

Welcome to your CDP Climate Change Questionnaire 2023

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 Power Electronics & 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. Semikron Danfoss 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 and indicate whether you will be providing emissions data for past reporting years.

Reporting year

Start date

January 1, 2022

End date

December 31, 2022

Indicate if you are providing emissions data for past reporting years

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
- Republic of Korea
- Romania
- Singapore
- Slovakia
- Slovenia
- Spain
- Turkey
- United Kingdom of Great Britain and Northern Ireland
- 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 or committee	Responsibilities for climate-related issues
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 2022, GET has approved the company wide ESG data foundation project to ensure compliance with EU regulation on corporate sustainability reporting and sustainable finance, including the CSRD and the Taxonomy.
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. 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" was 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

<p>Scheduled – some meetings</p>	<p>Overseeing acquisitions, mergers, and divestitures</p> <p>Reviewing and guiding strategy</p> <p>Overseeing and guiding the development of a transition plan</p> <p>Monitoring progress towards corporate targets</p> <p>Reviewing and guiding the risk management process</p>	<p>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.</p>
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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	<p>Extensive knowledge and skills within climate, environment, social and governance areas, including science and environmental literacy.</p> <p>Expertise on global sustainable development and green transition.</p> <p>Strategic execution competences in supporting organizational change, mitigating risks, engaging stakeholders, being actively involved in policy efforts.</p>

C1.2

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

Position or committee

Chief Financial Officer (CFO)

Climate-related responsibilities of this position

Assessing climate-related risks and opportunities

Coverage of responsibilities

Reporting line

CEO reporting line

Frequency of reporting to the board on climate-related issues via this reporting line

As important matters arise

Please explain

Position or committee

Sustainability committee

Climate-related responsibilities of this position

Setting climate-related corporate targets
Monitoring progress against climate-related corporate targets
Assessing climate-related risks and opportunities
Managing climate-related risks and opportunities

Coverage of responsibilities

Reporting line

CEO reporting line

Frequency of reporting to the board on climate-related issues via this reporting line

More frequently than quarterly

Please explain

Position or committee

Chief Sustainability Officer (CSO)

Climate-related responsibilities of this position

Assessing climate-related risks and opportunities
Managing climate-related risks and opportunities

Coverage of responsibilities

Reporting line

Finance - CFO reporting line

Frequency of reporting to the board on climate-related issues via this reporting line

As important matters arise

Please explain

Position or committee

Other committee, please specify

Group Executive Team

Climate-related responsibilities of this position

Assessing climate-related risks and opportunities

Managing climate-related risks and opportunities

Coverage of responsibilities

Reporting line

Reports to the board directly

Frequency of reporting to the board on climate-related issues via this reporting line

As important matters arise

Please explain

Position or committee

Chief Executive Officer (CEO)

Climate-related responsibilities of this position

Managing climate-related risks and opportunities

Coverage of responsibilities

Reporting line

Reports to the board directly

Frequency of reporting to the board on climate-related issues via this reporting line

Quarterly

Please explain

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	We have introduced long term incentive kickers for diversity and decarbonization scope I and II goals

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

Management group

Type of incentive

Monetary reward

Incentive(s)

Bonus - % of salary

Performance indicator(s)

Progress towards a climate-related target

Incentive plan(s) this incentive is linked to

Long-Term Incentive Plan

Further details of incentive(s)

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan

Directly linked to decarbonisation targets for GHG scope 1--2

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	Short-term horizon is any event taking place between 0 and 3 years.
Medium-term	3	6	Medium-term horizon is any event taking place between 3 and 6 years.
Long-term	6	10	Long-term horizon is any event taking place between 6 and 10 years.

C2.1b

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

A substantial or strategic impact when identifying or assessing climate risk is a risk whose financial impact is greater than 0,1% of our Group Sales. We are therefore using a financial indicator to define a substantive or strategic impact.

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

We consider impact scores of 2,5 and higher (corresponding to high and very high) to be substantive. In Danfoss the likelihood of all risks is also quantitatively assessed (elaborated in C2.2). Combining the two dimensions of impact and likelihood of the risk, allows for determining The Current Risk Level, which assigns all risks a score of either low, medium or high using an impact/likelihood matrix. For each risk the current risk level is then compared to The Risk Acceptance Level. Depending on the risk category, different Current Risk Levels are deemed acceptable. For instance, we practice low risk acceptance for risks within the “Compliance / regulatory” category which also encompasses environmental risks..

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

Long-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	<p>Relevance for Danfoss: Being a global corporation with products and solutions targeting a wide spectrum of industries and applications existing/current regulations related to climate change and environmental protection can affect Danfoss both directly and indirectly, making monitoring and responding to such highly relevant. Such regulation affects Danfoss through additional costs or restrictions on existing products as e.g. reflected in the risk of penalties for non-conformity, while it also paves the way for new opportunities in the development of new products, and transformation and relevance of existing portfolio.</p> <p>Link to risk assessment: 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.</p> <p>Example: A concrete example of current regulation affecting our business is the European F-gas regulation, which came into force in January 2015, with the overall aim of reducing the use of fluorinated greenhouse gasses. As a component supplier for refrigeration cycle applications, we are influenced by this regulation, as F-gasses are often used as refrigerants. Along with technological improvements, this is also what is</p>

		<p>pushing us on our ambition to become “world leading in components for natural refrigerants”, i.e. components for non-F-gas based refrigeration cycles. We closely monitor the performance of our components for natural refrigerants, specifically CO2.</p>
Emerging regulation	Relevant, sometimes included	<p>Relevance for Danfoss: When new regulation related to climate change emerges this could affect Danfoss by potentially giving rise to additional costs and product limitations. At the same time, such regulation paves the way for the success and increase in demand for many of our products and solutions which enable the green transition, and for the development of new products with our talented product development teams.</p> <p>Risk Assessment: 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. 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.</p> <p>Example: An example with relevance to Danfoss is carbon pricing mechanisms. Carbon pricing is being heavily discussed and many such mechanisms are already seeing light of day across most G20 countries and developed countries broadly. In Denmark, for example, a broad majority in the parliament passed a new green tax reform in June 2022, which is being gradually implemented from 2023 onwards, and supplements the existing quota system in the EU. While carbon pricing mechanisms can lead to increasing manufacturing and operation costs thereby representing a risk, the implementation of such schemes also fuels the demand for green energy efficient solutions supplied by Danfoss.</p>
Technology	Relevant, always included	<p>Relevance for Danfoss: Danfoss engineers tomorrow to build a better future. Our portfolio is based in technology-intensive products and solutions. We therefore rather consider changes associated with technological improvements or innovations that support the transition to a low-carbon economy and energy-efficient system updates as opportunities. We therefore consider climate-related technological development highly relevant.</p> <p>Link to risk assessment process: Potential opportunities and risks related to technology are consequently comprehensively evaluated across business segments and functions.</p>

		<p>The research and development teams in Danfoss monitor and capitalize on the long-term business opportunities.</p> <p>Examples: Danfoss Group invested a total of 457mEUR into research and development in 2022. This clearly showcases the stringent focus on realizing the opportunities created from technological advances. If Danfoss does not manage to be proactive in shaping technological development and trends, we consequently run the risk of technology becoming a risk rather than an opportunity. Our focus on electrification, as reflected in e.g. our Danfoss Editron business which manufactures and delivers the world's most sophisticated hybrid and fully-electric drivetrains for the Marine, Off-highway and On-highway sectors is an example of how we translate technological advances and global megatrends into business opportunities.</p>
<p>Legal</p>	<p>Relevant, always included</p>	<p>Relevance for Danfoss: Legal compliance is and has always been an absolute top priority for Danfoss, this also includes compliance in climate-related legal matters. Consequently legal risks, as well as litigation risks, are deemed relevant and are always included in our risk assessment process.</p> <p>Link to risk assessment process: Group Legal, which encompasses legal, regulatory, and risk & compliance functions at group level in Danfoss, supports the entire Danfoss organization with legal matters relating to contract management, standards, company information and corporate legal matters . Group Lega also monitors upcoming regulation and mandates, including on climate and environmental topics, together with relevant segment functions, in order to be in a position to comply with upcoming requirements. On product level, Danfoss ensures product compliance through monitoring, data collection and communication.</p> <p>The Danfoss Product Compliance Program is integrated in our management systems. It is based on regulatory foresight, strong data and effective supply chain communication. This enables us to make safe and sustainable products, meeting compliance obligations to customers and regulators. Danfoss complies with regulations and standards at national, regional and international levels. We monitor and communicate new requirements to the organization through the Product Compliance Team. This ensures strong focus and alignment of processes and tools across our organization .</p> <p>Examples: A variety of different environmental and climate-related directives from the EU are in place, being revised or seeing light of day in the coming</p>

