

2023 Sustainability Report

GRUNDFOS 

Possibility in every drop

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About the report

This report provides a comprehensive overview of our activities and covers Grundfos Holding A/S and Grundfos Group including all subsidiaries, unless otherwise noted.

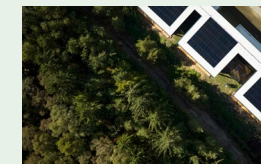
We have been publishing Sustainability Reports since 1999 and this is the latest version, published 27 February 2024.

Together with the Grundfos Annual Report, this report constitutes Grundfos' UN Global Compact Communication on Progress (COP) and our CEO Water Mandate Report. Our Sustainability Report ensures compliance with the requirements of Section 99a of the Danish Financial Statements Act on corporate social responsibility.

Data in this report covers the period between 1 January and 31 December 2023, unless otherwise noted. The report groups topics relevant to our stakeholders into four main areas: introduction (governance), environmental impact (environmental), social impact (social) and our business ethics. The basis for the restatement of previously reported data, relevant calculation methodologies and data limitations are explained where applicable. We base our reporting on the best available data. Methods and data collection are maturing and improving, which is a development that will continue.

For further information or questions regarding the Grundfos Sustainability Report, reach out to us at sustainability@grundfos.com.

For further information about Grundfos and sustainability, visit www.grundfos.com/sustainability.



Frontpage photo:

Grundfos' new office and lab building in Bjerringbro, Denmark. The building is designed to minimise its carbon footprint.

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Introduction

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CEO Letter

At Grundfos, we believe water is the most essential resource on the planet. Yet to realise its potential and transition to a water-secure, net-zero future, the world faces several challenges. Amongst these are the need to move more water while using less energy, increase our resilience to the impacts of climate change, and improve access to water for all. These are global challenges and Grundfos is committed to playing our part in solving them.

Water is at the core of our business, and we are guided by our principles of protecting, respecting and advancing the flow of water. These principles underpin our approach to products, solutions, innovation, and partnerships. For example, reducing the amount of water needed in our own operations and enabling our customers to better recycle and reuse precious resources.

Grundfos remains committed to achieving net zero in line with the Paris Agreement. In 2022, we became the first company in the water sector to have its

net-zero target for 2050 approved by the Science Based Targets initiative (SBTi), and in 2023, we built on this milestone by further developing a comprehensive decarbonisation roadmap. Through collaboration with our customers, suppliers, and other partners across sectors, we will drive concerted action towards our ambitious net-zero target and live up to our purpose to pioneer solutions to the world's water and climate challenges and improve the quality of life for people.

Improving the quality of life is critical to Grundfos fulfilling its purpose. Grundfos also recognises that respect for human rights plays a crucial role in creating a workplace that promotes diversity, equity, and inclusion (DE&I), as well as one that prioritises the health, safety, and wellbeing of our employees. Embedding a human rights mindset into daily decision-making is not only the right thing to do, it is also key to our success as a sustainable business and a way of contributing to the development of society.

We strive to provide transparency and reliable data in our sustainability reporting. It is one of our core values to be open and trustworthy: we say what we do, and we do what we say. By taking responsibility for our actions and working together, we contribute to solving the world's most pressing sustainability challenges in a better way. Through our commitments and actions, Grundfos is taking a leading role in addressing these challenges. We continue to support the UN Global Compact and recognise that only together can we achieve our greatest ambitions and goals and solve the most urgent challenges of our time.

Best wishes,



Poul Due Jensen
Group President, CEO

WE SUPPORT



“At Grundfos, we believe water is the most essential resource on the planet.”

2023 Key Achievements

9.5% emissions reduction

CLIMATE

Since the baseline year 2020, Grundfos has reduced CO₂e emissions by **11.7%**. Compared to 2022 we have reduced emissions by **9.5%**.

7% reduction in water withdrawal

WATER

We reduced our water withdrawal by **7%** compared to 2022, and reached **96%** progress to our 2025 target.

109% increased take-back

CIRCULAR BUSINESS

134,098 kg pumps returned for recycle programme in 2023, which is a **109%** increase compared to 2022 figures.

PPA for onshore wind

RENEWABLE ENERGY

Grundfos has signed a power purchase agreement to cover 80% of Grundfos' power consumption in the EU with renewable energy from 2025.

7m people reached

WATER ACCESS

In 2023, our sold pumps provided basic water access to **2m** people via NGO partners and an estimated **5m** people through standard sales operations.

Sustainability in leadership remuneration

GOVERNANCE

Implemented our **new sustainability scorecard** and integrated total **carbon emission reduction** into executive and senior leadership remuneration.

25% women leaders

DIVERSITY, EQUITY & INCLUSION

In 2023, we continued to increase the share of women leaders by one percentage point, approaching our 2025 target of **27%** women in leadership positions.

DKK 700,000 to Water2Life

EMPLOYEE & COMMUNITY ENGAGEMENT

DKK 700,000 donated by our employees and Grundfos to **Water2Life** programmes across the world.

Employee Motivation Score of 78

EMPLOYEE MOTIVATION SURVEY

We reached our **2025 target** for employee motivation with the score of **78** in our 2023 employee motivation survey.

EcoVadis Gold medal

SUSTAINABILITY RATING

In 2023 we received an EcoVadis gold medal placing Grundfos in the **top 5%** of all rated companies.

19,937
Number of employees

65
Number of countries

158
Entities representing
the Grundfos Group

4.3
EBIT in billion DKK

We are Grundfos

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

Operating globally, supported by a team of close to 20,000 employees, Grundfos serves a wide range of applications across four divisions: Commercial Building Services, Domestic Building Services, Industry and Water Utility. Together, we provide our customers and end users with intelligent and energy-efficient solutions to meet their everyday needs.

Starting with pumps 79 years ago, our product portfolio has diversified to also cover water treatment solutions and technologies.

Saving water and energy in water treatment

Water treatment plays a pivotal role in numerous industrial processes. As part of Grundfos' Group 2025 ambition, we have been on a journey to become a strong, global water treatment solutions provider, increasing our collective impact and taking on critical global challenges towards water treatment and water reuse. We support industrial customers in becoming more sustainable and delivering on their water and energy efficiency plans. We see many unexplored opportunities to enhance water

efficiency and lower energy consumption, and this is where we can drive significant impact using our best-in-class technology and unique service capabilities. In recent years, Grundfos has expanded our portfolio of water treatment solutions by bringing new companies into the Grundfos Group:

Eurowater has a strong position in process and drinking water, providing a world class value proposition to especially our European customers.

MECO has a global presence in pharmaceutical water treatment owing to its proprietary vapour compression technology, deep process knowledge and experience, and proven ability to offer reliable solutions to customers.

Water Works has brought a complimentary product portfolio with smaller capacity, high purity water systems and superior service capabilities in California.

Our promise

To respect, protect and advance the flow of water

Our values

We have six core values that guide our behaviour in line with our purpose.



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.



Open & 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.



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.



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.



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.



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.

Our Four Divisions



Commercial building services

CBS serves a multitude of customers within commercial buildings services with reliable and high-technology products and solutions, as well as a range of services, including energy and system optimisation. CBS works dedicatedly to helping commercial buildings' end users reach their water and climate ambitions, while respecting, protecting and advancing the flow of water.



Domestic building services

DBS serves OEMs, distributors, installers, and homeowners with some of the world's most energy-efficient pumps and solutions for domestic homes. DBS develops, produces, and sells smaller domestic pumps and solutions for single-family housing and residential buildings, serving six domestic applications in heating, HVAC OEM, domestic hot water, boosting, drainage, and wastewater. The DBS division aspires to offer homeowners the most attractive choices for sustainable homes and comfortable lives.



Industry

The IND division delivers a wide range of premium quality products, solutions, and services based on pumping and water treatment systems. IND optimises industrial utilities and industrial processes, covering areas such as water treatment or water reuse, system integration, energy and process optimisation, and liquid composition, as well as delivering value-adding digital solutions. The division helps industrial customers and end users globally reach their water and climate ambitions while maximising their output.



Water utility

WU provides intelligent, sustainable pumping and solar-powered solutions aimed at optimising water management in groundwater and irrigation, clean water distribution, wastewater collection and transport, as well as water intake. Furthermore, the division has dedicated a specific strategic business unit, SafeWater, to transforming underserved communities through commercially viable and sustainable water solutions in close collaboration with strategic partners. WU is committed to transforming challenges into opportunities, pioneering innovation, and delivering consistent value.

Sustainability at Grundfos

Sustainability and a deep-rooted respect for people and planet has always been at the core of our business.

Sustainability remains ingrained in how the company operates and constitutes a fundamental component in our 2025 business strategy. We continue to improve our approach to sustainability to ensure we manage sustainability impacts across our value chain, address the needs of our stakeholders, and continue to drive positive social and environmental change in the areas where we operate.

Grundfos' sustainability framework

Aligned with our 2025 business strategy, our sustainability framework guides the approach we take to sustainability across our operations. Our Sustainability Council governs the implementation of

the sustainability framework and initiatives across the business.

The framework outlines our four ambitions – **saving energy, saving water, circular business and water access** – which are the areas where we want to take a leadership role and where we believe we have the greatest impact.

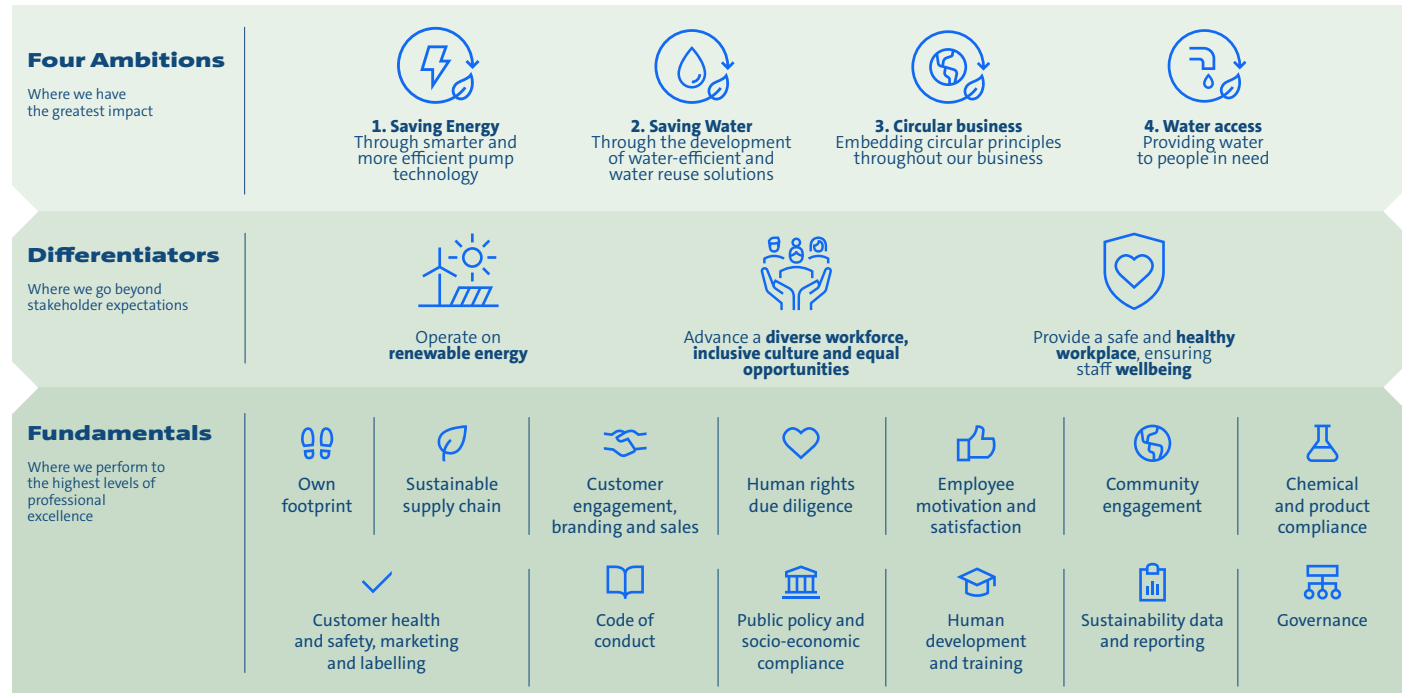
Next are our differentiators, where we aim to deliver beyond the expectations of our stakeholders. Underpinning all of this, our fundamentals describe the areas where we will perform at the highest level of professional excellence – from respect for human rights and a sustainable supply chain to sustainability governance, data and reporting.

Taken together, our four sustainability ambitions set Grundfos' course in the ongoing development of our products and solutions.

Importantly, our sustainability ambitions are fully aligned with the commitments we have made to international standards and regulatory frameworks such as the SBTi, the UN Global Compact and the Paris Agreement. We also recognise the value of the United Nations Sustainable Development Goals (UN SDGs).

We have identified two SDGs where we have the most positive impact through our operations and wider influence. These are Goals 6 (Clean water and sanitation) and 13 (Climate action).

Grundfos Sustainability Framework



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.

Sustainability Governance & Strategy

Our approach to sustainability is strictly governed to ensure that we deliver on our commitments across the business. Ultimately, this enables us to maximise our impact on the global transition to an equitable, sustainable, and resilient future.

Our approach

Sustainability governance at Grundfos is anchored within the Board of Directors and flows through Group Management and our Sustainability Council into Group functions and Divisions.

Board of Directors – Oversees strategy and its implementation. The Audit Committee oversees progress on sustainability ambitions and KPIs as well as Grundfos' compliance with sustainability-related legal and reporting requirements.

Group Management – Group Management is responsible for setting the strategic direction of

Grundfos' sustainability strategy and allocating the appropriate resources to ensure its delivery. It is also responsible for signing off targets and associated initiatives to support the delivery of our strategy.

Sustainability Council – This is composed of nine senior leaders, representing Grundfos' Group functions and divisions. Chaired by our Vice President of Sustainability, External Relations, and Communications, the Council meets six times a year to coordinate and align on Grundfos' sustainability agenda, with members being responsible for ensuring that progress is made towards the goals and targets. The Council meetings



We want our entire workforce to be engaged in sustainability. As a result, we promote education on sustainability matters through our internal learning platform, the Sustainability Toolbox.

This online, one-stop shop for sustainability information supports all our employees with the integration of sustainability across our organisation.

Through the voluntary training available in the toolbox, our employees have access to the most up-to-date information about Grundfos' approach to sustainability.

include key subject matter experts and members of functional leadership to ensure that progress across all areas is reviewed to identify any areas for improvement.

The Council assesses and manages sustainability-related risks, impacts and opportunities associated with the delivery of the strategy. Progress and key risks, impacts and opportunities are communicated to Group Management, with recommendations on the strategic direction of the sustainability strategy.

Group Sustainability – At the foundation of our sustainability governance structure is Group Sustainability, which comprises functional leads for

Grundfos' key sustainability efforts. They lead the implementation of our Sustainability Framework and Ambitions, and advise the Sustainability Council through regular updates on progress made towards the achievement of key targets. Group Sustainability furthermore oversee the alignment with key global regulations, standards and frameworks such as the EU Corporate Sustainability Reporting Directive (EU CSRD) and the Science Based Targets initiative (SBTi). Group Sustainability also act as subject matter experts, providing support to Group functions and divisions on planning and executing roadmaps, initiatives and activities in line with Grundfos' strategy.

Our progress in 2023

We continuously work to improve our processes and accountability to ensure we keep pace with the ever-changing world around us. In 2023, we refined and strengthened our focus within sustainability by reinforcing the governance structure for each of our four ambitions and for our key sustainability initiatives to ensure effective progress, impact and accountability.

In 2023, we have taken the first steps towards aligning with the EU CSRD. We assessed the overall maturity of our sustainability governance and reporting setup, completed our first double materiality assessment, and undertook an in-depth gap analysis of our CSRD-reporting readiness.

2023 was also the year for Grundfos to conduct our first EU Taxonomy eligibility assessment.

To ensure alignment and effectiveness, the Council meeting participant group has also been extended to include key subject matter experts and members of functional leadership. By covering the full spectrum of sustainability topics, from human and labour rights to emissions and compliance, the Sustainability Council is the cross-functional governance body ensuring alignment of efforts and monitoring of progress towards our sustainability goals.

Our sustainability KPIs are monitored by the Sustainability Council, Group Management and the Board of Directors on an ongoing basis with progress reports shared internally on a quarterly basis.

Spotlight: Sustainability Performance in Executive Remuneration

In Grundfos, we are firmly committed to our sustainability strategy. We have therefore linked the achievement of key sustainability targets to our executive and senior leadership remuneration. Dating back to 2017, our Short Term Incentive programme was designed to link executive remuneration to our Sustainability Index, a KPI that acted as a single point of measurement for the performance of a broad selection of Grundfos’ social and environmental metrics.

From 2023, we changed the sustainability KPIs in executive remuneration to focus on employee motivation and CO₂ emission reduction in line with our Net-Zero commitment. These KPIs are included as part of Grundfos’ executive and senior leadership remuneration programme for short-term and long-term incentives.

“Climate and employee motivation are integrated in our remuneration schemes to encourage behaviour and decisions that align with our purpose and with our long-term goals. We are accountable for our sustainability performance in the same way as we are for our financial performance.”

Mikael Geday

Group Executive Vice President, Chief Financial Officer

ESG in executive Short Term Incentive				
ESG-component	Weight	Target	2023 Result	Bonus (Yes/No)
Reduction of CO ₂ emissions (Scope 1, 2 and 3)	17%	Annual reduction target based on long term commitment.	200%* of target	Yes
Employee Motivation and Satisfaction (EMS)	17%	Score in Employee Engagement Survey. +1 compared to 2022.	150%* of target	Yes
Total weight of ESG-components in executive STI	33%	2 of 6 evenly rated KPIs in the Grundfos executive STI-programme are linked to sustainability goals.		

ESG in executive Long Term Incentive					
	ESG-component	Weight	Target	2023 Result	Bonus (Yes/No)
2022-2024	Reduction of CO ₂ emissions (Scope 1 and 2)	25%	Accumulated 2022, 2023 and 2024 reduction, based on long term commitment.	N/A**	N/A**
2023-2025	Reduction of CO ₂ emissions (Scope 1, 2 and 3)	25%	Accumulated 2023, 2024 and 2025 reduction, based on long term commitment.	N/A**	N/A**

* The target is achieved at 100%. 200% is the highest performance result that will trigger incentive payout.

** 3 year programmes. First one established in 2022. Results will be final after the last year of each programme.

Reporting on progress

We adopt and follow standards and guidelines that support the strengthening of our sustainability performance and encourage and provide transparency on progress.



Ecovadis allows us and our customers to get a detailed insight into our own progress within environment, labour and human rights, ethics and sustainable procurement. Grundfos holds an Ecovadis Gold certificate.



Grundfos is rated C with CDP Climate based on 2022 data. We continue to aim for an A.



Our SBTi approved Net-Zero Target sets the direction for our climate actions.



Our focus is on SDGs #6 and #13 where we strive to contribute to positive development.



We continue to support the UN Global Compact and to report on progress accordingly.



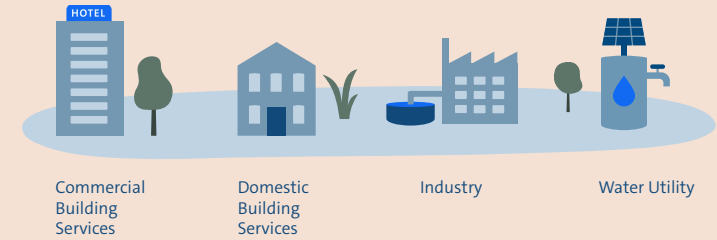
As part of Grundfos' SBTi-validated Net-Zero target, we have also signed onto the Business Ambition for 1.5 Campaign by UN Global Compact which continues to call on companies to set ambitious emissions reductions targets in line with the Corporate Net-Zero Standard.



Grundfos is committed to supporting the transition toward a net-zero future. This includes transforming our own fleet of vehicles to run on electricity.

Impacts Along Our Value Chain

Our four divisions



Grundfos Double Materiality Assessment

In 2023, we have started preparing for EU CSRD, conducting our first double materiality assessment and EU Taxonomy eligibility assessment.

Our approach

The double materiality assessment is one of the first steps in the preparation for the EU Corporate Sustainability Reporting Directive, on which Grundfos is required to report from financial year 2025. Our assessment is primarily guided by the EU CSRD and the European Sustainability Reporting Standards (ESRS) and related topics.

At completion of the double materiality assessment, we conducted a gap assessment, mapping and outlining the most significant gaps based on the results from the double materiality assessment. In 2024, we will develop roadmaps to ensure closing of these gaps.

More than 30 internal leaders and experts were involved in identifying, defining and scoring impacts, risks and opportunities. A clear methodological choice has been made for the 2023 double materiality assessment, to not directly include

external stakeholders, but have external perspectives represented through findings from desktop research and Grundfos' own subject matter experts.

Since 2023 was our first time performing a double materiality assessment, we this year prioritised to get the input from our internal subject matter experts and leadership.

ESRS topics identified as material to Grundfos

Building on input from Grundfos' subject matter experts as the foundation of the 2023 double materiality assessment, all relevant ESRS topics have been reviewed according to their associated impacts, risks, and opportunities and have been assessed in terms of materiality. The scale used for scoring impact and financial materiality is aligned with the scales used in Grundfos' Enterprise Risk Management.



Double Materiality Process and Results



INTRODUCTION

EU Taxonomy Eligibility Assessment

The Taxonomy Regulation lists activities under six objectives. Climate objectives cover climate change mitigation and climate change adaptation, whereas environmental objectives¹ encompass sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems.² According to the EU Taxonomy, an economic activity is considered sustainable if it contributes significantly to at least one of these objectives and does not significantly compromise another environmental objective.

Among our sustainability goals, climate change mitigation, reducing water use, and the transition to a circular economy are of particular importance. We therefore examined the activities defined by the EU Taxonomy, in particular the ones contributing to the aforementioned three objectives, and assessed which of these activities are carried out by Grundfos.

