

GRUNDFOS GROUP POLICIES

be
think
innovate

GRUNDFOS 

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A blue-tinted background image showing a dynamic splash of water, with droplets and ripples creating a sense of movement and freshness. The water is captured in mid-air, creating a complex pattern of light and shadow.

THESE POLICIES APPLY TO ALL COMPANIES
THAT BEAR THE GRUNDFOS NAME.*

THE GROUP POLICIES ARE ONLY IN FORCE
IF THEY DO NOT CONFLICT WITH LOCAL
LEGISLATION IN COUNTRIES WHERE THE
GROUP HAS LOCAL OPERATIONS.


* Biral and DWT may choose to operate under different policies.

Each policy is owned by the functional head of the area covered in the Group policy and can have one or more underlying policies. It is the right and duty of the policy owner to maintain and ensure deployment of their respective Group policy and all underlying policies. Group Management has the approving authority for all Group Policies, whereas the head of the functional area has the approving authority for the underlying policies.

All managers in Grundfos are responsible for the implementation of all relevant policies within their area.

PREFACE





A prerequisite for being able to do your best for Grundfos is that you know what Grundfos aims to achieve. This is why we put so much emphasis on working with our Purpose and our Values, and why we talk so much about our strategies and objectives.

For the same reason, we have now updated the fundamental Grundfos Group policies, which describe the way we work and the basic business principles that our company is built on.

When everybody throughout the Group knows these policies we can act as one unified business across countries and companies. At the same time, the policies will indicate where local deviations may be made, ensuring that we can compete successfully in multiple markets and cultures.

The majority of the policies are not new. But the world and Grundfos are constantly developing and our policies have to be relevant at all times. We believe that with “Group Policies 2013” we have managed to make the most relevant adjustments, while at the same time preserving the solid foundation and the pervading logic that have always characterised our Group policies.

We do not consider our policies to be rigid rules but rather a set of shared common practices upon which all employees in Grundfos are expected to base their everyday actions and decisions.

Enjoy reading the Group Policies 2013.

On behalf of Group Management.

Approved by the Board, December 2013

BUSINESS CONCEPTS POLICY

THE WAY WE DO BUSINESS



THE BUSINESS CONCEPTS POLICY MUST ENSURE THAT ALL GRUNDFOS GROUP ACTIVITIES ARE ALIGNED WITH THE CORE PRINCIPLES OF THE WAY WE ARE DOING BUSINESS. IT COVERS A BROAD UNDERSTANDING OF THE GRUNDFOS BUSINESS MODEL, VALUE PROPOSITION AND OWNERSHIP STRUCTURES.

*GRUNDFOS WILL
MAINTAIN AND EXPAND
ITS POSITION AS GLOBAL
LEADER IN ADVANCED
PUMP SOLUTIONS AND
A TRENDSETTER IN
WATER TECHNOLOGY*



Grundfos will utilise its technology and know-how for research, product development, manufacturing and sale of products and solutions to maintain and expand its position as a global leader in advanced pump solutions and a trendsetter in water technology. We contribute to global sustainability by pioneering technologies that improve quality of life for people and care for the planet.

Grundfos creates value for its customers by offering good customer service, high-quality products based on fully tested designs made from the best materials available, and technologically innovative solutions that reduce the energy consumption and improve the environment.

The product portfolio should be deep enough to cover multiple customer needs within specific applications, thus creating a competitive advantage for the Grundfos Group. The range of products and solutions should be wide enough to avoid dependency on a single product but no wider than profitability can still be maintained.

Grundfos aims to achieve a high degree of added value in production and a high degree of automation through mass production and series production – while at the same time showing consideration for the environment, by, among other things, reducing CO₂ emissions and water consumption.

Grundfos must remain financially independent of other companies, organisations and institutions in every respect, and any expansion of activities must be based on sound financials. High profitability is not an aim in itself – but a mean to maintain a healthy economic growth of Grundfos, which secures independency and a good place for people to work.

Grundfos values great leadership, which is a prerequisite for successfully delivering on short-term commitments while at the same time building the Grundfos of the future.

By pursuing a globalisation agenda, we continuously expand the global reach of the Group. We strongly believe in the value of being close to our customers and markets, and we will set up wholly owned companies or branches in markets where it is considered commercially feasible. In markets where legislation requires participation of a local partner, joint venture com-

panies may be established. Here, the Group will aim to have a controlling interest. If it is not commercially attractive to establish a company, the Group will enter into cooperation agreements with local distributors that represent Grundfos.

Throughout this globalisation effort, the Group headquarters in Bjerringbro continue to be a focal point for all Grundfos activities. It is the intention of the management – in agreement with the founder's wishes – to work actively to maintain a large and diverse workplace in Bjerringbro covering both headquarter activities and sizeable production and R&D units, which is also the case today.

