

Sustainable Procurement Management Policy extracted from Danfoss Business Conduct

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Sustainable Procurement Management Policy

At Danfoss, we are committed to a Sustainable Procurement which means that Danfoss and its suppliers can contribute to a more sustainable and equitable world. This policy reflects our dedication to responsible procurement by integrating social and environmental compliance into procurement practices at Danfoss and our commitment to achieving specific sustainability targets.

This means that we, via contractual commitments, emphasizing audits, and participation in environmental initiatives focus on:

- Integration and Commitment with a target of minimum 80% of target suppliers with CoC integrated into contracts by 2030:
- Danfoss requires target suppliers to integrate our Supplier Code of Conduct into their contractual agreements, ensuring they commit to upholding the highest standards of social responsibility.
- Supplier Engagement with a target of minimum 80% of target suppliers who have signed CoC by 2030:
- All suppliers must sign the Danfoss Supplier Code of Conduct, affirming their commitment to ethical practices, labor and environmental standards, and human rights.
- High-Risk Supplier Audits with a target of minimum 80% of high-risk suppliers audited by 2030:
- Danfoss will conduct regular audits of high-risk suppliers to ensure compliance with our Supplier Code of Conduct based on our risk matrix. These audits are crucial for identifying and mitigating potential risks in our supply chain.

Environmental commitment

- We commit to purchase minimum 10% (by volume) low-carbon primary aluminum by 2030 and ensuring that at least half of all aluminum used is composed of secondary aluminum by 2030 according to First Movers Coalition (FMC) terminology.



More specifically, Danfoss commits to the following:

▪ **Monitoring and Improvement:**

Suppliers should actively reduce emissions, waste, and energy use, with Danfoss monitoring progress through reports and assessments.

▪ **Implementation and Monitoring:**

Danfoss will ensure policy compliance and suppliers must update on target achievement.

▪ **Continuous Improvement:**

We expect ongoing enhancements in social and environmental performance from suppliers.

▪ **Collaboration and Support:**

Danfoss will support suppliers' sustainability efforts with guidance and best practices. As an example, we have our supplier engagement program, the 'Green Ask' with supplier dialogue, training, data collection and initiatives.

Adherence to this policy helps Danfoss and its suppliers foster a sustainable, equitable future, reflecting our commitment to responsible procurement and specific sustainability targets.

This policy is implemented in accordance with the Danfoss Supplier Code of Conduct and the [policy implementation and governance document for Sustainable Procurement](#)