

Sustainability Report 2009



Climate, water and energy

THE GRUNDFOS GROUP



**WE BELIEVE THAT CUSTOMERS
OF TOMORROW WILL INCREASINGLY EXPECT
SUSTAINABLE PRODUCTS. BY SEIZING THE INITIATIVE
NOW, GRUNDFOS WILL BOTH HELP IMPROVE THE
ENVIRONMENT AND GROW OUR COMPETITIVE
ADVANTAGE AT THE SAME TIME**

**CARSTEN BJERG,
GROUP PRESIDENT AND CEO**



**CLIMATE CHANGE,
WATER AND ENERGY ARE
INEXTRICABLY LINKED. IF WE
TRULY WANT TO FIND SUSTAINABLE
SOLUTIONS, WE MUST ADDRESS ALL
THREE IN A HOLISTIC WAY.**

“CLIMATE, WATER AND ENERGY”
IS THEREFORE THE THEME OF THE GRUNDFOS
SUSTAINABILITY REPORT 2009.

**CARSTEN BJERG,
GROUP PRESIDENT AND CEO**

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MANAGEMENT'S STATEMENT



The year 2009 has been very different compared with recent years. After 60 years of continuous growth at Grundfos, the financial crisis forced us to change our focus. In 2009, we have therefore been working hard to change focus from a growth strategy to a crisis strategy and we succeeded. One of the reasons for this success is that all employees throughout the organisation were aware of their responsibility and worked hard to make the required adjustments. By staying focused, we managed to pull through and ended 2009 with a satisfactory result. In our view, this is an important aspect of acting responsibly.

Grundfos is a socially responsible company and we have a history of supporting the local communities in which we operate and our employees and their families. Due to the financial crisis, we regretfully had to say goodbye to about 2000 dedicated employees globally during 2009. However, we tried to mitigate the circumstances by for example offering laid-off employees professional support in order to move on, both professionally and personally.

CLIMATE CHALLENGES CONTINUE

2009 was also the year of sky-high expectations in relation to the world leaders' commitment and ability to tackle the increasing climate change. As a member of Copenhagen Climate Council, we were involved in mobilising the world's business leaders prior to the event. However, at the UN Climate Conference, in Copenhagen, COP15, no major binding agreement was concluded – something that we had all called, hoped and worked for. Instead, good intentions were expressed of reducing global warming and continuing to work towards more binding agreements on the reduction of CO₂ emissions. In spite of the world leaders' increased awareness of the importance of political action, at the end of the day, they did not manage to get very far.

CLIMATE CHANGE, WATER AND ENERGY

Despite the financial crisis in 2009, Grundfos' commitment to sustainability has not changed. 2009 was the year when we launched our Climate White Paper on the climate challenge. We named it "Sustainability First".

We see the fight against climate change as just part of a larger sustainability agenda. Climate change, water and energy are inextricably linked. If we truly want to find sustainable solutions, we must address all three in a holistic way. "Climate, water and energy" is therefore the theme of the Grundfos Sustainability Report 2009.

It is our conviction that Grundfos can contribute most if we focus on doing what we are best at. We therefore want constantly to develop and manufacture new sustainable technology to help alleviate and adjust to the problems caused by climate change. Furthermore, we continue our efforts to reduce the energy consumption of pumps and thereby reducing the pressure on the environment. We believe that sustainable thinking and financial growth can go hand in hand. However, we also need to take our own medicine.

In 2009, we therefore promised never to emit more CO₂ than we did in 2008. We are satisfied that we within the first period

managed to reduce our CO₂ emission with 10 per cent. However, this was mostly due to the financial crisis and our reduced production. We want to do much better. Our long term ambition is to become a CO₂ neutral company. In other words, we – like the rest of the world – will need to find alternatives to fossil fuels, we need to utilise greener production methods, and we must continue our dedicated work to make our products even more efficient with lower energy consumption.

THERE IS STILL PLENTY TO DO

The fact is that there is still plenty to do. We will intensify our efforts to raise the awareness in the world around us. We will work even closer with opinion-formers and decision-makers in order to ensure a greener development of society.

It is of the utmost importance that we as business leaders raise our voices. Solving climate problems is too important to leave to the politicians. It is necessary to share the responsibility in order to bring real solutions on board. We acknowledge that industry is part of the climate problem – and we are definitely part of the solution too.

CONTINUED SUPPORT OF THE UN GLOBAL COMPACT

In 2002, Grundfos joined the UN Global Compact. Together with our core values, its ten principles form the basis of our holistic approach to corporate responsibility and sustainability. Our commitment to the UN Global Compact has been further strengthened by our support of the Caring for Climate initiative, where we commit ourselves to set specific goals for reducing emissions. Furthermore, we contribute to the fulfilment of the UN Millennium Development Goals by providing access to safe water for more people in the developing countries through our sustainable water solutions.

THE FUTURE IS FULL OF OPPORTUNITIES

Already at the beginning of 2010, we see signs of Grundfos overcoming the financial crisis. We expect 2010 to be an important milestone on our journey towards a more sustainable world. We will continue to implement our commitments outlined in the Grundfos Climate White Paper "Sustainability First". An important element is to unite corporate responsibility and sustainability with a sincere involvement from all of us at Grundfos. We believe this is an important formula for how Grundfos can make a real difference to the sustainability agenda.

Niels Due Jensen
Group Chairman

Carsten Bjerg
Group President and CEO

SUSTAINABILITY FIRST

Climate change presents a major challenge to both Grundfos and the rest of the world.

Grundfos' perception of climate change is based on science, and we believe that the climate challenges create a vicious circle of climate change, water stress and energy consumption. Furthermore, we agree with IPCC, the Intergovernmental Panel on Climate Change, that human action has caused severe environmental degradation and that, with a rapidly growing population, our current consumption patterns are unsustainable. Industry is part of the climate problem, and as a corporate citizens of the world, Grundfos therefore believe businesses have a responsibility to act. However, we also believe that industry is part of the solution. A global response to climate change will create a greater demand for solutions that will reduce water and energy consumption. Grundfos is in a unique position to meet this demand with our products, services, partnerships and organisational voice.

FOCUS ON INNOVATION AND PRODUCT DEVELOPMENT

In order to take on the climate challenges and ensure economic growth without creating climate change in the future, we need to take a giant, technical leap. If Grundfos wants to continue to be a part of the solution and benefit from the vast business opportunities offered by climate change, we have to keep focusing on innovation and product development. We have to develop and apply a broad range of initiatives that will work together and propel our company into a more sustainable future.

We therefore need to continue our innovation activities and develop the best engineering solutions to the world's environmental problems. We need to use our imagination, embrace new technologies, search for systems solutions and accelerate our environmental agenda. We need to do this at a higher pace than ever before. Furthermore, we must set a good example by reducing our own impact on the environment.

GRUNDFOS CLIMATE WHITE PAPER

2009 saw the launch of a Grundfos Climate White Paper, which is developed by Grundfos Group management. The Climate White Paper is our response to the climate challenge and sets the overall direction for future climate initiatives at Grundfos. Furthermore, we have identified five commitments that will anchor our climate efforts:

1. We will take our own medicine and never emit more CO₂ than we did in 2008;
2. We will invest in developing new sustainable products and solutions;
3. We will continue to develop an organisation with a green mindset;
4. We will influence the global climate agenda and position Grundfos as a true global player, and
5. We will communicate our progress and provide full transparency.

We will take the initiative now, take our own medicine and utilise our core competences to ensure maximum impact of our efforts, open new markets and capitalise on the need for sustainable solutions. This is Grundfos' response to the climate challenge.



CORPORATE SUSTAINABILITY AND RESPONSIBILITY IS AN INTEGRAL PART OF OUR BUSINESS

Managing corporate sustainability and responsibility at Grundfos is the act of making people across the world meet desired goals and objectives. It comprises a set of business principles such as mission, vision and corporate values, a clearly communicated set of policies and strategies, and an organisation to execute our strategies globally. The way we manage corporate responsibility and sustainability has been further strengthened during 2009.

Mission, vision and corporate values

Our core values BE>THINK>INNOVATE provide the common foundation for Grundfos' approach to business and are at the heart of our mission statement.

In 2002, Grundfos' values were supplemented by the principles of the UN Global Compact. Together with our mission and vision, they provide the foundation for Grundfos' holistic approach to corporate sustainability and responsibility.

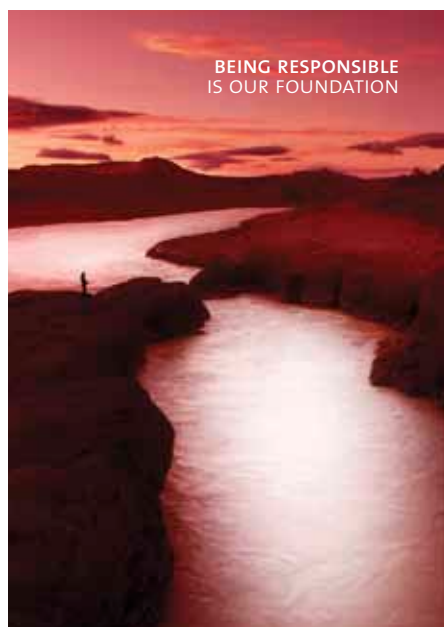
As our concern for the planet and the people that live on it is a major business driver, we believe that innovation, profitable

business and sustainability must go hand in hand. Against the backdrop of the major global challenges that our planet faces, we in 2008 launched Innovation Intent, which describes Grundfos' dream for 2025. Our Innovation Intent is to put sustainability first, be there for a growing world and pioneer new technologies. Every major concept that we launch over the next 20-30 years should meet all three challenges covered by Innovation Intent.

Policies and strategies

Our vision for the future Grundfos is formulated in the Grundfos Innovation Intent. To help us realise our vision, in 2009 Grundfos Group Management finalised the business strategy for the 2010-2014 period. The business strategy focuses on five strategic themes:

- Structural Fit
- Truly Global
- Business Differentiation
- Innovation Intent
- Great People



In 2009, major efforts have been devoted to defining our approach to sustainability, which now forms an integral part of the five strategic themes. They will be realised by minimising our own negative footprint, enhancing customer-driven green solutions, developing competences to realise Innovation Intent, engaging in public policy and revitalising the values that bind us together in a global company.

Furthermore, the major objective for the strategy process in 2009 has been to implement the Group Strategy in all units and companies, which has strengthened our focus on sustainability in the entire organisation. A new management tool, Strategy Mapping, was introduced in 2009 to clarify corporate objectives and aligning the Group Strategy throughout the organisation.

While our core values, Code of Conduct and policies are the foundation for acting responsibly, Group Strategy takes us towards developing a truly sustainable business.

Executing globally

In order to execute sustainability and responsibility efficiently at Grundfos, we consider it crucial that corporate sustainability and responsibility are embedded throughout the organisation, meaning that the related objectives have been implemented and applied across business units and companies on both a global and a local level. Each of us has an obligation to perform accordingly.

A number of management service functions are in place to support our companies and business units globally. Group Environment and Group CSR focus exclusively on corporate sustainability and responsibility. Furthermore, they provide tools, facilitate new initiatives, manage strategic projects, establish an overview, share best practices and monitor progress.

To embrace the broader agenda as reflected in our Code of Conduct, we performed a 360 degree check-up of our corporate sustainability and responsibility performance in 2008 measured against the Global Compact's 10 principles. This resulted in a coordinated Group CSR & Environment Strategy consisting of five strategic themes:

- Outstanding CSR management
- Climate
- Respectful stakeholder engagement
- Well-founded business ethics
- Truly global – truly committed

In 2009, this strategy was further developed and action plans agreed upon. One of the major strategic themes is Climate, under which the Footprint strategy (p. 37) was launched in 2009.

Future focus areas

In 2010, the focus is on Executing Excellence. The objective is to deliver on our Group Strategy and release the full potential of sharing a common direction towards a sustainable Grundfos. To strengthen this process, we continue to integrate corporate sustainability and responsibility further into our work with Business Excellence, which is Grundfos' holistic approach to management.

Furthermore, the CSR & Environment Strategy outlines the main focus areas in relation to corporate sustainability and responsibility. 2010 will see the launch of two main projects, focusing on the strategic themes "Truly global – truly committed" and "Well-founded business ethics" respectively.

"Grundfos Brings Water 2 Life" is a global employee involvement programme. With this programme, Grundfos employees donate LIFELINK systems to people in Kenya in partnership with the Red Cross. We are also in the process of a roll-out and development of a user-friendly set of guidelines to underpin the understanding of the Grundfos Code of Conduct.



BUSINESS AND SOCIETY GO HAND IN HAND

Grundfos' history of corporate responsibility and sustainability dates back to its foundation in 1945. It covers a diversity of local and group initiatives. In order to strengthen our focus and increase the impact of our activities, we are gradually moving towards a more clear, strategic and business integrated approach to responsibility and sustainability.

Fundamentally, we believe that the success of Grundfos and the success of society at large are mutually reinforcing. To create success for Grundfos, we need to create value for society as well. This includes our employees, suppliers, customers and the communities in which we operate. It also encompasses treating the environment in a way that will sustain it for society and our future business.

Grundfos operates with four basic concepts: compliance, responsibility, sustainability and creating shared value.

COMPLIANCE AND RESPONSIBILITY

We believe that we have a moral obligation to behave responsibly at all times – in business and in society. We comply with international and local standards, regulations and legislation wherever we operate. Furthermore, Grundfos operates in a manner that meets or exceeds compliance with the ethical, legal, and public expectations that society has. We are convinced that, as a company, we have a responsibility towards the environment, employees, local communities and the utility of our products as well as to behave fairly and correctly towards our customers, suppliers and competitors.

SUSTAINABILITY

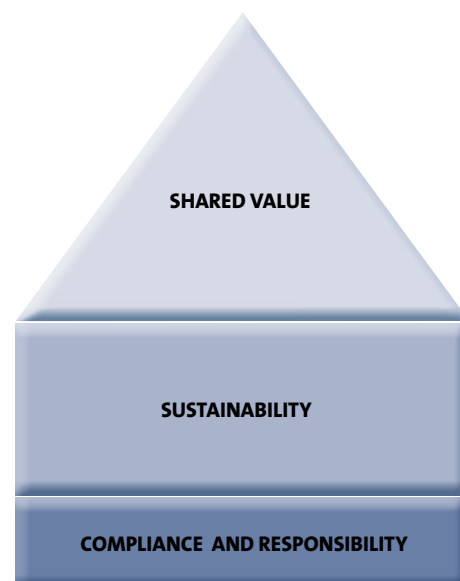
Sustainability is a key concept at Grundfos. According to the Brundtland Commission, sustainability is about meeting the needs of the present without compromising the ability of future generations to meet their own needs in terms of both natural resources and social well-being. Accepting the Brundtland definition, we believe that the overall objective is for this generation to hand over Planet Earth to the next generation as a cleaner and more energising place than we inherited. At Grundfos, sustainability is first and foremost related to the way in which we respond to the climate challenges as formulated in the Innovation Intent and in the Grundfos Climate White Paper - our response to the climate challenge.

CREATING SHARED VALUE

To maximise value, we must bring compliance, responsibility and sustainability to a higher level. We believe that Grundfos and the societies in which we operate are interdependent. Successful companies need healthy societies and healthy societies need successful companies. Our business decisions therefore pursue the idea of creating shared value – value that benefit both sides. Simply stated, in order to create value for Grundfos, we need to create value for the people in the countries in which we operate.

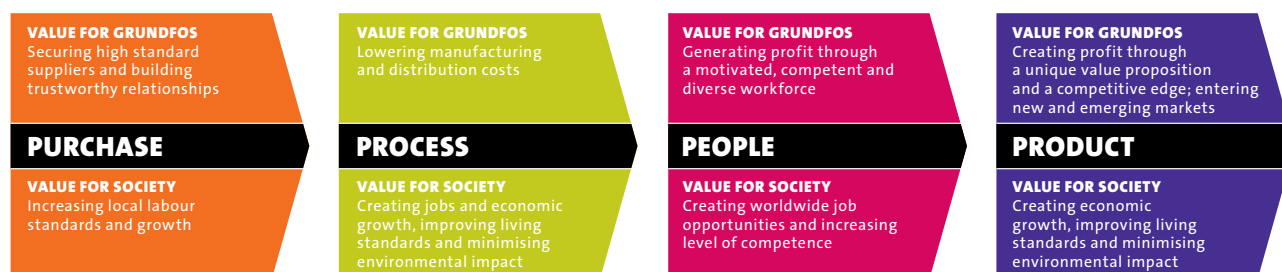
To create shared value means thinking ahead, while at the same time delivering strong short-term results. This means that we will choose our sustainability and responsibility initiatives carefully and focus our resources on areas in which we can contribute the most while at the same time having a competitive advantage. In this way, we believe we can serve both purposes.

The concept of shared value transverses sustainability and responsibility, sharpens our strategic approach and increases the impact of our efforts.



The Grundfos shared value model

Grundfos creates shared value while moving along the value chain. The Grundfos shared value model identifies the four main areas of value creation. It helps us to identify and list our initiatives in order of priority, thereby increasing the impact for Grundfos and for the surrounding society. As a global company, we acknowledge that our companies face different challenges and issues related to sustainability and responsibility. The model therefore reflects our business strategy of thinking globally, while acting locally, which makes it possible for our companies to adapt to local conditions.



