

SUSTAINABILITY

REPORT 2018





Urban Rigger is a student housing set-up in Copenhagen harbour, that consists of 12 apartments packed with sustainable solutions to its unique challenges. [More](#)

CONTENTS

Contents	02	Passionate about water	27	Ethics and integrity	46
Message from the CEO	03	Water for all	28	Legal compliance	47
		Stronger partnerships for water	31	Human rights & forced labour	51
We are Grundfos	04			Sustainable supply chain	54
Results at a glance	05	Responsible	34		
Assessing our priority topics	08	Employee – Infographic	36	About the report	56
Stakeholder Engagement	11	Occupational health & safety	37	Key performance indicators	57
Towards the SDGs	13	Learning & development	38	Indicator definitions	59
		Employee satisfaction	40	The GRI content index	62
Green at heart	16	Diversity & inclusion	41		
Energy-efficient products & solutions	17	Local engagement	44		
Advancing life-cycle thinking	19				
Our environmental footprint	23				

ON THE COVER

Students of Froylan Turcios High School, Honduras. Our employee programme Water2Life is bringing safe water to the school.





WE ARE GRUNDFOS



GREEN AT HEART



PASSIONATE ABOUT WATER



RESPONSIBLE



ETHICS AND INTEGRITY

GROWING OUR BUSINESS WITH THE SDGS

WE BELIEVE AN OPEN ECONOMIC SYSTEM IS THE ONLY WAY TO A LOW-CARBON, ENVIRONMENTALLY SUSTAINABLE AND SOCIALLY INCLUSIVE FUTURE. AT THE SAME TIME, WE ACKNOWLEDGE THAT 'BUSINESS AS USUAL' IS NO LONGER ENOUGH.

Many good things happened in 2018. There was a clear decline in ozone-depleting chemicals; Ethiopia took steps away from dictatorship; and India's supreme court overturned more than 150 years of anti-LGBT legislation. These are all proof that change is possible.

However there is more to do. The Organisation for Economic Co-operation and Development is calling for an immediate halt to the 'slide towards protectionism'. There is a surge in nationalism. Income inequality is at its highest level in the past half century, and the stream of refugees continues while some countries close their borders. These are challenges that can only be solved if we act together.

At the same time, the boundary between politics and business becomes less clear; we have to have opinions on relevant issues and act accordingly.

SUSTAINABILITY IS OUR BUSINESS

When I joined the Business and Sustainable Development Commission about three years ago, it was to bring together leaders to seize on the business opportunities in sustainable development. The Commission finalised its work this year as planned, but it remains relevant. The Commission estimated that sustainable solutions could bring financial rewards of

between US\$12 trillion and US\$30 trillion. It is not only about doing the right thing; the Sustainable Development Goals (the SDGs) offer companies a tremendous growth strategy.

Can we survive as a company just by 'being responsible' in the way we do business and without 'taking responsibility' by looking into new business models and technologies that open doors to a more sustainable, more inclusive business?

THE HIDDEN OPPORTUNITIES

UNICEF estimates women and children spend 200 million hours *daily* collecting water. It is a colossal waste of time! Yes, the future is already here... it is just unevenly distributed. We believe that development can happen without compromising one side of the planet to benefit the other.

In 2018, we worked with the SDGs through strategic 'doing good and doing business' initiatives to find the hidden oppor-



I had the privilege to be in Kenya and witnessed how safe water changes lives for the better

tunities. A task force in Ghana is looking into new ways of doing business with greater positive impact on goals #6 (water) and #8 (jobs and growth). We initiated work to strengthen access to solar pumping solutions, focusing on goal #13 (climate).

We are continuing our efforts on energy efficiency through our products and solutions. As in previous years, we have calculated the annual electricity savings represented by the high-efficiency circulator pumps that we have sold in the European Union (EU) since 2005. In 2018, these Grundfos solutions saved an estimated 7.9 billion kWh.

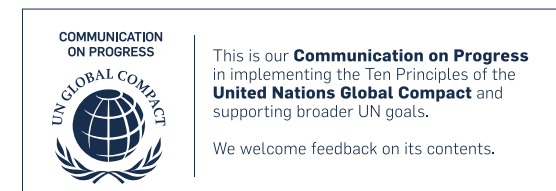
In addition, our eco-design toolbox is now part of key product development processes to support sustainable decisions at each stage of a product's life cycle. We are piloting take-back systems, and exploring the reusability of product components as well as design-for-disassembly.

While there is always room for improvement, we take pride in seeking an even deeper understanding of what role we play now and can play in pursuit of a sustainable future.

THE FUTURE DEPENDS ON WHAT YOU DO NOW

We will soon launch our 2025 strategy, which will continue to stress our commitment to meet the challenges of tomorrow. What will always remain consistent are the Grundfos values. We have supported the UN Global Compact since 2002 and continue to do so. Our business partners and the communities know 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.

Mads Nipper, GRUNDFOS CEO





WE ARE
GRUNDFOS



GREEN AT
HEART



PASSIONATE
ABOUT WATER



RESPONSIBLE



ETHICS AND
INTEGRITY

WE ARE GRUNDFOS

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.

Our employees in our facility in Serbia



RESULTS AT A GLANCE



WE ARE GRUNDFOS

NUMBER OF OPERATIONS

	Americas	WEREG	EEWAA	Asia Pacific	China	Total
PLANTS	7	23	2	4	4	40
OTHER BRANDS	1	11	0	1	1	14
LOCAL ASSEMBLY	8	1	3	7	2	21

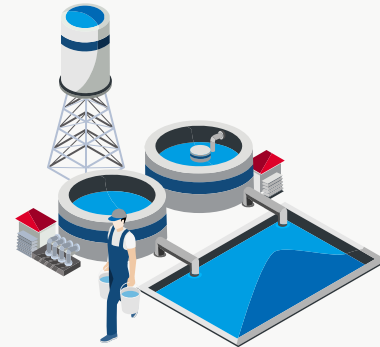
56
COUNTRIES

DKK
26.7BN
NET TURNOVER

19,014
EMPLOYEES
AROUND THE GLOBE

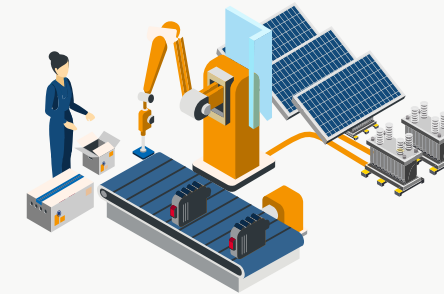
GREEN AT HEART

34%
REDUCTION
IN WATER
CONSUMPTION
FROM 2008

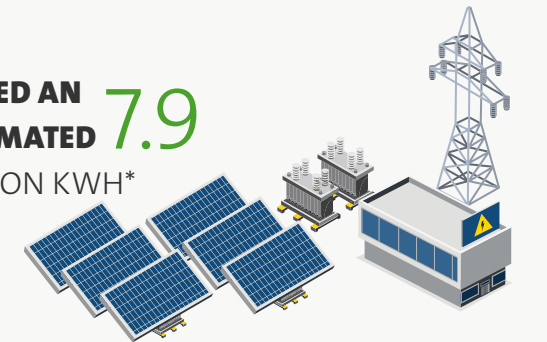


31% REDUCTION IN
CO₂ EMISSIONS
FROM 2008

4.5%
OF OUR TURNOVER IN
2018 WAS ALLOCATED
TO DEVELOPING NEW
SOLUTIONS



SAVED AN
ESTIMATED **7.9**
BILLION KWH*

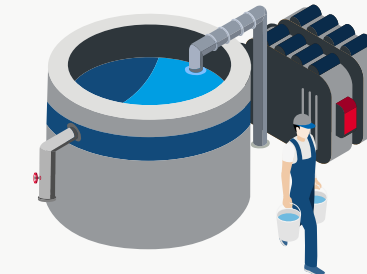


PASSIONATE ABOUT WATER

OUR EMPLOYEES COLLECTED
USD 60,000
FOR THE FIRST WATER2LIFE
PROJECT IN HONDURAS



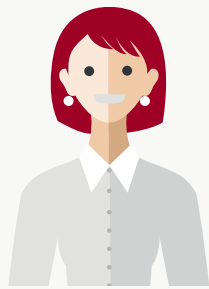
FIRST SAFE WATER KIOSK
WAS INSTALLED IN MOCUBA,
MOZAMBIQUE (WITH ADRA
INTERNATIONAL)



958,000
PEOPLE WERE PROVIDED WITH ACCESS TO
CLEAN WATER IN 2018, TAKING THE TOTAL
REACHED SINCE 2014 TO **MORE THAN 1.66**
MILLION PEOPLE (WITH WORLD VISION)

RESPONSIBLE

21%
WOMEN IN
LEADERSHIP
POSITIONS.
TARGET: 25% BY
2020



285
TRAINING OPPORTUNITIES
IN OUR GLOBAL TRAINING
WAREHOUSE



3.1%
EMPLOYEES
WITH REDUCED
WORK CAPACITY
GLOBALLY

82% OF
OUR SITES ARE
OHSAS 18001
CERTIFIED



ETHICS AND INTEGRITY

91
TIER 1 THIRD-PARTY
SUSTAINABILITY
AUDITS



CONDUCTED HUMAN
RIGHTS IMPACT
ASSESSMENTS IN
INDIA AND SERBIA



ABOUT **90%**
EMPLOYEES WORLDWIDE WHO MAY
HANDLE PERSONAL DATA PARTICIPATED
IN THE **GENERAL DATA PROTECTION**
REGULATION (EU) TRAINING

* Saving from our high-efficiency circulator pumps sold in the EU between 2005 and 2018



WE ARE GRUNDFOS



GREEN AT HEART



PASSIONATE ABOUT WATER



RESPONSIBLE



ETHICS AND INTEGRITY

HIGHLIGHTS

EARLY IN 2018, WE DIVIDED THE MARKET INTO FIVE REGIONS: WEREG (WESTERN EUROPE), EEWAA (EASTERN EUROPE, WESTERN ASIA AND AFRICA), AMERICAS (NORTH, CENTRAL AND SOUTH AMERICA), APREG (ASIA/PACIFIC), AND CHINA.

1. Western Europe (WEREG)

We collaborated with Danfoss, VELUX and ROCKWOOL in founding *Synergi*, an interest organisation that promotes energy-efficient solutions in Denmark, which aims to be fossil fuel-free by 2050.



Our *SMART Digital Series DDA* dosing pump won first place in the Water category at the prestigious Energy Globe Awards in Salzburg, Austria. At the German Design Awards in Frankfurt, we brought home the Excellent Product Design Award in both the Energy category for the *SCALA2* booster pump, and in the Industry category for the *AQtap*.



2. Eastern Europe, Western Asia and Africa (EEWAA)

Niels Due Jensen, our former group president and board chairman, received the Commander Cross of the Order of Merit of Hungary for his efforts in establishing and developing the Grundfos business in Hungary.

Our office in Budapest, Hungary, was awarded the 2017 Office of the Year

title in the Big Enterprises category. Grundfos Hungary also won the Family-Friendly Company of 2018 title bestowed by the Three Princes, Three Princesses, an organisation that acknowledges companies that go the extra mile to ensure a good work-life balance for employees.



3. Asia Pacific (APREG)

Our Indian office and its NGO partner, The V-Excel Educational Trust received the Madras Chamber of Commerce & Industry's CSR award for their Thozhi Project. It focuses on manufacturing low cost sanitary napkins by people with disabilities and promote the use of sanitary napkins to safeguard women's reproductive health.

Grundfos Taiwan was awarded the National Environmental Protection Award 2018 by the Taiwanese government.



4. Americas (North, Central and South America)

Through online voting, Grundfos North America won the annual Best Employer contest held by Hunter Crown, the US company that specialises in recruiting for the water and wastewater industry.

5. China

Our Comfort Box hot water circulation pump, which was specifically made for the Chinese market, was dubbed Innovative Product of the Year by the Chinese business media outlet *Jiemi-an* due to its usability and innovative design.





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ETHICS AND INTEGRITY

THEN AND NOW

Our journey began in 1945 in Bjerringbro, Denmark. Our founder, Poul Due Jensen, supplied a neighbouring farmer, who was having trouble accessing clean water, with an automatic pump system. It was this moment of entrepreneurship, enterprise and compassion that marked the start of Grundfos as we know it today.

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.

At Grundfos, we want to be a part of the solutions to global challenges by improving water and energy efficiency for the greater good. In 1982, we produced our first pump system powered by solar power. In 2009, we started to offer [Lifelink sustainable water solutions](#) to enable reliable access to safe, affordable water in the challenged communities of developing countries.

We also believe in our duty to make a difference locally and globally. Back in 1968, we created the first flexible workshop in Denmark. The concept was to empower employees with reduced work capacity, which set the tone for how we view our workforce. We strive to support and promote opportunities for people of all ages and backgrounds.



Our first solar tower in Zambia (1986)



A new generation of large CR pump together with a circulator pump

PRODUCT SOLUTIONS AND MARKETS

We operate in 56 countries and through our network of partners, distributors and subdealers we have a presence in even more.

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.

We supply complete pumping systems and solutions for buildings, industry and every aspect of water use. Our business comprises market-leading [circulator pumps for heating and air-conditioning](#) domestic and commercial buildings and [pump solutions for industry, water supply,](#)

Values

Grundfos Values are the heart of our identity, beliefs and principles. They are who we are.



SUSTAINABLE



OPEN AND TRUSTWORTHY



FOCUSED ON PEOPLE



INDEPENDENT



PARTNERSHIP



RELENTLESSLY AMBITIOUS

Code of Conduct

Our Code of Conduct (CoC) is our commitment to conducting business based on honesty and integrity all around the world. It details our core values and sets out behavioural guidelines for good business ethics.

[sewage, dosing](#) and other purposes. A central feature of our products and solutions is built-in technology; they are intelligent, need-based performance systems that significantly reduce water and energy consumption.

We also deliver optimised solutions for the entire [water treatment cycle](#) and water supply solutions for the developing world, from cleaning and recycling water to delivering it to where water is scarce.

In addition, we develop and sell energy-efficient motors and advanced electronics. Our primary brands include Grundfos' own brands, DAB/DWT, Biral, Isia, Vortex and Enaqua. Our customers include end-users, dealers and distributors, installers, contractors, and original equipment manufacturing (OEM) companies.



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RESPONSIBLE



ETHICS AND INTEGRITY

ASSESSING OUR **PRIORITY TOPICS**

IN 2017, WE FINALISED OUR MATERIALITY ASSESSMENT TO IDENTIFY 'FUTURE PROOF' PRIORITY TOPICS. THE ASSESSMENT WAS TIED TO OUR SDG ASSESSMENT, COUPLING QUALITATIVE AND QUANTITATIVE ELEMENTS.

The qualitative assessment focused on mega-trends, corporate objectives, values and the SDGs. For the quantitative assessment, we conducted the SDGs survey of key stakeholders. See the entry under 'Towards the SDGs' for a description of how these goals drove the materiality assessment.

We did a trend analysis on:

- Future opportunities and risks posed by global mega-trends and regulatory developments, such as projections of future water access, water quality and water treatment;
- Global trends in legislation on human rights issues and chemicals;
- The changing requirements for transparency, especially in terms of how they impact the value chain.

Following this, we looked at corporate objectives and values, which led to the identification of SDG opportunities for Grundfos as well as gaps that needed to be addressed. On top of this, we evaluated all SDGs by actual impact and potential impact, coupling them to existing programmes running within each area.

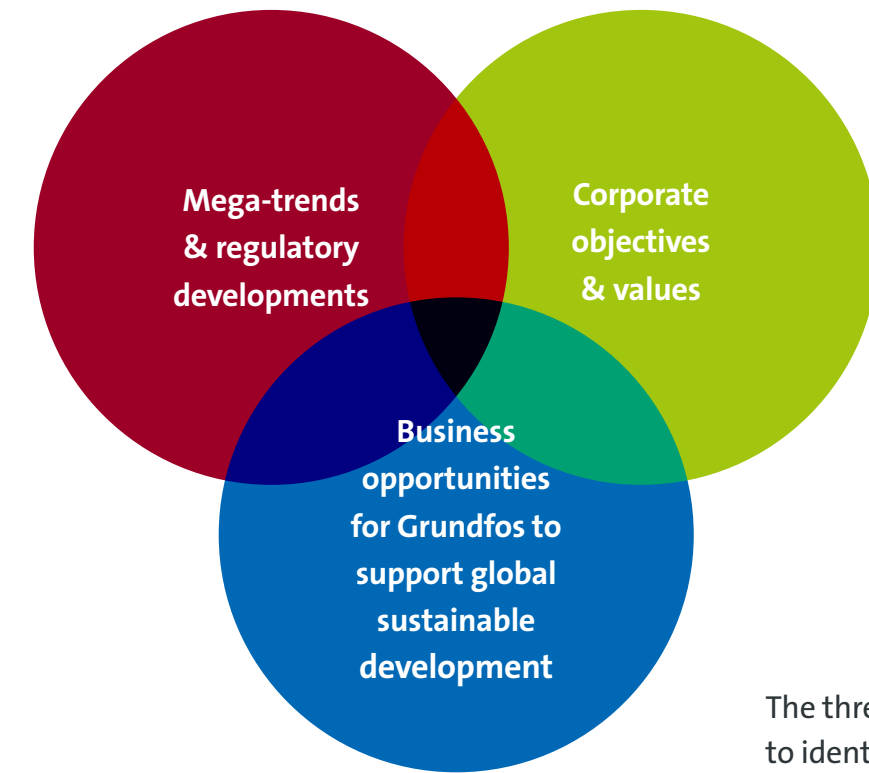
We also engaged with a wide range of stake-

holders to carry out a traditional materiality survey. Based on the SDGs, we asked each of our stakeholders to rank different topics according to their relative importance to them. The survey was not as methodologically robust as we would have liked and so we were cautious about using the data. To bolster the validity of the results we added interviews as a verification procedure.

We finalised our materiality assessment in 2017 and re-evaluated it this year. We did not find any significant changes in our material topics. The aim going forward is to do more in-depth reassessment of material topics every second year. For more details about last year's assessment, please see the [2017 Grundfos Sustainability Report](#) as well as the section on the SDGs.

THE MATERIAL TOPICS

The three-pronged approach—mega-trends, objectives and values and the SDGs—resulted in the identification of 'future proof' topics of material significance; those where we have an impact today and will have in the future. As part of the 2017 assessment, we also identified the priority SDGs within each material topic.



The three-pronged approach to identify our priority topics

Green at heart is our commitment to the planet and SDG #13. We offer pumps and solutions that use as little energy as possible and play a tangible role in the green transition.

- Global emissions of carbon dioxide (CO₂) have increased by almost 50% since 1990. Emissions grew more quickly between 2000 and 2010 than in each of the three previous decades. It is still possible, using a wide array of technological measures and changes in behaviour, to limit the increase in global mean temperature to two degrees Celsius above pre-industrial levels.
- An estimated nine out of every 10 pumps operate inefficiently. Our solutions can help to reduce the world's total electricity consumption by as much as 5%.

Passionate about Water is our commitment to partnerships addressing global water challenges and SDG #6.

- Three in 10 people lack access to safely managed drinking water services. Wa-

ter scarcity affects more than 40% of the global population and is projected to rise. More than 80% of wastewater resulting from human activities is discharged into rivers or the sea without any treatment. Floods and other water-related disasters account for 70% of all deaths related to natural disasters.

- With solutions that can sustainably provide access to water and improve water quality and management, we have a responsibility to continually strengthen our offerings. We work with partners in pursuit of positive impacts, focusing on the world's water challenges.

Responsible is about our commitment to the over 19,000 Grundfos employees who come to work every day expecting a safe, healthy and inclusive work place – a focus on SDG #8.

- Fewer than 45% of wage and salaried workers are employed on a full-time,



permanent basis, and even that share is declining. By 2019, more than 212 million people will be out of work, up from the current 201 million. 600 million new jobs need to be created by 2030, just to keep pace with the growth of the working-age population.

- We can make a positive difference to local communities by including all kinds of people in our workforce – retaining existing employees and welcoming people with reduced work capacity and others who normally fall outside the job market.

Ethics and Integrity are our commitment to a strong social contract – with emphasis on SDG #16. We want to do the right thing, even when no one is watching.

- Almost one in five firms worldwide report receiving at least one bribery payment request when engaged in regulatory or utility transactions. About 24.9 million people globally are victims of forced labour. Some 152 million children are in child labour, about half of them in the worst forms of it, such as hazardous work.

- We operate globally and have a responsibility to actively address the risks of corruption and bribery.

We started to report according to the Global Reporting Initiative (GRI) framework last year and continue to do so. The GRI index is coupled to our focus SDGs. We have used the same Key Performance Indicators (KPIs) to track our performance for a decade, which allows us to make transparent year-on-year comparisons. To retain the benefit of this comparison capability, we will continue to maintain the same KPIs, while performance on our material topics can be tracked in the GRI index.

A 'FUTURE PROOF' ASSESSMENT

We see our materiality assessment not merely as a list of sustainability issues, but as a foundation on which to build the future of Grundfos in accordance with a 'doing business, doing good' growth strategy.

Any topical approach is analytical – when we work with human rights, we also work

DRIVERS	OUTPUTS	OUTCOME	IMPACT
Values + Strategy	GREEN AT HEART Energy efficiency, product life-cycle, environmental footprint	An estimated nine out of 10 pumps operate inefficiently. Our solutions can help to reduce the world's total electricity consumption by as much as 5%. We offer solutions that use as little energy as possible, integrate products and digitally enabled solutions, and 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	Contribute to addressing the global water challenge through technology and new business models that offer sustainable solutions – forming partnerships that not only provide access to water and improve water quality and management, but also strengthen our position and offerings in the market.	
	RESPONSIBLE Health and safety, employee satisfaction, diversity and inclusion, local communities	We make a positive difference to local communities by retaining employees, including those with reduced work capacity and others who normally fall outside the job market – and attract the best global talent to stay competitive.	
	ETHICS AND INTEGRITY Legal compliance, human rights & forced labour, sustainable supply chain	We operate globally and have a responsibility to actively address the risks of corruption and bribery, including in our supply chain. We maintain high ethical standards throughout the value chain, because it is the right thing to do.	

