



GRUNDFOS
SUSTAINABILITY DATA 2012

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innovate

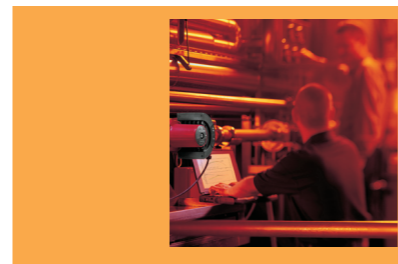
GRUNDFOS 

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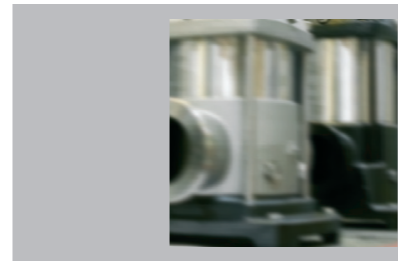
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THIS IS GRUNDFOS

ACTING SUSTAINABLY COMES NATURAL

Grundfos Holding A/S

Grundfos Holding A/S is a pump manufacturer which offers sustainable pump solutions to the market. Today, Grundfos is one of the world's leading pump manufacturers with an annual production of more than 16 million pump units. Furthermore, Grundfos is the largest manufacturer of circulator pumps covering approx. 50 per cent of the world market.

Our goal is to be global leader within advanced pump solutions and a trendsetter in water technologies. We want to contribute to a more sustainable world by developing pioneering technologies to improve quality of life for people and take care of the planet.

Products

Our range of efficient and reliable pump solutions is continuously extended. Comprehensive know-how and intensive research and product development allow us to develop new trendsetting products, which meet the increasing demand for better energy efficiency and reduced environmental impact.

Our main products include circulator pumps for heating and air-conditioning as well as other centrifugal pumps for industry use, water supply, sewage and dosing. In addition to pumps and pump systems, Grundfos develops, produces and sells energy-efficient motors and advanced electronics. Built-in electronics make our pumps intelligent and mean that they can determine the need for water and adapt their

performance accordingly. This leads to significant reductions in energy and water consumption.

Business areas

Grundfos operates in many different markets and offers pump solutions for a number of different purposes. One important business area for Grundfos is buildings, and we focus on delivering all the types of pump solutions that are required. These solutions are mainly pumps for heating, air-conditioning, fire protection, water supply and wastewater. They are used in large buildings such as hotels, hospitals, shopping malls and in smaller buildings such as one- and two-family houses.

Another business area for Grundfos is water. Grundfos provides pump solutions to e.g. water plants, wastewater plants and agriculture..

Also, we focus on pump solutions for industrial customers. We focus on a number of different industries; some are specific, such as the water industry, but we also focus on providing pump solutions for industries in general.

A global company

Grundfos is a global company with almost 18,000 employees, working in more than 80 companies. Headquarters are located in Bjerringbro, Denmark. We have production and sales companies in all regions of the world and we are present in more than 50 countries.

Global warming, water scarcity and an increasing pressure on natural resources due to for instance growing populations and increasing urbanisation are some of the urgent challenges the world is presently facing. In Grundfos, we believe that we can make a difference. It comes natural to us to take active part to ensure a sustainable future for a growing world. We do this for three reasons: First of all, sustainability is part of our DNA and the way in which we have always done business. It is an essential part of our purpose and values. Secondly, sustainability is a key concept and business driver in Grundfos. We see great business potential in being a provider of innovative and sustainable solutions. Thirdly, sustainability is also a way to manage potential risks and reduce costs throughout our value chain. When doing business, our guiding star is a firm focus on environmental, social and economic concerns. We will continue to follow this path in 2013.

The next steps

In January 2012, Grundfos launched a sustainability strategy and put into words the ways in which we will contrib-

ute to solve these matters. Throughout 2012, we have been working hard to implement the individual steps of this strategy.

We have, for example, initiated the development of a performance management framework in order to follow up on the implementation of the strategy. Within the field of business ethics we have developed and launched a new Code of Conduct handbook, which gives the Grundfos employees a set of guidelines that describe our view on good business ethics and how to practice our existing Code of Conduct by giving easily understandable examples. The work of the Code of Conduct is further strengthened by a revised Code of Conduct governance structure. Finally, we have focused on strengthening the dialogue among our companies, since knowledge sharing and dialogue on sustainability issues are essential when implementing a new strategy.

A firm foundation

Our sustainability activities rest on a firm foundation and draw on several recognised, international agreements. Since 2002, Grundfos has supported the UN



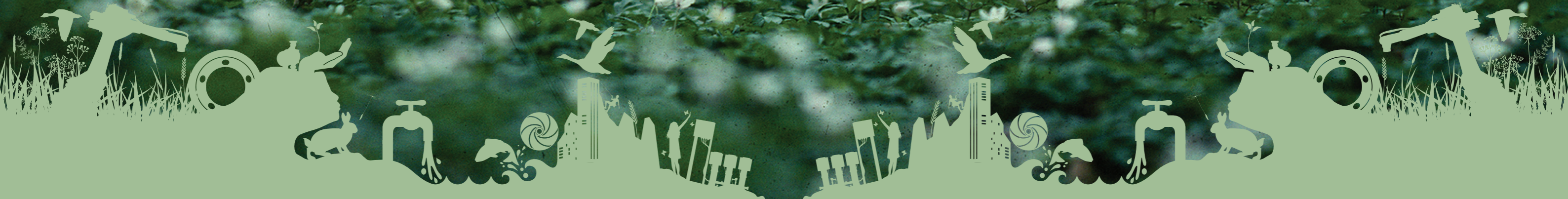
Global Compact and its ten principles. Furthermore, as part of our commitment to the UN Global Compact, we support Caring for Climate and the CEO Water Mandate. The Grundfos Sustainability Data 2012 functions as our Communication on Progress (COP).