Based on the preliminary eligibility assessment, the identified most relevant EU Taxonomy activities are:

Climate change mitigation:

- 3.1. Manufacture of renewable energy technologies
- 3.5. Manufacture of energy efficiency equipment for buildings
- 3.6. Manufacture of other low-carbon technologies
- 7.1. Construction of new buildings
- 7.2. Renovation of new buildings
- 7.6. Installation, maintenance and repair of renewable energy technologies

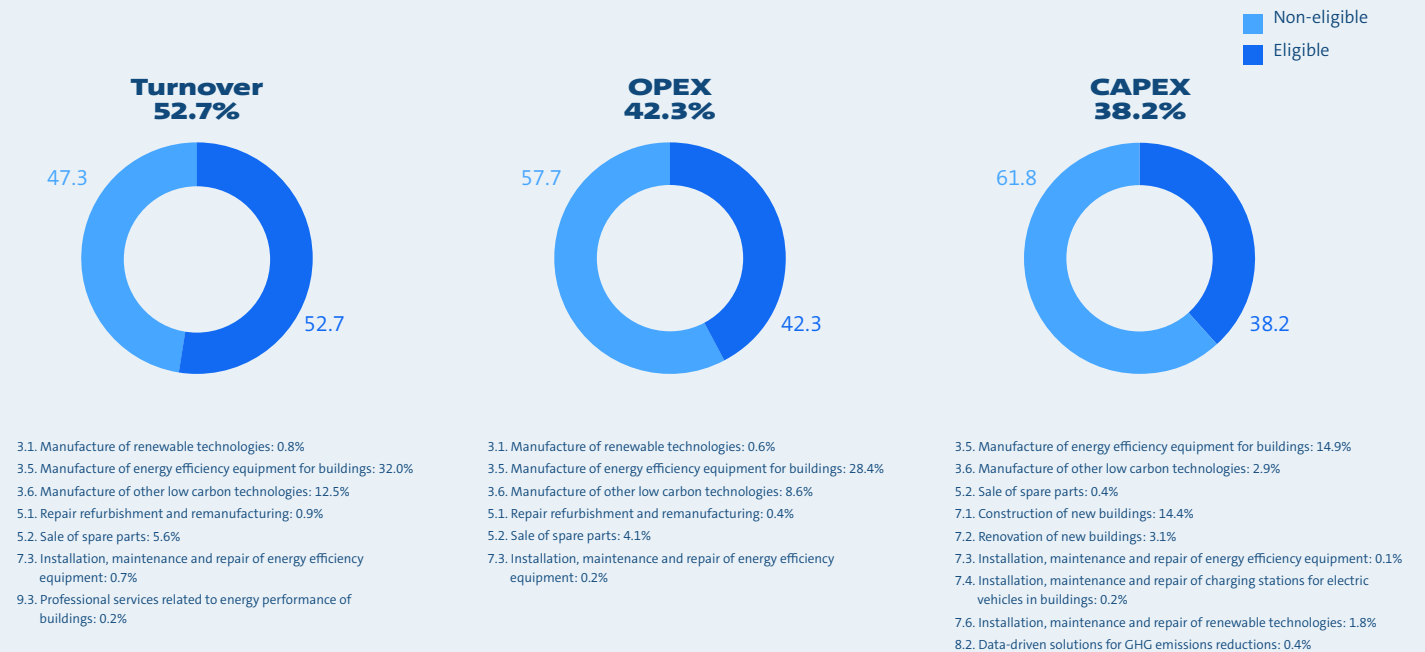
Transition to a circular economy:

- 5.1. Repair, refurbishment and remanufacturing
- 5.2. Sale of spare parts

¹ EU 2021/2139, amended by EU 2022/1214 and EU 2023/2485

² EU 2023/2486

EU Taxonomy results for the fiscal year 2023



The eligible turnover and OPEX is mainly related to the manufacturing of energy efficiency equipment for buildings' activity, which primarily covers heating and cooling solutions for commercial and residential buildings. Another significant contributor to the eligible ratios is the manufacturing of other low-carbon technologies containing products with special focus on energy

efficiency and low GHG emission. Turnover of products that are relevant in both categories are categorised under Manufacture of energy efficiency equipment for buildings to avoid double counting.

The non-eligible activities are related to water utility and industrial solutions, which are not covered by the Climate & Environmental Delegated Acts. For

CAPEX, several other activities have also been identified to be eligible, such as the renovation of existing buildings or installation, maintenance and repair of renewable energy technologies. However, as complex investments have been challenging to be allocated to EUT activities, we aim to improve data availability for more precise and potentially higher CAPEX KPI.

Sustainability Data and Reporting

Comprehensive and accurate data on sustainability efforts enable us to monitor our progress and identify opportunities for improvement. We strive for the highest level of trust in our data. The majority of our most impactful KPIs have obtained reasonable assurance.

Our approach

Timely and accurate ESG data is our essential foundation for balancing financial and ESG impacts in our business decisions. Additionally, global requirements and demands for reliable and robust sustainability information have increased.

We have responded to the increasing requirements by launching our ESG data

consolidation system in 2022, which enables us to handle our sustainability data and reporting in one location. With this system in place, we have established a monthly reporting cadence, and therefore follow up on ESG performance in the same manner as in our financial reporting.





Reporting and performance management

In 2023, we focused on improving our process for monthly monitoring and reporting of ESG data. A major step was the implementation of our Sustainability Scorecard with KPIs across our sustainability ambitions – currently 14 KPIs. We have therefore improved data quality and timelines for internal tracking and reporting of progress. The ESG performance is reported to the Grundfos Sustainability Council once a month, and to Group Management on a quarterly basis.

In 2023, we also increased our ESG integration into our financial planning and forecasting process, by

adding and balancing target setting on key ESG KPIs with financial and other non-financial targets.

Data quality and control environment

In 2023, we have further improved internal, centralised control processes which are integrated into the financial control system, enabling us to provide timely and reliable frequent reporting. ESG data is part of our internal audit framework, and in 2023, we conducted sustainability audits in four local entities.

New processes for sustainability data integration of acquired companies have been established as well. As Grundfos Group continues to grow, all Grundfos

companies must follow the same processes and standards. As a result of these processes, ESG data maturity assessments have also been integrated into our due diligence processes for mergers and acquisitions.

We continuously strive to improve our data quality, and as a result of that effort, we obtained reasonable assurance for five ESG KPIs in 2022. In 2023, we obtained reasonable assurance for our most impactful, while obtaining limited assurance on all other KPIs. Our ambition is to continuously increase the scope of ESG KPIs obtaining reasonable assurance.

Looking ahead

Following the outcome of our double materiality assessment, we conducted a gap analysis on CSRD readiness to identify where we need to strengthen our sustainability governance and programmes, and where to extend our data collection and reporting processes. In 2024, we will deploy our CSRD readiness roadmap, laying the groundwork for reporting in compliance with the EU CSRD from reporting year 2025.

Sustainability Performance Overview

GENERAL DATA	UNIT	2023	2022	2021	2020	2020 baseline	2019	Ambition	Progress on target	Assurance level 2023 data
Number of employees	Headcount	19,937	20,026	20,154	19,221		19,060			Reasonable assurance
Earning before interest and tax (EBIT) before special items	DKK Millions	4,309	3,939	3,266	2,606		2,791			Reasonable assurance
Revenue	DKK Millions	34,407	33,341	28,733	26,340		27,518			Reasonable assurance
ENVIRONMENTAL DATA										
Total emissions Scope 1, Scope 2, Scope 3	t CO ₂ e	105,661,961	116,736,701*			119,720,887		Reduce total absolute emissions by 90% in 2050 compared to 2020 baseline.	Reduced total emissions by 11.7% compared to 2020 baseline.	
Total emissions Scope 1, Scope 2 (market-based)	t CO ₂ e	94,109	100,323*	114,631*	114,865*	118,870		Reduce Scope 1 and 2 absolute emissions by 50% by 2030 compared to 2020 baseline.	Reduced Scope 1 and 2 emissions by 20.8% compared to 2020 baseline.	Reasonable assurance
Emissions Scope 1	t CO ₂ e	25,485	28,182	28,387	26,256	28,853				Reasonable assurance
Emissions Scope 2 market-based	t CO ₂ e	68,624	72,141*	86,244*	88,609*	90,017				Reasonable assurance
Emissions Scope 2 location-based	t CO ₂ e	41,854	49,929*	58,378*	55,748*	56,735				Reasonable assurance
Emissions scope 3	t CO ₂ e	105,567,852	116,636,378*			119,602,016		Reduce Scope 3 absolute emissions by 25% by 2030 compared to 2020 baseline.	Reduced Scope 3 emissions by 11.7% compared to 2020 baseline.	
Emission from purchased goods and services (category 1)	t CO ₂ e	1,039,031	1,196,729			825,460				Limited assurance
Emission from capital goods (category 2)	t CO ₂ e	94,556	72,161*			77,590				Limited assurance
Emission from fuel and energy related activities (category 3)	t CO ₂ e	16,495	18,849			17,339				Limited assurance
Emission from upstream transportation and distribution (category 4)	t CO ₂ e	69,540	85,495			105,453				Limited assurance
Emission from waste generated in operations (category 5)	t CO ₂ e	1,008	1,078			2,249				Limited assurance
Emission from business travel (category 6)	t CO ₂ e	46,147	26,075			39,140				Limited assurance
Emission from employee commuting (category 7)	t CO ₂ e	15,981	12,886			18,441				Limited assurance
Emission from use of sold products (category 11)	t CO ₂ e	104,281,692	115,219,793*			118,513,555				Reasonable assurance
Emission from end-of-life treatment of sold products (category 12)	t CO ₂ e	3,401	3,313			2,789				Limited assurance
Energy consumption (scope 1, scope 2)	MWh	286,264	319,641	333,705	310,613		279,471			Reasonable assurance
Water withdrawal	m ³	339,608	365,126	341,538	318,469		386,060	Reduce water withdrawal by 50% in 2025 compared to 2008 baseline.	Reduced water withdrawal by 48% compared to baseline.	Reasonable assurance
Total waste to landfill	t	872	965	1,098	1,426			Reduce waste to landfill by 50% in 2025 compared to 2018 baseline.	Reduced waste to landfill by 65% compared to baseline.	Limited assurance
Hazardous waste to landfill	t	76	64	129	202					Limited assurance
Non-hazardous waste to landfill	t	797	901	969	1224					Limited assurance
Resource recovery through take-back	kg	134,098	64,288	37,992	= 14,665		=11,977	Recover 500,000 kg from take-back in 2025.	Positive trend in take-back, 27% of ambition achieved.	Reasonable assurance

* Number has been restated, please refer to page 78.

Sustainability Performance Overview - continued

GENERAL DATA	UNIT	2023	2022	2021	2020	2020 baseline	2019	Ambition	Progress on target	Assurance level 2023 data
SOCIAL DATA										
Women Board of Directors	%	20	33	33	20			33% women in Board of Directors by 2025.		Reasonable assurance
Women leaders	%	25	24	22	24		24	27% women in leadership positions by 2025.	Positive trend in Women leaders, another 2%-point improvement required to meet ambition.	Reasonable assurance
Early career voluntary turnover	%	16								Reasonable assurance
Total voluntary turnover	%	8								Reasonable assurance
People with disabilities	%	2.8	3.0	3.0	3.1		3.2	3.5% representation of people with disabilities by 2025.	80% of 2025 target achieved.	Limited assurance
Lost Time Injury (LTI) ratio	per million working hours	1.77	2.06	2.23	1.81		2.52	LTI ratio of 1.5 by 2025.	Positive trend in LTI ratio, another 0.27 improvement in ratio required to meet ambition.	Limited assurance
Employee Motivation and Satisfaction (EMS)	score	78	76	77	77		75	EMS score of 78 by 2025.	EMS target achieved.	Reasonable assurance
Stress level	%	21	22					Reduce the level of stress to 12% by 2025.	9%-point improvement required in stress level to meet ambition.	Reasonable assurance
People reached with drinking water access	number	2,050,934						Promote access to drinking water for 300 million people by 2030.	Please refer to page 47.	Limited assurance
GOVERNANCE										
Sourcing Sustainability Index	%	100.0%								Limited assurance
Overall CSR Compliance rate - EV & BV (CSR)	%	91.6%								Limited assurance
EcoVadis Supplier Onboarding (CSR)	%	107.7%								Limited assurance
Spend coverage - with data (Carbon footprint)	%	22.3%								Limited assurance
Spend Coverage (Water footprint)	%	20.1%								Limited assurance
Chemical compliance hit rate (Compliance)	%	101.3%								Limited assurance
Conflict Minerals - declaration coverage (Compliance)	%	92.5%								Limited assurance

Partnerships and Advocacy

To address global challenges and drive systemic solutions on water sustainability, climate action, and advancement of human rights, we engage in collective action and partnerships across sectors and continents.



Our approach

We recognise our position as a global industry leader in driving global change, and we are committed to working with key public and private stakeholders in investing and driving collective action for social and environmental sustainability.

Through our strategic partnerships and advocacy with international organisations, governments and NGOs, we are addressing the global climate and water agendas while promoting the advancement of human rights and wellbeing, step by step.

Grundfos and the Poul Due Jensen Foundation have long-standing relationships with partners such as the International Water Association (IWA), C40 Cities, EV100, and the World Economic Forum. These strategic partnerships, some of which are funded by the Poul Due Jensen Foundation, help us collaborate with a wide network of businesses, industries and governments, charities and not-for-profit organisations to deliver on our environmental and social ambitions.

Our advocacy work involves using our presence at major events to demonstrate our ambition to be part of the solution to the world's water and climate challenges. We aim to contribute to global conversations on advancing climate action and water sustainability at key events such as IWA conferences, Global Water Summit and the UNFCCC COPs.

Our advocacy for stronger government intervention is also vital for the global sustainability agenda to advance. We provide input into the legislative process at national and international levels related to sustainability. For example, in recent years, we have reviewed and welcomed revisions of multiple energy efficiency and water-related directives such as the EU Energy Efficiency Directive in 2021 and the EU Energy Performance of Buildings Directive.

Our progress in 2023

Through partnerships, we aim to share our insights and know-how to positively impact climate, water and other critical topics. This year, we have built upon our relationships with our partners and attended multiple events, such as the UN 2023 Water Conference and the World Economic Forum's Annual Meeting, to advocate for the role of water in developing an equitable and sustainable world that can protect and improve people's quality of life, particularly in the face of water scarcity and climate change.

We also organised activities throughout Europe, particularly in Denmark, Germany and the United Kingdom, to improve energy efficiency standards within buildings, products and homes. The International Energy Agency has recognised that energy efficiency is a core variable in achieving net-zero carbon emissions by 2050;³ therefore, the time is now for policy intervention and bringing standards up to the required level.

³ International Energy Agency, World Energy Outlook 2022, 44 > <https://iea.blob.core.windows.net/assets/830fe099-5530-48f2-a7c1-11f35d510983/WorldEnergyOutlook2022.pdf>

Spotlight: Supporting young water professionals to drive SDG6 action

In 2022, Grundfos partnered with the International Water Association to launch the Youth Action for SDG6 Fellowship. This initiative selected 12 Young Water Professionals (YWPs) from all over the world to actively participate in the UN Water Conference in New York City in March 2023. The YWPs seek to promote and create a geographically and gender-balanced water sector, promoting diversity and thought leadership to solve these complex, worldwide water challenges.

Following the conference, the YWPs visited Grundfos' headquarters in Bjerringbro, Denmark, to present their main findings and learnings from the conference and collaborate with Grundfos employees, as well as the IWA, to brainstorm ideas. These ideas were integrated into a joint publication providing insights into the crucial role of young people in the implementation and delivery of the 2030 SDG Agenda within the water sector.

The publication was launched in December 2023 at the IWA Water Development Conference in Kigali, Rwanda.

Link to Youth Action for SDG 6 - IWA and Grundfos Fellowship Outcomes [here](#).



Spotlight: Building sustainable business relations with Chinese partners

Grundfos is committed to advancing the agendas of energy efficiency and decarbonisation with customers, partners, and policy makers across continents.

In 2023, we welcomed a delegation from Shandong, China, to Grundfos headquarters in Bjerringbro to discuss our future collaborations and how we can work together to drive our decarbonisation agendas and achieve net zero. The delegation included political stakeholders from

the Shandong province, as well as business leaders representing young Chinese entrepreneurs and growing companies with a focus on building greener and more energy-efficient industries.

China's commitment to achieve carbon neutrality before 2060 suggests an acceleration in the country's transition towards a green economy. Through our collaboration with Chinese partners, we aim to support the decarbonisation of China's emission-heavy manufacturing sectors.



Partnership Overview

Partner and Grundfos engagement



Being a member of the CEO Water Mandate extends our commitment to address global water challenges by supporting collaborative efforts.



Grundfos' experience in water management is put into use via our close partnership with C40 Cities, aiming to make the world's megacities more climate resilient for the benefit of millions of citizens worldwide. Funded by the Poul Due Jensen Foundation, C40's Water Safe Cities Accelerator helps cities address flooding and drought challenges and improve resilience by 2030. Each city will also take steps to improve water access, flood protection or wastewater management. To date, 16 cities have joined the Water Safe Cities Accelerator.



IWA is a non-profit with 10,000+ members (academic researchers, utilities practitioners and regulators) focusing on accelerating the implementation of the latest knowledge across the globe. Grundfos' engagement has been focused on sponsoring the major IWA Conference (Copenhagen 2022 and Toronto 2024) and youth engagement, more specifically through the IWA Grundfos Fellowship Youth 4 SDG 6, which brought 14 young water professionals to the UN Water Conference 2023 and released the publication Youth Action 4 SDG 6 presenting the outcomes of the fellowship programme.



Rare-earth 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 throughout our supply chain, from mine to magnet to product. It allowed us to identify sustainable suppliers. As a result of this work, we became a founding partner of the European Raw Materials Alliance (ERMA).



The Poul Due Jensen Foundation has intensified its involvement in the World Economic Forum, actively contributing to key groups focused on advancing the global water agenda, such as the Alliance of CEO Climate Leaders and the centres for Nature and Climate and Urban Transformation.



Grundfos and the 50L Home Coalition focuses on making the reuse and recycling of water the norm in homes, cities, and regions; calling for smarter approaches that allow 'fit-for-purpose' water use. Grundfos works 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.



Being a member of the UN Global Compact aligns our efforts with a global movement and allows us to benefit from and contribute to collective action in the areas covered by the UNGC's Ten Principles.



As part of EV100, Grundfos is committed to working towards EV integration into its own fleet of light vehicles.



By signing The Pledge in 2021, Grundfos has committed to taking positive action on workplace mental health and taking steps to progress the six Pledge Commitments:

1. Develop and deliver an action plan to support good mental health in our organisation.
2. Promote an open culture around mental health, working towards eliminating stigma.
3. Take proactive steps to develop our culture and ways of working towards creating positive mental health and reducing mental ill-health.
4. Empower all our people to manage and prioritise their own mental health, and to support one another.
5. Signpost our people to mental health tools and the support they need.
6. Regularly measure the impact of our efforts, being open about our progress to influence and inspire change in our organisation and beyond.

2

Environmental impact

- 26 Climate
- 36 Water
- 39 Circular Business

Climate

In 2023 we reached 11.7% carbon emission reductions since baseline year 2020, 9.5% reductions since 2022 and invested DKK 134m in climate initiatives.

The water and climate connection

At Grundfos, we are committed to achieving net-zero carbon emissions across our value chain and to support the global transition to an equitable, low-carbon and climate resilient economy.

Every day, Grundfos products and solutions support customers around the world to cool and heat commercial buildings and residential homes, to manage water and liquids in manufacturing, and not least to provide essential services of drinking water and wastewater treatment to citizens.

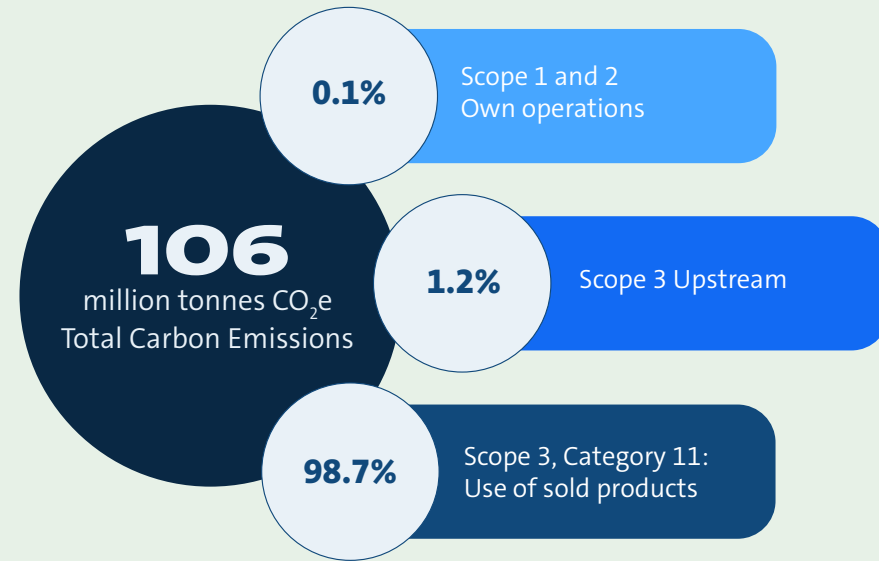
According to a recent report from Global Water Intelligence, the water utilities sector alone accounts for 2% approx.⁴ of global carbon emissions, and pumps account for 25% of all electricity consumed by industrial electric motors.⁵ It takes large amounts of energy to move and treat water. With the impacts of climate change often materialising in the form of water impacts, the need to

move, manage and treat water for a growing world will increase further in the coming decades.

It is therefore paramount to decarbonise the flow of water to mitigate further climate change, and it is increasingly important to adapt to the impacts of climate change with climate- and water-resilient solutions for companies, communities, and societies.