PURCHASE



Responsible supplier management is a key area at Grundfos.

We want to improve the suppliers' standards and ensure that our suppliers comply with the Grundfos Supplier Code of Conduct, the UN Global Compact and international norms by establishing trustworthy relationships. Our actions contribute to increasing local standards and growth while ensuring our business' competitive edge.

In our understanding, PURCHASE includes:

- All Grundfos procurement
- Supplier management

PROCESS



Grundfos is present with companies all over the world. We take our own medicine by minimising our environmental footprint, which reduces costs and preserves the environment as a sound basis for achieving business success in the long run. Furthermore, our presence should benefit the societies in which we operate through our engagement with stakeholders and community involvement. This is our social license to operate.

In our understanding, PROCESS includes:

- Operations
- Inbound and outbound logistics
- Properties and utilities
- Community involvement

Structure of the report

The structure of the Grundfos Sustainability Report 2009 is based on the four P's in the Grundfos shared value model. To emphasise Grundfos' core competencies and corporate identity as a leading green company, this report will start with the last part of the shared value model, PRODUCT. The report is therefore structured as follows: PRODUCT, PEOPLE, PROCESS and PURCHASE.

Furthermore, the report is made up of articles, reference to our international commitments and documentation in order to communicate our 2009 results in the most coherent way.

PEOPLE



To ensure our present and future existence, we need an innovative, enthusiastic and skilled workforce to safeguard our business success in the long run. We believe that this can be achieved by creating a great place to work and providing opportunities for professional and personal development. As a global company, we create job opportunities all over the world and thereby contribute to improving the competences in the communities in which we are present.

In our understanding, PEOPLE includes:

- Leadership and collaboration
- Competence development
- Occupational Health and Safety
- Code of Conduct

PRODUCT



Through our innovative approach to sustainable product solutions, we provide the world with customised, high-quality and sustainable solutions, which minimise our customer's impact on the environment and at the same time create a competitive edge for Grundfos. Furthermore, we focus on responsible customer relations and offer professional service and guidance. In our understanding, PRODUCT includes:

- All Grundfos products
- Research & Development
- Customers
- Sales & Marketing
- Service





PRODUCT

With Grundfos' expertise and customer orientation, we provide the world with sustainable product solutions, while creating a competitive edge for our company. This is what we mean by shared value. Our products create value for our customers by ensuring high quality and customised solutions. Furthermore, we consider our innovative products to be part of the solution to the urgent challenges the world is facing today.



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PARTNERSHIP FOR SUSTAINABLE WATER SUPPLY

Most people in the Western world consider it a matter of course to open the tap and pour themselves a glass of clean water. For a large part of the world's population, this is not possible and more than 1 billion people do not have access to clean water.

Access to clean water is the first step towards giving people a good life and it therefore forms part of the UN Millennium Development Goals. Through our membership of the UN Global Compact, Grundfos is dedicated to working for these objectives. Considering our core competences, it is natural for us to focus on ways in which Grundfos can contrib-

ute to creating access to clean drinking water for all people in the world. This is the intention of Grundfos LIFELINK, whose mission it is to develop, sell and service automatic water systems, primarily for rural areas in Africa, Asia and Latin America.

CLEAN WATER TO VILLAGES IN KENYA

2009 was a year of learning for Grundfos LIFELINK in Kenya. The system was very well received in the six villages where it was implemented. In total, some 12,000 people now have access to clean water through a LIFELINK system and this enables them to create a much better future for themselves.

Peter Munyasia, Chief of the Musingini village, calls LIFELINK a 'corruption-free' system, as user payments are automatically collected. As a result, funds are available to pay for the service and maintenance of the system, headed by the local Grundfos LIFELINK team. "With the LIFELINK system, the future of the village is much brighter", he says. "The children do not get sick as often as before, the women have more time on their hands and the families can use the water for their crops and livestock."

However, experience from Kenya has also shown that the original business model, whereby the village would finance the system itself through a micro loan which would be repaid via the consump-

Facts about the LIFELINK system

- LIFELINK is the Grundfos Group's first step into the BOP (Base of the Pyramid) market: The four billion people in the world who live on less than two dollars a day.
- LIFELINK was launched in November 2008.
- A LIFELINK system runs on solar energy and has a capacity of pumping 8-16 m³ water a day.
- Users pay for the water via their mobile telephone. Banking via mobile telephones is becoming increasingly common in many development countries, as traditional banks are rare in rural areas.

Facts about the UN Millennium Development Goals

www.un.org/millenniumgoals/

With LIFELINK, Grundfos contributes to fulfilling the UN Millennium Development goals:

- Eradicate extreme poverty and hunger
- Achieve universal, primary education
- Promote gender equality and empower women
- Reduce child mortality
- Improve maternal health
- Combat HIV/AIDS, malaria and other diseases
- Ensure environmental sustainability
- Develop global development partnership

tion of water, is not sustainable in the poorest areas of Kenya. The villages simply do not have the money to pay for system costs. LIFELINK has therefore now adopted a business model based on partnerships with other organisations, which will use the LIFELINK systems in their water projects.

Peter Todbjerg Hansen, Managing Director of Grundfos LIFELINK, explains: "In order to reach the most needy people, we must, for example, form alliances with the Kenyan government or development organisations, which can donate the LIFELINK system to the villages. In return, the village takes ownership of the system



**GRUNDFOS LIFELINK SOLVES
THE BASIC PROBLEMS OF
HANDLING MONEY AND
LACK OF MAINTENANCE,
WHICH LEADS TO THE
FAILURE OF FAR TOO MANY
WATER PROJECTS.**

AYAZ MANJI, MANAGER OF THE DEPARTMENT
FOR WATER AND SANITATION PROJECTS IN THE
KENYAN RED CROSS

by making user payments for the water, which will cover regular service and maintenance activities, handled by Grundfos. This is a way of ensuring that they will have clean water for many years to come, so that the village's never-ending dependence on donors is broken."

PARTNERSHIP WITH RED CROSS

The Kenyan Red Cross has realised the advantages of the LIFELINK system and has therefore entered into a partnership with Grundfos LIFELINK for the implementation of sustainable water projects. Over the next five years, the Red Cross will purchase 100 LIFELINK systems, which will enable the organisation to provide clean water to more than 150,000 people.

Ayaz Manji, Manager of the Department for Water and Sanitation Projects in the Kenyan Red Cross, outlines the reasons for entering into partnership with Grundfos LIFELINK: "Grundfos LIFELINK solves

the basic problems of handling money and lack of maintenance, which leads to the failure of far too many water projects. We believe that LIFELINK is the best solution for our villages and see great potential for increasing efficiency and sustainability in our water projects through our partnership with a strong organisation such as Grundfos."

The Kenyan Red Cross and Grundfos has developed a cooperation model, with each party contributing its core competences. Based on their in-depth local knowledge, the Kenyan Red Cross will select the villages where the projects will be implemented. Then, Grundfos will implement the innovative 'hardware' using the LIFELINK system and train the villagers in the technical aspects. The Red Cross will be in charge of the equally important 'software' in the form of training and competence building in the village in relation to subjects such as hygiene, health and the use of water for livestock and growing vegetables.

Overall, it is a strong recipe for sustainable development, which will improve the living conditions for the Kenyan villagers and provide a sustainable business for Grundfos. This is a brilliant example of what Grundfos calls shared value.

The Danish Red Cross agrees that partnerships formed across sectors will strengthen the effort to fulfil for example

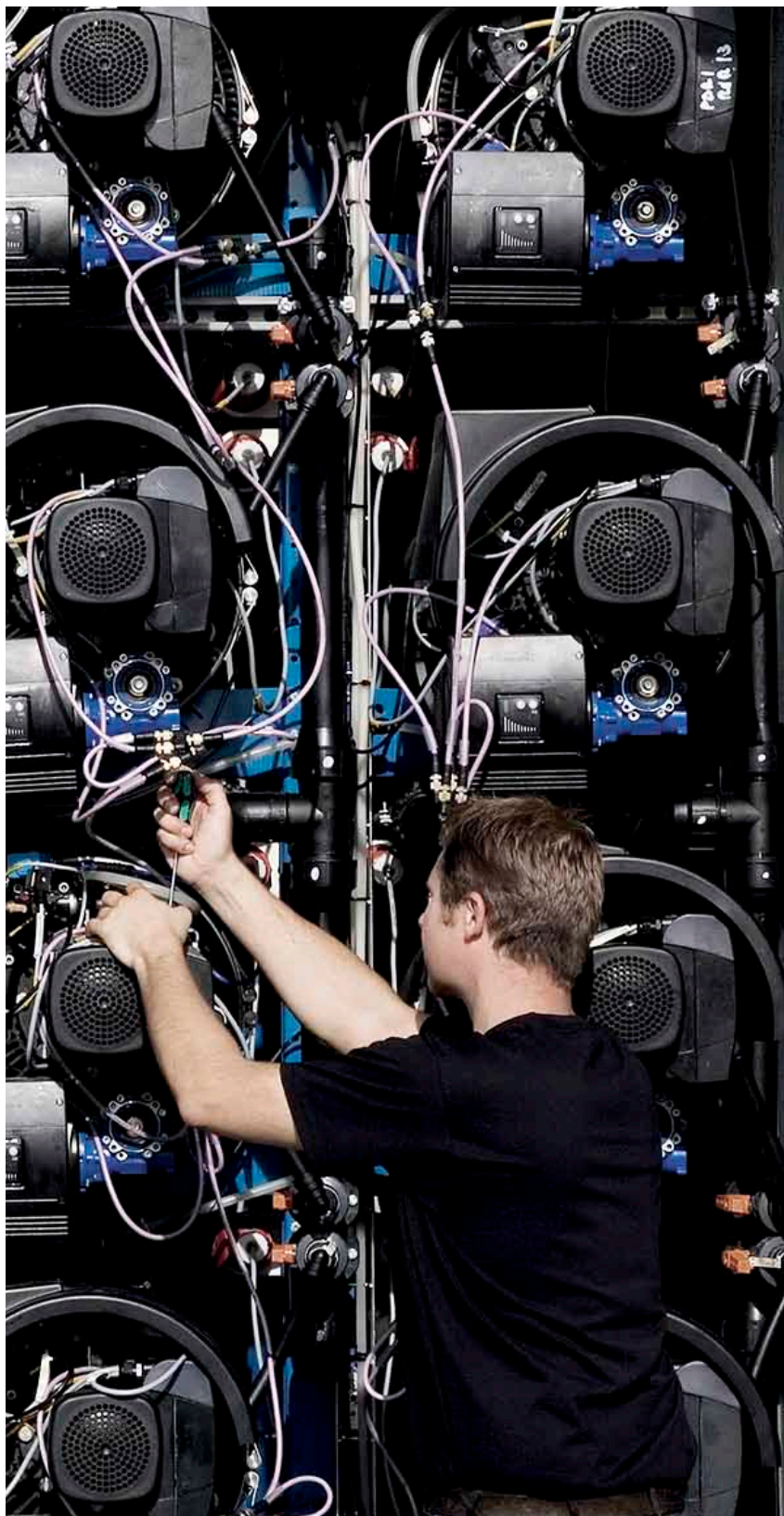
the UN Millenium Development Goals. Secretary General Anders Ladekarl says: "Development work offers great potential for forming new alliances which make use of the corporate sector's ability to create new technological solutions and strengthen economic growth locally. Grundfos LIFELINK is a good example of the way in which private companies can contribute to sustainable development."

At Grundfos LIFELINK, Peter Todbjerg Hansen also believes that innovative partnerships are the future. In his opinion, these partnerships will make it possible to disseminate the LIFELINK systems and create sustainable water supplies in several African and Asian countries in the years to come. ■

Facts about Global Compact

Grundfos supports the UN Global Compact principles 8 and 9 by taking the initiative to promote greater environmental responsibility and develop environmentally friendly products.

With LIFELINK, Grundfos also supports principle 1 by supporting and respecting the protection of internationally proclaimed human rights and principle 10 by working against corruption in Africa.



Facts about BioBooster

Grundfos' BioBooster wastewater treatment system consists of reactors placed in 20-foot containers. The number of reactors and containers vary, depending on the water to be treated

PBR; Pressurised Biofilm Reactor

Can only be used for the pre-treatment of wastewater. Normally used for industrial wastewater. PBR can be used to treat wastewater from high concentrations to a significantly lower concentration.

MBR; Membrane Biological Reactor:

Here, the treatment process continues. MBR treats the wastewater to a level that allows it to be discharged for example lakes or fiords.

The Grundfos BioBooster technology offers wastewater treatment that is so efficient that wastewater may potentially be reused as drinking water in the long term.

For more information about BioBooster, please go to www.grundfos.com/biobooster

Climate change causes a number of problems. In relation to water resources, climate change affects the environment in a number of different ways. Common to them all is that they ultimately will have a major impact on the total amount of clean drinking water.

"Dry areas will become drier and this will lead to greater pressure on existing water resources", says Dan Rosbjerg, lecturer at the Department of Environmental Engineering, the Technical University of Denmark.

"However, the opposite could happen, too. Several areas suffer from heavy rainfall. This, combined with logging, causes erosion, which allows pollution to enter water streams, thereby aggravating the situation", he explains.

It is a Grundfos objective to develop products that will alleviate the growing water stress in the world. With Innovation Intent and the establishment of the innovation platform "Rethink Decentralised Water Treatment", Grundfos has increased the strategic focus on the development of new water treatment solutions.

BioBooster, Grundfos' mobile wastewater treatment plant, presents one answer to increasing water scarcity. The BioBooster plants are capable of treating wastewater to such an extent that the water may be readily used for example sanitation or irrigation of fields.

TOO LITTLE – AND TOO MUCH

Water resources are not distributed equally. In certain parts of the world, for example North America and Europe, water resources are readily available, while Africa and Asia do not have access to similar natural resources of freshwater. Yet poor utilisation of existing water resources forms part of the problem, too.

As a result, challenges vary. In areas characterised by scarcity of resources, focus must be on optimum utilisation of the available freshwater, while areas with plenty of resources must make an effort not to destroy them.

Fact about Global Compact

Grundfos supports the UN Global Compact's principle 9 by developing and defusing environmental friendly technologies.

GRUNDFOS REUSES WASTEWATER

In the future, water supplies will be even scarcer than is presently the case. Action must be taken in order to solve the problem.

IN MANY AREAS THERE IS A NEED TO BE ABLE TO REUSE WATER FROM VARIOUS PROCESSES. THAT IS WHY THE ENTIRE BIOBOOSTER CONCEPT HAS SOME EXCELLENT CHARACTERISTICS.

MOGENS HENZE,
DIRECTOR OF THE DEPARTMENT OF
ENVIRONMENTAL ENGINEERING, THE TECHNICAL
UNIVERSITY OF DENMARK

THE ADVANTAGE OF DECENTRALISED UNITS

One central, strong point of the Grundfos BioBooster wastewater treatment plant is mobility. Basically, the plants can be installed wherever they are needed. They may be installed directly at the source of pollution or at the place where the water is to be reused." There is an increasing need to be able to reuse wastewater as water scarcity is a constantly growing problem. In many areas there is a need to be able to reuse water from various processes. That is why the entire BioBooster concept has some excellent characteristics", says Mogens Henze, Director of the Department of Environmental Engineering, the Technical University of Denmark, commenting on the wastewater treatment plants' mobility and numerous applications. However, speedy utilisation of water resources is just one advantage of the decentralised plants. Other possibilities present themselves too, for example in relation to wastewater surveillance.

"Each plant treats a relatively small amount of wastewater and in case of fluctuations in water quality, it will be much easier to identify the source of problematic substances in the wastewater, for example from hospitals or industry.

This makes it much easier to address these fluctuations", says Søren Nøhr Bak, Technical Manager of Grundfos BioBooster.

READY TO ROLL OUT

At present, the Grundfos BioBooster plants have shown their superiority in several areas. For example, the plants have been installed on Italian farms, where the purified wastewater is used for irrigation of tomato fields.

At the same time, Grundfos BioBooster has just entered into its first official partnership with a Danish municipality. This, too, can be of great value to both Grundfos and society. Treatment of municipal wastewater constitutes by far the largest part of the total market for wastewater treatment. A breakthrough in this area could be of great importance to the prevalence of the BioBooster technology.

Municipal wastewater is characterised by having a relatively similar complexity and experience gained can easily be transferred to similar tasks across the world. If the water is treated locally, no costs will be incurred for the infrastructure that is needed to transport the water from the source of pollution to the central wastewater treatment plant in the area. Reduced transport of the water will in itself lead to major energy savings.

The first wastewater treatment plant has already been installed in Viborg municipality in Denmark and with good experiences. The municipality will therefore rethink their future wastewater structure, which will imply the closing down of 18 small wastewater treatment plants:

"In that case, the BioBooster will be considered as our new alternative", says Finn Køhler, Wastewater Manager, Viborg Wastewater Ltd.

