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# Danfoss Position on Responsible Minerals Sourcing

## Introduction

Danfoss is a reliable business partner focused on living up to our customers' and other stakeholders' expectations. We respect human rights and support the efforts of governments and organizations to end violence and atrocities in conflict-affected areas. Danfoss is committed to sourcing from companies that also share our values around human rights, ethics and environmental responsibility.

According to Section 1502 of the US *Dodd-Frank Wall Street Reform and Consumer Protection Act* (Dodd-Frank Act), publicly traded companies in the U.S. must report to the U.S. Securities and Exchange Commission ("SEC") if their products contain Tin, Tantalum, Tungsten or Gold (together known as the "3TGs"). SEC filers must then determine if these minerals originated in the DRC or adjoining countries (the "Covered Countries"). The Covered Countries include: the Democratic Republic of the Congo, Republic of Congo, Central African Republic, South Sudan, Zambia, Angola, Tanzania, Burundi, Rwanda and Uganda.

Danfoss is neither listed on the U.S. stock exchanges nor files any periodic reports with the SEC and thus is not under any direct obligations to comply with the SEC filing requirements. Nevertheless, Danfoss is committed to supporting its customers and will continue to provide reports for those of our customers who have such reporting obligations. This information will be provided using the Responsible Minerals Initiative ([RMI](#)) Conflict Minerals Reporting Template (CMRT). As a manufacturer of products that contain conflict minerals, Danfoss strives to procure materials only from environmentally and socially responsible sources verified as DRC conflict-free through the Responsible Minerals Assurance Process (RMAP), or a similar framework.

## Danfoss' commitments and measures

We have established internal processes to determine whether 3TGs in our products are DRC Conflict-Free.

We will continue to:

- Identify potential sourcing risks affecting our products in which 3TGs are required and proactively require all minerals in our supply chain to be DRC conflict-free;
- Exercise due diligence regarding the origin and chain of custody of the 3TGs contained in products in our supply chain that we manufacture or contract to manufacture;
- Encourage our suppliers to responsibly source 3TGs through smelters and refiners that have been verified as DRC conflict-free through the Responsible Minerals Assurance Process (RMAP), or a similar framework;
- Specify requirements to our suppliers on Conflict Minerals through General Terms and Conditions of Purchasing and Framework Agreements on responsible minerals sourcing;
- Support and adhere to national and international standards and guidelines for responsible supply chains of 3TG minerals like the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals*; and
- Collect and report information about the origin of the 3TGs in our supply chain using the latest revision of the Responsible Minerals Initiative ([RMI](#)) Conflict Minerals Reporting Template (CMRT).

## Danfoss' requirements to suppliers

Suppliers are required to:

- adhere to the [Danfoss General Terms and Conditions of Purchase](#) on responsible minerals sourcing.
  - The minerals must originate from outside DRC or its neighboring countries **or** from a mine in the DRC or the adjoining countries that has been verified by an independent third-party private sector audit to be conflict-free **or** come from scrap **or** recycled sources;
- adopt policies and management systems with respect to conflict minerals and to require their own suppliers to act similar;
- exercise due diligence by requesting a Conflict Minerals Reporting Template ("CMRT") from their own suppliers;
- respond in a timely manner to our CMRT requests; and

- support Danfoss, as reasonably required, to help our customers to comply with their SEC filing obligations. In the event Danfoss reasonably determines that a supplier's efforts to comply with these requirements are insufficient and the supplier fails to cooperate in developing and implementing reasonable remedial steps, Danfoss will take appropriate actions and consider under circumstances to discontinuing purchases from the supplier.

**Danfoss A/S**

Kim Fausing  
President & CEO