Given that Grundfos delivers hard-working and energy-consuming products and solutions with a lifetime of more than ten years, the total amount of carbon emission in our value chain that we are responsible for is 106m tonnes. The vast majority, 98.7%, takes place in the use-phase of our sold products, which sets us on the daunting mission of decarbonising more than 100m tonnes of CO₂e in the use of our products. As we progress on reducing carbon emissions in our scope 3 downstream, we will enable our customers to reduce carbon emissions in their operations.

2023 Total Carbon Emission Footprint



Scope 1

- Natural gas
- Fleet
- Refrigerants

Scope 2

- District heating
- Electricity

Scope 3 Upstream

- Purchased goods and services
- Capital goods
- Fuel and energy related activities
- Upstream transportation and distribution
- Waste generated in operations
- Business travel
- Employee commuting
- End-of-life treatment of sold products

Scope 3, Cat. 11

Emissions generated from the electricity used during a 10-year use-phase of our products.

⁴ <https://www.globalwaterintel.com/water-without-carbon>

⁵ <https://www.pumps.org/2022/06/27/epri-sees-energy-savings-in-pumps/>

Our approach

The climate science is clear: we must limit global warming to 1.5°C above pre-industrial levels and achieve net zero by 2050.⁶ We are committed to achieving net-zero emissions and support the global transition to a climate resilient, equitable and low-carbon economy.

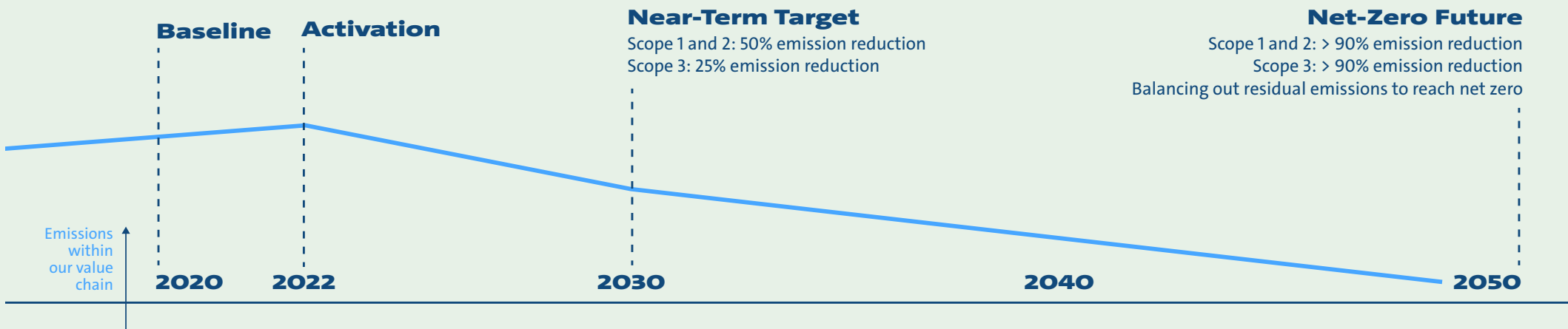
In 2022, Grundfos became the first water solutions company worldwide to have its 2050 Net-Zero Target validated by the Science Based Targets Initiative (SBTi). We are proud of this achievement as the SBTi defines and promotes best practice in setting science-based emissions reduction targets.

To reach our net-zero target by 2050, deep decarbonisation is imperative across our operations and wider value chain. This mission involves every function and division in Grundfos, and we are working diligently to orchestrate this transition journey.

Paving the way towards a net-zero future requires collaboration at a global level, so to guide, accelerate and amplify our efforts we have forged partnerships with a range of organisations, including the Science Based Targets initiative (SBTi), Climate Group EV100, C40 Cities, and the World Economic Forum (see page 24).



Our Net-Zero Journey





134m
DKK invested in
climate initiatives
in 2023

2023 progress: building a solid foundation and showing first results

In 2023, we continued our ambitious climate journey, leveraging the momentum from having our near-term and long-term net-zero targets validated by SBTi in 2022. Our efforts focused on building a solid foundation for the long journey ahead as well as realising absolute reductions in carbon emissions with an 11.7% reduction from our 2020 baseline.

2023 key actions to build the foundation and drive progress across scopes:

Climate investments

To drive decarbonisation across our value chain, we invested an additional **DKK 134m in climate initiatives**. Part of the investments were dedicated to driving energy efficiency in our own operations and progress on our roadmap for electric vehicles in our fleet. The majority of the investments has been dedicated to driving progress in our downstream Scope 3 through innovation in product energy efficiency and digital solutions, as well as investing in customer advisory services on energy efficiency and advocacy for policies to drive uptake of energy efficient solutions and green energy transition.

2030 roadmap

We developed and started implementing our decarbonisation roadmap towards our near-term 2030 targets across Scope 1, 2 and 3. Given that the use of our products constitutes 98.7% of our total carbon footprint, our decarbonisation efforts are predominantly focused on providing our end users with smarter and more energy-efficient solutions. Nonetheless, we are working hard to continually reduce our Scope 1 and 2 emissions.

Climate governance

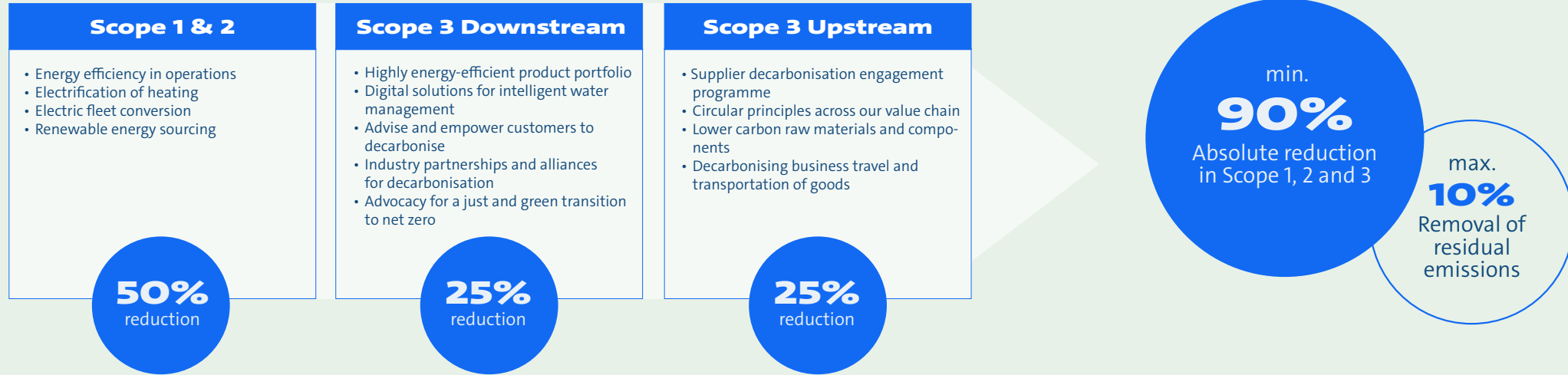
We strengthened our climate governance model with clearer decision mandates, robust programme management, and transparency on progress. This includes monthly tracking and internal reporting on our GHG emission reduction targets as part of the Sustainability Scorecard and the integration within the overall sustainability governance and operations model.

Re-baselining

In Q4 2023 we finalised the re-baselining for our SBTi goal in alignment with SBTi guidelines. Key elements in our re-baseline process were applying actual and activity-based data from our latest company acquisitions and applying more accurate emissions factors in our climate calculations. Details on our re-baseline are specified in a dedicated statement in this report and the statement will also be shared with SBTi according to their guideline for disclosure of re-baseline.

Our Science-Based Net-Zero Journey

2030 Goals & Roadmap



Baseline year 2020

Total carbon emission reductions in 2023

In 2023 we have taken solid steps towards our 2030 targets and ultimately our net-zero goal. Our total carbon emission reduction in 2023 was 9.5% compared to 2022, and a total of 11.7% compared to our baseline in 2020. Since the use of sold products is 98.7% of our total emissions, this number is closely tied to our overall sales results as well as to the market conversion to energy-efficient and intelligent pump solutions. In the coming years, we will focus on a further decoupling of our carbon emissions from our business growth.

Targets	2023 progress	Progress from baseline 2020
Total carbon emissions	9.5% reduction in total emissions compared to 2022 figures.	11.7% reduction in total emissions compared to baseline year 2020.
Reduce Scope 1 and 2 absolute emissions by 50% by 2030 and by 90% by 2050	-6.2%	-20.8%
Reduce Scope 3 absolute emissions by 25% by 2030 and by 90% by 2050	-9.5%	-11.7%

Scope 1 and 2: Reducing operational carbon emissions ahead of target

At Grundfos, we focus on combining energy-efficient operations with the transitioning away from the use of fossil fuels as well as the decarbonisation of our Scope 2 footprint. Electricity constitutes a significant source of our operational emissions, which is why we are ambitious in our approach to decarbonise our electricity consumption.

Accelerating renewable energy

In 2023, we signed our first Power Purchase Agreement, which will enable us to cover 80% of our EU power consumption with renewable energy from 2025.

11.7%

total emission reduction
in 2023 compared to our
baseline in 2020.

9.5%

total emissions reduction
in 2023 compared to 2022.

Spotlight: Grundfos enters an ambitious power purchase agreement

Reducing emissions from own operations

We acknowledge that curbing our own operational emissions is necessary to meet our near- and long-term net-zero targets. In 2023, Grundfos announced an ambitious new partnership with the German renewable energy company, ABO Wind. Our partnership involved signing a power purchase agreement (PPA), which means that Grundfos can secure access to green electricity, covering our operational emissions related to electricity. 80% of Grundfos' EU power consumption will be sourced

from renewable energy, and as a result, the PPA is a key enabler in helping us to achieve the 50% carbon emission reduction from our operations in 2025, five years earlier than originally planned. The PPA alone will account for approximately 40% of the decrease in emissions.

The wind farm, located in Finland, will be fully commissioned by the end of 2024, and we have committed to buying energy sourced from the wind farm for the next 10 years.



ENVIRONMENTAL IMPACT

Reducing our operational emissions

Initiatives are continuously launched in Grundfos to reduce emissions in own operations. In 2023, we took steps to improve the energy efficiency of our manufacturing equipment and machinery through retrofitting and installation of new parts. We achieved this by utilising our designated CAPEX investment pool for initiatives designed to reduce emissions and energy usage.

Real-time Environmental Monitoring

In 2023, Grundfos took a significant step towards environmental sustainability by implementing real-time environmental data monitoring in our first plant. We installed new meters and connected both new and existing meters to a software platform for easy data access and improved data quality. This strategic roll-out marks the first step of a comprehensive global initiative aimed at digitalising environmental data across Grundfos plants.

Environmental Management System

Grundfos has implemented the ISO 14001:2015 standard for all global sites. This international standard focuses on the continual improvement of the environmental performance of our four business divisions, including objectives and targets relating to energy consumption. By having this standard in place, coupled with our group policy for EHS and our SBTi Net-Zero Target, we are guided in our approach to reducing our climate impact in our own operations.

Spotlight: LEED-Gold in Serbia

In our LEED Gold-certified manufacturing facility in Serbia, we utilise geothermal-powered heat pumps to heat and cool the facility through our Vertical Geothermal Closed Loop system (144 boreholes that go 125 meters below soil surface). This is a Grundfos first, and the largest geothermal field in Serbia.



Spotlight: DGNB-Gold in Denmark

In Bjerringbro, Denmark, we have constructed our new South 2 office and lab building which is pre-certified as DGNB Gold, a German sustainability certification of buildings, the first of its kind to be built within Grundfos. This accreditation demonstrates that the design of the South 2 building ensures that emissions are kept below 12 kg CO₂e/m²/year.



Spotlight: Carbon Busters Network

In 2023, Grundfos introduced The Carbon Busters Network, an internal voluntary network of Grundfos employees with a mission to catalyse cultural change one emission-saving action at a time. The Carbon Busters Network has 700 actively participating members.

The Carbon Busters Network gets together in virtual meetings live from across the globe, sharing practical advice on refurbishing pumps, reducing idle modes, implementing circular office furniture, performing weekly energy walks to lower energy consumption, innovating circular pumps of tomorrow, and taking back and reusing pumps and parts. In addition, The Carbon Busters Network provided input on

reducing carbon emissions at home by offering advice on how to avoid food waste, how to make it easy to use public transportation, and how to save energy at home. Called the 'Carbon Busters Going Home Meetings,' these sessions encouraged members to make CO₂ reductions even outside of work through simple and practical everyday choices.

The Carbon Busters Network aims to inspire and motivate Grundfos employees worldwide to reduce both their personal and the company's carbon footprint by taking climate action. Through sharing and advocating CO₂ reduction strategies, the network will support Grundfos' commitment to sustainable development and science-based climate targets.

Scope 3 Downstream: Decarbonising use of sold products for and with customers

The main category for our Scope 3 emissions is category 11 “Use of Sold Product”. Our road to net zero is therefore a joint journey with our clients as the decarbonisation of our value chain will mean a decarbonisation for our customers in their operations. We want to be a trusted partner on this

shared net-zero journey, providing our customers with the most energy-efficient solutions and empowering their climate ambitions and actions. We fully believe that if we race together, we will have a stronger platform for reaching our joint ambition of a net-zero future.

Spotlight: Net-zero training of our Industry division colleagues

In 2023, Grundfos developed and implemented a new net-zero and science-based targets competence development programme for all Industry division employees. The training, which is delivered online and face-to-face, is designed to appropriately meet the needs of employees based on their level of customer engagement. Currently, 62% of employees have completed the relevant training according to their daily responsibilities which focuses on two core areas:

- **Net-Zero and Science-based targets (SBT):** What net zero is and helping employees understand the specific terminology and our Grundfos roadmap.
- **E-pumps and iSOLUTIONS:** Covers the (digital) solutions and products we have on offer to customers today, to reduce our carbon footprint and help customers reduce theirs when linked to energy efficiency.

Spotlight: 36% energy reduction at Hilton Hotel in Thailand

Hilton Hua Hin, a 32-year-old beachside property located in Thailand, was looking at ways to improve their overall energy efficiency. As their pumps supplying chilled water for their HVAC system were starting to age and operated manually without optimisation or control, it was time to consider an upgrade.

After carrying out a complete system audit with hydraulic measurements, Grundfos identified the opportunity to reduce energy consumption by replacing the existing chiller and condenser pumps as well as adding control logic.

The pumps were upgraded and now they use 36% less energy, which is a significant saving to the energy bill, but just as important it translates

to approximately 120,000 kg of CO₂ reduction. In addition, the system is now also fully optimised and responds to changes of load in the building through the installed variable speed drives and sensors, while ensuring a great comfort for the hotel guests.

Read the full story on our website [here](#).



In 2023, we have focused our efforts on the following:

- **Investing in innovation and accelerating product development roadmaps** for highly energy-efficient products and further development of digital solutions enabling connected and intelligent water and pump management systems. We also continued to drive our portfolio of products running directly on renewable energy from solar or wind.
- **Investing in customer advisory capabilities** and training customer facing colleagues on our net-zero transformation journey and how they can contribute through advisory services to customers and conversion of sales to energy-efficient and intelligent pump solutions with lower energy consumption than traditional pumps.
- **Promoting our energy efficiency solutions**, so called E-products and iSolutions, to our customers. Each division has actively engaged with customers to showcase and deliver the benefits of energy-efficient solutions to their sustainability ambitions as well as our targets.
- **Engaging in alliances and advocacy** for policies supporting the green transition with a focus on enabling environments for energy-efficient solutions and renewable energy. We supported the UN Global Compact Nordics CEO Statement calling for a just and green transition to a net-zero future, and the World Economic Forum Alliance of CEO Climate Leaders open letter ahead of COP28.

Scope 3 Upstream: Decarbonising with suppliers and logistics partners

At Grundfos, we take responsibility for the emissions from our supply chain as we know that raw materials, components, packaging, and transportation are the key contributing areas to our upstream emissions footprint.

Supply chain decarbonisation

Led by our Group Purchasing team in close collaboration with other internal functions, we are engaging with our key suppliers to build a joint journey towards a net-zero supply chain. In 2023, we have defined our supply chain decarbonisation ambition and strategy towards a 25% reduction of carbon emissions by 2030.

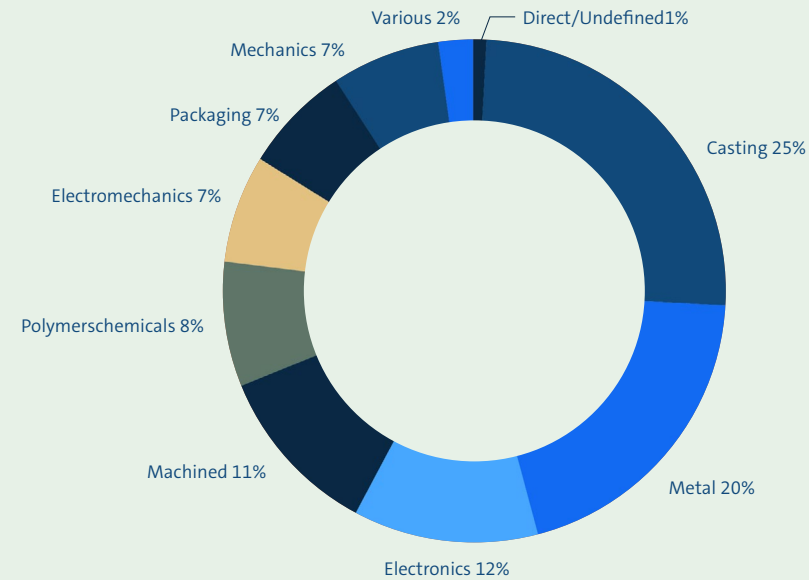
Our supply chain decarbonisation strategy builds on three main pillars:

- Measuring the emission reduction that comes from our suppliers' own initiatives.
- Using lower-carbon materials to manufacture our products.
- Engaging our key suppliers to help with reducing our carbon footprint.

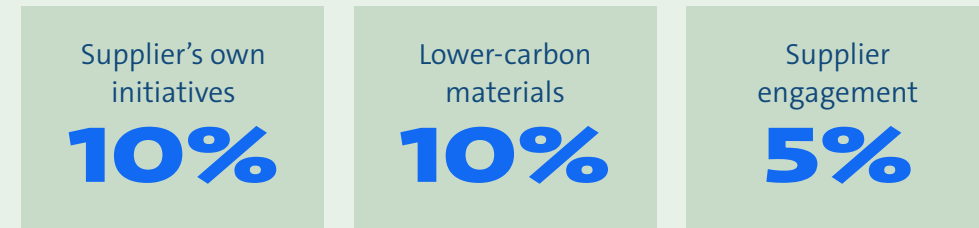
The importance of data quality and clear KPIs is integral to achieving planned levels of decarbonisation. Over the course of 2023, we collected our suppliers' historical absolute emissions from Scopes 1, 2 and 3, and intensity data where available. We aim to improve our emissions reporting by moving from a spend-based calculation method to a hybrid calculation approach, where we will integrate a more accurate footprint data for purchased materials as well as suppliers.

Going forward, when we procure materials to manufacture products, we intend to consider specific emissions factors in addition to price, where possible.

Carbon footprint of direct procurement clusters



Decarbonisation levers for 25% reduction





Transportation and distribution

Although emissions associated with upstream and downstream transportation and distribution accounts for a small portion of our own total carbon footprint in Scope 3 (including use of sold products), it is equal in size to the emissions from our factories – making it an important area of our business to continue to decarbonise.

Our main initiatives in 2023 were:

Reducing transportation and distribution emissions

Over the course of 2023, by using the internationally recognised life cycle, well-to-wheel (WTW) approach, Grundfos achieved more than 15% CO₂e reduction in upstream transport and distribution emissions compared to 2022. This was in large part due to a much lower amount of air freight volume, which meant reduced air-related CO₂e emissions. Furthermore, emission reductions were achieved by the continued use of electric trucks and sustainable fuel trucks in selected markets, as well as a sustained effort to reduce emissions from ocean freight.

Introducing waste-based biofuel

Additionally, 2023 was the first full calendar year where Grundfos required waste-based biofuel as a standard fuel for all ocean freight shipments. Our ocean freight partners, GEODIS and DHL, use the method of in-setting waste-based biofuel, such as the used cooking oil from various industries. By working with Maersk, we have been able to collaborate with a company which applies the latest methanol technology as well as collecting 'brown grease', using it as a source of fuel for Maersk vessel engines, thus preventing them from polluting the water supply.

Our plans for 2024

We have started and will continue to optimise various aspects of our supply chain to reduce transportation and distribution-related emissions, such as increased conversion from road to rail transport and encouraging our employees to use more optimal planning parameters for air freight, which will enable ocean freight with its lower carbon intensity. We will also fully replace our own IT tool with that from EcoTransIT to calculate our transport-related emissions more accurately.

Looking ahead

In 2024 and the years to come, we will continue our net-zero journey and further expand the scope and scale of our climate transition efforts.

1

Develop and deploy Climate Transition Action Plan

In 2024 we will further develop our roadmaps and governance models and introduce Grundfos Climate Transition Action Plan (CTAP). Our CTAP will be the overarching framework which will continue to build clarity on how we move from setting goals to taking near-term and long-term action and achieve our goals in line with a 1.5°C emissions reduction pathway. The CTAP is an ambitious next step on the journey towards corporate climate leadership, and for Grundfos it means a forward-looking list of current and future actions to align internal strategies and action plans as well as external climate and energy policy advocacy to reduce GHG emissions.

2

Driving energy efficiency and renewable energy

According to the International Energy Agency (IEA) and the latest Energy Efficiency Report we need to double the pace of energy efficiency and triple the amount of renewable electricity by 2030. At Grundfos, we are aligned with the IEA ambitions and recommendations. We will continue accelerating our investments in and advocacy for energy-efficient pump solutions and water technologies. Through our renewable energy power purchase agreement with ABO Wind, we will also begin to see a significant reduction in our market-based scope 2 emissions at the end of 2024, which will take us a long way towards achieving our 2030 target for our own operations.

