

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.

IN RESPECT OF NOTES ISSUED BY DANFOSS FINANCE II B.V.

UNCONDITIONALLY AND IRREVOCABLY GUARANTEED BY

DANFOSS A/S

DEED OF GUARANTEE

THIS DEED OF GUARANTEE is made on 26 March 2021

BY

- (1) **DANFOSS A/S and DANFOSS POWER SOLUTIONS INC.** (each a "**Guarantor**" and together the "**Guarantors**")

IN FAVOUR OF

- (2) **THE NOTEHOLDERS** (as defined below); and
- (3) **THE ACCOUNTHOLDERS** (as defined below) (together with the Noteholders, the "**Beneficiaries**").

WHEREAS

- (A) Danfoss A/S (in its capacity as an issuer), Danfoss Finance I B.V. ("**DF I**") and Danfoss Finance II B.V. ("**DF II**") (together, the "**Issuers**") and the Guarantors have established 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**") and the Issuers have executed a deed of covenant 26 March 2021 (the "**Deed of Covenant**").
- (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 and the Guarantors 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 a particular Tranche of Notes which may be constituted by a single document which relates to a particular Tranche of Notes to be issued under the Programme.

- (E) Both Guarantors have agreed to unconditionally and irrevocably guarantee (on a joint and several basis) the payment of all sums expressed to be payable from time to time by DF I to Noteholders in respect of Notes issued by DF I and to Accountholders in respect of the Deed of Covenant.
- (F) Danfoss A/S has agreed to unconditionally and irrevocably guarantee the payment of all sums expressed to be payable from time to time by DF II to Noteholders in respect of Notes issued by DF II and to Accountholders in respect of the Deed of Covenant.

NOW THIS DEED OF GUARANTEE WITNESSES as follows:

1. INTERPRETATION

1.1 Definitions

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

"**Accountholders**" means any accountholder with a Clearing System (as defined in the Deed of Covenant) which at the Determination Date (as defined in the Deed of Covenant) has credited to its securities account with such Clearing System one or more Entries (as defined in the Deed of Covenant) in respect of a Global Note (as defined in the Deed of Covenant) issued, as applicable, by DF I or DF II, except for any Clearing System in its capacity as an accountholder of another Clearing System; and

"**Noteholders**" means, (i) in the case of Bearer Notes (as defined in the Offering Circular), the holder of such Bearer Note issued by DF I or DF II; and (ii) in the case of Registered Notes (as defined in the Offering Circular), the person in whose name such Registered Note is for the time being registered in the Register (as defined in the Offering Circular) (or, in the case of a joint holding, the first named thereof), issued by DF I or DF II.

1.2 Clauses

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

1.3 Other agreements

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

1.6 **Relevant Issuer and Relevant Guarantor**

For the avoidance of doubt, reference to (i) "**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; and (ii) "**relevant Guarantor(s)**" herein shall, in relation to any Tranche of Notes, be references to the Guarantor(s) which is/are the Guarantor(s) of such Notes as indicated in the applicable Pricing Supplement or Drawdown Offering Circular.

1.7 **Benefit of Deed of Guarantee**

Any Notes issued by DF I or DF II under the Programme on or after the date of this Deed of Guarantee shall have the benefit of this Deed of Guarantee but shall not have the benefit of any subsequent guarantee relating to the Programme (unless expressly so provided in any such subsequent guarantee).

2. **GUARANTEE AND INDEMNITY**

2.1 **Guarantee**

(A) In respect of Notes issued by DF I only, each Guarantor hereby unconditionally and irrevocably guarantees (on a joint and several basis); and

(B) in respect of Notes issued by DF II only, Danfoss A/S, hereby unconditionally and irrevocably guarantees:

2.1.1 *The Notes:* to each Noteholder the due and punctual payment of all sums from time to time payable by the relevant Issuer on or in respect of the relevant Note as and when the same become due and payable and accordingly undertakes to pay to such Noteholder, in the manner and currency prescribed by the Conditions for payments by the relevant Issuer in respect of such Note, any and every sum or sums which the relevant Issuer is at any time liable to pay in respect of such Note and which the relevant Issuer has failed to pay; and

2.1.2 *The Direct Rights:* to each Accountholder of such Notes the due and punctual payment of all sums from time to time payable by the relevant Issuer to such Accountholder in respect of the Direct Rights as and when the same become due and payable and accordingly undertakes to pay to such Accountholder, in the manner and currency prescribed by the Conditions for payments by the relevant Issuer in respect of such Notes, any and every sum or sums which the

relevant Issuer is at any time liable to pay to such Accountholder in respect of such Notes and which the relevant Issuer has failed to pay.

