

Communication on Progress 2010 The Danfoss Group



United Nations
Global Compact Office

Danfoss A/S

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Statement of continued support for the United Nation's Global Compact

The Danfoss Group joined the UN Global Compact in 2002. Since then we have made an effort to ensure that the ten principles are an integral part of our business strategy. The principles constitute the structure for our policies on environmental and social responsibility.

Danfoss published its first report on social responsibility in 2003, and we have continuously worked on developing the way we monitor and report on good corporate citizenship.

Danfoss' Communication on Progress (CoP) describes the initiatives Danfoss has taken during the last year and the results of our work with Global Compact and Climate.

The Danfoss Group continues to support the UN Global Compact Initiative and the ten principles.

Best regards



Niels B. Christiansen
President & CEO

Facts in brief

Company structure

Family-owned, global company (privately held)
Danfoss is based in Nordborg, in southern Denmark.

Number of employees

More than 26,000 globally

Global Presence

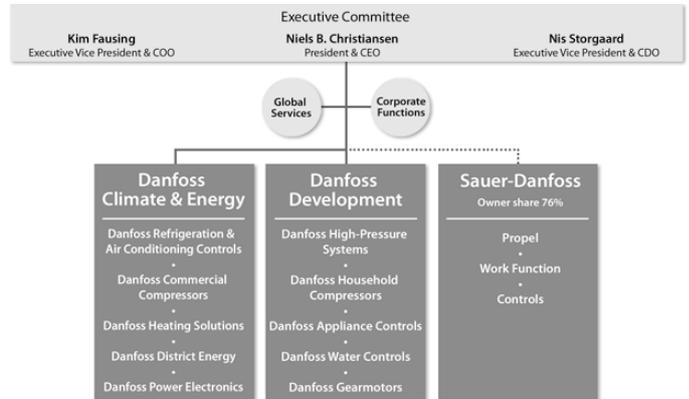
79 factories, 110 sales companies and more than 450 agents and distributors all over the world

Certificates

We care about the environment - therefore all Danfoss' factories must establish environmental management systems and have them certified according to the international standard ISO 14001.

Danfoss is one of the largest industrial companies in Denmark. The global group is a leader within research, development and production, sales and service of mechanical and electronic components for several industries.

Danfoss has a large ownership share in one of the world's leading manufacturers and suppliers of mobile hydraulics, Sauer-Danfoss. Danfoss seeks to obtain its goals with a minimal consumption of raw materials and energy, the least possible impact on its surroundings



and the most efficient use of resources. Danfoss has a long tradition for a social responsibility towards both employees and the surrounding environment.

Danfoss has joined the UN Global Compact consisting of ten principles within human rights, labor rights, environment and anti-corruption. Thereby, Danfoss has made a commitment to report annually on the company's progress and activities related to these principles. This report, Danfoss Communication on Progress, mirrors our attitude to social and environmental responsibility issues and the impact of our activities on the surrounding communities.



Corporate Citizenship at Danfoss

Danfoss wishes to play an active role in a sustainable global development where social responsibility, environmental and climate considerations go hand-in-hand with sound business development. We make it a priority that we not only respond to the circumstances which have an immediate effect on the company, but also consider the trends that outlines the challenges of the future.

It is Danfoss' overall target that the company is regarded in all matters as a responsible company that keeps its own house in good order.

Priorities and materiality

Danfoss' Corporate Citizenship reporting is verified by an external verifier.

One of the main requirements here is for Danfoss to work with the significant issues and leave out the minor things - and reflect this in the company's reporting. Danfoss has, therefore, made an assessment of what is material to us and to our stakeholders. The review is based on the guidelines of GRI – Global Reporting Initiative and the international standard ISO 26000.

Engagement and dialogue

Through active dialogues with employees, leaders and external stakeholders, Danfoss strives to act appropriately and adapt the company's processes and tools within Corporate Citizenship to the changing situation surrounding us.

Entering into dialogues with interested parties and NGOs is part of this work and helps ensure that Danfoss is familiar with the basic conditions of business operations in the countries where we are operating. Knowing about new laws or new initiatives introduced by organizations, or being challenged concerning our stances and policies, are valuable and necessary elements of the preparedness which Danfoss constantly maintains in order to be able to meet global challenges.

Danfoss has therefore been one of initiators to establish Danish Business Network for Human Rights, a network of companies that operates internationally and face many challenges related to human rights. The network is facilitated by the international human rights expert John Morrison from the Institute of Human Rights and Business.

Policies, tools and processes

A number of internal processes and tools make sure that Danfoss' policies regarding social responsibility, ethics and environmental issues are communicated and implemented. Danfoss' Intranet and other internal media are important factors in the dissemination of, for example, the ethical guidelines. In addition, the Danfoss Ethics Hotline, the data collection based on surveys and the Code of Conduct information system provide useful information about adherence to the rules.

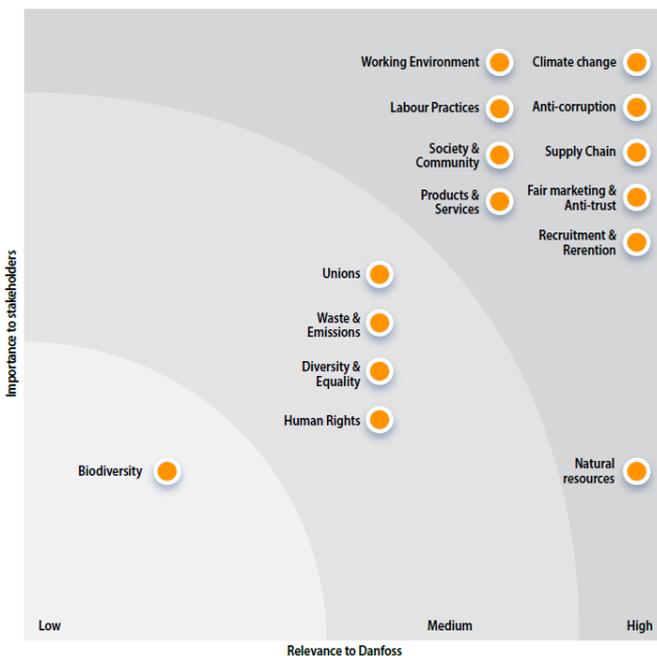
Please refer to each Global Compact principle in this publication.

Ethics Handbook

In 2010, Danfoss revised its Ethics Handbook, which incorporates ethical guidelines for employees throughout the Group.

In order to make sure that the guidelines in the Ethics Handbook are translated into action, all leaders with employees reporting to them must sign a commitment to fulfill the guidelines and communicate the contents to their employees.

The Ethics Handbook was distributed to all of the 17,373 employees (excl. Sauer-Danfoss) in mid-December 2010, so it was not possible to ensure full implementation before the end of the 2010. However, 91% of the leaders have stated that they intend to adhere to the guidelines. The remaining signatures will be collected during April 2011.



The assessment shows that the most important are "Working environment", "Labor practices", "Anti-corruption", "Supply chain", "Society & Community", "Products & Services", "Recruitment & Retention", "Fair marketing & Anti-trust" and "Climate change" (see chart).

Please also refer to the GRI table at the back of the report or to Danfoss' homepage: www.danfoss.com.

Unethical behavior

It is not possible to assess business ethics just by using the policies and declarations of a given company. It is necessary to both ensure correct implementation and, subsequently, measure whether the implementation was effective. For this purpose, Danfoss applies 'People Manager Survey', a questionnaire about business ethics sent to 2,040 leaders with subordinates. A total of 1,888 leaders, which is 92% of all people managers, responded to the survey.

The responses show that 36 employees were dismissed or made the decision to leave Danfoss due to unethical behavior in 2010. To this should be added four dismissals which were reported only via Danfoss' Ethics Hotline, amounting to a total of 40 dismissals. This is an increase compared with 2009, when the number was 29.

The causes of the 40 dismissals or voluntary resignations due to unethical behavior are: theft and unethical use of company funds

(nine), manipulation of time reporting (one), attempt of bribery (one), deceit in regard to travel reimbursements and other vouchers (four), conflicts of interest, where the employee's relations to other companies have caused the conflict of interest with Danfoss (12), violation of Danfoss' policies (eight), gross and disloyal conduct (four) and one case which does not easily fit into any of the above categories.

In cases which involve the suspicion of bribery, it is often difficult to lift the burden of proof of the alleged bribery or the attempt thereof, but in spite of such difficulty, the Danfoss Group deems it extremely important to investigate such matters because of the fact that they are violations of the Danfoss Group's indisputable guidelines.

Furthermore, the cases are criminal cases (in most jurisdictions). When the suspected party is confronted with the suspicion of bribery, the person in question often chooses to hand in his or her notice. The recorded attempt of bribery took place in Asia.



Human Rights

Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights



Our commitment

We will respect human rights, both in our companies and in our spheres of interest, such as our suppliers. To live up to this, we will:

- Build human rights competencies in the organization
- Assess the human right standard in the countries where we have or plan to set up production
- Engage in a dialogue of human rights-related issues with our stakeholders

Guiding principles

- Global Compact
- ISO 26000

Policies

- Ethics Handbook
- CSR policy

Control system

Since 2003, Danfoss has conducted an annual CSR survey about human rights, labor rights, business ethics and anti-corruption of all of the group's factories and sales companies.

Danfoss conducted for the first time in 2009 a survey (People Manager Survey) amongst all managers with direct reports focusing on business ethics and compliance to certain legislative requirements. Selected companies are visited to explore their handling of social responsibility and to establish and maintain a constructive dialogue with the local management about Danfoss' corporate citizenship activities.

The Danfoss Toolbox

- CSR intranet portal
- Dilemma game
- On-site training in human rights aspects
- Country risk analysis
- Due diligence

Stakeholder engagement

- Danish Business Network for Human Rights
- Global Compact Nordic Network
- The sustainability network within the Confederation of Danish Industries
- Annual round table discussions with NGOs dealing with human rights, business ethics and employee's rights.

Actions and results

Social responsibility at Danfoss is about treating our employees decently, promoting mutual development and giving support to those needing it. But it is also about being socially responsible in a global context. Therefore Danfoss joined the UN Global Compact in 2002.

In addition to the central four labor rights, which will be discussed later, human rights in a business context cover elements such as a good and safe working environment and respect for the individual, including the right to privacy and equal treatment.

The most important tools used to ensure that Danfoss does not violate human rights are human rights training for relevant employees, typically leaders and executives.

In order to ensure that our commitment is followed in practice, Danfoss puts a lot of resources into monitoring the company's performance within human rights, labor rights, environment and anti-corruption.

The right to privacy

Danfoss aims to respect the privacy of employees as it is a fundamental human right. For example, the company encourages the subsidiaries to be very cautious in carrying out health tests on employees and applicants, unless they have to carry out tests in accordance with local laws. Health tests are not allowed to be used for discriminatory purposes and this is monitored and validated at corporate level. The CSR Survey in 2010 shows that companies use various kinds of health tests, both in connection with new and current employees. Often, the health tests are defined in accordance with statutory regulations.

	Employees	Applicants
Medical Examination	31	18
X-ray	11	7
Blood test	18	10
Urine test	15	7
HIV/AIDS	0	0
Hepatitis	5	4

The companies using x-ray are from China, Poland and the Philippines where there is a risk of tuberculosis and in China the tests are

reported to be a wish from current employees to protect them and the work place from infection. Danfoss' chief physician assesses the health risk of X-ray to be less than the risk of contracting tuberculosis of the lungs, thus the need for having x-ray is justified. The companies in questions have stated that the different health tests are not used for discriminatory purposes. Several of the companies do not have access to the results of the health tests as the health testing is outsourced to a local doctor, who assessed purely whether the applicant is able to work or not. This reduces the risk of discrimination.

As it is prohibited to enforce testing of Hepatitis in China, companies must be very cautious when arranging the tests and this has been communicated to all Chinese companies. Further guidelines regarding health tests will be issued during 2011.

Urine test is predominantly used as drug test in order to ensure a safe working environment. Drug tests are primarily used in USA and Mexico.

