

Group Purchasing

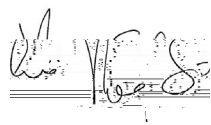
Grundfos is a global leader in advanced pump solutions and a trendsetter in water technology. We pioneer solutions to the world's water and climate challenges and improve quality of life for people.

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) (<http://grundfos.whistleblownetwork.net>)



*Group Senior Vice President
Group Purchasing*



*Senior Director
Head of Group Sustainability*

Grundfos is a company with strong values, high ethical standards and a reputation built on honesty and integrity, articulated in the Grundfos Code of Conduct. It is our ambition to ensure our supply chain complies to the same high standards, described in the Supplier Code of Conduct. The document addresses e.g. responsible business conduct and good business ethics.

We expect all Grundfos suppliers to comply with the Grundfos Supplier Code of Conduct and applicable national and international laws and regulations, as well as internationally recognised human rights. In addition to applicable laws and general principles of law, this Supplier Code of Conduct is built on the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the UN Global Compact.

We are committed to respecting human rights set out in the International Bill of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. The commitment reflected in the Code is in alignment with Grundfos Human Rights Policy.

Where differences exist between national legislation and international standards, suppliers shall seek ways to adhere to the highest standard, always in respect of local law.

We expect Grundfos suppliers to have the necessary policies, processes and monitoring systems in place to comply with this Supplier Code of Conduct, including but not limited to preventing and mitigating modern slavery and human trafficking in their own operation, business relationships and supply chain.



Grundfos suppliers shall be in compliance with applicable laws and regulations in regard 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 appropriate to its size and circumstances to prevent and address impacts on human rights linked to its business activity. 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.

The below guidelines are to be adhered where legislation is not specific:

- Regular working hours: the limit shall be set to 48 hours per week.
- Working hours including overtime: the limit shall be set to 60 hours per week. This limit may only be exceeded in emergencies or exceptional situations.

All workers are entitled to at least 24 consecutive hours of rest in every seven day period.

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.

This requirement shall be included in suppliers' employment policy, and measures for age verification and process for remedy in case of violations of the policy shall also be maintained. All legal requirements regarding employment of young workers, meaning those above the minimum age and below the age of 18, shall be followed. They should be protected from any hazardous work, night shift and any kind of work that might potentially harm workers' health and safety.

Young workers shall receive proper training and wages in accordance with applicable laws and regulations. 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, and this is not in contravention of local legislation.

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;
- Labour or services under the influence of threat, coercion, abduction or fraud, including mandatory overtime;
- Restriction on freedom of movement;
- Retaining of important original personal identification documentation or immigration documentation;
- Charging or using an employment agency that charges recruitment fees and other fees to workers; and
- Any other excessive means to prevent employees from terminating employment at will.

Discrimination and Equality

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. The rights of workers most vulnerable to discrimination shall be given additional attention. All individuals shall receive fair and equal treatment. Suppliers are encouraged to create and implement policies and procedures that embrace diversity, equity and inclusion practices.

Harassment

Supplier shall commit to a safe and inclusive workplace free of abuse and harassment. Any harsh or inhumane treatment or the threat of such treatment, including but not limited to physical, psychological, verbal, sexual or any other kind of harassment shall be 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. Employees and/or their legitimate representatives shall be provided with an open and cooperative environment to share ideas or concerns with management without fear of discrimination, harassment or reprisal.



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. Suppliers shall provide workers with understandable written statements that clearly define their work hours in each pay period, the compensation rate, and standard deductions. 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, meeting industry standards or applicable collective bargaining agreements in the relevant country. Contracts are required to be in a language understandable to workers, mutually agreed and signed by employers and their workers.

Any changes should be agreed upon in writing. In case workers relocate to other countries for employment, the contracts are required to be provided to workers before they depart from their country of origin. 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.

Suppliers shall ensure to respect the rights of the local communities and indigenous people wherever they operate, develop or implement projects, especially the rights to land and natural resources. Grundfos encourages its suppliers to actively engage with local community members and further promote similar requirements to their suppliers and business partners.

