

# 2021 Sustainability Report



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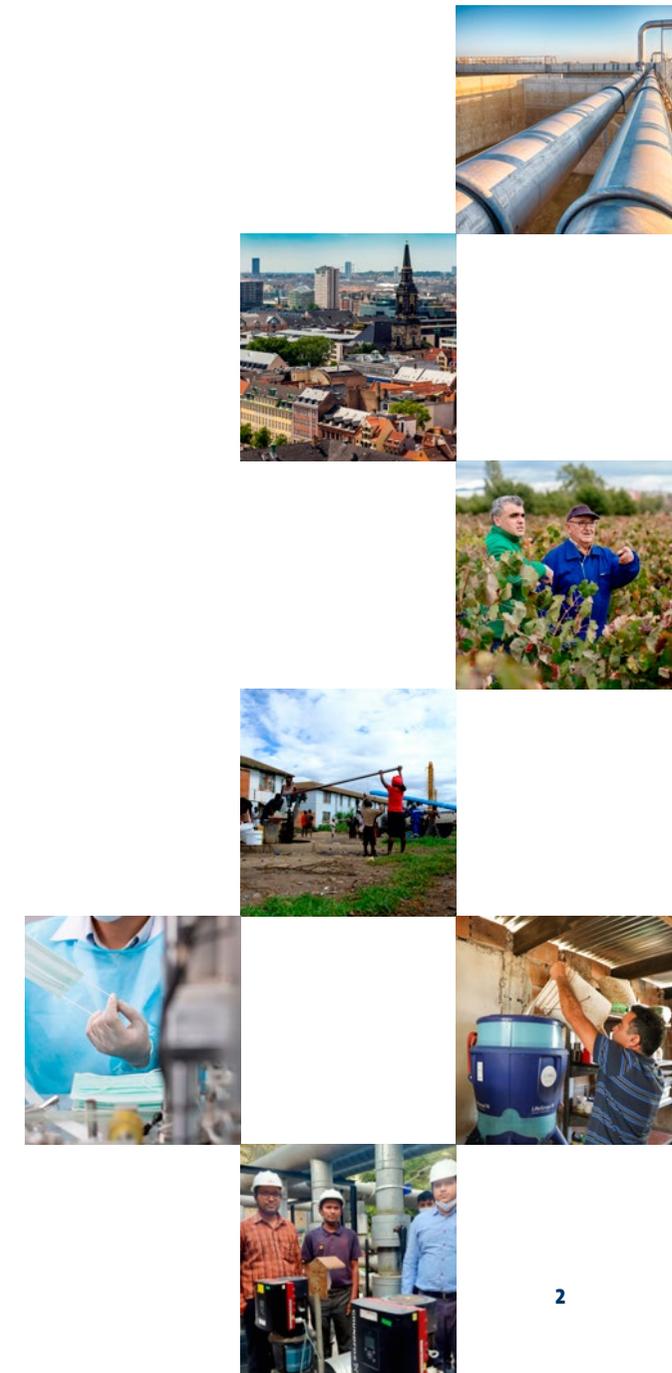
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This report constitutes the company's statutory reporting on corporate responsibility cf. §99a and §99b of the Danish Financial Statements Act and our UN Global Compact Communication on Progress.



# Introduction

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# CEO letter

Innovation is at the heart of Grundfos and has been since our founder, Poul Due Jensen, met a farmer who needed to irrigate his fields; a meeting leading to the innovation of the first Grundfos pump.

Fast forward to 2021 and we see humanity challenged by an accelerated water crisis intensified by climate change, a growing population and increased urbanisation. As the most recent report from the Intergovernmental Panel on Climate Change (IPCC) also concluded, the need for action is imminent. 2021 has also been another year defined by the COVID-19 pandemic and going into 2022 we see critical political tensions causing immediate global repercussions that are putting deeper focus on our business, operations and sustainability actions.

To ensure we continuously live up to our commitments and adapt to the new challenges, 2021 has been the year where we expanded our understanding of what

it takes to achieve our ambition and be recognised as a sustainability leader.

Today, we are more data and impact driven, and we have stronger governance, target setting frameworks and prioritisation.

2021 is also the year where we, for the first time in many years, have seen our own CO<sub>2</sub> emissions and energy consumption increase rather than decrease. This was primarily driven by increased activity level and our acquisitions. Despite the increase, we remain committed to our journey to reduce our CO<sub>2</sub> emissions that are in line with the Paris Agreement and the Science Based Targets initiative (SBTi), which we will submit our targets to in 2022.

Our primary opportunity to solve water and climate problems is through the use of our products, technologies and solutions. Our commitment to the SBTi and our in-depth work to understand how we can further enable customers

to get access to water, save water and save energy through our products and solutions has only strengthened our commitment to our purpose.

For Grundfos sustainability and innovation goes hand-in-hand. It has been since our founding and continues today through our ongoing commitment to the UN Global Compact.

In this report you can find cases that exemplify our contribution. The intent is not to paint a rosy picture but to be transparent about what we do, the dilemmas we face and how we respond. We want a dialogue, and we are always open to feedback and suggestions for improvements.

With the best wishes,



**Poul Due Jensen**  
Group President, CEO



# We are Grundfos

Grundfos is one of the world's leading water technology companies.

Being responsible, thinking ahead and innovating is our promise to society and to our customers. It all started with pumps when Grundfos was founded by Poul Due Jensen in 1945 in Bjerringbro, Denmark. Today, we are expanded into water treatment solutions and technologies. Our annual production stands at approximately 16 million units sold.

The unique ownership structure, with the Poul Due Jensen Foundation as the primary owner, allows Grundfos to have

a holistic long-term perspective and ambition.

Grundfos operates all over the world. We are present across geographical areas and in a range of business-specific markets complementary to our four divisions, which we organised ourselves around in 2021 to fulfil our purpose. The four divisions are Commercial Building Services, Domestic Building Services, Industry and Water Utility.

## 20,154

full-time employees

## 58

Number of countries

## 3.2

billion DKK in EBIT

## 4.8%

of turnover invested in new products and solutions

## 66

Grundfos plants and assembly sites



## Grundfos is driven by our purpose and six values

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

### SUSTAINABLE

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

### PARTNERSHIP

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

### FOCUSED ON PEOPLE

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

### RELENTLESSLY AMBITIOUS

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

### OPEN AND TRUSTWORTHY

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

### INDEPENDENT

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

Grundfos is a value-driven company committed to our foundation of six values that govern everything we do.



# 2021 Key achievements



### SUPPLIERS

**53%** increase of social and environmental supplier audits, compared to 2020.

### SAVING ENERGY

**11.4 million** MWh saved through installation of high-efficiency circulator pumps.

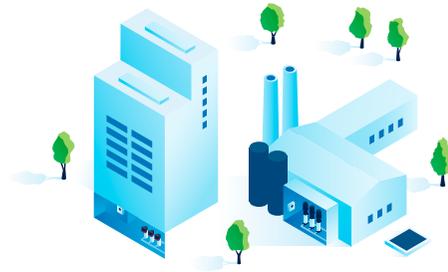
**14% increase compared to 2020.**



### SAVING WATER

The pump solutions that we sold in 2021 have enabled our end-users to reuse over **1.8 billion** m<sup>3</sup> water per year.

**20% increase compared to 2020.**



### CIRCULAR BUSINESS

**37,992 kg** pumps returned for recycle programme in 2021.

**160% increase compared to 2020.**



### WATER ACCESS

We provided basic water access to **1.6 million** people in 2021.

**60% increase compared to 2020.**



### FOOTPRINT REDUCTION

CO<sub>2</sub> logistic emissions **10%** down compared to 2019 as a result of innovative solutions.



### EMPOWERING PEOPLE

We focus on diversity, equity and inclusion. We now have **22%** women in leadership roles, but our journey continues.



### COMMUNITY ENGAGEMENT

**DKK 875,881** donated by our employees to our Water2Life programmes across the world (bringing the total to **DKK 5.6** million since 2010).



# Sustainability at Grundfos

Sustainability is at the core of the Grundfos 2025 Strategy.

Our business strategy is set to accelerate the energy and water efficiency of our solutions, as this is where we can have a significant positive impact on the world.

Since launching the strategy in 2019, we expanded our understanding of what it

takes to achieve our ambition and be recognised as a sustainability leader. In 2021, we introduced a Sustainability Council as part of our new sustainability governance model (see pg. 65) and established our sustainability framework, based on our 2025 strategy and an in-depth

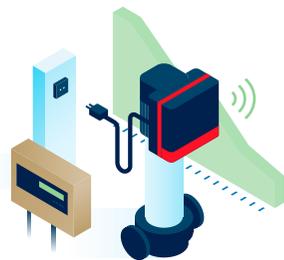
assessment of the most material issues (see pg. 66), to define our path forward.

Our **sustainability framework** outlines our **core priorities** across three levels – 1) our four ambitions, 2) our differentiators and 3) our business fundamentals.

## OUR FOUR AMBITIONS

Our four ambitions are the areas where we want to lead and where we can have the greatest impact. Our four ambitions directly align with the UN's Sustainable Development Goals (SDGs).

SDG #6 and SDG #13 are where Grundfos can and will continue to contribute the most.



### SAVING ENERGY

Through smarter and more efficient pump technology.



### SAVING WATER

Through the development of water efficient and water reuse solutions.



### CIRCULAR BUSINESS

Embedding circular principles throughout our business.



### WATER ACCESS

Providing water to people in need.



UN SDG #6 and SDG #13 are where Grundfos can contribute the most.



**Saving water**

Enabling end-users to save water through water reuse and water efficiency.

**Water access**

Contributing to improve water access for 300 million people in need.



**Saving energy**

Enabling end-users to save energy by innovating and delivering smart pumps and new solutions.

**Circular business**

Developing towards a circular business.

**OUR DIFFERENTIATORS**

Our differentiators are the areas where we will go beyond our stakeholders' expectations. At Grundfos, that is through our diversity, equity and inclusion (DE&I), health, safety and well-being (HS&W) and our renewable energy initiatives.

**BUSINESS FUNDAMENTALS**

Our business fundamentals allow us to perform all our operations to the highest levels of professional excellence.

For example, our commitment to the highest ethical standards, human rights, and responsible governance practices guide our path to being a sustainable company and meeting our own high standards.

**REVISION OF HIGH-IMPACT TARGETS**

At Grundfos, we are champions of transparency, which is why one of our six values is open and trustworthy. In that same spirit, we want to be transparent around our impact measurements.

While working on our ambitions and sustainability framework in 2021, we identified the need to revise and strengthen our focus on high-impact targets. In turn, we will introduce new 2025 and 2030 metrics that are in alignment with the Paris Agreement and the Science-Based Targets Initiative (SBTi) that we signed up to in 2020.

As a first step, we revised our carbon footprint baseline, with support from

The Carbon Trust, and we are ready to submit our climate targets for scope 1, 2 and 3 emissions to SBTi for approval. Due to changes in SBTi methodology, we will be submitting our targets in 2022.

We expect to have approval of our high-impact targets, including those supporting our four ambitions, in 2022.

# Our Four Ambitions

- 11 **Saving energy**
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Our solutions help reduce energy consumption while creating positive impacts on the environment by lowering carbon emissions.



# Saving energy

Massive amounts of energy are used to move and treat water. At Grundfos, we believe this can and must be done more efficiently.

Through our work in establishing science-based targets, we confirmed that despite our historic effort on increasing energy efficiency of our pumps, the in-use consumption phase of our products makes up approximately 99% of our CO<sub>2</sub> impact from across our value chain.

This tells us we need to take a new perspective on our portfolio and continue

to innovate more efficient products and solutions so we can grow while still reducing our CO<sub>2</sub> emissions.

### OUR APPROACH

Developing the most energy-efficient products has been core to our business for decades, and we are therefore challenged by the fact that our pumps are already highly efficient.

**Our ambition:**  
*to save energy through smarter and more efficient pump and water treatment solutions.*

Furthermore, meeting the demands of a growing business in parallel to reaching global carbon targets will require a multi-faceted approach that extends across four key pathways where we can drive energy savings for our end users: pump efficiency, system solutions, Grundfos Energy Earnings (GEE) and analytics optimisation.



## OUR SOLUTIONS

Pump efficiency is critical to our business and our sustainability ambitions. Grundfos is committed to continuously reducing the energy usage of our pump solutions, such as:

**Speed-regulated pumps:** Approximately 85% of the total environmental cost of owning a pump during its life can be attributed to power consumption. With a Grundfos E-pump, energy consumption can be reduced drastically – up to 50% in some applications.

**Hydraulics:** After just one year, two new hydraulic pumps we installed at the waterworks in Qujiang, China, were saving an average of 33% and 17% energy, respectively. One way these energy reductions were achieved was by profiling the leading edges of impeller blades, reducing energy loss and turbulence.

**Efficient motors:** Our MGE E-motors exceed the highest level of requirements for energy efficiency outlined by the international efficiency standards. These motors can reach efficiency level at 96%, allowing the end user to achieve energy savings of around 10%.

**High-efficiency circulator pumps:** Designed for best-in-class efficiency with low maintenance requirements. Compared to conventional circulators, high-efficiency circulator pumps cut energy consumption by up to 80%, while delivering noise-free performance.



	Pump efficiency	System solutions	Energy audit and service solution	Analytics optimisation
Approach	Continually improving efficiency in our hydraulics and motors as well as integrating speed-regulation to ensure our product deliver a high efficiency performance.	When multiple pumps and equipment are used to form a system, energy can be wasted due to non-optimal system design. A solution developed to manage the complete system can improve whole system energy efficiency.	Pump efficiency audit conducted by experts with deep understanding of water system and supported with data can help to identify energy improvement opportunities and achieve whole system energy savings.	Analytics solutions that optimise the energy efficiency of the end-user's system without replacing the equipment.
Examples of Grundfos solutions	<ul style="list-style-type: none"> <li>• High efficiency circulator – Alpha and Magna</li> <li>• Speed-regulated multistage pump – CRE, CME</li> <li>• Speed-regulated submersible pump – SQE</li> <li>• Permanent magnet motor submersible pump – SP(E)</li> </ul>	<ul style="list-style-type: none"> <li>• District heating control and optimisation - iGRID</li> <li>• Chilled water systems balancing in Building - Distributed Pumping</li> <li>• A platform of intelligent pumps, cloud connectivity and digital services to optimise system performance - iSOLUTIONS</li> </ul>	<ul style="list-style-type: none"> <li>• Detailed measurement-based analysis of pump performance - Grundfos pump energy audit and optimisation</li> <li>• Saving-as-a-service business model - Grundfos Energy Earning</li> </ul>	<ul style="list-style-type: none"> <li>• Tailor-made solution heating system in buildings - Grundfos Building Connect</li> </ul>

### GRUNDFOS iGRID: ENABLING SYSTEM-DRIVEN ENERGY SAVINGS

Our systems solutions are wide-ranging. They include optimising large heating grids with Grundfos iGRID so different areas receive water in different temperatures. Water flows throughout the system saving considerable amounts of energy.

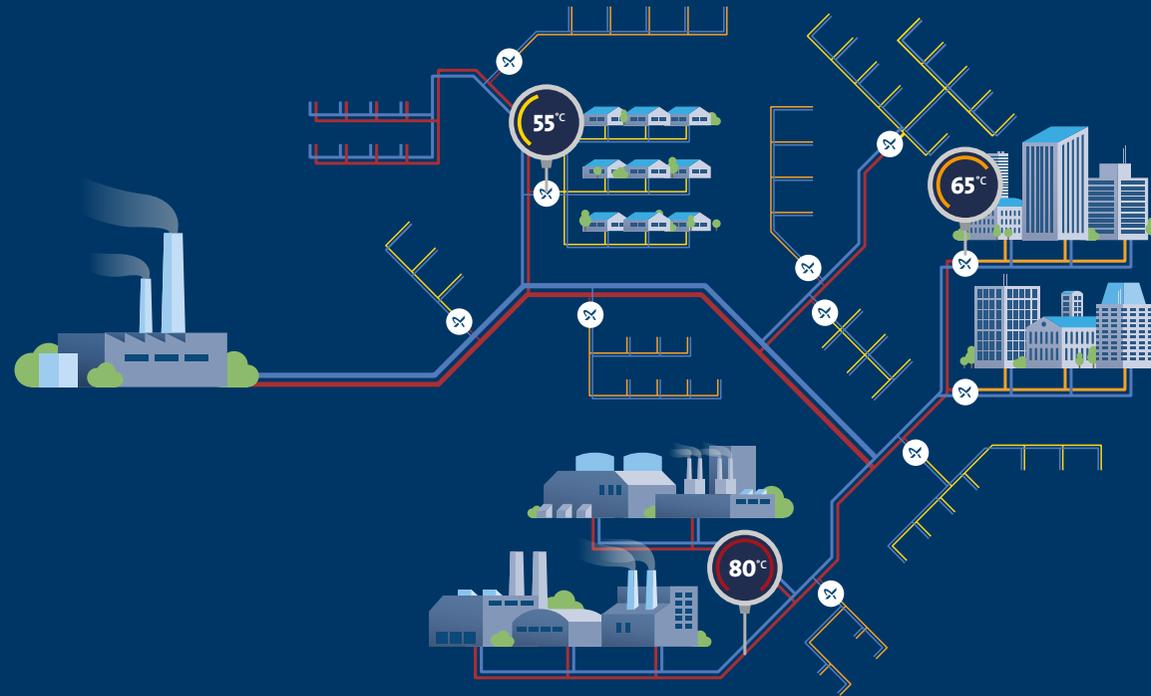
### GRUNDFOS BUILDINGCONNECT: ENERGY EARNINGS AND ANALYTICS OPTIMISATION

Through the Grundfos Energy Earnings (GEE) approach, we use our extensive experience and innovative solutions to achieve whole system energy savings. Moreover, we offer payment through a saving-as-a-service payment model in close collaboration with our customers, who understand the benefits to be gained.

We also use optimised data analytics to elevate energy efficiency of our customers' systems without replacing equipment. Grundfos BuildingConnect analytics is our process of understanding buildings as a whole, providing intelligent, data-based solutions to achieve maximum system performance using the least energy possible.

### OUR PROGRESS

In 2021, we saved 11.4 million MWh through the installation of our high-efficiency circulator pumps compared to 10.0 million MWh saved in 2020. The equivalent of this annual electricity consumption saving is that of the Netherlands.



### iGRID TEMPERATURE ZONES

This is an intelligent mixing loop designed to reduce supply temperature in the controlled part of district heating grid. Pumps can be controlled locally or remotely based on real time demand.

*"We wanted to make our operations greener and more efficient by reducing our energy consumption."*

Steevan Fernandes,  
Deputy Manager at Bosch Automotive India

#### CASE: BENGALURU, INDIA

# Bosch cuts energy usage by 47% with Grundfos pump solutions and technologies

Pilot programme reveals big efficiency gains.

Bosch Automotive Electronics India manufactures electronic control units for the motor trade, including spark plugs, starter motors, alternators and generators.

The plant at Naganathapura, in the city of Bengaluru, is one of 18 Bosch manufacturing facilities in India. Each plant is always looking for ways to be more energy efficient.

"We wanted to make our operations greener and more efficient, reducing our energy consumption," says Steevan

Fernandes, Deputy Manager at Bosch Automotive India.

"We have had a long relationship with Grundfos, so we asked them to audit our cooling system and suggest ways to reduce energy consumption."

As a result of the audit, Bosch began a pilot programme to assess the impact of replacing the cooling pumps with more power-efficient alternatives.

Two Grundfos CRE pumps have now been installed, providing a continuous water supply at a constant pressure.

The energy saving has been considerable. Power consumption is down 47% compared to the old pumps, saving 4.42 kW per hour.

The pilot programme is just the beginning: its success has proved the value of replacing the pumps. More than 100 pumps across multiple Bosch sites will be replaced in 2022.

"The new pumps are helping Bosch achieve its sustainability goals," says Steevan. "New pumps will be installed throughout 2022, further reducing our carbon footprint."

The new Grundfos cooling pumps at Bosch's manufacturing plant in Naganathapura are enabling much more efficient energy operations.



**CASE: UNITED ARAB EMIRATES**

# Saving energy and reducing costs in the UAE

How Grundfos is helping a UAE emirate achieve savings on its wastewater pumping systems.

Of the seven emirates that comprise the United Arab Emirates (UAE), Ras Al Khaimah – known as RAK – is the most northerly. The UAE is known for its arid climate and desert landscapes, but Ras Al Khaimah's coastal position and mountainous landscape make it an area of great natural beauty and biodiversity.

To maintain this precious environment, RAKWA – RAK's wastewater agency – ensures the public wastewater system is running at peak efficiency and delivering a great service to the emirate's 350,000 residents.

However, the previous system had to be manually operated with all 13 pumping and lifting stations requiring a visit at least once every four hours. The old system also suffered from sewage overflows and very high energy consumption, leading to service interruptions to customers.

“We want the whole operation to be running smoothly, but we also need to look for ways to reduce costs wherever we can,” says Walid Abdelrahman, RAKWA's O&M Department Manager.

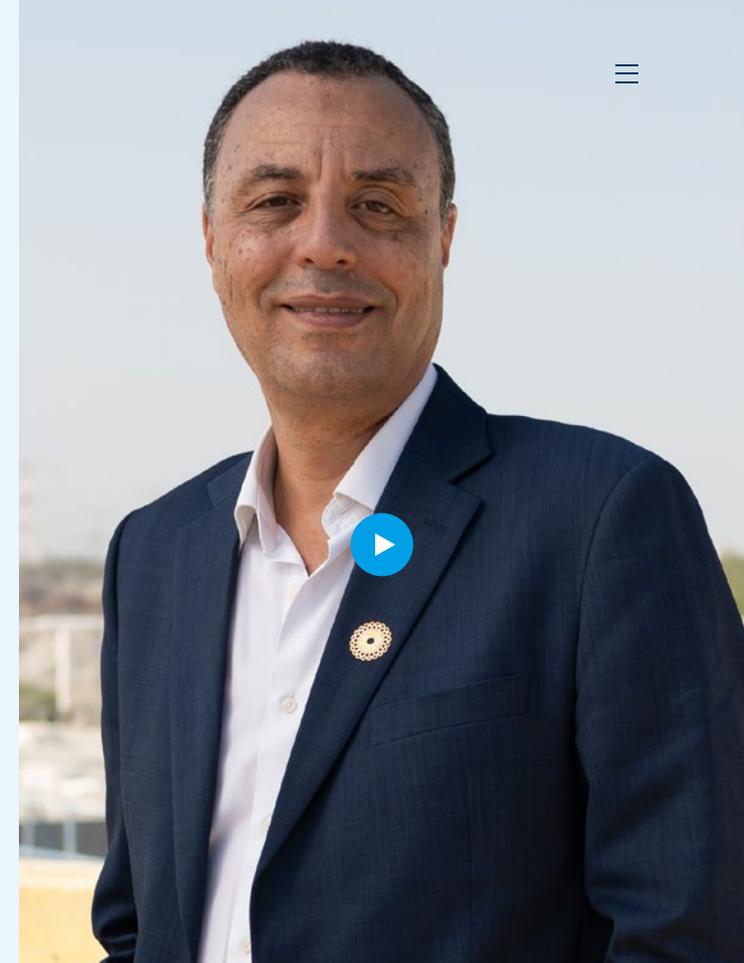
“Grundfos engineers helped us install remote monitoring technology and a dedicated cloud-based pump control system,” says Abdelrahman.

With the new monitoring system in place, RAKWA is now able to monitor all 13 pumping stations on mobile, tablet, or desktop devices, cutting down on fuel consumption caused by travelling from site to site. “We have more free time to focus on delivering a great service to customers. And our costs are lower. We've made savings of over 20% on the energy investment that we need to run the system and a 12% reduction in total operational costs,” continues Abdelrahman.

The Grundfos solution has improved performance efficiency and reduced the need for maintenance and downtime. It has even been recognised at the UAE's 2021 Annual Climate Control Awards, winning the Manufacture/Supplier of the Year category.

Together these new solutions are enabling RAWKA to achieve its grand vision of a greener future.

Walid Abdelrahman,  
RAKWA's O&M  
Department Manager.



*“We want the whole operation to be running smoothly, but we also need to look for ways to reduce costs wherever we can.”*

Walid Abdelrahman,  
RAKWA's O&M Department Manager



# Saving water

We strive to optimise solutions at every stage of the operational water cycle.

70% of the earth's surface is covered by water, so it is easy to assume there is plenty to go around. However, less than 3% of the water covering the earth is freshwater. While 2.3 billion people already live in water stressed regions, a variety of factors will continue to cause water shortages.

## OUR APPROACH

Water is our business. We strive to optimise solutions at every stage of the operational water cycle: water intake, water consumption, water treatment, water reuse and water replenishment.

We believe the best place to start, and where the most significant impacts can

be achieved, is by reducing the amount of water used in the first place and then reusing what has been taken.

## OUR SOLUTIONS

Grundfos focuses on reducing water intake by improving infrastructure to reduce water loss during the distribution process. This includes lowering the amount of 'non-revenue' water – the water that is lost before it even reaches the customer.