A safe and sound working life

Danfoss has incorporated working environment and safety as elements in all of its business activities, ranging from the customers, the design and product manufacturing processes to the maintenance of buildings and plants. Making sure that all employees are thriving and are not exposed to work-related danger is deeply rooted in Danfoss' culture.

Every company in the group prioritizes working environment and safety, as set out by Danfoss' environmental and working environment policy, which defines the issues and target areas that the business units must address.

The policy establishes that our business activities must be planned and executed in consideration of the employee, the working environment and the external world.

Around a third of Danfoss' factories worldwide have been certified according the working environment standard OHSAS 18001, while the remaining have incorporated working environment and safety into their environmental activities in accordance with the ISO 14001 standard.

Work accidents

The number of work accidents has dropped since 1999, when the accident rate exceeded 28. Since 1999, Danfoss has made considerable improvements in terms on reducing the number of work related accidents. In 2010, the rate was 12.8, compared to 15.5 in 2009. The accident rate is defined as the number of accidents per 1 million working hours.

There were 184 accidents in 2010, resulting in at least one day's absence. The injured employees were absent for a total of 4,697 days, which corresponds to an average of 25 days per accident. In 2009, the average was 20 days, which means that the accidents taking place in 2010 were slightly more serious than those of the year before.

The factories in Glamsbjerg, Denmark, Danfoss Semco A/S in Denmark and Danfoss LPM in Poland all had an accident rate above 45. The absence rate caused by accidents at Danfoss Commercial Compressors in France was around ten times higher than the overall Danfoss average (2.6 hours per 1,000 working hours). Specific action will be taken to reduce the accident rate and absence at these factories.



59% of the work accidents in 2010 were less serious, with less than ten days of absence, which is slightly below the 2009 level. The remaining accidents were more serious with absence rates exceeding ten days, of which 49 accidents resulted in the employee being absent for more than 20 days. Danfoss will intensify its efforts to bring down the number of accidents as well as avoidance of serious accidents.

Hands and fingers remain the most exposed to injuries, accounting for 91 accidents. This number equals almost half of the accidents. 11% of the accidents resulted in injuries to the head, whereas the legs/feet and the remaining body parts represented 21% and 19% of the accidents, respectively. These figures are, on the whole, unchanged compared with previous years.

For white collar the numbers on accidents are as follows; during 2010 there were 14 work-related accidents among salary paid (white collar) employees. This is a fall by 33 % since 2009. The accidents occurred in 9 companies and were mostly accidents with a few days of absence. However, two accidents caused 11-19 days of absence and two other accidents caused more than 20 days of absence from work. There has been a fall in accidents with a short absence period.

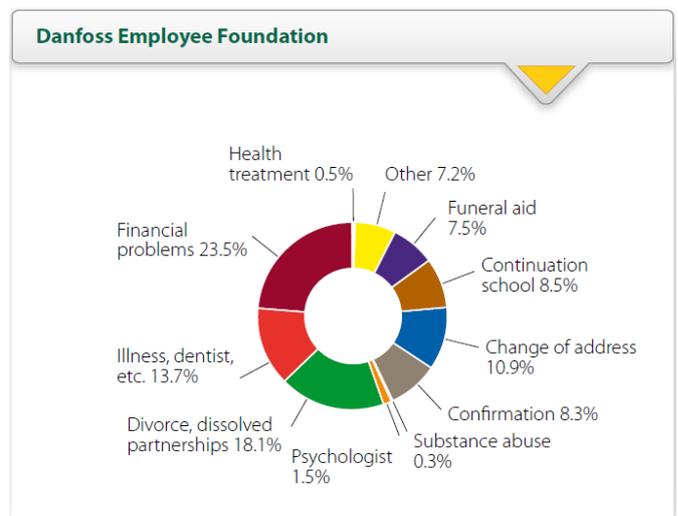
Engagement in local communities

Local commitment in the communities where Danfoss operates has always been a part of our company's DNA, primarily in the local communities where the group has its largest operations. Therefore donations are a part of the Corporate Citizenship reporting and also of this COP, despite that local commitment in terms of donations from the three Danfoss Foundations is not a part of our Human Rights obligations.

Danfoss Employee Foundation

Danfoss Employee Foundation is a social foundation that works to provide consulting and financial support to employees in Danfoss A/S, the Bitten and Mads Clausen Foundation, associated companies in Denmark or their Danish subsidiaries. This means that Sauer-Danfoss ApS and Danfoss Universe A/S, among others, are included. In 2010, the Employee Foundation gave financial support amounting to approx. 3m DKK and it dealt with around 300 cases which equals the levels of the previous year. Many of the issues were related to poor financial situations caused by layoffs, divorce or stricter borrowing terms at the banks.

The Employee Foundation provided legal assistance in 300 cases.



The Fabrikant Mads Clausen Foundation

The Fabrikant Mads Clausen Foundation celebrated its 50th anniversary in 2010 to mark its establishment in 1960. The purpose of the foundation is to grant support to charitable projects and has, over the years, granted an amount equal to 356m DKK. The support was for the most part granted in the local community surrounding headquarters in Nordborg, but as Danfoss expands and globalizes, support has been extended to also include Danfoss' other sites in and outside Denmark. The foundation provides financial support for training and research, sports, art and culture and different charitable associations, among other things.

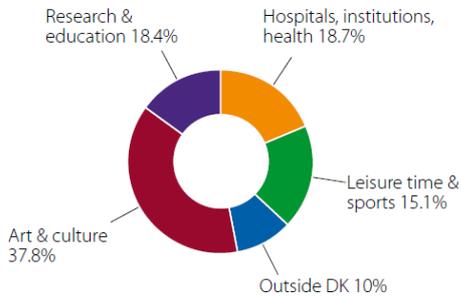
The Havnbjerg windmill, near Nordborg, is operated and maintained via an annual grant. The windmill is open to the public and was originally acquired and restored by Danfoss founder Mads Clausen.

In 2010, the Fabrikant Mads Clausen Foundation allocated 20.2m DKK to 412 recipients. The 10m DKK was granted to celebrate the foundation's 50th anniversary and the support – of which the smallest portions were 250,000 DKK – went to local projects within training, health activities, culture and sports. Several children's and youth institutions received support; two were located outside Denmark.

In Slovenia, a center for treating children suffering from respiratory diseases and psychological problems was granted financial support for equine therapy, and a school in Mexico for poor children received support for the roofing of an outdoor sports field.

Among other major grants allocated during 2010 was the support for the victims of natural disasters around the world. 200,000 DKK were given to Haiti and New Zealand, respectively, which were both hit by severe earthquakes, and to Pakistan, which was affected by major flooding in many parts of the country.

Fabrikant Mads Clausen Foundation



The Fabrikant Mads Clausen Foundation has made significant contributions to charity in and outside Denmark over the past 50 years. But, there is a major difference between the first, small donations recorded in neat writing in the very first cash journals and the donations amounting to several millions of today. Over the past five years,

double-digit million amounts have been granted for charitable purposes every year. And donations for health, education and research purposes are often the biggest ones.

The foundation's funds amount to around 50m DKK. The annual profit is 3-4m, adding annual contributions from the Bitten and Mads Clausen Foundation, which owns almost half of the shares in Danfoss A/S. This means that total annual donations are between 10 and 15m DKK.

Donations are granted five times every year to approx. 1,000 applicants, of which 350 receive support.

The Bitten and Mads Clausen Foundation

Even though the Bitten and Mads Clausen Foundation does not receive applications in the normal sense, the foundation - whose most important function is to be the owner of the Danfoss Group - donates large annual amounts to the southern part of Jutland, in particular. Over the past ten years, the Bitten and Mads Clausen Foundation has granted approx. 800m DKK for projects of varying sizes.



Principle 2

Business should make sure that they are not complicit in human rights abuses

Our commitment

We will respect human rights, both in our companies and in our spheres of interest, such as our suppliers. To live up to this, we will:

- Build human rights competencies
- Assess the human right standard in the countries where we have or plan to set up production
- Engage in a dialogue of human rights-related issues with our stakeholders

Guiding principles

- Global Compact
- ISO 26000

Policies

- Ethics handbook
- CSR policy
- Code of Conduct for suppliers

Control system

All suppliers are required to sign the Danfoss Code of Conduct, which includes rules of social and environmental responsibility, and all existing suppliers must sign the Code of Conduct upon renewal of their contract or on update of the current version. In 2010, the Danfoss Code of Conduct was signed by 864 suppliers globally.

Any potential suppliers are also asked to fill in a self-evaluation form which concerns Danfoss' Code of Conduct.

In some countries, the environmental and social standard is lower than elsewhere. The suppliers are thus grouped in a risk-effect matrix, where risk concerns a geographic risk level, and the effect concerns the proportion of purchases from the supplier. The rating of the supplier in the risk-effect matrix determines how often the audit should be carried out.

The Danfoss toolbox

- Purchasing portal on Danfoss' intranet
- Supplier audits
- Training in Code of Conduct issues, i.e. human rights and labour rights
- Supplier self-assessment tool
- Supplier self-assessment scorecard

Stakeholder engagement

- Danish Business Network for Human Rights

- Global Compact Nordic Network
- The Sustainability network within the confederation of Danish Industries
- Annual round table discussions with NGOs dealing with human rights, business ethics and employee's rights.

Actions and results

Responsible supply chain management

From a company perspective, human rights also include a good and safe working environment. Having a global reach, Danfoss is not only responsible for its own actions, but also for the parts of our supply chain where we have contractual agreements and, as a consequence, exert direct influence.

Over the past ten years, Danfoss has carried out an increasingly large part of its procurement in low-cost countries. Of course, this places heavy demands on both Danfoss and its suppliers to ensure a certain environmental and social standard.

Danfoss has 4,259 suppliers of goods for production purposes. The suppliers are located worldwide and many are operating in areas where respect for human rights and labor rights cannot be taken for granted. For this reason, Danfoss has worked systematically over the past seven years to raise the standard of the supply chain.

In 2010 Danfoss has strengthened its responsible supplier control organization by setting up two new Code of Conduct offices. At headquarters in Nordborg, Denmark, a Code of Conduct Competence Center has been established for the preparation of strategies, consulting and training of the part of the organization which has the supplier contact. The primary task of the Competence Center in 2010 was to establish Danfoss' own Code of Conduct audit office in China. The office now has three auditors who have become certified according to the international social responsibility standard, SA8000. Meanwhile, Danfoss has entered into a close cooperation with an external audit company specializing in environmental and social audits. Together with Danfoss' internal auditing office, the initial task of the external auditors will be to perform audits at suppliers in China.

The new cooperation led to a review of the entire tool kit and related processes during 2010, which, in turn, resulted in more training and a sharper focus on supplier audits in the organization.



The Danfoss Group's Code of Conduct information system reveals that 429 suppliers from high-risk countries, 201 from mid-risk and 1,508 from low-risk countries have signed the Danfoss Code of Conduct. Audits were performed at 37% of the suppliers in high-risk countries, 17% of suppliers in mid-risk countries and 5% of suppliers in low-risk countries.

Typical problems during audits at suppliers are poor safety precautions (including the lack of emergency exits and fire extinguishing equipment), the lack of personal protection equipment and incorrect treatment and storage of hazardous materials (such as chemicals and waste water discharge). The audits always result in the preparation of an action plan which commits the supplier to rectify the matters. Subsequently, Danfoss follows up to make sure that the improvements have been implemented. If the supplier has not made the improvements before the agreed deadline, the company in question will cease to be a Danfoss supplier.

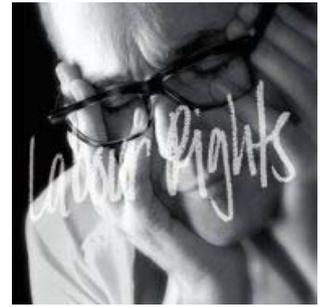
In certain areas, audits often disclose problems with the wage level and too many overtime hours. The level of wage can easily be rectified, but it is a time-consuming process for the supplier to reduce the number of overtime hours to the level which is in accordance with current legislation. In order for this to succeed, more employees must be hired or the production or processes must be made more efficient. The supplier should be granted time to perform this.

