



Prevention of Modern Slavery

Progress Report 2016

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GRUNDFOS 

ABOUT US

THE GRUNDFOS PURPOSE

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

GRUNDFOS IS PRESENT WORLDWIDE

With 133 companies and around 17,779 employees, we are directly accessible in 56 countries, and through our network of partners, distributors and subdealers, we are present in even more. Poul Due Jensen founded the company in 1945 from his basement in Bjerringbro, Denmark. The first pump made was a water pump. Through the decades, we have sharpened our skills, and to this day, we take pride in moving water to where it should be. Using as little energy as possible when doing it.

VALUES



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 - also those with special needs.



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 – also when it is not pleasant.



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.



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.



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.



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.



INTRODUCTION

In Grundfos we want to contribute to having a positive impact in the communities where we are present and in our business interactions. We do not tolerate any form of forced labor nor human trafficking. Respect for Human Rights is an essential part of how we put Grundfos values to practice and an essential part of our day to day business activities, being one of the 15 principles of Grundfos Code of Conduct.

CODE OF CONDUCT

Grundfos Code of Conduct is our commitment to do business in an ethical and responsible way wherever we operate around the world. To us, it is an important global standard that we carry out and live by. Through ongoing training, we equip our employees to face the ethical dilemmas they may come across in their business activities.

Our commitment to our values and Code of Conduct extends to the supply chain, as it can be read in [Grundfos Suppliers Code of Conduct](#) and [Grundfos Human Rights policy](#).

SUPPLIER CODE OF CONDUCT

We continually work with suppliers along the global supply chain to ensure they comply with our standards. Our focus is on cooperation, accountability and sustainability audits, which will strengthen the implementation of Grundfos Suppliers Code of Conduct.

HUMAN RIGHTS

In line with our commitment to respect Human Rights and as part of the progress on our Human Rights due diligence, we developed a statement to explain the efforts we have engaged in to prevent modern slavery and human trafficking. This is also in response to legislation such as the [UK Modern Slavery Act](#) but more than anything to increase transparency and share our journey.

Our work with Human Rights

Our work with Human Rights considers the International Bill of Human Rights and the ILO declaration on fundamental principles and rights at work, as it can be read in Grundfos Human Rights policy. This includes the prohibition of slavery and servitude as well as the elimination of forced and compulsory labour.

Grundfos' Supplier Code of Conduct regarding Forced Labour:

“The supplier must not participate in, or benefit from, any form of forced or compulsory labour.”

The workers must have the freedom of movement during the course of their employment. The supplier must not withhold the identity cards, travel documents and other important personal papers of its employees, thereby preventing the employees from ending their employment.”

The Path Walked

2014

We strengthened our commitment to respect Human Rights with the creation of Grundfos Human Rights policy.

HUMAN RIGHTS

Human rights refer to basic standards of treatment to which all people are entitled to, such as the right not to be discriminated, the right not to be subjected to forced labour, the right to a safe and healthy working environment and the right to water and sanitation among many others.

While this commitment refers to Human Rights as described in the International Bill of Human Rights as well as the International Labor Organization Declaration on Fundamental Principles and Rights at Work, we define the specific actions necessary to live up to this commitment by assessing our impact.

HUMAN RIGHTS IN GRUNDFOS

Our commitment to respect Human Rights is integrated and communicated across the organization through our values, our group policies and our Code of Conduct. Nonetheless, we are aware that understanding and managing human rights is a dynamic process, which demands that we continuously seek to improve our governance and processes in order to live up to our commitment and stakeholders' expectations.

We expect all our employees and business partners to consider the impact their decisions may have on Human Rights and that we all act accordingly.

In order to translate this commitment into a reality we will continuously work on:

- Identifying our human rights impact throughout our operations and business relationships
- Developing the means to manage our impact
- Monitoring our performance
- Communicating our efforts.

2015

We conducted a high-level corporate mapping in collaboration with Business for Social Responsibility (BSR) to identify our salient Human Rights issues at a global scale. This included our external supply chain and focused on assessing potential impacts.



During this exercise we identified that there is a potential risk of some forms of forced labour in our external supply chain, including the retention of important original identification documents. In order to mitigate the inherent risks, we decided to further assess gaps between our current systems and the requirements of the United Nations Guiding Principles for Business and Human Rights (UNGP). This prepared the ground to significant changes in the approach to supplier audits, which would be further developed in 2016 and commenced in 2017.

2016

We trained a work group with employees from China, Denmark, India, Mexico and Russia in the basics of Human Rights. We selected the countries based on Human Rights risk and number of employees.

- The work group assessed the gaps between the existing practice and the requirements of the UNGP in each of the countries selected.
- Grundfos Code of Conduct was revised to include additional topics, such as discrimination, which was previously included under the topic of Human Rights.
- We defined how we would enhance our existing approach to monitoring compliance with Grundfos Suppliers Code of Conduct.
- We increased the number of sustainability audits with a plan for a more significant increase in 2017.
- We defined which actions should be taken in order to focus on our salient issues as well as the gaps identified.

The Way Forward

2017 will bring concrete actions to minimise the likelihood of modern slavery and human trafficking. Some of these actions include the revision of Grundfos Suppliers Code of Conduct together with auditing tools and the general approach to the codes implementation. The year will also bring internal Code of Conduct training and a significant increase in the number of sustainability audits.

This document has been approved by the members of the board of Grundfos Companies in the United Kingdom.

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