		<p>years, and are business relevant for Danfoss. These include, but are not limited to; WEEE directives, RoHS directive, REACH directive etc.</p> <p>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.</p>
Market	Relevant, always included	<p>Relevance for Danfoss: Emerging customer requirements and global market trends related to e.g. intelligent low-carbon solutions, electrification, energy efficiency and other green building requirements are key factors impacting Danfoss's competitiveness. Our objective is to become our customers' preferred partner in decarbonization and create long-term value for our stakeholders: Customers, partners, shareholders, and employees. Consequently, climate-related market risks are highly relevant to our business.</p> <p>Link to risk assessment process: 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. 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.</p> <p>Example(s): In Danfoss we are focused on designing our product portfolio according to emerging customer requirements and market trends. For example, Danfoss has identified five megatrends: Climate change, urbanization, food supply, digitalization, and electrification. We have proven and reliable solutions to the challenges that arise as these megatrends transform our world. One way we work with continuously capturing new market trends and transform our business accordingly is through our accelerator and incubator divisions in the segments. 2022 saw the launch of the 'Accelerator Division' in Danfoss Climate Solutions, which has a strong emphasis on strengthening the entrepreneurial mindset</p>

		and accelerating growth and potential.
Reputation	Relevant, always included	<p>Relevance for Danfoss</p> <p>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.</p> <p>Example:</p> <p>An example of reputational risk deals with sustainability claims related to the environmental impact of products and services from companies. The Danish Ombudsmand regulation is an example of a regulation that can impact organisations reputation.</p>
Acute physical	Relevant, always included	<p>Relevance:</p> <p>Acute physical climate events pose a potential risk to Danfoss' individual sites, but could also possibly harm the stability of our global supply chain. Such risks are for example extreme weather events such as spells of drought and water scarcity, windstorms and flooding. Due to the potential site specific or wider supply chain disruptions, acute physical risks are considered relevant.</p> <p>Link to risk assessment process:</p> <p>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.</p> <p>Example(s):</p> <p>Acute physical risk can be spontaneous climate adverse events impact our operations.</p>
Chronic physical	Relevant, always included	<p>Relevance:</p> <p>Chronic physical climate events pose a potential risk to Danfoss' individual sites, but could also possibly harm the stability of our global supply chain. Due to the potential site specific or wider supply chain disruptions, acute physical risks are considered relevant.</p> <p>Link to risk assessment process:</p> <p>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.</p>

		<p>Example: An example of a chronic climate physical risk is sea-level rise. This refers to the long-term increase in the average level of the Earth's oceans due to global warming. Sea-level rise occurs as polar ice caps and glaciers melt, adding more water to the oceans, and is exacerbated by thermal expansion. This chronic risk poses a threat to coastal communities, low-lying islands, and infrastructure built near coastlines. As sea levels rise, these areas become more susceptible to flooding, erosion, saltwater intrusion into freshwater sources, and increased storm surges. The gradual nature of this risk makes it chronic rather than an acute event.</p>
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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?

Direct operations

Risk type & Primary climate-related risk driver

Acute physical

Flood (coastal, fluvial, pluvial, groundwater)

Primary potential financial impact

Decreased revenues due to reduced production capacity

Company-specific description

All operating Danfoss factory sites are assessed on several climate related risk exposure measures every year. The exposure assessment is done by an external consultancy and includes, if deemed necessary, local site visits and inspection. The sites are all evaluated based on the exposure to floods. In total, all of 108 Danfoss factory sites exposure to flooding risks has been assessed, including its severity. Sites subject to flood exposure are spread globally, making the risk of a simultaneous occurrence of flooding extremely unlikely. The overall flood exposure assessment combines information on the inundation depth at key structures as well as flood zone exposure (considering whether the site is in a flood zone, protected by a levee, or

exposed to coastal flooding). For instance, a site located in a 100-year flood zone with inundation depth above 5 meters is regarded severely exposed,

In the case of a flooding incident at one of the exposed sites, it could potentially lead to production downtimes, while closure of operations, at least partly, could occur in case of a destructive flood event. Should this be the case, internal delivery to other Danfoss sites or to customers could be delayed, ensured by other suppliers or potentially canceled altogether, as reconstruction efforts are carried out. As such adjustment takes place, it could, in the meantime result in contractual penalties as well as production – and thus revenue – loss.

Time horizon

Long-term

Likelihood

Exceptionally unlikely

Magnitude of impact

Medium-low

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)

0

Potential financial impact figure – maximum (currency)

79,000,000

Explanation of financial impact figure

This value is an aggregated anticipated probable loss, i.e. asset value lost in our sites exposed to severe flooding risk(100-year floods) in case of a simultaneous occurrence of the risk in all exposed sites. The higher range is extremely unlikely, as we are first and foremost considering very rare events (100 year floods) and that this figure is an aggregation over geographical zones that are spread globally, i.e. not necessarily belonging to the same climates and seasons.

Cost of response to risk

6,000,000

Description of response and explanation of cost calculation

Mobile flood barrier installation on site represent a potential response to this climate risk. The mobile flood barrier forms a plane between a protected (the factory and office site) and an unprotected area (the 'flooding' area) and can be employed as flood protection mitigating the potential losses. The value provided as an example is the estimated cost such barriers, for the sites at risk. Decisions related to the response to the risk will be made on an ad hoc basis.

Comment

N/A

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Acute physical

Storm (including blizzards, dust, and sandstorms)

Primary potential financial impact

Decreased revenues due to reduced production capacity

Company-specific description

As a consequence of warming temperatures across the globe, global climate models predict that the damage caused by hurricanes and storms is likely to increase due to higher storm surge and more intense hurricanes. This is the result of rising sea levels. Intensified storm and hurricane intensity poses a climate risk to company assets located in high storm exposure areas. Every year external consultants evaluate location specific windstorm exposure of all Danfoss' factory sites. Most of our sites exposed to severe storm risk are located in our APAC region.

Assessment of severity of windstorm exposure combines wind gust projections and surface roughness evaluation, while also taking the hurricane/tornado frequency into account. Intense storms and hurricanes near production or storage assets could potentially lead to production downtimes and destruction of property. This would possibly lead to delayed or cancelled deliveries to customers or within the internal value chain. Consequently, property damage caused by windstorms would generate a production and revenue loss and potentially lead to contractual penalties.

Time horizon

Long-term

Likelihood

Exceptionally unlikely

Magnitude of impact

Medium-low

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)**

0

Potential financial impact figure – maximum (currency)

393,000,000

Explanation of financial impact figure

This value is an aggregated anticipated probable loss, i.e. asset value lost in our sites exposed to storms in case of a simultaneous catastrophic occurrence of the risk in all our exposed sites. The higher end realisation of the provided range is considered exceptionally unlikely as the value is an aggregate of multiple sites probable loss, for a catastrophic and rare occurrence, taking place in completely different geographical (and climatic) zones.

Cost of response to risk

32,000,000

Description of response and explanation of cost calculation

All considered sites in these calculations have a windstorm risk considered as "Moderate", with windstorm zone speed in meter per second below 50 m/s. In addition, the average construction date of these sites is 1995 i.e. denoting relatively recent sites. Decisions related to the response to the risk will be made on an ad hoc basis.

Comment

N/A

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Downstream

Risk type & Primary climate-related risk driver

Emerging regulation

Mandates on and regulation of existing products and services

Primary potential financial impact

Decreased revenues due to reduced demand for products and services

Company-specific description

Danfoss is a large industrial manufacturer offering a wide portfolio of components and solutions for various industries. Some of the industries we target and the products we offer have historically been large greenhouse gas emitters. A combination of transformational product development and a push from regulatory mandates is gradually transforming a number of these high-emitting products.

As regulation changes and climate-related mandates come into force, it can potentially affect some of our products disqualifying them for future sale. Unless said products are transformed through innovation or newly developed substitute products are offered,

such mandates on our products would lead to a partly disqualified product portfolio and thus lost revenue streams. Example of such forthcoming regulation includes, but is not limited to, the Ecodesign and the Waste from Electrical and Electronic Equipment Directive from the EU, as well as regional mandates on the use of from fluorinated greenhouse gases (F-gases), including hydrofluorocarbons (HFCs) in scope. Our public and industry affairs teams closely monitor existing and forthcoming regulation ensuring conformity and due diligence.

A core example to highlight is from our Climate Solutions business, where we offer a variety of components for refrigeration cycles targeting among other industrial refrigeration, heating and cooling solutions for both residential and commercial use as well as a large number of other applications. Common to all of them is that they rely on the use of efficient and safe refrigerants. The combination of technological advances and a regulatory push to reduce the use of high-global warming potential (GWP) refrigerants, specifically targeting F-gasses means that Danfoss today offers a large number of components designed for use in combination with low-GWP natural refrigerants.

