

## Poul Due Jensens Fond

Poul Due Jensens Vej 7-11  
8850 Bjerringbro  
CVR No. 83648813

## Annual report 2020

The Board meeting adopted the annual report  
on 11.03.2021

*Jens Maaløe*

Jens Maaløe (Mar 17, 2021 08:27 GMT+1)

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**Jens Maaløe**

Chairman of the Board of Directors

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# Entity details

## Entity

Poul Due Jensens Fond

Poul Due Jensens Vej 7-11

8850 Bjerringbro

Business Registration No.: 83648813

Registered office: Viborg

Financial year: 01.01.2020 - 31.12.2020

## Board of Directors

Jens Maaløe, Chairman

Flemming Konradsen, Vice chairman

Poul Due Jensen

Estrid Due Hesselholt

Ingermarie Due Nielsen

Annette Due Jensen

Jens Winther Moberg

Elsebeth Nielsen

Jens Erik Bjørklund Lysdahl

Torben Ømark

Melinda Briski

Rudolf Martini

## Executive Board

Kim Nøhr Skibsted

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

# Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Poul Due Jensens Fond for the financial year 01.01.2020 - 31.12.2020

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the foundation financial statements give a true and fair view of the Group's and the Foundation's financial position at 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

Bjerringbro, 11.03.2021

## Executive Board



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Kim Nørh Skibsted (Mar 19, 2021 10:51 GMT+1)

**Kim Nørh Skibsted**

## Board of Directors

Jens Maaløe

Jens Maaløe (Mar 17, 2021 08:27 GMT+1)

**Jens Maaløe**

Chairman

Poul Due Jensen

Poul Due Jensen (Mar 16, 2021 17:21 GMT+1)

**Poul Due Jensen**

Ingermarie Due Nielsen

**Ingermarie Due Nielsen**

Jens Winther Moberg

**Jens Winther Moberg**

Jens Erik Lysdahl

Jens Erik Lysdahl (Mar 19, 2021 07:38 GMT+1)

**Jens Erik Bjørklund Lysdahl**

Melinda Briski

Melinda Briski (Mar 19, 2021 10:49 GMT+1)

**Melinda Briski**

Flemming Konradsen

Flemming Konradsen (Mar 17, 2021 08:02 GMT+1)

**Flemming Konradsen**

Vice chairman

Estrid Due Hesselholt

Estrid Due Hesselholt (Mar 15, 2021 18:36 GMT+1)

**Estrid Due Hesselholt**

Annette Due Jensen

**Annette Due Jensen**

Elsebeth Gerner Nielsen

Elsebeth Gerner Nielsen (Mar 18, 2021 09:41 GMT+1)

**Elsebeth Nielsen**

Torben Ømark

Torben Ømark (Mar 19, 2021 10:48 GMT+1)

**Torben Ømark**

Rudi Martini

Rudi Martini (Mar 18, 2021 15:13 GMT+1)

**Rudolf Martini**

# Independent auditor's report

## To the Board of Directors of Poul Due Jensens Fond

### Opinion

We have audited the consolidated financial statements and the foundation financial statements of Poul Due Jensens Fond for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the foundation, and the consolidated cash flow statement. The consolidated financial statements and the foundation financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the foundation financial statements give a true and fair view of the Group's and the foundation's financial position at 31.12.2020, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the consolidated financial statements and the foundation financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and foundation financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and foundation financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the foundation financial statements, Management is responsible for assessing the Group's and the Foundation's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the foundation financial statements unless Management either intends to liquidate the Group or the Foundation or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the foundation financial statements as a whole are free from material misstatement, whether due to fraud or

error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and these foundation financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the foundation financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the foundation financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the foundation financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the foundation financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the foundation financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the foundation financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the foundation financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the foundation financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.


Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the foundation financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Aarhus, 11.03.2021

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

  
Thomas Rosquist Andersen (Mar 19, 2021 11:42 GMT+1)

**Thomas Rosquist Andersen**  
State Authorised Public Accountant  
Identification No (MNE) mne31482

  
Martin Faarborg (Mar 19, 2021 12:23 GMT+1)

**Martin Norin Faarborg**  
State Authorised Public Accountant  
Identification No (MNE) mne29395



# Management commentary

## Financial highlights

	2020 DKK'm	2019 DKK'm	2018 DKK'm	2017 DKK'm	2016 DKK'm
<b>Key figures</b>					
Revenue	26,340	27,518	26,721	25,634	24,677
Gross profit/loss	10,207	10,586	10,163	10,023	9,550
Operating profit/loss	2,531	2,634	2,283	2,274	2,233
Net financials	271	229	(72)	75	37
Profit/loss for the year	2,104	2,110	1,645	1,690	1,676
Balance sheet total	31,592	30,642	27,815	26,122	24,778
Equity	22,592	21,524	19,860	18,658	17,397
Donations awarded net	194	115	95	96	64
Dividend from subsidiary	964	769	766	724	639
Available capital (including proposed distributions)	5,927	4,971	4,410	3,840	3,265
<b>Ratios</b>					
Gross margin (%)	38.75	38.47	38.03	39.10	38.70
Net margin (%)	7.99	7.67	6.16	6.59	6.79
Return on equity (%)	9.5	10.2	8.5	9.4	10.1
Equity ratio (%)	71.5	70.2	71.4	71.4	70.2

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

### Gross margin (%):

Gross profit/loss \* 100

Revenue

### Net margin (%):

Profit/loss for the year \* 100

Revenue

### Return on equity (%):

Profit/loss for the year \* 100

Average equity including minority interests

### Equity ratio (%):

Equity incl. minority interests \* 100

Total assets

### Primary activities

Poul Due Jensens Fond (Grundfos Fonden or the Foundation) was established in 1975 by the Founder of Grundfos, Poul Due Jensen, with the aim of ensuring a financially sound and sustainable development of Grundfos and its affiliated companies.

The Foundation owns 88.2% of Grundfos Holding A/S being the supreme holding company of all other Grundfos companies worldwide. As the majority owner of Grundfos, the Foundation is therefore destined and committed to continue to own, protect and develop Grundfos. Active ownership of Grundfos is the Foundation's answer to this obligation.

Besides exercising the active ownership, the Foundation also distributes funds for philanthropic activities for the common good. Distributions for philanthropic activities are secondary to the active ownership of Grundfos Holding A/S and can hence fluctuate if the dividends from Grundfos Holding A/S become insufficient to support both, and the Grundfos Holding A/S Group would need an increased economical commitment from the Foundation.

Please refer to the section on Sustainability further down for more detailed information on the sustainability of the business.

### Development in activities and finances

This year's profit in the Foundation amounts to DKK 1,917m in 2020 compared to a profit of DKK 1,884m in 2019

The Foundation made donations recognised in equity of DKK 193.9m in 2020 compared to DKK 115.4m in 2019 cf. below for more information.

### Statutory report on corporate governance

The Board of Directors of the Foundation consists of 12 members, of whom the Grundfos Group's EU-based employees elect four. Of the remaining eight, four are descendants of Grundfos' Founder and four are external members elected by the Board itself.

Today, the group of descendants and external board members consist of four men and four women. The gender balance is hence 50% of each sex among the descendants and the external members.

In 2015, the Foundation Board decided to aim for compliance with the recommendation on double seats and board independence as described in Recommendations on Foundation Governance 2.3.5 and 2.4.1. We reached that goal in 2017.

The Foundation's compliance target is 15 out of 17 recommendations. The Comply or Explain reports covering 2020 and previous years are available at [www.pdjf.dk/governance](http://www.pdjf.dk/governance).

### Changes in the Board of Directors

In November 2020, Mr. Flemming Konradsen replaced Mr. Poul Due Jensen as Vice-Chairman for the Board of Directors of the Foundation.

In March 2020, Ms. Melinda Briski replaced Mrs. Zsuzanna Tóth as employee representative.

CVs for all Board members and employee representatives are available at <https://www.pdjf.dk/fondsbestyrelse/>

**Active ownership of Grundfos**

The Foundation's primary asset is the 88.2% shareholding in Grundfos Holding A/S. The Foundation exercises its controlling ownership through election of not only the board members of Grundfos Holding A/S, but also via direct election of the chairman and the vice-chairman of the Board of Directors of Grundfos Holding A/S.

According to the Articles of Association of Grundfos Holding A/S, board members, chairman, and vice-chairman of the Board of Directors are directly elected at the Annual Meeting of Shareholders.

Besides, the Foundation has an ongoing dialogue with the Grundfos Holding A/S Board of Directors and Executive Management on development of Grundfos in general, but especially on long-term ambitions in respect of

- Annual organic growth in turnover;
- Annual pre-tax profit;
- A capital structure based on a high equity interest;
- Return on equity;
- Best-in-market development, manufacturing, sale and service of highly innovative products;
- A socially responsible company believing that there are obligations that go beyond those derived from legislation and tax payments;
- Sustainability in products, production processes and other activities, and
- Adherence to the Founders' six values (cf. section on Sustainability below)

This year's profit in Grundfos amounts to DKK 1,931m compared to a profit of DKK 2,208m in 2019, of which 50% is expected to be distributed to the shareholders: The Foundation, the Founder's descendants and the employee shareholders.

Detailed information about the performance and development of the entire Grundfos Holding A/S Group is available in the Annual Report of Grundfos Holding A/S to be published on [www.grundfos.com](http://www.grundfos.com). The consolidated result of the Foundation and the Grundfos Group can be found in this report.

**Responsible investments**

The purpose of the Foundation's investment strategy is to outline the principles for how to invest in securities (e.g. bonds, shares and mutual funds) to secure a long-term return from interest and dividend payments related to the said securities, whilst maintaining an acceptable risk profile.

The Foundation supports the UN Global Compact principles. Furthermore, the Foundation has and wishes to direct its investments and portfolio towards a greater focus on ESG (Ethics-Social-Governance). This will continue in 2021.

The level of risk related to the investments may not impact the Foundation's capability to maintain an active ownership of the Grundfos Group.

The Foundation may, extraordinarily, and upon approval by the Board of Directors, invest in incubator-like technology companies that may in the long run provide a commercial advantage for Grundfos.

Such investments must be made upon request from or in consultation with the Grundfos Group, and the Foundation must with its investment secure intellectual property rights, patents, and technology access.

The Board of Directors of the Poul Due Jensen Foundation is the sole responsible decision making body concerning the Foundation's investments.

### Philanthropic activities

The Foundation's philanthropic activities are based on the Foundation Strategy, covering three main areas:

- Sustainable access to clean and **affordable drinking water** for the world's poorest, mainly in rural communities and forgotten refugee camps
- Strengthening use-inspired basic **research and learning** environments mainly within engineering and natural science
- Improving labour market **inclusion and community engagement**

In a swift blow, the global COVID-19 pandemic changed our reality and created new needs and challenges which needed to be addressed quickly and in a flexible way. The pandemic showed us how vulnerable the world is, and how important elements responsibility, dialogue and co-operation are in maintaining stability and sustainable development in society.

We immediately reached out to our many partners with a promise of flexibility and willingness to redirect project funding to COVID-19 prevention and awareness. New partners were added as their skills and knowledge were needed acutely to help all over the world. The Foundation's staff established home offices, the Board of Directors met online, and a dialogue with other foundations in Denmark was opened to help Danish society through the crisis in a coordinated manner.

The Foundation has prioritised initiatives to mitigate the worst consequences of the pandemic. Among other things, we changed the scope of one of our flagship research projects at Aalborg University, originally set out to create an atlas of the Danish microflora. Instead, the lab became a key player in mapping and tracking virus DNA in close collaboration with public health authorities. Other projects were able to stay on track, such as a very interesting lake restoration and phosphorus recovery project involving several Danish universities.