3

Accelerating decarbonisation for and with our customers

In 2024, we will accelerate the decarbonisation of our value chain through increased focus on reducing our customers' footprint via smarter and more energy-efficient pump solutions and water technologies as well as increased focus on advisory services to our customers. As an example, our Industry division will strengthen the collaboration with customers by providing an in-house consultancy service to support customers in identifying areas of improvement, including new Grundfos solutions to reduce energy usage and emissions.

4

Partnerships and solutions for climate resilience

As one of the world's largest manufacturers of smart water solutions, Grundfos has a central role in supporting customers and communities in transitioning to an equitable, low-carbon and climate resilient future. Therefore, we will explore solutions, partnerships and collaborations to support customers and communities adapting to the impacts of climate change and building a water- and climate-resilient future. We believe there are many possibilities in the deployment of existing solutions as well as opportunities for innovation and new partnerships.

5

Understanding climate-related risks

In our sustainability journey, we acknowledge the pressing reality of climate-related risks that our company faces. While we recognise the existence of these risks, we currently lack a comprehensive understanding of their scope and potential impacts. To address this critical gap, we are committed to undertaking a thorough climate risk and opportunity mapping and analysis initiative in the first half of 2024. In this assessment we will look both at our own operations, as well as our key market and customer segments. The output of this analysis will serve as a critical input to our Climate Transition Action Plan.

Water

Grundfos is committed to pioneering solutions to the world's water challenges. In 2023, we reached 96% of our 2025 target to reduce water withdrawal in own operations by 50%, and we enabled end users to save 1.6bn m³ of water in their operations.



Possibility in every drop

The water crisis is complex because water problems are linked to local contexts. This makes scaling global solutions more challenging. Yet, the causes of the water crisis are similar from country to country.

From governance, finance and political will, to capacity, technology and the inability to truly value this precious resource. To solve these problems across the world we need to work together to tackle the root causes.

Beyond the chronic drivers of the water crisis, climate change is now exacerbating water insecurity and

making its effects more unpredictable. But the linkages between water and climate extend beyond the more frequent floods, droughts, and extreme events that climate change brings. Water also has the potential to be a potent climate solution. With improvements to its management, water can enable emissions reductions, support the energy transition and climate mitigation efforts, and bring resilience.

More efficient water and wastewater management translates to lower emissions from the water sector,

and in the natural world, water is vital for the functioning of nature's carbon sinks. Water is a critical ingredient in the production of energy and will play a vital role in the clean energy transition. From green hydrogen to hydropower, a lower emissions future relies on water. Water-based climate adaptation can also bring the resilience we need to withstand the changes in the world around us.

Our approach

At Grundfos, we are accelerating action on water by optimising our products and solutions for our own business, end users and the planet. But fixing the water crisis will take more than just a focus on water technology.

Effective action needs a collective effort. This is why we work with our customers and partners across not only our solutions technologies, but also on innovation and on strengthening policy to catalyse change.



96%
of 2025 target reached for reducing water withdrawal in own operations.

Our progress in 2023

2023 has been a year with great focus on water within Grundfos. We have driven solid progress on our ambition for reduction of water withdrawal in our operations, where we reached 96% of our 2025 target. Grundfos solutions also continue to enable our end users to save water in their operations, whether in industrial production sites or water service networks. We estimate the total water saving of end users in 2023 to be 1.6bn m³.

Outside of Grundfos, we have also seen a growing focus on water and water management. Grundfos welcomes the introduction of new legislation and the strengthening of voluntary standards, as we see these as key levers to accelerate action on water.

In 2023, we have taken the first steps and laid the foundation for the development of our next level water sustainability strategy. In this first phase, we are focusing on strengthening water management in our own operations across continents. The main activities

and deliverables of the operational water management workstream are threefold: 1) To better understand water-related risks in our operations and opportunities for positive impact. 2) To identify potential compliance gaps related to upcoming water legislation. 3) To renew mitigation and investment plans to address significant water-related risks and impacts.

Additionally, our 2023 focus has been on:

- reducing total water withdrawal in our operations
- re-assessing water risks at our production sites
- increasing water reuse through advanced water treatment technology
- enabling end users to optimise their water use through dedicated support services
- raising the visibility of water solutions on the global stage
- advocating for new water regulation to drive action on water.

Spotlight: How optimal pressure management saves water

A water utility company in Poland reduced their annual water losses by 60,000 m³ after implementing Grundfos Demand Driven Distribution (DDD). DDD enables dynamic pressure control at strategically placed measuring points in the network, optimising pressure adjustments according to fluctuating demand thereby leading to fewer underground leaks.

Goleniów Water and Sewage Utility (GWik) is very ambitious in its work on network efficiency and optimisation. It wanted to improve its already low non-revenue water (NRW) rate of 12.5%. A Grundfos audit of their system

revealed further efficiency opportunities, and so began the replacement of the vertical pumps with new high-efficiency Grundfos CR pumps, and the implementation of a DDD control system.

As a result, the utility's NRW decreased to 9.3% – a substantial reduction of 3.2 percentage points that prevents the loss of 60,000 m³ of fresh, treated water annually. Energy consumption was also reduced by 43%, saving 194,000 kWh in the first year.

Read the full story on our website [here](#).

Policy, Advocacy and Partnerships



In 2023, we joined civil society, governments and private sector actors to call for action on water and to champion its value. This has involved policy dialogues, for example on new European legislation on industrial water use and speaking on the global stage. We've taken our messages to the UN 2023 Water Conference in New York, the World Water Week in Stockholm, and to COP28 in Dubai. At each event, our delegation has focused on raising the profile of water with a relentless focus on scaling uptake of the solutions.

We have built a systematic approach to working with EU decision-makers to solve water challenges. Together with Carlsberg, State of Green and Danish Industry, we organised a conference on water reuse for European Industry in the European Parliament. Speakers included politicians from the European Parliament and high-level civil servants from the European Commission. The conference was the launch of our advocacy for an EU Blue Deal. Grundfos continues to work with Danish Industry and WaterEurope to advocate for concrete policy proposals for a Blue Deal.

Looking ahead

In 2025, Grundfos will reach the end of the first phase of its water sustainability journey in which we have focused mainly on saving water.

In 2024, we will develop and launch a new, more ambitious and holistic strategy that both expands our strategic focus and better leverages the different parts of our business to drive action. This will include changing how we manage water in our own operations, how we use our supply chain to drive down water risks, and how we can make better use of our policy and external relations agendas. We will explore themes of water resilience and water efficiency. Finally, we want to explore and further develop cross-sector partnerships to drive water sustainability action locally and globally.

Our water performance

We have two targets for our current ambition on water. Our internal target is to reduce water withdrawal by 50% by 2025. In 2023, we have achieved 96% of this target. This represents significant progress in our journey to improved water sustainability and resilience across our operational sites.

Our external target tracks progress towards enabling end users to save water through the use of our products. We continue to make progress on this front but recognise there is more to do to drive change.

2025 Targets	2023 Performance	2022 Performance	Progress on target
Reduce our water withdrawal by 50% by 2025 compared to the 2008 baseline year	339,608 m ³	365,126 m ³	96%
Enable our end users to save 50 billion m ³ water by 2030 against a 2020 baseline.	1.6 billion m ³	1.8 billion m ³	Since 2020 we have enabled end-users to save an estimated 6.7 billion m ³ water, achieving 13.4% of our 2030 target.

Circular Business

We are constantly striving to embed circularity principles across the lifecycle of our products, and reduce waste in our global operations. In 2023, we more than doubled the results in our take-back programme, and surpassed our 2025 target for waste-to-landfill reductions in operations by 15% compared to 2018 baseline.

Our approach

By separating economic activity from the consumption of limited resources, the circular economy is a key part of the solution to tackling climate change and other global challenges, such as biodiversity loss.

Embedding circularity principles across the lifecycle of our products represents the opportunity to reduce our resource consumption while still growing our business.

We see this not only as a sound business strategy but also as critical to environmental issues related to resource extraction, waste management, water scarcity, and the protection of biodiversity.

To guide our approach towards becoming circular business leaders, we have defined four action areas.

-  **Product design**
Products designed for reuse, refurbishing and remanufacturing.
-  **Input**
Non-virgin and renewable use in material input, ideally via controlled or closed-loop resource cycles.
-  **Business model**
Circular service and solutions for product longevity and enabling end-of-life collection.
-  **End of life (EoL) and next life**
Products taken back and value created for next-life offerings.



ENVIRONMENTAL IMPACT

Our progress in 2023

In 2023, we surpassed our initial reduction in waste-to-landfill target for 2025. As a result, we will set a new target and work to further reduce waste, while also implementing our new circularity strategy which will include additional KPIs and targets.

In 2023, we received 134,098 kg of pumps through the take-back scheme, which represents a 109% increase on 2022 figures.

However, to achieve our 2025 take-back target of 500,000 kg, we foresee that our voluntary take-back programme alone will not bring us the volumes we aspire to achieve. Therefore, we will focus even more on partnerships across the value chain to bolster the volumes of products our customers send back to us for remanufacture.



Risks and opportunities

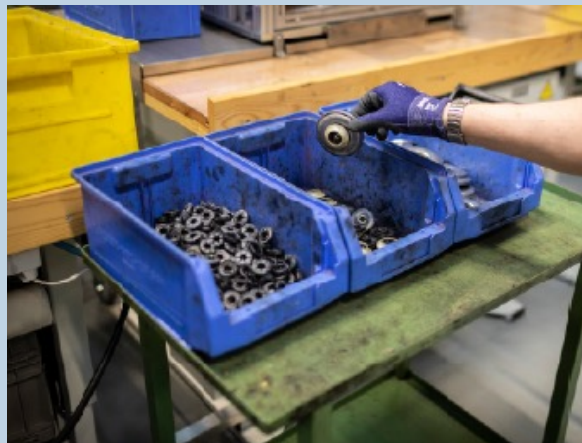
Grundfos believes the upcoming EU CSRD will increase the water industry's focus on the circular economy. Additionally, the EU CSRD will make it easier to compare a company's circular maturity directly with its competitors. It is our ambition to lead the industry within circular business, so we welcome this new upcoming directive and standard as an opportunity to share openly and honestly about our goals, barriers, opportunities, and results.

2025 Targets	2023 Performance	2022 Performance	Progress on target
We aim to reduce waste to landfill by 50% based on our 2018 baseline.	872.3 tonnes	964.9 tonnes	In 2023 we surpassed our 2025 target of reduction in waste to landfill by 15%.
We aim to take back 500,000 kg of used products by 2025.	134,098 kg	64,288 kg	27% of our 2025 target has been achieved.

Spotlight: Working with NIBE AB to boost efficiency while supporting sustainability

Last year, one of our global customers, NIBE AB, decided to expand its involvement in our take-back programme and ordered 10,000 circulator pumps – all to be fitted with remanufactured, reused rotors. We diligently adhere to high processing standards, so we were able to ensure that all these circulators are of the same high-level quality, functionality and reliability as their brand-new counterparts. It has been a major step in improving the way we responsibly manage end-of-life products.

Through our partnership with NIBE, we have been able to increase the level of sustainable manufacturing without compromising on efficiency, technology or performance. Plans for the second stage with NIBE have already started, where we will deliver 5,000 units of remanufactured pump houses.



Looking ahead

The upcoming EU CSRD will require us to comprehensively report on Grundfos' resource use and circular economy goals, activities, processes and results. In 2024, we will work on aligning our processes and data collection to ensure we fully comply with the upcoming CSRD requirements once the standards come into effect. To do this, we will focus on establishing baseline measures for our focus themes and identify 2030 goals that will set us on an ambitious course towards circular business.

We will also continue our efforts to scale the take-back programme, as well as further ramp up our remanufacturing efforts on returned end-of-life components. Our aim for 2024 will be to significantly scale up the number of pumps produced with remanufactured components. Additionally, in 2024, we will continue our work to reduce the volume of waste diverted to landfill.

3

Social impact

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Human Rights

Respecting human rights is an integral part of the way we do business. Key actions in 2023 include launching and amplifying Human Rights training across the company, and conducting a Human Rights Impact Assessment in the Philippines.

Our approach

As a company, we have a responsibility to respect the human rights of all our employees, and of the people we interact with and impact through our business activities across the value chain.

Upholding and respecting human rights is everyone's responsibility at Grundfos. Group Sustainability works with respective functions to ensure implementation of human rights considerations in our internal processes and policies and to integrate them into our day-to-day operations ensuring we deliver on our commitments, strategy, and goals.

Increasing regulation and growing expectations confirm that human rights is a material topic to Grundfos. It is critical to our business that we continue to advance our efforts to meet the demands

of regulators, such as the expected upcoming EU Corporate Sustainability Due Diligence Directive (CSDDD), and from customers and other stakeholders.

Our work with human rights due diligence is an ongoing process. It starts with our [Human Rights Policy](#) which governs our approach, our commitments, expectations, and responsibilities to operate in line with international regulations, conventions and guidance defined by the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights (UNGPs), and the International Labour Organization.

Our human rights programme aims to ensure that we respect and advance human rights. We conduct human rights impact assessments (HRIAs) to identify

potential risks and impacts and use the findings to further strengthen our respect for human rights by integrating these learnings into internal policies and processes and implement mitigation actions. It is essential for us to engage with local stakeholders to better understand how our operations impact the people we interact with.

Another important area of our human rights programme is awareness and capacity building as a key enabler for meeting our commitments. We engage with both internal and external stakeholders to build capacity and deliver training to increase knowledge of human rights risks, how to act, mitigate, as well as uphold our policies and procedures to ensure adherence with Grundfos' standards and values.

As part of our commitment, we conduct an annual review of our identified, prioritised [salient human rights issues](#) which are based on the results of our HRIAs, external trends and significant changes in our business or the locations in which we operate. The salient issues we identify help us prioritise our due diligence efforts.

Our salient human rights issues are:

- Forced labour
- Child labour and employment of minors
- Non-discrimination, fair and equitable treatment
- Freedom of association and collective bargaining
- Health and Safety
- Working hours, wages and social security benefits
- Right to privacy



SOCIAL IMPACT

Our progress

- In 2023, we made progress in four main areas:
- Expanded our external knowledge-sharing network and collaboration.
 - Conducted Minimum Safeguards alignment with the EU Taxonomy and prepared our readiness for the EU's Corporate Sustainability Due Diligence Directive (CSDDD).
 - Conducted a new Human Rights Impact Assessment in the Philippines.
 - Provided further guidance and improved employee capacity and awareness of human rights.

We want to collaborate and we believe that, collectively, we can better advance and promote respect for human rights in business. In 2023, we became members of the Nordic Business Network on Human Rights, which is facilitated by the Danish Institute of Human Rights, adding to our current memberships with the Business for Social Responsibility (BSR) as well our engagement with the BSR Human Rights Working Group.

Additionally, we continue to be an active member of the UN Global Compact and participated in the UN Global Compact Business and Human Rights Accelerator programme. These networks and programmes

provide an opportunity for us to work with peers and human rights experts to identify ways to avoid and address negative impacts through a knowledge-sharing process, helping us continually improve our processes and performance in this area.

To ensure we meet the minimum safeguards criteria of the EU Taxonomy, we commissioned a UNGP/OECD gap assessment as part of Article 3 of the EU Taxonomy's 'Criteria for environmentally sustainable economic activities', aligning with the minimum safeguards laid down in Article 18. Overall, the assessment concludes that Grundfos complies with the minimum safeguards as outlined in the EU Taxonomy Regulation. We are currently implementing recommendations to further advance our efforts.

As a result of the assessment, we have identified an opportunity to enhance our human rights due diligence process through documentation refinement, which can further empower us to uphold our commitments more effectively.

Additionally, in 2023, we revised and published our annual [Modern Slavery Act Report](#) in compliance with UK and Australian regulations, as well as a new statement to comply with new [Norwegian Transparency Act](#).



Spotlight: Raising employee awareness and capabilities through training and eLearning

Following the revision of our Human Rights Policy in 2022, we engaged with our employees to increase knowledge of human rights risks and impacts within their local operations. We achieved this through webinars and on-site training sessions with employees, as well as suppliers and local service providers in China and India, following up on previously conducted HRIAs.

As part of Grundfos' plan to strengthen our human rights programme, we identified the opportunity to create an eLearning course to boost internal awareness

of what human rights are and how they relate to Grundfos. Additionally, we developed guidelines for our leaders and employees to support them in integrating the Human Rights Policy into their daily work.

In 2024, we will further increase the accessibility and usage of both eLearning and guidelines by translating them into ten languages and embed the eLearning into the onboarding learning development plans for all new employees and management positions globally.



Human Rights Ambitions

- Ensure preparedness for compliance with EU Corporate Sustainability Due Diligence legislation.
- Ensure our business practices follow the UN Guiding Principles and further embed human rights due diligence into existing business policies and processes.
- Increase awareness and develop internal capacity on human rights risks and impacts.

Looking ahead

In 2024, we will build on the progress we made in 2023 and prepare ourselves for EU CSRD and CSDDD compliance. In addition, we will initiate a global living wage benchmarking assessment, and we will continue to improve the knowledge capacity of our employees regarding human rights

through wider accessibility of our eLearning as well as other training sessions.

We will also conduct a human rights risk and saliency assessment to further improve our understanding of risks and impacts across our value chain and continue to advance our human rights efforts.

Spotlight: Human rights impact assessment in the Philippines

To understand the actual and potential human rights risks and impacts across our operations, it is crucial that we cover all types of operations. In October 2023, we conducted a new human rights impact assessment (HRIA) of our activities and presence in the Philippines. This involved visiting our own sites, conducting interviews and training sessions with our own workforce, engaging with service providers, as well as with local stakeholders to understand the impacts of our operations, and how we can advance respect for human rights for both our own people and people we impact in the country.

This assessment helped us to reconfirm our need to further expand the scope of our Sustainable Supplier Management Program.

We also recognised the challenges relating to the safety of employees working at customers' sites or in conflict zones. Together with our team in the Philippines, we are working on an action plan to address these issues. As part of the assessment, we also identified local good practices to foster an inclusive and supportive workplace environment. This includes extending health coverage to same-sex partners as well as non-biological children of our employees, which is not standard procedure locally.

In addition, one of the key findings was the opportunity to promote a living wage to contracted workers at our sites, as we identified a difference from the provided national legal minimum wage.



Water Access

‘Possibility in every drop’ is particularly significant for Grundfos in light of our ambitious goal to assist in providing clean drinking water to 300 million people by 2030⁶

Our approach

Water is instrumental in spurring economic growth, enhancing health, enabling learning and education, and ensuring dignity and quality of life. Two billion people globally do not have the opportunities afforded by having clean water in the home.

SafeWater, as a strategic business unit of Grundfos, drives our ambition on water access, initiating and monitoring programmes across the business. In addition, SafeWater proactively supports our NGO and humanitarian partners in delivering vital water access services globally.

To achieve our goal of bringing clean water to 300 million people by 2030, we have created the Grundfos Water Access Roadmap, which charts a path to assist underserved markets and expand our role in the broader quest for sustainable water solutions. By offering smart, commercially viable, and sustainable technologies, we aim to enhance water access for communities and municipalities in need.

⁶ <https://www.un.org/sustainabledevelopment/water-and-sanitation/>

Our strategy hinges on forging strategic partnerships and pioneering innovative solutions that make a substantial difference in the water access arena. This focused and collaborative approach means we can support our partners more efficiently, providing solutions that fit the specific needs of each community.

To achieve the 300 million goal, Grundfos knows it must transcend traditional business approaches. Our Water Utility division plays a pivotal role in this, engaging a diverse array of stakeholders across the water service delivery spectrum. This includes not only public utilities, but also governments financing institutions, NGOs, and humanitarian organisations.

Grundfos provides solutions for only part of the water value chain – we cannot achieve our goal alone. Therefore, we partner with other progressive sustainability-focused organisations around the world to enhance water access.

Regional roadmap deployment

The focus of our water access strategy is on sub-Saharan Africa and South Asia, where 78% of the world’s water-poor live. Water Utility, the division within Grundfos that drives the water access ambition, currently operates in 11 countries in these regions, with 183 dedicated professionals who collaborate with our partners to deliver our solutions. The SafeWater team, comprising specialists in water-access delivery, is present across five countries.

We proactively engage and collaborate with customers, designers, consultants, suppliers and other partners to design water-access solutions.

We also provide training and technical support for implementation and maintenance. These solutions range from high-performance projects for urban networks to small, solar-powered systems for off-grid communities.

Assessment of impact

Assessing exactly how many people we are reaching through our efforts is challenging. We collect project specific data from our partners where possible. This is the most reliable method and this year’s data was subject to audit for the first time, validating a limited sample of our sales.

We also estimate our reach through sales figures. These numbers are data-informed, conservative calculations.

We developed the framework in line with the JMP service ladder for drinking water, and country-level data, supplementing that with direct customer and implementing partner data. We are continually improving this methodology, incorporating richer datasets as we get them.

Our progress

In 2023, we continued to improve water access for communities in need in a variety of ways. An important step in this process has been to quantify our impact so far as part of the ecosystem. This is a significant milestone for Grundfos, as it gives us insights into where and how we are supporting progress. With this knowledge we can devise the best strategy to support our partners in multiplying their successes.

We continue to refine our methodology for estimating how many people we reach, which is based on sales in our Water Utility division, incorporating data collected through a survey of our distributors.

Using our improved methodology, we have begun reporting our impact as a cumulative number. We estimate that we have provided access to 7.05 million people in 2023 and 34 million cumulatively since 2020. Out of the estimated total, 2.05

million individuals have been confirmed through a limited assurance verification process. This number is likely to increase during this year, as we continue to collect and verify data.

In 2023, we expanded our support in Africa’s Sahel region, which is currently in the grip of complex geopolitical tensions that pose risks to water access.

We have supported the International Committee for the Red Cross (ICRC), one of our valued partners, to improve water access to 99 project sites across 19 countries, including Chad, Nigeria, Niger, Mali, Sudan and Burkina Faso.