Independent auditor's assurance

Deloitte has performed a set of tests on specific data included in the report and issued an independent statement. The statement can be found on page 31.



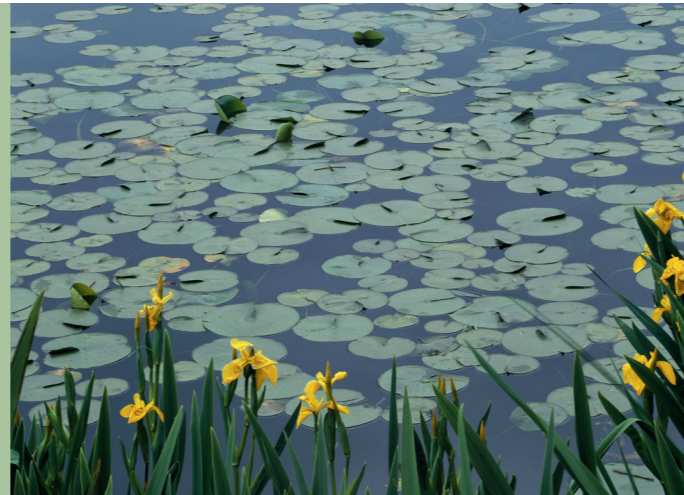
ENVIRONMENTAL



ENVIRONMENTAL

	2012	2011	2008
CO ₂ emissions (metric tonnes)*	106,170	118,136	126,455

2008 is baseline as this is used in our Footprint Strategy.



ENVIRONMENTAL

	2012	2011	2008
Energy consumption (mWh*)	320,264	323,341	347,207

2008 is baseline as this is used in our Footprint Strategy.

CO₂ emissions*

CO₂ emissions are measured in metric tonnes. Emissions are calculated for all activities in Grundfos companies. The reporting is based on GHG protocol scope 1 and 2, however, fuel consumption from own vehicles is not included.

The 2012 data shows that our target from our Footprint Strategy, of never emitting more CO₂ than we did in 2008, is more than fulfilled: The CO₂ emissions are reduced by 16% since 2008. Compared to 2011, CO₂ emissions are reduced by 10%

Please note that this data cannot be compared directly with the CO₂ data from the Management review in Grundfos Annual Report 2012: The scope is different; the Annual Report includes only 26 production companies, which corresponds to approximately 90% of the emissions. Data in this report includes all companies.

Please note that comparison figures for year 2008 and 2011 have been changed since reported for the first time. This is due to enhanced data measurement and reporting process. The changes are not material.

The difference between CO₂ and energy reductions in 2012 is partial explained by increased purchase of green electricity in two sub companies, but also by a higher share of the energy consumption is heat demand, which has a lower CO₂-emission than other types of energy consumption.

**Deloitte has performed a review of Grundfos Environment, Health & Safety Data for 2012 - see auditors statement p. 31*

Energy consumption*

Energy consumption is measured in mWh. The reporting is based on GHG protocol scope 1 and 2, however fuel consumption from own vehicles is not included. Energy consumption is calculated for all activities in Grundfos companies.

The data show that energy consumption has been reduced 8% compared to 2008, and 1% compared to 2011.

Please note that this data cannot be compared directly with the energy consumption data from the Grundfos Annual Report 2011. In the Grundfos Annual Report 2012: the scope is different; the Annual Report includes only 26 production companies, which corresponds to approximately 90% of the consumption. This data includes all companies.

Please note that comparison figures for year 2008 and 2011 have been changed since reported for the first time. This is due to enhanced data measurement and reporting process. The changes are not material.

The difference between CO₂ and energy reductions in 2012 is partial explained by increased purchase of green electricity in two sub companies, but also by a higher share of the energy consumption is heat demand, which has a lower CO₂-emission than other types of energy consumption.

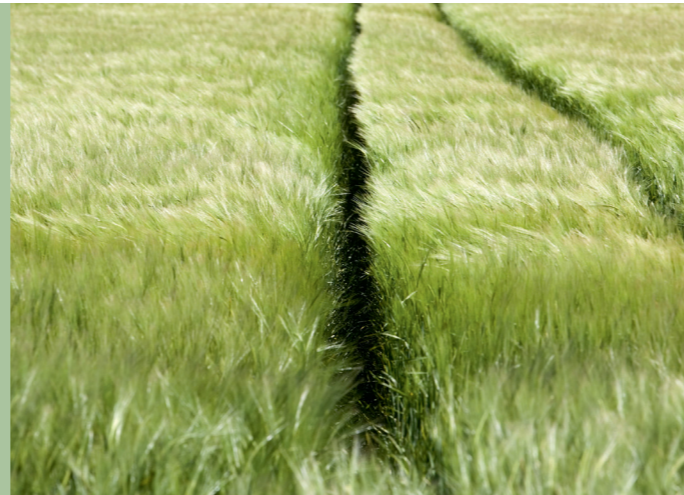
**Deloitte has performed a review of Grundfos Environment, Health & Safety Data for 2012 - see auditors statement p. 31*



ENVIRONMENTAL

	2012	2011	2008
Water usage (m ³)*	509,468	528,998	655,136

2008 is baseline as this is used in our Footprint Strategy.



Water usage*

The water usage is defined as delivered water, ground water from own well and surface water from e.g. lakes, measured in m³.

The water usage during 2012 has been reduced by 22% compared with 2008 and 4% compared to 2011. This is due to e.g. the continuously focus on the water usage in the production companies and individual targets for each company as well as monthly reporting on water consumption. Please note that this data cannot be compared directly with the data from the Management review in Grundfos Annual Report 2011: the scope is different; the Annual Report includes only 26 production companies, which corresponds to approximately 75% of the usage. This data includes all activities.