We have an optimised leak detection system that allows for rapid detection and repair, and smart controls to avoid and reduce non-revenue water by optimising demand-driven distribution, reducing pressure on stressed infrastructure.

**Our ambition:** to enable our customers to save water through water efficiency and water reuse.

One of our goals is to save 50 billion m<sup>3</sup> water by 2030 through the development and installation of water efficient and water reuse solutions.

Within residential homes, we achieve hot water savings through systems that deliver hot water faster. This ultimately reduces waiting times for hot water delivery.

Our speed controls ensure water pressure is optimised for the purpose, reducing unnecessary water consumption. Further, software like our Grundfos Smart Filtration Suite (SFS) reduces water, chemicals and energy use, leaving a more sustainable water and energy footprint on water treatment operations.

Our solutions improve water efficiency by optimising every step of the operational water cycle.





Water is our business, and we aim to enable customers to save water through more efficiency products and solutions.

**OUR PROGRESS**

Through the pumps we sold in 2021, we enabled our end users to save 1.8 billion m<sup>3</sup> of water annually. Furthering our 2019 goal to enable end-users to save 50 billion m<sup>3</sup> of water through water efficiency and water reuse by 2030.

In 2021 we joined the 50L Home Coalition, whose primary objective is to reimagine our relationship with water in homes and cities around the world.

We are working with partners to make 50 litres of daily water use per person feel like 500 litres. Going forward, Grundfos and the Coalition will focus on leveraging innovations in education, technology and policy to create a resilient, low-water use, low-carbon future.

We are continuously working on our roadmap to achieve this ambition while closely measuring our progress.

	Water intake	Water consumption	Water treatment	Water reuse	Water replenishment
Approach	A large amount of water is lost in its transfer from source to where it needs to be used. Improving maintenance, replacing leaky infrastructure and using smart technology can reduce the water loss between intake and use phases of the water cycle.	Promoting good water stewardship should be the most important and biggest step in any water saving plan. Using less means saving more.	Water treatment is an important infrastructure to ensure a healthy environment.  The most obvious benefit is to use treated clean water to augment freshwater supplies.	Water reuse can provide alternatives to existing water supplies and be used to enhance water security, sustainability and resilience.	The replenishment of water helps to maintain local water resilience, providing potable water for people, improving water storage, avoiding quick run-off into the sea and improving biodiversity.
Examples of Grundfos solutions	Water distribution with critical point measurement and advanced flow adoption - Demand Driven Distribution (DDD).  Unintrusive 3D software and data-driven analysis to improve network performance - Grundfos Utility Analytics (GUA).  Use rainwater in place of city water – rainwater harvesting.	Reduce water wastage by quick delivery of hot water - hot water saving.  Enable fit-for-purpose water use within home by increasing level of water reuse and recycling - circular water home.	High Reliability pump that are developed to handle a wide range of water quality – CR, CM, BM, BMS.  A smart algorithm that adjust your filtration system through real-time analytics - Grundfos Smart Filtration Suite.	Flocculation, disinfection and pH adjustment – Smart Digital Dosing (DDA, DDC etc) and Disinfection (Vaccuperm, Selcoperm and Oxiperme) Desalination – BM, BMS.  Integrating auto-adaptive pump control algorithms and using advanced nanofiltration (NF) technology to save water use icooling tower - Grundfos WEsave.	Flocculation, disinfection and pH adjustment – Smart Digital Dosing (DDA, DDC, DDe, DMX, DDI, DME, DMH) and Disinfection (Vaccuperm, Selcoperm and Oxiperme) Desalination – BM, BMS.  Water distribution – CR, SP.

**CASE: LOS ANGELES**

# Grundfos WESave - sustainable cooling tower

Reusing wastewater to reduce our own water footprint.

Cooling towers are designed to transfer waste heat into the atmosphere through water evaporation, leading to high levels of water consumption. Moreover, cooling water is regularly discharged and substituted with fresh water to avoid fouling, scaling and corrosion issues.

For many customers, cooling towers are a significant contributor to their total water consumption. In an average US building, cooling towers account for 40% of water demand. In Los Angeles County alone, 9.4 million m<sup>3</sup> of water are wasted yearly.

Our innovative system Grundfos WESave (water + energy save), can recycle and reuse wastewater. From the software simulation based on a common scenario, Grundfos WESave can overall reduce water consumption in cooling towers by up to 25%. On top of this, Grundfos

WESave reduces energy consumption and minimises the risk of spreading legionella disease.

We are using the cooling towers in our own facility in Bjerringbro, Denmark where we are achieving wastewater reductions of around 70%.

The innovation lies in integrating auto-adaptive pump control algorithms and a novel process design using advanced nanofiltration (NF) technology, followed by a compact system that removes pollutants from the cooling water, making it suitable for reuse.

WESave can substantially reduce the water footprint within our own factories and offices, as well as helping our customers to boost their own sustainability agenda. That is why it was chosen to win Grundfos' Innovation Award, 2021.

Grundfos WESave  
pilot system in  
Bjerringbro,  
Denmark.





# Circular business

At Grundfos, we strive to reduce our impact on the planet by embedding circular principles throughout our business.

From sourcing raw materials to the initial stages of product design and every step of the lifecycle thereafter, circularity has a place within our products and solutions.

## OUR APPROACH

We have been working with circularity for several years, especially with recycling and reuse initiatives, such as our take-back programme.

We are now extending these initiatives and launched several pilot programmes to explore how our business can integrate more sustainable practices throughout our value chain, while pushing our efforts even further to reduce

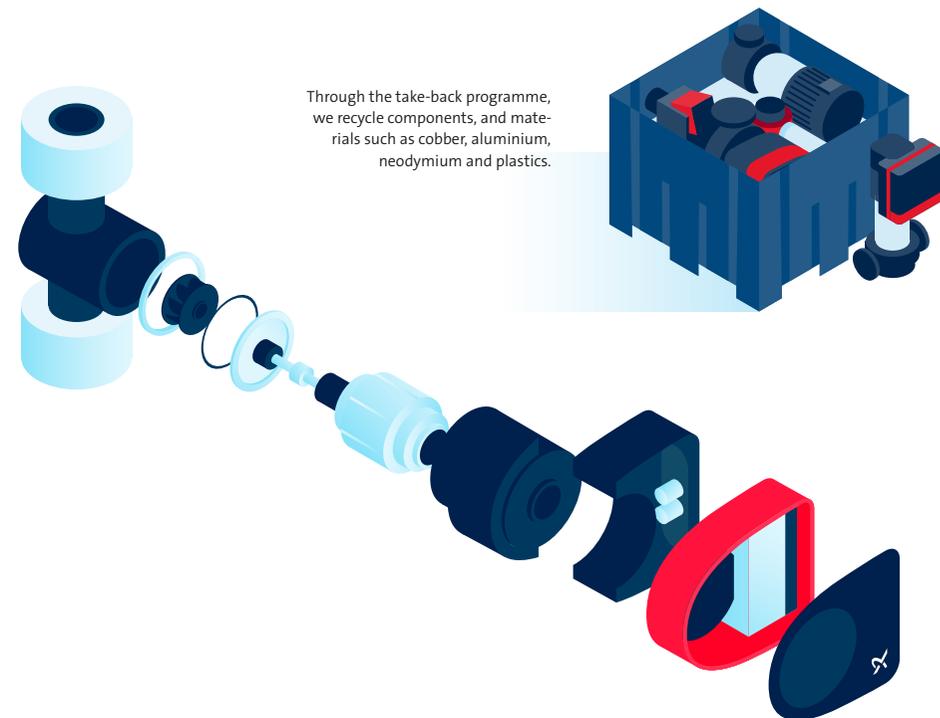
our environmental footprint. We are identifying circular activities and projects from the design phase of our products to manufacturing and reuse and recycling.

We aim to reduce the amount of virgin raw materials in our products and reclaim old products from the market to be remanufactured and reused. As these products were not initially designed for disassembly and to run a second life, strict testing procedures are being applied, with results and insights implemented into our design processes.

We also have a goal to extract reuse neodymium-iron-boron (NdFeB) powders.

**Our ambition:** to embed circular principles throughout our business value chain.

One way we can achieve our ambition is by taking back the equivalent of 500 tonnes of materials by 2025 and reduce waste to landfill 50% by 2025 against the 2018 baseline.



Through the take-back programme, we recycle components, and materials such as copper, aluminium, neodymium and plastics.

## OUR SOLUTIONS

Our take-back programme enables us to improve our water and climate impact through reuse, remanufacturing and recycling of materials and components.

We are building capacity within the company for the further disassembly, reno-

vation or remanufacturing of the various materials and components retrieved in the take-back programme. We continue integrating our take-back programme in several countries. For example, our UK programme has grown to 70 wholesale locations. Together, with our customers, suppliers and partners, we are exploring

opportunities for creating a scalable remanufacturing supply chain from small-scale projects to the industrial level for our circular take-back schemes.

Moreover, we are verifying opportunities for remanufacturing take-back rotors and stator laminate through a large-scale

disassembly and technical evaluation process. Our verification has shown that we can achieve a CO<sub>2</sub> reduction by 50% (compared to LCA for new pump house).

Finally, we have initiated a project to have the world's first Cradle-to-Cradle certified pump.

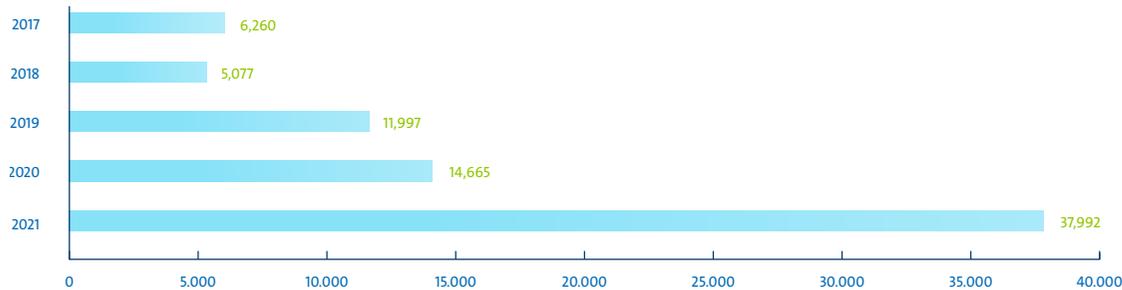
## Waste and resource recovery

Waste and hazardous waste are our second and third most important environmental impact aspects. We are addressing this by generating less and moving the remainder up the waste hierarchy by promoting reuse, repair, remanufacturing and recycling.

	Raw materials	Design	Manufacturing	Reuse and recycling
Approach	We use recycled materials in our products when we can guarantee the product quality and ensure compliance with current chemical legislation and the Grundfos chemical focus list.	All Grundfos development projects must use the sustainable product development toolkit, which sets out the sustainability strategy for the product, and helps guide important design choices.	We believe recycling of the materials in our products is the last resort. The focus needs to be on retaining the functional value of the product or its components. Therefore, we are building up our capabilities within refurbishment and remanufacturing.	We are constantly looking into how to recover resources in our operations.  Additionally, we are committed to creating a scalable supply chain concept for a circular take-back system given different market and technological conditions.
Examples of Grundfos initiatives	Grundfos continuously engages with suppliers to increase the percentage of recycled raw materials in our products.  We are testing recovery of rare earth magnets on a pilot scale to ensure product resilience when reused.  Together, with Aalborg University, Denmark, we are looking into Recycling of High-Quality Industrial Plastics (RHQ).	During the design of our products, we focus on circular aspects, such as: - Recyclable materials - Chemical compliance - Design for disassembly - Design for reuse, repair and recycling  Together with the Manufacturing Academy Denmark, Grundfos is working to develop state of the art decision-making tools for circular and sustainable product development.  In 2021, Grundfos has started a project to evaluate how products can be redesigned to qualify for Cradle-to-Cradle certification.	Refurbishment of high value industrial pumps in Denmark.  Non-destructive disassembly of end-of-life small circulators. The components are screened, qualified 'good as new' and stored to be re-introduced to production.  Testing of remanufactured products to ensure resilience and optimal quality.	Resource recovery screenings are carried out at high-impact facilities every year to identify improvement projects.  The Grundfos Take-Back Programme for small circulators has been deployed in five countries with returns expected to double year on year.  Grundfos participated in the partially EU funded project SUSMAGPRO which aims to develop the capabilities in Europe to recover, separate, reprocess and re-use rare earth (NdFeB) magnets.

The Grundfos take-back programme enables reuses, remanufactures and recycles materials and components.

### RETURNED PUMPS FROM TAKE-BACK PROGRAMME (KG)



### OUR PROGRESS

Over 37,000 kg of pumps were collected in 2021 through our take-back programme, compared to 14,665 kg collected in 2020. This puts us on track to meet our 2025 target, and through testing, research and pilot projects, we will be looking to expand our results year on year.

In 2021, we disposed 1,098 tonnes of waste to landfill, broken down into 129 tonnes of hazardous waste and 969 tonnes of non-hazardous waste.

This represents a reduction of 23% compared to 2020, which also puts us on track to meet our 2025 target.

Initiatives include reusing rather than recycling packaging materials and piloting the use of reusable crates for OEM customers.

Testing in rare earth minerals recovery is ongoing to ensure product resilience when reused.

### Environmental Product Declaration (EPD)

In 2021 we saw many of our customers increasingly demand documentation explaining how our products might impact the environment.

When it comes to purchasing decisions, the environmental impact of a pump

is now commonly assessed alongside functionality, quality and price.

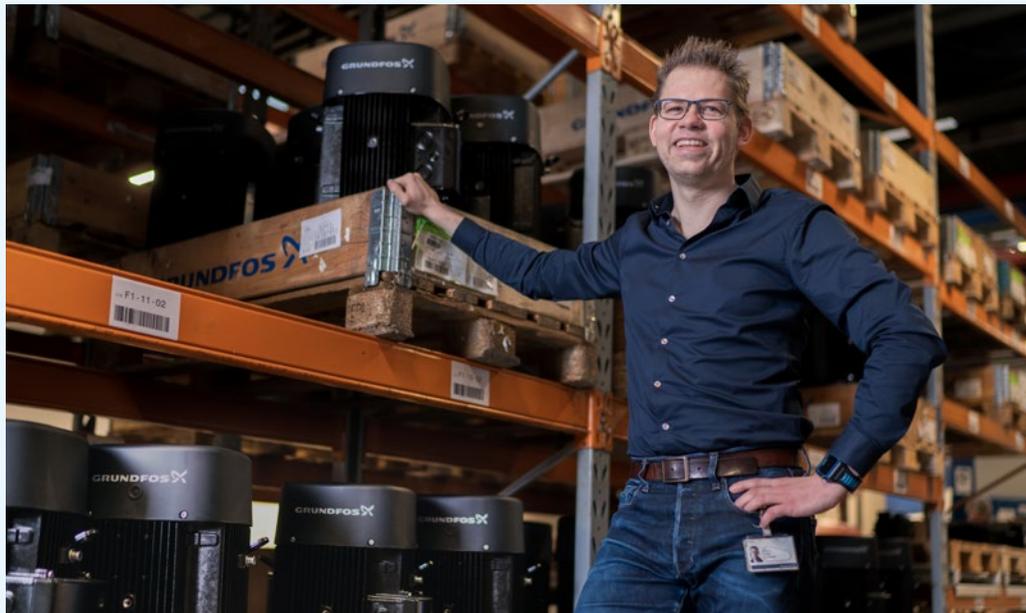
Grundfos was the first pump manufacturer to acquire an Environmental Product Declaration (EPD), in 2019, in accordance with the European standard EN 15804. An EPD describes the environmental footprint of a pump throughout its life cycle, which is useful for both us and our customers. In 2021 we published an additional four EPDs on Grundfos products.



**CASE: REFURBISHED PUMPS**

# Selling refurbished pumps helps reduce waste and CO<sub>2</sub>

Returned CR pumps now reconditioned and sold on.



A few scratches or damaged packaging no longer means a returned CR pump needs to be scrapped. Now it can be refurbished and sold to another customer, reducing wastage and saving CO<sub>2</sub>.

The idea came from Lasse Lorenzen, a Senior Project Manager at Grundfos. "I noticed a pump that had been returned due to an over-order from a client – a pump worth €6,000," says Lasse Lorenzen. "It was due to be scrapped, as we can't usually re-sell used products."

"I thought 'this needs to change!'"

We decided to create a pilot programme to sell them as refurbished, putting them back through the same testing process that we apply to brand-new pumps and customers are already receiving the refurbished pumps.

Rasmus Nyberg Sørensen, Product Developer at agriculture startup Heft, is using a refurbished CR pump for a new unreleased product. "We needed a powerful pump, and it's working exactly as we hoped. We were happy to use a refurbished model."

"In fact, as a startup, the refurbishing scheme has helped us get access to a more powerful pump than we'd ever hoped for. The reduced price means small companies like ours can access these industrial-grade products."

Lasse is glad the refurbishing pilot has been a success. "Without the help of others, it wouldn't have been possible. I have not met a single colleague who has said no to helping. Even though they didn't really have time to help, they did it anyway," says Lasse.

*"I noticed a pump that had been returned due to an over-order from a client – a pump worth €6,000,"*

**Lasse Lorenzen,**  
Senior Project Manager, Grundfos

Innovative solutions such as this solar powered pumping station are helping poor areas and remote communities around the world to access clean water.



# Water access

At Grundfos, we innovate solutions and deploy partnerships that help people in poor areas, remote communities or water stressed areas around the world to access clean water.

Since 2000, 2.1 billion people have received basic water access – that is, access to an improved water source within a 30-minute round-trip of their home. To achieve UN SDG #6 on providing access to drinking water, we need to help 2.2 billion people access safely managed water – that is, receive water access in their homes – in the next eight years.

## OUR APPROACH

We want to play a significant role in improving water service levels and create

lasting impact by providing commercially viable, sustainable and smart water solutions to underserved communities around the world. SafeWater, our centre of excellence with the sole purpose of developing new business models that allow us to reach and help people living in poverty or in remote communities, plays an essential role in helping us achieve our water access ambition. SafeWater works alongside our Water Utility Division in catalysing transformational change in order to reach our goals.

## OUR SOLUTIONS

Innovative solutions and strong local partnerships are the driving forces that will help us realise our water access ambitions. From a solutions standpoint, solar opportunities provide a sustainable alternative to diesel driven options to rural communities with no electrical access.



**Our ambition:**  
to help provide water access by reaching 300 million people in need by 2030.



Local partnerships and innovative solutions enabled us to reach 1.6 million people in 2021.

### OUR PROGRESS

Together with World Vision, Water Mission and International Committee of the Red Cross, Grundfos SafeWater reached 1.6 million people in 2021. This establishes a cumulative result of 2.5 million people reached in 2020-2021.

In 2021, Grundfos Water Utility launched two new offerings that have the ability to benefit millions of people:

- The Grundfos SQFlex is one of the most efficient solar-powered products on

the market today. It can produce water during times of low power, such as early morning and late afternoon.

- The Grundfos GO Solar app has been designed to make life easier for our partners by allowing for on-the-go sizing of pumps, regardless of location, internet connection and application needs. The app's built-in water demand calculator is based on geolocation, making it simple to estimate the water requirements of homes, crops, livestock and humanitarian intervention needs.

	Water management	SafeWater
Approach	We have served users in developing countries for decades. As part of this we work with underserved communities to manage their water better through water intake, treatment and distribution solutions.	SafeWater extends our core business water utility activities by identifying shared value projects with strategic partners.  This approach includes collaboration with aid organisations and channel partners focused on underserved communities.
Examples of Grundfos solutions	<ul style="list-style-type: none"> <li>• Drinking water treatment – Dosing and Disinfection pump</li> <li>• Ground water intake – SP, SQ</li> <li>• Solar water solutions – SQFlex, CRFlex, RSI, PowerAdapt</li> <li>• Surface water intake – CR, CM</li> <li>• Community water supply – SQFlex, AQTap</li> <li>• Water distribution – SP, SQ, CR</li> </ul>	<ul style="list-style-type: none"> <li>• Water ATM (AQTap).</li> <li>• Partnerships bring together financing institutions, NGOs, private sector partners, etc.</li> <li>• Bespoke training journeys</li> <li>• Joining global and local projects</li> </ul>

We also ignited new shared-value partnerships in 2021 that accelerate our reach and impact in water-stressed areas.

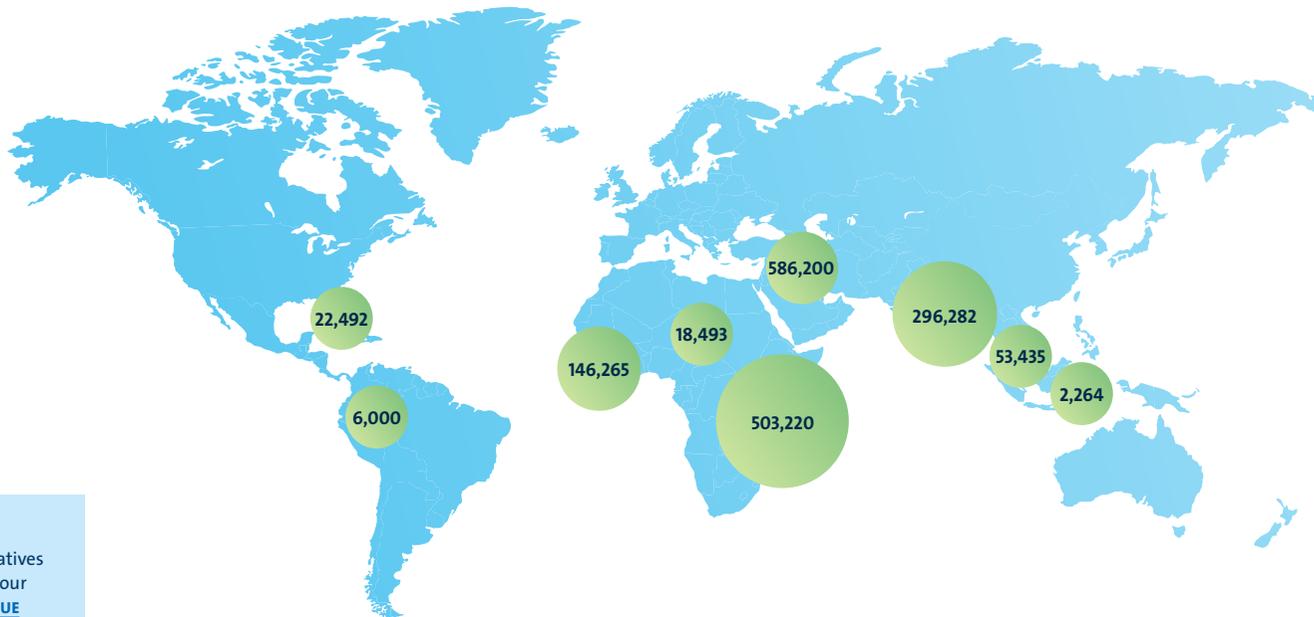
- With the district of Ayensuano, Ghana, we signed a Memorandum of Understanding to undertake a portfolio of system renovations in 2022. The two systems for improvement have been identified as Otuase, a community of over 6,000 people, and Teacher Mante community of over 11,000 people.
- With P.S. Spare Part Limited, in Thailand, we are working to couple together

different water uses for improved system sustainability by bringing water from the Wang Tanot canal to fill the canal in Pa Mak. To date, we have benefitted more than 2,000 families through helping fruit farmers.

- With Amazi Water, a non-profit organisation in Burundi, we established a new partnership that enabled us to reach approximately 65,000 people in 2021 with drinking water.
- With our channel partner, Energy & Services in Burkina Faso and the Sahel

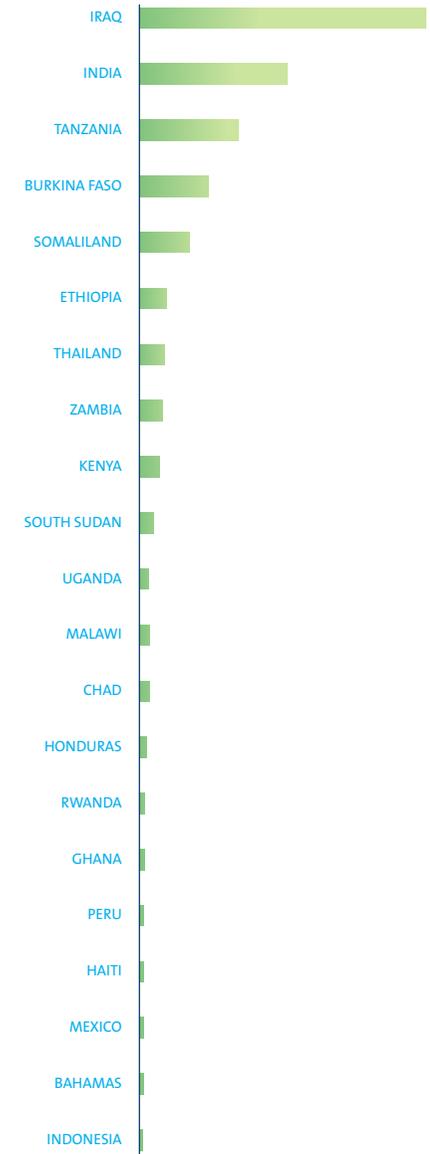
region, we provided water access, training, and after-sales service to more than 200,000 people in one of the most vulnerable and war-torn regions of the world.