Generally, it can take time to rectify matters which prove not to be in order, but the most important thing is that the supplier is willing to solve problems. If this is not the case, Danfoss does not wish to continue cooperating with the supplier. Danfoss decided recently to stop its cooperation with a major supplier which delayed the compliance with our Code of Conduct and did not display a willingness to proceed in the same direction as Danfoss.

Labour

Principle 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining



Our commitment

We will ensure the freedom of association by:

- Supporting the right to organize freely and the right to collective bargaining.
- Danfoss will make sure that the employees can meet with the management to discuss work-related issues in countries where employees do not have a free choice of union or where an established union system is not feasible

Guiding principles

- Global Compact
- ISO 26000

Policies

- Ethics handbook
- CSR policy

Control system

Since 2003, Danfoss has conducted an annual CSR survey about human rights, labor rights, business ethics and anti-corruption among all the factories and sales companies in the group.

Danfoss conducted for the first time in 2009 a survey (People Manager Survey) amongst all managers having subordinates. The survey focuses on business ethics and compliance to certain legislative requirements.

Selected companies are visited to explore their handling of social responsibility and to establish and maintain a constructive dialogue with the local management about Danfoss' CSR activities.

The Danfoss toolbox

- CSR intranet portal

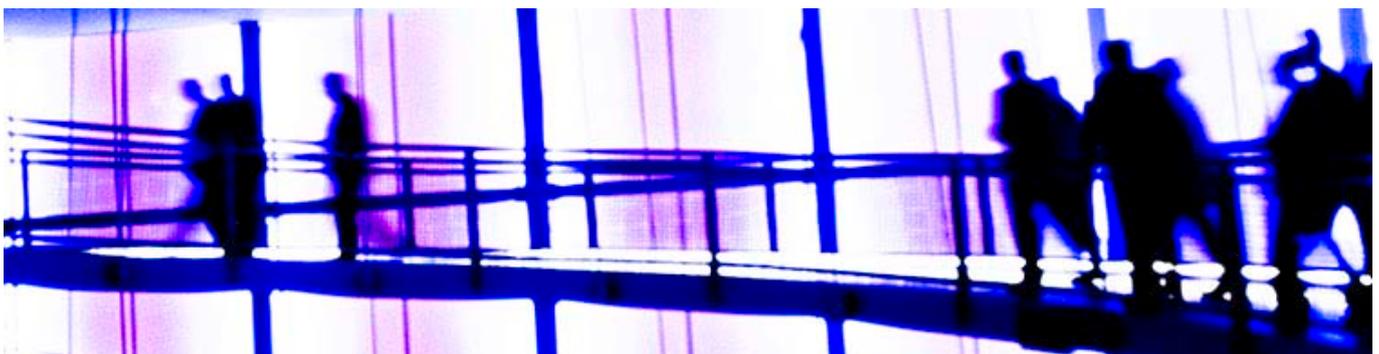
Stakeholder engagement

- Danish Business Network on Human Rights
- Global Compact Nordic Network
- The sustainability network within the Confederation of Danish Industries
- Annual round table discussions with NGOs dealing with human rights, business ethics and employee's rights.

Actions and results

The Danfoss CSR survey shows that 96% of the companies allow employees to be members of a union of their own choice. Only four companies state that employees do not have the right to be members of a trade union of their own choice.

Instead employees are represented through various alternative forums e.g. European Information and Consultation Forum, which is a transnational forum to ensure the establishment of information and consultation procedures in matters of importance to Danfoss employees across borders.



Principle 4

Businesses should uphold the elimination of all forms of forced and compulsory labour

Our commitment

Danfoss does not tolerate forced labor and will work against forced labor by:

- Making sure that all employees have employment contracts or are subject to agreements which determine employment conditions and terms of termination so it is explicit that employment is voluntary.

Guiding principles

- Global Compact
- ISO 26000

Policies

- Ethics handbook
- CSR policy

Control system

Since 2003, Danfoss has conducted an annual CSR survey about human rights, labor rights, business ethics and anti-corruption of all of the group's factories and sales companies. As of 2009, a survey (People Manager Survey) has been sent to all managers with direct reports focusing on business ethics and compliance to certain legislative requirements.

Selected companies are visited to explore their handling of social responsibility and to establish and maintain a constructive dialogue with the local management about Danfoss' CSR activities.

The Danfoss toolbox

- Due diligence
- CSR Intranet Portal

Stakeholder engagement

- Danish Business Network on Human Rights
- Global Compact Nordic Network
- The sustainability network within the Confederation of Danish Industries
- Annual round table discussions with NGOs dealing with human rights, business ethics and employee's rights.

Actions and results

Danfoss monitors whether the guidelines stated in the Ethics Handbook regarding overtime work, prison labor etc. is followed.



Prison Labor

The use of imprisoned labor can constitute forced labor. The pivotal factor is that the work must be carried out on a voluntary basis and that the working conditions must live up to the rules regarding imprisoned labor, for instance regarding wage. One of Danfoss' factories in Denmark makes use of imprisoned labor at a supplier. Danfoss visited the prison and the prison meet the UN rules governing imprisoned labor and, so, Danfoss is operating in accordance with the Global Compact principles. Furthermore, the prison is under surveillance of 'Tilsynsrådet' which is a public authority in Denmark monitoring such agreements.

As previously reported, Danfoss began employing prison labor in the US when taking over the company Chatleff Controls in Texas in 2007. The prison is subject to several external audits annually, conducted by the American justice authorities.

By the end of 2010, Danfoss closed and moved the production from Danfoss Chatleff to Danfoss in Mexico, which means that Danfoss no longer employs prison labor in the US.

Working hours in China

Another aspect of forced labor in a commercial context can be excessive use of overtime. Danfoss has acceded to the UN Global Compact, thereby agreeing to respect the core conventions of the International Labor Organization (ILO) regarding work hours, among other things.

The ILO is a body under the UN and, according to the convention, employees are only allowed to a work week of a maximum of 48 hours plus 12 hours overtime work over a period of no more than three weeks.

Overtime work is the most prevalent human rights issues in the Chinese labor market, thus it is one of the issues that is reviewed when Danfoss performs external Code of Conduct audits at its suppliers. To make sure that Danfoss takes its own medicine, the group subjected three of its Chinese companies to a Danfoss Code of Conduct audit. Random samples of employees' work hours showed that the maximum number of permitted work hours was exceeded at all three factories: the weekly work hours amounting to 60, 70 and 86, respectively. All of the random samples were taken during the peak season.

Subsequently, action plans have been prepared for each factory and to make sure that Danfoss is aware of the extent and the causes of the problem, the Chinese plant managers, the Danfoss top management in China and Danfoss' Corporate Citizenship & Compliance team met to discuss the issue at the end of 2010. It became clear that due to the complexity of the problem, it was necessary to investigate further a range of other issues. One of these challenges is the fact that Danfoss grew by 50% after the financial crisis, which also briefly hit China.

In spite of the recruitment of close to 1,000 employees between mid-2009 and the end of 2010, this was not enough to cover the need for staff during the peak season and the recruitment continues. Another challenge is that the possibility of working overtime is a parameter for applicants when they search for jobs, especially migrant workers wanting to work overtime so they can earn as much money and return to their home towns as quickly as possible.

A process has been initiated to make sure that the work hours at Danfoss in China comply with the ILO conventions and Chinese law.



Principle 5

Businesses should uphold the effective abolition of child labor

Our commitment

Danfoss aims to actively fight child labor by:

- Only hiring children between the ages of 15 and 18, under the conditions of the ILO conventions about child labor.
- Companies supplying to Danfoss must follow the same rules

Guiding principles

- Global Compact
- ISO 26000

Policies

- Ethics handbook
- CSR policy

Control system

Since 2003, Danfoss has conducted an annual CSR survey about human rights, labor rights, business ethics and anti-corruption of all of the group's factories and sales companies.

Danfoss conducted for the first time in 2009 a survey (People Manager Survey) amongst all managers with direct reports focusing on business ethics and compliance to certain legislative requirements. Selected companies are visited to explore their handling of social responsibility and to establish and maintain a constructive dialogue with the local management about Danfoss' CSR activities.

The Danfoss toolbox

- CSR intranet portal

Stakeholder engagement

- Danish Business Network on Human Rights
- Global Compact Nordic Network
- The sustainability network within the Confederation of Danish Industries
- Annual round table discussions with NGOs dealing with human rights, business ethics and employee's rights.

Actions and results

Danfoss monitor whether the company guidelines, built on the ILO conventions on child labor, is followed.

All Danfoss' purchasers are trained in how to assess these conditions at suppliers to ensure that Danfoss has sufficient knowledge of the suppliers handling of child labor.

Youngsters at work

During 2010 no companies have employed children under the age of 15, but 95 juveniles between the age of 15 and 18 were employed and are distributed as follows in Danfoss companies:

Juveniles between 15 and 18	
Total	95
Production	69
- hereof trainees	33
Administration	17
- hereof trainees	8
Other function	9
- hereof trainees	1

One company reported that they do not train juveniles in health and safety, but they agreed to do this in the future. Apart from this, all the Juveniles worked in accordance with the ILO conventions on Child labor.



Principle 6

Businesses should uphold the elimination of discrimination in respect of employment and occupation

Our commitment

Danfoss will avoid discrimination in the workplace by:

- Making sure that non-objective discriminatory treatment does not take place in connection with appointments, career changes, supplementary training, dismissals, etc.

Guiding principles

- Global Compact
- ISO 26000

Policies

- Ethics handbook
- CSR policy

Control system

Since 2003, Danfoss has conducted an annual CSR survey about human rights, labor rights, business ethics and anti-corruption of all of the group's factories and sales companies.

Danfoss conducted for the first time in 2009 a survey (People Manager Survey) amongst all managers with direct reports focusing on business ethics and compliance to certain legislative requirements. Selected companies are visited to explore their handling of social responsibility and to establish and maintain a constructive dialogue with the local management about Danfoss' CSR activities.

The Danfoss toolbox

- CSR intranet portal

Stakeholder engagement

- Danish Business Network on Human Rights
- Global Compact Nordic Network
- The sustainability network within the Confederation of Danish Industries
- Annual round table discussions with NGOs are dealing with human rights, business ethics and employee's rights.

Actions and results/cases of discrimination

Danfoss monitors if the companies in the Group have had any cases of discrimination. During 2010, one company has had two cases of

alleged discrimination filed against the company. Both complaints were wrongful dismissals; one external sales person and one storeman. Neither of the two cases went to court. In both cases mediation was undertaken and in one case a small settlement was paid due to "procedural discrepancies" in the technical way the person in question was dismissed.

Health test

The use of health tests is an area where there is a risk of discrimination. Using health tests when employing people is a widespread practice in a range of countries and 26% of Danfoss' companies apply health tests. This is prescribed either by law, requirements determined by the insurance company or requirements of the employees (an example of the latter is from China where the employees are tested annually for a particular contagious pulmonary disease).

The use of health tests involves a risk of discrimination, if particular attention is not paid. Therefore, the companies in the group have been asked to provide information about why and how they use health tests.

Furthermore 30% of the companies enquire about the health of new employees. The reason is that special health requirements apply to some kinds of job.

Recruitment agencies

Danfoss has guidelines on how to avoid discrimination in the employment process. 67% of the companies in the group use agencies for the employment process, and those companies that have not yet communicated Danfoss' restrictions on e.g. the use of health tests and how to give feedback, have been asked to ensure this in the future.

Danfoss working for equality

The Confederation of Danish Industries and the Danish Minister for Gender Equality has put together an ambassador corps made up of prominent executives who over the next year should work to bring more women into leadership and on boards in Danish companies. Danfoss CEO Niels B. Christiansen has been appointed as Ambassador of equality along with 9 other top executives from business, police and military.