We altered our water projects in developing countries to focus on hygiene awareness, social distancing and disease prevention, especially in connection with water infrastructure provided by the Foundation and its partners. Together with Water Mission, we have established 7,866 hand-washing stations helping almost 680,000 people ensure good hand hygiene in countries across the globe in 2020.

The Foundation's efforts within inclusion and community engagement also changed scope as we partnered with the Danish Red Cross to mitigate the negative effects of social isolation for many of the vulnerable citizens. We also established the Poul Due Jensen Community Engagement Grant to support local community engagement in locations where Grundfos is present with offices or factories. We have witnessed Grundfos companies and employees taking pride in helping their local communities cope with the consequences of the pandemic.

In 2020, the Foundation committed donations for DKK 194.1m to philanthropic projects within the strategic focus areas and increased the level compared to DKK 116.9m in 2019. After deducting the returned donations from unrealized projects, the total amount of donations in 2020 was DKK 193.9m (2019: DKK 115.4m).

### Community engagement grants

As mentioned, we established the Poul Due Jensen Community Engagement Grant to support local community engagement in locations where Grundfos is present with offices or factories. This gives Grundfos companies and

their employees better options to engage with the local community. The grant is only and directly given to a local authority, NGO, institution (or similar) that engages in social responsibility and is recommended by the local Grundfos staff. We have witnessed a huge interest and demand for local engagement, especially during the COVID-19 pandemic. This is a model we will continue and further expand in 2021.

In total, the Foundation committed DKK 15.0m to community engagement grants.

### **Water changes lives and communities**

Providing water for the world's poorest in rural communities and forgotten refugee camps directly addresses UN Sustainable Development Goal 6 (Clean water and sanitation).

Indirectly, water also contributes to reaching other important goals: Goal 1 (No poverty), Goal 2 (Zero hunger), Goal 3 (Good health and well-being), Goal 4 (Quality education), Goal 5 (Gender equality), and Goal 10 (Reduced inequalities). Access to water improves the possibilities for parents to spend more time securing income and feeding their families. Water-borne diseases no longer prevent children from attending school, and women and girls must no longer spend hours fetching water instead of working or studying.

We still support UNICEF's emergency relief fund to address some of the most needing areas in the world. DKK 94.3 million from the Foundation were committed to revisit and future-proof water projects delivering drinking water to app. 183,000 new beneficiaries with access to water in 2020 and the years to come. In 2020 we have additionally supported COVID-19 communication for more than 2 million people, and different WASH activities, like hand washing facilities for more than 1 million people.

From 2021 and onwards, all new water projects will have extra focus on hygiene due to the learnings we have had in our projects during the pandemic. We will also take a more holistic approach to the water projects and we will try to integrate "Inclusion" and "Research and learning" activities in new projects.

### **Research and learning within engineering and natural science**

The Foundation's contributions within this area contributes directly to UN Sustainable Development Goal 4 (Quality education), Goal 6 (Clean water and sanitation), and Goal 9 (Industry, innovation and infrastructure). The Foundation believes that valuable application-oriented research needs to be part of a solid basic research environment to move beyond incremental innovations. Our donations aim to develop research environments with world-class potential or maintaining and future-proofing existing world-class research environments.

2020 was an exceptional year due to the pandemic. The Foundation decided to join the battle against COVID-19 by supporting six research projects with immediate applicability. Largest among these was Corona Danica at Aalborg University where 99% of all genome sequencing in Denmark in 2020 was performed. This project used the infrastructure of the Microflora Danica laboratory already supported by the Foundation.

2020 was also the year where the Foundation initiated its first large scale mission-driven research program where researchers from three universities joined forces. The goal is to remove and reuse phosphorous from freshwater lakes with two more universities joining in 2021.

The Foundation supported two educational initiatives at Technical University of Denmark and VIA University College in Horsens, respectively, aimed at engineering students in relation to the international water congress IWA 2021.

To increase the number of students within technology and natural science in Denmark, the Foundation

collaborates with ASTRA, Naturvidenskabernes Hus and Bjerringbro Gymnasium on various initiatives aimed at primary and secondary school students.

To raise the general awareness of technology and natural sciences, especially among children, the Foundation supported creation of an expanded science-focused Christmas calendar on the national TV station TV2 in collaboration with three other major Danish foundations.

The 2020 Grundfos Prize was awarded to Associate Professor Dorthe Bomholdt Ravnsbæk from University of Southern Denmark's Department of Physics, Chemistry and Pharmacy for her work on materials to make rechargeable batteries more effective and sustainable.

In total, the Foundation committed DKK 65.4m to research and learning initiatives in 2020, including the 2020 Grundfos Prize.

In the coming year, our focus will still be on the mission-driven aspects of research and science which could relate to the COVID-19 and its consequences. We will take steps to add research and communications to some of the projects within Water and Inclusion. Furthermore, technical and natural sciences and motivating young people to explore science will be prioritised.

### **Labour market inclusion and community engagement**

In 1968, when Poul Due Jensen set up one of the world's first protected workshops, the flex workshop at Grundfos, it created a new space in the labour market for marginalised people. It was a whole new way of looking at human resources and creating new communities. Today, Grundfos continues to create space for vulnerable groups in the company and to inspire others to do the same. The Poul Due Jensen Foundation works - on the shoulders of this story - for inclusion in the Central Jutland Region. We want to help spread this way of thinking and approach to human resources and involve more communities and make a sense of belonging.

The Foundation's employee awards are considered an important part of this agenda, promoting our values among the Grundfos Group's employees and companies.

Eight lucky and talented Grundfos employees received a Scholarship from the Poul Due Jensen Foundation in 2020. As the Foundation could not invite the winners to Denmark, the diplomas were handed over at local ceremonies in the companies of the winners.

The 2020 labour market inclusion and community engagement initiatives ended at DKK 19.4m including Poul Due Jensen Innovation Award, Scholarship, and the Social Responsibility Award.

Inclusion has its main focus on activating and engaging individuals in network or communities to avoid isolation and loneliness. Our experience is that this is very efficiently obtained through workplaces where people feel appreciated and socially involved with colleagues. We have seen the need during the pandemic, and this principle will be outlived through projects in 2021, where we hope to find new aspects, methods and perspectives in both our local and global engagement.

## Donations 2020

### Community Engagement Grants

Organisation	Project number	Project name	Country	Amount (DKK '000)	Period
Jingmen Red Cross and Xiantao Charity Federation	2020-004	COVID-19 response - Emergency assistance for Hubei hospitals	China	735	2020
SOSNPO, Save Our Schools, SA	2020-017	COVID-19 response - Emergency Hand Washing Stations	South Africa	206	2020
The Pharmaceutical Society of Uganda	2020-033	COVID-19 response - Low-cost hand sanitizer	Uganda	67	2020
Various organisations	2020-035	COVID-19 response - Face shields	Global	2.052	2020-2021
Hand in Hand, India	2020-036	COVID-19 response - PPE kits for sanitation workers	India	191	2020
Hand in Hand, India	2020-037	COVID-19 response - Protective equipment for health workers and police	India	107	2020
NalandaWay Foundation	2020-038	COVID-19 response - Karapakkam School - quarantine kits	India	12	2020
SOS Childrens Village	2020-039	COVID-19 response - Quarantine kits for 8 children's villages	Phillipines	270	2020
National Business Initiative	2020-042	COVID-19 response - Handwashing facilities	South Afrika	639	2020
GiveBackGhana	2020-044	COVID-19 response - Agbogbloshie slum - quarantine kits	Ghana	149	2020
Genesis Trust	2020-049	COVID-19 response - Food packages for families	South Afrika	223	2020
The Patient Care Foundation	2020-050	COVID-19 response - PPE kits and staff training	Hungary	433	2020
Domov Sluenice Ostrava	2020-051	Clean water for House of Seniors	Czech Republic	34	2020
Residential care institution Kulina	2020-052	Water and waste water systems	Serbia	235	2020
ACE Charity	2020-053	ACE Radio School I	Nigeria	316	2020
Hand in Hand, India	2020-054	COVID-19 response - Vadsar and Moti Bhoyan - quarantine kits	India	142	2020
ACT Foundation	2020-055	COVID-19 response - PPE kits for hospitals in Jakarta	Indonesia	35	2020
Brookwood Community	2020-057	COVID-19 response - PPE, testing and medical supplies + grant	USA	700	2020
Saint Barbara Hospital Zhytomyr Water Utility Company	2020-058	COVID-19 response - Training and electrical installations	Hungary	234	2020
	2020-059	Water supply for Zhytomyr	Ukraine	169	2020
The Andando Foundation	2020-060	Batana Wolof (women's cooperative market gardens)	Senegal	321	2020
vision:teilen	2020-061	Goodnight bus for homeless, Düsseldorf	Germany	159	2020
Fundación NuevaLife	2020-062	Sustainable water supply and WASH training	Colombia	127	2020
Water Institute of Southern Africa	2020-063	COVID-19 response - Production of face shields	South Africa	121	2020
Proyecto Agua Segura	2020-064	WASH training for 70 community centres	Uruguay	631	2020
Assist Asia	2020-088	WASH and disease prevention in Baseco compound, Manila	Phillipines	922	2020
Football For A New Tomorrow	2020-089	Sports activities for disabled youth	Ghana and Sierra Leone	218	2020
Sefras	2020-090	Quarantine kits for vulnerable families, São Paulo	Brazil	961	2020
Generosity Global	2020-091	Clean water for Bepanda Community	Cameroon	185	2020

Trussell Trust	2020-092	COVID-19 response - Support for UK food banks	England	82	2020
Water Research Commission	2020-093	Surveillance of non-sewered communities	South Africa	366	2020
Aleimar OdV	2020-095	Next to children: rethinking the post- COVID-19 training offer	Italy	710	2020
Rural Development Organization	2020-097	COVID-19 Response - COVID-19 disease prevention in Iringa Region	Tanzania	1.259	2020
American Red Cross of Central California	2020-102	Central California wildfire relief	USA	316	2020
Hand in Hand, India	2020-979	Water supply in Jethalaj	India	86	2021
Hand in Hand, India	2020-982	Water infrastructure in Khorai, Zlapur and Gujarat	India	278	2021
Hand in Hand, India	2020-983	Water supply in Tamil Nadu	India	82	2021
ACE Charity	2020-990	ACE Radio School II	Nigeria	503	2021
GROOTS Kenya	2020-991	Water entrepreneurship led by women	Kenya	348	2021
Aldershot Boxing Club	2020-993	Sports activities for vulnerable youth	England	41	2021
SOSNPO, Save Our Schools, SA	2020-996	COVID-19 response - hand washing stations and communication	South Africa	224	2021
Nazarene Compassionate Ministries	2020-998	COVID-19 response -WASH in 3 residential childcare homes	Eswatini	63	2021
<b>Total</b>				<b>14.952</b>	

### Inclusion & Community Engagement

Organisation	Project number	Project name	Country	Amount (DKK '000)	Period
DRC Danish Refugee Council	2019-031	Social investment model for inclusion in the labour market	Denmark	7.115	2020-2022
DEFACTUM	2019-046	Together in a Community (Central region of Jutland)	Denmark	2.525	2020-2023
Danish Red Cross	2020-011	Funds for Visitor Service	Denmark	1.200	2020
Danish Red Cross	2020-011	Snak Sammen (digital meeting place)	Denmark	300	2020
Den Sociale Retshjælp	2020-031	Digital conversion (Denmark)	Denmark	500	2020
Foreningen Møllerne	2020-032	Broen - meeting place for youth, Bjerringbro	Denmark	130	2020
Salvation Army Denmark	2020-096	Christmas Donation	Denmark	500	2020
Mødrehjælpen	2020-096	Christmas Donation	Denmark	500	2020
Danish Red Cross	2020-096	Christmas Donation	Denmark	500	2020
SAND (NGO for homeless people)	2020-096	Christmas Donation	Denmark	500	2020
Boligselskabet Viborg	2020-106	Social Housing Jobs	Denmark	2.000	2021-2022
Museum of Energy, Bjerringbro	2020-107	Development of new Museum of Energy with focus on sustainability	Denmark	2.500	2021
Life Exhibitions	2020-108	Exhibition about UN Global Goals	Denmark	250	2021
Gitte Redder and Karin Palshøj	2020-109	Her Majesty the Queen 50 years anniversary (book project)	Denmark	300	2021-2022
25 Grundfos employees		Poul Due Jensen Innovation Award & Scholarships 2020	Global	435	2020
ASSIST Asia		Poul Due Jensen Social Responsibility Award 2020	Philippines	149	2020
<b>Total</b>				<b>19.404</b>	



