

3D 

# SUSTAINABILITY REPORT

GRUNDFOS MANUFACTURING  
HUNGARY LTD.

2012–2013



be  
think  
innovate

GRUNDFOS 

# nutshell

Company name: **Grundfos Manufacturing Hungary Ltd.**

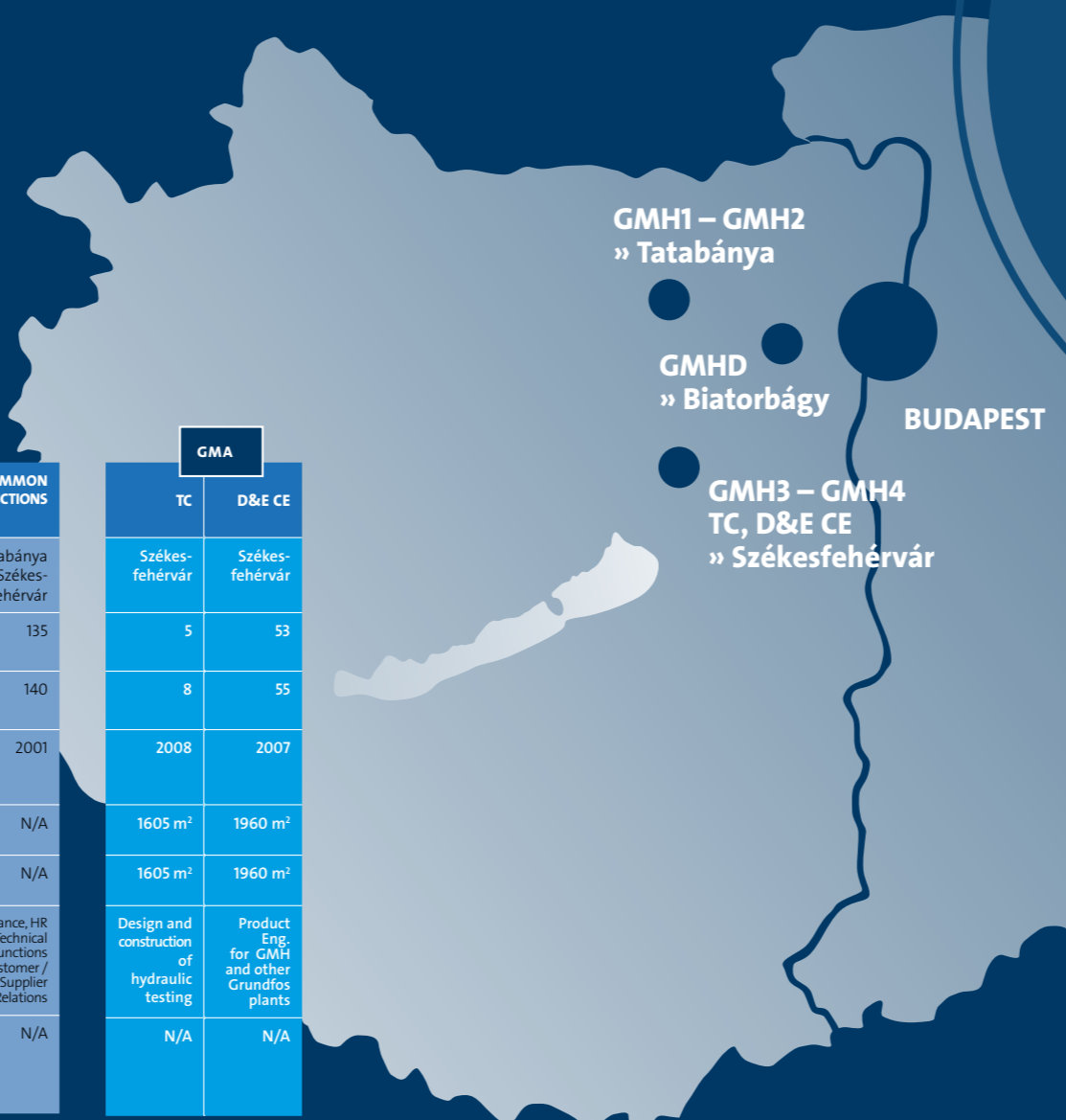
Founded: 2000

Owner: Grundfos A/S

Sites:

Tatabánya (plants GMH1 and GMH2),  
Székesfehérvár (plant GMH3 and GMH4),  
Biatorbágy (Distribution Centre).

Main products: electric motors and pumps



KEY FACTS OF GRUNDFOS MANUFACTURING HUNGARY LTD (2012–2013)

	GMH1	GMH2	GMH3	GMH4	GMHD	GRUNDFOS CITY	COMMON FUNCTIONS
Location	Tatabánya	Tatabánya	Székesfehérvár	Székesfehérvár	Biatorbágy	Tatabánya	Tatabánya Székesfehérvár
Headcount 2012	892	426	486	0	29	7	135
Headcount 2013	896	438	503	79	30	9	140
Opening	2000	2002	2007	2013	2009	2007	2001
Footprint	23 783 m <sup>2</sup>	16 192 m <sup>2</sup>	23 692 m <sup>2</sup>	23 719 m <sup>2</sup>	2614 m <sup>2</sup>	770 m <sup>2</sup>	N/A
Built-up area	28 655 m <sup>2</sup>	17 545 m <sup>2</sup>	25 800 m <sup>2</sup>	29 885 m <sup>2</sup>	2974 m <sup>2</sup>	700 m <sup>2</sup>	N/A
Operation	Motor- and component production	Pump assembly and pump component production	Pump assembly and component production	Pump assembly and pump component production	Warehouse and distribution	Training Hospitality	Finance, HR Technical Functions Customer / Supplier Relations
Key products	MG/MGE MS OEM-motors	TP NB/NK SE/P/G SL/DW	AP/KP MT (SPK) CH/CM CR	NK/NB TPM TP400/HS S-Range	N/A	N/A	N/A

GMA	
TC	D&E CE
Székesfehérvár	Székesfehérvár
5	53
8	55
2008	2007
1605 m <sup>2</sup>	1960 m <sup>2</sup>
1605 m <sup>2</sup>	1960 m <sup>2</sup>
Design and construction of hydraulic testing	Product Eng. for GMH and other Grundfos plants
N/A	N/A

GMH1: Motor plant Tatabánya; GMH2: Pump plant Tatabánya; GMH3: Pump plant Székesfehérvár; GMH4: Pump plant Székesfehérvár; GMHD: Distribution Centre Biatorbágy; TC: Technology Centre; D&E CE: Development&Engineering Central Europe; MG/MGE: norm and frequency converter electric motors; MS: motor for submersible pumps; TP: in-line centrifugal pumps; NB/NK: single-stage norm and block pumps; SE/P/G: sewage grinder pumps; SL/DW: submersible effluent pumps; AP/KP: submersible drainage pumps; CH/CM, CR: centrifugal pumps; MT (SPK): immersible pumps for machine tools





*Every day we  
take steps to make  
the world better*  
= Sustainability

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# INTRODUCTION

László Török, *General Manager*

You are holding in your hands the third edition of our series of sustainability reports. Our plan is to publish a comprehensive report biannually – the memorable first edition was issued on the 10th anniversary of our company. The purpose of this year's report is to present the company's development over the last two years, especially to our own employees, but also to the communities of Tatabánya and Székesfehérvár and the organisations we are in contact with, as well as our suppliers and business partners.

The previous edition summarised and presented our results concerning the company's sustainability in an irregular manner, in terms of the then renewed six company values. The past two years have been essential to the life of the company, we also have a lot to tell this year. We have decided to build this edition around the areas of focus in the company group's sustainability strategy, therefore our chapters discuss responsible business conduct, sustainable product solutions, employee competencies, environmental footprint, workplace improvement and last, but not least, the strengthening of local communities.

To Grundfos companies – including us – sustainability means that while working to achieve our economic results, we take responsibility to improve the society around us, continuously reduce our negative impact on the environment, develop our products and employees, and honour the trust of our customers. We believe that this way Grundfos Manufacturing Hungary can ensure sustainable business conduct.

The last two years weigh a lot in the company's sustainable development strategy. With our new plant and new products, our growth strategy is an organic part of this, just as our productivity strategy – which greatly contributes to the company group's competitiveness.

We started building GMH4 in 2012 and inaugurated it in September 2013. Our fourth factory is not just another plant in addition to the existing three; this factory is so far the Grundfos Group's largest building constructed in one phase. Another thing that makes this facility special is that a considerable part of the 30,000m<sup>2</sup> useful floor area was built for research and development and the laboratory operations they require. A manufacturing company's sustainable development is founded on its research and development. Our new research base is suitable for employing up to 120 engineers on nearly 5000m<sup>2</sup> laboratory space for prototype experiments.

The company group's management has entrusted us with a manufacturing profile that is singular in Grundfos, and is thus founded on deep trust on the part of the owners and customers: we manufacture custom large pumps tailored to the customers' specific requirements. We can optimise processes in the new plant, and we have established the appropriate way of thinking for providing customer-centred services and better service in project-based processes as well.

As a result of our growth strategy, the revenues of GMH are expected to increase from 112 billion HUF in 2012 to 148 billion HUF in 2014, which amounts to a 25% growth in three years.

Naturally, the new investment projects have also brought along several new products over the past two years. I would definitely highlight SaVer, which is our first electric motor with permanent magnet technology. We are planning to manufacture 100,000 SaVers per year by 2017. The reason this is so important is that with this motor, GMH seriously contributes to the coordinated effort of countless organisations and authorities across the globe to improve energy efficiency. Our mission with the application of permanent magnet technology was to achieve the super-premium efficiency standard. This level of efficiency is far beyond current requirements. Distributed all around the world, this product is exclusively manufactured in Hungary. Such projects support GMH's sustainable development strategy and ensure the competitiveness of Hungarian plants in the long term. With this project, our company is able to benefit from enormous business opportunities on the market. However, the SaVer motor is important not only in terms of increasing our market share, but also because it guides the entire sector towards environmental consciousness.

We have also managed to increase our competitiveness over the past years. Our productivity has grown by 14%, to which results of our *Grundfos Shopfloor Excellence (GSE)* program and of our organisational structure reform have largely contributed – this latter was completed in the spring of 2014. I would like to point out that the increase in productivity can be detected financially as well, since our capacity costs have decreased by 2.5 percentage points in relation to our sales, which means 18% improvement.

We have achieved these results with a growing staff, which, in terms of the number of full-time employees, has grown 12% from 1885 people to 2120 people by 2014.

In addition to increasing the number of staff, increasing their commitment is also a priority. We have launched a number of programs for this purpose, and in 2012 we achieved a 78% commitment rate, which is an extraordinary result. We have decided to maintain this result and involve our employees in the so-called Employee Ambassador Program to reinforce their own and their colleagues' commitment.

When talking about the future, we naturally think about young talents as well: we have successfully participated at Young Europe Educational and Career Exchanges, Career Expos. We have also provided opportunities for primary school students on the doorstep to starting their careers to get acquainted with the company. Our goal was to give a behind-the-scenes look at the blue- and white collar work we do, to raise interest in the technical professions and to ease decisions about further education.

In the past years we have further increased our engagement in the development of our neighbourhood; we were significant contributors in sponsoring culture, education and sports in Tatabánya and Székesfehérvár. We have achieved all of the above results without increasing our impact on the environment. Our efforts to reduce CO<sub>2</sub> emission continue to be successful, and we are capable of remaining below the 2008 level, proving that it is possible to achieve business growth without increasing our environmental footprint.

We continuously keep setting new targets in the field of sustainability and environmental protection. One of the greatest tasks of 2014 and the following years will be the prompt availability of our products and their delivery on time, as well as faster responses to customer demands, from which we expect the further strengthening of our competitiveness. Our other goal that needs to be mentioned is the radical reduction of water consumption.

It is always important to look back on the past period, analyse successes and specify challenges. This is among the reasons we compile our sustainability reports, hoping that we can reach all those concerned and acquaint them with our results and endeavours.

I wish you a pleasant read!

Tatabánya, 14 October 2014.