Environment

Principle 7

Businesses should support a precautionary approach to environmental challenges



Principle 8

Businesses should undertake initiatives to promote greater environmental responsibility

Principle 9

Businesses should encourage the development and diffusion of environmentally friendly technologies

Our commitment

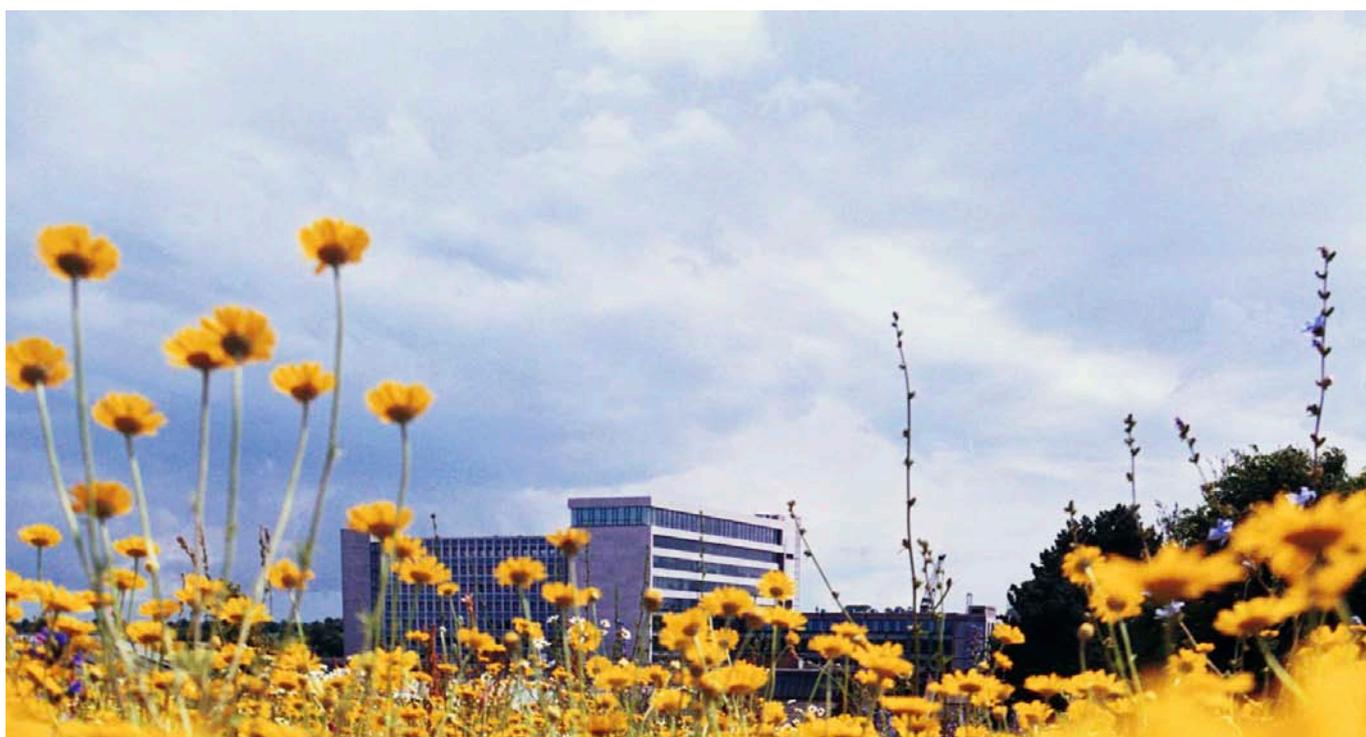
Danfoss is a global company, and takes social and environmental responsibility in the countries in which the group is operating.

We aim to show caution in relation to environmental challenges by:

- Being more restrictive than required by the legislation regarding the use of substances and processes which could pose a risk to humans and the environment.
- Aiming to be one of the most environmentally conscious companies in the industries in which we operate.

We will take initiatives to promote improved environmental responsibility by:

- Increasing the employees' environmental awareness and commitment.
- Aiming to maintain the environmental standard when production is outsourced.
- Placing environmental demands on the suppliers
- Communicating openly and constructively with the community about the environmental activities.
- Supporting research which is beneficial to the environment.



We aim to support the development and distribution of environmentally-friendly technologies through:

- Development of environmentally-friendly products and processes and the assessment of the environmental impact in the choice of materials and the consumption of resources.
- Increasing reuse or the environmentally friendly disposal of materials.
- An environmentally sound production.
- Cooperation with authorities about the layout and operation of plants.
- Products which do not pose a risk to humans and the environment when applied correctly.
- Environmentally responsible transport of products, machines, chemicals and waste.

Guiding principles

- Global Compact
- ISO 26000

Policies

- Environmental policy
- Danfoss Negative List
- Standards and guidelines for environmental reporting

Control system

Danfoss carries out internal audits on a regular basis, ensuring that our working methods are compatible with how we aspire to work. The parts of the company which are certified according to environmental and work environment management standards are audited by external auditors.

The ongoing reporting of resources, waste and other impacts on the environment and working environment ensure that Danfoss has an overall view of the handling of environment issues in the global organization.

All information forms the basis of the preparing of the Annual Report's environmental section which is audited by Det Norske Veritas every year to ensure a true and fair view of the impact that Danfoss exerts on the environment and the working environment.

All factories report their environmental performance to the group's annual environmental accounts. Reports are including data relating to input in the form of raw materials, energy, water and potentially harmful substances, and data relating to output in the form of wastewater, heavy metals and waste.

Other output, in the form of flue gases, is calculated centrally.

In addition to the above-mentioned environmental data, the factories must provide information about the number and kind of accidents and state whether they have exceeded terms included in their environmental approval or other agreements with the environmental authorities.

The Danfoss Group's factories must work actively with environmental management. The corporate management requires all factories to create and maintain an environmental management system in accordance with the requirements of the international standard of environmental management, ISO 14001, and for the system to be certified.

The certification is set to ensure that Danfoss is able to document for customers and authorities that the activities relating to environmental improvements are not random, but are the result of well-considered processes and decisions.

Danfoss carries out environmental evaluations of all potential company acquisitions before deciding whether a company should join the Danfoss Group. The environmental due diligence ensures that Danfoss gets immediate and in-depth information about new companies' environmental issues and possible business risks.

The Danfoss toolbox

- Corporate environment intranet portal
- Corporate standards and guidelines for environmental reporting

Stakeholder engagement

- The Confederation of Danish Industries' Environmental Managers Forum and networking group on climate strategies
- The Danish Council for Sustainable Business Development
- Global Compact Nordic Network
- The Danish Government's Panel of Climate Related Business Interests
- Annual roundtable discussion with major NGOs on climate and environment
- The Caring for Climate Initiative

Actions and results

Climate

Our technologies and competencies

Danfoss' three key competencies are the heating of buildings, refrigeration technology and control of the energy consumption in electric motors. With this as its firm platform, the company is continuously searching for new ways where it can contribute to making the technology of modern life work even more efficiently. District heating, heat pumps, floor heating systems, solar energy, the cooling of food in supermarkets, air conditioning and the control and monitoring of processes are only a few examples of contemporary business areas which originate from our key competencies and where there are potential energy savings to be obtained when using the right solutions.

According to Danfoss' simple philosophy, money saved today through reduced energy consumption is money that facilitates investment in green technology in the long run. And the solutions for energy savings already exist.

With existing and well-proven technology, it is possible to immediately cut the energy consumption in a range of industries and societal sectors.

With the money obtained through savings on hand, we, the society, have the best possible opportunities to move in a greener direction for the sake of the Earth, our children and the continuing prosperity.

The technology that can meet the climate challenge already exists, so there is no reason we should wait. Danfoss is helping other companies save energy and also takes its own medicine.

Since the foundation of Danfoss in 1933, the company has worked with the efficient utilization of nature's resources. Our products save energy, and we have put a lot of care into producing them. But great potential still remains both outside Denmark, where Danfoss' solutions can save billions of CO₂ if fully disseminated, and internally in Danfoss, where we aim to improve utilization of the potential.

Danfoss has a wide range of energy-saving solutions for use in, for example, buildings and industrial processes globally. Increased use of such well-proven solutions will lead to the reduction of billions of

tons of CO₂ and help fight climate change:

1 million tons of CO₂ are saved every year thanks to Danfoss Turbo-cor compressors which have been installed in commercial buildings worldwide. Yet, well below 1% of buildings today have been fitted with this specific compressor. 950 million tons of CO₂ would be saved every year, if all commercial buildings in the USA alone had indoor climate control systems with oil-free variable speed compressors.

In Europe, 113 million tons of CO₂ are saved every year using district heating systems, which supply 9-10% of the heating. 517 tons of CO₂ would be saved every year, if Europe doubled its use of district heating to reach 18-20% and combined it with an increased use of renewable energy sources.

33 million tons of CO₂ are saved today through the use of more than 3.5 million Danfoss frequency converters installed worldwide. 70-80% of new industrial electric motors waste energy, if they are not controlled using frequency converters, and this number is even higher with motors already in situ.



We aim to reduce carbon emissions

Danfoss aims to contribute as much as possible to the global reduction of CO₂ emissions from energy-consuming processes and plants. Meanwhile, Danfoss' products must result in energy-savings for the customer.

We also wish to use our expertise and products to reduce Danfoss' own emission of greenhouse gases from production and transportation.

Danfoss aims to minimize the company's CO₂ emissions as much as possible, taking into account our future competitiveness, the product quality and corporate finances.

Danfoss wishes to take co-responsibility for a sustainable future by taking part in the reduction of global warming. This is to take place via the reduction of the company's own emissions and through the increased sale of products, solutions and services from Danfoss' Climate & Energy.

Climate strategy

Danfoss' climate strategy is referred to as 3x25 and requires that Danfoss reduce absolute CO₂ emissions by 25% and increase the share of CO₂ neutral energy by 25% by 2025.

The target figures are absolute and are measured with no regard to the fact that Danfoss' activities are expected to increase substantially over the coming years. The baseline for the reduction is the 2007 CO₂ emissions.

Since 2009, Danfoss has reported on its climate activities and emissions of greenhouse gases to the Carbon Disclosure Project's Supply Chain Program, where companies having joined the Supply Chain program get a coherent picture of the supply chain's emissions and, at the same time, the emissions are made public for the benefit of other companies.

In 2010, Danfoss reported its climate strategy, greenhouse gas emissions and the challenges that the company expects to face in the course of the coming years. Information about Danfoss' reporting is available at www.danfoss.com.

Danfoss has identified a number of significant climate-related challenges in connection with its reports to the Carbon Disclosure Project:

Carbon footprint labeling of products

Danfoss is met with an increasing demand from customers and authorities to Carbon footprint label the products or provide in-depth analyses of the climate effect of products. It can often be difficult to answer very detailed requests adequately because information about the impact of materials and processes on climate is not available throughout the supply chain.

Danfoss considers it important that we are able to respond to queries made by external stakeholders who need information about the environmental or climate impact of a given product. Therefore, Dan-

foss is working to establish a global platform for the assessment of environmental- and climate-related issues related to products, which contains a range of the queries made by customers and authorities. This work was initiated in the fall in 2010 and is set to make sure that we will become a leader within sustainability.

Reliable supplies

The lack of raw materials and materials, which are unavailable due to weather conditions or other climate-related changes, can potentially be a challenge for Danfoss and its ability to produce on a global scale can be affected by dramatic increases in transportation, raw material and energy costs. Consequently, Danfoss is monitoring the global trends closely in order to react to these challenges in time. For example, we are monitoring the EU's *Raw Materials* initiative to prepare the company for changes in raw material supply conditions.

Danfoss takes part in The Danish council for sustainable business development. In 2007, initiatives were taken to draw up a charter which – on the basis of principles – places the members under an obligation to take concrete actions in a number of areas, such as the management of suppliers, diversity in the workplace and climate changes.

In 2010, Danfoss was once again actively involved in various climate-related events preceding and during the UN's COP16 conference in Cancún, Mexico, in December 2010. The aim was to accelerate the sale of solutions for the reduction of climate effects.

Danfoss sponsored the *Global Green Growth* conference held in Copenhagen and the *World Climate Summit*, the largest business conference under COP16. In addition, Danfoss took also part in *Green Solutions*, where privately-held leading companies presented their climate solutions and exchanged ideas.

