

# SUSTAINABILITY FIRST

Our response to the  
climate challenge



“ Grundfos will strive to become a role model for how to make climate considerations a premise for business operation and development. We will seize the initiative now, open new markets, and capitalise on the need for sustainable solutions. Reaching this vision requires a long-term effort and includes all our global activities. ”

The world must  
take drastic action

**85%**

...of current global CO<sub>2</sub> emissions have to be cut by 2050 if the world is to avoid the worst consequences of climate change

Our industry is part of  
the problem

**20%**

...of current global CO<sub>2</sub> emissions come from the value chains where we do our business.

But at Grundfos,  
we are part of the solution

**1,100,000**

...European homes will use the same amount of electricity as the amount we helped our customers save in 2008.

## Taking on the climate challenge

Climate change presents a profound challenge for both Grundfos and the world around us. There is overwhelming scientific evidence that temperatures are rising due to human actions. Unless we act now, this will have dramatic consequences for our planet and our way of life. Following the path laid out by the Innovation Intent, this brochure explains how Grundfos will contribute to fighting the climate challenge and how all our employees are vital to our efforts.

### What is Climate Change?

Weather changes all the time. The average pattern of weather, called climate, usually changes in natural cycles if it is left to itself.

In the last century the concentration of greenhouse gasses in the atmosphere has risen to a higher level than in the last 500,000 years. This threatens to destabilise the climate, our environment, and current way of life.

### What are Greenhouse Gasses and Greenhouse Effects?

Greenhouse gasses (GHGs) are naturally occurring gasses and among these are carbon dioxide (CO<sub>2</sub>), methane, nitrous oxide and ozone. They act as a natural insulating 'blanket' around the Earth. Without them, the temperature of the Earth would be around 30° C degrees lower than it is today.

Once emitted, most GHGs exist in the atmosphere and affect our climate for a very long time. Because the atmosphere spans the entire planet, CO<sub>2</sub> emitted locally has a global effect.

WHY GRUNDFOS MUST ACT NOW:

Our stakeholders will insist that business take action

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Our area of business touches on several of the most important climate related issues. Therefore we can expect customers, legislators and the public to increasingly demand action on our behalf.

Sustainability is good business

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A global response to climate change is needed. This will create a greater demand for solutions that reduce water and energy consumption. Grundfos has a unique potential to facilitate this through our products, services, partnerships and organisational voice.

Acting on climate change is a natural continuation of our heritage

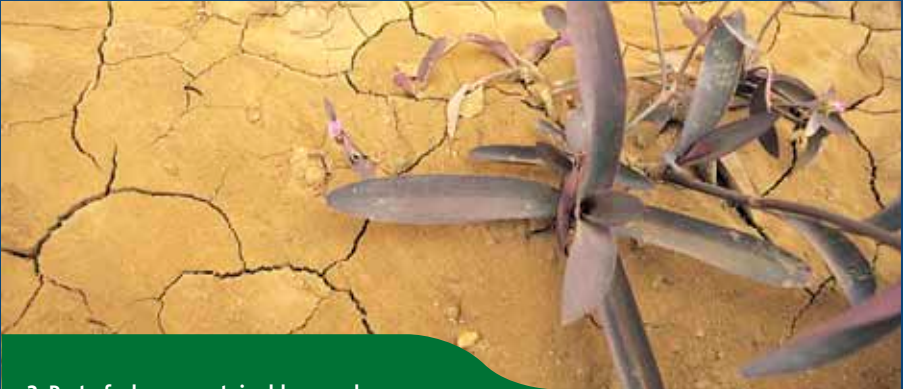
The mandate of the Grundfos Foundation requires us to act responsibly in all aspects of our business. Through our Innovation Intent we also committed to put sustainability first in everything we do.

## Five principles guide our approach

### 1. Based on science

Currently the Intergovernmental Panel on Climate Change (IPCC) compiles the most advanced scientific research on climate change. They conclude that the current climatic changes are primarily driven by human actions. Therefore we need to drastically reduce our CO<sub>2</sub> emissions and adapt to the climatic changes already in motion.





## 2. Part of a larger sustainable agenda

Running a business sustainably requires more than addressing the issue of climate change. Even if we eliminated all CO<sub>2</sub> emissions, we still need to address other sustainability issues such as water stress, air pollution, and dependency on fossil fuels.