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

COMPLIANCE AREAS	Law and regulations	<ul style="list-style-type: none"> Bribery Facilitation payments 	<ul style="list-style-type: none"> Personal benefits Conflict of interest Political contributions 	<ul style="list-style-type: none"> Confidentiality & data security 	Competition law	Bookkeeping & accounts	Human rights	<ul style="list-style-type: none"> Discrimination Work environment 	Environment
COMPLIANCE FRAMEWORK	<ul style="list-style-type: none"> Trace compliance programme Export control & sanction programme 	Anti-corruption and bribery programme	Anti-corruption and bribery programme	Data privacy compliance plan	<ul style="list-style-type: none"> Competition law Compliance programme 	Grundfos control handbook	<ul style="list-style-type: none"> Human rights due diligence programme (based on the UNGP) Sustainable supply chain programme 	<ul style="list-style-type: none"> Health & safety programme Human rights programme 	<ul style="list-style-type: none"> Sustainable supply chain ISO 14001

In 2018, we created a Compliance Framework around our Code of Conduct



with environmental issues. According to the UN Environment Programme, every year more than two million deaths and billions of cases of disease can be attributed to pollution. The right to a safe, healthy and ecologically balanced environment is a human right in itself. Consequently, we also work with human rights when we work with health and safety, diversity and inclusion, and access to water. Water is a critical environmental issue.

Understanding both the potential negative impact of our activities and the opportunities to optimise our positive impact is a journey, not a destination. These impacts will change as our business changes and the world changes. Consequently, any assessment is a picture in time.

Our commitment is to stay relevant and constantly improve our understanding of the time we live in and our role in it; of how we as a business can minimise our potential to cause harm; and of how we can contribute positively to global sustainability.

COMPLIANCE FRAMEWORK

This year, we created a Compliance Framework built on our values and international standards as described in our Code of Conduct. Within each thematic area of the Code of Conduct, we run a number of programmes to build compliance in that area.

Our material topics in a value chain perspective

MATERIAL ISSUE	VALUE CHAIN				
	MATERIALS	TIER 1 SUPPLIERS	GRUNDFOS	BUSINESS CHANNELS	END USERS
GREEN AT HEART					
Energy efficiency					
Product life cycle					
Our 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



WE ARE GRUNDFOS



GREEN AT HEART



PASSIONATE ABOUT WATER



RESPONSIBLE



ETHICS AND INTEGRITY



Our headquarters in Bjerringbro, Denmark

STRENGTHENING OUR STAKEHOLDER ENGAGEMENT

Our success as a business relies on thousands of independent relationships with customers, employees, and communities, as well as other organisations, like non-governmental organisations (NGOs), regulators and government bodies.

Key to maintaining these strong relationships is a well-managed stakeholder strategy and regular stakeholder engagement. We engage at all levels, from production employees to senior management.

When identifying stakeholders and the most appropriate way to engage with them, we look at the following criteria:

- Shared values;
- Similar impact goals and mutual benefits;
- Network and advocacy opportunities;
- Complementary skills and expertise;
- Opportunities for collective action, sharing and learning best practices;
- Awareness of material topics.

STAKEHOLDER GROUP	ENGAGEMENT METHOD	TOPICS
Customers	Customer survey, websites, e-learning (Grundfos for installers), online tool for wholesalers (MyGrundfos), social media, direct contact through sales, customer meetings, industry trade group meetings, awards	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 local engagement, employee volunteers, collaborative partnerships, sponsorships, awards	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 ARE GRUNDFOS



GREEN AT HEART



PASSIONATE ABOUT WATER



RESPONSIBLE



ETHICS AND INTEGRITY

To understand our stakeholders and how they are related to our material areas, we reached out across our organisation to

every relevant department. The table below summarises our engagement across our four main material topics:

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



Grundfos Singapore and PUB, Singapore's National Water Agency, signed a MoU to collaborate on the development of efficient water technologies and solutions in Singapore



WE ARE GRUNDFOS



GREEN AT HEART



PASSIONATE ABOUT WATER



RESPONSIBLE



ETHICS AND INTEGRITY

TOWARDS THE SDGS

Throughout Grundfos' history, we have been a company that gets involved at a practical level in tackling challenges and finding answers. We acknowledge and accept that the old, linear ways of thinking about business activity and the economy are obsolete and we need to have the courage to try out new ways of doing business — ways that are inclusive and environmentally sustainable, with as tiny a carbon footprint as possible. We need ways of doing business that address poverty, inequality and problems of financial access. Too many people are being left behind.

As formulated through the SDGs, the 2030 Agenda for Sustainable Development provides a blueprint and action plan for a better world. To successfully fulfil the action plan, governments, the private sector, civil society and others have to work together. No single sector can deliver on the SDGs alone.

The private sector, with its power of innovation, has the ability to find many of the solutions to meet the SDG challenge. Quantifying the rewards inherent in the SDGs, and formulating a narrative around the required market transition, speaks to businesses by presenting the SDG 'future' in terms of growth and investment. This gives the broader business community direction and motivation, both of which are necessary to fulfil the SDGs.

IDENTIFYING OUR PRIORITY SDGS

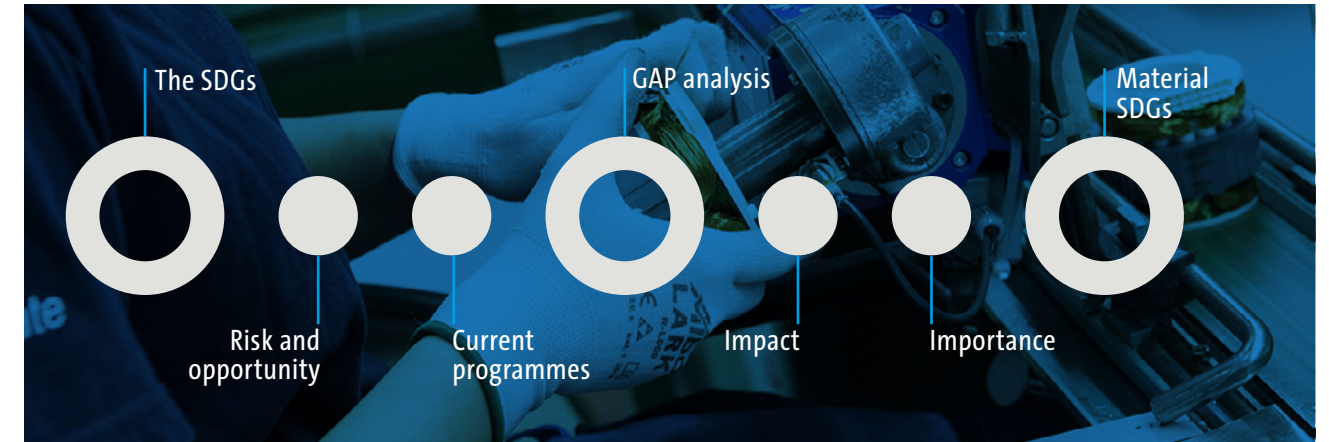
In 2016, we started working systematically with the SDGs, doing case mapping to gain deeper insight into them and into how they relate to our business. Our guiding principle here is to focus on commercially viable solutions that have a positive impact and thereby address global challenges.

We also started preparations for our survey of material issues, which we ran in 2017 and was based on the SDGs.

We worked with the SDGs from three perspectives:

- Business opportunities perspective: The SDGs tells us about mega-trends. Where is there a potentially enormous un-met demand? And can we contribute to meet that demand — while doing business? We call this Sustainability is Business;
- Risk perspective: Where are we at risk of causing negative impact? What are the trends in expectations about good business practices? We call these Social Contract Issues;
- Communication perspective: A common framework when we speak with partners—from NGOs and governments to customers and our own employees.

In 2017, we did a more thorough assessment that included both our risks of doing harm and opportunities to positively impact hu-



The SDG materiality assessment

man development. Taking the qualitative data from the case workshops and the quantitative data from the survey, we built a SWOT (strength, weakness, opportunity, threat) analysis around each SDG. We then identified the sub-targets of relevance to us.

Using the tools available at the time — the SDG compass and SDG industry matrix — we identified further risks and opportunities. This was followed by a mapping against our current programmes and initiatives to identify gaps. At the time, we had completed an in-depth global human rights risk assessment with Business for Social Responsibility (BSR), and we decided to incorporate this in the SDG risk mapping, because human rights are relevant in all the SDGs.

This led to the identification of the four priority SDGs:

- SDG #6 on water and SDG #13 on climate, where our pump and water solutions have the biggest impact. The goals are linked to our overall business

and growth strategy and are the backbone of our efforts.

- SDG #8 on decent work and SDG #16 on strong institutions as the areas in which our operations had the biggest impact.
- The priority SDGs are an important tool for us in aligning our impact objectives while taking into account the broader range of stakeholders, including business partners, governments and civil society organisations. The priority SDGs as well as the 13 other SDGs help us to ground the impact outcomes of our business and gain a cross-sectoral understanding of how we can together drive positive change.

THE SDGS ARE INTERCONNECTED

From the assessment, we found that the SDGs are closely inter-linked and any attempt to separate them is more of an analytical exercise than a practical one. Consequently, in order for the SDGs to facilitate the inoculation of a sustainable business culture throughout Grundfos and form a guiding framework, we let the



individual functions within the company take ownership. They went through their own discussions and analysis, adding the SDGs most relevant to their particular line of work. The result is a combination of top-down application of the material SDGs, and bottom-up identification of additional priority SDGs.

For example, teams working with inclusion made their own analysis and now focus on the most relevant SDGs for them, which are SDG #5 on gender and SDG #3 on good health. When we work with solar-driven

pumps, we also work with SDG #7 on clean energy. Initiatives to reduce our environmental footprint have an impact on SDG #12, which is about responsible consumption and production. Our work with human rights cuts across all the SDGs. As a result, we have dedicated SDG programmes and initiative, but in reality most of our programmes and initiatives are linked to a web of SDGs.

We have also used the case study method, looking at new projects and adding an SDG layer to identify areas where we might be

doing harm or could do things a little differently to achieve a more positive impact.

REPORTING ON THE SDGS

In 2018, we started to report according to the 'core' option of the GRI (Global Reporting Initiative) Standard and further refined our analysis using a report by the GRI/UNGP: Business Reporting on the SDGs: An Analysis of the Goals and Targets. This also meant a first step towards reporting on the SDGs. The SDGs are alive and well in Grundfos; they have grown organically and gained more and more followers throughout the

business, along the full value chain. This means that the SDGs are no longer coupled to strategy, but are part of the strategy. With a clear priority to change mindsets, and being well on the way on that journey, we are also focusing on further integrating the SDGs into our reporting and target-setting.

Below is an overview of how we work with the SDGs, a description of the goals on which we have the biggest business impact, a list of the challenges, an explanation of the impact we have, and selected initiatives, targets and results.

SDG framework

BIGGEST IMPACT AND CHALLENGES



SDG #13
CLIMATE



SDG #6
WATER



SDG #8
DECENT WORK



SDG #16
STRONG INSTITUTIONS

SDG #1 ON POVERTY:

Decent wages, supply chain worker conditions, solutions for the poor, social/economic/environmental impacts of our products.

SDG #2 ON HUNGER:

Sustainable irrigation.

SDG #3 ON HEALTH:

Health and safety for our employees and in the supply chain, safe product solutions and solutions offering safe potable water.

SDG #5 ON GENDER EQUALITY:

Women's full, effective and equal opportunities at leadership levels, include more women-owned businesses in supply chain, disseminate information about women's rights and address gender issues in supply chain.

SDG #7 ON ENERGY:

Energy-efficient products and solutions, water infrastructure based on renewable energy, increase own production efficiency and increase use of renewable energy – and encourage the same in the supply chain.

IMPORTANT IMPACT AND CHALLENGES

SDG #9 ON INDUSTRY, INNOVATION, INFRASTRUCTURE:

Invest in R&D, circular models reducing climate impact, financing strategies to provide low-income communities access to resilient water infrastructure.

SDG #10 ON REDUCED INEQUALITIES:

Opportunities for lower-skilled workers to develop their skills, equal opportunity policies and practices, include people outside the labour market, care for our employees.

SDG #11 ON SUSTAINABLE CITIES AND COMMUNITIES:

Flood control capabilities, solutions for resilient buildings, greater connectivity and energy efficiency and safety for urban communities, optimise operational efficiencies, open outside spaces for public in city facilities.

SDG #12 ON RESPONSIBLE CONSUMPTION AND PRODUCTION:

Energy-efficient pumps and solutions, energy-efficient manufacturing and materials choice, introduce aspects of circular economy to products, reduce waste through innovative technologies, improved processes to reduce/reuse/recycle water and raw materials.

SDG #17 ON PARTNERSHIPS:

Business coalitions and partnerships with policy makers for meaningful policies and regulatory environment, strengthen link between corporate and societal value creation, partnerships to develop water solutions and new business models for the SDGs.

IMPACT

SDG #4 ON QUALITY EDUCATION:

Resilient water solutions for schools off the water grid, local companies engage with local schools to increase quality of education.

SDG #14 ON LIFE BELOW WATER:

Design pumps and solutions minimising risks of pollution, spillages and contamination, utilise marine plastic in product manufacturing, sustainable aquaculture/aquaponics.

SDG #15 ON LIFE ON LAND:

Manage and mitigate our impact on land and eco-systems.



PRIORITY SDGS



**GREEN AT HEART
SDG #13**

Take urgent action to combat climate change and its impacts.



**PASSIONATE ABOUT WATER
SDG #6**

Ensure availability and sustainable management of water and sanitation for all.



**RESPONSIBLE
SDG #8**

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.



**ETHICS AND INTEGRITY
SDG #16**

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

POSITIVE IMPACT

We focus on energy-efficient solutions and their full life cycle as well as reducing our own environmental footprint, saving significant amounts energy.

We use eco-design, an approach to designing products with consideration for their environmental impact during the entire life cycle.

We have the technology and solutions to make a significant contribution to sustainable water access and use.



We leverage our water solutions to meet global challenges through new business models.

Our focus is on preventing people from becoming excluded from the job market, improving employment rates for workers with reduced abilities, and the inclusion of marginalised groups.

Grundfos employees have a safe, healthy and inclusive work environment.

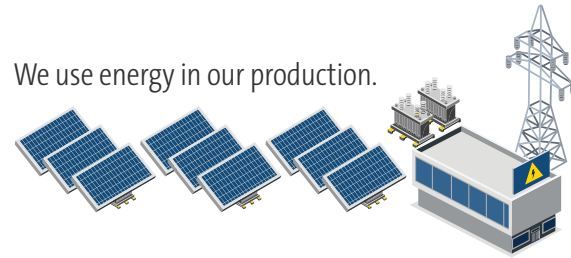
Do the right thing, even when no one is watching.

Our focus is compliance with the Code of Conduct and Supplier Code of Conduct.



CHALLENGES

We use energy in our production.



We use water in our production as well as chemicals during processing of materials throughout the value chain. There are limitations in our ability to track supply chain processes.

Health & safety risks associated with producing, assembling and servicing pumps and the identification of hazards before they become real threats.

Raw materials, conflict minerals in particular, and the ability to track materials and processes in the supply chain.

Systemic issues such as overtime in particular countries.

TARGETS

Pioneer solutions that care for the planet.

Never emit more CO₂ emissions than in 2008.



Pioneer solutions that improve quality of life for people.

Reduce our water consumption by 50% by 2025 (2008 baseline).

Zero accidents.

3% of workforce consists of people with reduced work capacity.

Zero tolerance for bribery and corruption.

80% compliance in sustainable supply chain programme.

Finalise five human rights assessments by 2020.

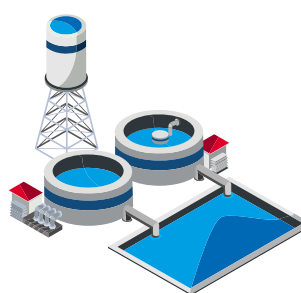
SELECTED AREAS OF CONTRIBUTIONS

Actively support responsible public policy e.g. through the establishment of Synergi – a coalition working for energy efficiency.

Develop sustainable pump and water solutions that use as little energy as possible.

Develop solutions addressing climate change, such as flood control.

Develop solutions using clean energy sources, such as our expanding range of solar-driven products.



Lifelink solutions range and partnership-based business models, introducing solutions for low-income communities.

Develop and introduce technology and processes to treat, recycle and reuse waste water and effluent, such as the introduction of closed-loop manufacturing processes.



Proactively support employees when health issues begin to show.

Annual employee motivation and satisfaction survey – in 34 languages, revealing areas where we can improve.

Global employee engagement programmes to support an inclusive mindset, including the internal Future Now Awards, given for outstanding commitment to social responsibility.

Development of solutions for refugee settlements.

Company-wide training in Code of Conduct, coupled to targeted training on anti-corruption, competition law and data.

Sustainable supply chain programme and human rights due diligence programme.



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GREEN AT HEART



PASSIONATE ABOUT WATER



RESPONSIBLE



ETHICS AND INTEGRITY

GREEN AT HEART

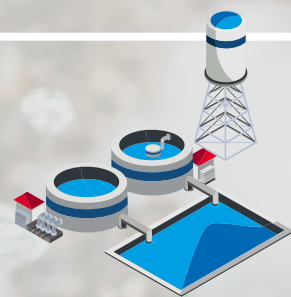
IN THE DRIVE FOR SUSTAINABILITY WE PUSH THE ENVELOPE TO ACHIEVE THE MOST EFFICIENT USE OF WATER AND ENERGY POSSIBLE, WHICH IS OF TREMENDOUS BENEFIT TO BROADER SOCIETY AS WE ALL SEEK TO ENSURE A BETTER FUTURE.

HIGHLIGHTS

ACCUMULATED SAVINGS BY 2018: **7.9 BILLION*** KWH, OR THE **EQUIVALENT** OF THE ANNUAL ELECTRICITY CONSUMPTION OF **4.8 MILLION EU RESIDENTS**.
VALUE IN 2016: 6.6 BILLION KWH

34%

REDUCTION IN WATER CONSUMPTION FROM 2008, **1.6% DECREASE** COMPARED TO 2017



OUR **WATER EFFICIENCY PROJECTS** MAY HELP US CUT OUR WATER CONSUMPTION BY **AROUND 30.000 M³**

31%

REDUCTION IN CO₂ EMISSIONS SINCE 2008, **10.3% DECREASE** COMPARED TO 2017

LIFE CYCLE ASSESSMENT (LCA) TO ASSESS ENVIRONMENTAL IMPACT OF KEY MATERIALS AND A MANDATORY ASSESSMENT FOR **ALL NEW MATERIALS**



* Saving from our high-efficiency circulator pumps sold in the EU between 2005 and 2018



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“BUILDING ON OUR LONG-STANDING HISTORY OF PRODUCING HIGHLY EFFICIENT PRODUCTS AND SOLUTIONS, WE ARE MOVING FORWARD WITH BOLD NEW INITIATIVES THAT COMBINE OUR DEEP KNOWLEDGE OF WATER EFFICIENCY, WATER-TREATMENT SOLUTIONS AND THE BUSINESS OPPORTUNITIES THAT THE GREEN TRANSITION PRESENTS.”

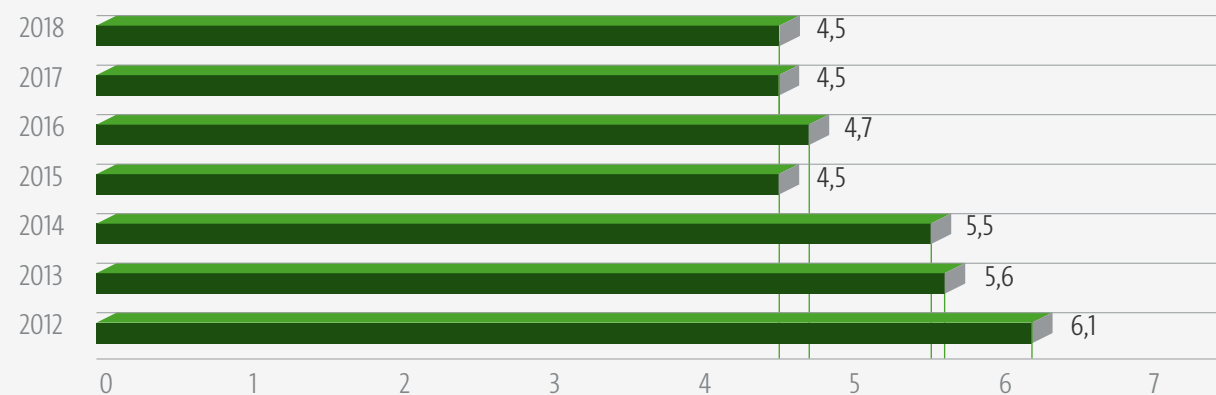
Stéphane Simonetta, Group Executive President, COO

We strive to create reliable and efficient products and solutions that have less impact on the environment. We aim to meet the requirements of customers today, without putting the needs of future generations at risk. To do this, we take an iterative approach to integrating sustainability into our business, making tangible improvements year-on-year.

This chapter covers three material topics:

- Energy-efficient products and solutions;
- Product life cycle, which covers materials, customer health and safety, and product labelling;
- Our environmental footprint, including energy and CO₂, water and waste.

INVESTMENT IN DEVELOPING NEW SOLUTIONS (% OF TURNOVER)



ENERGY-EFFICIENT PRODUCTS AND SOLUTIONS

Now, perhaps more than ever, there is a demand for [energy-efficient products and solutions](#). We play an important role in helping meet this demand; delivering products that are good for our customers and the planet.

In the mid-1990s, Grundfos partnered with manufacturers of electronic products to conduct a study with the Danish Ministry of Environment and the Danish Technical University. The study showed that our products had the most significant impact in terms of global warming potential once they entered service with customers. This research provided the foundation on which we started

making energy-efficiency improvements to our products and services.

We have achieved excellent energy efficiency in some products, which now have little room for improvement, but other products can benefit from further development to increase their efficiency. This is what we are addressing.

In the future, a substantial part of our offering will integrate digitally enabled services that will enhance their energy efficiency, and this in turn improve the energy efficiency of the systems in which they are integrated.