Further, SafeWater ran 18 internal courses and 12 partner webinars focused on supporting people in need of water access. These were attended by 2,415 people across 66 countries.



Keep up with our water access initiatives by subscribing to our [SAFewater DIALOGUE](#)

**NUMBER OF PEOPLE REACHED (BY COUNTRY)**



Solar pumping stations  
improve lives in remote  
Kashmir Valley.

## CASE: PUMMEL, KASHMIR VALLEY

# Bringing clean drinking water to remote Kashmiri villages

How do you get safe drinking water when you live in a remote village 5,600 feet above sea level?

Life in Pummel, a remote village in the Kashmiri mountains 5,600 feet above sea level, can be nothing short of idyllic. Situated on the north-western stretch of the Himalayan mountains, its breathtaking landscape speaks for itself.

But for villagers like Hujjat Qayoom, its beauty also brings arduous challenges. Clean drinking water is scarce. “We don’t have drinking water supplied to our homes. We need to go and get it ourselves,” says Hujjat.

“Every day, we need to queue to manually hand-pump clean water into our empty containers. The whole process can take hours. It’s tiring work, and being away for hours at a time means someone

else has to look after our children and families.”

Hujjat’s story isn’t unique. It’s a daily struggle for the 50,000 other villagers living in the region.

But last year, a team of engineers from Grundfos, in association with channel partner M/s SIAB Surgiments, were asked to come up with a solution. At first, electric water pumps seem like the obvious answer, but the erratic local electricity supply makes them all but useless.

The team had a more sustainable answer in mind: a solar-powered pumping station, delivering a reliable, low-

maintenance solution that helps residents reclaim several hours a day.

“Now, with the installation of the solar pump, we are back in just 10 minutes,” says Hujjat.

“We have more time to spend with our families, to teach our children and more time to work and earn money.”

*“...now, with the installation of the solar pump, we are back in 10 minutes. We have more time to spend with our families...”*

Hujjat Qayoom, Resident of Kashmir Valley



# Empowering people

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# Diversity, equity and inclusion

Our people are our power and our most valuable asset. The more we work together to be an inclusive and diverse workplace, the stronger we will be as a business and a society.

Grundfos is committed to creating a workforce that reflects the rich diversity of our wider society and the communities in which we operate.

Our goal is to be considered an employer of choice because we attract and nurture future pioneers across diverse backgrounds.

### OUR APPROACH

At Grundfos, we recognise how important it is for our people to work in an inclusive environment where differences are valued and everyone

can fulfil their potential. In 2021, we launched our updated diversity, equity and inclusion (DE&I) roadmap which outlines five pillars that will guide us on our journey to achieving our global targets by 2025.

As of 31 December 2021, the Grundfos Holding A/S Board of Directors has nine members, three of them elected by employees. Of the remaining six board members, four are men and two are women, leading to a gender distribution of 33% of board members are women.

**Our aspiration:**  
*We commit to improving quality of life by enabling our people to achieve their fullest potential.*

*By embracing diversity, equity and inclusion, we make Grundfos and society stronger.*

	Leadership commitment	Inclusive culture	Advancement and recruiting of women	Early career development	Reduced work capacity/special needs representation
Approach	<p>We expect our leaders to 'live and breathe' diversity, equity and inclusion, meaning that leaders naturally demonstrate an inclusive behaviour and mindset.</p> <p>Our leaders must be active role models and ambassadors for our DE&amp;I principles and behaviours, reflecting this commitment into everything they do - from the people decisions they make to ensuring everyone in their team is heard and valued.</p>	<p>To unlock the potential and power of our diversity we must drive an inclusive workplace culture where everyone feels valued and respected for who they are.</p> <p>This requires building psychological safety in the workplace, where colleagues feel empowered to take risks and bring their full selves to work, without fear of judgment or negative repercussions.</p>	<p>We strive for a better gender distribution across Grundfos. As a leader in our industry, we have a responsibility to lead the way in the advancement and recruitment of women.</p> <p>It is our responsibility to drive fair and diverse hiring practices.</p>	<p>We are committed to supporting and developing the careers of the next generation of Grundfos leaders and believe there is a lot we can learn from one another when we can work across age and experience levels.</p> <p>We need to ensure younger employees are nurtured to grow professionally by securing a purpose driven environment and providing the right development opportunities.</p>	<p>People who require accommodations based on physical or cognitive needs can add great value to our company. We consider it our responsibility to offer colleagues with reduced work capacity the tools and support to thrive at Grundfos, whether in our offices or production sites.</p> <p>We want Grundfos to be recognised as a champion creating and nourishing an environment in which employees with special needs can thrive and contribute.</p>
Examples of Grundfos initiatives	<p>We established a DE&amp;I Council with 10 senior leaders mandated to drive the DE&amp;I agenda throughout the organisation.</p>	<p>We launched four Employee Resource Groups (employee-led forums for engagement, learning, community building and collaboration).</p>	<p>We launched new targets to improve the representation of women at Board of Director and management levels. We also launched our Women@Grundfos employee resource group. We aim to balance the men-to-women promotion ratio.</p>	<p>We expanded our Global Graduate Programme to include China and India. The expansion will continue into the US in 2022 (see chart in learning and development section).</p>	<p>A pilot programme for the recruitment of people with special needs have been started in Hungary. The pilot is focusing on hiring neurodiverse colleagues into Grundfos and will help gather experience into how we can rethink recruitment processes of people with special needs in the future.</p>

**EMPLOYEE RESOURCE GROUPS**

Our Employee Resource Groups (ERG), are employee-led forums that build a more inclusive environment and address diversity and inclusion in an engaging, collaborative, and community-based way. These groups also create a platform for underrepresented groups to share their voice, opinions, and feedback. We launched our ERG agenda in 2021 and established four groups within the year.

**WOMEN@GRUNDFOS**

135 members

20 countries

34 cities

**ABILITIES@GRUNDFOS**

97 members

10 Countries

17 cities

**FUTURE@GRUNDFOS**

141 members

22 countries

33 cities

**PRIDE@GRUNDFOS**

64 members

12 countries

20 cities

By embracing diversity, equity and inclusion, we make Grundfos and society stronger.



**CASE: TRAINING PROGRAMME IN HUNGARY**

# Encouraging neuro-diverse recruits

Grundfos Hungary is piloting a whole new way of hiring talent.

Autism is a greatly misunderstood condition. To help break down barriers, Grundfos is piloting a specialist talent programme to recruit neurodiverse employees.

The aim is to bring neurodiverse individuals – in this case those diagnosed with autism – into the workplace and give them the training they need to become invaluable employees.

17 neurodiverse candidates were invited to a three-day LEGO workshop, in which they were asked to build and then programme robots made of LEGO. “Lego is a very visual tool,” says Dora Deak, Grundfos Senior Diversity, Equity and Inclusion Specialist.

“It’s good for spotting skills. It also reveals how a candidate structures a

process, their logical thinking and how they work and approach a task.”

Of the 17 candidates attending the workshop, seven continued to a three-week talent programme with Grundfos Hungary. The training programme is run in partnership with local non-governmental organisation Salva Vita, and Specialisterne, an organisation helping those with autism find employment.

The remaining seven candidates were assessed for their skills and response to certain exercises, including computer programming, working with spreadsheets and pattern recognition. Additionally, each candidate is given a one-to-one semi-structured interview, where their skills, personalities and expectations are determined.

At the end of the three-week programme, four candidates moved forward to start jobs at Grundfos in January 2022.

Members of all hiring teams will attend an Autism Awareness session, to help facilitate a smoother transition for the candidates.

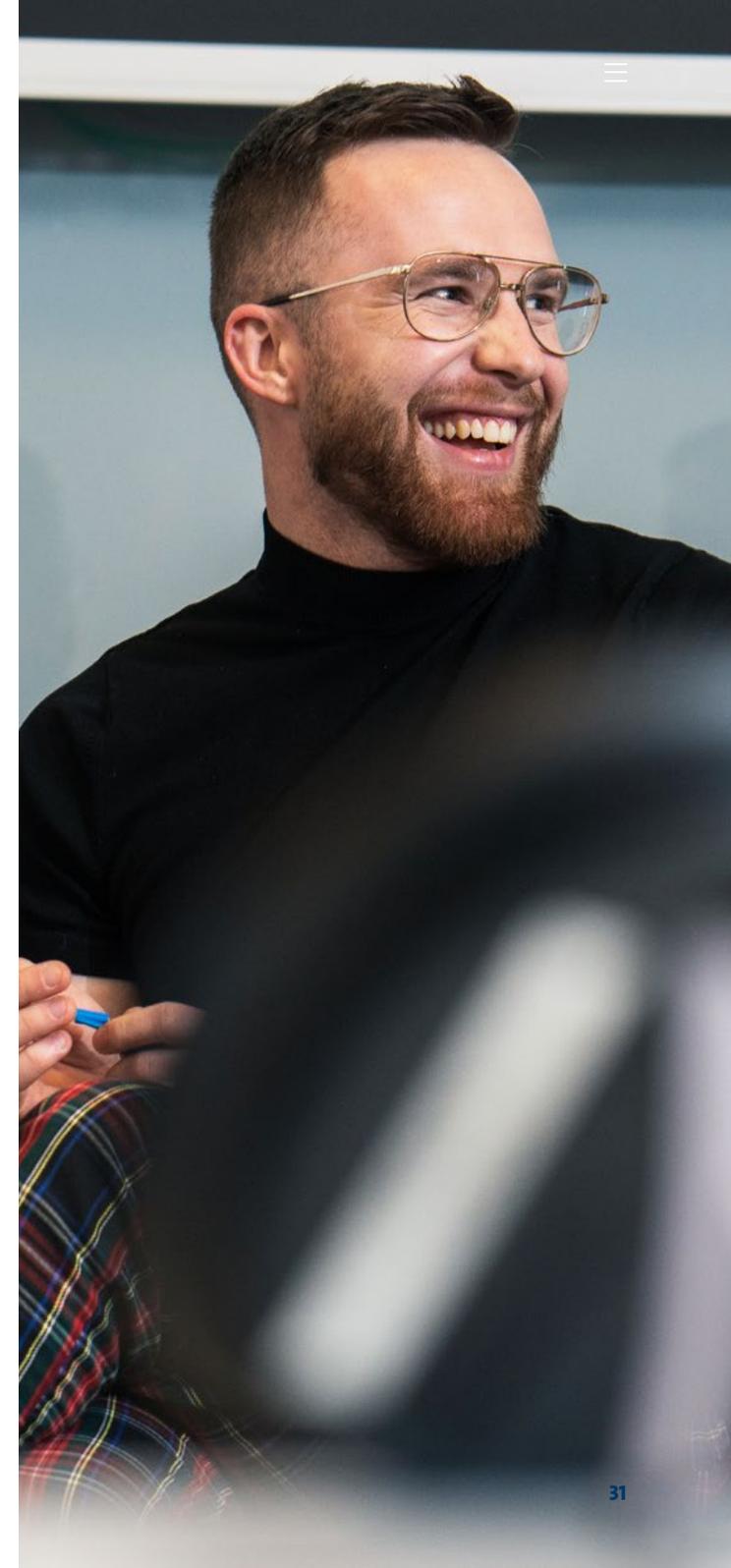


Grundfos Hungary is using LEGO workshops as part of an innovative new hiring process for spotting candidate skills. Four new recruits have been successfully hired as a result.

**OUR PROGRESS**

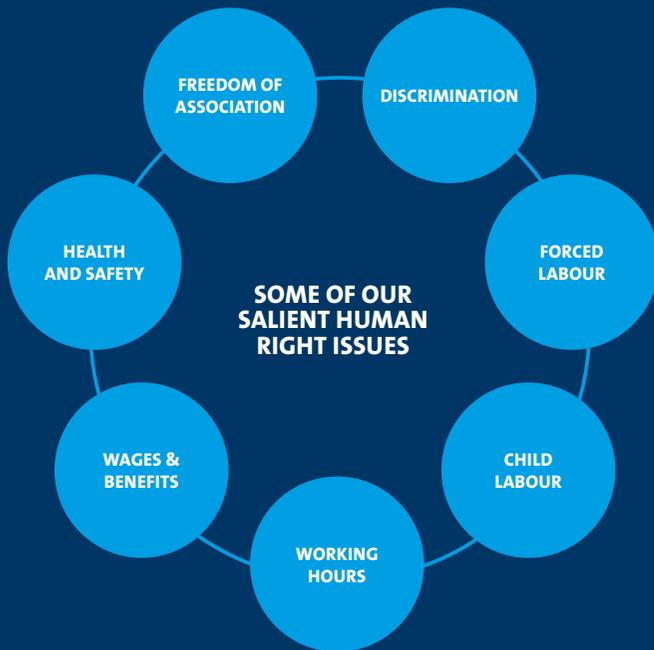
PILLAR	2025 TARGETS	WHERE WE ARE IN 2021
<b>Leadership commitment</b>	<ul style="list-style-type: none"> <li>60% say Grundfos is fully 'committed' to DE&amp;I</li> <li>60% say leadership has made a 'significant difference' to DE&amp;I</li> </ul>	<ul style="list-style-type: none"> <li>40% say Grundfos is fully 'committed' to DE&amp;I</li> <li>37% say leadership has made a 'significant difference' to DE&amp;I</li> </ul>
<b>Inclusive culture</b>	<ul style="list-style-type: none"> <li>80% say they can be their 'authentic self'</li> <li>80% say their perspectives are 'heard and respected' at work</li> </ul>	<ul style="list-style-type: none"> <li>75% say they can be their 'authentic self'</li> <li>75% say their perspectives are 'heard and respected' at work</li> </ul>
<b>Advancement &amp; recruitment of women</b>	<ul style="list-style-type: none"> <li>27% women in leadership positions</li> <li>20% women in senior management</li> </ul>	<ul style="list-style-type: none"> <li>22% women in leadership positions across full organisation</li> <li>13% women in senior management across full organisation</li> </ul>
<b>Early career development</b>	<ul style="list-style-type: none"> <li>1.5x attraction rate for early career vs. Grundfos overall</li> </ul>	<ul style="list-style-type: none"> <li>1.85x attraction rate for early career vs. Grundfos overall</li> </ul>
<b>Reduced work capacity / special needs</b>	<ul style="list-style-type: none"> <li>5% reduced work capacity in total organisation</li> <li>A 5% point increase in feeling they are an 'equal contributor' in their workplace</li> </ul>	<ul style="list-style-type: none"> <li>3% reduced work capacity in total organisation</li> <li>70% feel they are an 'equal contributor' in their workplace</li> </ul>

Our ERGs formally create spaces for people to share specific interests, while also meeting and building a strong sense of belonging at work.



# Human rights

At Grundfos, we live the responsibility to respect and protect the human rights of all our employees, where ever they work.



A company wide mapping of human rights helped us identify those rights we could potentially impact. The figure includes some of our salient rights.

We are committed to creating a culture that champions respect for human rights, and while our work is an ongoing process, our programmes and policies in place ensure that we respect and advance human rights across our business.

### OUR APPROACH

Our commitment to human rights is integrated and communicated across the organisation through our values, our group policies and our Code of

Conduct. Nonetheless, understanding and managing human rights is a dynamic process, which demands that we continuously seek to improve our governance and practices.

### OUR PROGRESS

In 2021, we revised our human rights due diligence process and identified our salient human rights issues that focus on prevention and mitigation measures, such as continuous assessment of potential human rights risks in our supply chain.

The new process builds upon our existing policies, incorporates new applicable regulations and requirements, and integrates learnings from our human rights due diligence programme and impact assessments conducted between 2017-2020 in China, India, Serbia, Mexico, and Ghana.

In 2022, we will launch the Grundfos Human Rights Plan, which outlines our goals in this area and action steps. The plan aims to sharpen the focus on our human rights efforts with a broader perspective on the overall footprint

throughout the value chain, formalise our commitments, and highlight our performance.

We expect all our employees and business partners to consider the impact their decisions may have on human rights, and that we all act accordingly. We will roll out our revised human rights policy and associated global training for Grundfos employees and partners in 2022.

### HARASSMENT PREVENTION

We introduced our harassment prevention policy in 2020, which outlines a safe working environment for all our employees to ensure they are free from abuse and harassment. The policy is in line with the Grundfos human rights commitment and the standards set by ILO Convention 190.

In our continued efforts to prevent and address harassment in the workplace, we introduced practical guidelines and e-learning trainings in August 2021. These trainings were rolled out to all people managers and translated in the eight most used languages within Grundfos.

# Health, safety & well-being

Grundfos is committed to ensuring the health, safety and well-being (HS&W) of our colleagues and collaborative partners performing activities on behalf of Grundfos.

Our health, safety and well-being (HS&W) programme is based on three desired behaviours:

- Be present
- Take action
- Don't compromise

## OUR APPROACH

At Grundfos, health and safety are just as much about protecting mental health and well-being as they are about physical safety in the workplace. As such, mental well-being plays an integral part of our new HS&W programme.

We are committed to ensuring HS&W by providing a good work environment, preventing work-related injuries and ensuring a good physical, psychological

and social balance by exhibiting the desired behaviours outlined by our HS&W programme.

## COVID-19 AND REMOTE WORKING

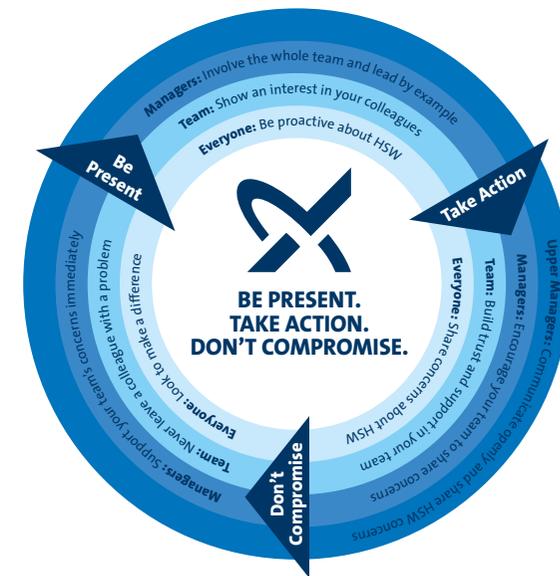
COVID-19 has continued to evolve over the last two years and is now an integrated part of how we do business at Grundfos. One way we adapted to the pandemic is by offering on-site COVID-19 testing at our corporate headquarters location in Denmark and several sites in the US, in order to minimise the risk of contamination.

A long-standing outcome of the pandemic is that remote working is desirable for many employees. In 2021 we decided that once the impact of

the pandemic subsided, flexibility and remote working will continue to be welcomed for many Grundfos employees. To facilitate this across the business we have a new remote working policy that supports remote ways of working and empowers senior leaders in all countries to develop specific policies.

Generally, the policy allows for individual managers and office-based employee to evaluate work-from-home conditions together. All employees who can work from home have access to a comprehensive IT package, training materials to enable healthy remote working conditions and technical and ergonomic guidance.

## GRUNDFOS HEALTH, SAFETY AND WELL-BEING BEHAVIOURS



**Lost Time Injury (LTI) ratio**

Unit	2021	2020	2019	2018	2017
per million working hours	2.23	1.81	2.52	3.42	4.26

**SAFETY WEEK**

Safety Week has become a tradition for Grundfos, where all employees across the globe are invited to join activities and training that focus on creating a safe and healthy workplace for everybody. Group environment, health and safety (EHS) and HR will also continue to play a key role in provide training and workshops for all Grundfos employees, building the mindset that all employees should embrace our HS&W ambition.

In 2021 we ran the health, safety and well-being e-learning programme with 91% completion rate among our white collar workers.

**OUR PROGRESS**

Health and safety is regularly monitored through an annual self-assurance process as well as a rotating audit process and third-party management certification.

To ensure that we are monitoring our risks, opportunities and performance, and are meeting the highest standards of HS&W, we achieved the ISO45001 certification in February 2021.

We also improved our processes for incident investigation and global knowledge sharing in 2021. As we continue with our approach, we are focused on systematic identification and analysis of why accidents happen.

Despite the continued effort, we missed our LTI ratio target of 1.9 and ended on 2.23. We are still committed to our overall goal for 2025 to reduce lost time injuries of our employees down to 1.5.

**MENTAL WELL-BEING**

A major addition to our 2021 HS&W ambition is the inclusion of mental well-being. We recognised that it was an area we needed to improve and bring more attention to throughout the company, particularly in relation to stress management and removing the stigma behind mental health.

In 2021, employee reported stress had a slightly negative development, mainly for white collar employees, where the share of employees who have answered they feel stressed quite often or very much has increased 1%. Therefore, we have set a

goal to reduce staff reported stress levels from 21% to 10% by 2025. In our response to stress management for our employees, we have implemented group-wide e-learning tools for stress prevention and mitigation. 1,567 employees took part in our stress management training in 2021.

Continued improvement initiatives will include providing targeted support for people leaders in how to address and manage stress within their teams. We are also in the pilot stage of an employee community dialogue programme designed to create an open platform for all employees to talk freely about mental health topics and generate more widespread understanding of mental health in the workplace.

**LEADERSHIP PLEDGE ON MENTAL HEALTH**

As part of our commitment to mental health, we signed the Leadership Pledge on mental health, led by Poul Due Jensen, CEO, in 2021. The pledge is a global business-led initiative whose mission is to advocate for positive change for mental health in the workplace.

**LEADERSHIP PLEDGE ON MENTAL HEALTH**

**01**

Develop and deliver an action plan to support good mental health in our organisation.

**02**

Promote an open culture around mental health, working towards eliminating stigma.

**03**

Take proactive steps to develop our culture and ways of working towards creating positive mental health and reducing mental ill-health.

**04**

Empower all our people to manage and prioritise their own mental health, and to support one another.

**05**

Signpost our people to mental health tools and support they need.

**06**

Regularly measure the impact of our efforts, being open about our progress, to influence and inspire change in our organisation and beyond.



## CASE: FACING THE ELEPHANT IN THE ROOM

# How Grundfos is facing the elephant in the room

Breaking the stigma and making it easier for employees to talk about mental health.

Mental health issues can affect anyone: at any one time, 1 in 6 of us are experiencing a common mental disorder. Yet it is still a taboo subject in many workplaces. Grundfos has been working to change that by overcoming the stigma and providing a safe place to ensure Grundfos employees feel comfortable to recognise, manage, help and support both themselves and others.

“Creating an environment that allows people to feel safe and openly talk about

how they are feeling is vital,” says Letitia Winston, Country HR Responsible for UK & Ireland, who has led the project. “Our Mental Health First Aiders have introduced ‘Coffee and a Chat’ sessions to help people share their feelings.”

“We’ve also trained our own in-house counsellor.”

It was all part of the Grundfos ‘elephant in the room’ campaign – the thing that nobody wants to talk about. This gave us a visual mascot (who was quickly

dubbed ‘Nelly the Elephant’ in reference to the well-known song).

“It’s incredibly important that mental well-being is no longer seen as ‘something we are uncomfortable’ talking about,” says Glynn Williams, Area Director of Commercial Building Services and UK lead.

“The initiatives we have launched do the opposite, offering multiple communication platforms.”

*“Creating an environment that allows people to feel safe and openly talk about how they are feeling is vital.”*

**Letitia Winston**

Senior Mental Well-Being Specialist

# Learning and development

We are dedicated to ensuring our people have the best conditions to work, learn and grow.

By giving our people training and development opportunities, we not only support them to grow as individuals and learn as a community, but we also continually improve our own high standards as a business and ensure that our employees stay employable, outside of Grundfos too.

## OUR APPROACH

The skills shortage poses a major challenge for businesses in the current environment. Therefore, reskilling and upskilling our workforce is vital for Grundfos success.

Grundfos' purpose and ambitious strategy requires transformation of our company. Employee development is part of Grundfos' People strategy and is implemented at every level of our organisation. Every employee is in the driving seat of their own development, and our people leaders play crucial role enabling learning to happen. All while Grundfos provides the necessary tools, platforms and programmes to support a continuous development atmosphere.

The Grundfos learning approach focuses on:

- Learning by doing: learning in the flow of work through assignments, projects, coaching, mentoring, etc.
- Learning through sharing: knowledge sharing through communities of practice and dialogues with colleagues
- Learning formally: concentrated talent development programmes, including formal training plans (both in-person and virtual)

All of this is supported by our learning platforms such as SF LMS, modular VR and G-learn, our online platform providing access to thousands of courses on both business-critical and soft skills.

## OUR PROGRESS

In 2021 we engaged more than 300 colleagues across the company in helping us to find out how to accelerate our learning efforts at Grundfos.

