

# Prevention of Modern Slavery

Progress Report 2019

# FOREWORD

UNFORTUNATELY, SLAVERY IS NOT A THING OF THE PAST. IT IS STILL WITH US, IN THE GUISE OF “NORMAL” WORK, AND IS VERY OFTEN INVISIBLE.

In fact, the [International Labour Organisation](#) (ILO) estimates that more than 40 million people are enslaved worldwide, including 24.9 million in forced labour; 16 million of these people are exploited in the private sector.

At Grundfos, we believe in the importance of freedom for all individuals and are committed to preventing modern slavery in all its forms.

We acknowledge that modern slavery is a complex issue; still, together with our suppliers we are proactively working to increase transparency throughout our global supply chain, because we believe that coordinated, international collaboration is one of the most powerful ways to tackle this issue.

In the coming years, we will continue to assess the effectiveness of our approach and explore potential solutions to the challenges we face.

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*This statement gives an overview of the journey and concrete steps taken from January 1 through December 31, 2019.*

*The statement covers Grundfos' ultimate parent company, Grundfos Holding A/S, and its subsidiaries.*

*A list of entities covered can be found at the end of this document.*

*It was reviewed and approved by the board of Grundfos Holding A/S on June 3, 2020.*

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# WE ARE GRUNDFOS

GRUNDFOS IS A GLOBAL LEADER IN ADVANCED PUMP SOLUTIONS AND A TRENDSETTER IN WATER TECHNOLOGY. OUR SOLUTIONS HELP TO MOVE WATER WHERE IT IS NEEDED MOST.

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 and bring comfort to the world.

As individual employees, and as an organisation, we strive to act in accordance with six core values, each of which has concrete implications for the contribution we make to eliminating modern slavery. [More about Grundfos.](#)

## PURPOSE

We pioneer solutions to the world's water and climate challenges and improve quality of life for people.



SUSTAINABLE

### 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.



OPEN AND TRUSTWORTHY

### 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.



FOCUSED ON PEOPLE

### 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.



INDEPENDENT

### 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.



PARTNERSHIP

### 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.



RELENTLESSLY AMBITIOUS

### 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.

# GLOBAL STRUCTURE AND SUPPLY CHAINS

IN 1945, POULDUE JENSEN INVENTED THE VERY FIRST GRUNDFOS WATER PUMP. THE COMPANY WAS BORN IN THE BASEMENT OF HIS HOME IN BJERRINGBRO, DENMARK, THE CITY WHERE OUR CORPORATE HEADQUARTERS ARE LOCATED TODAY.

All these years later, we use cutting-edge technology to continuously build on his innovation, efficiently moving water to where it is needed.

With more than 19,000 employees, 35 plants and 15 assembly sites, Grundfos is present in 58 countries, not including our network of partners, distributors, and sub-dealers.

As the majority owner of Grundfos, [the Poul Due Jensen Foundation](#) exists to develop and strengthen the company. Six members of our top-management team set strategic direction in close collaboration with an extended leadership team and Board of Directors.

Grundfos sources materials, products, and services from over 33,000 suppliers/contractors globally. This includes everything from cast iron and electronic components to cleaning and security services.

**We source materials, products, and services from over 33,000 suppliers/contractors globally.**



# POLICY, DUE DILIGENCE & RISK ASSESSMENT

AT GRUNDFOS, WE AIM TO HAVE A POSITIVE IMPACT IN EVERY INTERACTION AND EVERY COMMUNITY WHERE WE WORK.

Respect for human rights is one of the 15 core principles of the [Grundfos Code of Conduct](#) and an essential part of how we put our values into practice in daily business activities.

## CODE OF CONDUCT

The Grundfos Code of Conduct is our commitment to doing business in an ethical and responsible way wherever we operate around the world. 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 encounter in their daily business activities.

Our deep commitment to the corporate values described earlier and to the Code of Conduct extends to our supply chain, as outlined in the [Grundfos Supplier Code of Conduct](#) and [Grundfos Human Rights Policy](#).

## SUPPLIER CODE OF CONDUCT

We are continually working with suppliers throughout our supply chain to ensure their compliance with the standards outlined in our Code of Conduct.