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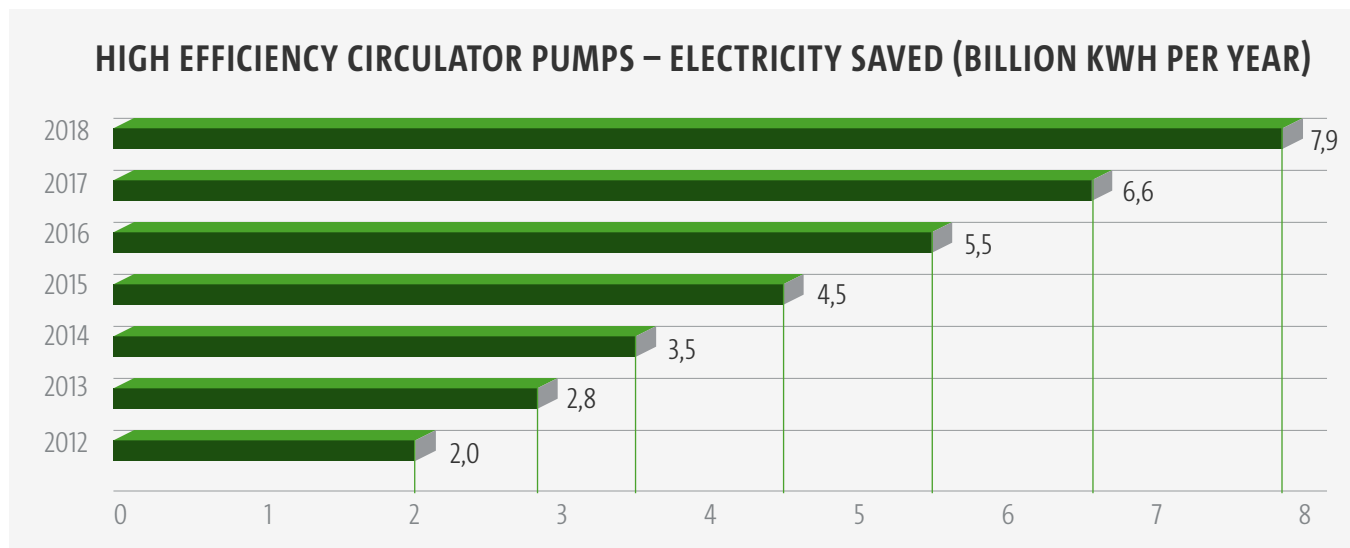
4.5% of our turnover in 2018 was allocated to developing new solutions

With approximately 50% of the global market share, we are the largest manufacturer of circulator pumps in the world. We are proud to be in such a position, but it also brings with it a certain level of responsibility.

Since 2005, we have been calculating the electricity savings that can be attributed to all our high-efficiency circulator pumps in the European Union (EU). In 2018, the figure for the year was 7.9 billion kWh, or the equiv-

alent of the annual electricity consumption of 4.8 million EU residents.

We aim to take full advantage of the benefits that new technology can bring, such as greater control over the performance of our products or higher efficiency levels. With each new product we see improvement and that is why 4.5% of our turnover in 2018 was allocated to developing new solutions, which helped us launch 23 new products and solutions.



IN PRACTICE

A SUSTAINABLE SOLUTION FOR FUZHOU

CHINA IMPLEMENTED ITS SPONGE CITY MEGA-PROJECT IN 2014 TO DEAL WITH A RANGE OF ENVIRONMENTAL ISSUES. IT COMMISSIONED US TO BE A PARTNER IN THE PROJECT IN FUZHOU.

Fuzhou, the capital of China’s Fujian province, is a sprawling industrial hub where unhealthy pollution levels have contaminated its water resources.

so, there is a circulation of water that minimises the problems,” says Qi Feng Huang, Water Utility Specialist, Grundfos Shanghai.

To tackle the problem, the government developed the Inner River Circulation Project, which was completed in mid-2018. It includes integrated intelligent Grundfos pump gates, which allow technicians to remotely monitor and dynamically adjust the river’s water levels. “The pump gate system works by focusing on the water level. When it is high, it (the gate) will be closed, but during flooding season, the pump gate is open so the water flows. By doing

Other Sponge City projects are underway elsewhere in China and we are pleased to be involved in many of them.

SUSTAINABILITY FACTOR A central element of the Inner River Circulation project is a pump gate that responds to the level of the river to flush away polluted water.

More interesting stories on www.grundfos.com/cases



The pump gate system works by focusing on the water level





ENERGY-EFFICIENT DISTRICT HEATING

MOTIVATED BY THE CHALLENGE OF MAKING DISTRICT HEATING MORE SUSTAINABLE, A NEW SYSTEM WAS PILOTED AT THE GENTOFTE AREA OF COPENHAGEN, DENMARK.

District heating systems that serve a wide area in a city can face the drawback that variations in temperature demand will result in excessive heat loss and inefficiency.

We devised a prefabricated, easy-to-install mixing loop that divides the city into smaller 'low temperature zones' that had a measurable impact on improving system efficiency for district heating systems.

“Our solution typically reduces the heat loss by more than 20% and at the same time paves the way for more ef-

ficient use of renewable energy and surplus heat in district heating,” explains Carsten Østergård Pedersen, Senior Business Development Manager, CBS HVAC Solutions.

SUSTAINABILITY FACTOR If all district heating utilities in Europe were to adopt this solution, we could reduce heat loss by more than 20,000 GWh. This corresponds to the annual consumption of more than 1.5 million households in Europe and a reduction in CO₂ emissions of more than 3 billion tonnes.



The goal is to reduce wasteful heat loss in district heating systems, which would result in more efficient use of renewable energy



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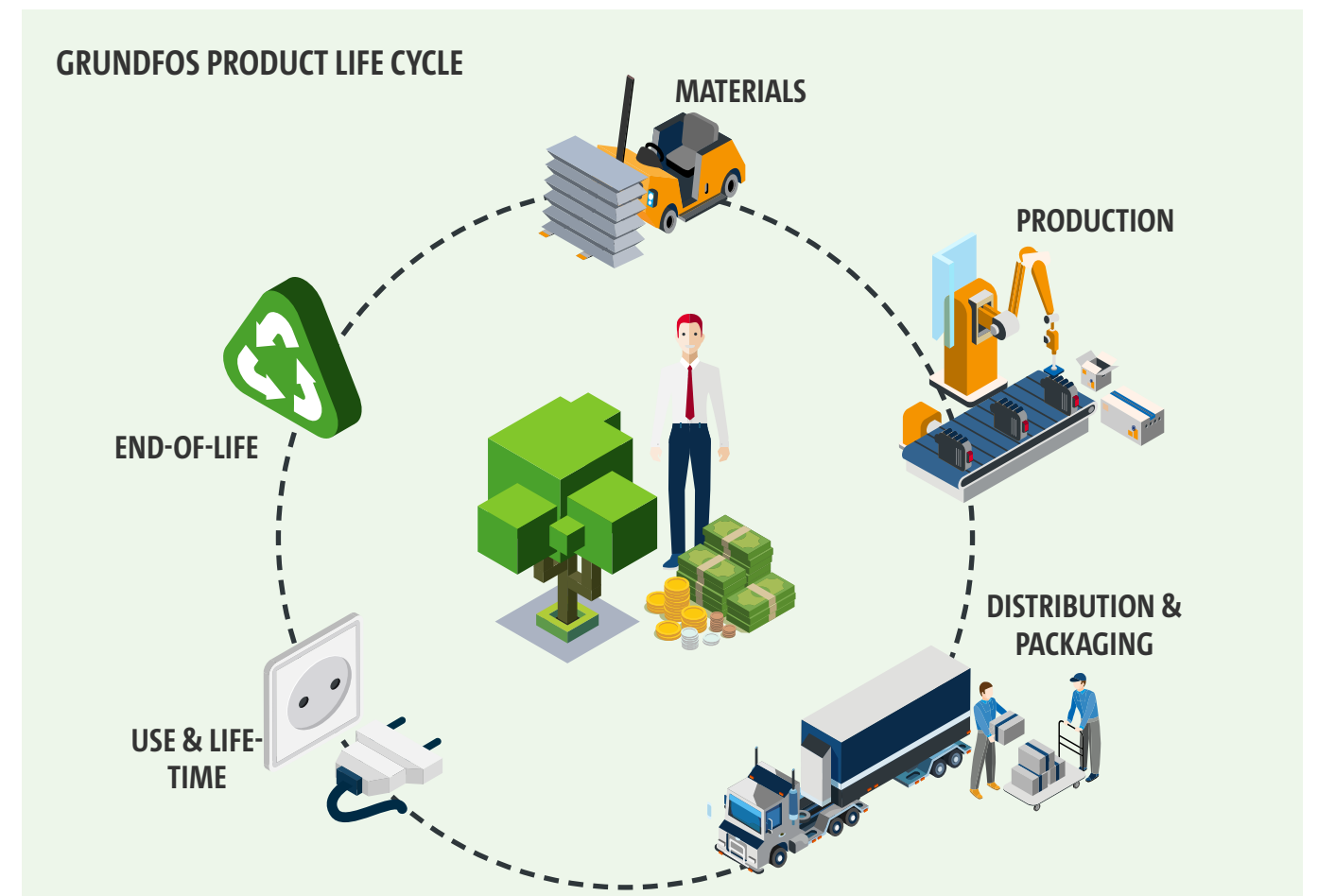
ADVANCING LIFE-CYCLE THINKING TOWARDS A SUSTAINABLE FUTURE

At Grundfos, we strive to integrate sustainability into every part of our value chain, from the extraction of raw materials all the way to the end-of-life of our products. We aim to reduce the environmental impact of our market offerings throughout their entire life cycle.

We use eco-design – an approach to designing products with consideration for the environmental impact of the product during its entire life cycle – and therefore incorporate an eco-design toolbox called

Sustainable Product Solutions into our key design processes, which enables us to reduce our impacts by setting clear, attainable and product-specific goals. Expert users of the toolbox assist new product development projects to meet these goals at each stage of the product life cycle. The toolbox also enhances decision-making in the design phase and improves documentation of the environmental performance of our products and solutions.

Along with eco-design, we also use Life





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Cycle Assessment (LCA), which allows us to assess a product's environmental footprint and helps us to improve it.

We are currently exploring the potential of the circular economy through a pilot study and several accompanying research projects. These include tapping into circular business models, focusing on reductions in cost, piloting take-back systems, exploring the reusability of parts and product components and designing for disassembly.

We always strive to perform well above the level set by international standards, tailoring our management approach in order to benefit from market trends and exceed customer needs. We adhere to the [Grundfos Environmental Health & Safety Policy](#) and [Grundfos Sustainability Policy](#) as well as the global Grundfos standard for Chemical Management.

CIRCULAR ECONOMY: WHERE MATERIALS ARE AN ASSET

Our physical products include pumps, motors, controls, drives, sensors but also entail whole systems. They are made up of mainly metals, polymers, ceramics, and electronic components. For us, ensuring that we are using materials that come from reputable and responsible sources is also about making responsible and well-informed decisions. As from 2018, we have started using LCA to assess the environmental impact of key materials. This is

now mandatory for all new materials.

We take steps to find innovative ways to minimise our material footprint and this starts during the product development phase. We use Simulation Driven Development, which means we can simulate and optimise the amount of materials needed, without compromising the quality of the product. One of our most recent initiatives combines this technology with Additive Manufacturing, also known as 3D printing, which provides greater freedom to optimise the material layout and reduces the amount of material waste during production.

In general, different products are made with different amounts of recycled materials. We are proud to say that typically 100% of the aluminium and approximately 90% of the cast iron that we use in our products is derived from recycled materials. About 80% of the stainless steel we source also comes from recycled materials. The proportion for copper is 50% and for polymer materials is 0-10%. Most of our packaging materials (wood and paper) are FSC-certified, which are recyclable and are predominantly made from renewable resources.

BEYOND COMPLIANCE

Business Development, the part of our company that runs our product life cycle efforts, was successfully certified ISO 14001:2015. This certificate is an interna-



Additive Manufacturing, also known as 3D printing, during product development phase

tionally agreed standard that sets out the requirements for an environmental management system. It helps organisations identify, manage, monitor and control their environmental issues in a holistic manner.

We continually look for ways to reduce or eliminate the use of hazardous substances in our products and production processes all over the globe. All our suppliers are contractually obliged to comply with [The Grundfos Focus List](#), which stipulates which substances are restricted. It is of paramount importance that our suppliers adhere to the Focus List.

We have begun the global roll-out of a new chemical compliance IT platform for our products. This digital solution will make compliance documentation a lot easier and provide robust data based upon our suppliers compliance information. It also means that we can communicate with customers faster and more effectively, and keep digital records of compliance information. Our goal is to provide Certificates of Product Chemical Compliance for all standard products and variants upon request.

In addition to this, we have an internal Chemical Management Process as our



IN PRACTICE

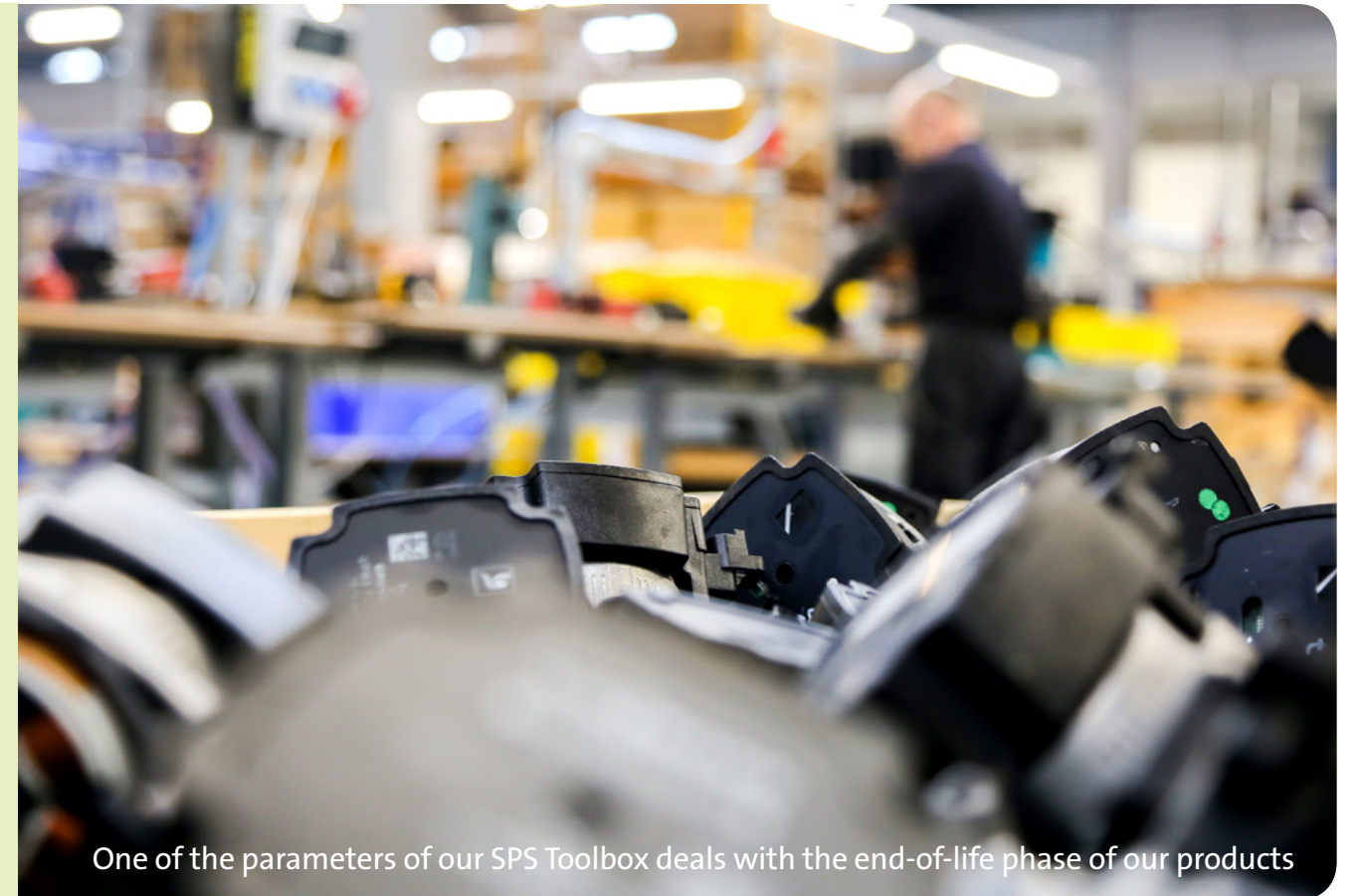
THE SUSTAINABLE PRODUCT SOLUTIONS TOOLBOX

This year, we fully integrated the Sustainable Product Solutions Toolbox (SPS Toolbox) into all our product or solution development processes. This eco-design toolbox is based on life-cycle thinking, a holistic approach that allows engineers and product designers to work through a product's entire life cycle systematically.

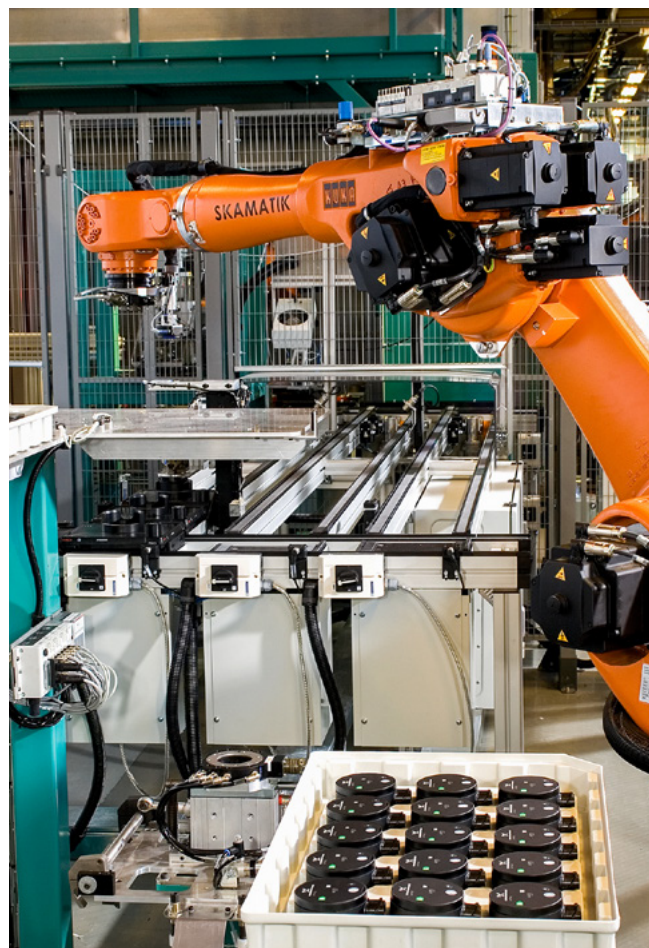
We have also recently introduced the toolbox in our technology development process and made it mandatory that we assess all

new technologies against several sustainability parameters: materials, production, distribution & packaging, use & lifetime, and end-of-life.

The toolbox goes beyond energy efficiency, delving into how we can use low-impact, recyclable materials; how to reduce resource consumption during production and transport/packaging; and how to improve resource recovery at the end of a product's life.



One of the parameters of our SPS Toolbox deals with the end-of-life phase of our products



standard procedure to address the risks concerning the use of process and product chemicals.

We understand that we still have a long way to go and a lot to learn, particularly in terms of analysing our complete supply chain. We still need material declarations for several materials and components, but we are making great progress and our journey continues.

MATERIALS: UNDERSTANDING THE RISKS AND HOW TO MITIGATE THEM

It is however important to recognise that our products, if not managed properly, may still have the potential to harm our users. These risks include electric shock,

moving parts, radiated energy, use in explosive atmospheres and direct contact with or consumption of substances of concern. These potential risks mostly occur during the installation, use and disposal stages of the product life cycle. With regards to our suppliers, we are aware that there may be a risk that they do not comply with our Focus List. We mitigate this through contractual agreements that oblige the suppliers to do so and require that they use real-time systems to monitor their processes. This is also captured in the sustainability audits.

We recognise that negative environmental impacts related to materials occur during the product life cycle. For exam-

ple, some of our physical products require the mining of raw materials that may be in limited supply and/or pose negative impact on the environment. We also use chemicals during the processing of materials throughout the supply chain that could lead to the contamination of soil and water. We also recognise that there are limitations to how far we can track every process within our supply chain. At the end-of-life phase, destruction of products or the recycling of the materials in them and the associated processing can have an impact on the environment.

Some risks may also occur during processing and manufacturing, up to packaging and transport of materials by our suppli-



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PASSIONATE ABOUT WATER



RESPONSIBLE



ETHICS AND INTEGRITY



All products are tested and verified for compliance with international safety standards

ers. Therefore we conduct first-tier supplier audits to ensure they conform with the [Supplier Code of Conduct \(SCoC\)](#).

PUTTING CUSTOMER HEALTH AND SAFETY FIRST

We put our customers' health and safety at the top of our priority list. All our products must undergo risk assessments to ensure that they are safe for their intended use and meet minimum legal requirements regarding product safety. In some

parts of the world safety regulation does not exist, so we create our own, using the rules set up by the United States and the EU as a baseline. Additionally, all products are tested and verified for compliance with international safety standards. In many cases, this verification and certification is performed by independent third parties (approval agencies).

We actively participate in several key national and international technical stand-

ardisation committees, helping to shape the industry step-by-step. Where we are not actively participating, we follow international standards, setting clear goals and delegating specific tasks to specialists in each area. We closely monitor international regulations, market trends and customer needs, and change our management approach where necessary.

Some of our initiatives for product health and safety include chemical management, product approvals and CE marking, and product compliance management. The product compliance management process is now fully deployed and we are using it to ensure that we are aware of, evaluate,

implement and document any new compliance obligations that impact Grundfos products or offerings. From assessing new materials, to checking and editing labelling, this process ensures that the most important developments are communicated to the Business Development Management team, and any issues are quickly and effectively addressed.

We conduct safety risk assessments for all our products and solutions. In 2018, we

had one product recall which might have put customers at risk of possible accident. We communicated the case on our global website and handled it in accordance with established system and legal obligations.

CLEAR PRODUCT LABELLING

We are clear and precise when we communicate with our stakeholders, because without clear communication, there is always a risk that our products end up being used inappropriately. We communicate how to use our products correctly and safely and how the highest product performance can be achieved.

For example, we make it clear what to be aware of when handling our products at the end-of-life phase. Correct handling when a customer disposes of one of our products is crucial, and so we provide information to guide the customer through the correct disposal methods. Without this information, material parts could end up in the wrong waste-handling streams, ultimately lowering recycling rates and perhaps even causing harm to the environment.

We communicate all these important messages through clear product marking, and we provide supplementary information on our website and in our technical product documentation, installation & operating manuals (I&O) and safety manuals (IOS).



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PASSIONATE ABOUT WATER



RESPONSIBLE



ETHICS AND INTEGRITY

OUR ENVIRONMENTAL FOOTPRINT

We know that it takes commitment, ambition and bold initiatives to achieve the best possible result in terms of reducing our own environmental footprint.

That is why we continuously pull apart, analyse and improve every part of our business from reducing our energy and water consumption, to cutting our material waste and ensuring that we use recyclable materials. We encourage investment that drives sustainability and we keep a close eye on the environmental performance of all our manufacturing activities. We know that reducing our environmental footprint is a long journey, but it is the commitment to this journey that defines us as a market leader and helps us to improve as a business.

