**PREFACE**

Grundfos is a global leader in advanced pump solutions and a trendsetter in water technology. We pioneer solutions to the world’s water and climate challenges and improve quality of life for people.

As a company operating across cultures and traditions, in a wide range of jurisdictions with their own laws and regulations, we are dedicated to sustainable business practices. As an important part of our journey to achieve this, we are committed to developing a culture that supports and respects global human rights, labour rights, environmental best practice and scrupulous business honesty. It follows that we expect all our employees to comply with the law and act ethically at all times.

Just as we stipulate standards of ethical practice for ourselves in a formal Code of Conduct, we have a Supplier Code of Conduct that establishes related requirements for all of our suppliers. We expect them to share our approach to ethics, human rights and protecting the environment. We believe this is essential in building and developing trusting relationships with our suppliers.

We consider collaboration with our suppliers to be an integral part of our success and we look forward to working with them to develop more sustainable business practices for us all.

Our promise to uphold the highest standards is not just talk — we have a whistleblower system that is available to our staff and to our business partners. Suppliers who believe that a Grundfos employee, or anyone acting on behalf of Grundfos, has engaged in illegal or otherwise improper conduct, should report the matter to the company. This can be done through [Grundfos whistleblower reporting system](http://grundfos.whistleblownetwork.net).

**A. GENERAL PROVISIONS**

Grundfos is a company with strong values, high ethical standards and a reputation built on honesty and integrity. This Supplier Code of Conduct reflects Grundfos’s Code of Conduct in extending our standards of good business ethics to our supply chain.

We always expect suppliers to comply with applicable national and international laws and regulations, as well as internationally recognised human rights.

We expect Grundfos suppliers to comply with the Grundfos Supplier Code of Conduct. This Supplier Code of Conduct is in addition to besides applicable laws and general principles of law built on the UN Guiding Principles on Business and Human Rights, the UN Global Compact and the International Labour Organisation (ILO) Conventions.

We expect Grundfos suppliers to have the necessary procedures and systems in place to comply with this Code of Conduct, including preventing and mitigating modern slavery and human trafficking in their own supply chain.
B. HUMAN RIGHTS

Grundfos suppliers shall be in compliance with applicable laws and regulations in regards to human rights. Grundfos suppliers are expected to respect human rights and not to be directly or indirectly involved in any human rights violations at any stage of their business activities. To achieve this, the supplier is expected to conduct its own due diligence. In addition to that, we have certain requirements on specific human rights, as defined below.

Working Hours

The supplier shall ensure that working hours—including regular working hours, overtime, days of rest and breaks—are in compliance with applicable laws and regulations in the relevant country. Where legislation does not specify a limit for regular working hours, that limit shall be set to 48 hours per week.

Overtime hours shall be within the limits of applicable laws and regulations, or a total of 60 hours per week including both regular and overtime hours, whichever is the lesser. All persons shall be entitled to an uninterrupted weekly rest period of no less than 24 hours in the course of each period of seven days.

Child Labour and Employment of Minors

Suppliers shall not recruit or employ child labour. The minimum age of workers shall be 15 years or the minimum age set by the national laws in the country of manufacturing, whichever is higher. Young workers, meaning those above the minimum age and below the age of 18, may only be employed for non-hazardous work and shall not be employed during night hours.

The facility may employ persons between 13 and 15 years of age only if the conditions are in accordance with all applicable elements of ILO Convention 138 and other relevant ILO conventions.

Forced Labour

Any form of forced labour is strictly prohibited. The supplier shall not use or benefit from any form of forced labour and/or human trafficking, including but not limited to:
- Any form of bonded, indentured and/or prison labour;
- restriction on freedom of movement;
- retaining of important original personal identification documentation; and
- any other excessive means to prevent employees from terminating employment at will.

Discrimination, Fair and Equal Treatment

Any form of discrimination is strictly prohibited. The supplier shall base employment decisions on merit and qualifications. The supplier shall not discriminate on the basis of race, colour, religion or creed, gender or gender expression, age, national origin or ancestry, medical condition, marital status, sexual orientation, mental or physical disability or social status. Any form of physical, psychological, verbal, sexual or any other kind of harassment is also prohibited.

Freedom of Association and Collective Bargaining

The supplier shall respect the workers’ right to join or form unions and to bargain collectively, or the right not to join one if that is the case. If freedom of association and collective bargaining is restricted by laws and regulations in the relevant country, the employees shall be free to develop parallel means for independent and free association and collective bargaining.

Wages and Benefits

The supplier shall provide wages and benefits that comply with applicable laws and regulations and/or applicable collective bargaining agreements in the relevant country, which includes basic wages, benefits and overtime. Wages shall be paid on time and within the timeframe and form agreed, or following local laws and regulations. Deductions shall always be transparent and never used as disciplinary measures.