Their insights were used to build the foundations for our learning roadmap.

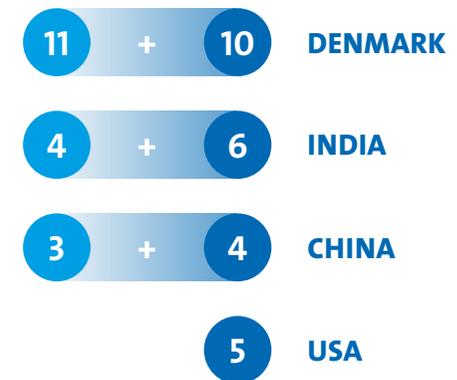
We also launched the senior leaders' academy, where 68 of our most senior leaders have started their development journey of transformational and digital leadership combined with individual assessments and development plans.

We expanded our digital learning through our G-learn platform by creating Customer Segment specific Academies (e.g. with product and application trainings). We also added several new leadership trainings such as leading in hybrid world, leading in matrix, as well as added courses such as stress management, mental health awareness, unconscious bias, micro-aggressions, and anti-harassment in 2021. We issued material that will enable managers work more holistically with employees with special needs, including those with neurodiverse conditions.

Finally, we extended our Global Graduate Programme into include China and India. The expansion will continue into the US in 2022.



## GRUNDFOS GRADUATE PROGRAMMES PLUS EXPANSION



# Employee engagement and community

When our employees live and work in thriving communities, or feel empowered and engaged through acts of service and giving, it makes our company and all of society stronger.

Our commitment to community work and employee engagement programmes extend our global impact.



**Our goal:** to create a positive, measurable and lasting impact in the communities where we work and operate.

## OUR APPROACH

Through our community work and employee engagement programmes – such as Water2Life, education, and employee volunteering and donations – we aspire to extend our global impact. We also focus on volunteering and fundraising programmes to further enhance our impact in the communities where we operate.

**Water2Life** is our employee-driven programme which helps us to make a real difference in low-income communities across the world that are impacted by the growing global water challenges. Whilst we are specialists in providing water solutions, we partner with NGOs to use their specialist knowledge to support each of our Water2Life projects.

One of the most amazing elements of our support, and of our unique operational structure, is the multiplier effect of donations through fundraising programmes. Fundraising amounts raised by Grundfos employees are matched by the company and by our charity foundation, meaning every dollar raised is doubled through matched funding.

In addition to financial support, we offer employees communication help to raise awareness of any fundraising and voluntary initiatives and allow them time to undertake these activities.

This structure ensures that we are working with and supporting projects where we can provide the greatest benefits.

## OUR PROGRESS

To boost our community engagement and local presence in 2021, we launched our global community engagement network. The network already has 41 country representatives, with the aim of having all 58 countries represented by 2022. The goal of the network is to improve engagement levels and offer an open channel where employees can share experiences, ideas and activities about how they can volunteer, fundraise and contribute to their local communities.

In 2021, we launched three new Water2Life projects. For example, we worked with Hand in Hand India to launch a project with the aim of reaching a local community of around 1,000 people that do not currently have basic access to water. The project included installing a Grundfos solar pump, renovating their irrigation tank, developing organic farming methods, and installing five toilets to help improve basic water access and sanitation in the village.

We also launched a new Water2Life partnership with Médecins Sans

Frontières (MSF). It runs water focussed programmes, like WASH, that focus on securing clean water and sanitation for at-risk communities as well as teaching about hygiene.

Between 2010 and 2021 we provided better water access for over 60,000 people through Water2Life. By 2030, we want the programme to have reached the lives of 100,000 people.

The pandemic again restricted group activities like Walk for Water in 2021. However, we turned what is normally multiple events taking place across the globe into one giant virtual walk hosted by Grundfos US. Almost 300 people from several different countries took part, raising more than USD 124,000 in support of Water Mission.

In **education**, Grundfos is working with Aalborg University and two other companies in the development of an online sustainability education programme for primary and secondary schools. Grundfos is contributing to three sections, access to water, circularity and human rights.

*“On behalf of the community who have clean drinking water in the rejuvenated pond and farmers who were able to grow fruits and vegetables for another season, Hand in Hand India is grateful to your company and all your employees who have contributed for the betterment of life and humanity. We thank you for supporting Hand in Hand India.”*

### Sandip Mookerjee

Head of Partnership & Alliance, Hand in Hand, India



Employee volunteer event assisting a public school in Hungary.

**CASE: ARGENTINA**

# Helping 15,000 under-privileged Argentines access clean water and grow crops

Grundfos employees donate water purifiers and install a water harvesting system.

Everyone deserves access to clean drinking water. But in some under-privileged parts of Argentina, getting a daily supply of clean water isn't easy.

In the Escobar, Pilar, Tigre, San Fernando and San Isidro regions, residents need to boil or manually chlorinate water drawn from local wells to make it safe for human consumption. Something as simple as instant access to clean water would be life-changing for the residents.

To help, Grundfos Argentina worked alongside the global Grundfos Foundation to give 75 local communities – some

15,000 people in total – water purifiers made by manufacturer LifeStraw.

The project was installed by Agua Segura, a local social enterprise that designs and implements water access solutions.

One of the communities has received a water harvesting system. Using Grundfos pumps, the water harvesting system helps the residents reuse rainwater to irrigate their community garden, where they grow fruit and vegetables that are given to local residents. The project also includes educational workshops focusing on water, health and hygiene.

“We no longer need to boil water,” says Yoli, a volunteer and local resident. “Because now we have safe water, to drink, to cook, to knead ...for everything.”

“Thanks to the fact that Grundfos and Agua Segura installed ultrafiltration technology, today, in our soup kitchen we have access to quality water,” says local resident Estela. “This ensures that the food is made with water without germs or toxic substances.”

“The filter was a big change in our lives!”



Grundfos pumps are providing access to clean water in 75 communities within Argentina.



Together, MSF and Water2Life are bringing water supply systems to Venezuela and Zimbabwe.

## CASE: WATER SUPPLY SYSTEMS

# Supporting MSF water projects in Venezuela and Zimbabwe

Access to water is a fundamental pillar in securing good health for people and preventing diseases all over the world. As the political and economic situation continues to decline in Venezuela and Zimbabwe, available funds for public and healthcare systems are being greatly affected.

Access to water and sanitation contributes to improved health and helps prevent the spread of infectious disease. Médecins Sans Frontières (MSF) and Water2Life are creating vital infrastructural support systems for local communities to access water and better medical care.

### Venezuela

The economic crisis has severely impacted the country's public health and water supply systems, resulting in many hospitals not fully functioning and people not having access to clean drinking water. In a country with high malaria outbreaks, this puts local health at great risk. Together with MSF we are

renewing hospital structures in the state of Bolivar, building new water points and educating local people around better hygienic practices.

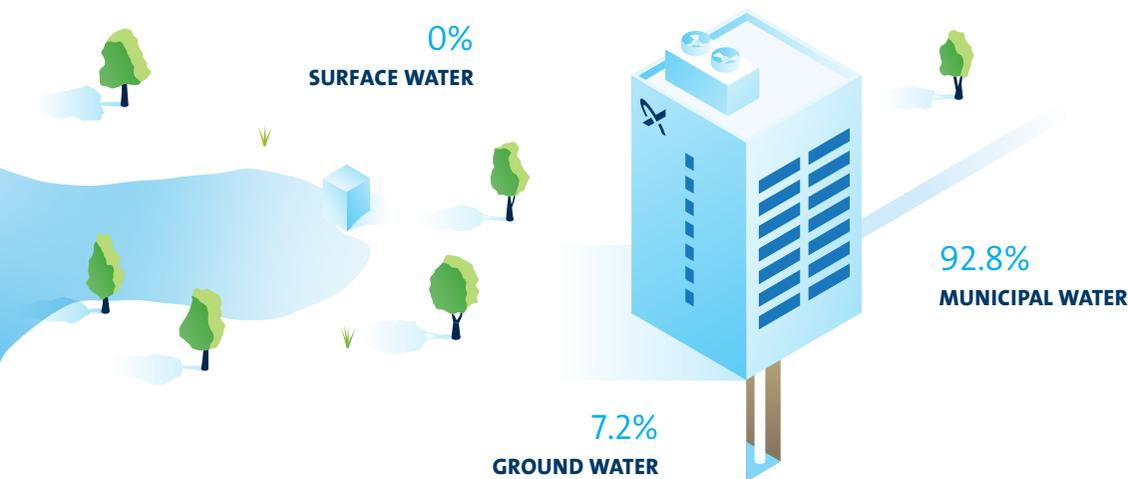
### Zimbabwe

In Zimbabwe's capital Harare, recurring outbreaks of cholera and typhoid fever are a pressing health concern for the more than 1.6 million people living there. In many of the city's suburbs, the public water supply is unreliable. Leaking sewage pipes, pit latrines and poor waste management are contaminating the groundwater and endangering people's health.

MSF and Water2Life are building new water points using innovative borehole technology that will provide water to communities in Harare. Health clubs are also being set up to empower communities to manage their own water points, share important messages around hygiene, disease prevention and water management.

# Reducing our footprint

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**GRUNDFOS WATER WITHDRAWAL SOURCES**

*It's why we are committed to responsibly measuring, managing and reducing our own water withdrawal.*

# Saving our water

Water is our business, and we work tirelessly to reduce water withdrawal in our own operations.

Climate change, water scarcity and urbanisation are some of the biggest challenges that impact the way we use water today and in the future. We understand the importance of this precious resource and the role it plays in the way we do business – including within our own environmental footprint.

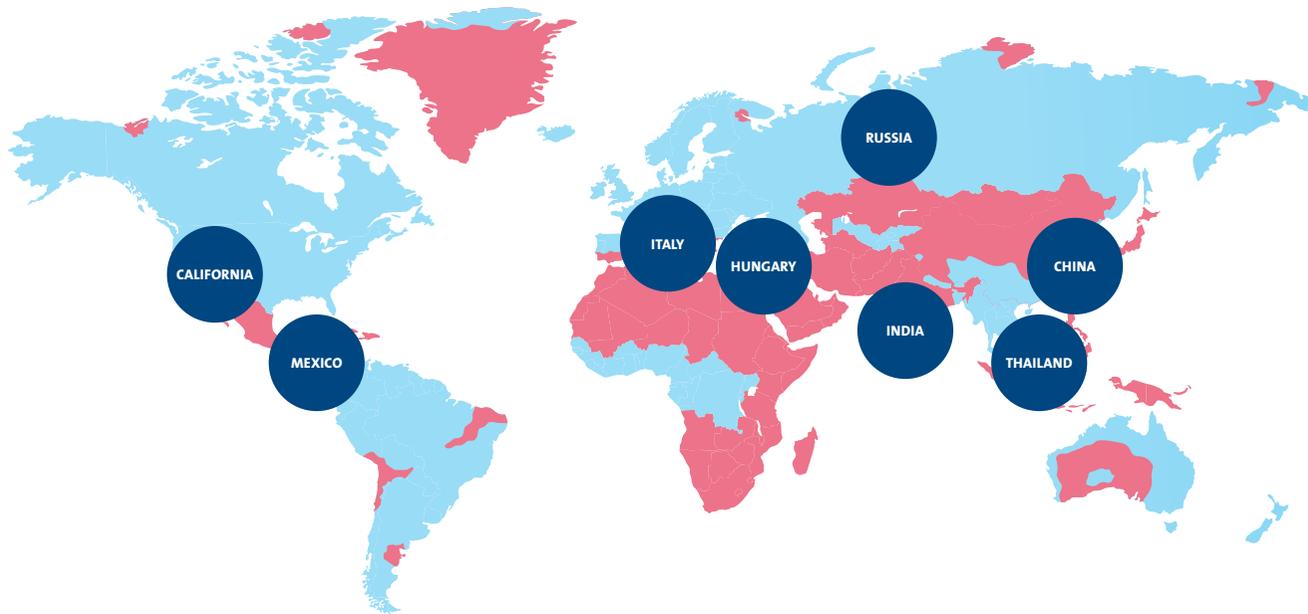
## OUR APPROACH

Our global water withdrawal is relatively low compared to organisations in other industries. Our primary use of water is in our manufacturing and assembly plants.

As we consider our water withdrawal ambitions, we are currently revising our approach to water withdrawal by increasing our focus into other water management areas.



## AREAS WITH HIGH WATER RISKS AND GRUNDFOS OPERATED SITES



## OUR PROGRESS

Despite still being influenced by the reduced number of employees in plants and offices due to COVID-19, our 2021 water withdrawal increased 7.2% compared to 2020. Compared to 2019's figures, we achieved a reduction of 11.5%.

Overall, we have reduced water use by 48% compared to our 2008 baseline,

putting us in a strong position to achieve our 2025 goal to reduce our water withdrawal by 50%.

Water is a localised issue. To understand our impact, in 2021 we mapped our major water consuming sites in high-water risk areas. This allows us to tailor our water investment guidelines, ensuring we are targeting investment in

areas suffering from the highest water risks first.

**In water discharge**, our goal is to have net zero discharge from water by 2030. We are still working to make this a reality by analysing the different levels of water risks and wastewater infrastructure across the world.

We currently measure our wastewater on an annual basis. To improve the accuracy of our data we will be deploying a process of continual data management, allowing us to get better quality data on our wastewater.

In 2022, we will establish a validated and robust data baseline so we can accurately evaluate the environmental impacts

of our water discharge. We then plan to implement the necessary improvements to our infrastructure.

WATER WITHDRAWAL\* (M<sup>3</sup>)

\*Baseline year is 2008. Dotted lines indicate insufficient data.

**CASE: SAN LUIS POTOSI, MEXICO**

# Treatment and reuse of wastewater in Mexico

Saving 850,000 litres of water through wastewater reuse in operations.

In our plant in San Luis Potosi, Mexico, we set ourselves the challenge to reduce the amount of water we used and wastewater we sent for external treatment.

Our best option was to reuse the wastewater from our operations, with the dual benefit of reducing the amount water we used and the water we sent offsite for treatment.

We built our own water treatment plant, where water arrives very dirty

with a conductivity of 1,200-2,000 micro siemens ( $\mu\text{S}$ ). The treatment process includes precipitation of all pollutants and then primary ultrafiltration.

The plant also collects rainwater and wastewater that is cleaned using reverse osmosis.

Each month we treat around 70,000 litres of water, 60% of which is recovered from our operations, rainwater or wastewater. This has led to water savings of 850,000 litres in the first 12 months of operation.

Treating and reusing wastewater leads to big water savings in San Luis Potosi, Mexico.



# Saving our energy

Grundfos has been a long-time supporter of the global movement to limit the world’s temperature increase to 1.5°C above pre-industrial levels, and we are constantly evaluating our impact across our entire value chain.

Our scope 3 emissions make up 99% of our total value chain emissions, and our approach to addressing these emissions are outlined in our four ambitions.

However, when looking into our own carbon footprint, being scope 1 and 2 emissions, energy consumption is the largest contributor to CO<sub>2</sub> emissions associated with our operations.

Our production and assembly sites account for approximately 90% of our total energy consumption.

We don’t underestimate the impact we have as a business, and that is why we are just as committed to minimising the negative effects of our own business operations through our green buildings, electric vehicles (EVs), and renewables programmes.

### OUR APPROACH

We are making significant progress in identifying our highest GHG-emitting activities, while also engaging employees across our company to adopt a more energy-efficient mindset.

By reducing energy consumption through a green building portfolio, increasing investments in renewable energy at our facilities, employee interventions, and transitioning to an electric vehicle fleet, we are preparing ourselves to our SBTi target setting, which we will present in 2022.

We are also continuously evaluating and reducing energy consumption across our building portfolio. We estimate that 30% of our total energy consumption relates to our building operations

(ventilation, lighting, cooling, heating, etc). To successfully deliver CO<sub>2</sub> emissions reductions, energy efficiency must be embedded in the way we design and operate our buildings.



The new Grundfos USA Headquarters and Global Headquarters for Water Utility in Houston, Texas, has been designed and built according to LEED platinum certification standard, which has enabled significant energy savings.



**In transitioning to electric vehicles (EVs)**, transportation and logistics play an essential role in reducing our own carbon footprint. Our goal is to have a fully electric fleet by 2025. To support our mission, we joined the EV100 Climate Group. This association brings together a group of leading international companies publicly

committed to increasing EV uptake within their operations by the end of the decade.

In 2020, Grundfos launched a fleet electrification programme, the roll out of which was divided into individual phases. We work in conjunction with our regional sites with each phase.

Trucks and light commercial vehicles are currently excluded from the programme due to poor range performance of both vehicles and a lack of necessary infrastructure in some countries. It is key that we balance our objectives for transitioning with the availability of EVs and battery charging stations in specific regions.



Phases	Voluntary EV uptake	Mandatory EV uptake	Objectives 2021	2021 achievements	EV long-term goal
<b>Phase 0:</b> Denmark, Norway, Sweden	2020–2021	2021	• 14.5% of fleet fully electric	• Achieved 14.9% of fully electric fleet	100% EV fleet by 2025  Reduce CO <sub>2</sub> emissions 54% by 2025  <i>(compared to 2018 results)</i>
<b>Phase 1:</b> Austria, Belgium, Canada, Finland, France, Germany, Hungary, The Netherlands, Portugal, Switzerland, United Kingdom, United States	2021–2022	2022	• Create EV-fleet programme	• Objective achieved	
<b>Phase 2:</b> All other countries	To be decided in 2022	To be decided in 2022	• Embed CO <sub>2</sub> limits in country fleets with >50 company cars • Downsize combustion engines • Promote full hybrid solutions • Reduce use of plug-in hybrids	• Objective achieved	



**In renewables,** we are moving away from fossil fuel-based sources of energy by transitioning to and investing in renewable energy opportunities. We are also continuously evaluating their benefits and risks, while taking into consideration the importance of renewable energy in responding to the climate crisis.

For example, we are investing in additionality, which is a renewable energy strategy referring to organisations directly adding new capacity for renewable energy to their own operations. Adding more renewable energy to the grid speeds up renewable deployment and makes us less reliant on the existing amount of renewable energy in the grid.

We will also only invest in renewable energy assets, either on our own premises or in locations where we can verify that the energy produced is

connected to the same electrical grid from which we are consuming. We aim to avoid using Energy Attribution Credits or purchasing of green electricity as levers for reaching our 2025 CO<sub>2</sub> target.

#### **ENERGY-KAIZENS: UNLOCKING EMPLOYEE LED EFFICIENCIES**

Our employees are often the best resource for turning sustainable practices into reality. To achieve the targets we have set ourselves, we need to empower our employees across the globe to share their ideas. We do this through deployment of our Grundfos Production System and implementation of 'energy-kaizen' projects, where our employees identify and implement energy saving initiatives.

The aim of our kaizen events is to empower employees to drive operational efficiency, reduce time, energy and operational waste and minimise our environmental footprint.

Our Grundfos Production System and efficiency projects empower employees to identify and share sustainable practices.

CO<sub>2</sub> EMISSIONS (METRIC TONNES)

## ENERGY CONSUMPTION (MWH)



From 2020 on, we have enlarged our scope and included own vehicles consumption.

## OUR PROGRESS

In 2021, primarily driven by increased activity level and our acquisition of Eurowater, our energy consumption and CO<sub>2</sub> emissions increased by 7.4% and 4.6% when compared to 2020. However, 2020 was an atypical year, heavily influenced by COVID-19. If we compare 2021 performance with 2019 (pre-COVID-19), we find that our energy consumption has increased slightly by 1% and CO<sub>2</sub> emissions dropped with 5%\*.

While a striving business and increase in activity level has a direct effect on our

energy consumption and environmental impact, we remain committed to reduce our absolute emissions. We will continue to drive energy efficiency, transition to electric vehicles and progress towards renewable energy to reach our our planned SBTi targets, which we will publish in 2022.

In green buildings, we opened our new US Water Utility headquarters in Houston, Texas, in 2021, which has been designed and built to a LEED platinum certification standard. It is one of the very few buildings in Texas to meet

this level of certification. We estimate that we are currently making savings at our Houston site by generating an estimated 133 MWh from our PV panel power and water savings of 2,272 m<sup>3</sup> p.a. We anticipate LEED certification of the building will be awarded in 2022.

Furthermore, we broke ground in Serbia on a new 19,400 m<sup>2</sup> production plant that will be LEED gold standard due to our focus on reducing the water and climate impact of the building.

As of 2021, our LEED certified building portfolio includes:

- India, Chennai: LEED Platinum (2020)
- Thailand, Pravej: LEED Gold (2017) (interior design)
- Turkey, Kocaeli: LEED Silver (2013)
- United Arab Emirates, Dubai: LEED Platinum (2020)
- US, Houston: LEED platinum (2021)
- Serbia, Indija: building under construction. Designed to achieve LEED Gold certification. Expected in 2022.

\* When comparing 2019 and 2021 performance, the scope excludes energy consumption and CO<sub>2</sub> emissions related to own vehicles as this was not included in the CO<sub>2</sub> reporting until 2020.

Transitioning to electric vehicles (EVs) plays a key role in reducing our own carbon footprint.

In transitioning to EVs, we launched phase 0 in July 2021. The Nordic countries selected for phase 0 represent 15% of Grundfos' global fleet. These countries took the lead in transition due to high availability of renewable electricity and good EV charging infrastructure.

To facilitate the transition, we have introduced a voluntary uptake stage in advance of the mandatory uptake. This allows time for familiarisation with the new EV technology, run driver feasibility studies, change routines, implement charging infrastructure and learn from early adopters in the business.

We anticipate that countries not included in Phase 0 or Phase 1, will be selected for voluntary uptake in 2022-2023.

In renewables, we are well underway with major renewable energy installations at several of our bigger sites, including Italy, Serbia and Hungary, in

2021. Smaller installations are also being built at sites in Canada and the US. From our renewable energy assets installed at facilities across the globe, we are now producing 4,000 MWh p.a. yielding an approximate CO<sub>2</sub> saving of 1,800 tonnes annually.

#### **ISO50001: IMPLEMENTING ENERGY MANAGEMENT ACROSS PRODUCTION PLANTS**

Our facilities worldwide are setting targets for improvement and the sharing of best operational practices. Our goal is that by 2025, all of our sites with an energy consumption of over 1,000 MWh will be certified ISO50001.

In 2021, our production plant in Suzhou, China, achieved ISO50001 certification. This was a major achievement that will improve and sustain energy management in the plant in years to come. With the current scope of ISO50001 certificates, we now cover 68% of our Group energy consumption under certified energy management systems.



**CASE: GRUNDFOS CORPORATE FLEET**

# Helping employees buy into electric cars

The electric car revolution is sparking interest across Grundfos.

Electric vehicles (EVs) offer greatly reduced carbon emissions compared to vehicles powered by traditional fossil fuels.

Grundfos – which knows exactly how energy-efficient electric motors can be – is encouraging employees to make the switch to electric cars by offering electric charging points and a discounted car charging subscription plan via popular supplier Clever.

Grundfos has committed to switching its entire fleet of corporate vehicles to electric by 2025, but it's the employees

themselves that have really powered the switch to EVs.

“It started out as an informal chat on our internal instant chat system among me and a few other electric car owners here at Grundfos HQ,” says Christian Stabehl, who works as an IT business partner. “But it quickly grew into something else entirely.”

“We soon saw how much interest there is for EVs. Non-EV owners were asking questions about owning an electric vehicle, from the money they could save on running costs to how they are to drive

and how to charge them and which insurance plans to choose.”

“The group grew from a handful of people to over 200 in just one year. We've even had a group meet-up to let non-EV drivers take a look inside EVs to see what they're like. We're arranging another meet-up in the spring.”

“We've also had visits from major local EV dealership with cars from leading EV

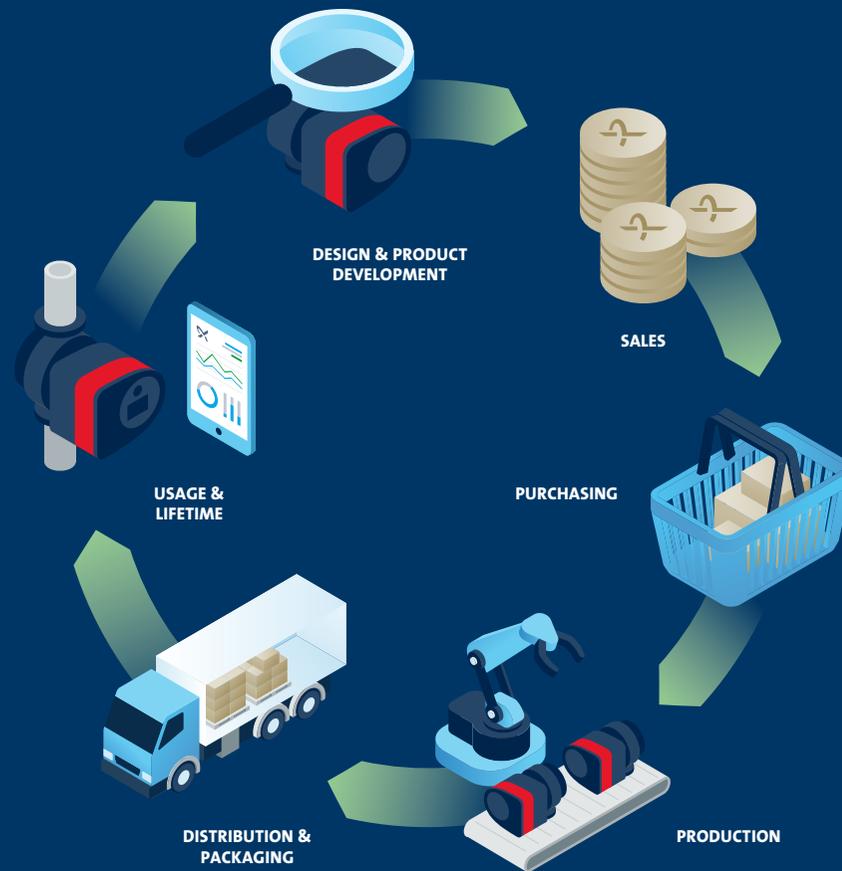
manufacturers, like Ford and Hyundai, giving us a look at the latest vehicles.”