By taking part in panel discussions and engaging in dialogues with leaders from enterprises, governments and the financial sector, Danfoss contributed to highlighting the large untapped potential of existing energy-efficient solutions and what needs to be done to make better use of this potential.

Danfoss' CO₂ emissions

An important prerequisite for calculating the group's total emissions of greenhouse gases are the factories' recordings of energy sources used in 2010, such as wind, bio-mass or water power.

This means that Danfoss is able to calculate each factory's emission of CO₂. The calculation is based on the data from the World Resources Institute as applied in the UN climate panel's (IPCC) reports.

In 2010, Danfoss sold or shut down some factories in France, Germany, Slovenia, Slovakia, China and the USA. Consequently, the base years' emissions are adjusted for purchase and sale of activities according to guidelines in the Greenhouse Gas Protocol. Therefore, the emissions of the base year are adjusted from 178,000 ton to 121,000 tons of CO₂.

The climate strategy targets an absolute reduction figure of approx. 1.4% annually, which means that the CO₂ Danfoss emitted in 2010 was expected to be 4% lower than the emissions in the base year 2007.

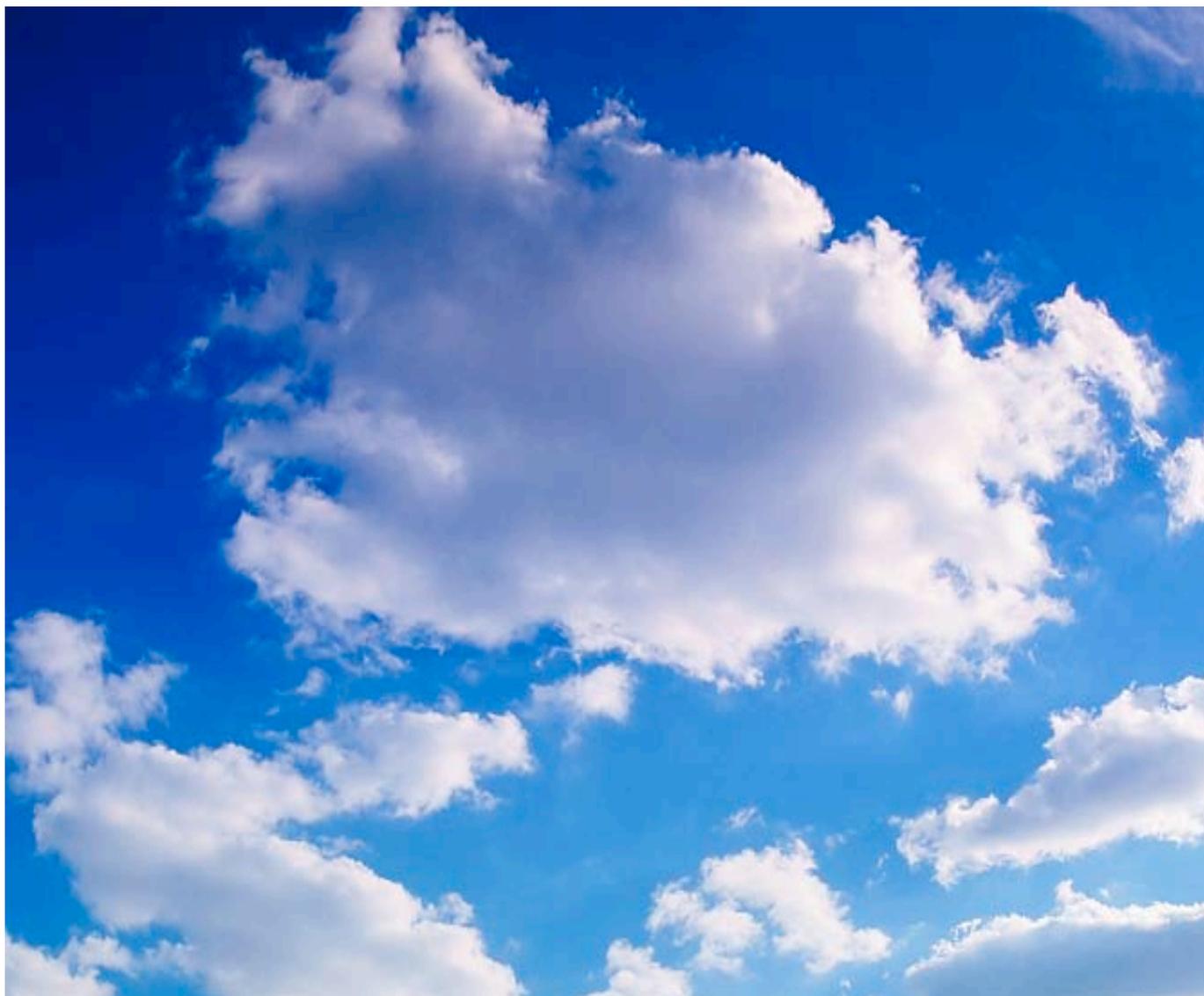
In 2010, Danfoss emitted around 137,000 tons of CO₂ as a result of the group's consumption of electricity and heat. The figure covers both the direct emission (electricity and heat production at its own plants) and the indirect emissions (electricity and heat from external sources).

The electricity consumption represents 76% of the group's total CO₂ emissions, corresponding to 105,000 tons in 2010, whereas approx. 32,000 tons of CO₂ were emitted from energy sources used for heating.

The 2010 emissions exceeded expectations by 21,000 tons of CO₂, corresponding to 18%, which was caused by a number of elements: the activity level at especially the Chinese factories increased dramatically throughout 2010 which made energy consumption increase significantly. A considerable proportion of the energy consumed by the factories in China is produced by coal-fired power plants, where there is a high emission per produced kWh. This, in turn, caused the CO₂ emissions to increase by more than 30% in 2010.

The activity level at several other factories in countries such as Mexico and the USA, increased by more than the ongoing energy-saving projects were able to accommodate. So, unfortunately, the conclusion is that the targeted CO₂ reduction figure was not by any means reached in 2010.

A committed effort will be made to reduce emissions in the years to come.



Environment

We will prevent pollution and will remove any unwanted environmental impacts, that our activities must result in ongoing and measurable improvements for the environment and climate, and that we show regard for the individual human being, the working environment and the external world.

These measures are rooted in a business perspective, so we concentrate our efforts on the activities which translate into the best possible results for the company, the customers, the employees and society in general.

The group's policies concerning working environment, environment and social responsibility ensure high managerial focus on the compliance of national and international guidelines and declarations.

Our impact on the environment

The most significant indicators of Danfoss' resource consumption, waste, chemical substances etc. are reviewed below, and comments are made for the most significant indicators. Please refer to the GRI table and the table of significant environmental parameters at the back of the Annual Report for further information about Danfoss' environmental performance.

Raw materials and auxiliary materials

The majority of the raw materials that Danfoss consumes are metals, plastics, electronics and packaging.

The group's total consumption of raw materials has fallen by 35% compared with that of 2009. This was primarily caused by the divestment of Danfoss Household Compressors, which, in 2009, represented half of Danfoss' consumption of raw materials. Excluding the companies that have been sold, Danfoss' consumption increased by 31%, which reflects the general growth in Danfoss following the global financial crisis.

A number of auxiliary materials – cutting oils and refrigerants as well as detergents for washing and cleaning items – that are not part of the finished products are required to produce the products.

In 2010, 311 tons of cutting oil was used to cool and lubricate metal items during processing. This is an increase of 19% compared to 2009.

Energy

Making up 54% of Danfoss' total energy consumption, electricity is the largest energy source. The consumption of electricity increased by approx. 10% compared to 2009.

Renewable sources, such as solar, water, wind and bio-mass, accounted for 18% of the total power consumption. Electricity from nuclear power plants accounted for 13% of the group's consumption, whereas the remaining share originated from fossil sources, such as coal, oil, and gas. Coal continued to account for the largest source of the production of electricity, with 45% of the total energy consumption.

99% of energy consumption for heating stemmed from fossil sources, of which natural gas represents by far the largest share.

Chemical substances

Danfoss makes use of a number of chemical substances in products and production processes. Some are classified as potentially harmful, but they are all handled in such a way as to protect employees and the environment.

The consumption of CRAN substances (carcinogenic or allergenic, harmful to reproduction or neurotoxic) increased by 35% compared to 2009, but the amount is a great deal reduced in comparison with that of 2008. The major part of the increase occurred at the factory in Mexico, but since the factory's consumption of raw materials in 2010 increased by 52% compared to 2009, this is a relative drop in the amount of CRAN substances.

The consumption of organic solvents only increased by 7%, in spite of the general raw material consumption having increased by 31%.

Products and the environment

Potentially harmful substances are substances and materials which can pose a risk to employees or the environment. The substances are used in the manufacturing of products and if they are not immediately expendable or replaceable, they must be used as efficiently as possible and measures must be taken to protect employees and the environment.

Danfoss' Negative List forms the cornerstone of efforts to reduce the use of potentially harmful substances. The Negative List is a vital guideline in the development of products to make sure that unwanted substances are not applied in the production or filled in Danfoss' products.

Danfoss' Negative List is extended on an ongoing basis and to keep internal and external stakeholders updated on the latest changes and requirements, Danfoss introduced a subscription service in 2010 on Danfoss' homepage, which all suppliers are required to subscribe to.

In 2010, the Negative List was published in a version which makes it easier for suppliers and Danfoss' purchasing and development departments to perform quick searches to look-up and cross-check chemicals used either internally or by suppliers.

Suppliers are provided with a short version.

Danfoss set up an internal network which aims to make sure that Danfoss' products and production comply with the EU's far-reaching chemical reform, REACH. Thereby, Danfoss contributes to the strengthening of the customer's business, because the so-called 'candidate list' substances will not be present in Danfoss products.

It also ensures that timely responses are made to customer approaches and that Danfoss does not import chemicals from countries outside the EU or manufacture products with intentional release of chemicals. Danfoss' *Corporate Citizenship & Compliance* function offers guidance and training, thereby securing the network's activities and competencies.

Anti-corruption

Principle 10

Businesses should work against corruption in all its forms, including extortion and bribery



Our commitment

Danfoss does not tolerate corruption or bribery and will work against this:

- Employees must not take part in any form of corruption or bribery. If so, this will have consequences on their employment.
- Employees must report to their immediate manager when they receive or hand over gifts of a value of more than 100 USD. In some countries, the limit is below 100 USD.

Guiding principles

- Global Compact
- ISO 26000

Policies

- Ethics handbook
- CSR policy

Control system

Since 2003, Danfoss has conducted an annual CSR survey about human rights, labor rights, business ethics and anti-corruption of all of the group's factories and sales companies.

Danfoss conducted for the first time in 2009 a survey (People Manager Survey) amongst all managers with direct reports focusing on business ethics and compliance to certain legislative requirements. Selected companies are visited to explore their handling of social responsibility and to establish and maintain a constructive dialogue with the local management about Danfoss' CSR activities.

The Danfoss toolbox

- CSR Intranet portal
- Purchasing intranet portal
- Standard contract for third parties
- Dilemma game on corruption and bribery

Stakeholder engagement

- Danish Business Network on Human Rights
- Global Compact Nordic Network
- The sustainability network within the Confederation of Danish Industries
- Annual round table discussions with NGOs dealing with human rights, business ethics and labour rights.

Actions and results

Danfoss does not tolerate corruption or bribery and will work against this. This is clearly stated in the Ethics Handbook, which contains ethical guidelines to all employees in the group. The Ethics Handbook was revised in 2010, and among other things, the guidelines regarding the handling of the grey areas of corruption and bribery was tightened.

In order to ensure that the guidelines of the Ethics Handbook are followed, Danfoss monitors the number of dismissals/voluntary resignations due to unethical behavior. During 2010, there have been a total of 40 dismissals/voluntary resignations due to unethical behavior. One of these 40 cases was an attempt of bribery. For more information, please see page 5.

Anti-corruption training

When visits are paid to companies, training in anti-corruption is a fixed part of the visit, usually in the form of a dilemma game which Danfoss has had developed following recommendations from regional sales managers. Similarly, a dilemma game on ethics has been developed.