Grundfos performs its activities on the basis of long-term strategic planning combined with short-term targets. At the same time, Grundfos pursues an agile business practice, which enables quick responses to new opportunities. To secure efficiency in day-to-day operations, we aim to align our key business processes across the Group while at the same time advocating for strong local leadership in the individual markets to secure a local touch and agility.

Each company within the Group should feel free, independent and empowered in their day-to-day work and adapt its growth to the potential of the local community. However, these activities should be performed while honouring Group values, strategies and leadership principles. In addition, all relations must be based on high ethical standards.

The Business Concepts Policy offers the framework for a unified approach to doing business and bringing value to Grundfos customers, benefitting both the growth of the Group, the environment and the communities in which Grundfos has companies and where Grundfos products, solutions and services are used.

MARKET POLICY

ADDING VALUE TO OUR CUSTOMERS



THE MARKET POLICY MUST ENSURE THAT ALL GRUNDFOS GROUP ACTIVITIES ADD VALUE TO OUR CUSTOMERS' BUSINESSES. WE CONSIDER ALL CUSTOMER-RELATED INITIATIVES TO BE A LEVER FOR THE CONTINUED GROWTH OF THE GROUP, AND THEY MUST THEREFORE BE CHARACTERISED BY EXCELLENCE AND OFFER ADDED VALUE AND GLOBALISATION. THIS POLICY COVERS OUR INTENTIONS FOR DEALING, COMMUNICATING AND INTERACTING WITH CUSTOMERS AND OTHER STAKEHOLDERS DURING ALL PHASES OF THE MARKETING, SALES AND SERVICE PROCESSES.

Activities, whether within marketing, sales or service, must always strengthen Grundfos' position as a global market leader and trendsetter. This position presents us with both obligations and privileges. To fulfil the former and enjoy the latter, Grundfos will set the highest ethical standards and for instance never talk unfairly about any competitor.

Sales, service and marketing strategies will be implemented in cooperation with the relevant market segments, regions, and sales companies. All stakeholders will work to achieve the largest possible market share to maintain Grundfos' leading position in the global pump business.

Any direct customer contact must be characterised by the high level of professionalism, know-how and competence that is associated with the Grundfos brand and products, thus contributing to strengthen Group partnerships. This relentlessly ambitious approach is a prerequisite for the advantageous brand position and customer satisfaction that Grundfos is enjoying today.

Product pricing must reflect the high quality of the Grundfos product range, the maturity of the brand in the market and the overall interests of the Group. Third party products may be included in the product range in order to complete a specific order, but in such case the third party product shall be sold under the third party name.

The Group Branding Strategy must ensure that customers, potential employees and other stakeholders increasingly will think of Grundfos as the most responsible, most future-oriented and most innovative pump company in the world. Group marketing activities must be standardised according to the Grundfos Branding Guidelines and Visual Identity in order to ensure competent and uniform marketing efforts all over the world. The brand promise expressed in **be think innovate** must always be the guiding principle but may, with time, be expressed using different themes.

Partners, regardless of whether they are suppliers or authorised subcontractors, must meet the quality standards that have been set by Grundfos and comply with any guidelines that have been issued by the Group. In order to promote the sale of Grundfos products, Grundfos may license a third party to manufacture certain components or products if it improves Grundfos' ability to fulfil its strategy. The granting of a license shall be subject to agreement with Group Management according to license sub-policy.

In order to protect the Grundfos image and to establish good customer relations, Grundfos shall provide the best possible after-sales service. Local Grundfos companies are entitled to contract with local service partners to carry out service obligations. Such service partners may become authorised through mandatory assessments to ensure that Grundfos service is always performed by well-trained staff and comprises Grundfos products as well as pumps of other brands, according to service sub-policy.

The selling company must always ensure that the products can be serviced in the relevant market area.




ANY DIRECT CUSTOMER CONTACT MUST BE CHARACTERISED BY A HIGH LEVEL OF PROFESSIONALISM, KNOW-HOW AND COMPETENCE.

BUSINESS DEVELOPMENT POLICY

TO BUILD AND SAFEGUARD LEADERSHIP
POSITIONS

*OUR CORE BUSINESS
IS CENTRED AROUND
OUR DEFINED MARKET
SEGMENTS.*



THE BUSINESS DEVELOPMENT POLICY OUTLINES THE CROSS-ORGANISATIONAL AND OUTSIDE IN EFFORT OF IDENTIFYING, ASSESSING AND ADDRESSING BUSINESS OPPORTUNITIES AT A GLOBAL SCALE. IT SUPPORTS OUR GROWTH AND DIFFERENTIATION AGENDAS, RELATES TO BOTH EXISTING AND NEW BUSINESS AREAS, AND ENCOMPASSES A WIDE RANGE OF COMPETENCES, PROCESSES AND ACTIVITIES.

