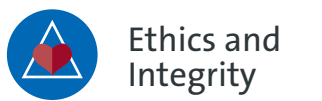
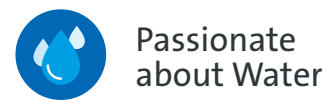
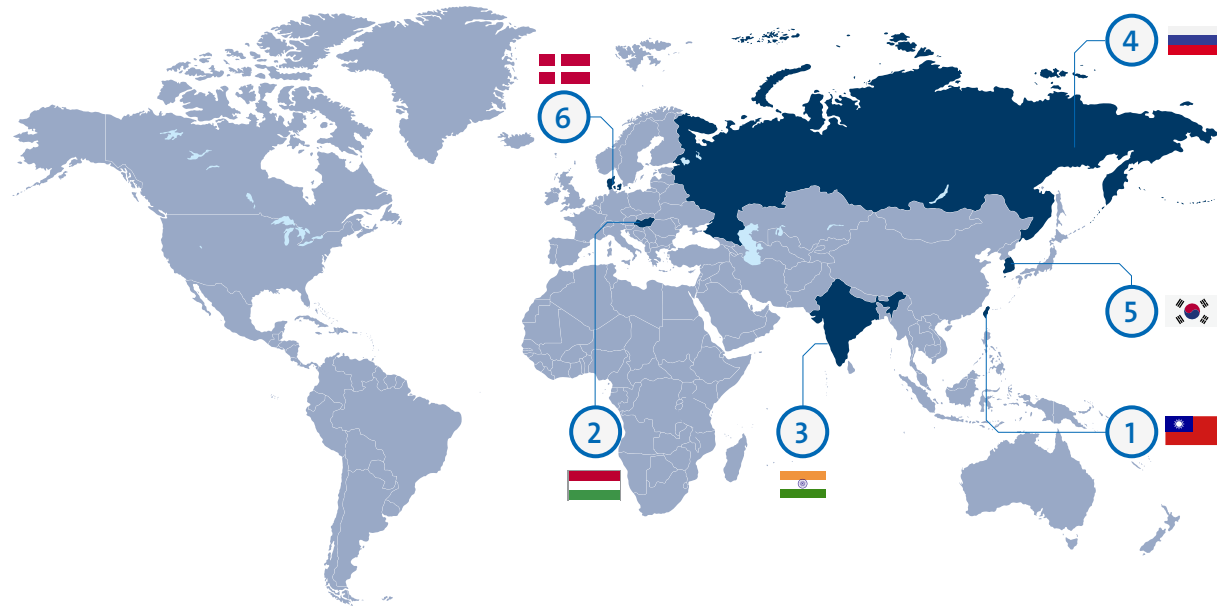


Sustainability Report 2017



Global highlights 2017



1. TAIWAN

Grundfos Taiwan wins the Taiwan Enterprise Environmental Protection Award for its solar power system. The company is also recognised by Taiwan's Ministry of Labour as one of the best-performing companies, in terms of promoting and implementing health and safety and as a workplace for middle-aged and older people.

2. HUNGARY

Grundfos Hungary wins the KÖVET Association for Sustainable Economies' Water Saving Special Prize, the HR Transformation Challenge for good career development, the Family Friendly Company Award for good work-life balance, the Ozone Green Award, and Deloitte's Hungarian Green Frog Award for Most Innovative Sustainability Report.

3. INDIA

Grundfos India is dubbed by Media Research Group to be India's Most Trusted Company 2017 under the pump manufacturers category.

4. RUSSIA

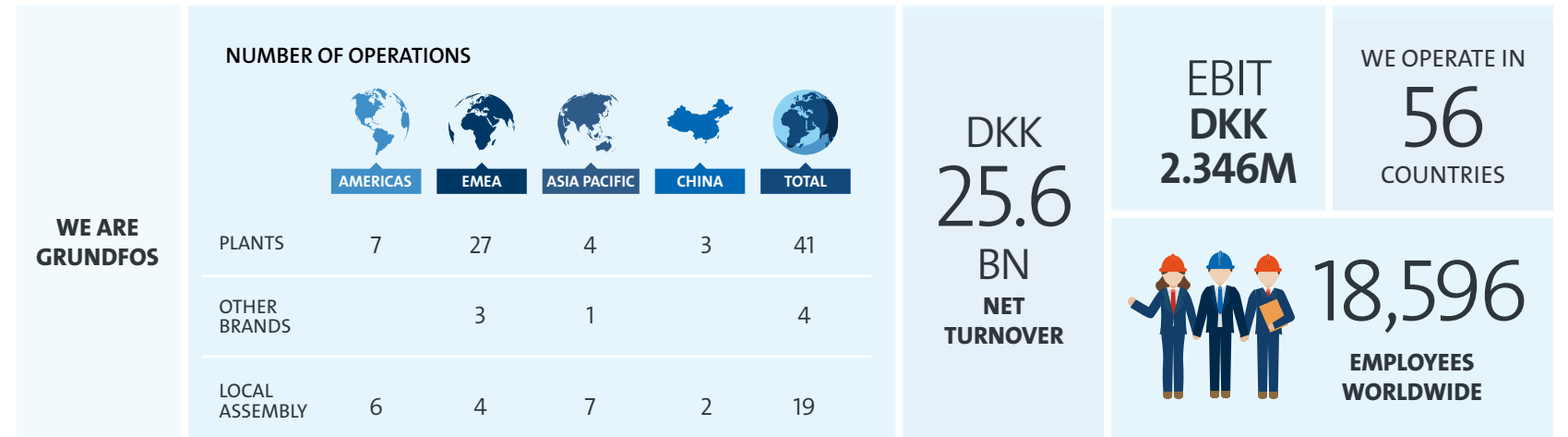
ALPHA3 is named the Product of the Year at the Time for Innovation Awards 2017.

5. SOUTH KOREA

A new production facility opens in Gwangju, South Korea.

6. DENMARK

Grundfos earns the top spot as Denmark's strongest company on environmental, social and governmental (ESG) issues in *Økonomisk Ugebrev*, an established Danish weekly business and political magazine.



GREEN AT HEART

ALPHA3 WINS PRODUCT OF THE YEAR 2016/2017

BY PLUS X AWARD

WE REACH THE **1,000,000TH** UNIT OF THE **MAGNA3** CIRCULATOR PUMP

SCALA2 BOOSTER WINS THE RED DOT AWARD FOR ITS HIGH-QUALITY DESIGN

reddot design award

PASSIONATE ABOUT WATER

34% REDUCTION IN WATER CONSUMPTION FROM 2008

FIRST SMART WATER DISPENSERS PILOTED IN REFUGEE CAMPS IN UGANDA

WATER FOR 28,000 PEOPLE IN VIETNAM THROUGH OUR EMPLOYEE PROGRAMME

MORE THAN **700,000** PEOPLE HAVE ACCESS TO **CLEAN WATER** THROUGH PARTNERSHIPS

RESPONSIBLE

91.4%* EMPLOYEES HAVE RETURNED TO WORK AFTER 14 DAYS OF SICK LEAVE

*Based on experience in Mexico, China, Serbia, Hungary, Germany, Denmark and the Netherlands

275 TRAINING OPPORTUNITIES IN OUR GLOBAL TRAINING WAREHOUSE

4,000 SAFETY WALKS

ETHICS AND INTEGRITY

NEW WHISTLEBLOWER SYSTEM INTRODUCED

FROM **15** SUSTAINABILITY SUPPLIER AUDITS IN 2016 TO **97** AUDITS IN 2017

MORE THAN **85%** EMPLOYEES PARTICIPATED IN THE **CODE OF CONDUCT** TRAINING

100% NEW SUPPLIERS SCREENED



13

Green at heart



Passionate about water

20

Contents

THE PROGRESS REPORT IS ORGANISED ACCORDING TO THE MAIN WAYS THAT WE TARGET RESPONSIBILITY:

Global highlights	2	Responsible	25
Table of contents	3	Occupational health & safety	27
Letter from the CEO	4	Training & development	29
		Employee satisfaction	30
We are Grundfos	5	Diversity & inclusion	31
Company profile	5	Local engagement	33
Priority topic assessment	7		
Our path to the Sustainable Development Goals	9	Ethics and integrity	35
Stakeholder engagement	11	Legal compliance	36
		Human rights & forced labour	37
		Sustainable supply chain	39
Green at heart	13		
Energy-efficient products & solutions	14	About the report	40
Product life-cycle	16	Key performance indicators	41
Environmental footprint	18	Indicator definitions	43
		The GRI content index	45
Passionate about water	20		
Water for all	21		
Partnerships for water	23		

25

Responsible



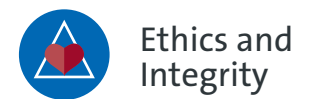
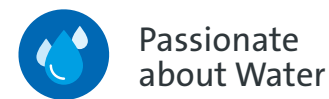
Ethics and integrity



35



On the cover Oscar Martinez Grimaldo, one of our General Operators at Grundfos Mexico



A Year of reflection

The year brought optimistic signs of global economic growth, along with more concerning indicators of instability as millions of refugees and migrants flooded out of their home countries in the biggest wave of human displacement on record. These developments took place as we are standing on the brink of another fundamental shift – “the fourth industrial revolution”, which will forever alter the way we work, live and relate to each other.

This fast-paced revolution affects – and disrupts – every aspect of Grundfos’ operations, from expectations in the local communities where we have a presence and the way our customers shop to the way we manufacture our products and the solutions we offer. We have taken a long, hard look at our business, and the role our products and solutions can play, to ensure that Grundfos evolves to meet the new challenges.

We need to make bold decisions if we are to continue our leading role in a highly connected, digitally integrated world where social value is becoming a yardstick for business performance.

SUSTAINABILITY IS OUR BUSINESS

Sustainability has always been our business. We are grateful to have twice won recognition from the United Nations for our efforts to address global water challenges. These challenges are

more relevant than ever – water was first listed in the World Economic Forum’s Top 5 Global Risks in 2012, and it has stayed on the chart ever since – because water is an intrinsic part of any plan to cope with the challenges ahead. Grundfos focused on initiatives supporting our 2020 strategy for a sustainable future, and these issues will remain priorities in the years to come.

Tangible results included working closely with key partners to bring safe water to more than 700,000 people, and in collaboration with the humanitarian organisation ADRA International we aim to help another 1.5 million people in the next five years alone.

As in previous years, we have calculated the annual electricity savings represented by the high-efficiency circulator pumps that we have sold in the EU since 2005. In 2017, these Grundfos solutions saved an estimated 6.6 billion kWh.

RESPONSIBLE GROWTH

We’ve acted decisively on human rights. After revising our Code of Conduct in 2016, this year we launched Code of Conduct Training in which more than 85% employees worldwide took part.

We also increased our supplier audits from 15 to 97 audits and completed our first in-depth, on-site human rights assessment in Suzhou, China.

This year, our sales organically grew by 5.3%, the highest level ever. However, this achievement also meant our energy, water consumption and carbon emissions increased slightly. We also saw a slight

rise in work-related injuries. We believe these results are no more than temporary aberration, but it has prompted us to thoroughly assess our approach. We will launch a safety incident management system in 2018 and accelerate efforts to lower energy and water consumption.

TRANSPARENCY IS TRUST

In 2016, we set out to improve our collection of data and our reporting. This transparency improves collective knowledge about complex topics, enabling collective action at a practical level. It aligns with our values – to be open and trustworthy.

We have supported the UN’s Global Compact principles since 2002 and will continue to do so. Our customers and the communities in which we operate know that they can trust us to observe the highest standards. We are determined to maintain that trust, and to conduct business in an ever-more sustainable way.

I am proud of our achievements, but there is so much more we need to do. It’s about more than pumps – it’s about our impact on the world of which we are a part.

As we grow our business in a changing world, we remain committed to developing the most energy and water-efficient solutions available, exploiting the opportunities offered by new technology for greater sustainability. We are determined to strengthen our contribution to the Sustainable Development Goals (SDGs) #6 and #13, and to be an inclusive and diverse company.

Every time we partner with customers to deliver sustainable, responsible products and solutions, we strengthen our belief that we can meet the needs of today without compromising future generations.

With that in mind, come and join us on a journey through our 2017 results.

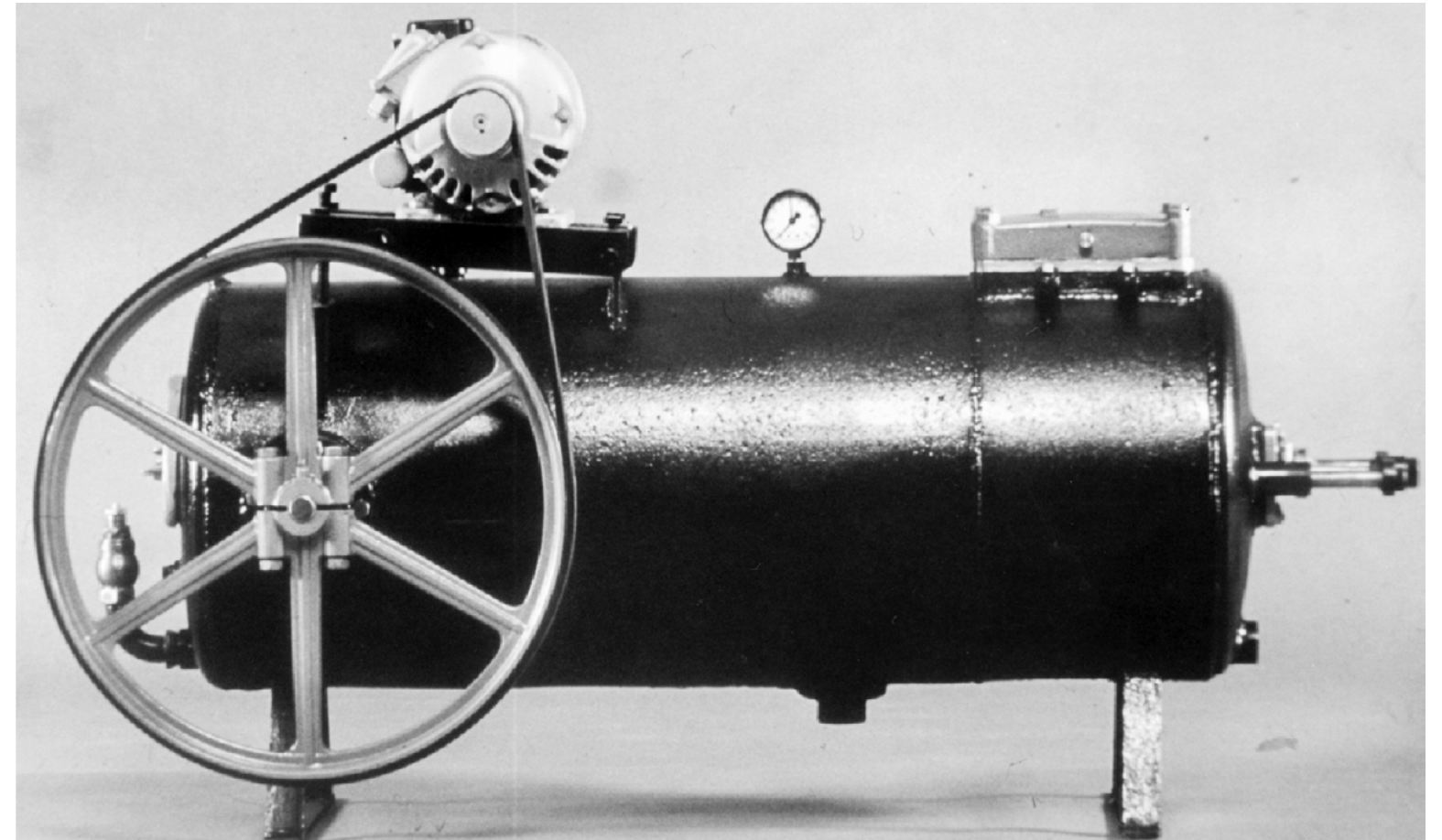


Mads Nipper, Grundfos CEO



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.



Left: The ALPHA3 (2016), our latest circulator for domestic buildings. Right: Foss 1, also known as “The Pig” (1945), was our first pump ever made

We are Grundfos

COMPANY PROFILE

Our story began with one man’s ambition to make a difference. Grundfos was founded in 1944, but it was in 1945 that our founder Poul Due Jensen, the only employee of a small smithy in Bjerringbro, received an order from a neighbouring farmer who wanted a small, automated system to solve his problems in accessing clean water. Poul Due Jensen provided a shallow groundwater piston pump, known as Foss 1, our first pump ever made.

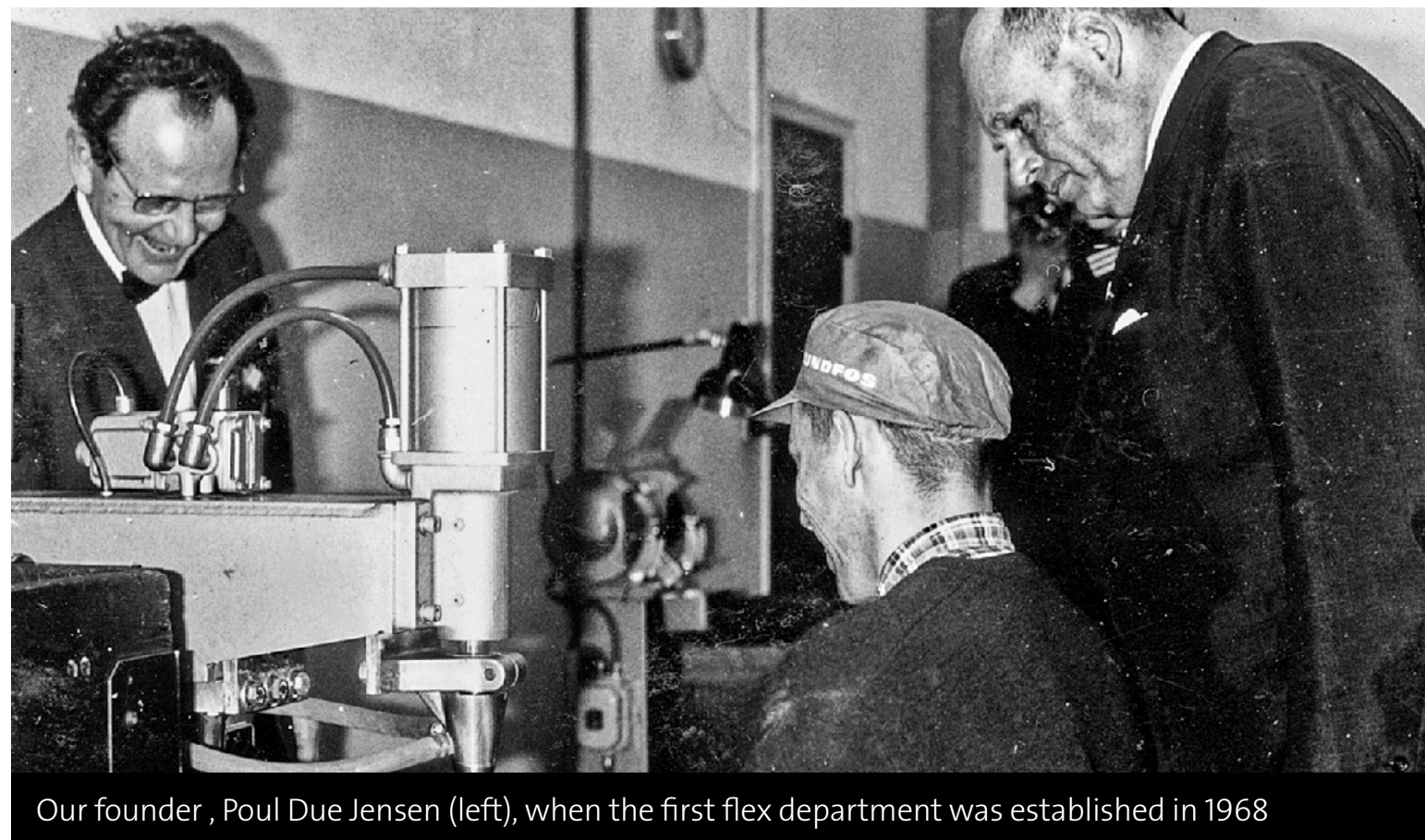
The company expanded from producing 500 pumps in 1947 to 50,000 in 1959, and has since become one of the world’s leading providers of pump solutions with annual production standing at more than 17 million units. Grundfos Holding A/S, based in Bjerringbro, Denmark, is the Parent Company of the Grundfos Holding A/S Group, and our primary owner is the [Poul Due Jensens Fond](#) with 87.6% of the share capital

in Grundfos Holding A/S, while the founder’s family owns 10.6% and the employees own 1.8%.