During 2010 the training effort has been concentrated on China; 71 leaders, sales persons and purchasers have been trained in anti-corruption workshops.



Supporting tables



Significant CSR parameters

Certified working environment management systems	2008	2009	2010
Worldwide		35%	42%
Denmark		80%	93%
Dismissals due to unethical behaviour	2008	2009	2010
Total	64	29	40
Hereof cases that were safely reported through the Ethics Hotline	6	1	4
Juveniles between 15 and 18	2008	2009	2010
Total	192	78	95
Production	119	37	69
Hereof trainees	83	21	33
Administration	27	11	17
Hereof trainees	21	5	8
Other functions	46	30	9
Hereof trainees	41	26	1
Cases of discrimination	2008	2009	2010
Number of cases	2	2	2
Product liability cases	2008	2009	2010
Number of cases	7	2	0
Employees with disabilities	2008	2009	2010
Number of employees		185	156
Complaints from local community	2008	2009	2010
Number of complaints	2	1	0
Helbredstest af medarbejdere (antal virksomheder)	2008	2009	2010
Medical examination		60	31
X-ray		17	11
Blood sample		35	18
Urine test		27	15
HIV/AIDS		2	0
Hepatitis		9	5
Health test of applicants (number of companies)	2008	2009	2010
Medical examination		24	18
X-ray		5	7
Blood sample		14	10
Urine test		23	7
HIV/AIDS		0	0
Hepatitis		3	4
Suppliers	2008	2009	2010
Direct suppliers (supply goods for products)	3.758	3.498	4.259
Distribution of direct suppliers	2008	2009	2010
High risk countries	10%	19%	13%
Medium risk countries	15%	10%	10%
Low risk countries	75%	71%	77%
Suppliers having signed Code of Conduct (number)	2008	2009	2010
High risk countries	28%	29%	81%
Medium risk countries	8%	28%	46%
Low risk countries	17%	47%	46%
Audits at suppliers (%)	2008	2009	2010
High risk countries	23%	14%	38%
Medium risk countries	8%	7%	18%
Low risk countries	4%	5%	5%
Donations from Fabrikant Mads Clausens Fond	2008	2009	2010
Donations (m DKK)	10	11,6	20,2
Danfoss Employee Foundation	2008	2009	2010
Number of cases	400	300	300
Donations (m DKK)	5	2,6	3

Significant HR parameters

Headcount per region		GLOBAL	Denmark	Europe ex DK	NAM	LAM	APAC	Others
End of 2010		17.373	4.928	6.489	2.018	243	3.635	60
End of 2009		19.623	5.226	8.907	1.829	212	3.385	64
End of 2008		22.133	6.149	10.287	2.365	227	3.041	64
End of 2007			6.465	10.339	2.626	220	2.609	64
Headcount per employment type		TOTAL	Execs	Manager	Salary paid	Hourly paid	Trainee Appren	
End of 2010		17.373	74	2.117	7.366	7.634	182	
End of 2009		19.623	75	2.266	7.408	9.481	393	
End of 2008			88	2.267	8.210	11.165	403	
Employee turnover by Age group (%)		TOTAL	15-24	25-34	35-44	45-54	55+	
2010	Total turnover	17	48	16	12	11	18	
2010	Voluntary resignation rate	5	15	7	5	2	2	
2009	Total turnover	20	35	20	16	16	30	
2009	Voluntary resignation rate	4	11	5	3	2	1	
2008	Total turnover	20	14	25	17	14	27	
2008	Voluntary resignation rate	7	4	9	7	6	5	
Employee turnover by Service length (%)		TOTAL	0-2	2-4	5-9	10-19	20+	
2010	Total turnover	17	37	13	9	8	16	
2010	Voluntary resignation rate	5	13	5	4	2	1	
2009	Total turnover	20	31	18	14	11	16	
2009	Voluntary resignation rate	4	7	4	2	1	1	
2008	Total turnover	20	33	14	12	7	9	
2008	Voluntary resignation rate	7	11	7	5	2	1	
Employee turnover by Employee group (%)		TOTAL	Execs	Manager	Salary paid	Hourly paid		
2010	Total turnover	17	1	10	12	22		
2010	Voluntary resignation rate	5	-	5	6	5		
2009	Total turnover	20	15	7	18	26		
2009	Voluntary resignation rate	4	1	2	5	4		
2008	Total turnover	20	8	8	13	24		
2008	Voluntary resignation rate	7	3	4	7	7		
Employee turnover by Gender (%)		TOTAL	Males	Females				
2010	Total turnover	17	17	16				
2010	Voluntary resignation rate	5	6	5				
2009	Total turnover	20	19	23				
2009	Voluntary resignation rate	4	4	3				
2008	Total turnover	20	19	21				
2008	Voluntary resignation rate	7	7	7				
Employee Turnover by region (%)		GLOBAL	Denmark	Europe ex DK	NAM	LAM	APAC	Others
2010	Total turnover	16.9	19.4	13.3	13	33.8	16.7	15.8
2010	Voluntary resignation rate	5.2	3.8	3.7	3.6	12	9	7.9
2009	Total turnover	20.2	19.7	18.9	34.4	11.9	17.5	14.8
2009	Voluntary resignation rate	3.8	2.9	2.7	4.4	0.6	8.1	6.3
2008	Total turnover	19.5	21.5	15.9	31.2	20.1	17.2	17.2
2008	Voluntary resignation rate	6.8	9.4	3.4	13	6.8	7.3	11.7
Leading people at Danfoss (participant days)		TOTAL						
No. of days 2010		476						
No. of days 2009		856						
No. of days 2008		488						
No. of days 2007		51						

Manager EDDs completed (%)		GLOBAL	Denmark	Europe ex DK	NAM	LAM	APAC	Others
2010	Dialogues	86.8	97.2	74.3	90.4	76.8	94.7	80
2009	Dialogues	63	65.4	72.1	79	54.2	49	
2008	Dialogues	69.5	83.6	73.7	73.5	41.8	29.9	
2007	Dialogues	74.2	81.5	70.3	71.1	78.1	71	
Total EDDs completed (%)		GLOBAL	Denmark	Europe ex DK	NAM	LAM	APAC	
2010	Dialogues	71.9	82.7	56.2	65.8	66.8	86.6	
2009	Dialogues	59.3	68.5	52.8	70	72.2	52.9	
2008	Dialogues	62.8	82.1	52.4	78.9	31.7	46.6	
2007	Dialogues	65.9	82.5	54	70	64.2	66.6	
Employee Categories by gender		2008		2009		2010		
		Males	Females	Males	Females	Males	Females	
Total		14,869	7,238	13,348	6,275	11,345	6,028	
Executives		88	-	75	-	72	2	
Managers		1,842	399	1,824	442	1,710	407	
Salary paid employees		5,601	2,609	5,029	2,379	4,837	2,529	
Hourly paid employees		7,046	4,119	6,136	3,345	4,588	3,046	
Trainees/ Apprentices			111	284	109	138	44	
Employee Categories by Age group		15-24	25-34	35-44	45-54	55+		
2010	Total		5,505	4,950	3,725	1,848		
	Executives		1	22	33	18		
	Managers		398	962	571	185		
	Salary paid employees		2,762	2,140	1,423	783		
	Hourly paid employees		2,304	1,818	1,697	862		
	Trainees/ Apprentices			8	1	-		
2009	Total		5,913	5,722	4,338	2,096		
	Executives		1	19	38	17		
	Managers		475	951	601	236		
	Salary paid employees		2,638	2,249	1,454	823		
	Hourly paid employees		2,738	2,493	2,245	1,020		
	Trainees/ Apprentices			11	-	-		
2008	Total		7,043	5,605	4,994	2,519		
	Executives		-	26	36	26		
	Managers		469	949	595	246		
	Salary paid employees		3,022	2,426	1,497	933		
	Hourly paid employees		3,484	2,190	2,866	1,313		
	Trainees/ Apprentices			14	-	1		
Manager National Origin (%)		DK	CN	DE	US	FR	SI	Others
2010	Total managers	28.8	12.8	5.4	6.5	6.3	1.6	38.6
2010	Executives	67.1	0	6.8	2.7	4.1	1.4	17.8
2009	Total managers	28.4	8.8	8.1	5.8	5.3	4.2	39.4
2009	Executives	65.2	0	10.5	2.1	4.2	3.2	11.6
2008	Total managers	29.7	9.5	7.5	6.7	6.4	4.8	35.4
2008	Executives	71.7	2	7.1	2	3	3	11.2
Employees & Managers per gender (%)		GLOBAL	Denmark	Europe ex DK	NAM	LAM	APAC	Others
2010	All employees - Males	65	63	64	63	67	67	65
2010	All employees - Females	35	37	36	37	33	33	35
2010	Male Managers	81	84	84	80	81	72	87
2010	Female Managers	19	16	16	20	19	28	13
2009	All employees - Males	68	65	69	66	82	70	67
2009	All employees - Females	32	35	31	34	18	30	33
2009	Male Managers	81	84	83	82	81	71	71
2009	Female Managers	19	16	17	18	19	29	29
2008	All employees - Males	67	64	69	65	83	69	69
2008	All employees - Females	33	36	31	35	17	31	31
2008	Male Managers	83	87	84	82	83	72	72
2008	Female Managers	17	13	16	18	17	28	28

Abbreviations:

NAM: North America, **LAM:** Latin America, **APAC:** Asia/Pacific

Significant environmental impacts

Energy (TJ)	2006	2007	2008	2009	2010	2010 distr.
Energy consumption	1,777	1,940	1,965	1,808	1,530	
Ell - Energy	100	98	101	107	95	
Natural gas	568	623	663	641	609	39.8%
Electricity	1,021	1,126	1,135	1,016	822	53.8%
Gasoil	21	19	17	16	4	0.3%
Heavy fuel	48	45	43	34	3	0.2%
District heat	118	125	104	98	87	5.7%
Other energy	1	2	3	3	4	0.3%
Electricity (MWh)	2006	2007	2008	2009	2010	2010 distr.
Total electricity consumption	284	313	315	282	228	
Non renewables						
Coal		144	143	125	109	45.2%
Oil		10	8	8	9	3.9%
Gas		35	34	22	24	9.4%
Misc.		10	10	12	7	10.7%
Renewables						
Solar, wind		38	45	42	38	13.1%
Biomass		7	8	10	10	3.8%
Misc.		8	6	5	3	1.2%
Nuclear		62	61	59	29	12.8%
CO ₂ emissions (tonnes)	2006	2007	2008	2009	2010	2010 distr.
Total emission						
Non renewable sources						
Coal		115,494	115,370	99,650	87,702	64.0%
Oil		11,514	10,008	8,902	6,651	4.9%
Gas		42,383	42,838	38,396	36,493	26.6%
Misc.		8,203	8,304	10,284	6,262	4.6%
Water (m ³)	2006	2007	2008	2009	2010	2010 distr.
Water consumption	722,762	829,793	839,004	742,083	690,607	
Ell - Water	100	103	106	108	106	
Surface water consumption	124,175	276,550	274,582	300,665	293,834	42.5%
Ground water consumption	545,450	504,611	503,726	384,073	330,195	47.8%
Recycled water	53,137	48,632	60,696	57,345	66,578	9.6%
Water for processes					147,063	21.3%
Water for gardening					29,715	4.3%
Water for other purposes					115,309	16.7%
Raw materials (tonnes)	2006	2007	2008	2009	2010	2010 distr.
Iron	191,523	202,669	189,522	166,230	78,906	47.6%
Stainless steel	4,013	5,474	4,971	3,994	5,579	3.4%
Brass and copper (incl. alloys)	26,334	25,579	26,606	20,984	17,091	10.3%
Aluminium and aluminium alloys	7,176	8,084	8,157	6,944	6,665	4.0%
Other metals	285	168	164	109	175	0.1%
PVC	796	684	725	450	539	0.3%
Plastics with formaldehyde emission	243	276	228	176	191	0.1%
Other plastics types (incl. rubber)	5,189	5,575	5,539	5,124	7,209	4.3%
Electronic and electro-mechanical components	18,540	23,427	21,057	24,614	30,305	18.3%
Soldering materials (incl. leaded)	55	62	67	113	59	0.0%
Wood (incl. Wooden pallets)	10,145	11,619	11,967	10,546	7,209	4.3%
Packaging of cardboard and plastics	6,580	6,973	6,963	6,004	7,065	4.3%
Other raw materials (incl. filling media and chemicals in products)	7,873	9,362	8,219	8,148	4,899	3.0%
Group's total raw material volume	278,751	299,955	284,185	253,437	165,894	
Auxiliary materials (tonnes)	2006	2007	2008	2009	2010	2010 distr.
Cuttings/fluids	594	816	669	571	311	
Ell - cutting fluids	100	124	103	101	58	
Cleanings agents in processes	315	465	396	389	251	
Ell - cleaning agents	100	133	115	130	88	