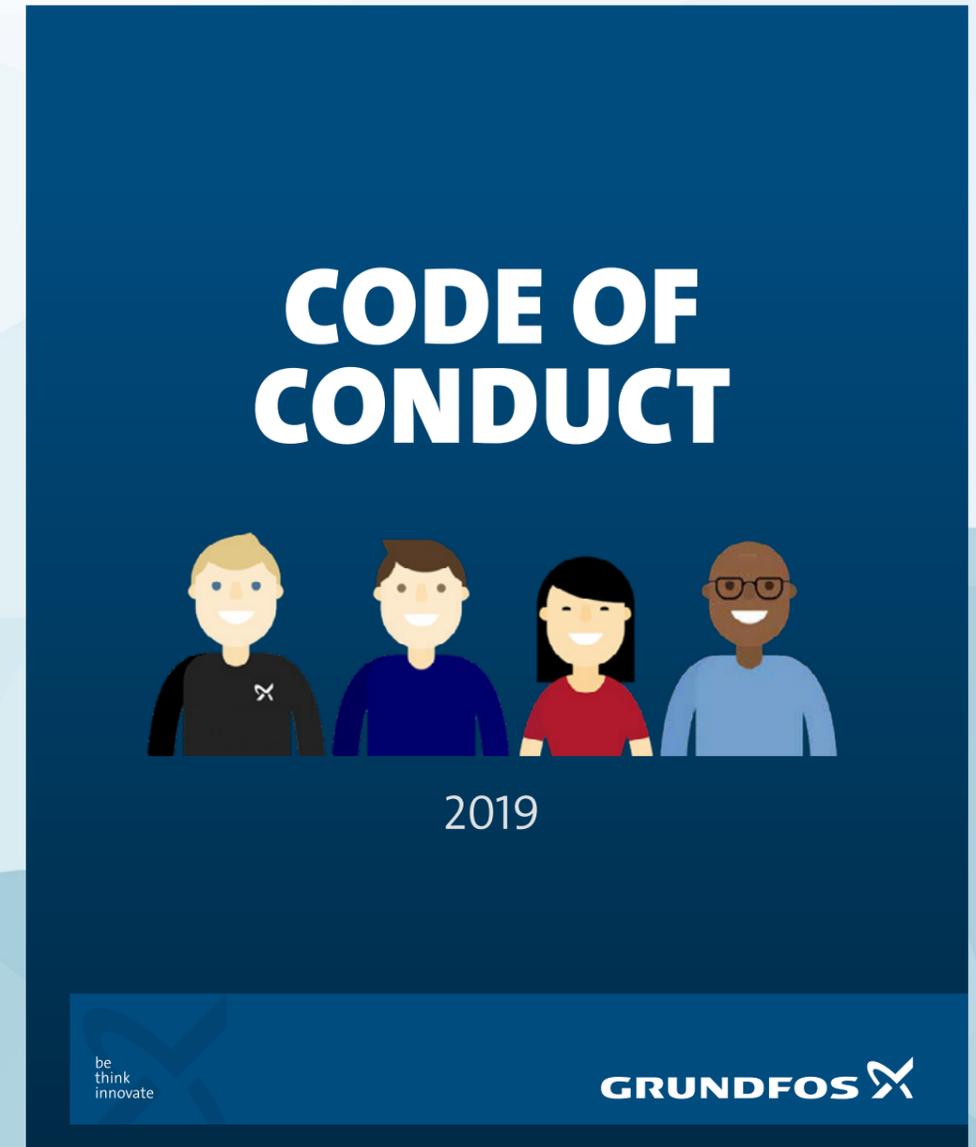
We also focus on cooperation, accountability, and sustainability audits to increase the likelihood that the Supplier Code of Conduct is implemented and followed.

New suppliers must submit to thorough screening processes that include an assessment of their compliance with the principles outlined in the UN global compact. High-risk suppliers must undergo a third-party audit, which includes topics covered by the Grundfos Supplier Code of Conduct such as the use of forced labour and the revision of practices closely connected with modern slavery.

In 2019 we added an online self-reporting assessment platform that evaluates suppliers' performance in areas such as the environment, ethics, sustainable procurement, labour and human rights. This tool is used for key suppliers located in low- and medium- risk geographies.