**László Török**  
General Manager

**+25%**  
revenue growth

**+14%**  
productivity

**+12%**  
employees

**+18%**  
improvement



# ABOUT THE REPORT

## Grundfos Group's sustainability strategy

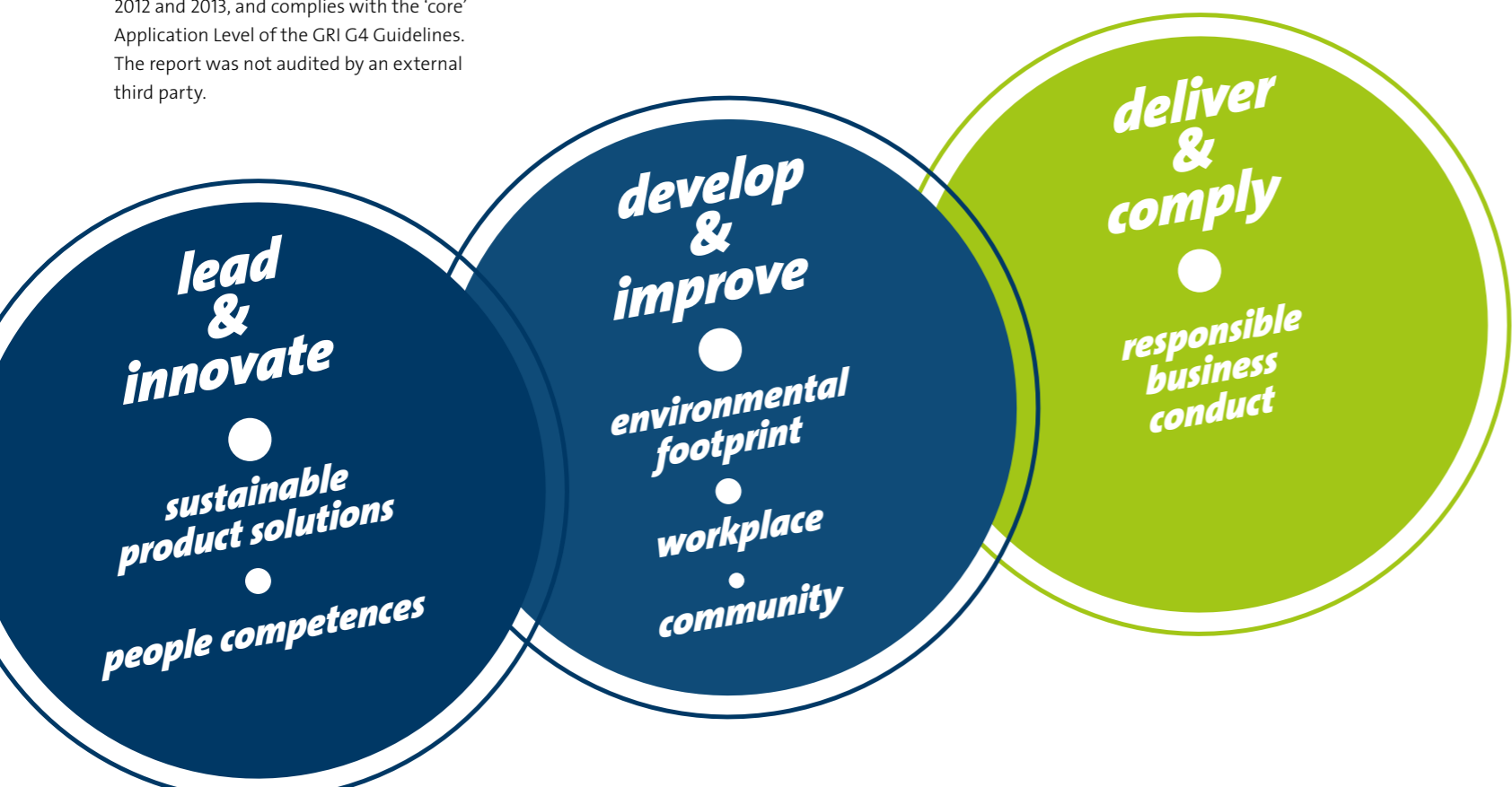
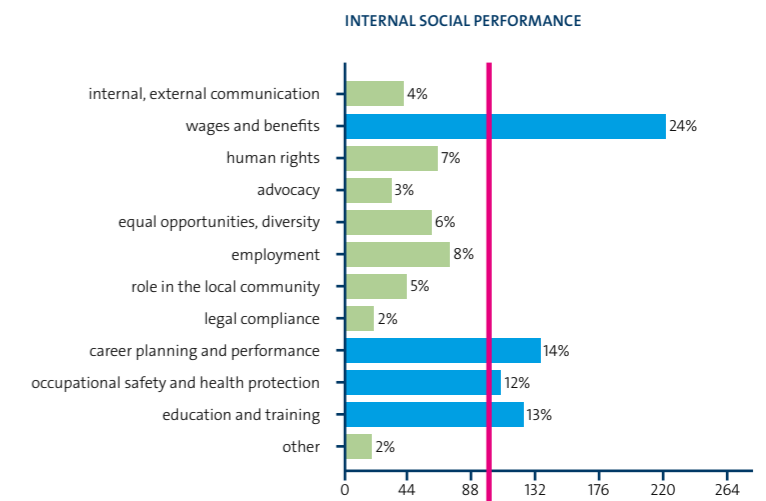
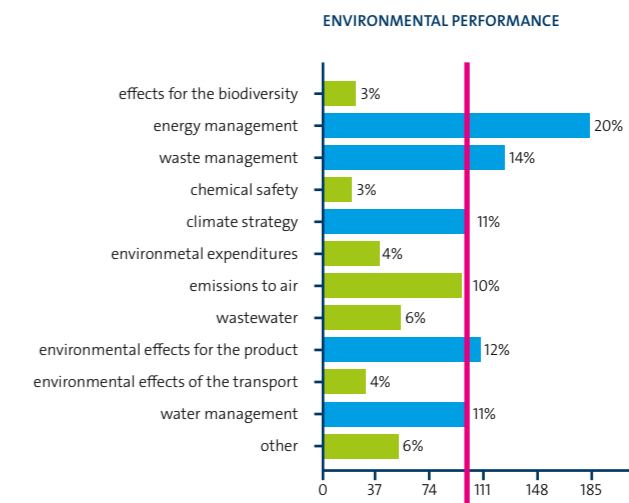
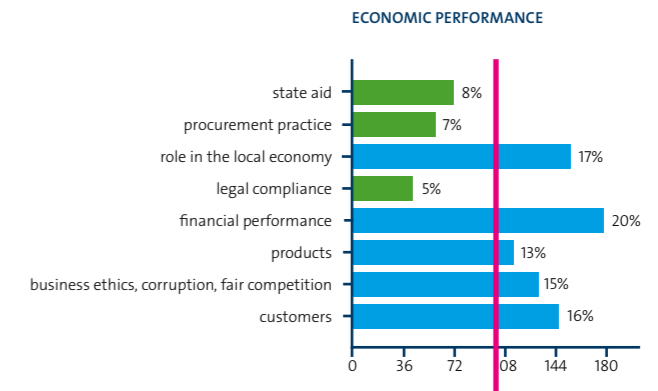
The comprehensive reports made every two years by Grundfos Manufacturing Hungary Ltd. (hereinafter referred to as GMH) explicate the company's performance in the given period, focusing particularly on economic, environmental and social fields. Performance data apply for the four factories, the distribution centre, the technology centre and the development and engineering unit of the company. This report, published in 2014, covers the period of the calendar years 2012 and 2013, and complies with the 'core' Application Level of the GRI G4 Guidelines. The report was not audited by an external third party.

The structure of our report matches the areas of focus of the Grundfos Group's sustainability strategy. The strategy conceived in 2013 determined six areas of focus with three different levels of ambition. Our greatest ambitions lie in the fields under the group "Lead and Innovate". We endeavour to excel among our competitors, gain competitive advantage and develop innovative solutions in the fields of "Sustainable product solutions" and "People competencies".

According to our ambitions, in the fields under "Develop and improve", comprising "Environmental footprint", "Workplace" and "Local community", our goal is to be reckoned with as one of the leading organisations in terms of sustainability on a global scale.

In the field of "Responsible business conduct" under the group "Deliver and comply", our primary objective is to comply with legal as well as our own regulations and norms.

Themes considered most important according to our stakeholder survey



# RESPONSIBLE BUSINESS CONDUCT

To be a responsible company, it is important to ensure legal and ethical compliance in order to minimise risks, to live up to our values and to meet stakeholder demands.

We manage the company in an accountable way, we comply to the national and international legal requirements, and the Grundfos Group policies.

*The Code of Conduct* guides all Grundfos companies and employees. This applies to our internal conduct, as well as to our behaviour towards external stakeholders.



# Act ethically



► Responsible Business Conduct

## Organisational restructuring

The general objective of the organisational changes effective as of June 1st 2014 is to improve the availability of GMH products from this point forward. The new organisation has to ensure such competitive operation that satisfies our clients' requirements and provides the best shipping service on the market. All of this is to be carried out cost-effectively, while keeping our shipping guarantees pledged to our customers, by operating a strong supply chain.

### OWNERSHIP STRUCTURE

Grundfos was established by Poul Due Jensen in 1945 as a family business. In 1975 the majority of the proprietary rights (86,7%) of Grundfos Holding Group were transferred to Poul Due Jensen Foundation, which is now the main shareholder. The founding family holds 11.3% of the shares, while employees hold 2.0%.

The foundation's primary objective is to create the economic foundations necessary for the growth and development of the Grundfos Group, the guiding principle of which is to reinvest both capital and profit into the Grundfos Group. Owing to these circumstances, the Grundfos Group boasts

a financial and business independence practically unheard-of amongst stock exchange companies. As opposed to registered companies, making financial profit is not the primary goal of its existence, but rather serves as a tool for growth and stability.

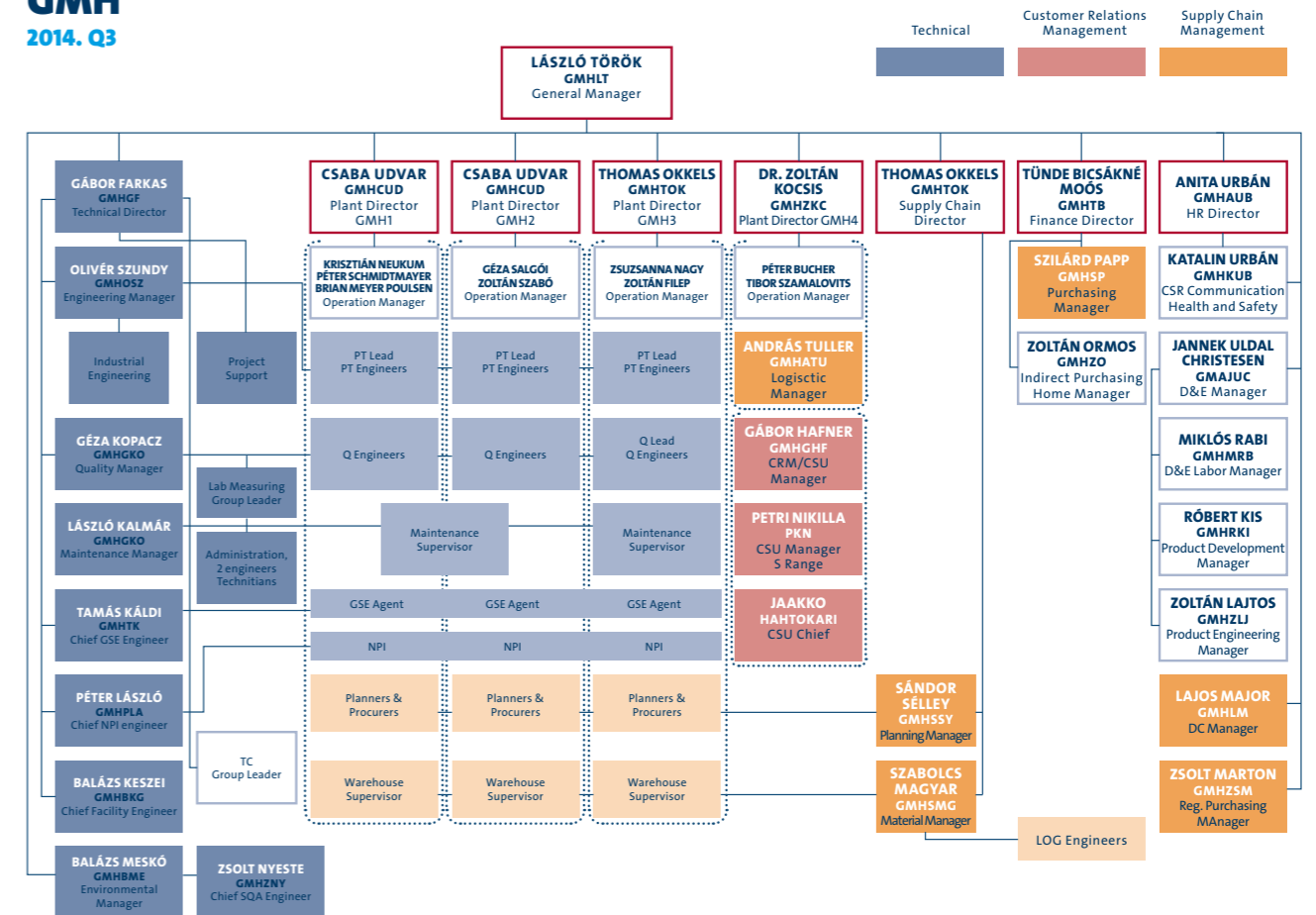
### RESPONSIBLE COMPANY MANAGEMENT

Grundfos Manufacturing Hungary Ltd. is a member of the Grundfos Group.

The manufacturing activity of GMH involves two sites - Tatabánya and Székesfehérvár - with two manufacturing plants each, which are joined by the distribution centre (DC) in Biatorbágy.

The main decision making unit of the company is the Executive Group, the members of which are the General Manager, Technical Director, Finance, HR and Plant Directors. It has a matrix-type organisational structure, which was recently restructured in May 2014. Although our report focuses on the period of 2012-2013, we consider it more instrumental to present the latest, current company management structure. The text box discusses the restructuring in detail.

GMH  
2014. Q3



### THE CRITERIA OF DESIGNING THE NEW ORGANISATIONAL STRUCTURE

- 1. Focus 1** – to serve special and unique customer demands while maintaining a lean and efficient mass production.
- 2. Dual focus 2** – to separate tasks – those serving “same day shipping” from various project tasks - the latter stand for “tomorrow”, the future, and this important task is carried out by employee groups especially created for this purpose.
- 3. Flexibility** – better distribution of resources – compliance with changing demands while keeping delivery performance and costs in mind.
- 4. Employee competency development** – introduction of competitive educational and development systems for improving knowledge and performance.
- 5. Establishing appropriate leadership culture** – process- and performance orientation in each manufacturing and manufacturing support workgroup.

Over the past year, we have seen that our new goals cannot be achieved with the “old methods” in terms of both delivery performance and cost-effectiveness, therefore manufacturing needs to be separated from various other project tasks and given maximum support – by reinforcing the manufacturing and manufacturing management organisations in order to deliver the daily work quota and daily pledges to customers in the best possible way.

We have taken the necessary steps in this direction, towards an organisation in which the GMH4 is organisationally separate, focusing on the best possible delivery of special, custom orders.

At the same time, GMH1, GMH2 and GMH3 are set up for efficient series production, carrying out mass production with shared processes in the most efficient manner, while satisfying changing demands in the most competitive way.

To this end, we have strengthened our production management as well as our technical and quality support, and support for material flow and production planning. This change required restructuring the GMH1, GMH2 and GMH3 organisations in a matrix form, where a single technical director, a single planning manager, a single quality manager and a single material manager is responsible for all three production plants, with a reinforced production management team.



## GMH Strategy

In 2013 we identified the main points that have a special role in daily operation, and which can help the company group's sales become even more competitive and successful. These areas of focus are the following:



- ▶ Quality improvement – “0” defect philosophy
- ▶ Customer relations – “0” customer escalation
- ▶ Supply chain agility – inventory management
- ▶ NPI – “Ready product” concept
- ▶ XXL pump implementation – GMH4
- ▶ Increasing employee commitment – security, competency
- ▶ Master data management

In the past period our customers have put the company group's sales under a lot of pressure. This demands a number of expectations from the GMH organisation, which are manifested in having to fulfil the guaranteed short delivery deadlines as well as delivery accuracy (TLT). Of course, short delivery deadlines can pose challenges on the stock management side, so continuously taking these into account is an indispensable task.



