

Supplier Code of Conduct



Group Purchase



BE

Being responsible is our foundation. We know that we have a responsibility towards the people who are GRUNDFOS, towards the innovative soul of GRUNDFOS, as well as towards the surrounding world. Whatever we do, we make sure that we have a firm and sustainable basis for doing it.



THINK

Thinking ahead makes innovation possible. We encourage a certain GRUNDFOS way of thinking that is founded on the belief that everyone must contribute by using his or her judgement and foresight. We are looking for commitment and ideas in everything we do in order to make the best solutions. We think – and then we act.



INNOVATE

Innovation is the essence. It is the innovations that make GRUNDFOS unique. We stand out because of our ability to constantly create new solutions to the ever-changing demands of the pump business. We meet every challenge, and we are never afraid of taking the initiative – remaining true to our ideals is the basis for our ongoing renewal. Innovation is the soul of GRUNDFOS.

PREFACE

Corporate Social Responsibility is deeply founded on the GRUNDFOS values and we believe it to be essential when building up and developing trusting relationships with suppliers.

Considering purchase in Grundfos, we do not only have a responsibility towards the sourced products or components, we also have a responsibility towards the people and the communities we are sourcing from. This is why GRUNDFOS Group Purchase wishes to take responsibility as an active partner to inspire the group's suppliers to develop and improve and to take a responsibility themselves.

In GRUNDFOS Group Purchase we wish for our appearance to have a practical value for the suppliers that we become part of as a customer. Therefore we wish to clearly communicate our values and to select suppliers who are able to identify with our Supplier Code of Conduct and demonstrate responsible sub-supplier management. This is essential for the evaluation of the supplier, and therefore also for the opportunity to be taken into consideration as a future partner.

The purpose of this code of conduct is to ensure that suppliers to GRUNDFOS operate in accordance with internationally recognised minimum standards on human rights, labour and environment. GRUNDFOS adheres to the principles of this code and expects the same of its suppliers.

The code is not and should not be interpreted as a means to circumvent or undermine national laws or national labour inspectorates. Likewise, this code is not and should not be interpreted as a substitute for free trade unions, nor should it be used as a substitute for collective bargaining. The code establishes minimum standards and GRUNDFOS will not accept any attempt to use the requirements as a means to lower existing standards or to prevent or discourage collective bargaining.

This code of conduct is based on the United Nation Global Compact (UNGC) and the eight fundamental International Labour Organisation (ILO) conventions.

Klavs Hornum, Vice President, Group Purchase

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HUMAN RIGHTS

Business should support and respect the protection of internationally proclaimed human rights. Suppliers must not support or be supported by business partners who violate human rights. If in doubt, ask GRUNDFOS.

The supplier must inform GRUNDFOS of any human rights abuses known to him at suppliers or in GRUNDFOS' supply chain.



ETHICS

The highest standards of integrity must be expected in all business interactions and the supplier must comply with all applicable laws and regulations.

Intellectual property rights are to be respected; technology and know-how should be transferred in a manner that protects intellectual property rights.

Information related to business activities, structure, financial situation and performance, should be communicated in accordance with relevant regulations and prevailing industrial practices.

GRUNDFOS expects all suppliers not only to take full responsibility themselves to comply with this code of conduct, but also to take direct responsibility for their suppliers regarding Corporate Social Responsibility.

EMPLOYMENT PRACTICES

The supplier must offer workers a safe and healthy working environment. Adequate health and safety policies and procedures must be established and followed.

should be transparent and must never be used as a disciplinary measure.

The supplier must offer employees protective equipment and training necessary to perform their tasks safely.

All workers should have a written, understandable, and legally binding labour contract. The supplier should not rely on parttime, shortterm or casual labourers, trainees, or false apprenticeships to pay lower wages and fewer benefits.

The supplier must provide a suitable, clean and healthy infrastructure, including access to toilets and drinking water adequate to the number of employees. Accommodation, if provided by the supplier, should meet the same requirements as stated above.

The supplier should grant employees paid holidays and if required, sick leave every year, as well as parental leave. Women on maternity leave must not be fired or threatened with dismissal, and must be free to return to their former employment at the same rate and benefits.

The supplier must protect workers from any form of harassment at the workplace, whether committed by managers or colleagues.

The supplier must ensure that the working week is limited to maximum 48 hours. Overtime must be voluntary, infrequent, and not exceed 12 hours per week. Employees are entitled to at least one day off per week, and must be given reasonable breaks during work hours.

The supplier must observe legal minimum standards or industry benchmark standards concerning wages and benefits. Overtime should be paid for at a premium rate. Wages must be paid on a regular basis. Deductions from wages

The supplier must respect the privacy rights of staff.

ENVIRONMENT

The supplier must strive to minimise harm on the environment caused by their activities.

The use of scarce natural resources, emissions, noise, odour and dust, as well as soil contamination, dangerous substances, product issues (design, packaging, transport, use, recycling) and other similar issues.

The supplier must be aware of current laws relevant to the environmental impacts of the company's activities, products and service, and ensure legal compliance through training, awareness, operational control and monitoring.

In addition, the supplier is expected to handle waste in a responsible way and continuously improve the overall environmental performance.

The supplier should actively limit:

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If the supplier is employing children of school age, he must offer the children compensating programmes, including education and financial support in co-operation with the child and its family or next of kind.

Where permitted by national laws, the suppliers may employ children between 12 and 15 years to perform a few hours of light work per day. The work must not interfere with the children's education.

Apprenticeship programmes for children below the minimum age of employment must be paid for and clearly aimed at training.

The supplier must not hire young workers (below 18 of age) to perform any type of work that could jeopardise their health, safety or morals.

The supplier must not discriminate on the basis of race, colour, sex, language, religion, political or other opinions, caste, national or social origin, property, birth, union affiliation, sexual orientation, health status, family responsibilities, age, or disability. Hiring, payment, benefits, training, advancement, discipline, dismissals, retirement should be based on objective criteria.



LABOUR STANDARDS

The supplier must not interfere with the workers' right to form and join unions or to bargain collectively. Workers representatives must have access to employees and the workplace. The supplier must bargain in good faith with workers' representatives regarding all important workplace concerns.

If only state authorised organisations are allowed, the supplier should facilitate alternative measures to allow employees to gather independently to discuss workrelated matters.

The supplier must not participate in, or benefit from, any form of forced labour. The supplier must not withhold the identity cards, travel documents and other important personal papers of its employees.

The supplier must not engage in child labour. The minimum age for employment must not be less than 15 years (or 14 years where established by national laws).

ANTI-CORRUPTION

The supplier must refrain from bribing. If the supplier is faced with any form of bribery among their business partners, they must inform GRUNDFOS Immediately about the case.

advantage in order to obtain or retain a business or other advantages from a third party, whether public or private. Nor must the supplier accept any such advantage in return for any preferential treatment of a third party.

In all activities, the supplier must never, directly or through intermediaries offer or promise any personal or improper



COMMUNITY IMPACTS

The supplier should avoid involvement or complicity in human rights violations in interactions with state security forces. Furthermore, the supplier should not participate in or benefit from improper, forced relocations, and must compensate adequately for legitimate relocations.

The supplier must establish and maintain emergency procedures to prevent all health emergencies and industrial accidents affecting the surrounding community or the environment.

Before purchasing land and/or buildings, the supplier should seek consent from all legal owners.

BE > THINK > INNOVATE >

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Thinking ahead makes it possible
Innovation is the essence

GRUNDFOS MANAGEMENT A/S

Poul Due Jensens vej 7
8850 Bjerringbro
Denmark

www.grundfos.com

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