

Grundfos in Society

2019 SUSTAINABILITY REPORT



be
think
innovate

GRUNDFOS 

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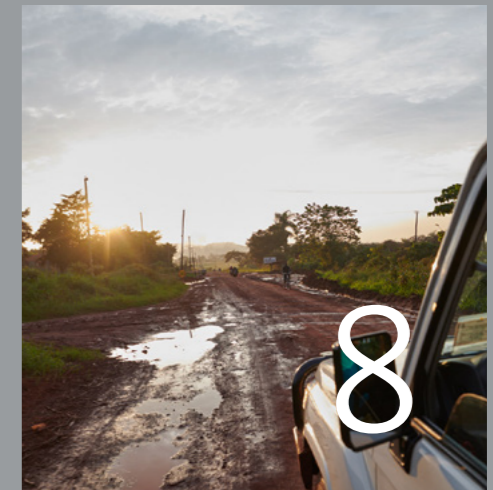
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“The world is full of problems that can be solved in a better way.”

– Poul Due Jensen, Grundfos Founder



CEO Letter

Sustainability is our business

This past year, we launched a new strategy that articulates our role in society and outlines our goals and ambitions through 2025. While sustainability has always been a core part of our DNA, in 2019, we took the bold step of revitalising our primary purpose: We pioneer solutions to the world's water and climate challenges and improve quality of life for people.

Addressing these challenges will be critical to the lives of future generations. Grundfos will play a vital role in helping to solve these challenges through the continual development of energy-efficient and intelligent water solutions. The United Nations Sustainable Development Goals #6 (Water and Sanitation) and #13 (Climate Action) are at the heart of our 2025 strategy.

When we say that we will “improve quality of life for people,” we mean that caring is a fundamental part of who we are. We are dedicated to being a socially responsible employer, community member, and global citizen. Through our products and solutions, we contribute to making life better for millions of people every day. And we aspire to extend our impact among the world's least privileged even further in the future.

These words aren't just lofty rhetoric; we mean them with every fiber of our collective being. To prove it, we have set very ambitious and concrete goals for ourselves:

- We will reduce our water consumption and CO₂ emissions 50% by 2025, as compared with 2008 levels
- We will save 50 billion m³ of fresh water through efficiency and treatment by 2030
- By 2030, we will have contributed to providing safely managed drinking water to 300 million people in need
- We aspire to be climate positive by 2030

Another example of how we are putting action behind our words: every member of the group management team has agreed to tie part of their financial compensation to a sustainability index consisting of 10 underlying performance metrics. Sustainability progress is just as important to us as our financial performance.

Some might call us over ambitious. But then again, setting up an inclusive workforce programme in the 1960s, or transferring ownership of your business to a nonprofit foundation might have also sounded crazy at the time. Poul Due Jensen did it anyway. In the spirit of our ambitious founder, who never imagined that his small blacksmith shop would one day become the global workplace for 19,060 employees, we believe that doing business and doing right by society should be one and the same thing.

Make no mistake: we understand that these goals can only be accomplished in partnership. Customers, employees, communities, suppliers, NGOs, governments, other businesses: these stakeholders are our allies in creating change, and we will never realise our full potential without them.

This report is the story of how we are progressing toward some of these goals and how we are learning along the way. We remain committed to upholding the UN Global Compact.

Grundfos has a legacy of caring about all of society's stakeholders, and I am proud to be a part of a company that dares to take a stand. Yes, there is still a lot of work to be done, but I am super excited about where we are headed.



Mads Nipper
CEO, Grundfos



2019 Highlights

Maximising our impact

**4% OF TURNOVER
INVESTED IN NEW
PRODUCTS AND SOLUTIONS**

TOGETHER WITH OUR PARTNERS,
WE PROVIDE APPROXIMATELY



**850,000
PEOPLE**

access to clean water in 2019, based
on calculations from our partners

- 2.1 billion people don't have access to safely managed drinking water.

By 2030, we want to be a part of bringing safely-managed drinking water to 300 million people.

- According to UN SDG 6 Synthesis Report on Water and Sanitation 2018, 844 million of the 2.1 billion people without access to safely managed drinking water don't even have access to basic water.

Through our new Safe Water business unit, we aim to reach 10 million people per year in water-challenged areas.



Anette Helvig Jensen, Production Operator

**NEW SUSTAINABILITY INDEX TYING
EXECUTIVE COMPENSATION TO 10
UNDERLYING MEASURES OF PROGRESS**

390 THOUSAND DKK DONATED BY
WATER2LIFE PROGRAMME
(BRINGING THE TOTAL TO OVER DKK 4.9
MILLION SINCE IT STARTED IN 2008)

65%

reduction in the rate
of sickness related to
waterborne diseases among
children under age 5 in the
Ugandan village of Bugoba
thanks to AQTap water ATMs.



8.9 BILLION
kWh

saved as of 2019 through
installation of our high-
efficiency circulator pumps
in the EU. (The equivalent
annual electricity
consumption of 5.4 million
European citizens.)



2019 Highlights

Minimising our footprint



WATER CONSUMPTION
↓ 10.4% COMPARED
WITH 2018
(41% REDUCTION SINCE 2008)



CO₂ EMISSIONS
↓ 12.2% COMPARED
WITH 2018
(40% REDUCTION SINCE 2008)

26.3 MILLION DKK INVESTED IN
SUSTAINABILITY PROJECTS
WITHIN OUR OPERATIONS

- 3.2% of Grundfos employees are people with reduced work capacity
- Lost Time Injuries per million working hours ↓ 27% since 2018
- 24% of full leadership population is female (2025 Target: 25%)
- Employee motivation and satisfaction level reached 75, ↑ 2 points compared to 2018 (2025 Target: 78)

- 9.4% REDUCTION IN OWN ENERGY CONSUMPTION SINCE 2018
- 81 INTERNAL AND THIRD-PARTY SUPPLIER AUDITS. OVERALL COMPLIANCE RATE HAS INCREASED FROM 17% IN 2017 TO 84% IN 2019
- APPROXIMATELY 12,000 KG RESOURCE RECOVERY FROM TAKE BACK PROGRAMME
- 100% OF NEW SUPPLIERS SCREENED USING SOCIAL AND ENVIRONMENTAL CRITERIA

Sustainability Index

Driving sustainability performance

SUSTAINABILITY INDEX | 10 MEASURES OF PROGRESS



SOCIAL RESPONSIBILITY



CLIMATE MANAGEMENT



WATER MANAGEMENT

INJURIES

LOST TIME INJURIES PER MILLION WORK HOURS

CO₂ EMISSIONS

OWN BUSINESS TRAVEL & TRANSPORTATION DOWNSTREAM; TONNES CO₂

OWN WATER CONSUMPTION

M³

BACK TO WORK RATE

EMPLOYEES RETURNED TO WORK AFTER LONG TERM SICKNESS ABSENCE: % OF ALL CASES

RESOURCE RECOVERY

FROM TAKE BACK (KG)

OWN WASTE ELIMINATION

KG LANDFILL

ACCESS TO SAFELY MANAGED DRINKING WATER

FOR PEOPLE IN NEED (NUMBER OF PEOPLE PROVIDED WITH ACCESS)

EMPLOYEES WITH REDUCED WORK CAPACITY

% OF TOTAL WORK FORCE

RATE OF ENERGY-EFFICIENT PRODUCTS

% E-PRODUCTS SOLD PER TOTAL # PRODUCTS SOLD

ENERGY OPTIMISING SERVICES

MWH IDENTIFIED

The goal of the sustainability index is to heighten focus and accountability for realising our goals and ambitions



About Grundfos

Purpose-driven company

We are a purpose-driven company, helping to solve the world's water and climate challenges and improving the quality of life for people. For nearly 75 years, we've been working to meet the needs of our customers by developing the most energy-efficient solutions for every aspect of water use, from drinking water and water treatment to sanitation and temperature control. Our products and solutions are world-renowned for their durability and quality, but not many people know that we are fiercely committed to sustainability.

Our integrated services and solutions can be purchased through distributors, wholesalers, and digital channels. In 2019, net turnover was DKK 27.5 billion.

With operations in 58 countries, the Grundfos Holding A/S Group directly or indirectly owns the entire share capital in all subsidiaries and associated companies, except for Grundfos Pumps Services Company Limited (Saudi Arabia), Better Home ApS (Denmark), KnowHowZ A/S (Denmark), and Tange Sø Golf A/S (Denmark).

- 19,060 employees serving our customers worldwide
- 35 plants around the world
- The Grundfos Holding A/S Group is made up of 14 other brands, including YCC, Arnold, Alldos, Peerless, Paco, Vortex, and some DAB products
- There are 15 assembly sites

Our Code of Conduct (CoC) emphasises Grundfos values and how we expect employees to live them out in daily work life. Integrity is the foundation of the code, which underscores how every individual can contribute to our values by adhering to the standards, speaking up or taking action against wrongdoing.

OUR VALUES ARE AT THE CORE OF WHO WE ARE. THEY GUIDE HOW WE THINK, MAKE DECISIONS, AND APPROACH THE WORLD.



SUSTAINABLE

Grundfos runs its business in a responsible and ever more sustainable way. We make products and solutions that help our customers save natural resources and reduce climate impact. We take an active role in the society around us. Grundfos is a socially responsible company. We take care of our people, particularly those with special needs.



INDEPENDENT

The main shareholder of Grundfos – now and in the future – is the Poul Due Jensen Foundation. Profit is a means to growth – not a goal in itself. We ensure a healthy financial foundation at all times.



OPEN AND TRUSTWORTHY

In Grundfos we do what we say, and we say what we do. Our communication is open and honest among ourselves and with the world around us. We put the facts on the table – even when it is not pleasant.



PARTNERSHIP

Grundfos creates value through close relations with customers, suppliers and other stakeholders. We are a global company building on local entrepreneurship. We believe that diversity drives innovation and growth.



FOCUSED ON PEOPLE

Grundfos is our people. We develop the individual. Everyone in Grundfos has passion and potential. Everyone has the power to influence. Everyone must feel respected and valued.



RELENTLESSLY AMBITIOUS

In Grundfos we never stop challenging ourselves to create better solutions faster. We take pride in delivering premium quality in everything we do. We show leadership and innovate the future.

Here's a [short film](#) about Grundfos values

Code of Conduct

Acting with integrity

Our values set the tone for our company culture, as well as the behaviour and standards we expect of employees and those we work with.

These standards are detailed in our Code of Conduct (CoC), and CoC training is mandatory for all employees. The training emphasises our ethical guidelines and focuses on common dilemmas as well as anti-corruption measures.

In 2019, we updated the CoC and translated it into 22 languages. Moreover, a new acceptance mechanism was introduced, whereby employees are now required to declare

that they will abide by the rules outlined in the code. 90% of Grundfos white-collar employees completed CoC training and have signed our CoC.

In 2019, blue-collar employees received a Quick Guide to the Code of Conduct to address their unique needs and predicaments. The Quick Guide (available to all employees) helps people understand the five core principles by which we expect employees to abide. These five principles are:

1. Know our purpose and [values](#)
2. Take good care of people
3. Protect yourself against corruption
4. Protect confidential information
5. Act sustainable

From November 2019 to February 2020, all blue-collar employees will be trained. The Grundfos Ethics Committee reports directly to group management and is responsible for periodic review of the code, the global whistleblower system, and the investigation of CoC breaches.



Foundation-Owned

Independent and relentlessly ambitious

Before he died, Grundfos founder Poul Due Jensen wanted to make sure that his company would continue to serve the best interest of society for many generations to come. As such, he transferred ownership of the company to the Grundfos Foundation (Poul Due Jensen Foundation).

To this day, the foundation maintains primary ownership of the Grundfos Group (87.6%), with the remaining shares held by employees and the founder's family. The two entities are connected but maintain managerial distance and have separate governance bodies. This unique ownership structure allows Grundfos to maintain a high degree of independence and a long-term perspective.

In 2019, the foundation committed DKK 117 million to philanthropic projects. In addition to maintaining active ownership of the company, the foundation supports projects in four main areas: water, research, social inclusion, and community engagement.

Water

In collaboration with international NGOs, the foundation helps provide people in the world's poorest rural communities and forgotten refugee camps with access to safe water.

Research

The foundation supports research and learning initiatives within technical disciplines and natural sciences.

Inclusion

The foundation supports initiatives that help vulnerable people access and remain in the labour market.

Community Engagement

The foundation also donates to various local and global purposes that support sustainable development.

We are proud of our foundation ownership, and our customers should know that when they invest in Grundfos solutions, they are also helping to make a difference in the lives of people around the world.

At the same time, it is crucial to emphasise that the foundation's work is not a substitute for the fulfilment of our social and environmental responsibilities as a company. This report addresses how we are meeting those responsibilities through the daily operation of our business. For more about the Grundfos Foundation and its work, [see here](#).

“As a business, our responsibilities and obligations to society go beyond tax payments and legal compliance.”

– Niels Due Jensen, chairman of the Grundfos Foundation board from 2011 to 2018



Niels Due Jensen tells the story of how his father founded Grundfos in a short film, [‘One of a Kind’](#)

Building Trust with Society

Listening to our stakeholders

“Change and impact happen only in partnership with all of society’s stakeholders.”

– Ulrik Gernow,
Executive Vice President, CMO

At Grundfos, sustainability is integrated into our business practices, plans, decision-making, processes, and systems. Ongoing engagement with stakeholders and the continuous assessment of material issues are critical components of our sustainability journey.

The results of our 2019 materiality assessment suggest that Grundfos is doing well and meeting stakeholder expectations on most material issues. Almost all external stakeholders identified business ethics and our commitment to the health and safety of employees as areas of strength. At the same time, stakeholders said that we could be better at communicating specific sustainability activities, including design for sustainability and cradle-to-grave initiatives. The need for greater transparency on sustainability metrics and climate change initiatives

were also identified as areas for improvement. We attempt to address these in the Walking the Talk section of this report.

As you will read throughout this publication, Grundfos is deeply committed to contributing to the achievement of all United Nations Sustainable Development Goals. However, we are focused on the two we can impact most significantly: #6 (Clean Water and Sanitation) and #13 (Climate Action). According to the 2019 materiality assessment, these are also priorities for our stakeholders. They expressed a desire to know more about how we’re leveraging IoT (Internet of Things) and digitalisation to improve these goals and emphasised the importance of increasing access to water services beyond Africa. You can read more about this in the Energy-Efficient Water Solutions section of this report.

Over the past year, we’ve made progress towards our goals. In 2020, we will continue to develop a robust framework for measuring how we progress towards maximising our impact while minimising our footprint. We are counting on stakeholders to help us reach these goals.

For more details about how we engage with our stakeholders, see [page 74](#).



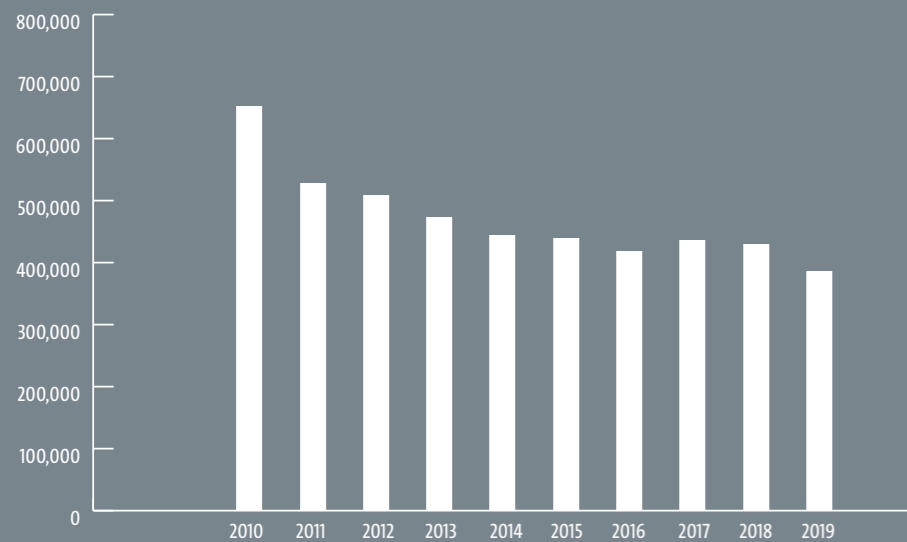
Ismael and Ignacio - two students at the Froylan Turcios school in Honduras, where Water2Life is providing clean water



Walking the Talk – Environmental Responsibility

Conserving water

WATER CONSUMPTION (M³)



REDUCTION OF WATER CONSUMPTION*



*Baseline year is 2008. Dotted lines indicate insufficient data

Water is our business, so it's only natural that we should work to reduce our own consumption.

Reductions of 10.4% since 2018 and 41% compared with baseline (2008), put us in a strong position to reach our ambition to halve consumption by 2025. These significant improvements were reached using a portfolio of water treatment technologies like the closed-loop water system currently being implemented at our Serbian manufacturing plant.

CLOSED-LOOP SYSTEM = MASSIVE WATER SAVINGS

In 2019, the Grundfos plant in Indjija, Serbia, has been working towards the goal of treating and reusing all water consumed on site.

Like many other facilities, this factory uses water for sanitation, and to clean components in production. Thanks to significant investments and the implementation of a new water treatment system, 60-70% of the factory's wastewater will be treated for reuse.

Together with rainwater harvesting technology, this will move the factory closer to realising their closed-loop ambitions. The results are a significant step towards the 2025 goal to cut our global water consumption in half.

"We have made major investments here in Indjija because it is the right thing to do," says Veljko Todorović, Plant Director, Grundfos Serbia.

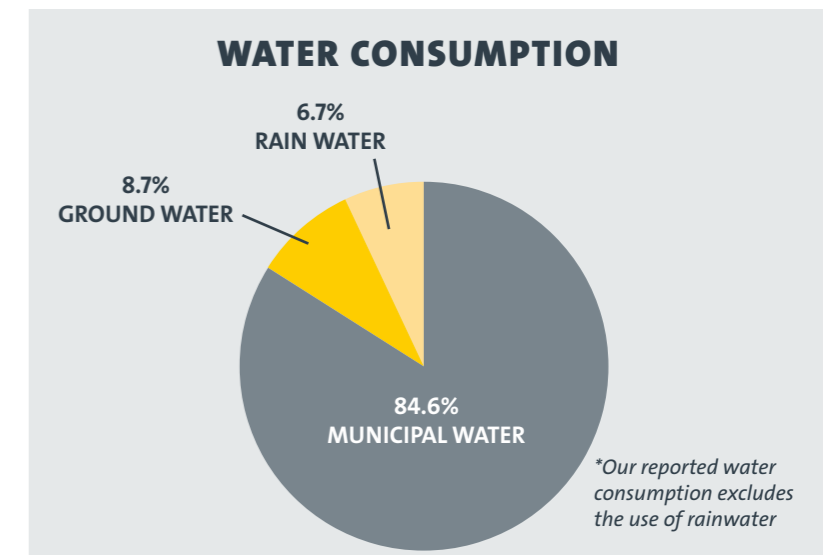
He continues, "It's important that we keep order in our



Ribbon cutting ceremony for the Closed Loop System in Serbia

own house. We have an obligation to be first-movers in cleaning and reusing our own wastewater. I am confident this will be inspiring within our company and hope it will be encouraging to other companies as well."

"We are also hoping that governments will be inspired to implement tighter regulations and standards for how companies and municipalities treat their wastewater," he adds.