**Water and Sustainable Development**

Organisation	Project number	Project name	Country	Amount (DKK '000)	Period
Oxfam	2019-032	Sustainable water schemes in Terai Lowlands (phase 2)	Nepal	4.159	2020
Water Mission	2019-034	Clean drink water for Nyarugusu and host communities (phase 2)	Tanzania	4.373	2020-2021
Sunlit Future	2019-035	India Phase 4, Revisit 89 project sites	India	6.196	2020
Sunlit Future	2019-036	Water for Demul Village, Himalaya - feasibility study	India	374	2020
PlanBørnefonden (Plan International)	2019-038	Refugee Communities in Gambela - Feasibility Study	Ethiopia	692	2020
Stockholm Water Institute	2020-001	World Water Week Communications Initiative	Global	2.500	2020-2021
Sunlit Future	2020-007	Water supplies for rural indian Schools (phase 2)	India	337	2020
OPP Research & Training Institute	2020-008	Low Cost Sanitation Model	Pakistan	3.238	2020-2022
ICRC International Committee of the Red Cross	2020-012	COVID-19 response - COVID-19 Emergency Appeal	Global	5.000	2020
Unicef	2020-013	COVID-19 response - Humanitarian Action for Children	Global	5.000	2020
NRC Norwegian Refugee Council and DRC Danish Refugee Council	2020-018	COVID-19 response - WASH intervention in refugee communities	Iran, Nigeria, Tanzania, Kenya	3.076	2020
Water Misson	2020-021	COVID-19 response - Hand washing stations	Global	10.321	2020
Oxfam	2020-022	COVID-19 response - WASH interventions	Nepal	2.271	2020
MSF Doctors without Borders	2020-026	COVID-19 response - refugee camps and hospitals	Libanon	1.973	2020
Practical Action	2020-028	COVID-19 response - WASH interventions	Kenya	2.316	2020
World Vision	2020-046	COVID-19 response - WASH interventions	Niger, Ghana	2.312	2020
Human Needs Project	2020-065	COVID-19 response - Kibera Town Centre	Kenya	635	2020
Oxfam	2020-078	COVID-19 response - WASH interventions (phase 2)	Nepal	3.041	2020
Water Mission	2020-079	Southeast Asia Clean Water Initiative (phase 4)	Indonesia	3.086	2020-2021
Water Mission	2020-080	Kenya 23 - next level (phase 4)	Kenya	3.103	2020-2021
PlanBørnefonden (Plan International)	2020-081	Refugee Communities in Gambela - Project SunWASH	Ethiopia	12.500	2020-2021
NCA Norwegian Church Aid	2020-083	Clean drinking water for Burundi (phase 3)	Burundi	3.026	2021
NRC Norwegian Refugee Council	2020-084	WASH in Ethiopia's Somali Region	Ethiopia	3.036	2020-2021
ICRC International Committee of the Red Cross	2020-086	COVID-19 response - COVID-19 Emergency Appeal (phase 2)	Global	3.058	2020-2021
Ufuse Production	2020-101	'Into Dust' Documentary - Impact Campaign	USA	5.000	2020-2021
PlanBørnefonden (Plan International)	2020-105	COVID-19 response - WASH interventions in Togo and Ethiopia	Togo, Ethiopia	3.690	2020-2021
<b>Total</b>				<b>94.313</b>	

## Research and Learning

Organisation	Project number	Project name	Country	Amount (DKK '000)	Period
Aalborg University - Electronic Systems	2019-007	Smart Water Infrastructure (SWift)	Denmark	6.923	2020-2023
University of Copenhagen - Niels Bohr Institute	2019-039	Christmas Calendar 2021	Denmark	7.500	2020-2022
DTU Aqua, SDU Biology, AU Bioscience	2020-003	Lake Restoration 2020	Denmark	6.123	2020
Via University College Horsens	2020-005	IWA World Water Camp	Denmark	190	2020-2021
Aalborg University - Materials and Production	2020-006	Laser Forming	Denmark	4.320	2020-2023
Sustania Foundation	2020-009	Sustania World	Denmark	500	2020
Aalborg University - Health Science and Technology	2020-014	COVID-19 - Emergency respirators	Denmark	1.800	2020
Aalborg University - Chemistry and Bioscience	2020-015	COVID-19 - Corona Danica	Denmark	4.252	2020-2021
Central Jutland Region - Prehospital	2020-024	COVID-19 - Pre-hospital Tests	Denmark	228	2020
Rigshospitalet - CPH Trial Unit	2020-025	COVID-19 - Living Systematic Review	Denmark	2.915	2020-2021
Aarhus University Hospital - Centre for Emergency Research	2020-029	COVID-19 - Lung Ultrasound Scan	Denmark	339	2020
Aalborg University - Computer Science	2020-030	COVID-19 - Decision support	Denmark	1.205	2020
Aalborg University - Chemistry and Bioscience	2020-066	Phosphorus preliminary project	Denmark	400	2020-2021
Several universities	2020-068	Lake Stewardship	Denmark	14.440	2021-2023
Aalborg University - Energy Technology	2020-070	CoDE I - Power Electronics	Denmark	4.002	2021-2024
Luther Stiftung	2020-073	Jugend Unternimmt Summer School 2021	Germany	112	2020-2021
House of Natural Science	2020-075	School visits	Denmark	7.385	2021-2023
Technical University of Denmark - Skylab	2020-076	IWA Next Generation Urban Water Action	Denmark	750	2020-2021
Copenhagen Business School	2020-087	Business Foundations in the Corona Crisis	Denmark	1.000	2020-2024
University of Southern Denmark - Physics, Chemistry and Pharmacy		2020 Grundfos Prize - research grant	Denmark	750	2020
Associate Professor Dorthe Bomholdt Ravnsbæk		2020 Grundfos Prize - personal reward	Denmark	250	2020
<b>Total</b>				<b>65.384</b>	
<b>Total donations</b>				<b>194.053</b>	

## Returned donations

Organisation	Project number	Project name	Country	Amount (DKK '000)	Period
Den Sociale Udviklingsfond	2018-026	Social Job Match	Denmark	-117	2018-2020
<b>Total returned</b>				<b>-117</b>	
<b>Grand total</b>				<b>193.936</b>	

## Sustainability in the Foundation

Sustainability is a key value of the Foundation (cf. Primary Activities and Business Model above). Furthermore, it is an important part of the Foundation's and the Grundfos Group's values to act in a socially responsible and sustainable way. The six values of the Founder define the way Grundfos and the Foundation operate:

- **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 and 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.

### Policies and risk management in the ownership and support of Grundfos

Grundfos is a large industrial conglomerate with approximately 19,000 employees worldwide. The global presence and number of people makes it necessary to consider how the company's activities impact both its employees and the surrounding world, e.g.:

- Regarding **human rights**, Grundfos must consider whether its suppliers and partners adhere to its high standards and whether the products are used in an ethically responsible way.
- Regarding **environment and climate protection**, Grundfos must consider how its global environmental footprint affects the world, both in terms of the industrial activities and the impact the products have with regards to energy consumption and climate impact.
- Regarding **social and employee matters**, Grundfos must consider how its activities directly impact the lives of its employees both physically and psychologically. Indirectly, Grundfos companies have a duty to be a driver for positive change in their local community.
- Regarding **bribery and anti-corruption**, Grundfos must consider how to continuously nourish a business environment where integrity and high ethical standards are valued and rewarded.

The Foundation has not developed specific policies for Grundfos to manage and mitigate above risks. The Board of Directors of Grundfos Holding A/S has laid down their own CSR policies and processes for the company and its subsidiaries, including human rights, environment and climate protection, social and employee matters and anti-corruption.

How the Grundfos Group addresses these issues, not only in policies but also in its operations, is an integrated part of the ongoing dialogue and follow-up between the Foundation and the Grundfos Holding A/S Board of Directors and Executive Management team (cf. Active Ownership above). An important part of this dialogue is a presentation and discussion of the annual Risk Management Profile.

Further descriptions of the Grundfos Group's CSR policy and the 2020 activities and performance can be found in Grundfos Holding A/S' annual report and CSR report.

### Principles, policies and risk management in the daily and philanthropic activities

The Foundation's philanthropic activities directly affect the lives of thousands of beneficiaries, while the daily activities affect its own employees as well as employees of its partners and suppliers. Hence, we are very aware of our positive, as well as potential risk of negative impact on society and employees. This is also the case for our financial activities.

- Regarding **human rights**, the Foundation must consider whether its suppliers and partners adhere to its high standards and whether (financial) activities and projects contribute to improving the lives and opportunities of the people affected.
- Regarding **environment and climate protection**, the Foundation must consider how the environmental footprint of its (financial) activities and philanthropic projects affects the world.
- Regarding **social and employee matters**, the Foundation must consider how its (financial) activities impact the lives of employees both physically and psychologically. The same goes for the partners and suppliers of the Foundation and the communities that are at the receiving end of the Foundation's philanthropic projects.
- Regarding **bribery and anti-corruption**, the Foundation must consider how to manage its liquid reserves responsibly and continuously nourish a collaboration environment where integrity and high ethical standards are valued and rewarded, both internally and with its partners and suppliers.

The Foundation's offices are located in buildings owned and serviced by Grundfos in accordance with ambitious principles and policies. Besides, the Foundation began focusing on sustainability in its own daily operations in 2017. The first step in this direction was to engage a cradle to cradle certified printing company for delivery of printed material to the Foundation. This work continued in 2020. The Foundation supports the UN Global Compact principles. Furthermore, the Foundation wishes to direct its investments and portfolio towards a greater focus on ESG (Ethics-Social-Governance).

Besides working directly with UN Sustainable Development Goal 4 (Quality education), Goal 6 (Clean water and sanitation), Goal 7 (Affordable and clean energy), Goal 8 (Decent work and economic growth) and Goal 9 (Industry, innovation and infrastructure) in the philanthropic activities, the Foundation indirectly works with UN Sustainable Development Goal 1 (No poverty), Goal 2 (Zero hunger), Goal 3 (Good health and wellbeing), Goal 5 (Gender equality), Goal 10 (Reduced inequalities), and Goal 13 (Climate action). Our investment policy follows UN Global Compact principles.

The Foundation has integrated sustainability and focus on resilience in the philanthropic strategies as well as in the processes for developing philanthropic projects. The philanthropic strategies are focused on creating a positive impact in a number of areas, including social and human rights matters as well as environment and climate protection. Sustainability and resilience of the supported initiatives are also - in their core meaning - direct and strict requirements and measures of success in all philanthropic projects as defined in the strategy document. The processes of ensuring sustainability and resilience after the Foundation engagement with the project has ended has its own dedicated phase in the project development model applied by the Foundation.

The Foundation runs a lean organisation and partnering is therefore key to reaching our philanthropic goals. We evaluate our partners carefully to ensure that values and goals are aligned, and that the partners organisation has the necessary resources to execute the projects in line with the ambitions of the Foundation. To ensure that philanthropic donations are not misused, and partners behave with the same high ethical level as we expect from ourselves, the Foundation has made a framework for a partnership agreement including a description of our ways of working, ethics and integrity and a common communication strategy.