“Grundfos and the Grundfos facilities team are great – they've installed lots of EV chargers in the company car park. They're highly responsive, listening to us and adding more chargers as the number of EV drivers increases.”

“We've gone from 26 chargers to 56 in just one year, with more to be installed in 2022.”

(From left) Steen Talmark, Anders Berg Jacobsen and Christian Stabehl form part of the EV community at Grundfos, which has grown from a handful of employees to 200 members in just one year.





# Green supply chain

Our green supply chain is vital to building a resilient company able to implement robust solutions.

We are setting the direction and goals for reducing our scope 3 emissions related to our suppliers, downstream transportation and packaging. We believe that engagement and collaboration with our supply chain partners is crucial to meeting these objectives.

## OUR APPROACH

Our Green Supply Chain Management programme is a cross-functional initiative across three workstreams: purchasing, logistics and packaging.

**In sustainable purchasing,** we are working across our business to tackle climate and social issues, which also include partnerships with our suppliers.

Just as we expect high standards of ethical and environmental practices for all of our employees in our Code of Conduct, our Supplier Code of Conduct (SCoC) establishes cooperation, sustainability and accountability requirements for all of our suppliers.

Our SCoC ensures suppliers meet our requirements on both environmental and social compliance. To ensure rigorous adherence to the SCoC our internal teams conduct surprise audits.

The results are verified by certified auditors to ensure improvement actions are being implemented.

**In packaging,** the reduction of carbon emissions remains at the front of the global climate debate as the world's demand for packaging continues to increase. At Grundfos, we are developing solutions that live into our sustainability approach by decreasing the environmental impact caused by our packaging.

Our goal is to achieve a 20% decrease in CO<sub>2</sub> emissions from packaging by 2025 vs. a 2020 baseline.

New solutions are being developed to decrease the environmental impact of packing operations at Grundfos.



**In logistics,** we need to focus on the modes of transportation that we use to deliver our products by air, sea, rail and road in order to reduce the CO<sub>2</sub> impact from our downstream transportation. As such, we are focused on analysing solutions that are both feasible and impactful, while ensuring a reliable delivery service for our customers.

Grundfos is working across several areas to make reductions and improve efficiency:

- Transportation optimisation: continuously sourcing the optimum mode of transportation in relation to CO<sub>2</sub> footprint whilst ensuring deliveries to our customers
- Truck utilisation: increase space-utilisation rates on trucks and optimise

the number of trucks in our logistics network (intercompany shuttles and last mile deliveries)

- Alternative fuels: increase our use of biofuels for sea, road and airfreight with our global and regional partners (DHL, Geodis, Maersk)
- Electric trucks: use of electric vehicles where possible

**CASE: OUTOKUMPU**

# How do you make your supply chain greener?

Grundfos is helping its 30,000 suppliers to be more sustainable.

Reducing Grundfos' CO<sub>2</sub> emissions is one thing, but how can we help reduce the emissions created by our suppliers? That's the question we set out to answer – and we've already started to have a real impact.

At the start of 2021, we launched two pilot projects with a small number of select suppliers in the metals and casting category.

The objective was to reduce CO<sub>2</sub> equivalent without significant cost rises for the supplier or Grundfos. More importantly though, the pilots focused on learning how to collaborate with suppliers and working towards climate impact reduction.

One supplier involved in the pilot is the global leader in sustainable stainless steel, Outokumpu. We soon learned that

even seemingly small changes could have a major accumulative impact: simply reusing wooden pallets will enable a 60% reduction in CO<sub>2</sub> emissions and a 35% reduction in costs, assuming that the pallets could be reused for five cycles.

"We are pleased that Grundfos involved us in this project," says Camilla Kaplin from Outokumpu. "The reuse of pallets not only saves CO<sub>2</sub>, but it is also fully in line with a circular economy and resource efficiency."

Grundfos Project Manager, Sofie Adamsen, adds: "It really shows that green initiatives do not have to be costly. Often, we can find a business opportunity or even cost reductions."

Grundfos also collaborated with a cast iron pump housing supplier – the

Danish company, Vald. Birn – and STENA Recycling. Not all iron pump housings are used in the manufacturing process, leading to wastage. But in this pilot project, the three companies have found a way to recycle the discarded pump housings to create brand new pump housings.

"This new sales channel has been made possible through an excellent collaboration," says Carsten Fåborg Espersen, Key Account Manager at STENA Recycling. "STENA Recycling has a long and very close relationship with Grundfos. We see a real value in sharing our knowledge and collaborating on projects like this."

Stephanie Saaby Nielsen from Vald. Birn agrees: "Grundfos brought us together to solve a challenge that reaches across the supply chain."

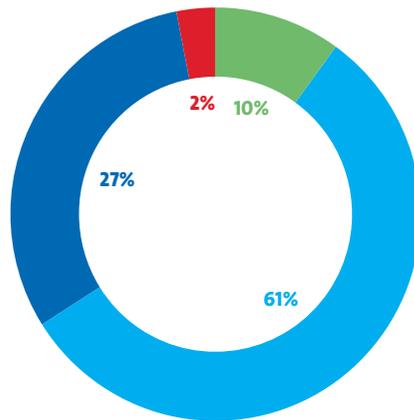
"The results show that when multiple tiers work together with drive and willingness, we can create the systems we hope for. The way Grundfos has led the project has inspired us to do the same with our own suppliers in the future."

The journey doesn't end here. Grundfos is planning to expand the programme and collaborate with more suppliers.



We engage with our supply chain partners to help meet our sustainability objectives and implement a more resilient value chain.

## SUSTAINABILITY AUDITS RATING IN 2021



**A:** No issues

No action required



**B:** Minor issues or practices that are not properly formalised

Action plan was agreed within three months



**C:** Non-compliance with the law

Action plan was agreed within three months



**D:** Life-threatening issues and/or severe reputational damage

A corrective action plan was agreed within a maximum of one week

## OUR PROGRESS

In sustainable purchasing, we established a sustainable sourcing department in 2021, with resources for specifically pursuing our green procurement agenda. We also continued to emphasise risk assessments across our supplier base, which include our salient human rights issues. Through this process we identified two of the highest risk categories, resulting in us immediately extending mitigation actions. The information gathered from the risk assessment will inform our new SCoC, which will launch in 2022.

In line with this, we have developed a 2023 Risk Mitigation Roadmap to ensure our process and activities comply with current and upcoming regulations that are likely to be put into practice in the next four years. These new regulations will also be implemented into the new SCoC as they are announced.

As our supplier base was responsible for 0.8 million tonnes of CO<sub>2</sub> in 2020, mapping their contribution to our carbon footprint was a high priority in 2021. During the year, we identified our sourcing categories that cause the highest climate impact, providing us with the necessary insights to work with suppliers where we can make the most significant impact first. In 2021 Bureau Veritas conducted between

55-60 onsite, third-party, audits of our high-risk suppliers in China, South Korea and Taiwan on our behalf. In total, we arranged 190 sustainability audits and assessments by EcoVadis and Bureau Veritas in 2021.

The increase from 124 audits in 2020 to 190 in 2021 is thanks to our continuous efforts to onboard as many suppliers as possible, as our efforts to expand the reporting scope of supplier sustainability audits in 2021.

In these audits our suppliers achieved an 85% compliance rate. 75 suppliers were rated C or D, which means they were red-flagged for negative environmental or social impacts, and of these suppliers, 17 have already made improvement measures that upgraded their score.

Suppliers that are found to violate environmental or social impact standards, or that pose a significant potential risk in this area, are provided with an action plan to remedy the problems. We will continue working with vendors who were rated C and D to improve their performance.

Finally, we streamlined our sustainability audit process through digitalisation in 2021. We are now building on this to provide digital onboarding and training to our suppliers in 2022.

## Packaging

Grundfos Global Packaging Unit determined our packing equated to 31,000 tonnes CO<sub>2</sub> equivalent emissions in 2021. To reduce our footprint, we are focusing on developing and expanding four core areas of material choice, circularity, reducing waste and reducing wasted space.

### CASE STUDY:

## Reuse not recycling

As part of our programme of circularity within the business, in 2021 we moved from recycling our Masonite and chipboard packaging, used for the protection of goods during transportation, to reusing it.

This has removed a significant waste stream from our operations. The initiative is already in operation in Denmark, Hungary and Serbia with further expansion anticipated for 2022.

Material choice	Circularity	Reducing waste	Reduce wasted space
100% Recyclable materials used where possible	100% recyclable materials used where possible	Reduce waste to landfill	Optimise packaging for maximised transport utilisation
Eliminate problematic waste	<b>Intercompany:</b> Aim for 100% returnable packaging solutions internally within Grundfos		
Source low-carbon alternatives when appropriate	External suppliers: Source and use returnable packaging solutions when applicable		
Foster a recycled material agenda with external suppliers	External customers: Substitute one-way packaging with returnable solutions for OEM (Original Equipment Manufacturer) customers		

We are developing a more sustainable approach to packaging to reduce our own environmental footprint.

**CASE: PACKAGING ROADMAP**

# Returnable packaging solutions

Whilst we are doing everything we can today to reduce our packaging impact by reusing chipboard, we are also looking at packaging solutions for the future.

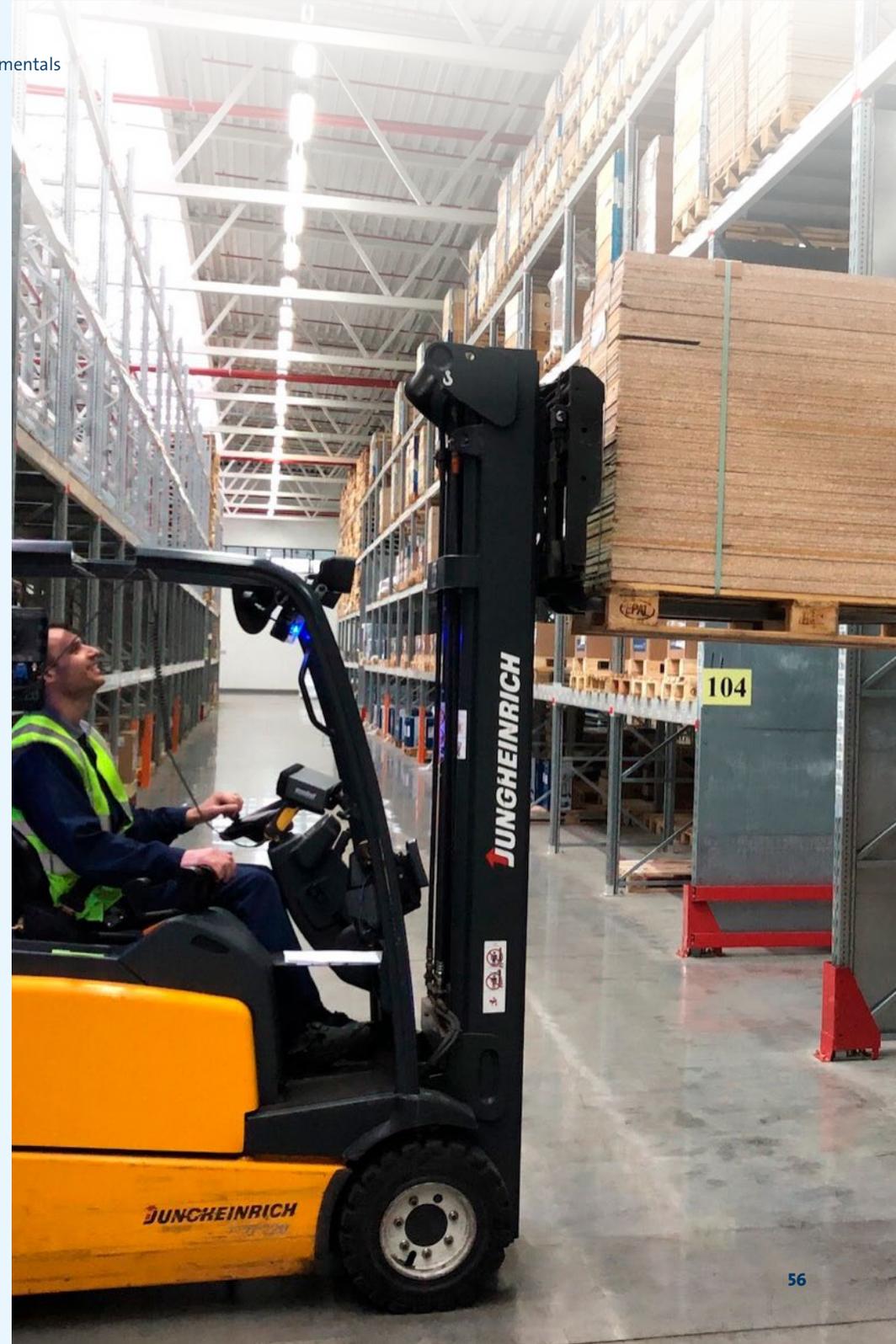
Reusable packaging solutions are key enablers of Grundfos' sustainable packaging roadmap, and a key driver for our customer focused circularity initiatives.

In collaboration with some of our key OEM customers, we are in the middle of a 12-month pilot testing the potential of reusable and returnable packaging solutions. The challenge was finding a solution that offered functionality, improved transport and back-haul potential, as well as the ability to be

easily incorporated into our customers' operations.

The answer from our investigation was returnable, foldable plastic crates. The main benefits over traditional packaging being the reduction of packaging waste – particularly non-recyclable plastic wrap – reduced transportation of large empty boxes and improved CO<sub>2</sub> reductions across entire packaging lifecycle. The more we can reuse this sort of packaging, the lower the lifecycle emissions will be for each individual box.

We are also helping to reduce our customers' environmental footprints with returnable plastic crates for packaging.



With investments into the use of biofuels and carbon neutral transportation, our logistical emissions are steadily decreasing year-on-year.



## Logistics

2020 was an atypical year when it comes to logistics. Therefore, looking into our 2021 figures we see an increase of 15% compared to 2020. However, we have continuously worked to reduce our CO<sub>2</sub> emissions from downstream transportation, and we are happy to see, that they were reduced by 10% compared to 2019 as a result of our innovative solutions and investments into carbon neutral air and ocean transportation.

We have also increased the use of biofuels for sea and premium air freight from Europe, the Middle East and Africa, the Asia-Pacific region and the Americas. Like many other companies in 2021, Grundfos has seen a stressed and interrupted supply chain leading to delays. During this time, to serve our customers and avoid production stoppages, we increased our use of air transport. To mitigate the increased emissions from air freight, we have made significant investment into pioneering sustainable biofuel solutions for the air freight industry.

BioLNG, an alternative fuel, is now being used as part of a year-long pilot project with DHL Freight and Shell to reduce emissions.



## CASE: BIOLNG

# Using reduced-emission renewable biofuel to cut CO<sub>2</sub> by 2025

Discover how Grundfos is making progress towards reducing CO<sub>2</sub> in logistics.

CO<sub>2</sub> emissions from the transport sector have more than doubled since 1970. The logistics industry alone is one of the biggest polluters, accounting for 11% of global CO<sub>2</sub> emissions according to figures from DHL. It's a figure Grundfos wants to help reduce.

Working together on a year-long pilot project with DHL Freight and Shell, Grundfos has adopted an alternative fuel, called BioLNG, for its road transport route between Denmark and France. BioLNG, or biomethane liquefied natural gas, is

produced from renewable biogas from animal manure, sewage sludge or green waste. BioLNG can reduce CO<sub>2</sub> emissions compared to diesel by as much as 85% depending on the sources used.

As BioLNG is made from renewable organic matter, it meets the EU's Renewable Energy Directive 2 (REDII) as a product of a sustainable circular economy. Five months in, the switch has helped Grundfos save 87 tonnes of CO<sub>2</sub> – the equivalent of driving 90,000 kilometres in a diesel-powered lorry.

**Carbon emissions in the supply chain**

In 2021 we worked closely with EcoVadis, a world leader in business sustainability ratings, to develop their new carbon module. This is a digital platform that will provide sustainable supply chain teams and climate change leaders with insights and transparency on supplier GHG emissions and carbon management, particularly surrounding scope 3.

Grundfos was involved as a key partner in improving the transparency of scope 3 upstream and downstream emission reduction efforts. The module goes beyond just looking at carbon and incorporates transparency around suppliers' freshwater withdrawals.

In July 2021, we began using EcoVadis' latest 'metrics' feature for an extended footprint data collection. The feature helps us validate our suppliers' annual reduction improvements.

As part of our efforts to reduce our scope 3 emissions upstream, it is now mandatory for all of our suppliers in the EcoVadis network to submit data when they renew their EcoVadis scorecard. We onboarded 85 suppliers in 2021, and aim to have 90 more suppliers in our EcoVadis network in 2022.

**Product safety and compliance**

We work diligently to achieve the highest level of product safety for our Grundfos

customers. We do so through product testing and verification, safety risk assessments and product compliance checks.

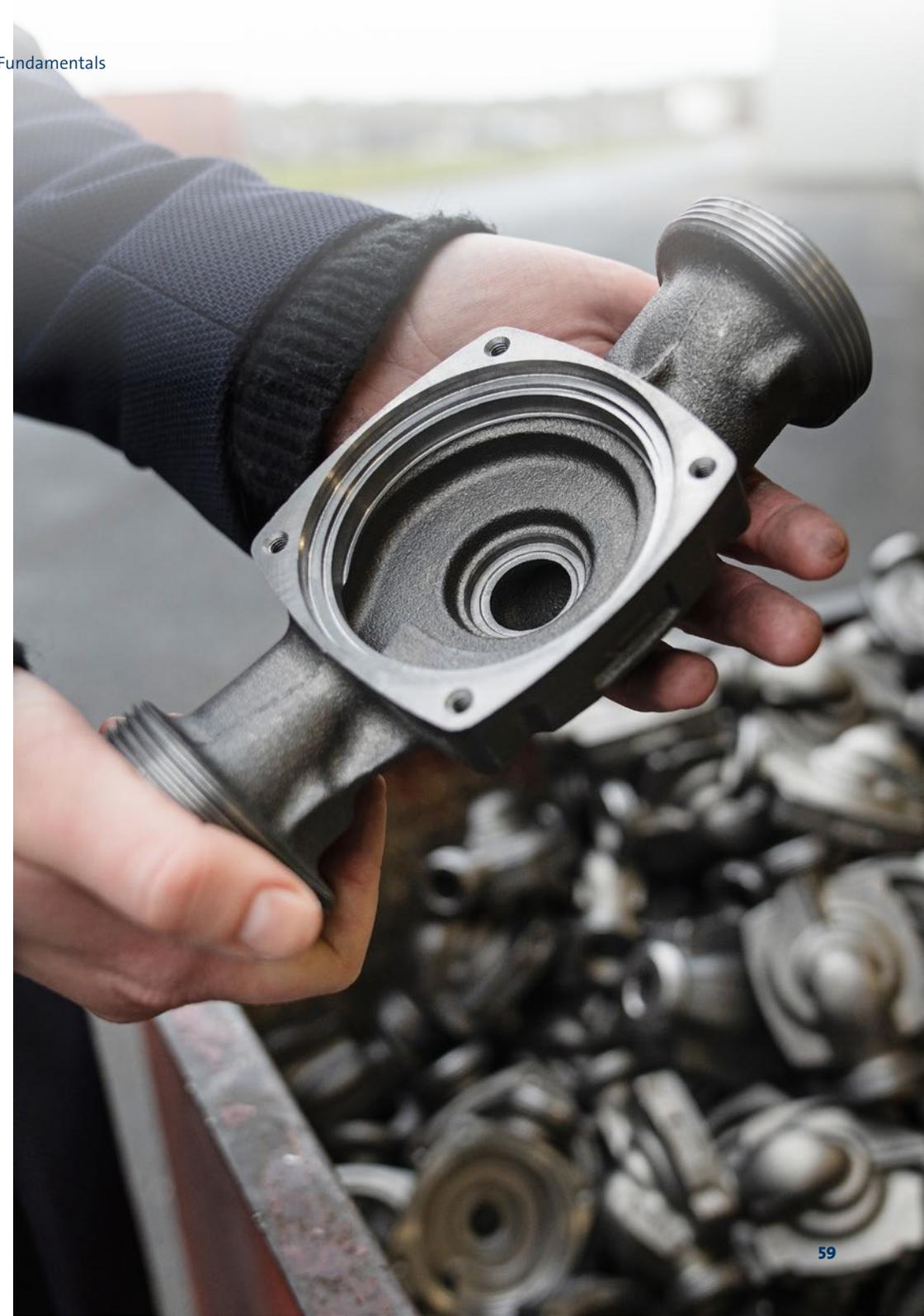
Our products are tested and verified according to international safety standards, and in many cases, verification is performed by independent third parties. We also conduct required safety risk assessments on all our products, including chemical and product compliance.

The Grundfos Focus List bans or restricts the use of certain chemical substances in our products, processes and facilities. The Focus List includes the Toxic Substance Control Act of 1976 (TSCA), in accordance with US regulation. Our suppliers are obliged to deliver products which comply with the List, which ultimately, reduces our chemical footprint as a company.

Finally, we collaborate across our divisions and departments to ensure that any compliance topics that require documentation are obtained and communicated to our customers and suppliers through product marketing.

In 2021, no cases were received concerning safety and mitigation measures, and there were no product recalls.

Grundfos products are consistently tested and verified in alignment with international safety standards.



# Business Fundamentals

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# Ethics & compliance

At the core of everything we do lies our commitment to the highest standards of professional excellence. Our aim is to deliver world-class products and services whilst upholding standards of integrity and compliance in relation to human rights, fair competition, data privacy and innovation.

## OUR APPROACH

Our Code of Conduct (CoC) provides a blueprint for all employee transactions, interactions and business opportunities, guiding them in situations they face every day.

All directors, managers and employees are required to adhere to the CoC, and we maintain a zero-tolerance approach to corruption. In the case local laws and

regulations are more stringent than our CoC, we follow the local laws and regulations.

The CoC is available in 22 languages, and we assign mandatory CoC training annually to our office-based staff. Our plant-based training takes place every two years, and unfortunately, due to COVID-19 restrictions, this training had to be postponed and will take place as part of 2022 training.

As a company with a global presence, we have global policies and practices. The following rules and guidelines are the most relevant in terms of preventing modern slavery among our operations and our supply chain.



## CODE OF CONDUCT

We believe that honesty and integrity are universal languages that align with our core values. The Code of Conduct applies to all employees of Grundfos in all positions and in all countries.

## SUPPLIER CODE OF CONDUCT

We work with suppliers along the global supply chain to ensure that they comply with our standards. Our focus is on cooperation, accountability and sustainability audits.

## HUMAN RIGHTS POLICY

Grundfos is committed to promote the development of a culture that supports the respect for human rights. Consequently, we expect business partners, such as suppliers and other parties directly linked to our operations, to adhere to this commitment.

### OUR PROGRESS

We conducted a CoC risk assessment in 2020, and focused on validating the results throughout 2021. The highlights included:

- 98% of respondents said they understood Grundfos' zero-tolerance position on corruption
- 96% of respondents said that they felt Grundfos lived up to its CoC
- 1,454 worldwide responses were received, providing a positive picture of Grundfos' general exposure to the risk of corruption
- 94% of respondents felt comfortable reporting an incident, the majority of whom would choose the normal reporting channels of either a line manager, HR or Legal

The results will be used to prioritise guidelines and training for the most at-risk groups. The main topics for the guidelines and training will be:

- Conflicts of interest
- Gifts, hospitality and personal benefits
- Favourable tenders

In December 2021 our mandatory CoC training was once again rolled out to all our office-based staff. Training of our plant-based staff takes place every two years. Unfortunately, due to COVID-19

restrictions, this training had to be postponed as it takes place during our in-person townhall events.

### REPORTING MECHANISMS

Our goal is to make the reporting of concerns about ethics and compliance issues as easy as possible, creating maximum opportunity for disclosures.