Facts about The innovation platform – Rethink Decentralised Water Treatment

Rethink Decentralised Water Treatment is one of the three innovation platforms that make up Grundfos' Innovation Intent;

- Be there for Future Homes and Living in China
- Exploit Zero-Energy Commercial Buildings in USA
- Rethink Decentralised Water Treatment

The innovation platform, Rethink Decentralised Water Treatment, was launched in order to create a platform for technological and commercial water treatment solutions. The water treatment solutions are implemented on location, i.e. where the water is to be used.

With the innovation platform, Grundfos takes an approach whereby the water is either:

- upgraded to the specific needs of the place where the water will be used
- treated for the purpose of reusing the water
- treated for the purpose of significantly reducing the strain on the environment when the water is discharged to the recipient.

Several other municipalities also see the advantages of decentralised treatment of wastewater:

"BioBooster presents an approach to the treatment procedure that is completely different from the existing procedure. The modular construction that may be scaled up or down allows us to make adjustments according to need and the mobility means that the plant can easily be moved if needs change. This is innovation in the true sense of the word", says Jacob Andersen, Head of Section, Hjørring Water Company, Denmark. ■



PRODUCT

We understand PRODUCT as all Grundfos products, innovation, customer relations, sales and marketing as well as after sales services.

With the launch of Innovation Intent in 2008, our level of ambition for business and innovation increased dramatically. A central part of the vision of Innovation Intent is for one third of our 2025 turnover to come from products other than pumps.

We strongly believe in enhancing our sustainability profile further by offering cutting-edge green solutions, which will contribute to meet a number of global challenges in terms of climate change, water constraints and demographic changes, while at the same time making profitable and sound business in the long run. In 2009, in spite of the financial crisis, we maintained our level of ambition and continued to work towards our defined objectives.

Grundfos' Innovation Intent

Our Innovation Intent is to put sustainability first, be there for a growing world and pioneer new technologies. Every major concept that we launch over the next 20-30 years should meet all three criteria. Based on this overall objective, three platforms were established in 2008 for future innovation:

- Be there for Future Homes and Living in China
- Exploit Zero-Impact Commercial Buildings in USA
- Rethink Decentralised Water Treatment

The objective for 2009 was to delve deeper into the fields defined for the specific innovation platforms. This included entering into dialogue with future scientists, researchers and opinion-formers to investigate the perspectives offered by each platform. Alternative business areas have been explored with a view to accepting or rejecting them as potential business areas for Grundfos.

Creating an incubation environment characterised by very high levels of uncertainty is a challenge to a company like Grundfos, which normally deals with low margins of error. Historically, innovation at Grundfos has been incremental or evolutionary, with a low uncertainty level and a relatively high return on investment. However, the Innovation Intent calls for more radical innovation, which is not exclusively pump industry-oriented, and this leads to very high levels of uncertainty. This requires new approaches and new competences for evaluating innovation projects.

As a result, a governance structure has been implemented with the role of translating the vision of Innovation Intent into specific business objectives, evaluating investable ideas and ensuring that the necessary competences are available for both developing and assessing projects.

In 2009, Grundfos found itself in a privileged situation with a pool of more than 100 innovative ideas. The objective for 2010 is to define, implement and complete a total of 15 projects for the innovation platforms. Five of them will be tested on the market in 2010.

15

**DISCOVERY PROJECTS DEFINED,
IMPLEMENTED AND COMPLETED IN 2010**

100

INNOVATIVE BUSINESS IDEAS IN 2009

Climate change — a business opportunity

In the fight against climate change, the main challenge for the world is to break the negative and self-reinforcing spiral of water shortage, energy consumption and CO₂ emissions. Climate change increases water stress and the risk of flooding. This increases the amount of energy required to ensure adequate amounts of freshwater and avoid flooding. In turn, this increases the carbon emissions, which reinforces the vicious cycle. Future climatic changes will only further stress our water resources and increase water-related energy use.

As a global leader in pump solutions, Grundfos has a unique business opportunity in helping to increase the cost and energy efficiency of water solutions. We believe that our ability to pioneer and deliver superior environmental solutions to solve problems such as water shortage, mismanagement of energy and natural resources, inefficient infrastructure and increasing CO₂ emissions is a way of focusing our capabilities in the areas where we can contribute most. It is clear that there will be a growing need for protection against flooding and better systems for transportation, filtration and treatment of water. However, we have already launched products that can meet the demands and environmental standards of tomorrow and many of them are based in or originate from Grundfos New Business A/S.

Grundfos New Business

BIOBOOSTER

Grundfos BioBooster, a mobile wastewater treatment application, offers better and faster treatment of wastewater, which is the key to reducing the consumption of energy and resources. Furthermore, BioBooster is a strategically important solution in relation to realising Grundfos' innovation platform about Rethinking Decentralised Water Treatment. 2009 saw the completion of a six-month trial of membrane bioreactor technology used in the BioBooster systems. The trial demonstrated BioBooster's suitability for treating sewage from small communities (equivalent to 500-5,000 people) and it was proved that the treated water is free from E.Coli bacteria, which makes it suitable for water reuse and recycling. Read more about BioBooster on pages 16-17.

LIFELINK

Grundfos LIFELINK provides safe water to the poorest people in the world. In collaboration with the Industrialisation Fund for Developing Countries in Denmark, the first Grundfos LIFELINK company was established in Kenya in 2008. Today, a total of six LIFELINK systems have been set up and are operating with promising results. Furthermore, in 2009, LIFELINK entered into a partnership with Red Cross in Kenya, which agreed to buy 100 LIFELINK installations over the next five years. Read more about LIFELINK on pages 14-15.

NONOX

Grundfos NoNOx, a urea dosing solution, is a key component of selective catalytic reduction (SCR) systems for combating nitrogen oxides in emissions from heavy-duty diesel vehicles. NoNOx was developed in response to the regulation of vehicle emissions. Turnover is largely based in Europe, where successive 'Euro' emission standards have set increasingly low caps on pollutant emissions.

In the light of the financial crisis, the past year has been a challenging one, which has had a direct impact on the transport industry. For this reason, regulators have also been hesitant to tighten the emission-reduction measures that are an important market driver for NoNOx any further. Nevertheless, in 2009, the EU upgraded its emission regulation to Euro 5 for heavy-duty diesel vehicles, which boosted the role played by NoNOx. Furthermore, the European Environmental Press awarded NoNOx a bronze medal in the EEP Award 2009 in recognition of "efforts to improve the environment with innovative environmental technologies".

In 2010, the first signs of improvement can be detected in the economy. In addition, an increasing number of countries outside the EU – notably India, China and Russia – are intensifying their efforts to combat emissions from heavy-duty vehicles. In China, Euro 4 is expected to be extended nationwide after first having been imposed in Beijing.

In Beijing, NoNOx is consistently applied in the ongoing upgrade of vehicle fleets, as reported in 2008.

INFARM

Infarm A/S, a manufacturer of systems for modern agriculture, shows interesting potential with wide-ranging perspectives, as a reduction of nitrogen production from agriculture creates great value for the environment. In 2009, the University of Southern Denmark conducted a lifecycle assessment of the NH₄⁺ system for treating animal manure.

By reducing pH levels in the manure, the system will reduce ammonia evaporation, which increases the nitrogen content of rain. The higher level of nitrogen in rainwater has a negative effect on plant biodiversity in both aquatic and soil environments, as it affects nitrogen-sensitive vegetation and organisms.

The results of the university study confirmed a reduction in ammonia evaporation in excess of 50 per cent. The study also showed a dramatic reduction in the emissions of the potent greenhouse gases methane and nitrous oxide. Microorganism activity is reduced, resulting in an emission reduction of 67 kg CO₂ equivalents/tonnes manure.

6

LIFELINK SYSTEMS OPERATING IN KENYA IN 2009

GRUNDFOS SENSOR

In partnership with a manufacturer of solar heat regulators and another manufacturer of solar thermal heating plants, Grundfos Sensor launched a digital sensor in 2009. The sensor is an improved version of the old one, with an improved capacity for measuring and evaluating the output of solar heating panels and with the ability to provide a documented effect in keeping with the increasingly common regulatory demand. As a consequence, householders' hot-water tanks will become redundant, as water is only heated as it is needed due to the sensor's high data transfer speed.

Grundfos Sensor received the prestigious Innovation Award at the annual solar-thermal symposium in Kloster Banz, Germany, for its creativity in the industrialisation of a product for developing the solar thermal market.

MICROREFINERY

Microrefinery is a process that converts sludge into second-generation biofuel. In 2009, a trial test was completed for Microrefinery and the data are currently being analysed.

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Sustainable product development

A typical life cycle assessment of a pump shows that 95-97 per cent of the environmental impact is caused by the energy consumption related to the use of the pump. This impact is typically reduced by, for example, increasing pump efficiency or automating pump operation control.

Three to five percent of a pump's environmental impact is related to raw materials, supply, manufacturing and delivery – the so-called cradle to gate phases. A new approach to sustainable product development was introduced in 2009 in order to reach our objectives of addressing the impact of our business fully and of supporting the successful achievement of our Footprint strategy and our ambition not to emit more CO₂ than we did in 2008 (p. 37).

Fact: Definition of cradle to gate

Cradle-to-gate is an assessment of the part of the product life cycle that covers manufacture ("cradle") to the factory gate (i.e. before the product is transported to the consumer).

The new procedure requires us to prepare an environmental profile for the new product at an early stage in the product development process and sets the direction for environmental improvements compared with a relevant reference product.

First, our focus is on implementing the environmental profile in relation to the development of new products. The intention for the future is to determine environmental profiles for all Grundfos products.

Fact: Replacements and new products launched in 2009

In 2009, Grundfos invested 5.5 per cent of the turnover in researching and developing new products. In terms of sustainable product development, we continue to focus on resource and energy consumption with new products, as illustrated by a sample of innovations in 2009:

Product	Replacement/ New product	Environmental improvements
CR90	Replaces old design	10% less material (3.5 kg cast iron/pump)
CRH	New product	39% less energy compared with specific competitor product
Medium UP (IMU)	Replaces old medium UP	16% less energy compared with previous model
CME	Replaces CH/CHI	10% energy saving compared with relevant product 10-20% less material

Today, four product development projects have been completed in accordance with the new requirements, thus identifying their environmental impact.

In 2009, we experienced an increase in customer expectations to product documentation in terms of carbon footprint. During the past year, we have mapped and quantified the carbon footprint for a number of our products and now we have the set-up in place for doing the same for other products.

Our objective is to be ahead of legislation and global trends and to be able to prepare relevant environmental documentation to meet requests from customers and other stakeholders. This could, for example, be a carbon footprint declaration, waste disposal analysis, environmental product declaration, etc.

Fact: 2009 development in HVAC OEM Renewables

Manufacturers of domestic heating systems are increasingly looking to renewable energy sources in order to offer their customers more sustainable solutions, which often place significantly different demands on pumps. To maintain high efficiency levels and low power consumption, the inbuilt circulator pump must be adapted accordingly.

The Grundfos HVAC OEM Division is dedicated to developing pumps and hydraulic systems for these Original Equipment Manufacturer (OEM) customers and in doing so, we have further developed a number of solutions for renewable energy systems.

2009 saw the further development of three of our OEM products used in renewable energy solutions. This is an area which will grow rapidly in future. The new EuP directive* will set high requirements for our customers' products and consequently Grundfos' products. All of Grundfos' OEM Renewables products will be EuP-ready five years ahead of time.

SOLAR	A SOLAR pump is a circulator pump which is customised for solar thermal systems. The range of SOLAR pumps was extended in 2009 in order to meet demands in the US, Middle East and Australia, which all show great interest in solar heating. Furthermore, SOLAR was launched for sale in 2009.
MAGNA GEO	MAGNA GEO for geothermal heat pump systems was fully developed in 2009. The development process included a close dialogue with a number of customers. Furthermore, the MAGNA GEO will be launched for sale in 2010.
UPM2	UPM2, a circulator pump which is to some extent comparable with ALPHA2, will be the main product to replace the existing programme of non-EuP compliant pumps. UPM2 is used by many OEM customers and often in systems for renewable energy, such as geothermal and solar thermal systems. An advantage of the UPM2 is that it can be manufactured in existing production plants within Grundfos. This means lower prices for the customer and will make Grundfos ready for mass production earlier. UPM2 will be launched for sale in 2010.

* The EuP Directive provides consistent EU-wide rules for improving the environmental performance of energy-using products (EuP) through eco-design.

Influencing the global agenda

Grundfos wants to take responsibility as an active participant in the global debate on sustainable development. It is our ambition to leverage our expertise and authority to teach the public, motivate politicians and influence the global media agenda. Raising awareness about sustainable energy and water-efficient solutions is bound to benefit both the environment and our business, thereby creating shared value.

THE NEW EUP DIRECTIVE

In 2009, a new directive, the EuP directive, was passed by the European Commission. The EuP Directive provides consistent EU-wide rules for improving the environmental performance of energy using products (EuP) through eco-design. Grundfos' initiative has helped drive the political process towards the new EU regulations aimed at reducing the electricity consumption of industrial motors. These motors account for approx. 30-40 per cent of the world's total electricity consumption and the European Commission has calculated that the regulation will lead to reductions in the electricity consumption of 5 per cent in 2020. This amounts to 135 TWh – equivalent to the entire annual electricity consumption of Sweden.

A-LABELLING OF GRUNDFOS PUMPS

As a member of Europump, Grundfos has also been a proponent for the establishment of voluntary A to G energy labelling of and regulations for circulator pumps in EU. The EU regulations will influence the market for circulator pumps in the EU significantly, as only about 30 per cent of the best A-labelled circulator pumps available on the market today can be sold. Sale of the rest will not be allowed.

While benefiting the environment, the commission regulations will also create a competitive edge for Grundfos, as we have mass-produced energy-efficient A-labelled circulator pumps for years. In 2009, Grundfos reached a milestone, ALPHA2 pump number 1 million was produced and the total sale of these pumps implies annual energy savings of 200 million kWh a year – equivalent to 96.000 tonnes of CO₂. Furthermore, A-pumps sold between 2005 and 2009 have led to annual energy savings of 750 million kWh or 0.750 TWh – equivalent to 359.000 tonnes of CO₂.

1,000,000

ALPHA2 UNITS PRODUCED

PARTNERSHIPS

Another way for Grundfos to influence the global agenda is to engage in partnerships, teaming up with other companies and organisations to contribute to the global debate on sustainable development and to find new ways to combat

climate change. Grundfos is a member of the World Business Council for Sustainable Development (WBCSD) and in order to strengthen our impact and increase our benefits, we identified the most relevant areas, working groups and initiatives in which to engage within WBCSD in 2009.

Through our membership of the Copenhagen Climate Council and The Confederation of Danish Industry, we have also influenced the political life leading up to the UN COP15 summit on climate change held in Copenhagen in December 2009. With the Future Now campaign, Grundfos encouraged people to sign an online petition, asking the politicians to sign the Copenhagen protocol. Furthermore, Grundfos is chairman of the Danish Council for Sustainable Business Development, which has a great impact on the Danish sustainability agenda.

INFLUENCING NATIONAL AND LOCAL AGENDAS

However, Grundfos does not only seek influence at Group level. By taking part in national and local fora, conferences and public programmes to promote environmentally friendly solutions, more than 35 per cent of the Grundfos companies engage in the public debate on sustainable development. For example, the General Manager of Grundfos Egypt was a speaker at "Egypt's Business Summit on Climate Change". Here, Grundfos was used as a best practice example of a business that offers products and knowledge which can help solve the climate challenges.

A MARKETING PLATFORM FOR GRUNDFOS' SUSTAINABLE PRODUCTS

In order to encourage a green mindset and influence the global agenda, Grundfos will in 2010 launch a common marketing platform, which will be a frame for all marketing of our sustainable products and solutions. The platform will contain different tools for communicating the solutions that Grundfos provides. The purpose is to make our most sustainable products and solutions more visible and to make it easier for our customers to choose the most sustainable solution.

In relation to this marketing platform, two campaigns will be launched in 2010. One is "Meet the energy challenge", which focuses on high efficiency motor technology from Grundfos. The purpose of the campaign is to position pumps and motors on the global climate agenda and to make a wide range of stakeholders within different industries aware of the fact that electrical energy savings and CO₂ reductions can be obtained using already available technology.

The other campaign is the third launch of our "Powered by the Impossible" campaign, which has been running for several years. The campaign focuses on our A-labelled circulator pumps ALPHA2 and MAGNA sold to homeowners via wholesalers and installers. The purpose of the campaign is to partner up with our installers, in order to promote and sell sustainable products to homeowners.



> Connecting with our customers

We believe that our customers are looking for more than pumps that can solve their pumping needs. They are looking for complete and user-friendly solutions to solve their problems in relation to water; solutions that can make their life easier and optimise their processes.

GRUNDFOS IN THE EMERGING MARKETS

In 2009, we continued our efforts to achieve our objective of establishing Grundfos firmly in emerging markets, including Brazil, India, South Africa, Dubai, Argentina, Turkey, Chile, Egypt and China. We wish to contribute to increasing the quality of life of people in emerging markets, while at same time ensuring Grundfos' future prosperity. The challenge is to provide comfort to more people with less environmental impact.

