

DANFOSS A/S,
DANFOSS FINANCE I B.V.

AND

DANFOSS FINANCE II B.V.

EUR 2,500,000,000

EURO MEDIUM TERM NOTE PROGRAMME

*In respect of Notes issued by Danfoss Finance I B.V.
unconditionally and irrevocably guaranteed by*

DANFOSS A/S

AND

DANFOSS POWER SOLUTIONS INC.

*and in respect of Notes issued by Danfoss Finance II B.V.
unconditionally and irrevocably guaranteed by*

DANFOSS A/S

DEED OF COVENANT

THIS DEED OF COVENANT is made on 26 March 2021

BY

- (1) **DANFOSS A/S, DANFOSS FINANCE I B.V. and DANFOSS FINANCE II B.V.** (each an "Issuer" and together, the "Issuers")

IN FAVOUR OF

- (2) **THE ACCOUNTHOLDERS** (as defined below); and
- (3) **THE PERSONS** for the time being and from time to time registered as holders of the Registered Notes referred to below (the "**Holders**" of Registered Notes and, together with the Accountholders, the "**Beneficiaries**" and each a "**Beneficiary**");

WHEREAS

- (A) The Issuers have updated a Euro Medium Term Note Programme (the "**Programme**") for the issuance of notes (the "**Notes**"), in connection with which they have entered into an amended and restated dealer agreement dated 26 March 2021 (the "**Dealer Agreement**") and an amended and restated issue and paying agency agreement dated 26 March 2021 (the "**Agency Agreement**").
- (B) The Issuers have made applications to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to listing on the official list of the Luxembourg Stock Exchange and to trading on the Luxembourg Stock Exchange's Euro MTF Market ("**Euro MTF Market**"). The Euro MTF Market is not a regulated market for the purposes of Directive 2014/65/EU (as amended, "**MiFID II**"). Notes may also be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or that they will be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the relevant Issuer.
- (C) In connection with the Programme, the Issuers have prepared an offering circular dated 26 March 2021 (the "**Offering Circular**") which has been approved by the Luxembourg Stock Exchange under Part IV of the Luxembourg law on prospectuses for securities dated 16 July 2019. The Offering Circular does not constitute a prospectus issued in compliance with Regulation (EU) 2017/1129 (the "**EU Prospectus Regulation**").
- (D) Notes issued under the Programme may be issued either (1) pursuant to the Offering Circular describing the Programme and a Pricing Supplement describing the final terms of the particular Tranche of Notes or (2) pursuant to a drawdown offering circular (the "**Drawdown Offering Circular**") relating to the particular Tranche of Notes which will be constituted by a single document which relates to a particular Tranche of Notes to be issued under the Programme.
- (E) Notes issued under the Programme may be issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**"). Bearer Notes may be in the form of either a

temporary global note in bearer form (the "**Temporary Global Note**") or a permanent global note in bearer form (the "**Permanent Global Note**"). Registered Notes may be in the form of a global note in registered form (a "**Global Registered Note**").

- (F) The Issuers wish to constitute the Registered Notes by deed poll and to make arrangements for the protection of the interests of Accountholders in certain circumstances.

NOW THIS DEED OF COVENANT WITNESSES as follows:

1. **INTERPRETATION**

1.1 **Definitions**

All terms and expressions which have defined meanings in the Offering Circular, the Dealer Agreement or the Agency Agreement shall have the same meanings in this Deed of Covenant except where the context requires otherwise or unless otherwise stated. In addition, in this Deed of Covenant the following expressions have the following meanings:

"**Accountholder**" means any accountholder with a Clearing System which at the Determination Date has credited to its securities account with such Clearing System one or more Entries in respect of a Global Note, except for any Clearing System in its capacity as an accountholder of another Clearing System;

"**Clearing System**" means each of Euroclear Bank SA/NV, Clearstream Banking S.A., and any other clearing system specified in the relevant Pricing Supplement;

"**Conditions**" has the meaning given in the Offering Circular except that, in relation to any particular Tranche of Notes, it means the Conditions (as defined in the Offering Circular) as completed by the relevant Pricing Supplement, and any reference to a numbered Condition shall be construed accordingly;

"**Determination Date**" means, in relation to any Temporary Global Note or Permanent Global Note, the date on which such Temporary Global Note or Permanent Global Note becomes void in accordance with its terms and, in relation to any Global Registered Note, has the meaning given to it in the Global Registered Note.

"**Direct Rights**" means, in the case of Bearer Notes, the rights referred to in Clause 3.1 (*Direct rights – Bearer Notes*) and, in the case of Registered Note, the rights referred to in Clause 3.2 (*Direct Rights – Registered Notes*).

"**Entry**" means, in relation to a Global Note, any entry which is made in the securities account of any Accountholder with a Clearing System in respect of Notes represented by such Global Note; and

"**Global Note**" means a Temporary Global Note, a Permanent Global Note or a Global Registered Note; and

"**Principal Amount**" means, in respect of any Entry, the aggregate principal amount of the Notes to which such Entry relates.

1.2 **Clauses**

Any reference in this Deed of Covenant to a Clause is, unless otherwise stated, to a clause hereof.