The Grundfos whistleblower system gives employees, board members and third parties cooperating with Grundfos (such as suppliers, advisers, consultants, business partners etc.) a channel to report suspected criminal acts or non-compliance with the Grundfos CoC.

During our risk assessment it was revealed that we needed to improve the visibility of our reporting mechanisms for employees. In 2021 we made the system more visible and accessible for employees on the company intranet. In 2022, we will look at ways to further improve visibility by updating our existing whistleblower app and ensuring everyone with a smartphone has access to the app.

To improve accessibility for external stakeholders we have added a link at the bottom of every web page, linking directly to our whistleblowing system.

### ENSURING FAIR AND LEGAL COMPETITION

In 2021 our work focused on tailoring our fair and legal competition training programmes (including e-learning in local languages) for USA, EU, Russia and the majority of Asia. Training in Russia and China will take place in 2022.

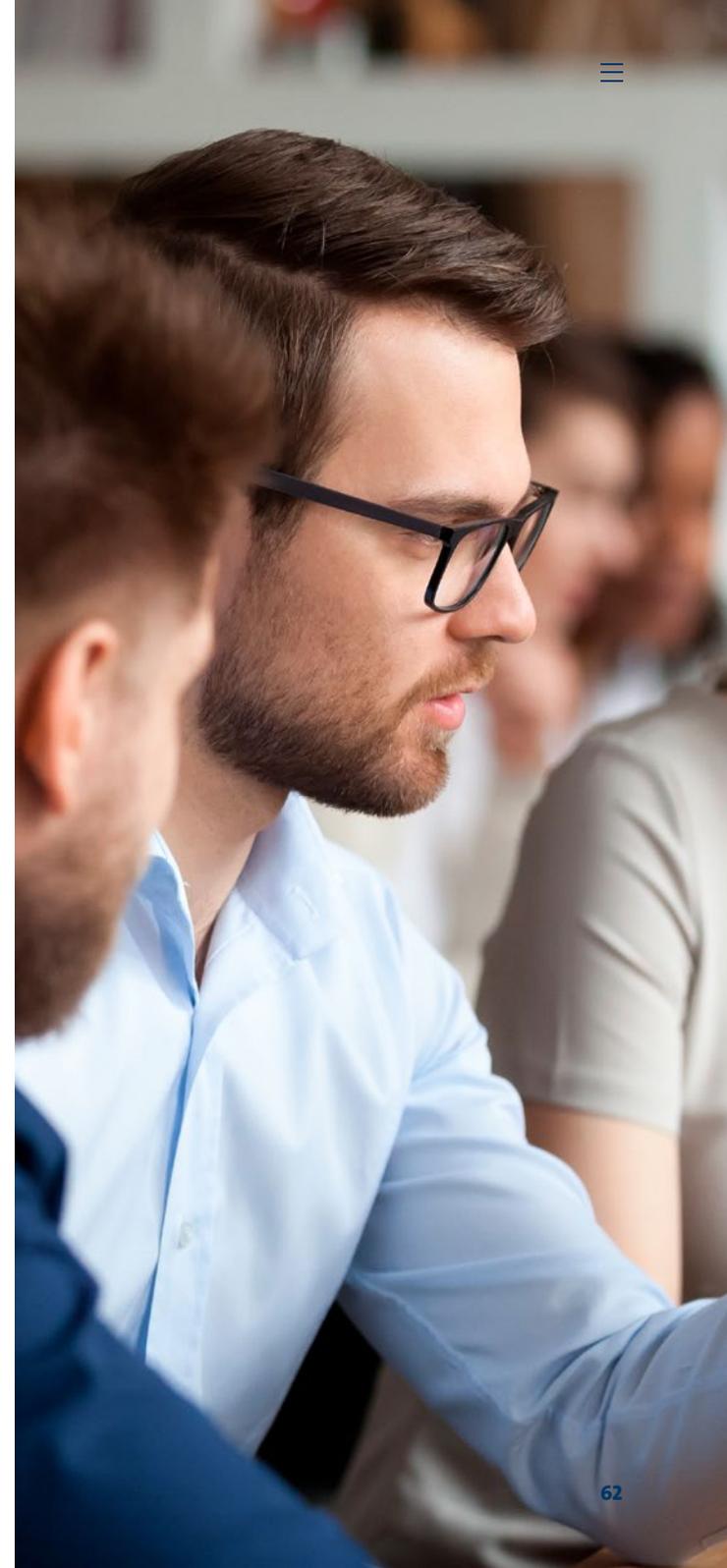
We also reviewed 50 of our top EU-based distribution agreements for competition law compliance and found no violations.

### DATA AND CUSTOMER PRIVACY

We are committed to ensuring our offerings are compliant with applicable data privacy laws, including the General Data Protection Regulation (GDPR) in the EU, the Cyber Security Law (CSL) in China and the California Consumer Privacy Act (CCPA) in the USA. We assign required annual and biannual data privacy compliance training in alignment with our annual CoC training.

We did not receive any complaints regarding breaches of customer privacy in 2021.

We aim to deliver world-class products and services, while maintaining our commitment to the highest possible professional standards.



Partnerships are essential in our pursuit to be a leading voice in discussions around water and energy efficiency.



# Partnerships

Tackling climate change requires a multi-stakeholder approach. Partnerships are vital to our ability to tackle systemic challenges, both within our industry and beyond, helping us exchange good practices and improve sustainability performance. By collaborating, we will accomplish far more than we ever could alone.

## OUR APPROACH

Tackling the monumental water and climate challenges that we face requires that all stakeholders get involved, making partnerships a key tool in our programme. We aim to become a leading voice in our industry through the development of long-term relationships with key decision makers and industry leaders.

To help us strengthen our sustainability and social performance, we establish external partnerships and take part in other initiatives (as shown later in this chapter).

## OUR PROGRESS

As we advance our goal to be a leading voice in discussions around water and energy efficiency, we are committed to maintaining our high standards of credibility outlined in our Public Affairs Code of Conduct (PACoC), which was developed in 2021 and will be introduced to all public facing Grundfos employees in 2022. The PACoC established the principles for our engagement with politicians, officials, NGOs, trade associations, researchers and universities.

Among the areas we have advocated actively for in 2021 are the following:

- Across our most important markets, Grundfos is advocating to increase investments in energy and water efficiency, decarbonizing heating and cooling through heat pumps and district energy and much needed infrastructure in the water sector

- Through our work in Water Europe and other channels, we are pushing to implement the EU Drinking Water Directive effectively in all European member states, to minimize water leakages in drinking water infrastructure across the countries who are underperforming the most on this issue
- Through our work in the Hydraulic Institute and other channels we are advocating to the US government to significantly raise the minimum energy performance standards on circulator pumps in the US
- Through our work in the Heating and Hotwater Industry Council (HHIC) in the UK, we have successfully helped increase the efficiency of heat in buildings, by mandating hydraulic balancing of heating systems when you install a new heating source (e.g. a boiler or a heat pump)

Partnership	Aim	Purpose for Grundfos
World Economic Forum (WEF) CEO Climate Alliance	The CEO alliance, run by World Economic Forum, aims to catalyse actions across all industries and engage policymakers in the transition to a low-carbon economy.	Grundfos joined in 2021. Being part of such a dynamic network allows Grundfos to be in a position to drive change in the sustainability agenda.
European Raw Material Alliance (ERMA)	ERMA aims to build resilience and strategic autonomy for Europe's rare earth and magnet value chains. Its focus is on sustainability and transparency for the supply of raw materials, especially rare earth minerals.	Rare raw materials are fundamental to the production of our pumps. In 2020, we developed a global overview of the quantified sustainability impact of these materials in our own supply chain from mine to magnet to product. It allowed us to pay a premium to sustainable suppliers. As a result of this work we became a founding partner of ERMA.
EV100	EV100 brings together leading international companies that want to publicly commit to making electric transport the new normal by 2030.	As part of EV100 Grundfos is leading the way to a cleaner transport future.
UN Global Compact	The UN Global Compact is the world's largest voluntary corporate sustainability initiative. It is a catalyst for transforming business through a clear framework of principles.	Being a member allows us to align our efforts with a global movement, benefitting from and contributing to collective action in the areas covered by the UNGC's 10 principles.
CEO Water Mandate	The CEO Water Mandate is a global network of water stewards committed to reducing water stress by 2050.	Being a member extends our existing commitment to address global water challenges by supporting a collaborative effort.

Partnership	Aim	Purpose for Grundfos
Leadership Pledge on Mental Health	The Pledge is a global business-led initiative whose mission is to advocate for positive change for mental health in the workplace.	By joining the pledge we are making mental health in the workplace a priority.
50L Home Coalition	The 50L Home Coalition's primary objective is to leverage innovations in education, technology, and policy to create a resilient, low-carbon water future.	Together, Grundfos and the Coalition will focus on making the reuse and recycling of water the norm in homes, which calls for smarter approaches that allow for 'fit-for-purpose' water use.  Grundfos will work with fellow Coalition members and partners to help identify and scale up new technologies that can transform the way we use water and the energy needed to heat it.
C40	C40 is a network of mayors from nearly 100 world-leading cities collaborating to deliver the urgent action needed right now to confront the climate crisis.  C40's mission is to halve the emissions of its member cities within a decade, while improving equity, building resilience and creating the conditions for everyone, everywhere to thrive.  C40's most distinguishing feature is that it operates on performance-based requirements, not membership fees.	Grundfos aims to use our close partnership with C40 to put our decades of experience in water management into use – helping secure a sustainable and resilient water future for all global citizens.  We hope our involvement will enable C40 to set an even more ambitious water management agenda for cities, supported with the correct delivery systems and infrastructure models.
Business Ambition for 1.5°C	Business Ambition for 1.5°C is an urgent call to action from a global coalition of UN agencies, business and industry leaders, in partnership with the Race to Zero.	As a company we are aligned with the Paris Agreement to keep temperature rises below 1.5°C compared to pre-industrial levels. The Business Ambition helps us to align with these targets.

# Sustainability governance

In 2021 we revised our sustainability governance model to include a new Sustainability Council.

We introduced a Sustainability Council as part of our new sustainability governance model to help define our path forward.



The Sustainability Council aligns our commitment to our sustainability framework and sustainability standards across our organisation.

Through the Sustainability Council, we are putting strong focus on our sustainability data, which we aim to be as robust, coherent and documented as our financial reporting. To achieve this, we have introduced several new processes in 2021:

- Assigned responsibility for all sustainability data gathering to Group Finance
- Developed our sustainability reporting manual
- Implemented a new sustainability data gathering system

In 2022, we will review our existing KPIs and launch preparation for reporting on the EU taxonomy, assessing the implications for Grundfos of the Corporate Sustainability Reporting Directive (CSRD) and Task Force on Climate-Related Financial Disclosures (TCFD).

Executive compensation is tied to our sustainability performance using our Sustainability Index, an internal tool. We will revise our index as we update our targets and KPIs.

**SUSTAINABLE GOVERNANCE MODEL**  
**Group Management** sets the strategic direction, allocates resources and decides on priorities. The Group Management team is responsible for executive oversight and providing strategic

direction to Grundfos' business and sustainability efforts.

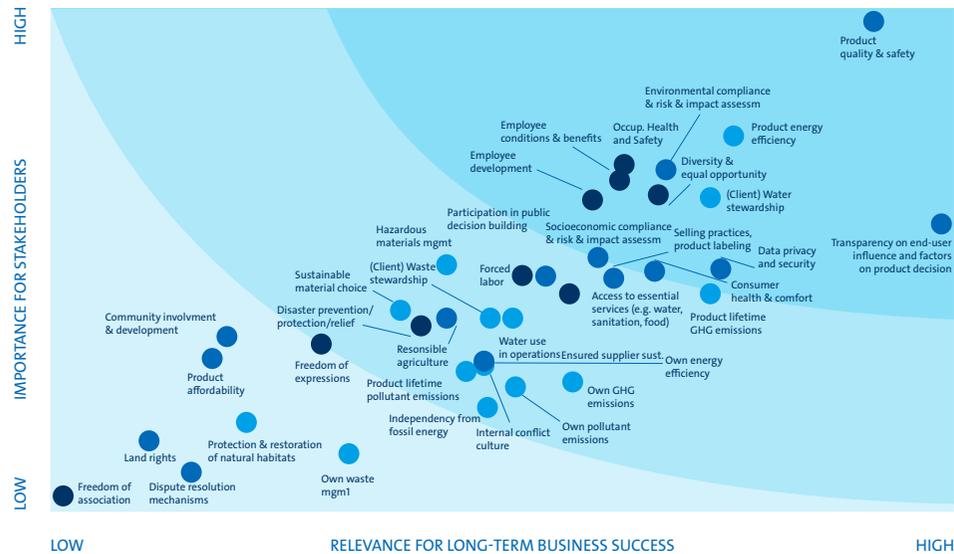
**Sustainability Council** aligns our sustainability activities with our Global 2025 Strategy, drives forward our four ambitions, provides direction on material issues, and recommends activities, targets and KPIs. The Council is chaired by our Group Vice President for Sustainability, Communication and Public Affairs.

**Group functions** have functional leadership as they drive, plan and activate sustainability initiatives within each area alongside our divisions.

**Divisions** deliver our sustainability ambitions.

# Materiality assessment

Our bi-annual assessment of material issues guides our priorities, strengthens our stakeholder relationships and forms an integral part of our sustainability journey.



In 2021, we used the 2020 assessment, conducted with support from third-party experts at BCG, to inform the development of our sustainability framework and our reporting. Our materiality matrix represents 38 issues from both internal and external stakeholder perspectives, and the illustration defines our process.

Our 2021 sustainability reporting reflects this assessment. We will conduct a new materiality assessment in 2022 to guide our priorities to zoom in on the most material sustainability issues across our four divisions.

### A SIX-STEP PROCESS

To systematically identify and prioritise sustainability issues, we applied six steps.

**1. Identify:** we identified 55 issues based on Grundfos’ purpose, 2025 Strategy, sustainability frameworks, reporting standards and peer reviews.

**2. Reduce:** we shortlisted and defined 38 issues following a review.

**3. Input:** we conducted interviews with 64 internal and external stakeholders for input on the 38 defined sustainability issues.

**4. Map:** we weighed and mapped the issues in a matrix based on their importance for stakeholders and relevance for Grundfos’ long-term business success.

**5. Refine:** we refined the materiality matrix based on feedback from senior representatives in Grundfos and in reviewing issues’ relevance and impact to Grundfos.

**6. Prioritise:** we prioritised the list of material issues to inform our priorities and the development of our sustainability roadmap.

# Approach to taxes

1. Governance and compliance
2. Planning and use of tax incentives
3. Tax risk management
4. Relationships with Tax authorities
5. Global Tax Footprint

In Grundfos we pioneer solutions to the world's water and climate challenges and improve quality of life for people.<sup>1</sup> Everything we do is guided by our values; sustainable, open and trustworthy, focused on people, independent, partnership and relentlessly ambitious. These values enable us to have confidence in achieving long-term, sustainable growth.<sup>2</sup>

The Board of Directors has approved Grundfos Group Policies according to which: "As regard to tax, Grundfos runs its business responsibly and plays an active role in society. This means that Grundfos will act as a responsible citizen and will strive to ensure a fair and reasonable allocation of the group profit in the jurisdictions/communities where Grundfos is present as well as being in compliance both for direct and indirect taxes".<sup>34</sup> We see taxes as an essential part of a well-functioning society. We recognize that taxation is a tool to help financing achievements of the UN sustainable development goals.

The Group Policies are underpinned by our Global Tax Principles<sup>3</sup> and the below describes further our approach to taxes inspired by standard GRI 207: Tax

## 1. GOVERNANCE AND COMPLIANCE

The Tax Principles<sup>3</sup> govern our approach to tax and these principles are ultimately owned by the Board of Directors through the approval of the principles by the Audit Committee. The frequency of the review is ad hoc depending on changes in the business etc.

From a group point of view, the operational accountability for management of taxes sits with the Chief Financial Officer (CFO) who shall ensure that appropriate people, processes and systems are in place in order to be in compliance with local and international tax laws.

The CFO delegates the overall group responsibility for managing the area of corporate income tax, transfer pricing and VAT to the Head of Tax and employee taxes to the Head of HR and custom duties to the Head of Group Supply Chain.

As a consequence of being a truly global organization, we have a large volume of tax compliance obligations, including but not limited to filing tax returns,

paying taxes, filing claims and taking tax relevant decisions.

Group Tax is collaborating with local finance teams, who have the day-to-day responsibility for local tax compliance. The local compliance is either carried out by the local finance responsible or is outsourced to external partners or our internal center of excellence. Group Tax is responsible of ensuring an adherent application of the tax principles throughout the Group.

Furthermore, Group Tax provides training sessions/workshops and guidance in both indirect and direct tax.

## 2. PLANNING AND USE OF TAX INCENTIVES

Changes in commercial business strategies and the evolving regulatory environment in which we operate result in decisions on how to structure our commercial arrangements. In making these business decisions, we consider tax as one factor along with other factors to consider as we seek to have a sustainable "profit after tax- decision".

In enabling us to ensure tax is appropriately considered when making such choices, Group Tax is an integrated

partner involved in key business planning activities.

When evaluating the tax aspect of a business decision, the following criteria are considered:

- Commercial purpose;
- Tax technical analysis;
- Financial impact;
- Any downside risks;
- Internal resource commitment;
- Reputational impact.

This also implies that we only use business structures that are aligned with the business activities for commercial reasons and no business decisions are taken with the sole purpose of tax optimisation. Hence:

- No arrangement will be implemented if the main purpose is to obtain a tax benefit that is not intended by the relevant tax rules;
- Payments are not routed through other entities in a back-to-back arrangement for the sole purpose of saving withholding tax;
- No hybrid financing will be implemented with the sole objective of obtaining a tax benefit.

We will accept and utilise tax incentive, relief etc. offered by authorities to support local development where the incentives are generally accessible and where the use is comfortable within the intention of the law, and the establishment of businesses are not driven by these opportunities.

As an example, we are making use of the super deduction of R&D costs at 130% in Denmark FY 2020. This incentive supports our 2025 strategy, where innovation leadership is a must win battle: "Our main source of competitiveness is differentiation – and the very foundation for differentiation is innovation". Grundfos was actively engaged in advocating the Super deduction.

Other examples are development incentives granted to support local investments.

Grundfos Serbia was granted a 10-year tax corporate income tax exemption as part of establishing a local production plant.

Grundfos Hungary was granted a 10-year development tax incentive (80% tax exemption) as part of establishing local production plants.

Furthermore, in a smaller scale, energy usage optimization investments qualify for corporate income tax incentive in Hungary as an example.

### 3. TAX RISK MANAGEMENT

Given the scale of our business and volume of tax obligations, tax risk will inevitably arise from time to time in relation to the interpretation of tax laws and nature of our compliance set up.

We proactively seek to identify, evaluate, manage and monitor tax risks to ensure they remain within the group's risk appetite.

The material risks are being reported to the Audit Committee as part of the uncertain tax risk provision and at an aggregated level as part of the overall Enterprise Risk Management reporting.

The most important risk areas have been identified at group level and controls and procedures have been developed to manage the risks. Group Tax manages and reviews the most important risk areas on an ongoing basis and all compliance tasks are based on a four eyes review principle which means that the tax returns etc. are reviewed by a colleague or an external service provider.

Whenever there is complexity or uncertainty in relation to particular tax risks, we may collaborate with external professional advisors to ensure that

- we comply generally and during implementation of new systems and new regulations;
- we have a common understanding of specific tax risks and;
- we get a second opinion.

Significant identified risks must be reported to Group Tax. Group Tax will report the most significant tax risks to the Group CFO. In Grundfos we have implemented a whistle-blower system to give employees, board members and third parties cooperating with Grundfos (such as suppliers, advisers, consultants, business partners etc.) the means to report suspected criminal acts or non-compliance with the Grundfos Code of Conduct if they feel uncomfortable using the normal channels. The reporting can be done in any language.

### 4. RELATIONSHIP WITH TAX AUTHORITIES

Our tax obligations inevitably and appropriately involve our engagement with tax authorities in the various jurisdictions in which we operate. All such engagements will be undertaken in line with the following standards:

- We have an open and transparent dialogue with the tax authorities;
- Where possible, we will seek early guidance and certainty on matters of complexity. Where we do this, we will always seek to provide the information required by the authorities to provide such guidance;

- Where possible, we will seek to meet with the local tax authorities to enable them to understand our business;
- When we are offered to enter into tax compliance or co-operative compliance schemes by the authorities, we will be properly evaluate this proposal case by case. Key factors of the evaluation factors will be; open and trustworthy, estimated time consumption, expected benefits etc.
- In case of double taxations, we seek to reduce the double taxation e.g. by engaging the competent authorities in mutual agreement procedures or implementing advance pricing agreements.

In a broader tax stakeholder engagement, we are participating in the tax panel meetings of the Confederation of Danish Industry and in the Tax Dialogue Project with the purpose of bringing our tax and business insights to the table in the informal discussions around sustainable tax, tax legislation and practice.

### 5. GLOBAL TAX FOOTPRINT

Profit is a means to growth – not a goal in itself according to our values. This is transformed into an EBIT target of 10% in our 2025 strategy. This allows us to invest in the future and pioneer new offerings and solutions to our customers. Hence, this will influence the level of the group annual corporate income tax contribution. Please refer to the Country-by-Country reporting for further information on corporate income tax. The investment

into the business does, however, also imply investment in people and the main tax contribution comes from the employee taxes which constitutes 58% of the total contribution.

Looking at our global tax footprint we can see how Grundfos has globally

contributed to the local public finances via tax payments<sup>5</sup> for financial year 2020.

Total amount paid in financial year 2020 was 3.96 billion DKK.

# 3.96 bn

Total tax contribution FY 2020 in DKK.

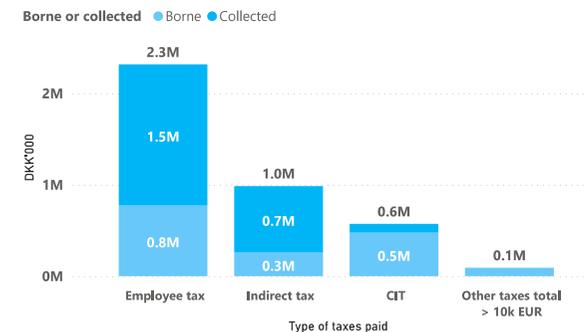
### Total tax contribution 2020 in %



We have split the total tax contribution into 4 different types of paid taxes; employee tax, indirect tax, corporate income tax and other taxes. 58% of the total tax contribution comes from employee taxes.

The split between collected and borne taxes is 59% collected taxes and 41% borne taxes.

### Global cash tax payments FY 2020



1. Our Purpose

2. Our values

3. Please see our global Tax Principles on our website Business principles | Grundfos

4. From our Group Policies

5. Tax payments are payment by Grundfos to the government, direct and indirect through an agent on an annual actual cash-paid basis.