2009 ended with a 10 per cent decline in sales. However, it is noteworthy that our objective of developing China as our second home market continued successfully. In spite of the financial crisis and sales decreases in all other regions, we ended up with a 5 per cent growth rate on the Chinese market compared with 2008.

To anchor ourselves more firmly on the emerging markets, sales offices were in 2009 established in Vietnam, Egypt, Chile and the Balkans. We continue our growth strategy and prepare ourselves for future challenges, when the global financial situation once again becomes more promising.

EXPANDED POSITION AS A PROVIDER OF ENERGY AND ECO-FRIENDLY PRODUCTS

In 2009, we expanded our position as a leading company within energy and eco-friendly solutions. A strong promotion of energy-efficient solutions has created continuously positive results, for example the electronically regulated ALPHA2 circulator pump for central heating, the solar-powered SQFlex system for water supply and MGE motors with integrated frequency converter.

Germany, in particular, has felt the effect of the focus on energy-efficient products and the promotion of among others ALPHA2 pumps. Here, Grundfos has been present for almost 50 years and there is a great need for replacing old pumps in this market. Furthermore, customers are encouraged to choose energy-efficient solutions, as climate initiatives are subsidised.

ENVIRONMENTAL FRIENDLY SERVICES

To support our mission to bring high-efficiency products and

concepts to the global market, it is Grundfos' policy to use environmental awareness and energy consciousness as decisive parameters in our marketing activities. We therefore seize the opportunities for entering into a dialogue with our customers and end users.

During recent years, this has led to the development of a number of different services, including audits of pump installations and systems, which will recommend initiatives for reducing energy consumption and quantify the effect.

5,800,000

TONNES CO₂ SAVED DUE TO PUMP AUDITS IN 2009

PUMP AUDITS

The pump audit concept has been running for several years and has now been implemented in all regions. In 2009, an unknown number of audits were conducted, 995 of which were reported to a central database. The reported pump audits have recommended investments that would result in annual energy savings of 74.5 million kWh (37.8 thousand tonnes CO₂). At the time of writing, subsequent customer investments have amounted to actual annual savings of 11 million kWh (5.8 thousand tonnes CO₂) in 2009.

A pump audit can be conducted on all pumps - both Grundfos pumps and our competitors' pumps. However, due to the cost of a pump audit (suggested price € 1,000), Grundfos recommends that the audit is conducted on pumps larger than 7.5 kW. During 2010, the strategy for this business concept will be further developed. The overall objective is for Grundfos to be able to offer some form of reduction analysis for all our customers, irrespective of pump size and function.

For example, in 2010, a pump efficiency quick check tool will be launched. This tool can evaluate pump performance by measuring the electricity consumption and the anticipated flow. This will give an estimate of potential savings. However, this estimate will not be as accurate as that obtained from a full pump audit.

The advantage of this tool, compared with a full pump audit, is that it can be used on smaller pumps at a much lower cost and requires much less time. Nonetheless, it will give the pump owner an idea of how and where electricity can be saved.

ENERGY AUDITS

Furthermore, Grundfos introduced an energy audit concept aimed specifically at district heating systems, as reported last year. In 2009, we concluded a pilot project in China, the purpose of which was to demonstrate the potential for optimising energy consumption in a number of district heating systems. The study showed a much higher savings potential than originally estimated on the basis of the feasibility study. Simply replacing the pumps offered savings of 30-40 per cent. By going a step further and installing variable speed pumps, savings of 60-75 per cent were achieved.

10,000

EXTERNAL STAKEHOLDERS TRAINED IN 2009

CUSTOMER TRAINING

Another way of promoting sustainable behaviour is via customer training. Training is used to raise awareness of sustainability among business partners and to show the options available with Grundfos' products. Training takes many forms – seminars, workshops, courses, etc. – and covers areas such as energy efficiency, water and wastewater management and chemical consumption.

In 2009, more than 10,000 external stakeholders took part in training events with a sustainability component, arranged by Grundfos companies. For example, the Grundfos Pump Academy in Korea conducted 61 such events for a total of 1,866 business partners.

CUSTOMER SATISFACTION SURVEY

Grundfos conducts customer satisfaction surveys in order to ensure that we live up to our customers' expectations and to receive their input. This is a tool for measuring the success of Grundfos' performance, to identify areas for improvement and to give our customers an opportunity to share their opinions.

It is compulsory for Grundfos companies to conduct a customer satisfaction survey every other year and this was last done in 2008. However, in 2009, seven companies voluntarily conducted surveys and their customers' satisfaction levels were comparable with the same companies' results in 2008.

The surveys were conducted as a pilot project in order to revitalise the customer satisfaction survey, which now measures more parameters than previously. The next compulsory survey will be conducted in 2010 using this new survey form.

WARRANTY RATE

In the 2008 survey, customers rated the quality of our sales staff (77) and our products (80) very high, which was emphasised by a low rate of products reported faulty within the two-year warranty period (0.61 per cent). At Grundfos, data from the reports on faulty products are analysed to identify the main cause of the major fault types. Next, corrective actions are agreed based on a list of possible actions, presented in order of priority. This is done to ensure that Grundfos delivers the best products and that potential errors are corrected. In 2009, the warranty rate remained at the same low level (0.58 per cent) as in 2008 and the goal for 2010 is 0.50 per cent.

NO FINES FOR NON-COMPLIANCE

Grundfos is committed to behaving responsibly and we wish customers, suppliers and competitors to perceive us as being a fair, credible and trustworthy business partner.

In relation to compliance with laws and regulations, Grundfos has not received any significant fines in 2009 for non-compliance etc.

However, there was one incident of legal action relating to marketing communication and two legal actions in relation to business which are pending.

Future focus areas

In the future, we will, driven by user needs and customer value, continue to develop capability to provide innovative and viable products and business concepts. With our Innovation Intent and Climate White Paper (p. 37), we have committed ourselves to:

- Investigating and reducing carbon emissions over the entire lifecycle of our products and services
- Developing new sustainable products and solutions
- Encouraging a green mindset
- Influencing the global agenda





PEOPLE

An innovative and enthusiastic workforce is essential for our present and future existence. We therefore need to recruit and retain the best and the brightest. We believe this is done by creating a great place to work, providing all Grundfos employees with opportunities for professional and personal development. As a global company, we create job opportunities all over the world and we contribute to increasing the level of competences in the communities where we are present. This is shared value.



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THE EMPLOYEE IS MORE IMPORTANT THAN EVER

Grundfos is thriving on brilliant and forward-looking ideas.

The development of talents in the Group was organised and strengthened in 2009.

With the launch of Innovation Intent, Grundfos significantly raised its level of ambition for the company's future development in a globalised and ever-changing world that offers great, new challenges. In order to meet the ambitious objectives, Grundfos must become even better at attracting and retaining talented and highly-motivated employees.

To achieve this objective, Grundfos has therefore developed a set of new methods in a comprehensive Talent Management programme, which is now in its second year. A talent is an employee who demonstrates the potential to develop more quickly than the average employee and who, with his or her competences and knowledge, contributes to creating extraordinary results. As one of the first important steps, new Talent Management initiatives are currently being developed and implemented in a project called Talent Engine.

So far, Grundfos has nominated 135 talents and established a global process for their further development. During 2009, almost half of the talents completed a challenging, intense and fulfilling three-day assessment in a Talent Centre.

An important element of the Talent Engine is MatchMaking, in which talents are offered important strategic assignments for the Group, regions or companies.

Lisbet Thyge Frandsen, Manager of Grundfos People & Strategy, says about Talent Management:

"It is a new way of thinking at Grundfos. We have a reputation for being one of the world's best workplaces and for many years we have stressed the fact that we

GRUNDFOS IS A COMPANY THAT NOT ONLY GIVES TOP PRIORITY TO TALENT DEVELOPMENT, BUT ALSO DESIGNS A TRAINING PROGRAMME THAT MATCHES THE COMPANY'S CURRENT SITUATION AND FUTURE CHALLENGES."

HENRIK HOLT LARSEN,
PROFESSOR AT THE COPENHAGEN BUSINESS SCHOOL

are all equal. However, in order to move forward, we have to identify a number of front runners who – with their commitment and competences – can become the future leaders of the company."

She continues "Our Group Strategy specifically states that we must be an organisation in which even the most skilled employees love to make an effort and develop. This is one of the means to achieving this objective. We are integrating the development of strategies and people, because strategies are always turned into reality by motivated people. Everything we do in relation to people thus has a strategic direction", she explains.

Grundfos wants to foster diversity by openly recognising that some people are more capable than others and letting their talent unfold, though not at the expense of everybody else.

"They will have to participate in programmes, help carry out strategic assignments and join a network across national borders. Employees can find many development and career opportunities in the Group, so that they do not get stuck in a particular function. Naturally, the managers need training in how to cultivate

talents to make sure that they grow and are offered even more interesting challenges within Grundfos", says Lisbet Thyge Frandsen.

In 2009, Mette Thomsen joined Grundfos' Talent Management programme. She is a Project Manager in Group Sales & Marketing Development. This is what Mette says about the programme:

WHAT DOES IT MEAN TO YOU TO BE PART OF THE TALENT MANAGEMENT PROGRAMME?

It has been a very clear recognition of the effort I have made at Grundfos so far. At the same time, the programme sets a clear direction for my future career opportunities. I have become very aware of my strong points and development areas. I have also gained a greater understanding of the organisation, both professionally and personally, and, above all, I now know what is required in order for me to reach my own objectives.

HOW IS YOUR IMMEDIATE FUTURE ORGANISED?

I have a personal development plan, which identifies what to do here and now and in the future. The plan has been prepared in cooperation with our HR function and my manager. I have been given a number of projects, which are closely linked to my own development and Grundfos' overall strategy. I also have an internal mentor, who acts as a sounding board in relation to professional challenges and my personal development. In addition, I attend a number of courses in order to strengthen my professional competences.

In 2009, Mette Thomsen joined Grundfos' Talent Management programme. She is a Project Manager in Group Sales & Marketing Development.

IN YOUR OPINION, WHY IS IT IMPORTANT TO FOCUS ON TALENT DEVELOPMENT?

To retain the talent in the company, to help motivate and to create an environment where all employees have a chance to develop. It is about taking the initiative yourself, but also about being encouraged to do so.

HOW CLOSE IS THE CONNECTION BETWEEN GRUNDFOS' OBJECTIVES AND VISIONS AND YOUR DAY-TO-DAY ACTIVITIES?

There is a close connection. I am working on four projects that are directly linked to our visions and objectives, both here and now and in the long term. It is my job to ensure that my areas of responsibility match the Group objectives and strategies. This makes the work I do much more meaningful. For example, I can see that my projects have a direct influence on the way in which Grundfos is perceived by our numerous stakeholders. I know that my work helps us reach our objectives and that is important.

WHICH PROJECTS ARE YOU WORKING ON?

At present, I am working on a marketing platform that tells the world around us about our visions for sustainability. Another project relates to our global sales competences. Here, I work with a German colleague, who is also on the Talent Management programme. I am also developing a new strategy for increasing awareness of Grundfos China and I am working on the EXPO 2010 exhibition in Shanghai.

In addition, I have just completed the EFQM assessor course, which enables me to evaluate Grundfos companies according to the Business Excellence model, a holistic management model. This work will give me a greater understanding and more knowledge about Grundfos. I look forward to completing my first assignment as an assessor in another Grundfos company. ■



Facts about Talent management

In February 2009, the Group began to nominate candidates for the programme from all over the world. There are 135 names on the global list. The youngest are in their 20s, the oldest well into their 40s. Since then, the talents have taken a number of tests and completed simulation exercises in a Talent Centre, where they were evaluated by managers at a higher level of the organisation and by employees from the business unit People & Strategy.

The talents are divided into three categories: Manager, Specialist and Innovator. These three areas have been identified as key areas. In the Talent Centres, the talents are categorised as either global or local talents. Grundfos matches the talent with a strategic development project and the talent develops by working with the specific project. Grundfos calls this MatchMaking.



PEOPLE

We understand PEOPLE as all activities related to the strategic and general approach to managing Grundfos employees. This includes employee development, ensuring that they have the right skills, efficient collaboration among colleagues in a global company, a healthy and safe working environment and employee compliance with the Grundfos Code of Conduct.

With the Group Strategy and Innovation Intent, which were both launched in 2008, Grundfos has raised the level of ambition for the future. In order to meet our strategic objectives, it is necessary to attract and retain the most talented and motivated employees, as all Grundfos employees are needed in order to realise the strategic changes. Furthermore, in order to become a truly globalised organisation, Grundfos needs to:

- develop strategic leadership in a global context;
- develop differentiated strategic competences;
- make Grundfos attractive to highly talented people and
- strengthen the Grundfos glue and global working practices.

Several new initiatives such as Talent Management, Global Collaboration Guide, the Grundfos Glue and Grundfos Code of Conduct have therefore been launched or further developed in 2009.

Talent is the key to development

It takes great people to meet the ambitions of our strategies and by developing a talented organisation it is possible to produce an excellent working environment. Talent development is therefore given high priority at Grundfos. The global Talent Engine initiative was initiated in 2008 and further developed during 2009.

Until now, Grundfos has nominated 135 talents, 64 of which have already participated in a challenging three-day assessment called Talent Centre. In 2009, five Talent Centre assessments were held and 23 talents were nominated as Global Talent, while 41 employees were nominated as Talent. Global Talents start on an individualised development programme working on global strategic assignments, while Talents continue their development on a local or regional level.

Local talent programmes have been initiated in China, Germany, the US and Denmark. A key issue of the Talent

Engine is to ensure diversity in the talent pool in terms of background, nationality and skills.

ONLINE TRAINING INCREASED

Even though Grundfos has a strong focus on talents, the key to success is to ensure that all Grundfos employees possess the skills that are required for them to do their job. Grundfos therefore focuses on professional development and training of employees at all levels of the organisation.

Grundfos' own training academy, The Poul Due Jensen Academy (PDJA), is responsible for offering training and learning to the whole organisation.

Grundfos' ambition is to employ 75.000 people in 2025, but at the same time not emit more CO₂ than in 2008 (p. 37). One way of reaching this goal is to reduce Grundfos employees' travel activities, thereby reducing the strain on the environment.

The foundation of the PDJA has always been classroom training in Bjerringbro and at connected learning centres in the US and Asia, resulting in many travelling hours for Grundfos employees. In 2009, the PDJA therefore developed a new platform for online training and learning, which includes online sessions, tutorials, on-demand learning and e-learning. As a result, the number of employees attending online training increased from 400 in 2008 to 1,350 in 2009.

16.5

TRAINING HOURS PER BLUE COLLAR IN 2009

19.1

TRAINING HOURS PER WHITE COLLAR IN 2009

Online training creates value for Grundfos and the employees, as it is on time and on demand, meaning that employees can attend training whenever and wherever they need it.

DECREASE IN TRAINING HOURS

In general, 2009 saw a fall in the number of training hours at Grundfos. The number of training hours per blue collar worker was 16.5 in 2009 as against 23.4 in 2008 and the number of training hours per white collar worker was 19.1 in 2009 as against 31.0 in 2008. This is mainly due to the financial crisis, which forced Grundfos to cut down on employee training and temporarily close down classroom training at PDJA.

Connecting people on a global scale

In order to ensure efficient and beneficial collaboration among colleagues from different parts of the world, Grundfos launched an online Global Collaboration Guide in 2009. The purpose of the guide is to enhance the visibility and availability of online collaboration tools such as the Grundfos Wiki, online meetings and web conferencing. From July to December 2009, the Global Collaboration Guide had more than 4,000 visitors and more than 14,000 hits, which is very satisfactory.

Furthermore, the use of collaboration tools at Grundfos increased significantly from 2008 to 2009. In November 2009, the number of online meetings was 716 (2,631 hours) as against 332 meetings (508 hours) in November 2008. The use of online collaboration tools creates value for Grundfos, as it ensures efficient collaboration among colleagues. Furthermore, it creates value for society at large in terms of re-

Fact: The Grundfos Journey

The Grundfos Journey is a new e-learning programme with a global reach. All new employees are given a thorough introduction and the programme allows them to travel through an interactive Grundfos universe to learn about the values, culture, history and organisation, but also to gain an insight into the pump industry, our market and competitors. Furthermore, the Grundfos Journey acts as an on-demand encyclopaedia for existing employees.

duced CO₂ emissions, as face to face meetings and Grundfos employees' travel activity are reduced.

THE GRUNDFOS GLUE

Despite fast growth and globalisation, we want to ensure that we are living our values throughout the entire organisation at all times. The Grundfos Glue initiative was therefore launched in 2009 for the purpose of ensuring that we continue to live our values and grow our distinct culture in future. The Grundfos Glue analyses and aims to strengthen the ties that bind Grundfos people together globally.

Fact: The Grundfos Glue Blog

One part of the Glue initiative is the Grundfos Glue Blog, which is a virtual room where employees can meet, debate, inspire and learn from each other. During the last few months of 2009, the Grundfos Glue Blog had more than 4,400 unique visits and more than 300 active contributions from Grundfos staff around the world debating our values and culture.

