

C0. Introduction

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C0.1

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**(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

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**(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 2018	December 31 2018	No	<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  
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.**

EUR

### 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) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.**

Position of individual(s)	Please explain
Chief Executive Officer (CEO)	The Chief Executive Officer (together with the Group Executive Team) develops the strategy and handles the day-to-day management of the company and execution of the strategy.
Board Chair	The Board of Directors lays the general course for the company by approving strategies and targets. this also includes the very overall approach to climate, both when it comes to products and the business.

#### 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 strategy Reviewing and guiding major plans of action Reviewing and guiding annual budgets Reviewing and guiding business plans Overseeing major capital expenditures, acquisitions and divestitures	

## C1.2

**(C1.2) Provide the highest management-level 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
Public affairs manager	Assessing climate-related risks and opportunities	As important matters arise

## 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 (do not include the names of individuals).**

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:

- President and CEO of Danfoss A/S
- Executive Vice President and CFO of Danfoss A/S
- Segment President, Danfoss Cooling
- Segment President, Danfoss Heating
- Segment President, Danfoss Power Solutions
- 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 (do not include the names of individuals).**

**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**

Monetary reward

**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**

Please select

**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 efficiency 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

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

<Not Applicable>

**Potential financial impact figure – minimum (currency)**

<Not Applicable>

**Potential financial impact figure – maximum (currency)**

<Not Applicable>

**Explanation of financial impact figure**

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.

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**C2.4**

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**(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**

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**(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**

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.

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**Time horizon**

Short-term

**Likelihood**

Virtually certain

**Magnitude of impact**

Medium

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

&lt;Not Applicable&gt;

**Potential financial impact figure – minimum (currency)**

&lt;Not Applicable&gt;

**Potential financial impact figure – maximum (currency)**

&lt;Not Applicable&gt;

**Explanation of financial impact figure**

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&amp;D and innovation

**Type of financial impact**

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

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

&lt;Not Applicable&gt;

**Potential financial impact figure – minimum (currency)**

&lt;Not Applicable&gt;

**Potential financial impact figure – maximum (currency)**

&lt;Not Applicable&gt;

**Explanation of financial impact figure**

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, tradeshow 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 been 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
- RISCO assessment and monitoring as per RISCO 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

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#### (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

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#### C4.1

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

Intensity target

#### C4.1b

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##### (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

**Targeted % reduction from base year**

50

**Metric**

Other, please specify (Metric tons CO2e per EURm net sales)

**Base year**

2007

**Start year**

2008

**Normalized base year emissions covered by target (metric tons CO2e)**

58

**Target year**

2030

**Is this a science-based target?**

No, but we anticipate setting one in the next 2 years

**% of target achieved**

52

**Target status**

Underway

**Please explain**

The CO2 intensity is reduced from 58 [ton/EURm] in 2007 to 43 [ton/EURm] in 2018.

**% change anticipated in absolute Scope 1+2 emissions**

48

**% change anticipated in absolute Scope 3 emissions**

25

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#### C4.2

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(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**

EURm net sale

**KPI – Metric denominator (intensity targets only)**

GWh

**Base year**

2007

**Start year**

2008

**Target year**

2030

**KPI in baseline year**

5.5

**KPI in target year**

11

**% achieved in reporting year**

73

**Target Status**

Underway

**Please explain**

We have increased the energy productivity by 73% in 2018.

**Part of emissions target**

**Is this target part of an overarching initiative?**

EP100

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**Target**

Other, please specify (Energy intensity)

**KPI – Metric numerator**

MWh

**KPI – Metric denominator (intensity targets only)**

EURm net sale

**Base year**

2007

**Start year**

2008

**Target year**

2030

**KPI in baseline year**

180

**KPI in target year**

90

**% achieved in reporting year**

85

**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

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C4.3

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(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

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(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation		
To be implemented*	10	5000
Implementation commenced*	5	3000
Implemented*	4	9158
Not to be implemented		

### C4.3b

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

**Initiative type**

Energy efficiency: Building services

**Description of initiative**

HVAC

**Estimated annual CO2e savings (metric tonnes CO2e)**

5000

**Scope**

Scope 2 (location-based)

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

**Investment required (unit currency – as specified in C0.4)**

**Payback period**

1-3 years

**Estimated lifetime of the initiative**

16-20 years

**Comment**

**Initiative type**

Energy efficiency: Building services

**Description of initiative**

Building controls

**Estimated annual CO2e savings (metric tonnes CO2e)**

4000

**Scope**

Scope 2 (location-based)

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

**Investment required (unit currency – as specified in C0.4)**

**Payback period**

1-3 years

**Estimated lifetime of the initiative**

11-15 years

**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

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**(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

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**(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**

**Comment**

Danfoss calculate the emission saving potentials for products or product families 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.