All partners will in principle sign a How We Work agreement. The Foundation and all partners meet at least once annually at executive level to discuss results, strategic opportunities and challenges of the partnership.

As a result of this, we believe that the Foundation has strengthened its sustainable profile and business conduct in its philanthropic donations as well as in its daily operations in 2020.

The focus points will remain in 2021 in all areas and the Foundation will continue to make its impact through its donations and investments - possibly with adjustments pending the status of the COVID-19 pandemic.

### Statement regarding the underrepresented gender

The Foundation employs less than 50 people and has opted not to have a specific policy for the underrepresented gender in management. Nonetheless, it is the policy of the Foundation to support diversity and gender equality in its philanthropic work as well as in its own operations and in the Grundfos Group.

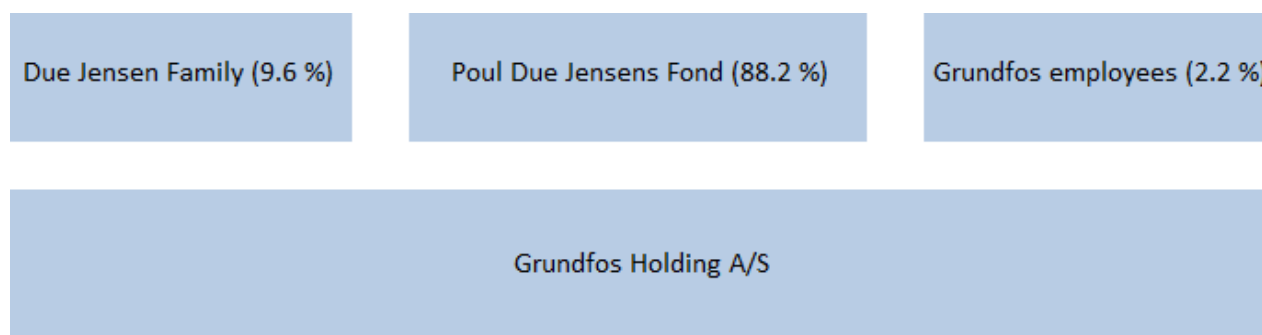
In December 2013, the Board of Directors agreed on a gender equality policy and set minimum targets for female representation:

Family members		Externally elected members	
<i>The descendants will promote gender equality when electing new family members to the Board (if deemed appropriate and in the best interest of the Foundation at the time of the election).</i>		<i>The Board will promote gender equality when electing new external members (if deemed appropriate and in the best interest of the Foundation at the time of the election).</i>	
<b>2014</b>	2 females out of 4 members	<b>2014</b>	1 females out of 4 members
<b>2017</b>	2 females out of 4 members	<b>2017</b>	1 female out of 4 members
<b>2025</b>	2 females out of 4 members	<b>2025</b>	2 females out of 4 members

Today, there is an equal gender representation in the Foundation Board and the Foundation has fulfilled the targets.

The Foundation has not set a target for the underrepresented gender in the Boards of Directors at Group level or laid down a Group policy for the underrepresented gender in management. Instead, it has ensured that Grundfos Holding A/S sets its own targets and policies, and that Grundfos Holding A/S is working towards fulfilling it. Please refer to Grundfos Holding A/S' Annual Report and Sustainability Report to read the statement on target figures and policies for the underrepresented gender in the Grundfos Group.

### Group Structures:



**Other Group companies**

Argentina, Bombas Grundfos de Argentina S.A.  
Austria, Eurowater Wasseraufbereitung GmbH  
Austria, Grundfos Pumpen Vertrieb G.m.b.H.  
Australia, BKB Aqua Engineering Pty. Ltd.  
Australia, BKB Building Solutions Pty. Ltd.  
Australia, DAB Pumps Oceania Pty. Ltd.  
Australia, Grundfos Australia Holding Pty. Ltd.  
Australia, Grundfos Pumps Pty. Ltd.  
Belgium, Eurowater Belgium NV  
Belgium, Grundfos Bellux S.A.  
Brazil, Bombas Grundfos do Brasil Ltda.  
Bulgaria, Grundfos Bulgaria EOOD  
Canada, Grundfos Canada Inc.  
Chile, Bombas Grundfos Chile SpA  
China, DAB Pumps (Qingdao) Co. Ltd.  
China, Grundfos (China) Holding Co. Ltd.  
China, Grundfos Pumps (Chongqing) Co. Ltd.  
China, Grundfos Pumps (Hong Kong) Ltd.  
China, Grundfos Pumps (Shanghai) Co. Ltd.  
China, Grundfos Pumps (Suzhou) Ltd.  
China, Grundfos Pumps (Wuxi) Ltd.  
Columbia, Grundfos Columbia S.A.S.  
Croatia, Grundfos Sales Croatia d.o.o.  
Czech Republic, Eurowater spol. s.r.o.  
Czech Republic, Grundfos Sales Czechia and Slovakia s.r.o.  
Denmark, Armacoat A/S  
Denmark, Eurotank A/S  
Denmark, Eurotronic ApS  
Denmark, Grundfos A/S  
Denmark, Grundfos BioBooster A/S  
Denmark, Grundfos DK A/S  
Denmark, Grundfos Finance A/S  
Denmark, Grundfos Lifelink A/S  
Denmark, Grundfos Operations A/S  
Denmark, Grundfos US ApS  
Denmark, Silhorko-Eurowater A/S  
Denmark, Sintex A/S  
Egypt, Grundfos Holding Egypt LLC  
Egypt, Grundfos Egypt LLC  
Egypt, Grundfos Service Egypt LLC  
Finland, OY Grundfos Environment Finland AB  
Finland, OY Grundfos Pumput AB  
France, Eurowater Sarl  
France, Pompes Grundfos Distribution S.A.S.  
France, Pompes Grundfos S.A.S.  
Germany, Biral GmbH  
Germany, DAB Pumps GmbH  
Germany, Deutsche Vortex GmbH & Co. KG  
Germany, Eurowater Wasseraufbereitung GmbH  
Germany, Grundfos GmbH  
Germany, Grundfos Pumpenfabrik GmbH  
Germany, Grundfos Verwaltung GmbH  
Germany, Grundfos Water Treatment GmbH  
Germany, Solver Deutschland GmbH  
Ghana, Grundfos Pumps Ghana Ltd.  
Greece, Grundfos Hellas Single-Member A.E.B.E.  
Hungary, DAB Pumps Hungary Kft.  
Hungary, Eurowater Vizkezelés Kft.  
Hungary, Grundfos Shared Services Kft.  
Hungary, Grundfos Hungary Manufacturing Ltd.  
Hungary, Grundfos South East Europe Kft.  
India, Grundfos Pumps India Private Ltd.  
Indonesia, PT DAB Pumps Indonesia  
Indonesia, PT Grundfos Pompa  
Indonesia, PT Grundfos Trading Indonesia  
Ireland, Grundfos (Ireland) Ltd.  
Italy, DAB Pumps S.p.A.  
Italy, DWT Holding S.p.A.  
Italy, Grundfos Pompe Italia S.r.l.  
Italy, Isia S.p.A.  
Japan, Grundfos Pumps K.K.  
Kazakhstan, Grundfos Kazakhstan LLP  
Kenya, Grundfos Kenya Ltd.

Korea, Grundfos Pumps Korea Ltd.  
Latvia, GRUNDFOS Pumps Baltic SIA  
Malaysia, Grundfos Pumps SDN. BHD  
Mexico, Bombas Grundfos de Mexico Manufacturing S.A. de C.V.  
Mexico, Bombas Grundfos de Mexico S.A. de C.V.  
Mexico, DAB Pumps de Mexico S.A. de C.V.  
Mexico, Grundfos Mexico Servicios S.A. de C.V.  
Mexico, Peerless Pump Mexico S.A. de C.V.  
Netherlands, DAB Pumps B.V.  
Netherlands, Eurowater BV  
Netherlands, Solvermedia B.V.  
Netherlands, Grundfos Nederland B.V.  
New Zealand, Grundfos Pumps NZ Ltd.  
Nigeria, Grundfos Water Solutions NGA Limited  
Norway, Eurowater AS  
Norway, Grundfos Norge AS  
Peru, Grundfos de Peru S.A.C.  
Philippines, Grundfos IS Support & Operations Centre Philippines Inc.  
Philippines, Grundfos Pumps (Philippines) Inc.  
Poland, Centrum Badawczo-Wdrozeniowe Unitex Sp.z o.o.  
Poland, DAB Pumps Poland Sp.Zo.o.  
Poland, Eurowater Sp. z o.o.  
Poland, Grundfos Pompy Sp.Zo.o.  
Portugal, Bombas Grundfos (Portugal) S.A.  
Romania, SC Grundfos Pompe Romania SRL  
Russia, OOO Grundfos Istra  
Russia, OOO DWT Group  
Russia, OOO Grundfos  
Saudi Arabia, Grundfos Saudi Arabia Company Limited  
Serbia, Grundfos Srbija d.o.o.  
Singapore, Grundfos (Singapore) Pte. Ltd.  
Slovakia, Eurowater spol. s.r.o.  
Slovenia, Grundfos Ljubljana d.o.o.  
South Africa, DAB Pumps South Africa (Pty) Ltd.  
South Africa, Grundfos Holding South Africa (Pty) Ltd.  
South Africa, Grundfos (Pty) Ltd.  
Spain, Bombas Grundfos España S.A.  
Spain, DAB Pumps Iberica S.L.  
Sweden, Eurowater AB  
Sweden, Grundfos AB  
Switzerland, Biral AG  
Switzerland, Eurowater Wasseraufbereitung AG  
Switzerland, Grundfos Holding AG  
Switzerland, Grundfos Handels AG  
Switzerland, Grundfos Pumpen AG  
Taiwan, Grundfos Pumps (Taiwan) Ltd.  
Thailand, Grundfos (Thailand) Ltd.  
Turkey, Grundfos Pompa Sanayi ve Ticaret Ltd.Sti.  
Ukraine, Eurowater Ltd.  
Ukraine, TOV Grundfos Ukraine  
United Arab Emirates, Grundfos Gulf Distribution FZE  
United Kingdom, DAB Pumps Ltd.  
United Kingdom, Grundfos Manufacturing Ltd.  
United Kingdom, Grundfos Pumps Ltd.  
United Kingdom, Grundfos Watermill Ltd.  
USA, Enaqua  
USA, Grundfos CBS Inc.  
USA, Grundfos Americas Corporation  
USA, Grundfos Pumps Corporation  
USA, Grundfos Pumps Manufacturing Corporation  
USA, Grundfos US Holding Corporation  
USA, Sterling Fluid Systems (USA) LLC (DBA Peerless Pump Company)  
USA, DAB Pumps Inc.  
USA, SFS (USA) Holding Inc.  
USA, Grundfos Water Utility Inc.  
Vietnam, Grundfos Vietnam Company Ltd.

**Ownership**

Poul Due Jensens Fond, based in Bjerringbro, Denmark, is the parent company of the Grundfos Holding A/S Group. Poul Due Jensens Fond owns 88.2% of the share capital in Grundfos Holding A/S, while the Founder's family owns 9.6% and the employees own 2.2%.

Grundfos Holding A/S directly or indirectly owns the entire share capital in all subsidiaries, except for the following: Grundfos Pumps Services Company Limited, Saudi Arabia – 75%

**Associated companies:**

Better Home ApS, Denmark – 34%

Base Business Bjerringbro A/S, Denmark – 21%

Tange SØ Golf A/S, Denmark – 49%

**Uncertainty relating to recognition and measurement**

We have, in conjunction with the financial reporting for 2020, not identified any areas with material uncertainties regarding recognition and measurement, however the Group is, as disclosed in note 26, party to ongoing disputes and legal actions. But none of these will have a significant impact on our financial position beyond what has been recognised and stated in the annual report.