Capability building is at the core of our values. Grundfos and the Poul Due Jensen Foundation supported the Global Water Centre to develop a nationally approved curriculum for water system operators through the Commission for Technical and Vocational Education and Training

(CTVET) in Ghana and launched the pilot laboratory at St. Paul’s Technical School in Kukurantumi. The ambition is to roll out this concept across TVETS in the rest of Ghana and beyond its borders.

This training is vital as it enables rural communities to be self-sufficient in implementing, operating and maintaining water systems.

We also provided training for our partners, both face-to-face and online, on a range of topics from end-to-end pump operations and troubleshooting to the installation of Grundfos’ solar products, such as the SQFlex. We conducted training in Kenya and Dubai at the ICRC’s knowledge hubs on how to install, maintain and repair our most commonly used pump solutions. In total, we provided training to 294 individuals in 15 countries; in 2024 our target is to train 1,000 people.

Spotlight: Are manual handpumps a technology of the past?

Handpumps have served a valuable purpose in increasing water access over recent decades. No one knows exactly how many handpumps are installed, but estimates place it between 340,00 and 600,000 handpumps in rural sub-Saharan Africa. The failure rate is estimated to be between 26 and 33 per cent. The sustainability of these simple solutions is being brought into question. As a result, public authorities and organisations like UNICEF are evaluating whether handpumps are the right choice. There is a growing consensus that the starting point for improving access to water should begin with mechanised, durable solutions.

Governments in sub-Saharan Africa are beginning to take the initiative through national programmes to replace handpumps. Entreprise Moderne de Technologie (EMT), a Grundfos partner, has installed Grundfos solar pumps for 50,000 people in the Sokodé district of Togo under such an initiative. The daily struggle to collect water was characterised by the unreliability of the water supply, low water pressure, and significant physical exertion.

Grundfos submersible pumps (SP) were paired with a solar inverter, PV panels, and PowerAdapt, which facilitates the automatic switch between solar and grid power to enable water access 24/7. The deployment of efficient and sustainable solar-powered technology is part of a wider national initiative to provide reliable water access for the entire Togolese population by 2030.

Targets	Data source	2023 Performance	2022 Performance	Progress
Promote access to drinking water for 300 million people by 2030	Reported project data	2.05 million people reached with drinking water in 2023.	4 million people were given access to drinking water in 2022.	Cumulative estimate 34 million people reached between 2020 and 2023 from projects and calculated sales data.
	Sales data (estimate)	5 million people	5.8 million people	

Risks and opportunities

The primary challenge in realising our ambitious 2030 goal lies in the scalability of innovative, transformative solutions for water access. Success hinges on fostering partnerships that encompass governments, financial institutions, technology providers, entrepreneurs, and installers with the necessary capabilities and reach. As a global entity, Grundfos is committed to playing a pivotal role in establishing a coordinated movement that will ensure that scalable solutions become reality.

Knowledge-sharing enables us to amplify and promote the importance of improved water access worldwide and helps us understand our partners' challenges. We participate in international conferences, such as the IGAD Expert Dialogue on Water Security in Kenya, and the OECD/ AfDB Roundtable on Financing Water.

Regions where water-access initiatives are urgently needed often overlap with war zones or are affected by other security and law and order issues. These high-risk landscapes present challenges such as lack of infrastructure, corruption and security concerns that can hinder operations. We mitigate these challenges by conducting detailed risk assessments and collaborating with our partners.

A growing threat is the decline in donor funding within the sector. Such funding plays a vital role in supporting projects in challenged economical environments, and its reduced availability is harming the scale and effectiveness of our partners' efforts. To drive solutions at scale, we are exploring alternative funding models, including results-based financing and humanitarian blended finance, in collaboration with our partners, such as the International Committee of the Red Cross (ICRC).

Spotlight: Water desalination in Mykolaiv, Ukraine

Boreal Light GmbH, a German OEM specialising in solar desalination, placed an order for 10 CRN pumps to be used in five solar desalination systems in the city of Mykolaiv, Ukraine. The region faces significant challenges related to water scarcity and electricity shortages, making these systems invaluable in ensuring

a stable water supply for Mykolaiv's population of 500,000. In September 2023, we commissioned new desalination systems that will harness water from the Black Sea, relying entirely on solar energy generated from a 500 kW solar field, making it Europe's largest solar desalination system.

Spotlight: Providing water in the desert

Kargil is located 2,700 m above sealevel at the foot of the Indian Himalayas in Cold Desert Cultural Landscape at the foot of the Himalayas. Based on its unique climatic conditions (low precipitation and extreme weather variations) it contains a unique ecosystem, making it a UNESCO World Heritage site. The communities that live in the Cold Desert experience significant challenges, including accessibility, topography, temperatures of -32°C, lack of vegetation, water scarcity and poor power

availability. Glacial and spring water, as well as trucked water is used to provide for daily needs.

Under the Jal Jeevan Mission, our local channel partner, SIAB Surgiments, installed solarised drinking water solutions to provide reliable water supply to the area. Despite how the hilly terrain made it challenging to find even ground to install the solar panels, more than 30,000 people are served via 500 solar water pumps (SQ Flex) and submersible pumps (SPs).

Looking ahead

As individuals and communities climb the water ladder and gain access to improved water sources, their quality of life improves significantly. Through our Water Access Ambition, we aim to extend our reach by a significant 70% in 2024. The specific initiatives that have been targeted include increasing our footprint in underserved markets, exploring financing mechanisms for water access, and entering into public-private partnerships at scale.

Achieving our goals will undeniably yield many benefits, and we will proceed with due consideration for the potential collateral stresses on local water resources and ecosystems.

We will continue to mitigate these challenges by promoting sustainable aquifer management and efficient water-use practices with our partners, embracing innovative water technologies, adopting renewable energy sources for water infrastructure, and integrating climate-resilient practices into water management systems.

Going forward, we will seek to amplify our impact by training our partners and increasing their skills in the use and potential of our solutions. Assisting our partners with capacity-building is vital as it enhances our mutual capabilities and contributes to the long-term success of our projects.

Diversity, Equity and Inclusion

We want to create a culture that champions respect and fosters a diverse and inclusive workplace, where people feel valued, respected, and supported. We believe our approach to diversity, equity, and inclusion (DE&I) builds competitive advantage.

Our approach

We strive to have a global culture where everyone is included and valued within Grundfos' virtual and physical spaces. We aspire to prioritise equitable possibilities for all and to use diversity and inclusion as critical keys for building a more sustainable future. We have three main DE&I elements that enable us to ensure we are providing equitable possibilities to all. Each contributes to our recruitment processes, day-to-day operations, and overall DE&I governance function.



Global Recruitment Standard: This is to ensure the transparency and consistency of the recruitment process and its implementation across Grundfos. We aim to attract and recruit talented and committed professionals who share our core values. We strive to provide equal opportunities to all employees and applicants and want to guarantee that our approach and practices in the talent acquisition process reflect an ethical approach: fair, free of discrimination, effective, and efficient.

Workplace Accommodations Commitment: We understand that people with physical, mental, cognitive or sensory disabilities often experience barriers in everyday life. We believe that anyone with a disability – temporary or permanent – should receive reasonable workplace accommodations so that all Grundfos employees can bring their best selves to work.

DE&I Council: Our DE&I Council consists of eight appointed Grundfos leaders and two employee-elected members from across different business units in our organisation. Chaired by our Group Vice President Sustainability, External Relations and Communications, the Council is responsible for developing and driving aspirations, targets and initiatives of our DE&I efforts.

SOCIAL IMPACT

Five DE&I key themes:

- Leadership commitment
- Inclusive and equitable culture
- Recruitment and advancement of women
- Early career development
- Representation of people with disabilities

We have developed associated KPIs and targets for each theme to support our ambition of providing equitable possibilities to all.

These KPIs are measured through various points: our annual employee motivation survey (EMS), our voluntary, annual DE&I survey, and our HR dashboard.

Inclusive and equitable culture

We also look to foster inclusive environments through a variety of initiatives, including our four global employee resource groups (ERGs). The purpose of the ERGs is to create a sense of belonging, provide a forum for knowledge sharing and collaboration, to develop future leaders, and to invite their voices into company-wide business challenges and bring relevant solutions forward. Our four ERGs are:

- Pride
- Abilities
- Future
- Women

We include DE&I factors in all our people processes, such as talent reviews and succession management. We also conduct DE&I learning and development training to support employees in understanding more about Grundfos' approach to DE&I and the importance of fostering an inclusive workplace every day.



Our progress

In 2023, our annual DE&I survey identified important learnings on our current progress and indicated what further direction we should take moving forward. From the survey, we observed that a focus on promoting DE&I to our employees and management is having a positive effect, with employees largely acknowledging Grundfos' DE&I efforts and seeing the benefits of our strategy, specifically recognising that immediate managers act as inclusive leaders and support DE&I.

Our current workforce is officially comprised of 2.8% of employees who acknowledge a disability.

We work to continually educate leaders and HR to understand what a disability is, and to ensure the needed psychological safety for our employees to disclose their disability.

We made progress in 2023 towards the first generation of DE&I KPIs, with an increase in the number of women in leadership positions* that saw us approach our 2025 target of 27% with an end of year status of 25%.

Additionally, we progress our DE&I learning and development initiatives. In 2023, we developed 'Learning Bites', our bite-sized learning

content for employees to access at any time through our Viva Learning platform. In 2024, we will offer Inclusive Leadership training to all our people managers as part of our newly-launched global leadership development offers.

By embedding this into basic leadership training, we want all our managers to further promote inclusive practices throughout their departments, and we intend to measure this through our EMS scores going forward.

* Please see the Grundfos Annual Report for the representation of women in Board of Directors and top leadership level.

SOCIAL IMPACT

Board composition

Number of Board members

8

Number of independent Board members:

Women
1

Men
4

Women on the Board

2

Number of employees as elected Board members:

Women
1

Men
2

Targets	2023 Performance	2022 Performance	Progress on target
Leadership commitment “Leadership overall makes a positive difference for diversity, equity and inclusion.” Target end of 2025: 85	81	81	Status quo.
Inclusive and equitable culture “My perspectives are heard and respected at work.” Target end of 2025: 85	81	78	95% of 2025 target reached.
Recruitment and advancement of women Representation of women in leadership positions. Target end of 2025: 27%	25%	24%	93% of 2025 target reached.
Early career development (New KPI) Voluntary turnover rate. Office: Target end of 2025: 12.8% Shop floor: Target end of 2025: 21.3%	Office: 12% Shop floor: 25%	14% 23%	2.3 points increase in voluntary turnover rate for shop floor employees. 1.6 points reduction in voluntary turnover rate for office employees.
Representation of people with disabilities Target end of 2025: 3.5%	2.8%	3.0%	In 2023 we did not progress as expected.

Learning and Talent Development

At Grundfos, we want to be a world-class place to work, learn, and grow. In 2023, we continued to strengthen our global leadership and employee development programmes, and maintained a consistently high Learn & Grow score on 80 points.

Our approach

We recognise that keeping our employees challenged and motivated in their roles is fundamental to the success of our business.

We are committed to empowering our employees to take ownership of their personal development. As a part of this, we continue to foster a growth mindset across Grundfos, which we believe highlights the importance we place on learning at every level of the organisation. To achieve this, our managers play an integral role in building

a learning environment, and we provide them with the programmes, platforms, and tools to support a culture of continuous improvement.

This is evidenced in our 2025 strategy and our focus on being a world-class place to work, learn and grow, building a high-performing learning organisation. This is also reflected in our yearly motivation and satisfaction survey with stable high feedback on 80 points.



Employee motivation and satisfaction survey results	2022	2023
Learn & grow.	80	80
It is clear to me where I need to develop in my job.	80	80
In my department, we openly discuss our mistakes in order to learn from them.	80	80
My immediate manager actively discusses my development with me.	80	80
I utilise my opportunities to learn and grow.	80	81
I know where to find the tools and resources to grow myself.	78	78



Our progress

In 2023, we fully transitioned our learning platforms towards a single destination in Microsoft Viva Learning, and this has simplified the way our employees undertake learning activities. Additionally, by shifting to Viva Learning, we have made learning more relevant to our employees' daily work with a focus on the skills that matter most to our employees. This includes supporting communities of practice across Grundfos to build a habit of continuous learning.

In 2023, we redesigned our global leadership and employee development portfolio to provide for diverse needs of different employee groups like young talent, women and experienced managers. Through the creation and launch of 66 digital learning journeys across Grundfos, we have been able to provide a more diverse range of skills development opportunities for key groups.

Our Global Graduate Programme aims to attract the best talents available in the market. With an increasing number of young employees looking for employers who align with their values and offer a sense of purpose, The Grundfos Global Graduate Programme provides training programmes and project

opportunities to empower its graduates to acquire and enhance sustainability skills.

The graduate programme has been successful in Denmark and expanded to India and China in 2021 and to the USA in 2022. In 2023, the programme had a batch of 20 global graduates – 3 from India, China and the USA, and 11 from Denmark. We aim to include talents from three to four more countries in 2024 to create a stronger global cohort and presence. Our goal is to create a community of like-minded individuals from early careers who will contribute to a sustainable future.

Furthermore, in 2023, our 'Value Behaviour' learning journeys were offered to all employees. This has helped to strengthen our common understanding of what Grundfos' core values mean with respect to the way we work and collaborate. Lastly, we bolstered our performance and development dialogues (PDD) over the course of 2023. This has helped to support our employees in navigating their careers at Grundfos and has improved the quality and engagement between our leaders and their teams. We will measure the effect of these efforts in 2024.

Spotlight: Transitioning to the use of Microsoft Viva Learning

Following an employee survey in 2023, there was a clear need to make it easier for globally dispersed employees to find opportunities to learn, especially as the business continues to expand. By adopting Viva Learning, Grundfos created a learning platform destination that is easily accessible, simple to use and meets employees where they already work. Through a centralised hub of learning content and resources, our staff are able to not just learn and build new skills, but also share and recommend training across teams and business divisions.

“We want to empower Grundfos’ employees to drive their own learning and development. That’s why we have introduced a one-stop shop for learning in the flow of work.”

Marcus Jøhnck Bendt Haure,
Product Owner for Learn & Grow Technologies
at Grundfos



Risks and opportunities

Over the past year, we have experienced a significant shift in our ways of working by the creation of a hybrid workplace environment. Despite the risks associated with a hybrid structure which enables our staff to work from Grundfos locations or their own home, we have been able to nurture a healthier work-life balance.

Changing our work habits has furthermore provided us with the opportunity to support our employees in adapting to change and building general resilience towards change. Our efforts are ultimately focused on enabling our employees to develop the skills for the future.

Looking ahead

Our 2025 ambition is to establish Grundfos as a high-performing learning organisation. To do this, we will explore ways to bring forward broader ranges of development opportunities for our employees, focusing on:

- Mentoring and coaching programmes
- Learning analytics to improve tracking and transparency on learning KPIs
- Tailored development programmes.

In 2024, we will launch further programmes within our leadership development portfolio, creating programmes for new managers, experienced managers and executive managers. In 2024, we will launch a set of three new global talent programmes that aim at developing and helping our talents to take on new and more complex roles. Additionally, we will implement a global learning programme for all plant supervisors in our manufacturing facilities.

We furthermore encourage our employees to identify external training opportunities that uniquely position them in their career aspirations, and we bring this perspective into the performance and development dialogue for each employee. We continue to invest in our digital transformation of Grundfos, and we expect this will continue to impact which skills are in demand for the future.

Health, Safety and Wellbeing

In 2023, we reduced our Lost Time Injury Rate (LTIR) by 13% to 1.77 and achieved the highest ever score of 78 points in our Employee Motivation Survey reaching our 2025 target ahead of time.

Our approach

Our ambition is to drive the health, safety, and wellbeing of our employees by providing a safe work environment, preventing injuries, ensuring good physical conditions and psychological balance. We want to transition from a culture where health, safety and wellbeing is created by some, to a culture where everybody is motivated to take a collective responsibility.

As part of our integrated management system, we have been accredited to the ISO 45001 standard for Occupational Health and Safety Management since 2000. This encompasses our overall approach to health, safety and wellbeing.



Our health, safety and wellbeing ambition revolves around three core behaviours:

Be present

Pay attention to your own and to your co-workers' needs.

Take action

Demonstrate care for yourself and your colleagues. Have the courage to discuss risk situations openly with others even when they are beyond the scope of your responsibility.

Don't compromise

Look for ways to continuously improve, report every hazard and dangerous situation. Compromising on health, safety and wellbeing is not an option.

SOCIAL IMPACT

Our progress in 2023

In 2023, we continued to celebrate Health, Safety and Wellbeing Week to raise further awareness of the importance of good practice regarding physical health and safety, and mental health and wellbeing. During the week, we promoted the launch of our digital solution for risk assessments to improve people's risk awareness. The week also featured a range of sessions designed to help relieve stress and improve wellbeing. These sessions provided colleagues with the tools, techniques, and solutions to navigate potential work-related stressors.

Employee motivation and satisfaction

In 2023, our employee satisfaction and motivational survey was completed with the highest participation rate in its history. 96% of the surveyed Grundfos employees made their voices heard, providing valuable insights into different aspects of work life in our company. This robust feedback provides a solid basis to make Grundfos an even better place to work, learn and grow.

The Grundfos Group score is at the highest ever on index 78, well above top-in-class peers and very close to the top 10%.

Overall, the conclusion from the Employee Motivation Survey (EMS) 2023 is that Grundfos is an organisation with a highly engaged workforce, our employees like their jobs, colleagues and team managers. Grundfos is an organisation with a high level of safety trust and respect and continuously improving wellbeing.

Mental health and wellbeing

In our drive to better our employees' wellbeing and improve our stress scores, we completed the development of our Engagement and Wellbeing Roadmap. The roadmap is built to cater for six root causes detected in a deep dive analysis conducted end of 2022. The roadmap outlines the plans, initiatives and projects that we aim to conduct up to 2025.



In 2023, we focused our engagement and wellbeing efforts on the following three key EMS areas:

Simplicity and speed

We investigated three complex HR processes and piloted how to reduce complexity, thereby ensuring improvement of efficiency and reduction in the workload for our employees, allowing them to prioritise their important tasks.

Stress and wellbeing

We identified the need to ensure that we have support in place for all levels – organisation, managers, teams, and individuals to mitigate symptoms of stress and improve wellbeing.

Collaboration and communication

We recognise the importance of collaboration and communication to help employees better understand their roles and responsibilities across their teams, following Grundfos' organisational restructure in 2022.

SOCIAL IMPACT

To mitigate our principal health and safety risks and to achieve our 2025 Lost Time Injury Rate (LTIR) target of 1.5, we must develop an interdependent safety culture.



Team Health Project

In 2023, we identified the need to work with teams and managers who were at a high risk of stress, as identified by their EMS scores. As a result, we developed the Team Health Project, where we directly supported 29 high-risk teams through the facilitation of three focused and dedicated workshops. Following the workshops, we were able to identify three systemic challenges which were driving stress:

- Unclear priorities
- Unclear roles and responsibilities
- Accelerating work without clear processes.

Using these insights, we developed a substantial catalogue with supporting tools and processes to work

with the systemic challenges at a team level.

Along with conducting the Team Health Project, we upskilled and built a 'community of facilitators', who can conduct the Team Health workshops independently within their business area. The project generated positive yields on employees' levels of stress and wellbeing.

Physical health and safety

To mitigate our principal health and safety risks and to achieve our 2025 Lost Time Injury Rate (LTIR) target of 1.5, we must develop an interdependent safety culture. In 2023, one of the ways we set out to achieve this was by improving risk awareness and building competencies on risk assessment processes. In addition to our

mandatory health and safety training, we included our risk awareness eLearning training as part of the onboarding process for all office-based workers. We also conducted Managing Safely training, accredited by the Institution of Occupational Safety and Health (IOSH), at three global sites in France, the UK, and the USA.

Furthermore, we launched our 'Last-Minute Risk Assessment Learning Programme' specifically for our 900 Service Delivery employees. Ultimately, these initiatives have helped to develop a more proactive approach to health and safety in our company. This is demonstrated in the reduction of our LTIR score in 2023 by 13%.

Risks related to health, safety, and wellbeing

For health and safety at Grundfos, we monitor the risks and work to mitigate them accordingly. In 2023, our most severe cases happened within the areas of moving machine parts, hazardous surfaces, and manual handling (ergonomics). We mitigate these risks by creating safer work conditions and raising risk awareness amongst colleagues simultaneously, and we monitor the impact through our LTIR performance.

