and/or executive management-level responsibility for biodiversity-related issues within your organization?**

| | Board-level oversight and/or executive management-level responsibility for biodiversity-related issues |
|---|---|
| Row 1 | No, but we plan to have both within the next two years |

## C15.2

**(C15.2) Has your organization made a public commitment and/or endorsed any initiatives related to biodiversity?**

| | Indicate whether your organization made a public commitment or endorsed any initiatives related to biodiversity |
|---|---|
| Row 1 | No, but we plan to do so within the next 2 years |

## C15.3

**(C15.3) Does your organization assess the impact of its value chain on biodiversity?**

| | Does your organization assess the impact of its value chain on biodiversity? |
|---|---|
| Row 1 | No, but we plan to assess biodiversity-related impacts within the next two years |

## C15.4

**(C15.4) What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?**

| | Have you taken any actions in the reporting period to progress your biodiversity-related commitments? | Type of action taken to progress biodiversity- related commitments |
|---|---|---|
| Row 1 | Yes, we are taking actions to progress our biodiversity-related commitments | Land/water protection<br>Species management |

## C15.5

**(C15.5) Does your organization use biodiversity indicators to monitor performance across its activities?**

| | Does your organization use indicators to monitor biodiversity performance? | Indicators used to monitor biodiversity performance |
|---|---|---|
| Row 1 | No, we do not use indicators, but plan to within the next two years | |

## C15.6

**(C15.6) Have you published information about your organization's response to biodiversity-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).**

| Report type | Content elements | Attach the document and indicate where in the document the relevant biodiversity information is located |
|---|---|---|
| No publications | | |

# C16. Signoff

## C-FI

**(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.**

## C16.1

**(C16.1) Provide details for the person that has signed off (approved) your CDP climate change response.**

| | Job title | Corresponding job category |
|---|---|---|
| Row 1 | Head of Group Sustainability & ESG | Other, please specify<br>Vice President |

# SC. Supply chain module

## SC0.0

**(SC0.0) If you would like to do so, please provide a separate introduction to this module.**

## SC0.1

**(SC0.1) What is your company's annual revenue for the stated reporting period?**

| | Annual Revenue |
|---|---|
| Row 1 | 6,753,000,000 |

## SC1.1

**(SC1.1) Allocate your emissions to your customers listed below according to the goods or services you have sold them in this reporting period.**

**Requesting member**

CNH Industrial NV

**Scope of emissions**

Scope 1

**Allocation level**

Company wide

**Allocation level detail**

**Emissions in metric tonnes of CO2e**

912

**Uncertainty (±%)**

10

**Major sources of emissions**

Consumption of fuel (natural gas, oil) for heating

**Verified**

No

**Allocation method**

Allocation based on the market value of products purchased

**Market value or quantity of goods/services supplied to the requesting member**

136,552,023

**Unit for market value or quantity of goods/services supplied**

Currency

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

The sources are all manufacturing facilities in the Danfoss Group (corporate level data) as we cannot establish a unique physical relationship between the products sold to a customer and the factories in which the products were produced. Only direct sales are used for the allocation. Indirect sales through distributors or wholesalers are not included.

**Requesting member**

CNH Industrial NV

**Scope of emissions**

Scope 2

**Allocation level**

Company wide

**Allocation level detail**

**Emissions in metric tonnes of CO2e**

4,434

### Uncertainty (±%)

10

### Major sources of emissions

Consumption of electricity and district energy.

### Verified

No

### Allocation method

Allocation based on the market value of products purchased

### Market value or quantity of goods/services supplied to the requesting member

136,552,023

### Unit for market value or quantity of goods/services supplied

Currency

### Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

The sources are all manufacturing facilities in the Danfoss Group (corporate level data) as we cannot establish a unique physical relationship between the products sold to a customer and the factories in which the products were produced. Only direct sales are used for the allocation. Indirect sales through distributors or wholesalers are not included.