**Outlook for 2021**

Most likely, the COVID-19 pandemic will continue to impact the global economy deep into 2021. However, we see growth opportunities and we expect single digit sales growth. The current market environment, however, requires us to navigate diligently as global demand may shift significantly.

We forecast a performance EBIT ratio around our strategic ambition of 10%. We choose to increase our investments in innovation and other strategic initiatives supporting our 2025 Strategy, which is why we expect a performance EBIT ratio lower than in 2020.

In 2021, the Foundation will maintain the provision for distribution at DKK 200m.



# Consolidated income statement for 2020

	Notes	2020 DKK'm	2019 DKK'm
Revenue	2	26,340	27,518
Production costs	3	(16,133)	(16,932)
<b>Gross profit/loss</b>		<b>10,207</b>	<b>10,586</b>
Research and development costs		(1,220)	(1,175)
Distribution costs		(4,106)	(4,421)
Administrative expenses	4	(2,310)	(2,232)
Other operating expenses		(40)	(124)
<b>Operating profit/loss</b>		<b>2,531</b>	<b>2,634</b>
Income from other fixed asset investments		0	24
Other financial income	7	405	373
Other financial expenses	8	(134)	(168)
<b>Profit/loss before tax</b>		<b>2,802</b>	<b>2,863</b>
Tax on profit/loss for the year	9	(698)	(753)
<b>Profit/loss for the year</b>	10	<b>2,104</b>	<b>2,110</b>



# Consolidated balance sheet at 31.12.2020

## Assets

	Notes	2020 DKK'm	2019 DKK'm
Completed development projects	12	96	167
Acquired intangible assets		580	338
Goodwill		476	148
Development projects in progress	12	65	27
<b>Intangible assets</b>	11	<b>1,217</b>	<b>680</b>
Land and buildings		2,641	2,812
Plant and machinery		1,941	2,156
Other fixtures and fittings, tools and equipment		385	408
Property, plant and equipment in progress		751	644
<b>Property, plant and equipment</b>	13	<b>5,718</b>	<b>6,020</b>
Investments in associates		3	5
Other investments		63	66
Other receivables		53	65
Deferred tax	15	658	682
<b>Fixed asset investments</b>	14	<b>777</b>	<b>818</b>
<b>Fixed assets</b>		<b>7,712</b>	<b>7,518</b>
Raw materials and consumables		1,562	1,579
Work in progress		1,236	1,353
Manufactured goods and goods for resale		1,193	1,226
<b>Inventories</b>		<b>3,991</b>	<b>4,158</b>
Trade receivables		4,607	5,008
Contract work in progress	17	42	29
Other receivables		767	939
Tax receivable		447	689
Prepayments	18	191	179
<b>Receivables</b>		<b>6,054</b>	<b>6,844</b>

Other investments	8,246	6,145
<b>Investments</b>	<b>8,246</b>	<b>6,145</b>
<hr/>		
<b>Cash</b>	<b>5,589</b>	<b>5,977</b>
<hr/>		
<b>Current assets</b>	<b>23,880</b>	<b>23,124</b>
<hr/>		
<b>Assets</b>	<b>31,592</b>	<b>30,642</b>
<hr/>		

**Equity and liabilities**

	<b>Notes</b>	<b>2020 DKK'm</b>	<b>2019 DKK'm</b>
Contributed capital		505	505
Provision for distributions		200	200
Retained earnings		20,216	19,093
<b>Equity belonging to Parent's shareholders</b>		<b>20,921</b>	<b>19,798</b>
<b>Equity belonging to minority interests</b>		<b>1,671</b>	<b>1,726</b>
<b>Equity</b>		<b>22,592</b>	<b>21,524</b>
Provisions for pension liabilities etc.		621	578
Deferred tax	15	81	40
Other provisions	20	1,768	1,532
<b>Provisions</b>		<b>2,470</b>	<b>2,150</b>
Bank loans		35	39
Debt to other credit institutions		56	89
<b>Non-current liabilities other than provisions</b>	21	<b>91</b>	<b>128</b>
Current portion of non-current liabilities other than provisions	21	269	10
Bank loans		1	17
Contract work in progress	17	4	14
Trade payables		2,375	2,376
Tax payable		885	1,075
Other payables		2,595	3,175
Deferred income	22	310	173
<b>Current liabilities other than provisions</b>		<b>6,439</b>	<b>6,840</b>
<b>Liabilities other than provisions</b>		<b>6,530</b>	<b>6,968</b>
<b>Equity and liabilities</b>		<b>31,592</b>	<b>30,642</b>
Events after the balance sheet date	1		
Staff costs	5		
Amortisation, depreciation and impairment losses	6		
Financial instruments	24		
Unrecognised rental and lease commitments	25		
Contingent liabilities	26		
Subsidiaries	27		

# Consolidated statement of changes in equity for 2020

	Contributed capital DKK'm	Provision for distributions DKK'm	Retained earnings DKK'm	Equity belonging to Parent's shareholders DKK'm	Equity belonging to minority interests DKK'm
Equity beginning of year	505	200	19,093	19,798	1,726
Effect of mergers and business combinations	0	0	(135)	(135)	(85)
Ordinary dividend paid	0	0	(25)	(25)	(111)
Ordinary distributions	0	(194)	0	(194)	0
Exchange rate adjustments	0	1	(513)	(512)	(54)
Fair value adjustments of hedging instruments	0	0	92	92	10
Other entries on equity	0	0	(51)	(51)	(5)
Tax of entries on equity	0	0	31	31	3
Profit/loss for the year	0	193	1,724	1,917	187
<b>Equity end of year</b>	<b>505</b>	<b>200</b>	<b>20,216</b>	<b>20,921</b>	<b>1,671</b>

	Total DKK'm
Equity beginning of year	21,524
Effect of mergers and business combinations	(220)
Ordinary dividend paid	(136)
Ordinary distributions	(194)
Exchange rate adjustments	(566)
Fair value adjustments of hedging instruments	102
Other entries on equity	(56)
Tax of entries on equity	34
Profit/loss for the year	2,104
<b>Equity end of year</b>	<b>22,592</b>

# Consolidated cash flow statement for 2020

	Notes	2020 DKK'm	2019 DKK'm
Operating profit/loss		2,531	2,634
Amortisation, depreciation and impairment losses		1,269	1,314
Other provisions		189	431
Working capital changes	23	42	102
Other adjustments		63	32
<b>Cash flow from ordinary operating activities</b>		<b>4,094</b>	<b>4,513</b>
Financial income received		173	315
Financial expenses paid		(125)	(157)
Taxes refunded/(paid)		(639)	(674)
<b>Cash flows from operating activities</b>		<b>3,503</b>	<b>3,997</b>
Acquisition etc. of intangible assets		(193)	(259)
Acquisition etc. of property, plant and equipment		(935)	(983)
Sale of property, plant and equipment		26	6
Acquisition of enterprises		(518)	0
Purchase and sale of securities		(1,849)	(841)
<b>Cash flows from investing activities</b>		<b>(3,469)</b>	<b>(2,077)</b>
<b>Free cash flows generated from operations and investments before financing</b>		<b>34</b>	<b>1,920</b>
Dividend paid		(136)	(106)
Distributions		(188)	(99)
Acquisition of minority interest		(220)	0
Changes in liabilities		213	41
<b>Cash flows from financing activities</b>		<b>(331)</b>	<b>(164)</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>(297)</b>	<b>1,756</b>
Cash and cash equivalents beginning of year		5,977	4,174
Currency translation adjustments of cash and cash equivalents		(91)	47

<b>Cash and cash equivalents end of year</b>	<b>5,589</b>	<b>5,977</b>
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Cash and cash equivalents at year-end are composed of:

Cash	5,589	5,977
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<b>Cash and cash equivalents end of year</b>	<b>5,589</b>	<b>5,977</b>
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# Notes to consolidated financial statements

## 1 Events after the balance sheet date

No events have occurred after the balance sheet date that may materially impact the Group's financial position.

## 2 Revenue

	2020 DKK'm	2019 DKK'm
Europa (including Russia)	14,798	14,912
North and South America	4,259	4,500
Asia	6,041	6,713
The Middle East/Africa	1,242	1,393
<b>Total revenue by geographical market</b>	<b>26,340</b>	<b>27,518</b>

The Group's activities lie solely within the segment of the manufacture and sale of pump solutions. Therefore, revenue has only been divided according to geographical markets.

## 3 Production costs

<b>Results from hedging instruments recognised in profit and loss account</b>	2020 DKK'm	2019 DKK'm
Foreign exchange rate contracts recognised in revenue	5	(229)
Foreign exchange rate contracts recognised in production costs	(70)	7
Raw material contracts recognised in production costs	0	(50)
Foreign exchange rate contracts recognised in financial costs	19	(15)
	<b>(46)</b>	<b>(287)</b>

## 4 Administrative expenses

<b>Auditors' remuneration</b>	2020 DKK'm	2019 DKK'm
Fee to Deloitte for statutory auditing	15	14
Fee to Deloitte for other assurance engagements	1	0
Fee to Deloitte for tax advisory services	8	9
Fee to Deloitte for other services	8	5
	<b>32</b>	<b>28</b>

## 5 Staff costs

	2020 DKK'm	2019 DKK'm
Wages and salaries	6,373	6,549
Pension costs	430	476
Other social security costs	561	599
	<b>7,364</b>	<b>7,624</b>
Number of employees at balance sheet date	<b>19,226</b>	<b>19,066</b>
Average number of full-time employees	<b>19,233</b>	<b>19,025</b>
	<b>Remuneration of management 2020 DKK'm</b>	<b>Remuneration of management 2019 DKK'm</b>
Total amount for management categories	15	12
	<b>15</b>	<b>12</b>

The amount for remuneration of management for the year includes fees to the Executive Directors and members of the Board of Directors of the Foundation and other Group units of DKK 15m (2019: DKK 12m).

The Group continued the long-term incentive (LTI) programme targeted at Group Management and other members of senior management. Members of the board of Poul Due Jensens Fond and members of the board of Grundfos Holding A/S do not participate in the LTI programme, unless a board member is part of senior management. Under the LTI programme, participants may receive shares in Grundfos Holding A/S based on the Group meeting certain targets for sales growth, profit growth and return on capital employed. Shares granted will be vested to the participants in the four years following the year they were earned.

In addition to staff costs of DKK 7,364m (2019: DKK 7,624m) in Grundfos Holding A/S, the Foundation incurred staff costs of DKK 13m (2019: DKK 12m) bringing the total staff costs for 2020 to DKK 7,377m (2019: DKK 7,636m).