Walking the Talk – Environmental Responsibility

Conserving energy

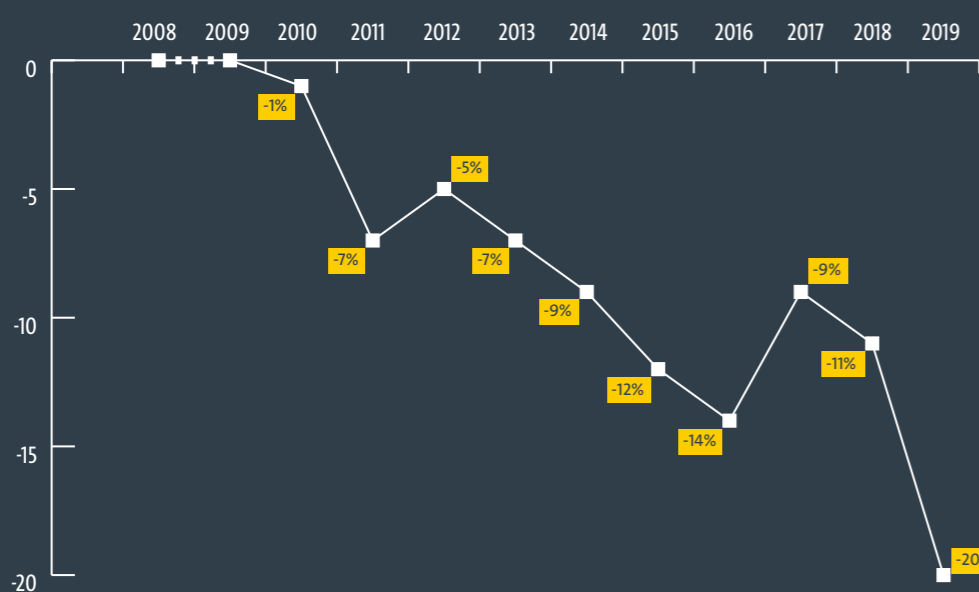
THE MOST SIGNIFICANT ENVIRONMENTAL IMPACT FROM OUR OWN OPERATIONS IS THE CO₂ EMISSIONS.

Our manufacturing activities represent 84% of total Group energy consumption. In 2019, our energy consumption was 279,470 MWh, and CO₂ emissions were 80,068 tonnes – reductions of 9.4%, and 12.2% respectively compared with 2018, and 20% and 40% compared with 2008.

During 2019, we have matured our data management of the area of CO₂ emissions from “own vehicles.” In 2020, we will report on “own vehicle consumption,” in line with the greenhouse gas protocol for scope 1 and 2 reporting.

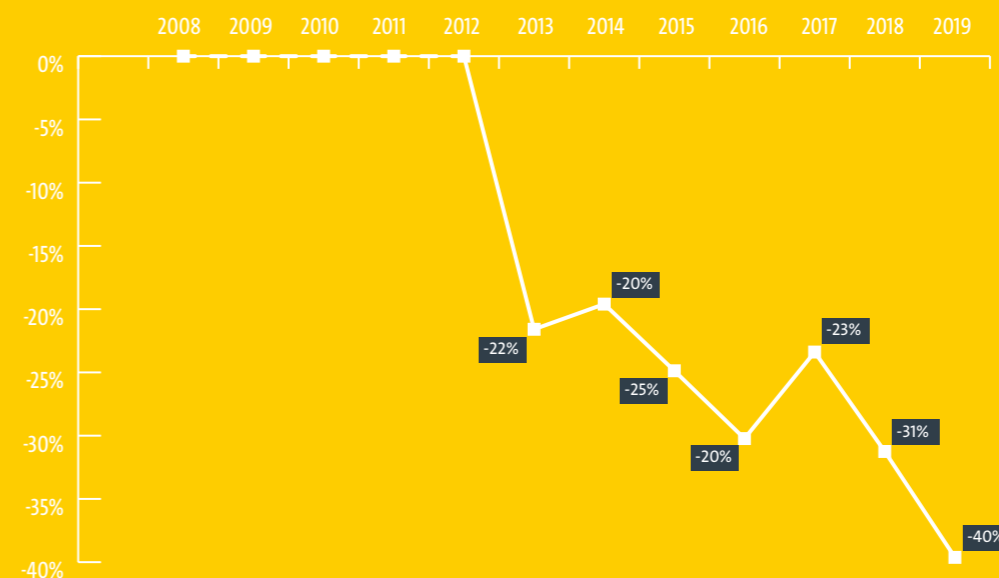
Over this past year, we invested DKK 26.3 million in sustainability projects including energy-efficiency and renewable energy projects such as heat recovery on production equipment, pump- and motor optimisation, as well as energy- and water screening across several plants to identify further optimisation potential. We expect these investments to yield reductions of more than 3.5 GWh in energy consumption per year.

REDUCTION OF ENERGY CONSUMPTION (KWH)*



*Baseline year is 2008. Dotted lines indicate insufficient data

REDUCTION OF CO₂ EMISSIONS (METRIC TONNES)*



Walking the Talk – Environmental Responsibility

Setting a high bar for climate targets

Grundfos has an ambition of becoming climate positive by 2030.

We believe businesses have a vital role to play in helping limit global warming to a temperature increase of 1.5 degrees Celsius and in building the net-zero carbon economy of the future. For this reason, we have signed the Business Ambition for 1.5°C pledge, which is an advocacy campaign developed by the United Nations and other partners. In response to the climate crisis, the initiative calls for businesses to step up and do their part in limiting global temperature rise to 1.5°C.

To reach this goal, Grundfos has been working together with external advisors to assess carbon emissions throughout our entire value chain during the past year. In 2020, we will submit our scope 1, 2 and 3 climate targets for validation by the Science-Based Target initiative.

“Our strategy going forward is twofold: we are focused on increasing the number of energy-efficiency products we bring to market while reducing our environmental footprint throughout the value chain at the same time,” says Senior Manager, Environmental Centre of Excellence, Peter Meulengracht Jensen.

We aim to ensure that carbon savings from the sale of our energy-efficient solutions exceed the CO₂ emissions associated with their sourcing, manufacturing, and distribution. Learn more about science-based targets [here](#).

“We are committed to reducing water consumption and CO₂ emissions by 50% at all Grundfos sites. We will ensure that our suppliers and logistics providers also make significant contributions toward the achievement of our sustainability goals.”

– Stéphane Simonetta, Group Executive Vice President, COO

BUSINESS AMBITION FOR 1.5°C  **OUR ONLY FUTURE**



GRUNDFOS VALUE CHAIN



Walking the Talk – Environmental Responsibility

Leading business action on climate change

“Businesses are part of society, and society’s challenges are our challenges. In collaboration with our government, other companies, and trade unions, we can develop green solutions that secure jobs, prosperity, and social wellbeing.”

– Mads Nipper, Grundfos CEO

In 2019, the Danish government set ambitious goals for reducing the country’s greenhouse gas emissions: 70% by 2030, compared with 1990 levels. To that end, a climate partnership for production companies was launched in late 2019 to help create a roadmap for reaching the sector’s goals through 2030.

Grundfos CEO, Mads Nipper, was appointed chairman of the climate partnership for production companies which includes all production except for food-, concrete-, and brick industries by Prime Minister, Mette Frederiksen. Carbon emissions from production companies have been halved since 1990, but there’s still a long way to go.

“We must demand even more from ourselves, daring to take the lead, and developing long-term solutions if we’re going to reach our goal,” says Mads Nipper. He continues, “It will only be possible if we get everyone working together. This includes all sides of the labour market, private- and public sectors, unions, and community stakeholders as well.”

One of the ways Nipper sees Denmark contributing to global climate mitigation efforts is through the promotion of existing products and solutions that reduce energy consumption and CO₂ emissions.



The climate partnership will set one of the most ambitious global CO₂ targets seen to date: an 80% reduction in the emissions of Danish production companies by 2030, compared with 1990 levels. Reaching this goal will require more than 12,000 Danish production companies to make massive investments in energy efficiency and electrification. Hopefully, it will inspire other countries to do their part to address the 37% of global energy consumption and 24% of global CO₂ emissions for which industry is responsible.

Walking the Talk – Environmental Responsibility

Sustainable solutions

Grundfos makes every effort to develop solutions that meet customer needs in a sustainable way.

Our solutions consist of pumps, motors, controls, drives, and sensors made mainly of metals, polymers, ceramics, and electronic components. A critical part of sustainability is using the best materials and resources to ensure that our products last for as long as possible and are recycled at the end of life.

To achieve this goal, Grundfos works with product sustainability from different angles:

- Introducing sustainable business models to meet customer needs (e.g., market-based water stations, pay-as-you-save, etc.)
- Increasing the rate of energy-efficient products sold
- Implementing Circular Economy (CE), so that resources are continually reused to eliminate waste
- Realising environmental footprint reductions in all product development projects



The Grundfos CR-95 multistage pump at WWSB in Oberwart, Austria

Walking the Talk – Environmental Responsibility

Sustainability starts with design

“When developing new products and solutions, we work with the entire life cycle, continually looking for sources of environmental improvement,” says Lead Product Sustainability Specialist, Anna Pattis.

Performance, quality, pricing, and environmental improvements need to go hand in hand. Trade-offs are continually assessed as we attempt to make the most sensible decisions. For example: reducing materials use might appear to be a good idea at first glance, but if the reduction results in compromised product energy efficiency, the change might be sub-optimal.

“We have several ways of systematically assessing these variables,” she adds.

Using eco-design tools like the Sustainable Product Solutions Toolbox (SPS) introduced in 2018, we can set targets for reducing the environmental impact of our products across the product life cycle.

The tool was used and tested in 2019 and will be improved to focus on eco-efficiency through eco-design where circular economy is embedded. We also intend to start using it at even earlier stages of our product design processes to optimise the environmental footprint of our offerings and solutions.

“This tool helps us make strategic decisions about how products should be improved. It supports important decisions early in the product development process, aiding the assessment of environmental impact and visualisation of trade-offs,” Anna explains.

We also use Life Cycle Assessment (LCA, also known as cradle-to-grave analysis) to assess the environmental impacts associated with all life-cycle stages of our solutions and services. Grundfos LCA’s usually begin with the extraction and processing of raw materials (cradle), also include manufacturing, distribution, and use, all the way to the recycling or final disposal of the materials our solutions are made of (grave).



Walking the Talk – Environmental Responsibility

Circular Economy



Circular Economy team: Louise Schjøtt Nielsen, Joost Maarse, Markus Bockholt

Our circular economy (CE) Take Back programme has been operational in Denmark, the Netherlands and United Kingdom (UK). In these countries, customers can return old Grundfos products for cleaning, refurbishment, or recycling at the end of life to collection spots located at distributors and wholesalers. In 2019, the initiative expanded to Argentina and, by the end of the year, Grundfos had collected roughly 12,000 kg of end-of-use circulators; an increase of 136% compared with 2018.

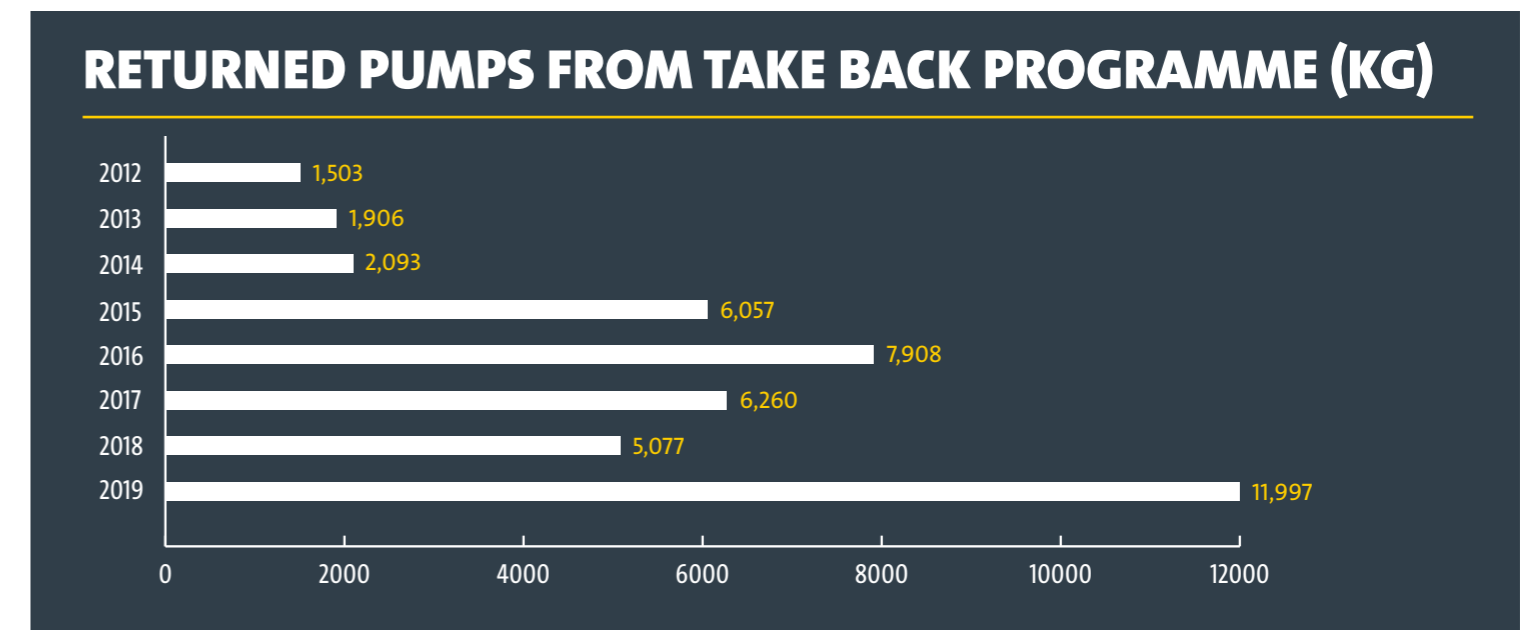
The environmental benefits are clear: many materials can be recycled, rather than left to decay in landfills, and chemicals do not leach back into nature.

In addition to the environmental benefits, the Take Back programme also has positive social impact. “Our Take Back project not only turns waste into valuable resources but also creates meaningful jobs

for our Flex workers,” says Project Manager, Louise Schjøtt Nielsen. The UK disassembly line employs military veterans, and in Denmark, colleagues with special needs do the work.

Grundfos plans to expand the Take Back programme significantly over the next five years. Our ambition is to collect 20,000 kg of end-of-use circulators in 2020, with a total of 500,000 kg by 2025.

In the future, the company will also be looking into remanufacturing. “Remanufacturing is where we need to go,” says Lead CE Project Manager Joost Maarse. “Recycling is good and fine, but remanufacturing is better. If we reuse rather than just recycling, we avoid environmental impact and financial cost from the manufacturing of new components. These are significant gains.”



Walking the Talk – Environmental Responsibility

Take Back in Argentina



Nicolas Canusso, Process Engineer

Inspired by the Take Back programmes in Denmark, UK and the Netherlands, Process Engineer, Nicolas Canusso, started a new disassembly and Take Back programme in Argentina in 2019.

After some research, Canusso discovered a local school that teaches students with different abilities. In workshops, the students learn to use equipment, machines, and tools for carpentry. The school was enthusiastic about a partnership and offered Canusso and Grundfos staff training in how to support people with different abilities.

Canusso and his team created fixtures and tools for disassembly using 3D printing and scrap materials from production.

At the outset, the students received several months of training on safety, circular economy, and production. Once trained, they learn how to handle tools, disassemble the pumps, etc. By summer, the students were able to work more autonomously. In December, the students graduated from the programme and plans are in place to hire a new cohort in early 2020.

Walking the Talk – Environmental Responsibility

Designed to last

Designing for the future is not only a choice of materials and end-of-life footprint. “One of the best things we can do for our planet is to take care of and fix the things we already own. Producing goods requires a lot of resources – water, electricity, and raw materials, so the longer we can keep them working, the better it is for our planet,” says Rebecca O’Mara who runs Grundfos’ Service and Solutions business in the Americas.

The Chicago resident cared about sustainability long before it was a buzzword, and she has no problem explaining how it connects to her work in service.

“Resourcefulness and frugality were values instilled in me as a child, so I’ve always liked getting more use out of things,” tells O’Mara. “As a kid, I rode my bike around the neighbourhood, selling my books and toys. As an adult, I love refurbished furniture and cars. And pumps,” she adds with a laugh.

“Grundfos creates the highest quality water solutions in the world. They are engineering masterpieces that go about their work quietly and behind the scenes. Unlike so many companies designing with planned obsolescence in mind, our solutions are designed to last. But they need maintenance and health checks to keep them running efficiently, and that’s where we come in.”

In a former position, O’Mara developed a ‘same as new’ remanufacturing programme that turned into a USD 30 million business and now her focus is on helping customers keep their Grundfos solutions running efficiently for as long as possible.

“One of the best things we can do for our planet is to take care of and fix the things we already own.”

– Rebecca O’Mara, VP Service and Solutions, Americas

In 2019, O’Mara received the prestigious Chicago United Business Leaders of Colour Award. The prize is given to 50 influential visionaries from the city’s business community who have overcome obstacles and biases to lead their teams and organisations to success.

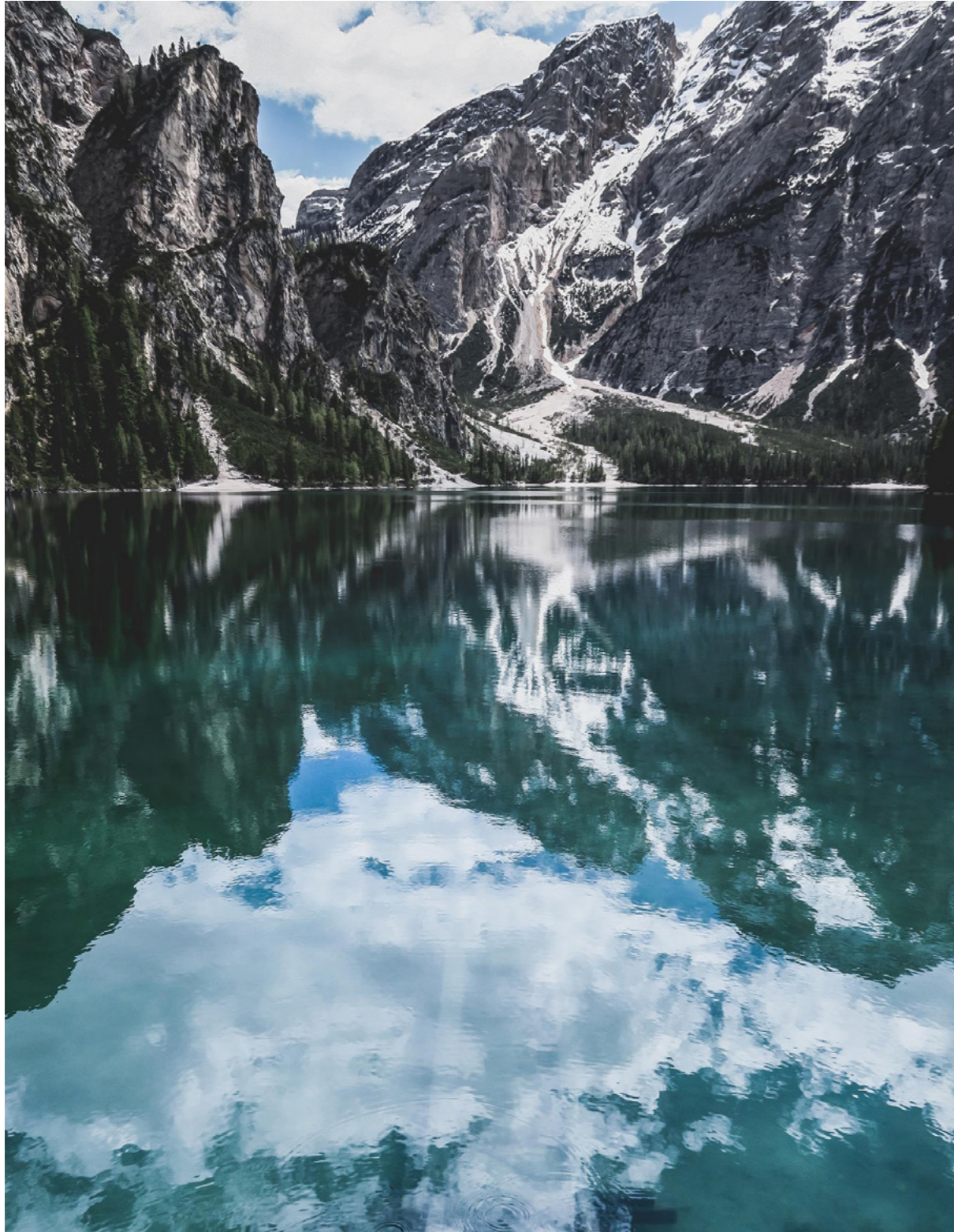
O’Mara was also recently featured in Hispanic Executive, where she gives valuable advice to women on diversity, ambition, and charting a path to success.