Encouraging a diverse workplace

To ensure the best possible workplace and a dynamic working environment, it is our goal to reflect society at large by employing a diverse workforce. Grundfos has therefore implemented several initiatives that, for example, focus on women in management and employees engaged on special terms.

WOMEN IN MANAGEMENT

Grundfos is operating in a male-dominated industry and is therefore a male-dominated company. This is reflected in the number of male and female employees (approx. 67 per cent and approx. 33 per cent respectively) and in the number of female managers. On a global scale, only 17 per cent of all Grundfos managers are female, which is not satisfactory.

In 2009, Grundfos therefore set specific targets for women in management and launched a number of initiatives, including coaching, mentoring and career planning for female candidates. The goal is to have at least 25 per cent female managers at Grundfos by 2015.



EMPLOYEES ON SPECIAL TERMS

Another way to ensure diversity in our company is to hire employees on special terms. The goal is for 3 per cent of Grundfos' workforce to be employed on special terms, for example employees with reduced working capacity, disabled individuals and long-term unemployed people. In 2009, the goal was achieved with 4 per cent of the workforce employed on special terms.



EMPLOYED ON SPECIAL TERMS IN 2009

Furthermore, in order to help young people who are at risk of being marginalised because of criminal conduct, Grundfos Bjerringbro in Denmark takes an active part in a nationwide project called High Five. The aim of the High Five project is to create jobs or offer training to these young people.

A representative from the project is situated at Grundfos to support and assist local companies in the process and facilitate cooperation with the public authorities. Out of 10 people who have attended the integration process at Grundfos in Bjerringbro, two are employed on regular terms and some have received job offers from other companies. Currently, one person is taking part in the project at Grundfos and will continue as a trainee afterwards.

The well-being and satisfaction of Grundfos employees

Grundfos gives top priority to the health and safety of our employees. It is therefore a requirement that Grundfos production companies are certified according to the OHSAS 18001 to ensure a healthy and safe working environment. In 2009, Grundfos unfortunately suffered one fatality, when a young trainee was tragically killed while performing an electrical test of a fire control panel. The incident is currently being investigated.

REDUCING THE NUMBR OF ACCIDENTS AND ABSENCE

In 2009, much focus was put on reducing the number of work-related accidents and absence due to accidents, as, unfortunately, we failed to meet the 2008 target (12.0 accidents per one million working hours and 1.3 hours of absence per 1,000 working hours). In 2009, the goal was to collect data about accidents and absence from all companies in order to create a new baseline and set a new target.

Therefore, 2009 had no reduction target; the goal was to maintain the 2008 level. This goal was achieved. In 2009, the number of accidents per million working hours was 7.79 compared with 11.84 in 2008 (covering white and blue collars from all Grundfos companies). The number of lost working hours per 1,000 working hours was 0.76 in 2009 compared with 1,124 in 2008 (covering white and blue collar workers from all Grundfos companies). This was achieved by giving employees more training and information about health and safety aspects.

At Grundfos Hungary, for example, the employees could win a new bicycle in a "Safety Photo Award", a competition aimed at increasing safety awareness among employees at the factory. The target for 2010 is a 10 per cent reduction in accidents and a 10 per cent reduction in absence hours compared with 2008 for both Grundfos branded and non-branded production sites.

In addition to creating a healthy and safe working environment, Grundfos supports employees in their efforts to lead a healthy life style by offering sports facilities, seminars and workshops on how to improve their health and quality of life.

EMPLOYEES AT GRUNDFOS

Table with 3 columns: Category, 2009, 2008. Rows include Employees, White collar, Blue collar, Female employees, Male employees, Female managers, Male managers, Apprentices, Employees on special terms*, Voluntary employee turn-over (white/blue collar workers).

* The target is 3% at Group level

EMPLOYEE SATISFACTION

As part of Grundfos' vision, all employees should have a demonstrably high level of job satisfaction, as the jobs and employment terms provide opportunities for professional and personal development in a good working environment. Employee surveys are therefore conducted every other year, focusing on job satisfaction, motivation and commitment. A survey had been planned for 2009, but due to the financial crisis, it was postponed and will be conducted during 2010.

7.79

**NUMBERS OF ACCIDENTS PER MILLION
WORKING HOURS IN 2009**

0.76

**LOST WORKING HOURS PER 1,000
WORKING HOURS IN 2009**

Grundfos and the global crisis

Grundfos was also affected by the 2009 global economic crisis. The low level of activity meant that Grundfos had to implement significant cost saving measures in order to secure stability and future growth. During 2009, Grundfos laid off more than 2,000 employees globally.

Predominantly, younger people were made redundant, which influenced the age distribution at Grundfos. The percentage of employees aged 40-49 and 50-59 has increased and the number of 20-29 year-olds has decreased. This trend can be explained by the fact that we try to avoid laying off people who have worked for Grundfos for more than 22 years and people aged 58+.

However, Grundfos did its best to mitigate the circumstances by for example offering workshops, individual coaching and other kinds of support to the employees in order for them to be able to move on, both professionally and personally.

Employee Development Dialogue (EDD)

It is a Grundfos objective that all our employees will attend an EDD every year. In 2009, 80 per cent of the white collar workers and 78 per cent of the blue collar workers attended an EDD. This is better than in 2008, but still not satisfactory and further action will be taken.

Strengthening compliance with the Grundfos Code of Conduct

In 2009, the Grundfos Code of Conduct celebrated its 10th anniversary. The Code of Conduct has been continuously updated and strengthened in order to improve our corporate governance.

In 2009, the Code of Conduct was extended to include all aspects of the UN Global Compact. It focuses on compliance with legislation and regulations, human rights, labour rights, environment, political contributions, acceptable accounting, fair and lawful competition, entertainment and gifts, bribery, commissions and other personal monetary rewards. The Conduct outlines the principles that guide the people of Grundfos to act responsibly and it is signed by all Grundfos general managers.

In order to enhance the employees' skill levels in relation to our business ethics policies and to illustrate our ethical guidelines, we are currently in the process of developing a user-friendly manual on the Grundfos Code of Conduct. The manual will contain specific guidelines and dilemmas and will be further supplemented by offering extended compliance training to key employees.

FOCUS ON INTERNAL CONTROL OF FINANCIAL PERFORMANCE

In 2009, in terms of the Code of Conduct, focus was on internal control measures in relation to financial performance, as it is essential to good governance.

At the end of 2008, we upgraded and improved Grundfos' Corporate Internal Control (CIC) function. The CIC focuses on implementing a global financial compliance and internal control culture. Financial compliance is the achievement of reliable financial reporting based on compliance with applicable laws and Grundfos' internal regulations and policies.

In 2009, the framework and concept of internal control at Grundfos were defined by introducing a comprehensive Control Handbook on key and sub-key business processes as well as developing a detailed Code of Conduct for Compliance Controllers.



9

COMPLIANCE WORKSHOPS HELD WORLDWIDE IN 2009

34

**GROUP ENTITIES VISITED BY
CORPORATE INTERNAL CONTROL IN 2009**

Furthermore, nine compliance workshops were held worldwide in 2009 with the participation of more than 75 financial managers and more than 100 other managers and executives. Subsequently, CIC visited 34 Group entities, reviewing and rating the internal control environment and submitting observations, risk descriptions and recommendations for improving the business processes and controls.

As expected, the results of the reviews were satisfactory for most companies. However, to our surprise, a few Western European companies scored low ratings and did not perform as well as expected. These companies received a follow-up report with recommendations on how to ensure that the company lives up to the otherwise high standard.

In 2009, the CIC prepared the implementation of 'SAP-Governance, Risk and Compliance', a monitoring system and 'Sanctioned Party's Lists' screening. The goal is for both systems to be implemented in 2010.

**ENSURING COMPLIANCE WITH LOCAL LAWS
AND THE GRUNDFOS CODE OF CONDUCT**

In addition to being audited by an internal control system, most Grundfos companies operate in countries where governments regulate on issues such as accounting, political contribution and fair competition. All Grundfos companies report that they strictly comply with the national laws and the Grundfos Code of Conduct. Several companies have different processes to ensure compliance, for example expense control. By these means, the companies also ensure that their employees do not receive bribes or any entertainment or gifts to an extent that will influence their decision-making in relation to business.

Furthermore, all Grundfos' employees are invited to raise concerns about any internal wrongdoings to the whistle-blo-

wer body, The Ethics Committee, thereby further preventing the risk of any kind of corruption.

The Ethics Committee covers all aspects of the Grundfos Code of Conduct. In 2009, the committee received three reports, but all were outside of the scope of the committee.

In 2008, Grundfos was suspended from the list of approved suppliers to the headquarters of the United Nations due to the actions of a Grundfos subsidiary under the UN Oil for Food programme. Grundfos has been reinstated on the list and the case was closed in 2009.

Human rights and labour rights

Grundfos supports and respects the protection of internationally proclaimed human rights and the ILO Declaration on Fundamental Principles and Rights at Work. In this regard, governments regulate on human rights and labour rights in most of the countries in which Grundfos companies operate and our companies comply with national laws.

Furthermore, the companies avoid forced labour, child labour, discrimination or harassment by following local legislation and the Grundfos Code of Conduct. As regards forced labour and child labour, all potential employees are screened by local Human Resource departments as part of the personal interview and employees in many countries have to present a valid working visa.

In terms of security, approx. 46 per cent of all Grundfos companies use some form of security firm. Most of these activities are outsourced and all companies confirm that their guards have received training on how to intervene and how to use as little authorised force as necessary.

In terms of freedom of association, Grundfos companies comply with national legislation concerning freedom of association and the right to form or join labour unions. In countries with no tradition for trade unions, the companies have local labour committees and employee representatives to speak on behalf of the employees.

Future focus areas

The most important focus area for our future success is the continuous development of our employees and our organisation at large. Until 2012, Grundfos' strategic focus in terms of people will therefore be on:

- Development and training of employees
- Talent management
- Strengthening Grundfos as a global workplace
- Innovating leadership at Grundfos
- Developing and implementing a strategy process that ensures aligned strategies at Grundfos



PROCESS

Grundfos is present all over the world and we set high standards in all our companies. We take our own medicine by minimising our negative environmental footprint. It reduces our own costs and preserves the environment as the sound basis for our success as a business in the long run. Furthermore, we create economic growth for the communities in which we operate. This is done through our engagement with stakeholders and support to improve the living conditions of local people. This is our social license to operate.



Content PROCESS

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GRUNDFOS FOCUSES ON GREEN BUILDINGS

It is Grundfos' objective to be a leading green company, which supports and shows consideration for the environment. Grundfos shows consideration for the environment by reducing our own carbon footprint. With the Climate White Paper and the Footprint strategy, Grundfos has promised never to emit more CO₂ than we did in 2008, even though the company's objective is growth in both production and number of employees.

Globally, buildings are responsible for more than 40 per cent of the world's total energy consumption and for 24 per cent of the world's CO₂ emissions. Focusing on the energy used to operate buildings, for heating, cooling and lighting, offers great potential for reducing CO₂ emissions and thereby reducing the strain on the environment.

In 2009, Grundfos therefore implemented a policy for sustainable buildings and defined building codes for all Group buildings. This allows us to prioritise the initiatives to be implemented in 2010 to make the buildings more sustainable. Read

more about Grundfos' sustainable building policy on page 39.

Focus on sustainable buildings is, however, not a new initiative at Grundfos. In India, for example, Grundfos has been a pioneer within sustainable building for quite a few years. In India, as in so many other countries, sustainable buildings are considered ground-breaking. In 2005, Grundfos opened a new building in Chennai. This sustainable building was the second to be certified according to the LEED criteria and the first to be awarded a LEED gold certificate.

GRUNDFOS' GREEN BUILDING IN INDIA IS AN INSPIRATION TO MANY PEOPLE

According to Ranganath N. Krishna, Managing Director of Grundfos India, the decision to build green and have the building certified has been of great importance to Grundfos India. The green building has attracted consistent interest among architects, contractors, developers and others. Every year, the building has more than 2,500 visitors, who want to know more

Facts about LEED

LEED stands for Leadership in Energy and Environmental Design and is an American rating system operated by the US Green Council. LEED operates with four categories: Certified, Silver, Gold and Platinum.

LEED is a third-party certification programme and an internationally recognised benchmark for the design, construction and operation of highly efficient green buildings.

LEED offers owners and operators of buildings tools which have a direct and measurable impact on building performance.

LEED supports an approach to sustainability which focuses on the entire building and is divided into five key areas: Sustainable development of the construction site, saving water, energy-efficiency, choice of materials and quality of the indoor climate.

Grundfos aims to meet the requirements of the LEED Gold category or similar requirements in accordance with local standards.

Facts about Grundfos Singapore

The planning of Grundfos' future sales office in Singapore incorporated the ambitions of the new Grundfos sustainable buildings policy.

The building will be located in Singapore and in addition to the sales office, it will accommodate the regional Asian headquarters, a manufacturing area and a distribution centre.

The target for the new building is to meet the BCA Green Mark, Platinum, which is the highest level for sustainable building in accordance with the official benchmarking system in Singapore.



The cost of Grundfos' building in Chennai, India was 10 per cent higher than that of conventional buildings. In return, savings of 25 per cent on energy and 43 per cent on water are made. The building is not only a model in terms of environmental friendliness, it offers many innovative architectural details.

WHEN BUSINESS PEOPLE IN INDIA THINK GREEN, THEY TYPICALLY THINK OF GRUNDFOS FIRST.

RANGANATH N. KRISHNA,
MANAGING DIRECTOR

about the concept behind green buildings and who seek inspiration.

"Apparently, we have been an inspiration to others, for today, 417 Indian buildings have been awarded green certification", says Ranganath. It makes us proud to work in one of the best buildings in India. By letting the building reflect Grundfos' values, we show that we do what we say we will do — and we are being recognised for that. Grundfos is highly appreciated for setting a good example and the certification has created huge awareness and goodwill over the past five years. When business people in India think green, they typically think of Grundfos first", he says.

Vineeta Badawe is Manager of V.V. Architects Pvt. Ltd. She was in charge of the green design line in the Grundfos building:

"Because of our work with Grundfos, we have become known as 'the green architects' or 'the Grundfos architects'. Since working with Grundfos, we have undertaken many jobs for the corporate sector, private contractors and architects who

want to know more about green architecture", she says.

"My company has therefore been in charge of the design of several buildings, including Turbo Energy Ltd's LEED Platinum category R&D factory, which uses solar energy, German SEW-Eurodrive's industrial factory, the Titan Industries' Innovation Centre, Vestas Wind Energy's factory in Chennai and Parker Hannifin from the US. Those responsible for the construction of the Goethe Institute's new building were likewise impressed by the Grundfos building and wished to include the natural light conditions. As an architect, I am really pleased with the increased interest in green architecture in India", she explains.

SMALL INVESTMENT WITH GREAT RESULTS

The cost of the building was 10 per cent higher than that of conventional buildings. A large part of the extra costs was due to specialised glazing, which lets in the light while at the same time keeping out the heat, allowing the air-conditioning system to be turned down. This led to a 25 per cent saving on the total energy consumption in 2009. The water consumption has been reduced by 43 per cent, for example by re-using water and installing water-saving toilets. The resource consumption in the building has been reduced by the choosing materials with a high degree of recycling. To reduce transport and support

the local economy, more than 60 per cent of the building materials were transported from within an 800-kilometre radius.

These savings on consumption are good examples of how sustainability contributes to creating shared value, i.e. value to Grundfos in the form of financial savings and value to society in the form of less strain on the environment.

However, the focus is not only on the building's consumption and CO₂ emissions: great attention has also been paid to the internal working environment.

In order to maintain a pleasant indoor climate, the air is kept fresh by constant monitoring of the CO₂ level. Moreover, carpets, paint and building materials that release a minimum of noxious vapours have been used.

By paying attention to the working environment, Grundfos creates a productivity-enhancing indoor climate and makes the employees happy. In the long term, showing consideration for the employees will help make Grundfos an attractive workplace, which will allow us to attract and retain attractive employees. ■

Fact about Global Compact

Grundfos supports the UN Global Compact principle 8 by promoting environmental responsibility — both internally and externally.

PROCESS

We understand PROCESS as all the activities involved in operating our company, including production, logistics, properties and utilities and management. Furthermore, Process includes our presence in the local community – our social license to operate.

With over 80 companies in more than 50 countries, Grundfos is present all over the world. In 2009, Grundfos continued the globalisation process by establishing new sales companies in Chile, Vietnam, Egypt and the Balkans.

Furthermore, we have expanded our production facilities in Russia, India and the US. Grundfos' activities therefore have an impact on both local communities and the global environment.