Serving as a response to our Purpose and catering for both short-term and long-term objectives, business development initiatives always take their starting point in a sound understanding of market drivers, customer needs, broken value chains, stakeholder preferences and competition. This understanding includes insights and analysis which build on a combination of general intelligence gathering, such as Corporate Foresight, market and competitor surveillance and project-specific research, e.g. user studies and market studies, all of which relate to competences and disciplines that are found within the business development organisation.

Business development initiatives are often different by nature and range from optimisation of existing business models and associated portfolios to exploration and pursuit of new segments or fields of activities. They are generally anchored in the overall Group Strategy and are being cascaded into, driven and governed within our global business development strategy framework.

Our core business is centred around our defined market segments. Here, our aim is always to capitalise on existing products and capabilities while at the same time focusing on the entire value chain in an effort to identify and add stakeholder value through differentiated new offerings, i.e. pumps and variants, systems and services. In this respect, the alignment of our business focus is pivotal (Where-to-Compete and How-to-Compete) as are strategy planning and initiative execution. Everything is orchestrated by our Global Business Teams, but encompasses contributors throughout the organisation, including, but not limited to, Operations, Supply Chain Management, Group Service, IS and People & Strategy. The Global Business Teams have, for example, performed initiatives such as the upgrade of key product lines and the successful development and introduction of new products.

Business development initiatives which do not readily link to our core business are typically derived from our ambition to develop new growth platforms. Often, such initiatives represent not only technology but also a market context that is new

or at least slightly unfamiliar to Grundfos. They are normally hosted in a special business development environment and subjected to different KPIs and governance. The aim is to learn or fail quickly and cost-efficiently, to mitigate risks, and to arrive at a decision to either perform controlled integration into and acceleration within the core business itself, to establish a separate business structure, or to discontinue or divest the specific development activity.

The diversity of our business development challenges in terms of focus, timing and risk must be reflected in the organisational composition and governance and also in our ability to master different types of innovation; spanning from incremental to truly radical or breakthrough innovation and the associated mindset, competences, methods and tools.

Similarly, we consider partnering to be a natural way to advance new ideas and concepts and help develop and sustain a competitive edge.

To safeguard our values, protect the Grundfos brand and build and benefit from competence pools and economies of scale, our global business development efforts must be governed centrally – while at the same time catering for regional differences in relation to market needs and approaches. This does not exclude the possibility of experimenting with e.g. set-ups and/or approaches to address what may be considered more fundamental challenges linked to a deeper penetration of selected larger and notably distinct markets.

RESEARCH & DEVELOPMENT POLICY

INNOVATION IN SYNC WITH THE MARKET

THE RESEARCH & DEVELOPMENT (R&D) POLICY SERVES THE DUAL PURPOSE OF ENSURING THAT THE DEVELOPMENT OF TECHNOLOGIES AND NEW PRODUCTS IS TRULY MARKET-DRIVEN AND STRATEGY-DRIVEN, AND THAT THE EFFORT ITSELF IS ORGANISED AND ORCHESTRATED IN A WAY THAT ENSURES SYNERGIES THROUGH CENTRAL GLOBAL GOVERNANCE AND ALIGNMENT, THEREBY ADDING MAXIMUM VALUE TO ALL STAKEHOLDERS INVOLVED. THE POLICY APPLIES TO ALL GRUNDFOS BRANDED R&D ACTIVITIES WITHIN THE GROUP.

Since new technology and high-quality products are important vehicles for differentiation, branding and ultimately the fulfilment of our strategy, purpose and leadership aspirations, the R&D Policy also aims to safeguard the principles and guidelines upon which such overriding intentions and ambitions are built. This includes a pursuit of innovation in everything we develop and our commitment to a triple bottom line philosophy based on the responsible use and re-use of materials and the endeavour to always be the best in terms of energy efficiency.

R&D initiatives are driven by our business development strategies, supported by dedicated research agendas and must be subjected to a thorough idea generation exercise to establish both strategy match and commercial viability, and to ensure differentiation, value and branding compliance.

The Product Development Process (PDP) itself is designed to and must be applied to ensure fundamental customer and market insights, learning loops and continuous stakeholder alignment as a mean to meet expectations and deliver the right solutions.

We focus on product design as a core component, both when it comes to customer experience and cost effectiveness, but also to support branding and preservation of intellectual property. The product design and construction must contribute to low total costs including low service cost. Stainless steel is a characteristic Grundfos feature and should be used as engineering material as far as justified by technical and financial considerations.



*WE FOCUS ON
PRODUCT DESIGN
AS A CORE
COMPONENT.*

To ensure the successful launch of a new product, it is necessary to identify requirements in terms of sales and marketing, availability, and after-sales service at an early stage of a product development project, and these requirements must be agreed on and timely addressed by the respective internal stakeholders. This is also reflected in the PDP framework which forms an essential part of project governance.