Our teams work in close partnership with our supplier base to address the issues identified through these assessments.

More information about our practices is available in the [2019 Grundfos Sustainability Report](#).



# POLICY, DUE DILIGENCE & RISK ASSESSMENT



**We have zero tolerance for any form of forced labour or human trafficking.**

## HUMAN RIGHTS

In line with our commitment to respect Human Rights, and dedication to transparently reporting progress, we are committed to issuing a statement outlining the specific initiatives Grundfos has undertaken to prevent modern slavery and human trafficking in its value chain. This is also in response to legislation like the UK Modern Slavery Act.

Our work on human rights builds on [the International Bill of Human Rights](#) and [ILO Declaration on Fundamental Principles and Rights at Work](#).

For more detail, see the [Grundfos Human Rights Policy](#).

## GLOBAL BUSINESS LOCAL OPERATIONS

We have global policies and our human rights due diligence and sustainable supply chain programme covers all our facilities worldwide.

Nonetheless, parts of our supply chain can be local, primarily when it comes to service providers, which

are currently not within the scope of our global sustainable supply chain programme. Therefore, we have started a series of pilot assessments running at the local level.

Our teams work in close partnership with our supplier base to address the issues identified through these assessments.

The latest information about our due diligence programmes and practices is available in the [2019 Grundfos Sustainability Report](#).

# OUR PROGRESS

## 2014

## 2015



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

**Grundfos is committed to promote the development of a culture that supports the respect of Human Rights.**

- Grundfos Human Rights Policy



- We conducted high-level corporate mapping in collaboration with Business for Social Responsibility (BSR), a global network dedicated to building a just and sustainable world, to identify our salient human rights issues at a global scale. This mapping included our external supply chain and focused on assessing potential impacts.
- During this exercise, we identified the potential risk of some forms of forced labour in our

external supply chain, including the retention by employers of important original identification documents of workers.

- To mitigate identified risks, we further assessed gaps between our current systems and the requirements of the United Nations Guiding Principles for Business and Human Rights (UNGP). This prepared the ground for significant changes in our approach to supplier sustainability audits.

# OUR PROGRESS

## 2016 | 2017



**Any form of forced labour is strictly prohibited. The supplier shall not use or benefit from any form of forced labour and/or human trafficking.**

- Grundfos Supplier Code of Conduct

- We trained a group of employees in China, Denmark, India, Mexico, and Russia in human rights basics. Countries were selected based on human rights risk and number of employees.
- The working group assessed gaps between existing practice and the requirements of the UNGP in each country.
- The Grundfos Code of Conduct was revised to include additional topics such as discrimination (previously included under the heading, 'Human Rights').
- We defined how our existing approach to monitoring compliance with the Grundfos Supplier Code of Conduct could be improved.
- We increased the number of supplier sustainability audits and committed to another significant increase in 2017.
- We defined which actions should be taken to focus on the most pressing issues and identified gaps.

- We commissioned BSR to pilot an on-site human rights impact assessment (HRIA) of one of our facilities in China.
- Based on the outcome of the pilot HRIA, we developed an action plan which included a strategy for mapping the risks of modern slavery among our service providers and suppliers beyond Tier 1.
- The framework for Grundfos supplier sustainability audits (including tools, ratings and escalation procedures) was revised.
- The Grundfos Supplier Code of Conduct was revised to be more specific about the use of forced labour and now includes a requirement that suppliers perform their own human rights due diligence. The Grundfos Suppliers Code of Conduct is available in five languages.
- We significantly increased the number of supplier sustainability audits from 15 in 2016 to 97 in 2017.