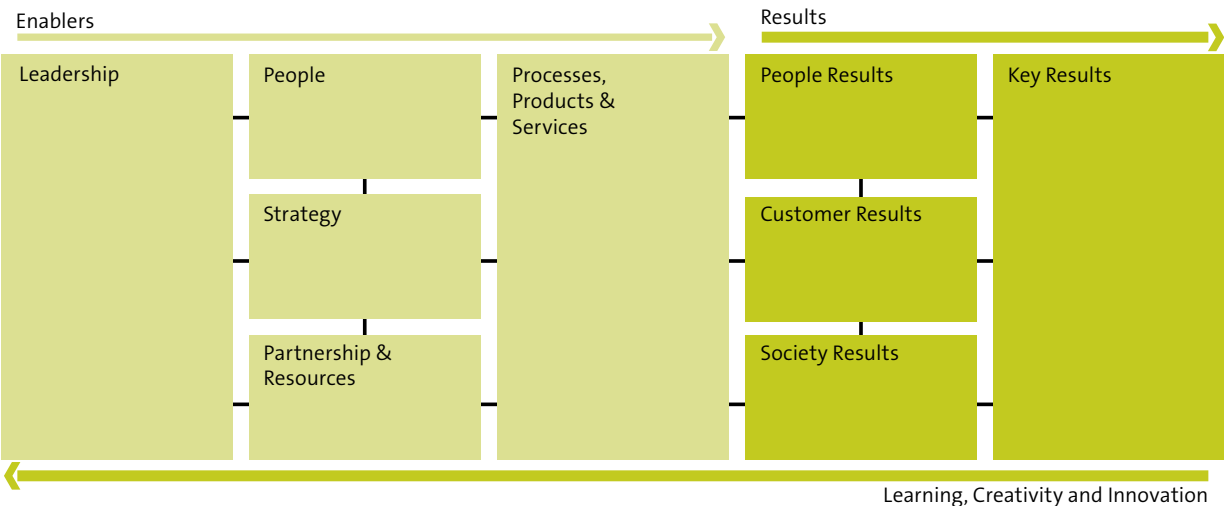
Excellent management

Grundfos uses Business Excellence as a holistic approach to managing business performance. Business Excellence serves as a useful framework for running our business in accordance with our mission, vision and values. The model functions as a benchmarking tool, sharing best practice on the individual company's performance within leadership, processes and results. Furthermore, Business Excellence incorporates the satisfaction of employees, customers and society at large, enabling us to identify areas of improvement.

75 PER CENT USES BUSINESS EXCELLENCE

Approx. 75 per cent of our companies use the model as a management tool. In 2009, eight of our companies were assessed according to the Business Excellence principles and one company, Grundfos New Zealand, had their first cross-company assessment.

Business Excellence Model



In 2009, the European Foundation for Quality Management (EFQM) updated the Business Excellence model in order to increase focus on today's business environment, in which innovation, sustainability and risk management are important topics. A couple of Grundfos companies have been involved in the process of updating the model and Grundfos subsequently decided to implement the changes of the new model. In relation to Business Excellence, 2010 will therefore be a year of transition and pilot projects before implementing a plan for the entire group.

BUSINESS EXCELLENCE USED AS INSPIRATION IN EHS MANAGEMENT

Business Excellence is not only used in terms of the general management of our business. It is, for example, also used in the management of our Environment, Health and Safety (EHS) activities.

In 2008, Grundfos developed a tool to manage EHS Group Audits – The Performance Matrix – which has been designed in accordance with the Business Excellence Model. The tool allows us to compare Grundfos companies' EHS performance.

Basic requirements are that all Grundfos production companies have implemented EHS management systems according to ISO 14001 and OHSAS 18001. 11 out of Grundfos' 12 branded production sites are certified according to ISO 14001 and eight out of 12 are certified according to OHSAS 18001. However, Grundfos wants to take sustainability further and ensure that environment is a part of the mindset and is included in everything we do. The EHS Group Audits therefore not only focus on EHS management systems such as ISO and OHSAS.

EHS GROUP AUDITS - THE PERFORMANCE MATRIX

The Performance Matrix, used at the EHS Group Audits, consists of three elements: Enablers, Process alignment and Results, emphasising what the Grundfos companies do, how they do it and what the results are in terms of EHS. Within the three elements, there are different criteria, which evaluate the level of EHS education, the motivation of employees, the collection of EHS data etc.

Furthermore, the audits will follow up on the individual company's commitment to the Footprint strategy which Grundfos launched in 2009 and make sure that CO₂ reduction initiatives have been launched.

The original plan was to conduct the first audits in 2009, but due to the financial crisis, the audits were postponed. Instead, we gave priority to EHS group auditors training in 2009. The goal for 2010 is to conduct three test audits and two regular audits and by 2011 we intend to be ready to follow the general EHS audit plan with regular audit frequency.

Footprint strategy — No more CO₂

Grundfos has made it an objective to be a truly global company by 2025, to employ 75,000 people and to increase our business activities radically. This may have a potential negative effect on the environment. If, after 2009, Grundfos' growth in turnover increases by 10 per cent annually, CO₂ emissions from Grundfos companies' operations will double by 2017 if nothing is done to reduce them.

Therefore, a Footprint strategy was launched in 2009 for the purpose of reducing Grundfos' negative impact on the climate.

Based on Innovation Intent (p. 18) and the Climate White Paper (p. 7), our Footprint strategy provides the framework for a systematic approach to climate initiatives. The ambition with the Footprint strategy is to never emit more CO₂ than we did in 2008.

The strategy focuses on CO₂ emissions caused by our own manufacturing processes, building operations and logistics, including the transport of goods and people between our own operations as well as from and to suppliers and customers. Furthermore, the Footprint strategy describes the methods and tools required to meet the objectives:

- Managing CO₂ (energy monitoring and reduction)
- Introducing Green Lean
- Identifying and implementing energy-saving projects
- Securing a greener energy supply

The long-term ambition is for Grundfos to become a CO₂ neutral company.

The objective for the implementation of the Footprint strategy in 2010 is to ensure commitment to the strategy at all Grundfos companies. The department Group Environment will therefore visit all companies, starting in China, Hungary, the US and Germany.

The purpose of the visits is to engage in dialogue with the companies in order to ensure their commitment to the Footprint strategy and to help them identify relevant CO₂ reduction initiatives. Furthermore, it is important to make sure that the right competences are in place in order for the companies to be able to implement the strategy fully.

Taking our own medicine — CO₂, energy, water and waste reductions

The Grundfos strategy focuses strongly on sustainability. The objective is, among other things, to save energy in production and to decrease CO₂ emissions. This is an important objective, as Grundfos' CO₂ emissions have a significant impact on the environment.

Many initiatives have been carried out in 2009 to reduce this impact and this is seen in our reported CO₂ emissions. Grundfos did not set a target for CO₂ reductions in 2009; yet, with the ambition to not emit more CO₂ than we did in 2008, the 10 per cent reduction in 2009 is satisfactory.

CO₂ EMISSIONS FROM ALL GRUNDFOS COMPANIES' OPERATIONS

	2008	2009	Reduction in %
Indirect energy (tonnes CO ₂)	107,302	98,470	8%
Direct energy (tonnes CO ₂)	16,246	12,978	20%
Total CO₂ emission (tonnes CO₂)	123,548	111,448	10%

10%

REDUCTION IN CO₂ IN 2009 COMPARED WITH 2008





➤ In addition to CO₂ emissions, Grundfos has an impact on the environment in terms of energy consumption, water consumption and hazardous waste. Historically, only Grundfos branded production companies have reported their water and energy consumption and hazardous waste, as they have the greatest impact. In 2009, Grundfos has only set targets for our branded production sites and for our sales companies.

**2009 TARGETS FOR GRUNDFOS BRANDED
PRODUCTION COMPANIES AND SALES COMPANIES**

Companies	Consumption/ generation	2009 target	Status
Grundfos branded production companies	Energy consumption	15% reduction in indexed con- sumption com- pared with 2002	✓
	Water consumption	30% reduction in indexed con- sumption com- pared with 2000	✓
	Hazardous waste	60% reduction in waste compared with 2000	—
Sales companies	Energy consumption	Collect data for heating and maintain indexed performance from 2008	✓
	Water consumption	5% reduction in indexed con- sumption com- pared with 2007	✓
	Hazardous waste	n/a	n/a

ENERGY

In terms of energy consumptions, we are happy to report that our Grundfos branded production companies met the 2009 target. No target has been set for our sales companies, as their impact is very small. In 2009, the goal for the sales companies was to maintain the indexed 2008 performance, which was also achieved.

WATER

Grundfos believes that one of the most significant effects of climate change is in relation to water. Like the IPCC (the Intergovernmental Panel on Climate Change), we believe that water, its availability and quality will cause significant strain on societies and the environment during climate change. Grundfos therefore attaches great importance to

the reduction of our own use of water and we are very satisfied to have achieved the targets for our Grundfos branded production companies and sales companies alike.

HAZARDOUS WASTE

Unfortunately, we failed to meet the 2009 target for reducing hazardous waste generated by Grundfos. One reason is that the wastewater treatment plant at Grundfos Bjerringbro did not perform to its full potential. This has unfortunately resulted in a 30 per cent increase in the amount of sludge generated.

In 2010, we will focus on improving the wastewater treatment plant's performance. The goal for 2010 is a 10 per cent reduction compared with 2008 for both Grundfos branded and non-branded production companies.

ACHIEVING A POSITIVE RESULT

There are several reasons for the positive results achieved within energy and water consumption. One reason is the many initiatives taken by Grundfos companies to minimise their water and energy consumption.

During 2009, Grundfos China in Suzhou, for example, reduced the company's municipal water consumption by 6,500 tonnes. The reduction was a result of a Lean Six Sigma project, which is a well-defined and well-structured way of achieving improvements.

However, the financial crisis, which reduced Grundfos' production, resulting in less consumption of energy and water, is also part of the explanation.

A THRESHOLD VALUE CREATES A CHALLENGE

2009 saw the introduction of a threshold value, whereby the data collection process was changed at Grundfos. Companies with consumption levels below the threshold value were not required to report their environmental, health and safety data for 2009. This created new challenges for our data and reporting process (however, see "About the report", p. 50). During 2010, the data collection process will be reviewed

SETTING THE TARGETS FOR 2010

The Footprint strategy creates a systematic approach to climate initiatives and it identifies a general scope and set of targets for consumption for all Grundfos companies.

Previously, measurements of water, energy and hazardous waste were made in different years, leading to several indexed base years. However, from 2010, 2008 will become the base year for future comparisons. Furthermore, the 2010

targets include all Grundfos-owned companies, even though they are still divided into Grundfos branded and non-branded production companies.

The ambition with the Footprint strategy is to never emit more CO₂ than we did in 2008. A Grundfos company therefore cannot emit more CO₂ than it emitted in 2008. Furthermore, as the production companies have the greatest impact in terms of CO₂, a 5 per cent reduction target compared with 2008 is set for Grundfos' 17 largest production companies.

As our focus is mainly on launching CO₂ reduction initiatives, we have not set targets for our 2010 water consumption. However, water remains an important focus area and the 2012 target is for no domestic water to be used for irrigation; see targets for our sustainable buildings policy (p. 40).

Grundfos' greatest impact on the environment is made via our production companies. This is currently a major focus area. Grundfos has therefore not set any targets for our sales companies for 2010. However, we plan to set such targets during 2011 and 2012.

2010 TARGETS FOR ALL GRUNDFOS COMPANIES

Focus area	Grundfos branded production companies	Grundfos non-branded production companies	Sales companies
CO ₂ emission	5% reduction compared with 2008	5% reduction compared with 2008	n/a
Energy consumption	5% reduction in fossil based energy consumption compared with 2008	5% reduction in fossil based energy consumption compared with 2008	n/a
	Reduction in energy consumption* compared with 2008	Reduction in energy consumption* compared with 2008	
Water consumption	n/a	n/a	n/a
Hazardous waste	10% reduction relative to work hours compared with 2008	10% reduction relative to work hours compared with 2008	n/a

* all types of energy supply including renewable energy sources

GRUNDFOS' CARBON FOOTPRINT DUE TO TRANSPORT

In relation to transport, Grundfos' emissions of CO₂ are indirect emissions. This means that our emissions due to transport of components and finished goods mostly originate from means of transport (ships, vehicles and airplanes) not owned by Grundfos. In 2010, we will therefore apply a demand-driven strategy, obliging all major transport providers to report on CO₂ emissions and, in co-operation with Grundfos, set realistic targets for reduction measures.

This is still a challenging task, as the international transport industry has yet to establish a standard for measuring CO₂ emissions. However, by stating the requirements and monitoring the progress, we aim to drive development in a positive direction.

Sustainable buildings

It is Grundfos' ambition to be a frontrunner when it comes to energy-efficient and cost-efficient buildings. We take our own medicine by focusing on sustainability when constructing new buildings and renovating existing ones. A policy for sustainable buildings was therefore developed in 2008.

In 2009, Grundfos set targets and defined a building code, which is a classification system showing the sustainability level of our buildings. The building code consists of nine focus areas including implemented EHS management systems, water, energy, materials and operation costs.

Fact: Building code

The defined building code is based on our own building performance in 2008. In terms of energy consumption, we have also compared the performance with average energy consumption on LEED certified buildings.

Class 1

Buildings which have a low energy and water consumption or can achieve LEED Gold level awards or a higher building performance standard

Class 2

Buildings which have a medium energy and water consumption or can achieve LEED certification level awards

Class 3

Buildings which as minimum comply with local energy demand and building regulations





GRUNDFOS BUILDINGS' ENERGY, WATER AND RECYCLING

In terms of energy consumption, 74 per cent of all our Grundfos production sites are in building code class 3. 13 per cent of our sales companies with assembly and 53 per cent of our sales companies without assembly are also in building code class 3. This result is not satisfactory and one of the most important initiatives in 2010 is therefore to improve our buildings' performance in relation to energy saving.

In terms of water consumption, 74 per cent of our production sites are in building code class 1, which is very satisfactory. The trend from our sales companies differs, as 62 per cent of the companies are in building code class 2 or 3. This is not satisfactory and we will give priority to water reduction measures in our sales companies, for example by focusing on rainwater harvesting and irrigation.

In terms of waste recycling, 26 per cent of our production sites recycled more than 90 per cent of their non-hazardous waste and 42 per cent recycled between 50 and 90 per cent. In 2010, the focus for improvements will be to implement waste management systems in our sales companies.

MAPPING OF EHS MANAGEMENT SYSTEM

We believe that excellent management systems and a systematic approach will help us maintain focus on developing green buildings. 2009 saw the mapping of EHS management systems that have already been implemented in our companies.

In order to identify areas for further improvement and implementation of management systems, the next step will be to compare the individual company's level of implemented management systems with their energy and water consumption levels and the waste recycling level.

Fact: Targets for sustainable buildings

- From 2010, building code class 1 will be considered the target to strive for when constructing new Grundfos buildings.
- Renewable energy supplies will be chosen if the pay-back time is less than five years.
- By 2012, no domestic water may be used for irrigation.
- By 2015, the consumption of fossil-based energy will be reduced by 30 per cent.
- By 2015, the reuse of grey wastewater and rain water harvesting will account for more than 30 per cent of the water consumption in all existing Grundfos buildings.

74%

OF PRODUCTION SITES ARE IN
CLASS 3 IN TERMS OF ENERGY CONSUMPTION

74%

OF PRODUCTION SITES ARE IN
CLASS 1 IN TERMS OF WATER CONSUMPTION

26%

OF PRODUCTION SITES RECYCLE MORE THAN
90 PER CENT OF THEIR NON-HAZARDOUS WASTE

Local community engagement

In addition to having an impact on the environment, Grundfos companies around the world have a great impact on the communities in which we operate. In 2009, more than 85 per cent of all Grundfos companies engaged in one or more initiatives supporting the local community. This is Grundfos' social license to operate. A large part of these initiatives are philanthropic and consist of donations of money and material. However, several of the initiatives are also more strategic and focus on creating value both for society and for Grundfos.

CREATING SHARED VALUE BY FOCUSING ON WATER

Water is synonymous with Grundfos and when Grundfos companies engage in local communities, water also is a focus area. In 2009, Grundfos companies supported the development of sustainable water solutions, taught children about water conservation and clean energy and donated water supply products.

GRUNDFOS WATER CONSERVATION AWARENESS PROGRAMME IN INDIA

In August 2009, the Grundfos Water Conservation Awareness Programme was held in India in collaboration with Indian school authorities. The purpose of the initiative was to increase awareness about the importance of water conservation.

Grundfos Pumps India sponsored the event and Grundfos employees took active part in arranging and conducting the event. To Grundfos, the programme created value, as the image of an environmentally-friendly company was reinforced. To the Indian society, the programme created value, as young children – India's future – were taught how to minimise their water usage. The programme proved to be an effective tool in getting the message of water conservation across to young children. In the future, the programme will be run in other schools in India.

CENTER FOR WATER TECHNOLOGY IN FRESNO

In the state of California, which is in the midst of a draught, water is a scarce and valuable resource and there is a need for sustainable solutions that will improve water use efficiency. Grundfos Pumps Manufacturing Corporation in Fresno, US, therefore supports the International Center for Water Technology.

In collaboration with California State University in Fresno, the centre was established to provide education and research on the development and adoption of innovative solutions and technologies that improve water use efficiency, creating great value for society. As a member, Grundfos' role is to offer the centre advisory services. To Grundfos, the membership creates value, as it provides training and new knowledge to our technical staff. Furthermore, the centre allows Grundfos to engage in networking activities and find synergies with other leading water technology companies and this has led to potential sales opportunities.