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## C5. Emissions methodology

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### C5.1

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**(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

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**(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)

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## C6. Emissions data

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### C6.1

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**(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?**

**Reporting year**

**Gross global Scope 1 emissions (metric tons CO2e)**

30975

**Start date**

January 1 2018

**End date**

December 31 2018

**Comment**

### C6.2

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**(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

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**(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?**

**Reporting year**

**Scope 2, location-based**

235756

**Scope 2, market-based (if applicable)**

<Not Applicable>

**Start date**

January 1 2018

**End date**

December 31 2018

**Comment**

### C6.4

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**(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

950000

### 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 social cost of carbon includes, but is not limited to, changes in net agricultural productivity, human health, and property damages from increased flood risk. Methodology approach: 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

The calculations are based on financial data from Danfoss' procurement databases.

## Capital goods

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

### 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

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

### 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

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

### 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

Relevant, not yet calculated

### Metric tonnes CO2e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

### Explanation

## Business travel

### Evaluation status

Relevant, calculated

### Metric tonnes CO2e

20000

### Emissions calculation methodology

Business travel emissions are calculated by our travel agency for all business trips ordered through the Concur platform. It is anticipated that 90% of all business travel is ordered through that system.

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

100

### Explanation

All data stem from travel agency databases.

## Employee commuting

### Evaluation status

Relevant, calculated

### Metric tonnes CO2e

27773

### 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

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

### Explanation

We have very limited number of upstream leased assets.

## Downstream transportation and distribution

### Evaluation status

Relevant, calculated

### Metric tonnes CO2e

118100

### 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.

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

### Explanation

## Processing of sold products

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

### Explanation

No processing is done on sold products.



## Use of sold products

### Evaluation status

#### Metric tonnes CO2e

<Not Applicable>

#### Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

### 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

<Not Applicable>

#### Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

### Explanation

## Downstream leased assets

### Evaluation status

Not relevant, explanation provided

#### Metric tonnes CO2e

<Not Applicable>

#### Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

### Explanation

We have no downstream leased assets.

## Franchises

### Evaluation status

Not relevant, explanation provided

#### Metric tonnes CO2e

<Not Applicable>

#### Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

### Explanation

We do not have any franchises.

## Investments

### Evaluation status

Not evaluated

#### Metric tonnes CO2e

<Not Applicable>

#### Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

### Explanation

Investments are only done in own assets.

**Other (upstream)**

**Evaluation status**

Not evaluated

**Metric tonnes CO2e**

<Not Applicable>

**Emissions calculation methodology**

<Not Applicable>

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

<Not Applicable>

**Explanation**

**Other (downstream)**

**Evaluation status**

Not evaluated

**Metric tonnes CO2e**

<Not Applicable>

**Emissions calculation methodology**

<Not Applicable>

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

<Not Applicable>

**Explanation**

C6.7

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**(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**

0.000043

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

264431

**Metric denominator**

unit total revenue

**Metric denominator: Unit total**

6098000000

**Scope 2 figure used**

Location-based

**% change from previous year**

0

**Direction of change**

No change

**Reason for change**

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C7. Emissions breakdowns

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C7.1

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**(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?**

No

C7.2

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

Country/Region	Scope 1 emissions (metric tons CO2e)
Brazil	3
Bulgaria	85
China	1578
Denmark	9342
Finland	0
France	1000
Germany	2261
India	611
Italy	309
Japan	0
Mexico	2361
Poland	1786
Romania	432
Russian Federation	96
Slovakia	4
Slovenia	1579
United Kingdom of Great Britain and Northern Ireland	228
United States of America	9301

**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	721	0
Bulgaria	181	0	338	0
China	93304	0	108516	0
Denmark	28344	0	100074	0
Finland	357	0	12982	0
France	700	0	15569	0
Germany	9030	0	29195	0
India	8071	0	15869	0
Japan	2497	0	4533	0
Italy	2193	0	5024	0
Mexico	8364	0	20667	0
Poland	22426	0	30020	0
Romania	251	0	2329	0
Russian Federation	3020	0	5544	0
Slovakia	229	0	19565	0
Slovenia	12911	0	30065	0
United Kingdom of Great Britain and Northern Ireland	5	0	960	0
United States of America	39016	0	98993	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	9158	Decreased	3.7	Our global energy savings program reduced the emissions by 9,158 tonnes. Gross 2017 emissions were 244000 tonnes. Result = $(9158 \times 100 / (244000)) = 3.7\%$
Divestment	0	No change		
Acquisitions	26158	Increased	10.7	Acquisition of two brands: Sondex and White Drives contribute to increased emissions. Result = $(26158 \times 100 / 244000) = 10.7\%$
Mergers	0	No change		
Change in output	3000	Increased	1.3	Organic growth contributed with 3000 tonnes. Gross 2017 emissions were 244000 tonnes. Result = $(3000 \times 100 / 244000) = 1.3\%$
Change in methodology	0	No change		
Change in boundary	0	No change		
Change in physical operating conditions	0	No change		
Unidentified	0	No change		
Other	0	No change		Increased electricity consumption contributed with 11254 tonnes. Gross 2016 emissions were 233716 tonnes. Result = $(11254 \times 100 / 233716) = 4.8\%$