	2020 DKK'm	2019 DKK'm
<b>Staff costs are recognised as follows:</b>		
Production costs	3.305	3.496
Research and development costs	803	771
Sales and distribution costs	2.071	2.189
Administrative costs	1.198	1.180
	<b>7.377</b>	<b>7.636</b>



## 6 Depreciation, amortisation and impairment losses

	2020	2019
Recognised in the income statement under the following items	DKK'm	DKK'm
Production costs	864	915
Research and development costs	190	202
Sales and distribution costs	87	92
Administrative costs	98	98
Group goodwill	30	25
	<b>1.269</b>	<b>1.332</b>

The amount for research and development costs include write-downs of DKK 0m (2019: DKK 0m)

## 7 Other financial income

	2020	2019
	DKK'm	DKK'm
Other interest income	46	43
Fair value adjustments	305	235
Other financial income	54	95
	<b>405</b>	<b>373</b>

## 8 Other financial expenses

	2020	2019
	DKK'm	DKK'm
Fair value adjustments	0	49
Other financial expenses	134	119
	<b>134</b>	<b>168</b>

## 9 Tax on profit/loss for the year

	2020	2019
	DKK'm	DKK'm
Current tax	668	739
Change in deferred tax	(21)	(194)
Adjustment concerning previous years	54	209
Effect of changed tax rates	(3)	(1)
	<b>698</b>	<b>753</b>

	2020	2019
	DKK'm	DKK'm
<b>Restatement of rate of taxation for the year</b>		
Danish tax rate	22%	22%
Deviations in tax in foreign companies in relation to Danish tax rate	1%	1%
Non-taxable income and non-deductible expenses	(1%)	0%
Non-deductible withholding taxes	1%	2%
Changes regarding deferred tax assets	0%	(1%)
Other, including adjustments regarding previous years	2%	1%
<b>Rate of taxation for the year</b>	<b>25%</b>	<b>25%</b>

### 10 Proposed distribution of profit/loss

	2020	2019
	DKK'm	DKK'm
Provision for future distributions	193	196
Retained earnings	1,724	1,688
Minority interests' share of profit/loss	187	226
	<b>2,104</b>	<b>2,110</b>

### 11 Intangible assets

	Completed development projects DKK'm	Acquired intangible assets DKK'm	Goodwill DKK'm	Development projects in progress DKK'm
Cost beginning of year	470	951	652	27
Addition through business combinations etc	0	218	359	0
Exchange rate adjustments	0	(20)	(3)	0
Transfers	11	37	0	(11)
Additions	9	129	0	49
Disposals	(49)	(154)	(19)	0
<b>Cost end of year</b>	<b>441</b>	<b>1,161</b>	<b>989</b>	<b>65</b>
Amortisation and impairment losses beginning of year	(303)	(613)	(504)	0
Exchange rate adjustments	0	18	2	0
Amortisation for the year	(92)	(139)	(30)	0
Reversal regarding disposals	50	153	19	0
<b>Amortisation and impairment losses end of year</b>	<b>(345)</b>	<b>(581)</b>	<b>(513)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>96</b>	<b>580</b>	<b>476</b>	<b>65</b>

### 12 Development projects

The Group recognises only development projects which generate new saleable products that meet a certain criteria for profitability. Project progress is assessed regularly during the development phase in accordance

with the Group's "Decision Point Model". Development projects in progress are related to core pump business. After sales release, where amortisation commences, it is assessed annually for each project if there is an indication of impairment. If this is the case, a more thorough impairment test is carried out for such projects. In case of impairment, the project in question is written down to its recoverable amount.

### 13 Property, plant and equipment

	Land and buildings DKK'm	Plant and machinery DKK'm	Other fixtures and fittings, tools and equipment DKK'm	Property, plant and equipment in progress DKK'm
Cost beginning of year	6,156	12,848	1,674	644
Addition through business combinations etc	45	25	0	0
Exchange rate adjustments	(252)	(314)	(58)	(16)
Transfers	63	249	78	(428)
Additions	79	243	56	562
Disposals	(28)	(148)	(71)	(11)
<b>Cost end of year</b>	<b>6,063</b>	<b>12,903</b>	<b>1,679</b>	<b>751</b>
Depreciation and impairment losses beginning of year	(3,344)	(10,692)	(1,266)	0
Exchange rate adjustments	103	245	51	0
Transfers	0	6	(5)	0
Depreciation for the year	(198)	(674)	(139)	0
Reversal regarding disposals	17	153	65	0
<b>Depreciation and impairment losses end of year</b>	<b>(3,422)</b>	<b>(10,962)</b>	<b>(1,294)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>2,641</b>	<b>1,941</b>	<b>385</b>	<b>751</b>

Accounting value of financially leased facilities as at 31.12.2020 amounts to DKK 15m (2019: DKK 10m).

### 14 Fixed asset investments

	Investments in associates DKK'm	Other investments DKK'm	Other receivables DKK'm	Deferred tax DKK'm
Cost beginning of year	5	68	77	682
Exchange rate adjustments	0	(5)	(6)	(27)
Additions	0	2	4	62
Disposals	0	0	(10)	(59)
<b>Cost end of year</b>	<b>5</b>	<b>65</b>	<b>65</b>	<b>658</b>
Impairment losses beginning of year	0	(2)	(12)	0
Impairment losses for the year	(2)	0	0	0
<b>Impairment losses end of year</b>	<b>(2)</b>	<b>(2)</b>	<b>(12)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>3</b>	<b>63</b>	<b>53</b>	<b>658</b>

The market value of securities as at 31.12.2020 amounts to DKK 63m (2019: DKK 66m).

## 15 Deferred tax

	2020 DKK'm	2019 DKK'm
Property, plant and equipment	(182)	(66)
Inventories	407	414
Provisions	271	188
Liabilities other than provisions	72	102
Tax losses carried forward	9	4
<b>Deferred tax</b>	<b>577</b>	<b>642</b>

	2020 DKK'm	2019 DKK'm
<b>Changes during the year</b>		
Beginning of year	642	403
Recognised in the income statement	21	194
Recognised directly in equity	(13)	38
Other changes	(73)	7
<b>End of year</b>	<b>577</b>	<b>642</b>

	2020 DKK'm	2019 DKK'm
<b>Deferred tax has been recognised in the balance sheet as follows</b>		
Deferred tax assets	658	682
Deferred tax liabilities	(81)	(40)
	<b>577</b>	<b>642</b>

The Group recognises deferred tax assets, including the tax value of loss carry-forwards, where Management assesses that the tax assets may be utilised in the foreseeable future or offset against positive taxable income. The assessment is made annually and is based on budgets and business plans for future years, including planned business initiatives. Key parameters are expected revenue and EBIT development considering the expected allocation on future taxable income based on the transfer pricing policy in place.

The majority of the tax assets are related to ordinary and recurring temporary differences, while tax loss carry-forwards represent only a small portion of the total tax asset, in 2020 DKK 9m (2019: DKK 4m). Tax assets related to carry-forward losses are only recognised if they are expected to be utilised within three years. Unrecognised tax assets related to tax losses carry-forward amounts to approx. DKK 90m (2019: DKK 110m)

## 16 Inventories

	2020 DKK'm	2019 DKK'm
Raw materials and consumables	1.562	1.579
Work in progress	1.236	1.353
Manufactured goods and goods for resale	1.193	1.226
	<b>3.991</b>	<b>4.158</b>

**17 Contract work in progress**

	<b>2020</b>	<b>2019</b>
	<b>DKK'm</b>	<b>DKK'm</b>
Contract work in progress	42	29
	<b>42</b>	<b>29</b>
	<b>2020</b>	<b>2019</b>
	<b>DKK'm</b>	<b>DKK'm</b>
Selling price of project contracts	138	220
Progress billings	(100)	(205)
	<b>38</b>	<b>15</b>
Recognised as follow:		
Receivables	42	29
Current liabilities	(4)	(14)
	<b>38</b>	<b>15</b>

**18 Prepayments**

Prepayments comprise prepaid costs regarding rent, insurance premiums, marketing and subscriptions.

**19 Provisions for pension liabilities etc.**

Provision for pension liabilities are specified in note 20.

## 20 Other provisions

	Liabilities under guarantee	Buy-back obligation relating to employee shares	Pension liabilities	Other provisions
	DKK'm	DKK'm	DKK'm	DKK'm
<b>01.01.2020</b>	213	886	578	433
Exchange rate adjustments	(11)	0	(27)	(13)
Provisions spent during the year	(23)	(136)	(37)	(59)
Provisions reversed	(4)	0	(2)	(13)
Provisions of the year	4	152	109	339
<b>Provisions end of year</b>	<b>179</b>	<b>902</b>	<b>621</b>	<b>687</b>

### Liabilities under guarantee

The ordinary guarantee on products sold covers a period of 24 months.

### Other provisions

Other provisions include a long-term incentive (LTI) programme for senior management in the Group, restructuring costs and legal disputes to which the Group is a party.

## 21 Non-current liabilities other than provisions

	Due within 12 months 2020 DKK'm	Due within 12 months 2019 DKK'm	Due after more than 12 months 2020 DKK'm
Mortgage debt	0	10	0
Bank loans	0	0	35
Debt to other credit institutions	0	0	56
Other payables	269	0	0
	<b>269</b>	<b>10</b>	<b>91</b>

No debt falling due after more than five years.

Distribution of currencies and interest as at 31.12.2020:

Currency	2020 DKK'm	Average interest rate
DKK	56	0.0%
EUR	7	4.9%
GBP	5	5.9%
Other	23	5.5%
<b>Total</b>	<b>91</b>	

## 22 Deferred income

Deferred income consists of payments received in respect of income in subsequent financial years.

## 23 Changes in working capital

	2020 DKK'm	2019 DKK'm
Increase/decrease in inventories	278	338
Increase/decrease in receivables	452	(321)
Increase/decrease in trade payables etc.	(474)	93
Other changes	(214)	(8)
	<b>42</b>	<b>102</b>

## 24 Derivative financial instruments

For hedging purposes, the Group has entered into financial contracts covering 1-12 months. On the balance sheet date, financial contracts can be broken down into the following principal items:

	Volume 2020	Deferred recognition in the income statement before tax 2020 DKK'm	Volume 2019	Deferred recognition in the income statement before tax 2019 DKK'm
Currency contracts EUR	3.708	60	4.059	(55)
Currency contracts USD	1.038	(27)	1.119	(13)
Currency contracts SGD	267	(6)	396	(5)
Currency contracts, other	287	(6)	263	3
Interest rate swaps	8	(1)	8	(1)
Electricity contracts (MWh)	80	3	75	1
Gas contracts (m3)	344.000	0	422.000	0
<b>Total</b>		<b>23</b>		<b>(70)</b>

## Financial risks

As a result of the Group's international activities, group profit and equity are influenced by a number of financial risks. Foreign exchange risks in the operative companies are covered centrally, where interest and liquidity risks are also controlled, as well as a significant part of the external covering of the Group's financial positions.

The use of financial instruments is determined by instructions from the Board of Directors and Group Management.

## Liquidity risks

Financial independence is a core value to the Group, and the Group therefore always seeks to maintain an adequate cash reserve. In addition to unused borrowing facilities, these items may be calculated as follows:

	2020	2019
	DKK'm	DKK'm
Cash at bank and in hand	5.589	5.977
Securities, current assets	8.246	6.145
Securities, fixed assets	63	66
<b>Total</b>	<b>13.898</b>	<b>12.188</b>

**The securities portfolio consist of:**

Bonds	6.280	5.056
Shares	2.029	1.155
<b>Total</b>	<b>8.309</b>	<b>6.211</b>

**Credit risk**

Credit risks derive primarily from trade debtors, securities and bank receivables. Risk on trade debtors is diversified across a large number of customers reducing the exposure. The credit risk is reduced on bank receivables, forward exchange contracts etc. by selecting financial business partners with a high credit rating.

**Raw material risk**

The Group does not hedge raw materials. No single raw material constitutes a significant proportion of production costs.

**Interest rate risk**

The Group's interest rate risk is primarily related to bank deposits, bonds and loans. Bank deposits have a short investment horizon, whereas the exposure of the bond portfolio – amounting to a total of DKK 6,280m (2019: DKK 5,056m) when expressed by an increase of the interest rate by 1 percentage point – is approx. DKK 163m (2019: approx. DKK 191m). The Group's total borrowing was increased by DKK 206m in 2020 (2019: DKK 40m).

**Foreign exchange risk**

It is group policy that group operating companies mainly raise loans in their local currencies. This ensures that the foreign exchange risk of the group balance sheet is reduced to the net assets.

Forward exchange contracts used in connection with foreign exchange swaps amount to DKK 173m (2019: DKK 172m).

The Group's policy is to secure the currency exchange rates for the most essential flow of goods, i.e. sale and purchase of goods. The most important currencies are Euro and the American Dollar. At the end of 2020, currency contracts to reduce the foreign exchange risk in connection with the flow of goods amount to DKK 5,663m (2019: DKK 6,294m). Of this, a contract volume of DKK 363m has been recognised for hedging of balance sheet items as at the balance sheet date (2019: DKK 457m).