SOLAR PUMP SYSTEMS DONATED TO SCHOOLS IN CHINA

Also in 2009, several Grundfos companies donated products for various causes. For example, Grundfos China donated an SQFlex system to a Chinese school located in a poor rural area. The purpose of the donation is mainly to provide students with a stable drinking water supply at a reduced cost and secondly to inform students about clean energy and sustainable development.

The donation was made through China Children and Teenager Fund, the national charity organisation, which selected the location and coordinated the logistic aspects of the project with the local government. Grundfos' donation included a solar panel, a submersible pump, a water tank, control panel, wiring, piping and a one-year system guarantee.

With this project, Grundfos China attempts to link local community support to the competences of Grundfos' products, creating value for both society and Grundfos.

The project provides 800 students with a stable, low-cost water supply and the money saved can be used for other educational programmes. The goal for 2010 is to implement five similar projects and hopefully expand the initiative by attracting external sponsors, creating a greater social and environmental impact in rural China.

85%

**OF ALL GRUNDFOS COMPANIES
ENGAGE IN ONE OR MORE INITIATIVE
SUPPORTING THE LOCAL COMMUNITY**

Fact: The Poul Due Jensen Foundation

The Poul Due Jensen Foundation, which is the primary owner of the company and named after Grundfos' founder, has donated DKK 8,971,375 (€ 1,204,837) to causes that are not business-oriented as such.

The donations mainly focus on research, design and innovation, environment and nature and social responsibility. For example, the Foundation donated DKK 500,000 (€ 67,149) to the Global Dialog Prize and DKK 100,000 (€ 13,430) to Sacred Trust – South African Children's Resource for Education & Development.

Future focus areas

In future, Grundfos will effect changes throughout our own organisation in order to reduce the environmental impact of our operations. With our Climate White Paper, we have committed ourselves to:

- taking our own medicine
- not emitting more CO₂ than we did in 2008
- reducing the energy consumption and increasing the energy efficiency of our production
- reducing the energy consumption in our buildings
- reducing the CO₂ emissions caused by transport of goods and people
- and, in the long term, becoming a CO₂ neutral company





PURCHASE

Securing high standard suppliers is essential for Grundfos and we therefore aim to improve the suppliers' standards by focusing on responsible supplier management. Through building up trustworthy relationships, we want to ensure that our suppliers comply with the Grundfos Supplier Code of Conduct, the UN's Global Compact, local laws and international norms. Our actions hereby contribute to increasing local labour standards and growth.



Content PURCHASE

- 44 Close collaboration reduces CO₂ emissions
- 46 Reporting



A photo from one of Fairchild's visits to Grundfos, showing (from the left): Vice President Ole-Petter Brusdal, Fairchild, Category Manager Klaus Rye Andersen, Grundfos, Regional Sales Manager Morten Feldstedt, Fairchild, Development Engineer Claus Bo Larsen, Grundfos, President and CEO Mark Thompson, Fairchild, Hardware Technology Manager Thorkild Kvisgaard and Senior Engineer Niels H. Petersen, both Grundfos.

CLOSE COLLABORATION REDUCES CO₂ EMISSIONS

By joining forces, Fairchild Semiconductor and Grundfos help reduce energy consumption considerably in both pumps and numerous other products.

Environmentally friendly products enable Grundfos to help customers reduce their environmental impact. For many years, Grundfos has worked very successfully to develop energy-efficient products, for example the A-labelled ALPHA2 pump.

Today, the ALPHA2 is close to using the minimum power required to operate a circulator pump, due especially to the built-in, intelligent electronics, which allow pump performance to be adjusted up or down according to need. The pump speed adjustment forms part of an electronic circuit, which Grundfos has developed in close collaboration with electronics supplier Fairchild Semiconductor – a collaboration with great perspectives in relation to energy-savings in a wide range of products.

CLOSE COLLABORATION CREATES GREAT VALUE

It is important to Grundfos to engage in close collaboration with our suppliers and

Facts about Fairchild Semiconductor

Fairchild Semiconductor describes it-self as a leading manufacturer of energy-efficient, easy-to-use semiconductor solutions that add value for power and mobile designs. The company's expertise in power and signal path products helps customers differentiate their products and solve difficult technical challenges.

The company builds on its history of innovation in order to counter one of today's greatest challenges – to reduce energy waste and improve energy efficiency in a world that is increasingly hungry for energy.

to be regarded as an active partner, who contributes to learning and inspiration. The Grundfos/Fairchild collaboration is of value to both of the two companies by offering them a significant competitive edge and to the environment in the form of significantly reduced CO₂ emissions.

Mark Thompson, President and CEO of Fairchild Semiconductor, says that the

electronics component is not only intended for pumps, but can also be used to reduce the energy consumption in many other products, including airconditioning plants, washing machines and vacuum cleaners.

OUR COLLABORATION IS BASED ON MUTUAL TRUST AND MUTUAL DEPENDENCE.

THORKILD KVISGAARD,
HARDWARE TECHNOLOGY MANAGER
AT GRUNDFOS

This may be of huge importance to the environment: "Energy-efficient motors provide significant energy savings. As an example, an inefficient motor installed in a ceiling fan uses 320 W an hour, while an efficient motor with electronic adjustment only uses 143 W per hour of operation. Using energy-efficient technology in just 20 million ceiling fans would



thus make twelve 300 MW power stations unnecessary", says Mark Thompson.

THE ADVANTAGE

The advantage to Fairchild is to gain access to Grundfos' know-how and expertise. "In Grundfos, we found a business partner with in-depth knowledge of all aspects of motor regulation, experience from its own production of electronics modules and an understanding of the key criteria for obtaining success within large-scale production. We found that Grundfos' expertise is a good match for Fairchild's", explains Mark Thompson. He continues: "Grundfos' specific knowledge about factors that may influence the quality of pump applications has helped us develop some very strong products."

The advantage to Grundfos is lower overall systems costs. "Our collaboration with Fairchild has allowed us to reduce the price of electronics. The reduction is to such a degree that the customer will find that a regulated pump offers added value

BOTH COMPANIES FOCUS ON OFFERING ENERGY-EFFICIENT TECHNOLOGIES THAT REDUCE ENERGY WASTE BY DEVELOPING INNOVATIVE PRODUCTS THAT CONTRIBUTE TO A BETTER QUALITY OF LIFE AND A HEALTHY ENVIRONMENT.

**MARK THOMPSON,
PRESIDENT AND CEO OF FAIRCHILD
SEMICONDUCTOR**

that exceeds the extra cost compared with an unregulated pump. We could not have achieved this if we had not allowed others to benefit from the technology, as the lower price is precisely the result of manufacturing the component in large quantities", says Thorkild Kvisgaard, Hardware Technology Manager at Grundfos.

The low price is not the only advantage which Grundfos derives from this collaboration. Claus Bo Larsen, Development Engineer at Grundfos, explains that the

active participation in the development work ensures that the component fits the pump precisely. "By developing the electronics component alongside the pump, we will be certain that everything fits perfectly from the beginning, thereby avoiding time-consuming and costly adjustments later on", he says.

In addition to the electronics module for the ALPHA2 pump, the collaboration with Fairchild has so far resulted in the development of a similar module for motors and larger pumps, including the Magna circulator pumps. Several other projects are under way and the trend is towards electronic regulation being implemented in more of Grundfos' products in the coming years. ■

Fact about Global Compact

Grundfos supports principle 9 of the UN Global Compact by developing and disseminating environmentally friendly technologies and ensuring sustainable development.

PURCHASE

We understand PURCHASE as all sourcing activities related to procurement and supplier management in Grundfos.

Sustainability and responsibility is essential when building trustworthy partnerships with suppliers. As a rule, Grundfos only cooperates with suppliers who give top priority to quality, the environment, ethics, flexibility and security of supply. We believe our responsibility goes beyond the sourced products and components, as we are also responsible in relation to the people and the communities we are sourcing from.

At this stage, and in terms of responsible supplier management, our main focus is on Group suppliers of direct materials, i.e. suppliers of raw materials, components and other materials used for direct production.

Fact: Definition of suppliers

Direct:	Suppliers of direct materials such as raw materials, components and materials used for direct production
Indirect:	Suppliers of indirect materials such as services, transport, consultancy, maintenance, etc.
Group supplier:	Suppliers to several Grundfos companies
Local supplier:	Suppliers to a single Grundfos company

We therefore expect all direct Group suppliers to respect the Grundfos Supplier Code of Conduct, which is based on the 10 principles of Global Compact.

However, our ambition is not only compliance: We also want to be considered an active partner, who creates value by inspiring our suppliers to improve within the areas of sustainability and responsibility. The ambition for 2009 was to improve the process of responsible supplier management further by:

- streamlining the methods included in the Supplier Quality Assurance processes,
- disseminating the Grundfos Supplier Code of Conduct to local suppliers,
- raising awareness of responsible supplier management,
- reducing CO₂ emissions in the supply chain.

Responsible supplier management

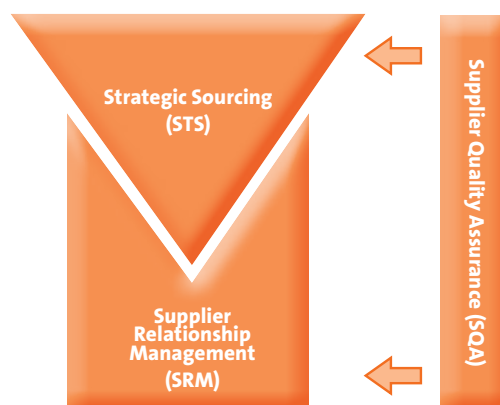
Grundfos expects its suppliers to live up to high standards, while at the same time acknowledging that our suppliers are a source of competitive superiority and key to achieving our strategic business goals.

Grundfos follows a set of well-described sourcing processes, which all support our strategic approach towards supplier management. Responsible supplier management is embedded in these business processes, which are managed and supported by Group Purchase.

Group Purchase is responsible for all Group suppliers, whereas local Purchase departments are responsible for all local suppliers. However, Group Purchase supports the local processes by offering relevant tools.

The Process of Supplier Management in Grundfos

The model illustrates the interaction between the process of Supplier Quality Assurance (SQA) and the two main Purchase processes: Strategic Sourcing (STS) and Supplier Relationship Management (SRM)



STS: Screening of market, requesting general supplier information, evaluating potential supplier portfolio, requesting additional information, negotiating and entering Framework Agreement

SRM: Continuous supplier improvement and evaluation

SQA: Audit of potential and existing suppliers

362

EXISTING GROUP SUPPLIERS IN 2009

25

EXISTING GROUP SUPPLIERS AUDITED IN 2009

16

POTENTIAL GROUP SUPPLIERS AUDITED IN 2009

Management of direct suppliers is supported by two main processes: Strategic Sourcing and Supplier Relationship Management. In combination with Supplier Quality Assurance, it covers the complete cycle from screening of the supply market to final approval of the supplier as well as ongoing monitoring of existing suppliers. Supplier Quality Assurance covers the key process of evaluating both new and existing suppliers on the main aspects which Grundfos considers essential for our long-term business success.

During 2009, 25 out of 362 existing Group suppliers and 16 potential Group suppliers were audited. We believe that constructive dialogue and partnership with our suppliers is a key factor for our mutual success. A number of specific action plans for improvements have therefore been included in the individual Framework Agreements.

As Grundfos' focus on corporate sustainability and responsibility in the supply chain is not limited to the first tier, the audits conducted in 2009 show that one important area for attention is related to our suppliers' ability to demonstrate responsible subsupplier management.

Out of the audited existing suppliers, 2009 saw one supplier who was not able to present sufficient evidence of compliance with the Grundfos Supplier Code of Conduct. Business activities with this production location were discontinued.

Grundfos Supplier Code of Conduct

In 2008, the Grundfos Supplier Code of Conduct was launched to ensure higher ethical focus and clear communication of our expectations to the suppliers. Grundfos only wants to work with direct suppliers who are willing to comply with our Supplier Code of Conduct and demonstrate responsible subsupplier management. This is essential for our evaluation of quality, delivery and cost and therefore also for the opportunity to be considered a future partner. The Supplier Code of Conduct is now an obligatory part of the contractual agreement that exists between Grundfos and our suppliers.

In 2009, the focus was on the implementation of the Supplier Code of Conduct, which was disseminated globally. Furthermore, it was translated into Chinese and Russian in 2009 to improve implementation further.

COMMUNICATION OF SUPPLIER CODE OF CONDUCT

As a standard procedure from 2009, the vast majority of existing direct Group Suppliers have been introduced to the Supplier Code of Conduct by our Category Managers, who are responsible for different aspects of material and production processes.

All Grundfos production companies are now obliged to introduce the Supplier Code of Conduct to their direct suppliers before concluding a new contract or renegotiating an existing one. During 2009, approx. 30 per cent of Grundfos companies communicated the Supplier Code of Conduct to their local suppliers. We consider it essential to continue to improve our processes in terms of managing our more than 2,500 local suppliers.

GRUNDFOS SUPPLIER CODE OF CONDUCT USED AS INSPIRATION

In general, our suppliers have received the Grundfos Supplier Code of Conduct positively. A number of suppliers use the Grundfos Supplier Code of Conduct to improve their own supplier management. Others have even been inspired to launch their own Supplier Code of Conduct to enhance ethical standards within their own supply chain.

One example is a major German key supplier, who has developed its own Supplier Code of Conduct. This was a part of the key supplier's fulfilment of the action plan that formed part of its Framework Agreement with Grundfos regarding necessary improvements in the subsupplier chain.

Grundfos has provided inspiration and feedback during the process of developing its Supplier Code of Conduct.



> Global alignment of supplier management

During 2009, we continued the process of further integrating and strengthening sustainability and responsibility aspects in our existing Supplier Assessment tools. Priority has been given to selected environmental and ethical aspects such as health and safety, human rights, labour standards and responsible subsupplier processes.

To strengthen our global and local supplier management – the Supplier Quality Assurance process – even further, we continuously develop competences throughout the organisation. 2009 saw the establishment of a global team of Quality Assurance Engineers from selected Grundfos companies in France, Hungary, China, Taiwan and Denmark. This is the next step – among a number of initiatives – to ensure further global alignment of corporate responsibility and compliance aspects in the Supplier Quality Assurance process. Our goal is to have a fully global Supplier Quality Assurance Team in 2010.

CHECKPOINT

Grundfos is a multinational company with activities all over the world which cover a wide range of different business areas and our employees are involved in new development projects every day. This requires contact with both existing and potential suppliers on a regular basis.

To increase awareness and to support these employees, a small handbook, named Checkpoint, was launched in 2009 and is now being distributed throughout the organisation. The handbook highlights essential and tangible areas of awareness concerning health and safety.

Checkpoint is a supplement to, not a replacement of, the regular supplier audits. However, the identification of possible risk areas should be immediately reported to the responsible purchaser or Category Manager.

Reducing CO₂ in the supply chain

An overall initiative in Grundfos is to reduce CO₂ emissions. The objective is to contribute positively to this overall goal by focusing on two main areas. One is to reduce CO₂ emissions in relation to the transport of materials that are purchased externally. The other is to obtain information from suppliers about their current CO₂ emissions as well as their ability to measure reductions, with the objective of agreeing on future strategies for CO₂ reductions at our suppliers.

GLOBAL SOURCING

The strategy for Grundfos is to conduct the main part of sourcing in the region where the products are used for production. This does not necessarily eliminate the requirements for global sourcing, but the choice of global, regional or local sourcing strategies is considered carefully for all material categories.

The intention is to develop a dynamic and flexible purchasing organisation, which is able to source most components and production materials from the regions in which they are consumed and thereby reduce goods transport worldwide. As an example, the supply chain for specific cast iron components has been reduced by changing from an Asian supplier to a European supplier.

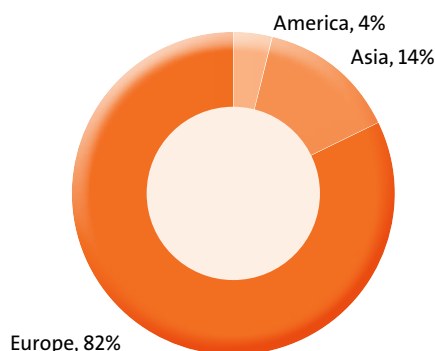
As a spin-off, this has led to an annual CO₂ reduction of 28.35 tonnes for transport.

28

TONNES CO₂ REDUCTION FOR TRANSPORT IN 2009

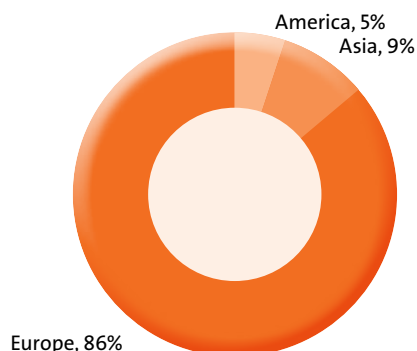
External purchase of material for production

Divided into the geographical regions of the suppliers from whom the materials are sourced



Usage of external purchase materials in production

Divided into the geographical regions of the consuming production companies



LOCAL SOURCING OF PRODUCTION MATERIAL

Grundfos continuously has a reasonable balance between consumption and external purchase of materials for production within the three geographic regions America, Asia and Europe. As an example, 9 per cent of the total consumption of production material is being consumed in Asia and, corresponding to this, 14 per cent of the total value of sourced products is being sourced in Asia. This means that we are able to reduce transport and cost and thereby CO₂ emissions, which creates value for both society and Grundfos.