We have a board of directors and day-to-day operations are run by Group Management. Both work together closely in making sure we prosper while staying true to our values and beliefs.

PRODUCT SOLUTIONS AND MARKET SERVED

Technical expertise, customer-oriented research and development, progressive innovation and digitalisation are at the core of our formula for delivering [sustainable pump solutions, services and water technologies](#) for a better tomorrow; solutions that benefit our customers and the environment. What sets our pumps apart is the built-in electronics that transform them into intelligent, need-based performance systems that can significantly reduce water and energy consumption.



We supply complete [pumping systems and solutions for buildings, industry and every aspect of water use](#). A large part of our business is our market-leading circulator pumps that provide [heating and cooling for domestic and commercial buildings](#). Our broad portfolio includes pump solutions for [industrial applications](#) from agriculture to breweries; Grundfos is a dominant player in the sector, providing centrifugal pumps for [water supply, sewage, wastewater, dosing](#) and other purposes. Passionate about water, we go all out to close the water-cycle loop with our product solutions, from cleaning water to delivering it wherever it is needed, from cities to remote villages. In addition, we develop and sell energy-efficient motors and advanced electronics.

We operate in 56 countries. Through 83 companies and through our network of partners, distributors and subdealers we have a presence in even more. Our primary brands are Grundfos' own brands, DAB/DWT, Biral Isia, and Enaqua. We have sales companies in all markets that we serve and our customers include end-users, dealers and distributors, installers, and contractors.

We divide our market into four regions: EMEA (Europe/The Middle East/Africa), Americas (North, Central and South America), APREG (Asia/Pacific), and China. We will split EMEA into WEREG (Western Europe) and EEWAA (East Europe, Western Asia and Africa) from January 1st, 2018.

PURPOSE

Grundfos is a global leader in advanced pump solutions and a trendsetter in water technology. We contribute to global sustainability by pioneering technologies that improve quality of life for people and care for the planet.

BUSINESS FOUNDATION

[Grundfos values](#) define who we are and what we stand for as a company. They guide our actions and serve as our cultural cornerstones wherever we are in the world.

[Grundfos Code of Conduct](#) sets the direction for the company, and sets out guidelines for employees. It applies to all Grundfos companies and employees, in all countries and all positions.



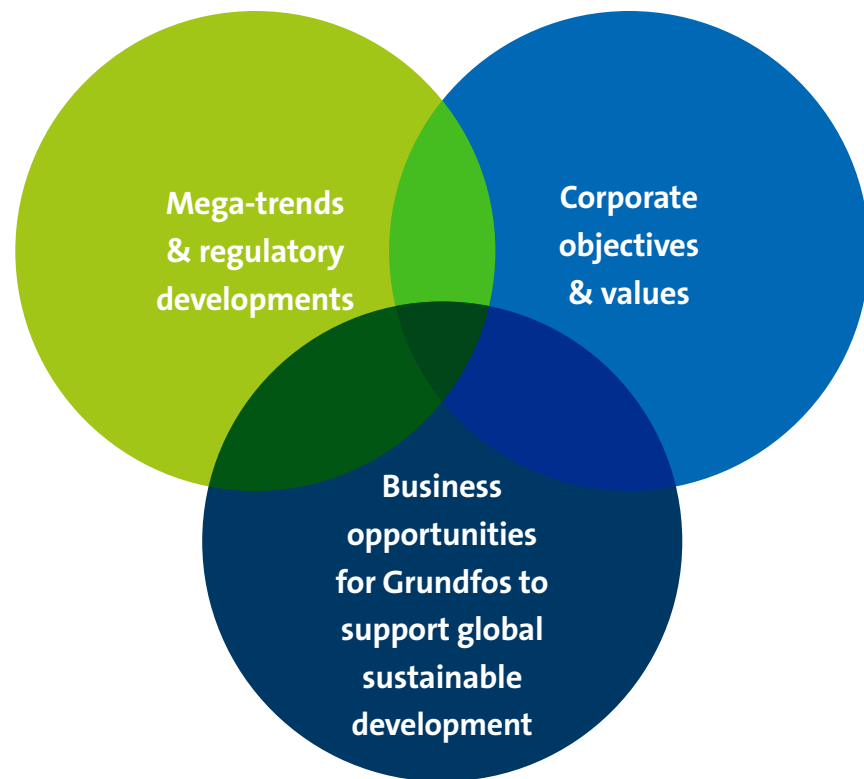
Grundfos Code of Conduct further articulates our values and sets out behavioural guidelines for good business ethics.

[A Pump - Grundfos Corporate Movie](#) is the story of Grundfos and Poul Due Jensen, the founder of Grundfos – how his vision and ambition guided Grundfos to where we are today.

SIGNIFICANT CHANGES IN 2017

Group supply chain covers activities within planning and delivery of products and solutions, including administrative processes, material flow of products, transportation, warehousing, planning, line feeding and procurement.

We restructured our Group supply chain to better fit the regional structure of our operations. Significant reorganisation of our production and distribution setup included closure of our factories in Switzerland and a decision to phase out a production plant in Denmark. We consolidated our factory in South Korea and expanded production in India and China to strengthen local market support and reduce our transport footprint.



The three-pronged approach to identify our priority topics

Priority **topic** assessment

We engaged in a three-pronged qualitative assessment approach to identify our priority topics. The approach looked at: (a) mega-trends and regulatory developments, (b) corporate objectives and values and (c) opportunities to support global sustainable development.

We looked at mega-trends and regulatory developments that could have an impact on our business areas, which allowed us to identify future opportunities. Examples of relevance to us include projections on access to water, water quality and treatment, refugee streams and geo-political developments.

We also saw a trend in legislation on human rights issues (including modern slavery), chemicals, conflict minerals and transparency requirements that could lead to these issues being more closely integrated, especially as value chain transparency increases. This trend challenges what one could call the traditional triple bottom line approach to sus-

DRIVERS	OUTPUTS	OUTCOME	IMPACT	
Values + Strategy	Green at heart Energy efficiency, product life-cycle, environmental footprint	Green at heart Offer solutions that use as little energy as possible, integrate products and digitally enabled solutions, leverage new technology for the benefit of our customers and the environment.	Create Societal Value As a global leader in advanced pump solutions and a trend setter in water technology, pioneering technology and solutions that improve quality of life for people and care for the planet	
	Passionate about water water for all, partnerships for water			Passionate about water Contribute to the global water challenge through technology and by utilising new business models to introduce sustainable solutions that strengthen our position in the market.
	Responsible Health and safety, employee satisfaction, diversity and inclusion, local communities			Responsible Attract the best global talent to stay competitive, whilst making a positive difference to local communities.
	Ethics and integrity Anti-corruption, human rights, sustainable supply chain			Ethics and integrity Maintain high ethical standards in our business, throughout the value chain, because it is the right thing to do.

A “theory of change”, showing how we see the connection between our material topics and the impact we aim for, as expressed in our purpose

tainability, with the three topics (people, planet, profit) often thought of and approached separately. Digitalisation plays a significant role in altering the way we work, live and relate to each other – from the way our customers shop to the way we manufacture, the solutions we offer and the impact we can have on “the triple bottom line”.

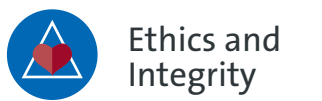
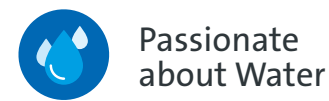
We took a fresh look at our corporate objectives and values in this context to better understand how we are currently positioned and assess our impact now and in the future. This led to the final leg, the identification of opportunities for Grundfos to support global sustainable development, which incorporated an analysis of SDG opportunities and gaps. We followed an impact-based approach to our business strengths within pumps, pump solutions, service and water technologies, always asking, how can we enhance our social value as a business?

We engaged a wide range of stakeholders to carry out a more traditional materiality survey, asking our stakeholders to rank different topics. The survey was not as robust as we would have liked and we used the results with some caution, adding interviews as verification.

The result was the identification of “future proof” material topics – those where we have an impact today and those that lie ahead.

THE MATERIAL TOPICS

We arrived at our first two material categories, “Green at Heart” and “Passionate about Water”, by making a holistic assessment of three areas: (a) trends within water, energy and climate, (b) our mission to care for the planet, and (c) key business strengths and potential impact areas within efficient pump solutions, service and water technology. “Green



at Heart" focuses on reduced impact on resources (energy efficiency, product life-cycle and environmental footprint), while "Passionate about Water" focuses on helping with the world's water challenges (water for all and partnerships for water).

To arrive at our other two material categories, "Responsible" and "Ethics and Integrity", we coupled: (a) trends within regulation, societal expectations, and social contract issues, (b) our values and mission to improve the quality of life, and (c) key business strengths within a diverse and inclusive work force which conducts business in an ethical manner. "Responsible" focuses on creating a diverse, inclusive and safe workplace (health and safety, employee satisfaction, diversity and inclusion, and local communities), while "Ethics and Integrity" focuses on social contract issues (anti-corruption, human rights and a sustainable supply chain). The topics are found to the right in a value chain perspective.

To place the findings in the context of the wider business, the topics are assessed in terms of a "theory of change", showing how we see the connection between them and the impact we aim for, as expressed in our purpose.

Outcomes are notoriously challenging to measure – they are often qualitative in nature and affected by numerous other elements in society. We attempt to report on the outcomes in the SDG index (see pages 45-47), whilst a large part of the sustainability report is dedicated to the outputs – processes, standards and programmes that support the realisation of the intended impact. They should be seen together, because only together do they draw a picture of our intentions, efforts and in the end – outcomes and impact.

We have used the same key indicators to track our performance for a decade, enabling transparent year-on-year comparisons. To retain the benefit of this comparison capability we maintain the same key performance indicators, while performance on our material topics can be tracked in the GRI Index.

A "FUTURE PROOF" ASSESSMENT?

We embarked on a process to "future proof" the materiality assessment. We did this by working with mega-trends, regulatory developments, and company purpose and values, building on assumptions about what the world is and may become. Consequently, it is not a list of sustainability issues, but elements on which to build the future of Grundfos from a "sustainability meets business" point of view.

The mega-trends we continue to track include access to water, water quality, food security and urbanisation. Then there are regulatory trends on energy efficiency, renewable energy, digitalisation, human rights and anti-corruption, and a range of other issues that are important to efficiently running and future-proofing our business and operations. The tricky part is making sense of it all; to do so we have used the three-pronged, impact approach.

This means the findings are subject to change; changes in assumptions and changes in our actual and intended impact. In other words – this is a picture in time. We commit to constantly improve our understanding of the time we live in, our role and how we as a business can contribute positively to global sustainability.

Material Issue	Value Chain				
	Materials	Tier 1 suppliers	Grundfos	Business channels	End users
Green at heart					
Energy efficiency					
Product life-cycle					
Environmental footprint					
Passionate about water					
Water for all					
Partnerships for water					
Responsible					
Occupational health & safety					
Employee satisfaction					
Diversity and inclusion					
Local communities					
Ethics and integrity					
Anti-corruption					
Human rights					
Sustainable supply chain					

Direct impact Indirect impact



Our path to the Sustainable Development Goals

GRUNDFOS RECOGNISES THE BUSINESS POTENTIAL IN THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (THE SDGS), ALSO KNOWN AS THE GLOBAL GOALS, AND THE NEED TO IDENTIFY AND DEVELOP SOLUTIONS TO SCALE.

Sustainability is in our DNA; we've always supported our customers with a portfolio of sustainable products and solutions. Anchoring our strategy to the SDGs was a natural continuation of our heritage and working with them is an ongoing process.

We are proud to offer customers some of the world's most energy-efficient, durable water solutions. Water handling in all its forms is what we do best; providing customers with this expertise is where our reach into the world goes widest and deepest. That is why, from the beginning, we have made SDG #6 the backbone of our effort. We constantly work to integrate this goal into our organisation as a framework of opportunity for our business – as the meeting point between doing well as a business and actively seeking to do good for society at large. This is the first step in opening the business to the range of opportunities that the SDGs represent. We want an organisation of engaged people, who spot the business opportunities of positive change.

Last year, we mapped how the SDGs affect different parts of our business and this year we completed a gap analysis. Combining these two results provided us with an overview of opportu-

nities, impact and gaps in an SDG framework. It led to the identification of priority SDGs within each of our strategic impact areas towards 2020:

- **Green at heart.** A focus on SDG #13 and providing energy-efficient solutions. Read more on page 13.
- **Passionate about water.** Here we focus on SDG #6 and providing sustainable water solutions to existing and future customers. Read more on page 20.
- **Responsible,** with a focus on SDG #8. Read more on page 25.
- **Ethics and integrity,** with a focus on SDG #16. Read more on page 35.

We have also started reporting on these core SDGs.

THE SDGS DO NOT STAND ALONE

The SDGs are a unique way of outlining opportunities for the private sector and helping it to have a positive impact on society when doing business. At the same time, it is important to note that they do not stand alone; life-cycle assessments, sustainable product design, the UN's guiding principles and other frameworks and methods are all part of a comprehensive approach to sustainability.



Priority SDGs and our strategic impact areas towards 2020



IN PRACTICE

Support SDG #6 and SDG #13 with sport

DURING THE WOMEN'S HANDBALL WORLD CHAMPIONSHIP 2017 IN GERMANY, WE TOOK THE OPPORTUNITY TO SHOW OUR COMMITMENT AND CREATE AWARENESS OF THE UN'S SUSTAINABLE DEVELOPMENT GOALS #6 AND #13.

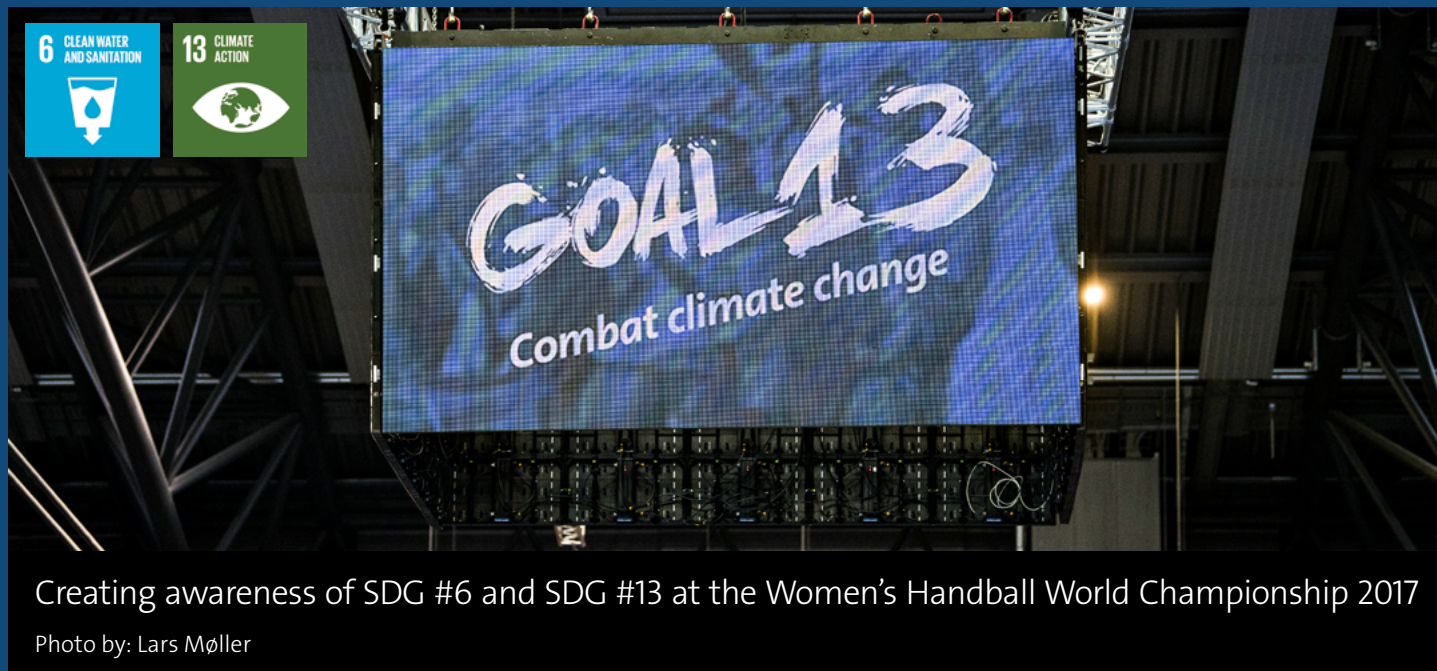
In close cooperation with two NGOs, WaterAid and Practical Action, Grundfos chose four water and climate projects in Timor Leste, Mali, Kenya and Peru/Bolivia; two for goal #6 and two for goal #13.

Prior the competition, we randomly assigned each national team with two projects to support. So each time a national team scored the

first goal 6 or 13 in a match, a sum of money was donated to the project assigned to that team.

