

Policies on Danfoss Business Conduct

Group – Global
Policy
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Introduction to Danfoss Policies

Danfoss has a clear aspiration:

We engineer tomorrow and build a better future.

Danfoss policies on business conduct:

- provide the link between our aspiration and our Core & Clear strategy and how we conduct business at Danfoss
- serve as internal guidance and as information to external stakeholders.

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Our Group Strategy

Core & Clear – Going Great

Core & Clear – Going Great sets the overall direction and aspiration for Danfoss: We engineer tomorrow and build a better future.

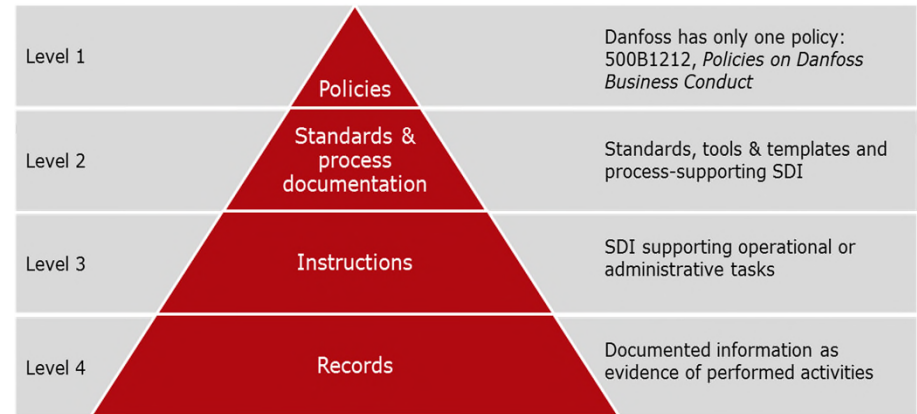
This means that we:

- have a Leading Portfolio with strong core businesses and high-potential adjacencies
- focus on Customers & Growth to drive high customer loyalty and utilize our full growth potential
- drive Innovative Solutions by using our deep application knowledge and digitalization to add value for our customers
- are Lean & Agile and strive to become the industry benchmark in Safety, Quality, Delivery and Cost
- develop and build our highly competent, diverse and engaged teams - our people is the foundation of our success.



Policy Management

We define and manage our internal policies, standards and processes to support the Core & Clear strategy.



This means that we:

- ensure that business policies, standards and processes are aligned, available and deployed
- ensure clear roles and responsibilities
- ensure regular reviews and continual improvements.

Environment, Health and Safety Policy

We protect the health and safety of our employees and other stakeholders and minimize the environmental impact of our activities.

This means that we:

- provide a safe and healthy workplace and prevent the negative impacts of work
- prevent pollution and manage resources efficiently
- ensure compliance with commitments and legislation
- establish objectives to ensure continual and measurable improvements
- act preventively using a risk-based approach and immediately respond to incidents
- develop and maintain safety and environmental management systems and certifications.



Health & Wellbeing Policy

We care about the health and wellbeing of our employees to ensure a strong workforce and high-performing teams.

This means that we:

- advise our employees on physical and mental health issues, health promotion, immunization and travel-medicine
- support a safe working environment by treating medical incidents efficiently during working hours
- promote wellbeing through health initiatives, which maintain robust and motivated employees and reduce absence
- encourage employees to make healthy choices to promote a healthy lifestyle.



People Policy

Our people work with purpose – engineering technologies that enable the world of tomorrow to do more with less. We trust people and give them freedom to act.

This means that we:

- work together to exceed customer expectations and achieve excellent performance
- continue to learn and value expertise, curiosity and ambition
- provide a working environment where people are treated fairly and can be successful in their life journey
- meet the standards of UN conventions and guiding principles.



Quality Policy

We are recognized for excellence in quality.

This means that we:

- support our customers in achieving their business goals through committed leadership and highly skilled, competent staff
- drive effective and aligned processes, and continually improve them to prevent failures
- comply with statutory and regulatory requirements and agreed requirements from customers and other interested parties
- ensure ISO 9001 certification and IATF 16949 compliance at all manufacturing locations.