OUR EFFORTS TO REDUCE ENERGY CONSUMPTION AND CO₂ EMISSIONS

Our manufacturing activities are one of our principal risks and the biggest contributor to energy use on our premises, corresponding to 93% of total Group energy consumption. This means manufacturing accounts for the majority of our CO₂ emissions. We are wholly committed to decoupling business growth from negative environmental impact. We manage and mitigate the risk by setting the ambition of continually reducing our CO₂ emissions and never exceeding our

2008 baseline. We set specific targets and to meet these targets, we invest a considerable amount of time, funds, effort and research into energy efficiency and renewable energy projects. To keep track of our progress, we regularly analyse the performance of our sites and have monthly reviews to assess and identify areas that need improvement.

In 2018, our energy consumption was 308 GWh and our CO₂ emissions were 91,166 tonnes, representing decreases of 0.9% and 10.3% respectively compared with 2017. Although the reduction in energy use appears to be minor, it is a significant achievement in view of the fact that production activity increased 6% in the same period. We also succeeded in reducing our CO₂ emissions as well. We will continue to evaluate our approach and mechanisms to reduce our energy consumption and CO₂ emissions. Overall, our CO₂ emissions are now 31% below 2008.

This year, we invested DKK 55 million in energy efficiency and renewable energy projects. These investments are expected to yield reductions of more than 15 GWh in energy consumption per year. In 2019, we will continue to improve our energy efficiency through investing in green technology and will also ramp up efforts to increase our use of renewable energy.

IN PRACTICE



THE BENEFITS OF SOLAR ENERGY

SUN-SOAKED SOUTH AFRICA WITH ITS VAST OPEN PLAINS IS PERFECT FOR SOLAR ENERGY. WE DECIDED TO INSTALL 1,100M² OF BRAND NEW SOLAR PANELLING ON THE NORTH FACING ROOF OF OUR WAREHOUSE IN JOHANNESBURG.

The initiative will push down the peak power charges from the company's electricity provider, effectively lowering the utility bill and CO₂ emissions at the same time. It will provide us with stable electricity which we need for heating and cooling and general day-to-day demands. When the sun shines brightly for a couple of days, it is possible to get by on almost no power from the grid, which reduce CO₂ emissions.

Using this as an average, we calculate

that will reduce our use of coal-based electricity by around 210,976 kWh during the first year. "The most rewarding thing is to know that we are using natural elements to power parts of the building," says Hannes Botha, SAP Business Process Manager who oversaw the project from concept to delivery.

SUSTAINABILITY FACTOR On average, solar panels provides 30%-50% of total energy use in the Johannesburg warehouse.



WE ARE GRUNDFOS



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PASSIONATE ABOUT WATER



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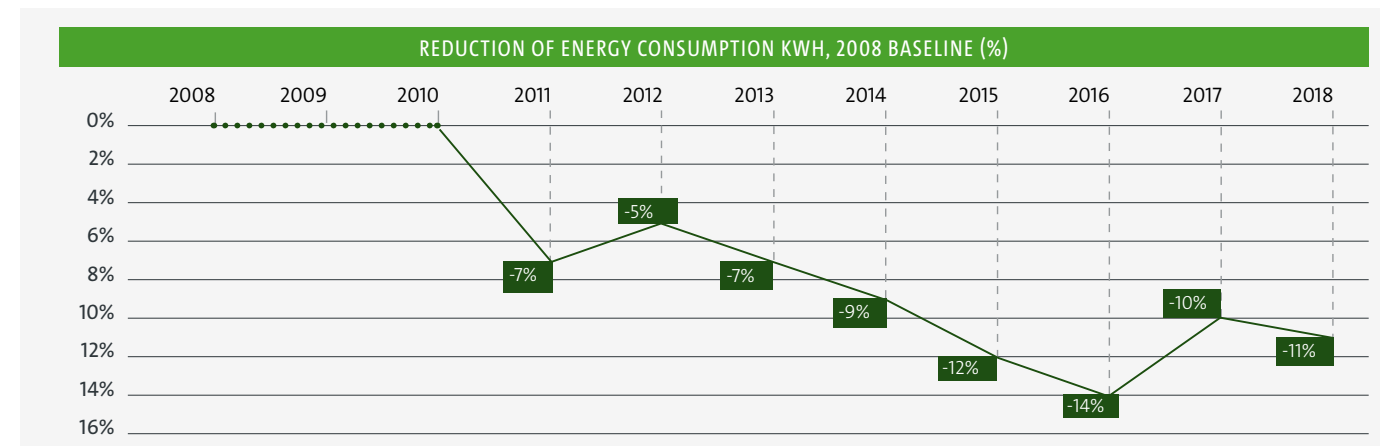
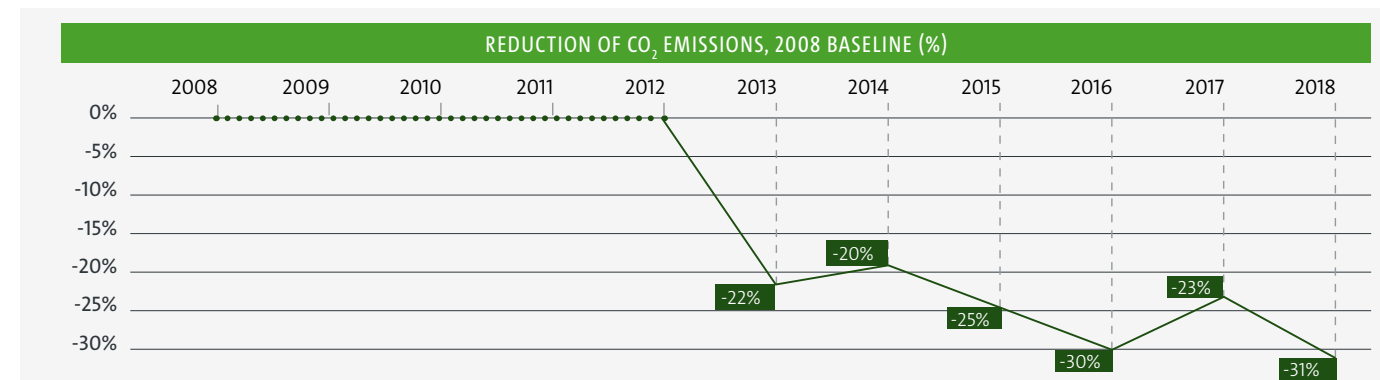
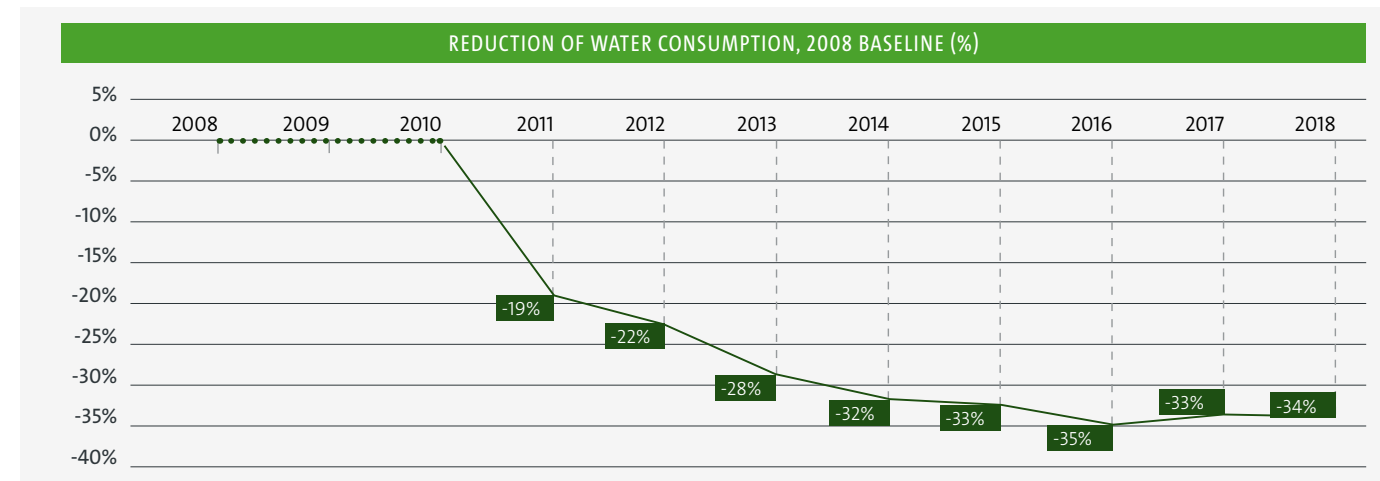
ETHICS AND INTEGRITY

TRACKING OUR WATER FOOTPRINT TOWARDS 2025 TARGET

Regarding our water footprint, we strive to be as efficient with water as possible. In 2018, we consumed 430,703 m³ of water, a 1.6% decrease compared to 2017. Most water consumption within the Group, or 77% of the total, occurs at our manufacturing

sites. We are focusing our efforts on improving water-use efficiency and the quality of the wastewater through purification.

We set site-specific targets for water use. We are committed to cutting our water consumption by 50% by 2025 and we are currently 34% below the 2008 level.



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

ENVIRONMENTAL COMPLIANCE

Having manufacturing sites in many different parts of the world means that we have to live up to our environmental values on a global scale. As a starting point, this involves ensuring that every site is managed in line with the national environmental regulations, that we keep track of national legislation and follow local procedures. To aid us with this, we implement Environmental management system ISO 14001:2015, and have an internal report on surveillance of legislation on a global scale.

Our most significant environmental aspects are energy consumption, water consumption, hazardous waste and non-hazardous waste. Looking at the environment in which we operate, the most notable risks we have identified are increased requirements in terms of compliance and product documentation (regulation and customer demands) that affect our products and activities. We actively work to mitigate these risks through ongoing compliance surveillance and through our circular economy initiatives. Risk assess-

ments are performed according to our Risk Management Standard.

To reduce risks, errors and shortfalls, and fulfil our aim of being fully compliant with environmental regulations, we are certified according to the ISO 14001 Management System and operate within the Grundfos Environmental Health & Safety framework. We evaluate and improve our management system with the help of ISO 14001 third-party audits. In addition to that, we have monthly performance management reviews which are followed up with a yearly overview, internal group audits, assessments and a general plan-do-check-act (PDCA) approach.

There are specialists who focus on performance management, data, certifications and audits, ensuring that we are fully compliant with the standards. These roles are tracked by a global Integrated Management System (IMS) where our process policies, Grundfos' Standards, certificates, audit and management reviews are all safely kept.



WE ARE GRUNDFOS



GREEN AT HEART



PASSIONATE ABOUT WATER



RESPONSIBLE



ETHICS AND INTEGRITY

Our water use in 2018 was slightly below the 2017 level. Yet seen in the light of the 6% increase in production activity level, we are encouraged by the fact that we managed to avoid any increase in our water consumption as well.

ACTIONS TO REDUCE WATER FOOTPRINT

Noteworthy examples of our water efficiency projects include a closed-loop project which involves cleaning wastewater from the cataphoresis (CED) paint plant in Denmark. This is expected to allow a massive 5,000 m³ saving.

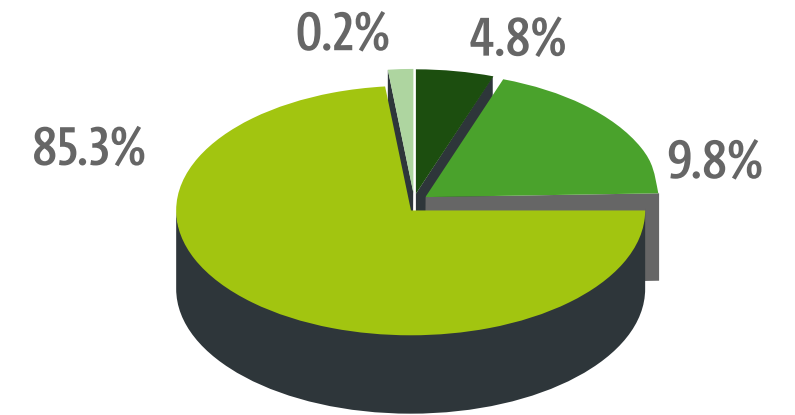
Due to inadequate infrastructure in the area of our facility in Serbia, we detected that it was discharging wastewater into the Danube River. To stop this in its tracks, we are in the process of installing two decentralised wastewater treatment plants to avoid any harmful discharge from our facility and recycle as much water as possible. We aim to

achieve a closed-loop factory where our multiple technologies, such as BioBooster, AQpure, Oxiperm and BACMON, will allow us to avoid discharge of wastewater and use rainwater as the main input for the facility. These, amongst many other initiatives, may help us cut our consumption by around 30,000 m³.

WASTE AND TAKE-BACK SYSTEM

The non-hazardous waste and hazardous waste that we generate as by-products at our manufacturing sites represent the third and fourth biggest environment aspects. To manage these aspects, we have refined our approach in managing waste streams by launching a new set of key performance indicators (KPIs) in 2017. We have formed a strong collaboration with a group of external partners who have helped refine our take-back scheme for small circulators. This scheme essentially reverses the supply

WATER CONSUMPTION



%	WATER SOURCE	AMOUNT M ³
85.3	Municipal water	385,768
9.8	Ground water	44,150
4.8	Rainwater*	21,541
0.2	Surface water	784

*Our reported water consumption excludes rainwater

IN PRACTICE



Our closed-loop system in Denmark

PUMPING UP OUR EFFORT TO RECYCLE WATER

IN 2018, A NEW WASTEWATER TREATMENT PLANT AT BJERRINGBRO, DENMARK CAME INTO OPERATION. THE SYSTEM SAVES ABOUT 5,000 M³ OF WATER PER YEAR, THE EQUIVALENT OF THE ANNUAL CONSUMPTION OF 50 HOUSEHOLDS.

In our production facilities in Denmark, we paint our pumps with a process known as electrocoating in our cataphoresis (CED) paint plant. This process consumes and contaminates about 16,000 m³ of water per year.

The new system is a closed-loop process that cleans wastewater from the CED paint plant, which is a central and critical process. "With this new wastewater plant, we make sure that all wa-

ter from production goes through this advanced membrane filtration system. After cleansing, a part of the water is discharged to the municipal water treatment plant and the rest is reused again in the production lines," says Rikke Hvid Frederiksen, Environment Manager, Group Health & Safety.

Klaus E. Christensen, Lead Project Manager for Group Health & Safety, said the system was built with Grundfos compo-

nents, including Grundfos BACMON — a bacteria monitoring solution — and a Grundfos sensor. "The design system was also made internally," he says, "which showcases the high level of collaboration that we have in the company."

SUSTAINABILITY FACTOR The new water treatment plant cuts water use in the production lines in Bjerringbro by 16% and reduces overall water consumption by 7%.





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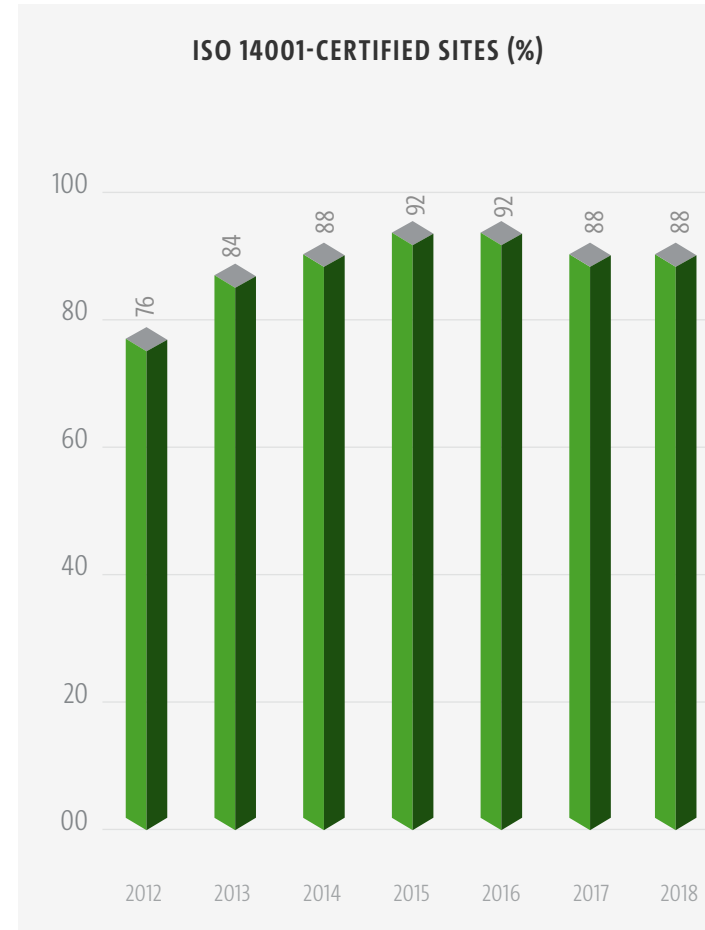
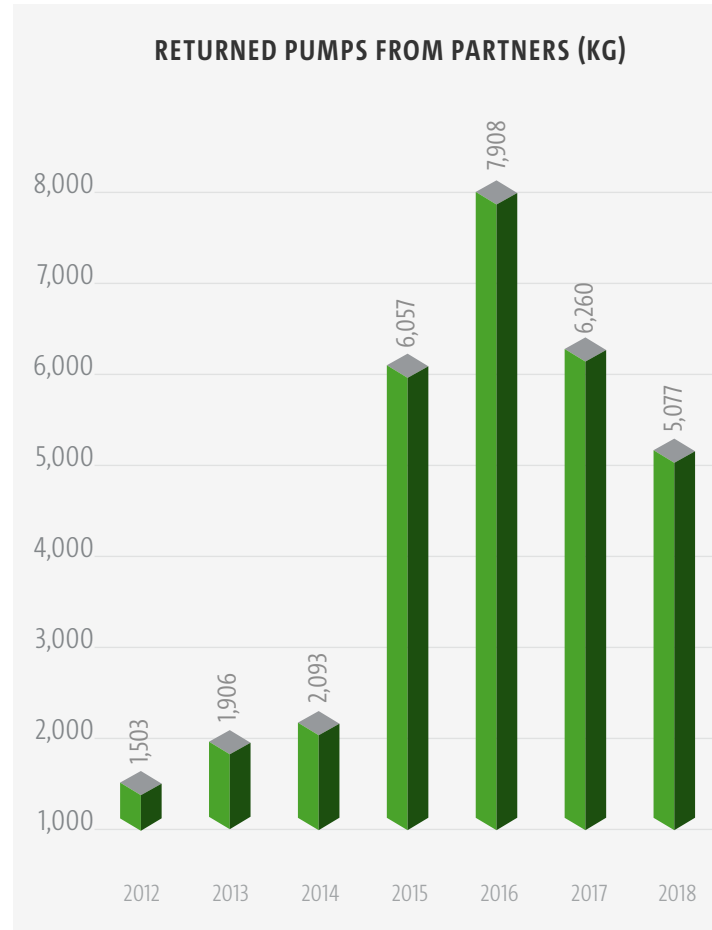
PASSIONATE ABOUT WATER



RESPONSIBLE



ETHICS AND INTEGRITY



chain, meaning end-of-life products are disassembled and their constituent parts are recycled as much as possible.

Through our take-back system in Denmark, we collected 5,077 kg of end-of-use circulators, which our flex department dismantled in an environmentally responsible manner. By weight this was 19% less than in 2017; however, the decrease was expected due to our focus on refining and scaling up the scheme across Europe. This year, the take-back system was launched in two additional markets, the Netherlands and the United Kingdom (UK), and we expect to see a rise in the number of collected end-of-use circulators again in the coming years.

ROOM FOR IMPROVEMENT

We currently have eight cases of environmental non-compliance across the Group related to wastewater (multiple cases), external noise-level, soil contamination, incorrect reporting to authorities and emissions. One of them is in Russia, where we detected a wastewater discharge issue at our site. A surplus of discharge water had caused ground erosion around our facility; the problem was the quantity, not the quality, of the discharged water. We are engaged in open and transparent dialogue with all the relevant parties to deal with the issues and mitigation efforts, which are under way, are our highest priority. These cases are unacceptable and are being monitored closely to ensure implementation of countermeasures to meet legal requirements.

IN PRACTICE

BRINGING PUMP RECYCLING TO A HIGHER LEVEL

IN 2015, WE PILOTED A PROJECT THAT AIMED TO IMPROVE THE EFFICIENCY OF OUR DISASSEMBLY ACTIVITIES IN DENMARK. FULLY OPERATIONAL FROM 2018, THE PROJECT TAKES US A STEP CLOSER TO CIRCULARITY.

Disassembly is part of production activity and has an important role in our product life cycle. We see end-of-life pumps as resources, not waste, and they are crucial to cost reductions in the production of new pumps.

Raw materials like copper, iron, stainless steel, aluminum, plastics and rubber can either be recycled as clean fractions or repurposed. "Currently, we are able to disassemble four different pump types," says Palle Juul Jensen, who is in

charge of daily disassembly operations. "The goal is to get to the stage where we can reuse components of a returned pump or repair or replace parts that have suffered wear and tear, in order to prolong the useful life of the pump," says Majken Haakonsen, Project Manager, Environmental Center of Excellence. "An additional benefit of this project is that we are able to provide work opportunities for our colleagues with reduced work capacity," adds Majken.

Taking this initiative abroad, its most successful elements are now being adopted in our facilities in the Netherlands and the UK.

SUSTAINABILITY FACTOR From May to December 2018, the new disassembly line recycled almost 15,000 pumps. With the current activities and our manual disassembly, we have achieved water savings of 50% and reduced CO₂ emissions by 13.5% compared to mechanical disassembly at commercial waste-handling operations.



Palle Juul Jensen, one of our employees in the flex department who is in charge of daily disassembly operations



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ETHICS AND INTEGRITY

HIGHLIGHTS

PARTNERSHIP WITH WORLD VISION:

REACHED

958,000

PEOPLE WITH CLEAN WATER IN 2018 FOR A TOTAL OF 1.66 MILLION PEOPLE SINCE 2014



PARTNERSHIP WITH ADRA INTERNATIONAL:

FIRST WATER KIOSK WAS INSTALLED IN MOCUBA, MOZAMBIQUE

PARTNERSHIP WITH DANISH REFUGEE COUNCIL:

AQTAPS AT BIDIBIDI REFUGEE CAMP, UGANDA DELIVERED AROUND 3.8 MILLION LITRES OF SAFE WATER

WATER2LIFE IS IN HONDURAS:

WE RAISED AROUND

USD 60,000

TO IMPROVE WATER FACILITIES AT SAN ISIDRO HOSPITAL IN TOCOA, COLÓN. THE PUBLIC HOSPITAL RECEIVES AROUND 80,000 VISITORS A YEAR

PASSIONATE ABOUT WATER

SOME OF THE MAIN CHALLENGES THAT WE FACE RIGHT NOW, SUCH AS CLIMATE CHANGE, WATER SCARCITY AND URBANISATION, WILL IMPACT THE WAY WE USE WATER TODAY AND IN THE FUTURE.