## OPERATIVE TEAMS (OP-TEAM) AND POP

One of the basic endeavours of the new organisation is to clearly separate the functions serving daily production and the ones serving innovation and the introduction of new products. One of the main steps to achieve this was organising tasks and employees directly supporting production into so-called OP-teams. Such a team includes the operations manager(s) directly supervising production, the planning manager and the quality and product engineering managers. The latter's task is the coordination of work within the OP-team and the informal management of the team. In the matrix, OP-team members report vertically to the so-called OP-managers and horizontally (functionally) to the so-called functional managers. Aligned with this, we have introduced the new daily meeting/report structure. The new division makes a more transparent and flexible resource management possible, as well as a more efficient organisational operation through the more structured division of responsibilities. One of the basic indexes measuring the performance of the OP-teams is the so-called POP (Production Order Performance), which shows the realisation rate of daily production plans in percentage. In order for a realistic achievement of the company's targets, each team, that is, each production line has to deliver a POP of at least 90%. In order to achieve this, OP-teams take daily improvement measures and if necessary, involve resources from outside the OP-team.

**Olivér Szundy,**  
Engineering Manager



## FOST

The Grundfos Group is switching to a new operational structure as of April 2015. The acronym seems simple (*Future Operating Structure*), but it will bring fundamental changes to the life of our company in terms of property rights to, and movement of, materials and products. The main considerations behind the project are as follows:

This model has been designed with the support of Deloitte, our consultant, based on the experiences of major international companies.



- ▶ creating a simplified commercial structure between Grundfos companies;
- ▶ simplified, transparent transfer pricing;
- ▶ increasing customer satisfaction, improving shipping capacity;
- ▶ optimisation of working capital.

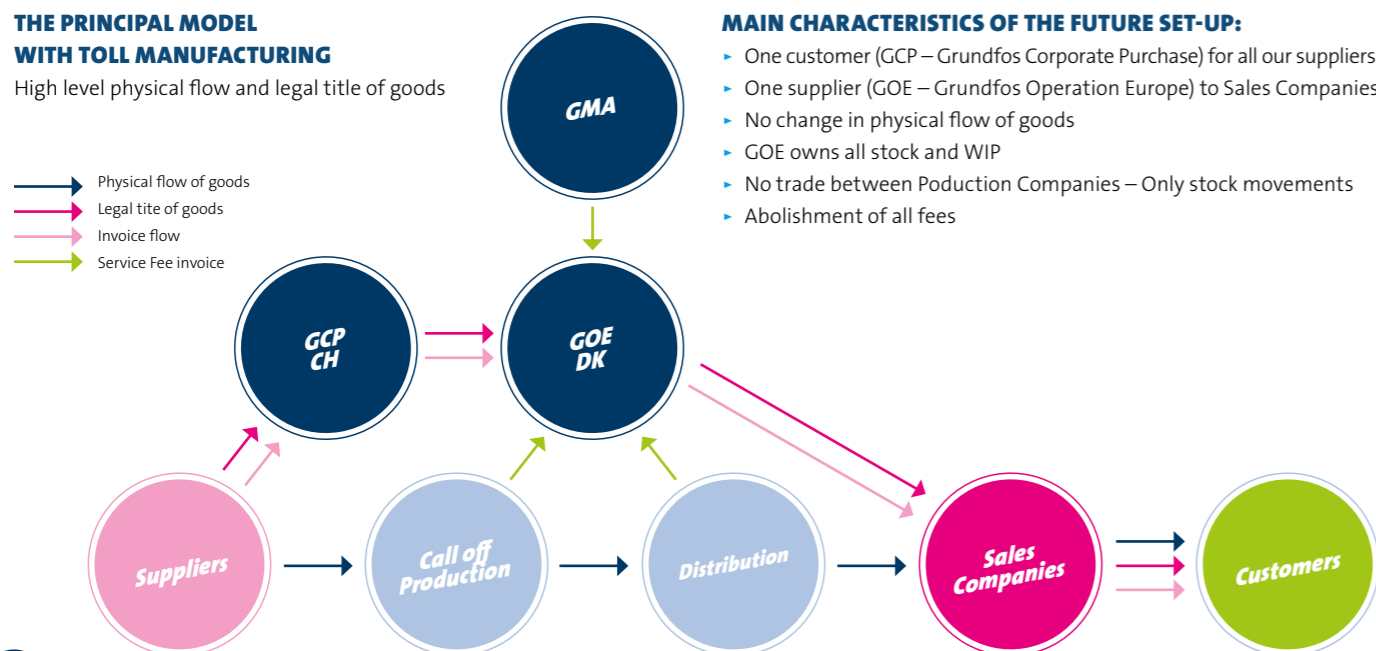
### ADVANTAGES OF THE CHANGE:

- ▶ A single buyer (*Grundfos Corporate Purchase* [GCP] centralized procurement) towards all suppliers, which improves pricing conditions and simplifies the process. As a result of this, as of April 1st 2015, GCP centralized procurement takes over the role of the GMH strategic purchase department, so the employees working with production materials through direct purchase will become the employees of this newly established organisational unit. The changes do not affect the procurement of non-production materials.
- ▶ A single supplier (*Grundfos Operations Europe* - GOE) towards all Grundfos sales companies.
- ▶ The physical movement of goods remains unchanged.
- ▶ Stock and working capital as well as all procurement and sales transactions are supervised from a central unit (GOE), decreasing financing costs.
- ▶ The physical movement of goods between plants involves no sale and purchase transactions, which results in a considerable reduction of administration and financial transactions, yielding considerable expense savings.
- ▶ Globalisation structure is strengthened, processes, expectations and indexes become more unified.

We are confident that the changes will result in GMH's enhanced sustainability and improved success rate and competitiveness.

### THE PRINCIPAL MODEL WITH TOLL MANUFACTURING

High level physical flow and legal title of goods



*Poul Due Jensen,  
founder of Grundfos*



**“THE WORLD IS FILLED WITH PROBLEMS TO WHICH WE COULD FIND BETTER SOLUTIONS – IF WE THOUGHT ABOUT THEM.”**

*Poul Due Jensen, founder of Grundfos*

**“I BELIEVE THAT WE ALL WANT TO PASS THE WORLD ON TO THE NEXT GENERATION IN A BETTER STATE THAN WE INHERITED.”**

*Niels Due Jensen, President, Poul Due Jensen Foundation*



*Niels Due Jensen,  
President, Poul Due Jensen Foundation*

## Responsibility in corporate culture

While examining the history of Grundfos it is easy to realise that only innovative and responsible corporate leadership can lead an organisation to real success.

### GRUNDFOS PURPOSE

Grundfos is a **global leader** in **advanced pump solutions** and a trendsetter in **water technology**.

We endeavour to improve quality of life for people while caring for the planet's resources.

Therefore, our **pioneering technologies** always bear in mind and **employ the aspects of global sustainability**.

**Global leader** means that Grundfos is acknowledged as leading actor in the pump industry by customers and competitors worldwide. We create, produce, sell and service high-quality pump solutions that set the standard in the industry.

**Advanced pump solutions** means that we offer turnkey solutions to match the needs of customers – no matter the complexity, application or scale of the solution required.

As a trendsetter in **water technology** we strive to be among the first in our industry to find ways of applying new technologies to water and wastewater movement and treatment.

**We endeavour to improve quality of life for people while caring for the planet's resources**, in other words, our solutions must always balance human, social and environmental concerns. We wish to provide more comfort to people at less cost to the environment and the planet's natural resources. We are ever committed to finding solutions for the poorest in the world and for people with special needs.

**Pioneering technologies** means that we will invent solutions that the world has never seen before. We will expand our business into new areas using our creativity and innovative approach, always with our customers' needs in focus.

**Contributing to global sustainability** is always a priority in running our business. We employ environmental technologies, our goal being that our products meet the strictest environmental standards throughout their entire lifespan.

By diminishing our own and our customers' CO<sub>2</sub> emissions, we want to effectively contribute to decreasing processes responsible for climate change. We improve the energy-efficiency of our solutions to enable end-users to lower their water and energy consumption. Last, but not least, we seek opportunities to recycle resources.

be  
think  
innovate

**Be responsible** – protect our planet, society, companies and individuals.  
**Think ahead** – so that you can act foresightedly, anticipating the expectations of the society, the business sphere and the individuals.  
**Innovate** – discover reliable solutions that satisfy the expectations of the society, the business sphere and the individuals.

Responsibility, thinking ahead and innovation have been essential to the history of Grundfos from the start and will remain so.

### GRUNDFOS VALUES

Reformulated in 2011, our values provide a solid base for Grundfos, while setting a direction for the future:



Grundfos carries out its activity responsibility and in an increasingly **SUSTAINABLE** way. We develop products and solutions with which our clients can protect natural resources and reduce environmental impact. We have an active role in the society surrounding us. Grundfos is a company that considers social responsibility important. We take care of people - even those with special needs.

At Grundfos we do what we say and say what we do. Our communication is open and **HONEST** both within and without the organisation. We communicate the facts – even if they are unpleasant. All of this conveys a **RELIABLE** company.

Grundfos keeps people in view. We care about personal development. At Grundfos everyone has a passion and an opportunity. Everyone can influence the course of events. Everyone is made to feel respected and valuable – which is why we are **PEOPLE-FOCUSED**.

The main stockholder of Grundfos has been – and will be – the Poul Due Jensen Foundation. Profit is a means for growth – not an aim in itself. We always take care of a healthy financial basis, which is how we can remain **INDEPENDENT**.

Being a **PARTNESHIP-CENTERED** company, Grundfos creates value by forming strong ties with its clients, suppliers and other partners of interest. We are a global company founded on local entrepreneurial spirit.

We believe that diversity furthers innovation and growth.

At Grundfos we are **RELENTLESSLY AMBITIOUS**. We always endeavour to develop better solutions even faster. We are happy if we excel in all of our activities. We are a global leader developing the future.

### GRUNDFOS LEADERSHIP PRINCIPLES

As any ambitious company, for the realisation of its goals, Grundfos needs leaders of excellent abilities and credibility, who are responsible for determining the goals as well as for the preparation of innovations and their realisation. In addition to making important decisions for the future, which involves taking risks, a good leader keeps in view the motivation of employees and the acknowledgement of their performance. Besides being able to fulfil short-term goals, a good leader also contributes to building the future of Grundfos.

In accordance with the ideas above, the president of the Grundfos Group has formulated the following *five leadership principles*:

- ▶ You are present
- ▶ You inspire passion, curiosity and joy
- ▶ You empower people
- ▶ You build teams capable of top performance
- ▶ You invent tomorrow



▶ Grundfos Values

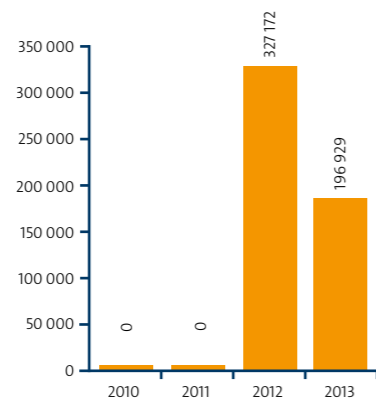
## Economic sustainability

### FINANCIAL RESULTS

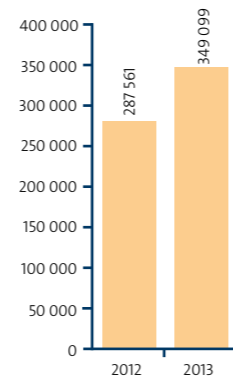
Every year since its establishment, GMH has exhibited continuous development and growth. This growth resulted in GMH being rated 64th among the 100 biggest Hungarian companies owing to its 2012 results; today it is the second biggest company of the Grundfos Group in terms of both revenues and number of staff.

GMH primarily manufactures products for export, mainly for European countries (approximately 80%) and the rest to overseas. Our end costumers are from the building services, industry and water utilities. Sales indexes also indicate continuous growth. Compared to the previous year's data, in 2013 the company achieved a 9% growth in terms of revenue for pumps and motors manufactured in Hungary, as well as pieces sold.

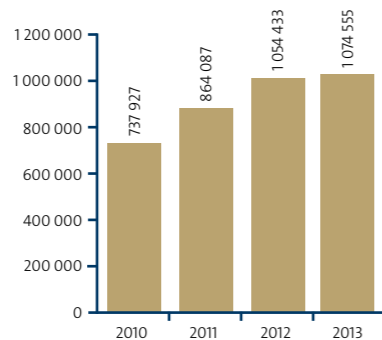
INDEX	UNIT	2009	2010	2011	2012	2013
Net sales revenue	million HUF	72 374	90 521	111 362	122 515	128 523
Material costs	million HUF	56 333	70 464	90 592	99 584	103 701
Personnel costs	million HUF	7354	8033	9083	9599	10 327
Depreciation deduction	million HUF	3547	4054	4333	4356	4439
Other costs	million HUF	1531	2151	3033	2647	2809
Operating (business) activity result	million HUF	3686	6510	6093	6367	9024
Earnings before taxes	million HUF	4880	6537	3408	9833	10 643
Profit after taxes	million HUF	4743	6533	3408	9506	10 446
Balance	million HUF	4743	6533	3408	9506	0



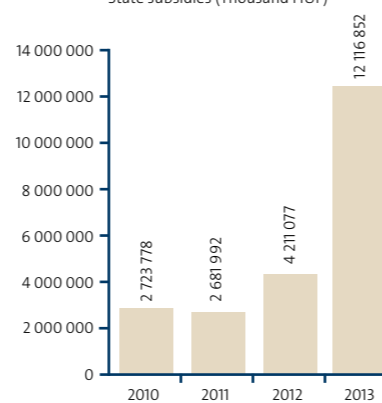
Corporate tax (Thousand HUF)



State subsidies (Thousand HUF)



Taxes and fees (Thousand HUF)



Investments (Thousand HUF)

### INVESTMENTS

An important investment project was completed in 2013: the fourth production plant (GMH4, Székesfehérvár) was built and production began in September. With the optimisation of processes in the new plant, the company will provide client-centred services and better service in the customized production of single king size pumps. In addition, the company will implement further developments in the field of established product families. In 2013 further new products were introduced: with the completion of the *SaVer project*, GMH1 could begin the series production of new E-motors. In GMH2 the expansion of the sewage pump program continued further with the *Poseidon1 project*, as a result of which the manufacturing and sales of new SE and SL pumps took an upswing throughout the year. The goal of the new projects is quality improvement and increasing efficiency. In 2012 the company spent 4 billion HUF on investment projects, which rose to 12 billion HUF in 2013. The investments comprised building construction, production equipment and machin



▶ GMH4



▶ GMH4 opening ceremony (HUN)



## Responsible procurement

To ensure ethical procurement, several conditions need to be fulfilled in business conduct. Compliance with basic ethical principles is indispensable for Grundfos concerning all actors involved in the procurement process, regardless of their professional or organisational background.