# OUR PROGRESS

## 2018

- We conducted human rights impact assessments (HRIA) of two Grundfos facilities:
  - In India, we partnered with twentyfifty to perform an assessment.
  - Building on prior experience in China and India, we conducted an internal assessment of our manufacturing facility in Serbia. The risk profile used in this assessment was developed in partnership with twentyfifty.
  - Both processes included analyses of potential- and actual sources of adverse human rights impact.
  - The results of the 2018 HRIs reaffirmed findings from our 2017 HRIA pilot: when it comes to modern slavery, risks and impacts are most likely to occur in the supply chain, particularly beyond Tier 1 (e.g., via the sourcing of raw materials and use of employment agencies).
- Based on the findings of our HRIs,

we began searching for ways to improve due diligence processes in the sourcing of minerals, starting with those with the highest risk of modern slavery. Additionally, we developed a plan to pilot assessments of service providers in China starting in 2019. This pilot will be used to inform future improvement strategies as we move forward on our journey to prevent modern slavery.

- After revising our Supplier Code of Conduct, all employees in the purchasing department received training on recently updated portions of the code. The training focused on some of the most common challenges suppliers face as they strive to meet Grundfos requirements, particularly those related to modern slavery.
- Forced labour and modern slavery practices are, and always have been, a focus area of third-party supplier audits. In 2018, we identified three issues, which have been fully remediated.

## 2019

- We conducted an HRIA of our manufacturing site in Mexico, which confirmed that we need to expand the scope of our sustainable supply chain management programme to include service providers. As a result, the team in Mexico will start assessing service providers taking a risk-based approach.
- In addition, we piloted the assessment of five service providers in China.
- We have added a web-based self-reporting platform, where our suppliers are evaluated by a third party on areas like the environment, ethics, labour and human rights. Our key suppliers are progressively being assessed through this tool.
- Our assessment of suppliers disclosed two issues within the forced labour area, which have both been addressed.
- While we have worked with conflict minerals for several years, in

2019 we revisited our programme. As a downstream company operating beyond the metal stage, we are not legally obliged to report on conflict minerals; however we want to increase transparency and be able to better serve our clients.

- An addition to our programme has been a new digital platform that allows us to identify smelters that are not on the approved list of the Responsible Minerals Initiative (RMI). When we identify suppliers using non-approved smelters, we partner with them to find acceptable alternatives.

# PRESSING AHEAD

In the coming year, we at Grundfos will be steadfast in our commitment to continuously improve our human rights due diligence processes.

2020 is the year in which we will consolidate the learnings from the HRIAs we conducted in order to develop a plan for the years to come that will consider the company's overall impact.

Our overarching goal is to continually integrate learnings into our operations.

**In the coming year, we at Grundfos will be steadfast in our commitment to continuously improve our human rights due diligence processes.**