SOCIAL IMPACT

Looking ahead

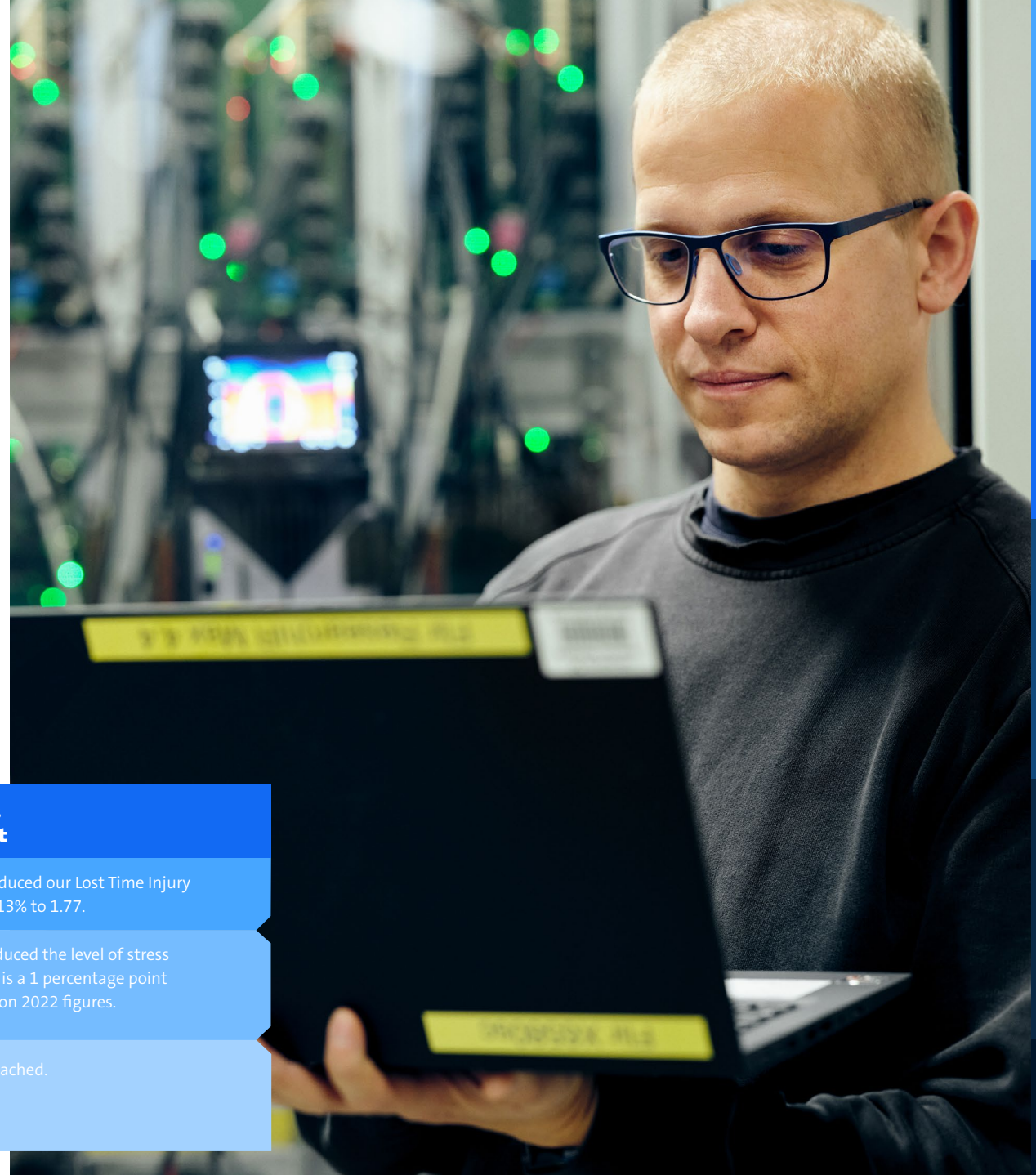
For physical health and safety, we plan to launch our new TRIR metric (Total Recordable Injury Ratio) which will enable us to begin monitoring all forms of reportable injuries and implement measures for reducing their occurrences. We will also continue the focus on risk assessments across the organisation.

For mental health and wellbeing, our plans centre around achieving our long-term goal of reducing stress levels to 12%. Following the successful development of our roadmap and delivery of initiatives on our key focus areas for 2023, we want to strengthen the foundation we have developed.

We plan to continue to improve the impact of our employee motivation survey process by increasing our scoring metrics

from a 5-point system to a 10-point system as this is in line with all other questions asked in our employee motivation survey. We believe this will provide more accurate data on employees' perceived levels of stress, workload, and other wellbeing metrics. We will continue to build our community of facilitators for the Team Health initiative to encompass more teams and divisions. To improve a healthy workplace, we will train health advisors globally as a local first point of entry to pick up symptoms of stress and to give our employees access to immediate support. Regarding healthy work behaviours, we will launch a micro-break platform, which will provide tools and techniques for our employees to practice healthy working habits.

Targets	2023 Performance	2022 Performance	Progress on target
Lost Time Injury (LTI) ratio (LTIR) to 1.5 by 2025.	1.77	2.06	In 2023, we reduced our Lost Time Injury Rate (LTIR) by 13% to 1.77.
Reduce the level of stress to 12% by 2025.	21%	22%	In 2023 we reduced the level of stress to 21%, which is a 1 percentage point improvement on 2022 figures.
Employee satisfaction and motivation scores of 78 in our annual employee motivation survey (EMS) in 2025.	78	76	2025 target reached.



Employee and Community Engagement

In 2023, employees continued to support the Water2Life programme, and 53 employee-led community development projects received a total of DKK 21.7m from the Poul Due Jensen Foundation Community Grants.

Our approach

Joining forces to make a positive impact in local communities is at the heart of the Grundfos culture. We experience a wide array of benefits when our employees and their communities thrive. Hence, Grundfos actively encourages its people to support the communities and local organisations they care about the most.

Ultimately, we aim to improve the quality of life and general wellbeing of the communities we work with through our employee and community engagement programmes, such as:

- **Water2Life (W2L):** A programme initiated and driven by employees that seeks to deliver clean water to impoverished communities.
- **Employee volunteering:** Our employees volunteer in the areas of water, climate, and people, all of which directly relate to our purpose.

- **Community Engagement Grants:** The Community Grants are funded by the Poul Due Jensen Foundation to support projects contributing to improving water access, the natural environment, and social standards.

To guide our approach supporting our local communities, we were proud to publish our Global Volunteering Policy at the end of 2022. The policy applies to all Grundfos regular full-time, part-time and fixed-term employees, including internal temporary workers. Through this policy, our employees will be able to take three days of paid time off each year to do volunteer work towards improving water access, the natural environment, and social standards. We also use a Community Engagement Portal to track our volunteering impact, as well as to process and showcase our community grants.



SOCIAL IMPACT

Our progress

Employee participation in individual volunteering programmes continues to be lower than our expectations. In 2023, 1% of our workforce have registered their participation in employee volunteering. As a result, we are aware that further work is needed to achieve our target of 20% by the end of 2025. It takes time to integrate a new behavioural mindset into the organisation, and we will continue to encourage this bottom-up as well as top-down, while removing barriers to ease participation and registration, as we can see that many have volunteered but not registered their participation.

Through Water2Life, our projects in Nigeria and Venezuela, we continue to contribute to our Water2Life target of providing 100,000 people with access to drinking water by 2030. For our water project in India we have however experienced delays due to unexpected challenges with water quality. We have in 2023 installed a larger and improved water system, which is now providing clean drinking water to the community.

With respect to community grants from the Poul Due Jensen Foundation, the pool of funds was increased from DKK 20m to DKK 25m in 2023. We always intend to use the funds to improve social standards and have a positive impact on local communities. At the end of 2023, DKK 21.7m of community grants were issued to 53 projects.



2025 Targets	2023 Performance	2022 Performance	Progress
Increase employee volunteering participation to 20% by 2025, and 50% by 2030.	1%	n/a	Progress has not been as expected. In 2024 we are enhancing our communication efforts to encourage more colleagues to volunteer.
Provide 100,000 people with access to drinking water through Water2Life by 2030.	Status quo.	65,168 people were provided access to clean drinking water.	Due to delays in our projects we are not able to report 2023 numbers in this report.



Spotlight: Improving the natural environment through collaboration

Through our new Volunteering Policy, improving the natural environment and working to improve the climate is one of our three purposes for which our employees can take paid leave to volunteer. In October 2023, over 100 Grundfos employees in Viborg, Denmark, utilised half of their working day to improve the natural environment by planting trees. Through collaborating with the Growing Trees Network, Grundfos donated 55,000 trees, a thousand of which were planted by our employees. We have already committed to collaborating again with the Growing Trees Network in 2024 and continue to use this initiative to improve the natural environment.



Risks and opportunities

Water2Life

Partner risks, supply chain challenges, on-site local challenges and internal donation support are the main risks associated with our Water2Life programme. We mitigate these risks by carefully selecting partners who are equipped and experienced with these challenges, and by creating awareness through internal channels and hosting fundraising events for our employees. We see an opportunity to further strengthen Water2Life with more funding and donations and through a larger network of volunteers.

Community grants

Our employee involvement in the community grants process deepens the connection with our organisation. We see that we have an amazing opportunity to benefit all local communities where we operate, as well as involve our employees in the process.

Volunteering

There is a risk of employees not feeling allowed to volunteer or of them logging their time incorrectly or not at all, despite our approved policy for three days of paid volunteering every year. Furthermore, there is a risk of negative social impact through volunteering. We mitigate these risks through our Global Volunteering Policy awareness campaigns and ensure that each volunteer request is approved by a local people leader.

Looking ahead

In 2024, we will partner with the not-for-profit Water Mission, once again tapping into their expertise in building safe water systems in the more remote parts of the world, this time in Mexico. We will also give extra attention to communicating about volunteering opportunities and our Community Engagement Grants; these opportunities are tangible examples of how our employees can make a significant difference locally.

4

Business Ethics

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Quality, Product Compliance and Customer Safety

Quality is at the very core of our products, brand, value propositions, and how we work and think. By upholding high-quality standards, we continuously work to ensure compliance of all products, as well as our customers' safety when using the products.

Our approach

Our approach to quality, product compliance and customer safety is rooted in our company purpose.

Our Grundfos Quality Policy defines our overarching approach to quality and applies universally to all companies within the Grundfos Group. To ensure that our products and solutions always meet quality specifications, we are certified to the ISO 9001 Standard for Quality Management, and this informs the structured process we follow during the development and market introduction of new offerings. Currently, 41 Grundfos entities – including 17 plants, 6 development centres, 10 assembly centres, 7 sales offices and our headquarters – participate in the ISO multisite certification programme.

Our offerings could impact the health and safety of our customers if not managed responsibly. These risks

relate to electrical and mechanical issues, radiated energy and regulated materials or substances.

Therefore, to mitigate this risk, we take the following actions as part of our management approach:

- Ensure use of CE-marking where relevant.
- Certify that all domestic products are a part of the IEC CB scheme.
- Develop a Technical Construction File for all products.
- Conduct supplier audits to ensure adherence to the Grundfos Focus List, which details a list of chemical substances that are banned or restricted from use in our products.
- Undertake safety risk assessments, including chemical and product compliance checks, on products.

- Test and verify products to international safety standards such as IEC 60335, IEC 61010, IEC 61800, IEC 60034.
- Certify all products coming into contact with drinking water according to relevant certification schemes, and assess water contact materials on a regular basis.

In the event of a non-conformity, we have established a structured processes to determine its severity. For minor non-conformities, we follow our regular claim management procedures, while more critical non-conformities trigger an escalation process.

Regardless of their severity, all non-conformities are documented and serve as valuable insights to continuously improve our quality performance.

Our success also depends on the quality provided by our suppliers. Through our Procurement, Supplier Quality and Sourcing Sustainability teams, we are committed to developing strong partnerships and cooperating with our suppliers to continue driving quality performance and results.

Looking ahead

In 2024, we will continue our commitment to deliver products and services that not only meet regulatory requirements but also fulfil the expectations of our valued customers. We are starting initiatives to digitalise and orchestrate product compliance data so that, going forward, we can make it easily available to customers and authorities.

Business Conduct

At Grundfos, we see business ethics as a fundamental aspect of our corporate culture and long-term success. In 2023, all employees conducted mandatory training, and a new and expanded Code of Conduct was approved by Group Management and the Board of Directors.

Our approach

Our deep commitment to the sustainability agenda and our global presence means we need to act responsibly at all times.

Business ethics is the framework that guides conduct in the business world. At Grundfos, we recognise the importance of ethical behaviour not only as a legal and regulatory requirement but also as a fundamental aspect of building trust, fostering a positive corporate culture, and sustaining long-term success.

Business ethics at Grundfos is driven by a holistic approach across our value chain that combines our purpose, our values, leadership, employee engagement, stakeholder expectations, legal compliance, industry standards and social responsibilities. By embracing these factors, we aspire to foster a culture where ethical behaviour is not only

encouraged but embedded in the fabric of Grundfos.

Grundfos Ethics Committee oversees the upholding of ethical standards across Grundfos.

Our Code of Conduct (CoC) provides guidance for our employees in dilemmas or situations they may face as part of their job. All Grundfos employees are required to adhere to the CoC. Should any breaches of our CoC be reported, we conduct a formal investigation process and take appropriate action. If local laws and regulations are more stringent than our CoC, we follow the local legislation.

Several of the CoC topics are elaborated further in policies, procedures, compliance programmes, guidelines and external commitments.



Our progress in 2023

In February 2023, the annual mandatory training in Grundfos' Code of Conduct (CoC) was completed for all employees, including our shop-floor workers. All new employees joining throughout 2023 also completed the CoC training.

In the autumn of 2023, a new CoC was approved by Group Management and the Board of Directors. This updated version reflects new topics, such as the deployment of artificial intelligence (AI) tools, and contains more inclusive and accessible language in line with our aspiration on diversity, equity, and inclusion.

The new CoC will be launched globally in 2024, following translation into multiple languages. After the launch, we will conduct training for all employees to enable awareness and understanding of the elements in the CoC.

Grievance mechanisms

Grundfos' goal is to make the reporting of concerns about ethical and compliance issues as easy as possible.

Our whistleblower system gives all employees and third parties cooperating with Grundfos as well as other relevant stakeholders a channel to report suspected breaches or non-compliance with Grundfos' CoC. The reported cases are processed by the Grundfos Ethics Committee.

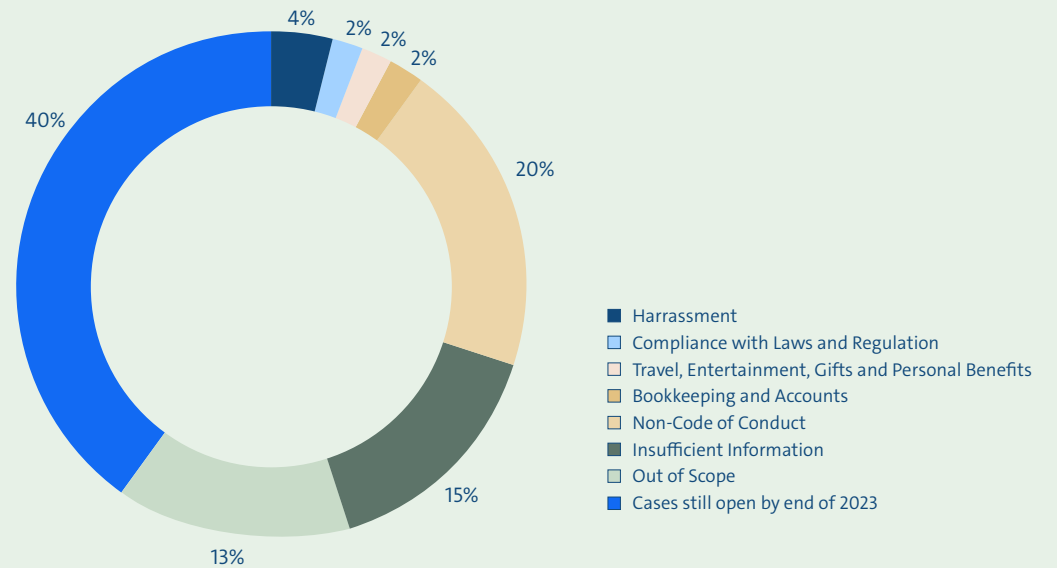


Whistleblower reports

The total number of reported whistleblower cases in 2023 was 53.

The reported cases were in the following categories:

Harassment, Compliance with Laws and Regulation, Travel, Entertainment, Gifts and Personal Benefits, Bookkeeping and Accounts, Non-Code of Conduct. In 2023, we found four of the reported whistleblower cases to be breaches of the Grundfos Code of Conduct.





New Whistleblower Policy

Grundfos updated its Whistleblower Policy and a related Data Privacy Policy in line with the EU Whistleblowing Directive, including fundamental principles such as confidentiality and non-retaliation. As a result of the policy update, Grundfos is currently reviewing the procedures and ways of working of the Ethics Committee, with a plan to adopt the new rules of procedure in early 2024. We also implemented an

option within our whistleblower system to report concerns via voice recording using mobile phones.

Ensuring fair competition

Online training programmes on fair and legal competition are available for all Grundfos employees, and have been tailored for the USA, EU, and the majority of Asia. For the most exposed employee groups, a basic competition law training is mandatory.

In 2023, general legal compliance training for employees with a sales focus was held. This training included basic elements of competition law. Further, targeted ongoing monitoring, guidance, training, and counselling is carried out by Group Legal to avoid anti-competitive practices. New compliance measures covering competition law aspects were also prepared in 2023, concerning particularly the reseller partners of Grundfos. Additionally, a new competition law action plan is in progress to make risk management within this area even more structured and comprehensive. The new action plan is planned to launch in 2024, providing general and division-specific competition law training in connection with rolling out our new Code of Conduct.

Data and customer privacy

Grundfos ensures compliance with applicable data privacy legislation such as 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 mandatory training for all new employees, tailored to their specific roles; for example, we have developed bespoke data privacy training for Marketing, Sales, HR and IT Services.

Cyber security

In recent years, cyber security risks have been rated high by Grundfos Group Enterprise risk management with an increasing global threat level. We monitor and mitigate six key risk areas: ERP IT, production line IT, digital products, sensitive company information, people information (GDPR) and cyber fraud with a focus on awareness, ownership and risk mitigations.

We have defined the Grundfos Cyber Security Framework based on the Cyber Threat Model Zero Trust. The framework is built on a series of international standards and links into our Enterprise Risk Management process which considers risk appetite and impact.

Anti-corruption and bribery

Group Legal investigate all cases of bribery and corruption, and take the relevant actions. We believe that businesses should work against corruption in all its forms, including extortion and bribery.

Conflicts of interest

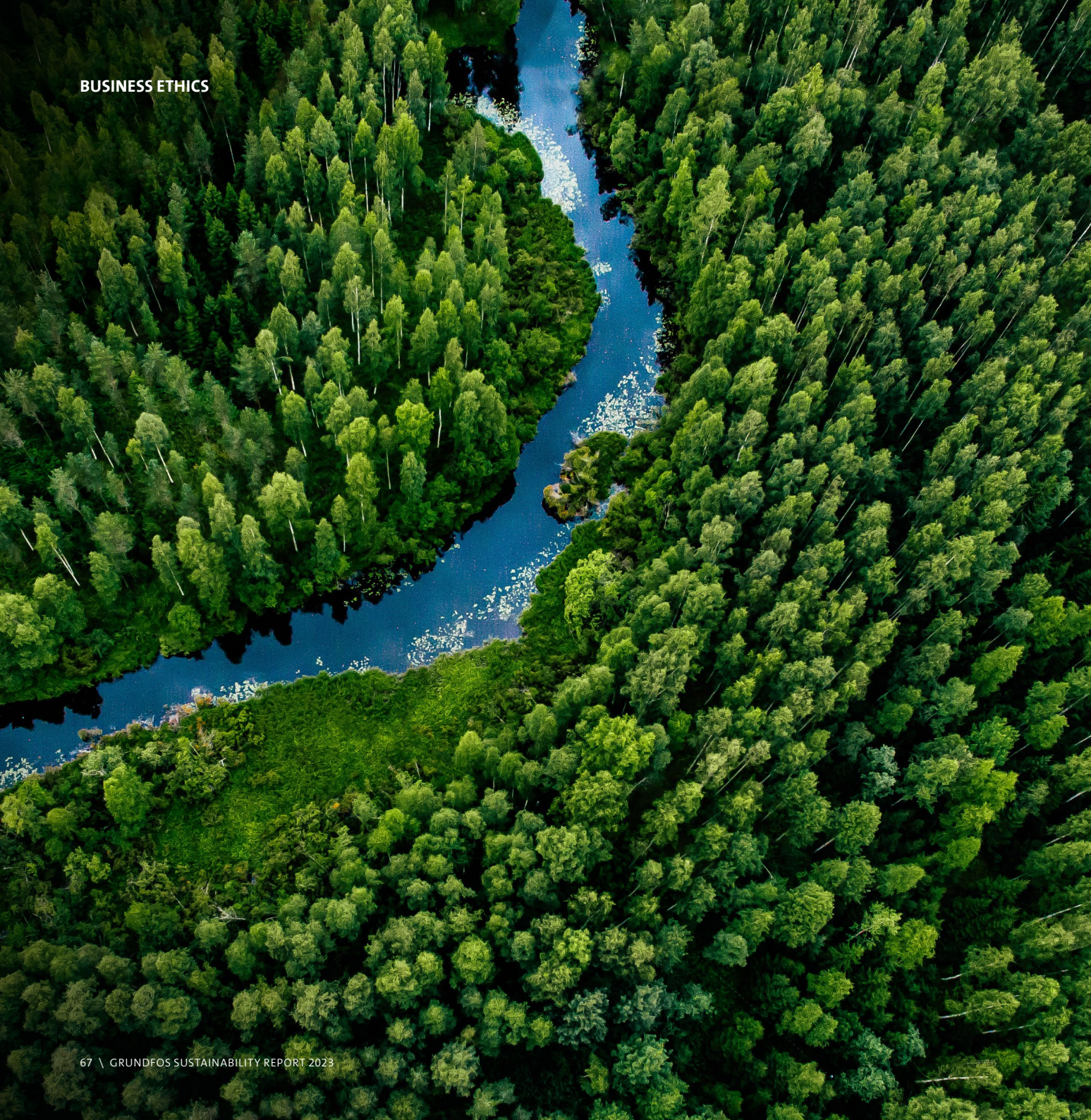
Grundfos will ensure that business decisions are made in the best interest of the organisation. We do not allow employees to use their position for personal gain or any other interest other than Grundfos' interest.

Anti-discrimination

Grundfos will provide an inclusive environment for all members of our staff, clients, volunteers, subcontractors, vendors, customers and any other parties doing business with Grundfos. Any form of discrimination is strictly prohibited, and we are committed to the elimination of discrimination in respect of employment and occupation.

Harassment prevention

Grundfos is committed to providing a safe and inclusive workplace free of abuse and harassment. We provide a welcoming environment for all members of our staff, clients, volunteers, subcontractors, vendors, customers and any other parties doing business with Grundfos and a workplace free of harassment or abuse.



Risks and opportunities

To manage all identified legal risks, we go through our annual Legal Risk Management process. This culminates in the development of our Legal Risk Management Report. The purpose of this report is to identify and assess key legal risks to mitigate and save Grundfos from significant negative financial and operational impact. Each identified material risk is tracked on an annual basis to assess if any risks need to be escalated and followed up with mitigation measures. This report is overseen by the General Counsel, and necessary mitigating and preventive actions are taken.

