DANFOSS - Climate Change 2018

C0. Introduction

C0.1

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

With leading expertise in refrigeration and air conditioning, controls for electric motors, heating systems for buildings and cities, and hydraulic solutions to power agricultural and construction machinery, our impact can be felt everywhere.

Quality, innovation and reliability are rooted in our DNA. Our technologies and products can be trusted to push the boundaries for what is possible, deliver exceptional performance and answer the real needs of our customers.

We see opportunities everywhere – from feeding a growing population, to saving energy, to letting everyone enjoy a more comfortable, better quality of life. We aim to rise to ever more complex challenges and, through knowledge and hard work, engineer solutions that achieve more with less.

This is what drives us. To realize more of the potential of this amazing world. And engineer the dreams of tomorrow, today. Our ambition is to realize the vast potential for better infrastructure, improved food supply, higher energy productivity and more climate-friendly solutions. For our customers, we aim to deliver unprecedented quality, reliability and innovation in everything we do.

Danfoss Power Solutions

Danfoss Power Solutions is one of the world's leading players in the mobile hydraulics market. The segment covers three divisions: Hydrostatics, Work Function, Controls, as well as some stand-alone businesses. 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 Cooling

Danfoss Cooling is the player in the air-conditioning and refrigeration industry with the most complete offering. The business segment is an industry frontrunner in energy efficient engineering, and strong application expertise within commercial refrigeration, industrial refrigeration, air-conditioning, and supermarket refrigeration.

With more than 10,000 components, including compressors, valves, sensors and switches, Danfoss Cooling provides its customers with innovative, energy-saving and precise control solutions.

Danfoss Drives

Danfoss Drives is a leading player in the market for low voltage AC drives. The key competitive advantage for Danfoss Drives is unique expertise and application knowledge, and Danfoss Drives is driven by passion to develop, manufacture and sell the best AC drives in the world and provide customers with efficient product lifecycle services.

AC drives are used, for example, in pumps, fans, elevators, escalators, conveyors and compressors. Danfoss Drives solutions also play a key role when energy is produced from renewable sources. Danfoss Silicon Power is also part of the Danfoss Drives segment. This business develops and manufactures power modules and stacks for a number of industries, like the automotive and wind industries.

Danfoss Heating

Danfoss Heating is a key player within the heating industry. The business segment is the leader in a number of advanced heating components and systems that deliver comfort, energy efficiency, and enhanced heating performance in residential and commercial buildings as well as in district energy systems.

Danfoss Heating supplies heating components and systems within residential heating, commercial heating and district energy for cities for the entire supply of heating and cooling for optimal comfort while reducing energy consumption.

C0.2

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

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Row 1	January 1 2017	December 31 2017	No	<Not Applicable>
Row 2	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Row 3	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Row 4	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

C0.3

(C0.3) Select the countries/regions for which you will be supplying data.

Brazil
Bulgaria
China
Denmark
Finland
France
Germany
India
Italy
Japan
Mexico
Poland
Romania
Russian Federation
Slovakia
Slovenia
Sweden
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.

DKK

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 consolidation approach to your Scope 1 and Scope 2 greenhouse gas inventory.

Operational control

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) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Chief Executive Officer (CEO)	
Board/Executive board	

C1.1b

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

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – some meetings	Reviewing and guiding business plans Overseeing major capital expenditures, acquisitions and divestitures	

C1.2

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

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Chief Executive Officer (CEO)	Assessing climate-related risks and opportunities	As important matters arise
Environment/ Sustainability manager	Both assessing and managing climate-related risks and opportunities	More frequently than quarterly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored.

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

The Group Executive Team is responsible for climate change and consists of the following members:
- Kim Fausing, Executive Vice President and COO of Danfoss A/S
- Jesper Vaagelund Christensen, Executive Vice President and CFO of Danfoss A/S
- Jürgen Fischer, Segment President, Danfoss Cooling
- Lars Tveen, Segment President, Danfoss Heating
- Eric Alström, Segment President, Danfoss Power Solutions
- Vesa Laisi, Segment President, Danfoss Drives

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

C1.3

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

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues.

Who is entitled to benefit from these incentives?
Environment/Sustainability manager

Types of incentives
Monetary reward

Activity incentivized
Emissions reduction target

Comment

Who is entitled to benefit from these incentives?
Energy manager

Types of incentives
Recognition (non-monetary)

Activity incentivized
Energy reduction project

Comment

C2. Risks and opportunities

C2.1

(C2.1) Describe what your organization considers to be short-, medium- and long-term horizons.

	From (years)	To (years)	Comment
Short-term	0	5	
Medium-term	5	10	
Long-term	10	30	

C2.2

(C2.2) Select the option that best describes how your organization's processes for identifying, assessing, and managing climate-related issues are integrated into your overall risk management.

Integrated into multi-disciplinary company-wide risk identification, assessment, and management processes

C2.2a

(C2.2a) Select the options that best describe your organization's frequency and time horizon for identifying and assessing climate-related risks.