Rebecca O’Mara, VP Service and Solutions, Americas

Walking the Talk – Environmental Responsibility

Transitioning to battery electric vehicles



THIS YEAR, IN LINE WITH AMBITIONS TO REDUCE OUR CARBON FOOTPRINT AND BECOME CLIMATE POSITIVE IN 2030, GRUNDFOS HAS APPROVED AN INITIATIVE TO TRANSITION THE COMPANY'S VEHICLE FLEET TO BATTERY ELECTRIC VEHICLES (BEV).

The current fleet contains about 2,600 light vehicles (benefit, sales, service), and our ambition is to convert 100% of these to BEV by 2025. Our fleet of 350 vehicles located in Denmark, Norway, and Sweden will be the first to transition starting in 2020. This first transition will start with a voluntary uptake in 2020, followed by a mandatory update in 2021, following the normal contractual exchange of vehicles.

Life cycle assessment (LCA) was used to assess the environmental benefits of the transition in different countries. The LCA of a BEV is heavily influenced by how the electricity used to charge a vehicle is produced (i.e., whether it is derived using renewable or non-renewable sources of energy).

Charging infrastructure is another factor, which plays a significant role in assessing the transition readiness of different countries.

Transitioning to electric vehicles is one small way that we can help tackle climate change, but we are also very aware that BEV's present other challenges, which need to be addressed. These include:

- Social and environmental challenges resulting from the production of lithium-ion batteries
- Emissions caused by electricity generated to fuel electric vehicles
- Challenges in battery handling at end-of-life

For these reasons, the transition will be delayed in some countries until the environmental benefits can be clearly established.

Walking the Talk – Environmental Responsibility

Beyond product compliance



Katrina Sonne Einhorn, Director, Product Compliance

The health and safety of our customers are at the top of our priority list. All Grundfos products and solutions must undergo risk assessments to ensure that they are safe for their intended use and to ensure that they meet legal requirements regarding product safety.

As Director of Product Compliance, Katrina and her team work daily to ensure that our products are safe and sustainable. “In reality, the work we do is to give the customer peace of mind. It’s a little bit like quality. If we do our job well, no one will ever talk about it. The customer never even has to think about the work we did.”

She emphasises that while customers have always expected product compliance and safety, they now have increasingly high expectations for the environmental aspects of the products and solutions they buy: “What used to be ‘nice-to-have’ is now ‘must-have’ for many of our customers.”

Einhorn is quick to point out that getting all of our upstream suppliers and sub-suppliers on board takes way more than PowerPoint presentations. It requires a lot of groundwork and support from across the organisation. Product health and safety initiatives include product compliance management, product approvals, and CE marking, as well as chemical management.

Nevertheless, we keep looking for ways to reduce or eliminate the use of hazardous substances in our products and production processes all over the globe. In 2018, we rolled-out a new chemical compliance IT platform, which enables us to respond to customer enquiries about this topic faster and with greater precision, going beyond

minimum legal requirements. Implementation will continue throughout 2020.

“If we do our job well, no one will ever talk about it. The customer never even has to think about the work we did.”

– Katrina Sonne Einhorn,
Director, Product Compliance

She reiterates that helping our customers have better visibility throughout the supply chain is an important way that we create value for them. “Our main message is: ‘this is what the future looks like. There needs to be a lot more transparency about what we are making things out of, and where we get our stuff from.’”

In 2019, we had no product recalls, which might have put customers at risk. This is an improvement from 2018 where we had a single recall.

FOR MORE ON HOW WE GO ABOVE AND BEYOND TO MAKE OUR SOLUTIONS SAFE AND SUSTAINABLE, [SEE HERE.](#)

Walking the Talk – Partnering with Suppliers

Promoting sustainable practice throughout the value chain

“WE SEE COLLABORATION WITH OUR SUPPLIERS AS AN INTEGRAL PART OF OUR SUCCESS AND RELISH THE OPPORTUNITY TO WORK TOGETHER TOWARD MORE SUSTAINABLE PRACTICES.”

– SILVIO VANZO, GROUP SENIOR VP, GROUP PURCHASING

In addition to working with chemical compliance, our efforts focus on human rights, conflict minerals, and reducing the environmental impact of our supply base and logistical processes.

The Supplier Code of Conduct (SCoC) is the starting point for our engagement with suppliers. It outlines material sustainability issues relating to supplier operations and provides a set of minimum criteria that must be met if we are to carry on doing business together. Relevant issues include labour practices, environment, health, and safety, as well as corporate ethics.

Over the past three years, we have conducted CSR audits of about 226 suppliers. The overall compliance rate has

increased from 17% in 2017 to 84% in 2019, an indication that our initiatives are likely encouraging progress among suppliers.

During 2019, we conducted 81 audits, including internal as well as third-party audits and assessments. Twenty five of these had potentially negative social issues and out of those, 7 had minor potential issues on the environment.

In 2019, we started inviting key suppliers to complete an online assessment through a third-party platform (Eco Vadis), which rates their CSR performance.

To further reduce our climate footprint throughout the value chain, we initiated a programme in 2019 to bring our supply base in line with science-based climate targets. The programme is still in early stages, but focuses on:

- Consistently reinforcing minimum environmental requirements
- Identifying suppliers with the most significant environmental impact and risk
- Reducing packaging
- Minimising the environmental impact of transportation



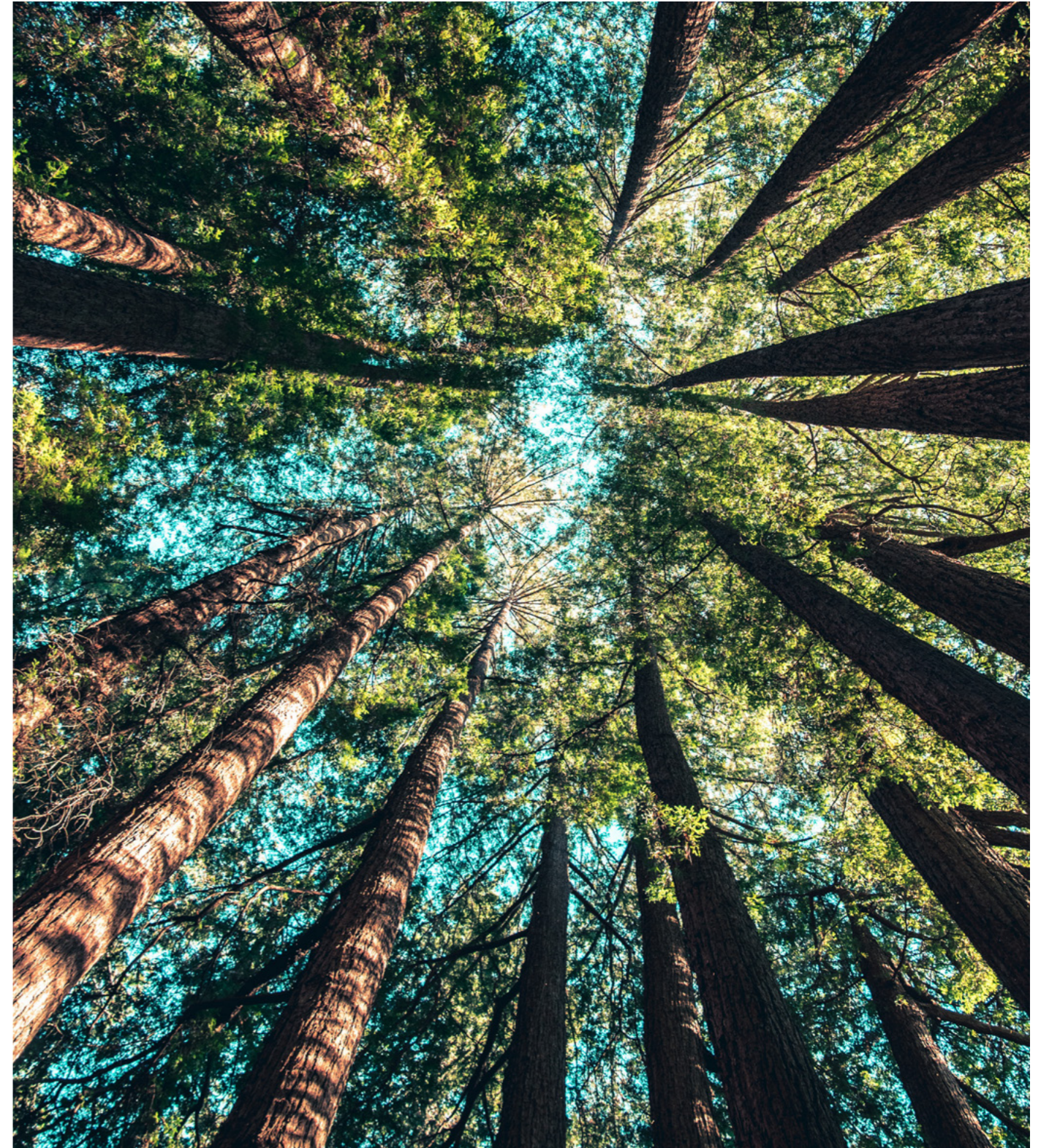
- **100% OF NEW SUPPLIERS WERE SCREENED USING ENVIRONMENTAL AND SOCIAL CRITERIA**
- **81 INTERNAL AND THIRD-PARTY SUPPLIER AUDITS WERE CONDUCTED**
 - 25 of these had minor potential negative social issues
 - Out of those, 7 had minor potential issues on the environment
- **77 INTERNAL PROCESS AND SYSTEM AUDITS WERE CONDUCTED**

Walking the Talk – Partnering with Suppliers

Greening logistics

In 2019, Grundfos has developed a model for measuring CO₂ emissions from our downstream transportation.

The 2025 goal is to reduce our downstream logistics CO₂ footprint from 83,000 to 70,000 tonnes CO₂ in partnership with suppliers.



Walking the Talk – Human Rights

Caring for people

At Grundfos, caring for people is one of our core values, and we believe that the protection of human rights is essential for achieving the sustainable development agenda.

It can be challenging to embed human rights in the everyday practice of a global organisation working across many different cultures. However, with the help of our Human Rights Due Diligence (based on the requirements of the UN Guiding Principles for Business and Human Rights), we are bringing uniformity to Grundfos global standards and expectations.

In 2019, we conducted one Human Rights Impact Assessment (HRIA) in Mexico. This assessment helped us identify specific areas we need to work with, like bringing more diversity to our workforce, particularly in countries where certain groups may have difficulties accessing the labour market.

Our HRIA in Mexico this past year has also shown us that we need to pay further attention to our supply chain. The assessment led to:

- Mapping of high-risk suppliers not included on the global sustainable supply chain management programme (mainly service providers)
- Auditing of one service provider (and more to come in 2020)

In addition, we piloted an initiative to incorporate some service providers into our global sustainable supply chain programme. The

pilot started in China and will be extended to other key countries in the future.

Vanessa Rivera, Grundfos Human Rights Advisor, is keen to emphasise that our human rights due diligence is an ongoing process, not a one-time audit or activity. “Part of our human rights due diligence programme focuses on meeting expanding human rights legislation,” she explains. “The [UK Modern Slavery Act](#), for example, requires that all companies doing business in the UK with an annual turnover of GBP 36 million or more, issue a yearly report addressing how they work to prevent modern slavery,” she adds. You can read the [Grundfos reports here](#).

“What we learned in 2019 has given us even greater clarity about our human rights footprint, including gaps and specific areas we need to strengthen in the coming years. We have lots of information from the field and our business units. This is helping us to identify concrete ways to fine-tune the systems already in place,” says Rivera.

“Protecting human rights is about putting yourself in someone else’s shoes.”

**– Vanessa Rivera,
Human Rights Advisor**



Walking the Talk – Ethics and Integrity

Anti-corruption

Corruption negatively impacts sustainable development, encourages illegal activity and diminishes democracy.

Our commitment to fighting corruption at every level of our value chain applies to all employees in every country, including board members and the Grundfos Foundation (Poul Due Jensen Foundation).

The Grundfos Anti-Corruption Compliance programme oversees the fulfilment of these objectives across every market in which we have a presence. Programmes 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

To minimise the risk of corruption, we implement a number of rules regarding day-to-day processes. These include a mandatory ‘four-eye’ principle stipulating that all transactions require approval from two people, and contract templates containing strict anti-corruption clauses stipulating our right to terminate in case of a breach. Monthly performance reports provide detailed information about the functioning of various business units.

Our Group Internal Audit Services (GIAS) issued a handbook that outlines the controls we expect to have in place within Grundfos companies. Since 2018, GIAS has worked together with central- and local finance organisations to roll out a list of key controls that make the Grundfos control environment stronger and more efficient. Process owners can assess the effectiveness of these controls through a central monitoring system.

In 2019, GIAS introduced a fraud response plan, which is accessible on Insite (our internal communication platform). This initiative was undertaken to increase awareness of different types of fraud, and to provide a step-by-step guide for reporting and resolving incidents of fraud.

Experience from audit visits and the use of the Fraud Response Plan allow GIAS to revise and update processes, procedures, and controls throughout Grundfos.

COMPLIANCE SCREENING

To minimise risk, we ensure that all parties with whom we are affiliated, are screened against embargo- and sanctioned-party lists. We conduct full risk assessments prior to any acquisition and when performing business activities within a new business area or location. The legal department or other relevant functions (such as tax or treasury) prepare a report, and preapproval may only be obtained if the required due diligence process has been completed. Final approval by the Grundfos Group Board of Directors is required.

ANTI-CORRUPTION RISK ASSESSMENT

Each year, we identify our risk on an enterprise level, with local managers and top leaders carrying out the assessments. Group management then consolidates principal risks and sponsors mitigation activities.

A Response and Activity Plan was formulated in 2018 by the legal department (amended in 2019) to cover and coordinate company activities designed to mitigate the identified risks. Relevant stakeholders approved the plan to ensure commitment and implementation throughout the organisation. In keeping with this plan, bi-yearly risk assessments are carried out in accordance with the United Nations Global Compact, “Risk Assessment Guide.”

We have zero tolerance for bribery or any form of corruption.

Walking the Talk – Ethics and Integrity

Fair and legal competition

Over the course of 2019, several initiatives were undertaken to mitigate gaps identified through risk assessments, including the creation of rules for limiting the use of cash and the development of an improved expenditure approval system. To further emphasise the compulsory nature of the Grundfos Code of Conduct (CoC), an acceptance mechanism was added to CoC training: employees were required to indicate their understanding and intent to comply with the code.

The 2019-2020 assessment is currently being prepared. This assessment will be conducted using a questionnaire and a statistically representative, global population of Grundfos employees. Survey results will be validated using qualitative interviews where necessary.

Once concluded, additional corruption mitigation efforts, including the applicable Response and Activity Plan, will be aligned with the results of the 2019-2020 assessment.

WHISTLEBLOWER SYSTEM

The Grundfos whistleblower system is accessible from all countries in which we operate. It is designed to make it easy for employees and external parties to report suspected criminal activity. The system is maintained by an external party in order to protect anonymity, evidence, and the objective investigation of all cases.

In 2019, 38 complaints were filed through the whistleblower system. Of these, six were considered to be breaches of the Code of Conduct in the following areas: compliance with laws and regulations,

facilitation payments, travel, entertainment, gifts and personal benefits, and conflicts of interest.

FAIR AND LEGAL COMPETITION

We want to contribute to fair, free, and unlimited competition in all markets. We abide by all laws (including competition regulation) everywhere we operate.

Competition laws influence every aspect of Grundfos' dealings, including pricing, promotion, sales, and service, as well as relationships with competitors and customers. We are committed to being in full compliance with these laws.

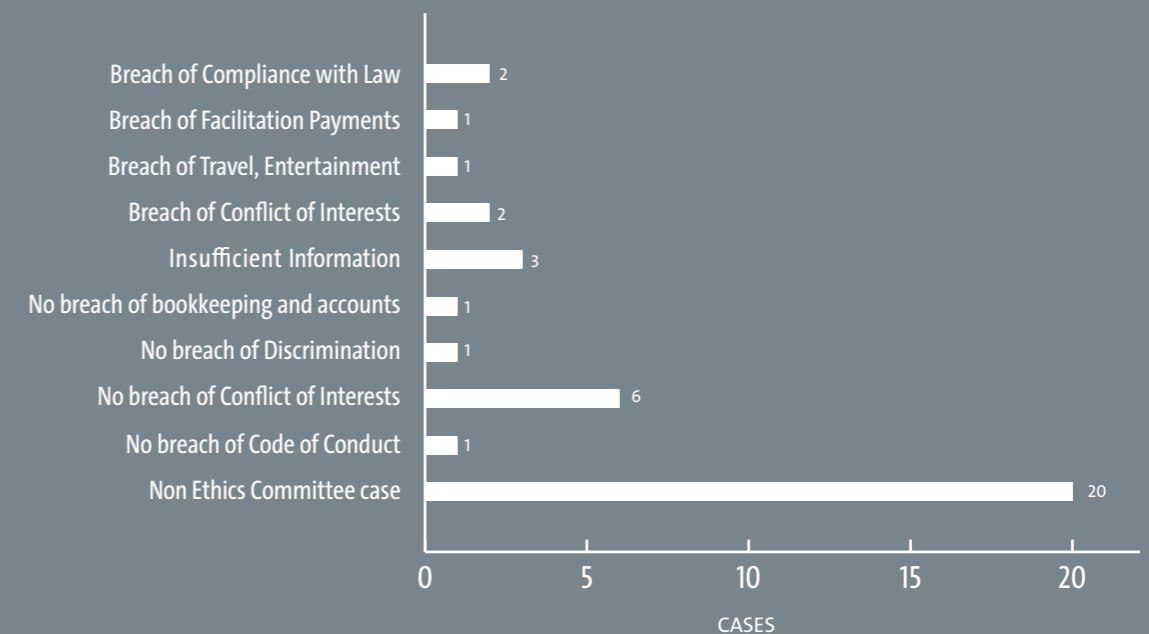
Over the past years, we rolled out competition law training in Europe. In 2019, work in this area focused on developing training programmes specifically designed for countries and regions outside of Europe. These programmes will be further developed and implemented in 2020.

DATA PRIVACY

We respect and uphold all laws related to data privacy when processing employee- and third-party data (vendors and customers), in accordance with applicable regulation, including the European Union's General Data Protection Regulation (GDPR).

In addition to a dedicated GDPR service portal, we have rolled out global training to familiarise employees who handle personal data, with the latest standards. Data privacy compliance is

WHISTLEBLOWER SYSTEM CASES CLOSED BY THE ETHICS COMMITTEE, BY TYPE



incorporated into mandatory yearly and bi-yearly Code of Conduct training and can be supplemented by three specialised training modules: one for human resources and managers, another for information & technology staff, and a third for sales and marketing. The structured training is supplemented by ad hoc training as needed.