14%

OF THE TOTAL VALUE OF SOURCED
PRODUCTS IS BEING SOURCED IN ASIA IN 2009

Future focus areas

In 2009, the main focus as regards responsible supply management at Grundfos was on developing processes and tools. Consequently, the next step will be to focus on the implementation of these processes and tools.

During 2009, Grundfos has further developed and strengthened its focus on sustainability in purchase through a strategy process managed by Group Purchase. The strategy mapping process has resulted in a number of strategic initiatives for the 2009 to 2012 period, which include:

- training of relevant employees in corporate responsibility and compliance in relation to supplier management
- further development of tools and models to strengthen responsible supplier management
- establishment of an overview of key suppliers' CO₂ emissions for the purpose of agreeing on future reduction measures

GRUNDFOS

ABOUT THE REPORT

This is Grundfos' fourth annual Sustainability Report. In 2008, we developed a reporting strategy in consultation with Deloitte. The purpose of the strategy is to bring our stakeholders, corporate sustainability, responsibility and business strategy in focus in our sustainability reporting. In 2009, we continue to follow the reporting strategy.

PURPOSE OF THE REPORT

The purpose of the Grundfos Sustainability Report is to provide stakeholders with an overall, fair and balanced picture of Grundfos' contribution to sustainability.

TARGET GROUP

The Sustainability Report is aimed at a wide range of stakeholders: customers, business partners, suppliers, opinion-formers and politicians as well as current and potential employees.

SCOPE

The scope of the report includes all companies owned and controlled by Grundfos. Newly acquired companies are recognised in the Grundfos Group data as of the time of acquisition. We emphasise that the report is at a corporate global level and it is not the intention to include detailed information that is primarily of significance to individual sites, processes, activities and products.

REPORTING GUIDELINES

We have endeavoured to provide information that is in accordance with the principles of sound reporting practises. We have in our reporting utilised the framework of the Global Reporting Initiative, G3, and we have self-assessed the report for 2009 to be a B+ level. The report also covers our reporting obligation in accordance with UN Global Compact's Communication on Progress.

MATERIALITY

Our report focuses on environmental and social challenges which have an impact on or can be affected by Grundfos and which are relevant for our key stakeholders. In order to identify the issues that are material for Grundfos and our stakeholders, we utilised different processes:

- *Stakeholder analysis*
identifying the key themes of importance. The analysis was conducted in relation to the development of our reporting strategy in 2008.
- *Interviews with relevant business units*
determining the most material issues within PURCHASE, PROCESS, PEOPLE and PRODUCT
- *Internal feedback survey on the 2008 report*
analysing the usability and relevance of the report for our internal stakeholders

The issues that our stakeholders find relevant and the main focus areas in the report are:

- Climate, energy, water and environment
- Employee conditions
- Business conduct
- Involvement in society

The theme for Grundfos' Sustainability Report 2009 is: water, climate and energy.

DATA PROCESSING

Financial data is obtained from the Group's accounting system. The environmental, health and safety data has been collected, compiled and validated by the Grundfos Group's environmental division and the HR data has been collected, compiled and validated by the Grundfos' Group's HR division. The environmental, health and safety data and the HR data are collected annually according to a fixed reporting procedure.

Furthermore, the report includes results from an annual CSR survey for the purpose of collecting data on local CSR activities related to community involvement and business conduct. The report also includes results from a specific water survey sent out in 2009 for the purpose of getting an overview of the different community involvement projects at Grundfos focusing on water.

DATA THRESHOLD

Grundfos has applied a minimum threshold ("de minimis") for including environmental, health and safety data from reporting units in this year's report. The threshold excludes performance by small business entities. It is estimated that generally the omitted performance figures on indicators such as energy consumption, CO₂ emissions, water consumption, hazardous and non-hazardous waste, accidents and lost working hours aggregated is less than 5 per cent of Group total. The threshold value does not apply to fatalities.

PERSPECTIVE 2010

We continuously focus on improving our reporting practices. During 2010, we will mainly work on improving our process of gathering data. With our Footprint strategy (p.37), much focus is on CO₂ emissions. A new Environmental, Health and Safety (EHS) data collection platform will therefore be established and implemented in Grundfos, starting with pilot projects in 2010.

This platform includes a database system, which gathers and contains the EHS data from all Grundfos companies, and a reporting system, which makes it possible to generate issue specific reports. Furthermore, the process for gathering HR data will be reviewed in 2010.

DETAILED REPORTING PRINCIPLES AND PRACTICE

For further information about reporting principles and practice, please visit www.grundfos.com

- Reporting principles and practices for Grundfos' Sustainability Report 2009

Find also:

- Total data basis for Grundfos' Sustainability Report 2009

For question concerning the report or its content, please contact: Irene Quist Mortensen, CSR Manger, imortensen@grundfos.com



AUDITOR'S REPORT

TO THE GROUP MANAGEMENT OF GRUNDFOS MANAGEMENT A/S

We have performed a review of the Grundfos Sustainability Report 2009 ("the Report"). The purpose of our review was to submit a statement on the employee, environmental and financial data in the Report. The management of the company is responsible for the Report. Our responsibility is to provide a conclusion based on our review of the Report.

THE PERFORMED REVIEW

We have performed our review in accordance with the Danish auditing standard on assurance engagements RS 3000 ("Assurance engagements other than audits or reviews of historical financial information"). It has been our purpose to obtain limited assurance that the employee, environmental and financial data at Group level in the Report are in accordance with the described reporting practice and information reported by factories and other business units. By agreement, we have visited the company's factories in Tatabanya, Hungary and Padova, Italy in order to evaluate whether data regarding employees and the environment has been documented, collected and calculated in accordance with Group instructions.

Our review is based on an evaluation of risk of material errors. We have evaluated the reporting practice and analysed correlations with the company's audited annual accounts and we have performed spot check comparisons with documentation. The review is limited to first of all include inquiries from management and employees as well as analytical procedures and the limited level of assurance is thus lower than the assurance which would have been obtained if we had performed an audit.

CONCLUSION


During our review, nothing came to our attention that caused us not to believe: 1) that the employee, environmental and financial data for the Group overall are in accordance with the described reporting practice and information reported by factories and other business units and 2) that employee and environmental data from the company's factories in Tatabanya, Hungary and Padova, Italy have been documented, collected and calculated in accordance with Group instructions.

Copenhagen, June 18, 2010

Deloitte
Statsautoriseret Revisionsaktieselskab



Anders Dons
State-authorised Public Accountant



Preben J. Sørensen
State-authorised Public Accountant

GRUNDFOS IN BRIEF

Grundfos was established in 1945 by the late Poul Due Jensen. Grundfos is one of the world's leading pump manufacturers, with an annual production of more than 16 million pump units. Furthermore, Grundfos is the largest manufacturer of circulator pumps covering approx. 50 per cent of the world market.

PRODUCTS

Our range of effective and reliable pump solutions is continuously extended. Comprehensive knowhow and intensive research and product development make it possible for us to create new and trend-setting products, which meet the increasing demand for better energy economy and less impact on the environment.

Circulator pumps for heating and air-conditioning as well as other centrifugal pumps for industry, water supply, sewage and dosing are the main products. Besides pumps and pump systems, Grundfos develops, produces and sells energy economic motors and advanced electronic. With incorporated electronics, our pumps are intelligent and can determine the need for water and adapt their performance, resulting in a significant reduction of energy and water consumption.

VALUES

We sum up our values with the words: BE>THINK>INNOVATE. It is our responsibility, our foresight and our focus on creating ground-breaking solutions and ideas that have made us one of the world's leading pump manufacturers.

OWNERSHIP STRUCTURE

Grundfos was established in 1945 by the late Poul Due Jensen. In 1975, the self-governing institution Poul Due Jensen Foundation was established and today it owns 86.6 per cent of the shares in Grundfos Holding A/S. The rest is divided between Grundfos employees (2.1 per cent) and the founder's family (11.3 per cent).

MANAGEMENT

Grundfos Group Management is domiciled in Bjerringbro, Denmark and has the following members:

- Carsten Bjerg, Group President
- Carlo Prola, Executive Vice President*
- Søren Ø. Sørensen, Executive Vice President
- Lars Aagaard, Executive Vice President
- Heine Dalsgaard, Executive Vice President

GRUNDFOS HOLDING A/S BOARD OF DIRECTORS:

- Niels Due Jensen, Group Chairman
- Lars Kolind, Executive Director
- Niels Christian Nielsen, Professor of Copenhagen Business School
- Thomas Lund, Managing Director of Dansk Teknologi Udviklingsselskab
- Ingelise Bogason, Managing Director of Alecia

*Carlo Prola left Group management as of 1 January 2010

NORTH AMERICAN REGION:

- 3 sales companies
- 2 production companies
- 3 other brands

TURNOVER DEVELOPMENTS DIVIDED BY OECD AND OTHER (IN EURO MILLIONS)

	OECD	Other	Total
2009	1,727	564	2,291
	75%	25%	100%
2008	1,902	648	2,550
	75%	25%	100%
Growth	- 9%	- 13%	- 10%

INVESTMENTS IN FIXED ASSETS DIVIDED BY OECD AND OTHER (IN EURO MILLIONS)

	OECD	Other	Total
2009	79	36	115
	69%	31%	100%
2008	157	39	196
	80%	20%	100%
Growth	- 50%	- 9%	- 42%

CASH FLOW TO STAKEHOLDERS (IN EURO MILLIONS)

	2009	%
Turnover	2,291	100%
Employees	663	29%
Suppliers	1,500	65%
Corporate income tax	40	2%
Lenders	12	1%
For growth	77	3%

KEY FIGURES (IN EURO MILLIONS)

	2009
Turnover	2,291
Ordinary profit before tax	117
Profit before tax as % of turnover	5.1%
Consolidated equity capital	1,145
Return on equity capital	6.2%
Total assets	2,381
Number of employees	15,799

WESTERN EUROPEAN REGION:

16 sales companies
6 production companies
5 New Business companies
5 other brands

CENTRAL EUROPEAN REGION:

13 sales companies
3 production companies
5 other brands

CHINA:

2 sales companies
1 production company
1 other brands

ASIAN-PACIFIC REGION:

11 sales companies
2 production companies
2 other brands

STAR*:

8 sales companies

TURNOVER DEVELOPMENTS DIVIDED BY REGION (IN EURO MILLIONS)

	Western Europe	Eastern Europe	Americas	East Asia	The Middle East and Africa	Total
2009	1,221	279	291	384	116	2,291
2008	1,331	370	304	406	139	2,550
Growth	- 8%	- 25%	- 6%	- 6%	- 17%	- 10%

INVESTMENTS IN FIXED ASSETS DIVIDED BY REGION (IN EURO MILLIONS)

	Western Europe	Eastern Europe	Americas	East Asia	The Middle East and Africa	Total
2009	49	33	10	21	2	115
2008	123	28	14	31	0	196
Growth	- 60%	18%	- 28%	- 32%	276%	- 42%

* STAR refers to selected emerging markets and includes the countries Brazil, India, South Africa, Dubai, Argentina, Turkey, Chile and Egypt.

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READ MORE

www.grundfos.com:

Annual report 2009
Climate White Paper
Grundfos' values and policies
The Grundfos Code of Conduct
The Grundfos Supplier Code of Conduct

Grundfos.com>about us:

- Total data basis for Grundfos' Sustainability Report 2009
- Reporting principles and practices for Grundfos' Sustainability Report 2009

Grundfos links

Biobooster	www.grundfos-biobooster.com
Energy movement	www.grundfos.com/energy
Grundfos HVAC OEM	www.grundfos.com/hvac OEM
Grundfos Sensor	www.grundfos.com/directsensors
LIFELINK	www.grundfoslifelink.com
NoNOx	www.grundfos.com/nonox
Power by the impossible	www.powerby.grundfos.com
Pump audit	www.grundfos.com/pumpaudit

Other relevant links

Confederation of Danish Industry	www.di.dk/english
Deloitte	www.deloitte.com
Europump	www.europump.org
Fairchild Semiconductor	www.fairchildsemi.com
Global reporting initiative	www.globalreporting.org
High Five (only in Danish)	www.highfive.net
ISO	www.iso.org
LEED	www.usgbc.org/leed
OHSAS	www.ohsas.org
Red cross	www.ifrc.com and www.kenyaredcross.org
UN Global Compact	www.unglobalcompact.org
V.V Architects	www.vvarchitect.com
World Business Council for Sustainable Development	www.wbcsd.org

GRUNDFOS PERFORMANCE SUMMARY

The Global Reporting Initiative (GRI) G3 sustainability reporting guidelines is a source of inspiration to Grundfos in the preparation of sustainability reports. The performance summary consists of all the GRI performance indicators with which Grundfos fully or partly complies and of an overview of which of Global Compact's 10 principles Grundfos supports.

			Result	Page	GRI	Global Compact
Management statement		Management statement		6	1.1	All principles
		Commitment to Global Compact		6	4.12	
Climate White Paper		Impacts, risks and opportunities related to climate change		7	1.2	Environment 8-9
CSR		Management approach		8	5	
Product	Access to water	Prevention of serious disease		14	LA8	Human rights 1
	Awards received	NoNox and Grundfos Sensor		19	2.10	
	Customer satisfaction	Products reported faulty within the two-year warranty period	0,61%	23	PR5	
		Customers' rating of sales staff on a scale from 0 (low) to 100 (high)	77	23	PR5	
		Customers' rating of quality of products on a scale from 0 (low) to 100 (high)	80	23	PR5	
	Energy	Energy saved through sales of A-labelled pumps (million kWh)	750	21	EN7	Environment 9
	Public policy	Participation in public policy development		21	SO5	
	Compliance	Legal action for anti-competitive behaviour	2	23	SO7	
		Sanctions for non-compliance	0	23	SO8	
		Non-compliance in relation to information and labelling of products	0	23	PR4	
		Incidents of non-compliance in relation to marketing communications	1	23	PR7	
		Complaints regarding customer privacy	0	23	PR8	
		Sanctions for non-compliance in relation to provision of products	0	23	PR9	
	Stakeholder engagement	Memberships of associations		21	4.13-	
		Approach to stakeholder engagement		22	4.17	
	Economic value	Investment in the development of new products (percentage of turnover)	5,5%	20	EC1	
People	Workforce	Workforce size (total number of employees)	15,799	30	LA1	
		Employees on special terms	4%	30	LA13	Labour standards 6
		Employee turnover (white collar)	4.11%	30	LA2	Human rights 1
		Employee turnover (blue collar)	5.03%	30	LA2	
		Freedom of association		32	LA4 HR5	Labour standards 3
		Child labour		32	HR6	Labour standards 4
		Forced labour		32	HR7	Labour standards 5
	Security	Grundfos companies that use security personnel	46%	32	HR8	Human rights 1-2
	Health	Lost time injuries (per million work hours)	7.79	30	LA7	
		Lost work hours due to lost time injuries (per thousand work hours)	0.76	30	LA7	
	Employee development	Training hours (per white collar)	19.1	29	LA10	
		Training hours (per blue collar)	16.5	29	LA10	
		Employee Development Dialogue (white collar)	80%	31	LA12	
		Employee Development Dialogue (blue collar)	78%	31	LA12	
	Business ethics	Compliance workshops held in 2009	9	32	SO3	Anti-corruption 10
		Group entities audited in relation to the Grundfos Code of Conduct	34	32	SO2	
		Employees trained in the Grundfos Code of Conduct	175	32	SO3	
		Response to incidents of corruption		32	SO4	
Process	Business Excellence	Grundfos companies using Business Excellence	75%	36	5	
	Governance	ISO 14001 and OHSAS 18001 certified production companies (number of certifications)	19	36	n/a	
	CO ₂	Direct CO ₂ emission (thousand tonnes)	12.9	37	EN16	Environment 8-9
		Indirect CO ₂ emission (thousand tonnes)	98.4	37	EN16	
	Energy	Direct energy (GWh)	92	38*	EN3	
		Indirect energy (GWh)	233	38*	EN4	
	Water	Total water withdrawal (thousand m ³)	526	38*	EN8	
	Waste	Total hazardous waste (thousand tonnes)	3.7	38*	EN22	
		Total non-hazardous waste (thousand tonnes)	19	38*	EN22	
	Local community engagement	Grundfos companies with one or more initiatives supporting the local community	85%	41	n/a	All principles
Purchase	Suppliers	Group suppliers of direct material	362	47	n/a	
		Spending on locally based suppliers		49	EC6	
		Screening of suppliers and potential suppliers in relation to human rights	41	47	HR2	Human rights 2
	Grundfos Supplier Code of Conduct	Companies that have communicated the Grundfos Supplier Code of Conduct to suppliers	30%	47	n/a	
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*data can be found on www.grundfos.com in the document: Total data basis for Grundfos Sustainability Report 2009

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