We believe that creating the *Grundfos Code of Conduct* in itself does not guarantee ethical conduct. To achieve this, it is necessary to continuously keep the topic on the agenda, to interpret specific problems in smaller and larger groups, to establish the required conduct and ensure supervision. Beyond the general content of the company's *Code of Conduct*, employees are required to adhere to ethical conduct in their daily life.

### NEW TREND IN STRATEGIC PROCUREMENT

In accordance with global business tendencies, our company made a strategic decision in 2012 to strengthen and improve its procurement processes along the lines of its basic ethical principles.

The most important basic ethical principles of Grundfos in procurement and supply are:

#### ► Transparent and professional treatment of purchases

In carrying out procurement tasks, we endeavour to comply with fundamental professional rules and to develop professional knowledge and implement it in the highest possible level. In this field we prioritize compliance with the law, transparency of processes, acquiring, developing and applying comprehensive professional knowledge.

#### ► Striving for cooperation and mutual benefits with suppliers

We define the company's goals so that they advance the company while respecting our partners' interests. This approach should manifest in supplier and internal relations, with special regard to politeness and reciprocal respect.

#### ► Ensuring competition and competitive neutrality

A fundamental condition of selecting suppliers is maintaining competition and equal opportunities, which ensures making the best decision.

#### ► Confidentiality of information

During their activity, those participating in the procurement process occasionally access confidential information regarding their company, their suppliers and their competitors. Such information must not be made public without prior authorisation. Employees taking part in supply-related decision-making keep such information secret, and, whether regarding negotiated prices or tenders, treat all proposals as confidential.

#### ► Avoiding direct or indirect suggestibility

Our processes ensure that the actions and procurement-related decisions be independent of compulsions and personal interests unrelated to the subject. This means, on the one hand, avoiding and revealing conflicts of interest, and on the other hand, avoiding unethical behaviour, suggestibility and any semblance of these.

#### ► Loyalty towards employer

The employees of the purchase department are important representatives of the company in relations with the outside world, and their exemplary behaviour is part of conveying positive values.

### RESPONSIBLE PROCUREMENT TOOLS:

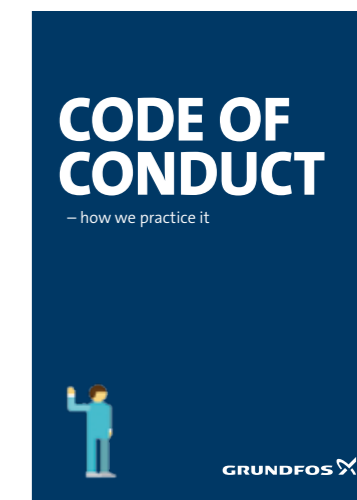
#### ► Declaration

To reinforce the role of the *Grundfos Code of Conduct*, employees of the company's strategic purchase department prepared a declaration last year, which was signed by every purchase agent. They declare that they accept and treat the *Grundfos Code of Conduct* with utmost significance and that it is their duty to follow and enforce these principles.

#### ► Code of Conduct practical manual

Business ethics is indispensable not only in procurement. In order to help interpretation, a practical manual was also compiled last year, providing assistance in implementing these principles in practice by demonstrating difficult situations and dilemmas.

Our procurement processes reflect this tendency, which was evoked by the strategic change initiated in 2012 in order to strengthen responsible procurement:

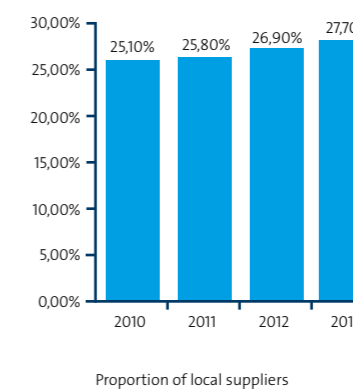


- 95% of internal requests should reach the validating office via the business management system (SAP).
- For each request three proposals should be submitted in order to ensure competition and comparison.
- The project team responsible for procurement should justify their decision in a supplementary document, the "justification letter", responsibly exploring both subjective and objective reasons.
- Endeavour to cover the majority of the services used by our company by a framework contract.

### PROPORTION OF LOCAL SUPPLIERS

Grundfos makes a conscious effort that beyond compliance with professional criteria, its suppliers be characterized by common values, unified quality approach and ethical and environmental conduct, as these are the keys to long-term cooperation.

We have formulated several action plans that envisage a continuous increase in the proportion of local suppliers, as a result of which there has indeed been a continuous increase in direct raw materials but primarily in the indirect categories.

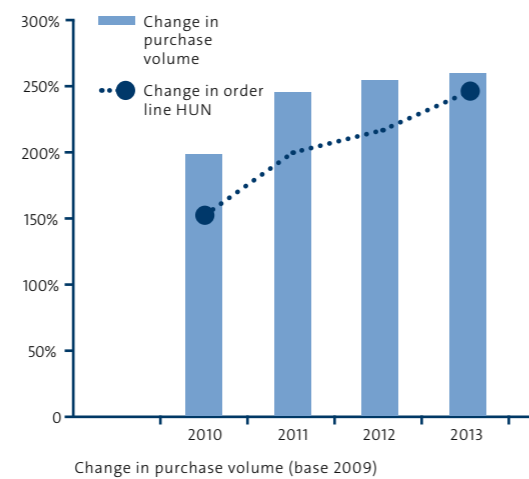
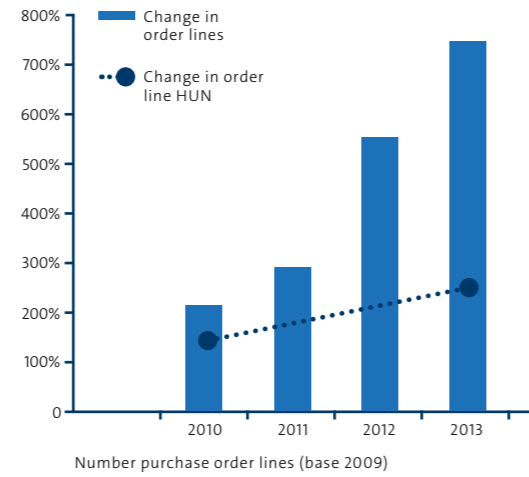


### SUPPLIER EXCELLENCE PROGRAM

The Supplier Excellence Program was launched in 2011. Altogether ten local companies took part successfully in the project; the initially determined goals primarily targeted organisational development and the establishment of the business excellence model within the company. The program is related to the procurement philosophy of Grundfos, which envisages long-term supplier relations and continuous supplier development.

#### The basic principle of the program:

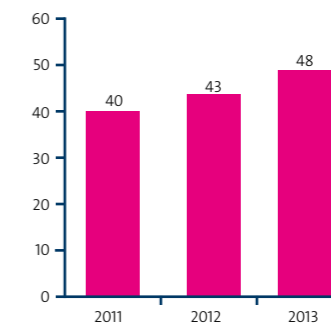
We believe that the long term success of GMH is impossible without the success of our suppliers. The program's success is indicated by positive experiences and feedbacks as well as by the number of purchase order lines submitted to the companies involved and the increase in order volumes. The success of the program and the pioneering responsible supplier conduct approach are proven by the accolades awarded to Grundfos Manufacturing Hungary Ltd. over the past years.



Following the established tradition, we have organised the GMH supplier conference in the past two years, where local raw material suppliers were represented in great numbers. We endeavour to give as many local companies as possible the possibility of participation at the conference and thus an opportunity for directly gathering information.

Beyond presenting the by now almost "compulsory" topics – such as company group strategy overview, organisational structure, financial information, consignment, storage/VMI, etc. – the presenters of Grundfos always introduced prioritized areas of focus (quality, supply chain, projects), and provided an opportunity for our suppliers to take part in optional factory visits.

Of course, the acknowledgement of suppliers providing exceptional performance in the given years is also a traditional part of the conference program since 2007.



Number of participants on supplier conference

#### OUR SUPPLIERS THAT RECEIVED THE "SUPPLIER OF THE YEAR" AWARD:

- 2007 ▶ Royalpack Csomagoló Kft.
- 2008 ▶ CNC Rapid Kft.
- 2009 ▶ Dunapack Papír és Csomagolóanyag Zrt.
- 2010 ▶ Mag ICS Fehérvár Kft.
- 2011 ▶ Linamar Hungary Zrt.
- 2012 ▶ H.I.X. Kft.
- 2013 ▶ Kovács Kft.



» page 26 – 35



# SUSTAINABLE PRODUCT SOLUTIONS

Pumps are involved in nearly every aspect of modern living. They are used to move fluids such as liquids, slurries or gasses. The world depends on them, but many pumps are also serious energy wasters, leaving behind a significant carbon footprint.

This is because today's pumps account for no less than 10% of the world's electricity consumption and because the majority of electricity is still produced using fossil fuels.

Originated in the design practice of the last decades pumps today are typically bigger in size and have greater reserve than necessary – it is no coincidence that two-third of them consume 60% more energy than needed. If all the enterprises in the world switched to energy-efficient pumps, it would cause 4% energy-save in the world – this is equivalent to the consumption of approximately 1 billion people. Further interesting information can be found on this topic at: [www.grundfos.com/energy](http://www.grundfos.com/energy).



# Raise the bar



► Energy Game

Meet the  
energy challenge  
**NOW**

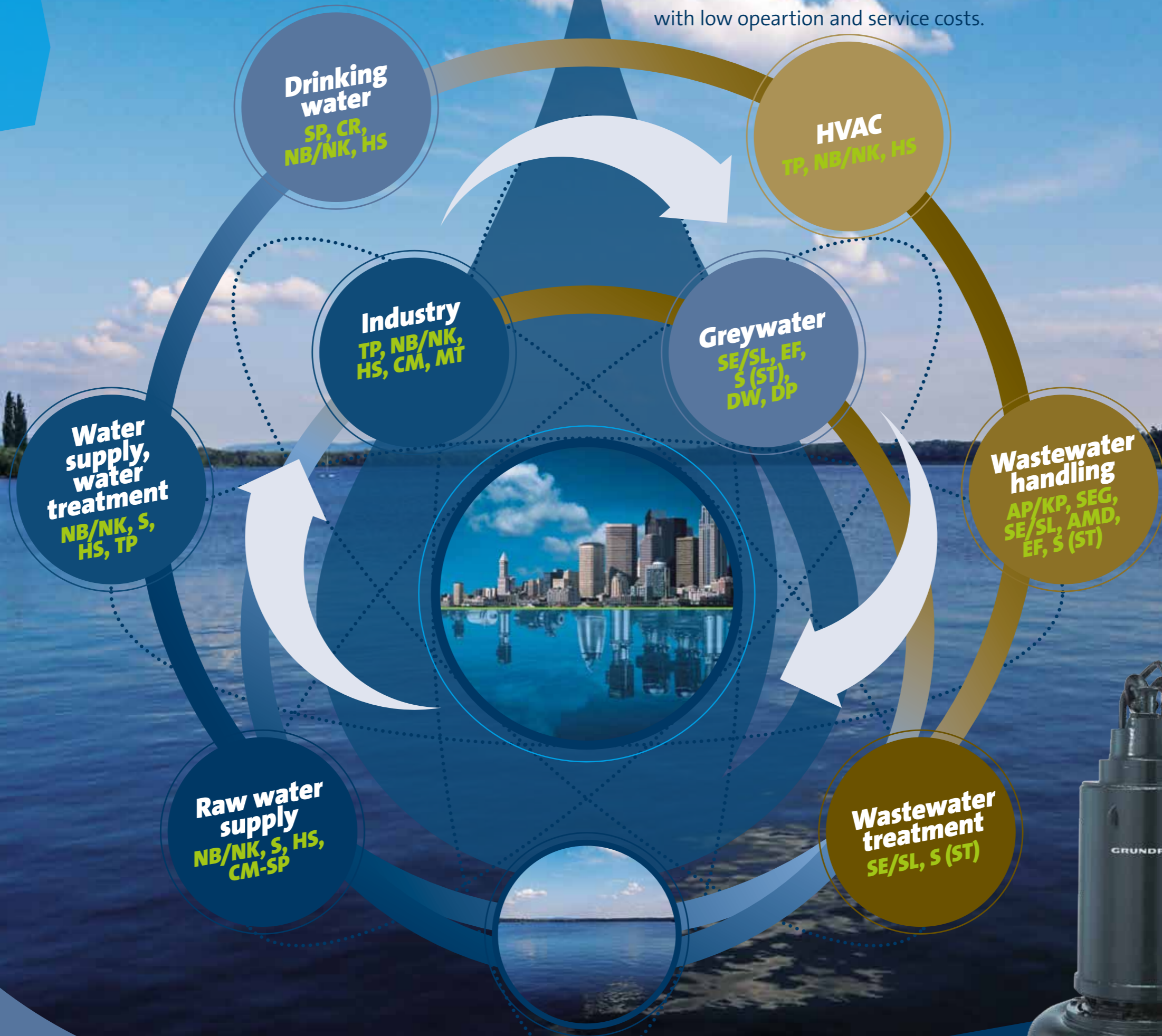


## Try yourself!

*How much energy can you save?*

**Sustainable products**

Where there is water, there is Grundfos. Our products provide a sustainable solution for each phase of the water cycle. Saving water and energy, with low operation and service costs.







### CM-SP

- ▶ Multistage water pump for dry installation.
- ▶ Up to 7.5m<sup>3</sup>/h flow rate and 90m head.
- ▶ For clean water, air conditioning and drinking water supply.
- ▶ 0.3-2.0kW motor power.



### HS

- ▶ Split case, double volute water pumps.
- ▶ Up to 2800m<sup>3</sup>/h flow rate and 210m head.
- ▶ For process water, cooling, heating, water supply and irrigation.
- ▶ 2.2-600kW motor power.