In 2019, the Grundfos data privacy team processed a number of data subject requests. The company experienced a single data breach of limited impact. The case was managed in accordance with GDPR and included notifying the Danish Data Protection Agency.

Key Facts & Figures 2019

Focused on people

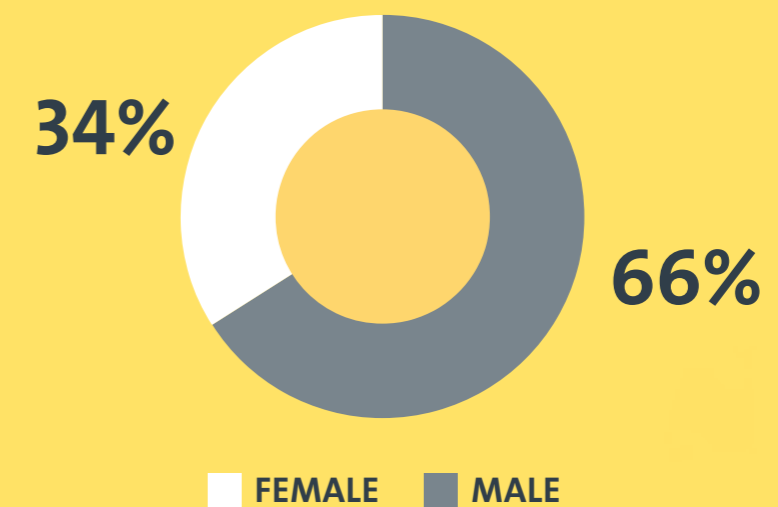
77% OF OUR SITES ARE OHSAS 18001 CERTIFIED

- 17,017 EMPLOYEES RECEIVED PERFORMANCE AND DEVELOPMENT DIALOGUES
- 92.2% RETURN TO WORK RATE
- EMPLOYEE MOTIVATION AND SATISFACTION SCORE OF 75, A TWO-POINT INCREASE OVER 2019
- CONDUCTED HUMAN RIGHTS IMPACT ASSESSMENT IN MEXICO
- 60 OUT OF 100 LEADERS RATED AS STRONG ON BOTH LEADERSHIP AND PROFESSIONAL SKILLS (5 POINTS HIGHER THAN IN 2018)
- MORE THAN 90% OF OUR WHITE-COLLAR EMPLOYEES WORLDWIDE COMPLETED CODE OF CONDUCT TRAINING
- GLOBAL LAUNCH OF G-LEARN, OUR NEW, USER-CENTRIC LEARNING PLATFORM



THE NUMBER OF LOST TIME INJURIES PER MILLION WORKING HOURS DECREASED 27% COMPARED WITH 2018

EMPLOYEES BY GENDER



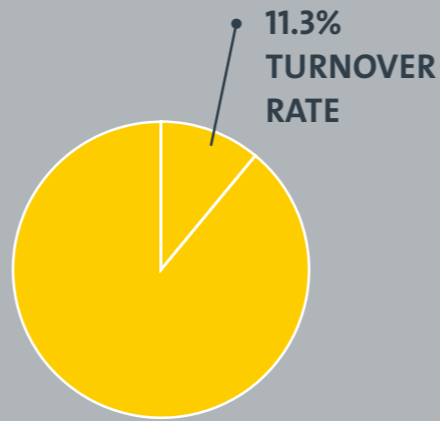
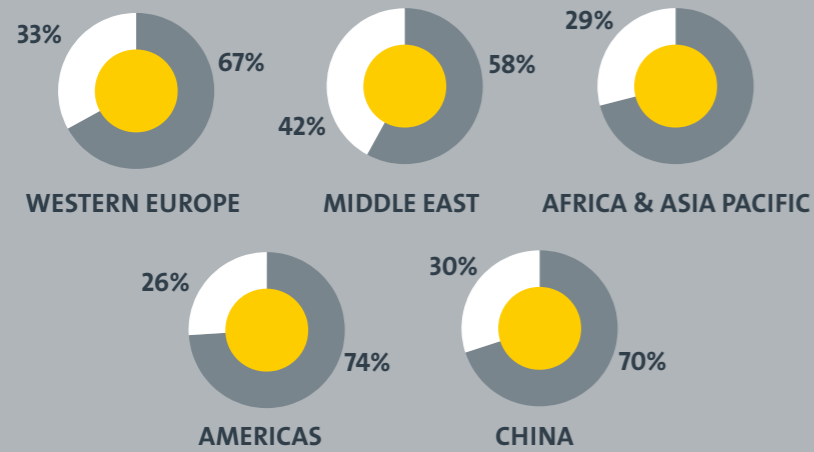
Maria Højholdt Jensen, Grundfos HR Specialist for Group Learning and Development

Key Facts & Figures 2019

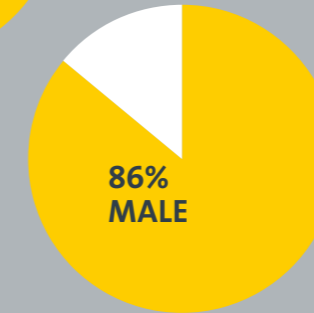
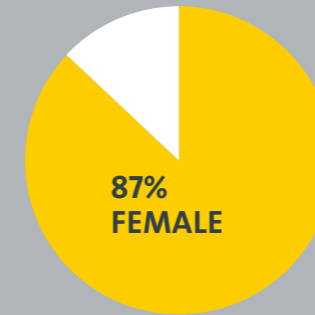
Our people

TOTAL EMPLOYEES AND GENDER BREAKDOWN BY REGION; EMPLOYEE TURNOVER

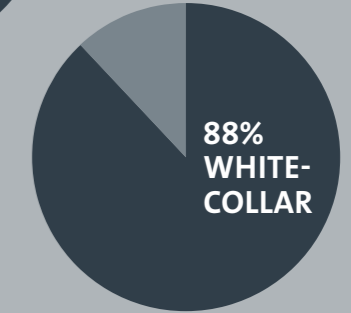
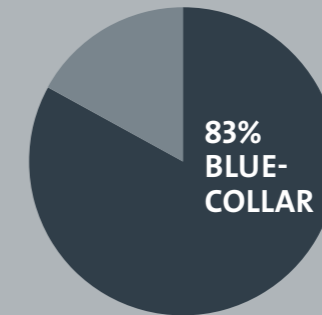
■ FEMALE ■ MALE



PDDs BY GENDER



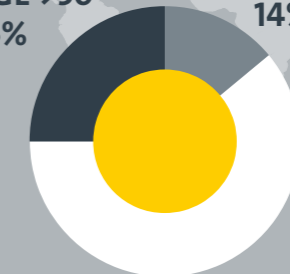
PDDs BY EMPLOYMENT CATEGORY



TOTAL EMPLOYEES BY AGE GROUP

AGE >50
25%

AGE <30
14%



AGE 30-50
61%

PERMANENT EMPLOYEES:
67% MALE / 33% FEMALE

FULL-TIME EMPLOYEES:
67% MALE / 33% FEMALE

TEMPORARY EMPLOYEES,
TRAINEES AND NON-ASSIGNED:
64% MALE / 36% FEMALE

PART-TIME EMPLOYEES:
41% MALE / 59% FEMALE

17,017 PDDs RECEIVED BY EMPLOYEES IN 2019

19,060 TOTAL FULL-TIME EMPLOYEES

Walking the Talk – Social Responsibility

Fostering a safe and inclusive workplace

Employees are the heart of everything we do and the force that keeps this company running.

Being focused on people has been one of our core values since the days of our founder, Poul Due Jensen. A firm believer in the power and importance of work, he insisted that businesses play a critical role in society by helping people with barriers to employment.

Fifty years later, we still go to great lengths to promote diversity and social inclusion in our workforce and to accommodate people in ways that maintain their dignity and ability to stay in the labour market.

We consider it our responsibility to create a workplace that:

- Protects the health, safety, and wellbeing of our employees
- Nurtures growth, providing opportunities for learning and development
- Continuously strives to improve the satisfaction and motivation of employees
- Welcomes a diverse and inclusive workforce
- Offers equal access to opportunities and resources
- Treats all individuals with fairness and respect

We are focused on empowering employees to proactively take ownership and accountability for their work. We encourage collaboration and partnership to promote knowledge sharing and the realisation of our goals.

Throughout the process of our digital transformation, we will continually aim to stay true to our core values, making sure that employees have the growth and development opportunities that allow them to keep up in a changing world.



Grundfos colleagues and clients in Shenyang, China

Walking the Talk – Social Responsibility

Protecting the health & wellbeing of our workforce

As an employer, we have an important role to play in making sure that our people lead long, healthy and happy working lives.

To reach this goal, we are putting into place robust policies, procedures, and programmes that promote the physical and mental health of people working for Grundfos. Supporting people in returning to work after prolonged illness or injury is another crucial part of realising our responsibilities as an employer.

Extended absence from the workplace is detrimental to a person's mental, physical, and social wellbeing. We strive to find ways to help our injured or ill employees return to function and work when it is safe for them to do so. In addition to benefiting the employee and their family, a safe and timely return to work helps preserve a skilled and stable workforce for employees and society. It also reduces demands on disability plans, as well as health & social services.

We track how many employees return to work (RTW) after being absent for more than 14 days due to illness or injury.

In 2019, there were 1,685 cases globally. 1,553 returned to work at Grundfos, a RTW rate of 92.2%.

RTW was incorporated into the new Sustainability Index mentioned on [page 7](#).

The 2019 Lost Time Injury ratio was 2.51 – a 27% improvement from last year (3.42).



Per Hawthorn Plejdrup, Grundfos Automatic Control Technician

Walking the Talk – Social Responsibility

Safe workplace



VR training

Grundfos' Global Health and Safety Community, and the Health and Safety Centre of Excellence support progress toward our best-in-class ambitions. The following are a few examples of concrete initiatives undertaken in 2019 to mitigate risks and to ensure that we offer a safe workplace for our employees.

- Safety leadership training for all operation managers, risk awareness training, third-party- and internal audits
- Use of Virtual Reality (VR) applications to increase risk awareness in operations. We are currently also testing the potential use of sensors and simulation for the assessment and design of ergonomically-correct workstations
- 77% of our sites are OHSAS 18001 certified. The transition from OHSAS 18001 to ISO45001 will be finalised during 2020. Over the past year, we began using safety climate assessments, as well as machine safety audits to improve our approach further. We have clear procedures and requirements for continually assessing the conditions of all site types. Performance is tracked and discussed in monthly managerial meetings

Walking the Talk – Social Responsibility

Safety Week 2019



Safety Week 2019 in Grundfos Hungary focused on ergonomics and forklift skills

In 2018, 13% of all accidents at Grundfos were related to sub-optimal ergonomics, which is why Safety Week 2019 focused on this specific issue. The aim of this year's initiative was to educate employees about healthy ergonomics in workplace design and during the use of heavy tools and equipment. Materials were developed to draw attention to the issue and to inspire prevention. The mechanics of correct work positions, were discussed in all factories and offices. Local companies carried out individual initiatives, including daily exercise training with elastic bands, Zumba, and gymnastics.

Walking the Talk – Social Responsibility

Investing in employee learning & development

Our founder, Poul Due Jensen, was forced to leave school at an early age to work.

He could afford only a year's worth of university, yet helping employees develop and grow remained one of his greatest passions.

Today, Human Resource (HR) professionals across Grundfos support our global workforce in reaching their full potential. Group Learning and Development is one of the HR teams working hard to optimise conditions for employee learning and growth. This includes everything from working with organisational culture to specific technologies and learning processes.

In 2019, the team rolled out a new, user-friendly digital learning platform called G-Learn – the entry point for all Grundfos global training and courses. Here, employees can discover learning opportunities by category, search the platform to meet a specific need, or share knowledge with experts and peers. The platform builds on the current learning management system and aims to offer significantly more user-centric learning experiences.

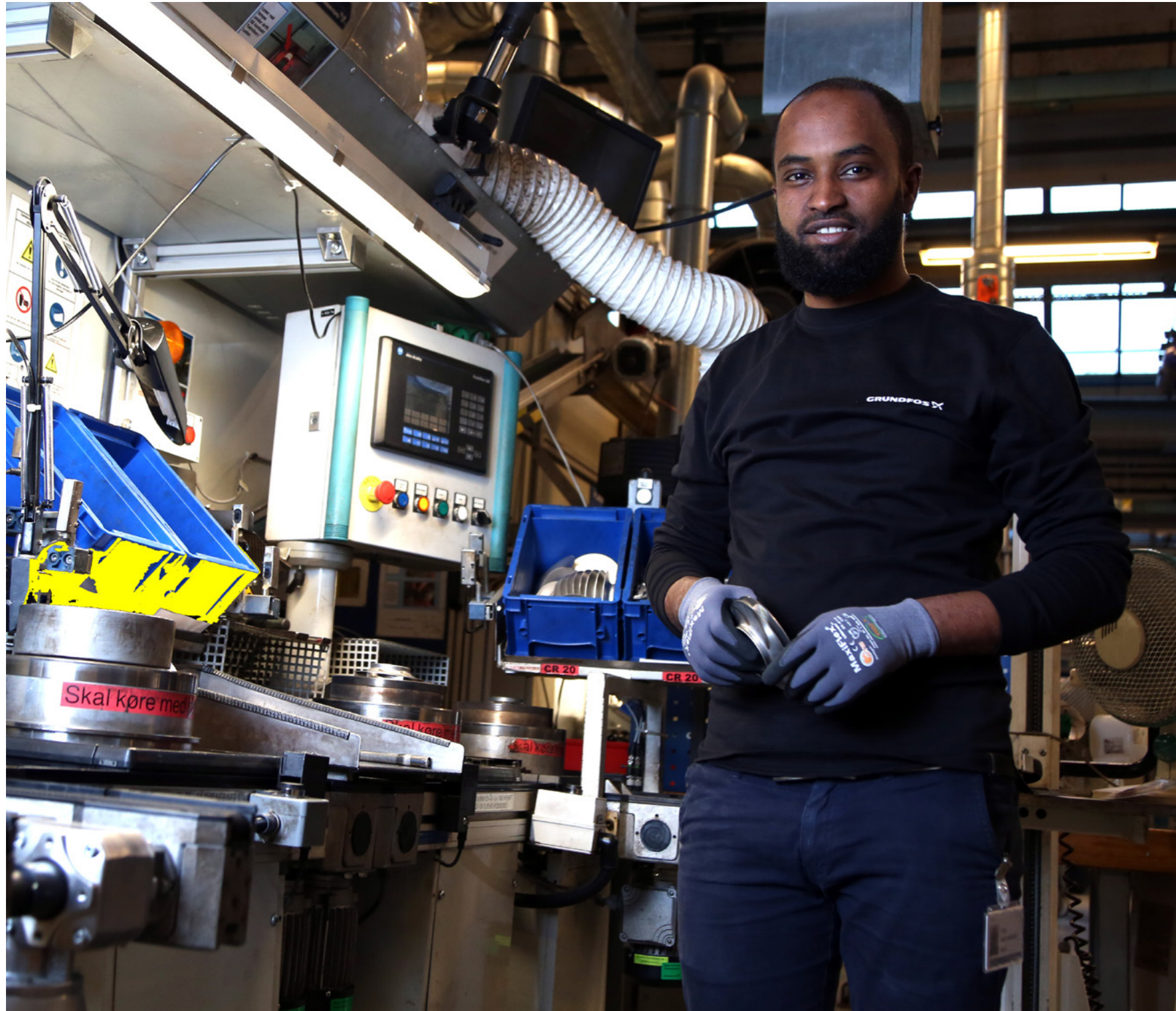
The main idea is to put the learner in the driver's seat by offering a platform where you can search for anything you need, whenever it works for you, on any device.



Our founder, Poul Due Jensen

Walking the Talk – Social Responsibility

Maximising employee motivation and satisfaction



Abdu Mahmud Saleh, Industry Operator Apprentice

We understand that there is a powerful link between employee engagement and customer loyalty, and are doing our utmost to maximise both.

The Grundfos Employee Motivation and Satisfaction (EMS) survey provides employees with the opportunity to voice opinions, concerns, and feedback on important issues. The annual survey is anonymous and disseminated in 34 different languages. It reveals areas where things are going well and where they are in need of improvement. The results are shared at every level of the organisation to increase accountability, as well as to encourage progress and growth.

Employee participation in the 2019 survey was about 95% – about the same as last year.

The level of employee motivation and satisfaction was 75, an increase of 2 points compared with 2018. This brings Grundfos into the top 25% of comparable companies. Our target is to reach 78 by the end of 2025.

The 2019 loyalty score was 82, an increase of one point over 2018 – just shy of the top 25% benchmark we aspire to.

EMS results also showed positive year over year trends in the confidence employees have in Grundfos leadership, collaboration culture, accountability, and customer-centricity.

Finally, employees rate 60 out of 100 leaders as strong on both leadership and professional skills, a significant improvement from 55 in 2018.

While much of this is good news, we acknowledge that the rapid pace of change in our industry and world is stressful for many people who worry about being left behind. In 2019, we included a question asking workers to rate their stress levels. This is discussed in greater detail on the following page.

Walking the Talk – Social Responsibility

Reducing stress, improving wellbeing



IMPROVING OUTCOMES AROUND WORK-RELATED STRESS IS A KEY GOAL FOR TOP MANAGEMENT, AND LAST YEAR WE TOOK OUR FIRST STEPS TOWARD FORMULATING A COMBINED HEALTH, SAFETY, AND WELLBEING AMBITION.

In 2019, the annual Employee Motivation and Satisfaction Survey asked individuals to report their stress levels for the first time.

On an individual level, 12% of employees rated their stress level as ‘very high stress’, 36% ‘moderate stress’, and 52% ‘very low to no stress’. This data forms a baseline, which will help us to prioritise needs, actions, and resources moving forward.

Moving ahead, we will work to foster a deeper understanding of the causes of stress to better support employee wellbeing. In the first quarter of 2020, we are rolling out new e-learning tools that deal with stress prevention and mitigation. Our top priority is to ensure that managers are trained and well equipped to create a team environment that is conducive to wellbeing and prevents stress from occurring in the first place.

Walking the Talk – Social Responsibility

Workers with reduced capacity



Mogens Lindhard, Senior Manager for Social Responsibility

There can be many reasons why a person has reduced work capacity – illness, injury, or disability. They might have a congenital disability or been through an accident. They might have an ergonomic injury from repetitive exertion in a previous job, but still be able to perform their duties under the right conditions.

In some cases, people need special equipment, an area to perform their work with less noise, or at a different pace. In others, they may need to transition to a different role. Many workers with reduced capacity carry out essential functions in production or service, offering support to offices, assembling service kits, and disassembling products for reuse or recycling.

Grundfos has an ambitious team responsible for coordinating our

efforts to cultivate an ever-more inclusive workforce, and they have their sights set on finding new ways to expand the initiative.

“Workers with reduced capacity are an extremely valuable part of the Grundfos workforce,” says Senior Manager for Social Responsibility, Mogens Lindhard. “They are talented and skilled individuals. We are committed to doing even more to make the most out of what they have to offer,” he adds. “In 2020, I hope we will see more workers with reduced capacity employed in every company, every department, and function.”

Thanks to well-coordinated efforts, employees with reduced work capacity currently make up 3.2% of our workers. The goal is to reach 5% by 2025.

“Workers with reduced capacity are an extremely valuable part of the Grundfos workforce. I hope we will see more workers with reduced capacity employed in every company, every department and function.”