**25 Unrecognised rental and lease commitments**

	<b>2020</b>	<b>2019</b>
	<b>DKK'm</b>	<b>DKK'm</b>
Total liabilities under rental or lease agreements until maturity	<b>577</b>	<b>658</b>

**26 Contingent liabilities**

The Group is party to a number of disputes, lawsuits and legal actions including tax disputes. It is the view of Management that the outcome of these legal actions will have no other significant impact on the Group's financial position beyond what has been recognised and stated in the annual report.

The Group has issued performance and payment guarantees of DKK 138m (2019: DKK 136m).

The Group is under no material contractual obligations to acquire assets.

**27 Subsidiaries**

A specification of investments in subsidiaries is evident from the management commentary to the consolidated financial statements.

# Parent income statement for 2020

	Notes	2020 DKK'm	2019 DKK'm
Administrative expenses	2	(23)	(21)
Other operating expenses		(40)	(124)
<b>Operating profit/loss</b>		<b>(63)</b>	<b>(145)</b>
Income from investments in group enterprises		1,732	1,970
Other financial income	4	315	72
Other financial expenses	5	(2)	(11)
<b>Profit/loss before tax</b>		<b>1,982</b>	<b>1,886</b>
Tax on profit/loss for the year	6	(65)	(2)
<b>Profit/loss for the year</b>	7	<b>1,917</b>	<b>1,884</b>

# Parent balance sheet at 31.12.2020

## Assets

	Notes	2020 DKK'm	2019 DKK'm
Investments in group enterprises		15,909	15,522
<b>Fixed asset investments</b>	8	<b>15,909</b>	<b>15,522</b>
<b>Fixed assets</b>		<b>15,909</b>	<b>15,522</b>
Other receivables		17	14
<b>Receivables</b>		<b>17</b>	<b>14</b>
Other investments		5,905	5,310
<b>Investments</b>		<b>5,905</b>	<b>5,310</b>
<b>Cash</b>		<b>198</b>	<b>13</b>
<b>Current assets</b>		<b>6,120</b>	<b>5,337</b>
<b>Assets</b>		<b>22,029</b>	<b>20,859</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2020 DKK'm</b>	<b>2019 DKK'm</b>
Contributed capital		505	505
Reserve for net revaluation according to the equity method		14,489	14,322
Provision for distributions	9	200	200
Retained earnings		5,727	4,771
<b>Equity</b>		<b>20,921</b>	<b>19,798</b>
Other provisions	10	902	886
<b>Provisions</b>		<b>902</b>	<b>886</b>
Tax payable		28	1
Other payables		178	174
<b>Current liabilities other than provisions</b>		<b>206</b>	<b>175</b>
<b>Liabilities other than provisions</b>		<b>206</b>	<b>175</b>
<b>Equity and liabilities</b>		<b>22,029</b>	<b>20,859</b>
Events after the balance sheet date	1		
Staff costs	3		
Related parties with controlling interest	11		

## Parent statement of changes in equity for 2020

	Contributed capital DKK'm	Reserve for net revaluation according to the equity method DKK'm	Provision for distributions DKK'm	Retained earnings DKK'm	Total DKK'm
Equity beginning of year	505	14,322	200	4,771	19,798
Ordinary distributions	0	0	(194)	0	(194)
Exchange rate adjustments	0	(513)	1	0	(512)
Value adjustments	0	92	0	0	92
Other entries on equity	0	(211)	0	0	(211)
Tax of entries on equity	0	31	0	0	31
Dividends from group enterprises	0	(964)	0	964	0
Profit/loss for the year	0	1,732	193	(8)	1,917
<b>Equity end of year</b>	<b>505</b>	<b>14,489</b>	<b>200</b>	<b>5,727</b>	<b>20,921</b>

Retained earnings is that part of the equity in the Foundation which can be paid out in accordance with the relevant provisions in the charter of the Foundation.

# Notes to parent financial statements

## 1 Events after the balance sheet date

No events have occurred after the balance sheet date that may materially impact the Foundation's financial position.

## 2 Administrative expenses

The administrative costs include remuneration to the Executive Director and members of the Board of the Foundation for directorships in the Foundation.

## 3 Staff costs

	2020 DKK'm	2019 DKK'm
Wages and salaries	13	12
	<b>13</b>	<b>12</b>
Number of employees at balance sheet date	<b>5</b>	<b>6</b>
Average number of full-time employees	<b>6</b>	<b>6</b>

	Remuneration of manage- ment 2020 DKK'm	Remuneration of manage- ment 2019 DKK'm
Total amount for management categories	9	9
	<b>9</b>	<b>9</b>

The amount for remuneration of management for the year includes fees to the Executive Directors and members of the Board of Directors of the Foundation for directorship in the Foundation of DKK 9m (2019: DKK 9m).

## 4 Other financial income

	2020 DKK'm	2019 DKK'm
Financial income from group enterprises	0	4
Other interest income	38	6
Fair value adjustments	277	62
	<b>315</b>	<b>72</b>

**5 Other financial expenses**

	2020 DKK'm	2019 DKK'm
Other interest expenses	2	0
Fair value adjustments	0	11
	<b>2</b>	<b>11</b>

**6 Tax on profit/loss for the year**

	2020 DKK'm	2019 DKK'm
Current tax	64	2
Adjustment concerning previous years	1	0
	<b>65</b>	<b>2</b>

**7 Proposed distribution of profit and loss**

	2020 DKK'm	2019 DKK'm
Provision for future distributions	193	196
Retained earnings	1,724	1,688
	<b>1,917</b>	<b>1,884</b>

**8 Fixed asset investments**

	Investments in group enterprises DKK'm
Cost beginning of year	1,110
Disposals	220
<b>Cost end of year</b>	<b>1,330</b>
Revaluations beginning of year	18,176
Share of profit/loss for the year	1,732
<b>Revaluations end of year</b>	<b>19,908</b>
Impairment losses beginning of year	(3,764)
Exchange rate adjustments	(513)
Dividend	(964)
Other adjustments	(88)
<b>Impairment losses end of year</b>	<b>(5,329)</b>
<b>Carrying amount end of year</b>	<b>15,909</b>

The accounting value of investments in group enterprises includes goodwill amounting to DKK 79m (2019: DKK 91m). Please see management commentary for a list of subsidiaries.

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

## 9 Provision for distributions

Poul Due Jensens Fond's philanthropic activities and donation policies are described in the management commentary.

## 10 Other provisions

	2020	2019
	DKK'm	DKK'm
Provisions beginning of year	886	717
Provisions spent during the year	(136)	(87)
Provisions of the year	152	256
<b>Total</b>	<b>902</b>	<b>886</b>

### Buy-back obligation relating to employee shares

The buy-back obligation relating to employee shares will essentially only arise once the settlement period for the shares in question expires.

The settlement periods expire as follows:

	2020	2019
	DKK'm	DKK'm
Released	560	373
2021	114	110
2022	137	296
2023	91	107
<b>Total</b>	<b>902</b>	<b>886</b>

The buy-back obligation calculated at market value amounts to DKK 985m (2019: DKK 741m)

## 11 Related parties with controlling interest

Related parties of Poul Due Jensens Fond comprise key management personnel, including the Executive Board and the Board of Directors of Poul Due Jensens Fond, as well as the Executive Board and the Board of Directors of Grundfos Holding A/S.

In addition, related parties comprise subsidiaries, including Grundfos Holding A/S, and enterprises in which the above persons have a controlling interest.

### Subsidiaries

Poul Due Jensens Fond holds 88.2% (2019: 87.6%) of the share capital and voting rights in Grundfos Holding A/S, and thus exercises a controlling interest.

The Foundation has received DKK 964m (2019: DKK 769m) in dividends from Grundfos Holding A/S in 2020.

In 2020, the Foundation has received no interest income (2019: DKK 4m) from intercompany loans to Grundfos Holding A/S as these were repaid during 2019.

In the financial year, the Foundation has purchased services from the Group amounting to DKK 7m (2019: DKK 2m).



In the financial year, the Foundation has sold shares for DKK 130m (2019: DKK 142m) in Grundfos Holding A/S back to Grundfos Holding A/S. The shares have been transferred to employees according to various share programmes.

Transactions with subsidiaries are eliminated in the consolidated financial statements.

**Key management personnel**

In 2020, the key management personnel have received salaries and remuneration etc. totalling DKK 52m (2019: DKK 53m), of which DKK 9m (2019: DKK 9m) has been paid from Poul Due Jensens Fond. Payable remuneration at 31 December 2020 amounts to DKK 24m (2019: DKK 19m).

In 2020, key management personnel have received DKK 79m (2019: DKK 63m) in dividends from Grundfos Holding A/S.

In 2020, key management personnel have sold shares for DKK 105m (2019: DKK 2m) in Grundfos Holding A/S back to the Foundation.

Moreover, no transactions have been carried out with the key management personnel from transactions resulting from the employment.

All transactions have been carried out on an arm's length basis.

# Accounting policies

## Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies for the financial statements remain unchanged in comparison with last year.

## Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Certain financial assets and liabilities are measured at amortised cost, whereby a constant redemption yield is recognised for the term. Amortised cost is calculated as initial cost minus any instalments and plus/minus the accumulated amortisation of the difference between cost and nominal amount.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement as it is realised, including the value adjustment of financial assets and liabilities, which are measured at market value or amortised cost. In addition, costs incurred in order to achieve the earnings of the year, including depreciation, write-downs, provisions and reversals following accounting estimates of amounts which have previously been recognised in the income statement, are recognised.

## Consolidated financial statements

The consolidated financial statements comprise Poul Due Jensens Fond (Parent) and the group enterprises (subsidiaries), where the Parent directly or indirectly owns more than 50% of the voting rights or in another way has a dominant participation. Enterprises in which the Group owns between 20% and 50% of the voting rights and has a significant position are considered associated companies.

## Basis of consolidation

The consolidated financial statements are prepared as a consolidation of the financial statements of the Parent and the individual subsidiaries. Adjustments are made for inter-company revenue and expenditure, shareholdings, intragroup balances and dividends, as well as unrealised internal income and loss. The financial statements used for the consolidation are prepared in accordance with the Group's accounting policies.

Newly acquired subsidiaries are recognised in the income statement as from the date of acquisition.

When acquiring new companies, the acquisition method is used, upon which the identified assets and liabilities in the newly acquired companies are measured at market value at the date of acquisition. Provisions are made for planned and published reorganisation in the acquired company in connection with the acquisition. Positive balances are recognised as Group goodwill in the year of acquisition. Any negative balances (badwill) are recognised as income.

When subsidiaries are sold, they cease to be recognised in the income statement at the time of transfer, and earnings or losses at the time of sale are recognised in the income statement. Earnings or losses are specified as the difference between the sale total and the accounting value of the net assets sold, including nondepreciated goodwill and estimated costs for sale or phasing out.

### **Minority interests**

The items of subsidiaries are fully recognised in the consolidated financial statements. The minority interests' pro rata share of the profit and equity of the subsidiaries is adjusted annually and recorded as separate items in the equity. Goodwill acquired from minority shareholders after 1 January 2016 is recognised directly in equity.

### **Foreign currency translation**

On initial recognition, foreign currency transactions are translated by applying the exchange rate at the transaction date. Exchange differences that arise between the rate at the transaction date and the rate at the payment date are recognised in the income statement.

Accounts receivable and debts in foreign currencies are translated into Danish kroner at the exchange rate on the balance sheet date. Realised and unrealised exchange rate adjustments are included in the income statement.

The income statement of foreign subsidiaries are translated into Danish kroner at the average exchange rate of the individual months. The balance sheets of foreign subsidiaries are translated at the exchange rate of the balance sheet date.

Exchange rate adjustments of the net assets of the subsidiaries at the beginning of the financial year are recognised directly in the equity. This also applies to exchange rate differences following the translation of the income statement of each month at the average exchange rate to the exchange rate of the balance sheet date.