We have defined a strong ambition to become “world leading in components for natural refrigerants”. The strong commitment to pursue a leading position within components for natural refrigerants is reflected in the 2022 acquisition of 100% of the shares in BOCK GmbH adding the largest portfolio of compressors for natural refrigerants (e.g. CO2 and hydrocarbons).

Time horizon

Medium-term

Likelihood

More likely than not

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)**Potential financial impact figure – minimum (currency)****Potential financial impact figure – maximum (currency)****Explanation of financial impact figure**

We do not currently have a financial estimate for this risk

Cost of response to risk

Description of response and explanation of cost calculation

Comment

N/A

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?

No, we do not have this figure

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

We do not currently have a financial estimate for this opportunity

Cost to realize opportunity

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

N/A

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?

No, we do not have this figure

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Not disclosed

Cost to realize opportunity

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

N/A

C3. Business Strategy

C3.1

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

Row 1

Climate transition plan

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

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

Following the approval of our science-based emissions reduction targets by the SBTi, we have started a group-wide exercise to establish a climate transition plan.

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	
Row 1	Yes, quantitative

C3.2a

(C3.2a) Provide details of your organization’s use of climate-related scenario analysis.

Climate-related scenario	Scenario analysis coverage	Temperature alignment of scenario	Parameters, assumptions, analytical choices
Transition scenarios IEA STEPS (previously IEA NPS)	Company-wide		<p>We have been using the STEPS scenario as is, without further modifications. The STEPs is a scenario which reflects current policy settings based on a sector-by-sector and country by country assessment of the specific policies that are in place, as well as those that have been announced by governments around the world. The Steps scenario is used mostly as a forecasting tool for our use of sold product category, as it gives a conservative overview of grid decarbonization globally.</p> <p>The analysis using this scenario was group-wide and quantitative, using these forecasts to stress-test our roadmaps across our different segments and business</p>

			<p>divisions. Most of our products covered by our Science-Based Target consume electrical energy, therefore our Scope 3 emissions will be impacted by global grid decarbonization.</p>
<p>Transition scenarios IEA 2DS</p>	<p>Company-wide</p>		<p>The 2DS scenario is a scenario that describes an energy system consistent with emissions trajectory that give an 80% chance to limit global temperature increase to 2 degrees celsius. Contrary to the STEPs scenario, the 2DS sets a rapid decarbonization pathway aligned with international climate policy goals.</p> <p>In this scenario, electricity becomes the largest final energy carrier, slightly ahead of oil. The 2DS scenario addresses transportation electrification, with 160 million electric cars. Industrial decarbonization is also a key hypothesis in the 2DS model, with technologies that are not yet at commercial scale becoming widespread, leading to a reduction of 18% of direct industrial emissions.</p> <p>This scenario has been used to define our climate targets, on our Scope 3 emissions, with our use of sold products category being in focus. IEA 2DS projections were used to define company and business division level targets, compliant with a 2DS pathway.</p>
<p>Transition scenarios IEA NZE 2050</p>	<p>Company-wide</p>		<p>The IEA NZE scenario meets key energy-related United Nations Sustainable Development Goals (SDGs), in particular by achieving universal energy access by 2030 and major improvements in air quality.</p> <p>It is consistent with limiting the global temperature rise to 1.5 °C with no or limited temperature overshoot (with a 50% probability), in line with reductions assessed in the IPCC in its Sixth Assessment Report.</p> <p>The IEA NZE 2050 scenario is based on the following assumptions: carbon capture reaches full maturity delivering around 15 Gt CO₂ of captured CO₂ by 2050, carbon dioxide removal technologies reach 16 Gt CO₂ by 2050. Energy efficiency shows significant improvement, with a final energy consumption reaching 340 EJ. Wind and solar reach 80% of total electricity production.</p>

			In line with our 1.5 aligned Scope 1 and 2 emissions trajectories, we have used the IEA 2050 NZE to develop our sites decarbonization roadmaps.
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C3.2b

(C3.2b) Provide details of the focal questions your organization seeks to address by using climate-related scenario analysis, and summarize the results with respect to these questions.

Row 1

Focal questions

What forces and developments have the greatest ability to shape our future emission trajectory?

Results of the climate-related scenario analysis with respect to the focal questions

Danfoss emissions being mostly driven by electricity, the decarbonization speed of the grid is a crucial assumption in our climate target model. The objective of the this transition scenario analysis was to identify the main decarbonization levers, starting with assessing how much grid decarbonization (at a given speed) could contribute to the achievement of our targets.

Current 2DS, WB2DS and NZE showcase rapid decarbonization of the grid . They contrast with the IEA STEPs scenario, which is more evidence-based, and deducting future grid carbon content based on current and stated policies. This more conservative forecast showed that grid decarbonization alone was not sufficient to bring our Scope 3 emissions in a Paris Agreements aligned pathways.

Following this first analysis, a group wide exercise was conducted, involving all the relevant BUs and divisions was initiated, aiming at quantifying the necessary improvements in terms of product energy efficiency, optimization, product and customer mix. The result is an integrated group strategy, consistent with our Science-based targets and relying on conservative assumptions with regards to grid decarbonization globally. One of the action following the climate-related scenario analysis was therefore the definition of product-related decarbonization roadmaps across the organisation.

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
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<p>Products and services</p>	<p>Yes</p>	<p>Among the identified opportunities, we see megatrends supporting an increased demand for low emissions goods and services. They are the global fight against climate change, electrification, urbanization, digitalization and food supply.</p> <p>One strategic decision, influenced by opportunity arising from increased demand for greener products, is our increasing presence in maritime electrification. The design of vessels with modern electric propulsion systems, either diesel electric, LNG electric or even fully electric, can be quite easily converted to a hybrid solution. In the best case, just by adding a parallel E-Storage system, a vessel can be operated utilizing battery power for example for peak power demand. In some cases, the optimum solution is to use DC power distribution instead of, or in conjunction with, traditional AC power distribution. By enabling electrification in the maritime sector, we are contributing to the achievement of the IMO decarbonization targets in shipping.</p>
<p>Supply chain and/or value chain</p>	<p>Yes</p>	<p>Future regulations such as carbon taxes could increase customers' focus on energy saving products and more energy efficient solutions to reduce the embodied carbon emissions of our products. This in return would create a demand pull for more sustainable supply chains from our customers.</p> <p>This led to the decision to include a dedicated decarbonization target as part of our climate objectives, with a 25% emission reduction planned in our supply chain, above the overall 15% target in our Scope 3 emissions.</p>
<p>Investment in R&D</p>	<p>Yes</p>	<p>We see incoming regulations related to the sustainability of products and services as both a climate-related transition risk and opportunity, as on the one hand it exposes our portfolio to a compliance risk but also represents a business opportunity for our energy efficiency and electrification enabler products.</p> <p>One example of a decision impacting our R&D practice was the inclusion of lifetime emissions into our R&D activities. Our product decarbonization strategy revolves around existing products as well as products in development. Given our products' life cycle and the time from design to market entry, we identify short-term decarbonization levers while incorporating our climate targets into our long-term product development pipeline. As such, we are integrating use-phase emissions as a key performance indicator in our</p>

		product development toolbox. This will enable the development of a product pipeline consistent with our ambitious climate targets while meeting current and future regulations requesting more sustainable products.
Operations	Yes	<p>Carbon prices (either market-based or pricing instruments) can increase our operations (and operating costs). To mitigate this risk, we have embarked in an operation decarbonization journey.</p> <p>As consequence of the company's aim to be carbon neutral in its operations by 2030, we have started procuring green electricity from existing or new energy sources, e.g. wind or solar.</p>

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 Direct costs Capital expenditures Acquisitions and divestments	<p>Increased interest by customers in energy efficient products and solutions will lead to increased net sales and thereby a better revenue.</p> <p>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.</p> <p>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.</p> <p>The PPAs will be CAPEX neutral to Danfoss as the investments are made by third party investors.</p> <p>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.</p> <p>Decarbonizing our use of fossil fuels for heating and production</p>

	<p>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.</p> <p>One example on the acquisition side, reflecting our strong commitment to pursue a leading position within components for natural refrigerants is reflected in the 2022 acquisition of 100% of the shares in BOCK GmbH adding the largest portfolio of compressors for natural refrigerants (e.g. CO2 and hydrocarbons).</p>
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C3.5

(C3.5) In your organization’s financial accounting, do you identify spending/revenue that is aligned with your organization’s climate transition?