– Mogens Lindhard,
Senior Manager for Social
Responsibility

Walking the Talk – Social Responsibility

Equal access to opportunity



Maria de la Luz Hernandez Araujo, Grundfos Tech

Her name is Maria de la Luz Hernandez Araujo, but everyone calls her Lucy. The 24-year-old woman lives with her mother and father in La Pila, Mexico. She has 12 brothers.

Born with Myelomeningocele, she can walk small steps with the support of crutches but uses a wheelchair to move long distances. Lucy's parents never believed that she would be able to work, but the young woman had heard about Juntos, a nonprofit organisation that helps people with barriers to employment. After some training, she found a job at Grundfos.

"I love my job," says Lucy. "I support the cables assembly line, and really like moving between operations. My colleagues are great – we laugh a lot. And they are very helpful if there's something I can't reach."

HR Business Partner, Victor Gonzales Moreira, has only wonderful things to say about his colleague.

"Lucy is an extremely competent employee," says Moreira. "The other employees look up to her immensely. She's a kind of leader and a

real inspiration to everyone. She has the best attitude," he adds.

What does Lucy wish everyone knew about people with disabilities?

"People with disabilities are no different than those without," says Lucy. "And there is no need to be overly protective, or show them extra care. We just need access to opportunities like everyone else so that we can develop in a normal way."

Lucy was bored and spent most of her time at home before she got a job. "I've become more independent since starting to work at Grundfos," says Lucy. "I'm even collaborating on a Juntos project called 'Voices.' The programme helps female teenagers in my community reach for the same opportunities as men."

When asked about her dreams, Lucy lights up, "I hope that Grundfos will have more disabled employees that get the same opportunities as me. I would also like to study law so that I can help protect the rights of girls."

Walking the Talk – Social Responsibility

Colourful workplace

Grundfos Hungary is leading the way as a sustainable workplace.

In 2019, the company won the Colourful Workplace award, given by Hungarian publishing company, PPH Media for programmes promoting the employment of people with reduced work capacity. More than 5% of the Hungarian workforce belongs to this category with people fulfilling many different types of roles including production, content development and front-desk reception.

Grundfos Hungary has received multiple awards in recent years but is not resting on their laurels. Since winning the Most Family-Friendly Workplace award in 2018, the company has been mentoring six other businesses with similar ambitions in 2019.



MORE THAN 5%
of employees at Grundfos Hungary are
workers with reduced capacity.

Colleagues from Grundfos Hungary receiving the Colourful Workplace award

Walking the Talk – Social Responsibility

From refugee to skilled operator



Janroj Mohamed and Dorte Nielsen, Skilled Operators

Janroj fled the war in Syria in 2016 to escape relentless persecution.

Within several weeks of arriving in Denmark, he had started working as an intern for an electrician, the trade he practised back home in Syria. However, he quickly discovered that he would be unable to continue because the Danish trade system requires electricians to be trained for many years as apprentices, and, at the time, he did not speak Danish.

“It’s a different system in Denmark. In Syria, my dad trained me as an electrician, but there is more formal trade education here, and I’m not licensed.”

After finding out he would not be able to work as an electrician, he signed up for a spot in the Basic Integration Education programme (IGU) at Grundfos. Janroj was one of a group of trainees who graduated from the 2-year programme in June of 2019.

“I love working at Grundfos,” says Janroj. “It’s a huge company with lots of opportunities. Everyone here is so helpful and friendly. They’ve been like my family. Especially Dorte.”

All IGU trainees were assigned a colleague to help them learn the language, and get to know the Danish work culture – Janroj’s was paired with Dorte Nielsen, an employee with over 30 years of experience in the company.

Dorte explains that working with Janroj has been a pleasure. “He’s extremely skilled and very good at his job,” she says. “He just needed to open up a little bit.”

Janroj says that his main challenge is mastering the language. He lives in Viborg with his girlfriend, speaks Danish, and is improving all the time, thanks to colleagues and two close Danish friends who he considers family.

Since graduating last June, Janroj has been working for Grundfos as a full-time temp sent out by a local agency.

Walking the Talk – Social Responsibility

Investing in people

When a refugee lands in Denmark, finding a job and learning to speak Danish are just two of the challenges they face, which is why Grundfos decided to join forces with other companies and job centres to recruit and train a group of unemployed refugees as skilled industrial operators in Grundfos factories.

First, a team at Grundfos selected ten refugees to participate in a 13-week work programme designed to assess their skills and competencies. After the internship, eight were hired into Basic Integration Education (IGU), a two-year programme forged in partnership between Danish trade associations, unions, and government. During this time, the trainees received intensive, job-related language and vocational training tailored to their individual skills and needs.

After just 15 months, four of the eight were offered apprenticeships as skilled industrial operators. They will graduate in May 2020. The remaining four continued on-the-job training to improve their long-term employability, completing the IGU in June 2019.

According to Anders Lund Hansen, Senior Manufacturing Director, one of the most surprising outcomes is how much the programme has given him and his Danish employees. “Besides more highly skilled technical workers, it has brought incredible meaning and energy to the teams where these trainees have been working. For many of us,” he admits, “refugees are an anonymous group without faces or names. Through this initiative, we’ve gotten to know them as real-life, flesh and blood individuals. People with families, hopes, and dreams – just like the rest of us. They’re no longer anonymous. They are our teammates and colleagues.”

And the refugees turned skilled operators? Their newly acquired skills have given them a new level of independence, dignity, and pride. Some will be employed at Grundfos, while others will find work outside of the company. According to Anders, both are happy outcomes.

“For many of us, refugees are an anonymous group without faces or names. Through this initiative, we’ve gotten to know them as real-life, flesh and blood individuals. People with families, hopes, and dreams – just like the rest of us. They’re no longer anonymous. They are our teammates and colleagues.”



Anders Lund Hansen, Senior Manufacturing Director, Grundfos

Walking the Talk – Social Responsibility

Gender diversity

GENDER DIVERSITY

GROUPS	BASELINE 2017	STATUS END OF 2019	AMBITION 2025
EXTENDED LEADERSHIP TEAM (ELT)	0% FEMALE/100% MALE	6% FEMALE/94% MALE	15% FEMALE/85% MALE
FULL LEADERSHIP POPULATION	20% FEMALE/80% MALE	24% FEMALE/76% MALE	25% FEMALE/75% MALE
GRADUATES	12% FEMALE/88% MALE	45% FEMALE/55% MALE	50% FEMALE/50% MALE



At Grundfos, we aim to foster a diverse workforce where all people are treated fairly and with respect. We are trying to cultivate an environment where people have equal access to opportunities and resources. Despite our commitment to fostering a diverse workforce, we have not always been able to meet our targets in this area and are continually looking for more proactive ways to improve our approach.

In 2017, we devised a three-year plan (2018-2020) to move towards our targets in the area of gender diversity in leadership. The year this plan was made, we had no female representation in the Extended Leadership Team (ELT). However, as of 2019, 2 women have joined the team, representing 6% of the total. Our 2025 target is 15%.

In 2019, there were several initiatives designed to help achieve our diversity goals:

- Four e-Workouts on bias in the workplace (*Breaking bias; Knowing me, knowing you; Micro messages; The 'in-crowd'*) with about 400 people enrolled
- Cross-functional top management mentorship
- Key HR processes (attraction, recruitment and mobility)
- Numerous awareness campaigns including role modelling Grundfos female leaders at [Lead the Future](#), a talk on diversity at HRtech X Conference, Copenhagen and a strong team at the Global Goals' soccer tournament that promoted diversity at the Global Goals Cup.

We are aiming for a 50/50 gender split in our Global Graduate (GG) programme; a competitive talent development initiative offered to a select group of high-potential graduates with leadership potential. As of 2019, 45% of our GG's were female.

As of 31/12/2019, the Grundfos Holding A/S board had eight directors, three of them elected by employees. Of the remaining five, four are men. One director was replaced in 2019; after careful consideration of both male and female qualified candidates, we appointed a male candidate. The board nevertheless remains committed to the target of increasing the number of female AGM-elected directors to two, by the end of 2020.

Walking the Talk – Social Responsibility

Women in production

Until recently, there were no women working on the production floor of Grundfos Chennai.

In a country of 1.3 billion people, women make up around only 18% of the working population of India.

“We wanted to make sure that everyone is getting equal access to jobs in the manufacturing sector – especially women,” says George Rajkumar, Strategy Director for Operations in India. He continues, “So we decided that we needed to be more proactive in our recruiting.”

Nandhini was one of six women hired to work on the mechanical shop floor alongside men.

“I got to know Grundfos through a recruiting agent,” Nandhini explains. “I was informed that they were seeking female employees for their shop floor.”

“Initially, I was apprehensive about joining Grundfos production as there were no other women working there,” she admits. “However, the HR and Production supervisor reassured me and explained the advantages of working with the company. Now I am excited. It has given me an opportunity to work in a field that matches my area of study.”

“I feel that Grundfos is a safe place where my views are valued. I look forward to a long, rewarding career here.”



Nandhini, one of the first women working in production at our Chennai factory

Walking the Talk – Employee Engagement

Global action for local impact

As a company, we want to put our water technology expertise to work by helping meet the needs of people around the world.

One of the ways we invite Grundfos employees to join us in this endeavour is through our employee-initiated and employee-driven programme, Water2Life (W2L).

Thanks to the concerted effort of W2L ambassadors, dedicated employees from 35 countries have voluntarily invested their time to help those in need.

We believe that sustainable change is most effective in partnership, and through the years, we have collaborated with experienced NGOs like Water Mission and Red Cross to help ensure the success of each Water2Life project. Together, we develop smart solutions for real-world problems and bring them to life. “Great things have been achieved already, but we are sure that more can be done,” says Sustainability Consultant, Jesper Richter Rasmussen.

One of the most amazing parts of the programme is the multiplier effect of donations: financial gifts made by Grundfos employees are matched by the company and by our NGO partner. The result: every dollar donated to Water2Life is quadrupled.

In 2019, DKK 390,000 was raised to support our Water2Life projects, bringing the total to over DKK 4.9 million since the programme started.

For more about Water2Life, [see here](#).



Walking the Talk – Employee Engagement

Generosity and hard work in service of others



THE MULTIPLIER EFFECT

Water2Life donated DKK 390,000 in 2019 to the Honduras project. Water Mission doubles the donation.

More than one million Hondurans lack access to decent sanitation, and 638,000 do not have access to safe, clean drinking water.

In 2019, Water2Life worked to support people in Honduras through two projects; one is completed, and the second is still underway.

The first project has brought a steady water supply to the San Isidro Hospital. The public hospital attends to about 80,000 patients per year but did not have a safe source of clean water for operating and treating patients. In partnership with Water Mission, wells were drilled, pipes and water treatment systems installed, and now patients and staff have access to clean water 24/7.

The second project is still in progress and will eventually bring water to the 2,000 students and teachers at Froylan Turcios High School. The school faces challenges similar to those of the San Isidro Hospital – dehydrated students and high rates of water-related illness.

The project will bring massive benefits to the surrounding community as students and teachers will be able to bring water home for a small fee, which will, in turn, fund system maintenance.

In 2020, we will continue our efforts to deliver clean water to thousands of citizens in Honduras. Water2Life ambassadors and Grundfos colleagues continue to host new fundraising initiatives to help improve the quality of life for people in need. Click here to watch a [video](#) about the project.

Walking the Talk – Employee Engagement

Global action for local impact



In 2011, Terry Teach of Grundfos Americas carried a bucket of water for three miles to raise funds and awareness for the very first time. The Walk for Water fundraising event took place in Charleston, South Carolina. It was meant to be a reminder of the millions of people who undertake a similar journey each and every day.

Not long after, Terry suggested making Walk for Water a Grundfos-wide but locally-driven event and the idea spread from there.

In 2019, three Walk for Water events were hosted in the U.S. (Illinois, Kansas, and Houston), as well as in Dubai, South Africa, and Denmark.

Walk for Water has become very important to people in the Grundfos Illinois office. “It’s hard to fathom the fact that one-third of the world still lacks access to clean, safe water,” says Alyssa Phelps, Service Programme leader at Grundfos Americas. She continues, “The YCC office is happy and proud to donate our time to help others.”

Speaking to broad support for the event, she adds, “We have a great mix of leaders from Service, Sales, and Operations. The union participates as well, which encourages even more employees to get involved. And this year, we even had several vendor sponsors.”

The Houston office hosted their second Walk for Water this year, and Betty Nguyen, Associate HR Recruiter, joins Alyssa in her enthusiasm. “Many of our employees have had several experiences with hurricanes and inclement weather,” says Nguyen. “We definitely understand the importance of access to clean water, and are more than happy to do our part.”

In the hot, dry emirate of Dubai, they also walked the three-kilometre route, and Kostas Pouloupoulos, Gulf Area Managing Director, was happy to see so many colleagues participate.

“I believe that truly solving water scarcity is a challenge that each and every one of us needs to take part in,” says Pouloupoulos. “We

need to start with ourselves, with our employees, their families, and friends, encouraging them to recognise the problem and to start conserving precious water.”

District Sales Manager for Grundfos Canada, Ammar Harastani, was particularly moved by participating in the event. “I was brought up in Jordan – a country with scarce drinking water resources,” he explains.

“As a child, I witnessed first-hand how communities like the one my own family lived in, conserved water as the city supplied it only one day each week.” Harastani continues, “Living in Canada has been a real eye-opener for me. Here we have one of the largest freshwater resources in the world. As humans, we often take the truly important things for granted.”

Walking the Talk – Employee Engagement

Global action for local impact



SURGERY WITHOUT SAFE WATER

Imagine giving birth or having surgery at a hospital without safe water. Or being treated for malaria at a health care facility with no clean drinking water.

Mvumi Hospital is the only medical facility serving the 400,000 people living in the rural Dodoma district of Tanzania, and it has no onsite well.

That has changed thanks to employees at Grundfos North America. They raised DKK 734,500 through Walk for Water events held at various locations in 2018.

During 2019, the generous donation funded the installation of a water tower, off-grid solar inverter, and pump that will provide reliable and safe water to this Tanzanian community and their hospital. The project was executed in partnership with the NGO, Water Mission.

1 in 3 people globally do not have access to safe drinking water.

Source: WHO, UNICEF

Walking the Talk – Employee Engagement

Compassion doesn't have to be costly

Colleagues at our factory in Serbia have spent countless hours in service of young people in their community.

More than 100 computers that would otherwise have been thrown away were refurbished and donated to a local school, together with printers, toys, and school supplies.

The initiative shows that service projects don't have to be costly. With a little cleaning or repair, used items can often be brought back to life, bringing joy to someone in need.



Grundfos volunteers pack bags of school supplies

Walking the Talk – Employee Engagement

Caring and community in Brazil



In 2019, Grundfos Brazil colleagues donated 533 kg of food collected from different departments to Anjos da Sopa (*Soup Angels*), a local charity feeding the homeless.

“The impact is easy to understand, and those who participate always return with more energy and meaning,” says Administrative Assistant, Tatiane Balbino.

Another project called, *Octopus of Love*, provides wool or donations for making small woollen octopi for newborns. Sales Supervisor, Pedro Ventura, loved the idea the moment he saw it and insisted that colleagues at Grundfos Brazil support the project.

Tatiane and Pedro are both on the Brazilian Social Responsibility Committee and believe it plays an important role in driving impact. Over the course of the year, they have held bingo raffles, sold Water2Life merchandise, donated toys, and more.

They admit that volunteering requires an investment of time, but agree that the end result is worth it. “It does not matter what type of project you do. The important thing is to act! That is Grundfos,” says Tatiane.

Walking the Talk – Employee Engagement

Rebuilding in the Bahamas



1.5 MILLION PEOPLE

More than one and a half million people around the world have received safe water since Water Mission, and Grundfos began their partnership in 2007.

Catastrophic damage displaced tens of thousands when Category 5 Hurricane Dorian made landfall in The Bahamas on September 1, 2019. The most affected area was the Abaco Islands.

The island chain's water supply was contaminated by saltwater because it receives inflow from a municipal system supplied by a deep well and rainwater collection systems in individual homes.

NGO Water Mission responded immediately, prioritised safe water solutions to impacted communities, and Senior OEM Account Manager for Water Treatment, MacKenzie Christie, received an invitation to volunteer.

Christie has always had a desire to help others and has appreciated working at a company that prioritises sustainability.

“Having these worlds collide was the perfect moment for me,” says Christie. “All volunteers needed to have experience in water pumps and engineering. But the most important attribute is being able to adapt.”

She spent three weeks of her vacation time helping bring clean drinking water to people in Marsh Harbour, a small town on Great Abaco Island.

The project produced 8,000 gallons of clean drinking water per day using a reverse osmosis (RO) system that can make 30,000 gallons at full capacity. The RO system is ideal for purifying water in areas with little to no freshwater sources.

Working side by side with local residents, eight hours a day, Christie pulled in saltwater from the harbour. The water was treated using cartridge filters to remove contaminants and reduce turbidity. Next, an RO membrane array pumped clean drinking water into storage units. The entire system had to be deconstructed at the end of each day to prevent theft.

With their homes in ruins, most displaced residents of Marsh Harbour lived in tents. Christie was touched by how frequently people asked her if there was anything she needed, even though they had very few possessions.

“We were so well received by the community,” says Christie. “And Water Mission was a great partner.”

Walking the Talk – Employee Engagement

SDG training for kids

Educate and Activate SDG is an initiative spearheaded by Grundfos India.

The programme educated over 10,000 children about the UN Sustainable Development Goals (SDGs), many of them from the slums of Chennai.

In keeping with Grundfos' commitment to SDG #6 and #13, the curriculum focused on teaching the students about clean water, sanitation, and climate change. Children were invited to participate in poetry, drawing, and essay competitions to bring the learning to life.



Student participants, Educate and Activate SDG

ENERGY-EFFICIENT WATER SOLUTIONS

A Letter to Our Customers

Why we care about sustainability

You might be thinking, ‘this is nothing new, it’s just ethical business behaviour.’ We agree.

Ever since my grandfather (and namesake), Poul Due Jensen, founded the company in 1945, caring for people, stewarding natural resources, and being a responsible corporate citizen has been an integral part of how we do business.

Growing up in a poorhouse and losing his entire family at a young age had a significant influence on how Poul viewed the world. He could afford only one year of college, yet he became an engineering genius and successful entrepreneur who believed that businesses play a critical role in helping to solve societal problems.

The water technology we developed in 2019 is built on Poul’s ethos, but modern life is testing businesses in new ways, posing unique dilemmas for how we address sustainability. Seventy-five years ago, it would have been difficult to imagine many of the challenges we face today. Exponential population growth, growing urbanisation, landfills, resource depletion, pollution, changing weather patterns, droughts, and flooding – all have serious consequences for our lives and for the environment in which our businesses operate.

We still believe that businesses can and should lead the way. That’s why our purpose is to pioneer solutions to the world’s water and climate challenges and to improve quality of life for people.

We want to be transparent with customers and are engaging with our vendors to make sure that this extends throughout

the entire supply chain. From 2019, we are using a CSR reporting, scoring, and certification platform to engage with our own suppliers. These performance scores are now part of the decision criteria for purchasing decisions.

Like you, we believe in thinking long-term and in forging win-win partnerships. We take a long view in our decisionmaking, prioritising the best interest of all of our stakeholders.

This is also why, before my grandfather died, he transferred ownership of his company to the Grundfos Foundation. He wanted to make sure that his life’s work would continue to serve the best interest of society.

In many ways, my grandfather was ahead of his time. He saw the importance of businesses leading the way to help solve societal challenges. Following in his footsteps, Niels Due Jensen, my father, often says, “be sustainable or die.” Nowadays, it seems clear that the companies that thrive in the future will be the ones that build sustainability into their business today.

As you can see, this report gives concrete details about the many ways that we are working to make our solutions and operations more sustainable. Thank you for taking a few minutes to look it through.

Thank you for your trust. We are working hard to deserve it, now and always.