Foreign exchange rate adjustments of balances, which are considered part of the total investment in companies with a different functional currency than Danish kroner, are recognised directly in the equity.

Subsidiaries in countries affected by high inflation rates have been adjusted to eliminate the effect of inflation.

### **Derivative financial instruments**

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the market value of derivative financial instruments that secure the market value of recognised assets or liabilities are recognised in the income statement in the same item as changes in the value of the

hedged asset or the hedged liability.

Changes in the market value of derivative financial instruments that secure future assets or liabilities are recognised directly in the equity. Income and costs regarding such hedging transactions are transferred from the equity at the realisation of the hedged items and are recognised in the same item as the hedged item.

As regards other derivative financial instruments, which are not hedging instruments, changes are continuously recognised in the income statement at market value.

### **Public grants**

R&D grants are recognised as revenue in the income statement under R&D costs, thus offsetting the costs they compensate.

Grants for the purchase of assets and development projects that are capitalised are offset in the cost of the assets to which the grants are given.

### **Income statement**

#### **Revenue**

Revenue is recognised in the income statement, provided that delivery and the passing of risk to the buyer have taken place before the end of the year, and provided that the income can be reliably calculated and is expected. Revenue is measured exclusive of VAT, duties, returns and discounts that are directly connected with the sale.

Contracted work-in-progress is entered under net revenue subject to the percentage-of-completion method so that the net revenue corresponds to the sales value of the work carried out in the financial year

#### **Production costs**

Production costs comprise payroll costs, cost of sales as well as indirect costs, including salaries, amortisation, depreciation and write-downs which are incurred in order to realise the revenue for the year.

#### **Research and development costs**

R&D costs are costs that relate to the Group's R&D activities, including salaries and depreciation.

Research costs are recognised in the income statement in the year they are incurred. Development costs incurred for the maintenance and optimisation of existing products or production processes are recognised in the income statement. Costs for the development of new products are recognised in the income statement, unless the criteria for recognition in the balance sheet are met for the individual development project.

Amortisation of group goodwill will be distributed to research and development costs in the income statement.

#### **Distribution costs**

Distribution costs include costs relating to the sale and distribution of the Group's products, including salaries for sales staff, advertising and exhibition expenses, depreciation, etc.

#### **Administrative expenses**

Administrative costs comprise costs of the administrative functions, staff, management, etc., including salaries and depreciation.

**Staff costs**

Staff costs include total costs of wages, salaries, pensions and other social insurance costs. Staff costs also include costs in accordance with the Group's employee share programme.

Costs of wages, salaries, pensions, etc. are distributed across functions in accordance with the functions primarily executed by the relevant employees. Costs relating to the employee share programme are distributed across functions in relation to the distribution of other staff costs.

**Other operating expenses**

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities, including the regulation of provisions regarding the buy-back obligation relating to employee shares in the Parent financial statement.

**Income from investments in group enterprises**

Income from investments in affiliated companies is recognised in accordance with the equity method, which means that the pro rata share of the affiliated companies' profit following the elimination of internal margins is recognised in the Parent income statement.

**Income from investments in associates**

The Group's share of profits after tax in associated companies is recognised in the income statement by the equity method.

**Income from other fixed asset investments**

In addition to dividends and interest yields, this item comprises estimated gains or losses on investments.

**Other financial income**

Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

**Other financial expenses**

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

**Tax on profit/loss for the year**

The anticipated tax on the taxable income of the year in the individual companies is charged to the income statement, adjustment being made for timing differences in relation to the provided deferred tax. The portion of the tax expense attributable to items directly in the equity, however, is recognised in the equity.

Changes in deferred tax as a consequence of changed tax rates are recognised in the income statement except for items recognised directly in equity.

All Danish subsidiaries are taxed jointly. The current Danish corporation tax is distributed among the jointly taxed companies in relation to their taxable income (full distribution with refunds regarding tax-related deficits).

Withholding taxes regarding repatriation of dividend from foreign subsidiaries are charged as expenditure in the year in which the dividend is generated.

## Balance sheet

### Goodwill

Goodwill is recognised at first recognition in the balance sheet at cost as described under consolidation policies. Goodwill is amortised according to the straight-line method over the anticipated economic life. In the case of strategic acquisitions, and where the economic life so warrants, the amortisation period for goodwill is up to 10 years in the Grundfos Holding A/S Group. The amortisation period for Group goodwill in the Foundation is up to 20 years.

### Development projects

Development projects on clearly defined and identifiable products, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or use the product in question, are recognised as intangible assets.

Other development costs are recognised as costs in the profit and loss account as incurred.

Capitalised development projects are measured at cost less accumulated amortisation or at the recoverable amount, whichever is lower.

Costs includes wages, salaries, services and amortisation that are directly and indirectly attributable to the company's development activities.

After completion of the development work, capitalised development projects are amortised by the straight-line method over the anticipated economic life of the asset.

The amortisation period is five years.

### Other intangible assets

Other intangible fixe assets are measured at cost less accumulated amortisation and write-downs.

Amortisation on other intangible fixed assets is made according to the straight-line method over the anticipated economic life of the asset.

Estimated useful lives and residual values are reassessed annually. The estimated useful lives are:

Know-how	3-10 years
Customer relation	3-10 years
Other intangible assets	3-5 years

### Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

The cost price comprises the purchase price, expenses directly connected to the acquisition and expenses for the preparation of the asset until the time when the asset is ready for use. Tangible fixed assets produced in-house are recorded at initial cost, including a proportion of the indirect production costs. No interests are included in the cost. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Indirect production costs in the form of indirect attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each asset.

The basis of depreciation is cost less estimated residual value after the end of useful life. The useful life of large assets is determined individually, whereas the useful life of other assets is determined for groups of similar assets. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	20-40 years
Plant and machinery	3-10 years
Other fixtures and fittings, tools and equipment	3-10 years

Financially leased assets are capitalised and depreciated by the straight-line method over the useful life of the leased asset.

Estimated useful lives and residual values are reassessed annually. The accounting value of intangible and tangible fixed assets is reviewed in general to determine whether there is any indication of impairment in addition to that expressed by amortisation or depreciation. If this is the case, the recoverable amount of the asset is determined, and writing down is performed to the recoverable amount provided that it is lower than the accountable amount. The recoverable amount of the asset is determined as the value of the net sales price and the capital price, whichever is higher.

### Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method at the pro rata owned share of the companies' equity. This means that investments are measured at the pro rata share of the enterprises' equity plus unamortised goodwill and plus or less unrealised intra-group profits or losses.

Net revaluation of investments in affiliated companies is brought forward under the equity to the revaluation reserve by the equity method to the extent that the accounting value exceeds the original cost.

### Investments in associates

Investments in associates are recognised and measured according to the equity method in the balance sheet at the pro rata share of the companies' equity with the addition of goodwill.

### Other receivables

Receivable are measured at amortised cost less writing down to meet the risk of losses based on individual assessments. The loss potential of minor receivables is estimated on the basis of their age.

Contracted work in progress is measured at sales value of the completed part of the contracts as at the balance sheet date.

**Other investments**

Other investments (non-current) comprise listed securities. Listed bonds are measured at amortised cost, as the intention is to keep them until maturity. Listed shares are measured at market value at the balance sheet date.

**Deferred tax**

Deferred tax is measured by the balance sheet liability method of all temporary differences between the accounting and tax value of assets and liabilities. For consolidation purposes, deferred tax is calculated on the eliminated unrealised internal profit margins. Deferred tax liabilities relating to investments in affiliated companies are not calculated.

Deferred tax assets are recognised in the balance sheet provided that they are likely to reduce tax payments within a short period of time.

Deferred tax is measured on the basis of tax rules and tax rates that – based on current legislation on the balance sheet date – will be in force when the deferred tax is expected to be converted into current tax.

**Inventories**

Inventories are measured at cost in accordance with the FIFO principle or net realisable value, whichever is lower.

The cost of goods for resale, raw materials and consumables includes the purchase price with the addition of delivery costs. The cost of manufactured goods and work in progress includes expenses for raw materials, consumables and direct wages as well as indirect production costs.

Indirect production costs include a proportion of the capacity costs incurred which have led to the current position and condition of goods in progress and manufactured goods. The indirect production costs calculated include costs of operation, maintenance and depreciation relating to production facilities, as well as administration and factory management.

Obsolete goods, including slow-moving goods, are written down. The net realisable value of inventories is calculated as the estimated selling price less cost of completion and expenses incurred to make the sale.

**Contract work in progress**

Contract work in progress is measured at sales value of the completed part of the contracts as at the balance sheet date.

**Tax payable or receivable**

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

**Prepayments**

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.



**Other investments (current assets)**

Securities recognised under current assets comprise listed securities measured at fair value (market price) at the balance sheet date. Realised and unrealised capital losses and realised and unrealised capital gains are included in the income statement under other financial income/expenses.

**Cash**

Cash comprises cash in hand and bank deposits.

**Distributions**

Distributions from the parent are shown as an equity adjustment in the parent financial statement.

Distributions are considered equity movements and are recognised as a liability at the time when the distribution has been authorised by the Board of Directors and announced to the recipient. Authorised distributions not yet disbursed are recognised in non-current or current liabilities, respectively.

**Provision for distribution**

In accordance with the Danish Act for Industrial Foundations, a provision for distributions has been set up in order for the Board of Directors to be able to donate distributions during the financial year. The provision does not have to be used, but is continuously reduced with donated distributions. Every year the Annual Meeting the Board of Directors will re-evaluate the size of the provision.

**Provisions for pension liabilities etc.**

The Group has made pension agreements with a considerable number of its employees. The majority of the agreements are for defined contribution schemes, whereas defined benefit schemes have been agreed for employees in a few companies

In connection with contribution schemes, the Group makes regular payments to independent pension companies. The Group has no obligations apart from these payments.

Defined benefit schemes, organised in independent pension funds, are characterised by the employees being entitled to a certain annual benefit in connection with retirement (e.g. a share of the employee's exit salary). Such pension liabilities are calculated for the Group by actuarially discounting pension liabilities to the net present value, which is calculated on the basis of assessments of the future development in, among other things, interest, inflation, mortality and disablement. The actuarially calculated net present value less assets attached to the scheme is recognised in the balance sheet under pension liabilities.

Gains and losses incurred as a consequence of changes in the basis for the calculation of the pension liability or in the calculation of the assets attached to the scheme are recognised in the income statement.

Actuarial gains and losses incurred as a consequence of changes in the assumptions applied when calculating the discounted value of the pension liability or the assets attached to the scheme are recognised directly in the equity.

Provisions are made during the employment period to cover other minor pension liabilities – relating to benefit schemes – resting with the Group.

**Other provisions**

These provisions include liabilities under guarantee, buy-back obligation relating to employee shares and other obligations, including anniversary lump sums, legal disputes, unhedged insurance risks, share-based long-term incentive programme etc. Obligations related to the share-based long-term incentive programme are measured according to the graded vesting principle.

**Liabilities under guarantee**

Provisions made to cover liabilities under guarantee are recognised on the basis of previous years' experience concerning claims raised within the guarantee period.

**Buy-back obligation relating to employee shares**

Provisions are made to cover the obligation that rests with the Group regarding the buy-back of employee shares. The provision made is measured on the basis of future expectations to share prices, considering the long-term development of Group profits, the topicality of the obligation and the market value of the shares.

**Financial liabilities**

Mortgage debt and debt owed to banks, etc. is valued at the time of borrowing at the received net yield less borrowing costs. In subsequent periods, the financial liabilities are recognised at amortised cost.

Financial liabilities also include the capitalised outstanding liability on financial lease contracts.

**Other financial liabilities**

Other financial liabilities, including trade creditors, other debts etc., are measured at amortised cost, which usually corresponds to nominal value.

**Income tax receivable or payable**

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

**Deferred income**

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

**Cash flow statement**

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less shortterm bank loans.