# LIST OF ENTITIES

Argentina, Bombas Grundfos de Argentina S.A.  
Austria, Grundfos Pumpen Vertrieb G.m.b.H.  
Australia, DAB Pumps Oceania Pty. Ltd.  
Australia, Grundfos Australia Holding Pty. Ltd.  
Australia, Grundfos Pumps Pty. Ltd.  
Belgium, Grundfos Bellux S.A.  
Brazil, Bombas Grundfos do Brasil Ltda.  
Bulgaria, Grundfos Bulgaria EOOD  
Canada, Grundfos Canada Inc.  
Chile, Bombas Grundfos Chile SpA  
China, DAB Pumps (Qingdao) Co. Ltd.  
China, Grundfos (China) Holding Co. Ltd.  
China, Grundfos Pumps (Chongqing) Co. Ltd.  
China, Grundfos Pumps (Hong Kong) Ltd.  
China, Grundfos Pumps (Shanghai) Co. Ltd.  
China, Grundfos Pumps (Suzhou) Ltd.  
China, Grundfos Pumps (Wuxi) Ltd.  
Columbia, Grundfos Columbia S.A.S.  
Croatia, Grundfos Sales Croatia d.o.o.  
Czech Republic, Grundfos Sales Czechia and Slovakia s.r.o.  
Denmark, Grundfos A/S  
Denmark, Grundfos Holding A/S  
Denmark, Grundfos BioBooster A/S  
Denmark, Grundfos DK A/S  
Denmark, Grundfos Finance A/S  
Denmark, Grundfos LIFELINK A/S  
Denmark, Grundfos Operations A/S  
Denmark, Grundfos US ApS  
Egypt, Grundfos Holding Egypt LLC  
Egypt, Grundfos Egypt LLC  
Egypt, Grundfos Service Egypt LLC  
Finland, OY Grundfos Environment Finland AB  
Finland, OY Grundfos Pumput AB  
France, Pompes Grundfos Distribution S.A.S.  
France, Pompes Grundfos S.A.S.  
Germany, DAB Pumps GmbH  
Germany, Grundfos GmbH  
Germany, Grundfos Pumpenfabrik GmbH  
Germany, Grundfos Verwaltung GmbH  
Germany, Grundfos Water Treatment GmbH  
Ghana, Grundfos Pumps Ghana Ltd.  
Greece, Grundfos Hellas Single-Member A.E.B.E.  
Hungary, DAB Pumps Hungary Kft.  
Hungary, Grundfos Shared Services Kft.  
Hungary, Grundfos Hungary Manufacturing Ltd.  
Hungary, Grundfos South East Europe Kft.  
India, Grundfos Pumps India Private Ltd.  
Indonesia, PT Grundfos Pompa  
Indonesia, PT Grundfos Trading Indonesia  
Ireland, Grundfos (Ireland) Ltd.  
Italy, DAB Pumps S.p.A.  
Italy, Grundfos Pompe Italia S.r.l.  
Japan, Grundfos Pumps K.K.  
Kazakhstan, Grundfos Kazakhstan LLP  
Kenya, Grundfos Kenya Ltd.  
Korea, Grundfos Pumps Korea Ltd.  
Latvia, GRUNDFOS Pumps Baltic SIA  
Malaysia, Grundfos Pumps SDN. BHD  
Mexico, Bombas Grundfos de Mexico Manufacturing S.A. de C.V.  
Mexico, Bombas Grundfos de Mexico S.A. de C.V.  
Mexico, DAB Pumps de Mexico S.A. de C.V.  
Mexico, Grundfos Mexico Servicios S.A. de C.V.  
Netherlands, DAB Pumps B.V.  
Netherlands, Grundfos Nederland B.V.  
New Zealand, Grundfos Pumps NZ Ltd.  
Nigeria, Grundfos Water Solutions NGA Limited  
Norway, Grundfos Norge AS  
Peru, Grundfos de Peru S.A.C.  
Philippines, Grundfos IS Support & Operations Centre Philippines Inc.  
Philippines, Grundfos Pumps (Philippines) Inc.  
Poland, DAB Pumps Poland Sp.Z.o.o.  
Poland, Grundfos Pompy Sp.Z.o.o.  
Portugal, Bombas Grundfos (Portugal) S.A.  
Romania, SC Grundfos Pompe Romania SRL  
Russia, OOO Grundfos Istra  
Russia, OOO Grundfos  
Saudi Arabia, Grundfos Saudi Arabia Company Limited  
Serbia, Grundfos Srbija d.o.o.  
Singapore, Grundfos (Singapore) Pte. Ltd.  
Slovenia, Grundfos Ljubljana d.o.o.  
South Africa, DAB Pumps South Africa (Pty) Ltd.  
South Africa, Grundfos (Pty) Ltd.  
Spain, Bombas Grundfos España S.A.  
Spain, DAB Pumps Iberica S.L.  
Sweden, Grundfos AB  
Switzerland, Grundfos Holding AG  
Switzerland, Grundfos Handels AG  
Switzerland, Grundfos Pumpen AG  
Taiwan, Grundfos Pumps (Taiwan) Ltd.  
Thailand, Grundfos (Thailand) Ltd.  
Turkey, Grundfos Pompa Sanayi ve Ticaret Ltd. Sti.  
Ukraine, TOV Grundfos Ukraine  
United Arab Emirates, Grundfos Gulf Distribution FZE  
United Kingdom, DAB Pumps Ltd.  
United Kingdom, Grundfos Manufacturing Ltd.  
United Kingdom, Grundfos Pumps Ltd.  
United Kingdom, Grundfos Watermill Ltd.  
USA, Grundfos CBS Inc.  
USA, Grundfos Americas Corporation  
USA, Grundfos Pumps Corporation  
USA, Grundfos Pumps Manufacturing Corporation  
USA, Grundfos US Holding Corporation  
USA, DAB Pumps Inc.  
USA, Grundfos Water Utility Inc.  
Vietnam, Grundfos Vietnam Company Ltd.

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