	Frequency of monitoring	How far into the future are risks considered?	Comment
Row 1	Annually	3 to 6 years	Risks are reported to the Risk & Compliance Committee (RisCom) that consist of the CEO, CFO, General Counsel and Corporate Risk Manager

C2.2b

(C2.2b) Provide further details on your organization's process(es) for identifying and assessing climate-related risks.

The Board of Directors performs risk oversight and the Audit Committee assesses the effectiveness of the Risk Management. The Executive Committee is responsible for risk management policies and processes.

Risk management includes:

- Internal Audits.
- The Risk & Compliance Committee.
- Group Risk Management.
- Group Ethics & Compliance responsible for compliance programs and whistle-blower function.
- Corporate Treasury.

The day-to-day management is in charge of activities safeguarding assets and earnings, handling business risks, monitoring and interpreting legislation, managing IT security, patents and trademark rights, product quality, fire prevention, environment and health and safety standards.

Group Risk Management submit annual report to Risk & Compliance Committee, Board of Directors, Audit Committee and Executive Committee. Risk & Compliance Committee supervise the risk management process, monitors group risks and potential new risks.

Risk Management in Danfoss is performed on each organizational level. A risk identified in a certain organization unit could be of relevance for other organization units as well. All identified risks are documented in the Risk Repository containing standardized information fields.

Bow-Tie Analysis is used to analyze the risk and support the risk identification. In a first steps causes and consequences of the risk are identified. In a second step current risk treatment is investigated. All identified risks are assessed reflecting the outcome of discussions between the risk experts considering respective background information and knowledge about the risk.

Business Impact Assessment identify the most significant value streams linked to specified customers and the products/services they receive from Danfoss. Based on the knowledge of the complete paths of deliveries - from suppliers via freight providers and intermediate production facilities to distribution centers – the critical activities of these paths are identified.

C2.2c

(C2.2c) Which of the following risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	
Emerging regulation	Relevant, sometimes included	
Technology	Not evaluated	
Legal	Not evaluated	
Market	Relevant, sometimes included	
Reputation	Relevant, sometimes included	
Acute physical	Relevant, always included	
Chronic physical	Relevant, always included	
Upstream	Not evaluated	
Downstream	Relevant, sometimes included	

C2.2d

(C2.2d) Describe your process(es) for managing climate-related risks and opportunities.

The risks identified by the systematic risk assessment process are put into attached “Impact/vulnerability matrix” to assess the total risk level. “Impact” is scored in four levels from “very low” to “very high” on seven parameters: Financial impact, Impact on brand, Impact on Health/Safety, Environmental impact, Risk velocity, Personal liability and Impact on customer loyalty.
“Vulnerability” is scored in four levels from “very low” to “very high” on four parameters: Ownership and responsibilities, Capability and skill of people/organization, Current treatment activities and External influence.

Before the risk treatment for a specific risk is determined, a comparison between the Current Risk Level and the Danfoss Risk Acceptance Level is required. For each single risk, one of the following risk treatment strategies needs to be determined.

Accept the risk if the comparison reveals no gap. This means that no further risk treatment actions need to be defined.

Avoid the risk could be one option if the current risk level exceeds the risk acceptance level. It means that specific risks will no longer be taken and related business areas and opportunities should no longer be pursued.

Mitigate or reduce the risk is the second option if the Current Risk Level exceeds the Risk Acceptance Level. By a defined Action Plan the intention is to lower the Current Risk Level, and close the gap to the Risk Acceptance Level.

Transfer the risk to a third party is the third option if the Current Risk Level exceeds the Risk Acceptance Level. By a defined Action Plan the intention is to avoid or reduce the company’s risk while pursuing business opportunities. Typical examples for risk transfers are insurances or hedging related activities.

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?
Customer

Risk type
Transition risk

Primary climate-related risk driver
Market: Changing customer behavior

Type of financial impact driver
Market: Change in revenue mix and sources resulting in decreased revenues

Company- specific description
If customers or communities get access to very cheap energy (e.g. electricity from new energy sources) and therefore not longer demand energy effciency or energy productivity solutions or products, the business model of Danfoss is threathend if the company cannot adapt or change fast enough.

Time horizon
Medium-term

Likelihood
Very unlikely

Magnitude of impact
High

Potential financial impact

Explanation of financial impact
Major loss of revenue. Amount not disclosed.

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

Cost of management

Comment
Not estimated.

C2.4

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

C2.4a

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

Identifier
Opp1

Where in the value chain does the opportunity occur?
Customer

Opportunity type
Products and services

Primary climate-related opportunity driver
Development and/or expansion of low emission goods and services

Type of financial impact driver
Increased revenue through demand for lower emissions 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 costumers 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
Medium

Potential financial impact

Explanation of financial impact
Not disclosed

Strategy to realize opportunity
Group Regulatory Affairs monitor 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.