Sincerely,

A handwritten signature in dark ink that reads "Poul Due Jensen". The signature is written in a cursive, slightly slanted style.

Poul Due Jensen, Group Executive Vice President, Chief Sales Officer

Pioneering solutions to the world's water and climate challenges

Investing in the future

GRUNDFOS FOUNDER, POUL DUE JENSEN BELIEVED THAT THE WORLD WAS FULL OF PROBLEMS THAT COULD BE SOLVED IN BETTER WAYS.

Almost 75 years later, we are facing global challenges that can only be fixed through innovation and new ways of thinking.

To maximise our positive impact, we have decided to increase our investments in research and development from 2020 onward. Digitalisation is a priority because it makes our solutions more responsive to demand, local conditions, and a host of other factors.

Deep customer and end-user insights, together with application knowledge, R&D and digitalisation investments provide us with the opportunity to contribute even more to global challenges by offering solutions that use as little energy and water as possible.



“All Grundfos solutions will be on the leading edge of sustainability, energy efficiency and circular economy for our customers and their applications.”

– Markus Brandstetter
Group Executive Vice President, CTO

C40 Partnership

Working together for a better tomorrow



If climate mitigation is all about greenhouse gas emissions, climate adaptation is all about water.

In line with our ambitions to pioneer solutions to help solve the world's water and climate challenges, Grundfos has joined C40. In this first phase of the partnership, our goal was to put climate adaptation and water management at the top of the C40 Mayors Summit agenda in Copenhagen.

The organisation is a network of megacities working together to understand the climate challenges they face, as well as how to become more resilient in the face of the threats, some of which are water-related (flooding, droughts, etc.)

In collaboration with the member cities of C40, we will help set up the Urban Water Management Network, a knowledge-sharing forum that facilitates the sharing of best practice. As part of a City Advisory Group, we will draw on Grundfos' 75 years of water management experience to help develop a strategic roadmap for climate change adaptation.

Moreover, the Grundfos Foundation (Poul Due Jensen Foundation) will fund extensive research to create an even deeper understanding of the water challenges these cities face, provide best-practice, political, and technical recommendations on water governance, management and financing, as well as concrete input regarding potential technical solutions.

Partnership for Impact

Facing the world's water and climate crises together

This last year, Grundfos entered into a strategic collaboration with Siemens to harness the power of digitalisation for solving the world's water and climate challenges.

The partnership focuses on three primary areas of cooperation: water and wastewater applications, industrial automation, and building technology. Together, the two companies hope to accelerate progress towards our shared sustainability goals and ambitions.



In 2019, we partnered with BRAC, a global NGO that reaches 120 million people around the world. The collaboration is an important step in leveraging Grundfos technology to support the marginalised and poor in the water crises they face.

Maximising Impact

Supporting the solar revolution in India



INDIA IS FACING A WATER CRISIS, AND IN THE COMING YEARS, THE NEED FOR FOOD WILL GROW PROPORTIONATELY TO THE POPULATION GROWTH.

The Indian government has launched the Kusum scheme, which aims to provide small farmers with solar pumping equipment in areas without electrification. The government subsidises 90% of the cost of equipment, installation, and five years warranty. This scheme is expected to result in 2 million new solar pump installations.

Grundfos is supporting this initiative with no foreseeable prospect of turning a profit.

Between 2019 and 2020, we will invest approximately DKK 25 million to adapt current Grundfos offerings to the unique needs of the market. By 2025, we expect to offer differentiated solutions that are fully customised to the Kusum scheme, and locally produced in India.

The Grundfos project aims to bring solar-driven irrigation water to 2.5 million farms in India while saving an estimated 4.1 million tonnes of CO₂ over the next five years.

Simple Pump Swap Yields Massive Energy & CO₂ Savings

Rapid return on investment

In an ambitious effort to save water and energy in the United Arab Emirates, the rapidly growing city of Dubai is always on the lookout for ways to conserve resources. To reduce city energy usage 30% by 2030, the government is retrofitting 30,000 buildings.

“In the desert, we’re in an extreme climate,” says Charles Blaschke, founder of energy consulting company, Taka Solutions. He continues, “Dubai is sunny 364 days a year. Rain is almost zero. It has a very intense sun with solar radiation hitting the buildings.”

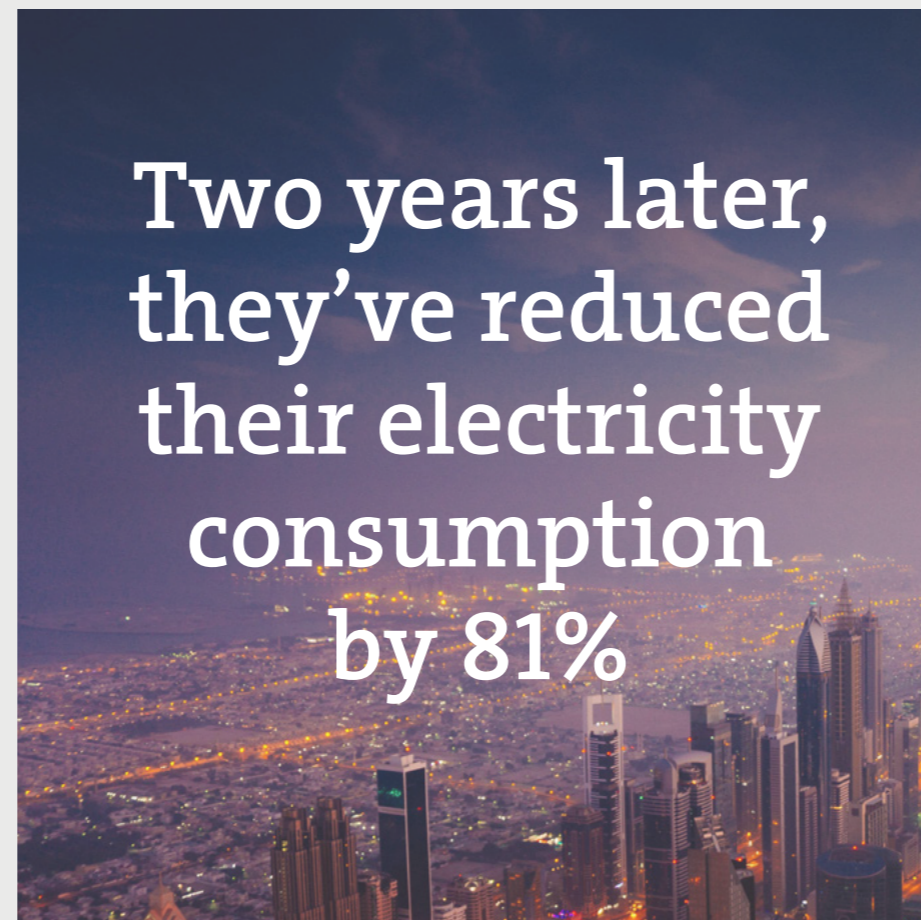
“These big, beautiful buildings are mostly glass,” he points out. “Glass buildings consume a lot of energy. At the time they were built, energy was cheap, so people didn’t focus on it. They just wanted comfortable buildings. ‘Let’s put in a bigger AC system, a bigger pump system, to ensure that no matter what happens – fully occupied or not – let’s make sure it’s more than enough to keep the buildings cool.’ So all over Dubai, the pumps and AC systems are actually bigger than they need to be. They’re not operating for maximum efficiency,” he explains.

Indigo Tower is one of those buildings. A typical, mid-sized building, it houses eight floors of apartments. The pump was on the roof, and residents living on the top floor complained that it sounded like a jet engine. Because the AC runs 24/7, 365 days a year, there was never any relief from the noise.

This building and two others (Falcon Tower and Green Tower) owned by the same management company, H&H Property Management and Development, were all experiencing sky-high electricity costs when they contacted Taka Solutions.

Taka and Grundfos worked together to assess the existing HVAC

(heating, ventilation, and air conditioning) systems. A Grundfos Energy Check determined that the buildings were equipped with oversized pumps that resulted in inefficient operation, and poor balancing in their constant, primary chiller systems.



Grundfos recommended intelligent turnkey solutions that solved the problems in a very simple way.

“We saw that the pumps in these three buildings were wasting

energy, vibrating, and causing noise issues,” says Blaschke. He was so convinced that they could help, he offered to replace the old pumps for free under performance agreement.

“Many from our team were skeptical about this,” says H&H Portfolio Manager, Vasileios Vatisstas of the performance-based contract. But it didn’t take long to understand how it worked. The energy savings would pay for the pump upgrade.”

H&H saw results immediately. At Indigo Tower, pumps that previously used 36 kW every hour now used between 7-10 kW/hour. Two years later, they’ve reduced their electricity consumption by 81%. The numbers at the other two buildings tell a similar story. Falcon Tower cut pump electricity consumption by 46%, and Green Tower, by 57%. What’s more, the pumps are completely quiet.

The potential for similar retrofits in Dubai is enormous. “It starts with one building. One building at a time,” says Blaschke, pointing to the potential impact on the UN’s Sustainable Development Goals 6 and 13.

“It’s not hopes and dreams or something that’s not feasible. It’s right there, and it’s very simple to achieve,” urges Blaschke.

He continues, “Working with quality partners and equipment suppliers like Grundfos across our projects is key because it gives us peace of mind. We know we can trust them. We know that what they put in is right. It’s going to be the optimal solution. Not just today, but also tomorrow.”

For more on how these retrofits saved energy, money, and carbon emissions, [see here](#).

Efficient Water Supply With Unexpected Benefits

More capacity, better work environment

Increasing urbanisation has been posing new challenges to the mountainous region of Qujiang, China. With the improvement of living standards, household water consumption is also growing.

The local water plant sits atop a hill, where treated water typically flows to the city centre, aided by gravity. “Our old model of using gravitational flow no longer meets the needs of urban development,” says Liu Zhiwei, Chief of Technology and Equipment at Qujiang Water Supply Management.

To double its capacity, the water plant is building a 60,000-square-meter expansion facility. At the same time, the city is responding to national ambitions to reduce energy and carbon emissions, gradually phasing out equipment with high-energy consumption. The Qujiang Water Supply Management office invited engineers and technicians from Grundfos (Shanghai) to carry out a systematic Pump Audit for its booster pump stations.

The company was focused primarily on efficiency, but after the renovation they realised an unexpected benefit: noise reduction.

“The pumps in the Shaoye station had been running for 20 years,” says Zhiwei, adding, “and there were noise problems in both stations.” Noise levels in the pump rooms had been measured at 97-112 decibels (dB). According to the World Health Organisation, the average human pain threshold for noise is about 100dB. Just eight hours of exposure to such noise levels can cause severe damage to hearing.

After just one year of operation, the new pumps were saving an average of 33% and 17% energy, respectively.

“From the very beginning of the renovation process, our focus was on becoming energy-efficient,” says Zhiwei. “But when we started using the Grundfos pumps, we found that they were also very quiet. Our onsite workers were very happy about this.”

Today, when the pumps are running, the noise level is at 85 dB, a threshold deemed safe for prolonged periods.

“Efficient and quiet pumps are good for our work environment,” Zhiwei continues. “Also, because of new, stable pumps, we have increased our water supply guarantee rate. This is a big help for our citizens.”

Liu Zhiwei says that the Grundfos Pump Audit has also broadened his horizons.

“Throughout this project, I have learned to not only pursue economic benefits. I have also learned about human concerns and the work environment. In future management work, I also need to consider these aspects.”

For more on this story, [see here](#).



Liu Zhiwei, Chief of Technology and Equipment at Qujiang Water Supply Management

Solving Water Scarcity in Arizona

Turning wastewater into beer



Contestants assess beer made from purified wastewater

Southern Arizona is no stranger to water scarcity.

These communities are dependent on groundwater with many relying heavily on the Colorado River as a controversial supplemental water source. Population growth, continued drought and climate change are placing massive stress on the water supply, so the state issued a Water Innovation Challenge to

identify alternative sources of water and to develop strategies for meeting the ever-growing demand.

Jeff Prevatt, an employee of Pima County Arizona, and Grundfos district sales manager, Stan Coon, were sitting next to each other on an aeroplane when they hatched an idea entry for the competition: reused water as a viable source of potable water.

They knew public perception and the 'yuck factor,' not technology, would be the most significant barrier to acceptance of reused water, so they developed a concept for a mobile water purification system that turns water into ice-cold beer. Soon after, they formed a team that included several vendors and local utilities who worked together to design and build a mobile trailer outfitted with a complete treatment system for transforming effluent into highly treated, potable water on site. Local craft brewers could then brew the clean water into beer.

"Our idea was to allow communities across the state to participate in high profile, public relations and educational events to help overcome public perception and increase the acceptance of reuse water for consumption," said Prevatt.

The team won first prize - USD 250,000 - and used the funds, together with in-kind donations from project partners, to build the mobile system. Grundfos donated pumps and pro bono expertise in water and wastewater applications. The total cost of building the trailer was just shy of USD 1 million, so donations were a big part of seeing the project to fruition.

The trailer was widely successful and had far-reaching impact. Thirty-two craft breweries participated in the programme as it travelled from community to community. Its popularity in Arizona even led to a tour through Texas, Colorado, and Idaho, culminating in a presentation at the WEFTEC conference.

The first of its kind, this direct potable water reuse (DPR) facility in Arizona led to the allowance of direct potable water reuse in the state. It also resulted in the creation of new rules and regulations authorise DPR as a viable alternative for increasing water supplies.

"It's highly rewarding for us to see Grundfos pumps at work, making a difference in communities," said Rob Montenegro, Executive Vice President of Water Utility. "It's also truly inspiring to see the change in public perception of reused water, and the growth of sustainable brewing practices among craft brewers, including the use of reused water for processing," he adds.



Solving Water Scarcity in Arizona

UV wastewater treatment

Reclaimed city wastewater is cleaned at the American Gulch Wastewater Reclamation and Reuse Facility and then sent on to a public recreational lake. From here, the water is used to irrigate green public areas and schools. However, if the wastewater isn't treated correctly, it could put the entire community at risk.

In 2015, the plant expanded its capacity, upgrading biological treatment processes and equipment. Enaqua, a Grundfos company specialised in UV disinfection systems, was selected to carry out the project.

Two Enaqua noncontact UV reactors were installed in 2015, and since that time, the Payson plant has consistently met the Environmental Protection Agency's regulations and the nondetectable effluent E.coli limit for ARIZONA TITLE 18 Class A+ reuse effluent.

The Enaqua UV disinfection system is the final step in the treatment process, killing the 'bad bugs,' including bacteria and parasites. "We've been in compliance with our permits for years, with no violations, and we want to keep it that way," says District Manager Garrett Goldman.

The plant expansion project was also very focused on finding ways to achieve greater energy efficiency and savings. Though it has two reactors installed with three banks of UV lights per channel, they typically only use two banks, due to the system's efficient design and flexibility.

"In day-to-day operation, it runs. We don't have to touch it, and it does its job."

– David Millien, Chief Operator

"With the three stages, we were already saving about 20-30% on electricity compared to the old UV system," explains Goldman. "Now we've shut off another stage, so we're running at two-thirds of the design. We're pleased, and even looking into running just one stage. So more savings are possible."

During the daytime on sunny days, a bank of solar panels operates the entire treatment plant.

"The more we can keep our operation and maintenance costs down, the greater the benefit to our ratepayers," says Goldman. "And that is our one goal: to provide the best service at the lowest cost." Millien adds, "and with Enaqua, maintenance is minimal." For more on Enaqua UV disinfection systems, [see here](#).



David Millien, Chief Operator at the American Gulch Wastewater Reclamation and Reuse Facility

Making Sinai Green

Fresh fruits and vegetables for 500,000 residents

The Egyptian government is building the world's largest sewage water treatment plant to help address water shortages in the Sinai Peninsula.

In December 2019, Grundfos Egypt signed a joint venture contract to supply complete gas chlorination systems to the plants, starting in June 2020.

Located in the Port Said region of western Sinai, the plant will treat 5 million cubic meters of irrigation sewage and agricultural runoff from the Bahr El Baquar drain, so that it can be reused again to water other crops in the region.

Egypt is building the sewage treatment plant to address water shortages likely to affect approximately half a million people in the Sinai region. The systems are projected to generate enough water to enable the cultivation of 1,050 square km of crops.

“This is an enormous milestone for Grundfos Egypt. We are showing the market and the world that we are committed to helping achieve SDG #6, and very serious about realising the ambitions of our 2025 Strategy. We are moving from being a pumps and systems supplier into megaprojects,” said Ehab Eshak, Grundfos Area Managing Director for North East Africa and Saudi Arabia.

The project is an important milestone for Grundfos Disinfection, showing the potential that this segment can offer to organisational growth. The solution consists of customised engineering, manufacturing, supply, installation, and commissioning for the plant.



Desert Mountains in Sinai Peninsula

Customised Wastewater Solutions

Floating student housing



Urban Rigger is a sustainable student housing concept located at the Copenhagen waterfront

With 11 universities and over 150,000 students, affordable student housing is hard to come by in Denmark’s capital city.

Known as the greenest city in the world, Copenhagen is always exploring new ways to meet housing demand while staying livable.

To become carbon-free by 2025, the city is transitioning from diesel buses to electric, and has just built the cleanest waste-to-energy power plant in the world. World-renowned architect, Bjarke Ingels, designed Urban Rigger, a unique floating home community right in the heart of the Copenhagen waterfront.

The concept was developed to be an energy-efficient, flexible housing solution in areas with limited landmass and access to waterways. Urban Rigger consists of 72 apartments on six riggers equipped with rooftop solar cells and a system

that converts energy from the sea into heating. Dealing with wastewater is particularly tricky because the homes are mobile and detached from public sewer and wastewater discharge.

To solve the wastewater dilemma, Urban Rigger designers partnered with Grundfos to create customised lifting stations and a backup system to remove water in case of overflow. The solution has worked like a dream since the first students moved in, summer of 2018.

“It’s really important to me that the area I live in focuses on sustainability, and as a student, it’s pretty cool to say that your home features some of the newest and most sustainable technological solutions available,” says one of Urban Rigger’s first residents, Silke Danø Klingberg.

With a shared green courtyard, kayak dock, bathing platform, and BBQ area, as well as a communal roof terrace, this innovative housing solution is a prime example of ‘hedonistic sustainability’, the belief that it’s possible to increase quality of life without doing so at the expense of our shared natural resources. [For more on this story, see here.](#)

Energy-Efficient and Reliable on Backup Power

Off-the-grid solar solutions

Farm owners need a reliable water supply solution that works even when the power is out.

Grundfos partner and owner of Phillips & Sons Drilling, Brian Phillips, shares how he helped a rural customer solve his water challenges.

Every time a major power outage occurred, the pumps failed, causing big problems with the livestock because, while it's no problem to get bottled water for people, it's not a viable solution for animals.

Brian consulted with his Grundfos representative, and together, they concluded that the SQ submersible soft-start pump with solar panels and backup battery power was the best solution for reliable and energy-efficient water supply in low voltage conditions.

A year on, his customer is delighted. The pump has performed flawlessly – even on backup power. For more on this story, [see here](#).



Urban Growth Brings Challenges

Waste and water



Landfill located near Daxing, China

As cities grow, so does the amount of waste they generate.

In many places across the world, domestic rubbish is transported and deposited in landfills just outside cities, however, some waste contains liquids and other harmful leachates that migrate into the soil. Contamination poses

a tough environmental challenge, and rain and snow only make the problem worse as leachates seep deeper into the water table.

In China, you can see a ‘mountain’ just behind a place called Daxing. This mountain is made of rubbish from the 8 million residents of Shenyang city – and it grows by 3,500 tons every single day.