Once products are introduced, they become an integral part of a given product family strategy and portfolio and governed on an ongoing basis to ensure continuous market competitiveness and lifecycle business optimisation.

Strong governance, rigid and certified process management and organisational capacity building allow Grundfos to globalise its R&D effort; capitalising on economies of scale, market

proximity and access to global competence pools without compromising on quality and efficiency.

Significant own research and technology will always remain key drivers in our product development efforts, and in order to be able to bring innovative and competitive integrated solutions to the market, it is our policy to maintain a high level of competence on all in-house key technologies. Wherever relevant, we must, however, also be open to the concept of cooperating – or even partnering – with third parties in order to acquire know-how and/or services, while at the same time maintaining and protecting our core competences and intellectual property rights according to patent sub-policy.



PRODUCTION POLICY

A SUPPLY CHAIN THAT NEVER STOPS

THE PRODUCTION POLICY DESCRIBES THE WAY IN WHICH PRODUCTION UNITS AND THE SUPPLY CHAIN ARE DEVELOPED, DRIVEN AND CONTRIBUTE TO OPTIMISE THE COMPETITIVENESS OF THE GROUP. THE MAIN OBJECTIVE OF THE PRODUCTION COMPANIES – IN COOPERATION WITH OTHER GROUP FUNCTIONS AND SALES – IS TO SUPPLY GRUNDFOS CUSTOMERS WORLDWIDE WITH HIGH-QUALITY PUMPS AND PUMPING SYSTEMS.



The manufacture of Grundfos products should mainly take place within the Group. This means that the Group manufacture products and components that contain technologies which are strategic to Grundfos, whereas the manufacture of other components may be outsourced to competitive sub-suppliers.

The Grundfos production is organised in a global network of equal and cooperating production units. Grundfos will decide the geographical location of the production units on the basis of commercial considerations, including efficient and prompt customer service, security of supplies, marketing, production costs, local social conditions and the availability of qualified labour.

Grundfos use efficient and integrated production systems and thus ensure that production achieves a high level of delivery service in the form of competitive delivery times, high flexibility and the ability to meet agreed delivery times. Standard production equipment must be purchased from external suppliers whereas Grundfos' know-how will be used for the development and manufacturing of purpose-built machinery and equipment.

Production must participate actively with its own employees and competences in the development and introduction of new products. Furthermore, Production must identify new production technologies and further develop existing production technologies. In performing these tasks, Production must consider energy conservation, consumption of resources and the environmental impact to be just as important as setting targets in order to improve profitability, logistics and quality. Grundfos will use the most rational production methods with due regard to customer service, the environment and profitability.

Before investing in additional production capacity, Grundfos will make sure that existing production capacity is fully utilised taking into consideration reliability and flexibility of supplies as well as stock levels.

When making decisions based on the Production Policy concerning production facilities, production capacity, technologies and local assembly, we will pursue an efficient production and supply chain set-up to meet customer expectations. In general Grundfos assembles all finished products. However, assembly of Grundfos products may be placed at external partners if market conditions so require and if it is approved according to the local assembly sub-policy.




*THE GROUP MANUFACTURE
PRODUCTS AND COMPONENTS
THAT CONTAIN TECHNOLOGIES
WHICH ARE STRATEGIC
TO GRUNDFOS.*

A man wearing glasses and a dark sweater is working in a factory. He is looking intently at a large roll of material, possibly metal or plastic, which is being processed by a machine. The machine has a prominent yellow component. The lighting is dramatic, with strong highlights and deep shadows, creating a professional and industrial atmosphere.

PURCHASE POLICY

BEST BUY – ETHICALLY & ECONOMICALLY

*ALL GRUNDFOS EMPLOYEES
WHO ARE ENGAGED IN PURCHASING
ACTIVITIES MUST WORK
ACCORDING TO THE GRUNDFOS
CODE OF CONDUCT.*



THE PURCHASE POLICY IS DESIGNED TO SET OUT
GENERAL RULES FOR PURCHASING ACTIVITIES IN ORDER
TO OFFER THE BEST POSSIBLE SUPPORT TO THE OBJECTIVES
AND STRATEGIES OF THE GRUNDFOS GROUP.

The policy must ensure that synergies between companies within Grundfos are utilised to the greatest possible extent in relation to external suppliers. To obtain synergies, we must follow a set of global purchasing processes which are always updated and sustainable, i.e. ethically and environmentally sound.

All Grundfos employees must work according to the Grundfos Code of Conduct.

Written agreements which represent a certain value concluded with external suppliers must always be made in cooperation with relevant stakeholders and must comply with relevant legislation and the commercial conditions of Grundfos.