Cost to realize opportunity

Comment
Not disclosed

Identifier
Opp2

Where in the value chain does the opportunity occur?
Customer

Opportunity type
Products and services

Primary climate-related opportunity driver
Development of new products or services through R&D and innovation

Type of financial impact driver
Increased revenue through demand for lower emissions products and services

Company- specific description
Future carbon taxes could increase costumers' 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
Medium

Potential financial impact

Explanation of financial impact
Not disclosed

Strategy to realize opportunity
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.

Cost to realize opportunity

Comment
Not disclosed

C2.5

(C2.5) Describe where and how the identified risks and opportunities have impacted your business.

	Impact	Description
Products and services	Impacted for some suppliers, facilities, or product lines	
Supply chain and/or value chain	Not yet impacted	
Adaptation and mitigation activities	Not impacted	
Investment in R&D	Impacted	
Operations	Impacted for some suppliers, facilities, or product lines	
Other, please specify	Please select	

C2.6

(C2.6) Describe where and how the identified risks and opportunities have factored into your financial planning process.

	Relevance	Description
Revenues	Impacted for some suppliers, facilities, or product lines	
Operating costs	Not impacted	
Capital expenditures / capital allocation	Not evaluated	
Acquisitions and divestments	Not evaluated	
Access to capital	Not evaluated	
Assets	Not evaluated	
Liabilities	Not evaluated	
Other	Please select	

C3. Business Strategy

C3.1

(C3.1) Are climate-related issues integrated into your business strategy?

Yes

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform your business strategy?

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

C3.1c

(C3.1c) Explain how climate-related issues are integrated into your business objectives and strategy.

Risk Management is an on-going activity, which is embedded in planning and decision-making processes.

Perspective Process:

The strategy aka perspective process is a central element to Danfoss. Regarding Risk Management, the outcome of the strategy process shall be twofold:

• An overview of significant risks which threaten the achievement of strategic objectives

• An overview of significant risks, which arise when defined strategic objectives have been achieved.

Business Review Meetings and similar:

Business Review Meetings, or equivalent regular management meetings at all levels, shall be the forum where Management monitors and follows up on Risk Management activities.

Division Quality Management System (QMS):

Risk management shall be anchored in Division's Quality Management System (QMS).

Annual plan:

- Audit Committee's assessment as per Audit Committee annual plan
- RISCOM assessment and monitoring as per RISCOM annual plan
- Management teams at all levels shall follow responsibilities plan for risk identification and management.

Climate change is one of the global megatrends recognized in the strategy. Aspects influencing the strategy are the increasing demand for energy, demand for more efficient use of energy (energy efficiency), increase in the use of energy from renewable sources, urbanization and thereof following need for intelligent energy and heating infrastructure, the increasing need for food leading to increased focus on the cold chain and increasing energy prices.

Short-term focus is on influencing decision makers (cities, customers, politicians) to invest in low carbon technologies or to invest in energy efficiency measures using existing and well-proven technologies. Development of new and improvement of existing energy efficient products and solutions is also a part of short term efforts.

The short-term strategy is also to ensure that the company focus on continuing the energy saving projects initiated in 2014 to improve the energy efficiency of the company and drives down energy consumption globally.

Focus is furthermore on implementing process energy savings in the largest factories to cut energy consumption and emissions.

Following Danfoss' overall ambition to engineer cities and communities that achieve more by using less energy, we advocate the deployment of more energy-efficient technologies in our four main areas of expertise: food, infrastructure, energy and climate. In Danfoss' key markets: The United States of America, Germany, China, India, and broadly Europe, we focus on:

Awareness-raising about district energy as a state-of-the- art and future-proof system that provides the most cost- efficient and low-carbon solution for heating and cooling of buildings in urban areas.

Together with leading industry players in support of the Montreal Protocol, Danfoss is working on sustainable solutions for refrigeration and a phasing down of HFC gases. HFCs are potent greenhouse gases used in refrigerators, air-conditioners and industrial applications.

The energy efficiency of existing and new buildings holds large opportunities for the sustainable development of our urban centers. Danfoss promotes efficient motor systems through a system-based approach together with organizations like IEA and ZVEI.

On green trade, Danfoss advocates the inclusion of energy- efficient technologies in the World Trade Organization's Environmental Goods Agreement, to facilitate the competitiveness of related products and a higher uptake and implementation of renewable energy sources, following the principle of energy efficiency first.

Danfoss is working with stakeholders, such as the International Energy Agency (IEA), the World Economic Forum (WEF), Sustainable Energy for All (SE4ALL), the United Nations Environment Program (UNEP), and the Alliance to Save Energy in the US and EU, and many more leading associations.

We see opportunities everywhere – from feeding a growing population, to letting everyone enjoy a more comfortable, better quality of life. We aim to rise to ever more complex challenges and, through knowledge and hard work, engineer solutions that achieve more with less.