This year has seen the rapid development of AI and its use in tools and software, which will only accelerate in years to come.

AI also presents a significant opportunity for Grundfos, as we can use it in new digital technologies within our risk and compliance programmes. To manage the risks arising from AI and realise the opportunities related to it, we will introduce processes and ways of working to ensure that risks linked to the use and application of AI are addressed.

Looking ahead

In 2024, we will roll out our new CoC, and facilitate training for all employees. We will also conduct tailored compliance training for our Sales, Service, Purchasing, Finance, Branding, Solution and Marketing departments across Grundfos, covering competition law, sanctions and export control, anti-money laundry, bribery, corruption, and selected topics from the CoC.

We will continue to monitor all our legal risks and those resulting from Grundfos' engagements. We will also strengthen our cyber security measures in our operating procedures in our production facilities, in line with the EU's NIS2 Directive.

Sustainable Supply Chain

At Grundfos, we are committed to driving social and environmental sustainability in our supply chain. By the end of 2023 we onboarded 408 suppliers to the EcoVadis platform for sustainability performance monitoring, and saw a 92% compliance rate on supplier audits.



Our approach

Supply chain management plays an integral role in delivering Grundfos' sustainability targets and our customers expect us to provide products and services that adhere to high standards for ethical sourcing and sustainability. Therefore, we set high expectations to our suppliers, and our ambition is to build a procurement process where sustainability is integrated as a core element in all our sourcing activities.

Through our Sustainable Supplier Management Program, we actively support our suppliers and other partners to value sustainability as much as we do. Our Supplier Code of Conduct (SCoC) sets out the standards and expectations which we expect our suppliers to uphold in their interactions with us and their own supply chain. To drive deployment and integration, we focus on the following key areas:

Strategy and policy deployment

Ensuring that legal compliance, ethical practices, and business continuity is embedded in our supplier collaboration and sourcing decisions through our supplier code of conduct, as well as ongoing due diligence across our supply chain.

Supplier performance monitoring

Evaluating our suppliers' overall sustainability performance through online assessments and on-site audits, collecting carbon and water footprint data, and gathering data to eliminate the use of restricted substances and ensure that sourced minerals do not come from conflicted areas.

Supplier engagement

To enable continuous improvement and upholding of our supplier code of conduct, we collaborate with suppliers on capability building and deployment of additional programmes and processes to drive sustainability in our supply chain.

Spotlight: Sustainability Supplier Award

In 2023, we launched the Grundfos Sustainability Supplier Award. The Sustainability Supplier Award is given yearly to a direct and an indirect supplier, who have shown outstanding sustainability performance throughout the previous year. Grundfos presents the award in recognition of excellent performance in CSR and carbon maturity, a contribution to building transparency in environmental footprint reduction, and verifying compliance in chemical and conflict minerals.



Our progress in 2023

Grundfos has approximately 30,000 suppliers who have varying levels of maturity with respect to sustainability performance. Monitoring and engaging our suppliers on a wider range of sustainability topics enable us to strive for a long-term, high-performance approach and mitigate sustainability-related risks across our supply chain.

Previously, supplier performance was measured using a corporate social responsibility (CSR) focused KPI. In 2023, we began measuring performance by introducing a new KPI framework for sustainable sourcing, which adds to our CSR-focused metric by covering a wide range of sustainability aspects, including carbon and water footprints, chemical compliance, and conflict minerals.

To further drive the deployment of our Sustainable Supplier Management Programme and Sustainable

Sourcing Roadmap, significant initiatives were executed to drive sustainability standards throughout our supply chain.

Updating our Sustainable Sourcing Roadmap

We are working to ensure our SCoC is a prerequisite when selecting suppliers, and that it implements business-related consequences for suppliers not complying with the code. In 2023, we updated our Sustainable Sourcing Roadmap to secure due diligence and to mitigate these risks.

Our updated roadmap covers core elements, including:

- The promotion of human rights standards and the mitigation of risks as a continuous activity.
- Decarbonisation of supply chain (Scope 3 upstream,

purchased goods [1a] and services [1b]) – short-term activity list by 2025 and scaling up by 2030.

- Development of a supply chain-specific water risk management and supplier engagement program set to be ready by 2025.
- Collecting chemical compliance related information from our supply base on an extended scope.
- Driving conflict minerals related data collection on a revised supplier scope.
- Supplier performance measurement: regular assessment and monitoring of supplier performance on the criteria within our Sourcing Sustainability KPI.
- Supplier collaboration, support, and promotion of positive actions through our yearly Sustainable Supplier Award, deploying Sustainability Summit and category-specific supplier webinars in those

categories where we can achieve the highest impact by raising awareness.

- Emphasis on the importance of process transparency, sustainability policy and governance standards as a continuous activity, development of a dedicated site on the internal platform Integral Management System (IMS).

Improving the measurement of supplier performance

We extended our suppliers’ performance measurement with the launch of our new Sustainable Sourcing KPI an industry-unique measurement approach that covers a wide range of sustainability aspects. The KPI relies on four main topics and six indicators. See table on next page.

Looking ahead

Our long-term goal is to have a broad supplier performance measurement approach and to integrate this into sourcing decisions. The Sourcing Sustainability Index we have established supports us in a greater understanding of our suppliers’ sustainability activities, risks, and opportunities, which is also required in the EU CSRD.

In 2024, we will publish a new, company-wide statement on responsible minerals that details our stance on conflict minerals. The Conflict Minerals

Statement outlines Grundfos’ approach to responsible mineral sourcing, including conflict minerals, to ensure that our products and water solutions are free from materials that finance or benefit armed groups engaged in human rights abuses. Alongside the Conflict Minerals Statement, we are also launching our Sustainable Procurement Policy.

Looking at 2024 and beyond, it will be paramount for us to have clear visibility of our supply chain through robust due diligence. Addressing and mitigating risks

such as human rights and conflict minerals across our supply chain will also be crucial to ensuring compliance with growing legislative requirements. Some of our focus areas for 2024 will be to increase transparency in our processes, strengthen our data collection and quality, and establish supplier engagement programmes which take into consideration the level of maturity demonstrated by our suppliers.

Next year, we will also be dedicated to developing our Supply Chain Water strategy.

Our objective is to establish a baseline and set reduction ambitions. This initiative is crucial because our supplier base currently ranks as the most significant contributor to Grundfos’ overall water footprint.

Results from the new KPIs used to inform the Sourcing Sustainability Index can be found below.

KPI	2023 Target	2023 Performance	2024 Target
Sourcing Sustainability Index	93%	100%	96%

Performance table

2025 targets	2023 Performance	2022 Performance	Progress on target
500 suppliers to be onboarded to be Ecovadis platform by 2025.	408	304	82%
Compliance rate of 91% for all audited suppliers by 2025.	92%	90%	101%
Increase the coverage of our indirect area audits and assessments to 35% by 2025.	29%	23%	83%
100% data coverage about conflict minerals within the identified supplier scope by 2025.	93%	88%	93%

Tax Governance

Our approach

Our Group Policies and Global Tax Principles state we will act as a responsible tax citizen and strive to ensure a fair and reasonable allocation of the group profits in the jurisdictions and communities where we have a presence, complying with requirements for direct and indirect taxes. Our Group Policies are underpinned by our Global Tax Principles. The Global Tax Principles apply to all Grundfos entities¹. Due to local requirements in Poland, we additionally publish a fully-aligned local tax strategy published on our Polish website.

Governance and compliance

The Global Tax Principles encapsulate our approach to taxes. This is governed by the Board of Directors Audit Committee, who are responsible for reviewing and approving the principles. Ultimate accountability sits with the Chair of the Audit Committee. The frequency of the review is done on an ad-hoc basis.

As a group, the operational accountability for management of taxes sits with the Chief Financial

Officer (CFO), who ensures the appropriate people, processes and systems are in place to comply with local and international tax laws.

The CFO delegates responsibility for managing the areas of corporate income tax, transfer pricing and VAT to the Head of Group Tax, employee taxes to the Head of HR and custom duties to the Head of Group Supply Chain. All three positions are global functions to ensure complete oversight of processes and procedures.

Our Group Tax department works with local finance teams to ensure local tax compliance. Local level compliance is either carried out by the local Grundfos team or outsourced to external partners. Group Tax is responsible for ensuring an adherent application of the tax principles throughout the Group.

Group Tax provides training, workshops and guidance on tax for relevant employees such as financial compliance specialists, colleagues within our Finance Shared Service Centres, salespeople and business partners.

Grundfos strives to manage our business responsibly and play an active role in society. Strong governance and transparency on tax is an essential part of our business. We act as a responsible citizen in all jurisdictions in which we operate, and contributed DKK 6.5 billion in tax payments globally in FY 2023.

The purpose of the training is to ensure awareness and understanding of new rules, regulations or laws.

Responsible tax behaviour

We see taxes and responsible behaviour on taxes as an essential part of a well-functioning society and recognise that taxation is a tool to help financing achievements of the UN Sustainable Development Goals (SDGs). By adhering to our Global Tax Principles and paying taxes responsibly in all jurisdictions where we operate, we are supporting SDG 8, 'Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all', as responsible tax behaviour can help increase gross domestic product (GDP) globally, and drive economies.

In addition, we do not operate in tax havens, based on the EU and OECD's lists of non-cooperative tax jurisdictions. Russia was added to the EU list of non-cooperative tax jurisdictions in February 2023, however we already paused our business in Russia in

March 2022 and decided to fully close the business in August 2022. Activities in 2023 relate to being formal legal owner of the companies and related close-down activities.

Where we identify any errors related to our disclosures or calculations, we act with integrity and work with the relevant authorities to amend any errors made. As an example, in 2023 we worked with the Chinese Authority to amend an error in our VAT export declaration. Following the identification, we performed a self-disclosure to correct the import price. Following this, we have taken the relevant steps to improve and mitigate the risk of this arising again in the future by installing the relevant processes to identify what to do if a similar instance arises. The Chinese Custom Authority use our case as a good example of excellent collaboration and transparency between companies and the Authority.

¹ The global tax principles also meet the local specific requirement in the UK (disclosure obligation under Schedule 19 of FA16).

Planning and use of tax incentives

Changes in commercial business strategies and the evolving regulatory environment inform decisions on how to structure our commercial arrangements. Tax is one of the many factors involved in key business planning activities. When evaluating the tax implications of a business decision, the following criteria are considered:

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

Additionally, we have implemented the following fundamental principles to guide our navigation of this evolving regulatory environment:

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

We will accept and utilise tax incentives, reliefs and similar to support local development where the

incentives are widely accessible, the use is comfortably within the intention of the law and the establishment of businesses are not driven by these opportunities. For a full list of the tax incentives utilised in 2023, see Appendix 3 in our Responsible Tax Report 2023.

To highlight an example, we are making use of the super deduction of R&D costs in Denmark. 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 is actively engaged in advocating the super deduction.

Grundfos Serbia was granted a 10-year corporate income tax exemption as part of establishing a local production plant, and Grundfos Hungary was granted a 10-year development tax incentive (80% tax exemption) as part of establishing local production plants. This is the explanation behind the low corporate income tax payments listed in the country-by-country reporting² for Hungary and Serbia.

Tax risk management

Our Group Tax Policy establishes our process for tax risk management. We proactively seek to identify, evaluate, manage, and monitor tax risks to ensure they remain within the Group’s risk appetite.

Key risk areas are identified at Group level, with controls and procedures being developed to manage them. Group Tax manages and reviews the most significant risk areas on an ongoing basis. All compliance tasks are based on a four-eyes-review

principle, meaning the tax returns, for example, are reviewed by a colleague or an external service provider. Group Internal Audit Services conduct periodic audits of general financial compliance including taxes.

Whenever there is complexity or uncertainty in relation to tax risks, we may collaborate with external professional advisors to ensure we get a second opinion and remain compliant during the implementation of new systems and new regulations.

Significant identified risks must be reported to Group Tax, who will report the most significant ones to the Group CFO and the board of Directors Audit committee as part of the uncertain tax risk provision, and at an aggregated level as part of the overall Enterprise Risk Management reporting. At Grundfos we have a whistleblower system to allow the discretionary reporting of suspected criminal acts or non-compliance with the Grundfos Code of Conduct by employees, board members and third parties working with Grundfos such as suppliers or consultants. The reporting can be done in any language.

Relationship with tax authorities and stakeholders

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

- We have an open and transparent dialogue with tax authorities.
- Where possible, we will seek early guidance 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 local tax authorities to enable them to understand our business.
- When we are offered to enter into tax compliance or co-operative compliance schemes, we will properly evaluate proposals on a case-by-case basis. Key factors in the evaluation will include openness and trustworthiness, estimated time consumption and expected benefits.
- We seek to reduce double taxation through mechanisms such as engaging the competent authorities in mutual agreement procedures or implementing advance pricing agreements.

We engage in broader stakeholder engagement on responsible tax behaviour in a variety of ways. We participate around three times a year in the tax panel meetings of Danish Industry (DI), where our Head of Group Tax provides input and comments on new tax law proposals, such as drafts of new legislation which implements EU or OECD guidelines. We have provided comments to DI on the bill implementing Pillar Two (a Danish implementation of the EU Minimum Tax Directive).

We also participate in the ‘Tax Dialogue Project’ held by Oxfam, where we engage with other private businesses, pension funds and civil society to bring our tax and business insights to the table in the informal discussions around responsible tax, tax legislation

²See Responsible Taxes report 2023, which include the CBCR.

BUSINESS ETHICS

and practice. To date, the work has contributed to greater tax transparency amongst target companies, pension funds and progress on tax transparency. This knowledge sharing helps Grundfos be heard on its tax agenda, as well as allowing us to gain valuable insights into good tax practice so we can continue developing.

In 2023, we also joined a new member group at CSR Europe to collaborate on the development of an index to assess how companies, across all sectors, perform in terms of tax transparency and responsible tax behaviour. The project is expected to be complete at the end of 2024 with the launch of the Tax Responsibility and Transparency Index.

Global Tax Footprint

Grundfos has globally contributed to local public

finances via tax payments³ for the financial year 2023 with the total amount of DKK 6.5 billion. We have split the total tax contribution into 4 different types of paid taxes: employee-related taxes, product/sales taxes, corporate income taxes and other taxes⁴.

The main tax contribution comes from employee-related taxes, which includes payroll taxes and social contributions, which constitute 46% of our total contribution.

The effective tax rate for the Grundfos Group in the Annual Report was 27% in 2023 and we paid DKK 1.5bn in corporate income taxes, which is 32% of our consolidated profit before taxes. Please refer to the country-by-country reporting for further information on corporate income tax which also includes a split of the total corporate income tax per country.

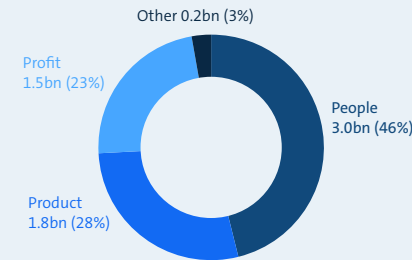
6.5bn

Total tax contribution
FY 2023 in DKK.

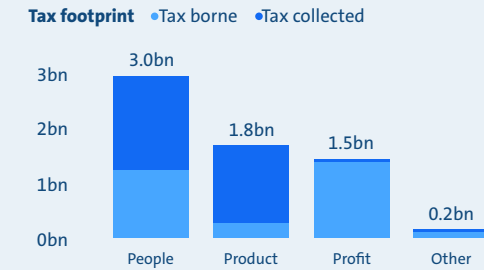
³ Tax payments are payments by Grundfos to the Government, direct and indirect through an agent on an annual cash-paid basis.

⁴ Employee-related taxes is payroll taxes and social contributions and product/sales taxes is value added taxes and custom duties.

Global cash tax payments FY 2023, DKK

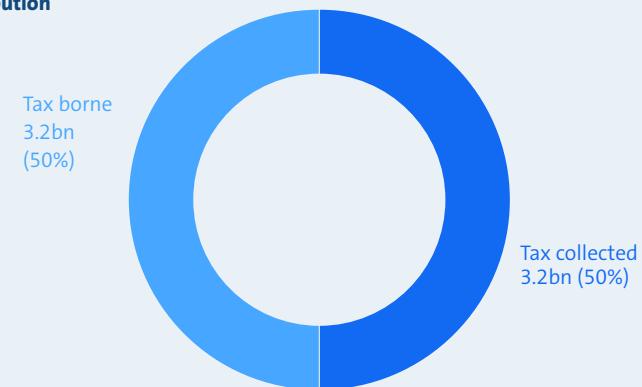


Global cash tax payments FY 2023, DKK



The split between collected and borne taxes is 50% collected taxes and 50% borne taxes. Taxes collected are taxes generated by the Grundfos operations (like payroll taxes and value added taxes) and taxes borne are charged to the profit and loss account (e.g. corporate income taxes, custom duties and employer social contributions).

Total cash tax contribution FY 2023 in %, DKK



5

Assurance

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Accounting Principles

At Grundfos, ensuring complete and accurate sustainability data is of paramount importance to us. This principle enables us to remain proactive and allows all stakeholders to track our sustainability progress through quantitative information. The aim is to further increase the completeness and accuracy of Grundfos' ESG data within a single platform, continuing our journey towards reasonable assurance. All of our Business Unit's environmental and safety data is consolidated in Sphera Cloud, with the exception of data sourced for CO₂e from refrigerant and a few Scope 3 emission categories. Human resources related data is collected in Employee Central. People reached with drinking water access and Sourcing Sustainability Index KPIs are calculated in their own separate database. All data is reported to relevant management bodies. There are a few locations and small offices, with minor environmental impacts, which are excluded, but these are covered by estimations according to internal process descriptions.

CO₂e 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
- Refrigerant gases

Grundfos discloses information on Scope 1, 2 and 3 emissions

Grundfos Group calculates and presents the Scope 1, 2 and 3 emissions in CO₂e in line with the GHG Protocol. For the basis of reporting we use manual meter readings, automated real-time consumption monitoring systems and invoices from our utility suppliers as the source of information. Our Scope 1 emissions arise from the usage of natural gas, light fuel oil, diesel in our production activities and from the burning of fuels in our vehicles (compressed and liquefied gas, petrol, diesel and jet fuel). Our Scope 1 emissions also include the effect of refrigerant gases. CO₂e emissions from refrigerants are based on data collection (total amount of refrigerants in the system) and extrapolation based on square metres considering offices and production areas separately. Based on LEED V4.0 we calculated a total refrigerant leakage of 3%.

For these types of energy consumption and refrigerant gases, we apply conversion factors published by the UK's Department for Business, Energy & Industrial Strategy (BEIS) unless supplier-specific factors are available locally. Our Scope 2 emissions are emitted through our usage of purchased electricity, electric vehicles, heat and steam. For market-based Scope 2 emissions, we apply supplier-specific conversion factors (if it fulfils GHG Protocol quality requirements), residual mix (Green-e, AIB) and location-based factors obtained from the International Energy Agency (IEA), in this order of availability. For location-based Scope 2 emissions, we use the IEA and Environmental Protection Agency (EPA) for the United States. We refresh our factors on 1 January every year based on the latest available figures.

SCOPE 3

Category 1a,b Purchased goods and services (product and non-product)

Emissions are calculated based on the spending (excluded VAT) of each purchased goods and service category and multiplied by the corresponding Environmentally-Extended Input-Output (EEIO) emissions factors. EEIO factors are provided by the Carbon Trust and adjusted for global inflation, average global improvements in CO₂e/GDP, and switch to the

service sector of the global economy. Subsidiaries that do not have detailed spending breakdowns are scaled by their spending value or cost of sales with respect to Grundfos' emission-to-spending/revenue intensity.

Category 2 Capital goods

Capital goods include all upstream emissions associated with their production and that have been purchased within the reporting period. Capital goods are those that are treated as fixed assets or as property, plant and equipment. Goods expensed in the accounting year (i.e. operating expenditure or "Opex") should be included in Category 1 instead. Emissions are calculated based on the investment spending and multiplied by the corresponding EEIO emissions factors. EEIO factors are provided by Carbon Trust and adjusted for global inflation, average global improvements in CO₂e/GDP, and switch to service sector of global economy.

Category 3 Fuel and energy-related activities

The category includes the upstream emissions relating to the production of fuels and electricity consumed by Grundfos. Emissions are calculated based on the energy consumption of various energy sources as stated in Scope 1 and 2 and multiplied by the corresponding latest available indirect factors in Sphera Managed LCA

Content (MLC – formerly GaBi), except energy from liquified gas and jet fuel where the source of factors is BEIS (DEFRA) library. Emission from renewable fuel consumption is reported in scope1 category.

Category 4 Upstream transportation and distribution

Upstream transportation and distribution include emissions from goods transportation for Grundfos globally. CO₂e is measured on a Well to Wheel (WTW) basis according to international standards. Data is derived from a combination of transport supplier reports, 3rd party companies maintaining the transport and data from the Grundfos ERP system with one month delay. Subsidiaries that are not included in the calculations are scaled by the spending/revenue value following the emission-to-spending/revenue intensity of Grundfos.

Category 5 Waste generated in operations

Category 5 includes all emissions from the third party disposal and treatment of waste generated by Grundfos’ owned or controlled operations. Emissions are calculated based on the collected waste categories and multiplied by the corresponding emissions factors from BEIS (DEFRA)library. Non-hazardous and hazardous waste disposed at landfill are collected monthly, all other categories are collected quarterly. Emission for construction waste is calculated based on estimated material composition and with the corresponding factors in BEIS (DEFRA).

Category 6 Business travel

For all Grundfos companies that use the Group business travel service, we calculate emissions from air travel based on the flight distance and airline, from other forms of transportation (taxi, car rental) and

from hotels. Emissions are calculated by our external partner. For the rest, we calculate emissions based on the spending in each category, multiplying them by the corresponding emissions factors from the BEIS (DEFRA). Subsidiaries that are not included in the calculation are scaled by the spending/revenue value following the emission-to-spending/revenue intensity of Grundfos.