“We love sports and are just as relentlessly ambitious as the players are,” says Mads Nipper, Grundfos CEO. “Water is the foundation of Grundfos’ business and of all of our lives, and as the world faces a global water crisis, we are committed to being part of the solution. Our work with the sustainable development goals #6 and #13 is part of that commitment.”

France came out of the tournament as the new World Champions, and at the end of the tournament we donated a total of €55,400 to support the selected projects.



Creating awareness of SDG #6 and SDG #13 at the Women's Handball World Championship 2017

Photo by: Lars Møller

IN PRACTICE



Grundfos hosted and sponsored the water track

Innovative ways of meeting the SDGs

MORE THAN 1,000 PROFESSIONALS GATHERED AT A WELL-ATTENDED, 10-DAY INNOVATION LAB IN DENMARK TO SEARCH FOR FRESH, NEW RESPONSES TO THE SDGS. SOME OF THEM VISITED US IN BJERRINGBRO.

UNLEASH is a global innovation lab that brings together people from around the world to brainstorm and generate insights and ideas on building robust global networks around the Sustainable Development Goals. Each SDG represented a track; Grundfos hosted and spon-

sored the water track, which brought more than 120 professionals to our headquarters in August 2017. They got acquainted with Grundfos technologies like the AQtap, BioBooster and SQflex, and gained a deeper insight into what it means to be a water-technology company. They collaborated on finding fresh and innovative solutions to some of the world's water-related issues.

“The involvement of Grundfos in linked markets, as opposed to the core business of pumps, I found very progressive,” says Matthew Davey from South Africa, who was one of the participants in the UNLEASH Innovation Lab 2017.



Our headquarters in Bjerringbro, Denmark

Stakeholder engagement

Building a strong relationship with our stakeholders helps us understand how and where we can contribute value to society through our business and the way we do business. We engage at all levels, from production employees to senior management.

We consider several aspects when choosing whom to engage with and how. Some of these are:

- Shared values
- Similar impact goals and mutual benefits
- Network and advocacy opportunities
- Complementary skills and expertise
- Opportunities for collective action, sharing/learning best practice and raising awareness of material topics

Stakeholder Group	Engagement methods	Topics
Customers	Consumer survey, websites, product websites, e-learning (Grundfos for installers), online tool for wholesalers (MyGrundfos), social media, direct contact through sales, customer meetings, industry trade group meetings, awards (Customer Satisfaction Survey)	All issues related to products and solutions including innovation, ethical business conduct, pricing, manufacturing processes and impact
Employees	EMS (Employee Motivation Survey), Intranet, town hall meetings, training & learning warehouse, whistleblower system, safety week, Water2Life	Ethical business conduct, business performance, sustainable innovation and production, Environmental health & safety (EHS), human rights, diversity and inclusion
Suppliers	Direct purchase, supplier awards, Supplier Code of Conduct awareness, meetings, audits, trainings, conferences	Impact of SDGs, human rights, ethical business conduct
Global and local partners	For Memorandum of Understanding (MoU) partners, we have key account managers who hold regular meetings with them every year	Provision of water and social impact
Local communities	Direct local engagement, employee volunteers, collaborative partnerships, sponsorships	Impact of SDGs, ethical business conduct, human rights, environmental issues, volunteering
NGOs	Governmental affairs liaisons, direct engagement, meetings, advocacy, dialogue	Impact of SDGs, ethical business conduct, human rights, environmental and water related issues
Development banks and advocacy organisations	Direct engagement, meetings, advocacy, dialogue	Impact of SDGs, finance, policy positions
Government & policy makers	Governmental affairs liaisons, direct engagement, meetings, advocacy, dialogue	Ethical business conduct, legal compliance, research and development, policy positions, SDGs



We reached out across our organisation and asked who we work with, why and how. The table below summarises the importance to our stakeholders when it comes to our four material areas.

Material issue	Stakeholder	Importance to stakeholders	Importance to Grundfos
Green at heart	<ul style="list-style-type: none"> • Customers • Employees • Development banks & advocacy organisations • Governments & policy-makers • Local communities • NGOs 	Focus on quality, product and system efficiency gains and life-cycle costs to stay competitive	Leverage new technology to the benefit of our customers and the environment through innovative pump solutions, services and water technologies
Passionate about water	<ul style="list-style-type: none"> • Customers • Employees • Development banks & advocacy organisations • Governments & policy-makers • NGOs 	Increased focus on water quality, accessibility, water as a service and effects of climate change	Help meet global water challenges through technology and by utilising new business models to introduce sustainable solutions that strengthen our position in the market
Responsible	<ul style="list-style-type: none"> • Employees • Development banks & advocacy organisations • Governments & policy-makers • Local communities • NGOs 	Increased focus on diversity and an inclusive, equal and safe working environment	Attract the best global talent to stay competitive, whilst making a positive difference to wider society by including marginalised groups
Ethics and integrity	<ul style="list-style-type: none"> • Customers • Employees • Development banks & advocacy organisations • Governments & policy-makers • Local communities • NGOs • Suppliers 	Increasing legislation and focus on “social contract” issues and business ethics	Maintain high ethical standards in our business, throughout the value chain, because it is the right thing to do



Green at heart



“
For decades, our products and solutions have contributed to sustainability through their quality and low energy consumption. Now digitalisation gives us smart, innovative and more efficient ways to optimise water systems, find water leaks and achieve better utilisation of clean water – because water is indeed a limited and precious resource.”

Lars R. Enevoldsen,
Group Vice President Technology & Innovation

As a mindset that is rooted in our values, sustainability is our way of doing business. We take responsibility for making a genuine difference in the world, particularly in terms of climate change and water scarcity. We address these challenges the best way we can: By helping our existing and new customers meet their needs in an ever-more energy and water-efficient manner, through our work with the product life-cycle and by walking the talk when it comes to our own footprint.

This chapter is divided into:

- Energy-efficient products and solutions
- Product life-cycle, including sub-sections for materials, customer health and safety, marketing, and labelling
- Environmental footprint, including sub-sections for energy and CO₂, water and waste.

We include a description of the approach to each sub-section, while the results are reported at the section level.

HIGHLIGHTS

<p>SAVING IN 2017: AN ESTIMATED</p> <h2 style="font-size: 2em; margin: 0;">6.6</h2> <p>BILLION KWH, OR THE EQUIVALENT OF THE ANNUAL ELECTRICITY CONSUMPTION OF 4.0 MILLION EU RESIDENTS</p> <p>VALUE IN 2016: 5.5 BILLION KWH</p>	<h2 style="font-size: 2em; margin: 0;">23%</h2> <p>REDUCTION IN CO₂ EMISSIONS SINCE 2008, 10.6% INCREASE COMPARED TO 2016</p>
<h2 style="font-size: 2em; margin: 0;">34%</h2> <p>REDUCTION IN WATER CONSUMPTION FROM 2008, 2.4% INCREASE COMPARED TO 2016</p>	<h2 style="font-size: 2em; margin: 0;">4.5%</h2> <p>OF OUR TURNOVER WAS INVESTED IN DEVELOPING NEW SOLUTIONS COMPARED TO 4.7% LAST YEAR</p>



Energy-efficient products and solutions

OUR APPROACH

We are grateful that we can contribute to global water challenges by offering solutions that use as little energy as possible. Energy efficiency is at the heart of every Grundfos pump solution. Digitalisation, application knowledge, strong research and development capabilities, along with our deep customer and end-user insights, allow us to meet the future with confidence. As innovation leaders, we aim to take full advantage of the benefits new technology can bring. In the future, a substantial part of our offerings will integrate products and digitally enabled services.

OUR RESULTS

As in other years, we have calculated the elec-

tricity savings of all our high-efficiency circulator pumps sold in the EU between 2005 and 2017. The result implies a total annual energy saving of 6.6 billion kWh, or the equivalent of the annual electricity consumption of four million EU residents.

During 2017, we allocated 4.5% of our turnover to developing new solutions and launched close to 30 products including pumps, systems, and line upgrades to new products across our various portfolios. Driven by our core value of being “relentlessly ambitious”, we keep challenging ourselves to innovate and deliver even better solutions for our customers so they can save money as well as reduce their impact on resources through ever-more efficient energy and water consumption.



The newly developed GO replace app allows an installer to take a picture of a defective pump and find out if it can be replaced with the latest circulator pump in the ALPHA range

IN PRACTICE

Pay as you save

IN THIS NEW BUSINESS MODEL, THE MONEY THAT CUSTOMERS SAVE ON WATER AND ENERGY IS USED TO PAY FOR THE NEW SYSTEM AND PUMP SOLUTIONS.

It is a performance-based contract, meaning that customers pay off the purchase price of their new and improved pump solutions over a period, using the money that the equipment upgrade lets them save on energy and water bills. “The concept is ideally suited to countries where our solutions have significant impact, but where customers might appreciate the limited up-front investment required, such as Cambodia. On top of that, only part of the savings finances the solution, so the customer can profit from the savings too,” explains Chee Meng Tan, Regional Business & Product Portfolio Director in Water Utility, APREG.

For this business model we focus on Demand Driven Distribution (DDD) and pump replacement because DDD cuts energy use and water leaks by accurately maintaining water pressure. System performance can be monitored via Grundfos remote management, making it possible to gather performance

data for both water and energy saving.

The pilot project is up and running in Takeo, Cambodia, where we calculate the municipality will save more than 86,000 kWh in electricity and around 23,800 m³ water per year, with a five-year payback time. “We are currently auditing several projects and are working closely with the Cambodia Water Association to ensure that a sustainable solution is available,” Chee Meng adds.

SUSTAINABILITY FACTOR The energy and water savings are used to pay for the system upgrade.



Our team is working closely to ensure a sustainable solution at Takeo, Cambodia

More interesting cases on www.grundfos.com/cases-sustainable

“We can promote a sustainable solution to save energy and water to municipalities.”

Chee Meng Tan, Regional Business & Product Portfolio Director in Water Utility, APREG



Decentralised wastewater treatment using Biobooster technology

“Grundfos Filtration Units may turn out to be the best ceramic membranes for the application in terms of performance and economy.”

Emmanuel Trouve, General Manager, AMT Nereus

IN PRACTICE

Tackling agricultural challenges

A SUSTAINABLE WAY TO EXTRACT WATER FROM BIOGAS DIGESTATE AND SLURRY HELPS FARMERS TO RETURN IT SAFELY TO NATURE WITH ITS REMAINING NUTRIENTS.

Storing slurry and digestate from biogas plants, transporting it to farms and spreading it in the fields can be ineffective and rather costly. A new, compact and environment-friendly method is available in the form of the Grundfos Biobooster, the key element of which is a new original patent-protected Grundfos BioBooster Membrane Filtration Unit. This was co-developed with our customer AMT Nereus, a Luxemburg/France based water company. The unit filters the slurry or digestate to such a degree that all particles bigger than five nanometres are separated out. The result

is a decentralised wastewater treatment method that permits re-use of the water and the recovery of the remaining nutrients.

There are approximately 15,000 farms and 1,500 biogas plants in Europe. “Farmers and biogas plants need much less storage capacity and much less transport. With this method, it is now possible to extract water from the digestate and slurry and clean it efficiently to be discharged into streams in the local environment without any use of chemicals,” says Emmanuel Trouve, General Manager, AMT Nereus.

SUSTAINABILITY FACTOR Farmers can now extract water from the digestate and slurry, clean it efficiently and discharge it into streams without using any chemicals while retaining its nutrients.



Product **life-cycle**

OUR APPROACH

It is our ambition to ensure sustainability at every stage of the product life-cycle: From extracting raw materials and manufacturing to distribution and usage. As part of our key development processes, we have implemented an eco-design tool that supports life-cycle thinking; this allows us to set clear, specific targets to reduce our impact throughout the product life-cycle.

With the support of specialists in the use of this eco-design tool, all new product development projects will be responsible for ensuring that we meet our goals for each life-cycle stage. As we build stronger Life Cycle Assessment (LCA) competencies within our product development organisation, we are able to integrate this broadly recognised methodology, not only as a way to document the environmental performance of our products and solutions, but also as an aid to decision-making during product design. We aim not only to meet global standards but go beyond them, keeping track of international regulations, market trends and customer needs and adjusting our management approach accordingly. We therefore adhere to the [Grundfos Environmental Health & Safety \(GEHS\) Policy](#), [Sustainability Policy](#) and our Business Development Environmental Objectives (ISO 14001).

Materials

OUR APPROACH

Grundfos makes physical products, mainly using metals, polymers, ceramics, and electronic components. This entails the consumption of raw ma-

terials, some of which are in limited supply and/or have environmental impacts.

We therefore continually look for innovative ways to reduce our material footprint without compromising value or quality, for example with our Design-to-Value initiatives which focus on designing high-quality products that use fewer raw materials. Other projects aimed at closing the loop on material consumption include take-back systems, circular business models and design for disassembly.

We are also constantly reducing or eliminating the use of certain hazardous substances in our products and production processes. These substances appear in our restricted substance list called the [Grundfos Focus List](#), with which all our suppliers must comply.

Customer health and safety

OUR APPROACH

If not managed responsibly, Grundfos products have the potential to harm users. Risks include electric shock, moving parts, radiated energy, use in explosive atmospheres, and direct contact with or consumption of substances of concern. Most of these potential risks occur during the installation, use and disposal stages of the product life-cycle.

To ensure that we meet minimum legal requirements regarding product safety, all products must undergo risk assessments to check that they are safe for their intended use. Additionally, all products are tested and verified for compliance with applicable international safety standards and in many cases, this verification and certification is performed by independent third parties (approval agencies).



Furthermore, we actively participate in several key national and international technical standardisation committees that are drafting ambitious, harmonised requirements for products such as ours. Where we are not actively participating, we make sure we follow international standards, setting clear goals and delegating specific tasks to specialists in each area.

Our product health and safety programme includes chemical management, product approvals and CE marking, and product compliance management processes. We closely monitor international regulations, market trends and customer needs, and change our management approach where necessary.

Marketing and labelling

OUR APPROACH

Clear communication of the compliance, performance and end-of-life handling of our products to our customers is of paramount importance for us. We achieve this through product marking and providing information in our technical product documentation, installation & operating manuals (I&O), safety manuals (IOS) as well as on the Grundfos website.

Our results

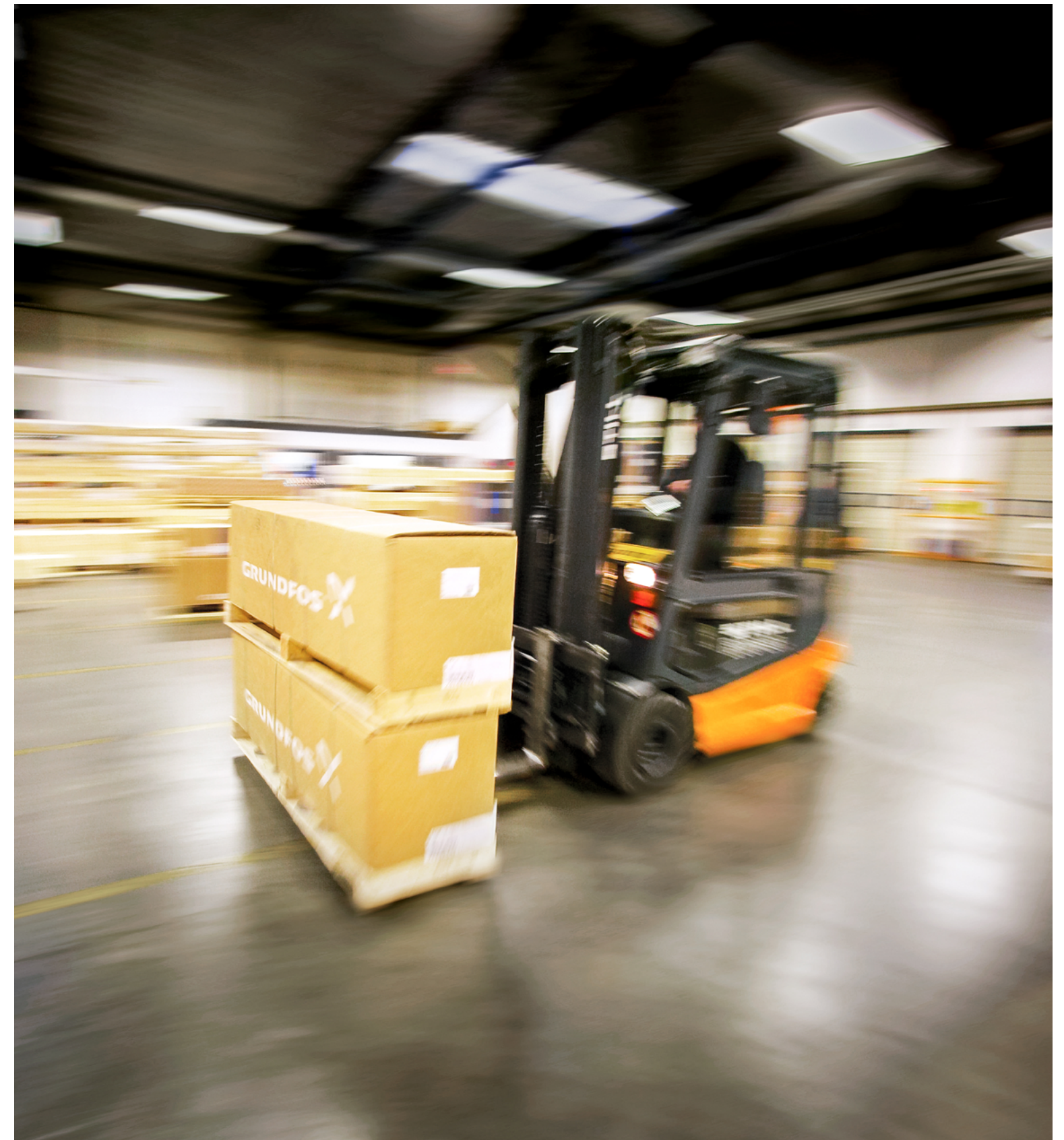
With the full integration of our eco-design tool into key design processes, we are now able to get traction on setting specific targets for reducing the impact of our products across the life-cycle. This will be fully implemented in 2018 with all new product development projects. Likewise, the systematic use of LCA methods has already in the early stages of implementation allowed us to make design decisions that not only fulfill the technical specifications set, but also provide documented improvements regarding environmental impact.

Regarding the materials we use, different products are made with different amounts of recycled materials: Typically all the aluminium and 90% of the cast iron in Grundfos products are derived from recycled materials. Additionally, the stainless steel we source is approximately 60% recycled, copper 50% and polymer materials 0-10%. Most of our packaging material (wood, paper) can be 100% recycled.

Following up on our efforts the previous year, we have implemented a global process for monitoring regulatory requirements for our products – not only those that apply to environmental standards, but all relevant legislation and standards that impact our product solutions. The aim now is to ensure that this process is running efficiently across the global organisation.

