

Guidelines for remuneration of the Board of Directors and the CEO and CFO

The following are the overall guidelines for Danfoss' incentive remuneration of the Board and the CEO and CFO. The guidelines are approved by the company's General Meeting, within the scope of which the granting of incentive schemes for the Board and the CEO and CFO can take place.

The Board:

The board members are paid a fixed remuneration as decided at the General Meeting each year. The board is not granted any incentive remuneration.

The CEO and CFO:

The CEO and CFO are paid a fixed monthly salary. The salary is reviewed on an annual basis and an increase is approved by the Chairman of the Board.

The CEO and CFO participate in the Short-Term Incentive scheme designed to reward for short term financial performance aligned with the overall business strategy. The target payout is determined by the board. Financial targets apply for one year at a time with final payout made annually, and subject to approval by the Chairman of the Board.

The CEO and CFO participate in the Long-Term Incentive scheme designed to reward for financial results of the Danfoss Group and reward for continued employment. The Long-Term Incentive is a cash-based scheme related to financial metrics set annually and approved by the Chairman of the Board. At the end of the financial year, the Long-Term Incentive scheme and results are approved by the Chairman of the Board. Payment takes place following the three-year earnings period assuming positive financial results are achieved during the three-year earnings period and the participant is still employed by Danfoss Group at the time of payment.

Information, at any time, about the actual value of the existing Long-Term Incentive program for the CEO and CFO and others will appear from the Annual Report.

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