Potentially harmful substances (tonnes)	2006	2007	2008	2009	2010	2010 distr.
CRAN materials	1.256	1.263	1.219	904	903	
EII - CRAN materials	100	91	89	76	80	
Substances toxic to man	38	37	27	24	32	
EII - Toxic substances	100	88	65	67	95	
Dangerous for the environment	232	288	262	178	151	
EII - Dangerous for the environment	100	112	103	81	72	
Organic solvents	321	288	347	261	266	
EII - Organic solvents	100	81	99	85	92	
HCFCs controlled by the MP (Purchased amounts)	5	10	9	7	5	
HCFC (CO ₂ -e)			14.093	11.715	8.120	
EII - HCFC Montreal Protocol	100	193	170	162	119	
Green House Gases control by KP (Purchased amounts of HFCs)	66	85	83	75	82	
Green House Gases (CO ₂ -e)			164.074	140.578	143.606	
EII - HFC (Kyoto Protocol)	100	116	116	120	138	
CFC+TRI+ PER (Purchased amounts)	0	0	5	3	3	
CFC+TRI+ PER (CO ₂ -e)			903	547	437	
Chlorinated oils	9	10	7	6	10	
EII - Process oil containing chlorine	100	94	67	70	117	
Kerosene	54	37	64	48	37	
EII - Kerosene	100	62	107	93	75	
Waste water (m³)	2006	2007	2008	2009	2010	2010 distr.
Discharged industrial waste water	169.498	256.465	261.179	198.047	211.504	
EII - Discharged industrial waste water	100	136	141	123	138	
Heavy metals in waste water (kg)	104	192	186	139	113	
EII - Heavy metals in waste water	100	167	163	141	121	
Waste (tonnes)	2006	2007	2008	2009	2010	2010 distr.
Waste	76.066	79.912	76.717	55.788	23.792	
EII - Waste	100	95	92	77	35	
Waste for incineration	1.514	1.668	1.776	1.308	1.388	
EII - Incineration	100	99	107	91	101	
Waste for landfill	1.454	2.849	3.154	2.006	1.651	
EII - Landfill	100	177	198	145	126	
Oil and chemical waste	4.046	4.057	4.657	4.152	2.359	
EII - Oil and chemical waste	100	90	105	108	65	
Waste for recycling	62.619	64.565	60.958	48.323	18.394	
EII - Recycled waste	100	93	89	81	32	
Accidents with absense (hourly paid)	2006	2007	2008	2009	2010	2010 distr.
Fatal accidents	0	0	0	0	0	
Number of accidents with absense	292	312	330	254	184	
Frequency of accidents	16.2	15.5	16.8	15.5	12.8	
Accidents with absense 1-4 days	95	110	99	92	71	38.6%
Accidents with absense 5-10 days	93	88	99	65	38	20.7%
Accidents with absense 11-19 days	46	43	46	40	26	14.1%
Accidents with absense > 20 days	58	71	86	57	49	26.6%
Total number of days of absense	4.406	5.438	6.864	5.048	4.697	
Finger/Hand/Arm accidents	163	167	172	121	91	49.5%
Head accidents	26	27	30	28	20	10.9%
Legs/Feet accidents	44	68	68	56	40	21.7%
Other parts of body accidents	59	50	60	49	36	19.6%
Accidents with absense (salary paid)	2006	2007	2008	2009	2010	2010 distr.
Fatal accidents	0	0	0	0	0	
Number of accidents with absense			21	22	14	
Frequency of accidents			0.9	1.2	0.8	
Accidents with absense 1-4 days				13	5	35.7%
Accidents with absense 5-10 days				6	5	35.7%
Accidents with absense 11-19 days					2	14.3%
Accidents with absense > 20 days				3	2	14.3%

GRI indikator

	ISO 26000	GC principle	Page	Results/Comments
PROFILE				
Strategy & Analysis				
1.1	Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.		9	
1.2	Description of key impacts, risks, and opportunities		9-10, 34-38	
Organisational Profile				
2.1	Name of the organization			The Danfoss Group
2.2	Primary brands, products, and/or services		40-47	
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.		2, 40-47 120-123	
2.4	Location of organization's headquarters			Nordborgvej 81, DK-6430 Nordborg, Denmark
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report		120-123	
2.6	Nature of ownership and legal form		30-33, 64	
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).			
2.8	Scale of the reporting organization, including: <ul style="list-style-type: none"> · Number of employees · Net sales (for private sector organizations) or net revenues (for public sector organizations) · Total capitalization broken down in terms of debt and equity (for private sector organisations); and · Quantity of products or services provided. 			Notes in financial report
2.9	Significant changes during the reporting period regarding size, structure, or ownership including: <ul style="list-style-type: none"> · The location of, or changes in operations, including facility openings, closings, and expansions; and · Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations) 			Notes in financial report
2.10	Awards received in the reporting period		23	
Report Parameters				
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.			Reporting period is January 1 - December 31, 2010.
3.2	Date of most recent previous report (if any)			Annual Report 2010 published on March 29, 2010.
3.3	Reporting cycle (annual, biennial, etc.)			Annual
3.4	Contact point for questions regarding the report or its contents.			Corporate Communications & Reputation Management, Chief Reputation Officer

The page numbers in the GRI table refer to pages in the Danfoss Annual Report

	ISO 26000	GC principle	Page	Results/Comments
Report Scope and Boundary				
3.5	Process for defining report content, including: <ul style="list-style-type: none"> · Determining materiality; · Prioritizing topics within the report; and · Identifying stakeholders the organization expects to use the report. 			Detailed accounting principles are available on the Danfoss Group webpage under Corporate Citizenship
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.			The Corporate Citizenship section of the Annual Report include all companies where Danfoss has an owner share exceeding 50% for the whole year 2010 The Corporate Citizenship section does not include Sauer-Danfoss activities.
3.7	State any specific limitations on the scope or boundary of the report		128-130	See accounting principles for Corporate Citizenship
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.		128-130	See accounting principles for Corporate Citizenship
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.		128-130	See accounting principles for Corporate Citizenship
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).		128-130	See accounting principles for Corporate Citizenship
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.			Danfoss has sold or closed several business units causing the raw materials to decrease 50%. A new Environmental Impact Index has subsequently been developed.
GRI Content Index				
3.12	Table identifying the location of the Standard Disclosures in the report. Identify the page numbers or web links where the following can be found: <ul style="list-style-type: none"> · Strategy and Analysis 1.1 – 1.2; · Organizational Profile 2.1 – 2.10; · Report Parameters 3.1 – 3.13; · Governance, Commitments, and Engagement 4.1 – 4.17; · Disclosure of Management Approach, per category; · Core Performance Indicators; · Any GRI Additional Indicators that were included; and · Any GRI Sector Supplement Indicators included in the report. 			This table
Assurance				
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).			An external and independent third party verification of data and information in the Corporate Citizenship section of Danfoss' Annual Report is performed by Det Norske Veritas.
Governance				
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.		30-33	

	ISO 26000	GC principle	Page	Results/Comments
Governance				
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).		30-33	
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.			Not relevant
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body. Include reference to processes regarding: · The use of shareholder resolutions or other mechanisms for enabling minority shareholders to express opinions to the highest governance body; and · Informing and consulting employees about the working relationships with formal representation bodies such as organization level 'work councils', and representation of employees in the highest governance body.			Please see company website www.danfoss.com for further information about corporate governance.
4.5	Linkage between compensation for members of the highest governance body, senior managers and executives (including departure arrangements) and the organization's performance (including social and environmental performance).			Please see company website www.danfoss.com for further information about corporate governance.
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.		32-33	
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics			Please see company website www.danfoss.com for further information about corporate governance.
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation. Explain the degree to which these: · Are applied across the organization in different regions and department/units; and · Relate to internationally agreed standards.			The topics are described throughout the Annual Report
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles. Include frequency with which the highest governance body assesses sustainability performance.			Please see company website www.danfoss.com for further information about corporate governance.
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.			Please see company website www.danfoss.com for further information about corporate governance.
Commitment to External Initiatives				
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization. Article 15 of the Rio Principles introduced the precautionary approach. A response to 4.11 could address the organization's approach to risk management in operational planning or the development and introduction of new products.			Danfoss' environmental policy states that: We will support a precautionary approach to environmental challenges by: · Going further than required by law in restricting the use of substances and processes that might present a potential risk to the environment · Striving to be among the most environmentally conscious companies within our branches of industries. Please see company website www.danfoss.com for further information.

	ISO 26000	GC principle	Page	Results/Comments
Commitment to External Initiatives				
4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses. Include date of adoption, countries/operations where applied, and the range of stakeholders involved in the development and governance of these initiatives (e.g., multi-stakeholder, etc.). Differentiate between non-binding, voluntary initiatives and those with which the organization has an obligation to comply.				Danfoss has joined UN's Global Compact Initiative, UN's Caring for Climate and ICC's Business Charter for Sustainable Development.
4.13 Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: · Has positions in governance bodies; · Participates in projects or committees; · Provides substantive funding beyond routine membership dues; or · Views membership as strategic. This refers primarily to memberships maintained at the organizational level.				Not reported
Stakeholder engagement				
4.14 List of stakeholder groups engaged by the organization.	4.5, 5.3, 6.2			Information is collected through CSR survey.
4.15 Basis for identification and selection of stakeholders with whom to engage.	4.5, 5.3, 6.2			Not reported
4.16 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	4.5, 5.3, 6.2			We strive to engage the local communities where we operate and are aware of the influence we have on those around us. As a global company, we understand that our stakeholders have an interest in the way we run our business, and engagement with local communities enables us to maintain our social licence to operate. Twice a year Danfoss' CSR and Environment department holds an all-day round-table discussion with NGOs concerning respectively Environment/Climate and CSR/Human Rights agenda. At these meetings the NGOs can ask Danfoss questions and recommend ways to address specific concerns and issues. Examples of NGO involved are organisations that are dealing with Human Rights, Discrimination, a Labour Union etc.
4.17 Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.				Not reported
SOCIETY				
Community				
SO1 Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting. (Core)	6.8 6.8.3 6.8.9			Requirements in terms of open and honest communication in company operations is described in the Ethics Handbook that all leaders must sign
Corruption				
SO2 Percentage and total number of business units analyzed for risks related to corruption. (Core)	6.6 6.6.3			Transparency International's Corruption Perception Index is used for prioritising the efforts against corruption. Country risk analyses are available for all the countries where Danfoss has production facilities. The country-risk analyses uncover the current situation in a country in terms of human rights, labour rights, working environment issues and corruption.
SO3 Percentage of employees trained in organization's anti-corruption policies and procedures. (Core)	6.2 6.6 6.6.5 6.6.3			Danfoss has developed a dilemma game on corruption and bribery, based on dilemmas that regional sales managers have experienced. Similarly, a dilemma game on ethics has been developed. The dilemma games are used when visiting factories and the dilemma game on corruption and bribery is also available in an on-line version at the Intranet. When carrying out visits to factories and sales companies, workshops on anti-corruption is always a part of the visit. During 2010 the training effort has been concentrated on China and Denmark: 73 Chinese leaders and 55 Chinese and Danish sales persons and purchasers have been through anti-corruption workshops.