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ETHICS AND INTEGRITY

Due to the rapidly increasing population, the availability of water resources is projected to fall short by 35% in 2025. According to a new report by World Health Organisation (WHO) and UNICEF (2017), 2.1 billion people lack access to safely managed drinking water services, and 4.5 billion people lack safely managed sanitation services.

We want to contribute towards offsetting the global water crisis in any way we can. We believe our technology offers viable solutions that can be installed across the globe, giving people safe and reliable access to readily available sources of drinking water.

This chapter is split into Water for All, with Water2Life and Lifelink as sub-sections, and Partnerships for Water.

WATER FOR ALL

A DROP OF LIFE WITH WATER2LIFE

Back in 2008, one of our employees put forward an idea for an initiative to raise money for vulnerable communities around the world and provide them with access to clean water. Now, 10 years on, [Water2Life](#), our employee-initiated and employee-driven programme, has become a global fundraising project, involving Grundfos employees from more than 35 countries. Spearheading the fundraising efforts are our so-called Water2Life Ambassadors, dedicated employees who voluntarily take the extra time to involve their colleagues locally, all in the spirit of helping those in need.

Essential to the programme is our collaboration with experienced NGOs who can ensure the success of each project. Together we devise smart solutions for real-world problems. We have in the past partnered with Red Cross in Kenya and Thrive Networks in Vietnam, and are currently collaborating with Water Mission in Honduras. It is also the role of the NGO to suggest projects with the greatest impact and highest probability of success. This way, we can ensure that Grundfos employee donations will be put to good use.

While the initial donations come from employees, the final amount is accelerated by



A total of USD 120,000 in donations was collected by Water2Life and Water Mission for San Isidro Hospital

“WE ARE CONSUMING 'THE WORLD' AT AN ALARMING RATE AND SUSTAINABILITY HAS BECOME KEY TO THE VERY SURVIVAL OF OUR LIFE STYLE AND OUR SPECIES. AT GRUNDFOS, WE CONTRIBUTE TO ADDRESSING ENERGY AND WATER CHALLENGES WHILST ALSO HELPING TO CREATE A SUSTAINABLE FUTURE. IT IS A FULFILING EXPERIENCE TO BE PART OF A COMPANY THAT MAKES A REAL DIFFERENCE NOT JUST ECONOMICALLY BUT ALSO SOCIALLY, ENVIRONMENTALLY AND RESPONSIBLY.”

Okay Barutçu, Regional Managing Director, EEWAA



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RESPONSIBLE



ETHICS AND INTEGRITY

matching donations from both Grundfos itself and the NGO, meaning that each dollar the employee donates is quadrupled.

HELPING HONDURAS

Currently Water2Life is in Honduras, where more than one million people lack access to improved sanitation, and 638,000 lack safe drinking water. We have partnered with Water Mission until 2020, and are already close to finalising our first project at San Isidro Hospital at Tocoa, Colón, a public hos-

pital with 80,000 yearly visitors and 9,000 hospitalised patients. We raised around US\$60,000 for the hospital.

Our second project involves fundraising for Froylan Turcios High School, a public school that has the same challenges as San Isidro Hospital. Water2Life Ambassadors will host new initiatives to raise money to improve water facilities for the school's more than 2,100 students. [More about Water2Life.](#)



Students of Froylan Turcios High School, Honduras

IN PRACTICE



Kristine Veilleux, Water2Life Ambassador, came up with the idea of creating a necklace for Water2Life



JEWELLERY FOR WATER

SOMETIMES IT IS THE SIMPLEST IDEAS THAT HAVE THE MOST IMPACT. A WATER2LIFE VOLUNTEER TURNED AN IDEA INTO A BESTSELLER.

The necklace, which features a little droplet of water, and the continents of North, Central and South America, was a hit among employees, raising an astonishing 24,400 EUR. "It is something that you would like to give as a gift – or wear yourself, as a token of your devotion to Water2Life and the project," explains Kristine Veilleux, the Water2Life Ambassador who designed and came up with the idea in the first place. The necklace generated funds so quickly that the San Isidro Hospital project was completed much faster than expected. The surplus will be passed on to the next project. All of this from just one simple idea and the motivation to bring it to life.

SUSTAINABILITY FACTOR Sales of Water2Life necklaces contributed towards bringing safe, reliable and clean water to San Isidro Hospital and also boosted a project to help the Froylan Turcios High School.



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ETHICS AND INTEGRITY

SUSTAINABLE WATER SOLUTIONS WITH LIFELINK

To enable reliable access to safe and affordable water in the challenged communities of developing countries, we offer our **Lifelink sustainable water solutions** from source to tap. By combining solar-powered pumps, water treatment systems, and water ATMs with online monitoring and professional service & support, local water service providers can set up water kiosks based on ground or surface water, in remote rural or informal urban settings. By supporting revenue

collection, transparency and smarter water management, Lifelink solutions enable long-term sustainable water supply, even in communities lacking infrastructure. This helps communities build a stronger base for sustainable development and greater resilience when facing the effects of climate change.

The Grundfos Lifelink solution concept also builds on cross-sector partnerships, and our team builds partnerships with NGOs, utilities and water service companies locally in the focus markets. We build capacity through training, knowledge-sharing and

a collaborative approach to identifying and delivering the right sustainable solution for each individual water project.

DELIVERING WATER SUSTAINABLY IN AFRICA AND INDIA

After the success of our project in Charalkhali village in West Bengal, India, in 2017, we commissioned another Grundfos AQPure water treatment system for the island village of Sripatinagar – Hazarbigha Khal habitation, India. Together with our local partner, Mahavir Pumps, the system delivers clean water to around 1,000 people in the area.



According to World Vision Kenya, non-revenue water has been greatly reduced by about 40%

IN PRACTICE

DRINKABLE WATER FOR A MANGROVE ISLAND VILLAGE

IN THE VILLAGE OF SRIPATINAGAR – HAZARBIGHA KHAL HABITATION, INDIA, THE GROUNDWATER IS SALINE AND NOT SAFE TO DRINK. THE COMMUNITY TODAY RELIES ON GRUNDFOS AQPURE ULTRAFILTRATION SYSTEM TO MEET ITS DRINKING WATER NEEDS.

Due to its remote location, harsh terrain and sparsely populated areas, the local state government body, The West Bengal Public Health Engineering Department (WBPHED), had difficulty in laying drinking water pipelines to the village. Consumption of contaminated water also led to an increase in water-borne diseases. To address this, WBPHED decided to install a Grundfos AQPure ultrafiltration drinking water treatment system to produce drinking water from the rainwater creek.

SUSTAINABILITY FACTOR Today, the system provides sustainable, reliable access to drinking water to more than 200 families or 1,000 people.



The set up provides drinkable water to around 1,000 community members

In Kenya, we started installation of AQtap water ATMs in 2017 and completed the project in 2018. It was realised in partnership with World Vision Kenya and funded by the Stone Family Foundation. In total, 60 AQtap water ATMs are up and running for 11 local water committees, reaching more than 20,000 people. Today, water is locally available and affordable. By making small payments for their water, the villagers can ensure the water solution remains sustainable. According to World Vision Kenya, non-revenue water — water lost due to leaks, theft and other causes — has been greatly reduced by 40%.

In Uganda we partnered with Water Mission for a water kiosk project, funded by the Icelandic government. We have supplied 108 AQtaps; 52 are already in use and 56 are being installed early in 2019.



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ETHICS AND INTEGRITY



Lifelink water solutions enable reliable access to safe and affordable water from source to tap

STRONGER PARTNERSHIPS FOR WATER

We build partnerships with people, communities and organisations because we believe that through collaboration, we can have a greater positive impact on the world. By strengthening our network of global partners, we can achieve our aim of providing a safe, reliable and sustainable supply of water anywhere to anyone.

Some of our significant partnerships in 2018 are:



World Vision

Our partnership with World Vision, which aims to deliver clean water to two million people by 2020, goes back four years. In 2016, the partnership impacted more than 322,000 people and the following year it helped 384,500 people in eight countries, including Kenya, Tanzania, Uganda, Ethiopia and Zambia. This year, now serving 18 countries with Lifelink solutions, we have reached another 958,000. Having provided safe water to a total of 1.66 million

IN PRACTICE

AQTAPS FOR FISHING COMMUNITIES IN UGANDA

THROUGH ITS BILATERAL COOPERATION WITH THE GOVERNMENT OF UGANDA, THE GOVERNMENT OF ICELAND HAS SUPPORTED THE BUIKWE DISTRICT LOCAL GOVERNMENT IN IMPROVING THE LIVELIHOODS OF ITS FISHING COMMUNITIES ON THE SHORES OF LAKE VICTORIA.

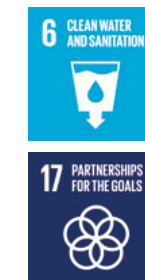
The Buikwe District Local Government aims to push WASH (water, sanitation and hygiene) projects in Uganda. One of them involved installation of 15 solar-powered mini piped-water schemes with 52 AQtaps. The project was implemented by Grundfos' strategic partner, Water Mission.

WASH phase 1 was completed in 2017 and since then the systems have helped to provide 19 fishing villages, or approximately 60,000 people, with a safer and more reliable supply of water.

The project has changed the way the villagers source their water; thanks to ef-

orts to educate them about the health benefits of safe, piped water, they are now using system more and more.

As a result of these positive outcomes, 56 AQtaps will be installed during the first quarter of 2019, eventually delivering water to 80,000 Ugandans.



The WASH phase 1 project was completed and has reached approximately 60,000 people in 19 villages



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RESPONSIBLE



ETHICS AND INTEGRITY

people, we are closing in on our ambitious target.



ADRA International

Our partnership with ADRA International began in 2017, where we committed ourselves 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. This year, ADRA launched its first safe-water kiosk in Mocuba, Mozambique. The project aims to provide villagers with a self-sustaining business. Based on the results and the outcomes, the water-kiosk solution is subject to scaling up in Sub-Saharan Africa.



ICRC (International Committee of the Red Cross)

We believe that partnerships go beyond a transactional relationship. During spring and autumn 2018, we ran a training programme for the ICRC. The aim was to pass on our cutting-edge technical knowledge of water and energy-efficient solutions and management and share our insights and experience in the field.



Refugee camp, Uganda

Grundfos partnered with the Danish Refugee Council's Business-Hu-

manitarian Partnership Lab, bringing the first water solutions to the Bidi Bidi refugee camp in 2017. We are monitoring use of the water system in the camp so we can make any necessary adjustments to improve its effectiveness. Since we installed the AQtaps, we have issued 770 water cards and delivered more than 3.8 million litres of clean water.

In addition, Grundfos partnered with World Vision and Water Mission to deliver water and sanitation to thousands of refugees in Uganda.

NL-FSA

NL-FSA (Netherland Food Security Alliance)

Food security challenges are exacerbated by climate change and first affect the most vulnerable segment of the population, particularly in Africa. Grundfos is part of the NL-FSA, a network of mainly Dutch-based companies and institutions with expertise in soil, water, value chain and business development. It undertakes projects to tackle the goal #2, on zero hunger. The main purpose is to match skills and to provide one point-of-contact solutions for food-related challenges. The alliance is currently exploring project opportunities in Senegal, Ghana, Uganda, South Africa and Kenya. The alliance is working very closely with the governments in the respective countries.

IN PRACTICE



A water treatment plant in Mosul, Iraq is now up and running

MOSUL'S INFRASTRUCTURE IS GETTING BACK ON ITS FEET



DUE TO WAR AND CONFLICT, THE CITY OF MOSUL, IRAQ, WAS LEFT WITH ALMOST NO WATER RESOURCES. FUNDED BY THE UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP), GRUNDFOS PUMPS WERE INSTALLED AS A PART OF THE RECONSTRUCTION OF THE WATER AND WASTEWATER INFRASTRUCTURE.

Mosul needs stable water-supply systems to bring back its residents, so a project like this needs to be implemented as quickly as possible. "Our pumps will supply water for half of the city. the project includes an intake pumping station, a water treatment plant and a high lift pumping station," says Waleed Noubani, Assistant Sales Manager in Grundfos Gulf Distribution. In total, we are supplying 50 pumps, which include 12 submersible 400KW pumps producing 2,200 m³ per hour for a river intake pumping station and 12 split-case pumps producing the same amount but for the high-lift pumping stations.

SUSTAINABILITY FACTOR Support the city of Mosul with water supply system and wastewater infrastructure, delivering water to around 1.5 million citizens.



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RESPONSIBLE



ETHICS AND INTEGRITY

IN PRACTICE



The residents of Mocuba will themselves take care of the kiosk and maintain the water source

FIRST WATER KIOSK IN MOCUBA, MOZAMBIQUE



IN JUNE 2018, THE FIRST SAFE-WATER KIOSK WAS INSTALLED IN MOCUBA, MOZAMBIQUE. THIS COLLABORATION WITH ADRA INTERNATIONAL DELIVERS AROUND 20 LITRES OF SAFE WATER A DAY TO EACH OF MORE THAN 1,000 PEOPLE.

Mocuba, a district of the Zambezia province in Mozambique, has suffered from an inadequate safe water supply. The drought conditions in Southern Africa have made the situation far worse. Prior to the project, residents were collecting water from contaminated wells or the nearby river.

Using Grundfos Lifelink solutions, the region's first water kiosk was commissioned. The kiosk is fully powered by solar panels which generate electric-

ity to power pumps that bring water automatically from the source to an elevated holding tank. The water can then be accessed from multiple taps. Two video monitors in the kiosk provide guidance on sanitation and hygiene for the residents. There are also cell phone chargers, and calling credit available for purchase. "The residents are the ones who will benefit from the kiosk, but ADRA wants to ensure they can take care of the kiosk and sustain the water source so the community receives safe water for a long time," says Jason Brooks, Senior Technical Adviser for WASH at ADRA International.

SUSTAINABILITY FACTOR First self-sustaining water kiosk, where the community takes care of the kiosk, provides more than 1,000 people with access to safe water.

PUB

For the next three years we will work with Singapore's national water agency, PUB, to bring innovative water technology to life, focusing both on developing new technologies and fully exploiting the possibilities that already exist. This includes implementing water-and energy-efficient pump solutions for Singapore's water infrastructure.

DNP Water

Grundfos and DNP Water, the largest water utility developer in Vietnam, have just signed a Memorandum of Understanding (MoU). Over a three-year period, we will collaborate to improve water treatment and distribution through knowledge sharing and by employing smart water technology.



In our four years partnering with World Vision, 1.66 million people have been given access to clean water



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HIGHLIGHTS

THE NUMBER OF REPORTED **LOST-TIME INJURIES** PER MILLION WORKING HOURS **DECREASED 20%** COMPARED TO 2017

21%

PROPORTION OF WOMEN IN LEADERSHIP POSITIONS. **TARGET: 25% BY 2020**



3.1%

EMPLOYEES WITH REDUCED WORK CAPACITY GLOBALLY IN 2018, COMPARED TO 2.86% IN 2017

EMPLOYEE MOTIVATION AND SATISFACTION SURVEY (EMS)

REACHED 73.1 POINTS, AN INCREASE OF 2.6 POINTS COMPARED TO 2017



RESPONSIBLE

WE TRY TO ATTRACT AND RETAIN A DIVERSE BLEND OF TALENTED INDIVIDUALS BECAUSE WITH DIVERSITY COMES A RANGE OF OPINION, EXPERIENCE, AND SKILLS. OUR EMPLOYEES ARE AT THE HEART OF EVERYTHING WE DO; THEY ARE THE ENGINE THAT KEEPS THE COMPANY RUNNING.



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GREEN AT HEART



PASSIONATE ABOUT WATER



RESPONSIBLE



ETHICS AND INTEGRITY

Our ambition is to embed our ethos in the daily routine of our employees. We want them to take ownership and be accountable for the work that they do, to view challenges through a customer-centric lens and be collaborative in achieving company goals. This means everyone must work together closely and proactively share knowledge.

Our social sustainability initiatives aim to make a difference for wider society too. Our focus is on preventing people from being excluded from the job market, improving employment rates for workers with reduced work capacity, and including marginalised groups.

In the coming years, our business will go through a series of digital transformations as technology is integrated into more of our facilities. To stay competitive, this transformation is necessary. We are cur-



The number of reported lost-time injuries per million working hours dropped 20% from 4.26 in 2017 to 3.42 in 2018

“WE HAVE ALWAYS BEEN AN INCLUSIVE ORGANISATION, TRYING TO GET AS MANY DIFFERENT PEOPLE INTO GRUNDFOS AS POSSIBLE. DIVERSITY DRIVES BETTER RESULTS. IT ENCOURAGES INNOVATION AND IMPROVES DECISION-MAKING PROCESSES.”

Mads Nipper, CEO

rently revisiting our ambitions and ways of working globally so we have a common global platform that is in line with our long-term direction, strategy, and the changing world. Nevertheless, our commitment to our values remains the same and we want to ensure that all of our employees have growth and development opportunities in a work environment that is safe, diverse and inclusive.

This chapter is divided into:

- Occupational health and safety;
- Learning and development;
- Employee satisfaction;
- Diversity and Inclusion;
- Local Communities.



INFOGRAPHIC (AS PER 31 DECEMBER 2018)



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RESPONSIBLE



ETHICS AND INTEGRITY



19,014

EMPLOYEES WORLDWIDE



15,682

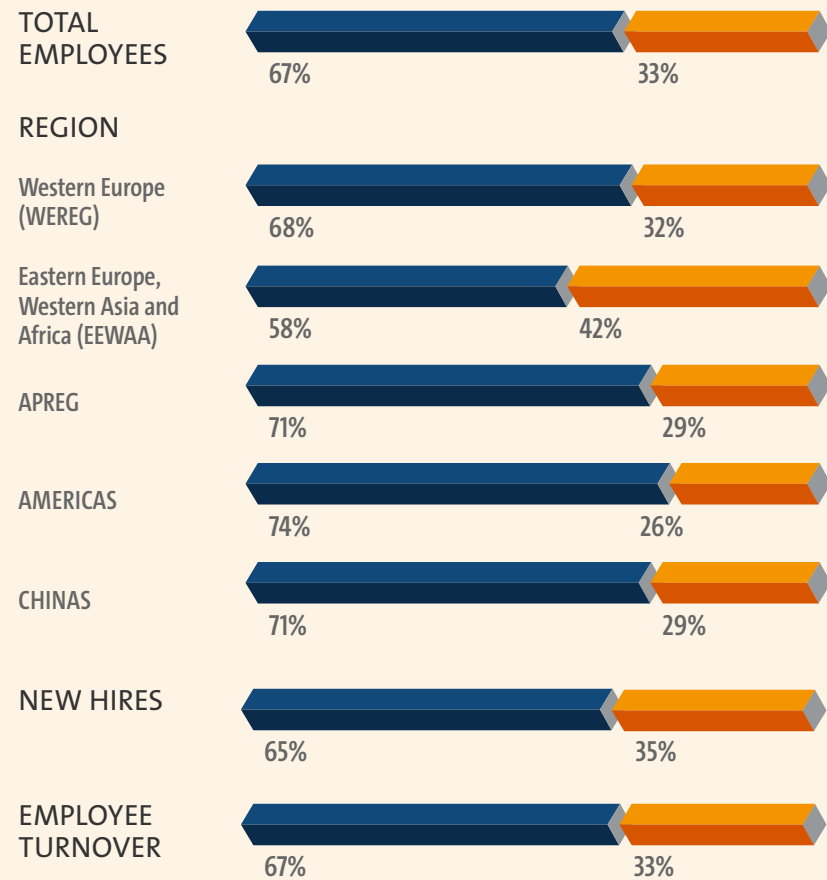
EMPLOYEES RECEIVED PERFORMANCE DEVELOPMENT DIALOGUES (PDDs)*



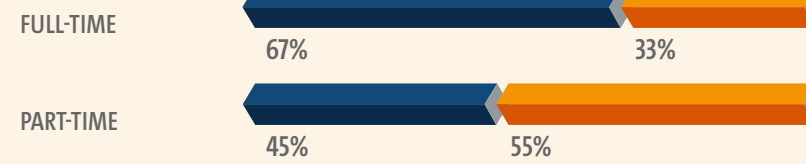
15,1%

RATE OF EMPLOYEE TURNOVER**

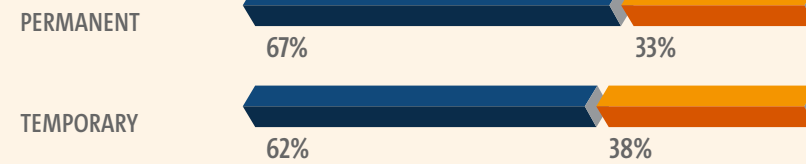
BY GENDER



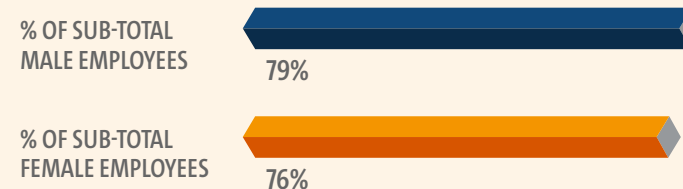
EMPLOYMENT TYPE



EMPLOYMENT CONTRACT



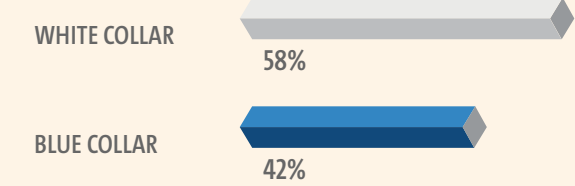
EMPLOYEES RECEIVED PDDs***



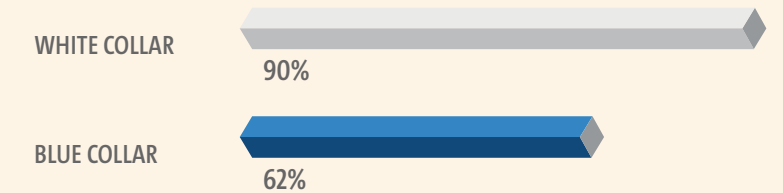
MALE FEMALE

BY JOB CATEGORY

TOTAL EMPLOYEES



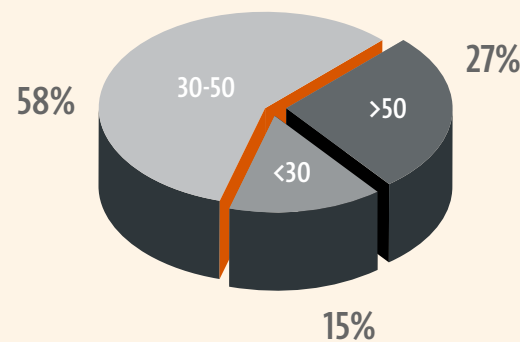
EMPLOYEES RECEIVED PDDs***



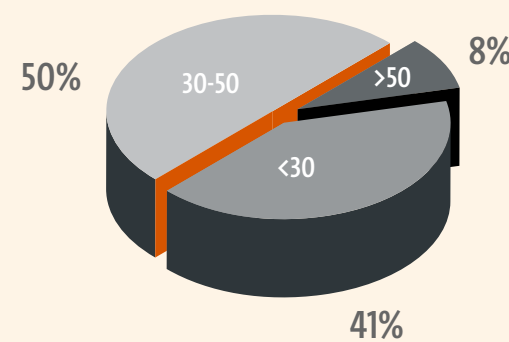
WHITE COLLAR BLUE COLLAR

BY AGE GROUP****

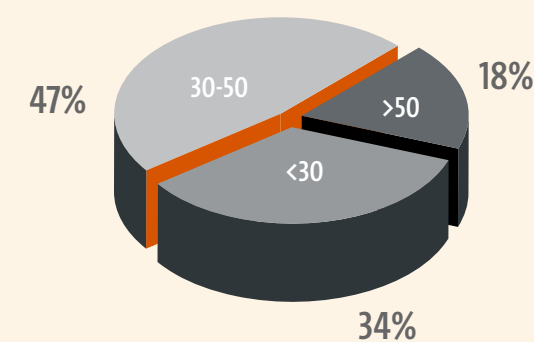
TOTAL EMPLOYEES



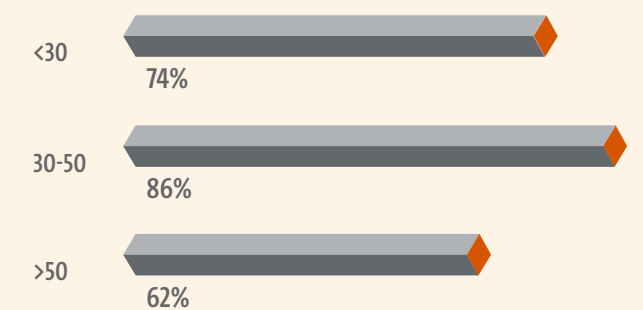
NEW HIRES



EMPLOYEE TURNOVER



EMPLOYEES RECEIVED PDDs***



* Based on registrations in the PDD system.
** Former employees who joined and left the company in 2018 are excluded

*** Percentage of sub-total employees who received PDDs out of the total employees who are eligible for these reviews

**** The total of age groups does not reach 100% due to incorrect entries which are excluded



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OCCUPATIONAL HEALTH & SAFETY

The health and safety of our employees is at the top of our priority list. We work persistently to reduce the number of injuries that occur in the workplace, setting ambitious targets to eliminate the hazards that can result in injury.