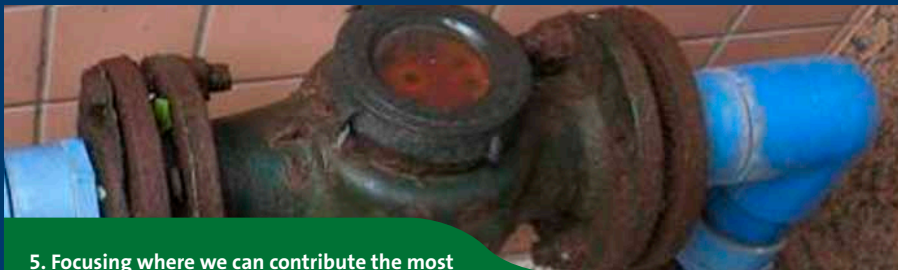
## 3. Compatible with economic prosperity

We do not believe reducing emissions at the cost of long-term economic growth is a viable option. The world population has both a right to and a need for continued economic growth. It is massive innovations rather than cut-backs and restrictions that are needed to drive the world into a more sustainable future.



## 4. A sort of vast business opportunities

By taking the lead in fighting climate change, we will unlock a number of business opportunities. Our products are more energy-efficient than industry average. Therefore we expect to grow our business rapidly in the future because - not despite - of our focus on climate change and sustainability.



## 5. Focusing where we can contribute the most

We have key capabilities that can help reduce water scarcity and the energy consumption of buildings. By replacing older pumps and pump designs with newer and more energy-efficient ones, we can substantially help our customer reduce carbon emissions. In addition we must help the world adapt to the consequences of climate changes already in motion.

## Five commitments to enact change

### 1. We will take our own medicine and never emit more CO<sub>2</sub> than we did in 2008

In Grundfos, we live our values. We can only sell sustainable solutions if we act as a sustainable company. Therefore, Grundfos has pledged never to emit more CO<sub>2</sub> than we did in 2008. This is an ambitious goal, moving well beyond the IPCC baseline.

Our first priority is to reduce the energy consumption of our manufacturing processes, buildings and logistics.

Our second priority is to make sure the energy used by our facilities is increasingly drawn from renewable sources.

Our investments should help increase the total supply of renewable energy. Therefore we will only use carbon offsetting to reduce our CO<sub>2</sub> emissions if we cannot fulfill our commitments otherwise.

### 2. We will invest in innovating new sustainable products and solutions

With the creation of our Innovation Intent, we committed ourselves to put sustainability first in all our innovations the next 20 years. Developing new products that help save our climate is an essential part of reaching this vision. We will broaden our scope, moving beyond delivering pumps to partnering on the creation of comprehensive fluid systems.

We must open our innovation procedures to develop new pump systems in collaboration with our customers and suppliers. We must also drive demand by educating our customers and the public about the benefits of the most energy-efficient options available. After all, the large majority of the CO<sub>2</sub> emissions from pumps are associated with their energy consumption during use.

### 3. We will continue to develop an organisation with a culture of sustainability

Grundfos' most important assets are our employees. We have a history of inviting the entire organisation to help find the best solutions. In this regard, the climate challenge is no different.

We want to grow a green mindset in Grundfos. We want our employees to take responsibility for the world and help us envision new types of sustainable solutions. Therefore we will also make it easier for our employees to personally engage in the climate challenge.

### 4. We will influence the global climate agenda and position Grundfos as a true global player

We will strengthen our capabilities within strategic communication and public relations, especially in the US and emerging markets. Grundfos will engage more in public affairs to raise awareness about the full scope of climate related issues such as water scarcity, energy consumption, and water disaster management.

In the future we will also remain open to partnering with anyone – even our competitors – in order to affect legislation and raise climate concerns relating to our industry. Only then will we become recognised as a serious and responsible contributor and thought leader within the climate debate.

### 5. We will communicate our progress and provide full transparency

At Grundfos we must become better at effectively communicating our successes. We must align the messages and examples we use throughout our organisation to ensure both consistency and recognition in the eyes of our external stakeholders.

Providing full transparency on our progress is more important than ever. We need to be open about our own environmental performance, also when things do not go as planned. The potential short-term gains from dubious claims will never justify the immense long-term business risk involved in such behavior.

**For a more elaborate explanation of Grundfos' approach to the climate challenge, see the Grundfos White Paper**

## BE

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

## THINK

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

## INNOVATE

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