Purchasing activities must be governed by total cost of ownership. In addition to price, factors such as quality, environment, ethics, delivery time and delivery terms, supplier reliability, technical competences, service, capital commitment and payment terms must be taken into consideration when evaluating an offer made by a supplier. Company culture and values must also be taken in to consideration to ensure a match between the supplier and Grundfos.

Suppliers should be evaluated with due respect to the Supplier Approval Process which also includes a sustainability evaluation in relation to ethics, environment and finance. New suppliers must be selected on the basis of a professional business evaluation in order to ensure sound competition (normally, at least three suppliers should quote), and according to their ability to fulfil the expectations on competitive terms. The written agreement with the new supplier(s) should be agreed upon before the actual purchase is made.

Grundfos purchase is always based on documented purchasing specifications. All purchasing activities will be based on the demands from the companies and functions within the Group. All purchasing will be based on a purchase order. Exemptions may be allowed.

In general, Grundfos endeavours to ensure that business with a supplier should never exceed 50 per cent of the supplier's annual turnover. Where possible, purchases should be made directly from manufacturers.

In order to achieve close cooperation, a high level of security of supplies and mutual advantages, Grundfos will aim to be attractive to suppliers by means of framework agreements, close supplier relationships and partnership management.

Such cooperation involves the commitment to exchange experiences and strategic information regarding long-term requirements and development plans, thus working together towards creating customer value and reducing supply chain costs.

QUALITY POLICY

QUALITY IN EVERY DETAIL



THE QUALITY POLICY MUST ENSURE THAT ALL COMPANIES AND ACTIVITIES IN THE GRUNDFOS GROUP ARE FOCUSED ON “TOTAL QUALITY” AS AN INTEGRATED PART OF THE ENTIRE ORGANISATION, AND THAT QUALITY ASSURANCE IS CONSIDERED A DECISIVE PARAMETER FOR CONTINUED GROWTH.

Quality management in Grundfos should always be based on documented quality specifications, continuous improvement and development in line with the Zero Defects Philosophy. It must be implemented at all stages from product development through purchasing, production and distribution to marketing, sales and service.

Group Management and local company management are responsible for implementing the Quality Policy and ensuring the effectiveness of the Quality Management System and derived activities. All companies with product development and production activities must obtain certification of their Quality Management System.

All employees have the right and obligation to point out defects, and quality is given top priority if faults or risk of faults are detected.

Quality Management in product development must always aim to develop robust and reliable products, which have the functions requested by the customers and which can be produced according to the Zero Defects philosophy. Quality Management in production is centred around “Right first time” and must aim at zero defect manufacturing based on high process capability and always expect the employees to take full responsibility for their own work.

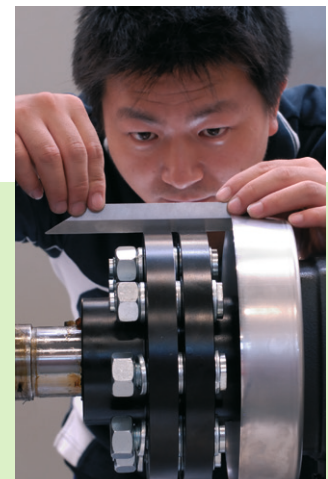
To ensure accurate decision-making, setting of priorities and targets and executive resolutions, it is vital to ensure the validity of the quality data obtained in the Group. Therefore, Group functions and local company management must take the necessary actions to provide reliable data.

Before committing to a partnership with a supplier, the supplier’s quality management systems and capabilities must be verified and approved. The purchasing departments should revise their suppliers regularly via the Supplier Quality Assurance (SQA) to ensure continuous improvement. Sourced products and services must always fulfil the same requirements as Grundfos’ own products and services.

To ensure that products and services provided by the Grundfos Group are satisfactory to our customers, market satisfaction must be frequently monitored and documented. Prompt reactions are required in case of unsatisfactory findings.

A united focus on “Total Quality” across the Group is required to ensure that we meet the expectations of our customers and other stakeholders and continuously improve quality performance throughout the Grundfos Group.

*THE QUALITY
MANAGEMENT IN PRODUCTION
MUST AIM AT ZERO DEFECT
MANUFACTURING.*



FINANCE POLICY

A BASIS FOR HEALTHY GROWTH

*PROPER PLANNING AND
FORECASTING PROCESSES
ARE A PREREQUISITE FOR
FINANCIAL FORESIGHT.*





THE FINANCE POLICY MUST ENSURE THAT COMPANIES AND EMPLOYEES WITHIN THE GRUNDFOS GROUP ACT IN ACCORDANCE WITH LOCAL LAWS AS WELL AS INTERNAL GUIDELINES AND INSTRUCTIONS REGARDING FINANCE ACTIVITIES.