Category 7 Employee commuting

The employee commuting category refers to all emissions arising from the transportation of employees between their homes and worksites. These may include emissions from automobile, bus and rail travel as well as other modes. Emissions are calculated on a country level, based on the number of employees and multiplied by emissions factors. Emissions factors from the BEIS (DEFRA) are adjusted based on the categorisation of a country’s income and level of public transportation service.

Category 11 Use of sold products (direct)

The category refers to the use-phase emissions from the electricity consumption of the use of products sold by Grundfos to end users during their lifetime. Lifetime is estimated to be 10 years for all products based on industrial association alignment, EuroPump. Emissions are calculated based on the energy consumption per product number, multiplied by lifetime operation hours (based on product type); sold quantity of the product and emissions factors of the sold country from the IEA. Emissions factors are IEA location-based data with a 10 year forecast adjustment. Subsidiaries that are not included in the calculation are scaled by the revenue value following the emission-to-revenue intensity of the corresponding Grundfos business unit.

Category 12 End-of-life treatment of sold products

Category 12 refers to emissions from the waste disposal and treatment of the products sold at their end of life (EoL) and based on the analysis report from STENA on nine of the key products in Grundfos. Emissions are calculated based on the total weight of all Grundfos’ sold product. For each product family we assigned a proxy based on the nine key products by characteristic resemblances. Material weight and its assumed waste handling method are established and multiplied by the BEIS (DEFRA) emissions factors. Subsidiaries that are not included in the calculations are scaled by the revenue value following the emission-to-revenue intensity of Grundfos.

Category 8 Upstream leased assets, 9 Downstream transportation and distribution, 10 Processing of sold products, 13 Downstream leased assets, 14 Franchises, 15 Investments were excluded on the basis that there were no emissions identified to be included in these categories following Grundfos Group operation.

Water withdrawal

Grundfos’ 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 systems 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 from both production and non-production sites. Therefore

we have established a KPI specifically measuring the total weight of our waste disposed of in landfills, excluding construction waste. The waste components in this indicator are categorised as hazardous and non-hazardous waste. Data is collected on a monthly basis, based on invoices and assumptions based on in-house measurements.

Resource recovery through take back

Resource recovery from take back is the total amount of end-of-life pumps in kg, including field returns, retrieved to Grundfos, through a reversed supply chain with the aim of finding the best environmental use for them, their components, and materials. The end-of-life pumps, including field returns, are accounted for when they arrive at the designated disassembly facilities and are ready for treatment. The pumps are collected in Denmark, Netherlands, the United Kingdom, Italy, Germany, France, and Sweden before being sent to Grundfos’s disassembly facilities in Bjerringbro, Denmark, or Sunderland, United Kingdom.

Number of employees

The number of employees with a valid permanent or temporary Grundfos contract, excluding employees on leave. The number is measured as headcount at year-end.

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.

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The number of women Non-Executive Directors elected by the Assembly General to the Board of Directors was one by the end of 2023. The total number of Board of Directors members was five.

Women leaders ratio

Leaders are Grundfos employees in band levels 1-9 based on the year-end headcount, including employees on leave. 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. The following companies are not included in the KPI: Biral, DWT Holding S.p.A., Poul Due Jensens Fond, Peerless Pump Company, Solvermedia B.V., Sintex a/s, Deutsche Vortex GmbH & Co, Water Mill, Mechanical Equipment Company, Metasphere, WaterWorks, Eurowater, Grundfos Istra, Grundfos OOO, therefore it covers 85% of the total headcount.

People with disabilities

From 2023 the name of the KPI has changed to reflect our aspiration to consider all people in our organisation with disabilities. This indicator is measured as a percentage of employees with disabilities relative to the total headcount at year-end, including employees on leave. We define a person with disability as a person who has a long-term physical, mental, cognitive, sensory impairment, or a chronic disease, which in interaction with various barriers may hinder their full and effective participation in the workplace on an equal basis with others. The definition is in accordance with the UN and WHO definition. People are registered with no official documentation as well as people with documentation.

Lost time injury ratio (LTI ratio)

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 of 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. All LTIs are registered per occurrence date. Status is made per 31 January for the previous fiscal year. If a case turns into an LTI later than this date, e.g. due to surgery linked to the specific case, that will be accounted for the next fiscal year. The indicator is indexed as the number of lost time injuries per the total hours worked by all Grundfos employees multiplied by one million.

Employee motivation and satisfaction

The level of employee motivation and satisfaction score among employees, measured through a weighted average of underlying questions on the Employee Motivation Survey. The KPI is measured in a scale of 0-100 based on four questions.

Employees in scope for the survey are: all employees with minimum 3 months of employment on the date where the data collection starts. This includes apprentices, craftsmanship (full time employment); office trainees (full time employment); employees on part time (e.g. in flex job); global graduates; employees on gradual return/part-time sick leave; employees on short term leave (sick, maternity/paternity, parental etc.), that is no longer than 12 weeks by the start of the survey collection. The following companies are not included in the KPI: Biral, DWT Holding S.p.A., Poul Due Jensens Fond, Peerless Pump Company, Solvermedia B.V., Sintex a/s, Deutsche Vortex GmbH & Co, Water Mill, Mechanical Equipment Company, Metasphere,

WaterWorks, Eurowater, Grundfos Istra, Grundfos OOO, therefore it covers 85% of the total headcount.

Stress level

The number shows the percentage of in-scope employees who answer quite or very much (from the 5 possibilities: not at all, only a little, some, quite much, very much) to the question related to stress in the Employee Motivation Survey.

Employees in scope for the survey are: all employees with minimum 3 months of employment on the date where the data collection starts. This includes apprentices, craftsmanship (full time employment); office trainees (full time employment); employees on part time (e.g. in flex job); global graduates; employees on gradual return/part-time sick leave; employees on short term leave (sick, maternity/paternity, parental etc.), that is no longer than 12 weeks by the start of the survey collection. The following companies are not included in the presented number: Biral, DWT Holding S.p.A., Poul Due Jensens Fond, Peerless Pump Company, Solvermedia B.V., Sintex a/s, Deutsche Vortex GmbH & Co, Water Mill, Mechanical Equipment Company, Metasphere, WaterWorks, Eurowater, Grundfos Istra, Grundfos OOO, therefore it covers 85% of the total headcount.

Early career voluntary turnover (ECD)

Defined as the number of all voluntary ECD leavers during a 12-month rolling period compared with the ending ECD headcount, including employees on leave, expressed as a percentage. ECD employees are defined as those who are less than or equal to 35 years of age, and have less than 5 years of seniority on the termination date. The following companies are not included in the KPI: Biral, DWT Holding S.p.A., Poul Due Jensens Fond,

Peerless Pump Company, Solvermedia B.V., Sintex a/s, Deutsche Vortex GmbH & Co, Water Mill, Mechanical Equipment Company, Metasphere, WaterWorks, Eurowater, Grundfos Istra, Grundfos OOO, therefore it covers 85% of the total headcount.

Total voluntary turnover

Defined as the number of all voluntary leavers during a 12-month rolling period compared with the ending headcount, including employees on leave, expressed as a percentage. The following companies are not included in the KPI: Biral, DWT Holding S.p.A., Poul Due Jensens Fond, Peerless Pump Company, Solvermedia B.V., Sintex a/s, Deutsche Vortex GmbH & Co, Water Mill, Mechanical Equipment Company, Metasphere, WaterWorks, Eurowater, Grundfos Istra, Grundfos OOO, therefore it covers 85% of the total headcount.

People reached with drinking water access

People reached from registered projects is based on data collected from partners of Grundfos (primarily non-profit and humanitarian organisations and utilities) that install Grundfos water solutions for underserved communities. Grundfos products are sold either directly to the partner executing the project, or indirectly via a distributor; in either case the executing partner reports on the project(s), which is linked to the corresponding sales order(s). Partners are requested to report annually on installed drinking water solutions; including the product types and the number of products, the number of people served with water by these solutions, and their geographical location. Data is provided based on project design specifications or usage data, and validated by SafeWater against official national census data on population location. If there are multiple

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projects in one area, these projects are accumulated and checked against the population living in the same area. Only pumps installed and people reached in the relevant calendar year are counted, as reported by the customer. Reported number of people reached per project is not checked against pump capacity, since water consumption patterns are not known.

Sourcing Sustainability Index

The Advanced Sourcing Sustainability KPI is a comprehensive supplier sustainability performance measurement approach, that relies on 6 indicators related to CSR, Environmental footprint reduction and Compliance. The indicators have different weights based on the strategic importance and the data collection maturity of the area. The Global Sourcing Sustainability Process Manager defines yearly KPI targets which are aligned with the Sourcing Sustainability Team and relevant stakeholders from other departments. The targets must be approved by the Group Purchasing Leadership Team. The indicators measure the following:

CSR (Weight 60%)

- EcoVadis onboarding (30%): number of suppliers with EcoVadis assessment result, compared to the year-end target.
- Overall CSR compliance rate (30%): number of compliant suppliers* within the total number of audited and assessed suppliers.

Environmental footprint (Weight 30%):

- Carbon footprint spend coverage (20%): spend of suppliers who completed our data sharing request within the total purchasing spend – considering spending from last closed year.

- Water footprint spend coverage (10%): spend of suppliers who completed our data sharing request within the total purchasing spend – considering spending from last closed year.

Compliance (Weight 10%):

- Chemical Compliance data coverage (7%): number of accepted data collected within the defined scope compared to the year-end target. Every bill of material supplier is in the scope of data collection, prioritisation is conducted as per a risk-based approach.
- Conflict Minerals Declaration coverage (3%): completed data sharing request within the defined scope. Every bill of the material supplier within the concerned categories is in the scope of the data collection, and prioritisation is conducted as per comprehensive risk-based selection criteria.

These six indicators give one consolidated index based on the weighted average, known as the Sourcing Sustainability Index. This index has been incentivised within Group Purchasing to ensure focused attention on suppliers' performance improvement.

* compliant suppliers: meeting Grundfos' minimum requirement (online assessment score is 45 or higher, on-site audit rating is "B" or "A").

Restatement

In order to maintain consistency and remain able to compare the same category of datasets, in certain cases the baseline of our KPIs, targets and/or historic figures are recalculated or restated based on the company restatement and re-baseline policy.

Restatement of scope 1, scope 2 emissions

In order to remain consistent and to avoid adjustments having to be made to emission figures that have already been reported internally, Grundfos fixes emission factors in the actual reporting year.

Up to 2022 the emissions were recalculated based on the latest available emission factors during the fourth quarter of the reporting year backwards for the already reported months within the fiscal year (until January in the actual year). From 2023 we refresh our factors on 1 January based on the latest available figures, thus data within the year is not recalculated.

Restatement of Science Based Targets initiative baseline 2020

		Original submitted in 2022	Rebaseline in 2023
	t CO ₂ e	133,608,707	119,720,887
Scope 1	t CO ₂ e	24,839	28,853
Scope 2	t CO ₂ e	59,966	90,017
Scope 3	t CO ₂ e	133,523,902	119,602,016

SBTi has approved Grundfos Net Zero target using 2020 as baseline year in November 2022. Grundfos has subsequently improved data quality and methodology to improve accuracy and transparency with changes as listed below.

Scope 1: Emissions calculated from the use of refrigerants, and effect of M&A since 2020 (Eurowater, Mechanical Equipment Company, Waterworks) are now included.

Scope 2: In order to be consistent with our reporting throughout the year, we update our CO₂e emissions each year only on 1 January with the latest available factors. Previously, factors were updated in Q3 with latest

We have recalculated our historical data from 2020 to 2022 based on the new methodology.

Restatement of scope 3

Emissions from capital goods (category 2) has been restated for 2022 due to a calculation error. Calculation methodology has not been changed.

Emissions from use of sold products (category 11) has been restated for 2022 as we have improved the calculation to include DWT Holding S.p.A. as bottom-up calculation instead of uplifting.

available factors. Emissions of M&A since 2020 (Eurowater, Mechanical Equipment Company, Waterworks) are now also included.

Scope 3: Use of Sold Product baseline value was calculated at product number level, energy consumption multiplied with regional level emission factors. Grundfos has improved the methodology to calculate the product level emission based on each individual sold unit delivered to country, using emission factors at country level. New baseline also includes the effect of emission from capital goods (category 2) restatement and the effect of M&A since 2020 (Eurowater, Mechanical Equipment Company, Waterworks). Grundfos submitted SBTi re-baseline in Feb 2024.

Management's Statement

Statement by the Executive Board and the Board of Directors

We have today submitted the Sustainability Report for the period 1 January to 31 December 2023 for Grundfos Holding A/S.

We consider that the report provides a true and fair view of Grundfos Holding A/S' impact on society for the period 1 January to 31 December 2023.

In addition, it is our opinion that the information in the report is consistent with the applied accounting principles. Sustainability Report 2023 is recommended to be adopted on the general meeting.

Bjerringbro, 26 February 2024

Registered Group Management

Poul Due Jensen
Group President,
CEO

Mikael Andreas Holm Geday
Group Executive Vice President,
CFO

Jens Ulrik Gernow
Group Executive Vice President,
COO

Board of Directors

Jens Winther Moberg
Chair

Carsten Joachim Reinhardt
Vice Chair

Henrik Ehlers Wulff
Member of the Board

Jacoba Theresia Maria van der Meijs
Member of the Board

Claus Aagaard
Member of the Board

Kitty Thaarup Herholdt
Member of the Board,
elected by employees

Rudolf Martini
Member of the Board,
elected by employees

John Bjerregaard Jacobsen
Member of the Board,
elected by employees

Assurance Report

Independent auditor's Assurance Report on Grundfos Holding A/S' Sustainability Report

To the stakeholders of Grundfos Holding A/S

As agreed, we have performed an examination with a combined reasonable and limited assurance, as defined by the International Standards on Assurance Engagements, on Grundfos Holding A/S (Grundfos) selected ESG KPIs in the table 'Sustainability Data Overview' on page 20-21 in for the period from 1 January 2023 to 31 December 2023.

Specifically, we are to conclude on:

- reasonable assurance over the selected ESG KPIs tagged with "Reasonable Assurance" identified in 'Sustainability Performance Overview' on page 20-21.
- limited assurance over the selected ESG KPIs tagged with "Limited Assurance" identified in 'Sustainability Performance Overview' on page 20-21.

In preparing the selected ESG KPIs, Grundfos applied the accounting principles described on pages 75-78. The selected ESG KPIs needs to be read and understood together with the accounting principles, which management is solely responsible for selecting and applying. The absence of an established practice on which to derive, evaluate, and measure the

selected ESG KPIs allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Sustainability Report, and accordingly, we do not express an opinion on this information.

Management's responsibilities

Grundfos's Management is responsible for selecting the accounting principles and for presenting the selected ESG KPIs in accordance with the 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 preparation of the selected ESG KPIs, such that it is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our responsibility is to express a conclusion based on our examinations on the presentation of the selected ESG KPIs in accordance with the scope defined above.

We conducted our examinations in accordance with ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information and additional requirements under Danish audit regulations to obtain assurance for the purposes of our conclusion.

EY Godkendt Revisionspartnerselskab applies International Standard on Quality Management 1, ISQM1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour as well as ethical requirements applicable in Denmark.

Description of procedures performed

In obtaining reasonable assurance over the selected ESG KPIs tagged with "Reasonable Assurance" in

'Sustainability Performance Overview' on page 20-21, our objective was to perform such procedures and to obtain such evidence which we consider necessary in order to provide us with sufficient appropriate evidence to express an opinion with reasonable assurance.

In obtaining limited assurance over the selected ESG KPIs tagged with "Limited Assurance" in 'Sustainability Performance Overview' on page 20-21 our objective was to perform such procedures as to obtain information and explanations which we consider necessary in order to provide us with sufficient appropriate evidence to express a conclusion with limited assurance. The procedures performed in connection with our limited assurance engagement are less than those performed in connection with a reasonable assurance engagement. Consequently, the degree of assurance for our conclusion is substantially less than the assurance which would be obtained had we performed a reasonable assurance engagement.

As part of our examination, we performed the below procedures:

- Interviewed those in charge of selected ESG KPIs to develop an understanding of the process for the preparation of the selected ESG KPIs and for carrying out internal control procedures.

ASSURANCE

- Performed an analytical review of the data and trends to identify areas of the selected ESG KPIs with a significant risk of misleading or unbalanced information or material misstatements and obtained an understanding of any explanations provided for significant variances.
- Based on enquiries we evaluated the appropriateness of accounting principles used, their consistent application and related disclosures in the selected ESG KPIs. This includes the reasonableness of estimates made by management.
- Designed and performed further procedures responsive to those risks and obtained evidence that is sufficient and appropriate to provide a basis for our conclusion.
- In connection with our procedures, we read the other sustainability information in the Grundfos Sustainability Report and, in doing so, considered whether the other sustainability information is materially inconsistent with the selected ESG KPIs or our knowledge obtained in the review or otherwise appear to be materially misstated.

In addition to the above we performed the following procedures for the selected ESG KPIs subject to reasonable assurance:

- Agreed key items and representative samples based on generally accepted sampling methodology to source information to check accuracy and completeness of the data.
- Site visits to conduct walkthroughs of data gathering, calculation and consolidation processes related to the reasonable assurance of metrics.

In our opinion, the examinations performed provide a sufficient basis for our conclusion.

Conclusion

In our opinion the Sustainability information for selected ESG KPIs tagged with “Reasonable Assurance” in ‘Sustainability Performance Overview’ on page 20-21 in Grundfos’ Sustainability Report for the period from 1 January 2023 to 31 December 2023 which has been subject to our reasonable assurance procedures have, in all material respects, been prepared in accordance with the accounting principles on pages 75-78.

Based on the limited assurance examinations and the evidence obtained, nothing has come to our attention that causes us to believe that the selected ESG KPIs tagged with “Limited Assurance” in Grundfos’ selected ESG KPIs for the period 1 January 2023 to 31 December 2023, have not been prepared, in all material respects, in accordance with the accounting principles described on pages 75-78.

Copenhagen, 26 February 2024

EY Godkendt Revisionspartnerselskab

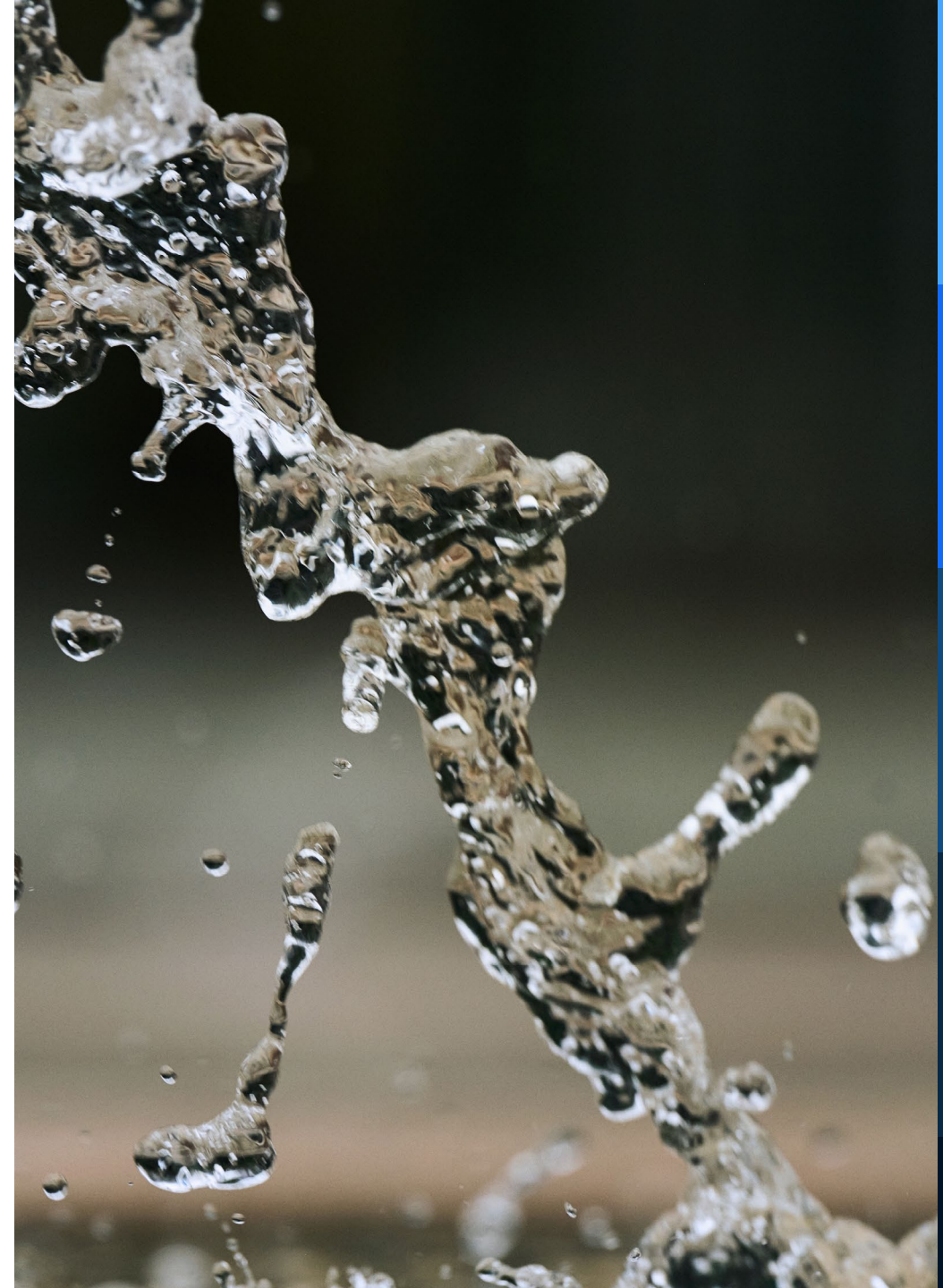
CVR no. 30 70 02 28

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Public Accountant
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Esben Hansen

Partner
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