We also continue the roll-out of a new chemical compliance IT platform for our products on a global basis to ensure that we can fully document our compliance and to facilitate faster responses to our customers. Our goal is to provide Certificates of Product Chemical Compliance for all standard products and variants upon request. We communicate the safe use of our products in the I&O or IOS manual.

We conduct safety assessments of all of our products and solutions and this year found six reported cases of possible accident risk for customers. These were handled in accordance with established systems and legal obligations. To the best of our knowledge, we have not identified any instances of non-compliance with regulations and voluntary codes in relation to product information and labelling.



Most of our packaging material (wood, paper) can be 100% recycled



Environmental Footprint

Energy and CO₂ OUR APPROACH

Caused mainly by our manufacturing activities, energy consumption represents our biggest environmental aspect as it leads to CO₂ emissions that affect the climate.

Our Group ambition is to continually reduce CO₂ emissions and never exceed the level we set in 2008. We constantly track our performance in meeting this goal.

We set specific targets for our production facilities, which correspond to 93% of Group total energy consumption. We focus our attention on implementation of energy-efficient and renewable energy projects and we track performance monthly. In doing so, we operate within the GEHS framework.

We use the ISO 14001 environmental management system to ensure compliance with national environmental legislation. We evaluate and improve our management approach with the help of ISO 14001 third-party audits, our management review, process improvement teams, internal process assessment and monthly operational reviews. One small company left the ISO 14001, resulting in a 4% decrease of our production sites that are certified in ISO 14001. Effective from 2018, we will enlarge the scope of companies that will participate in this mandatory certification, due to a reorganisation of Grundfos Operations.

Water

OUR APPROACH

Water consumption is another of our large environmental aspects. Our production facilities account for most of our water consumption (78% of Group total) and discharge most of the wastewater. We are therefore focusing our efforts on these production facilities seeking to improve water-use efficiency and improve the quality of the wastewater through purification.

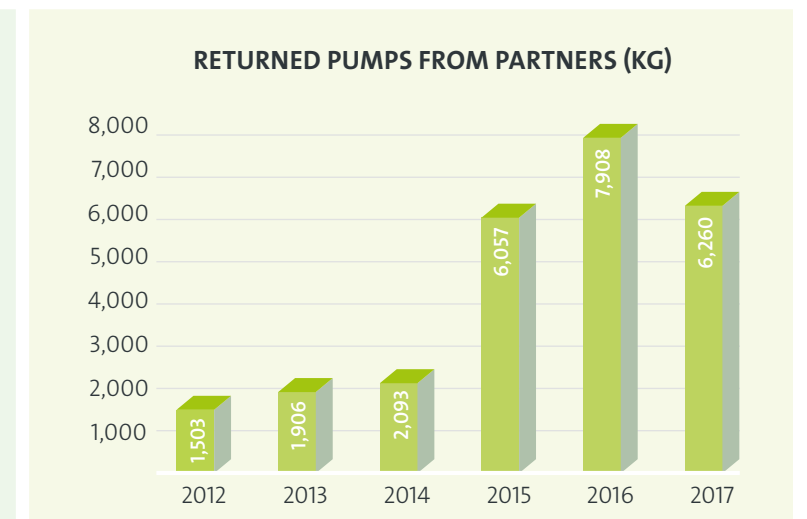
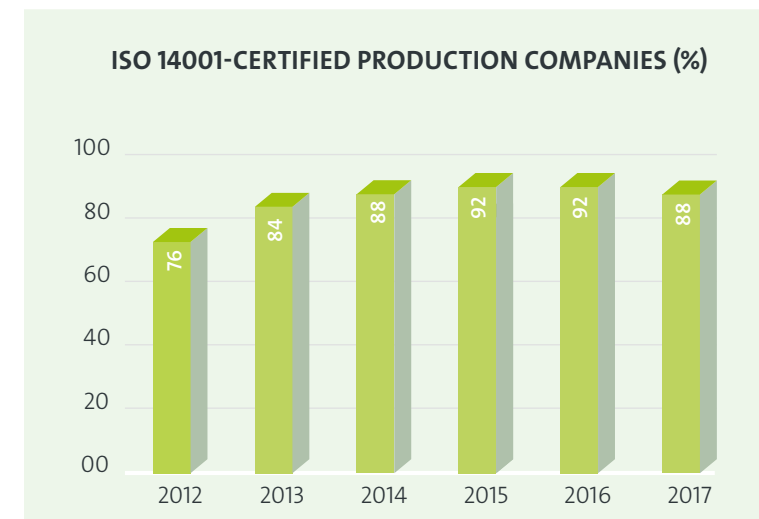
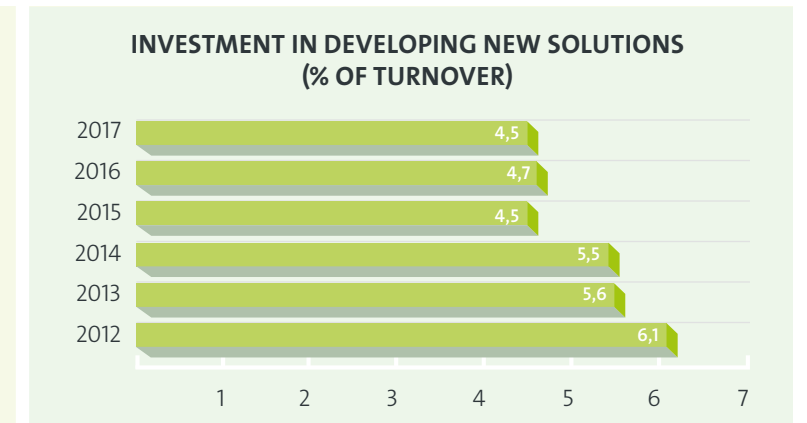
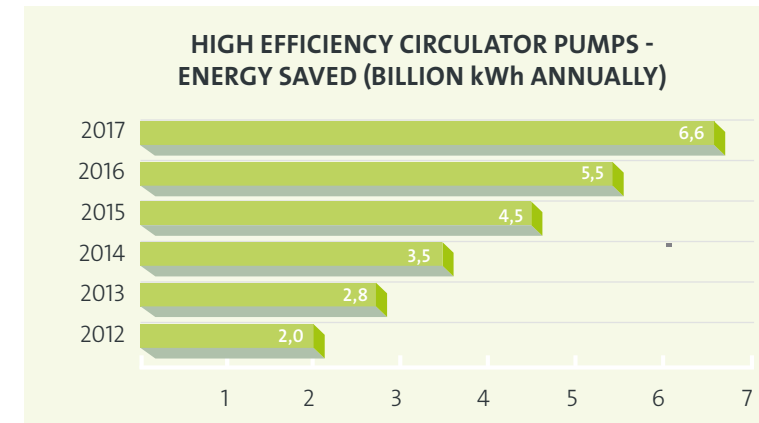
Our approach to water echoes our efforts on energy use and CO₂ emissions; we work within our EHS policy and make use of ISO 14001 third-party assessment and set our facilities specific targets for reducing our consumption. We are committed to cutting our water consumption by 50% by 2025, and to improving the quality of discharged water.

Waste

OUR APPROACH

Waste and hazardous waste are the second and third largest environmental aspects at our production facilities. While operating within the framework of our EHS Policy and according to ISO 14001, in 2017 we refined our approach in managing our waste streams by launching a new set of waste KPIs intended to support recycling, re-manufacturing and reuse in line with the logic and rationale of the circular economy.

Our efforts to reduce waste streams extend beyond our own production activities. In 2017, we collaborated with external partners to refine our take-back scheme for small circulators. In doing so, we reverse the supply chain and ensure that our end-of-life products are disassembled and recycled as much as possible.



Our results

In 2017, we invested more than DKK 26 million in environmental projects across our facilities. Noteworthy projects include the installation of LED lighting, energy-efficient Grundfos motors and drives, the Grundfos Dynafilter solution, Grundfos Biobooster solution, heat pumps, and PV solar panels. These projects are estimated to reduce energy consumption by 5,170 MWh and cut water use by 42,155 m³. In 2017, less than 1% of our energy consumption came from onsite renewable sources.

Despite our reduction initiatives, we consumed 317 GWh of energy and emitted 101,682 tonnes of CO₂ from our production facilities in 2017. Our energy consumption and CO₂ emissions increased by 6.4% and 10.6% respectively compared to 2016. This was

mainly the result of increased manufacturing activities and output. Our CO₂ emissions are still 23% below 2008, but the increases in energy consumption and CO₂ emissions have spurred us to further boost investments in 2018 to reverse this trend.

We are rapidly moving towards our 2025 target of reducing water consumption by 50%, and we are currently 34% below the 2008 level. Again, commercial success and expansion led to our water consumption rising; we consumed 432,106 m³ across our production facilities, a 2.4% increase compared to 2016.

As with our energy-efficiency measures, we will intensify our efforts further to reverse the trend.



%	Water source	Amount m ³
85.21%	Municipal water	384,972
10.26%	Ground water	46,347
4.36%	Rainwater*	19,707
0.17%	Surface water	787

*Our reported water consumption excludes rainwater

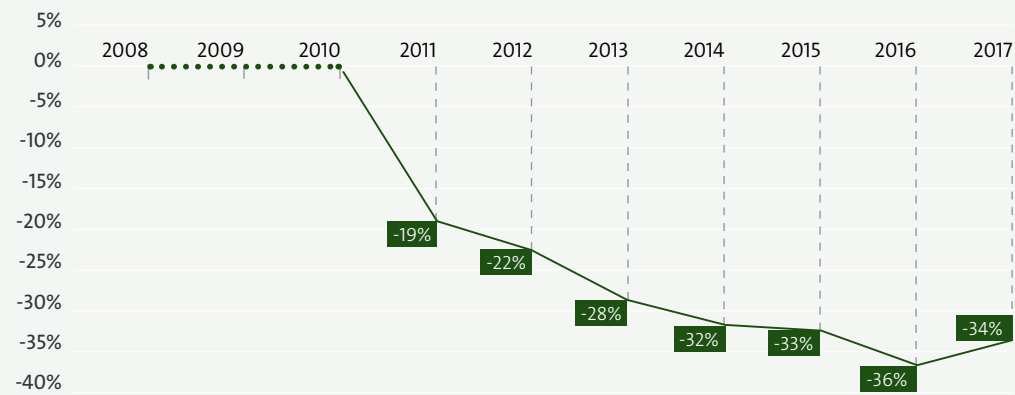
Through our take-back system in Denmark we collected 6,260 kg of end-of-use circulators, which our flex department dismantled in a responsible manner. This was 20% less than in 2016; however the decrease was expected due to our efforts to refine the scheme, which we plan to scale up across Europe in the coming years.

duced from 99,000 to 92,000 kg/million working hours in 2017 compared to 2016, corresponding to a 7% reduction.

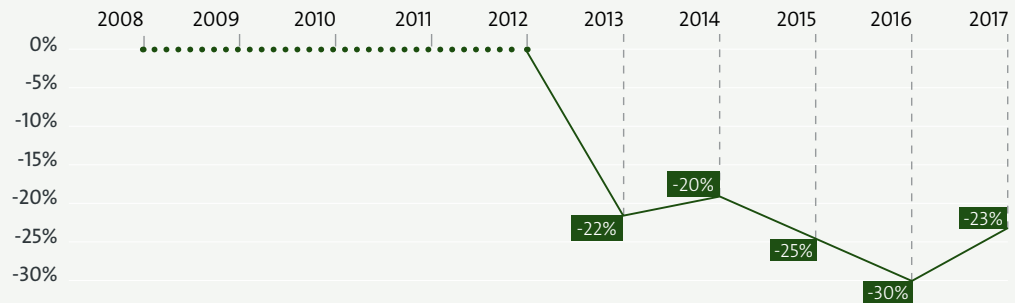
In 2017, we detected a few violations of EHS regulations across our production facilities such as wastewater discharge issues in Russia and Hungary and detection of soil contamination in Denmark. Acting as a responsible company, we have initiated decisive action to deal with all violations and have engaged in an open and transparent dialogue with all relevant authorities.

Hazardous waste increased from 50,000 kg per million working hours in 2016 to 51,000 kg per million working hours in 2017, corresponding to a 2% increase. The KPI for non-hazardous waste was re-

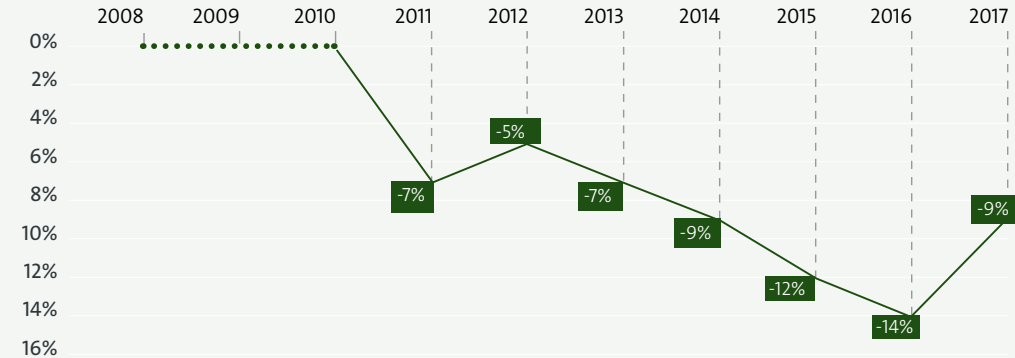
Reduction of water consumption, 2008 baseline (%)



Reduction of CO₂ emissions, 2008 baseline (%)



Reduction of energy consumption kWh, 2008 baseline (%)



Note: Due to insufficient data, some years are presented using dotted lines

IN PRACTICE

Cleaning contaminated soil in Denmark

IN 2014, MACHINE LUBRICANTS WERE FOUND TO HAVE LEAKED FROM AN UNDERGROUND STORAGE TANK AT ONE OF OUR PRODUCTION FACILITIES IN BJERRINGBRO, DENMARK AND WE COMMITTED TO REHABILITATE THE AREA.

Boreholes were drilled to ascertain the extent of the contaminated area, which was found to cover about 600 m² around the container space. Our first response was to inform authorities and create a plan of work to rehabilitate the area. "As a responsible company, we have the clear ambition to clean up completely, eliminating any risk of contamination of drinking water," says Klaus E. Christensen, Lead Project Manager for Group Environmental Health & Safety.

Further investigation revealed additional areas of contamination, including one that posed a risk to the ground water in Bjerringbro. Determined to achieve a complete clean-up, we extended our work and covered the total cost.



We completed decontamination in October 2017

We completed decontamination in October 2017 and took the preventive action of commissioning a completely new container yard. This has a safe underground system into which the liquid in the containers drains, thus strengthening anti-pollution safeguards.

SUSTAINABILITY FACTOR In total, 2,100 tons of contaminated soil have been removed and 4,000 kilograms of oil have been cleaned out to eliminate the risk of contaminating the ground. We have also commissioned a new container yard to reduce the risk of future incidents.



Passionate about water



“It is our ambition to make the smartest and most intelligently executed digital transformation in any industrial company. For others to learn from and for us to leverage as a global industry leader that makes a genuine difference in solving the world's water and climate challenges.”

Mads Nipper,
Grundfos CEO

Water scarcity affects more than 40% of the world's population. About 80% of household wastewater is discharged into rivers or the sea untreated, while about 70% of all water abstracted from rivers, lakes and aquifers is used for irrigation. These issues are close to our hearts, because we have the technology and solutions to make a significant contribution to sustainable water use.

We want to contribute to meeting the global water challenge through technology and by utilising new business models to introduce sustainable solutions that strengthen our position in the market. We measure progress qualitatively by reaching ever-more people with sustainable solutions and by the quality and innovation value of the partnerships in which we engage.

This chapter is split into the following sections:

- Water for all, with sub-sections Water2Life and Lifelink
- Partnerships for water.



HIGHLIGHTS

LIFELINK:
46 NEW WATER KIOSKS
IN KENYA, REACHING
21,000
PEOPLE
—
MORE THAN
700,000

HAVE ACCESS TO CLEAN WATER THROUGH PARTNERSHIPS WITH WORLD VISION INTERNATIONAL IN EIGHT COUNTRIES

WATER2LIFE IN VIETNAM:
1.85 MILLION
DKK DONATED
—
WATER FOR
28,000
PEOPLE

WATER2LIFE:
KICKS OFF NEW CAMPAIGN FOR HONDURAS, BRINGING WATER TO HOSPITALS AND SCHOOLS

Water for all

Water2Life

OUR APPROACH

In some areas, access to clean water is a problem that needs to be addressed fast. [Water2Life](#) is an important part of our charity and employee engagement effort.

It is a programme initiated by our employees that seeks to provide clean water to some of the world's most vulnerable communities; it inculcates a sustainable mindset within the company. Our involvement in projects is framed by a sustainable solution as decided by Grundfos, and is communicated to employees across the world. The approach is evaluated on a yearly basis by looking at results in terms of engagement and fundraising.

The programme works in partnership with a local NGO that suggests where the greatest impact can be had within a region or country. We determine which project to focus on and proceed to fundraise the first half of the project, while the local NGO fundraises the second half and manages the daily responsibilities. This distribution of work is due to our belief that each partner should utilise its own core competences: We are close to our colleagues and the NGO is close to the project sites.

OUR RESULTS

In 2017, we wrapped up our Water2Life project in Vietnam. More than 100 km of pipeline has connected the homes of 28,000 people to local wa-



Grundfos together with Water Mission and San Isidro hospital employees in Honduras

terworks, and the project provided sanitation and hygiene education for more than 3,600 school students.

Through Water2Life donations, local waterworks in Vietnam provide clean and affordable water to

local communities, which creates both a sustainable business model and jobs for local people.

In September 2017, we partnered with Water Mission and launched a new three-year project in Honduras bringing clean water to schools and hospitals.

COMPLETION OF VIETNAM CAMPAIGN WITH FINAL NUMBERS:

DKK

1.85 million

DONATED

109 km

OF NEW WATER PIPES

16 km

OF IMPROVED WATER PIPES

WATER FOR

28,000

PEOPLE

HYGIENE EDUCATION FOR MORE THAN

3,600

SCHOOL STUDENTS



Consumers can easily load water credits onto their water cards via mobile payment platforms

Lifelink

OUR APPROACH

Grundfos Lifelink represents our commitment to providing customised sustainable water solutions to serving low-income communities in the developing world. By supporting revenue collection, transparency and smarter water management, Lifelink solutions enable water service providers to deliver a sustainable long-term community supply.

We deliver Lifelink solutions to treat surface water in communities that do not have access to potable water or water of sufficient quality for domestic purposes. We combine solar-powered

pumps, water treatment (AQpure) and intelligent water ATMs (AQtaps) with online water management and professional service to provide water kiosks connected to groundwater or surface water supplies. This plug-and-play water treatment solution plays an important role for communities, especially in Asia. Lifelink solutions also build on partnerships across sectors.