---

### Requesting member

CNH Industrial NV

### Scope of emissions

Scope 3

### Allocation level

Company wide

### Allocation level detail

### Emissions in metric tonnes of CO2e

1,573,465

### Uncertainty (±%)

10

### Major sources of emissions

Use of sold products: The use of Danfoss products consuming energy at the customer's site make up for >98% of Danfoss Scope 3 emissions. The second biggest contributor to Danfoss Scope 3 emissions are the Purchased Goods & Services, which make up

about 2-3% of the Scope 3 emissions. Downstream transport accounts for less than 1% of scope 3 emissions.

**Verified**

No

**Allocation method**

Allocation based on the number of units purchased

**Market value or quantity of goods/services supplied to the requesting member**

136,552,023

**Unit for market value or quantity of goods/services supplied**

Currency

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

The sources are corporate level data as we cannot establish a unique physical relationship between the products sold to a customer and the factories in which the products were produced. Only direct sales are used for the allocation. Indirect sales through distributors or wholesalers are not included.

---

**Requesting member**

Eaton Corporation

**Scope of emissions**

Scope 1

**Allocation level**

Company wide

**Allocation level detail**

**Emissions in metric tonnes of CO2e**

85

**Uncertainty (±%)**

10

**Major sources of emissions**

Consumption of fuel (natural gas, oil) for heating

**Verified**

No

**Allocation method**

Allocation based on the market value of products purchased

**Market value or quantity of goods/services supplied to the requesting member**

12,722,426

**Unit for market value or quantity of goods/services supplied**

Currency

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

The sources are all manufacturing facilities in the Danfoss Group (corporate level data) as we cannot establish a unique physical relationship between the products sold to a customer and the factories in which the products were produced. Only direct sales are used for the allocation. Indirect sales through distributors or wholesalers are not included.

---

**Requesting member**

Eaton Corporation

**Scope of emissions**

Scope 2

**Allocation level**

Company wide

**Allocation level detail**

**Emissions in metric tonnes of CO2e**

413

**Uncertainty (±%)**

10

**Major sources of emissions**

The sources are all manufacturing facilities in the Danfoss Group (corporate level data) as we cannot establish a unique physical relationship between the products sold to a customer and the factories in which the products were produced. Only direct sales are used for the allocation. Indirect sales through distributors or wholesalers are not included.

**Verified**

No

**Allocation method**

Allocation based on the market value of products purchased

**Market value or quantity of goods/services supplied to the requesting member**

12,722,426

**Unit for market value or quantity of goods/services supplied**

Currency

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

The sources are all manufacturing facilities in the Danfoss Group (corporate level data) as we cannot establish a unique physical relationship between the products sold to a customer and the factories in which the products were produced. Only direct sales are used for the allocation. Indirect sales through distributors or wholesalers are not included.

---

**Requesting member**

Eaton Corporation

**Scope of emissions**

Scope 3

**Allocation level**

Company wide

**Allocation level detail**

**Emissions in metric tonnes of CO2e**

146,598

**Uncertainty (±%)**

10

**Major sources of emissions**

Use of sold products: The use of Danfoss products consuming energy at the customer's site make up for >98% of Danfoss Scope 3 emissions. The second biggest contributor to Danfoss Scope 3 emissions are the Purchased Goods & Services, which make up about 2-3% of the Scope 3 emissions. Downstream transport accounts for less than 1% of scope 3 emissions.

**Verified**

No

**Allocation method**

Allocation based on the market value of products purchased

**Market value or quantity of goods/services supplied to the requesting member**

12,722,426

**Unit for market value or quantity of goods/services supplied**

Currency

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

The sources are corporate level data as we cannot establish a unique physical relationship between the products sold to a customer and the factories in which the products were produced. Only direct sales are used for the allocation. Indirect sales through distributors or wholesalers are not included.