Please note that comparison figures for year 2008 and 2011 have been changed since reported for the first time. This change is due to enhanced data measurement and reporting process. Changes are not material.

**Deloitte has performed a review of Grundfos Environment, Health & Safety Data for 2012 - see auditors statement p. 31*



ENVIRONMENTAL

	2012	2011	2008
Hazardous Waste (kg /mio. working hours)*	106,850	129,261	–
Non hazardous waste (kg /mio. working hours)*	109,947	117,989	–

Hazardous waste *

Waste disposal is divided into hazardous and non-hazardous waste and reported in kilograms. Hazardous waste is categorised according to national regulations and is indexed in relation to amount of mio. working hours. The development shows that from 2011 to 2012 hazardous waste has been reduced by 17%.

Focus is on handling waste correctly – in particular hazardous waste. However, sorting, categorising and disposal of waste in different fractions and handlings are treated differently globally. This means that reporting on waste is not as mature as other environmental indicators.

Please note that comparison figures for year 2011 have been changed since reported for the first time. Changes in the indicator, are caused by enhanced data measurement and a more complete scope of reported working hours (this resulted in an increase of working hours of approx. 15% in historical data). These changes are only significant to the level of the indicator; however the previous stated development still applies, and the data above are updated and shows the actual trend. The 2008 figure has been left out due to lack of comparability.

Non-hazardous waste *

Waste disposal is divided into hazardous and non-hazardous waste and reported in kilograms. Hazardous waste is categorised according to national regulations – which means that non-hazardous waste corresponds to the residual. The waste is indexed in relation to amount of mio. working hours.

The development shows that from 2011 to 2012 non-hazardous waste has been reduced by 7%.

Focus is on handling waste correctly – in particular hazardous waste. However, sorting, categorising and disposal of waste in different fractions and handling of these fractions is treated differently globally. This means that reporting on waste is not as mature as other environmental indicators.

Please note that comparison figures for year 2011 have been changed since reported for the first time. Changes in the indicator, are caused by enhanced data measurement and a more complete scope of reported working hours (this resulted in an increase of working hours of approx. 15% in historical data). These changes are only significant to the level of the indicator; however the previous stated development still applies, and the data above are updated and shows the actual trend. The 2008 figure has been left out due to lack of comparability.

**Deloitte has performed a review of Grundfos Environment, Health & Safety Data for 2012 - see auditors statement p. 31*

ENVIRONMENTAL

	2012	2011	2010
ISO 14001-certified production companies (%)	76	73	73
OHSAS 18001-certified production companies (%)	56	67	67



ISO 14001-certified production companies

The number shows the percentage of Grundfos production companies certified according to ISO 14001. It is Grundfos policy that within three years of acquisition or production start all Grundfos production companies have implemented management systems according to ISO 14001.

Until 2012 only companies with more than 100 employees were targeted with this policy – this limitation has been removed this year. This means that the number of companies included has risen from 16 to 25. Some of the 9 additional companies have been certified already.

In total 76% of the companies are certified, being an improvement compared to last year, not least when taken into consideration that the target group has been enlarged. However, having a target of 100% certified companies, this is not yet fulfilled. It is expected that all the companies will be certified during 2015.

OHSAS 18001-certified production companies

The number shows the percentage of Grundfos production companies certified according to OHSAS 18001. It is Grundfos policy that within three years of acquisition or production start all Grundfos production companies have implemented management systems according to OHSAS 18001 as regards health and safety.

Until 2012 only companies with more than 100 employees were targeted with this policy – this limitation has been removed this year. This means that the number of companies included has risen from 16 to 25. Only few of the 9 additional companies have been OHSAS 18001-certified earlier, this being the reason for the 2012 result being only 56%. It is expected that all the companies will be certified during 2015.

ENVIRONMENTAL

	2012	2011	2010
A-labelled pumps - energy saved (billion kWh)	1.8	1.5	1.1

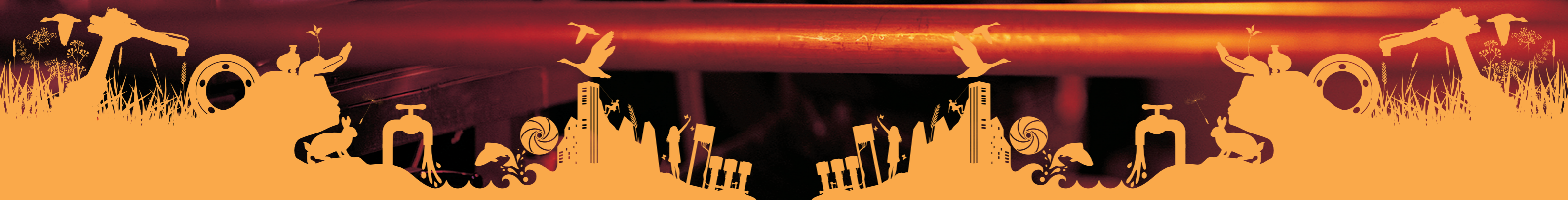
A-labelled pumps – energy saved

Electricity savings are calculated as the global energy savings generated by all Grundfos A-labelled pumps sold between 2005 and 2012. The estimate is based on the actual sales figures for the year and assumptions about which previous models the sold pumps replace. The figure is calculated as energy savings in kWh a year.

The total sale of A-pumps from 2005 up to 31 December 2012 has by the end of 2012 lead to energy savings of 1.8 billion kWh per year (2011: 1.5 billion kWh per year). The savings per year are accumulated as each pump leads to energy savings for several years.