Quality, innovation and reliability are rooted in our DNA. Our technologies and products can be trusted to push the boundaries for what is possible, deliver exceptional performance and answer the real needs of our customers.

With leading expertise in refrigeration and air conditioning, controls for electric motors, heating systems for buildings and cities, and hydraulic solutions to power agricultural and construction machinery, our impact can be felt everywhere.

C3.1g

(C3.1g) Why does your organization not use climate-related scenario analysis to inform your business strategy?

The business strategy process has been revised and needs to mature before we include climate-related scenario analysis.

C4. Targets and performance

C4.1

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

C4.1b

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

Target reference number
Int 1

Scope
Scope 1+2 (location-based)

% emissions in Scope
100

% reduction from baseline year
50

Metric
Other, please specify (kg CO2/DKKm net sale)

Base year
2007

Start year
2008

Normalized baseline year emissions covered by target (metric tons CO2e)
7.8

Target year
2030

Is this a science-based target?
Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science Based Targets initiative

% achieved (emissions)
54

Target status
Underway

Please explain

% change anticipated in absolute Scope 1+2 emissions
0

% change anticipated in absolute Scope 3 emissions
0

C4.2

(C4.2) Provide details of other key climate-related targets not already reported in question C4.1/a/b.

Target
Energy productivity

KPI – Metric numerator
DKKm net sale

KPI – Metric denominator (intensity targets only)
GWh

Base year
2007

Start year
2008

Target year
2030

KPI in baseline year
41.2

KPI in target year
80

% achieved in reporting year
82

Target Status
Underway

Please explain
We have increased the energy productivity by 77% in 2017.

Part of emissions target

Is this target part of an overarching initiative?
EP100

Target
Other, please specify (Energy intensity)

KPI – Metric numerator
MWh

KPI – Metric denominator (intensity targets only)
DKKm net sale

Base year
2007

Start year
2008

Target year
2030

KPI in baseline year
24.2

KPI in target year
12

% achieved in reporting year
86

Target Status
Underway

Please explain

Part of emissions target

Is this target part of an overarching initiative?
No, it's not part of an overarching initiative

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 projects at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of projects	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation		
To be implemented*		
Implementation commenced*		
Implemented*	14	
Not to be implemented		

C4.3b

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

Activity type
Energy efficiency: Building services

Description of activity
Please select

Estimated annual CO2e savings (metric tonnes CO2e)

Scope
Please select

Voluntary/Mandatory
Please select

Annual monetary savings (unit currency – as specified in CC0.4)

Investment required (unit currency – as specified in CC0.4)

Payback period
Please select

Estimated lifetime of the initiative
Please select

Comment

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 or do they enable a third party to avoid GHG emissions?
Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation
Company-wide

Description of product/Group of products
Compressors, valves, sensors and switches for energy-saving and precise control solutions within commercial refrigeration, industrial refrigeration, air-conditioning, and supermarket refrigeration. Low voltage AC drives used in pumps, fans, elevators, escalators, conveyors and compressors. Key component for energy production from renewable sources. Power modules and power stacks for the automotive and wind industries. Advanced heating components and systems that deliver comfort, energy efficiency, and enhanced heating performance in residential and commercial buildings as well as in district energy systems. Heating components and systems within residential heating, commercial heating and district energy for cities for the entire supply of heating and cooling for optimal comfort while reducing energy consumption.

Are these low-carbon product(s) or do they enable avoided emissions?
Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions
Other, please specify (Calculation of avoided emissions)

% revenue from low carbon product(s) in the reporting year
50

Comment
Danfoss calculate the emission saving potentials for each product or product family as part of the development process. The data are used in case stories or in marketing. Programs are being developed to implement mandatory validation of all product related emission and energy efficiency claims.

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start
January 1 2007

Base year end
December 31 2007

Base year emissions (metric tons CO2e)
35739

Comment

Scope 2 (location-based)

Base year start
January 1 2007

Base year end
December 31 2007

Base year emissions (metric tons CO2e)
140478

Comment

Scope 2 (market-based)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 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?

Row 1

Gross global Scope 1 emissions (metric tons CO2e)
27781

End-year of reporting period
<Not Applicable>

Comment

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 have operations where we are able to access electricity supplier emission factors or residual emissions factors, but are unable to report 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?

Row 1

Scope 2, location-based
216734

Scope 2, market-based (if applicable)
<Not Applicable>

End-year of reporting period
<Not Applicable>

Comment

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?
No

C6.5

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

Purchased goods and services

Evaluation status
Relevant, calculated

Metric tonnes CO2e
863000

Emissions calculation methodology
Emissions are estimated by Trucost. Scope of the valuation: Present value of each metric tonne of CO2e emitted now, taking account of the full global cost of the damage that it imposes during its time in the atmosphere. The socialcost of carbonincludes, but is not limited to, changes in net agricultural productivity, human health, and property damages from increased flood risk. Methodologyapproach: Trucost uses a social cost per metric tonne of CO2e to value GHG emissions, which is the value identified in the UK Government's Stern Report (Stern, 2006) as the central, business-as-usual scenario, adjusted for inflation to 2014 prices using a global weighted average consumer price index (CPI).