The WELLE Environmental company works with local municipalities to pump and treat the leachate. According to

Programme Manager, Xu Chuang, “We have to operate at full capacity to meet the standards for discharge water, which are getting stricter all the time. So the requirements for technology are getting higher, and if the equipment fails, our output is greatly affected,” he adds.

The processing system works like this: WELLE pumps the leachate into a regulating pond where it settles. From there, it goes into a biochemical reactor system for processing. Then, it goes through a deep membrane treatment. Once it meets the standards, it’s discharged.

“This landfill is under a lot of pressure,” says Xu Chuang. “WELLE requires its equipment to be very stable – that’s why we are using Grundfos pumps. The operation is very stable, and the Grundfos equipment is easy to use and understand.”

The company has partnered with Grundfos for over ten years to treat the water for release, and some of it is also reused.

Chuang says that even though the work is dirty, hard, and exhausting, he loves his job and feels proud to be contributing to environmental protection. He points out that the partnership with Grundfos works because the two companies share a common philosophy. “Both want to protect the earth and create more sustainable development,” says Chuang.

To learn more about this story, [see here](#).

Everything it Takes to Get Water to Everyone

Making water work



The Safe Water team in Kenya

For over a decade, Grundfos has partnered with NGOs, governments, and communities to deliver customisable solutions to ensure water to everyone, no matter how complex it can be.

With capable partners at every level, we are committed to reaching 10 million people per year in communities with poor access to water. To accelerate progress, we launched the Safe

Water team, a strategic business unit focused on achieving this goal.

“We want to be a catalyst for change and bring the full capabilities of Grundfos to make water work for addressing the SDG #6 challenges,” says Pia Rask, Director of the new team. “This means we work with our capable partners at every level on end-to-end possibilities, modular offerings that can

scale, and technical solutions designed to fit the context. Most importantly, we work with integrity,” she adds.

A typical community water system consists of intelligent pumps, water treatment, mobile-enabled dispensing (Water ATMs) and remote monitoring, training and capacity building locally – all a part of the journey for long term system sustainability.

“Everywhere in the world, customers can expect the same high quality and consistency for which Grundfos is known. Our standards are just as high in a rural village as they are in a megacity,” says Rask. “We take a thoughtful approach to impact. Our goal is to develop solutions that are environmentally, socially, and financially sustainable.”

AWARDS AND RECOGNITION OF OUR SOLAR SOLUTION

1982: Grundfos solar-driven pump system won a competition launched by the United Nations (UN).

2015: AQ Tap, the Grundfos water ATM system received the UN Momentum for Change prize.

2019: The fully solar solution, which includes everything from the pump and water treatment system to dispensing and sustainable business model, won the prestigious Frost and Sullivan award.

Everything it Takes to Get Water to Everyone

World-class solutions that last



School children at the border patrol police schools

The Thai government wants to ensure that all of its citizens have access to safe water and sanitation.

The Thai Royal Irrigation Department (RID) worked together with Grundfos and other local partners to complete a project that many would have viewed as impossible.

The project, subsidised by Her Royal Highness, Princess Maha Chakri Sirindhorn, Goodwill Ambassador to the United Nations Education, Scientific, and Cultural Organisation (UNESCO),

entailed the construction of a custom supply system to provide safe water to four border patrol police schools protecting more than 4,500 indigenous people in the western border provinces.

Civilians in these communities are the ongoing victims of human trafficking and in the southern border provinces violence resulting from armed conflict in neighbouring areas. Border patrol police schools provide critical protection to these people – and children in particular.

The four sites are extremely remote, making delivery of the systems difficult. Two of the locations have no electricity, one can only be reached by boat, and the systems could only be installed during the rainy season. But the team was creative and worked tirelessly to overcome every logistical challenge. As a result, people in these communities now have a secure water supply and a higher standard of living.

Local Safe Water Sales Manager, Juthamas Brommanop shares her thoughts. “I am very proud to be part of a humanitarian project like this. We are grateful for the support of Her Royal Highness and the Thai government.” She adds, “It is a privilege to work for a company that shows care, responsibility, and respect for other human beings.”

GLOBAL PARTNERS WITH LOCAL MISSIONS

This past December, Grundfos signed an official collaboration agreement with the International Committee of the Red Cross (ICRC). The two organisations will pool their expertise in technology and humanitarian services for a common goal: bringing safe water to the world’s most vulnerable.

“Working in difficult and dangerous hot spots takes a lot of trust,” says Evaristo Oliveira, Head of the Water and Habitat Engineering team of the ICRC. “We need to trust the people and the technology we depend on to relieve the many problems we face in the places we work,” he says, “and Grundfos has been a solid partner in helping us solve those problems.”

Delivering clean water and sanitation to 45,000 people

Uganda

IN THE PAST TWO YEARS, WATERBORNE ILLNESS AMONG CHILDREN UNDER AGE FIVE HAS DECREASED BY 65% IN THE BUGOBA VILLAGE.

In partnership with the Icelandic government, the Buikwe district local government, and Water Mission, we have taken another step in the WASH (water sanitation and hygiene) projects in Uganda. Phase 2, water solution installation, has now concluded, bringing clean water and sanitation to 45,000 people.

Piped water systems with solar-powered Grundfos AQtap water ATMs have been installed in 39 villages. Thanks to this collaboration, the rate of illness due to waterborne diseases has steadily fallen over the past two years.

In the village of Bugoba, the impact is profound. “The village is so clean. And we no longer see sick people vomiting or having diarrhoea. People have learned how to be clean,” says local resident, Annet Kasukya. “The situation has changed a lot because now we have fresh water,” she continues. “The water is accessible. It’s not that costly.”

Annet adds that her family is now saving money on medicine and clinic visits. Her children can go to school.

In the past two years, the number of diarrhoea cases among all age groups has decreased by 45% in this one village alone; among children under five, the disease has fallen by 65%.

Local teachers say that the number of children enrolling in school has almost doubled since the villagers gained access to safe water and sanitation.

Over time, the empowered village water committees become financially independent and overtake operation of the water systems. By 2020, the Buikwe District Local Government will receive full ownership of the systems. For more on this story, [see here](#).



Girls gather water at a solar-powered Grundfos AQtap water ATM

ACCOUNTABILITY

OVERVIEW

ABOUT GRUNDFOS

WALKING THE TALK

ENERGY-EFFICIENT WATER SOLUTIONS

ACCOUNTABILITY

Open and Honest

ONE OF OUR CORE VALUES AS A COMPANY IS TO BE OPEN AND HONEST, EVEN WHEN IT IS NOT EASY.

We strive to be transparent with all of our stakeholders about the progress we have achieved toward our sustainability ambitions. This report provides a comprehensive overview of these activities and covers Grundfos Holding A/S Group, including all subsidiaries that are 100% owned by Grundfos. We've been publishing sustainability reports since 1999, and this is the latest version, published March 2020.

Together with the Grundfos Annual Report, this 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 and b of the Danish Financial Statements Act (Årsregnskabsloven) on corporate social responsibility and reporting on the gender composition of management (see [page 44](#) for the Grundfos Holding A/S numbers.)

Data in this report covers the period between January 1 and December 31, 2019, unless otherwise noted.

The report groups topics relevant to our stakeholders into two main areas of impact (see [pages 8](#) and [72](#) for information on material topics and boundaries.) It 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 the restatement of previously reported data, relevant calculation methodologies and data limitations are explained where applicable.

For further information or questions regarding Grundfos in Society 2019, please contact Janda Campos at sustainability@grundfos.com.

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



Sustainability Governance



Sustainability is not an add-on to our business. It *is* our business.

The Group Management team is responsible for executive oversight and providing strategic direction to Grundfos' business and sustainability efforts.

Grundfos' Extended Leadership Team is responsible for driving sustainability throughout the organisation (i.e., ensuring integration of sustainability across markets, segments, technology, and activities, as well as aligning priorities and making recommendations.)

The Sustainability Working Group ensures cross-functional coordination through a partnership

of representatives from different areas and functions (e.g., HR, Sustainability Engagement, Communication, Environment, Health and Safety, Product Compliance and Sustainability, Legal.) The group is responsible for planning, activating, and communicating our sustainability initiatives to maximise positive impact and support the global Grundfos brand. Additionally, they collaborate with business units to identify sustainability opportunities that create value.

The Sustainability Working Group works closely together with all functions and departments heading sustainability activities. Sustainability function owners are, among other things, responsible for:

- Analysing current organisational practice and identifying areas for improvement
- Identifying key performance indicators (KPIs) to establish how the organisation will know whether important sustainability targets have been met
- Initiating a course of action to ensure that sustainability metrics are gathered and recorded over time, to measure and chart improvements

Stakeholder Engagement

We cannot achieve our goals and ambitions without the engagement of our many partners. From customers and employees to local communities, suppliers, NGOs, development banks, advocacy organisations, and governmental stakeholders – each one is critical for helping us accomplish our purpose in the world.

Together, we collaborate to share perspectives, find ways of reaching our goals, and drive change.

When considering the most appropriate way of engaging with our stakeholders, we consider a number of criteria, including:

- Shared values and goals
- Network and advocacy opportunities
- Opportunities for collective action, sharing and learning best practices
- Awareness of material topic

As explained on [page 72](#), we continually aim to strengthen relationships with all of our stakeholders. One of the primary ways we do this is through a biennial materiality assessment conducted by an independent third-party. The findings of our most recent materiality assessment were validated with selected stakeholders to ensure that we are listening to their priorities and understand their concerns, even as we identify our own. One of the main findings was that our stakeholders think there is room for improvement in how we communicate about our sustainability-related initiatives. The 2019 sustainability report reflects our commitment to understanding and responding to stakeholder concerns, including those raised during our different engagement channels, as outlined in the table here:

HOW WE ENGAGE OUR STAKEHOLDERS		
Stakeholder Group	Engagement Method	Topics raised during 2018-2019
CUSTOMERS	Customer survey, materiality assessment, websites, e-learning (Grundfos for Installers), online tool for wholesalers (MyGrundfos), social media, direct contact through sales, customer meetings, industry trade group meetings, conferences, exhibitions, awards	Issues related to products and solutions, including innovation, ethical business conduct, pricing, manufacturing processes, impact, Take Back programmes, and sustainability. Communication, transparency on sustainability metrics and climate change initiatives
EMPLOYEES	Employee Motivation and Satisfaction (EMS) survey, Code of Conduct, Intranet, town hall meetings, training & learning warehouse, G-learn, whistleblower system, safety week, Water2Life, materiality assessment	Ethical business conduct, business performance, sustainable innovation and production, environmental health and safety (EHS), human rights, diversity and inclusion
SUPPLIERS	Supplier Code of Conduct and training, direct local engagement, employee volunteers, collaborative partnerships, sponsorships, awards, materiality assessment	Sustainable supply chain, SDG impact, human rights, ethical business conduct
GLOBAL AND LOCAL PARTNERS	For Memorandum of Understanding (MoU) partners, we have key account managers who hold regular annual meetings, materiality assessment	Water supply and social impact
LOCAL COMMUNITIES	Direct local engagement, employee volunteers, collaborative partnerships, sponsorships, materiality assessment	SDG impact, ethical business conduct, human rights, environmental issues, volunteering
NGOs	Governmental affairs liaisons, direct engagement, meetings, advocacy, dialogue, materiality assessment	SDG impact, ethical business conduct, human rights, environmental and water-related issues, transparency on sustainability metrics and climate change initiatives
DEVELOPMENT BANKS AND ADVOCACY ORGANISATIONS	Direct engagement, meetings, advocacy, dialogue	SDG impact, finance, public policy positions
GOVERNMENT AND POLICY MAKERS	Governmental affairs, liaisons, direct engagement, meetings, advocacy, dialogue	SDG impact, ethical business conduct, legal compliance, research and development, policy positions

Mitigating Risks and Challenges

MITIGATING RISKS AND CHALLENGES	
ISSUE AREA / SOCIETAL RISK	CORE ELEMENTS OF OUR MANAGEMENT APPROACH
<p>CORRUPTION: We have a zero tolerance policy for bribery & corruption of any form. However, given the large number of employees and countries in which we operate, we acknowledge that we cannot fully prevent breaches of anti-corruption rules, regulations, and legislation. Breaches may lead to fines and reputational damage.</p>	<ul style="list-style-type: none"> • Code of Conduct including anti-corruption guiding principles • Supplier Code of Conduct/training • Anti-corruption compliance programme • Anti-corruption risk assessments • Group Internal Control audits <ul style="list-style-type: none"> • Response and Activity Plan • Compliance screening • Supplier CSR audits • Competition law training • Whistleblower system
<p>ENVIRONMENT: We strive to reduce our footprint and manage environmental risks related to our own operations/ activities, as well as the impact that occurs through the use of our products by reducing our CO₂ emissions and resource use (water, energy, waste) wherever possible. This helps us avoid negative impact to the local environment and surrounding communities, associated fines and reputational damage.</p>	<ul style="list-style-type: none"> • Environmental Health and Safety policy • Design for sustainability (Life Cycle Assessment, Sustainable Product Solutions toolbox) • Energy-efficient solutions & energy-optimising services • Resource management in own operations • Science-based targets • Sustainability index <ul style="list-style-type: none"> • Leadership on climate action • Partnerships for innovation & impact acceleration • Public policy engagement • Code of Conduct training • Sustainable supply chain • Sustainability index/benchmarking
<p>LABOUR AND HUMAN RIGHTS: Protecting the working conditions, human rights, safety and wellbeing of people throughout our operations and supply chain is a primary concern and material risk. We recognise that certain parts of our supply chain represent increased sources of risk, and that enforcing Grundfos policies can be particularly challenging in unstable regions with limited legislation. We work hard to manage these risks and ensure that we are able to attract and retain a skilled workforce and to avoid potential fines and reputational damage.</p>	<ul style="list-style-type: none"> • Human Resources policies • Human Rights policies • Product safety & compliance initiatives • Occupational health & safety • Code of Conduct/training • Safety Incident Management System (SIMS) app • Supplier Code of Conduct/training • Supplier CSR audits • Workplace safety, health & wellbeing • Employee motivation and satisfaction (EMS) <ul style="list-style-type: none"> • Group Learning & Development • Human rights due diligence programme • Bias training • Diverse and inclusive workforce • Flex Workshop • Extended Leadership Team mentoring • GDPR training • Personal data protection • Sustainability index/benchmarking • Whistleblower system

2019 Key Performance Indicators

	2019**	2018	2017	2016	2008	
PRODUCTS AND FOOTPRINT						
Investment in new products (% of turnover)	4.0	4.5	4.5	4.7	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 (billion kWh)	8.9	7.9	6.6	5.5		
CO ₂ emissions (metric tonnes)*	80,068	91,166	101,584*	91,952	126,928*	It is our ambition to continually reduce our emissions and never exceed the level we set in 2008. We are also committed to cutting CO ₂ emissions and water consumption by 50% by 2025 and to improving the quality of discharged water.
Energy consumption (MWh)*	279,470	308,385*	316,642*	297,937	347,724	
Water consumption (m ³)*	386,060	430,947*	437,784	422,059	655,136	
Resource recovery through take back (kg)	11,997	5,077	6,260	7,908	N/A	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 consumption 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.
OCCUPATIONAL HEALTH & SAFETY						
Lost time injury ratio	2.51	3.42	4.26	3.30	10.21	We work constantly to reduce the number and severity of injuries, and have set ambitious goals to strengthen a 'safe operation' mindset and striving to eliminate injuries and injury-related work absence.
Absence ratio	0.36	0.44	0.41	0.39	0.96	
OHSAS 18001 production companies (%)	77	74*	74	83	68	

2019 Key Performance Indicators

	2019**	2018	2017	2016	2008
PEOPLE					
Performance Development Dialogues received by blue collar (%)	83	33	40	80	N/A
Performance Development Dialogues received by White collar (%)	88	67	60	86	N/A
Employee satisfaction	75	73.1	70	70	N/A
Female leaders (%)	24	21	20	20	N/A
Employees with reduced work capacity (%)	3.2	3.1	2.86	2.2	N/A
Return to work rate (%)	92.2	90.4			N/A
GRUNDFOS CODE OF CONDUCT					
Claims (Cases closed by the Ethics Committee through whistleblower system)	38	48	52	13	N/A
Breaches (Cases found to be in violation of a rule in the CoC)	6	5	3	1	N/A
Group entities audited	10	7	20	21	N/A
SUPPLIER CODE OF CONDUCT					
Supplier sustainability audits	81	91	97	15	N/A
System and process audits (Grundfos auditors)	77	73	76	53	N/A

Our focus is on attracting people with the right competencies and establish the best conditions for them to learn and grow within the company. The performance development dialogue between manager and employee helps achieve this goal.

There is a link between employee motivation and customer loyalty. Grundfos constantly strives to improve the work environment, and the employee motivation survey gives us an indication of how we are doing at every level of the company.

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.

In 2025, we want women to account for 25% of our full leadership population. We set a target of 15% women in our Extended Leadership team by the end of 2020.

Caring for people is a core part of Grundfos DNA. We provide jobs for employees with reduced work capacity and expect that 3% of the workforce in all countries belongs to this category.

True to our commitment to zero tolerance of corruption, our goal is to protect our business by eliminating – or reducing to the lowest possible degree – the risk of infringing money laundering and anti-corruption laws and regulations.

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

Our commitment to people is the foundation of our work with human rights. Respect for human rights is also embedded in our Code of Conduct and in our Supplier Code of Conduct.

Our supplier audits measure a supplier's level of compliance with the Code of Conduct.

* Comparison figures adjusted since first reported
** Deloitte has provided limited assurance on 2019 data

Accounting Principles

It is of great importance to Grundfos that all data is complete and as accurate as possible. We use SAP's SuPM software to collect data and Business Warehouse to report it. 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.

INVESTMENT IN NEW PRODUCTS (% OF TURNOVER)

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 to annual turnover.

HIGH-EFFICIENCY CIRCULATOR PUMPS – ENERGY SAVED (BILLION KWH)

The KPI is calculated as the electricity savings in 2019 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 older models were replaced by the new ones. The figure is calculated as energy savings in kWh per year. kWh consumption per pump is based on test reports. The calculated reductions in CO₂ emissions are based on average EU CO₂ emission factors from GaBi (2017).

CO₂ EMISSIONS (METRIC TONNES) AND ENERGY CONSUMPTION (MWH)

Our energy consumption arises from the use of natural gas, light fuel oil, diesel, renewable fuel, solar, electricity and heat and steam. Reported consumption is based on meter/manual

readings and invoices. For CO₂ emission factors for electricity, we use local factors where available, and if not available we use country-specific factors from the IEA (International Energy Agency). We use the average of previous years (2019 emission factors are the average of 2014-2015-2016 factors from the IEA). For heat and steam, we use local factors where available, and if not available we use the factor from the largest Danish production company ('GBJ') and from the year 2010 (2019 figure is 6% lower than 2010). This CO₂ factor for heat and steam is close to the global average. For natural gas we use 2010 CO₂ factors (2020 factor 0.8% higher). Using IEA factors is in accordance with the Greenhouse Gas (GHG) Protocol, which 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. It will be included in 2020 data. The data provides no reporting on scope 3 emissions. 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.

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 CONSUMPTION (M³)

The baseline year for water was established in 2008. Water is reported as total consumption in m³. The following base KPIs are added to calculate the total water consumption:

- Water delivered by municipality
- Groundwater from own well
- Surface water source

Rainwater is not included in the total consumption. Reported consumption is based on meter/manual readings and invoices.

EMPLOYEE SATISFACTION

The EMS (Employee Motivation Survey) provides an 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 indicators 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

Accounting Principles

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 (both permanent and temporary employees) can take part in the survey. Employees on long-term sick/maternity leave do 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.

FEMALE LEADERS (%)

Leaders are defined as employees in band levels 1-9, as defined in Grundfos' internal Career Levels, who have staff responsibility, i.e. they have people reporting to them.