SOCIAL



SOCIAL

SOCIAL

	2012	2011	2010
Workforce			
Workforce size (full time employees)	17,984	17,481	16,609
Female leaders (%)	17	17	17



	2012	2011	2010
Workforce			
Non Danes in key Group positions (%)	21	23	n/a
Employees on special terms (%)	4	4	4

Workforce size (full time employees)

This covers the total number of employees at the end of the year - converted into full time employees. A full time employee has the standard number of working hours according to local rules/agreements. Personnel rented from a temporary employment agency are not included.

From 2011 to 2012 the workforce size grew by 3% from 17,481 to 17,984 full time employees. 31% of the workforce size is female, 69% is male. 53% is white collar workers and 47% is blue collar workers.

Female leaders

It is our goal that the percentage of female leaders in general should be minimum 25% in 2017. In 2012 – Grundfos had 17% female leaders, which is status quo compared to the two previous years.

Furthermore, Grundfos has stated targets for specific groups of female leaders: First, female leaders in group and senior management positions should have a share of minimum 15% in 2017 and 25% by 2022. End 2012 this was 10% (2011 it was 9%). Secondly minimum 25% of our senior executives are women by 2022 (Baseline 2011 was 3%) and end 2012 it was 2%.

In general the conclusion is that 2012 showed no significant changes. The small changes from 2011 to 2012 are mainly due to changes in the population.

Activities to reach the targets will be further intensified in 2013.

Non-Danes in Group positions

Group positions are defined as managers from group management to group directors and selected regional managers and group managers in key positions. Baseline from 2011 shows 23% of Non-Danes in Group positions.

The Grundfos target is to have a share of non-Danes in group positions of 40 % in 2017 and 60% in 2022. The 2012 figure of 21% shows that the percentage of Non-Danes is actually reduced. This development is due to an increased number of group positions, which have been employed by Danes mainly. Activities in the recruitment process to reach the target have already been introduced and will be further intensified in 2013.

Employees on special terms

The indicator is calculated as the number of employees who are given special consideration by Grundfos, and for whom Grundfos installs facilities aimed at the employees' physical, psychological or social problems. Special consideration is given to employees by amending or adjusting the workplace with regard to time, flexibility or mobility, and by adjusting the content of the job and nature of the work, to enable this to be carried out in spite of reduced working capacity. The number of employees working for an external business partner who carries out assignments for Grundfos is also included. It is Grundfos target to have 3% employees on special terms.

Since 2008 the percentage has been 4% on average for all the Grundfos companies - including 2012.

SOCIAL

	2012	2011	2010
Workplace			
Training - blue collar (hours)	24	20	16
Training - white collar (hours)	35	28	18



Training – blue collar

Training is registered in hours and includes hours registered spent by employees on development, training and supplementary training. It is to be considered a minimum, as some of the training activities are not registered – e.g. informal training.

Training hours during 2012 have increased further, the average now being 24 hours per employee.

Training - white collar

Training is registered in hours and includes hours registered spent by employees on development, training and supplementary training. It is to be considered a minimum, as some of the training activities are not registered – e.g. informal training.

Training hours during 2012 have increased further, the average now being 35 hours per employee. The increase is due to e.g. more leadership training, English lessons and training linked to fulfilment of projects– and improved registration of data as well.

SOCIAL

	2012	2011	2010
Workplace			
Employee Development Dialogue - blue collar (%)	79	76	71

Employee Dialogue Development (EDD) - blue collar

It is Grundfos' objective that all employees attend an EDD every year. However, due to employee turnover and a number of people employed on short term contracts the percentage will never be 100%.

The purpose is to create a framework to discuss the employee's tasks, qualifications and motivation for doing his/her job and for the employee's development ambitions.

In 2012 79% of the blue collar employees had an EDD, an increase of 3% point compared to last year. The numbers vary quite a lot from one Grundfos company to another, e.g. in some of the newly acquired and separation companies the number is still very low. Taking these companies out the number is 90%. During 2012 new global processes for the EDDs have been developed and those will be implemented during 2013 and 2014 in all Grundfos companies.



SOCIAL

	2012	2011	2010
Workplace			
Employee Development Dialogue - white collar (%)	80	77	77



Employee Dialogue Development (EDD) - white collar

It is Grundfos' objective that all employees attend an EDD every year. However, due to employee turnover and a number of people employed on short term contracts the percentage will never be 100%.

The purpose is to create a framework to discuss the employee's tasks, qualifications and motivation for doing his/her job and for the employee's development ambitions.

In 2012 80% of the white collar employees had an EDD, an increase of 3% point compared to last year. The numbers vary quite a lot from one Grundfos company to another, e.g. in some of the newly acquired and separation companies the number is still very low. Taking these companies out the number is 84%. During 2012 new global processes for the EDDs have been developed and those will be implemented during 2013 and 2014 in all Grundfos companies.



SOCIAL

	2012	2011	2010
Business Ethics			
Compliance workshops held	3	4	3
Group entities audited, Grundfos Code of Conduct	37	45	56
Actions taken in response to incidents of corruption	3	1	2

Compliance workshops held

During 2012, 3 compliance workshops took place with a total of 62 participants.

Group entities audited, Grundfos Code of Conduct

Grundfos Corporate Internal Control (CIC) visits a selected amount of the Grundfos companies every year. The purpose is to review and rate the internal control environment and to submit observations, risk descriptions and recommendations for improving the business processes and controls, also in relation to the Grundfos Code of Conduct.

During 2012, CIC audited 37 group entities. 6 of the visits were unannounced.

Actions taken in response to incidents of corruption

During 2012 Ethics Committee received 6 contacts, corresponding to 10 issues, which concerned: conflict of interest (2), labour rights (4) and unacceptable accounting (1), whereas 3 were not Ethics-related. Six of those issues have been investigated by e.g. Corporate Internal Control. Ethics Committee assessed the content of one of the above-mentioned claims to have been a breach of Grundfos Code of Conduct, concerning unacceptable accounting.

