



Gender Pay Gap Report 2024 – Danfoss Limited (UK)





Contents

Danfoss – an inclusive workplace

- p. 3 High-Performing, Diverse Teams
- p. 4 Explaining Gender Pay Gap Reporting – UK
- p. 5 Danfoss Limited (UK) Gender Pay Gap Results 2024
- p. 6 What Are We Doing To Address Our Gender Pay Gap?

Danfoss is engineering solutions that increase machine productivity, reduce emissions, lower energy consumption, and enable electrification. Our solutions are used in areas such as refrigeration, air conditioning, heating, power conversion, motor control, industrial machinery, automotive, marine, and off- and on-highway equipment. We also provide solutions for renewable energy, such as solar and wind power, as well as district-energy infrastructure for cities. Our three segments continue to invest in innovation and developing our global footprint, bringing innovative solutions and technology to the market and our customers. The focus on innovation is a key part of our growth strategy and instrumental to realizing our sustainability goal of becoming our customers' preferred decarbonization partner. Together, we engineer tomorrow to build a better future.

High-Performing, Diverse Teams

In Danfoss, we firmly believe that diverse teams are more innovative and deliver better results. We strive to cultivate an inclusive growth-oriented culture that empowers our team members to be themselves and boldly share opinions.

We focus on creating an inclusive workplace, where we hear all the different perspectives to help us offer continuously innovative solutions for our customers. This is also supporting our high engagement.

Our ambition is to offer equal opportunities to all our colleagues, no matter who they are or where they work. We expect our leaders to embrace their role as inclusive leaders and ensure everyone feels valued, respected, and safe to contribute their best.

We firmly believe that diverse teams perform better and that equal opportunities and inclusion drive engagement. Our aim is to provide an inspiring and inclusive work environment where people feel that they belong.

One of the ways we do this is by reporting our gender pay gap data.

We are committed to narrowing the gender pay gap and ensure that every Danfoss team member has the same opportunities to develop and achieve their full potential.

Danfoss is committed to maintaining the total gender pay gap below 5% globally in line with our company policy.

Danfoss considers women in leadership positions as a key metric for improving gender balance, with a target of 30% women in leadership positions by 2025.





Explaining Gender Pay Gap Reporting – UK

The process of calculating and analyzing our gender pay data helps us to understand the root causes of the gap and focus on the steps we need to make to reduce our gap.

This gender pay gap reporting looks at the difference between the average earnings of men and women, expressed relative to men's earnings, across all jobs, levels, and salaries within the business – the gross gap in pay between genders.

If there is a gender pay gap it does not mean that women are paid less than men for doing the same job, but it shows that on average, men occupy higher-paying roles than women in the organization.

In the UK, the government requires businesses with more than 250 employees in a legal entity to report on their gender pay gaps on an annual basis.

This is the first year Danfoss Limited (UK) has reached the UK gender pay gap reporting requirement.

Employers are required to report six measures based on a snapshot of pay data as at a date prescribed by the government:

- **median gender pay gap** – the difference between the median hourly rate of pay of male full-pay relevant employees and that of female full-pay relevant employees
- **mean gender pay gap** – the difference between the mean hourly rate of pay of male full-pay relevant employees and that of female full-pay relevant employees
- **median bonus gap** – the difference between the median bonus pay paid to male relevant employees and that paid to female relevant employees
- **mean bonus gap** – the difference between the mean bonus pay paid to male relevant employees and that paid to female relevant employees
- **bonus proportions** – the proportions of male and female relevant employees who were paid bonus pay during the relevant period
- **quartile pay bands** – the proportions of male and female full-pay relevant employees in the lower, lower-middle, upper-middle and upper quartile pay bands.

Danfoss Limited (UK) Gender Pay Gap Results 2024

As of 5 April 2024, Danfoss Limited (UK) had 439 people within their UK workforce, of those 326 (74%) were men and 113 (26%) were women.

Danfoss Limited (UK) operations comprise of manufacturing operations, engineering and development, business and operations management, commercial, technology, and support functions.

According to Office of National Statistics figures for 2023, the average Gender Pay Gap across the UK amongst all employees was 14.3%. However, it is recognized that Gender Pay Gaps in Manufacturing are higher than this average.

This means that Danfoss Limited (UK) is behind the average for the UK, and more needs to be done to reduce our gap which we are committed to achieve.

Globally across Danfoss in 2024, the total pay ratio between genders per job category decreased to 6.3% (2023: 6.9%), and during 2025, we will intensify our work to minimize this gap.

Danfoss Limited (UK) relies heavily on highly-skilled employees from science, technology, engineering, and mathematics (STEM) related fields. However, like many other companies in our industry we are faced with systemic gender balance challenges within business areas such as technical sales, operations and engineering.

According to The Institute of Engineering and Technology, women in STEM occupations still only accounts for 29% of STEM workforce.

This is highlighting the need for more education in schools about STEM careers and removing the barriers to women entering a male dominated industry. These figures are representative of Danfoss Limited (UK).