1.3 **Other agreements**

All references in this Deed of Covenant to an agreement, instrument or other document (including the Offering Circular, the Dealer Agreement and the Agency Agreement) shall be construed as a reference to that agreement, instrument or other document as the same may be amended, supplemented, replaced or novated from time to time. In addition, in the context of any particular Tranche of Notes, each reference in this Deed of Covenant to the Offering Circular shall be construed as a reference to the Offering Circular as completed by the relevant Pricing Supplement.

1.4 **Legislation**

Any reference in this Deed of Covenant to any legislation (whether primary legislation or regulations or other subsidiary legislation made pursuant to primary legislation) shall be construed as a reference to such legislation as the same may have been, or may from time to time be, amended or re-enacted.

1.5 **Headings**

Headings and sub-headings are for ease of reference only and shall not affect the construction of this Deed of Covenant.

1.6 **Benefit of Deed of Covenant**

Any Notes issued under the Programme on or after the date of this Deed of Covenant shall have the benefit of this Deed of Covenant but shall not have the benefit of any subsequent deed of covenant relating to the Programme (unless expressly so provided in any such subsequent deed).

1.7 **Relevant Issuer**

For the avoidance of doubt, reference to "**relevant Issuer**" herein shall, in relation to any Tranche of Notes, be references to the Issuer which is the Issuer of such Notes as indicated in the applicable Pricing Supplement or Drawdown Offering Circular.

1.8 **Pricing Supplement or Drawdown Offering Circular**

In the case of a Tranche of Notes issued pursuant to a Drawdown Offering Circular, each reference in this Deed of Covenant to "Pricing Supplement" shall be read and construed as a reference to such Drawdown Offering Circular unless the context requires otherwise.

2. **THE REGISTERED NOTES**

The relevant Issuer hereby constitutes the Registered Notes and covenants in favour of each Holder of a Registered Note that it will duly perform and comply with the obligations expressed to be undertaken by it in each Note Certificate and in the

Conditions (and for this purpose any reference in the Conditions to any obligation or payment under or in respect of the relevant Notes shall be construed to include a reference to any obligation or payment under or pursuant to this provision).

3. **DIRECT RIGHTS**

3.1 **Bearer Notes**

If any Global Note representing all or part of a Tranche of Bearer Notes becomes void in accordance with its terms, each Accountholder shall have against the relevant Issuer all rights ("**Direct Rights**") which such Accountholder would have had in respect of the relevant Notes if, immediately before the Determination Date in relation to that Global Note, it had been the Holder of Definitive Notes of that Tranche, duly executed, authenticated and issued, in an aggregate principal amount equal to the Principal Amount of such Accountholder's Entries relating to such Global Note including (without limitation) the right to receive all payments due at any time in respect of such Definitive Notes as if such Definitive Notes had (where required by the Conditions) been duly presented and (where required by the Conditions) surrendered on the due date in accordance with the Conditions. Anything which might prevent the issuance of Definitive Notes in an aggregate principal amount equal to the Principal Amount of any Entry of any Accountholder shall be disregarded for the purposes of this Clause 2.1, but without prejudice to its effectiveness for any other purpose.

3.2 **Registered Notes**

If the Determination Date occurs in respect of any Global Registered Note in accordance with its terms then, subject to Clause 3.3 (*Notification and No Further Action*), each Accountholder shall acquire rights of enforcement against the relevant Issuer ("**Direct Rights**") to compel the relevant Issuer to perform its obligations to the Holder in respect of the Notes represented by the Global Registered Note, including the obligation of the relevant Issuer to make all payments when due at any time in respect of such Notes in accordance with the Conditions as if such Notes had (where required by the Conditions) been duly presented and surrendered on the due date in accordance with the Conditions.

Notwithstanding the Direct Rights that may be created under this Clause 3.2 (*Registered Notes*):

3.2.1 *Discharge*: payment to the Holder in respect of the relevant Notes represented by the Global Registered Note shall constitute a discharge of the relevant Issuer's obligations to the extent of any such payment; and

3.2.2 *Payment to Holder*: nothing herein shall oblige the relevant Issuer to make any payment under the Registered Notes to or to the order of any person other than the Holder.

3.3 Notification and No Further Action

No further action shall be required on the part of the relevant Issuer or any other person for the Accountholders to enjoy the Direct Rights, subject (only in the case of Registered Notes) to Clause 3.3.1 (*Notification*).

In relation only to Direct Rights in respect of Registered Notes under Clause 3.2 (*Registered Notes*):

3.3.1 *Notification*: as a condition of exercise of such Direct Rights by an Accountholder, such Accountholder shall, as soon as practicable, give notice of such exercise to the Holders of Notes of the same Series in the manner provided for in the Conditions or the Global Note for notices to be given by the relevant Issuer to Noteholders; and

3.3.2 *Issuer undertaking*: to facilitate the giving of such notice, the relevant Issuer shall procure that the Registrar delivers the above notice to the Clearing Systems upon the instruction and at the expense of the relevant Accountholder.