Furthermore, during 2012, three incidents of corruption have been discovered and investigated. All incidents have been followed up by employee termination.



SOCIAL

	2012	2011	2010
Business Ethics			
Legal actions - anti-competitive behavior	0	1	0
Sanctions for non-compliance	0	0	0



Legal actions for anti-competitive behaviour

This indicator includes the total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices. Grundfos had no cases in 2012.

Sanctions for non-compliance

Grundfos has received no sanctions for non-compliance in 2010-2012.

Human rights and labour rights

Grundfos supports and respects internationally proclaimed human rights as well as the ILO Declaration on Fundamental Principles and Rights at Work. Human rights and labour rights form part of our activities within purchase and the sustainable supplier management setup. This means, among other things, that these rights form part of our supplier screening activities and our general audit of suppliers. In addition, we perform special social audits as a supplement to the other audits we perform. These are followed up by concrete action plans. 2012 also saw the publication of a revised version of our Supplier Code of Conduct, which is based on the UN Global Compact principles, international human rights conventions and the ILO Declaration on Fundamental Principles and Rights at Work. This has clarified our expectations to suppliers in relation to sustainability even more.

SOCIAL

	2012	2011	2010
Purchase			
Group suppliers	290	310	276
System audits	40	38	39
Social audits	9	8	2

Group suppliers

A Group supplier is a supplier who supplies direct material to more than one Grundfos production company. In 2012, Grundfos had 290 Group suppliers.

System audits

System audits are quality audits of potential and existing suppliers. These audits include social and environmental aspects related to the Grundfos Supplier Code of Conduct. In addition to the 40 system audits conducted with existing suppliers 9 potential suppliers were audited.

The number of audits is constant during the period 2010 - 12: Approximately 40 audits a year. This is just above the yearly target of 38 audits.

Social audits

Social audits dedicatedly focus on the suppliers' performance within the areas of labour standards, employment practices, anti-corruption and community impact, sub-supplier responsibility.

In 2012, 9 social audits were carried out by Grundfos auditors and an external auditor partner. The audits primarily took place with suppliers in China, but also suppliers in Taiwan and Thailand were audited. The audits show that the suppliers by main principle were compliant to Grundfos requirements. In the few cases where non-compliance was found these issues have been addressed.



SOCIAL

	2012	2011	2010
Product responsibility			
Products reported faulty	0.39	0.46	0.48
Incidents of non-compliance, marketing	0	0	0
Investment			
Investment in the development of new products (% of turnover)	6.1	5.8	5.2



SOCIAL

	2012	2011	2008
Health & Safety			
Injuries (per mio. working hours)*	5.91	7.27	10.21
Lost working hours due to lost time injuries (per thousand working hours)*	0.87	1.05	0.96

2008 is baseline as this is used in our Footprint Strategy.

Products reported faulty within the two-year warranty period

The warranty rate is calculated as the share of products reported faulty within the Grundfos two-year warranty period. To compensate for time on stock and transport the sold amount is displaced three months back in time compared to registered warranty cases.

The figures show that Grundfos succeeds in further reducing the faulty rate. The faulty rate was 0,39% in 2012, which is also the target for 2014.

Total number of incidents of non-compliance concerning marketing communications

Grundfos has not identified any incidents of non-compliance concerning marketing communication in the period from 2009-2012.

Investment in the development of new products

The investment in development of new products is defined as expenses/activities related to research, development and launch of new products. This is indexed in relation to the annual turnover.

This indicator increased by 5% in 2012 compared to 2011 (to 6,1 % of the annual turnover).

Number of injuries per million working hours*

Injuries are measured as lost time injuries, which has caused lost working hours for at least one day after the injury. The indicator is indexed as injuries per one million working hours for blue and white collar employees. Number of injuries per one million working hours is reduced by 42% compared with 2008. The actual number of injuries was 187 in 2012. Comparing this year's data with 2011 the reduction is 19%. Please note that comparison figures for year 2008 and 2011 have been changed since reported for the first time. Changes in the indicator, is caused by enhanced data measurement and a more complete scope of reported working hours (this resulted in an increase of working hours of approx. 15% in historical data). These changes are only significant to the level of the indicator; however the previous stated development still applies, and the data above are updated and shows the actual trend.

Lost working hours due to lost time injuries*

Lost time due to lost time injuries is measured in number of hours. The indicator is indexed as lost working hours due to injuries per one thousand working hours.

The lost working hours due to injuries per one thousand working hours has decreased by 17% from 2008 to 2012. Comparing this year's data with 2011 the reduction is 10%.

Please note that comparison figures for year 2008 and 2011 have been changed since reported for the first time. Changes in the indicator, is caused by enhanced data measurement and a more complete scope of reported working hours (this resulted in an increase of working hours of approx. 15% in historical data). These changes are only significant to the level of the indicator; however the previous stated development still applies, and the data above are updated and shows the actual trend.

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Facts

The Grundfos Code of Conduct covers:

- Bribery
- Entertainment and gifts
- Fair and lawful competition
- Conflict of interest
- Confidentiality
- Acceptable accounting
- Labour rights
- Human rights
- Environment
- Political contributions



THE GRUNDFOS CODE OF CONDUCT BROADENS ITS REACH

In 2012, the Grundfos Code of Conduct was re-introduced as a pocket-sized handbook, providing all Grundfos employees with easily accessible help on how to handle ethical dilemmas.

When is a gift from a business partner too big? Is it a problem if I recommend a family member to apply for a job in Grundfos? Or what do I do if a colleague is telling inappropriate jokes about

another colleague? These are dilemmas that many employees face in their daily work. Maybe, because there is not always one, clear answer in the international business world.