All companies must ensure proper and timely bookkeeping according to local laws and the Grundfos Finance Manual. Financial reporting, internal as well as external where required, must be performed proactively, timely and with high quality, following time schedules provided by Corporate Finance and set by local authorities.

Proper planning and forecasting processes are a prerequisite for financial foresight. Local company processes must support that. Profitability in markets, segments and products should be considered from a Group perspective, and the Group contribution margin is thus one of the key figures to be optimised and carefully monitored. Grundfos Group solidity must always be kept on a high level to ensure independency.

An appropriate internal control level should be established by all companies according to the Grundfos Control Handbook and related guidelines provided by Corporate Internal Control. Internal controls must form an integral part of daily routines and processes to the highest possible extent.

As regard to tax, Grundfos runs its business responsibly and plays an active role in society. This means that Grundfos will act as a responsible citizen and will strive to ensure a fair and reasonable allocation of the Group profit in the jurisdictions/communities where Grundfos is present as well as being in compliance both for direct and indirect taxes.

The Grundfos Group will ensure that all companies are able to honour their obligations in due time and that an appropriate capitalisation of all companies is available.

Capital needs in terms of loans and overdraft facilities should be requested internally at Group Finance and thus, external financing should only be requested on certain and preapproved occasions. Excess cash should be deposited at Group companies based on guidelines from Group Finance. The cash flow should be carefully monitored, and working capital should be kept at the lowest possible level.

By considering risks and by taking a holistic, enterprise-wide approach to strategic, operational and project risks, we ensure that our risk response is appropriate to our risk appetite and business objectives. All companies must ensure that current and future material business risks are continuously identified, assessed, quantified and managed appropriately.

A key element in our risk management activities is to transfer risk exposure to the insurance markets and our own insurance captive where possible. Many material risks can be insured and our risk mitigation strategies should be closely aligned with our Group insurance setup. Relevant processes, guidelines and tools are provided by Group Risk & Insurance.

Grundfos reduces financial and business risks caused by foreign exchange, interest and price fluctuations by using financial instruments in accordance with the guidelines defined by Group Finance.

A close-up photograph of a man with a goatee and safety glasses, looking intently at a piece of machinery in a factory. Sparks are flying from the machine, creating a dynamic and industrial atmosphere. The man is wearing a dark blue shirt. The background is slightly blurred, showing more of the factory environment.

PEOPLE POLICY

TO ENGAGE PEOPLE IN OUR PURPOSE

THE PEOPLE POLICY MUST ENSURE THAT GRUNDFOS ENGAGES TALENTED PEOPLE WHO ARE MOTIVATED TO JOIN FORCES AND WORK WHOLEHEARTEDLY FOR THE GRUNDFOS PURPOSE. THE POLICY COVERS ALL ACTIVITIES RELATED TO DEVELOPING THE CAPABILITIES OF THE INDIVIDUAL AND THE ORGANISATION WITH REFERENCE TO OUR VALUES AND LEADERSHIP PRINCIPLES.



The desired outcome of this policy is for Grundfos to reach its business goals in the short term and long term through the efforts and engagement of our people.

To fulfil our Purpose and reach our business goals, Grundfos must provide an attractive, productive, healthy and safe working culture. This is to enable our people to unfold their potential to the best of their ability and give them job satisfaction and a sense of well-being. Our Values require that each individual feels respected and valued and has the power to contribute and influence. By living our Leadership Principles, we expect our managers to be able to develop a culture where this will happen. Correspondingly, the individual employee is expected to make full use of his or her talent in order to contribute to our culture and fulfil our Purpose.

We consider an on-going dialogue between manager and employee to be a central part of such a culture. It is in dialogue that they establish a common understanding of the development objectives and needs of the individual, and a mutual commitment to pursue these. Similarly, their dialogue provides the framework for a common understanding of our short-term and long-term business goals, and for translating these into individual goals and evaluating the employee's performance. It must be ensured that settlement of disagreements is handled in a dignified manner.

For our people to meet their performance and development objectives, we consider training and learning to be an essential element. We want people to actively seek learning opportunities and to work in cross-functional teams. We therefore strive to provide such opportunities to ensure that employees can engage and thrive in the face of ambitious business goals.

With respect for local regulations, cultures and practices, the total reward offered to employees must also contribute to making Grundfos attractive to the talent needed by the business. We aim to be a market leader on career, development and cultural parameters and competitive on elements of compensation and benefits. In all of Grundfos we are conscious of having a healthy "work-life balance", and we show social responsibility towards employees and society.

Our strategies and activities to attract and select new people must support a positive and professional impression of Grundfos that is in keeping with our Values and portrays the company as a preferred employer to relevant candidates. We encourage applicants from all backgrounds, and all applicants are treated with respect, fairness and dignity, whether or not they are offered a position. Grundfos aims at giving priority to internal recruitment.