OUR RESULTS

The Grundfos Lifelink team continued building partnerships to bring sustainable access to safe water for low-income communities. Together

IN PRACTICE

AQpure treats surface water in India

THE WEST BENGAL PUBLIC HEALTH ENGINEERING DEPARTMENT (PHED) NEEDED HELP FINDING FINDING A RELIABLE SOURCE OF CLEAN WATER.

At Charalkhali village in West Bengal, India, water is typically sourced either from tube wells, which have high levels of arsenic and Total Dissolved Solids (TDS), or open ponds, that contain high levels of coliform bacteria. The contaminated water caused the villagers to develop acute diarrhea and skin diseases. They could not opt for the traditional solution of an energy-consuming water treatment plant due to the remote location and the lack of reliable power supply.

PHED set up and commissioned a pilot pond-based solar powered ultra filtration (UF) water purification system (AQpure) that treats local pond water in the village. After treatment, the clean water is then dispensed through a solar powered water ATM (AQtap). The system has been up and running since November 2017, providing 10,000 litres of low-cost, clean and safe water drinking to around 2,000 community members every day.



with World Vision Kenya and funded by the Stone Family Foundation, Grundfos finalised the implementation of 46 automated solar powered water kiosks for 11 water projects in Kenya.

The AQtap system requires GSM connectivity to operate efficiently, which means data consumption. We engaged with Kenyan mobile operator Safaricom, which made available a special data package at an affordable price so that local com-

munities could access the mobile payment platform for tapping water 24/7 at the AQtaps.

We also delivered Lifelink solutions to treat surface water in communities that have no access to clean and drinkable water. In West Bengal, India, our ultra filtration (UF) membrane-based Grundfos AQpure solution is up and running to treat water for a large village that is surrounded by saline and contaminated surface water.

IN PRACTICE

Easy and sustainable access to clean water in Kenya

IN PARTNERSHIP WITH WORLD VISION KENYA, THE EAST AFRICAN COUNTRY NOW HAS 46 AUTOMATED WATER KIOSKS WHICH ARE CONNECTED TO MOBILE PAYMENT SERVICES VIA GRUNDFOS AQTAP WATER ATMS.

By jointly implementing automated water kiosks, we're piloting a new market-based water supply approach to significantly improve sustainability. The project, which can be scaled up for broader impact through public-private partnerships, was funded by the Stone Family Foundation through its Water, Sanitation and Hygiene (WASH) programme. Its aim is to improve the sustainability of WASH projects for the rural

poor in Kenya, which have in the past struggled with accountability issues and faced operational, maintenance and management challenges.

A total of 60 AQTaps have been installed in the 11 projects under the scheme, half in Kalawa in the Makueni region and half in Wema in Nakuru county. The amount of water dispensed, and the resulting revenue, have increased significantly – revenue was 62% higher in 2017 compared with the same period the previous year, before the installation of AQTaps. The system has brought more transparency and accountability to the management of water kiosks, ending the revenue losses that used to occur through vendors and water committees. Consumers can access the water kiosks 24/7. The efficient revenue collection supports the sustainability of the project and makes expansion plans possible.



Partnerships for water

OUR APPROACH

For us, the main value of partnerships is in making a greater difference in the world, particularly when we are working in uncharted areas. Through SDG #17 on partnerships we can achieve our aim to take water of the required quality to where it is needed.



OUR RESULTS

Some of our significant partnerships in 2017 are:



ADRA International

We collaborated with the humanitarian organisation ADRA International, with whom we will work closely to provide access to clean water for 1.5 million people in Asia, Africa, Central and South America, and the South Pacific over the next five years. Our innovative technology will improve access to water and hygiene resources in under-served peri-urban communities.



MINISTRY OF WATER RESOURCES,
WORKS & HOUSING
REPUBLIC OF GHANA

Ghana Ministry of Water

Grundfos and the Ghanaian Minister for Sanitation and Water Resources signed a Memorandum of Understanding on improving clean water supply for the people of Ghana. Grundfos solutions deployed in both urban and rural areas of the West African country include solar-driven pumps, which are particularly suited for areas with unreliable or non-existent power supplies. Furthermore, the focus is on capacity building and training.



Danish Refugee Council

There are more than one million refugees in Uganda and more arrive every day; 82% of them are women and children younger than 18. Thousands arrive every month in need of food, water and shelter as a first response. Here, the local communities, called host communities, are mixed with refugee settlements. Each family is given a plot of land to cultivate.

Grundfos partnered with the Danish Refugee Council's Business-Humanitarian Partnership Lab, bringing the first water solutions to the Bidi Bidi refugee camp.



2030 Water Resources Group

In 2016, we joined the prestigious 2030 Water Resources Group, named for the 2030 Agenda for Sustainable Development and the SDGs that guide its goals. The group brings together public, private and civil society at country level to have an open discussion about water management and to develop concrete proposals that can help drive action on the management of water resources.



The first water solutions for the Bidi Bidi refugee camp in Uganda were successfully installed

SDG #6 with World Vision continues

WE SIGNED A PARTNERSHIP WITH WORLD VISION IN 2014 AND OUR GOAL TO SUPPLY TWO MILLION PEOPLE WITH CLEAN WATER BY 2020 IS PROGRESSING ACCORDING TO PLAN.

During 2016 and 2017, our partnership with World Vision benefited more than 700,000 people. In 2016, we recorded more than 322,000 people from nine countries who had access to clean water and this year we reached a further 384,500 people from eight countries, including Kenya, Tanzania, Uganda, Ethiopia, and Zambia. To realise our ambition, around 1,000 solar-power systems are planned for the Sub-Saharan African region.



“
...We take care of our people, and we therefore continuously strive to ensure a healthy and safe working environment. We wish to create a workplace which promotes diversity, encourages an inclusive workforce and takes care of people with special needs”
(an extract from Group Sustainability Policy)

Responsible

Grundfos has a long-standing tradition of taking responsibility in society, which derives from our founder Poul Due Jensen and his view of humanity. We care for our employees and they represent who we are.

Our social sustainability initiatives aim to make a difference for wider society too. Our focuses are on preventing people from becoming excluded from the job market, improving employment rates for workers with reduced abilities, and the inclusion of marginalised groups.

This chapter is divided into:

- Occupational health and safety
- Training and development
- Employee satisfaction
- Diversity and inclusion
- Local communities

HIGHLIGHTS

<p style="font-size: 24px; font-weight: bold;">2.86%</p> <p>EMPLOYEES WITH REDUCED WORK CAPACITY GLOBALLY IN 2017 COMPARED TO 2.2% IN 2016</p>	<p style="font-size: 24px; font-weight: bold;">91.4%</p> <p>EMPLOYEES RETURN AFTER LONG TERM SICK LEAVE*</p>
<p>NEARLY</p> <p style="font-size: 24px; font-weight: bold;">4,000</p> <p>SAFETY WALKS IN 2017</p>	<p style="font-weight: bold;">NEW GENDER DIVERSITY TARGET:</p> <p>25% OF LEADERSHIP POSTS FILLED BY WOMEN AND 15% OF SEATS IN THE EXTENDED LEADERSHIP TEAM (ELT) FILLED BY WOMEN BY 2020</p>

*Based on experience in Mexico, China, Serbia, Hungary, Germany, Denmark and the Netherlands



% OF TOTAL EMPLOYEES

BY GENDER



% OF TOTAL NEW EMPLOYEE HIRES

BY GENDER



% OF TERMINATED EMPLOYEES

BY GENDER

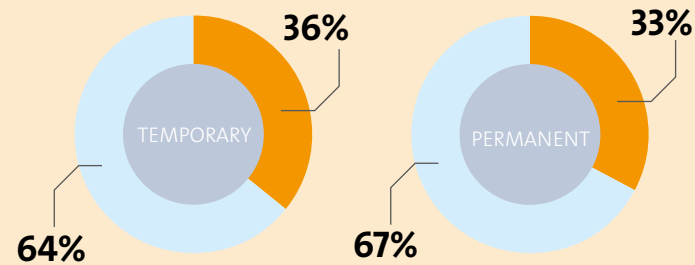


% OF EMPLOYEES RECEIVING REGULAR PERFORMANCE REVIEWS

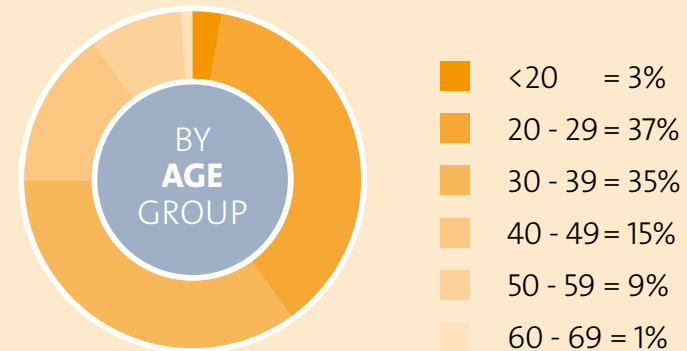
BY GENDER



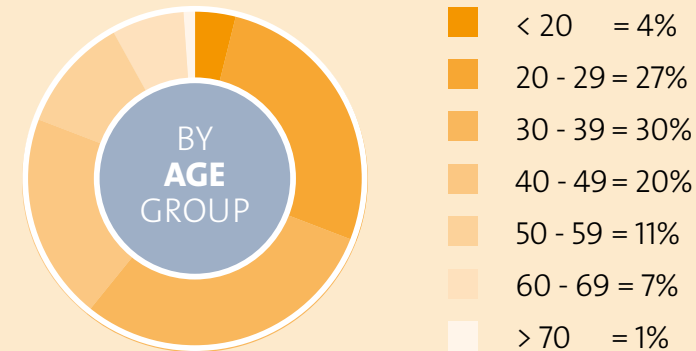
BY CONTRACT*



BY AGE GROUP



BY AGE GROUP

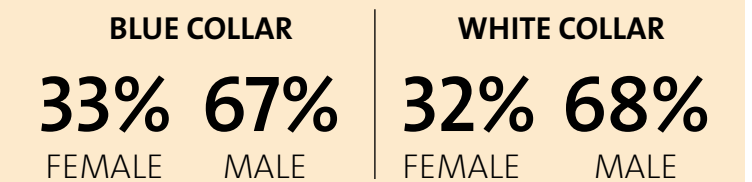


60% WHITE COLLAR 40% BLUE COLLAR

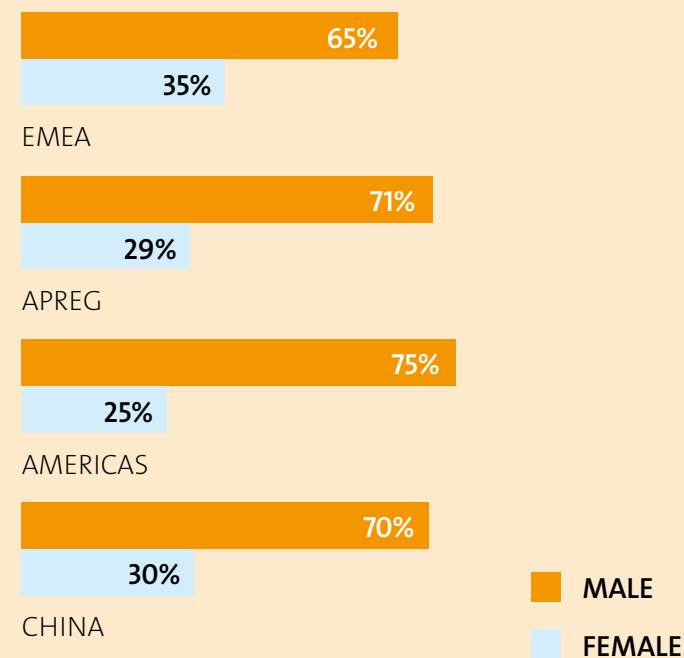
16,544 EMPLOYEES RECEIVED PDD IN 2017****

DIVERSITY % OF EMPLOYEES

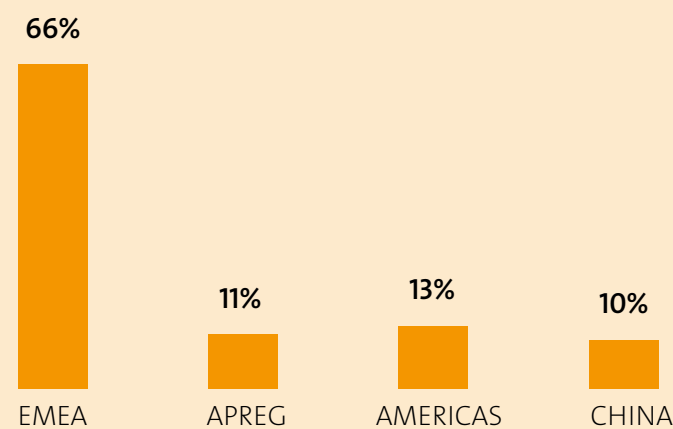
BY JOB CATEGORY AND GENDER



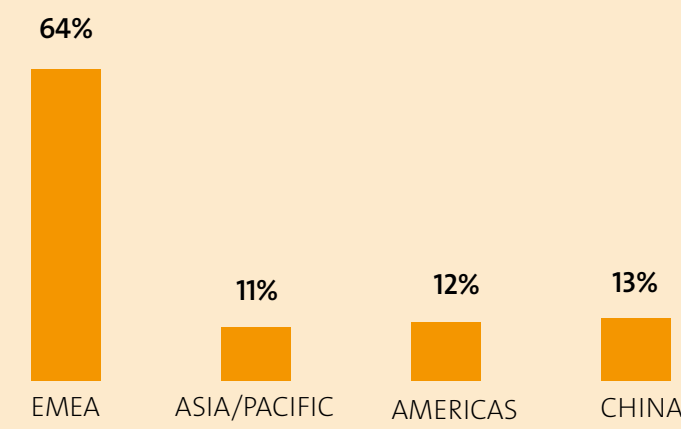
BY REGION **



BY REGION**



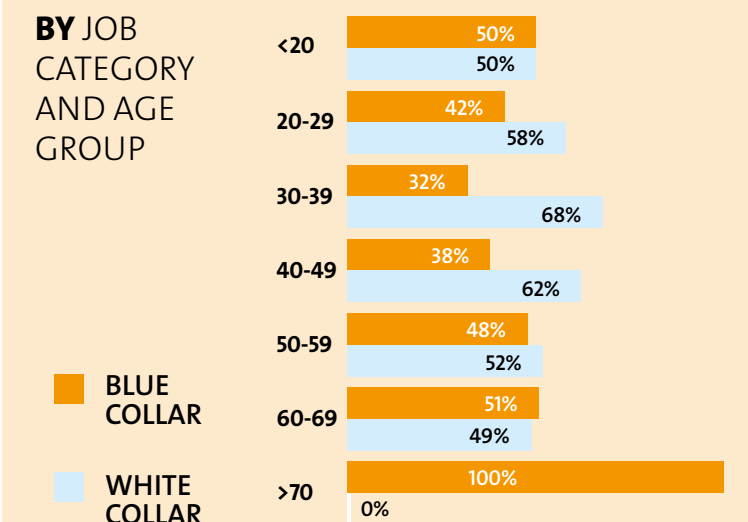
BY REGION **



* Trainees and invalid information regarding employees' contract type are excluded
 ** Based on Legal Company

*** Former employees who joined and left the company in 2017 are not included
 **** Based on registrations in the PDD system

12.8% RATE OF EMPLOYEE TURNOVER***





More than 40 companies participated in Grundfos Safety Week held in April 2017

Occupational health & safety

OUR APPROACH

We care for our employees, ensuring a healthy and safe workplace, and remaining true to the key value of focusing on our people. We work constantly to reduce the number and the severity of injuries, and have set ambitious goals in terms of strengthening a “safe operation” mindset and trying to eliminate injuries and injury-related absence from work.

Producing, assembling and servicing pumps and products can result in work-related injuries and ergonomic injuries. To keep these to a minimum,

or eliminate them entirely, we set targets for all production sites and assess the results at monthly management meetings. We constantly grow and nurture our safety culture to ensure full implementation of our Safety Policy across all regions.

Priority areas are safety leadership and knowledge sharing, including safety walks, and corrective action to ensure continual improvement and support. Our commitment to this is clear in our Safety Incident Management System (to be implemented in 2018) and our Group ambitions,

which are supported by our Health and Safety Centre of Excellence and our Global Health and Safety Community, as well as systems for monitoring performance. We evaluate our approach through internal management reviews, third-party audits, Grundfos Production System assessments (internal audits), and a general plan-do-check-act approach.

OUR RESULTS

During 2017, one way we strengthened safety leadership was to include the issue in our Operations Convention, a forum in which our top 100 leaders in Operations participate. We also increased knowledge-sharing and focused on activation of our Health and Safety Community, for example by establishing expert teams and strengthening our global, regional and local organisation.



One of the key activities of the year was the Grundfos Safety Week held in April. It included Safety Walks, an initiative in which employees and management identify and act on potential risks before they cause an accident. More than 40 companies participated, and more than 450 Safety Walks were carried out both inside and outside factories during that week. The figure for the full year was nearly 4,000. We also prepared a Safety Incident Management System which will be launched in 2018 and will help us to identify more risks and prevent injuries from happening.

Despite the increased focus on health and safety in 2017, there is still room for improvement. The number of reported lost-time injuries per million working hours increased 28%, from 3.30 in 2016 to 4.23 in 2017. The sharper focus on the issue has improved transparency, and created a better understanding of why reporting is important in preventing injuries.

The injury rate in 2017 could be linked to the higher production levels we are now experiencing, but we will not regard this as an excuse for work-related injuries and we are determined to reverse the trend.



Grundfos Hungary introduces an initiative where a light is attached to a vehicle as a way to increase safety

IN PRACTICE

1,000 days without lost time injuries in Finland and Indianapolis, USA

IT IS ABOUT COMMITMENT TO INCLUDE SAFETY IN ALL ACTIONS, AT ALL LEVELS BY EVERYONE AT ALL TIMES.

In Japanese, Kaizen is a word that can be loosely translated as “change for the better”; or a habit of making small improvements. It is a well-known concept at Grundfos Finland (GEF), where safety enhancement ideas are an essential part of the Continuous Improvement Proposal process.

“As a key initiative, we have encouraged all employees to report any safety-related observation or idea, no matter how big or small it seems, and we have promised to take action immediately,” says Marko Mäkipää, Grundfos Finland’s Production & EHSQ Manager. “Furthermore, several initiatives have been implemented to support awareness, among them Safety Walks and injury observation sharing with other production facilities. For the past couple of years, we have changed the attitude towards Near Miss reporting from a negative to positive KPI, meaning the more near miss reports are done the better. Safety is a mindset and must be reinvented every day.”