The handbook, Code of Conduct – how we practice it, is a user-friendly guide, which provides concrete examples of how to handle a range of situations in accordance with the Grundfos Code of Conduct.

“The world is rarely black and white, and we need some common guidelines to ensure that all employees make the right decisions when faced with a difficult situation”, says Pernille Blach Hansen, Group Sustainability Director, in order to explain the reason for introducing the ethical dilemmas and the guidelines in a handbook.

Made for a global company

The Grundfos Code of Conduct has existed for years and its contents can be seen on posters in Grundfos offices and on Grundfos production sites all over the world, but with the introduction of the new handbook, the focus of the Code of Conduct is given a new perspective.

“Grundfos operates in many countries and across numerous cultures, traditions and local laws and regulations. This is why we need common principles that apply to all employees in Grundfos-owned companies. The Code of Conduct will help us to ensure that we all comply with relevant laws and guidelines and that we live up to our high ethical standards”, says Business Ethics Consultant Marie Enemark Olsen.

The handbook was published in 10 different languages in all Grundfos companies world-wide in June 2012. Shortly after, local training sessions and workshops were held all over the world, where challenging Code of Conduct dilemmas were discussed and training was given on how to use the handbook.

Continuously improved

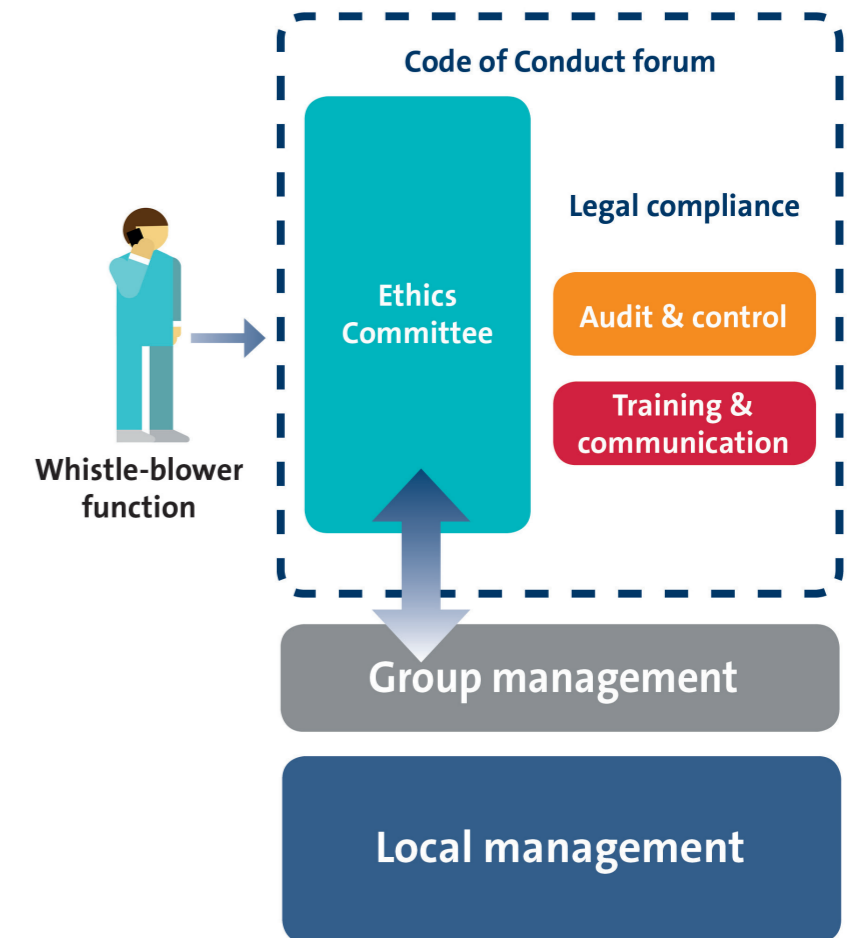
In addition, the Grundfos' Code of Conduct Governance framework was strengthened in the course of 2012. The scope of the framework is to support and facilitate the understanding of – and compliance with – the Code of Conduct, from Group Management over local management to each individual employee. In order to do so, the Grundfos Ethics Committee – an independent body made up of executive managers appointed by Group Management – was given greater

responsibility and its purpose was reinforced. The Ethics Committee is also responsible for the Grundfos whistle-blower function.

In order to secure ongoing improvement of the Code of Conduct, a Code of Conduct forum has been set up for e.g. knowledge

sharing. This also makes it possible to bring relevant representatives from the entire organisation together and ensure cross-functional alignment and coordination of business ethics activities.

CODE OF CONDUCT GOVERNANCE FRAMEWORK



REPORTING ON SUSTAINABILITY IN GRUNDFOS

“What gets measured gets done”. That is the way we work at Grundfos, and therefore reporting is a continuous driver for improvement. It is important for us to set targets and monitor development. For the seventh consecutive year, we provide a report on our sustainability achievements. It is the ambition of the company to engage in an open and transparent dialogue with our stakeholders by providing a fair and balanced picture of Grundfos’ contribution to sustainable development.

This sustainability data furthermore serves as a communication on progress report to the UN Global Compact framework.

The sustainability reporting covers all subsidiaries that are owned and controlled 100 % by Grundfos. Newly acquired companies are integrated into the Grundfos group data at the time of acquisition. There have not been substantial changes to the Grundfos organisation during 2012 and we have not outsourced substantial business processes. The basis for the reporting is therefore the same and comparable to last year’s report. Input data for a few indicators has been changed,

but an explanation is provided where relevant.

Companies that are owned more than 50 % by Grundfos must report EHS data according to the requirements defined in this Group Standard. Companies must report data for the calendar year in which they have been part of Grundfos for 6 months or more.