### CR

- ▶ Multistage in-line water pumps for dry installation.
- ▶ For drinking water and clean water treatment.
- ▶ Up to 180m<sup>3</sup>/h flow rate and 450m head.
- ▶ 0.37-75kW motor power.



### MT

- ▶ Multistage pumps for immersed installation.
- ▶ For industrial liquid transfer.
- ▶ Up to 90m<sup>3</sup>/h flow rate and 238m head.
- ▶ 0.06-45kW motor power.



### TP

- ▶ In-line pump.
- ▶ Up to 4600m<sup>3</sup>/h flow rate and 125m head.
- ▶ For clean water, process water, air conditioning, drinking water applications.
- ▶ 0.25-600kW motor power.



### CM

- ▶ Multistage pumps for clean liquid transfer.
- ▶ For drinking water, air conditioning, process water and irrigation.
- ▶ Up to 35m<sup>3</sup>/h flow rate and 130m head.
- ▶ 0.06-45kW motor power.



### NB/NK

- ▶ Norm pumps with direct drive or clevis.
- ▶ Up to 1400m<sup>3</sup>/h flow rate and 240m head.
- ▶ For industrial liquid, cooling- and heating agent transfer.
- ▶ 355kW motor power (maximum).



### S and ST sewage pumps

- ▶ Submersible pumps for the transfer of communal and industrial sewage, surface waters and rainwater.
- ▶ Up to 9000m<sup>3</sup>/h flow rate and 116m head.
- ▶ Installed with Supervortex or channel impeller.
- ▶ 7.5-520kW motor power.





## SE and SL pumps

- ▶ Submersible pumps for the transfer of communal and industrial sewage, surface waters and rainwater.
- ▶ Up to 900m<sup>3</sup>/h flow rate and 68m head.
- ▶ IE3 efficiency class motor (except up to SE – 11kW) and S-Tube or Supervortex impeller.
- ▶ 0.9-30kW motor power.

## SEG

- ▶ Submersible grinder pumps for the transfer of untreated sewage in communities.
- ▶ Up to 35m<sup>3</sup>/h flow rate and 45m head.
- ▶ 0.9-4.0kW motor power.



## AMD

- ▶ Submersible mixer.
- ▶ For the mixing of waste water and sludge.
- ▶ 1.4kW motor power.

## AP/KP

- ▶ Submersible waste water and sewage pumps.
- ▶ For the transfer of clean water, waste water and sewage.
- ▶ Up to 90m<sup>3</sup>/h flow rate and 238m head.
- ▶ 0.3-1.5kW motor power.



## DW

- ▶ Submersible raw water pumps for dewatering at construction sites, in disaster management and communal applications.
- ▶ Up to 300m<sup>3</sup>/h flow rate and 90m head.
- ▶ Especially robust pumps designed for demanding applications, with excellent wear resistance.
- ▶ 0.7-20kW motor power.



## EF, DP

- ▶ Submersible waste water pumps for communal and small-scale industrial applications.
- ▶ Up to 40m<sup>3</sup>/h flow rate and 24m head.
- ▶ For the transfer of waste water, slurry and communal sewage.
- ▶ 0.9-2.6kW motor power.



## SAVER MOTORS

- ▶ Permanent-magnet synchronous motor with built-in frequency converter enabling variable-speed operation.
- ▶ High efficiency motors with process control.
- ▶ The motor and frequency converter are perfectly matched, supplied by one supplier
- ▶ Wide voltage range: 1-phase 0,25-1,5 kW, 3-phase 0,25-2,2 kW.



# Trendsetter in water technologies

Both in manufacturing processes and design, our goal is to make production simple, fast and economical. The tools for this include GSE (Grundfos Shopfloor Excellence) with FOST, modular design, a DFA and Kaizen. Our goal is to create high quality products economically, while maintaining customer satisfaction.

## Installation

## Manufacturing

We share all relevant information related to our pumps, to facilitate product installation and the application of the most suitable settings for each customer's needs.

### CCS – CUSTOMER COMPLAINT SYSTEM

Customers/vendors can provide feedback for the factory through this system if something is not working right in the pump. This is an important quality control process that helps to more efficiently prevent the manufacturing of faulty products.

### CSU – CUSTOMER SERVICE UNIT

The CSU department ensures that our customers receive solutions tailored to their individual needs. GMH4 specializes in the manufacturing of these custom pumps; they are presently producing S, TP, HS, NB/ NK pumps based on the CSU's instructions. Did you know? With a CSU-optimised S pump, a customer can save (presuming an operation of 12h/day) 11 MWh energy, which is equivalent to 2.5 years of power consumption for one household!

### AUTOADAPT WASTE WATER PUMPS

With the IPP project, we offer a new and cheaper installation option with the SEG, DP, EF, SL1/SLV product ranges. Owing to the intelligent sensors, there is no need for further level switches in lift stations, so the installation cost and time is much lower than with a normal pump.

**How does it work?  
Watch this video**



## Planning

'Sustainable product solutions' is supported by innovation and engineering processes, that result in lowered resource consumption during the complete product life cycle, re-use and re-cycle of materials and reliable operation.

## Operation

Grundfos products have always been famous for their long lifespan, energy efficiency and high quality. The higher price of our products pays off owing to suppressed servicing and energy costs.

### SERVICE

Besides the high quality of our products, providing world-class service is also important to us. To make our customers' lives easier, the videos and documents related to servicing and repairs are openly accessible.



**Check out our  
YouTube channel**

### IE3 MOTORS

The majority of our pumps are powered by newly developed motors of at least IE3 energy efficiency. This is largely connected to the "Meet the energy challenge" program. We endeavour to equip our newly developed products with ever more efficient motors.

## Waste / Recycling

We pay attention to the environmental load of our products' afterlife during product design, but we also employ selective waste collection in our plants and offices, and pay attention to consuming less and less water and energy.

*Nearly 97.5% of the total mass of an S pump is made up of recyclable raw materials.*

### CPI (CONTINUOUS PRODUCT IMPROVEMENT)

Based on customer feedback and product strategies, we are working to further improve the quality of products already on the market, to increase price to value ratio and to introduce new product variants. In our FAS database we collect service feedbacks about the products and failures in order to discover which parts may need further improvement. This is one of the main information sources of the Engineering team.

### S-TUBE / POSSEIDON

The highest hydraulic efficiency waste water impeller (84%) on the market, with non-clogging and vibration-free design. It is featured in the SE and SL product ranges, which, complete with the cutting-edge IE3 motors, is among the most efficient waste water pumps in the world.

With the S-tube impellers, the SE/SL pumps feature 0,9 kW less hydraulic loss in average, which, if we take the total manufactured quantity (2012-2013), has saved approximately 1500 kW power for our customers.

**Watch the  
'No compromise'  
campaign video**



### SAVER / MGE

Grundfos develops E-motors especially to satisfy the demands of pump applications. Our latest solutions use permanent magnet rotors, and already meet the new IE4 motor efficiency standard.

### NEMO / MS6

The newest Grundfos submersible motor supports the pump installed on it in achieving the highest possible efficiency. When building the product, the latest technologies were applied - such as laser welding. The new motor surpasses its predecessor both in terms of efficiency and reliability. It is modularly more customisable, so there is a broader choice of interior constructions for the appropriate load and conditions. The custom options include different shaft seal constructions, internal sensor, stainless materials and bearing types to match the shaft load.

# EMPLOYEE COMPETENCIES

We can only realise the high level endeavours of the company group and GMH if our employees are committed to our goals and have the appropriate abilities and professional knowledge to carry out their tasks. We are committed to attracting, keeping and training employees who are able to maintain our organisation's global leadership.

**Make**  
*a difference*



► Employee  
Competencies

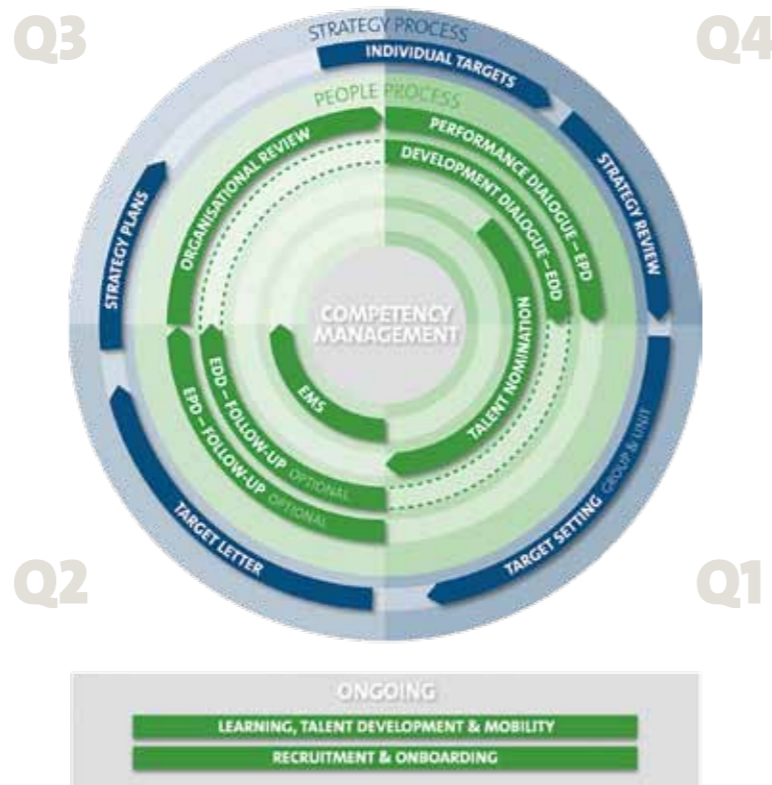
## Business goals

- organisational capacities
- individual competencies

In order to maintain our competitiveness, our organisation should always be capable of attaining our strategically determined business goals.

Individual competencies are fundamentally necessary for the high level completion of any given task in our position at the organisation.

The appropriate connection and efficient cooperation of individual competencies comprises organisational capacities, which are essential for the organisation to achieve its strategic goals and gain our company competitive advantage. Accordingly every innovation is done with our business goals kept in view!



### SELECTION BASED ON BUSINESS EXPECTATIONS

Already during the recruitment and selection process, great attention is being paid to finding the right people for the right positions. The applicants, either for blue or white-collar jobs, after being interviewed by HR, undergo another interview with the head of department or team leader, where we assess whether the applicant has the competencies necessary for filling the position. Beyond objective factors like qualifications, professional experience, language skills, etc., we examine subjective factors, such as monotony tolerance, flexibility, dynamism, stress tolerance, creativity, and cooperation. The written tests used in blue collar areas are also based on an important

evaluation of skills, such as concentration, precision, etc., which ensures the minimum skills/abilities required in production.

Further important aspects in selecting our middle and senior managers are for the candidate to be able to represent Grundfos values and identify with the Leadership Principles. After being enrolled, our new employees take part in an orientation program on their first week. The goal of the orientation program is for our new staff members to gain more thorough knowledge of our organisation, our products, manufacturing processes and our fundamental values and principles.

Throughout the modular trainings each department introduces its own work, position and role within the company, so that our employees learn more about the work carried out within the company, the rest of the departments and the process that connects the work of each department. We consider it important that all our employees see the significance of their own job and its place in the production process.

"I have been working at Grundfos Manufacturing Hungary Ltd. since 2004. I have had nine EDD dialogues so far, during which my superior and I discussed development, improvement of collegial relations and the possibility of training for other departments/fields. The subject *"What does the future hold?"* always comes up during these conversations. I consider it important for every employee at Grundfos Ltd. to have a yearly EDD because they can get insight into to plans for the future period and have an opportunity to analyse their own work. Thanks to EDD, I have participated in a course in operating lifting equipment and received SAP training."



**Zoltán Ferenczi,**  
GMH2 production operator

### ORGANISATIONAL SKILLS, INDIVIDUAL COMPETENCIES

The knowledge of each field is given by the total knowledge of all employees working in that field. The knowledge, skills and abilities that are necessary for fulfilling the required targets are indicated by competencies.

Activities related to individual competencies focus on two fields in case of both blue- and white-collar workers:

- ▶ To identify competencies required in a given field/job based in organisational demands.
- ▶ To measure, evaluate and develop these competencies.

We would like to let all of our colleagues know what their strong suits are, with which they contribute to the successful operation of our company and to future successes, and also which areas they need to improve

in. These are discussed during the employee development dialogues and are recorded in writing in the EDD (Employee Development Dialogue) document.

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"I have been working at Grundfos Manufacturing Hungary Ltd. since 2007. I have participated in six EDD dialogues so far. Throughout the conversations with my manager, we have discussed career, development and further education opportunities, new challenges and the role of team work. I am most enthusiastic about the topics dealing with development and further education opportunities and new challenges. I consider it important that once in every year each employee here at Grundfos should have an EDD, as this way they have the opportunity once a year to have an open and honest discussion with their direct superior – and without external influence – about any problems. It is a good opportunity for the employee to tell his/her plans and ideas. During one EDD dialogue I learned that from October I would be coordinator – since then I have made team leader."