	ISO 26000	GC principle	Page	Results/Comments
SOCIETY				
Corruption				
SO4 Actions taken in response to incidents of corruption. (Core)	6.6.3	10	14	Danfoss monitors issues of corruption and bribery in two surveys: The annual CSR survey all presidents/general managers and the People Manager Survey, where all People Managers are asked how many employees they have dismissed (or who have voluntarily resigned) due to unethical behaviour. If non-compliance or risk of non-compliance are found the company will be asked to remedy immediately.
Public Policy				
SO5 Public policy positions and participation in public policy development and lobbying. (Core)	6.6.4	10		In 2009, Danfoss registered with the lobby registers in both the EU and USA, continuing to build-up contacts to political decision-makers in the EU institutions and the American Congress, to promote energy and environmental policies. Danfoss opened its lobby office in Brussels in August 2009 and has, among other things, contributed with information to be used for the phrasing of EU's Energy Performance Building Directive. In the USA, the contact with other interest organisations and political institutions has contributed to obtaining consensus on the phasing out of HFC refrigerants. This has resulted in a draft bill and a US proposal to include the phasing out of HFC in the Montreal Protocol. Moreover, a series of symposia arranged by Danfoss help foster discussions about energy and environmental politics by hosting forums where our customers, leaders in the business community and representatives of public-sector authorities can exchange ideas on politics, technologies and solutions that can pave the way for and shape an energy-efficient industrial sector.
SO6 Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country. (Additional)	6.4.4	10		Danfoss' Ethics Handbook states that employees must not use Danfoss' letter head/e-mail address to express personal political views or to link Danfoss' name with party-specific political activities of any kind. Furthermore it is not allowed to financially support political parties on behalf of the company and to use Danfoss effects when taking part in party-specific political activities.
SO7 Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes. (Additional)	6.6.5	10	28	
Compliance				
SO8 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations. (Core)	6.6	7,8		All significant fines (if any) are mentioned in the Management Report section of the Annual Report. All breaches of laws are mentioned in the Environmental Part of the Annual Report.
LABOUR PRACTICES				
Employment				
LA1 Total workforce by employment type, employment contract, and region. (Core)	6.4	6	132-133	
LA2 Total number and rate of employee turnover by age group, gender, and region. (Core)	6.4	6	132-133	
LA3 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations. (Additional)	6.4	6		43% percent of companies does not have the same pension scheme for temporary workers as they have for other employees.
Labour/Management Relations				
LA4 Percentage of employees covered by collective bargaining agreements. (Core)	6.4	3		Danfoss is operating in a lot of different countries, also countries where there is not a free choice of unionising. In these cases, Danfoss has established alternative forums in terms of discussing work related issues. An example of an alternative forum is the European Information and Consultation Forum established by Danfoss. The main purpose of EICF is to establish a transnational forum for information, consultation and dialogue and to ensure the establishment of information and consultation procedures in matters of importance to Danfoss employees in more than one country.

	ISO 26000	GC principle	Page	Results/Comments
Labour/Management Relations				
LA5 Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements. (Core)	6.8.5 6.4.4	3		Danfoss monitors issues of corruption and bribery in two surveys: The annual CSR survey all presidents/general managers and the People Manager Survey, where all People Managers are asked how many employees they have dismissed (or who have voluntarily resigned) due to unethical behaviour. If non-compliance or risk of non-compliance are found the company will be asked to remedy immediately.
Occupational Health and Safety				
LA6 Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs. (Additional)	6.4.6	1		65% of the companies that answered the CSR survey reported that the majority of their permanent employees (more than 80% of both salary and hourly paid) are covered by formal management-employee health and safety committees or forums. 8% of the companies reported that less than 20 % of their employees are covered. 20% of companies reports that no employees are covered. Of these are the majority sales companies.
LA7 Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region. (Core)	6.4.6	1	18, 134-135	
LA8 Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases. (Core)		1		Not reported
LA9 Health and safety topics covered in formal agreements with trade unions. (Additional)		3		Not reported
Training and Education				
LA10 Average hours of training per year per employee by employee category. (Core)	6.4.7			Danfoss reports the number of hours used for training in environmental and safety related matters. In 2010 a total of 29,844 hours were spent on training in these matters.
LA11 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings. (Additional)	6.4.7 6.8.5		17-18	
LA12 Percentage of employees receiving regular performance and career development reviews. (Additional)	6.4.7		132-133	
Diversity and Equal Opportunity				
LA13 Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity. (Core)	6.4 6.3.7	1,6	30-33 132-133	In a lot of countries there is restrictions on what to register in terms of minorities. We only register the number of disabled people, and also in this area we face restrictions on what to register. 29 companies report that they employ 156 disabled people. 54 companies report that they have no disabled people employed. The rest of the companies do not register the number of disabled people.
LA14 Ratio of basic salary of men to women by employee category. (Core)		1,6		Not reported
HUMAN RIGHTS				
HR: Investment and Procurement Practices				
HR1 Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening. (Core)	6.3.3	1,2,3,4,5,6		Not reported
HR2 Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken. (Core)	6.3	1,2,3,4,5,6	15	
HR3 Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained. (Additional)	6.3	1,2,3,4,5,6	14	Training in the Ethics Handbook contains Human Rights and labour Rights training. Training in the Ethics Handbook by local management are not recorded, while corporate training at the local sites is recorded. Corporate Citizen-ship & Compliance has trained more than 100 leaders and employees in the Ethics Handbook in China while visiting the Chinese factories in November 2009.

	ISO 26000	GC principle	Page	Results/Comments
Non-discrimination				
HR4 Total number of incidents of discrimination and actions taken. (Core)	6.3.7	1,6	131	
Freedom of Association and Collective Bargaining				
HR5 Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights. (Core)	6.3.10 6.4.3	1,3		In countries where national law does not give employees the right to freely choose a trade union or where an established trade union system is not possible, Danfoss will make sure that employees can meet with management in other ways to discuss work-related conditions. Nine companies have stated that they have forums or other ways to discuss work related issues. The companies are located in Asia, the Middle East and Latin America.
Child Labour				
HR6 Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor. (Core)	6.3.7 6.3.10	1,5	131	In the CSR survey all companies ask to provide information regarding the use of employees under 15 and between 15-18. No companies have employees below 15 years of age. In production 69 juveniles are working, hereof 33 trainees, in administration 17 juveniles are working, hereof 8 trainees. In other functions 9 juveniles are working and one of them is a trainee. All ILO Conventions regarding child work regulating how to juveniles should be treated at work are adhered to except two sites where juveniles did not enjoy more breaks than adults. In both cases the juveniles are only working a few hours a day after school.
Forced and Compulsory Labour				
HR7 Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor. (Core)	6.3.10	1,4		One Danish company has a cooperation with a prison. The cooperation is under surveillance of Tilsynsrådet, an public authority monitoring such agreements.
Security Practices				
HR8 Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations. (Additional)	6.3.5	1		Danfoss has just begun a process where we collect data in order to monitor our use of security guards. 58 companies have security personnel on the premises, and only 21% of them are employed by Danfoss. 90% of companies have a written procedure defining the role and responsibility of the security guards. We have not yet started to monitor which kind of training is provided to security guards.
Indigenous Rights				
HR9 Total number of incidents of violations involving rights of indigenous people and actions taken. (Additional)	6.8	1		The CSR survey 2010 disclosed no negative impact on indigenous people.
PRODUCT RESPONSIBILITY				
Customer Health and Safety				
PR1 Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures. (Core)	6.7.4	8		Not reported
PR2 Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes. (Additional)	6.7.4	8		The CSR survey 2010 disclosed no incidents related to health and safety impacts.
Product and Service Labeling				
PR3 Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements. (Core)	6.7	8		Danfoss applies to all regulations regarding relevant legislation.
PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes. (Additional)		8		Not reported
PR5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction. (Additional)				Not reported

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Marketing Communications				
PR6 Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship. (Core)	6.7.3			Danfoss' Communication Policy and Danfoss' Ethics Handbook stipulates the rules and guidelines for marketing communication, sponsorship agreements and the like. Danfoss aims to sponsor forward-looking initiatives for the benefit of the company and others located in the local areas where Danfoss operates. Danfoss supports recognized and established organizations, for example sports clubs with a primary affiliation to Danfoss' employees or other stakeholders in the areas where Danfoss is present. Danfoss bases its sponsorships on the International Chamber of Commerce's (ICC) code of sponsoring, which defines guidelines for companies' ethically sound application of sponsorships. Danfoss does not sponsor motocross or the like, as it does not comply with the company's environmental profile; political or religious associations; purposes or activities which conflict with Danfoss' reputation or values or projects which are closely linked with Danfoss' competitors.
PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes. (Additional)				Not reported
Customer Privacy				
PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data. (Additional)				Not reported
Compliance				
PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services. (Core)	6.7		28	
ENVIRONMENT				
Materials				
EN1 Materials used by weight or volume. (Core)	6.5.4	8,9	134-135	
EN2 Percentage of materials used that are recycled input materials. (Core)	6.5.4	8,9	134-135	
Energy				
EN3 Direct energy consumption by primary energy source.(Core)	6.5.4	8	134-135	
EN4 Indirect energy consumption by primary source. (Core)	6.5.4	8	134-135	
EN5 Energy saved due to conservation and efficiency improvements. (Additional)	6.5.4	8,9	20-21, 134-135	
EN6 Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives. (Additional)	6.5.4	8,9		Please see the www.danfoss.com for information about the company's product and services within Climate & Energy.
EN7 Initiatives to reduce indirect energy consumption and reductions achieved. (Additional)	6.5.4	8,9	20-21, 134-135	
Water				
EN8 Total water withdrawal by source. (Core)	6.5.4	8	134-135	
EN9 Water sources significantly affected by withdrawal of water. (Additional)	6.5.4	7,8		Not reported
EN10 Percentage and total volume of water recycled and reused. (Additional)	6.5.4	8,9	134-135	

	ISO 26000	GC principle	Page	Results/Comments
Biodiversity				
EN11 Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas. (Core)	6.5.6	8		Not reported
EN12 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas. (Core)	6.5.6	7,8		Not reported
EN13 Habitats protected or restored. (Additional)	6.5.6	8		Not reported
EN14 Strategies, current actions, and future plans for managing impacts on biodiversity. (Additional)	6.5.6	8		Not reported
EN15 Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk. (Additional)	6.5.6	7,8		Not reported
Emissions, Effluents and Waste				
EN16 Total direct and indirect greenhouse gas emissions by weight. (Core)	6.5.5	7,8,9	134-135	Please see: www.danfoss.com for further information
EN17 Other relevant indirect greenhouse gas emissions by weight. (Core)	6.5.5	7,8,9	134-135	Please see: www.danfoss.com for further information
EN18 Initiatives to reduce greenhouse gas emissions and reductions achieved. (Additional)	6.5.5	7,8,9	134-135	Please see: www.danfoss.com for further information
EN19 Emissions of ozone-depleting substances by weight. (Core)	6.5.3	7,8,9	134-135	Please see: www.danfoss.com for further information
EN20 NOx, SOx, and other significant air emissions by type and weight. (Core)	6.5.3	8		Not reported
EN21 Total water discharge by quality and destination. (Core)	6.5.3	8	134-135	
EN22 Total weight of waste by type and disposal method. (Core)	6.5.3	8	134-135	
EN23 Total number and volume of significant spills. (Core)	6.5.3	8	134-135	
EN24 Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally. (Additional)	6.5.3	7,8		Not reported
EN25 Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff. (Additional)	6.5.4 6.5.6	7,8		Not reported

	ISO 26000	GC principle	Page	Results/Comments
Products and Services				
EN26 Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation. (Core)	6.5.4 6.6.6 6.7.5	8,9		Please see: www.danfoss.com for further information
EN27 Percentage of products sold and their packaging materials that are reclaimed by category. (Core)	6.5.4 6.7.5	8,9		Not reported
Compliance				
EN28 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations. (Core)	6.5	8	22	
Transport				
EN29 Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce. (Additional)	6.5.4 6.6.6	8		Not reported
Overall				
EN30 Total environmental protection expenditures and investments by type. (Additional)	6.5	7,8		Not reported