Grievance Mechanism and Remedy

Suppliers are encouraged to have mechanisms in place and made available to employees, workers in the supply chain, individuals, communities and their representatives to raise concerns without fear of reprisal or retribution. These concerns shall be thoroughly investigated and result in timely and fair solutions to potentially affected stakeholders. The procedure should ensure grievances can be raised anonymously, if necessary. Further, suppliers should prevent any action to retaliate against employees, individuals and/or community members who use the system in good faith. Suppliers and their employees are also encouraged to raise questions or concerns to our anonymous reporting system, Grundfos whistle-blower platform, if they suspect that any of Grundfos employees do not act in adherence with this Supplier Code of Conduct or its own Grundfos Code of Conduct.

We expect that our suppliers, in line with Grundfos's ambitions, work 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.

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.

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-corruption

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

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.



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.

Suppliers must only offer entertainment, gifts and personal benefits to Grundfos employees if they meet all the following criteria:

- The entertainment, gifts and personal benefits are compliant with local customs and usual business practices;
- The entertainment, gifts and personal benefits cannot be construed as a bribe, or otherwise given in exchange for a service;
- The entertainment, gifts and personal benefits do not violate any laws, regulations or internal rules of the supplier;
- The entertainment, gifts and personal benefits would not seem inappropriate if disclosed publicly; and
- Suppliers who arrange events must not offer to pay travel and overnight expenses for Grundfos employees attending such events.

Suppliers shall comply with all applicable export control, customs and foreign trade regulations. Traded goods or services must be in conformance with national and international foreign trade and customs requirements, including any embargos, sanctions or directives.

Suppliers shall:

- Ensure that all final products, parts and components delivered to Grundfos comply with all applicable laws, regulations and directives regarding the prohibition and restriction of substances, including hazardous substances, and requirements as set out in the latest version of the Grundfos Focus List (available at <https://www.grundfos.com/about-us/our-partners/suppliers?tab=chemical-compliance>), which bans or restricts the use of certain chemical substances in Grundfos products, Grundfos production processes and at Grundfos facilities.
- Upon request and in a timely manner provide to Grundfos relevant and reasonable information about the substances in the final products, parts, and components delivered to Grundfos via designated platforms or communication channels specified by Grundfos.

Suppliers shall:

- Ensure that all final products, parts, and components delivered to Grundfos comply with all applicable laws and regulations regarding the responsible sourcing of minerals from conflict-affected or high-risk areas; and
- Reasonably assure that all conflict, or responsible minerals or metals including but not limited to tantalum, tin, tungsten, gold, cobalt and mica in the final products, parts and components delivered to Grundfos do not directly or indirectly benefit armed groups that commit human rights abuses in conflict affected and high-risk areas; and
- Conduct due diligence to mitigate the social and environmental impacts of extraction and processing of any conflict, high-risk or responsible minerals or metals in their supply chain; and
- Upon request and in a timely manner provide to Grundfos all documentation and supporting evidence about the due diligence measures including substances in the final products, parts and components delivered to Grundfos via designated platforms or communication channels specified by Grundfos.

Fair Competition

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



Grundfos expects suppliers to be able to demonstrate their compliance with the Grundfos Supplier Code of Conduct. If the Supplier is selected for sustainability assessment (online) or sustainability audit (on-site), it must go through the process. Sustainability assessments and audits cover the areas of Environment,

Grundfos can terminate the business relationship or the agreement with the supplier due to the seriousness of an issue or repeated non-compliance with the Grundfos Supplier Code of Conduct, especially but not limited to expectations described under section F. Assessment and Corrective Actions.

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.

This version of the Supplier Code of Conduct supersedes and replaces its previous versions published earlier. Any reference to the Grundfos Supplier Code of Conduct in any documentation or contracts with the supplier is intended to refer to this version of the Supplier Code of Conduct.