Meanwhile at Grundfos USA (PPU), it all started with an ambition. Over the last three years, a specific safety training was introduced. Its focus is to get all employees to reflect that their actions have consequences not just for themselves but also for family, colleagues and the business. “Now we see how everyone looks out for each other and supports each other to make safe and thought-through decisions,” says Ashley Lory, EHS Manager



At PPU, the main focus is to get all employees to understand that their actions have an impact on their personal life and the business



In GEF, the more near misses are reported, the better

at PPU. They also rolled out a Kaizen programme in April 2017, gathering 104 suggestions for safety improvements, really putting the focus on little improvements to make a big difference.



IN PRACTICE

A success for the company and its talent

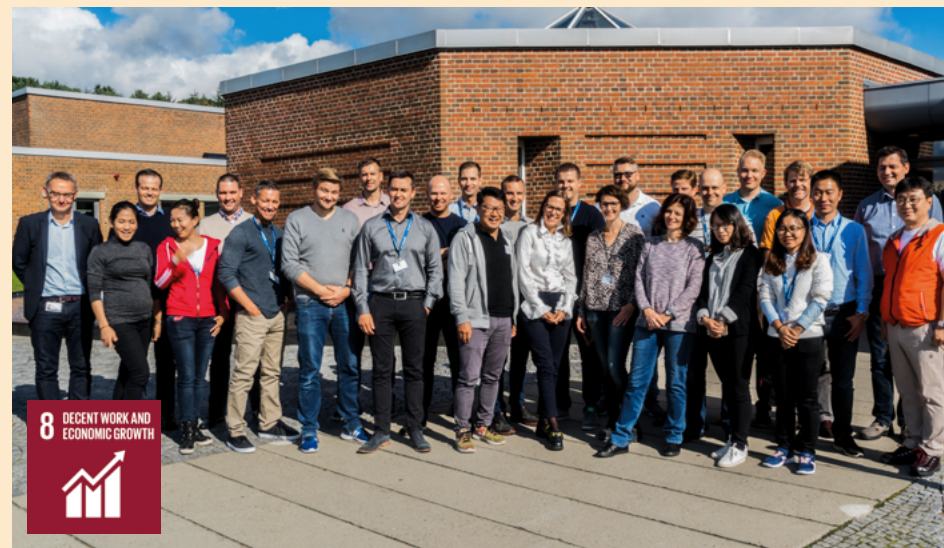
WE ROLLED OUT A NEW BUSINESS-DRIVEN TALENT DEVELOPMENT PROGRAMME IN 2017, POWER UP GRUNDFOS (P-U-G), TO BOOST OUR EMPLOYEES' COMPETENCES AND SKILLS EVEN FURTHER.

To us, success means that the company and its employees grow together. The programme helps achieve this by continually and consistently identifying and developing high-potential employees. "This will make the filling of key positions faster and more efficient, and at the same time help us to retain highly talented employees and make sure we have the key competencies required for the present and the future," says Hanne Fonnesbæk, Group Senior Director, Organisational Development.

The programme has four phases: entry, validation, development and transition. "The company selects talented employees based on their current performance as well as their potential within the areas where we need more or new skills. This is further supplemented by an evaluation in which individual aspiration, motivation and readiness play a huge part," she adds. During the programme, participants are assigned tasks and mentors and have access to various learning and development opportunities.

Our Operations function was the first to adopt the programme. It selected 27 employees from across the world and brought them to Denmark to kick off the global programme. Among them was Vanja Adamović, Quality Manager at GMS, a Grundfos manufacturing plant in Serbia.

"I had no idea that I was even considered to be a talent on a Group level. I simply cannot pass up this opportunity," Adamovic says. Since the programme runs parallel with normal duties, there are times when it can be challenging to balance these duties, the programme, and family life. "But the support from my family and commitment from fellow participants are very motivating," Adamović adds. "Not only have I expanded my network, I also have the chance to collaborate with some great professionals whom I would normally never encounter in my current job. There are huge benefits for both my personal and professional growth in learning to work in a very dynamic and multicultural environment. It has helped my time management and prioritisation," she says.



These 27 employees from across the globe came to Denmark to kick off the global programme



The Poul Due Jensen Academy is our training academy dedicated for our employees to develop their competences

Training & development

OUR APPROACH

The rapid, agile and timely development of each of our employees, who together offer a rich diversity of backgrounds, competences and skills, is crucial to our strategy to deliver more to our customers.

Our focus is to attract people with the right competencies and establish the best conditions for them to learn and grow with the company. By optimising our global training model and offering efficient, relevant training opportunities that motivate our people, we nurture their competencies and align their behaviour, knowledge and skills with our current and future needs.

Our Global Learning and Development function orchestrates a "training warehouse", which is the entry point for all our training activities across the world, both face-to-face as well as online.

In our digital yet VUCA (volatile, uncertain, complex and ambiguous) world, we remain true to our value of Focused on People. For



our employees to succeed, they need fast and agile development of their competences. The Global Learning and Development function will soon launch an accelerated process of working with learning. Using new digital opportunities, this will make it easier for staff to access training anytime, anywhere and on any device, so they can adapt to the fast-changing environment in which they operate – all for the benefit of our customers.

OUR RESULTS

In 2017, our Global Training Warehouse offered 275 training opportunities, nearly half of them online tutorials that could be accessed anytime and anywhere. The Global Learning and Development function facilitated about 20 commercial, technical and leadership, and generic courses related to project management and trainer skills. These took place at the Poul Due Jensen Academy, regional venues and via online platforms. Some of our highlights:

- Continued focus on leadership training – around 250 people, both first-line managers and managers of managers, participated in face-to-face courses in Denmark and in the regions.
- The internal trainer concept, which focuses on improving the skills of sales and technical trainers around the world; to date, around 100 trainers have taken part in the basic training.
- Getting the basics right with the Sales Backbone project, an e-learning programme consisting of 55 modules. It supported over 3,000 employees globally. Several new modules have been developed, targeted at our strategic initiatives such as quality and SIOP (Sales Inventory, and Operations Planning).
- Supporting the OneHR journey for 60 managers in the global HR community by addressing the needs of virtual leaders and their team members.

In Denmark, about 15,800 hours were spent on labour training programmes; 46 people qualified as skilled workers through apprentice programmes and 12 unskilled employees progressed to skilled level. As part of a refugee integration initiative, eight refugees were recruited to a two-year training programme focused on integration and equipping them for a future on the Danish job market. Four of them will go on to train as skilled Industrial Operators in 2018.



Employee satisfaction

OUR APPROACH

The employee motivation survey represents the voice of Grundfos' people and provides an overview of loyalty and morale. Since there is a link between employee motivation and customer loyalty, we see

the survey results as an indicator of the future success of Grundfos, and include them as a key performance indicator in our Strategy 2020. Grundfos constantly strives to improve the work environment, and the survey gives us an indication of how we are doing at every level of the company. Employees remain anonymous in the survey.

In creating the survey questions, our Global HR management team collaborate with relevant stakeholders. It is translated into 33 languages and questions are answered on a 10-point scale.

We use the feedback from employees to identify opportunities for improvement at all levels within our organisation. Managers are strongly encouraged to use the survey results to strengthen their leadership skills with a view to improving business performance.

OUR RESULTS

In 2017, we saw a record-breaking participation rate of 95% in the yearly survey. The satisfaction level overall is at 70, and the loyalty rate is at 79. These results give management on all levels a solid foundation for their efforts to improve their organisation and leadership.

The annual engagement survey gives us factual insights as to where we as leaders and teams can and should take action to make Grundfos an even greater place to work. The results showed among other things that the company has a strong feedback culture and solid leadership, and has achieved solid traction on important behaviours such as collaboration and accountability. Employees rated 46% of our management cadre as “strong” leaders, which is an impressive result. The main challenges are found within people’s perception of our ability to manage change, learning opportunities, and customer-centricity.

The overall satisfaction and motivation level met the group target for 2017, and was an improvement of two points compared to the results of the pulse survey that we did in 2016 (based on a sample). In the coming years we are determined to keep a strong focus on people engagement. Not just to move closer to our ambitious 2020 target, but because our people and their engagement are crucial for our future success.



Find out [how Grundfos Mexico \(MXP\) lives our values](#) by having an inclusive workforce



Diversity & inclusion

Diversity in leadership

OUR APPROACH

Grundfos has an ambitious vision for innovation, and we see harnessing the full potential of our diverse group of people as a way to achieve this. We acknowledge that we have struggled to achieve gender diversity in leadership positions, and we are now focusing on this.

Our ambition, commitment and target-setting in this area was reviewed in Autumn 2017. In 2020, we want women to account for one in four members of our full leadership population. In addition, we set a target for the Extended Leadership Team (ELT) of 15% women members by 2020. This target is ambitious – there are currently no women in the ELT – but it is achievable.

We will launch targeted initiatives both within the organisation and outside it to attract and retain female leaders. We will focus on ensuring that our existing global processes and programmes, which deal with recruitment, talent development, succession and flexible working conditions, contribute to the gender goals.

OUR RESULTS

Grundfos reached its target of increasing the proportion of non-Danes in key positions – the target for 2017 was 40%, and we ended up with 41%. But we did not meet the target we had set of increasing the proportion of women in leadership positions to 25%. Despite our efforts in such key processes as recruitment, succession, talent and development initiatives, we ended up with 20%.

This led us to review our diversity approach and focus. National diversity has improved, and we will strive to do even better. But gender diversity obviously requires an intensified focus.

We have given our revised policy a title: Commitment. We want more women in leadership positions because we truly believe that innovation depends on the input of highly qualified people with different backgrounds. A diversity of competencies, cultures, generations, genders, races and religions drives invention and high performance.

These are our new gender diversity targets:

- 25% of leadership posts filled by women in 2020 (2017 status: 20%)
- 15% of positions in ELT filled by women in 2020 (2017 status: 0%)

Our gender diversity ambitions are part and parcel of processes such as employer branding, recruitment, succession, talent and development initiatives. To give muscle to the ambitions, top management is engaging in dialogue about the issue and we are evaluating a series of new initiatives. These will be prioritised and approved during the first quarter of 2018, leading to a revised action plan.

The Grundfos Holding A/S board has nine directors, three of them elected by employees. Of the remaining six, five are men. The board intends to increase the number of woman directors among these six to two by 2020. No directors were replaced in 2017. We are always looking for qualified candidates and expect to fulfil the targeted number of female directors by 2020.

Inclusive Workforce

Employees with reduced work capacity

OUR APPROACH

Concern for people runs deep in our veins. One of our salient initiatives is the employment of workers with reduced work capacities so they are not excluded from the job market. Our focus is on finding jobs for employees with reduced work capacity, and we want to see this happen in all countries where we operate.

Healthy return to work

OUR APPROACH

We play our part in ensuring employees can enjoy a long and healthy working life; that they are not pushed out of the workforce due to ill health (either ergonomic injury or mental/psychological harm) and/



We expect to increase our proportion of employees with reduced work capacity globally to 3% by 2020

or prolonged absence from work. We promote health and wellbeing, mainly by doing all we can to prevent ill health, which includes an intensified focus on stress-related illness. We also make every effort to ensure that those who take sick leave can make a healthy return to work.

OUR RESULTS

One of our salient initiatives is preventing people from being excluded from the job market due to health-related or social issues. We do this by providing jobs for employees with reduced work capacity. To date, 2.86% of the workforce in all countries comprises employees in this category. We expect this number to grow to 3% by 2020.

We have developed global standards for ensuring a healthy return to work after sick leave, and for employment with reduced work capacity, based on our experience in Mexico, China, Serbia, Hungary, Germany, Denmark and the Netherlands. These companies have since begun to deploy the standards and by the end of 2018 all companies in Grundfos are expected to be operating on the same standards.

We have redefined the category “rates of retention” by recasting it as the “return-to-work rate” so we can think more precisely about the issue. In the above seven companies, we identified 206 cases of employees who had to take more than 14 consecutive days of sick leave. Among these, 188 returned to work, a rate of 91.4%.



To support reforestation, our employees in Turkey along with their families ran for charity and donated over 3,700 euro to TEMA Foundation, an environmental and conservation NGO



The Summer Camp initiative at Grundfos Hungary won Grundfos' internal Future Now Social Award 2017

Local engagement

OUR APPROACH

We want to support and play an active role in society and contribute to local communities wherever we operate, in whatever ways we can. One such way is to help to integrate marginalised groups into the labour market and offer opportunities for personal and professional advancement.

We also engage in activities designed to improve the quality of life and standard of living for local people. Our local companies give expression to our Focus on People and Sustainability values in the areas where they operate in many ways. For example in Russia, Grundfos runs a charity project for children in orphanages and hospitals. In Argen-

tina, we raised funds with a recycling programme for scholarships and Grundfos United Kingdom and South Africa's charity project SACRED continues to provide better education and living conditions for 5,200 children in South Africa.

OUR RESULTS

We understand that our local companies know best what initiatives will provide most benefit

to the communities in which they operate. Thus, many of our [community engagement projects](#) are run and financed by local employees who also offer voluntary service. These initiatives include:

DENMARK At the Grundfos headquarters in Denmark, the canteen serves healthy food; the focus is on seasonal vegetables, and about 30% of the products are organic. This year, the canteen re-



duced food waste by more than 40%, or 13 tonnes, compared to 2016. This adds up to a 70% reduction from the estimated 60 tonnes of food waste in 2013. Through the Del Maden initiative, we delivered three tonnes of food to socially marginalised people. In partnership with Daka, the kitchen's remaining food waste was used in seven different ways before finally being used as fertiliser on local farms. The canteen must now focus on maintaining these trends in the years to come.

HUNGARY After an assessment in 2016, Grundfos Hungary learnt that many employees at our sites in Tatabanya/Tata and Székesfehérvár would like to have fun yet educational summer activities for their children during their ten weeks of summer holiday. The parents have two weeks off, so to improve the work-life balance, and in line with our social values, we organised a summer camp for 128 children - those of employees and also many from an orphanage. The three-week camp had a different theme each week (sports, sustainability, dance) in a programme organised by an educator. Close attention was paid to the children's nutrition at meal-time, and they were given small gifts and a diploma at the end of the camp.

USA Hurricane Harvey which flooded thousands of homes in August, 2017 hit our facility in Brookshire, Texas. Some of our employees were trapped and unable to leave their neighbourhoods. Employees from other parts of the USA travelled hundreds of kilometres to help distressed colleagues in Houston. One drove a crane truck from Chicago towing a trailer loaded with food, water, clothing, pumping equipment and other necessities for our partners.

IN PRACTICE



Improving the quality of education in India

AS PART OF OUR COMMITMENT TO OUR LOCAL COMMUNITY, GRUNDFOS INDIA PARTNERED WITH THE MADHI FOUNDATION, A NON-PROFIT ORGANISATION WORKING IN THE EDUCATION SECTOR TO BRIDGE THE QUALITY GAP IN EDUCATION FOR CHILDREN.

Its Transformational Academic Programme (TAP) operated in 40 classrooms in 15 corporation / government schools in Chennai in 2015, reforming education for teachers and students. It seeks to improve teachers' skills in language proficiency and their knowledge of the latest teaching-learning techniques and attempts to transform the learning environment for students. It takes a data-driven approach to attaining higher order literacy and numerical skills.

In 2016, we started to support the project by sponsoring two classrooms at the CMS Arumbakkam School in Chennai. We hoped that through this endeavour, students who were weak in subjects like mathematics and English would be able to improve their verbal and numerical competencies. The results were clearly visible; children from the classrooms that implemented TAP achieved dramatically better mastery of English, science and mathematics than their peers in classrooms that did not have this intervention. The teachers also performed better and delivered the curriculum in an efficient and interactive manner. In a recent teacher survey, 100% of teachers said the TAP programme helped them improve the quality of their teaching.



“
Being a global organisation, we need a shared set of principles that can guide all employees in how to comply with the company values and our ambitious ethical standards. These principles are described in our Code of Conduct.”

Lars Aagaard,
Chairman of the Ethics Committee

Ethics and integrity

As a company that operates across cultures, traditions and legal jurisdictions, we are committed to be an ethical, value-based corporate citizen operating in a fair and legal way in every market. Respect for human rights is embodied in our values and leads our business. Honesty and integrity are our foundation; simply, this is how we want to do business. Above all, to us, acting ethically and responsibly is the right thing to do.

This chapter has sections on legal compliance, with sub-sections for anti-corruption and competition law, and human rights and forced labour, with sub-sections for each of these.



HIGHLIGHTS

MORE THAN
85%
EMPLOYEES
PARTICIPATED IN
THE CODE OF
CONDUCT TRAINING

100%
NEW SUPPLIERS WERE
SCREENED USING
ENVIRONMENT AND
SOCIAL CRITERIA

SUSTAINABILITY AUDITS:
FROM **15** TO **97**
2016 TO 2017

A PILOT LOCAL
HUMAN RIGHTS
IMPACT
ASSESSMENT
IN CHINA



A NEW WHISTLEBLOWER SYSTEM WAS INTRODUCED, AVAILABLE IN ALL COUNTRIES WHERE WE OPERATE AND IT IS MANAGED BY A THIRD PARTY



Legal compliance

Anti-corruption

OUR APPROACH

True to our commitment to zero tolerance of corruption, our goal is to protect our business by eliminating – or reducing to the lowest possible degree – the risk of infringing money laundering and anti-corruption laws and regulations. Our Code of Conduct and Grundfos Anti-bribery Compliance Programme are the foundations for managing compliance in all markets. At the same time, authorities across the globe are placing increased emphasis on establishing robust and risk-based corporate compliance programmes.

Five key elements are common to all legal compliance programmes and form the basis of our compliance efforts: (1) Commitment and organisation;

(2) Risk assessment; (3) Rules and guidelines; (4) Training and communication; and (5) Monitoring, auditing and response.

Internal Controls and Audits

Our Corporate Internal Control (CIC) has issued an audit instructions manual that lays down guidelines for control visits to local companies. Its main focus is companies in high-risk countries which are scrutinised to ensure they have effective measures against bribery, kickbacks, or other financial misconduct, and that they comply with the Grundfos Code of Conduct. The manual also deals with ways of improving business processes and controls where necessary.

Compliance Screening

We thoroughly screen all business partners (both customers and suppliers) against sanctioned-party lists. The screening includes scrutiny of ownership structures.

Public Policy

We have a clear purpose, which is independent of party politics. We do not support or make contributions in any way to any political party or any political candidate. However, it is important to support and encourage public officials to develop sound policies. We offer well-reasoned inputs to help policy-makers make informed decisions on how to promote energy and water efficiency. We support:

- Fair water and energy pricing, based on the total cost to society to incentivise efficient water consumption and supply;
- Doing business in an environmentally and socially sustainable way;
- Public support for research and innovation in water and energy efficiency; and
- Informed decision-making by politicians,

end-users, utilities and industry.