Identification of spending/revenue that is aligned with your organization’s climate transition	
Row 1	No, but we plan to in the next two 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

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

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, Category 1: Purchased goods and services emissions covered by target (metric tons CO₂e)

Base year Scope 3, Category 2: Capital goods emissions covered by target (metric tons CO₂e)

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target (metric tons CO₂e)

Base year Scope 3, Category 4: Upstream transportation and distribution emissions covered by target (metric tons CO₂e)

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target (metric tons CO₂e)

Base year Scope 3, Category 6: Business travel emissions covered by target (metric tons CO₂e)

Base year Scope 3, Category 7: Employee commuting emissions covered by target (metric tons CO₂e)

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 10: Processing of sold products emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 11: Use of sold products emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 14: Franchises emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 15: Investments emissions covered by target (metric tons CO2e)

Base year Scope 3, Other (upstream) emissions covered by target (metric tons CO2e)

Base year Scope 3, Other (downstream) emissions covered by target (metric tons CO2e)

Base year total 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, Category 1: Purchased goods and services emissions covered by target as % of total base year emissions in Scope 3, Category 1: Purchased goods and services (metric tons CO₂e)

Base year Scope 3, Category 2: Capital goods emissions covered by target as % of total base year emissions in Scope 3, Category 2: Capital goods (metric tons CO₂e)

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target as % of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO₂e)

Base year Scope 3, Category 4: Upstream transportation and distribution covered by target as % of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution (metric tons CO₂e)

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target as % of total base year emissions in Scope 3, Category 5: Waste generated in operations (metric tons CO₂e)

Base year Scope 3, Category 6: Business travel emissions covered by target as % of total base year emissions in Scope 3, Category 6: Business travel (metric tons CO₂e)

Base year Scope 3, Category 7: Employee commuting covered by target as % of total base year emissions in Scope 3, Category 7: Employee commuting (metric tons CO₂e)

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 8: Upstream leased assets (metric tons CO₂e)

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target as % of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution (metric tons CO₂e)

Base year Scope 3, Category 10: Processing of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 10: Processing of sold products (metric tons CO₂e)

Base year Scope 3, Category 11: Use of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 11: Use of sold products (metric tons CO₂e)

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO₂e)

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 13: Downstream leased assets (metric tons CO₂e)

Base year Scope 3, Category 14: Franchises emissions covered by target as % of total base year emissions in Scope 3, Category 14: Franchises (metric tons CO₂e)

Base year Scope 3, Category 15: Investments emissions covered by target as % of total base year emissions in Scope 3, Category 15: Investments (metric tons CO₂e)

Base year Scope 3, Other (upstream) emissions covered by target as % of total base year emissions in Scope 3, Other (upstream) (metric tons CO₂e)

Base year Scope 3, Other (downstream) emissions covered by target as % of total base year emissions in Scope 3, Other (downstream) (metric tons CO₂e)

Base year total 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)

55,118

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

215,302

Scope 3, Category 1: Purchased goods and services emissions in reporting year covered by target (metric tons CO₂e)

Scope 3, Category 2: Capital goods emissions in reporting year covered by target (metric tons CO₂e)

Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions in reporting year covered by target (metric tons CO₂e)

Scope 3, Category 4: Upstream transportation and distribution emissions in reporting year covered by target (metric tons CO₂e)

Scope 3, Category 5: Waste generated in operations emissions in reporting year covered by target (metric tons CO₂e)

Scope 3, Category 6: Business travel emissions in reporting year covered by target (metric tons CO₂e)

Scope 3, Category 7: Employee commuting emissions in reporting year covered by target (metric tons CO₂e)

Scope 3, Category 8: Upstream leased assets emissions in reporting year covered by target (metric tons CO₂e)

Scope 3, Category 9: Downstream transportation and distribution emissions in reporting year covered by target (metric tons CO₂e)

Scope 3, Category 10: Processing of sold products emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 11: Use of sold products emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 12: End-of-life treatment of sold products emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 13: Downstream leased assets emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 14: Franchises emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 15: Investments emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Other (upstream) emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Other (downstream) emissions in reporting year covered by target (metric tons CO2e)

Total 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)

270,420

Does this target cover any land-related emissions?

Yes, it covers land-related and non-land related emissions (e.g. SBT approved before the release of FLAG target-setting guidance)

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

10.4711833881

Target status in reporting year

Underway

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 billing media in scope 1 baseline emissions. In 2022, we obtained limited assurance on our 2019 baseline.

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

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

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)

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Base year Scope 3, Category 1: Purchased goods and services emissions covered by target (metric tons CO₂e)

Base year Scope 3, Category 2: Capital goods emissions covered by target (metric tons CO₂e)

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target (metric tons CO₂e)

Base year Scope 3, Category 4: Upstream transportation and distribution emissions covered by target (metric tons CO₂e)

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target (metric tons CO₂e)

Base year Scope 3, Category 6: Business travel emissions covered by target (metric tons CO₂e)

Base year Scope 3, Category 7: Employee commuting emissions covered by target (metric tons CO₂e)

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target (metric tons CO₂e)

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target (metric tons CO₂e)

Base year Scope 3, Category 10: Processing of sold products emissions covered by target (metric tons CO₂e)

Base year Scope 3, Category 11: Use of sold products emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 14: Franchises emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 15: Investments emissions covered by target (metric tons CO2e)

Base year Scope 3, Other (upstream) emissions covered by target (metric tons CO2e)

Base year Scope 3, Other (downstream) emissions covered by target (metric tons CO2e)

Base year total 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, Category 1: Purchased goods and services emissions covered by target as % of total base year emissions in Scope 3, Category 1: Purchased goods and services (metric tons CO2e)

Base year Scope 3, Category 2: Capital goods emissions covered by target as % of total base year emissions in Scope 3, Category 2: Capital goods (metric tons CO₂e)

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target as % of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO₂e)

Base year Scope 3, Category 4: Upstream transportation and distribution covered by target as % of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution (metric tons CO₂e)

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target as % of total base year emissions in Scope 3, Category 5: Waste generated in operations (metric tons CO₂e)

Base year Scope 3, Category 6: Business travel emissions covered by target as % of total base year emissions in Scope 3, Category 6: Business travel (metric tons CO₂e)

Base year Scope 3, Category 7: Employee commuting covered by target as % of total base year emissions in Scope 3, Category 7: Employee commuting (metric tons CO₂e)

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 8: Upstream leased assets (metric tons CO₂e)

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target as % of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution (metric tons CO₂e)

Base year Scope 3, Category 10: Processing of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 10: Processing of sold products (metric tons CO₂e)

Base year Scope 3, Category 11: Use of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 11: Use of sold products (metric tons CO2e)

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e)

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 13: Downstream leased assets (metric tons CO2e)

Base year Scope 3, Category 14: Franchises emissions covered by target as % of total base year emissions in Scope 3, Category 14: Franchises (metric tons CO2e)

Base year Scope 3, Category 15: Investments emissions covered by target as % of total base year emissions in Scope 3, Category 15: Investments (metric tons CO2e)

Base year Scope 3, Other (upstream) emissions covered by target as % of total base year emissions in Scope 3, Other (upstream) (metric tons CO2e)

Base year Scope 3, Other (downstream) emissions covered by target as % of total base year emissions in Scope 3, Other (downstream) (metric tons CO2e)

Base year total 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)

55,118

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

215,302

Scope 3, Category 1: Purchased goods and services emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 2: Capital goods emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 4: Upstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 5: Waste generated in operations emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 6: Business travel emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 7: Employee commuting emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 8: Upstream leased assets emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 9: Downstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 10: Processing of sold products emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 11: Use of sold products emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 12: End-of-life treatment of sold products emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 13: Downstream leased assets emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 14: Franchises emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 15: Investments emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Other (upstream) emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Other (downstream) emissions in reporting year covered by target (metric tons CO2e)

Total 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)

270,420

Does this target cover any land-related emissions?

Yes, it covers land-related and non-land related emissions (e.g. SBT approved before the release of FLAG target-setting guidance)

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

22.6648991084

Target status in reporting year

Underway

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. In 2022, we obtained limited assurance on our 2019 baseline.

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

Is this a science-based target?