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

Explanation

Capital goods

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

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

Explanation
The energy used to drive the capital goods generate emissions. These emissions are included in the scope 1 and scope 2 emissions reported for the company.

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

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

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

Explanation
All fuel-and-energy-related activities are included in the scope 1 and 2 emissions.

Upstream transportation and distribution

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

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

Explanation
We pay for the transport from own factories to the customer/retailer and all transport is therefore calculated as downstream. Upstream emissions are accounted for by the suppliers.

Waste generated in operations

Evaluation status
Not evaluated

Metric tonnes CO2e

Emissions calculation methodology

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

Explanation

Business travel

Evaluation status
Relevant, not yet calculated

Metric tonnes CO2e

Emissions calculation methodology

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

Explanation
Business travel was calculated when the first carbon baseline was made in 2007. It was decided that the amount of emissions was to be neglected.

Employee commuting

Evaluation status
Relevant, calculated

Metric tonnes CO2e
26623

Emissions calculation methodology
The methodology for calculating the impact includes average distance to work and average number of employees. Emission factors are from GHG Protocol tool: Mobile Combustion GHG Emissions Calculation Tool, Version 2.6. An Excel based methodology has been used to combine the activity data and emission factors. It is estimated that half of the employees commute to work in own vehicles, a third use public transportation and the rest walk or go by bike. Half of the employees commuting in own vehicles drive alone and the rest two-and-two. We estimate an average distance of 40 km/employee per day. The emissions are estimated to 11500 metric tonnes per year.

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

Explanation

Upstream leased assets

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

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

Explanation
We have very limited number of upstream leased assets.

Downstream transportation and distribution

Evaluation status
Relevant, calculated

Metric tonnes CO2e
112300

Emissions calculation methodology
DHL Carbon Dashboard 2.0, developed by the SMU-DHL Green Transformation Lab (GTL). the figures for 2017 are estimated as actual calculations are not carried out. a new and better tool is expected to be implemented during 2018.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
80

Explanation

Processing of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

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

Explanation
No processing is done on sold products.

Use of sold products

Evaluation status
Relevant, not yet calculated

Metric tonnes CO2e

Emissions calculation methodology

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

Explanation
Most of the company's products save energy in customer applications and contribute therefore to lowering the carbon emissions or improving energy efficiency. The CO2 reductions caused by the company's product outweigh the CO2 emissions caused by the use of the products. An example: A typical VSD (Variable Speed Drive) used to control the speed of AC motors for conveyor belts, elevators, pumps and fans has an efficiency of 97%. This means that 3% of the energy used in the application is used for the product. The rest is used in the motor. Typical savings in applications are 30-50% meaning that the product (the VSD) only use 6-10% of the savings achieved by the product.

End of life treatment of sold products

Evaluation status
Not evaluated

Metric tonnes CO2e

Emissions calculation methodology

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

Explanation

Downstream leased assets

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

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

Explanation
We have no downstream leased assets.

Franchises

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

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

Explanation
We do not have any franchises.

Investments

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

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

Explanation
Investments are only done in own assets.

Other (upstream)

Evaluation status
Not evaluated

Metric tonnes CO2e

Emissions calculation methodology

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

Explanation

Other (downstream)

Evaluation status
Not evaluated

Metric tonnes CO2e

Emissions calculation methodology

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

Explanation

C6.7

(C6.7) Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?
No

C6.10

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

Intensity figure
0.000005643

Metric numerator (Gross global combined Scope 1 and 2 emissions)
244415

Metric denominator
unit total revenue

Metric denominator: Unit total
43315000000

Scope 2 figure used
Location-based

% change from previous year
5.3

Direction of change
Decreased

Reason for change

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization have greenhouse gas emissions other than carbon dioxide?

No

C7.2

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

Country/Region	Scope 1 emissions (metric tons CO2e)
Brazil	1
Bulgaria	76
China	2225
Denmark	7725
Finland	0
France	1078
Germany	2323
India	129
Italy	273
Japan	
Mexico	0
Poland	2142
Romania	0
Russian Federation	1948
Slovakia	180
Slovenia	66
Sweden	0
United Kingdom of Great Britain and Northern Ireland	215
United States of America	6846

C7.3

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

Please select

C7.5

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

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)
Brazil	0	0	2854	0
Bulgaria	178	0	339	0
China	82665	0	95061	0
Denmark	32915	0	99199	0
Finland	1561	0	13267	0
France	499	0	14168	0
Germany	5688	0	26819	0
India	13297	0	13901	0
Japan	2431	0	4412	0
Italy	1984	0	4901	0
Mexico	7382	0	20367	0
Poland	20533	0	27246	0
Romania	237	0	1069	0
Russian Federation	2650	0	5203	0
Slovakia	571	0	18589	0
Slovenia	4843	0	10279	0
Sweden	0	0	201	0
United Kingdom of Great Britain and Northern Ireland	269	0	1061	0
United States of America	39030	0	99338	0