# Mitigating risks and challenges

ISSUE AREA	POTENTIAL RISK	CORE ELEMENTS OF OUR MANAGEMENT APPROACH
<b>Corruption</b>	<p>We have zero tolerance for bribery and any form of corruption. Among other things, corruption stifles the business climate and sustainable economic growth; it means a company loses the respect and trust of customers, it fuels the growth of criminal activities and inhibits democracy.</p> <p>However, we operate in markets where corruption has been common for decades; in these markets it is seen as an acceptable cultural norm, but we do not see it this way. Given the large number of employees and countries in which we operate, we acknowledge that we cannot fully prevent breaches of anti-corruption rules, regulations, and legislation.</p>	<p>Breaches can mean we have to expend substantial resources on getting a situation under control, and they can lead to fines and reputational damage.</p> <ul style="list-style-type: none"> <li>• Code of Conduct including anti-corruption</li> <li>• UN Guiding Principles on Business and Human Rights</li> <li>• Supplier Code of Conduct/training</li> <li>• Anti-corruption compliance programme (following the rules of the UK Bribery Act and the USA FCPA)</li> <li>• Anti-corruption risk assessments</li> <li>• Group Internal Control audits</li> <li>• Response and Activity Plan</li> <li>• Compliance screening</li> <li>• Supplier CSR audits</li> <li>• Competition law training</li> <li>• Whistleblower system</li> </ul>
<b>Acquisitions</b>	<p>We see acquisitions as a growth strategy, an opportunity to strengthen our position as a water solution company. In assessing a prospective acquisition, we need to ensure that the transaction will create synergies and that the company will adhere to our purpose and values; it may not be fully transparent about its ability and willingness to do so.</p>	<ul style="list-style-type: none"> <li>• A full risk assessment, including such aspects as tax/ treasury compliance when incorporating entities in new geographical areas, or if activities within a new business area are initiated.</li> <li>• Pre-approval can only be obtained if the required due diligence has been conducted.</li> </ul>
<b>Environment</b>	<p>We realise various negative environmental impacts occur during different stages of our value chain: extraction of raw materials; processing, manufacturing and transport of materials and components by upstream suppliers; use of packaging materials; our own manufacturing and transport processes; energy consumption during the use phase and in connection with maintenance and repairs; and the end-of-life phase, when impacts include demolition and processing of waste or recyclable materials.</p> <p>We consume raw materials (some of which are limited/ scarce) to make our physical products, which can result in a broad range of environmental impacts, and various process chemicals are consumed during the processing of materials throughout the supply chain.</p>	<p>Our lack of knowledge on full supply chain, which means there is a risk of employing sub-suppliers that cause negative impacts (including environmental pollution and human rights issues); and we lack knowledge about the use of various materials/components (such as electronics, special steel grades, chemical substances), and of process chemicals that can contaminate soil and water, among other things.</p> <ul style="list-style-type: none"> <li>• ISO 14001</li> <li>• ISO 14001 environmental management system</li> <li>• Annual ISO 14001 audit of our Environmental Management System in product development</li> <li>• Environmental Health and Safety policy</li> <li>• Design for sustainability (Life Cycle Assessment, Sustainable Product Solutions toolbox)</li> <li>• Energy-efficient solutions and energy-optimising services</li> <li>• Resource management in own operations</li> <li>• Science-based targets</li> <li>• Sustainability index</li> <li>• Leadership on climate action</li> <li>• Partnerships for innovation and impact acceleration</li> <li>• Public policy engagement</li> <li>• Code of Conduct training</li> </ul>

# Mitigating risks and challenges

ISSUE AREA	POTENTIAL RISK	CORE ELEMENTS OF OUR MANAGEMENT APPROACH
<b>Customer health and safety, documents and labeling</b>	<p>Our offerings could impact the health and safety of our customers if not managed responsibly: Product safety related to electrical and mechanical safety, radiated energy, explosive atmospheres, personal data and cyber security.</p> <p>Contact with materials/substances used in our products through skin contact or consumption. Our customers primarily come into contact with our products during the installation, use and disposal stages of the product life-cycle.</p>	<p>There is a risk that suppliers do not live up to their contractual obligations in regards to complying with the Grundfos Focus List.</p>
<b>Employee health and safety</b>	<p>Grundfos is a socially responsible employer and ensuring a safe and healthy workplace is in line with our key value: "focused on people".</p> <p>There are a number of risks associated with producing, assembling and servicing pumps, such as work-related injuries and musculoskeletal system disorders.</p>	<ul style="list-style-type: none"> <li>Follow international standards, set clear goals, and delegate specific tasks to specific specialists in each area</li> <li>Significant product and service categories for which health and safety impacts are assessed for improvement</li> <li>The health and safety impacts of all Grundfos Group products are assessed using a Safety Risk Assessment (e.g. electric safety)</li> <li>Compliance to Grundfos Focus List</li> <li>The Product Compliance Management process</li> <li>Product &amp; Offering Compliance Process</li> <li>Chemical Management - Grundfos Standard &amp; related documents</li> </ul>
<b>Labour and human rights</b>	<p>Protecting the working conditions, human rights, safety and well-being of people throughout our operations and supply chain is a primary concern and material risk.</p> <p>We recognise that certain parts of our supply chain represent increased sources of risk, and that enforcing Grundfos policies can be particularly challenging in unstable regions with limited legislation.</p>	<p>We work hard to manage these risks and ensure that we are able to attract and retain a skilled workforce and to avoid potential fines and reputational damage.</p>
		<ul style="list-style-type: none"> <li>Product Chemical Compliance (procedure)</li> <li>Product Approvals - Grundfos Standard &amp; related documents</li> <li>CE-marking - Grundfos Standard &amp; related documents</li> <li>IEC CB on all products (oneworld certificate for safety)</li> <li>Technical Construction File on all products</li> <li>Collection scheme for most product types</li> <li>Supplier Code of Conduct</li> <li>Supplier audits (Tier 1) of process and product chemicals</li> </ul>
		<ul style="list-style-type: none"> <li>Occupation health and safety management system according to OHSAS 18001/ISO 45001 (the scope is described in our internal Standard)</li> <li>Group procedure in Health and Safety Hazard Identification and Risk Assessment and Health and safety incident investigation and knowledge sharing</li> <li>Safety Incident Management System (SIMS) to report work related hazards and to registered work-related incidents</li> <li>Grundfos Production System (GPS) assessments and Safety Climate assessments</li> </ul>
		<ul style="list-style-type: none"> <li>Human Resources policies</li> <li>Human Rights policies</li> <li>Product safety &amp; compliance initiatives</li> <li>Occupational health &amp; safety</li> <li>Code of Conduct training</li> <li>Safety Incident Management System (SIMS) app</li> <li>Supplier Code of Conduct training</li> <li>Supplier CSR audits</li> <li>Workplace safety, health &amp; well-being</li> <li>Employee motivation and satisfaction (EMS)</li> <li>Group Learning &amp; Development</li> </ul>
		<ul style="list-style-type: none"> <li>Health &amp; Safety targets for all Grundfos sites</li> <li>Continuous global &amp; local trainings (including that link to local laws and regulations)</li> <li>Last Minute Risk Assessment card</li> <li>Incident investigation/root cause analysis</li> <li>Plan, do, check, act (PDCA) approach</li> <li>Defined in IMS and Group policies</li> <li>Sustainability Index</li> <li>Safety leadership, capacity building and knowledge</li> </ul>
		<ul style="list-style-type: none"> <li>Human rights due diligence programme</li> <li>Bias training</li> <li>Diverse and inclusive workforce</li> <li>Flex Workshop</li> <li>Extended Leadership Team mentoring</li> <li>GDPR training</li> <li>Personal data protection</li> <li>Sustainability index</li> <li>Whistleblower system</li> <li>Anti-harassment policy</li> </ul>

# Key performance indicators

Climate and energy	Unit	2021	2020	2019	2018	2017
Total CO <sub>2</sub> emissions	t CO <sub>2</sub>	88,743	84,814	80,068	91,166	101,584
Scope 1 emissions	t CO <sub>2</sub>	27,601	25,229			
Scope 2 emissions	t CO <sub>2</sub>	61,141	59,585			
Energy consumption	MWh	333,705	310,613	279,471	308,585	316,642

Water	Unit	2021	2020	2019	2018	2017
Water withdrawal*	m <sup>3</sup>	341,538	318,469	386,060	430,947	437,784

\* 2008 baseline: 655,136

Waste	Unit	2021	2020	2019	2018	2017
Total waste to landfill	t	1,098.0	1,426.2			
Hazardous waste to landfill	t	128.7	202.3			
Non-hazardous waste to landfill	t	969.3	1,223.8			

Products	Unit	2021	2020	2019	2018	2017
Investment in new products	% of turnover	4.8	4.5	4.0	4.5	4.5
High efficiency circulator pumps – energy saved	million MWh	11.4	10.0	8.9	7.9	6.6
Resource recovery through takeback	Kg	37,992	≈ 14,665	≈ 11,977	5,077	6,260

Diversity	Unit	2021	2020	2019	2018	2017
Women Board of Directors	%	33	20			
Women leaders	%	22	24	24	21	20
Employees with reduced work capacity	%	3.0	3.1	3.2	3.1	2.9

# Key performance indicators

## Occupational health and safety

	Unit	2021	2020	2019	2018	2017
Lost Time Injury (LTI) ratio	per million working hours	2.23	1.81	2.52	3.42	4.26
Absence ratio	per thousand working hours	0.33	0.22	0.36	0.44	0.41

## People

	Unit	2021	2020	2019	2018	2017
Return to work rate	%	95.4	94.4	92.2	90.4	N/A
Performance development dialogues - Blue collar	%	87	99	83	33	40
Performance development dialogues - White collar	%	90	84	88	67	60
Employee Motivation and Satisfaction	score	77	77	75	73	70

## Supplier Code of Conduct

	Unit	2021	2020	2019	2018	2017
Supplier sustainability audits	number of audits	190	124	81	91	97
Screening audits	number of audits	25	18	31	23	39

### List of stock images used in this report;

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# Accounting principles

## Indicator Definitions

In Grundfos, it is of great importance to us that sustainability data is complete and accurate. This principle is crucial to us to remain proactive and to all of our stakeholders to be able to follow our sustainability progression through quantitative information. Therefore, we facilitate our data management with dedicated non-financial consolidation system, SAP's Sustainability Performance Management System (SuPM). All of our Business Unit's ESG data lands in SuPM, which data are then consolidated into Key Performance Indicators and reported to relevant management bodies.

We will introduce a new, state-of-the-art corporate sustainability reporting software, Sphera Cloud in January 2022, when SuPM will see its phase out. The reason of the introduction of Sphera Cloud is to further increase the completeness and accuracy of Grundfos' ESG data in one single platform and to continue our journey towards reasonable assurance.

Out of the total number of our business sites, forty small sales offices report EHS (Environmental Health and Safety) data historically, with a 2-year delay. Sales offices comprise approximately 6%-10% of the environmental data. By using the 2019 figures in our 2021 reporting, we apply a conservative approach, as 2019 is commonly considered a typical pre-Covid-19 year. Moreover, we have assessed that there has been insignificant headcount fluctuation in these forty business sites from 2019 to 2021 and the offices had limited visiting capacity in 2021 due to Covid-19 precautions.

In 2022, we will further increase the number of our business sites reporting timely data thereby limiting our reliance on historical information.

### HIGH-EFFICIENCY CIRCULATOR PUMPS – ENERGY SAVED

The calculation of this KPI is based on the electricity savings in 2021 attributed to all Grundfos high-efficiency circulator pumps sold in the EU between 2005 and 2021.

This is an estimate that is based on Grundfos' actual sales performance and assumptions about cases in which older pump installations were replaced by newer ones and is calculated as energy savings in kWh per year. Moreover, the energy consumption per pump is based on test reports.

### INVESTMENT IN NEW PRODUCTS

Investment in the development of new products is defined as expenses related to research and development. The applicable costs are expressed as a percentage of annual turnover.

### CO<sub>2</sub> EMISSIONS AND ENERGY CONSUMPTION

Our energy consumption stems from the use of

- Electricity
- Heat and steam
- Natural gas
- Light fuel oil
- Diesel in stationary units
- Renewable fuel
- Solar energy

Consumed fuels in our global vehicle fleet and Grundfos jet

For the basis of reporting we apply manual meter readings, automated real-time consumption monitoring system and invoices from our utility suppliers as the source of information.

In converting our electricity consumption to CO<sub>2</sub> emissions, where available, we apply supplier-specific conversion factors and location-based factors obtained from the International Energy Agency (IEA) where market-based conversion factors are unavailable. In doing so, we use the average of the previous 3 years' conversion factors from IEA (2021 emission factors are the average of 2016-2018).

For converting our heat and steam consumption to CO<sub>2</sub>, where available, we apply market-based conversion factors. Where unavailable, we use the conversion factor applied in our largest production site, Bjerringbro, Denmark.

For all other types of our energy consumption, we apply conversion factors published by UK's Department for Environmental, Food and Rural Affairs (DEFRA) unless supplier-specific factors are available locally.

As in previous years, Grundfos discloses information on scope 1 and 2 emissions. Our scope 1 emissions arise from the burning of fuels in our vehicles (compressed and liquified gas, petrol, diesel and jet fuel) and from the usage of light fuel oil, diesel, and natural gas in our production activities. Our scope 2 emissions are emitted through our usage of purchased electricity, heat and steam.

### WATER WITHDRAWAL

Grundfos's global water withdrawal consists of two major sources:

- Municipal water source
- Groundwater from our own wells

For the basis of reporting we apply manual meter readings, automated real-time consumption monitoring system and

invoices from our water suppliers as the source of information.

#### WASTE TO LANDFILL

In Grundfos we strive to recycle waste as much as possible and dispose as little in landfills as we can. Therefore, we have established a key performance indicator specifically measuring the total weight of our waste that is disposed at landfills. The waste components in this indicator are categorised as hazardous and non-hazardous waste.

#### RESOURCE RECOVERY THROUGH TAKE BACK

Resource recovery through take back refers to all end-of-life pumps returned to Grundfos through Grundfos' Take Back programme. The programme was established to ensure that our solutions have as little negative impact on the environment as possible – also after end-of-use.

Our disassembly facilities collect end-of-life pumps and warranty returns from installers who handle the pumps in their daily work and disassemble the products to components. Currently, almost all of the disassembled shipments are sent for recycling and the remaining components are repurposed in our new products.

The programme was initiated in Denmark in 2014 and it has since been launched in three additional markets, the Netherlands, the United Kingdom, and Argentina.

#### WOMEN BOARD OF DIRECTORS

The percentage of women in the Board of Directors is calculated by dividing the number of women Non-Executive Directors elected by the Assembly General to the Board of Directors (i.e., excluding employee-elected members of the Board of Directors) by the total number of Non-Executive Directors elected by the Assembly General in the reporting year multiplied by 100.

#### WOMEN LEADERS RATIO

Leaders are Grundfos employees in band-levels 1-9, which band-levels are defined by Grundfos' internal career level structure. Leaders have people responsibility, i.e. they have employee(s) reporting directly to them.

Women leaders ratio represents the number of women in leadership positions divided by the total number of leadership positions multiplied by 100.

#### EMPLOYEES WITH REDUCED WORK CAPACITY

This indicator is measured as a percentage of employees with reduced work capacity relative to the total workforce. Such employees have special employment contracts in alignment with their permanent limitation in the ability to work as a result of e.g., physical, mental or psychological impairments and by that cannot work on equal basis with other employees without special adaptations in

the job in the form of special aids, reduction in working hours or pace, etc.

#### LOST TIME INJURIES (LTI) RATIO

Lost Time Injuries (LTI) ratio is the number of injuries that have led to lost working hours in all areas of Grundfos, including office, sales, production, and warehouse expressed as percentage related to the total hours worked by the employees. Lost time injuries are injuries that have prevented an employee from being able to return to work the day after the injury. The indicator is indexed as number of lost time injuries per the total hours worked by all Grundfos employees multiplied by one million.

#### ABSENCE RATIO

Absence ratio is measured based on unplanned lost work hours resulting from lost time injuries and the number of total hours worked by all employees. The indicator is indexed as lost work hours from lost time injuries per the total hours worked by all Grundfos employees multiplied by one thousand.

#### RETURN TO WORK RATE

The indicator is measured as employees returning to work after long-term sickness absence of more than 14 consecutive calendar days due to illness. The number of employees retained is expressed as a proportion of the total number of all closed retention cases (i.e. the total number of employees retained and not retained).

#### PERFORMANCE DEVELOPMENT DIALOGUE: BLUE COLLAR AND WHITE COLLAR

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

As a tool, the PDD supports managers and employees in:

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

The indicators is expressed as employees who received performance development dialogues divided by the total number of employees who were eligible to participate in performance development dialogues multiplied by 100.

#### EMPLOYEE MOTIVATION AND SATISFACTION

This indicator quantifies the overall level of employee motivation and satisfaction through measuring a weighted average of underlying questions through the annual, anonymous Employee Motivation Survey (EMS).

The EMS is run by Group HR in cooperation with the Danish consultant company, Ennova.

#### SUPPLIER SUSTAINABILITY AUDITS

Through our Supplier Code of Conduct, we communicate to our suppliers that we expect them to operate in accordance with local and international standards regarding human rights, labour rights, the environment, and anti-corruption.

In order to assess to what extent the Grundfos Supplier Code of Conduct is embedded in our suppliers' operations, sustainability audits are performed on selected suppliers by external service providers (EcoVadis and Bureau Veritas) and by internal auditors. The scope and criteria of these audits is the Grundfos Supplier Code of Conduct. In 2021 we expanded the reporting scope of the supplier sustainability audits KPI. We now also include the number of Ecovadis supplier reassessments in our scope.

#### SCREENING AUDITS

Screening audits are conducted on new suppliers or suppliers which Grundfos intends to expand existing contractual agreements with. Screening audits are rooted in Grundfos' Supplier Code of Conduct which include social and environmental aspects. In order for our partners to remain or become approved suppliers of Grundfos, the screening audit must provide evidence for compliance with the audit criteria.

# GRI index

Grundfos follows the reporting standards of the Global Reporting Initiative (GRI) to report on material economic, environmental and social impacts. This report has been prepared in accordance with the GRI Standards: Core option. In cases where Grundfos could not report a required disclosure, the specific information that has been omitted and the reason for omission have been described in the GRI Content Index.

GRI STANDARD	DISCLOSURE	DISCLOSURE TITLE	PAGE IN GRUNDFOS ANNUAL SUSTAINABILITY REPORT 2021	PAGE IN GRUNDFOS ANNUAL REPORT 2021	EXPLANATIONS
<b>GRI 102</b>  <b>General Disclosures</b>	102-1	Name of the organisation			Grundfos Holding A/S
	102-2	Activities, brands, products, and services		<b>5, 6, 15</b>	Grundfos Holding A/S is the Parent Company of the Grundfos Holding A/S Group. The Grundfos Holding A/S Group's primary brands are Grundfos' own brands including separation brands YCC, Arnold, Alldos, Peerless, Paco, Vortex and some DAB products.
	102-3	Location of headquarters			Poul Due Jensens Vej 7, Bjerringbro, Denmark
	102-4	Location of operations			Grundfos has global presence in 58 countries. We define significant operations as those facilities where manufacturing and assembling activities occur. Our significant operations are located in the following countries: Argentina, Australia, Brazil, Canada, Chile, China, Colombia, Denmark, Finland, France, Germany, Hungary, India, Indonesia, Italy, Japan, Korea, Mexico, Poland, Russia, Serbia, Singapore, South Africa, Switzerland, Taiwan, Turkey, United Arab Emirates, United Kingdom, USA.
	102-5	Ownership and legal form		<b>58</b>	
	102-6	Markets served			Serving the geographic markets of Europe (including Russia); North and South America; Asia; The middle East and Africa, Grundfos provides world-wide coverage of offering its products and services. Effective from the beginning of 2021, we have organised our primary functions around our four customer segments – Commercial Building Services, Domestic Building Services, Industry and Water Utility. In the new organisational arrangement, sales and marketing have been moved to these customer segments. This creates a more customer-centric structure with a complete value chain that is focused on meeting customers' unique needs fast and efficiently.  The Group remained headquartering in Bjerringbro, Denmark, and so is Domestic Building Services and Industry, but to get closer to our markets, other activities have been moved to other locations. Leadership for Commercial Building Services is now based in Shanghai, China, and leadership for Water Utilities is based in Houston, USA.
	102-7	Scale of the organisation	<b>5</b>	<b>5,7, 58</b>	<a href="https://www.grundfos.com/about-us">https://www.grundfos.com/about-us</a>

GRI STANDARD	DISCLOSURE	DISCLOSURE TITLE	PAGE IN GRUNDFOS ANNUAL SUSTAINABILITY REPORT 2021	PAGE IN GRUNDFOS ANNUAL REPORT 2021	EXPLANATIONS																																																																		
GRI 102 General Disclosures	102-8	Information on employees and other workers			<p>Employee data is compiled from a central reporting tool, Employee Central. Our annual overall employee composition is not impacted by seasonal trends and the bigger portion of global personnel are employed internally.</p> <table border="0"> <tr> <td>Total number of blue collar employees</td> <td>7,121</td> </tr> <tr> <td>Number of female blue collar employees</td> <td>2,546</td> </tr> <tr> <td>Number of male blue collar employees</td> <td>4,472</td> </tr> <tr> <td>Number of other/unknown blue collar employees</td> <td>103</td> </tr> <tr> <td>Total number of white collar employees</td> <td>13,315</td> </tr> <tr> <td>Number of female white collar employees</td> <td>4,284</td> </tr> <tr> <td>Number of male white collar employees</td> <td>8,687</td> </tr> <tr> <td>Number of other/unknown white collar employees</td> <td>344</td> </tr> <tr> <td>Total number of employees on permanent contract</td> <td>18,771</td> </tr> <tr> <td>Number of female employees on permanent contract</td> <td>6,250</td> </tr> <tr> <td>Number of male employees on permanent contract</td> <td>12,081</td> </tr> <tr> <td>Number of other/unknown employees on permanent contract</td> <td>440</td> </tr> <tr> <td>Total number of employees on temporary contract</td> <td>1,664</td> </tr> <tr> <td>Number of female employees on temporary contract</td> <td>580</td> </tr> <tr> <td>Number of male employees on temporary contract</td> <td>1,077</td> </tr> <tr> <td>Number of other/unknown employees on temporary contract</td> <td>7</td> </tr> <tr> <td>Total number of employees on full-time contract</td> <td>19,602</td> </tr> <tr> <td>Number of female employees on full-time contract</td> <td>6,428</td> </tr> <tr> <td>Number of male employees on full-time contract</td> <td>13,165</td> </tr> <tr> <td>Number of other/unknown employees on full-time contract</td> <td>9</td> </tr> <tr> <td>Total number of employees on part-time contract</td> <td>834</td> </tr> <tr> <td>Number of female employees on part-time contract</td> <td>431</td> </tr> <tr> <td>Number of male employees on part-time contract</td> <td>403</td> </tr> <tr> <td>Number of other/unknown employees on part-time contract</td> <td>0</td> </tr> <tr> <td>Total number of employees under age 30</td> <td>2,446</td> </tr> <tr> <td>Blue collar employees under age 30</td> <td>1,083</td> </tr> <tr> <td>White collar employees under age 30</td> <td>1,363</td> </tr> <tr> <td>Total number of employees age 30-50</td> <td>11,694</td> </tr> <tr> <td>Blue collar employees age 30-50</td> <td>3,423</td> </tr> <tr> <td>White collar employees age 30-50</td> <td>8,271</td> </tr> <tr> <td>Total number of employees age 50 and above</td> <td>5,863</td> </tr> <tr> <td>Blue collar employees age 50 and above</td> <td>2,513</td> </tr> <tr> <td>White collar employees age 50 and above</td> <td>3,350</td> </tr> </table>	Total number of blue collar employees	7,121	Number of female blue collar employees	2,546	Number of male blue collar employees	4,472	Number of other/unknown blue collar employees	103	Total number of white collar employees	13,315	Number of female white collar employees	4,284	Number of male white collar employees	8,687	Number of other/unknown white collar employees	344	Total number of employees on permanent contract	18,771	Number of female employees on permanent contract	6,250	Number of male employees on permanent contract	12,081	Number of other/unknown employees on permanent contract	440	Total number of employees on temporary contract	1,664	Number of female employees on temporary contract	580	Number of male employees on temporary contract	1,077	Number of other/unknown employees on temporary contract	7	Total number of employees on full-time contract	19,602	Number of female employees on full-time contract	6,428	Number of male employees on full-time contract	13,165	Number of other/unknown employees on full-time contract	9	Total number of employees on part-time contract	834	Number of female employees on part-time contract	431	Number of male employees on part-time contract	403	Number of other/unknown employees on part-time contract	0	Total number of employees under age 30	2,446	Blue collar employees under age 30	1,083	White collar employees under age 30	1,363	Total number of employees age 30-50	11,694	Blue collar employees age 30-50	3,423	White collar employees age 30-50	8,271	Total number of employees age 50 and above	5,863	Blue collar employees age 50 and above	2,513	White collar employees age 50 and above	3,350
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	102-9	Supply chain	51-59	8, 21, 45	Grundfos' supply chain is a diverse organisation with main stakeholders located centrally on group level & performance unites and decentral in individual production sites and distribution centers. Supply Chain is responsible for all of Grundfos' activities within planning and delivery of Grundfos products including the administrative processes, flow of information and material flow of products, hereunder transportation, warehousing, planning, line feeding and procurement.																																																																		