## 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)	48	144286	144334
Consumption of purchased or acquired electricity	<Not Applicable>	149360	327383	476743
Consumption of purchased or acquired heat	<Not Applicable>	5393	21274	26667
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>	2190	<Not Applicable>	2190
Total energy consumption	<Not Applicable>	156991	492943	649934

## 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 heat	Yes
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

140902

### MWh fuel consumed for self-generation of electricity

<Not Applicable>

### MWh fuel consumed for self-generation of heat

139661

### 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

1241

### Comment

### Fuels (excluding feedstocks)

Gas Oil

### Heating value

LHV (lower heating value)

### Total fuel MWh consumed by the organization

3368

### MWh fuel consumed for self-generation of electricity

<Not Applicable>

### MWh fuel consumed for self-generation of heat

3368

### 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

### Comment

## 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 Center of the European Commission

**Comment**

**Natural Gas**

**Emission factor**  
202

**Unit**  
kg CO2 per MWh

**Emission factor source**  
Covenant of Mayors & Joint Research Center 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	6658	6658	2190	2190
Heat	144334	144334	48	48
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

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### C11.1

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**(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

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**(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**

**Period start date**  
January 1 2018

**Period end date**  
December 31 2018

**Allowances allocated**  
7948

**Allowances purchased**  
0

**Verified emissions in metric tons CO<sub>2</sub>e**  
7948

**Details of ownership**  
Facilities we own and operate

**Comment**

### C11.1d

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**(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

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

### C11.3

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**(C11.3) Does your organization use an internal price on carbon?**  
No, and we do not currently anticipate doing so in the next two years

## C12. Engagement

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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)

**% of customers by number**

**% Scope 3 emissions as reported in C6.5**

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

**Impact of engagement, including measures of success**

C12.1c

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

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 influenced, or are you attempting to influence their 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.

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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.

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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).**

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C14. Signoff

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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 Public Affairs & Sustainability	Public affairs manager

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SC. Supply chain module

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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	6098000000

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

**Allocation level**

Company wide

**Allocation level detail**

<Not Applicable>

**Emissions in metric tonnes of CO2e**

333

**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

**Allocation level**

Company wide

**Allocation level detail**

<Not Applicable>

**Emissions in metric tonnes of CO2e**

2534

**Uncertainty (±%)**

20

**Major sources of emissions**

Consumption of electricity and district 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

**Allocation level**

Company wide

**Allocation level detail**

<Not Applicable>

**Emissions in metric tonnes of CO2e**

11994

**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.

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**Requesting member**

Eaton Corporation

**Scope of emissions**

Scope 1

**Allocation level**

Company wide

**Allocation level detail**

<Not Applicable>

**Emissions in metric tonnes of CO2e**

143

**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.

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**Requesting member**

Eaton Corporation

**Scope of emissions**

Scope 2

**Allocation level**

Company wide

**Allocation level detail**

<Not Applicable>

**Emissions in metric tonnes of CO2e**

1089

**Uncertainty (±%)**

20

**Major sources of emissions**

Consumption of electricity and district 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

**Allocation level**

Company wide

**Allocation level detail**

<Not Applicable>

**Emissions in metric tonnes of CO2e**

5156

**Uncertainty (±%)**

20

**Major sources of emissions**

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.

**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.

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**Requesting member**

Tesco

**Scope of emissions**

Scope 1

**Allocation level**

Company wide

**Allocation level detail**

<Not Applicable>

**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.

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**Requesting member**

Tesco

**Scope of emissions**

Scope 2

**Allocation level**

Company wide

**Allocation level detail**

<Not Applicable>

**Emissions in metric tonnes of CO2e**

9

**Uncertainty (±%)**

20

**Major sources of emissions**

Consumption of electricity and district 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.

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**Requesting member**

Tesco

**Scope of emissions**

Scope 3

**Allocation level**

Company wide

**Allocation level detail**

<Not Applicable>

**Emissions in metric tonnes of CO2e**

41

**Uncertainty (±%)**

20

**Major sources of emissions**

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.

**Verified**

No

**Allocation method**

Please select

**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.

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**Requesting member**

Volkswagen AG

**Scope of emissions**

Scope 1

**Allocation level**

Company wide

**Allocation level detail**

<Not Applicable>

**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.

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**Requesting member**

Volkswagen AG

**Scope of emissions**

Scope 2

**Allocation level**

Company wide

**Allocation level detail**

<Not Applicable>

**Emissions in metric tonnes of CO2e**

3

**Uncertainty (±%)**

20

**Major sources of emissions**

Consumption of electricity and district 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.

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**Requesting member**

Volkswagen AG

**Scope of emissions**

Scope 3

**Allocation level**

Company wide

**Allocation level detail**

<Not Applicable>

**Emissions in metric tonnes of CO2e**

15

**Uncertainty (±%)**

20

**Major sources of emissions**

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.

**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.

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SC1.2

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

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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.

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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 2019-2020 CDP Action Exchange initiative?**

No

**SC3.2**

**(SC3.2) Is your company a participating supplier in CDP's 2018-2019 Action Exchange initiative?**

No

**SC4.1**

**(SC4.1) Are you providing product level data for your organization's goods or services?**

No, I am not providing data

**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