When we relocate people to another country for a long or short period of time, we do so to exploit a business opportunity or to add value in specific parts of our organisation. We ensure that our people are relocated, welcomed and repatriated with fairness and consistency irrespective of the employee's background or position in the company. Grundfos encourages employees to speak up when they see breaches of our company values, code of conduct, ethics and Group Policies.



*OUR VALUES REQUIRE
THAT EACH INDIVIDUAL FEELS
RESPECTED AND VALUED AND HAS
THE POWER TO CONTRIBUTE
AND INFLUENCE.*



SUSTAINABILITY POLICY

PUTTING
SUSTAINABILITY FIRST

THE SUSTAINABILITY POLICY MUST ENSURE THAT ALL GRUNDFOS GROUP ACTIVITIES AND DECISIONS ARE BASED ON THE TRIPLE BOTTOM LINE OF ECONOMIC, SOCIAL AND ENVIRONMENTAL CONCERNS. GRUNDFOS IS CONSCIOUS OF ITS SOCIAL RESPONSIBILITY; THEREFORE SUSTAINABILITY INITIATIVES MUST BE EMBEDDED IN THE CAPABILITIES OF ALL GRUNDFOS FUNCTIONS AND COMPANIES.



It is our intention to behave sustainably in everything that we do and the policy addresses all Grundfos companies, functions and activities.

Sustainability is reflected in everything that we do, every decision we make and every action we take. We strive for sustainability at all times.

Grundfos wishes to be a responsible and ethical company that acts with integrity. We must ensure that we live up to all applicable laws, rules and regulations, as well as voluntary commitments such as the UN Global Compact. We wish our Code of Conduct to be a guide to all Grundfos companies and employees.

Sustainability in Grundfos means that we will conduct business in a sustainable way by engaging in the interests of our people, the environment and society as a whole. This covers all our activities from raw material to the end of our products' lives. All of this becomes possible by a sound and balanced business that creates solutions for the urgent challenges the world is currently facing. Sustainability is therefore to be part of what we do and how we do it throughout the entire value chain.

Grundfos plays an active role in society, for example by promoting public awareness about sustainability, contributing to local communities, improving our environmental impact and taking responsibility in our supply chain by influencing suppliers' conditions within e.g. labour rights and the environment. By means of cooperation with our customers we make products and solutions that help our customers save natural resources and improve climate impact.

We take care of our people, and we therefore continuously strive to ensure a healthy and safe working environment. We wish to create a workplace which promotes diversity, encourages an inclusive workforce and takes care of people with special needs. We admit that "Absolute Sustainability" is not in reach; however, we are on a continuous journey for achieving a higher degree of sustainability in all what we do.

Grundfos is our people, and our people are the drivers of sustainability. We empower and enable our people to think and act sustainably at all levels. We do this by educating, motivating and engaging our people.



*GRUNDFOS IS OUR PEOPLE,
AND OUR PEOPLE ARE THE
DRIVERS OF SUSTAINABILITY.*

ENVIRONMENT, HEALTH AND SAFETY POLICY

EMPOWER TO MEET OUR COMMITMENTS

THE GROUP ENVIRONMENT, HEALTH & SAFETY (EHS) POLICY MUST ENSURE THAT ALL GRUNDFOS GROUP ACTIVITIES ARE FOCUSED ON SUSTAINABLE DEVELOPMENT AND EMPOWER THE ORGANISATION TO BEHAVE IN ACCORDANCE WITH ITS COMMITMENTS.

The purpose of the Group EHS Policy is to describe our approach to the overall EHS work in all Grundfos companies, business units, functions and activities to ensure that we meet the expectations of our customers, the communities in which we operate and other stakeholders.

With our global presence and activities, Grundfos acknowledges and gives high priority to our environmental responsibility. We will continuously assess and improve the environmental impact of all our activities, and by means of concrete actions we engage our employees to set a good example of how to show respect and care for the environment.

The health and safety of our employees are given top priority. Therefore, we will continuously improve the working environment by taking preventive action and ensuring that the working conditions are in accordance with strict occupational workplace standards. In addition, we will always treat our employees with dignity and respect. All production buildings, plants and technical equipment must be maintained to a high standard of safety and appearance, and comply with local legislation.



*WE WILL CONTINUOUSLY
ASSESS AND IMPROVE THE
ENVIRONMENTAL IMPACT OF
ALL OUR ACTIVITIES.*

We educate, motivate and engage our employees to understand, promote and contribute actively to implement the EHS Policy and the accompanying commitments. Our employees are encouraged to react proactively to prevent any activities they feel are not in alignment with the policy and commitments by taking initiative and contributing to a positive EHS development.