---

**Requesting member**

Kesko Corporation

**Scope of emissions**

Scope 1

**Allocation level**

Company wide

**Allocation level detail**

**Emissions in metric tonnes of CO2e**

5

**Uncertainty (±%)**

10

**Major sources of emissions**

Consumption of fuel (natural gas, oil) for heating

**Verified**

No

**Allocation method**

Allocation based on the market value of products purchased

**Market value or quantity of goods/services supplied to the requesting member**

788,515

**Unit for market value or quantity of goods/services supplied**

Currency

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

The sources are all manufacturing facilities in the Danfoss Group (corporate level data) as we cannot establish a unique physical relationship between the products sold to a customer and the factories in which the products were produced. Only direct sales are used for the allocation. Indirect sales through distributors or wholesalers are not included.

**Requesting member**

Kesko Corporation

**Scope of emissions**

Scope 2

**Allocation level**

Company wide

**Allocation level detail**

**Emissions in metric tonnes of CO2e**

26

**Uncertainty (±%)**

10

**Major sources of emissions**

The sources are all manufacturing facilities in the Danfoss Group (corporate level data) as we cannot establish a unique physical relationship between the products sold to a customer and the factories in which the products were produced. Only direct sales are used for the allocation. Indirect sales through distributors or wholesalers are not included.

**Verified**

No

**Allocation method**

Allocation based on the market value of products purchased

**Market value or quantity of goods/services supplied to the requesting member**

788,515

**Unit for market value or quantity of goods/services supplied**

Currency

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

The sources are all manufacturing facilities in the Danfoss Group (corporate level data) as we cannot establish a unique physical relationship between the products sold to a customer and the factories in which the products were produced. Only direct sales are used for the allocation. Indirect sales through distributors or wholesalers are not included.

**Requesting member**

Kesko Corporation

**Scope of emissions**

Scope 3

**Allocation level**

**Allocation level detail**

**Emissions in metric tonnes of CO2e**

9,086

**Uncertainty (±%)**

10

**Major sources of emissions**

Use of sold products: The use of Danfoss products consuming energy at the customer's site make up for >98% of Danfoss Scope 3 emissions. The second biggest contributor to Danfoss Scope 3 emissions are the Purchased Goods & Services, which make up about 2-3% of the Scope 3 emissions. Downstream transport accounts for less than 1% of scope 3 emissions.

**Verified**

No

**Allocation method**

Allocation based on the market value of products purchased

**Market value or quantity of goods/services supplied to the requesting member**

788,515

**Unit for market value or quantity of goods/services supplied**

Currency

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

The sources are corporate level data as we cannot establish a unique physical relationship between the products sold to a customer and the factories in which the products were produced. Only direct sales are used for the allocation. Indirect sales through distributors or wholesalers are not included.

---

**Requesting member**

Robert Bosch GmbH

**Scope of emissions**

Scope 1

### Allocation level

### Allocation level detail

### Emissions in metric tonnes of CO2e

65

### Uncertainty (±%)

10

### Major sources of emissions

Consumption of fuel (natural gas, oil) for heating

### Verified

No

### Allocation method

Allocation based on the market value of products purchased

### Market value or quantity of goods/services supplied to the requesting member

9,715,569

### Unit for market value or quantity of goods/services supplied

Currency

### Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

The sources are all manufacturing facilities in the Danfoss Group (corporate level data) as we cannot establish a unique physical relationship between the products sold to a customer and the factories in which the products were produced. Only direct sales are used for the allocation. Indirect sales through distributors or wholesalers are not included.

---

### Requesting member

Robert Bosch GmbH

### Scope of emissions

Scope 2

### Allocation level

Company wide

### Allocation level detail

### Emissions in metric tonnes of CO2e

315

**Uncertainty (±%)**

10

**Major sources of emissions**

The sources are all manufacturing facilities in the Danfoss Group (corporate level data) as we cannot establish a unique physical relationship between the products sold to a customer and the factories in which the products were produced. Only direct sales are used for the allocation. Indirect sales through distributors or wholesalers are not included.

**Verified**

No

**Allocation method**

Allocation based on the market value of products purchased

**Market value or quantity of goods/services supplied to the requesting member**

9,715,569

**Unit for market value or quantity of goods/services supplied**

Currency

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

The sources are all manufacturing facilities in the Danfoss Group (corporate level data) as we cannot establish a unique physical relationship between the products sold to a customer and the factories in which the products were produced. Only direct sales are used for the allocation. Indirect sales through distributors or wholesalers are not included.