C7.6

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

Please select

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	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	0	No change		
Other emissions reduction activities	10479	Decreased	4.5	Our global energy savings program reduced the emissions by 10479 tonnes. Gross 2016 emissions were 233716 tonnes. Result = (10479*100/233716) = 4.5%
Divestment	0	No change		
Acquisitions	0	No change		
Mergers	0	No change		
Change in output	11686	Increased	5	Organic growth contributed with 11.686 tonnes. Gross 2016 emissions were 233716 tonnes. Result = 11686*100/233716 = 5%
Change in methodology	0	No change		
Change in boundary	0	No change		
Change in physical operating conditions	0	No change		
Unidentified		<Not Applicable>		
Other	9592	Increased	4.1	Increased CO2 emissions from electricity consumption contributed with 9592 tonnes. Gross 2016 emissions were 233716 tonnes. Result = 9592*100/233716 = 4.1%

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?

Please select

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 undertakes this energy-related activity
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 MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	302	135216	135518
Consumption of purchased or acquired electricity	<Not Applicable>	138602	290898	429500
Consumption of purchased or acquired heat	<Not Applicable>	5475	20096	25571
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	3205	<Not Applicable>	3205
Total energy consumption	<Not Applicable>	147584	446210	593794

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 steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	Yes

C8.2c

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

Fuels (excluding feedstocks)
Natural Gas

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
133863

MWh fuel consumed for the self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
102528

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
31335

Fuels (excluding feedstocks)
Gas Oil

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
1352

MWh fuel consumed for the self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
1352

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
0

C8.2d

(C8.2d) List the average emission factors of the fuels reported in C8.2c.

Gas Oil

Emission factor
267

Unit
kg CO2 per MWh

Emission factor source
Covenant of Mayors & Joint Research Centre of the European Commission

Comment

Natural Gas

Emission factor
202

Unit
kg CO2 per MWh

Emission factor source
Covenant of Mayors & Joint Research Centre of the European Commission

Comment

C8.2e

(C8.2e) 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	11750	11750	3205	3205
Heat	135216	135216	302	302
Steam	0	0	0	0
Cooling	0	0	0	0

C8.2f

(C8.2f) Provide details on the electricity, heat, steam and/or cooling amounts that were accounted for at a low-carbon emission factor in the market-based Scope 2 figure reported in C6.3.

C9. Additional metrics

C9.1

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

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, we do not verify any other climate-related information reported in our CDP disclosure

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 systems in which you participate.

EU ETS

% of Scope 1 emissions covered by the ETS
8.7

Period start date
January 1 2017

Period end date
December 31 2017

Allowances allocated
8941

Allowances purchased
0

Verified emissions in metric tons CO2e
9272

Details of ownership
Facilities we own and operate

Comment

C11.1d

(C11.1d) What is your strategy for complying with the systems in which you participate or anticipate participating?

We comply with the ETS scheme.

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?
No

C11.3

(C11.3) Does your organization use an internal price on carbon?
No, but we anticipate doing so in the next two years

C12. Engagement

C12.1

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

Yes, our customers

Yes, other partners in the value chain

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement

Education/information sharing

Details of engagement

Share information about your products and relevant certification schemes (i.e. Energy STAR)

Size of engagement

100

% Scope 3 emissions as reported in C6.5

0

Please explain the rationale for selecting this group of customers and scope of engagement

Impact of engagement, including measures of success

We engage with our customers to understand their needs for energy efficiency improvements and reduction of emissions. Furthermore, to influence their decision-making when buying products and solutions for energy efficiency purposes. The engagement is widely down through the product managers and our sales organizations, but also through engaging our Industry Affairs organization. Methods of engagement are meetings, participation in webinars, sales pitches, publication of Thought Leadership articles and publication of booklets/magazines on energy efficiency, smart cities and infrastructure in cities. Priority is to influence the customers' decisions towards more energy efficient projects, applications and products and to demonstrate through cases and data that energy efficiency can be improved utilizing Danfoss' products and solutions. Customers are prioritized over most other stakeholder groups because the largest effect of the energy saving potentials of our products is in the use-phase. Millions of tons of CO2 can be saved using our products and solutions making the emissions from our own operations negligible. Successful implementation of this strategy will lead to increased sales in the customers segments with which we engage and in increased awareness amongst customers and decision makers worldwide.