Human Rights Policy

We ensure that Danfoss' name is associated with respect for human rights, proper working conditions and social and environmental considerations.

This means that we:

- comply with the United Nations' "Guiding Principles on Business and Human Rights" as a signatory to the UN Global Compact
- monitor our impact on human rights and mitigate where relevant
- perform Human Rights due diligence including identification, assessment, mitigation and monitoring of risks
- include Human Rights aspects in our regular reporting.



Ethics and Compliance Policy

We are a business people can trust and rely on, and which drives profitable growth in a decent, ethical manner.

This means that we:

- apply high business ethical standards in all our business
- act with due diligence to address day-to-day ethical dilemmas
- educate our employees to act as responsible Danfoss ambassadors with respect for other people and cultures
- are transparent about our business policies and decisions
- consider disciplinary action in cases of ethical misbehavior.



Sustainability Policy

We will be a reliable and trustworthy business partner by acting responsibly while balancing financial, environmental and social issues.

This means that we:

- comply with the UN Global Compact and support the Sustainable Development Goals
- engage with our stakeholders to promote sustainable development
- do our utmost to implement decisions and actions with dignity and fairness
- ensure that sustainability is a fundamental element of our business conduct focusing on resource efficiency, risk mitigation, reputation and engagement
- ensure that all employees comply with local and international legislation.