Our public affairs effort is three-pronged:

First, our main focus is on informing the various parts of our organisation about political developments across the world and how they affect our business. Second, we focus a large part of our efforts on positioning Grundfos at top-of-mind among key public decision-makers. Finally, we lobby directly when proposed legislation is likely to have a major impact on our business.

We work with governments, NGOs, development banks and advocacy organisations around the world to push for policies that support energy and water efficiency.

Competition law

OUR APPROACH

We want to contribute to fair, free and unlimited competition as we believe this benefits consumers, businesses and the economy in general. In every market where we do business, it is essential for Grundfos to comply with applicable competition legislation. This affects almost every aspect of our dealings, including pricing, promotion, sale of products and services, and relationships with competitors and customers.

Our results

A new [Whistleblower system](#) was introduced by the Ethics Committee in March 2017 and it is available in all countries where we operate, managed by a third party. Claims or reports of violations can be submitted anonymously, if desired, to a website or via the app, with documents, pictures, videos and the like. We expect an increasing number of reports through the system as we work to raise awareness of it and there has been an increase in

reports of irregularities since the launch. Claims or reports can be lodged in a range of languages. Abuses that can be reported include infringement of human rights, discrimination and forced labour.

Moreover, our annual financial statements comply with the Danish Financial Statements Act (Årsregnskabsloven) and are audited by an independent auditor. Grundfos Group Reporting, also known as the Monthly Performance Report, provides detailed information about the performance of different units within the group for management.

In 2017, we received 52 complaints through the whistleblower system. Of these, three were considered breaches of the Code of Conduct in the areas of conflict of interest, bookkeeping and accounts, and compliance with laws and regulations.

After revising our Code of Conduct in 2016, we launched the Code of Conduct Training in 2017. More than 85% of Grundfos employees took part worldwide. Our 2017 global Code of Conduct training highlighted prevention of corruption – including bribery, facilitation payments and conflict of interest – along with human rights and non-discriminatory practices. An anti-corruption section formed part of the 97 audits carried out so far in our supplier sustainability audit programme. The research into policy, training and reporting of incidents is used to evaluate the supplier.

Our Global Anti-corruption Risk Assessment covered all Group sales and operations entities and all markets. The assessment identified no incidents relating to corruption, but we flagged potential risks that we are exposed to. We plan to base our mitigation initiatives on this risk assessment.



Human rights & forced labour

Human Rights

OUR APPROACH

Our commitment to people is the foundation of our work with human rights. Respect for human rights is embedded in our Code of Conduct and is integral to how we stay true to our values. We endorse and use as a frame of reference the United Nations Guiding Principles for Business and Human Rights (UNGP). Our objective is to prevent Grundfos operations causing or contributing to violations of human rights, or being linked to any negative impact.

Forced labour

OUR APPROACH

Our overall human rights due diligence programme has identified forced labour and modern slavery as a salient issue, a finding that was reinforced by our pilot Human Rights Impact Assessment. The prohibition of forced labour and modern slavery is part of Grundfos' overall human rights due diligence programme. Our progress is reported annually in our [Prevention of Modern Slavery Progress Report](#).

Our results

We are aware that understanding and managing human rights is a journey and we seek to continually improve our governance and processes to live up to our commitment and our stakeholders' expectations. To help assess our human rights impact, we drafted the [Grundfos Human Rights Policy](#) in 2014. It includes an ongoing assessment

of potential and existing adverse impacts in different areas of the business, covering our own operations and those of selected business partners. We also want to identify opportunities to advance human rights, especially in areas where we could have a significant impact, such as access to water and sanitation. Our journey to respecting human rights is detailed in our [Prevention of Modern Slavery Progress Report 2016](#).

With the support of Business for Social Responsibility (BSR), a global network dedicated to building a just and sustainable world, we assessed potential impacts globally in 2015. In the following year, we assessed gaps in five countries – selected according to human rights risks and the number of employees – between our systems and the requirements of the UNGP.

However, the systems we have in place to prevent potential abuses omit some of our business partners, and our upcoming initiatives will focus on closing these gaps. We are still at an early stage of the programme, strengthening its foundation, assessing areas that require our attention, and evaluating which measures help us address the gaps identified. Our main goal today is to close gaps through sustainable solutions, and we focus on concrete initiatives such as supplier audits. We are also checking that we fix any shortcomings identified in our systems. In the coming years, as



A high-level corporate mapping in collaboration with Business for Social Responsibility (BSR) to identify our salient human rights issues at a global scale

we improve our data with regard to concrete areas of impact, we expect to monitor remediation and implementation of mitigation measures as applicable.

In 2016, the HR representatives of China, Denmark, India, Russia and Mexico received 1.5 hours of training on the provisions of the UN Guiding

Principles to prepare for a human rights assessment conducted that year. In 2017, we conducted a pilot local Human Rights Impact Assessment in partnership with BSR in China. From the assessment, we learnt that we need to enhance the management of other issues, for example land rights, since our existing systems address the topic to only a limited extent. We also identified op



opportunities to collaborate with business partners in initiatives to improve environmental-impact performance.

In regard to forced labour, we have identified the need to better understand the risks and to strengthen our efforts, especially with regard to business partnerships. We need to extend our programmes to include monitoring deeper down the supply chain, and to look closely at some service providers in high-risk countries. Our business partnerships are where we need to strengthen our efforts. Nonetheless, we need to make sure

we understand all the risks, impacts and opportunities around this topic. As part of our overall human rights due diligence programme, we want to have mechanisms in place to reduce the risk of contributing to or being in any way linked to adverse human rights impacts, including forced labour. If abuses do occur despite our best efforts, we need to take remedial action.

In the coming years, as we improve our data in regards to concrete areas of impact, we expect to monitor remediation and implementation of mitigation measures as applicable.

IN PRACTICE

Code of Conduct Training for all employees

WITH A TRAINING RATE OF MORE THAN 85%, OUR 2017 GLOBAL CODE OF CONDUCT TRAINING HIGHLIGHTED SUCH ISSUES AS PREVENTING CORRUPTION, INCLUDING BRIBERY AND FACILITATION PAYMENT, CONFLICT OF INTEREST, OBSERVING HUMAN RIGHTS AND AVOIDING DISCRIMINATION.

Employees at all levels must know the guidelines of our Code of Conduct and how to live by them. Therefore, training was rolled out across the entire organisation as well as across functions and departments.

The training emphasises our ethical guidelines, dealing with dilemmas that we might meet in our daily life as part of a global company. "In the same way as our strategy and values set the direction of the company, our Code of Conduct sets the direction as to how we must act in a value-based organisation like Grundfos. It is crucial that all employees in all functions and at all levels are familiar with the principles and know how to respond to dilemmas. To make sure that our employees know how to act in a way that is ethically correct, we have involved all of them in discussions and workshops concerning our Code of Conduct, which is quite unique," says Kim Nøhr Skibsted, Group Vice President, Communications, Public Affairs & Engagement.



More than 85% of employees participated in the Code of Conduct Training in 2017



Sustainable supply chain

OUR APPROACH

Our Grundfos Suppliers Code of Conduct communicates to our suppliers that we expect them to operate in accordance with local and international standards with regard to human rights, labour rights, the environment and business integrity, among other issues. The audits measure a supplier's level of compliance with the [Grundfos Suppliers Code of Conduct](#).

The audit occurs in two ways:

- By Grundfos internal employees, when a company is being evaluated as a potential supplier and when there is any change in the

supply situation. We assess a selection of tier 1 and global direct material suppliers on their environmental and social impacts.

- By an external agency, when a supplier appears on the annual social-risk radar.

OUR RESULTS

In our supply chain, we have dramatically increased the number of sustainability audits, going from 15 in 2016 to 97 in 2017. Our main goal today is to close the gaps identified as well as to conduct additional audits.

Each and every new supplier was screened using environmental and social criteria. One out of 43 (2.3%) assessed suppliers had a minor potential negative impact on the environment. Improvement action has been agreed with the supplier.

SUSTAINABILITY AUDITS

ASSESSED BY GRUNDFOS



22

EXISTING SUPPLIERS



21

NEW SUPPLIERS

ASSESSED BY EXTERNAL PARTNER



100

EXISTING SUPPLIERS



97

NEW SUPPLIERS

ENVIRONMENTAL IMPACT ASSESSMENT

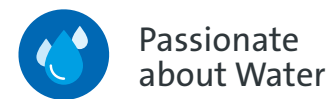
1 existing supplier was found to have a minor negative issue

0 new suppliers were found to have a potential issue (assessed by us and by external partner)

100% new suppliers were screened using environmental and social criteria

SOCIAL IMPACT ASSESSMENT

Seven suppliers had significant issues of non-compliance with Grundfos Code of Conduct



About the **report**

It is important for us to set targets and monitor progress. It is the ambition of the company to engage in open and transparent dialogue with our stakeholders by providing a fair and balanced picture of Grundfos' contribution to sustainable development.

The Sustainability Report 2017 covers Grundfos Holding A/S Group, including all subsidiaries that are owned and controlled 100% by Grundfos. We have been publishing an annual Sustainability Report since 1999 with the latest one published in June 2017. Grundfos Sustainability Report 2017 is our annual non-financial reporting. The report is also informed by the UN Global Compact (UNGC) Principles and serves as our annual UNGC Communication on Progress. Data in this report covers the period between January 1st and December 31st, 2017, unless otherwise noted.

This self-assessed report is structured along four main areas, and in terms of the topics most relevant for our stakeholders and the areas where we can have a significant impact. Please refer to the [Priority Topic Assessment section](#) for information on material topics and boundaries.

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core Option. Please refer to the [GRI Content Index](#) for a complete listing of GRI disclosures included in this report.

The basis for restatement of previously reported data, relevant calculation methodologies and data limitations are explained where applicable.

For further information or questions regarding Sustainability Report 2017, please contact Pia Yasuko Rask, Senior Manager, Engagement & Responsibility, at prask@grundfos.com

For further information about Grundfos and sustainability, visit www.grundfos.com/sustainability

ADDENDUM BY BSR

BSR, a global nonprofit organisation focused on corporate sustainability, has provided Grundfos with feedback on the content in the pre-publication drafts of the company's Sustainability Report. BSR's comment do not verify or otherwise provide an opinion on the accuracy or completeness of data or other information in the report. Instead, BSR's comments represent a perspective, based on our experience in the field of environmental and social reporting and on our work with Grundfos, on its reporting efforts to date and items we think worthy of improvement or addition in future years.

Strengths in Grundfos' reporting include the clear identification and comprehensive coverage of material issues and an assessment using a forward-looking lens, as well as excellent reporting on sustainability in a broader context, highlighting specific SDGs relevant to the business.

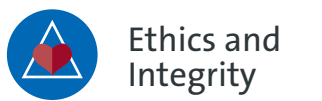
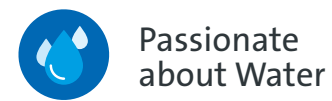
It is also a key strength that the report provides performance data against previous years and a good balance between positive and poor performance.

Areas of improvement include more in-depth discussion of the importance of material issues to specific stakeholders, how key stakeholders are identified and specific results of stakeholder engagement. With the exception of gender and diversity goals, it could strengthen accountability with set targets to accompany a future strategy, such as a set of 2020 goals.



Key performance indicators

	2017	2016	2015	2014	2013	2012	2008	Narrative
GREEN AT HEART								
Products								
Investment in new products (% of turn-over)	4.5	4.7	4.5	5.5	5.6	6.1	5.6	We offer solutions that use as little energy as possible. That is why we measure our savings. As innovation leaders, we aim to take full advantage of the benefits new technology can bring. It takes investments in new products.
High efficiency circulator pumps – energy saved	6.6	5.5	4.5	3.5	2.8	2.0		
CO ₂ (metric tonnes)*	101,682	91,952	99,627	107,388	103,980	106,170	132,603	It is our ambition to continually reduce our emissions and never exceed the level we set in 2008. We are also committed to cutting water consumption by 50% by 2025 and to improving the quality of discharged water.
Energy consumption (MWh)*	317,066	297,937	305,657	313,633	324,089	320,264	347,207	
Water usage (m ³)*	432,106	422,059	440,271	445,704	474,580	509,468	655,136	
Non-hazardous waste (kg per million working hours)*	92,000	99,000	101,000	110,000	115,000	109,947	228,000	It is our ambition to ensure sustainability at every stage of the product life-cycle. We continually look for ways to reduce our material footprint and reduce or eliminate the use of certain hazardous substances in our products and production processes. In line with ISO14001, we have also refined our approach to remanufacturing and reuse in line with the logic and rationale of the circular economy.
Hazardous waste (kg per million working hours)*	51,000	50,000	54,000	60,000	70,000	106,850	94,000	
Returned pumps from partners (kg)	6,260	7,908	6,057	N.A.	N.A.	N.A.	N.A.	
ISO 14001-certified production companies (%)	88%	92%	92%	88%	84%	76%	84%	
RESPONSIBLE								
Occupational health & safety								
Injuries (per million working hours)	4.23	3.30	4.83	4.57	5.82		10.21	We work constantly to reduce the number and severity of injuries and have set ambitious goals in terms of strengthening a ‘safe operation’ mindset and trying to eliminate injuries and injury-related absence from work.
Lost working hours due to injuries** (per thousand working hours)	0.41	0.39	0.68	0.54	0.71		0.96	
OHSAS 18001 production companies (%)	74	83	83	80	68	56	68	
Performance development dialogue***								
Blue collar	40%	80%	47%	36%	76%	79%		Our focus is to attract people with the right competencies and establish the best conditions for them to learn and grow with the company. The performance development dialogue between manager and employee helps achieve this.
White collar	60%	86%	70%	66%	86%	80%		
Employee satisfaction	70	70						There is a link between employee motivation and customer loyalty. Grundfos constantly strives to improve the work environment, and the survey gives us an indication of how we are doing at every level of the company.



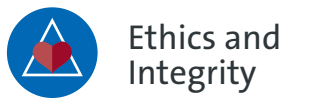
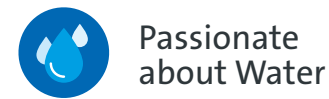
	2017	2016	2015	2014	2013	2012	2008	Narrative
Diversity								<p>Grundfos has an ambitious vision for innovation, and we see harnessing the full potential of our diverse group of people as a way to achieve this.</p> <p>In 2020, we want women to account for 25% of our full leadership population. In addition, we set a target for the Extended Leadership Team of 15% women members by 2020.</p> <p>Concern for people runs deep in our veins. We provide jobs for employees with reduced work capacity and expect that 3% of the workforce in all countries comprises employees in this category.</p>
Female leaders	20%	20%	20%	20%	19%	17%		
Non-Danes in key positions	41%	40%	40%	25%	22%	21%		
Employees with reduced work capacity globally	2.86%	2.2%						
ETHICS AND INTEGRITY								
Grundfos Code of Conduct								
Claims	52	13	13					<p>True to our commitment to zero tolerance of corruption, our goal is to protect our business by eliminating – or reducing to the lowest possible degree – the risk of infringing money laundering and anti-corruption laws and regulations.</p>
Breaches	3	1	1					
Compliance workshops	1	1	2	2	2	3		
Group entities audited	20	21	20	31	37	37		<p>Our Code of Conduct and Grundfos anti-bribery compliance programme are the foundations for managing compliance in all markets.</p>
Actions in response to corruption	0	0	3	1	2	3		
Supplier Code of Conduct								
Supplier sustainability audits (Third party auditors)	97	15	3					<p>Our commitment to people is the foundation of our work with human rights. Respect for human rights is also embedded in our Code of Conduct and in our Supplier Code of Conduct. Our supplier audits measure a supplier's level of compliance with the Code of Conduct.</p>
System and process audits (Grundfos auditors)	76	53	42	37	40	40		

* Comparison figures adjusted since first reported

** Lost time injuries (LTI)

*** Based on registrations in the PDD system

Savings: 6.6 billion kWh per year equal to electricity consumption by four million inhabitants in EU



Indicator definitions

GREEN AT HEART

Electricity savings

These are calculated as the energy savings that can be attributed to all Grundfos high-efficiency circulator pumps sold in the EU between 2005 and 2017. The estimate is based on actual sales figures and assumptions about which previous models the new pumps sold replaced. The figure is calculated as energy savings in kWh per year.

Carbon emissions and energy consumption

It is of great importance to Grundfos that all data is complete and as accurate as possible. We have implemented a new sustainability data handling system (SAP SuPM) to further improve data quality.

Production facilities are split into local assembly companies, which fall under the Sales function, and plants, which fall under the Operations department. All Grundfos production facilities use the system to report their monthly EHS data.

The reporting of our energy consumption and carbon emissions data is based on the emission calculation factors provided by the IEA (International Energy Agency). This is in accordance with the Greenhouse Gas Protocol (GHG Protocol), which is an internationally acknowledged standard for measuring greenhouse gas emissions developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

The GHG Protocol categorises 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 and 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 (e.g. T&D losses) not covered by scope 2, outsourced activities, waste disposal, etc.

As in previous years, Grundfos provides reporting on scope 1 and 2; however, the fuel consumption from our own vehicles is not included in scope 1 emission figures. Data has been collected, but the data processes will be improved further – especially in terms of comparisons with previous years – before it is included in the Group report.

The data provides no reporting on scope 3 emissions. Our data measurement techniques rely on the total energy consumption related to corporate operations. The carbon footprint gives a general overview of the company's CO₂ emissions and is based on reported data from the reporting entities. CO₂ emissions are measured in metric tonnes. Emissions are calculated for all activities in Grundfos companies that are included in the reporting scope.

The baseline year for carbon emissions and energy consumption is 2008. For electricity, we use local factors whenever available, if not available we use country specific factors from the IEA (International Energy Agency).

For heat and steam, we use local factors whenever available, if not available then we use the factor from the largest Danish production company ("GBJ"). This CO₂ factor for heat and steam is close to the global average. Please note that due to an enhanced data collection process, comparison figures have had minor adjustments since first reported. The adjustments are not material.

Waste and water

The baseline year for water and waste was established in 2008. Water is reported as total use in m³. Water usage is defined as delivered municipal water, ground water from own well and surface water from lakes etc measured in m³. Rainwater is not included.

Waste is measured in kg per one million working hours. The components in this indicator are hazardous and non-hazardous waste disposed of in landfills, incinerated with energy recovery or incinerated without energy recovery. Recycled waste is not included. Some of our (smaller) companies have no information available on water and energy consumption, as this is included in the rent and not measured. The same challenge applies to non-hazardous waste from some offices. The water consumption has been estimated, either by the local company or by Group EHS.

Please note that due to an enhanced data collection process, comparison figures have had minor adjustments since first reported. The adjustments are not material.