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

Target ambition

2°C aligned

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 4: Upstream transportation and distribution

Category 11: Use 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, Category 1: Purchased goods and services emissions covered by target (metric tons CO₂e)

Base year Scope 3, Category 2: Capital goods emissions covered by target (metric tons CO₂e)

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target (metric tons CO₂e)

Base year Scope 3, Category 4: Upstream transportation and distribution emissions covered by target (metric tons CO₂e)

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target (metric tons CO₂e)

Base year Scope 3, Category 6: Business travel emissions covered by target (metric tons CO₂e)

Base year Scope 3, Category 7: Employee commuting emissions covered by target (metric tons CO₂e)

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target (metric tons CO₂e)

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target (metric tons CO₂e)

Base year Scope 3, Category 10: Processing of sold products emissions covered by target (metric tons CO₂e)

Base year Scope 3, Category 11: Use of sold products emissions covered by target (metric tons CO₂e)

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 14: Franchises emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 15: Investments emissions covered by target (metric tons CO2e)

Base year Scope 3, Other (upstream) emissions covered by target (metric tons CO2e)

Base year Scope 3, Other (downstream) emissions covered by target (metric tons CO2e)

Base year total 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, Category 1: Purchased goods and services emissions covered by target as % of total base year emissions in Scope 3, Category 1: Purchased goods and services (metric tons CO2e)
100

Base year Scope 3, Category 2: Capital goods emissions covered by target as % of total base year emissions in Scope 3, Category 2: Capital goods (metric tons CO2e)

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target as % of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

Base year Scope 3, Category 4: Upstream transportation and distribution covered by target as % of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e)

100

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target as % of total base year emissions in Scope 3, Category 5: Waste generated in operations (metric tons CO2e)

Base year Scope 3, Category 6: Business travel emissions covered by target as % of total base year emissions in Scope 3, Category 6: Business travel (metric tons CO2e)

Base year Scope 3, Category 7: Employee commuting covered by target as % of total base year emissions in Scope 3, Category 7: Employee commuting (metric tons CO2e)

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 8: Upstream leased assets (metric tons CO2e)

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target as % of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution (metric tons CO2e)

Base year Scope 3, Category 10: Processing of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 10: Processing of sold products (metric tons CO2e)

Base year Scope 3, Category 11: Use of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 11: Use of sold products (metric tons CO2e)

100

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e)

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 13: Downstream leased assets (metric tons CO2e)

Base year Scope 3, Category 14: Franchises emissions covered by target as % of total base year emissions in Scope 3, Category 14: Franchises (metric tons CO2e)

Base year Scope 3, Category 15: Investments emissions covered by target as % of total base year emissions in Scope 3, Category 15: Investments (metric tons CO2e)

Base year Scope 3, Other (upstream) emissions covered by target as % of total base year emissions in Scope 3, Other (upstream) (metric tons CO2e)

Base year Scope 3, Other (downstream) emissions covered by target as % of total base year emissions in Scope 3, Other (downstream) (metric tons CO2e)

Base year total 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, Category 1: Purchased goods and services emissions in reporting year covered by target (metric tons CO₂e)

3,472,271

Scope 3, Category 2: Capital goods emissions in reporting year covered by target (metric tons CO₂e)

Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions in reporting year covered by target (metric tons CO₂e)

Scope 3, Category 4: Upstream transportation and distribution emissions in reporting year covered by target (metric tons CO₂e)

291,325

Scope 3, Category 5: Waste generated in operations emissions in reporting year covered by target (metric tons CO₂e)

Scope 3, Category 6: Business travel emissions in reporting year covered by target (metric tons CO₂e)

Scope 3, Category 7: Employee commuting emissions in reporting year covered by target (metric tons CO₂e)

Scope 3, Category 8: Upstream leased assets emissions in reporting year covered by target (metric tons CO₂e)

Scope 3, Category 9: Downstream transportation and distribution emissions in reporting year covered by target (metric tons CO₂e)

Scope 3, Category 10: Processing of sold products emissions in reporting year covered by target (metric tons CO₂e)

Scope 3, Category 11: Use of sold products emissions in reporting year covered by target (metric tons CO₂e)

89,245,662

Scope 3, Category 12: End-of-life treatment of sold products emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 13: Downstream leased assets emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 14: Franchises emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 15: Investments emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Other (upstream) emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Other (downstream) emissions in reporting year covered by target (metric tons CO2e)

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

93,009,258

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

93,009,258

Does this target cover any land-related emissions?

Yes, it covers land-related and non-land related emissions (e.g. SBT approved before the release of FLAG target-setting guidance)

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

-261.2916092986

Target status in reporting year

Underway

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 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 2022, we have continued to identify levers and mitigation activities for the reduction of CO₂ emissions in our value chain. We will 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

Is this a science-based target?

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

Target ambition

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, Category 1: Purchased goods and services (metric tons CO₂e per unit of activity)

Intensity figure in base year for Scope 3, Category 2: Capital goods (metric tons CO₂e per unit of activity)

Intensity figure in base year for Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO₂e per unit of activity)

Intensity figure in base year for Scope 3, Category 4: Upstream transportation and distribution (metric tons CO₂e per unit of activity)

Intensity figure in base year for Scope 3, Category 5: Waste generated in operations (metric tons CO₂e per unit of activity)

Intensity figure in base year for Scope 3, Category 6: Business travel (metric tons CO₂e per unit of activity)

Intensity figure in base year for Scope 3, Category 7: Employee commuting (metric tons CO₂e per unit of activity)

Intensity figure in base year for Scope 3, Category 8: Upstream leased assets (metric tons CO₂e per unit of activity)

Intensity figure in base year for Scope 3, Category 9: Downstream transportation and distribution (metric tons CO₂e per unit of activity)

Intensity figure in base year for Scope 3, Category 10: Processing of sold products (metric tons CO₂e per unit of activity)

Intensity figure in base year for Scope 3, Category 11: Use of sold products (metric tons CO₂e per unit of activity)

Intensity figure in base year for Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO₂e per unit of activity)

Intensity figure in base year for Scope 3, Category 13: Downstream leased assets (metric tons CO₂e per unit of activity)

Intensity figure in base year for Scope 3, Category 14: Franchises (metric tons CO₂e per unit of activity)

Intensity figure in base year for Scope 3, Category 15: Investments (metric tons CO₂e per unit of activity)

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

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

Intensity figure in base year for total 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, Category 1: Purchased goods and services covered by this Scope 3, Category 1: Purchased goods and services intensity figure

% of total base year emissions in Scope 3, Category 2: Capital goods covered by this Scope 3, Category 2: Capital goods intensity figure

% of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) covered by this Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) intensity figure

% of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution covered by this Scope 3, Category 4: Upstream transportation and distribution intensity figure

% of total base year emissions in Scope 3, Category 5: Waste generated in operations covered by this Scope 3, Category 5: Waste generated in operations intensity figure

% of total base year emissions in Scope 3, Category 6: Business travel covered by this Scope 3, Category 6: Business travel intensity figure

% of total base year emissions in Scope 3, Category 7: Employee commuting covered by this Scope 3, Category 7: Employee commuting intensity figure

% of total base year emissions in Scope 3, Category 8: Upstream leased assets covered by this Scope 3, Category 8: Upstream leased assets intensity figure

% of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution covered by this Scope 3, Category 9: Downstream transportation and distribution intensity figure

% of total base year emissions in Scope 3, Category 10: Processing of sold products covered by this Scope 3, Category 10: Processing of sold products intensity figure

% of total base year emissions in Scope 3, Category 11: Use of sold products covered by this Scope 3, Category 11: Use of sold products intensity figure

% of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products covered by this Scope 3, Category 12: End-of-life treatment of sold products intensity figure

% of total base year emissions in Scope 3, Category 13: Downstream leased assets covered by this Scope 3, Category 13: Downstream leased assets intensity figure

% of total base year emissions in Scope 3, Category 14: Franchises covered by this Scope 3, Category 14: Franchises intensity figure

% of total base year emissions in Scope 3, Category 15: Investments covered by this Scope 3, Category 15: Investments intensity figure

% of total base year emissions in Scope 3, Other (upstream) covered by this Scope 3, Other (upstream) intensity figure

% of total base year emissions in Scope 3, Other (downstream) covered by this Scope 3, Other (downstream) intensity figure

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

7.09

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

27.78

Intensity figure in reporting year for Scope 3, Category 1: Purchased goods and services (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 2: Capital goods (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 4: Upstream transportation and distribution (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 5: Waste generated in operations (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 6: Business travel (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 7: Employee commuting (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 8: Upstream leased assets (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 9: Downstream transportation and distribution (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 10: Processing of sold products (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 11: Use of sold products (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 13: Downstream leased assets (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 14: Franchises (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 15: Investments (metric tons CO₂e per unit of activity)

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

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

Intensity figure in reporting year for total 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)

36.2

Does this target cover any land-related emissions?

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

80.468878983

Target status in reporting year

Replaced

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

22.5

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

21.2478406666

Target status in reporting year

Underway

Is this target part of an emissions target?

Abs2

Is this target part of an overarching initiative?

RE100

Science Based Targets initiative

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

100

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

100

Target status in reporting year

Achieved

Is this target part of an emissions target?

Abs1, Abs2

Is this target part of an overarching initiative?

