

Water Management,

Policy Implementation and governance document

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Revision nr.: 01

Approver: Kim Fausing

This document outlines the implementation and governance of our Danfoss Group Policy on Water Management included in our Policies on Business Conduct and underlining our dedication to conserving water, preventing pollution, and promoting using water responsibly in our operations. Read the Policy [here](#).

1. Commitment

Danfoss is committed to responsible water management practices, ensuring sustainable water use and protecting resources. We strive to continuously decrease water withdrawals, consumption, and/or discharge, particularly in regions facing water quality and scarcity issues. Simultaneously, we take proactive steps to prevent water pollution and manage wastewater effectively. Our priority remains to ensure access to clean water and sanitation across all our locations.

2. Scope of application

The Policy applies to the Danfoss Group, i.e. Danfoss A/S and each of its subsidiaries which are under Danfoss A/S direct or indirect control, e.g. through ownership of the majority of shares, or the right to appoint the majority of its directors.

3. Implementation of the Policy

- **Site-level accountability:** Each Danfoss site must establish and maintain processes to manage and report water withdrawals, ensure water conservation, and prevent pollution, in line with local regulations, Danfoss' sustainability strategy and the requirements set forth in the Policy.
- **Water conservation:** We work to minimize water withdrawals, consumption, and/or discharges in our factories through deployment of water-saving technologies, adoption of more water-efficient practices, and promotion of behaviors that optimize water usage and lower our overall water footprint, with a particular focus on sites in water risk areas.
- **Water quality management:** We work to prevent water pollution through proactive strategies and proper wastewater management. We comply with relevant local standards to protect water quality. This includes reducing harmful chemical use for water treatment and ensuring that process water is properly treated before discharge.
- **Water management system:** We have a requirement for all manufacturing companies in the Danfoss Group must establish and maintain management systems for environmental management compliant with requirements in the ISO 14001 standard.
- **Compliance and accountability:** We are firmly committed to ensuring compliance with all prevailing water regulations, laws, and standards across our global operations. Accountability for compliance is anchored with local sites and governed by relevant Leadership Teams across our three Segments.
- **Stakeholder engagement:** We are continuously engaging with internal and external stakeholders, including employees, customers, suppliers and other affected stakeholders, to understand and address water-related challenges collaboratively.
- **Risk assessment and mitigation:** We conduct risk assessments to identify potential water-related risks to our own operations, like water quality or scarcity. Following the assessments, we implement appropriate mitigation measures to minimize these risks.

- **Reporting and disclosure:** We maintain quarterly internal reporting on environmental KPIs, including water. Externally, we report on water-related KPIs in our integrated annual reporting, in line with the EU ESRS requirements, as well as through credible third-party platforms such as CDP and EcoVadis.
- **Training and qualification:** All affected employees must receive relevant training for their job function. The training must be periodically refreshed and documented. The guidance is that the training is conducted at least once every five years and more frequent if there are changes to the standard reporting or water reduction practices.

4. Governance

The Policy is anchored with the Danfoss ESG Leadership Team which reports directly into the Global Executive Team (GET). Further, the Policy has been formally approved and signed by our Chief Executive Officer (CEO), Kim Fausing. To effectively implement the Policy, clear roles and responsibilities have been established, as well as an internal Water Management Standard.

Danfoss Global Services Real Estate is responsible for creating the water-related strategy, setting water targets, and managing data collection, reporting, and compliance. Further, each site has a designated Water Site Responsible individual who ensures the Policy is implemented within the site's environmental management system, integrates water reduction measures, regularly assesses regulatory requirements, informs employees about water management standards, and coordinates efforts to achieve water related targets.

This document is subject to review/revision in accordance with the Danfoss Code of Conduct terms and conditions

Danfoss A/S

President and CEO
Kim Fausing