C12.1c

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

We engage with the providers of transportation to optimize transport lanes and to reduce the consumption of fuel and thereby the cost of transportation. Engagement is maintained through Danfoss' Global Logistics and anchored in various optimization projects. We engage with transporters because transportation of our products is a very visible impact on the climate although the amount of carbon emissions is only 1/3 of the emission from our own facilities.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

Direct engagement with policy makers

Trade associations

Funding research organizations

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Energy efficiency	Support	Since energy efficiency of products and systems is one of the core elements of Danfoss' strategy and our businesses, it is imperative that our Public Affairs, approbation and R&D functions participate on workshops, standardizations groups and conferences with the aim of having the greatest possible impact on energy efficiency legislation and product standards.	Danfoss advocates for building codes in emerging markets and the implementation of existing and more ambitious building codes in established markets. Consequently, optimizing energy efficiency in new buildings, right from the start, is extremely important so that we do not lock ourselves into inefficient technologies for decades. An even bigger potential stems from renovating the existing building stock, which currently accounts for about a third of global energy use and energy-related GHG emissions. For this reason, Danfoss support the International Energy Agency's recommendation for a global renovation rate of 1-2% of existing buildings per year. In the EU, Danfoss want to make buildings ready for demand-response in order to provide the needed flexibility for the integration and uptake of renewable energy. We advocate looking at buildings as part of the bigger energy system; hence taking into account the supply and demand side of energy. We work together with GRMI - The Global Refrigerant Management Initiative. Its aim is to educate the HVACR industry's global supply chain to improve the management of refrigerants to reduce leak and service emissions, and to promote the recycling, recovery, reclaiming, and end-of- life destruction of refrigerants and foam blowing agents. Danfoss also participates in the GFCCC –Global Food Cold Chain Council, where we facilitate the establishment of sustainable cold chains with low-GWP refrigerants.

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

Confederation of Danish Industry

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The Confederation of Danish Industry works for a climate policy that contributes to a balanced green transition, which both supports competitiveness and growth.

How have you, or are you attempting to, influence the position?

Our CFO is on the Board of the Confederation of Danish Industry and many employees are active participants in the organizations committees and working groups. Danfoss also has a member of the Confederation of Danish Industry's Environmental Board of Directors, the Energy Board of Directors and several other boards.

C12.3d

(C12.3d) Do you publicly disclose a list of all research organizations that you fund?

No

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

Consistency is ensured through alignment of strategic positions and messages across Danfoss' global Public Affairs community and the Danfoss Group Executive Team which is comprised of the Top 6 managers of Danfoss (2 member of the Executive Committee, and the heads of our four segments).

The Public Affairs community meet regularly to align and prioritize. The priorities are aligned with and confirmed by top management.

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-2017.pdf

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets

Publication
In voluntary sustainability report

Status
Complete

Attach the document
Danfoss-Sustainability-Report-2017.pdf

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

C14. 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.

C14.1

(C14.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Head of Group Public Affairs & Sustainability	Public affairs manager

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	43342000000

SC0.2

(SC0.2) Do you have an ISIN for your company that you would be willing to share with CDP?
No

SC1.1

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

Requesting member
CNH Industrial NV

Scope of emissions
Scope 1

Emissions in metric tonnes of CO2e
251

Uncertainty (±%)
20

Major sources of emissions
Consumption of fuel (natural gas, fuel oil) for heating.

Verified
No

Allocation method
Allocation based on the market value of products purchased

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 is used for the allocation. Indirect sales through distributors or wholesalers is not included.

Requesting member
CNH Industrial NV

Scope of emissions
Scope 2

Emissions in metric tonnes of CO2e
1959

Uncertainty (±%)
20

Major sources of emissions
Consumption of electricity for processes and district energy for heating.

Verified
No

Allocation method
Allocation based on the market value of products purchased

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 is used for the allocation. Indirect sales through distributors or wholesalers is not included.

Requesting member
CNH Industrial NV

Scope of emissions
Scope 3

Emissions in metric tonnes of CO2e
9055

Uncertainty (±%)
20

Major sources of emissions
Purchased goods, transport of finished goods and employee commuting

Verified
No

Allocation method
Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made
Purchased goods: The source is all purchased raw materials in the reporting year obtained from Danfoss Global Procurement databases. Calculations are made by Trucost. Trucost uses a social cost per metric tonne of CO2e to value GHG emissions, which is the value identified in the UK Government's Stern Report (Stern, 2006) as the central, business-as-usual scenario, adjusted for inflation to 2014 prices using a global weighted average consumer price index (CPI). Transport of finished goods: The sources are records from our transporters. Emission calculations are made using DHL Carbon Dashboard.

Requesting member
Eaton Corporation

Scope of emissions
Scope 1

Emissions in metric tonnes of CO2e
150

Uncertainty (±%)
20

Major sources of emissions
Consumption of fuel (natural gas, fuel oil) for heating.

Verified
No

Allocation method
Allocation based on the market value of products purchased

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 is used for the allocation. Indirect sales through distributors or wholesalers is not included.

Requesting member
Eaton Corporation

Scope of emissions
Scope 2

Emissions in metric tonnes of CO2e
1171

Uncertainty (±%)
20

Major sources of emissions
Consumption of electricity for processes and district energy for heating.

Verified
No

Allocation method
Allocation based on the market value of products purchased

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 is used for the allocation. Indirect sales through distributors or wholesalers is not included.

