

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.

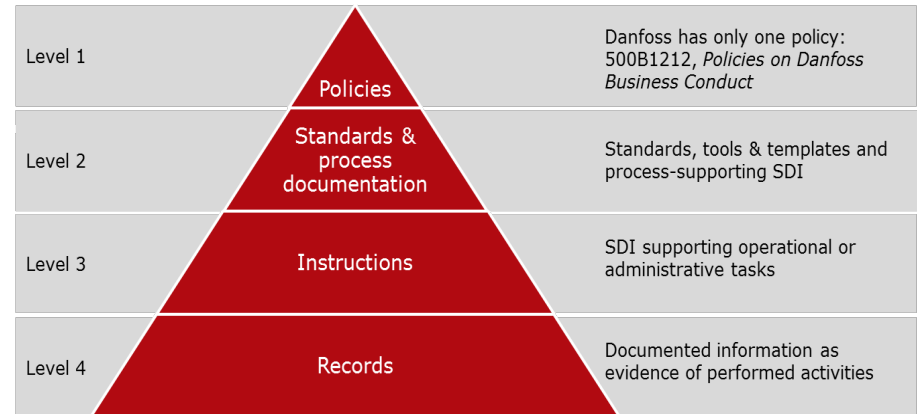
This means that we:

- 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.

[Link to Manage Standardized Documented Information](#)

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.

[Link to Environment, Health and Safety Standards](#)



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.

[Link to People Management Standards](#)



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.

[Link to the Quality Management System](#)



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.

[Link to Ethics Handbook](#)



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.

[Link to Ethics and Compliance Standards](#)



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.

[Link to Sustainability Homepage](#)



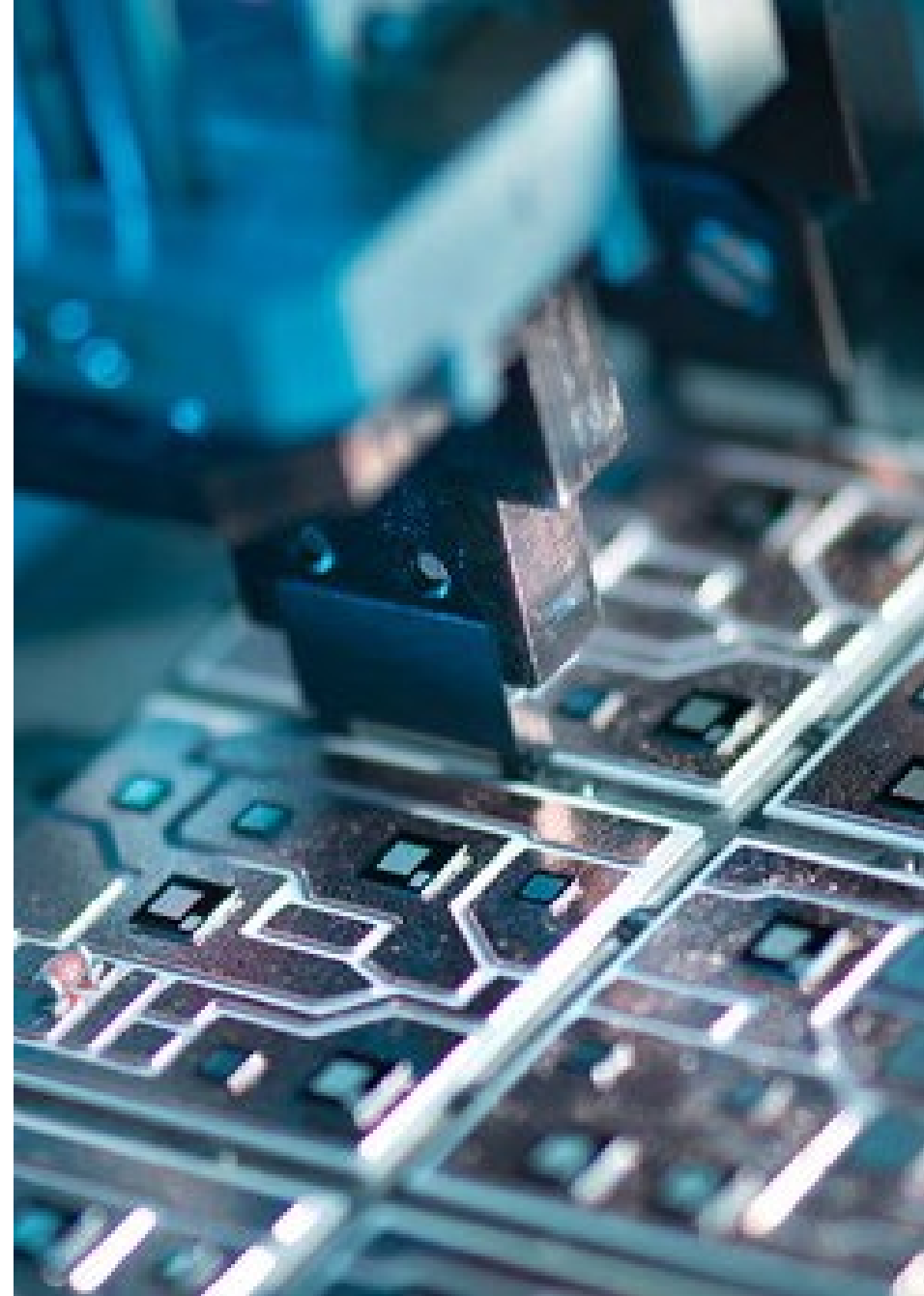
Product Compliance Policy

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.