GRI STANDARD	DISCLOSURE	DISCLOSURE TITLE	PAGE IN GRUNDFOS ANNUAL SUSTAINABILITY REPORT 2021	PAGE IN GRUNDFOS ANNUAL REPORT 2021	EXPLANATIONS
<b>GRI 102</b> <b>General Disclosures</b>	102-10	Significant changes to the organisation and its supply chain			<p>Overall Group Supply Chain organisation has been revised to fit the Performance unit structure. Part of the organisation have been transferred to the performance units, thereby creating separate supply chain organisations within the four different performance units. With the organisational change the performance units have taken responsibility of the execution of supply chain processes. Group Supply Chain has strengthened the global governance of supply chain process standards and core processes such as Sales, Inventory and Operations Planning (SIOP), Sales, Inventory and Operations Execution (SIOE) and Order to Cash (OTC). Group Logistic have stepwise taken more responsibility in the execution of logistics processes globally.</p> <p>Due to restructuring of footprint, Grundfos is reorganising its production and distribution setup with e.g. moving of various product lines in France and Denmark to Serbia. Carbon footprint is high on the agenda, therefore, pilots have been initiated to utilize bio-fuel on different transportation modes, such as airfreight and truck, etc.</p> <p>As a consequence of the supply challenges globally, Grundfos has continuously worked on strengthening the supplier network, by both increasing number of regional suppliers as a second source and building stronger relationships with key suppliers.</p>
	102-11	Precautionary Principle or approach			<p>Primary instrument across operations is ISO 14001-certification, under which both legal compliance and annual environmental aspect evaluation are included. Our approach towards environmental risk mapping is our "environmental aspect evaluation" which is part of Integrated Management System (IMS).</p> <p>In terms of product development, the main instrument is to ensure compliance with relevant environmental legislation in respective markets. Here we do not have full transparency across the global value chain.</p>
	102-12	External initiatives	<b>64</b>		
	102-13	Membership of associations			<p>ESR, BSR, Business &amp; Sustainable Development Commission, 2030 Water Resources Group, Sustainia, Members of steering committee: USAID - Securing Water for Food Trust Fund, Members of steering Committee: UNEP-DHI Fresh Water Resource Management, Confederation of Danish Industries, European Heat and Power, Association of Danish Pump Manufacturers, European Heat Pump Association, European Heating Industry, Danish Environmental Association (WssTP), EuroACE, Synergi, ACEE, OFII, Water Europe, GISC.</p>
	102-14	Statement from senior decision-maker	<b>4</b>		
	102-16	Values, principles, standards, and norms of behavior	<b>6, 61-63</b>		<p>Grundfos is a company built on strong values, high ethical standards and a reputation of honesty and integrity.</p> <p>The overall principles of Grundfos business behavior is described in our Code of Conduct, that is based on legal regulations and values approved by Group Management. The Code of Conduct 2019 is available in 21 languages and consists of 15 chapters. Each chapter is implemented through Grundfos framework of compliance programs and Grundfos ISO 9001 Quality Management System. The key elements of the compliance programs are:</p> <ol style="list-style-type: none"> <li>(1) Commitment and organisation</li> <li>(2) Risk assessment</li> <li>(3) Rules and guidelines</li> <li>(4) Training and communication and</li> <li>(5) Monitoring, auditing and response.</li> </ol> <p>The Grundfos Code of Conduct applies to all - in all countries and in all positions including the Grundfos Foundation and board members. All white collar employees completed dedicated annual Code of Conduct training in 2021 [reference is made to % completion rates] and as part of the training all employees has agreed to be bound by the rules when working for Grundfos.</p>

GRI STANDARD	DISCLOSURE	DISCLOSURE TITLE	PAGE IN GRUNDFOS ANNUAL SUSTAINABILITY REPORT 2021	PAGE IN GRUNDFOS ANNUAL REPORT 2021	EXPLANATIONS
<b>GRI 102</b>  <b>General Disclosures</b>	102-18	Governance structure	<b>65</b>	<b>10-12</b>	
	102-40	List of stakeholder groups	<b>66</b>		
	102-41	Collective bargaining agreements			As of December 31, 2021, Grundfos employed more than 20,000 employees worldwide. Basing on our largest locations' collective bargaining agreement coverage, we extrapolate that approximately 30% of Grundfos employees are covered by collective bargaining agreements. In other foreign countries, our employees are represented by work councils or labour unions. We trust that all of our facilities are in favourable labour markets and believe that our relations with our employees are good.
	102-42	Identifying and selecting stakeholders	<b>37-39, 66, 69-70</b>		
	102-43	Approach to stakeholder engagement	<b>67-68</b>		
	102-44	Key topics and concerns raised	<b>66, 69-70</b>		
	102-45	Entities included in the consolidated financial statements		<b>58</b>	
	102-46	Defining report content and topic Boundaries	<b>66, 73-74</b>		
	102-47	List of material topics	<b>66</b>		
	102-48	Restatements of information			There were no restatements of information during the reporting period.
	102-49	Changes in reporting			There were no significant changes from previous reporting periods related to material topics and boundaries.
	102-50	Reporting period			1 January, 2021 - 31 December, 2021.
	102-51	Date of most recent report			The latest Grundfos Sustainability Report was published in March of 2021.
	102-52	Reporting cycle			Annual
	102-53	Contact point for questions regarding the report			sustainability@grundfos.com
	102-54	Claims of reporting in accordance with the GRI Standards			This report has been prepared in accordance with the GRI Standards: Core Option.
	102-55	GRI content index			This table serves as our GRI Content Index.
102-56	External assurance			Please see our Auditors' Independent Assurance Report in the back of this report.	

GRI STANDARD	DISCLOSURE	DISCLOSURE TITLE	PAGE IN GRUNDFOS ANNUAL SUSTAINABILITY REPORT 2021	PAGE IN GRUNDFOS ANNUAL REPORT 2021	EXPLANATIONS
103 Management approach	103-1	Explanation of the material topic and its Boundary	69-70		<p><b>MANAGEMENT APPROACH TO ECONOMIC DISCLOSURES</b></p> <p>Grundfos is committed to doing business with integrity and transparency. We strongly condemn all acts of bribery and corruption, and we maintain zero tolerance towards any type of unethical business activity.</p> <p>To preserve our high level of ethical excellence we conduct a global risk mapping and allocate special focus to parts of the world where we operate, which rank high on the Corruption Perceptions Index (CPI). In doing so, a cross-functional effort between our Group Internal Audit Services, Legal Department and the Ethics Committee ensures that a robust anti-corruption operating model is built out which safeguards our business and maintains compliance with anti-corruption laws, such as the UK Bribery Act and the USA FCPA. This serves as a major cornerstone of our management approach.</p> <p>For further overview on Grundfos' core elements of our management approach, please see the "Mitigating risks and challenges" section in this report on page 69-70.</p>
	103-2	The management approach and its components	69-70		
	103-3	Evaluation of the management approach	69-70		
201 Economic performance	201-1	Direct economic value generated and distributed		7, 17-20, 22-40	
	201-2	Financial implications and other risks and opportunities due to climate change	69-70		
203 Indirect Economic Impacts	203-1	Infrastructure investments and services supported	16-17, 23-26		We believe we can do business while doing good. Our products and solutions have significant impacts on local communities, either directly or indirectly. We are in constant dialogue with local authorities to support the delivery of clean water wherever needed.
205 Anti-corruption	205-1	Operations assessed for risks related to corruption	62, 66		<p>2021 risk assessments identified the following overall risks: corruption risks, country risks, business partner risks and business partner area risks. 98 Business entities were assessed for risks related to corruption</p> <p>The risk assessment 2021 comprised:</p> <ul style="list-style-type: none"> <li>- Desk research of the country risk (CPI) compared to Grundfos turnover, company size and other factors (country risks)</li> <li>- Reporting input from Group Internal Audit Services and Ethics Committee (information sharing on meetings)</li> <li>- Broad quantitative survey including multiple functions and countries to detect the employees perception and exposure to corruption risks.</li> </ul>
	205-2	Communication and training about anti-corruption policies and procedures			<p>In 2021, 11,236 white collar employees were invited to the Code of Conduct e-training for a general introduction to the Code of Conduct. Aside the e-training, Grundfos also conducts more targeted trainings in this respect to smaller groups of employees. Our blue-collar employees are trained physically and bi-yearly. In 2021, we decided not to provide training to them to minimize the risk of spreading Covid19.</p> <p>Grundfos partially reports information for this disclosure. We do not breakdown information for this disclosure by employee region.</p>
206 Anti-competitive Behaviour	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices			Grundfos is not and has not been part of any anti-competitive matter in 2021, and therefore there has not been any decisions or judgments involving Grundfos.

GRI STANDARD	DISCLOSURE	DISCLOSURE TITLE	PAGE IN GRUNDFOS ANNUAL SUSTAINABILITY REPORT 2021	PAGE IN GRUNDFOS ANNUAL REPORT 2021	EXPLANATIONS
207 Tax	207-1	Approach to tax	67-68		
	207-2	Tax governance, control, and risk management	67-68		
	207-3	Stakeholder engagement and management of concerns related to tax	67-68		
	207-4	Country-by-country reporting	67-68	58	Grundfos partially reports information for this disclosure. For further information regarding disclosure 207-4, please visit our website at <a href="http://www.grundfos.com">www.grundfos.com</a> and navigate to the Business Principles section.
103 Management approach	103-1	Explanation of the material topic and its Boundary	69-70		<p><b>MANAGEMENT APPROACH TO ENVIRONMENTAL DISCLOSURES</b></p> <p>Grundfos is committed to maintain the highest standards requirements of the International Organization for Standardization (ISO). Our largest operational sites with the highest potential environmental impact, and even some of our smaller business entities such as sales or services, are certified to ISO 14001: Environmental Management. Furthermore, many of the Grundfos companies are certified to ISO 45001 (previously known as OHSAS 18001): Health and Safety Management, ISO 9001: Quality Management and ISO 50001: Energy Management.</p> <p>Grundfos' water management goal, to halve our global water withdrawal by 2025, guided us to identify our major water consuming sites in high water risk areas in 2021. This information allows us to tailor our water investment guidelines to ensure we are prioritising investment in areas suffering from the highest water risks. Parallel to reducing our water withdrawal, we set a goal to reach net zero discharge from water by 2030. Therefore, we have begun analysing the different levels of water risks and wastewater infrastructure across the world.</p> <p>Becoming sustainable and further developing sustainability in all areas of our business means we are vigilantly aware of the environmental impact our products entail. In alignment with this, our management approach is to share this awareness with our customers and local communities. Consequently, our product development teams continuously perform Life-Cycle Analyses to ensure sustainable design of all Grundfos products. This has been embedded into Grundfos' standard product development process. For further overview on Grundfos' core elements of our management approach, please see the "Mitigating risks and challenges" section in this report on page 69-70.</p>
	103-2	The management approach and its components	69-70		
	103-3	Evaluation of the management approach	69-70		
301 Materials	301-2	Recycled input materials used			<p>For the past years, we have increased our digital offerings and services, yet most of our solutions are physical products.</p> <p>In general, different products are made with different amounts of recycled materials. Typically 100% of the aluminum and approximately 90% of the cast iron used in Grundfos-branded products is derived from recycled materials. About 80% of the stainless steel we source also comes from recycled materials. The proportion for copper is 50% and for polymer materials is 0-10%. Product and transport packaging are predominantly made from renewable resources (paper/cardboard &amp; wood) and from FSC certified wood and paper.</p>
302 Energy	302-1	Energy consumption within the organisation	7, 45-52, 71, 73		Grundfos partially reports information for this disclosure. We disclose our full organisation's energy consumption. We do not report information for this disclosure broken down by fuel type.
	302-4	Reduction of energy consumption	7, 45-52		
	302-5	Reductions in energy requirements of products and services	55-59		

GRI STANDARD	DISCLOSURE	DISCLOSURE TITLE	PAGE IN GRUNDFOS ANNUAL SUSTAINABILITY REPORT 2021	PAGE IN GRUNDFOS ANNUAL REPORT 2021	EXPLANATIONS
303 Water and effluents	303-1	Interactions with water as a shared resource	16-18, 23-26, 42-43		<p>Across our own operations, app. 90% of our water withdraw is related to our manufacturing plants. Water withdrawal types include municipal water, water from the well. We are also collecting, treating and using rain - and surface water. From a discharge point-of-view our policy is to be in compliance with relevant legislation for water discharge. As a provider of wider solutions for every aspect of water use, moving and preserving water in an energy-efficient way is our business. Water plays a pivotal role in our 2025 strategy and go-to-market offerings.</p> <p>We have mapped water risks across our operations using the Water Resource Institute water risk map. From that we have identified all facilities operating in areas characterized by high water risks. We have started the journey to extend this approach across our supply chain.</p> <p>We have identified five "critical to succeed" facilities where we have high water withdrawal in high water risk contexts. We are prioritizing investments and efforts to ensure that we minimize our water related impacts in those locations.</p> <p>Our general management approach is that we have implemented ISO 14001 across all major manufacturing plants ensuring that plants map and mitigate their largest environmental risks and aspects - including water. Furthermore, we define annual water withdrawal targets for all plants. We report and monitor water performance on a monthly basis and take corrective actions accordingly. In 2021 our water withdrawal was 341.537 m<sup>3</sup> (7,2% vs. 2020).</p>
	303-2	Management of water discharge-related impacts	42-43		<p>Our current approach is that we follow local/national legislation for water discharge. If/when we identify examples where we follow legislation but still have a negative impact related to water discharge, we take corrective action to minimize our impact. It is a key priority for us to ramp up on our approach to water discharge and ensure that we by 2025 have no negative impacts from our water discharge globally.</p>
	303-3	Water withdrawal	42-43		<p>We withdraw water from ground water stored in our own wells (approx. 7.2% of our total water withdrawal in 2021) and we source water from municipal waterworks (approx. 92.8% of our total water withdrawal in 2021). We do not withdraw any water from surface water body. Grundfos partially reports information for this disclosure. We do not disclose information on the ratio between freshwater and other waters withdrawal.</p>
305 Emissions	305-1	Direct (Scope 1) GHG emissions	45-48, 71, 73		
	305-2	Energy indirect (Scope 2) GHG emissions	7, 11, 12, 45-50, 71, 73		In 2021, Grundfos does not report its Scope 2 emissions separately categorized by applying market-based and location-based emission conversion rates.
306 Effluents and waste	306-1	Waste generation and significant waste-related impacts	19-22, 71		
	306-2	Waste by type and disposal method	19-22, 71, 73		
	306-5	Waste directed to disposal	55-56, 71, 73		
308 Supplier environmental assessment	308-1	New suppliers that were screened using environmental criteria	7, 51-54, 72, 74		Grundfos partially reports information for this disclosure. We report the total number of audits performed at new suppliers when onboarding them, however, we do not report the percentage of how many of all new suppliers have been audited.

GRI STANDARD	DISCLOSURE	DISCLOSURE TITLE	PAGE IN GRUNDFO'S ANNUAL SUSTAINABILITY REPORT 2021	PAGE IN GRUNDFO'S ANNUAL REPORT 2021	EXPLANATIONS																								
103 Management approach	103-1	Explanation of the material topic and its Boundary	69-70		<p><b>MANAGEMENT APPROACH TO SOCIAL AND ENGAGEMENT DISCLOSURES</b></p> <p>Grundfos has an essential role to play in protecting the working conditions, human rights, safety and well-being of our employees and customers. We also continually play an active role to support local communities across the world. Grundfos strives to be a socially responsible employer, community member and global citizen, wherever we are in the world.</p> <p>Grundfos respects the legal rights of its employees. Our work with human rights is an ongoing process, and our human rights due diligence programme ensures that we respect and advance human rights. We are committed to establishing favourable employment conditions that promote positive relationships between employees and managers. We expect business partners, such as suppliers and other parties directly linked to our operations, to adhere to this commitment. In addition, Grundfos has decided to strengthen its efforts to prevent and address harassment in the workplace. Our Human Rights, Harassment Prevention and our statement pursuant to the UK Modern Slavery Act and Australian Modern Slavery Act can be found on our website.</p> <p>Grundfos' management approach is also committed to an inclusive culture. We unlock the power of diversity by ensuring everyone globally feels welcomed, valued, respected and supported. Fostering an inclusive culture that honors diversity enables our employees to flourish, which benefits both them and the company.</p> <p>From walking for water at local Grundfos Walk for Water events, to raising awareness about the water crisis in developing nations, we believe that one of the keys to achieving global sustainability success is active engagement with our employees and other local communities.</p> <p>We have a long-term commitment to both sparking and maintaining employee engagement in our sustainability activities in order to extend our global impact to wherever we are in the world.</p> <p>For further overview on Grundfos' core elements of our management approach, please see the "Mitigating risks and challenges" section in this report on pages 69-70.</p>																								
	103-2	The management approach and its components	69-70																										
	103-3	Evaluation of the management approach	69-70																										
401 New employee hires and employee turnover	401-1	New employee hires and employee turnover			<p>Grundfos partially reports information for this disclosure. We do not breakdown information for this disclosure by employee region.</p> <table border="0"> <tbody> <tr> <td>Male employees newly hired</td> <td>1,567</td> <td>Male employees leaving</td> <td>848</td> </tr> <tr> <td>Female employees newly hired</td> <td>980</td> <td>Female employees leaving</td> <td>1,344</td> </tr> <tr> <td>Other/unknown employees newly hired</td> <td>9.00</td> <td>Other/unknown employees leaving</td> <td>0</td> </tr> <tr> <td>Employees under 30 years old newly hired</td> <td>891</td> <td>Employees under 30 years old leaving</td> <td>645</td> </tr> <tr> <td>Employees 30 to 50 years old newly hired</td> <td>1,406</td> <td>Employees 30 to 50 years old leaving</td> <td>1,282</td> </tr> <tr> <td>Employees over 50 years old newly hired</td> <td>259</td> <td>Employees over 50 years old leaving</td> <td>557</td> </tr> </tbody> </table>	Male employees newly hired	1,567	Male employees leaving	848	Female employees newly hired	980	Female employees leaving	1,344	Other/unknown employees newly hired	9.00	Other/unknown employees leaving	0	Employees under 30 years old newly hired	891	Employees under 30 years old leaving	645	Employees 30 to 50 years old newly hired	1,406	Employees 30 to 50 years old leaving	1,282	Employees over 50 years old newly hired	259	Employees over 50 years old leaving	557
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GRI STANDARD	DISCLOSURE	DISCLOSURE TITLE	PAGE IN GRUNDFOS ANNUAL SUSTAINABILITY REPORT 2021	PAGE IN GRUNDFOS ANNUAL REPORT 2021	EXPLANATIONS
403 Occupational health and safety	403-1	Occupational health and safety management system	33, 34, 74		Grundfos has implemented and maintains Health & Safety Management System at the group level, scope of the management system is defined in the relevant documents. The system is based on ISO 45001:2018 requirements and includes relevant legal requirements, both at the management system level and at the level of the organisations implementing the system. Health & Safety Management System is externally audited on the basis of the ISO multisite certification principles. Continuous improvement of the Health & Safety Management System's business processes at the operations sites is ensured through the Grundfos Production System, a continuous improvement management framework based on maturity of the business processes. Health and Safety business processes maturity is regularly assessed through the second party assessments.
	403-2	Hazard identification, risk assessment, and incident investigation	33, 34, 70		<p>Hazard identification, risk assessment, and incident investigation relevant to workers who are not employees but whose work and/or workplace is controlled by Grundfos are within the scope of the Health &amp; Safety Management System. The management system has the relevant business processes, while the corresponding documents are group procedures for Health and safety hazard identification and risk assessment and Health and safety incident investigation and knowledge sharing. Reporting of incidents is done through the Safety Incident Management System (SIMS), a digital tool to report work related hazards and to registered work-related incidents. Grundfos Production System defines EHS requirements related to the contractors' management, including the assessment criteria. Fulfilment of the requirements and maturity of the contractors' management business process is regularly assessed through the second party assessments.</p> <p>All of our employees are encouraged to report hazard observations and near miss cases which is an essential part in Grundfos' injury and risk prevention activities. Reporting of such cases is also made possible through mobile devices further shortening the reaction time. All of our workers retain the right to remove themselves from work if a situation is considered to pose risk of injury or ill health.</p>
403 Occupational health and safety	403-4	Worker participation, consultation, and communication on occupational health and safety	33, 34, 70		
	403-5	Worker training on occupational health and safety	33, 34, 70		
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	33, 70		Supplier related health and safety issues are covered by the Supplier code of conduct and supplier sustainability auditing. The code of conduct provides minimum health and safety requirements applicable to the suppliers. Supplier sustainability auditing also includes health and safety issues and is organized per three tiers, based on the risks. Suppliers from the low and medium risk countries are assessed through EcoVadis platform, while suppliers from the high risk countries are audited by a third party (Bureau Veritas).
	403-9	Work-related injuries	33-35, 72, 74		Grundfos partially reports information for this disclosure. We provide information on lost time injuries and consequent absence ration. There has not been any fatalities in 2021.

GRI STANDARD	DISCLOSURE	DISCLOSURE TITLE	PAGE IN GRUNDFOS ANNUAL SUSTAINABILITY REPORT 2021	PAGE IN GRUNDFOS ANNUAL REPORT 2021	EXPLANATIONS
<b>409</b> Forced or compulsory labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	<b>32, 70</b>		<p>We conducted a global human rights mapping, where forced labor was not identified as a potential issue in our own operations.</p> <p>In addition, we have conducted 5 human rights impact assessments in our own operations, which confirmed the aforementioned information as none of them revealed potential forced labor issues in our own operations. The analysis above revealed that forced labor may potentially occur in our supply chain. We, therefore, are progressively conducting audits of high-risk suppliers through a third party. We will also review supplier risk with a special emphasis on forced labor to sharpen the audit process even more in 2022.</p> <p>Our Code of Conduct, with a section on human rights, includes the prohibition of forced labor and a human rights policy that are applicable to our global operations.</p> <p>We have a supplier code of conduct that prohibits the use of forced labor. In addition, high-risk suppliers are audited by a third party. The audit includes the assessment of forced labor practices.</p>
<b>412</b> Human rights assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	<b>32, 70</b>		We conducted a global human rights mapping including all our operations. In addition to that we have conducted 5 site-based human rights impact assessments.
	413-2	Operations with significant actual and potential negative impacts on local communities			To the best of our knowledge, none of our business entities have an actual or potential negative impact on local communities.
<b>414</b> Supplier social assessment	414-2	Negative social impacts in the supply chain and actions taken	<b>7, 32, 54, 69-70, 72, 74</b>		
<b>415</b> Public policy	415-1	Political contributions			In all of our public policy activities we do not, either directly or indirectly, make any monetary or in-kind political contributions.
<b>417</b> Marketing and labeling	417-1	Requirements for product and service information and labeling			<ol style="list-style-type: none"> <li>1. Grundfos does not communicate sourcing information to the customer</li> <li>2. Grundfos products must comply with the Grundfos Focus List. Documents on Product Chemical Compliance, Export Control, Recycling and Conflict Minerals are available upon request</li> <li>3. Safe use of the product is communicated in the product I&amp;O manual or Safety Manual (IOS) in accordance with legal requirements</li> <li>4. Information is provided regarding the ErP directive and our end-of-life products and solutions</li> </ol> <p>100% of Grundfos products are covered by the above labeling criteria.</p>
	417-2	Incidents of non-compliance concerning product and service information and labeling			In 2021 we have not had incidents concerning product information and labeling that would result in a warning, fine or penalty. We have experienced 2 incidents of non-compliance with voluntary codes.
<b>418</b> Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data			In 2021 we have not experienced any substantiated complaints concerning breaches of customer privacy.

# Independent Auditor's Assurance Report

To the stakeholders of Grundfos Holding A/S

We have been engaged by Grundfos Holding A/S (hereafter referred to as "Grundfos") to perform a 'limited assurance engagement,' as defined by International Standards on Assurance Engagements, and to report on Grundfos' Sustainability Report (the "Sustainability Report") for the period from 1 January 2021 to 31 December 2021.

In preparing the Sustainability Report, Grundfos applied the Accounting Principles described on pages 73-74.

## MANAGEMENT'S RESPONSIBILITIES

Grundfos' management is responsible for selecting the Accounting Principles, and for presenting the Sustainability Report in accordance with that Accounting Principles, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the prepara-

tion of the Sustainability Report, such that it is free from material misstatement, whether due to fraud or error.

## AUDITOR'S RESPONSIBILITIES

Our responsibility is to express a conclusion on the presentation of the Sustainability Report, based on our procedures and the evidence we have obtained. We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000') and additional requirements under Danish audit legislation. Those standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Sustainability Report, is presented in accordance with the Accounting Principles

Procedures performed in a limited assurance engagement vary in nature and

timing from and are less in extent than for a reasonable assurance engagement. A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Sustainability Report and related information and applying analytical and other appropriate procedures.

Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

## Our independence and quality control

We have maintained our independence and confirm that we have met the

requirements of the ethical standards under International Ethics Standards Board for Accountants' international guidelines for Professional Accountants (IESBA), which rely on general principles regarding integrity, objectivity, professional competence and due care, confidentiality, and professional conduct, and have the required competencies and experience to conduct this assurance engagement.

EY Godkendt Revisionspartnerselskab also applies International Standard on Quality Control 1, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## DESCRIPTION OF PROCEDURES PERFORMED

Our procedures included:

- Review of Grundfos' process for preparation and presentation of the Sustainability Report to develop an understanding of how the reporting is conducted within the business
- Interviewed those in charge of the Sustainability Report to develop an understanding of the process for the preparation of the Sustainability Report
- Analytical review procedures to support the reasonableness of the data
- Made inquiries to significant development in reported data

- Verified on a sample basis the information in the Sustainability Report against source data and other information prepared by those in charge
- Considered the disclosure and presentation of the Sustainability Report against the Accounting Principles

We also performed such other procedures as we considered necessary in the circumstances.

## CONCLUSION

Based on our procedures and the evidence obtained, nothing came our attention that causes us to believe that the Sustainability Report for the period from 1 January 2021 to 31 December 2021, have not been prepared, in all material respects, in accordance with the Accounting Principles described on pages 73-74.

Copenhagen, 9 March 2022

**EY Godkendt Revisionspartnerselskab**  
CVR no. 30 70 02 28

**Henrik Kronborg Iversen**  
Partner, State Authorised Public Accountant  
mne24687

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**GRUNDFOS** 