---

**Requesting member**

Robert Bosch GmbH

**Scope of emissions**

Scope 3

**Allocation level**

Company wide

**Allocation level detail**

**Emissions in metric tonnes of CO2e**

111,951

**Uncertainty (±%)**

10

### Major sources of emissions

Use of sold products: The use of Danfoss products consuming energy at the customer's site make up for >98% of Danfoss Scope 3 emissions. The second biggest contributor to Danfoss Scope 3 emissions are the Purchased Goods & Services, which make up about 2-3% of the Scope 3 emissions. Downstream transport accounts for less than 1% of scope 3 emissions.

### Verified

No

### Allocation method

Allocation based on the market value of products purchased

### Market value or quantity of goods/services supplied to the requesting member

9,715,569

### Unit for market value or quantity of goods/services supplied

Currency

### Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

The sources are corporate level data as we cannot establish a unique physical relationship between the products sold to a customer and the factories in which the products were produced. Only direct sales are used for the allocation. Indirect sales through distributors or wholesalers are not included.

---

### Requesting member

Schlumberger Limited

### Scope of emissions

Scope 1

### Allocation level

Company wide

### Allocation level detail

### Emissions in metric tonnes of CO2e

14

### Uncertainty (±%)

10

### Major sources of emissions

Consumption of fuel (natural gas, oil) for heating

**Verified**

No

**Allocation method**

Allocation based on the market value of products purchased

**Market value or quantity of goods/services supplied to the requesting member**

2,138,712

**Unit for market value or quantity of goods/services supplied**

Currency

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

The sources are all manufacturing facilities in the Danfoss Group (corporate level data) as we cannot establish a unique physical relationship between the products sold to a customer and the factories in which the products were produced. Only direct sales are used for the allocation. Indirect sales through distributors or wholesalers are not included.

---

**Requesting member**

Schlumberger Limited

**Scope of emissions**

Scope 2

**Allocation level**

Company wide

**Allocation level detail**

**Emissions in metric tonnes of CO2e**

69

**Uncertainty (±%)**

10

**Major sources of emissions**

The sources are all manufacturing facilities in the Danfoss Group (corporate level data) as we cannot establish a unique physical relationship between the products sold to a customer and the factories in which the products were produced. Only direct sales are used for the allocation. Indirect sales through distributors or wholesalers are not included.

**Verified**

No

### Allocation method

Allocation based on the market value of products purchased

### Market value or quantity of goods/services supplied to the requesting member

2,138,712

### Unit for market value or quantity of goods/services supplied

Currency

### Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

The sources are all manufacturing facilities in the Danfoss Group (corporate level data) as we cannot establish a unique physical relationship between the products sold to a customer and the factories in which the products were produced. Only direct sales are used for the allocation. Indirect sales through distributors or wholesalers are not included.

---

### Requesting member

Schlumberger Limited

### Scope of emissions

Scope 3

### Allocation level

Company wide

### Allocation level detail

### Emissions in metric tonnes of CO2e

24,644

### Uncertainty (±%)

10

### Major sources of emissions

Use of sold products: The use of Danfoss products consuming energy at the customer's site make up for >98% of Danfoss Scope 3 emissions. The second biggest contributor to Danfoss Scope 3 emissions are the Purchased Goods & Services, which make up about 2-3% of the Scope 3 emissions. Downstream transport accounts for less than 1% of scope 3 emissions.

### Verified

No

### Allocation method

Allocation based on the market value of products purchased

**Market value or quantity of goods/services supplied to the requesting member**

2,138,712

**Unit for market value or quantity of goods/services supplied**

Currency

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

The sources are corporate level data as we cannot establish a unique physical relationship between the products sold to a customer and the factories in which the products were produced. Only direct sales are used for the allocation. Indirect sales through distributors or wholesalers are not included.