There are a number of risks associated with producing, assembling and servicing pumps. For instance, the use of tools and equipment and the operations of forklift trucks pose potential dangers; and there are risks related to workplace design, transport logistics and ergonomics. We strive to be meticulous in eliminating such risks by setting clear procedures and requirements for all our manufacturing sites, regularly assessing a site's performance and following up on performance at monthly management meetings.

It is crucial for us to identify hazards before they pose any real threat to our employees. Our commitment to this is clear in our Safety Incident Management System (SIMS) and our aspiration towards zero injuries, which is supported by a strong Global Health and Safety Community and our Health and Safety Centre of Excellence. We evaluate our approach through internal management reviews, internal auditing and third-party audits, which all

play their part in making Grundfos as safe as it can be.

ADVANCING TECHNOLOGY FOR SAFETY

We continually seek opportunities to improve our approach by integrating available technologies into our work routines to create healthy and safe work spaces for our employees. Our SIMS – an app solution giving employees an easy way to detail any hazard observations or report injuries and near misses – is now fully operational. SIMS enables quicker action to eliminate individual hazards and brings sharper focus on transparency, thus creating a better understanding of why reporting is important. In addition, the data collected means that we have better predictive power when it comes to preventing accidents, meaning that our preventive actions are more effective. SIMS can be accessed through both Grundfos smartphones and computers, and is integrated with our internal system. By the end of 2018, we 17,000 unique users had access to the system.

RISK AWARENESS AND PRIORITISING SAFETY

We focus on breeding a strong health-and-safety culture within the company and implement it at all levels. This involves risk awareness training for all employees, as-



The Safety Week 2018: Evacuation exercise at Grundfos Finland to promote safety



The Safety Week 2018: First aid lesson at Grundfos China



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Forklift competition in Hungary as a way to promote safety at work



ENHANCE SAFETY THROUGH COMPETITION

GRUNDFOS HUNGARY HELD A FORKLIFT COMPETITION TO MARK 2018'S SAFETY WEEK AS A WAY TO PROMOTE SAFETY AT WORK.

The competition involved a test to demonstrate forklift skills, a stacker competition and a forklift safety test. The 38 competitors had to meander through a slalom of plastic cones in a forklift, showing off their driving capabilities.

“Driving a forklift or a stacker inside a factory requires skill and responsibility. We wanted to give an opportunity to our drivers to show their knowledge, expertise and responsible driving skills. The competition is a fun way to motivate our employees to improve their knowledge and safe practices. There was a written test and point deductions if the safety rules were not adhered to during the practical exercise,” says EHS Manager Katalin Zsuzsanna Urbán.

SUSTAINABILITY FACTOR Over the past two years at our Hungarian facility, we have lowered the risk of forklift accidents by setting a speed limit of 5 km/h, installing seat-belts, equipping all forklifts and stackers with a blue light that warns pedestrians when the machines are approaching, and separating and clearly marking forklift and pedestrian zones.

Assessing health and safety performance and enabling our managers and employees to work safely through a variety of initiatives.

For our yearly Global Safety Week, the focus was on Risk Awareness, and many great activities were conducted across the organisation. Part of the programme was to conduct Risk Awareness Training for all employees – available online or face-to-face – and provide all employees with a card to do last-minute risk analysis. With more than 70% of employees completing the training we created a good foundation in 2018 for achieving our health and safety ambitions. With increased awareness of

risk, employees have stronger motivation to perform the necessary checks and take the required precautions, so they are more likely to avoid injury.

The number of reported lost-time injuries per million working hours dropped 20% from 4.26 in 2017 to 3.42 in 2018. This can be attributed to our increased focus on breeding a strong health and safety culture – initiatives included various safety campaigns, the launch of SIMS, and Safety Week focused on risk awareness. This year, 82% of our sites are OHSAS 18001 certified.

DEVELOP OUR PEOPLE, GROW OUR BUSINESS

Grundfos is its people and having the right balance and range of competencies, skills and experience within the organisation is key to the execution of our strategy. We acknowledge that lack of the right competencies will hinder our development. Therefore, we support our employees with great opportunities to grow and develop, which is fundamental to the company's success, and for our employees' motivation. Through personal goals and development plans, we care for each employee's skill-set by establishing the best conditions for Grundfos employees to learn.

Our Global Learning and Development function features a Training Warehouse, which is the entry point for all our training activities across the world. This allows us to implement new operating models globally and means we can engage our employees and educate them to a significantly higher level than before.

We offer plenty of development possibilities with Grundfos-specific training at the Poul Due Jensen Academy, which has a broad range of commercial, technical, leadership and generic training. Each year,



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Our Global Training Warehouse offered 285 training opportunities, nearly half of these were taken online

thousands of employees participate in e-learning and face-to-face training sessions – some are in Bjerringbro, others are delivered in a local context in customised strategy-aligned training programmes for employees and leaders in Grundfos.

CONTINUALLY IMPROVING FOR THE BETTER

Based on new learning principles and a learning philosophy which focuses on reinforcing the learning culture of Grundfos, we are establishing a new organisational model for Learning & Development (L&D). This model, combined with an optimisation of the system behind the learning universe will ensure that Grundfos employees stay competitive.

With these changes we have set out to increase our ambitions and ways of working globally within L&D. This includes:

- Focus on conditions to learn;

- Learning as a continual process;
- Empowering Individual-driven development;
- Build on anticipatory needs;
- Development intrinsic to work;
- Supporting employee to evolve and adapt;
- Creating employee-centric learning.

We are working on enhancing our way of collecting data to analyse learning and training behaviours better. We want to embrace data-driven learning in the future.

LEARNING AND DEVELOPMENT IN 2018

Our Global Training Warehouse offered 285 training opportunities; nearly half of these were taken online. We are currently testing making the tutorials available on mobile devices.

The Global Learning and Development function facilitated 40 trainings. Some of

IN PRACTICE

LEADERSHIP TOOL FOR OUR LEADERS



IN OUR OPERATIONS DEPARTMENT, WE HAVE 470 SUPERVISORS WHO LEAD OVER 40% OF THE ENTIRE GRUNDFOS WORKFORCE. TO SUPPORT THEM IN THIS CRITICAL ROLE, ALL LEADERS HAVE BEEN TRAINED IN A TRIED AND TESTED LEADERSHIP METHOD CALLED 'TRAINING WITHIN INDUSTRY JOB RELATIONS'.

The methodology was developed in the USA to ramp up production after the attack on Pearl Harbour, during World War II. It is a very standardised and structured programme of hands-on learning and practice, teaching essential leadership skills for supervisors, team leaders, and anyone who directs the work of others.

“We believe that leadership is a crucial part of reaching our strategic intentions and living out our value of ‘Focus on People’. Out of four modules, we focus on Job Relations, a leadership methodology that focuses on getting results through people. We partnered with a consultancy firm who have a network of trainers globally. The training itself took 10 hours, split across five days, which helps with retention and reflection as the learning curve is spread out more evenly,” says Marcus Jøhnck Bendt Haure, Lead HR Specialist, Global L&D. Through regular Learning and Sharing sessions leaders take part in supporting each other in using the method and become better leaders. This puts active leadership on the agenda, resulting in better relations between leaders and employees.

More than 470 leaders globally took the training in Q4, including Robert Bolusset, Plant Director, Grundfos France. “Leaders have the most impact to shape the company through its employees. The training is very pragmatic, easy to understand and to use in our daily life and supports us to achieve this role,” he says.



Our supervisors in Operations based in Fresno, USA and their certificates



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our highlights:

- Continued focus on leadership training – around 400 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 70 trainers took part in the basic training;
- Consultancy in the creation of a number of tutorials, for example the Code of Conduct, General Data Protection Regulation, Risk Awareness tutorials and 26 Water Utility tutorials;
- Around 470 leaders globally in Operations have been through Training within Industry leadership training;
- Introducing digital training methods through five newly established virtual reality training cells.

As part of a refugee integration initiative in Denmark, the eight refugees recruited in 2017 continued in the two-year training programme focused on integration into the Danish job market and language training. Five of the them have now completed their Danish language training. Four of the refugees, along with four of our existing employees, accepted the opportunity to commence a two-year vocational training programme. Three of the remaining four refugees continue their integration training into 2019.



We include employee motivation as a key performance indicator in our strategy 2020

EMPLOYEE MOTIVATION & SATISFACTION

The anonymous Employee Motivation and Satisfaction (EMS) survey provides an opportunity for our employees to voice their opinions, relay their concerns, and highlight important company issues. This annual survey is provided in 34 different languages and presents employees with questions to be answered on a 10-point scale. The survey gives a cross section of how our employees are doing at every level of the company and reveals the areas where we can improve.

Studies show a link between employee engagement and customer loyalty. Ensuring all our employees are motivated to perform their function to the best of their ability, is therefore directly linked to our success as a business. So much so, we include employee motivation as a key performance indicator in our strategy 2020. We use the feedback from our employees to identify opportunities for improvement at all levels within the organisation. We also provide managers with specific survey results from their

departments, that help them to improve business performance and to advance their leadership skills.

HIGHER OVERALL MOTIVATION AND SATISFACTION LEVEL

The survey gives Grundfos factual insights into where leaders can take steps towards making the company an even better place to work. In 2018, we had a record-breaking participation rate of 95.5% in the annual survey, and the overall motivation and sat-



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isfaction level reached 73.1 which is an increase of 2.6 points compared to the 2017 result. Our target is to reach 78 by 2020. The loyalty result was recorded at a score of 81, which is an increase from 79.2 in 2017. This reflects the employees' enthusiasm for Grundfos and their increased willingness to stay at the company and recommend it to others who are seeking employment.

Another notable observation in the result is that employees are confident there is solid leadership in Grundfos managers and colleagues are upholding a strong culture of collaboration, accountability and customer centricity. All areas are showing a positive trend compared to 2017. In addition, the EMS found that our employees tend to view their immediate managers positively, rating 55% of them as having strong leadership skills.

There are variations in the EMS evaluations throughout Grundfos and the amount of change happening in our company is still a challenge for many. We will continue to focus on this throughout the upcoming year, since our people and their engagement is crucial for our future success.

In summary, the results show positive trends as well as the highest participation rate in our EMS 2018 ever recorded. This provides a solid foundation for our continued work on developing the organisation and making Grundfos an even better place to work.

DIVERSITY & INCLUSION

DIVERSITY IN LEADERSHIP

Looking back, we have for some time not been able to meet our diversity targets. This has led us to review of the way we approach diversity. In the coming years, we will change our focus by increasing our efforts to get women into leadership positions.

The reasons for getting more women into leadership positions are clear cut. Studies show that greater gender diversity leads

to improvements in innovation power, speed, and decision processes. It is also thought that improving gender diversity can encourage other types of diversity in the workplace.

After revisiting our ambitions, commitments and target-setting in this area in 2017, we devised a three-year plan (2018-2020) to alter the mindset of our employees. Our ambition is to demonstrate that by offering an inclusive environment for a diverse mix of employees, we stand to in-

novate, grow and outperform the competition.

As of 2017, we had no women represented in our top management – the Extended Leadership Team. In 2018, two women joined the team, representing 6% of the total number. Our ambition is to reach 15% by 2020. For the full leadership population, we increased the proportion from 20% to 21%, and are determined to reach our target of having 25% female leaders by 2020. Some of our efforts in 2018 to



Our Regional Managing Director in China Catherine Yang, one of our ELT's members, at the Grundfos China Annual Licensed Dealer Conference in Wuzhen, attended by around 400 dealers

Catherine Yang
April 2018



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Together with their spouses, 125 employees with reduced work capacity at Grundfos Hungary, had a gala lunch to celebrate the 50-year Anniversary of social responsibility

push this further:

- A course on bias in the workplace, in which more than 600 managers enrolled;
- We provided a conversation guide (supporting daily diversity and inclusion dialogues) to all people-managers;
- We made sure that our HR professionals received master classes in diversity and inclusion;
- We are pushing key HR processes to drive and support our diversity ambition;
- Mentoring programme: Extended Leadership team members are mentoring female leadership talent in a cross-functional setting;

- Raising awareness and sparking regular discussions through our internal communication platform.

On top of these efforts, we encourage

different business units to set their own diversity and inclusion targets. Key elements in reaching our goals are mobility, employer branding and recruitment. By getting these right, we can attract a more diverse pool of candidates. To move things along faster, these issues are being prioritised by our management team, who are looking to release a revised action plan for the coming year.

In addition, we aim for a 50/50 gender split among participants in our global Graduate Programme, a talent development scheme offered to a limited number of hand-picked, high-potential graduates who we have identified as potential future leaders.

we will continue to launch targeted initiatives both within the organisation and outside to attract and retain female leaders. We will focus on ensuring that our existing global processes and programmes dealing with recruitment, talent devel-

opment and succession contribute to the gender goals that we have set.

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 female directors among these six to two by 2020. No directors were replaced in 2018. We are always looking for qualified candidates and expect to fulfil the targeted number of female directors by 2020.

INCLUSIVE WORKFORCE

We want to achieve a work environment where all employees are treated fairly and respectfully, have equal access to opportunities and resources, and can contribute fully to our success. We support local communities where possible. Our focus is on preventing people from being excluded from the job market by improving employment rates for workers with reduced work capacity and marginalised groups.

GROUPS	STATUS IN 2018	BASELINE 2017	TARGET END OF 2019	FINAL TARGET END OF 2020
Extended leadership team (ELT)	6% female 94% male	0% female 100% male	12% female 88% male	15% female 85% male
Full leadership population	21% female 79% male	20% female 80% male	23% female 77% male	25% female 75% male
Graduates	40% female 60% male	12% female 88% male	45% female 55% male	50% female 50% male



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We also have a framework that provides policy, guidelines and advice for how to prolong an employee's active career. Some of these policies and commitments are:

- Policy for retaining employees at risk of exclusion from the labour market due to ill health;
- Proactively support employees if health issues emerge and help them prolong their active careers and contribution to the business;
- We have set a global target to ensure that by 2020, 3% of our workforce comprises people who are considered to have reduced work capacity;
- From 2019, we will keep track on a monthly basis of how many people in this category are employed. We will also assess how our production plants are doing in this respect.

EMPLOYEES WITH REDUCED WORK CAPACITY

Among the central missions of the Poul Due Jensen Foundation is to promote social inclusion in Denmark and in every country where Grundfos operates, which means among other things that we do all that we can to employ people with disabilities, primarily in our sites. This is a long-standing Grundfos initiative of which we are particularly proud.

We go the extra mile to retain employees who risk being excluded from the job market because of health-related or social issues.

We strive to provide suitable, value-creating work for employees with reduced work capacity. Currently, 3.1% of the workforce in all countries comprises employees in this category, which means we have already surpassed our 2020 target of 3%.

HEALTHY RETURN TO WORK

We believe that it is part of our role as an employer to ensure that all our employees lead a long, healthy, and happy working life. To support this, we promote health and well-being in the workplace. We do this not only because it is a fundamental right of our employees, but also because well-being unleashes the drive in our workforce to perform to the best of their ability.

Throughout our operations we have robust policies and procedures in place that focus on promoting positive physical health and we are on our way to place more emphasis on mental health. A key part of this involves providing the right support following prolonged absence from work. Experience shows that the longer a person is off work sick the greater the chance that they will not return. We do as much as can reasonably be expected to support employees if they get sick.

By improving our management of long-term sickness absence, we reduce the risk of an employee leaving Grundfos due to ill-health. We benefit tremendously from this because every one of our employees,

with their specific skills sets and industry knowledge, is irreplaceable. We help those who have been off sick get back into our workforce in a way that is healthy for the employee. In support of this, we have policy and guidelines to help facilitate employees' healthy return to work.

We also measure how many employees return to work after being absent for more than 14 days because of illness. Globally, we identified 1,278 cases of employees who had to take more than 14 consecutive days of sick leave and 1,155 of them returned to work, which corresponded to a rate of 90.4%.

GLOBAL STANDARDS FOR ALL COMPANIES

In 2017, we began developing a global policy both for healthy return to work and employment with reduced work capacity.

An increasing number of companies have been working on these policies in the past year. Learnings and experience have been incorporated into the global policy so that all companies can operate based on the same standards. Based on the learnings and experiences shared, we now expect all our subsidiaries begin operating on the same standards.



We have a policy for retaining employees at risk of exclusion from the labour market due to ill health



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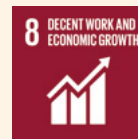
CELEBRATING OUR 50-YEAR ANNIVERSARY OF SOCIAL RESPONSIBILITY

THE FIRST FLEX WORKSHOP WAS ESTABLISHED IN 1968. 50 YEARS LATER, THIS TREMENDOUS ACCOMPLISHMENT HAS NOT GONE UNNOTICED AND MANY GRUNDFOS COMPANIES ALL AROUND THE WORLD HAVE CELEBRATED THIS EVENT.

The atmosphere was festive, as all the Danish employees working with reduced capabilities gathered in the Grundfos Hall along with their spouses and leaders to celebrate on the 1st of June 2018. The event was just one in a string of celebrations to mark the 50-year anniversary of social responsibility in Denmark.

Together with their spouses, 125 employees with reduced work capacity, or about 5% of all employees at Grundfos Hungary, were invited to a gala lunch to mark this occasion. In China, we invited 20 orphans with physical and mental conditions in Wuxi for a field trip to our facility in Shanghai, where they learnt about Grundfos and had a taste of Danish food. The celebration continued in India, the United Kingdom as well as the United Arab Emirates.

SUSTAINABILITY FACTOR The 50-year anniversary of social responsibility is an important milestone for Grundfos and our social responsibility development from 1968 to 2018.



The anniversary was celebrated in different countries, from Denmark and Hungary to China



Grundfos Indonesia and The Pelayanan Kasih Orphanage celebrated the new water distribution system

ENGAGE GLOBALLY WITH LOCAL COMMUNITIES

Despite our global presence, we work to maintain the mindset of a local business. We strive to be a trusted corporate citizen and fulfil our responsibilities to the communities in which we operate. We do this by playing an active, engaging and supportive role, contributing to the economic livelihoods of many people, communities and societies across the world.

We trust the vast amounts of local knowledge and experience that our global network of companies have. They have an intimate connection with their communities, and so they know which initiatives

will provide the most benefit to them. Therefore, many of our community engagement projects are run and financed by local companies and employees. These initiatives include:

Indonesia

The Pelayanan Kasih Orphanage in Surabaya, Indonesia, consists of two buildings. One is home to 61 children. The second is home to 93 elderly people. With only seven bathrooms (and toilets) and a water supply that was far from reliable, most of the children were unable to take showers before school.



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Grundfos Indonesia came up with a solution that would improve the water distribution system. By replacing the old decrepit pumps with a new Grundfos system and deploying water tanks on the building's roofs, the occupants are now able to enjoy a reliable supply of clean water.

The Philippines

Since 2014, our IT Support & Operations in the Philippines have been running a programme that saves energy and water in the office and at the same time helps to improve the lives of marginalised children. Every saved kWh and drop of water are converted into a financial donation to Stairway Foundation, a non-profit organisation that helps to protect children living on the streets and in slum areas.

Turkey

According to a study by the United Nations Educational, Scientific and Cultural Organisation's (UNESCO) online ranking, Turks rank 86 out of 173 countries in terms of their reading rate. Determined to do their bit to improve this, our employees at Grundfos Turkey started their One Book, One Life campaign. They collected 3,000 books, 2,200 of which were sent to schools in five cities. With the help of a local foundation, they reached out to a school in a small village that caters for children between kindergarten and Grade 4 and volunteered to build a library for it. This school received the balance of the books.

IN PRACTICE



Various initiatives from our employees for World Water Day



TO AND FOR WATER

WORLD WATER DAY AND THE CAPE TOWN CHALLENGE BRING GRUNDFOS EMPLOYEES TOGETHER WORLDWIDE TO RAISE AWARENESS ABOUT WATER SUSTAINABILITY.

To celebrate World Water Day, we explored new ways to harness nature to gain more natural sources of clean water. From restoring a lake in India, to 'plogging' – picking up trash whilst jogging – in Finland, employees from more than 25 companies rolled up their sleeves for water.