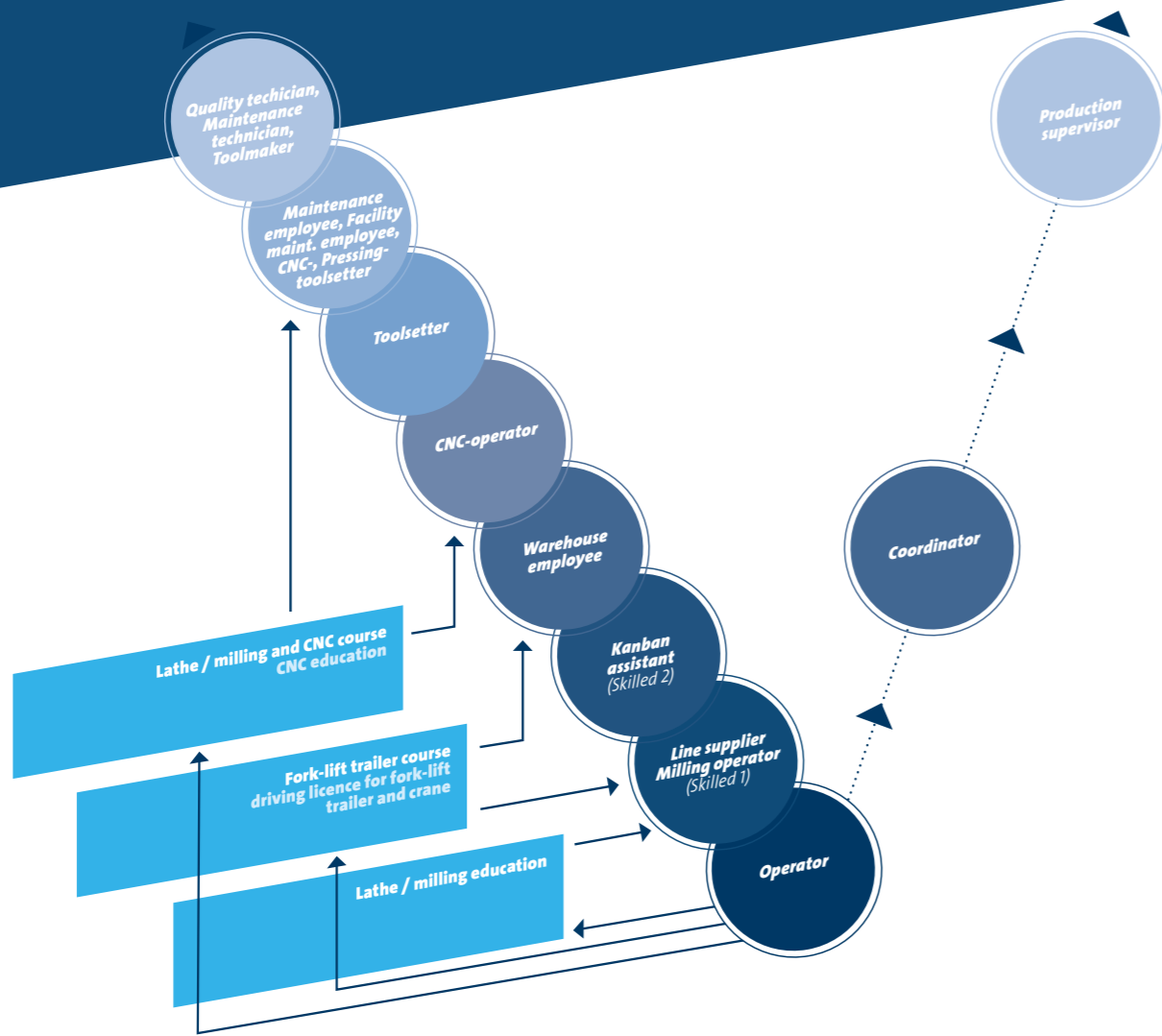
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**Balázs Borbély, GMH2 supervisor**





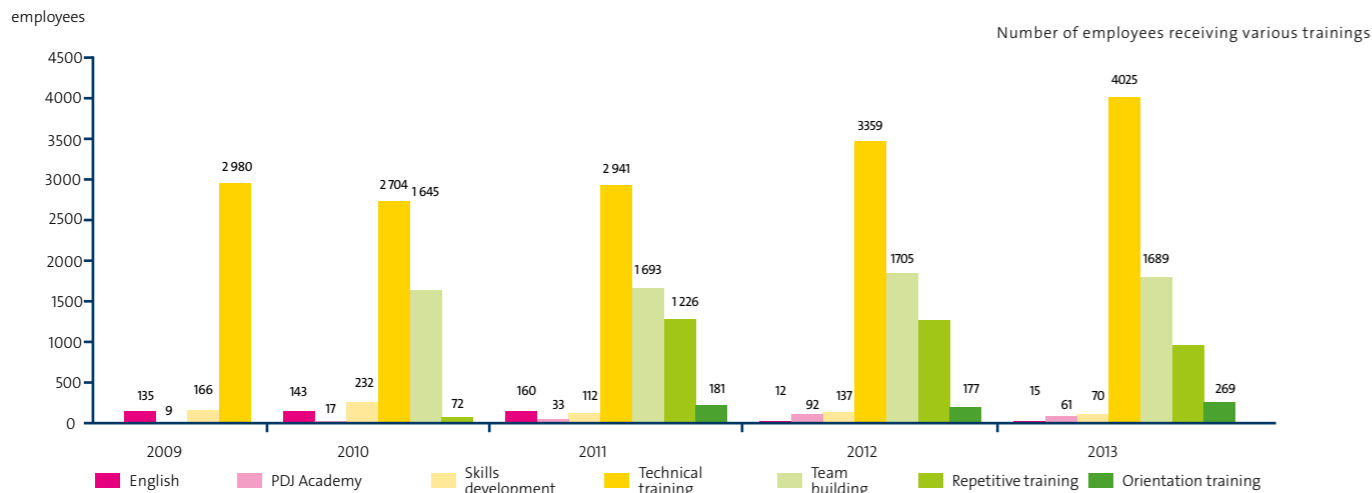
### BLUE COLLAR EMPLOYEE DEVELOPMENT

The so-called "V-shape" expressively depicts the development opportunities of blue-collar employees within the company: one leg of the V-shape indicates the goal of obtaining more and more professional knowledge, while the other leg is all about leadership competencies. It is important for us to be able to show a visible career path to everyone who wants to develop.

Four different competency levels are assigned to different blue-collar jobs, from the beginner to expert level, which are connected to wage levels specified by company regulations. In each case the higher level can only be obtained by passing both a theoretical and a practical exam. The first competency test is to be taken before the 90 day probation period expires. After obtaining the first level, the next three levels are not compulsory. One year has to pass before stepping on to a

higher level – this we believe is necessary to acquire higher professional knowledge.

After acquiring certain competencies and completing certain trainings, there is an opportunity for further development through internal job applications.



### WHITE COLLAR EMPLOYEE DEVELOPMENT – TRAINING AND RECRUITMENT PLANNING

Talent management and training of future employees are of extreme importance to Grundfos, therefore, in 2012-13 we continued the *Global Graduate Program* on Group level and the local *StepOn Program* launched in 2011. We believe that the structure of the most efficient developments follows the 70-20-10 principle, that is, expanding the knowledge gained by the employee during their work comprises 70% of the development tailored to the individual; cooperation, mentoring and coaching take up 20%; and trainings 10%.

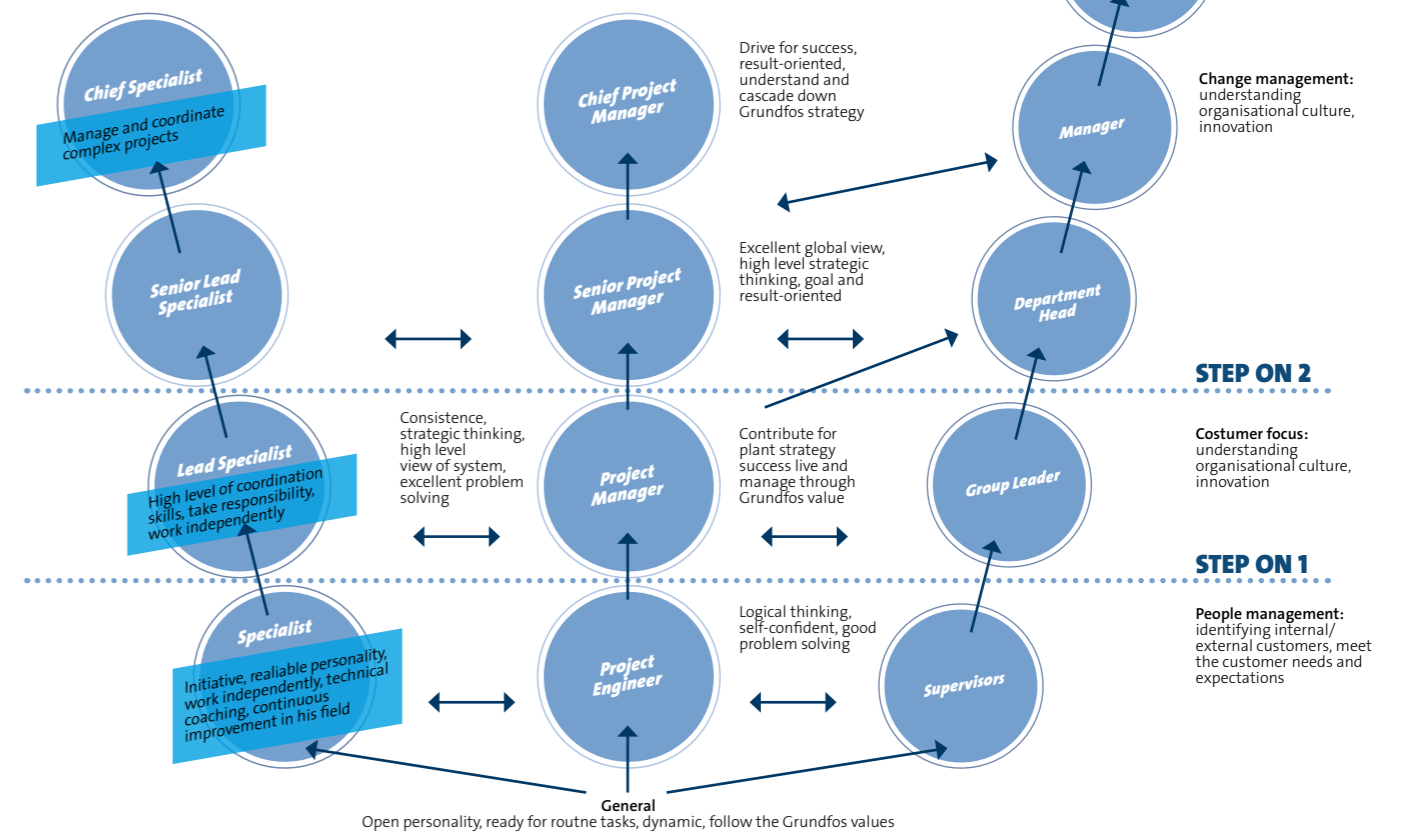
The *StepOn program* is GMH's development program based on trainings, cooperation and project work. It consists of two modules, *StepOn1* and *StepOn2*. *StepOn1* is for Grundfos employees who feel they want to develop

their knowledge and have ambitions that allow them to develop towards becoming experts or leaders. Stepping up to lead specialist and team leader levels also requires the successful completion of the program. The program is an advantageous opportunity for both the applicant and Grundfos.

Employees with ambitious plans and an eagerness to grow have a good opportunity to prove themselves and to introduce themselves in a broader circle within the company, while Grundfos can discover new talents who have the future potential to carry out higher level, more complex tasks with more responsibility.

*StepOn2* is the next level development program, where we have a development plan tailored to the individual, and work with employees who have succeeded in the *StepOn1 program* or were recommended

by the management based on their job and position (lead specialist or team leader). An additional requirement for participation is success in the *Assessment Center's* test. *StepOn2* mainly focuses on business development, change management, leadership and results orientation. Participants are mentored by exemplary leaders with high levels of knowledge. Throughout the program, applicants participate in a number of trainings where they can gain insight into various professional fields (e.g. project management, finances), or get good advice for daily work (7 customs), or can listen to interesting information about experiences that can help get about in the world of Grundfos (cultural relations).



In 2012 another two employees of GMH joined the company group level *Global Graduate Program* (GGP), a competency development program for fresh graduates. GGP is for ambitious youth who wish to develop their knowledge and vision regarding development and manufacturing.

Alternating each semester, the program's projects offer a unique opportunity for them to gain insight into the value chain of our company or to track the journey of a product from initial raw concept to becoming a market leading product. In one semester participants get to visit a Grundfos affiliate abroad and take part in its daily challenges.

# ENVIRONMENTAL FOOTPRINT

Nowadays humanity uses up its natural resources allocated for one year within the first 8 months. This tendency is becoming worse globally.

In 2013 the *Earth Overshoot Day* fell on the 20th of August: this was the date when humanity exhausted nature's budget for the year. This means that from this day until the end of the year, for 133 days we were consuming next year's resources. Presently humanity would need 1,5 Earths, and if we make no

change, by 2050 not even 2 planets worth of living space will be enough to satisfy the global population's needs.

Grundfos has continuously been reducing its environmental load since 2008, thus taking an active role in global sustainability!

# Reduce footprint

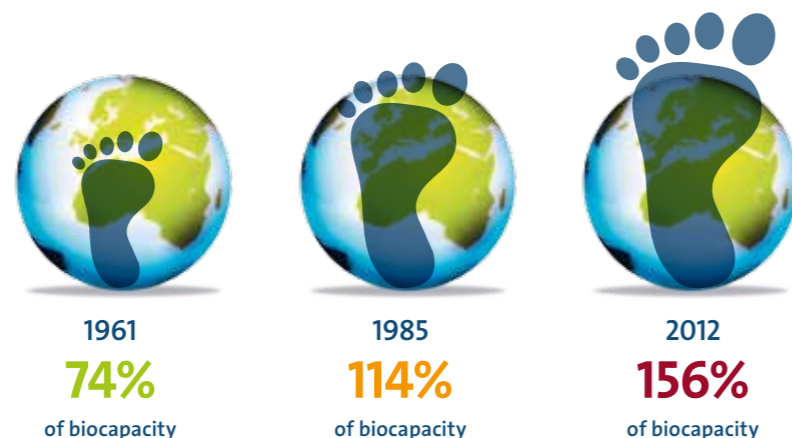


► Environmental  
Footprint



## Overstepping ourselves

As our Ecological Footprint continues to exceed Earth's biocapacity, we overdraw from our future.



## Environmental management

For the tracking and permanent development of our environmental performance, we introduced the Environmental Management System (EMS) based on ISO 14001 standard in our plants from 2004 on. The basis of environmental management is the analysis of environmental factors and their impacts. For transparency within the company, the company's Group Sustainability department has created a common tool with which all Grundfos companies can carry out their environmental impact assessment in a uniform format and approach.

Comprising the development of environmental policy and the formulation of goals, the planning process is based on this impact assessment. The next step is the realisation of the goals, implementation, followed by inspection and performance evaluation. The last stage of the process involves revealing possible shortcomings, followed by the formulation of new plans. The reduction of environmental factors and the conscious, sustainable use of resources are part of the Grundfos company strategy.