Requesting member
Eaton Corporation

Scope of emissions
Scope 3

Emissions in metric tonnes of CO2e
5412

Uncertainty (±%)
20

Major sources of emissions
Purchased goods, transport of finished goods and employee commuting

Verified
No

Allocation method
Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made
Purchased goods: The source is all purchased raw materials in the reporting year obtained from Danfoss Global Procurement databases. Calculations are made by Trucost. Trucost uses a social cost per metric tonne of CO2e to value GHG emissions, which is the value identified in the UK Government's Stern Report (Stern, 2006) as the central, business-as-usual scenario, adjusted for inflation to 2014 prices using a global weighted average consumer price index (CPI). Transport of finished goods: The sources are records from our transporters. Emission calculations are made using DHL Carbon Dashboard.

Requesting member
Tesco

Scope of emissions
Scope 1

Emissions in metric tonnes of CO2e
0

Uncertainty (±%)
20

Major sources of emissions
Consumption of fuel (natural gas, fuel oil) for heating.

Verified
No

Allocation method
Allocation based on the market value of products purchased

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 is used for the allocation. Indirect sales through distributors or wholesalers is not included.

Requesting member
Tesco

Scope of emissions
Scope 2

Emissions in metric tonnes of CO2e
0

Uncertainty (±%)
20

Major sources of emissions
Consumption of electricity for processes and district energy for heating.

Verified
No

Allocation method
Allocation based on the market value of products purchased

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 is used for the allocation. Indirect sales through distributors or wholesalers is not included.

Requesting member
Tesco

Scope of emissions
Scope 3

Emissions in metric tonnes of CO2e
12

Uncertainty (±%)
20

Major sources of emissions
Purchased goods, transport of finished goods and employee commuting

Verified
No

Allocation method
Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made
Purchased goods: The source is all purchased raw materials in the reporting year obtained from Danfoss Global Procurement databases. Calculations are made by Trucost. Trucost uses a social cost per metric tonne of CO2e to value GHG emissions, which is the value identified in the UK Government's Stern Report (Stern, 2006) as the central, business-as-usual scenario, adjusted for inflation to 2014 prices using a global weighted average consumer price index (CPI). Transport of finished goods: The sources are records from our transporters. Emission calculations are made using DHL Carbon Dashboard.

Requesting member
Volkswagen AG

Scope of emissions
Scope 1

Emissions in metric tonnes of CO2e
1

Uncertainty (±%)
20

Major sources of emissions
Consumption of fuel (natural gas, fuel oil) for heating.

Verified
No

Allocation method

Allocation based on the market value of products purchased

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 is used for the allocation. Indirect sales through distributors or wholesalers is not included.

Requesting member
Volkswagen AG

Scope of emissions
Scope 2

Emissions in metric tonnes of CO2e
5

Uncertainty (±%)
20

Major sources of emissions
Consumption of electricity for processes and district energy for heating.

Verified
No

Allocation method
Allocation based on the market value of products purchased

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 is used for the allocation. Indirect sales through distributors or wholesalers is not included.

Requesting member
Volkswagen AG

Scope of emissions
Scope 3

Emissions in metric tonnes of CO2e
24

Uncertainty (±%)
20

Major sources of emissions
Purchased goods, transport of finished goods and employee commuting

Verified
No

Allocation method
Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made
Purchased goods: The source is all purchased raw materials in the reporting year obtained from Danfoss Global Procurement databases. Calculations are made by Trucost. Trucost uses a social cost per metric tonne of CO2e to value GHG emissions, which is the value identified in the UK Government's Stern Report (Stern, 2006) as the central, business-as-usual scenario, adjusted for inflation to 2014 prices using a global weighted average consumer price index (CPI). Transport of finished goods: The sources are records from our transporters. Emission calculations are made using DHL Carbon Dashboard.

SC1.2

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

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 line 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 e.g. Wal-Mart. It will require a complete list of all products sold to a specific customer as well as detailed LCA studies internally at Danfoss.

SC1.4

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

SC1.4a

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

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

Our product lines and factories are very diverse at 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

SC3.1

(SC3.1) Do you want to enroll in the 2018-2019 CDP Action Exchange initiative?
No

SC3.2

(SC3.2) Is your company a participating supplier in CDP's 2017-2018 Action Exchange initiative?
No

SC4.1

(SC4.1) Are you providing product level data for your organization's goods or services, if so, what functionality will you be using?
No, I am not providing data

SC4.2d

(SC4.2d) Have any of the initiatives described in SC4.2c been driven by requesting CDP Supply Chain members?
No

Submit your response

In which language are you submitting your response?
English

Please confirm how your response should be handled by CDP

	Public or Non-Public Submission	I am submitting to	Are you ready to submit the additional Supply Chain Questions?
I am submitting my response	Public	Customers	<Not Applicable>

Please confirm below

I have read and accept the applicable Terms