It is of great importance to Grundfos that all data is complete and as precise as possible. In 2012, Grundfos set out to implement a new sustainability data handling system in order to improve data quality.

Process for defining report content

Grundfos Group Strategy, Innovation Intent, Climate White Paper and our Sustainability Strategy are used to prioritize what we report on. Grundfos follows generally accepted accounting and reporting policies. We also use the Global Reporting Initiative (GRI) as a yardstick for our non-financial reporting and annually publish a GRI index that is correlated with reporting on Global Compact’s ten principles. To define and select the content of our reporting we have used the GRI 3 version, which focuses on financial, social and environmental impacts.

We have not narrowed the scope or excluded any topics with regard to our previous reporting. Through this process we have set out to follow existing GRI guiding documents for defining report content. Our sustainability reporting meets reporting level C in the GRI index. Key performance indicators have been reviewed by an external partner and correspond to C+ in the GRI index. It is indicated in the report, which performance indicators have been reviewed.

Carbon emissions and energy use

The scope of reporting of our energy consumption and carbon emissions data is based on the Greenhouse Gas Protocol (GHG Protocol), which is the most important standard for measuring greenhouse gas emissions, developed by World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD). The GHG Protocol categorizes direct and indirect emissions into three broad scopes.

- Scope 1: All direct GHG emissions.
- Scope 2: Indirect GHG emissions from consumption of purchased electricity, heat or steam.
- Scope 3: Other indirect emissions, such as the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity-related activities

As in previous years Grundfos provides full reporting on scope one and two for the entire group. However, fuel consumption from own vehicles is not included in scope one emission figures. Also, the sustainability data provides no reporting on scope three emissions. Our data measurement techniques rely on the total energy consumption and emissions related to corporate operations. The carbon footprint gives a general overview of the company’s greenhouse gas emissions, and it is based on reported data from internal and external systems. CO2 emissions are measured in metric tonnes. Emission factors are based on IEA (International Energy Agency) and local factors if available.

Processing Environmental, Health and Safety Data

76 % of the Group production companies are ISO- 14001 certified and 56 % of the production companies are OHSAS 18001 certified. The data collection processes for meeting these standards serve as a basis for the measurement of EHS data. (EHS) data has been collected, compiled and validated by Grundfos’ Group Environment, Health & Safety department. Human resource data has been collected, compiled and validated by Grundfos’ People and Strategy department. Both data sets are collected annually through a survey. Financial data is obtained through the Group’s accounting system.

Waste and water

Baseline year for water and waste was established in 2008. Water is reported in total use of water in m³ and divided into domestic water, surface water, ground-water from own supply. KPIs for water are aligned with GRI indicators. Waste is measured in kg per million working hours and reported as a relative number.

Strategy and stakeholders

The topics reported in the Grundfos Sustainability Data 2012 reflect our busi-

ness goals, strategies and are relevant subjects to our stakeholders. The basis for identification and selection of stakeholders with whom we engage with is established through our strategy process, where stakeholders are defined and prioritised in a general stakeholder map. Customers, current and potential employees, opinion leaders, NGOs, governments and the media are identified as primary stakeholders as regards sustainability issues. Grundfos has responded to key topics and concerns through the company’s corporate communication, including the sustainability reporting.

A number of stakeholder dialogue tools are developed and managed. Examples of this are our employee satisfaction surveys, customer satisfaction surveys, which provide criticism, improvement suggestion and satisfaction, and general dialogue.

We invite all of our stakeholders and readers of the Grundfos Sustainability Data 2012 to contact us with suggestions, questions and general comments. For further information about Grundfos and sustainability reporting you can also visit grundfos.com/sustainability. Or if you have questions concerning our sustainability reporting contact Grundfos Group Sustainability at





INDEPENDENT AUDITOR'S REVIEW REPORT

To the Group Management of Grundfos Holding A/S

We have reviewed the Grundfos Environment and Health & Safety data for 2012 comprising: CO₂ emissions, Energy consumption, Water usage, Hazardous waste, Non-hazardous waste, Injuries and Lost working hours due to lost time injuries, ("the EHS Reporting"). The EHS Reporting is the responsibility of the Company's Management. Our responsibility is to issue a report on the EHS Reporting based on our review.

Scope of review

We have conducted our work in accordance with International Standards on Auditing governing Other Assurance Engagements and additional requirements under Danish audit regulation to

obtain limited assurance about our conclusion. We have obtained limited assurance because, compared to a reasonable assurance engagement, our work has been limited primarily to inquiries of company personnel as well as analytical procedures.

The purpose has been to obtain limited assurance that the data presented in the EHS reporting at Group level are in accordance with the reporting practice described and the information reported by the sites included. By agreement, we have performed "virtual visit" to the company's site in Chennai, India and on site visits to the company's sites in San Luis Potosi, Mexico and in Bodenheim, Germany in order to evaluate whether EHS data has been documented, collected and calculated in accordance with Group instructions.

Our review is based on an assessment of risk of misstatements. We believe that our work conducted provides a reasonable basis for our conclusion.

We have not performed an audit and, accordingly, we do not express an audit opinion.

Conclusion

During our review, nothing has come to our attention that causes us to believe, in all material respects, that the EHS Reporting for the Group is not in accordance with the described reporting practice and information reported by sites. Further, nothing has come to our attention that causes us to believe, in all material respects, that EHS data from the sites named above have not been documented, collected and calculated in accordance with Group instructions.

Copenhagen, April 29, 2013

Deloitte

Statsautoriseret Revisionspartnerselskab

Anders Dons
State-authorized Public Accountant



GRI PERFORMANCE SUMMARY

The Global Reporting Initiative G3 sustainability reporting guidelines are a source of inspiration to Grundfos in the preparation of reporting on sustainability. This performance summary comprises all the GRI performance indicators that Grundfos comply with.