EMPLOYEES WITH REDUCED WORK CAPACITY (%)

The indicator is calculated as the number of employees out of total headcount who are employed on valid Grundfos contracts and have reduced working capacity due to a permanent health issue or disability rooted in physical, mental or social challenges. In cases where a Grundfos employee has reduced work capacity — such as the working hours, flexibility or mobility expected of them — can be adjusted by changing the content of the job and nature of the work. The purpose is to enable the employee to continue working despite having reduced working capacity.

RETURN TO WORK RATE (%)

Employees returning to work after long-term sickness absence, i.e. more than 14 consecutive calendar days of absence due to illness. The number of employees retained is expressed as a proportion of the total number of all closed cases of sickness absence for more than 14 days. A case can only be closed when it is known whether the employee has been retained or not retained.

CLAIMS (CASES CLOSED BY THE ETHICS COMMITTEE THROUGH WHISTLEBLOWER SYSTEM)

Claims comprise the number of cases closed by the Ethics Committee received via the whistle-blower system or via direct reporting from group functions e.g. the Legal Department or from local companies in a given year.

BREACHES (CASES FOUND TO BE IN VIOLATION OF A RULE IN THE CODE OF CONDUCT)

Breaches comprise the number of cases found to be in violation of a rule in the Code of Conduct in a given year.

GROUP ENTITIES AUDITED

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. Since 2018 Grundfos has been running an Internal Control Strengthening project, including a new central control monitoring system, that aims to enhance preventive controls by centralising and automating the processes. Due to intense focus on the project, the numbers of audits completed in 2018 and 2019 were affected.

SUPPLIER SUSTAINABILITY AUDITS

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

SYSTEM AND PROCESS AUDITS (GRUNDFOS AUDITORS)

System audits are quality audits of potential and existing suppliers. System audits include social and environmental aspects related to the Supplier Code of Conduct. 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 indirectly address social and environmental aspects.

Accounting Principles

RESOURCE RECOVERY THROUGH TAKE BACK

Resource recovery from take back refers to all end-of-life pumps returned to Grundfos through the Take Back programme. The programme was established to ensure that our solutions have as little negative impact on the environment as possible – also after end of use. Our disassembly facilities collect end-of-use pumps from installers who handle the pumps in their daily work. Afterwards, the pumps are weighed and validated by a local person delegated to do so, who will report the data on a monthly basis in SAP SuPM (the SAP tool used for performance management) and are validated again at the Group EHS level. Yearly review of this procedure must be performed. The programme was initiated in Denmark in 2014 and it has since been launched in three additional markets, the Netherlands, the United Kingdom (UK), and Argentina.

Requirements for data validation and verification are described in the Grundfos Standard: GS405A0025 Environmental, Health and Safety Data Collection and Processing.

OHSAS 18001 SITES (%)

The number shows the percentage of Grundfos sites certified according to OHSAS 18001. A few companies have already migrated to ISO45001. Our Multisite transition will be carried out Q4 2020.

LOST TIME INJURIES (LTI) RATIO

Lost Time Injuries (LTI) ratio, previously known as Injuries (per million working hours) is the number of “new” injuries that the

injuries have led to lost work hours in all areas of Grundfos, such as office, sales, production and warehouse. These are injuries that have prevented an employee from being able to return to work the next day. It applies to both white and blue collar workers. The focus is on acute injuries. The indicator is indexed as injuries per one million working hours for blue and white collar employees.

ABSENCE RATIO

Absence Ratio, previously known as Lost time – due to lost-time injuries, is measured in hours and the indicator is indexed as working hours lost due to injuries per thousand working hours. Absence during the reporting year that was caused by LTIs that occurred in previous years is included.

PERFORMANCE DEVELOPMENT DIALOGUE: BLUE COLLAR AND WHITE COLLAR (%)

The Performance and Development Dialogue (PDD) is the key process and tool that supports performance management in Grundfos. The PDD runs on an annual cycle and the aim is to provide a tool and a platform to support structured dialogues between managers and employees during each performance year (January to December). As a tool, the PDD supports managers and employees in:

- Discussing and agreeing goals and targets (both performance and development)
- Tracking progress, managing feedbacks and following up on actions needed to reach goals and targets
- Evaluating achievements against targets

A global system called Success Factors supports the process. 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) and we implemented one Performance & Development Dialogue (PDD) and a new system called Success Factor. In compiling figures for 2017 and 2018, we took the number of employees who actually went through the PDDs, then divided it into blue-collar workers and white-collar workers. We then expressed these two categories separately as percentages of the total number of employees who were eligible for the PDDs. In 2016 we used a different methodology – we took the number of white-collar workers who actually participated and expressed it as a percentage of the total number of white-collar workers who were eligible, and we did the same for blue-collar workers. In 2019, we went back to this method.

GRI Content Index

GRI STANDARD	DISCLOSURE	PAGE	EXPLANATION	SDG
GENERAL DISCLOSURES				
	ORGANISATIONAL PROFILE			
GRI 102 GENERAL DISCLOSURES	02-1 NAME OF THE ORGANISATION		Grundfos Holding A/S Group	
	102-2 ACTIVITIES, PRODUCTS AND SERVICES	9		
	102-3 LOCATION OF HEADQUARTERS		Bjerringbro, Denmark	
	102-4 LOCATION OF OPERATIONS	9		
	102-5 OWNERSHIP AND LEGAL FORM	11		
	102-6 MARKETS SERVED	55-70		
	102-7 SCALE OF THE ORGANISATION		See About Grundfos. Additional information in 2019 Annual Report, pages 7, 13-28.	SDG 8
	102-8 INFORMATION ON EMPLOYEES	31		
	102-9 SUPPLY CHAIN		<p>Grundfos' supply chain is a diverse organisation with main stakeholders located centrally on group level, as well as decentralised in individual production companies. Supply Chain is responsible for all of Grundfos' activities within flow of information and goods including the administrative processes and material flow of products, hereunder transportation, warehousing, planning, line feeding and procurement.</p> <p>Our value chain is split into different regions with sales centred around 5 regions:</p> <ul style="list-style-type: none"> • EEWAA covering Eastern Europe, West-Asia and Africa • WEREG covering Western Europe • China • APREG covering the Asia Pacific region • Americas covering North and South America <p>In addition, we have two global segments – HVAC OEM and Service. Our production is centred around 3 regions – EMEA, Americas and APAC – with several production plants in each region all supplying products globally. We have approximately 5,000 external suppliers and 50,000 ship-to customers globally.</p> <p>Grundfos operates with our own Grundfos brand as well as our separation brands YCC, Arnold, Alldos, Peerless, Paco, Vortex and some DAB products. See also Grundfos 2019 Annual Report, page 6.</p>	

GRI STANDARD	DISCLOSURE	PAGE	EXPLANATION	SDG
GENERAL DISCLOSURES				
GRI 102 GENERAL DISCLOSURES	102-10 SIGNIFICANT CHANGES TO THE ORGANISATION AND ITS SUPPLY CHAIN		<p>A digital assessment platform has been rolled out to assess the supply chains of medium-risk countries. For high risk countries, Grundfos continues the use of dedicated 3rd party and internal onsite audits. In 2019, 25 additional suppliers were assessed via the new audit platform.</p> <p>In 2019, indirect suppliers have become part of the audit scope. Six indirect suppliers of GPC (one our Chinese production sites) are internally audited for compliance with our Supplier Code of Conduct.</p>	
	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 Integrated Management System (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		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 	SDG 17

GRI Content Index

GRI STANDARD	DISCLOSURE	PAGE	EXPLANATION	SDG
GENERAL DISCLOSURES				
GRI 102 GENERAL DISCLOSURES	102-13 MEMBERSHIP OF ASSOCIATIONS		<ul style="list-style-type: none"> Confederation of Danish Industries European Heat and Power Association of Danish Pump Manufacturers European Heat Pump Association European Heating Industry Danish Environmental Association Global Compact Sourcing Coalition The Water Supply and Sanitation Technology Platform (WssTP) The European Alliance of Companies for Energy Efficiency in Buildings (Euro ACE) American Council for an Energy-Efficient Economy (ACEEE) Synergi OFIL GISC 	SDG 17
	STRATEGY			
	102-14 STATEMENT FROM SENIOR DECISION-MAKER	4	UN Global Compact (2002) CEO Water Mandate (2012)	
	ETHICS & INTEGRITY			
	102-16 VALUES, PRINCIPLES, STANDARDS, AND NORMS OF BEHAVIOUR	9-10		
	102-18 GOVERNANCE STRUCTURE	73	We have a board of directors, and Group Management runs our daily operations. Both bodies work closely together to ensure that we prosper as a company, while staying true to our core values and beliefs.	
	102-40 LIST OF STAKEHOLDER GROUPS	74		
	102-41 COLLECTIVE BARGAINING AGREEMENTS		In all our companies, we respect the employees' right to organise, according to local legislations. The proportion of union members varies from country to country; it is highest in the West European countries where we operate. See also our Code of Conduct chapter 13: Working Environment.	
	102-42 IDENTIFYING AND SELECTING STAKEHOLDERS	74		

GRI STANDARD	DISCLOSURE	PAGE	EXPLANATION	SDG
GENERAL DISCLOSURES				
GRI 102 GENERAL DISCLOSURES	102-43 APPROACH TO STAKEHOLDER ENGAGEMENT	74		
	102-44 KEY TOPICS AND CONCERNS RAISED	74		
	102-45 ENTITIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS		See 2019 Annual Report pages 52-53.	
	102-46 DEFINING REPORT CONTENT AND TOPIC BOUNDARIES	72, 74		
	102-47 LIST OF MATERIAL TOPICS	12		
	102-48 RESTATEMENTS OF INFORMATION	77		
	102-49 CHANGES IN REPORTING		No changes	
	102-50 REPORTING PERIOD	72		
	102-51 DATE OF MOST RECENT REPORT		The 2018 report was published on March 6 th 2018	
	102-52 REPORTING CYCLE		Annual	
	102-53 CONTACT POINT FOR QUESTIONS REGARDING THE REPORT	72		
	102-54 CLAIMS OF REPORTING IN ACCORDANCE WITH THE GRI STANDARDS	72		
	102-55 GRI CONTENT INDEX	81-85		
	102-56 EXTERNAL ASSURANCE		Deloitte has undertaken limited assurance on the data on pages 76-77	

GRI Content Index

GRI STANDARD	DISCLOSURE	PAGE	EXPLANATION	SDG
GENERAL DISCLOSURES				
GRI 103: MANAGEMENT APPROACH		75		
GRI 201: ECONOMIC PERFORMANCE	201-1 DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED		Read our 2019 Annual Report pages 7, 13-28.	
	201-2 FINANCIAL IMPLICATIONS AND OTHER RISKS AND OPPORTUNITIES DUE TO CLIMATE CHANGE	15-18		
GRI 203: INDIRECT ECONOMIC IMPACTS	203-1 INFRASTRUCTURE INVESTMENTS AND SERVICES SUPPORTED		Our products and solutions have significant direct and indirect impact on local communities. Examples include the work being done by Safe Water, pump audits and replacement in Dubai, wastewater treatment in Sinai and Arizona, and the Water2Life project in Honduras. 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	28-29		SDG 16
	205-2 COMMUNICATION AND TRAINING ABOUT ANTI-CORRUPTION POLICIES AND PROCEDURES		We communicate to all Grundfos employees, including governance body members through, among other things, our Code of Conduct training.	SDG 16
GRI 206: ANTI-COMPETITIVE BEHAVIOUR	206-1 LEGAL ACTIONS FOR ANTI-COMPETITIVE BEHAVIOUR, ANTI-TRUST, AND MONOPOLY PRACTICES	29		SDG 16
GRI 301: MATERIALS	301-2 RECYCLED INPUT MATERIALS USED	19		

GRI STANDARD	DISCLOSURE	PAGE	EXPLANATION	SDG
GENERAL DISCLOSURES				
GRI 302: ENERGY	302-1 ENERGY CONSUMPTION WITHIN THE ORGANISATION	15		SDG 13
	302-4 REDUCTION OF ENERGY CONSUMPTION	15		SDG 13
GRI 302: ENERGY	302-5 REDUCTIONS IN ENERGY REQUIREMENTS OF PRODUCTS AND SERVICES	76		SDG 13
GRI 303: WATER	303-1 WATER WITHDRAWAL BY SOURCE	14		SDG 6
GRI 303: WATER	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	14	One of our strategies to reduce water consumption is investing in wastewater treatment and reuse.	SDG 6
GRI 305: EMISSIONS	305-1 DIRECT (SCOPE 1) GHG EMISSIONS	15		SDG 13
GRI 305: EMISSIONS	305-2 ENERGY INDIRECT (SCOPE 2) GHG EMISSIONS	15		SDG 13
	305-5 REDUCTION OF GHG EMISSIONS	15		SDG 13
GRI 306: EFFLUENTS AND WASTE	306-2 WASTE BY TYPE AND DISPOSAL METHOD		Waste is one of your sustainability index KPIs. We plan to increase monitoring and reporting on waste by type and disposal method in 2020.	
	306-3 SIGNIFICANT SPILLS		Information unavailable. Reason: We do not collect data at Group level. We comply with local permits, which are monitored locally.	
GRI 307: ENVIRONMENTAL COMPLIANCE	307-1 NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS		We have not identified any non-compliance of environmental laws and regulations in 2019.	SDG 16

GRI Content Index

GRI STANDARD	DISCLOSURE	PAGE	EXPLANATION	SDG
GENERAL DISCLOSURES				
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT	308-1 SUPPLIER ENVIRONMENTAL ASSESSMENT	25		SDG 16
GRI 401: EMPLOYMENT	401-1 NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER	31	Percentage of new hires by region: WEREG (31%), EEWA (28%), APREG (15%), Americas (14%), China (12%). Percentage turnover by region: WEREG (30%), EEWA (36%), APREG (10%), Americas (17%), China (7%)	
	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. 77% of our production companies are OHSAS 18001 certified and they are obliged to ensure worker representation. Wherever we have a presence, workers (as defined by the GRI Standards) are included.	
GRI 403: OCCUPATIONAL HEALTH AND SAFETY	403-2 TYPES OF INJURY AND RATES OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS, AND ABSENTEEISM, AND NUMBER OF WORK-RELATED FATALITIES	76	We track lost time injuries per million working hours.	
	404-1 AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE		Information unavailable. Reason: Details requested are not available at this time.	SDG 8
GRI 404: TRAINING AND EDUCATION	404-2 PROGRAMMES FOR UPGRADING EMPLOYEE SKILLS AND TRANSITION ASSISTANCE PROGRAMMES	40, 42	Not all information requested is available at this time.	SDG 8

GRI STANDARD	DISCLOSURE	PAGE	EXPLANATION	SDG
GENERAL DISCLOSURES				
	404-3 PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS	31		SDG 8
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY	405-1 DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES	31, 44		SDG 8
	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	25, 27		SDG 8
GRI 412: HUMAN RIGHTS ASSESSMENT	412-1 OPERATIONS THAT HAVE BEEN SUBJECT TO HUMAN RIGHTS REVIEWS OR IMPACT ASSESSMENTS	27		SDG 8
	412-2 EMPLOYEE TRAINING ON HUMAN RIGHTS POLICIES OR PROCEDURES	10		
GRI 413: LOCAL COMMUNITIES	413-1 OPERATIONS WITH LOCAL COMMUNITY ENGAGEMENT, IMPACT ASSESSMENTS AND DEVELOPMENT PROGRAMMES	46	For accounts of our local community engagement, see Employee Engagement.	
	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	25		SDG 8, SDG 16

GRI Content Index

GRI STANDARD	DISCLOSURE	PAGE	EXPLANATION	SDG
GENERAL DISCLOSURES				
	414-2 NEGATIVE SOCIAL IMPACTS IN THE SUPPLY CHAIN AND ACTIONS TAKEN	25		SDG 8, SDG 16
GRI 415: PUBLIC POLICY	415-1 POLITICAL CONTRIBUTIONS		In all of our public policy activities, we do not directly or indirectly make monetary or in-kind political contributions of any form.	SDG 16
GRI 416: CUSTOMER HEALTH AND SAFETY	416-1 ASSESSMENT OF THE HEALTH AND SAFETY IMPACTS OF PRODUCT AND SERVICE CATEGORIES	24		
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 Information regarding the ErP directive and our end-of-life products and solutions 	SDG 16
	417-3 INCIDENTS OF NON-COMPLIANCE CONCERNING MARKETING COMMUNICATIONS		To the best of our knowledge, we do not have any incidents of non-compliance related to marketing communications.	SDG 16

Assurance Statement

Independent Auditor's Assurance Report

TO THE MANAGEMENT AND STAKEHOLDERS OF GRUNDFOS

We have assessed the Grundfos in Society Report 2019 ('the Report') to provide limited assurance on the 2019 data on page 76-77 of the Report. The Report covers Grundfos' international activities from 1 January to 31 December 2019.

Our review was performed in order to assess whether the 2019 Key Performance Indicators on page 76-77 in the Report have been stated in accordance with the accounting principles on page 78-80. We express a conclusion providing limited assurance.

MANAGEMENT'S RESPONSIBILITY

The Management of Grundfos is responsible for collecting, analysing, aggregating and presenting the information in the Report, ensuring that data are free from material misstatement, whether due to fraud or error. Grundfos' accounting principles contain Management's defined reporting scope for each data type. A summary of the accounting principles can be found on page 78-80 of the Report.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express a limited assurance conclusion on the 2019 Key Performance Indicators on page 76-77 in the Report. Furthermore, our responsibility is to confirm that the Report has been prepared in accordance with the GRI Standards: Core option. We have conducted our work in accordance with ISAE 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, and additional requirements under Danish audit regulation to obtain limited assurance about our conclusion.

Deloitte Statsautoriseret Revisionspartnerselskab is subject to International Standard on Quality Control (ISQC) 1 and, accordingly,

applies a comprehensive quality control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by FSR - Danish Auditors (Code of Ethics for Professional Accountants), which are based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Considering the risk of material misstatement, we planned and performed our work to obtain all information and explanations necessary to support our conclusion.

We performed on-site reviews at Grundfos' Head Office in Bjerringbro as well as interviews per phone from December 2019 to March 2020. Our work has included document reviews and interviews with key functions and data owners regarding procedures and methods deployed to ensure that the selected data are stated in accordance with the accounting principles. We have assessed processes, tools, systems and controls for gathering, consolidating and aggregating the data at Group level, and we have performed analytical review procedures on a sample basis and tested the data prepared at Group level against underlying documentation. We have reviewed the reported data (some measured, some calculated and some estimated)

as well as evaluated and given feedback on the reliability and validity of the underlying sources. Finally, we have evaluated the overall presentation of the Report for preparation in accordance with the GRI Standards: Core option.

We have not performed site visits or interviewed external stakeholders, nor have we performed any assurance procedures on baseline data, data for years other than 2019, or forward-looking statements such as targets and expectations. Consequently, we draw no conclusion on these statements.

CONCLUSION

Based on our work, nothing has come to our attention causing us not to believe that:

- the 2019 Key Performance Indicators subject to our review have in all material respects been stated in accordance with the accounting principles;
- the Report has been prepared in accordance with the GRI Standards: Core option.

Copenhagen, 4 March 2020

Deloitte

Statsautoriseret Revisionspartnerselskab
Business Registration No. 33 96 35 56

Lars Siggaard Hansen
State-Authorised Public Accountant
Identification No (MNE) mne32208

Helena Barton
Lead Reviewer

“The world is full of problems that can be solved in a better way.”

– Poul Due Jensen, Grundfos Founder

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GRUNDFOS 

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Sustainability Report 2019/Engagement & responsibility/03-2020