Employment Conditions

The supplier shall comply with all the requirements of local laws and regulations in the relevant country in regards to employment contracts. In the absence of laws and regulations, the supplier shall provide a written employment contract that outlines the terms of employment. The supplier shall provide all the benefits required by the local laws and regulations in the respective country including and not limited to annual leave, maternity and paternity leave and social security where applicable. Apprenticeships and temporary and alternative employment schemes shall not be used to circumvent employment benefits.
We expect that our suppliers proactively manage their major environmental risks and most relevant aspects (e.g., materials/packaging, energy, water, emissions/effluents). Environmental risk management should as a minimum include mapping of the major risks and implementation of risk mitigation actions. Management of the most relevant environmental aspects should as a minimum include problem identification and implementation of actions to reduce negative environmental impacts.

D. ENVIRONMENT

We expect that our suppliers systematically on providing workers with safe and healthy work conditions. This includes, as a minimum, that safety incidents are recorded and that suppliers pro-actively work on reducing hazards beyond the legal obligation, if relevant, to protect the health and safety of employees. Hazards include, but are not limited to: occupational health and safety, emergency readiness, and access to clean water, sanitation and hygiene facilities.

E. BUSINESS ETHICS & INTEGRITY

Grundfos operates in many different countries, and across cultures, traditions, local laws and regulations and has a strong commitment to developing and maintaining good business ethics. We also expect this commitment from our suppliers.

Anti-bribery

Any form of bribery is strictly prohibited. Suppliers shall not solicit, accept, offer or pay bribes or facilitation payments during the performance of their business dealings.

Confidentiality, Data Protection and Data Security

Suppliers shall:

• Ensure that confidential information or personal data provided by Grundfos and others on behalf of Grundfos is used solely as explicitly permitted and in accordance with applicable laws and regulations. This also applies after the business relationship with Grundfos ends, and when relevant, complies with EU regulation on processing of data and IT security when dealing with Grundfos.

Intellectual Property Rights

Suppliers shall ensure that intellectual property of Grundfos and other third parties, including but not limited to copyrights, patents, designs and trademarks, are used and licensed to Grundfos in accordance with relevant agreements, as explicitly permitted and in accordance with applicable laws and regulations.

Export Control & Sanctions

Suppliers shall comply with all applicable export, re-export and import laws and regulations.
F. ASSESSMENTS AND CORRECTIVE ACTIONS

Grundfos expects suppliers to be able to demonstrate their compliance with the Grundfos Supplier Code of Conduct. Grundfos deploys the following Supplier Code of Conduct performance evaluation tools:

• Off-site Assessments:
The Supplier commits to providing clear evidence of compliance to this Code of Conduct on request in an electronic format. A 3rd party service provider appointed by Grundfos will handle the online assessment and the Supplier is wholly responsible for subscribing to the service in order to complete the assessment process. The Supplier must fill in all information required and submit any documentation in support of their application. The Supplier has 4 weeks in which to submit a reply, unless Grundfos approves a request for extending this deadline.

• On-site sustainability audits:
Grundfos conducts on-site audits and follow-up audits. The initial audits will usually be announced, while follow-up audits may be unannounced. The supplier must prepare for and provide on-site auditors with the necessary documentation and access to workers for interviews. Sustainability audits are carried out by either Grundfos or a 3rd party on behalf of Grundfos. Any 3rd party auditor acting on behalf of Grundfos is subject to an obligation of confidentiality.

G. IN CASE OF NON-COMPLIANCE WITH THE CODE

Grundfos can terminate the agreement with the supplier due to the seriousness of an issue or repeated non-compliance with the Grundfos Supplier Code of Conduct.

H. GRUNDFOS RESPONSIBILITIES

We aim to improve performance in regards to the Grundfos Supplier Code of Conduct in our existing supplier base. Therefore, we will offer training about the relevant sustainability issues for selected suppliers and groups of suppliers. We will always communicate our expectations to our suppliers. We consider suppliers’ performance on the Grundfos Supplier Code of Conduct as part of our evaluation of the supplier and create incentives to improve supplier performance. Grundfos will follow up on the outcome of sustainability audits and communicate expected actions to the supplier. Grundfos will ensure that reports and records used to assess suppliers’ Code of Conduct performance are treated as confidential.

Material Compliance and Conflict Minerals

Suppliers shall:
• Ensure that all goods delivered to Grundfos comply with all applicable laws and regulations regarding the prohibition and restriction of substances, including hazardous substances and conflict minerals; and
• upon request and in a timely manner provide to Grundfos relevant and reasonable information about the substances in the delivered goods via designated platforms specified by Grundfos.

Fair Competition

Suppliers shall conduct their business in line with all applicable competition laws and regulations.