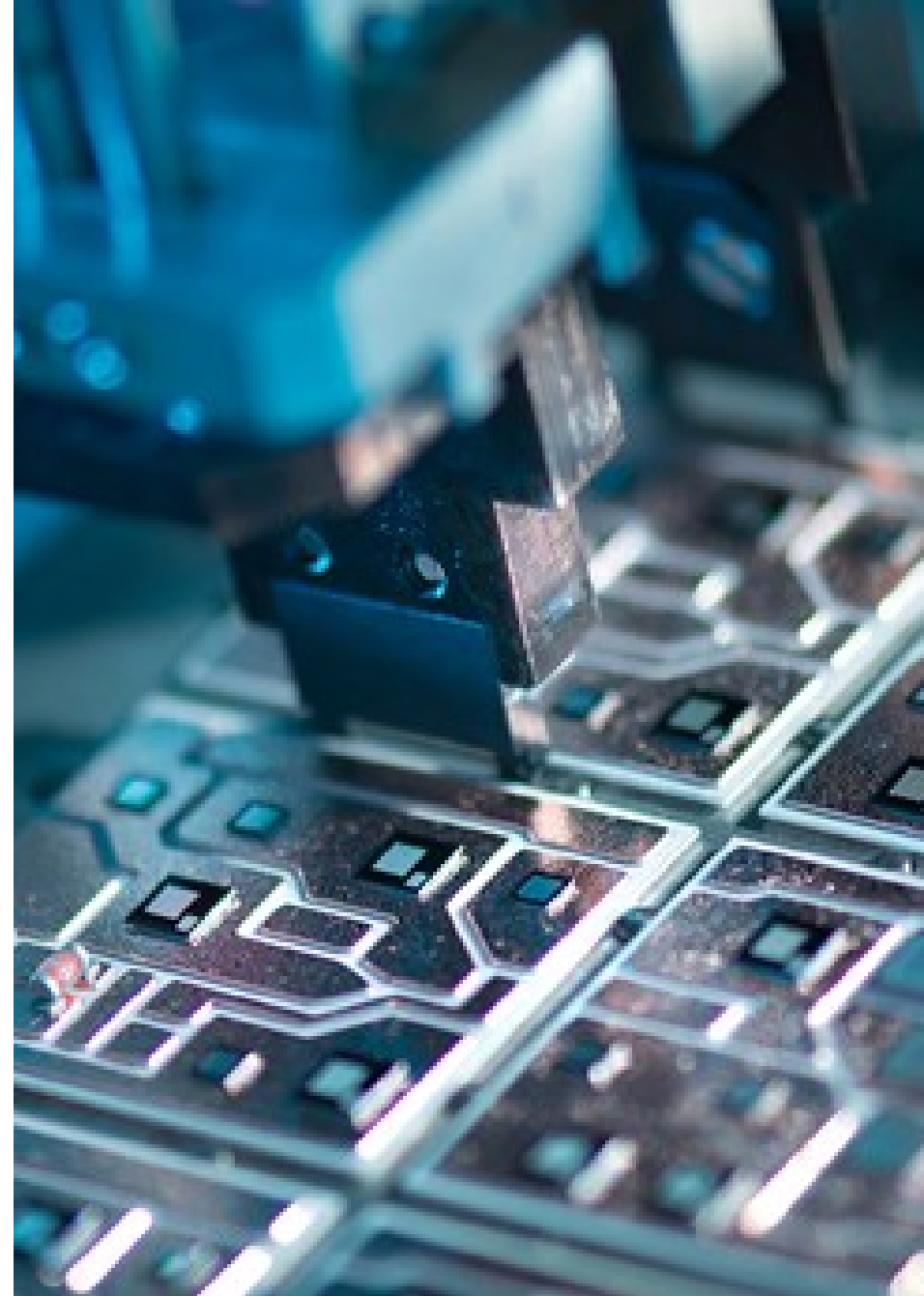


Product Compliance Policy

We make safe and sustainable products, proactively meeting compliance obligations to customers and regulators.

This means that we:

- proactively drive our compliance program with defined roles and responsibilities
- continually monitor requirements from customers and regulators
- address risks and achieve objectives through efficient processes
- work with our supply chain to minimize adverse impacts
- continually improve compliance processes across our businesses.