We believe that our gender pay gap is driven by the roles and salaries, which men and women have within the business. To tackle our gender pay gap, we need to increase the number of women in more senior positions within the business. This is already something that we have been focusing on, with increased number of women employees occupying roles in Plant Leadership Teams within the UK.

Globally the representation of women on the Danfoss Board of Directors is currently 25%. Women in leadership positions is a key metric for improving gender balance in the global Danfoss organization and increased in 2024 to 23.7% (2023: 22.1%), the highest increase ever in the share of women in leadership roles at Danfoss. Target is 30% women in leadership positions in Danfoss by 2025.

Declaration

We confirm that the information reported is an accurate statement of the Gender Pay Gap Reporting for Danfoss Limited (UK) and meets statutory requirements



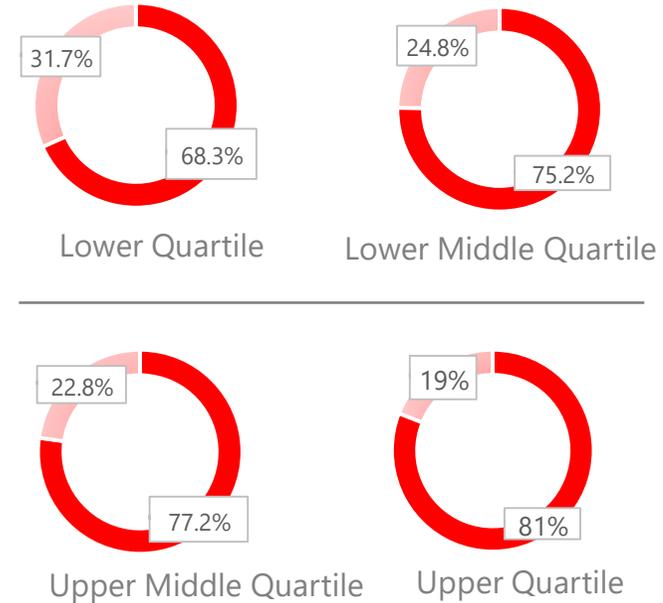
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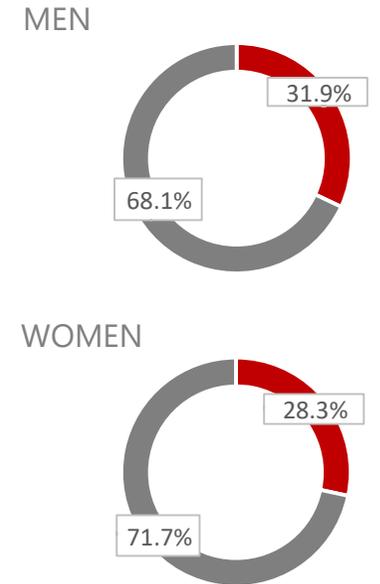
PROPORTION OF MEN AND OF WOMEN PER PAY QUARTILE

■ Men ■ Women



PROPORTION OF MEN AND OF WOMEN WHO RECEIVED A BONUS

■ Received a bonus ■ Did not receive a bonus



Pay gap between men and women	Mean	Median
Hourly pay gap	17.24%	6.59%
Bonus pay gap	54.66%	59.65%

Due to M&A alignment transition, not all employees received a bonus across the organization against the calculations for bonus.

What Are We Doing To Address Our Gender Pay Gap?

We recognize that improving gender balance requires a long-term multi-faceted approach. We will continue to invest and accelerate our progress in this area:

- We continue to actively monitor gender balance and are committed to drive improvement. We continue to drive activities to attract more women and improve gender balance.
- We know that to address our gender pay gap we must build our women leadership pipeline through succession planning and talent development and have launched a number of initiatives to fuel our pipeline of women leaders.
- The Danfoss Postgraduate Program remains a key talent pipeline for early career development. Striving for gender balance remains a priority, and in 2024, the share of women was 48%.
- To support our succession pipeline, we partner with international business schools like INSEAD. In 2024, women represented 32% of the participants in our INSEAD program. We always consider gender balance in leadership programs.
- Our Employee Resource Groups (ERGs), of which we have five globally, have continued to help us identify and address existing barriers. Activities include seminars and events on unconscious bias and women in STEM.
- Our mentoring programs for women are fully supported with involvement from our senior leadership team. The programs offer women in senior leadership positions the opportunity to grow through coaching from top leadership and building a strong network.
- Equal pay for work of equal value, regardless of gender, is a key element of equity and equality, and fundamental for our ability to attract, motivate, and retain colleagues. To prevent pay gaps, we monitor the developments by comparing salary levels between men and women within defined, comparable job bands and when gaps are identified corrective actions are taken. This is governed by our total rewards policies and processes, which are reviewed annually.
- We continue to develop our family-friendly policies and benefits. Through them, we are able to offer a flexible and supportive environment for all our employees for their whole career lifespan at Danfoss. Examples of such policies are Flexible Working Policy, Parental Leave Policy, Maternity and Paternity Policies, Harassment-Free Workplace Policy, and the Danfoss Ethics Handbook.

We consider our family-friendly policies to be highly competitive in the industry and a source of attraction and retention.



Thank you



Further information available
on Danfoss' website: danfoss.com

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