---

**Requesting member**

Sidel

**Scope of emissions**

Scope 1

**Allocation level**

Company wide

**Allocation level detail**

**Emissions in metric tonnes of CO2e**

27

**Uncertainty (±%)**

10

**Major sources of emissions**

Consumption of fuel (natural gas, oil) for heating

**Verified**

No

**Allocation method**

Allocation based on the market value of products purchased

**Market value or quantity of goods/services supplied to the requesting member**

4,097,921

**Unit for market value or quantity of goods/services supplied**

Currency

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

The sources are all manufacturing facilities in the Danfoss Group (corporate level data) as we cannot establish a unique physical relationship between the products sold to a customer and the factories in which the products were produced. Only direct sales are used for the allocation. Indirect sales through distributors or wholesalers are not included.

---

**Requesting member**

Sidel

**Scope of emissions**

Scope 2

**Allocation level**

Company wide

**Allocation level detail**

**Emissions in metric tonnes of CO2e**

133

**Uncertainty (±%)**

10

**Major sources of emissions**

The sources are all manufacturing facilities in the Danfoss Group (corporate level data) as we cannot establish a unique physical relationship between the products sold to a customer and the factories in which the products were produced. Only direct sales are used for the allocation. Indirect sales through distributors or wholesalers are not included.

**Verified**

No

**Allocation method**

Allocation based on the market value of products purchased

**Market value or quantity of goods/services supplied to the requesting member**

4,097,921

**Unit for market value or quantity of goods/services supplied**

Currency

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

The sources are all manufacturing facilities in the Danfoss Group (corporate level data) as we cannot establish a unique physical relationship between the products sold to a customer and the factories in which the products were produced. Only direct sales are used for the allocation. Indirect sales through distributors or wholesalers are not included.

**Requesting member**

Sidel

**Scope of emissions**

Scope 3

**Allocation level**

Company wide

**Allocation level detail**

**Emissions in metric tonnes of CO2e**

47,220

**Uncertainty (±%)**

10

**Major sources of emissions**

Use of sold products: The use of Danfoss products consuming energy at the customer's site make up for >98% of Danfoss Scope 3 emissions. The second biggest contributor to Danfoss Scope 3 emissions are the Purchased Goods & Services, which make up about 2-3% of the Scope 3 emissions. Downstream transport accounts for less than 1% of scope 3 emissions.

**Verified**

No

**Allocation method**

Allocation based on the market value of products purchased

**Market value or quantity of goods/services supplied to the requesting member**

4,097,921

**Unit for market value or quantity of goods/services supplied**

Currency

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

The sources are corporate level data as we cannot establish a unique physical relationship between the products sold to a customer and the factories in which the

products were produced. Only direct sales are used for the allocation. Indirect sales through distributors or wholesalers are not included.

**Requesting member**

Xylem Inc

**Scope of emissions**

Scope 1

**Allocation level**

Company wide

**Allocation level detail**

**Emissions in metric tonnes of CO2e**

101

**Uncertainty (±%)**

10

**Major sources of emissions**

Consumption of fuel (natural gas, oil) for heating

**Verified**

No

**Allocation method**

Allocation based on the market value of products purchased

**Market value or quantity of goods/services supplied to the requesting member**

15,053,034

**Unit for market value or quantity of goods/services supplied**

Currency

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

The sources are all manufacturing facilities in the Danfoss Group (corporate level data) as we cannot establish a unique physical relationship between the products sold to a customer and the factories in which the products were produced. Only direct sales are used for the allocation. Indirect sales through distributors or wholesalers are not included.

**Requesting member**

Xylem Inc

### Scope of emissions
Scope 2

### Allocation level
Company wide

### Allocation level detail

### Emissions in metric tonnes of CO2e
489

### Uncertainty (±%)
10

### Major sources of emissions
The sources are all manufacturing facilities in the Danfoss Group (corporate level data) as we cannot establish a unique physical relationship between the products sold to a customer and the factories in which the products were produced. Only direct sales are used for the allocation. Indirect sales through distributors or wholesalers are not included.