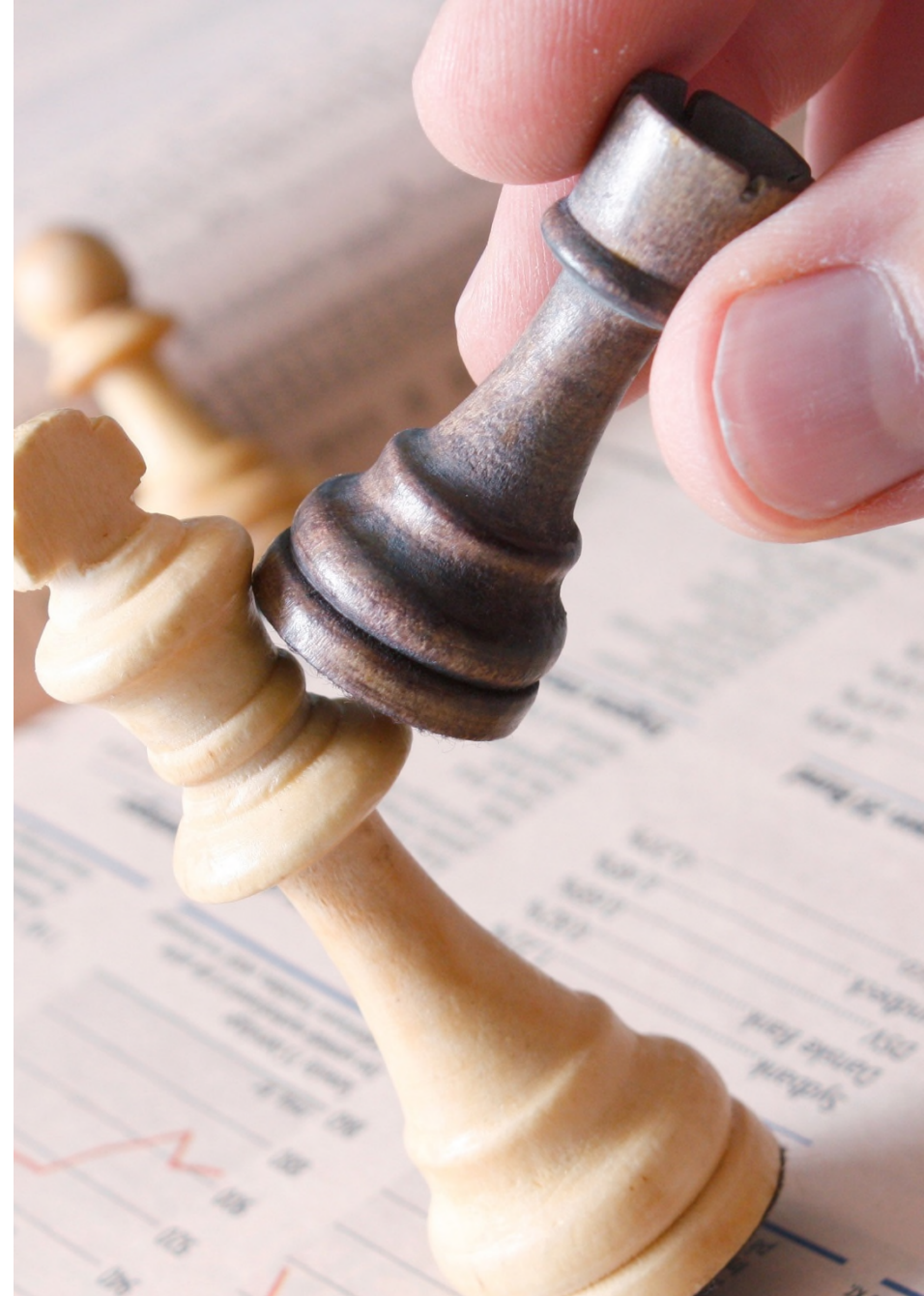


Risk Management Policy

We manage risks and opportunities effectively, to ensure that we remain a sustainable business in increasingly complex business environments.

This means that we:

- take a systematic and holistic approach to managing risks and opportunities
- maintain efficient risk management as a prerequisite for running a sustainable business and act rapidly and flexibly, when conditions change
- identify, assess, treat and monitor risks at all managerial levels.



Information Security Policy

We protect our information and assets against deliberate and accidental threats.

This means that we:

- operate controls to ensure the confidentiality, integrity and availability of our information and assets
- comply with legislative, regulatory and Danfoss security requirements
- provide regular security awareness training for our employees
- apply security-by-design and security-by-default when developing our products and services
- utilize the ISO 27000 series of standards as the main framework for our security controls and procedures.



Communication and Reputation Policy

We conduct open and honest communication with all our stakeholders to retain, expand and defend Danfoss' reputation as a trustworthy and responsible company.

This means that we:

- communicate in a way that is clear, to the point and trustworthy
- ensure true dialogue with all of the Group's stakeholders
- show personality and thought leadership in our communications
- speak in a reliable and confident manner that differentiates us.



Anchoring of Danfoss policies

CEO/CFO, Danfoss Boards, appointed Leadership Teams and Group Functions are responsible for maintaining and updating the policies.

Policy	CEO/CFO, Board, Leadership Team	Group Function
Environment, Health and Safety Policy	QEHS Leadership Team	DBS-OQ, DBS Quality
Health & Wellbeing Policy	HR Board	CF-H, Danfoss HR
People Policy	HR Board	CF-H, Danfoss HR
Quality Policy	QEHS Leadership Team	DBS-OQ, DBS Quality
Human Rights Policy	HR Board	CF-LC, Group Risk & Compliance
Ethics and compliance Policy	CEO/CFO	CF-LC, Group Risk & Compliance
Sustainability Policy	CEO/CFO	CF-C, Group Communication & Reputation
Product Compliance Policy	Product Compliance Leadership Team	CF-LR, Group Regulatory
Risk Management Policy	Risk Committee	CF-LC, Group Risk & Compliance
Information Security Policy	Finance Board	CF-I, Danfoss Group IT
Communication and Reputation Policy	CEO/CFO	CF-C, Group Communication & Reputation