The ISO 50001:2011 standard defines the requirements for the introduction and continuous development of the energy management system, and provides guidance for their implementation. It prescribes the establishment of an energy policy, the identification of the significant areas of energy consumption as well as the determination of energy management targets and programs, the realisation of action plans. The system expects a continuous reduction of energy use, thus supporting the strategic objectives of Grundfos related to sustainability.

## Environmental management

### ENERGY USE

One of the most important elements of the fight against climate change is the reduction of energy consumption in manufacturing and the replacement of fossil fuels.

In all the plants of GMH, the metering of electricity and gas consumption is done by remote monitoring; therefore, we always have up-to-date information. The data are registered and archived, and can be accessed any time.

Despite the fact that the increasing production volume resulted in a yearly increase in the related energy demand since 2008, we managed to keep electricity consumption near the planned levels, and even with the launch of the GMH4 plant, it has not increased drastically.

Energy conservation has been a priority when designing our GMH4 plant. The building's wall structure has excellent thermal insulation, its average heat transfer coefficient is  $U = 0.20 \text{ W/m}^2\text{K}$ , which is way below the threshold value. The state-of-the-art glazing ( $U_g = 1.00 \text{ W/m}^2\text{K}$ ) further reduces cooling and heating needs. The reduction of energy consumption is further assisted by the following features:

- ▶ sunlight-controlled external shading against dazzling and overheating,
- ▶ high efficiency condensing boiler with 1.4MW output,
- ▶ cross flow plate heat exchangers for efficient heat recovery,
- ▶ air conditioners with excellent coefficient of performance (COP 5,1),
- ▶ CO<sub>2</sub> sensor controlled fresh air supply for optimal indoor air,
- ▶ presence- and sunlight controlled efficient lighting with T5 and LED light sources.

	2008	2009	2010	2011	2012	2013
Electricity (GJ)	80 125	64 955	74 308	78 584	78 260	82 253
Gas (GJ)	48 168	42 674	47 527	46 806	43 564	47 366
Total energy consumption (GJ)	128 293	107 629	121 835	125 390	121 825	129 618

## MOTOR AND PUMP REPLACEMENT PROJECT

"Not only do we motivate our clients to improve their energy efficiency with state-of-the-art pumps and motors, but we take the same path ourselves. In recent years, Grundfos has launched its own motor- and pump replacement program, the goal of which is to replace outdated motors in our own factories with modern, energy saving models. Owing to the in-house replacements, Grundfos is presently saving 7 559 880 kWh per year, which is equivalent to the consumption of 1780 family houses, but this number is expected to double when the program is fully carried out. The project's status can be continuously monitored on the company's internal communication interface.

GMH was the first after the Danish company (GBJ) participating in the Motor & Pump Replacement Project, which will prospectively result in 1 640 000 kWh/year (5-8%) energy conservation and approx. 555 t/year CO<sub>2</sub> emission reduction.

On the level of GMH, we are presently boasting 573 500 kWh electricity and 194 tons CO<sub>2</sub> emission savings."

MOTOR AND PUMP REPLACEMENT PROJECT SUMMARY  
GMH JANUARY 2012 - DECEMBER 2013

	Replaced pumps (pcs)	Yearly savings (EUR)	Yearly savings (kWh)	CO <sub>2</sub> emission reduction (tons)
Total	35	53 200	532 010	180

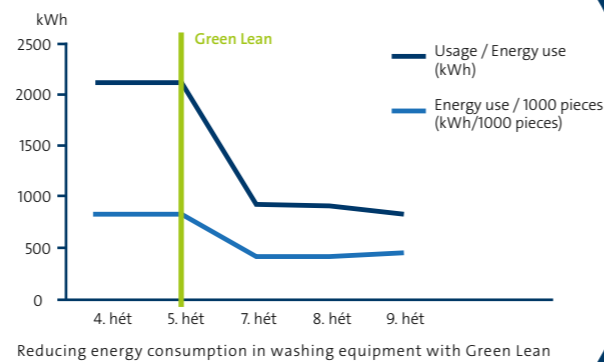


**Bálint Pozsonyi,**  
Environmental coordinator

## GREEN LEAN

"In 2013 GMH hosted the company group's EHS conference. Group Sustainability's energy conservation project, *Green Lean* made its debut at the event. The goal of the project is to assess the manufacturing equipment used in production according to a given inspection list and classify them in terms of energy use. Wherever we find improper settings, wasteful use or faults causing energy loss, we ordain measures to be taken for repair or modification. In many cases, energy waste can be reduced without any physical intervention, simply by revising and rationalising the given manufacturing process (e.g. shorter process stages, better utilization). This way, the optimised processes and equipment use much less energy, resulting in cost savings and reduction of CO<sub>2</sub> emission.

During our first pilot project we revised a washing device, continuously measuring the machine's energy consumption before and after the interventions. With smaller modifications (e.g. reducing washing and drying temperatures) and by reducing run times without load, we achieved ~30% reduction of electricity consumption, which means 13.3 t CO<sub>2</sub>-emission and 1.22 million HUF savings in a year. Further results can be achieved by changing the washing agent, increasing the efficiency of oil removal, optimising washing water exchange, etc. Our long-term goal is to include all GMH washing equipment in the project. According to estimates, this can result in a total of 470 000 kWh energy conservation, 153.2 t CO<sub>2</sub>-emission reduction and 14.1 million HUF cost savings. Once the project is complete, we will apply for the *Future Now Award* announced by Group Sustainability."



## WATER MANAGEMENT

We also have major goals in terms of reducing our water consumption. The undertaking of our water management strategy launched in 2013 is to achieve a 25% decrease by 2018 and a 50% decrease by 2025 compared to our 2008 data. This field has much more and harder tasks in store than the reduction of energy consumption. We have organised valuable actions, such as the tap aerator

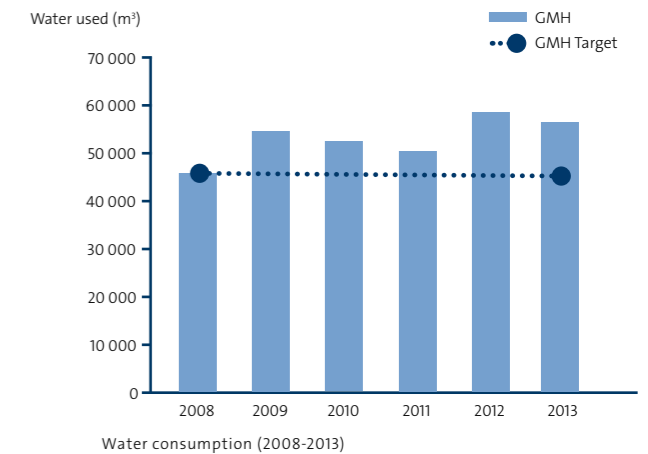
replacement project, rainwater collection and utilisation in the cooling towers and testers of our Székesfehérvár site, but these solutions are not enough for reaching that smashing success which we need to fulfil our objectives.

Presently we are working on assembling a strong project team with the participation of the company group and GMH. We have promising plans, still under feasibility study.

Such plans include:

- ▶ Process water recovery from the oil interceptor in Tatabánya
- ▶ Reduction of CED dye water consumption
- ▶ Rainwater collection and technological utilisation
- ▶ Reduction of water consumption via sewage treatment

WATER CONSUMED	2008	2009	2010	2011	2012	2013
Mains water (m <sup>3</sup> )	46 727	40 945	50 759	44 136	51 196	53 449
Well water (m <sup>3</sup> )	–	13 100	1 949	6 599	6 901	2 899
Total (m <sup>3</sup> )	46 727	54 045	52 708	50 735	58 097	56 348
Out of this water evaporating through cooling towers and water used for irrigation (m <sup>3</sup> )	10 183	4 771	10 054	4 515	5 537	3 500



**Mónika Bucsi,**  
Environmental Coordinator

## TAP AERATORS

GMH also joined the initiative throughout which traditional tap filters in Grundfos plants were replaced with water saving tap aerators.

The operating principle of tap aerators is that they mix water outflow with air, thus considerably reducing water consumption, but not the sensation of water flow rate.

During the action we replaced altogether 600 tap aerators in GMH, resulting in approx. 1200 m<sup>3</sup> conservation yearly.

## GMH4 GREY WATER SYSTEM

"Having built the GMH4 plant, since 2013 we have the opportunity to collect and utilise precipitation from the roof of the production hall. For this purpose we have designed an underground rainwater tank of 50 x 6 m base area and 1200 m<sup>3</sup> volume, into which rainwater is collected following mechanical filtration. The grey water thus collected is then used for toilet flushing, irrigation, tester refill and in cooling towers."



**Zoltán Zsolt Ferenczi, Facility Specialist**

## HAZARDOUS MATERIALS MANAGEMENT

We devote special attention to minimising environmental load resulting from production processes. Our products are manufactured from lead-free materials and comply with WEEE, RoHS, REACH and other national and EU environmental standards.

For the proper regulation of this area, we have assembled a Chemical Management Team with the participation of environmental and work safety experts, whose task is the supervision of production processes. The goal is that processes be carried out in keeping with international and Hungarian regulations regarding chemical substances, and that we establish a unified approach.

In order to achieve unified regulation, Group Sustainability has compiled a list of banned substances containing all the components that are unwanted in the chemical substances and products used at Grundfos owing to the

environmental and health hazards they pose. It is our common goal that materials containing banned substances should not get into the production process, and that all chemical products be registered in our hazardous material registry, which is the basis of all internal reports and authority notifications. The cooperation of our employees is indispensable for this, because sustainable hazardous material management can only be achieved through collective endeavour and appropriate approach.

## WASTE MANAGEMENT

Waste, created during production, gets collected already at the locations of its generation, separated by material type, and thus prepared for transportation. As a result of last year's shift of approach and change of partners in our waste management, as well as the development of our system, at present, at least 96% of our waste materials is passed on for recycling. Therefore, each year approximately 3 360 tons out of 3 500

tons of non-hazardous production waste are recycled, resulting in significant environmental and economic advantage.

There is considerable change regarding the fate of the remaining 4% as well: presently, none of GMH's production waste goes to dump sites, so we do not contribute to the otherwise rapidly growing waste accumulation.

The non-selectively collected production waste is subsequently separated at the site of our "mixed waste" recycling partner, as a result of which approx. 40% of this waste is selected for recycling. The fractions that cannot be further separated are transformed into RDF (refuse derived fuel), which will be utilised in energy production.

With our new waste management partner (Éltex Kft.), our common goal is to achieve "zero deposited waste", that is to have all of our production-related waste recycled in some way.

GMH TYPES OF WASTE	TREATMENT METHOD	2008	2009	2010	2011	2012	2013
NON-HAZARDOUS WASTE							
Packaging material	recycling	709	455	448	764	716	651
Other recyclable waste	recycling	731	508	572	890	193	364
Technological metal waste	recycling	1470	1161	1620	1755	2264	2140
Deposited waste	recycling	160	123	155	165	167	101
TOTAL		3070	2247	2795	3574	3340	3256
HAZARDOUS WASTE							
Technological waste	incineration or recycling	131	65	63	71	63	64
Emulsion waste	recycling	222	277	247	140	215	263
Sewage treatment waste	recycling	46	59	23	31	67	110
TOTAL		399	401	333	242	345	437

## FUTURE CHALLENGE: „END OF LINE” METHOD

We hear more and more about the advantages of "continuous production", since this is one of the basic principles of the Lean philosophy. Unfortunately less is said about the fact that continuous production should ideally be supported by continuous material flow. This stands for raw material as well as waste and scrap materials. GMH is preparing to take a step forward in the field of waste and scrap materials, when we plan to optimise waste collection islands, increase the frequency of

emptying them, and pass on their operation to a subcontractor. The End of Line method means that GMH commissions a subcontractor with the entire vertical process of waste management as a service from the operation of waste collection islands through transporting the waste from the islands to recycling.

## COMMUNAL WASTE COMPACTION

As of 2013, all of our sites compact loose structured waste (cardboard, foil, etc.) into bales with special waste compactors. Thus, instead of daily waste transport, a weekly

or bi-weekly turn is enough, considerably reducing the CO<sub>2</sub> emissions of transportation, while increasing the economic profit gained from waste.

In 2014 we are planning to move even further in the field of communal waste compaction. Further savings can be achieved by compacting solid kitchen waste. The required technology is available, and the reduction of yearly transportation costs will recover the cost of the necessary compacting equipment.

# WORKPLACE

To attract the best people to work with us, we need to create an attractive workplace. A workplace with a well-functioning and positive physical and mental environment where our people feel respected and are able to perform at their best.

As we take care of our people, safety, health and well-being of employees is in focus. We have ambitious goals, and we want to create a safety first mind-set to ensure zero injuries and absence related to injuries.

Creating a workplace which promotes diversity also includes encouraging an inclusive workforce and taking care of those with special needs.



**Value  
everyone**



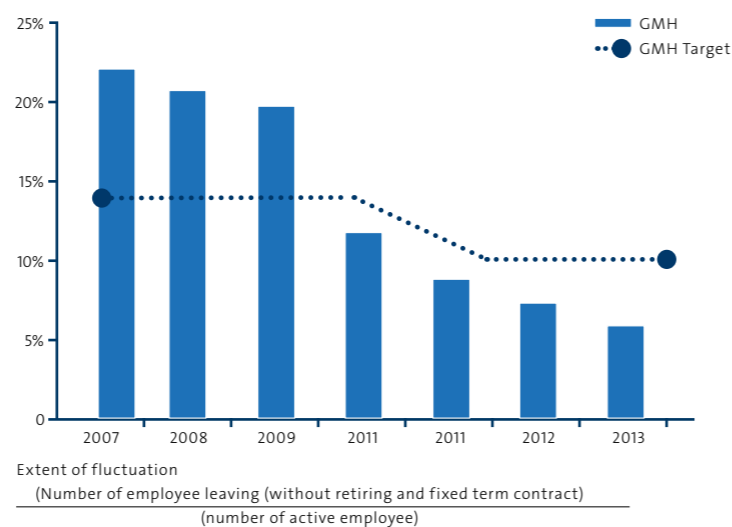
► Workplace

## Employment

The number of our company's staff has been growing year by year in the past period, while we kept in view that we have to maintain our productivity. We are proud regarding both Tatabánya and Székesfehérvár that as an attractive employer, we were able to satisfy our growing staff demand without any problems in the labour market concerned. In fact, when selecting candidates, we take into account the ratio of men and women, and we endeavour to provide opportunities for those with disabilities both in blue- and white collar positions. A new process is now part of our company's life: in the second half of 2013 a decision was made that as a responsible employer, we would resolve unpredictable changes to the order book by leasing employees. We have marked jobs where we can employ contractors with rapid training and low competency need, while being able to keep our fix staff number in long term.