Aside from cleaning up local ecosystems, we also challenged our employees to live with less than 50 litres of water per

day; a water restriction taken directly from the guidelines of water-scarce, Cape Town, South Africa. Our colleagues in the UK, Denmark, Germany and Spain, took part in the challenge, spurred on by our employees in Cape Town, who helped with videos to provide more insight into the water crisis in that city.

SUSTAINABILITY FACTOR These events portrayed the employees' engagement with some of the water challenges we have and how they take tangible action to help.

More about [Cape Town challenge](#) and [water clean-up](#).





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INTEGRITY IS DOING THE RIGHT THING, EVEN WHEN NOBODY IS WATCHING. THIS IS THE WAY WE APPROACH BUSINESS.

HIGHLIGHTS

MORE THAN

80%

WHITE-COLLAR EMPLOYEES PARTICIPATED IN THE **CODE OF CONDUCT TRAINING**



HUMAN RIGHTS IMPACT ASSESSMENT IN INDIA AND SERBIA

91

TIER 1 **THIRD-PARTY SUSTAINABILITY AUDITS**

FINALISED A DEDICATED **THIRD-PARTY GLOBAL ANTI-CORRUPTION RISK ASSESSMENT** (2017-2018) AND ASSESSED TRANSACTIONS IN MORE THAN **190 COUNTRIES**



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We are deeply committed to being an ethical organisation from the top down. We have a culture of honesty and we behave consistently across the different markets and legal jurisdictions in which we operate. We also aim for all of our suppliers to share the same high standards of ethical practice.

At Grundfos we want to ensure we live up to our responsibility to respect human rights and, wherever possible, have a positive impact on them.

This chapter has sections on legal compliance, human rights and forced labour and sustainable supply chain.

LEGAL COMPLIANCE

ZERO TOLERANCE FOR BRIBERY AND CORRUPTION

Corruption negatively impacts sustainable economic growth and it fuels criminal activity and diminishes democracy. If not managed properly, this can lead to financial setbacks. Our Code of Conduct (CoC) details our commitment to anti-corruption. It contains 15 rules, seven of which directly relate to corruption. Our CEO is responsible for overseeing that we adhere closely to this CoC, which applies to all employees in all countries and in all positions. There are also separate Grundfos departments that ensure we are compliant with anti-corruption legislation.

We set goals to eliminate any form of money laundering and corruption associated with our business. To reach these goals, our CoC and Grundfos Anti-corruption Compliance Programme are helping us manage compliance in all the markets where we are present.



Our Code of Conduct and anti-bribery compliance programme are the foundations for managing compliance in all markets

“ETHICS, INTEGRITY AND TRANSPARENCY ARE THE KEY INGREDIENTS FOR BUSINESSES TO GAIN AND MAINTAIN THEIR STAKEHOLDERS’ TRUST. TO BE A TRULY ETHICAL COMPANY, IT IS VITAL THAT WE UPHOLD THE HIGHEST STANDARDS IN TERMS OF LEGAL COMPLIANCE AND HUMAN RIGHTS; PROTECTING OUR EMPLOYEES AND THE SOCIETIES WHERE WE ARE PRESENT. IT IS NOT ONLY ABOUT BEING A GOOD CORPORATE CITIZEN, IT IS ALSO JUST THE RIGHT THING TO DO.”

Astrid Nørgaard Friis, General Counsel



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Exhibitions are one among many places where Grundfos meets potential customers, including at The AQUATECH 2018 in Shanghai, China which was attended by over 95,000 visitors

All compliance programmes in Grundfos are based on a compliance wheel, which consists of five key elements:

1. Commitment and organisation;
2. Risk assessment;
3. Rules and guidelines;
4. Training and communication;
5. Monitoring, auditing and response.

INTERNAL CONTROLS AND AUDITS

We implement rules that govern our day-to-day processes to minimise the risk of corruption. This includes a mandatory

'four-eye' principle (all transactions need approval from two people) and contract templates that contain strict anti-corruption clauses with a right to terminate in case of breach. In addition, a monthly performance report provides detailed information about the performance of different units within the group for management.

All companies are reviewed before we enter into any form of partnership or affiliation with them. Those companies that are in high-risk zones are rigorously checked

to ensure that they have the proper measures in place to protect themselves from extortion, bribery, kickbacks, or other financial misconduct and that they comply with the Grundfos Supplier Code of Conduct (SCoC).

Our Corporate Internal Control (CIC) has issued an audit instruction manual, which provides guidelines for control visits to these local companies. The manual also deals with ways to improve business processes and controls where necessary. In addition, in 2018, CIC initiated a project called Internal Control Strengthening, which is a new audit approach that aims to strengthen our preventive controls via a central control monitoring system. The project continues throughout 2019.

An anti-corruption section formed part of our supplier sustainability audit programme. The research into policy, training and reporting of incidents is used to evaluate the supplier.

COMPLIANCE SCREENING

To minimise risk, we ensure that any party that we are affiliated with is checked against embargo and sanctioned-party lists. We conduct full risk assessments prior to any acquisition or when performing business activities within a new business area or location. A report is prepared by the Legal Department or other relevant functions (such as tax or treasury) and preap-

proval can only be obtained if the required due diligence process has been conducted. Final approval by the Board of Directors of the Grundfos Group is then required.

ANTI-CORRUPTION RISK ASSESSMENT

Looking ahead, a Response and Activity Plan was formulated by the Legal Department in 2018 to cover and coordinate company activities for the upcoming three-year period. The Response and Activity Plan (and any amendment) has been approved by relevant stakeholders to ensure commitment and implementation.

To evaluate our approach, a dedicated third-party global anti-corruption risk assessment was conducted in 2017-18. It was carried out in accordance with the UN Global Compact's 'Guide for Anti-Corruption Risk Assessment' and was an enterprise-wide, holistic risk assessment involving key stakeholders from almost every layer of our business. The assessment reached local sales companies in more than 55 countries where we have a presence, and assessed transactions affiliated to Grundfos in more than 190 countries worldwide.

The assessment identified no incidents relating to corruption, but brought to light some potential risks that we may be exposed to. Some of these risks are:

- Cash payments, which are difficult to trace, insecure and inefficient;



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- Entertainment and hospitality expenditure, which can be misused to disguise corruption;
- Use of intermediaries, which adds an extra layer to a business process, often increasing the risk of corruption;
- Facilitation payments related to import and export through third parties;
- Dealings with public officials.

Future corruption mitigation efforts (the applicable Response and Activity Plan) will continually be aligned with the results of the biannual risk assessment.

CODE OF CONDUCT TRAINING

It is mandatory for our employees to undergo CoC training. The training emphasises our ethical guidelines, focusing on dilemmas that we might meet in our daily work life.

In 2017, every employee received this training through e-learning exercises or face-to-face training programmes in all our companies. In 2018, we targeted white-collar employees worldwide and more than 80% of them participated in the training. The focus was on travel, entertainment, gifts and personal benefits, conflict of interests as well as human rights and avoiding discrimination.

Anti-corruption is also included in a mandatory online training for all employees in the organisation working in sales (inter-

nal/external), technical support and projects or as service technicians.

OUR WHISTLEBLOWER SYSTEM

We have made a [whistleblower system](#) available and easy to access from all countries where we operate. It is designed not only for employees to report criminal actions that they suspect have been committed, sanctioned or deliberately overlooked, but it is also accessible by people outside Grundfos.

The system is managed by an external party to ensure that claims and reports of violations, such as documents, pictures, videos and the like, can be submitted anonymously. All of these cases will be followed up with a thorough, objective investigation.

In 2018, we received 48 complaints through the system. Of these, five were considered breaches of the Code of Conduct in the areas of corruption, conflict of interest, book-keeping and accounts, and compliance with laws and regulations.

TOWARDS FAIR AND LEGAL COMPETITION IN ALL MARKETS

We want to contribute to fair, free and unlimited competition. To ensure that no company has an unfair monopoly over the market, there are competition laws in place in every market where we are active. Some of the issues that these laws are intended to

combat include:

- Groups of competitors join forces to limit competition (cartel);
- Vertical agreements between companies at different trade levels;
- Companies holding large market share or a unique market position that makes them overly dominant.

Competition laws affect almost every aspect of Grundfos' dealings, including pricing, promotion, sale and service, as well as relationships with competitors and customers. We make sure that we are fully compliant with these laws.

In 2017, we started to roll out e-training to selected countries in Europe. This year, the work has continued with a global review of competition law requirements to provide a further basis for training. We will continue to work on this until 2020 to provide training to the whole group. Furthermore, competition law compliance is a part of the mandatory CoC training.

RESPECTING DATA PRIVACY

Data privacy is a fundamental human right and we respect and uphold the rules that are in place. As global internet usage





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increases and evolves, protecting these rights is becoming more and more challenging. In general, we handle internal employee data and external third party data (vendors and customers). We make sure that any form of personal data remains completely private. We do so by building safeguards, security checks and privacy policies into our work and by closely adhering to legislation like the EU's General Data Protection Regulation.

To support this, we have created a new service portal that specifically handles data privacy. The new portal helps with the collection, handling and use of personal data and is operated by a dedicated team.

In Q4 2018, we rolled out a worldwide training programme with a general module that is mandatory for all employees who may need to handle personal data. The general module is supplemented with three specialised modules: for Human Resources and managers, for the Information & Technology, and for Sales and Marketing.

The Grundfos data privacy team has processed more than 50 requests, mainly consisting of data insight requests. The data privacy team has received no complaints concerning breaches of customer privacy, data leaks, thefts, or losses of customer data (or other complaints concerning breaches of customer privacy).

PUBLIC POLICY

We see it as an obligation to actively engage in public debate to support and encourage public officials to develop sound policies. Accordingly, we offer support to policy-makers in regards to water and energy legislation, and how to establish a framework that supports research and innovation and helps businesses to operate in an ecologically and socially sustainable manner.

Our public affairs efforts focus on three elements: first, informing the various parts of our organisation about political developments around the world and how they affect our business; second, positioning Grundfos at top-of-mind among key pub-

lic decision-makers; and third, lobbying 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 our quest for a more sustainable world.

We remain completely independent and nonpartisan in terms of our political affiliation. We refrain from making any form of contribution to, or endorsement of any political party or candidate.



In general, we handle internal employee data and external third party data

IN PRACTICE

EFFORTS IN PROTECTING DATA

THE EUROPEAN GENERAL DATA PROTECTION REGULATION (GDPR) CAME INTO FORCE ON 25TH MAY 2018. IN RESPONSE, WE RAN A CAMPAIGN THROUGH OUR INTERNAL COMMUNICATION PLATFORM TO RAISE AWARENESS ACROSS THE COMPANY REGARDING PERSONAL DATA HANDLING.

The GDPR is a European Union regulation. Because we have EU-based IT systems, where we store all of our data (even data coming from non-EU countries), the GDPR rules apply to the whole of Grundfos.

In light of this, in October 2018, we devised mandatory online training for all of our employees worldwide who may handle personal data and achieved a worldwide participation rate of about 90%.

The training consists of general information on what personal data means and how to handle it, as well as learning what data breaches are, including data privacy-related dilemmas that employees may encounter.





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HUMAN RIGHTS & FORCED LABOUR

Respect for human rights is one of our core values. Our objective is to make sure we do not violate human rights directly or indirectly, as well as proactively contributing to advance those rights where we have the biggest influence.

In order to continue with our founders' legacy of good business conduct and re-

spect for people, we formalised this commitment with the creation of our first CoC in 2002. This was followed by additional resources to strengthen our commitment to respect human rights, such as our SCoC, our third-party supplier sustainability audit programme and our [Human Rights Policy](#), to mention a few. This policy is the foundation of our human Rights Due Dil-

igence (HRDD), which is based on the requirements of the UN Guiding Principles for Business and Human Rights (UNGP). Site-based Human Rights Impact Assessments (HRIAs) are another key element of our HRDD and we use the results of these assessments to continually improve our processes and maintain continuous visibility of our areas of impact.

The prevention of forced and compulsory

labour is one of the areas covered by our human rights due diligence and has been identified as a potential area of impact in our supply chain. Therefore, this topic is included in our third-party supplier sustainability audits. Any issues related to forced labour found during the audits are prioritised and followed up until full remediation is achieved. For more information on this aspect, consult our [Prevention of Modern Slavery Progress Report](#).

PREVENTION OF DISCRIMINATION

The prohibition of discrimination is part of our CoC as well as our SCoC and our human rights policy. We have several departments working on a day-to-day basis and in different ways to prevent discrimination. This topic is also assessed as part of the HRIAs and as part of third-party supplier sustainability audits.

We also take proactive steps to have a positive impact in this area by engaging in initiatives such as the global sourcing coalition, through which we commit to employ more people who have limited access to the labour market. Another proactive contribution is the targets we have defined to increase the proportion of women in leadership roles.

OUR JOURNEY CONTINUES

With the support of Business for Social Responsibility (BSR), a global network dedicated to building a just and sustain-



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ETHICS AND INTEGRITY

able world, representatives from different areas of the company, including Human Resources, Legal, Purchasing and Finance, came together to map out our potential areas of impact. As a result, seven focus areas were highlighted, including:

1. Discrimination;
2. Health and safety;
3. Forced labour;
4. Child labour;
5. Freedom of association;
6. Wages & benefits;
7. Working hours.

In 2016, we compared our management of human rights against the requirements of the UNGP. We focused our assessment on five countries, selected according to human rights risks and the number of our employees in that country.

In 2018, we revised our SCoC and trained 125 procurement employees (around 1% of the global workforce). One of the ways we did this was with a seminar session that discussed examples of human rights violation that had previously been highlighted during third-party audits.

FINDINGS AND LEARNINGS FROM OUR ON-SITE ASSESSMENTS

Having identified our most salient human rights issues, we began conducting local HRIAs in selected countries where we operate. The countries were selected based on their human rights risk level (Maplecroft



human rights index 2016) and the size of our operation in that country.

In 2017, we partnered with BSR to conduct a pilot HRIA in one of our manufacturing facilities in China. The assessment revealed some key areas that need addressing. These include that some employees had expressed their preference for candidates of a certain age group and gender — such preferential treatment is not aligned with our global policies. We also found that many employees are exceeding the amount of overtime they are permitted by law and that our oversight in regard to the business practices of service providers and

suppliers beyond tier 1 is limited.

Based on this outcome, we developed an action plan to address these findings. This included efforts to reinforce our employees' understanding of our global policies regarding discrimination, the development of a flexible working hour initiative, and a pilot assessment of key high-risk service providers. This plan is making good progress and through continuing dialogue with our partners we are able to keep track of its development.

Our second HRIA was conducted in one of our facilities in India. We commissioned a

UK-based consultancy called twentyfifty that has experience in conducting HRIAs in India to aid the process. Just like in China, the HRIA revealed several areas of impact that needed attention and we are working with our team in India to address these issues, which include working hours, discrimination and supply chain management. Our action plan to remedy the situation involves strengthening the monitoring of working hours, exploring ways to build a more diverse workforce and supplying human rights training for our suppliers.

Using the knowledge and experience from our HRIAs in China and India, our latest



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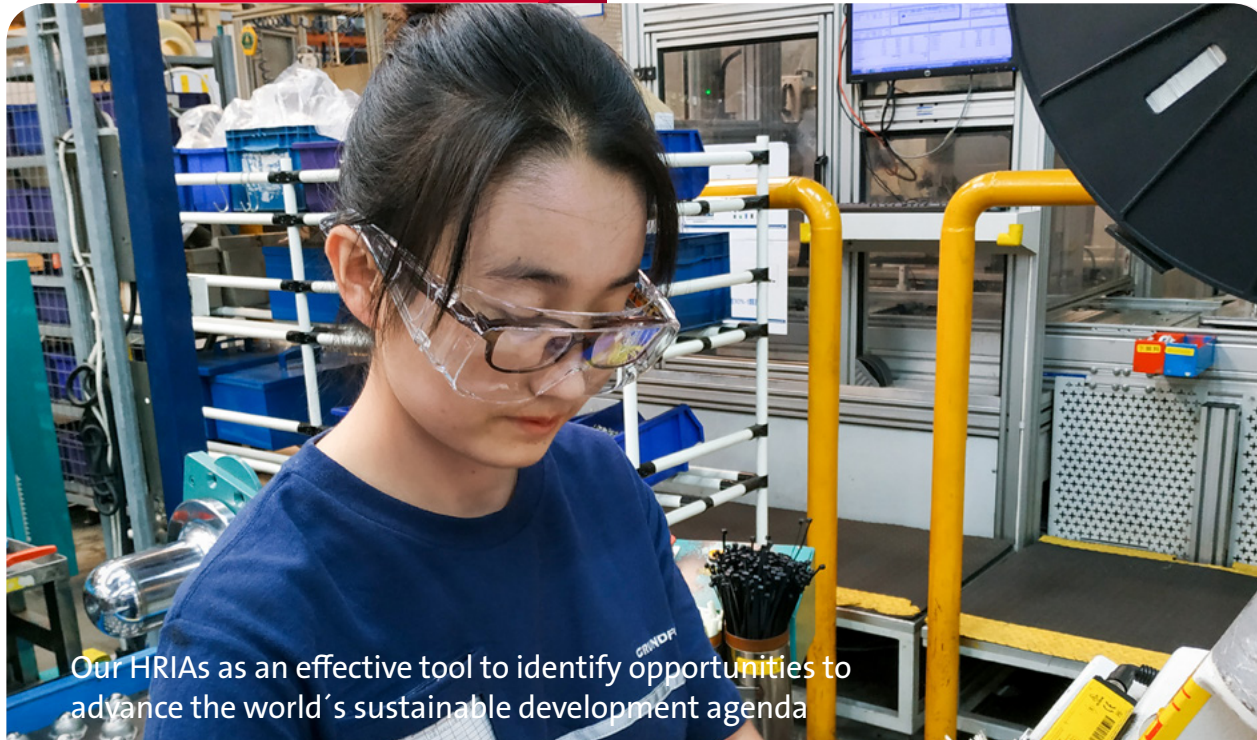


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IN PRACTICE



Our HRIAs as an effective tool to identify opportunities to advance the world's sustainable development agenda

THE LINKS BETWEEN THE SDGS AND HUMAN RIGHTS

According to the Danish Institute for Human Rights, more than 90% of the SDGs are linked to international human rights and labour standards. Respect for human rights is the point of departure for how the corporate world contributes to the SDGs. It is a given that human rights are fundamental to advancing the global sustainable development agenda, and businesses should do whatever possible to promote them.

These concepts cannot be separated and for us it is important to keep in mind that our work with human rights touches upon all the SDGs in different ways and to a different extent. Our overall human rights due diligence programme contributes to the achievement of the SDGs, and we see our HRIAs as an effective tool to identify opportunities to advance the world's sustainable development agenda. Through these assessments we have seen how our work with human rights has a concrete impact, presenting complex challenges but also big opportunities. Respect for human rights can seem like an abstract concept, yet it is tangible to the specific people whose rights are not upheld.

HRIA was conducted in Serbia. This time we piloted an internal HRIA, with twenty-five playing a supporting role helping us develop a country risk profile for Serbia, in collaboration with our local team there. We found that we need to strengthen the implementation of our SCoC with service providers and that we need to make an extra effort to engage with additional external stakeholders. We are now in the process of developing an action plan as a follow up to the HRIA in Serbia, the results of which will be published in 2019.

These HRIAs form part of our overall effort to fine-tune how we identify, and handle issues related to human rights. We take an iterative approach along this journey, integrating what we have learnt at each step of the process into our overall policies. As we move along with HRIAs we are identifying recurrent areas of impact and are refining the outcome so we can develop initiatives to prevent those potential impacts in the future.

In regard to non-discrimination, we learnt from China and India that whilst there is no existing impact in this area, there are some improvements that need to be made in order to prevent potential impacts in the future. These include providing relevant training programmes in geographical locations and departments, and assessing how to make it easier for vulnerable groups to enter the labour mar-

ket, particularly in India, where we want to take a proactive approach.

DEEP DIVE INTO OUR SUPPLY CHAIN

In 2011, we started our third-party supplier sustainability audit programme. To aid this process we brought in an independent body that is free of any conflict of interest and has experience dealing with global supply chains.

One of the recurrent findings of our HRIAs was that we need to look deeper into our supply chain, taking a closer and more comprehensive look at our service providers to assess potential areas of risk. This revealed that the highest risks occur in the sourcing of raw materials and in the use of intermediaries when hiring employees. This is a particularly relevant point for our suppliers of metals and minerals and our labour agencies in Asia, which exhibit a relatively high likelihood of infringing our policies against forced labour.

To address this issue, we are piloting an assessment approach for key high-risk service providers (including labour agencies) in China. Based on the outcome of this pilot we will assess if it can be replicated in the rest of the region. We are also looking into new and improved ways in which we can work with our metal and mineral suppliers.