RE100

Science Based Targets 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

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

8.2

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

5.6526207605

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

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 2022, we continued 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)

0

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 DK and DE

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, other structural change, please specify
Acquisitions and divestments

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

Danfoss Russia
Eaton Hydraulics Legacy

Details of structural change(s), including completion dates

Exit Danfoss Russia (2022), and inclusion of Eaton Hydraulics acquisition (2021-2022)

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 and past years’ emissions been recalculated as a result of any changes or errors reported in C5.1a and/or C5.1b?

	Base year recalculation	Scope(s) recalculated	Base year emissions recalculation policy, including significance threshold	Past years’ recalculation
Row 1	Yes	Scope 1 Scope 2, location-based	We have recalculated baseline 2019 and previous years, to exclude exit from Russia, and account for Eaton Hydraulics completeness.	Yes

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 (in 2021) 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 (in 2021) 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

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 2: Capital goods

Base year start

January 1, 2019

Base year end

December 31, 2019

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

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 4: Upstream transportation and distribution

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 5: Waste generated in operations

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 6: Business travel

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 7: Employee commuting

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO₂e)

Comment

Scope 3 category 8: Upstream leased assets

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO₂e)

Comment

Scope 3 category 9: Downstream transportation and distribution

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO₂e)

Comment

Scope 3 category 10: Processing of sold products

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO₂e)

Comment

Scope 3 category 11: Use of sold products

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO₂e)

Comment

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

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO₂e)

Comment

Scope 3 category 13: Downstream leased assets

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO₂e)

Comment

Scope 3 category 14: Franchises

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO₂e)

Comment

Scope 3 category 15: Investments

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO₂e)

Comment

Scope 3: Other (upstream)

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO₂e)

Comment

Scope 3: Other (downstream)

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO₂e)

Comment

N/A

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)

109,905

Comment

In comparison to earlier years' reporting of ESG performance, the following significant changes have been implemented in 2022:

- Data on scope 1 and scope 2 market- and location-based emissions differs from earlier reports as emissions factors have been updated. Comparative years have been corrected.
- Data from the hydraulics business acquired in 2021 has been included.

C6.2

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

Row 1

Scope 2, location-based

We are 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, location-based

280,938

Scope 2, market-based (if applicable)

284,917

Comment

In comparison to earlier years' reporting of ESG performance, the following significant changes have been implemented in 2022:

- Data on scope 1 and scope 2 market- and location-based emissions differs from earlier reports as emissions factors have been updated. Comparative years have been corrected.
- Data from the hydraulics business acquired in 2021 has been included.

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1, Scope 2 or Scope 3 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)

3,472,271

Emissions calculation methodology

Hybrid method

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

1

Please explain

A classification of our 2022 spend has been realised, with our total materials purchases (and their weight) being matched with corresponding emission factors. This figure includes the recently acquired hydraulics business.

Capital goods

Evaluation status

Not relevant, explanation provided

Please explain

Capital goods represent less than 0,1% of our total Scope 3 emissions and have therefore been excluded from a materiality perspective.

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

Evaluation status

Not relevant, explanation provided

Please explain

Fuel and energy related activities represent less than 0,1% of our total Scope 3 emissions and have therefore been excluded from a materiality perspective.

Upstream transportation and distribution

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO₂e)

291,325

Emissions calculation methodology

Supplier-specific method

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

75

Please explain

We have extrapolated our suppliers data to the whole Danfoss operations.

Waste generated in operations

Evaluation status

Not relevant, explanation provided

Please explain

Waste generated in our operations represent less than 0,01% of our total Scope 3 emissions and have therefore been excluded from a materiality perspective.

Business travel

Evaluation status

Not relevant, explanation provided

Please explain

Business travel represent less than 0,1% of our total Scope 3 emissions and have therefore been excluded from a materiality perspective.

Employee commuting

Evaluation status

Not relevant, explanation provided

Please explain

Employee commuting represent less 0,1% of our total Scope 3 emissions and have therefore been excluded from a materiality perspective.

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

We do not have upstream leased assets. This category has been excluded from our baseline.

Downstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Please explain

Downstream transportation represents less 0,1% of our total scope 3 emissions and has been excluded from a materiality perspective.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Please explain

Our products do not require material processing. This category is excluded from our LCAs.

Use of sold products

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO₂e)

89,245,662

Emissions calculation methodology

Average product method

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

0

Please explain

Calculated using lifetime annual emissions, with application specific information being used when available.

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Please explain

End of life treatment of sold products represents less than 0,1% of our total scope 3 emissions and has been excluded from a materiality perspective.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

This category was excluded from our baseline (no significance).

Franchises

Evaluation status

Not relevant, explanation provided

Please explain

This category was excluded from our baseline (no significance).

Investments

Evaluation status

Not relevant, explanation provided

Please explain

This category was excluded from our baseline (no significance).

Other (upstream)

Evaluation status

Not relevant, explanation provided

Please explain

N/A

Other (downstream)

Evaluation status

Not relevant, explanation provided

Please explain

N/A

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	We have built a in-house team of LCA experts and are in the process of publishing LCA and EPDs.

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	All new products/services under development	Cradle-to-gate + end-of-life stage	PAS 2050	This work is undertaken by our in-house LCA experts team. We are building early-stage LCA capabilities at product development stage.

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

36.2

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

394,822

Metric denominator

Other, please specify
Net sales

Metric denominator: Unit total

Scope 2 figure used

Market-based

% change from previous year

6

Direction of change

Increased

Reason(s) for change

Acquisitions

Please explain

Acquisition of Eaton Hydraulics

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/area/region.

Country/area/region	Scope 1 emissions (metric tons CO2e)
Brazil	469
Bulgaria	122
China	34,907
Denmark	4,736
Finland	181
France	4,239
Germany	5,856
India	2,274
Italy	574

Japan	0
Mexico	12,653
Poland	1,444
Romania	175
Slovakia	254
Slovenia	221
United States of America	25,910
Turkey	13,057
Netherlands	294
Republic of Korea	92
Singapore	0
Spain	201
United Kingdom of Great Britain and Northern Ireland	597
Other, please specify Rest of world	1,658

C7.3

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

C7.5

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

Country/area/region	Scope 2, location-based (metric tons CO ₂ e)	Scope 2, market-based (metric tons CO ₂ e)
Brazil	1,377	355
Bulgaria	186	219
China	91,231	88,484
Denmark	11,381	711
Finland	982	1,714
France	738	573
Germany	12,615	413
India	14,072	17,797
Japan	6,936	5,458
Italy	1,454	1,376
Mexico	29,614	37,811

Poland	9,098	0
Romania	355	351
Slovakia	3,615	4,251
Slovenia	2,834	11,284
United States of America	70,885	80,165
Turkey	16,053	28,296
Netherlands	89	127
Singapore	2,264	2,224
Republic of Korea	2,426	2,423
United Arab Emirates	192	145
United Kingdom of Great Britain and Northern Ireland	1,798	0
Other, please specify Rest of world	2,169	2,964

C7.6

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

C7.7

(C7.7) Is your organization able to break down your emissions data for any of the subsidiaries included in your CDP response?

No

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?

Increased

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 in emissions	Emissions value (percentage)	Please explain calculation
--	--	----------------------------------	------------------------------	----------------------------

Change in renewable energy consumption	29,500	Decreased	9	Increase in renewable energy ratio from 19.1 in 2021 to 22.5% (incl Eaton Hydraulics) in 2022, equivalent to a reduction of over 37,000 tonnes CO2e.
Other emissions reduction activities	50,000	Decreased	17	Due to installation of energy-efficient HVAC systems and reducing the heating temperature, and continuing the transition to renewable energy, the Scope 1-2 emissions were reduced by app. 50,0000 tonnes CO2e.
Divestment				
Acquisitions	155,071	Increased	40	Acquisition of Eaton Hydraulics led to increased scope 1-2 emissions of 155,071 tonnes CO2e, equivalent to app. 40% of our total scope 1-2 emissions for 2022.
Mergers				
Change in output	47,583	Increased	18	Due to increased activity (revenue), the scope 1-2 emissions increased by an estimated 47,583 tonnes CO2e.
Change in methodology				
Change in boundary				
Change in physical operating conditions				
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?

Increased

C-CG7.10a

(C-CG7.10a) For each Scope 3 category calculated in C6.5, specify how your emissions compare to the previous year and identify the reason for any change.

Purchased goods and services

Direction of change

Increased

Primary reason for change

Acquisitions

Change in emissions in this category (metric tons CO₂e)

1,920,271

% change in emissions in this category

123

Please explain

Change in boundaries with the inclusion of acquisitions.

Upstream transportation and distribution

Direction of change

Decreased

Primary reason for change

Change in methodology

Change in emissions in this category (metric tons CO₂e)

210,246

% change in emissions in this category

41

Please explain

Change in methodology with better coverage from supplier data.