4. EVIDENCE

4.1 Records

The records of the Clearing Systems shall be conclusive as to the identity of the Accountholders and the respective amounts of Notes credited to their securities accounts and a statement issued by a Clearing System setting out:

4.1.1 *Name*: the name of the Accountholder in respect of which it is issued; and

4.1.2 *Principal Amount*: the Principal Amount of any Entry credited to the securities account of such Accountholder with such Clearing System on any date,

shall be conclusive evidence for all purposes of this Deed of Covenant.

4.2 Determination Date

If a Clearing System determines the Determination Date, such determination shall be binding on all Accountholders with such Clearing System.

5. DEPOSIT OF DEED OF COVENANT

This Deed of Covenant shall be deposited with and held by the Fiscal Agent for so long as the Programme remains in effect and thereafter until the date on which all the obligations of the relevant Issuer under or in respect of the Notes (including, without limitation, its obligations under this Deed of Covenant) have been discharged in full. Each Issuer hereby acknowledges the right of every Beneficiary to the production of this Deed of Covenant.

6. STAMP DUTIES

The Issuers (joint and severally) shall pay all stamp, registration and other taxes and duties (including any interest and penalties thereon or in connection therewith) which

may be payable upon or in connection with the execution and delivery of this Deed of Covenant, and shall indemnify each relevant Beneficiary against any claim, demand, action, liability, damages, cost, loss or expense (including, without limitation, legal fees and any applicable value added tax) which it may incur or which may be made against it as a result or arising out of or in relation to any failure to pay or delay in paying any of the same.

7. BENEFIT OF DEED OF COVENANT

7.1 Deed Poll

This Deed of Covenant shall take effect as a deed poll for the benefit of the Beneficiaries from time to time.

7.2 Benefit

This Deed of Covenant shall enure to the benefit of each Beneficiary and its (and any subsequent) successors and assigns, each of which shall be entitled severally to enforce this Deed of Covenant against the relevant Issuer.

7.3 Assignment

The Issuers shall not be entitled to assign or transfer all or any of their rights, benefits and obligations hereunder. Each Beneficiary shall be entitled to assign all or any of its rights and benefits hereunder.

8. PARTIAL INVALIDITY

If at any time any provision hereof is or becomes illegal, invalid or unenforceable in any respect under the laws of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions hereof nor the legality, validity or enforceability of such provision under the laws of any other jurisdiction shall in any way be affected or impaired thereby.

9. NOTICES

9.1 Address for notices

All notices and other communications to the Issuers hereunder shall be made in writing (by letter or email) and shall be sent to Danfoss A/S at:

Nordborgvej 81
6430 Nordborg
Denmark

Email: treasury@danfoss.com
Attention: Group Treasurer

or to such other address or email address or for the attention of such other person or department as Danfoss A/S has notified to the Noteholders in the manner prescribed for the giving of notices in connection with the Notes.

9.2 Effectiveness

Every notice or other communication sent in accordance with Clause 9.1 (*Address for notices*) shall be effective upon receipt by the relevant Issuer *provided, however, that* any such notice or other communication which would otherwise take effect after 4.00 p.m. on any particular day shall not take effect until 10.00 a.m. on the immediately succeeding business day in the place of Danfoss A/S.

10. LAW AND JURISDICTION

10.1 Governing law

This Deed of Covenant and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, English law.

10.2 English courts

The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**"), arising from or connected with this Deed of Covenant (including a dispute regarding the existence, validity or termination of this Deed of Covenant) or the consequences of its nullity.

10.3 Appropriate forum

Each Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that they will not argue to the contrary.

10.4 Rights of the Beneficiaries to take proceedings outside England

Clause 10.2 (*English courts*) is for the benefit of the Beneficiaries only. As a result, nothing in this Clause 10 (*Law and jurisdiction*) prevents the Beneficiaries from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, the Beneficiaries may take concurrent Proceedings in any number of jurisdictions.

10.5 Service of process

Each Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Danfoss Limited at its registered address 22 Wycombe End, Beaconsfield, Buckinghamshire, HP9 1NB, or to such other person with an address in England or Wales and/or at such other address in England or Wales as each Issuer may specify by notice in writing to the Beneficiaries. Nothing in this paragraph shall affect the right of any Beneficiary to serve process in any other manner permitted by law. This clause applies to Proceedings in England and to Proceedings elsewhere.

11. MODIFICATION

The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of this Deed of Covenant. Any such modification may be made by supplemental deed poll

if sanctioned by an Extraordinary Resolution and shall be binding on all Beneficiaries (to the extent that this Deed of Covenant relates to the relevant Series of Notes).

IN WITNESS whereof this Deed of Covenant has been executed by the Issuers and is intended to be and is hereby delivered on the date first before written.

EXECUTED as a deed
by DANFOSS A/S
acting by
Print name:

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Handwritten signatures in blue ink, likely representing the Issuers.

EXECUTED as a deed
by DANFOSS FINANCE I B.V.
acting by
Print name:

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Flemming Aaskov Jørgensen
Group Treasurer - Danfoss A/S

EXECUTED as a deed
by DANFOSS FINANCE II B.V.
acting by
Print name:

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Flemming Aaskov Jørgensen
Group Treasurer - Danfoss A/S