### Verified
No

### Allocation method
Allocation based on the market value of products purchased

### Market value or quantity of goods/services supplied to the requesting member
15,053,034

### Unit for market value or quantity of goods/services supplied
Currency

### Please explain how you have identified the GHG source, including major limitations to this process and assumptions made
The sources are all manufacturing facilities in the Danfoss Group (corporate level data) as we cannot establish a unique physical relationship between the products sold to a customer and the factories in which the products were produced. Only direct sales are used for the allocation. Indirect sales through distributors or wholesalers are not included.

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### Requesting member
Xylem Inc

### Scope of emissions
Scope 3

### Allocation level

Company wide

### Allocation level detail

### Emissions in metric tonnes of CO2e

173,453

### Uncertainty (±%)

10

### Major sources of emissions

Use of sold products: The use of Danfoss products consuming energy at the customer's site make up for >98% of Danfoss Scope 3 emissions. The second biggest contributor to Danfoss Scope 3 emissions are the Purchased Goods & Services, which make up about 2-3% of the Scope 3 emissions. Downstream transport accounts for less than 1% of scope 3 emissions.

### Verified

No

### Allocation method

Allocation based on the market value of products purchased

### Market value or quantity of goods/services supplied to the requesting member

15,053,034

### Unit for market value or quantity of goods/services supplied

Currency

### Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

The sources are corporate level data as we cannot establish a unique physical relationship between the products sold to a customer and the factories in which the products were produced. Only direct sales are used for the allocation. Indirect sales through distributors or wholesalers are not included.

## SC1.2

### (SC1.2) Where published information has been used in completing SC1.1, please provide a reference(s).

No published information used.

## SC1.3

### (SC1.3) What are the challenges in allocating emissions to different customers, and what would help you to overcome these challenges?

| Allocation challenges | Please explain what would help you overcome these challenges |
|---|---|
| Diversity of product lines makes accurately accounting for each product/product line cost ineffective | Most of the products manufactured within our product lines are varying in size and weight and it is therefore very difficult and time consuming to allocate emissions precisely. |
| Customer base is too large and diverse to accurately track emissions to the customer level | Many products are sold through OEM's and wholesalers. In these cases we do not know the final customer and can therefore not determine the exact value of the products purchased by the customer. It will require a complete list of all products sold to a specific customer as well as detailed LCA studies internally at Danfoss. |

# SC1.4

**(SC1.4) Do you plan to develop your capabilities to allocate emissions to your customers in the future?**

Yes

# SC1.4a

**(SC1.4a) Describe how you plan to develop your capabilities.**

We have developed an Environmental Product Declaration and ECO-design method as a measure to estimate/calculate the emissions for a single product or family of products. This method will allow for a detailed calculation of emissions but will be based on generic data. Implementation of methods to enable full material declarations and environmental product declarations on product level is commencing.

Our product lines and factories are very diverse and it will require a tremendous workload to map all internal and external processes to allocate the emissions more precisely to each product.

Allocation of emission to specific customers will therefore continue to be based on the customers' share of the total market value of product, the weight of purchased products or similar allocation methods.

As many products are sold through OEM's and wholesalers we do not know the final customer and can therefore not determine the exact value of the products purchased by each customer.

# SC2.1

**(SC2.1) Please propose any mutually beneficial climate-related projects you could collaborate on with specific CDP Supply Chain members.**

## SC2.2

**(SC2.2) Have requests or initiatives by CDP Supply Chain members prompted your organization to take organizational-level emissions reduction initiatives?**

No

## SC4.1

**(SC4.1) Are you providing product level data for your organization's goods or services?**

No, I am not providing data

# Submit your response

**In which language are you submitting your response?**

English

**Please confirm how your response should be handled by CDP**

| | I understand that my response will be shared with all requesting stakeholders | Response permission |
|---|---|---|
| Please select your submission options | Yes | Public |

## The European Climate Pact Submission

**Please indicate your consent for CDP to showcase your disclosed environmental actions on the European Climate Pact website as pledges to the Pact.**

No, we do not wish to pledge under the European Climate Pact at this stage

**Please confirm below**

I have read and accept the applicable Terms