Use of sold products

Direction of change

Increased

Primary reason for change

Change in output

Change in emissions in this category (metric tons CO2e)

13,632,662

% change in emissions in this category

18

Please explain

Organic growth.

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)	0	310,343	310,243
Consumption of purchased or acquired electricity		168,934	580,384	750,821
Consumption of purchased or acquired heat		18,995.43	18,995.43	37,991
Consumption of self-generated non-fuel renewable energy		1,405		1,405
Total energy consumption		189,334	911,184	1,099,055

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

6,780

Comment

Gas

Heating value

LHV

Total fuel MWh consumed by the organization

303,463

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

310,243

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	1,405	1,405	1,405	1,405
Heat	310,243	310,243	0	0
Steam	0	0	0	0
Cooling	0	0	0	0

C8.2g

(C8.2g) Provide a breakdown by country/area of your non-fuel energy consumption in the reporting year.

Country/area

Brazil

Consumption of purchased electricity (MWh)

10,412

Consumption of self-generated electricity (MWh)

0

Is this electricity consumption excluded from your RE100 commitment?

No

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

1,584

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

11,996

Country/area

Bulgaria

Consumption of purchased electricity (MWh)

464

Consumption of self-generated electricity (MWh)

0

Is this electricity consumption excluded from your RE100 commitment?

No

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

506

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

970

Country/area

China

Consumption of purchased electricity (MWh)

143,056

Consumption of self-generated electricity (MWh)

0

Is this electricity consumption excluded from your RE100 commitment?

No

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

15,350

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

158,406

Country/area

Denmark

Consumption of purchased electricity (MWh)

85,096

Consumption of self-generated electricity (MWh)

36

Is this electricity consumption excluded from your RE100 commitment?

No

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

13,449

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

98,581

Country/area

Finland

Consumption of purchased electricity (MWh)

10,148

Consumption of self-generated electricity (MWh)

35

Is this electricity consumption excluded from your RE100 commitment?

No

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

2,317

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

12,500

Country/area

France

Consumption of purchased electricity (MWh)

13,704

Consumption of self-generated electricity (MWh)

0

Is this electricity consumption excluded from your RE100 commitment?

No

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

3,860

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

17,564

Country/area

Germany

Consumption of purchased electricity (MWh)

32,530

Consumption of self-generated electricity (MWh)

0

Is this electricity consumption excluded from your RE100 commitment?

No

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

30,315

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

62,845

Country/area

India

Consumption of purchased electricity (MWh)

20,435

Consumption of self-generated electricity (MWh)

1,229

Is this electricity consumption excluded from your RE100 commitment?

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

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

21,664

Country/area

Italy

Consumption of purchased electricity (MWh)

5,426

Consumption of self-generated electricity (MWh)

96

Is this electricity consumption excluded from your RE100 commitment?

No

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

1,248

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

6,770

Country/area

Japan

Consumption of purchased electricity (MWh)

15,099

Consumption of self-generated electricity (MWh)

0

Is this electricity consumption excluded from your RE100 commitment?

No

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

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

15,099

Country/area

Mexico

Consumption of purchased electricity (MWh)

80,156

Consumption of self-generated electricity (MWh)

0

Is this electricity consumption excluded from your RE100 commitment?

No

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

24,189

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

104,345

Country/area

Netherlands

Consumption of purchased electricity (MWh)

284

Consumption of self-generated electricity (MWh)

0

Is this electricity consumption excluded from your RE100 commitment?

No

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

376

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

660

Country/area

Poland

Consumption of purchased electricity (MWh)

14,268

Consumption of self-generated electricity (MWh)

0

Is this electricity consumption excluded from your RE100 commitment?

No

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

5,138

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

19,406

Country/area

Romania

Consumption of purchased electricity (MWh)

1,296

Consumption of self-generated electricity (MWh)

0

Is this electricity consumption excluded from your RE100 commitment?

No

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

691

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

1,987

Country/area

Singapore

Consumption of purchased electricity (MWh)

5,844

Consumption of self-generated electricity (MWh)

0

Is this electricity consumption excluded from your RE100 commitment?

No

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

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

5,844

Country/area

Slovakia

Consumption of purchased electricity (MWh)

21,148

Consumption of self-generated electricity (MWh)

0

Is this electricity consumption excluded from your RE100 commitment?

No

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

1,083

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

22,231

Country/area

Slovenia

Consumption of purchased electricity (MWh)

12,970

Consumption of self-generated electricity (MWh)

0

Is this electricity consumption excluded from your RE100 commitment?

No

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

526

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

13,496

Country/area

Republic of Korea

Consumption of purchased electricity (MWh)

5,255

Consumption of self-generated electricity (MWh)

0

Is this electricity consumption excluded from your RE100 commitment?

No

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

514

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

5,769

Country/area

Turkey

Consumption of purchased electricity (MWh)

69,304

Consumption of self-generated electricity (MWh)

0

Is this electricity consumption excluded from your RE100 commitment?

No

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

81,602

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

150,906

Country/area

United Kingdom of Great Britain and Northern Ireland

Consumption of purchased electricity (MWh)

8,207

Consumption of self-generated electricity (MWh)

0

Is this electricity consumption excluded from your RE100 commitment?

No

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

1,922

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

10,129

Country/area

United States of America

Consumption of purchased electricity (MWh)

195,347

Consumption of self-generated electricity (MWh)

9

Is this electricity consumption excluded from your RE100 commitment?

No

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

121,043

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

316,399

C8.2h

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

Country/area of consumption of purchased renewable electricity

Denmark

Sourcing method

Physical power purchase agreement (physical PPA) with a grid-connected generator

Renewable electricity technology type

Wind

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

86,462.7

Tracking instrument used

GO

Country/area of origin (generation) of purchased renewable electricity

Denmark

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

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

2010

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

2022

Supply arrangement start year

2021

Additional, voluntary label associated with purchased renewable electricity

Other, please specify

Ørsted

Comment

Country/area of consumption of purchased renewable electricity

Germany

Sourcing method

Physical power purchase agreement (physical PPA) with a grid-connected generator

Renewable electricity technology type

Wind

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

28,769.3

Tracking instrument used

GO

Country/area of origin (generation) of purchased renewable electricity

Denmark

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

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

2010

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

2022

Supply arrangement start year

2021

Additional, voluntary label associated with purchased renewable electricity

Other, please specify

Ørsted

Comment

C8.2i

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

Sourcing method

Other, please specify

Declaration from energy provider

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

Denmark

Energy carrier

Heat

Low-carbon technology type

Sustainable biomass

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

13,450

Comment

C8.2j

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

Country/area of generation

Denmark

Renewable electricity technology type

Solar

Facility capacity (MW)

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

36

Renewable electricity consumed by your organization from this facility in the reporting year (MWh)

36

Energy attribute certificates issued for this generation

No

Type of energy attribute certificate

Comment

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)

35

Renewable electricity consumed by your organization from this facility in the reporting year (MWh)

35

Energy attribute certificates issued for this generation

No

Type of energy attribute certificate

Comment

Country/area of generation

India

Renewable electricity technology type

Solar

Facility capacity (MW)

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

1,229

Renewable electricity consumed by your organization from this facility in the reporting year (MWh)

1,229

Energy attribute certificates issued for this generation

No

Type of energy attribute certificate

Comment

Country/area of generation

Italy

Renewable electricity technology type

Solar

Facility capacity (MW)

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

96

Renewable electricity consumed by your organization from this facility in the reporting year (MWh)

96

Energy attribute certificates issued for this generation

No

Type of energy attribute certificate

Comment

Country/area of generation

United States of America

Renewable electricity technology type

Solar

Facility capacity (MW)

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

9

Renewable electricity consumed by your organization from this facility in the reporting year (MWh)

9

Energy attribute certificates issued for this generation

No

Type of energy attribute certificate

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/area-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.
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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

44,249

Metric numerator

Metric tonnes

Metric denominator (intensity metric only)

Million EUR

% change from previous year

13

Direction of change

Increased

Please explain

Acquisitions (excl Eaton)

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	No	

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

1

% of Scope 2 emissions covered by the ETS

0

Period start date

January 1, 2022

Period end date

December 31, 2022

Allowances allocated

1,588

Allowances purchased

0

Verified Scope 1 emissions in metric tons CO₂e

1,096

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 canceled any project-based carbon credits within the reporting year?

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.

Working with suppliers on decarbonisation and improving circularity of products delivered to market

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

External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact the climate

Yes, we engage directly with policy makers

Yes, our membership of/engagement with trade associations could influence policy, law, or regulation that may impact the climate

Yes, we fund organizations or individuals whose activities could influence policy, law, or regulation that may 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)

CORPORATE WEBSITE, UN SUSTAINABLE DEVELOPMENT GOALS:

<https://www.danfoss.com/en/about-danfoss/company/sustainability/the-sustainable-development-goals/>

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

Describe the process(es) your organization has in place to ensure that your external engagement activities are consistent with your climate commitments and/or climate transition plan

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?