This GRI assessment is based on the following Grundfos documents, all relating to reporting:

- Grundfos Sustainability Data 2012
- Grundfos Journal 2012
- Grundfos Annual Report 2012

We have assessed our reporting on sustainability for 2012 to be at a C+ level.

GRI	Standard disclosures	References
1.1	CEO statement	Sustainability Data 2012 p. 5 Grundfos Annual Report 2012 p. 4-15
2.1	Name of the organisation	Sustainability Data 2012 p. 4
2.2	Primary brands and products	Sustainability Data 2012 p. 4
2.3	Operational structure of the organisation	Grundfos Annual Report 2012 p. 18-19
2.4	Location of headquarters	Sustainability Data 2012 p. 4
2.5	Countries where we operate	Grundfos Journal 2012 p. 68-69
2.6	Ownership and legal form	Grundfos Annual Report 2012 p. 7 + 18-19
2.7	Markets	Sustainability Data 2012 p. 4
2.8	Scale of reporting	Grundfos Annual Report 2012 p. 15
2.9	Significant organisational changes	Grundfos Annual Report 2012 p. 18-19
2.10	Awards	Grundfos Journal 2012 p. 58-59 + 69
3.1	Reporting period	Grundfos Annual Report 2012 p. 20-25
3.2	Most recent previous report	Sustainability Data 2011
3.3	Reporting cycle	Grundfos Annual Report 2012 p. 20-25
3.4	Contact point	Sustainability Data 2012 p. 28-29
3.5	Defining report content	Sustainability Data 2012 p. 28-29
3.6	Boundary of the report	Grundfos Annual Report 2012 p. 20-25
3.7	Scope and boundary limitations	Sustainability Data 2012 p. 6-27
3.8	Reporting on joint ventures, subsidiaries etc.	Grundfos Annual Report 2012 p. 20-25
3.10	Re-statements	Sustainability Data 2012 p. 6-27
3.11	Changes in scope, boundary or measurement methods	Sustainability Data 2012 p. 6-27
3.12	GRI table	Sustainability Data 2012 p. 32-33
4.1	Governance structure	Grundfos Annual Report 2012 p. 18-19
4.2	Chair of the highest governance	Grundfos Annual Report 2012 p. 18-19
4.3	Unitary board	Grundfos Annual Report 2012 p. 18-19
4.4	Shareholders and employees' recommendations	Grundfos Annual Report 2012 p. 18-19
4.14	List of stakeholders	Sustainability Data 2012 p. 28-29
4.15	Identification and selection of stakeholders	Sustainability Data 2012 p. 28-29

Indicators			Sustainability Data 2012	
GRI		ECONOMIC		
EC1	core	Direct economic value generated and distributed	Sustainability Data 2012 p. 24	
		ENVIRONMENTAL		
EN3	core	Direct energy consumption by primary energy source	*Sustainability Data 2012 p. 9 (reporting on 90% of energy)	Environment 7-9
EN7	additional	Initiatives to reduce indirect energy consumption	Sustainability Data 2012 p. 10	
EN8	core	Total water withdrawal by source	*Sustainability Data 2012 p. 10 (reporting on 75% of water)	
EN16	core	Total direct and indirect greenhouse gas emissions by weight	*Sustainability Data 2012 p. 8 (reporting on 90% of CO2)	
EN22	core	Total weight of waste by type and disposal method	*Sustainability Data 2012 p. 11	
N/a	N/a	ISO 14001-certified production companies (%)	Sustainability Data 2012 p. 12	
N/a	N/a	OHSAS 18001-certified production companies (%)	Sustainability Data 2012 p. 12	
		HUMAN RIGHTS		
HR5	core	Operations identified in which the rights to exercise freedom of association and collective bargaining may be at significant risk	Sustainability Data 2012 p. 22	
HR 6	core	Operations identified as having significant risk for incidents of child labour	Sustainability Data 2012 p. 22	Labour rights 4
HR 7	core	Operations identified as having significant risk for incidents of forced labour	Sustainability Data 2012 p. 22	Labour rights 5
		Group Suppliers	Sustainability Data 2012 p.	
HR2	core	Significant suppliers and contractors that have undergone screening in human rights	Sustainability Data 2012 p. 25	Human rights 2
		LABOUR PRACTICES AND DECENT WORK		
LA1	core	Total workforce	Sustainability Data 2012 p. 16-17	Labour rights 6
LA3	additional	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Sustainability Data 2012 p. 17	
LA4	core	Employees covered by collective bargaining agreements	Sustainability Data 2012 p. 22	Labour rights 3
LA7	core	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region.	*Sustainability Data 2012 p. 22	Human rights 1-2
LA10	core	Training per year per employee	Sustainability Data 2012 p. 18	Human rights 1-2
LA12	core	additional	Employees receiving regular performance and career development reviews p. 19-20	
		PRODUCT RESPONSIBILITY		
PR5	additional	Practices related to customer satisfaction	Sustainability Data 2012 p. 24	
PR7	additional	Incidents of non-compliance with regulations and voluntary codes concerning marketing communication	Sustainability Data 2012 p. 24	
		SOCIETY		
SO2	core	Business units analysed for risk related corruption	Sustainability Data 2012 p. 21	Anti-corruption 10
SO3	core	Employees trained in anti-corruption policies and procedures	Sustainability Data 2012 p. 21	
SO4	core	Actions taken in response to incidents of corruption	Sustainability Data 2012 p. 21	
SO7	additional	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	Sustainability Data 2012 p. 22	
SO 8	core	Significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Sustainability Data 2012 p. 22	

*Deloitte has performed a review of Grundfos Environment, Health & Safety Data for 2012