2.2 Indemnity

In respect of (A) Notes issued by DF I, each Guarantor irrevocably and unconditionally agrees (on a joint and several basis); and (B) Notes issued by DF II, Danfoss A/S irrevocably and unconditionally agrees, as a separate and primary obligation, to indemnify each Beneficiary from time to time from and against any loss, liability or cost incurred by such Beneficiary as a result of any of the obligations of the relevant Issuer under or pursuant to any Note, the Deed of Covenant or any provision thereof being or becoming void, voidable, unenforceable or ineffective for any reason whatsoever, whether or not known to such Beneficiary or any other person, the amount of such loss being the amount which such Beneficiary would otherwise have been entitled to recover from the relevant Issuer. Any amount payable pursuant to this indemnity shall be payable in the manner and currency prescribed by the Conditions for payments by the relevant Issuer in respect of the relevant Notes. This indemnity constitutes a separate and independent obligation from the other obligations under this Deed of Guarantee and shall give rise to a separate and independent cause of action.

3. COMPLIANCE WITH THE CONDITIONS

In respect of (A) Notes issued by DF I, each Guarantor; and (B) Notes issued by DF II, Danfoss A/S, covenants in favour of each Beneficiary that it will duly perform and comply with the obligations expressed to be undertaken by it in the Conditions.

4. PRESERVATION OF RIGHTS

4.1 Principal obligor

The obligations of each Guarantor hereunder shall be deemed to be undertaken as principal obligor and not merely as surety.

4.2 Continuing obligations

The obligations of each Guarantor herein contained shall constitute and be continuing obligations notwithstanding any settlement of account or other matter or thing whatsoever and shall not be considered satisfied by any intermediate payment or satisfaction of all or any of the relevant Issuer's obligations under or in respect of any Note or the Deed of Covenant and shall continue in full force and effect for so long as the Programme remains in effect and thereafter until all sums due from the relevant Issuer in respect of the relevant Notes and under the Deed of Covenant have been paid, and all other actual or contingent obligations of the relevant Issuer thereunder or in respect thereof have been satisfied, in full.

4.3 **Obligations not discharged**

Neither the obligations of a Guarantor herein contained nor the rights, powers and remedies conferred upon the Beneficiaries by this Deed of Guarantee or by law shall be discharged, impaired or otherwise affected by:

- 4.3.1 *Winding up*: the winding up, dissolution, administration, re-organisation or moratorium of the relevant Issuer or any change in its status, function, control or ownership;
- 4.3.2 *Illegality*: any of the obligations of the relevant Issuer under or in respect of any Note or the Deed of Covenant being or becoming illegal, invalid, unenforceable or ineffective in any respect;
- 4.3.3 *Indulgence*: time or other indulgence (including for the avoidance of doubt, any composition) being granted or agreed to be granted to the relevant Issuer in respect of any of its obligations under or in respect of any Note or the Deed of Covenant;
- 4.3.4 *Amendment*: any amendment, novation, supplement, extension, (whether of maturity or otherwise) or restatement (in each case, however fundamental and of whatsoever nature) or replacement, waiver or release of, any obligation of the relevant Issuer under or in respect of any Note or the Deed of Covenant or any security or other guarantee or indemnity in respect thereof including without limitation any change in the purposes for which the proceeds of the issue of any Note are to be applied and any extension of or any increase of the obligations of the relevant Issuer in respect of any Note or the addition of any new obligation(s) for the relevant Issuer under the Deed of Covenant; or
- 4.3.5 *Analogous events*: any other act, event or omission which, but for this sub-clause, might operate to discharge, impair or otherwise affect the obligations expressed to be assumed by any Guarantor herein or any of the rights, powers or remedies conferred upon the Beneficiaries or any of them by this Deed of Guarantee or by law.

4.4 **Settlement conditional**

Any settlement or discharge between any Guarantor and the Beneficiaries or any of them shall be conditional upon no payment to the Beneficiaries or any of them by the relevant Issuer or any other person on the relevant Issuer's behalf being avoided or reduced by virtue of any laws relating to bankruptcy, insolvency, liquidation or similar laws of general application for the time being in force and, in the event of any such payment being so avoided or reduced, the Beneficiaries shall be entitled to recover the amount by which such payment is so avoided or reduced from any Guarantor subsequently as if such settlement or discharge had not occurred.

4.5 **Exercise of Rights**

No Beneficiary shall be obliged before exercising any of the rights, powers or remedies conferred upon it by this Deed of Guarantee or by law:

- 4.5.1 *Demand*: to make any demand of the relevant Issuer, save for the presentation of the relevant Note;
- 4.5.2 *Take action*: to take any action or obtain judgment in any court against the relevant Issuer; or
- 4.5.3 *Claim or proof*: to make or file any claim or proof in a winding up or dissolution of the relevant Issuer,

and (save as aforesaid) each Guarantor hereby expressly waives presentment, demand, protest and notice of dishonour in respect of any Note.

