

# Danfoss Sustainability Program

March 2021



# Danfoss' 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 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



# Danfoss Sustainability Program

## - Strategic focus



# Sustainability Achievements and Targets

	2020 – What we said	2020 – what we did	2021 – What we want
 <b>Climate consciousness</b>	<ul style="list-style-type: none"> <li>Establish roadmap for decarbonizing Danfoss' global operations.</li> <li>Implement Power Purchase Agreement in Northern Europe.</li> <li>Develop Science-Based Targets.</li> <li>Establish roadmap for electric vehicles in Danfoss.</li> </ul>	<ul style="list-style-type: none"> <li>Roadmap for decarbonizing electricity 2020-2025 prepared.</li> <li>Green Power Purchase Agreement negotiated for all locations in Denmark and Germany.</li> <li>Science-Based Targets baseline in place for scope 1 &amp; 2 emissions. Baseline development for scope 3 emissions initiated.</li> <li>Roadmap developed for electric vehicles and ambassador network established in selected countries. Electric vehicles pilot project launched in Sweden.</li> </ul>	<ul style="list-style-type: none"> <li>Half of Danfoss' electricity consumption shall be covered by green Power Purchase Agreements.</li> <li>Prepare roadmap for decarbonizing Danfoss' heating demand.</li> <li>Establish Science-Based Targets and mitigation plans and get targets approved by Science Based Targets initiative.</li> <li>Run electric vehicles project in Sweden..</li> <li>Continue global energy-saving projects in selected factories to cut energy consumption and maintenance cost by up to 40%.</li> </ul>
 <b>Resources and products</b>	<ul style="list-style-type: none"> <li>Reduce global water consumption intensity.</li> <li>Develop and implement scheme for Environmental Product Declarations.</li> <li>Regulatory monitoring tool for product legislation.</li> </ul>	<ul style="list-style-type: none"> <li>Water consumption intensity reduced by 42% since 2007.</li> <li>Scheme for Environmental Product Declarations developed with Drives Segment.</li> <li>New regulatory monitoring tool and process implemented.</li> </ul>	<ul style="list-style-type: none"> <li>Roll-in product chemical-compliance system and recycling administration system for electronic equipment, batteries and packaging as part of Group ERP-system.</li> <li>Roll-in setup for Life Cycle Assessment and Environmental Product Declaration of products.</li> </ul>
 <b>Responsible business</b>	<ul style="list-style-type: none"> <li>Reduce global LTIF to 1.6 per million hours worked.</li> <li>Implement "Danfoss Machine Safety Inspection Tool".</li> <li>Evaluate and align Danfoss' compliance practices with emerging and relevant Modern Slavery Act regulations.</li> <li>Strengthen our diversity and inclusion ambassador network across the globe.</li> <li>Drive initiatives to increase diversity in teams and the percentage of female leaders to 25% by 2022.</li> </ul>	<ul style="list-style-type: none"> <li>LTIF - Lost Time Injury Frequency reduced to 2.0 lost time injuries per million hours worked.</li> <li>Danfoss Machine Safety Inspection Tool implemented in the segments.</li> <li>Danfoss' compliance with Modern Slavery Act regulations evaluated and risk assessment in our supply chain strengthened.</li> <li>Process for assessment of high-risk suppliers strengthened.</li> <li>Regional working groups established to remove local barriers to diversity and inclusion.</li> <li>Our global diversity and inclusion ambassador network strengthened.</li> <li>Head of Diversity &amp; Inclusion in Global HR hired.</li> <li>Mentoring program for female talents established.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to reduce the global LTIF towards 1.6 lost time injuries per million hours worked.</li> <li>Develop global tools for identification and mitigation of ergonomic hazards and for management of safety data sheets.</li> <li>Evaluate where processes to avoid forced labor in recruitment of temporary workers are relevant and implement accordingly.</li> <li>Establish governance to ensure traction of regional short-term targets.</li> <li>Educate our leaders on inclusive leadership and unconscious bias.</li> </ul>



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