[Link to Product Compliance Standards](#)



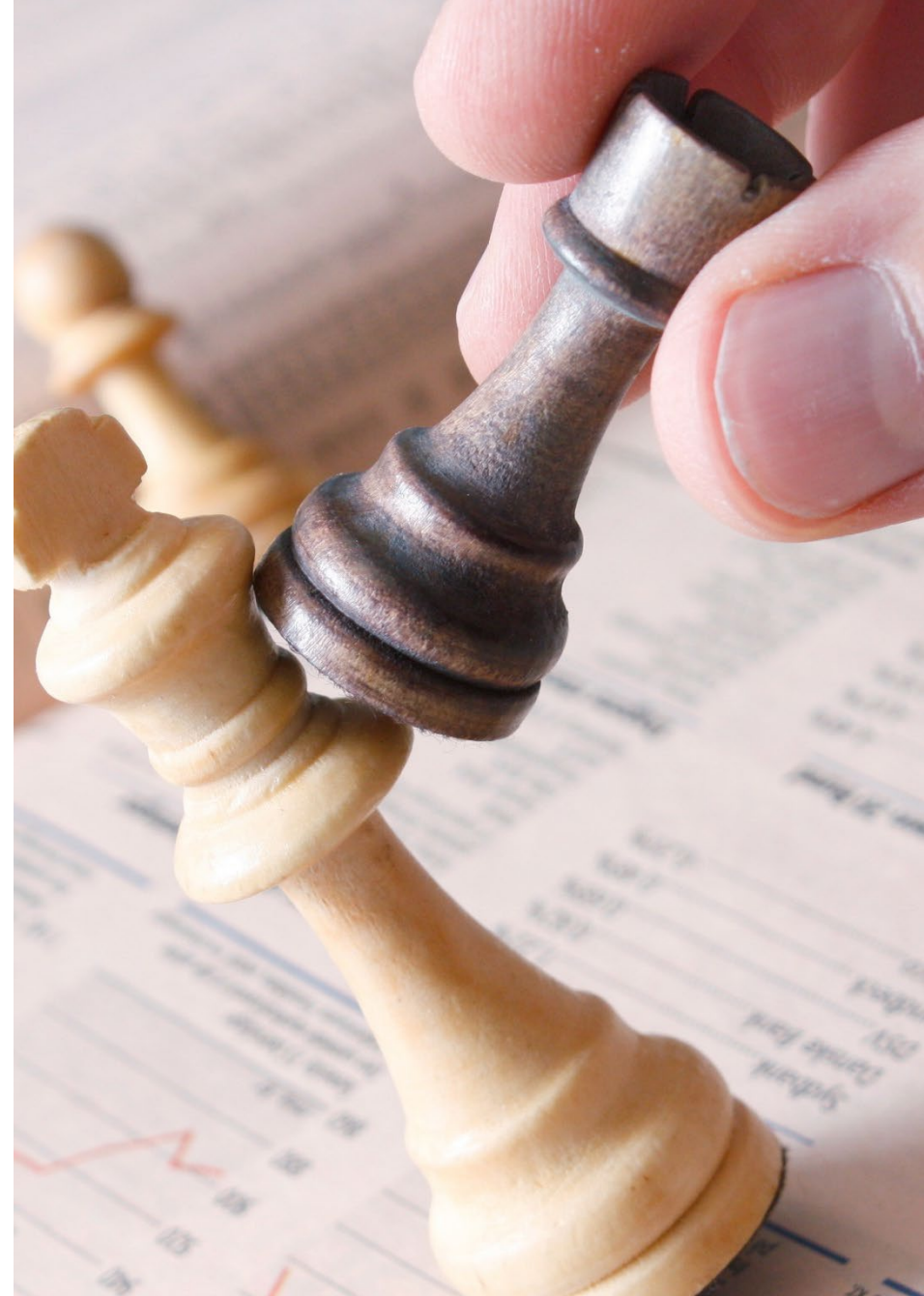
Risk Management Policy

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.

[Link to Risk Standards](#)



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.

[Link to Information Security Standards](#)



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.

[Link to Communication and Reputation Standards](#)



Anchoring of Danfoss policies

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

Policy	CEO/CFO, Board	Group Function
Environment, Health and Safety Policy	Supply Chain Board	DBS-OQ, DBS Quality
Health & Wellbeing Policy	HR Board	CF-H, Danfoss HR
People Policy	HR Board	CF-H, Danfoss HR
Quality Policy	Supply Chain Board	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	Supply Chain Board	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