

SUPPLIER CODE OF CONDUCT

THE GRUNDFOS PURPOSE

Grundfos is a global leader in advanced pump solutions and a trendsetter in water technology. We contribute to global sustainability by pioneering technologies that improve quality of life for people and care for the planet.

PREFACE

In Grundfos, social responsibility and sustainability are deeply founded in our values. We believe this to be essential when building and developing trusting relationships with our suppliers.

When considering purchase, we not only have a responsibility towards the sourced products and components. We also have a responsibility towards the people and the communities we are sourcing from all the way through the supply chain. We therefore want to take responsibility as an active partner to inspire our suppliers to develop and improve and to take a responsibility themselves.

With this Supplier Code of Conduct we communicate to our suppliers that we expect them to operate in accordance with internationally recognised minimum standards in relation to human rights, labour rights, environment and anti-corruption. Acceptance of and compliance with this Supplier Code of Conduct is an integral part of a supplier's Framework Agreement with Grundfos. In Grundfos we adhere to the principles of this code and expect the same of our suppliers.

The suppliers must comply with all applicable local and international laws, regulations and standards. The Supplier Code of Conduct is not and should not be interpreted as a means to circumvent or undermine national laws or regulations. The Supplier Code of Conduct establishes minimum standards and cannot be used as a means to lower existing standards. The Supplier Code of Conduct is based on the United Nation Global Compact and the internationally proclaimed human rights and the ILO Declaration on Fundamental Principles and Rights at Work.

All suppliers must strive for continued improvement within all areas of this Supplier Code of Conduct.

Klavs Hornum,
Group Vice President, Group Purchase

DEPLOYMENT

This Supplier Code of Conduct applies to all Grundfos suppliers. The suppliers are also responsible for ensuring that their sub-suppliers comply with this code.

We wish to influence our suppliers to contribute to responsible and sustainable development and to demonstrate responsible sub-supplier management, like we do ourselves. We therefore expect our suppliers to actively take responsibility for not only their own actions and activities, but also for their suppliers. The suppliers are furthermore expected to monitor and evaluate their sub-supplier portfolio continuously to ensure that standards are maintained. In Grundfos, we wish to refrain from sourcing in conflict areas and from engaging in unethical sourcing strategies, and we encourage our suppliers to do the same.

Suppliers must inform Grundfos if there are conditions prevailing in their own or sub-suppliers' operations that are not in compliance with this Supplier Code of Conduct.

In Grundfos, we may conduct announced audits at the supplier's sites in order to verify that the supplier is in compliance with the Supplier Code of Conduct. These audits may be performed either by Grundfos employees or by a third party auditor chosen by Grundfos. In connection with an audit, suppliers shall be prepared to provide Grundfos access to all relevant and reasonably requested information and documentation.

CHILD LABOUR

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

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 the age of 18) to perform any type of work that could jeopardise their health, safety or morals.

FORCED LABOUR

The supplier must not participate in, or benefit from, any form of forced or compulsory labour.

The workers must have the freedom of movement during the course of their employment. The supplier must not withhold the identity cards, travel documents and other important personal papers of its employees, thereby preventing the employees from ending their employment.

DISCRIMINATION

The supplier must not discriminate on the basis of race, gender, 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. The supplier must protect workers from any form of harassment at the workplace, whether committed by managers or colleagues.

THE RIGHT TO ORGANISE AND COLLECTIVE BARGAINING

The supplier must recognize the workers' right to form and join unions and to bargain collectively. The workers must be free to elect worker representatives or spokespersons who must have access to employees and the workplace. The supplier must bargain in good faith with worker representatives regarding all important workplace concerns.

If only state-authorized organisations are allowed, the supplier should facilitate alternative measures to allow employees to gather independently to discuss work-related matters.



WORKING HOURS, WAGES AND BENEFITS

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 ensure that workers are paid a decent living wage and at least the minimum wage required under local law and regulations. Overtime should be paid for at a premium rate. Wages must be paid on a regular basis. Deductions from wages should be transparent and must never be used as a disciplinary measure.

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

COMMUNITY IMPACT

The supplier is expected to take responsibility for its surrounding community. This for example means that 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.

WORKING ENVIRONMENT

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

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

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.

ANTI-CORRUPTION

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

The supplier must never, directly or through intermediaries, accept or offer bribes. A bribe is a payment of anything of value – money, products, services, extravagant gifts or entertainment– made to a public official or an employee of a commercial partner in order to secretly influence his behaviour and thereby improperly obtain or secure business.

The suppliers shall also refrain from offering expensive gifts and extravagant entertainment to Grundfos purchasers or other employees at Grundfos in an attempt to influence business decisions.



ENVIRONMENT

The supplier must ensure compliance of applicable laws and regulations regarding the protection of the environment.

Furthermore, the supplier is expected to actively limit the use of resources as much as possible covering all activities from raw materials to the products' end of life. This includes minimizing the use of raw materials, energy, water and chemicals, handling waste in an environmentally responsible way and recycling materials as much as possible.

The supplier is expected to continuously improve its environmental performance all the way through the value chain by means of operational control and monitoring and by focusing on awareness and training. E.g. by measuring and setting targets for reduction of CO₂ emission by obtaining an ISO 14001 certification and working dedicatedly with this.

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