We will use certified management systems to fulfil and continuously improve all EHS-related aspects. We will commit ourselves to comply with all applicable regulatory EHS legislation and internal requirements that we subscribe to wherever we operate. We want to become a role model by setting higher standards for ourselves and go further than required by law. We continuously promote and influence local and global legislation that protects the environment, the health and safety of our employees, workplaces and the community, and to provide flexibility to meet the needs of our business.

We strive to become an attractive workplace by promoting the value of safety and personal health to our employees,

as well as by preventing fatalities, incidents, injuries and ill health that cause harm to our employees and put our business at risk.

From a lifecycle perspective, we assess and improve the environmental impact of our products, processes, facilities and suppliers. We continuously search for sustainable solutions to improve the environment that we all live and work in.

We encourage a mindset that focuses on the environment, health and safety and responsibility through the involvement of all employees and leaders, communication and sharing of best practices. We align the global approach to the EHS work by communicating our achievements at all levels of the organisation.

COMMUNICATION POLICY

WE DO WHAT WE SAY,
AND SAY WHAT WE DO



THE COMMUNICATION POLICY MUST ENSURE THAT ALL GRUNDFOS GROUP COMMUNICATION IS CONSISTENT AND PRESENTS GRUNDFOS THE WAY WE WANT. BASED ON HIGH QUALITY, HONESTY AND OPENNESS, WE STRIVE TO DO WHAT WE SAY, AND SAY WHAT WE DO.



This relates to communication to and through the press as well as corporate branding, public relations and public affairs communication. The policy must also guide all internal communication via our own mass communication media. Grundfos will endeavour to inform employees before the outside world and to show willingness to give both good as well as less good news.

Sustainability, reliability and responsibility form part of the foundation for growth in Grundfos. Our communication needs to support this and thereby create value for our customers, owners, employees and other stakeholders. Efficient information and active communication are a prerequisite in order for Grundfos to achieve our commercial goals in accordance with our Purpose and for being a desirable workplace.

In order to ensure equal treatment of all stakeholders, in principle, no distinction is made between internal and external communication, in the sense that what all employees know everybody else may know too. Above all, employees are the most important stakeholders with regard to company communication. All communication must support the overall picture of the company, its goals and culture, and all communication must be based on what serves Grundfos best.

All managers are accountable for providing their employees with timely and efficient communication about all important topics. Managers receive support for this from Corporate Communication and from regional and local communicators – whenever possible – who operate through established internal channels and by supporting with various tools for line communication.

The media is an important partner in order for Grundfos to gain access to the public. A good partnership with the media is not only obtained by Grundfos being open and welcoming when we are contacted by reporters, but also by Grundfos being proactive towards the press and the media and thereby offering active information and professional debates.

THE EMPLOYEES ARE THE MOST IMPORTANT STAKEHOLDERS WITH REGARD TO COMPANY COMMUNICATION.

A young man with short brown hair, wearing a dark blue zip-up jacket, is looking down at a server rack in a data center. The server rack is white and has a label on it. The background is slightly blurred, showing other server racks and a blue light source on the left.

INFORMATION TECHNOLOGY POLICY

A VALUE DRIVER FOR GRUNDFOS

*GRUNDFOS DEPENDS
ON EFFICIENT AND RELIABLE
IS SOLUTIONS.*

THE INFORMATION TECHNOLOGY POLICY MUST ENSURE THAT ALL GRUNDFOS GROUP ACTIVITIES RELATED TO INFORMATION SYSTEM SOLUTIONS AND TECHNOLOGIES ARE CARRIED OUT AND MAINTAINED ACCORDING TO A CORPORATE SET OF RULES, TO ENSURE THAT THE REQUIRED INTERNAL AND EXTERNAL BUSINESS VALUES ARE ACHIEVED.

Information system solutions and technologies are implemented in order to drive value for Grundfos – to support company growth, to build new businesses, to get a competitive advantage, to provide information to decision makers, to integrate and automate processes and to support electronic integration with stakeholders.

The IT strategy lays down the terms of purchase, design and introduction of system solutions in all Grundfos companies.

IT solutions must follow the decided IT Architecture Principles. Standard solutions provided by strategic partners are our preferred choice. Any IS partner or subcontractor must follow the IT Architecture Principles.

IT solutions and activities are based on the principle of “global reach and local proximity”.

Grundfos depends on efficient and reliable IS solutions, and the adoption, operation and use of IT solutions must be in accordance with our IT Security Policy.

Online business and collaboration platforms influence the way Grundfos employees engage with partners, and it is in everybody’s interest to understand and be aware of how to engage and interact in social collaboration networks for the benefit of us all. In order to do so, our “Social Business Policy” must be followed.

To maintain the agreed level of security and stability of the shared IT infrastructure, and to ensure that Grundfos users’ privacy, letters and personal information are protected in accordance with current legislation, the “Rules for the use of Grundfos IT resources” policy must be followed.