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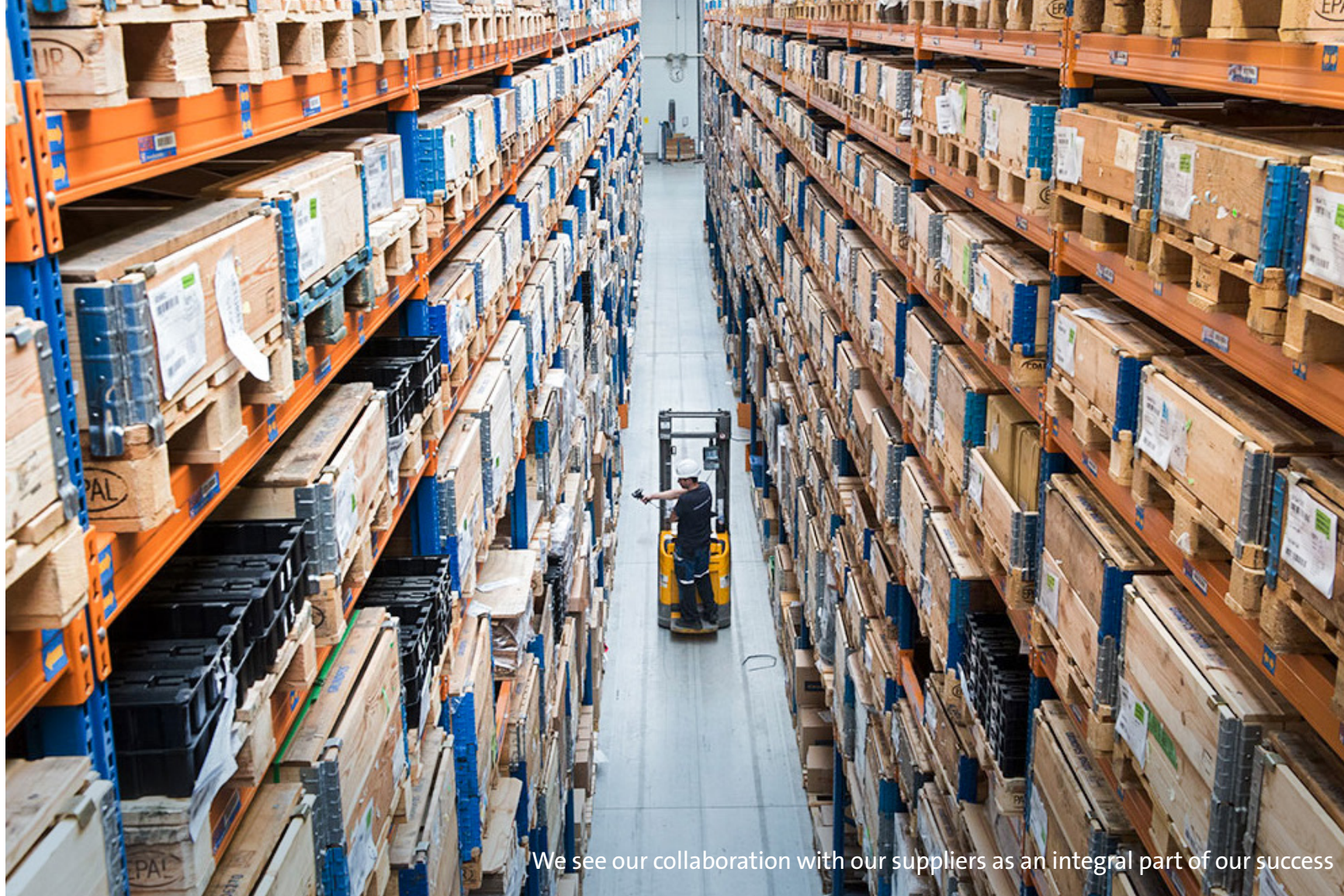
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We see our collaboration with our suppliers as an integral part of our success

SUSTAINABLE SUPPLY CHAIN

Sustainability is at the heart of everything we do as a business. As such, we aim for all of our suppliers to share the same high standards of ethical practice. Our [Supplier Code of Conduct \(SCoC\)](#) serves to guide the actions of our suppliers. It helps us engage with our suppliers on material sustainability issues relating to their operations and aims to provide a set of minimum criteria that must be met if we are to carry on doing business together. Such issues include labour, the environment, health and safety and corporate ethics.

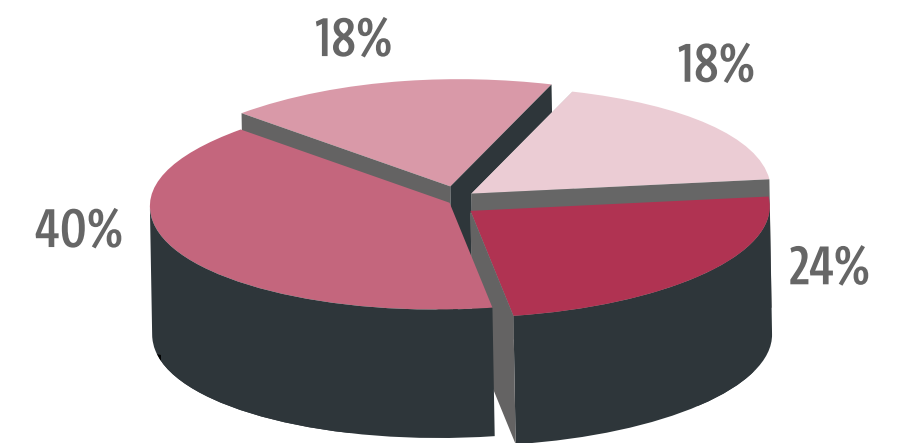
We see our collaboration with our suppliers as an integral part of our success, and we look forward to working

with them to develop more sustainable business practices for us all. As an initial filter, all new suppliers go through a pre-screening process conducted by our internal team using strict environmental and social criteria. Potential suppliers can also be rejected during the screening processes, which includes system audits of them. In 2018, we conducted five system audits of existing suppliers and 17 system audits of potential suppliers. If any issues are identified, we create a corrective action plan, which we follow up until it is completed or remediation is achieved. One potential supplier was rejected in 2018 because it failed to comply with Grundfos' requirements on sustainability.

We also conduct external third-party sustainability audits of selected suppliers every year and assess a selection of global direct material suppliers (tier 1) on environmental and social aspects. Based on the results, we work closely with the supplier to develop a corrective action plan. We follow up and closely monitor each action plan, either internally or using independent third-party auditors, and assess the suppliers' compliance with our policies until the action plan is completed.

A CLOSER LOOK AT OUR SUSTAINABILITY AUDITS

In 2018, we conducted 91 third-party audits; 21 out of 91 assessed suppliers had a minor potential negative impact on the environment and 58 had a potential negative impact on social aspects.



- 18% rated as As: no issues. No action required
- 18% rated as Bs: minor issues
- 40% rated as Cs: non-compliance with the law
- 24% rated as Ds: Life-threatening issues / severe reputational damage

Some areas that are highlighted from the third-party audits (rating 2018)



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We require that our suppliers have their own SCoC in place and that they require the same from their suppliers (our sub-suppliers). However, we identified cases where our suppliers had a lack of a commitment to prohibit forced labour and discrimination. In addition, we found that 33 suppliers could be categorised as Cs — non-compliance with the law — and 28 as Ds — life-threatening issues/severe reputational damage. In all cases, we were able to agree on a suitable action plan with the suppliers, and none of them was terminated as a result of the assessment.

Because of the depth, intricacy and geographical diversity of our supply chain, it was highlighted by our HRDD programme as an area that requires increased attention. One of the key things we need to do is expand the programme to include service providers and suppliers beyond tier 1.

We are also assessing how we can support capacity building in our supplier base where needed.

GRIEVANCE MECHANISMS

In 2018, we launched a new SCoC to set clear expectations from our suppliers and to widen the scope of our requirements. Our employees in the Purchase Department underwent training so that they fully understood the latest SCoC. If there is ever any suspected breach of SCoC, our employees and those of our suppliers are encouraged to report the breach through our whistleblower system. To keep track of progress, we have a steering committee that meets quarterly to assess challenges and define actions needed going forward. In addition, we have appointed a work group with the task of continually charting the progress of our audits and making the necessary adjustments in areas that need improvement.

ESCALATION PROCEDURE AND THREE STRIKE POLICY

We have a set process for working with suppliers which involves agreeing on an action plan, then following up until remediation is achieved. Our intention is always to be an influence for good in our business relationships and to promote positive change in the communities where we have a presence. This means assessing how can we partner with our suppliers to achieve remediation. In cases where the response of suppliers is not satisfactory, we have a procedural blueprint that we follow.

When suppliers rated as C fail to complete corrective actions as agreed, their rating will be downgraded to D. Suppliers in this category who fail to comply with agreed remediation measures become subject to our 'three-strike' policy. If a D supplier fails to complete its action plan as agreed, this is considered strike 1, and we will meet with the supplier to explain and discuss the implications. If the supplier still fails to address the issues on a second follow-up (strike 2), we send the supplier a formal communication outlining the implications, which include termination of the business relationship. Continued failure to implement remediation (strike 3) results in termination.

SUSTAINABILITY AUDITS

100%

NEW SUPPLIERS WERE SCREENED USING ENVIRONMENTAL AND SOCIAL CRITERIA



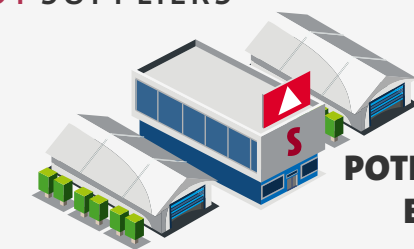
ASSESSED BY GRUNDFOS:
73 SUPPLIERS



56
EXISTING
SUPPLIERS

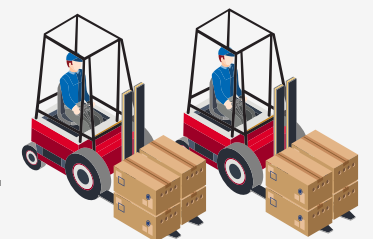
17
NEW
SUPPLIERS

ASSESSED BY EXTERNAL PARTNER:
91 SUPPLIERS



21
HAD A MINOR
POTENTIAL NEGATIVE
ENVIRONMENTAL
IMPACTS

58
HAD **POTENTIAL**
NEGATIVE **SOCIAL**
IMPACTS





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ABOUT THE REPORT

It is our ambition to be open and transparent with all our stakeholders regarding our progress towards meeting our sustainability targets. By writing this report we hope to provide them with a comprehensive overview of our contribution to the sustainable development of the areas in which we operate.

The Sustainability Report 2018 covers Grundfos Holding A/S Group, including all subsidiaries that are owned and controlled 100% by Grundfos. Since 1999 we have been publishing annual sustainability reports with the latest one, in April 2018, detailing the previous year's accomplishments.

Combined with [Grundfos' Annual Report 2018](#), this report constitutes Grundfos' Communication on Progress (COP) under the UN Global Compact and our CEO Water Mandate Report.

Both reports ensure compliance with the requirements of Section 99a & b of the Danish Financial Statements Act (Årsregnskabsloven) on corporate social responsibility and reporting on the gender composition of management. Please refer to page 40 for the Grundfos Holding A/S gender composition of management. Grundfos A/S and other Danish entities under Grundfos Holding report separately on the composition of their boards.

Data in this report covers the period between January 1st and December 31st, 2018, 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 2018, 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



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KEY PERFORMANCE INDICATORS

	2018	2017	2016	2015	2014	2013	2012	2008	Narrative
GREEN AT HEART									
Products									
Investment in new products (% of turnover)	4.5	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 (in billion kWh)	7.9	6.6	5.5	4.5	3.5	2.8	2.0		
CO ₂ (metric tonnes)*	91,166	101,682	91,952	99,627	106,613	103,980		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)*	308,387	311,226	297,937	305,657	315,350	324,354	328,818	347,724	
Water usage (m ³)*	430,703	437,784	422,959	440,273	445,869	474,580	509,468	655,136	
Non-hazardous waste (kg per million working hours)*	See GRI Index 306-2	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)*	See GRI Index 306-2	51,000	50,000	54,000	60,000	70,000	106,850	94,000	
Returned pumps from partners (kg)	5,077	6,260	7,908	6,057	N.A.	N.A.	N.A.	N.A.	
ISO 14001-certified sites (%)	88	88	92	92	88	84	76	84	
RESPONSIBLE									
Occupational health & safety									
Injuries (per million working hours)	3.42	4.26	3.30	4.83	4.56	5.82	5.85	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)	0.44	0.41	0.39	0.68	0.54	0.71	0.86	0.96	
OHSAS 18001 sites (%)	82	74	83	83	80	68	56	68	
Performance development dialogue***									
Blue collar (%)	33	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 (%)	67	60	86	70	66	86	80		
Employee satisfaction	73.1	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.



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	2018	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 (%)	21	20	20	20	20	19	17		
Employees with reduced work capacity globally (%)	3.1	2.86	2.2						
ETHICS AND INTEGRITY									
Grundfos Code of Conduct									
Claims	48	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> <p>Our Code of Conduct and Grundfos' anti-bribery compliance programme are the foundations for managing compliance in all markets.</p>
Breaches	5	3	1	1					
Compliance workshops	1	1	1	2	2	2	3		
Group entities audited	7	20	21	20	31	37	37		
Actions in response to corruption	0	0	0	3	1	2	3		
Supplier Code of Conduct									<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.</p> <p>Our supplier audits measure a supplier's level of compliance with the Code of Conduct.</p>
Supplier sustainability audits (Third party auditors)	91	97	15	3					
System and process audits (Grundfos auditors)	73	76	53	42	37	40	40		

* Comparison figures adjusted since first reported

** Lost time injuries (LTI)

*** Based on registrations in the PDD system

CO₂ data for 2012 is not comparable due to different methodology



INDICATOR DEFINITIONS



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Energy savings

These are calculated as the electricity savings that can be attributed to all Grundfos high-efficiency circulator pumps sold in the EU between 2005 and 2018. 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.

CO₂ 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 CO₂ 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 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 collection process has to be improved further – especially in terms of comparisons with previous years – before it's 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 ADD corporate operations: based on data from reporting entities. CO₂ emissions are calculated for all activities in Grundfos companies that are included in the reporting scope.

The baseline year for CO₂ 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.

Water

The baseline year for water 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. 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

In 2017 we refined our approach for managing waste streams by launching a new set of Key Performance Indicators (KPIs). We now collect a total of 12 data points for hazardous and non-hazardous waste and through these data points we are able to measure waste in total kg of 'non-hazardous waste and resources' and total kg of 'hazardous waste and resources', as well as measuring the resource efficiency (in percentage) of both non-hazardous and hazardous resources – i.e. we calculate the percentage of hazardous and non-hazardous waste that is reused, recycled or re-manufactured as a resource in Grundfos.

Waste data for 2018 will be available on Grundfos' global website in April 2019.



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ETHICS AND
INTEGRITY

ISO certification

The number shows the percentage of Grundfos sites 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.

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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.

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 has affected the numbers and the comparison in 2016 onwards.

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/maternal



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ETHICS AND INTEGRITY



ty/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 34 languages. The questions are answered on a 10-point scale.

ETHICS AND INTEGRITY

Compliance workshops

During 2018, 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 main-

ly 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

Each year a number of Grundfos Companies are selected for audit visits based on a comprehensive risk assessment. The purpose is to review and rate the maturity of the internal controls and to submit observations and recommendations to improve the internal control environment, including in relation to the Grundfos Code of Conduct.

As of 2018, Grundfos is running an Internal Control Strengthening project to enhance preventive controls via centralisation and automation of control processes and a new central control monitoring system. Due to intense focus on the project, the numbers of audits completed in 2018 was affected and will be affected in 2019 as well. The project continues throughout 2019.

Actions taken in response to incidents of corruption

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

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 worldwide, 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's 'Guide for Anti-Corruption Risk Assessment' as well as an analysis of Grundfos' position compared to Transparency International's Corruption Perception Index (CPI).

System and process audits

System audits are quality audits of potential and existing suppliers. System audits include social and environmental aspects related to the SCoC. During 2013, process audits were introduced to sharpen the scope and increase the pool of resources available 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 SCoC 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.



GRI CONTENT INDEX

We use the GRI Sustainability Reporting Standards 2016 (GRI Standards) for voluntary reporting of sustainable development.



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ETHICS AND INTEGRITY

GRI STANDARD	DISCLOSURE	PAGE	EXPLANATIONS	SDG
General Disclosures				
GRI 102 GENERAL DISCLOSURES	Organisational Profile			
	102-1 Name of the organisation		Grundfos Holding A/S Group.	
	102-2 Activities, products and services	7		
	102-3 Location of headquarters		Bjerringbro, Denmark.	
	102-4 Location of operations	5		
	102-5 Ownership and legal form		Grundfos Holding A/S is the Parent Company of the Grundfos Holding A/S Group. Our primary owner is the Poul Due Jensens Fond with 87.8% of the the share capital in Grundfos Holding A/S, while the founder's family owns 10.1 % and the employees own 2.1%. See also Grundfos Annual Report 2018 , page 51.	
	102-6 Markets served	6-7		
	102-7 Scale of the organisation	5, 7	More on About Grundfos . Additional information in Grundfos Annual Report 2018 , page 7, 13-28.	SDG 8
	102-8 Information on employees	5, 36		
	102-9 Supply chain		Our 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 both on a group level and in individual sites. See also Grundfos Annual Report 2018 , pages 4-6.	
102-10 Significant changes to the organisation and its supply chain		Our Group Supply Chain has been restructured to fit the group operations model introduced in 2016, which means we now have more control over the processes and execution within transportation and warehousing. In addition, we reorganised our production and distribution setup and formed a central distribution centre in the Netherlands. Subsequently, we closed several satellite centres in our production lines, including one in Switzerland. We also consolidated our distribution of finished goods and spare parts into one facility in Singapore and opened a new production line in India. See also Grundfos Annual Report 2018 , pages 4-6.		

GRI STANDARD	DISCLOSURE	PAGE	EXPLANATIONS	SDG
	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 Global Impact Sourcing Coalition The Water Supply and Sanitation Technology Platform (WssTP) The European Alliance of Companies for Energy Efficiency in Buildings (EuroACE) American Council for an Energy-Efficient Economy (ACEEE) Synergi OFII GISC 	



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ETHICS AND INTEGRITY

GRI STANDARD	DISCLOSURE	PAGE	EXPLANATIONS	SDG
	Strategy			
	102-14 Statement from senior decision-maker	3		
	Ethics & integrity			
	102-16 values, principles, standards, and norms of behaviour	7	More on Grundfos Values , purpose and Code of Conduct .	
	102-18 Governance structure		We have a board of directors and Group Management run our day-to-day operations. Both bodies work together closely to ensure that we prosper as a company whilst staying true to our core values and beliefs. More on Grundfos Governance Structure .	
	102-40 List of stakeholder groups	11-12		
	102-41 Collective bargaining agreements		In all our companies, we respect the employees' right to organise according to local legislation. 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 Grundfos Annual Report 2018 , pages 50-51.	
	102-46 Defining report content and topic boundaries	8-10		
	102-47 List of material topics	8-10		
	102-48 Restatements of information	56		
	102-49 Changes in reporting	56	As in the previous year, we organised the report based on the four main ways that we target sustainability.	
	102-50 Reporting period	56		
	102-51 Date of most recent report	56		
	102-52 Reporting cycle	56		

GRI STANDARD	DISCLOSURE	PAGE	EXPLANATIONS	SDG
	102-53 Contact point for questions regarding the report	56		
	102-54 Claims of reporting in accordance with the GRI standards	56		
	102-55 GRI content index	62		
	102-56 External assurance		It is a self-assessed report. More on page 56	
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 Grundfos Annual Report 2018 , pages 7, 13-28.	
	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 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 Water2Life project in Vietnam and Grundfos Lifelink Solutions, among others. 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	48-49, 58		SDG 16
	205-2 Communication and training about anti-corruption policies and procedures	49	We communicated to all Grundfos employees, including governance body members.	SDG 16
	205-3 Confirmed incidents of corruption and actions taken	49, 58		SDG 16
GRI 206: ANTI-COMPETITIVE BEHAVIOUR	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	49		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	20, 26		
	301-3 Reclaimed products and their packaging materials	20, 26, 58		SDG 13



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ETHICS AND
INTEGRITY

GRI STANDARD	DISCLOSURE	PAGE	EXPLANATIONS	SDG
GRI 302: ENERGY	302-1 Energy consumption within the organisation	23-24, 58		
	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	23		SDG 13
	302-5 Reductions in energy requirements of products and services	18, 58		SDG 13
GRI 303: WATER	303-1 Water withdrawal by source	24-25		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	24-25	One of our strategies to reduce water consumption is to invest in wastewater treatment.	SDG 6
GRI 305: EMISSIONS	305-1 Direct (Scope 1) GHG emissions	23-24, 58		SDG 13
	305-2 Energy indirect (Scope 2) GHG emissions	23-24, 58		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.	
	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.	

GRI STANDARD	DISCLOSURE	PAGE	EXPLANATIONS	SDG
	306-2 Waste by type and disposal method	25	Not all information requested is available. Waste data for 2018 will be available on Grundfos' global website in April 2019.	
	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	26		SDG 16
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT	308-1 New suppliers that were screened using environmental criteria	54-55, 58		SDG 16
	308-2 Negative environment impacts in the supply chain and action taken	54-55		SDG 16
GRI 401: EMPLOYMENT	401-1 New employee hires and employee turnover	36	Total number: new hires, by region: WEREG (30%), EEWAA (34%), APREG (14%), Americas (11%), China (11%). Total number: turnover, by region: WEREG (35%), EEWAA (32%), APREG (11%), Americas (13%), China (9%).	
	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. Our sites that are OHSAS 18.001 certified are obliged to ensure worker representation. Wherever we have a presence, workers (as defined by the GRI Standards) are included.	



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ETHICS AND
INTEGRITY

GRI STANDARD	DISCLOSURE	PAGE	EXPLANATIONS	SDG
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	38, 58	We track lost time injuries per million working hours.	
	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.	
GRI 404: TRAINING AND EDUCATION	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 programmes	38-40	Not all information requested is available at this time.	SDG 8
	404-3 Percentage of employees receiving regular performance and career development reviews	36, 58	% of total employees who received PDDs: by gender (male: 67%, female 33%) by job category (67% white collar, 33% blue collar).	SDG 8
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY	405-1 Diversity of governance bodies and employees	36, 41-42, 56, 58		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	51-55		SDG 8
GRI 412: HUMAN RIGHTS ASSESSMENT	412-1 Operations that have been subject to human rights reviews or impact assessments	51-53		SDG 8
	412-2 Employee training on human rights policies or procedures	49, 52		

GRI STANDARD	DISCLOSURE	PAGE	EXPLANATIONS	SDG
GRI 413: LOCAL COMMUNITIES	413-1 Operations with local community engagement, impact assessments and development programmes	44	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	54-55		SDG 8, SDG 16
	414-2 Negative social impacts in the supply chain and actions taken	54-55		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 416: CUSTOMER HEALTH AND SAFETY	416-1 Assessment of the health and safety impacts of product and service categories	22		
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	22		
GRI 417: MARKETING AND LABELLING	417-1 Requirements for product and service information and labeling		<ol style="list-style-type: none"> Grundfos does not communicate sourcing information to the customer; Grundfos products must comply with the Grundfos Focus List. Documents on Product Chemical Compliance, Export Control, Recycling and Conflict Minerals are available upon request; Safe use of the product is communicated in the product I&O manual or Safety Manual (IOS) in accordance with legal requirements. More about 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		Information unavailable. Reason: Details requested are not available at this time.	SDG 16
GRI 418: CUSTOMER PRIVACY	417-3 Incidents of non-compliance concerning marketing communications		Information unavailable. Reason: Details requested are not available at this time.	SDG 16
	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	50		SDG 16

AT GRUNDFOS, WE HAVE ALWAYS STRIVEN TO CONDUCT OUR BUSINESS IN A SUSTAINABLE AND SOCIALLY INCLUSIVE WAY. BUT WE ALSO NEED TO HAVE THE COURAGE TO TRY NEW WAYS OF DOING BUSINESS — WAYS THAT ARE EVEN BETTER IN TERMS OF INCLUSIVITY AND SUSTAINABILITY. NOT ONLY CAN THIS HELP US TO COPE WITH MARKET DISRUPTIONS AND PURSUE OPPORTUNITIES, BUT IT WILL ALSO BENEFIT THE PLANET AND ITS PEOPLE.”

MADS NIPPER,
GRUNDFOS CEO