4.6 **Deferral of each Guarantor's rights**

In respect of (A) Notes issued by DF I, each Guarantor; and (B) Notes issued by DF II, Danfoss A/S, agrees that, so long as any sums are or may be owed by the relevant Issuer in respect of any Note or under the Deed of Covenant or the relevant Issuer is under any other actual or contingent obligation thereunder or in respect thereof, such Guarantor will not exercise any rights which such Guarantor may at any time have by reason of the performance by such Guarantor of its obligations hereunder:

- 4.6.1 *Indemnity*: to be indemnified by the relevant Issuer;
- 4.6.2 *Contribution*: to claim any contribution from any other guarantor of the relevant Issuer's obligations under or in respect of any Note or the Deed of Covenant; or
- 4.6.3 *Subrogation*: to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of any Beneficiary against the relevant Issuer in respect of amounts paid by the relevant Guarantor under this Deed of Guarantee or any security enjoyed in connection with any Note or the Deed of Covenant by any Beneficiary.

4.7 **Status of the Guarantee**

Each Guarantor (i) represents and warrants that such Guarantor's obligations under this Deed of Guarantee constitute direct, general, unconditional and (subject to the provisions of Condition 5) unsecured obligations of such Guarantor; and (ii) undertakes that its obligations hereunder will at all times rank (subject as aforesaid) at least *pari passu* with all other present and future unsecured and unsubordinated obligations of such Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

5. **DEPOSIT OF DEED OF GUARANTEE**

This Deed of Guarantee shall be deposited with and held by the Fiscal Agent for so long as the Programme remains in effect and thereafter until the date which is two years after all the obligations of the relevant Issuer under or in respect of the relevant Notes

(including, without limitation, its obligations under the Deed of Covenant) have been discharged in full. Each Guarantor hereby acknowledges the right of every Beneficiary to the production of this Deed of Guarantee.

6. STAMP DUTIES

The Guarantors (jointly and severally) shall pay all stamp, registration and other taxes and duties (including any interest and penalties thereon or in connection therewith) which are payable upon or in connection with the execution and delivery of this Deed of Guarantee, and shall indemnify each 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 incurs 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 GUARANTEE

7.1 Deed poll

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

7.2 Benefit

This Deed of Guarantee 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 Guarantee against the relevant Guarantor.

7.3 Assignment

The Guarantors shall not be entitled to assign or transfer all or any of their respective 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 Guarantors hereunder shall be made in writing (by letter or email) and shall be sent to each Guarantor at:

DANFOSS A/S

Address: Nordborgvej 81
6430 Nordborg
Denmark
Email: treasury@danfoss.com
Attention: Group Treasurer

DANFOSS POWER SOLUTIONS INC.

Address: 2800 East 13th Street
50010 Ames, IA
United States of America
Email: RMumm@danfoss.com
Attention: Rodney Mumm

or to such other address, email address or for the attention of such other person or department as each Guarantor has notified to the relevant Noteholders in the manner prescribed for the giving of notices in connection with the relevant 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 Guarantor; *provided 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 the relevant Guarantor.

10. CURRENCY INDEMNITY

If any sum due from either Guarantor under this Deed of Guarantee or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under this Deed of Guarantee or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against such Guarantor, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to this Deed of Guarantee, the relevant Guarantor(s) (on a joint and several basis, in the case of Notes issued by DF I) shall indemnify each Beneficiary on demand against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Beneficiary may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof. This indemnity constitutes a separate and independent obligation from the other obligations under this Deed of Guarantee and shall give rise to a separate and independent cause of action.

11. LAW AND JURISDICTION

11.1 Governing law

This Deed of Guarantee and any non-contractual obligations arising out of or in connection with it are governed by English law.

11.2 **English courts**

The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**"), arising out of or in connection with this Deed of Guarantee (including a dispute relating to the existence, validity or termination of this Deed of Guarantee or any non-contractual obligation arising out of or in connection with this Deed of Guarantee) or the consequences of its nullity.

11.3 **Appropriate forum**

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

11.4 **Rights of the Beneficiaries to take proceedings outside England**

Notwithstanding Clause 11.2 (*English courts*), the Beneficiaries may take 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.

11.5 **Service of process**


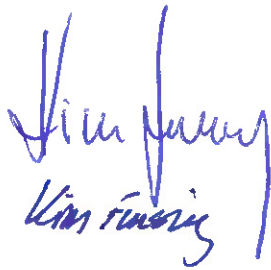
Each Guarantor agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Danfoss Limited at its registered address 22 Wycombe End, Beaconsfield, Buckinghamshire, HP9 1NB, or to such other person with an address in England or Wales and/or at such other address in England or Wales as the relevant Guarantor 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.

12. **MODIFICATION**

The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to Notes, including the modification of any provision of this Deed of Guarantee. 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 Guarantee relates to the relevant Series of Notes).

IN WITNESS whereof this Deed of Guarantee has been executed by the Guarantors 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

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Jesper V. Christensen 
Kim Rasmussen


EXECUTED as a deed
by DANFOSS POWER SOLUTIONS INC. acting by

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)
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IN WITNESS whereof this Deed of Guarantee has been executed by the Guarantors 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)
)

EXECUTED as a deed
by **DANFOSS POWER SOLUTIONS INC.** acting by


DANIEL LINTER