ISO certification

The number shows the percentage of Grundfos production companies certified according to ISO 14001 and OHSAS 18001. Effective from 2018, we will enlarge the scope of companies that will participate in ISO 14001 certification, due to a reorganisation of Grundfos Operations.

Investment in the development of new products

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

Number of injuries per million working hours

Injuries are measured as lost-time injuries, which have 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.

Please note that due to an enhanced data collection process, comparison figures have had minor adjustments since first reported. The adjustments are material for 2016 figures.

Working hours lost due to lost-time injuries

Lost time – due to lost-time injuries – is measured in number of hours. The indicator is indexed as working hours lost due to injuries per one thousand working hours. Absence within the reporting year, that occurred from LTIs from previous years, is included.

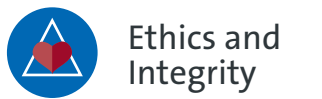
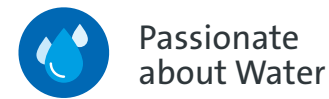
RESPONSIBLE

Workforce size

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

Female leaders (%)

Leaders are defined as having staff responsibility, i.e. they have people reporting to them.



Non-Danes in Group positions (%)

Executive positions are defined as Mercer band level 1 to 4, corresponding approximately to “top 100” leaders in Grundfos (these positions were previously referred to as key group positions).

Employees with reduced work capacity (%)

The indicator is calculated as the number of employees working in the company on a valid Grundfos contract who have reduced working capacity due to a permanent health issue rooted in physical, mental or social challenges or disabilities.

In cases where a Grundfos employee has reduced work capacity, work requirements can be amended or adjusted accordingly. This can include the working hours, flexibility or mobility that are expected of them, and by adjusting the content of the job and nature of the work. The purpose is to enable the employee to continue working despite the reduced working capacity.

Performance Development Dialogue (PDD)

The Performance and Development Dialogue (PDD) is a formal dialogue conducted in the first quarter of each year between a manager and an employee. The purpose of the PDD is to create meaningful and motivational direction in the core areas for any Grundfos employee: performance and development.

The objectives of PDD are:

- To discuss, agree, finalise and document the goals for the year in three categories: incentivised, non-incentivised and development
- To discuss, agree, finalise and document the competencies required for performance and development
- To discuss, agree and document other areas relating to the employee’s work life, such as general reflections and career aspirations

A global system called Success Factors supports the process. The figures in the report are based on registrations in the system. Data from 2012 and 2013 are not comparable with 2014 and 2015 as we changed the data source in 2014. In 2016, the Employee Development Dialogue (EDD) process was merged with the Employee Performance Dialogue (EPD). We implemented one Performance & Development Dialogue (PDD) and a new system, Success Factor, which have affected the numbers and the comparison in 2016 onwards.

ETHICS AND INTEGRITY

Compliance workshops

During 2017, one compliance workshop was arranged, which was part of the new Finance Managers workshop. The concept was launched in 2009, and Grundfos Corporate Internal Control (CIC) conducted many workshops to educate the whole organisation. Workshops are now mainly conducted for new finance managers. This means that CIC expects to conduct one or two workshops each year.

Group entities audited, Grundfos Code of Conduct

Grundfos CIC visits a selected number of 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 business processes and controls, including in relation to the Grundfos Code of Conduct.

Actions taken in response to incidents of corruption

This includes breaches reported to the Ethics Committees or discovered by Grundfos CIC etc.

System and process audits

System audits are quality audits of potential and existing suppliers. System audits include social and environmental aspects related to the Grundfos Supplier Code of Conduct. During 2013, process audits were introduced to sharpen the scope and increase the pool of resources able to conduct audits, enabling Grundfos to carry out the audits where and how they provide the greatest value. Process audits, however, do not include social and environmental aspects.

Sustainability audits

Through Grundfos’ Suppliers Code of Conduct we communicate to our suppliers that we expect them to operate in accordance with local and international standards in regards to human rights, labour rights, the environment and anti-corruption. In order to assess to what extent Grundfos’ Suppliers Code of Conduct is embedded in suppliers’ operations, sustainability audits are performed on selected suppliers. The scope of these audits is Grundfos’ Suppliers Code of Conduct, and they are performed by an experienced third party selected by Grundfos.

Global Risk Assessment

Grundfos has engaged with an external party to conduct an enterprise-wide assessment of the corruption and bribery risks faced by the Grundfos group.

The object of this assessment is to clarify the anti-bribery and corruption risks that Grundfos is exposed to world-wide, and includes a risk register and a high-level response plan advising how to mitigate the risks that are identified.

The assessment is based on the United Nations Global Compact "A Guide for Anti-Corruption Risk Assessment" as well as an analysis of Grundfos' position compared to Transparency International's Corruption Perception Index (CPI).

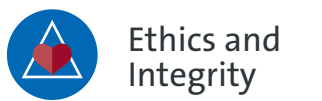
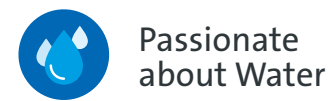
Employee Motivation Survey

The EMS provides a good overview of employee satisfaction, motivation and loyalty. Since there is a link between employee motivation and customer loyalty, we can see the EMS results as an indicator of the future success of Grundfos.

The EMS is run by Group HR in cooperation with the Danish consultant company, Ennova. When Ennova delivers survey data to Grundfos, it ensures the full anonymity of employees. The rules of anonymity are respected; an individual response cannot be identified by comparing different reports or results against each other. Information on age, seniority and gender are only used at an overall level and only if the report contains at least 100 answers. Ennova will not disclose to Grundfos any Grundfos employee’s identity together with their reply in any survey.

All active employees with at least three months' service (incl. both permanent or temporary employees) can take part in the survey. Employees on long-term sick/maternity/paternity leave will not participate. Messengers, office helpers, student workers, external consultants or outsourced people are not surveyed.

The survey questions have been created in collaboration with the Global HR Management team and relevant stakeholders. The EMS is translated into 33 languages. The questions are answered on a 10-point scale.

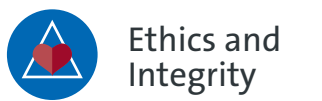
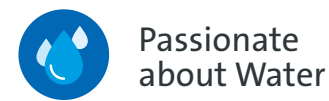


GRI content index

We use the GRI Sustainability Reporting Standards (GRI Standards) for voluntary reporting of sustainable development.

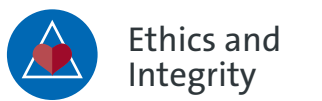
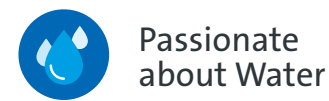
GRI Standard	Disclosure	Page	Explanations	SDG
General Disclosures				
GRI 102 GENERAL DISCLOSURES	Organisational Profile			
	102-1 Name of the organisation	5	Grundfos Holding A/S Group	
	102-2 Activities, products and services	5-6		
	102-3 Location of headquarters	5		
	102-4 Location of operations	2, 6		
	102-5 Ownership and legal form	5		
	102-6 Markets served	2, 5-6		
	102-7 Scale of the organisation	2, 5	See also About Grundfos . Additional information in Annual Report 2017 , pages 11, 17-33.	SDG 8
	102-8 Information on employees	2, 26		
	102-9 Supply chain	6	See also Annual Report 2017 , pages 4-7	
	102-10 Significant changes to the organisation and its supply chain	6	See also Annual Report 2017 , pages 4-7.	
	102-11 Precautionary principle or approach		<p>Primary instrument across operations is ISO 14001-certification, under which both legal compliance and annual environmental aspect evaluation are included. Our approach towards environmental risk mapping is our “environmental aspect evaluation” which is part of IMS.</p> <p>In terms of product development, the main instrument is to ensure compliance with relevant environmental legislation in respective markets. Here we do not have full transparency across the global value chain.</p>	
	102-12 External initiatives		<ul style="list-style-type: none"> UN Global Compact (2002) CEO Water Mandate (2012) 	
102-13 Membership of associations		<ul style="list-style-type: none"> ESR BSR Business & Sustainable Development Commission 2030 Water Resources Group Sustainia Members of steering committee: USAID-Securing Water for Food Trust Fund Members of steering committee: UNEP-DHI Fresh Water Resource Management Confederation of Danish Industries European Heat and Power Association of Danish Pump Manufacturers European Heat Pump Association European Heating Industry Danish Environmental Association, WssTP 	SDG 17	

GRI Standard	Disclosure	Page	Explanations	SDG	
	Strategy				
	102-14 Statement from senior decision-maker	4			
	Ethics & integrity				
	102-16 values, principles, standards, and norms of behaviour	6	More information: Values and purpose and Code of Conduct		
	102-18 Governance structure	5	More on Grundfos Governance Structure .		
	102-40 List of stakeholder groups	11			
	102-41 Collective bargaining agreements		In all our companies, we respect the employees’ right to organise according to local legislations. The proportion of union members varies from country to country; it is highest in the West European countries where we operate. See also our Code of Conduct chapter 13: Working Environment.		
	102-42 Identifying and selecting stakeholders	11			
	102-43 Approach to stakeholder engagement	11			
	102-44 Key topics and concerns raised	11			
	102-45 Entities included in the consolidated financial statements		See Annual Report 2017 pages 54-55.		
	102-46 Defining report content and topic boundaries	7-8			
	102-47 List of material topics	8			
	102-48 Restatements of information	40			
	102-49 Changes in reporting	40	As in the previous year, we organised the report based on the four main ways that we target responsibility. See Sustainability Report .		
	102-50 Reporting period	40			
	102-51 Date of most recent report	40			
	102-52 Reporting cycle	40			
	102-53 Contact point for questions regarding the report	40			
	102-54 Claims of reporting in accordance with the GRI standards	40			
	102-55 GRI content index	45			
	102-56 External assurance		It is a self-assessed report. More on page 40		
	GRI 201: ECONOMIC PERFORMANCE	201-1 Direct economic value generated and distributed		Not applicable. Reason: We calculate our direct economic value generated and distributed differently to the way required by the GRI Standards. Read our Annual Report 2017 pages 11-38.	
		201-2 Financial implications and other risks and opportunities due to climate change		Information unavailable. Reason: We do not collect this information at Group level.	



GRI Standard	Disclosure	Page	Explanations	SDG
GRI 203: INDIRECT ECONOMIC IMPACTS	203-1 Infrastructure investments and services supported		We believe we can do business while doing good. Our products and solutions have significant impacts on local communities, either directly or indirectly. Examples include the Pay-As-You-Save business model in Cambodia, Water2Life project in Vietnam, AQtap kiosks in Kenya and reducing floods in Asia. We are in constant dialogue with local authorities to support the delivery of clean water wherever needed.	
GRI 205: ANTI-CORRUPTION	205-1 Operations assessed for risks related to corruption	36		SDG 16
	205-2 Communication and training about anti-corruption policies and procedures	36, 38	We communicated to all Grundfos employees, including governance body members.	SDG 16
	205-3 Confirmed incidents of corruption and actions taken	36		SDG 16
GRI 206: ANTI-COMPETITIVE BEHAVIOUR	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	36		SDG 16
GRI 301: MATERIALS	301-1 Materials used by weight or volume		Not applicable. Reason: Our systems are not designed to calculate total materials.	
	301-2 Recycled input materials used	17	Read more about our product life-cycle: product recycling journey and follow our path to greater sustainability .	SDG 12
	301-3 Reclaimed products and their packaging materials	17-19, 41		SDG 12
GRI 302: ENERGY	302-1 Energy consumption within the organisation	18-19, 41		SDG 13
	302-2 Energy consumption outside of the organisation		Information unavailable. Reason: We do not collect this data.	
	302-3 Energy intensity		Information unavailable Reason: We do not collect this data	
	302-4 Reduction of energy consumption	18-19, 41		SDG 13
	302-5 Reductions in energy requirements of products and services	14, 41		SDG 13
GRI 303: WATER	303-1 Water withdrawal by source	18-19		SDG 6
	303-2 Water sources significantly affected by withdrawal of water		Information unavailable. Reason: We do not collect data at Group level. We comply with local permits which are monitored locally.	
	303-3 Water recycled and reused	19	One of our strategies to reduce water consumption is harvesting more rainwater. Read more about rainwater harvesting .	SDG 6
GRI 305: EMISSIONS	305-1 Direct (Scope 1) GHG emissions	18-19, 41		SDG 13
	305-2 Energy indirect (Scope 2) GHG emissions	18-19, 41		SDG 13
	305-3 Other indirect (Scope 3) GHG emissions		Information unavailable. Reason: We do not collect data at Group level.	
	305-4 GHG emissions intensity		Information unavailable Reason: We do not collect data at Group level.	

GRI Standard	Disclosure	Page	Explanations	SDG
	305-5 Reduction of GHG emissions		Information unavailable Reason: We do not collect data at Group level.	SDG 13
	305-6 Emissions of ozone-depleting substances (ODS)		Information unavailable Reason: We do not collect this data.	
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions		Information unavailable. Reason: We do not collect this data.	
GRI 306: EFFLUENTS AND WASTE	306-1 Water discharge by quality and destination		Information unavailable Reason: We do not collect this data	
	306-2 Waste by type and disposal method	19, 41	Not all information requested is available at this time. Reason: We do not collect data at Group level. We comply with local permits which are monitored locally.	
	306-3 Significant spills		Information unavailable. Reason: We do not collect data at Group level. We comply with local permits which are monitored locally.	
	306-4 Transport of hazardous waste		Information unavailable. Reason: We do not collect this data.	
	306-5 Water bodies affected by water discharges and/or runoff		Information unavailable. Reason: We do not collect data at Group level. We discharge water in compliance with local permits, back to municipal treatment plants.	
GRI 307: ENVIRONMENTAL COMPLIANCE	307-1 Non-compliance with environmental laws and regulations	19		SDG 16
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT	308-1 Supplier environmental assessment	39, 41		SDG 16
	308-2 Negative environment impacts in the supply chain and action taken	39		SDG 16
GRI 401: EMPLOYMENT	401-1 New employee hires and employee turnover	26		
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees		Information unavailable. Reason: Details requested are not available at this time.	
	401-3 Parental leave		Information unavailable. Reason: We do not track this data at Group level.	
GRI 403: OCCUPATIONAL HEALTH AND SAFETY	403-1 Workers representation in formal joint management-worker health and safety committees		Information unavailable. Reason: Worker representation is defined locally in accordance with local rules and legislations. 74% of our production companies are OHSAS 18.001 certified and they are obliged to ensure worker representation. Wherever we have a presence, workers (as defined by the GRI standards) are included.	
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	28	We track lost time injuries per million working hours.	



GRI Standard	Disclosure	Page	Explanations	SDG
GRI 404: TRAINING AND EDUCATION	403-3 Workers with high incidence or high risk of diseases related to their occupation		Information unavailable. Reason: We do not track this data at Group level.	
	403-4 Health and safety topics covered in formal agreements with trade unions		Information unavailable. Reason: We do not track this data at Group level.	
	404-1 Average hours of training per year per employee		Information unavailable. Reason: Details requested are not available at this time.	SDG 8
	404-2 Programmes for upgrading employee skills and transition assistance programs	29-30	Not all information requested is available at this time.	SDG 8
	404-3 Percentage of employees receiving regular performance and career development reviews	26, 41		SDG 8
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY	405-1 Diversity of governance bodies and employees	26, 31-32, 41		SDG 8
	405-2 Ratio of basic salary and remuneration of women to men		Information unavailable. Reason: Details requested are not available at this time.	
GRI 406: NON-DISCRIMINATION	406-1 Incidents of discrimination and corrective actions taken		Our Whistleblower system data reflect no breaches related to discrimination.	SDG 8
GRI 409: FORCED AND COMPULSORY LABOUR	409-1 Operations and suppliers at significant risk for incidents of forced and compulsory labour	37		SDG 8
GRI 412: HUMAN RIGHTS ASSESSMENT	412-1 Operations that have been subject to human rights reviews or impact assessments	37		SDG 8
	412-2 Employee training on human rights policies or procedures	36, 38		
GRI 413: LOCAL COMMUNITIES	413-1 Operations with local community engagement, impact assessments and development programs	33	For accounts of our local community engagement, see Grundfos Social Responsibility .	
	413-2 Operations with significant actual and potential negative impacts on local communities		To the best of our knowledge, none of our companies has an actual or potential negative impact on local communities.	
GRI 414: SUPPLIER SOCIAL ASSESSMENT	414-1 New suppliers that were screened using social criteria	39		SDG 8, SDG 16
	414-2 Negative social impacts in the supply chain and actions taken	39		SDG 8, SDG 16
GRI 415: PUBLIC POLICY	415-1 Political contributions		In all of our public policy activities we do not, either directly or indirectly, make any monetary or in-kind political contributions	SDG 16

GRI Standard	Disclosure	Page	Explanations	SDG
GRI 416: CUSTOMER HEALTH AND SAFETY	416-1 Assessment of the health and safety impacts of product and service categories	17		
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	17		
GRI 417: MARKETING AND LABELLING	417-1 Requirements for product and service information and labeling		1. Grundfos does not communicate sourcing information to the customer; 2. Grundfos products must comply with the Grundfos Focus List . Documents on Product Chemical Compliance, Export Control, Recycling and Conflict Minerals are available upon request; 3. Safe use of the product is communicated in the product I&O manual or Safety Manual (IOS) in accordance with legal requirements. 4. Information regarding the ErP directive and our end-of-life products and solutions	SDG 16
	417-2 Incidents of non-compliance concerning product and service information and labeling	17		SDG 16
GRI 418: CUSTOMER PRIVACY	417-3 Incidents of non-compliance concerning marketing communications		To the best of our knowledge we do not have any incidents of non-compliance concerning marketing communications.	SDG 16
	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		Data privacy is a fundamental right. We will eliminate, or at least mitigate, the risk of infringing applicable personal data rules, while continuing to operate as the world's largest pump producer. We have a Data Privacy Compliance Manual that aims to achieve this. We have two main types of personal data: • HR data (data on Grundfos employees) • Third-party data, including business contacts and end-users. A working group has been established to find ways to support compliance with the new EU regulation at a Group level. We have also started ensuring that international transfers of personal data will be compliant and launched data-mapping at Group level to help to achieve this. The data-mapping will include global processes in Grundfos. Data privacy is considered a top priority by Group Legal, which is preparing legal solutions to support the Group and local companies, as well as employees on an ad hoc basis. Our local companies are expected to be in compliance with local law and data privacy legislation, and support the Group regarding personal data initiatives. Staff have been appointed at local company level to be responsible for ensuring compliance with personal data rules and to train colleagues in observance of them. To the best of our knowledge, we did not breach any violations related to customer privacy.	SDG 16



The fight for water for all is not a fight for just one day. It is a fight for today, tomorrow and every following day. We must find a way to tackle the serious water issues, and ensure universal water access by 2030.”

*Mads Nipper,
Grundfos CEO*