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

EED, EPBD

Category of policy, law, or regulation that may impact the climate

Climate change adaptation

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

Other, please specify

Minimum energy efficiency requirements

Policy, law, or regulation geographic coverage

Regional

Country/area/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 on this policy, law, or regulation is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

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

Carbon tax

Category of policy, law, or regulation that may impact the climate

Carbon pricing, taxes, and subsidies

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

Carbon taxes

Policy, law, or regulation geographic coverage

National

Country/area/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 on this policy, law, or regulation 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 is a member of, or engages with, which are likely to take a position on any policy, law or regulation that may impact the climate.

Trade association

Other, please specify

Confederation of Danish Industry (DI)

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

Consistent

Has your organization attempted to influence their position in the reporting year?

Yes, we publicly promoted their current position

Describe how your organization's position is consistent with or differs from the trade association's position, and any actions taken to influence their position

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 (currency as selected in C0.4)

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 Indian Industries (CII)

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

Mixed

Has your organization attempted to influence their position in the reporting year?

Yes, we publicly promoted their current position

Describe how your organization's position is consistent with or differs from the trade association's position, and any actions taken to influence their position

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 (currency as selected in C0.4)

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 or individuals in the reporting year whose activities could influence policy, law, or regulation that may impact the climate.

Type of organization or individual

Research organization

State the organization or individual to which you provided funding

CONCITO

Funding figure your organization provided to this organization or individual 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

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 mainstream reports

Status

Complete

Attach the document

 Annual-Report-2022.pdf

 Annual-Report-2022.pdf

Page/Section reference

34-42 + 66

Content elements

- Governance
- Strategy
- Risks & opportunities
- Emissions figures
- Emission targets
- Other metrics

Comment

Danfoss Annual Report 2022 combines sustainability, financial and corporate governance information. It summarizes the development towards previously set climate-related targets and ambitions. 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.

C12.5

(C12.5) Indicate the collaborative frameworks, initiatives and/or commitments related to environmental issues for which you are a signatory/member.

	Environmental collaborative framework, initiative and/or commitment	Describe your organization's role within each framework, initiative and/or commitment
Row 1	RE100 UN Global Compact World Business Council for Sustainable Development (WBCSD)	Signatory / signatory / supporter

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 impacts and dependencies of its value chain on biodiversity?

Impacts on biodiversity

Indicate whether your organization undertakes this type of assessment

No and we don't plan to within the next two years

Dependencies on biodiversity

Indicate whether your organization undertakes this type of assessment

No and we don't plan to within the next two years

C15.4

(C15.4) Does your organization have activities located in or near to biodiversity-sensitive areas in the reporting year?

No

C15.5

(C15.5) 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 Land/water management Species management


C15.6

(C15.6) 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	

C15.7

(C15.7) 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
In mainstream financial reports	Content of biodiversity-related policies or commitments Details on biodiversity indicators Other, please specify Circularity framework	Page 40-44 and 66-70  1

 1Annual-Report-2022.pdf

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	Chief Sustainability Officer (CSO)	Chief Sustainability Officer (CSO)

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	10,256,000,000

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

Robert Bosch GmbH

Scope of emissions

Scope 1

Scope 2 accounting method

Scope 3 category(ies)

Allocation level

Company wide

Allocation level detail

Emissions in metric tonnes of CO2e

80

Uncertainty ($\pm\%$)

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

19,281,265

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

Scope 2 accounting method

Market-based

Scope 3 category(ies)

Allocation level

Company wide

Allocation level detail

Emissions in metric tonnes of CO₂e

299

Uncertainty ($\pm\%$)

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

19,281,265

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 1

Scope 2 accounting method

Scope 3 category(ies)

Allocation level

Company wide

Allocation level detail

Emissions in metric tonnes of CO₂e

110

Uncertainty ($\pm\%$)

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

26,417,011

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

Scope of emissions

Scope 2

Scope 2 accounting method

Market-based

Scope 3 category(ies)

Allocation level

Company wide

Allocation level detail

Emissions in metric tonnes of CO₂e

412

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

26,417,011

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 1

Scope 2 accounting method

Scope 3 category(ies)

Allocation level

Company wide

Allocation level detail

Emissions in metric tonnes of CO₂e

95

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

22,962,010

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

Scope 2 accounting method

Market-based

Scope 3 category(ies)

Allocation level

Company wide

Allocation level detail

Emissions in metric tonnes of CO₂e

358

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

22,962,010

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 1

Scope 2 accounting method

Scope 3 category(ies)

Allocation level

Company wide

Allocation level detail

Emissions in metric tonnes of CO₂e

9

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

2,085,900

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

Scope 2 accounting method

Market-based

Scope 3 category(ies)

Allocation level

Company wide

Allocation level detail

Emissions in metric tonnes of CO₂e

33

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

2,085,900

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

Stanley Black & Decker, Inc.

Scope of emissions

Scope 1

Scope 2 accounting method

Scope 3 category(ies)

Allocation level

Company wide

Allocation level detail

Emissions in metric tonnes of CO₂e

1

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

188,000

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

Stanley Black & Decker, Inc.

Scope of emissions

Scope 2

Scope 2 accounting method

Market-based

Scope 3 category(ies)

Allocation level

Company wide

Allocation level detail

Emissions in metric tonnes of CO₂e

3

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

188,000

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

Trimble Inc.

Scope of emissions

Scope 1

Scope 2 accounting method

Scope 3 category(ies)

Allocation level

Company wide

Allocation level detail

Emissions in metric tonnes of CO₂e

4

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

908,000

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

Trimble Inc.

Scope of emissions

Scope 2

Scope 2 accounting method

Market-based

Scope 3 category(ies)**Allocation level**

Company wide

Allocation level detail**Emissions in metric tonnes of CO₂e**

14

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

908,000

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

TETRA PAK

Scope of emissions

Scope 1

Scope 2 accounting method

Scope 3 category(ies)

Allocation level

Company wide

Allocation level detail

Emissions in metric tonnes of CO₂e

53

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

12,636,966

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

TETRA PAK

Scope of emissions

Scope 2

Scope 2 accounting method

Market-based

Scope 3 category(ies)

Allocation level

Company wide

Allocation level detail

Emissions in metric tonnes of CO₂e

197

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

12,636,966

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

Scope 2 accounting method

Scope 3 category(ies)

Category 1: Purchased goods and services

Category 9: Downstream transportation and distribution

Category 11: Use of sold products

Allocation level

Company wide

Allocation level detail

Emissions in metric tonnes of CO₂e

154,857

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

19,281,265

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 3

Scope 2 accounting method

Scope 3 category(ies)

Category 1: Purchased goods and services

Category 9: Downstream transportation and distribution

Category 11: Use of sold products

Allocation level

Company wide

Allocation level detail

Emissions in metric tonnes of CO₂e

239,570

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

26,417,011

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 3

Scope 2 accounting method

Scope 3 category(ies)

Category 1: Purchased goods and services

Category 9: Downstream transportation and distribution

Category 11: Use of sold products

Allocation level

Allocation level detail

Emissions in metric tonnes of CO₂e

208,237

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

22,962,010

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

CNH Industrial NV

Scope of emissions

Scope 3

Scope 2 accounting method

Scope 3 category(ies)

Category 1: Purchased goods and services

Category 9: Downstream transportation and distribution

Category 11: Use of sold products

Allocation level

Company wide

Allocation level detail

Emissions in metric tonnes of CO₂e

18,917

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

2,085,900

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

Stanley Black & Decker, Inc.

Scope of emissions

Scope 3

Scope 2 accounting method**Scope 3 category(ies)**

Category 1: Purchased goods and services

Category 9: Downstream transportation and distribution

Category 11: Use of sold products

Allocation level

Company wide

Allocation level detail**Emissions in metric tonnes of CO₂e**

1,705

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

188,000

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

Trimble Inc.

Scope of emissions

Scope 3

Scope 2 accounting method

Scope 3 category(ies)

Category 1: Purchased goods and services

Category 9: Downstream transportation and distribution

Category 11: Use of sold products

Allocation level

Company wide

Allocation level detail

Emissions in metric tonnes of CO₂e

8,234

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

908,000

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

TETRA PAK

Scope of emissions

Scope 3

Scope 2 accounting method**Scope 3 category(ies)**

Category 1: Purchased goods and services

Category 9: Downstream transportation and distribution

Category 11: Use of sold products

Allocation level

Company wide

Allocation level detail

Emissions in metric tonnes of CO2e

114,602

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

12,363,966

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.
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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

Please confirm below

I have read and accept the applicable Terms