Due to our recruitment principles and practice, and our competitive system of wages and benefits, our fluctuation results improved greatly in the last years. We place a lot of emphasis on exploring the reasons behind fluctuation, therefore, all employees, who intend to leave (and even their managers), are interviewed about the case. The voluntary and involuntary fluctuation of blue-collar employees are monitored separately, and have their own key indicators.

		2009	2010	2011	2012	2013
Total	Total (FTE)	1592	1820	1898	1886	1982
	All people including inactive staff	1750	1980	2043	2032	2158
	Total (person)	1621	1860	1947	1929	2028
	Leased workforce				4	28
Category	White collar	356	365	375	413	445
	Blue collar	1265	1495	1572	1516	1583
Work time	Full time	1562	1778	1848	1837	1936
	Part time	59	82	99	92	92
Contract	Fixed-term contract	31	207	55	27	33
	Indefinite term contract	1590	1653	1892	1902	1995
Gender	Male	979	1138	1175	1165	1263
	Female	642	722	868	764	765
	Employee with disability	58	81	95	89	98



## EMPLOYING WORKERS WITH DISABILITIES

Since its foundation, Grundfos has been supporting the employment and health rehabilitation of employees with reduced work capacity. It is defined for the production companies of the Group that 3% of the total headcount has to be composed of employees with reduced work capacity. Our plants in Hungary are entirely barrier-free.

Our exemplary rehabilitation employment model won the recognition "Disability-friendly Workplace" in 2011, 2012 and 2013.



▶ DFW short film (HUN)

- ▶ We have established contact with more than 30 organisations; with NGOs in relation with collaboration in recruitment and with other businesses in order to share the good practices. A number of manufacturing companies were curious about our rehabilitation employment practice
- ▶ in hope of passing on the good example, we want to keep the department open for visit and welcome anyone for consultation,
- ▶ we have invited altogether eight students writing their thesis or completing internship in the field of employing people with reduced work capacity.
- ▶ We have disseminated our good practice through media channels with the help of our partners:
  - ▶ we have appeared in printed press more than ten times,
  - ▶ four television channels have made on-site reports about us, the programs Opportunity on M1, Colleague on Duna Tv, and the News in Tatabánya Tv and Fehérvár Tv.

## Wages and benefits

With the separation of *Employee Performance Dialogue* (EPD) and *Employee Development Dialogue* (EDD), the system of benefits got a new foundation, with a clearer relation between performance and benefits packages. This is supported by the group-level endeavour to have a uniform evaluation of job descriptions. The two processes are an indispensable condition for all local Grundfos companies to be able to offer a competitive benefits package to talents.

The global objective of Grundfos is to offer competitive wages in its sector. Moreover, in addition, we offer such benefits packages and corporate culture that make our company attractive to skilled and graduate talents alike.

### CAFETERIA SYSTEM

In order to increase the flexibility of fringe benefits, we introduced the cafeteria system in January 2013, containing all components allowed by law. In the scope of the system, each employee can choose which benefits they wish to receive to the extent of the sum allocated to them.

## Fringe benefits

### 2012

health fund  
teambuilding trainings  
study contract  
schooling allowance  
Santa Claus package  
Christmas party  
Christmas package  
5-year anniversary celebration  
10-year anniversary celebration  
funeral aid  
benefits provided by Workers Council  
"SZÉP" card  
pension fund  
trainings  
meal allowance  
local transport pass  
family day  
insurance

### 2013 added

Erzsébet voucher  
sport and culture voucher  
14% of local commuting pass or ticket



#### EMPLOYEE ADVOCACY

Employee advocacy is realised on many levels in the life of the company and the company group. Uniquely, in 2012, a vote was held at the request of Danish employees whether there should be employee advocacy in the board of directors of the owner Poul Due Jensen Foundation and the Grundfos Group. More than 60% of the staff voted yes, so since then, seven employee representatives can participate in the meetings of the two boards of directors. Representatives selected by further voting can take four seats in the Poul Due Jensen Foundation's board of directors: two from Danish companies, two others from other European affiliates, while the board of directors of the company group offers three seats, two to Danish employees and one from another European country. We are proud that all three seats reserved for non-Danish employees at the first elections were won by Hungarian employees, two of whom are GMH's staff members.

The Works Council has commenced already its third term in the life of GMH. In cooperation with work safety representatives and the Vasas Workers' Union, the council has been successful in carrying out its most important task – employee interest representation.

### Employee satisfaction survey

Employee commitment has always been held in high esteem by Grundfos. Consequently, GMH measures itself year by year: in 2012 ENNOVA conducted a survey amongst the subsidiaries of the Grundfos Group and in 2013 we participated in Best Employer Survey carried out by Aon Hewitt on a national level.

In the 2012 ENNOVA survey we have achieved a 78% commitment result, that is an extraordinary result even amongst the members of the Grundfos Group.

The Council is endowed with the rights of commenting and decision making by labour regulations, thus it serves as a useful and efficient information channel between the employer and the employees. Our company spends a significant amount of money on employee benefits. A part of these allowances (e.g. discount on various leisure activities) is distributed by the Council. By paying a reduced contribution, our employees can go to gym, playing football, fishing, swimming or even theatre. The members discuss the problems, opinions and ideas of employees every month. The standpoints and opinions are then presented to the management. The reports of the sessions are published on info boards.

The Workers Council is also involved in the Operational Agreement, that applies to all employee and regulates the employment related rights and responsibilities.

#### HEALTHY EMPLOYEES

In 2012, GMH won a non-repayable grant in the scope of the TÁMOP 6.1.2. competition for a training and awareness program for production workers in the topics of healthy nutrition, workplace safety and sporty lifestyle. In the scope of the application we

announced a team competition in which 11 teams participated with more than 90 members. During the program, participating employees could take part in a health day, lectures and team activities.

To serve healthy lifestyle and the preservation of balance between work and private life, both sites feature sporting facilities. In Székesfehérvár at the GMH4 plant and in Tatabánya at the outbuilding of the GMH1 plant, completed in 2013, employees with a desire to do sports are welcomed by a gym, a fitness salon, spinning and squash courts. Between the two factory buildings in Tatabánya, a grass football field gives place to the football championship typically held during family days.

In 2013 Grundfos joined the *Dr. Card program* of the Municipality of Tatabánya. In the scope of this, each employee received a Dr. Card health card and we donated another 3000 cards to the city so that they can provide them to the population for free. The card contains basic personal information regarding the owner's health condition, helping the work of paramedics, and in certain situations it may save lives.

"We would like to encourage our employees to think independently. When our employees control their own goals and careers, we are certain that they will raise their own motivational levels. A balanced and happy employee means that together we are easily able to achieve the goals set by the company, and we are confident that this will lead to Grundfos successes."



**Anita Ildikó Urbán, HR Director**

In order to be able to maintain our levels of great success and even improve them, our plans for 2014 include the Employee Ambassador Program, in the course of which teams comprising volunteer employees make our workplace into a place where we feel happy and motivated to come to work. We do all of this in order to make collective progress in the following fields through employee engagement and empowerment:

- ▶ we spread the news about positive changes within the company,
- ▶ we collectively change processes pointed out by the employees,
- ▶ we further raise the good mood,

- ▶ we bring the management and production workers closer to each other,
- ▶ we help new staff members adjust easier.

In order to increase employee commitment, facilitate the flow of information and last, but not least, to facilitate informal dialogue between managers and workers, we have introduced the "Have a coffee with the management" meetings. In the scope of the yearly trainings, participating employees get to have coffee with the managing director, the plant director and the HR director. On this occasion they are free to ask questions regarding the company, may give feedback and form their opinions.

#### OUR PLANS

Grundfos has reached the age in Hungary, when more and more employees retire from us. Also, 80-90 employees are presently at home with their babies. Our plans for the future include making use of the possibilities offered by our new community buildings, and devoting more attention to our pensioners and young mothers and fathers, to have them invited to our major events, such as the family day, and to ensure club activities and meeting opportunities for them.

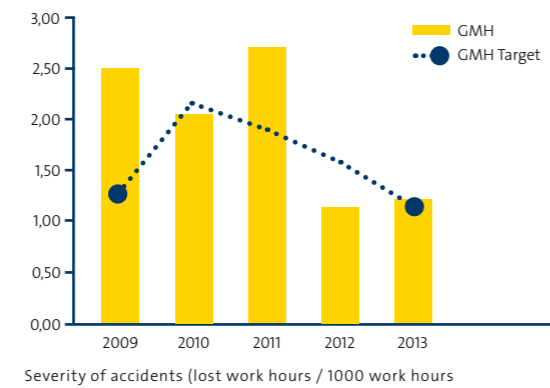
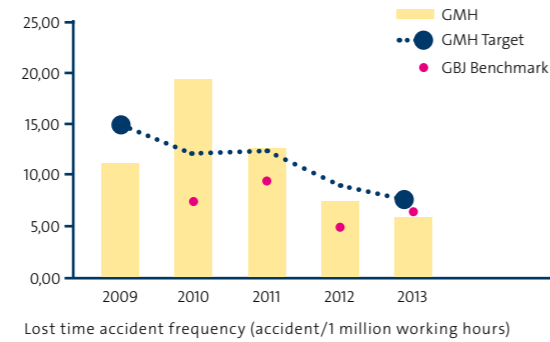
## Work safety

Grundfos Manufacturing Hungary Ltd. considers its employees' health protection as high priority. Beyond compliance with relevant regulations, we make extra efforts to increase the occupational safety standard in order to protect our employees and maintain their health condition.

For the continuous monitoring of occupational hazards as well as improvement of safety, after OHSAS certification was obtained in 2008 we were able to further improve and certify an already effectively operating system in 2009. During the certification process in 2011 it was confirmed that the system is really able to operate successfully and to increase the occupational safety standards – the number of workplace accidents had dramatically decreased.

By the introduction of the management system, we acquired useful daily practices which will hopefully result in long-term accident decline. The frequency of accidents causing sick leaves also indicates a decreasing trend compared to previous years.

Since the first years of the company, our employees elect occupational safety representatives. The management of GMH has regular dialogue with the members of the Works Council and safety representatives in order to decrease the risks of accidents. For the purpose of risk reduction, the representatives are also involved in the investigation of accidents and the discussion of preventive steps to be taken in order to avoid similar accidents. The safety representatives are also involved in the selection of individual protective equipment in order for workers to receive tailored protective gear that is comfortable for everyday wear.



Conceived in 2011, the so-called safety wall was put up in all three plants in the first half of 2012. Thanks to the wall, our workers get up-to-date information about the work safety conditions, events, accident measures of the company. The wall also features an LCD screen displaying work safety educational videos.

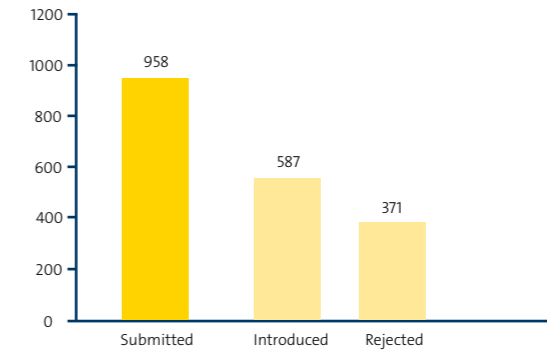
In 2013 we created a uniform risk assessment process on the group level, which is now compulsory for all Grundfos plants over the world. With this system, production plants can collectively improve and unify good practices, as now all companies speak a common language in terms of work safety.

As a result of the GSE (Grundfos Shopfloor Excellence) processes, the development of process related work instructions is now complete, their introduction and implementation is a task for the following years. The new measures aid the work of production workers in a more detailed, visualised format, with special attention to the integration of work safety regulations. GMH has recognised the enormous role education plays in the improvement of work safety standards. Since 2013, the dissemination of information takes place not only in the scope of education of new recruits, but all of our new employees receive a work safety manual containing the main safety rules.

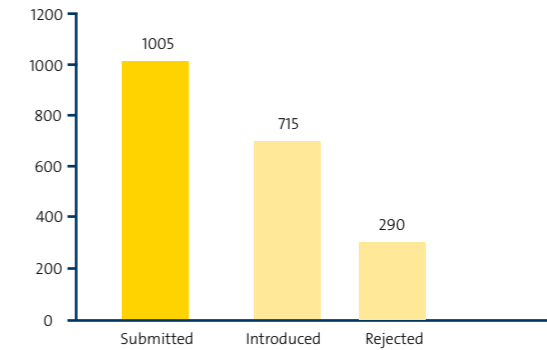
The years 2012-2013 testify that our employees do require safe working conditions. This is also indicated by the number of work safety kaizens (development proposals) from past years, the realisation of which is a priority at the decision making level as well.

In 2013 GMH hosted the company group's EHS (Environmental Health and Safety) conference. The decisions and regulations made at the conference include the aforementioned "blacklist" and the application of the unified risk assessment process, which have come into effect in all companies.

GMH LEVEL 2012



GMH LEVEL 2013



Number of submitted and introduced work safety development proposals





» page 60 – 71



# COMMUNITY

We wish to improve our positive impact in the communities where we operate and we want to engage with our stakeholders locally and regionally.

With the focus area 'Community' we have ambitious goals and our aim is to create shared value by supporting community development projects which make a positive difference for the people, the environment and Grundfos.

**Be a good neighbour** 



► Community



## Social Investment Policy

In keeping with our company's strategy, in 2012 we made it our objective to think over and define the goals and areas of focus in the field of social investments. The collective term social investment refers to all activities that we do for the society (e.g. for our employees, their families, the local community, the civil sphere and local associations).

This includes:

- ▶ pecuniary donations (classic charity),
- ▶ material donations with brand logo or from external source,
- ▶ pump donations,
- ▶ provision of human (knowledge and time) and physical resources, e.g. volunteer work,
- ▶ cooperation and partnership with other (civil, non-profit) organisations, sponsoring events, groups, programs focusing on the local community.

Based on our policy, we have defined the following areas of focus:

**Strengthening and supporting local communities**

**Assistance in education (higher and secondary)**

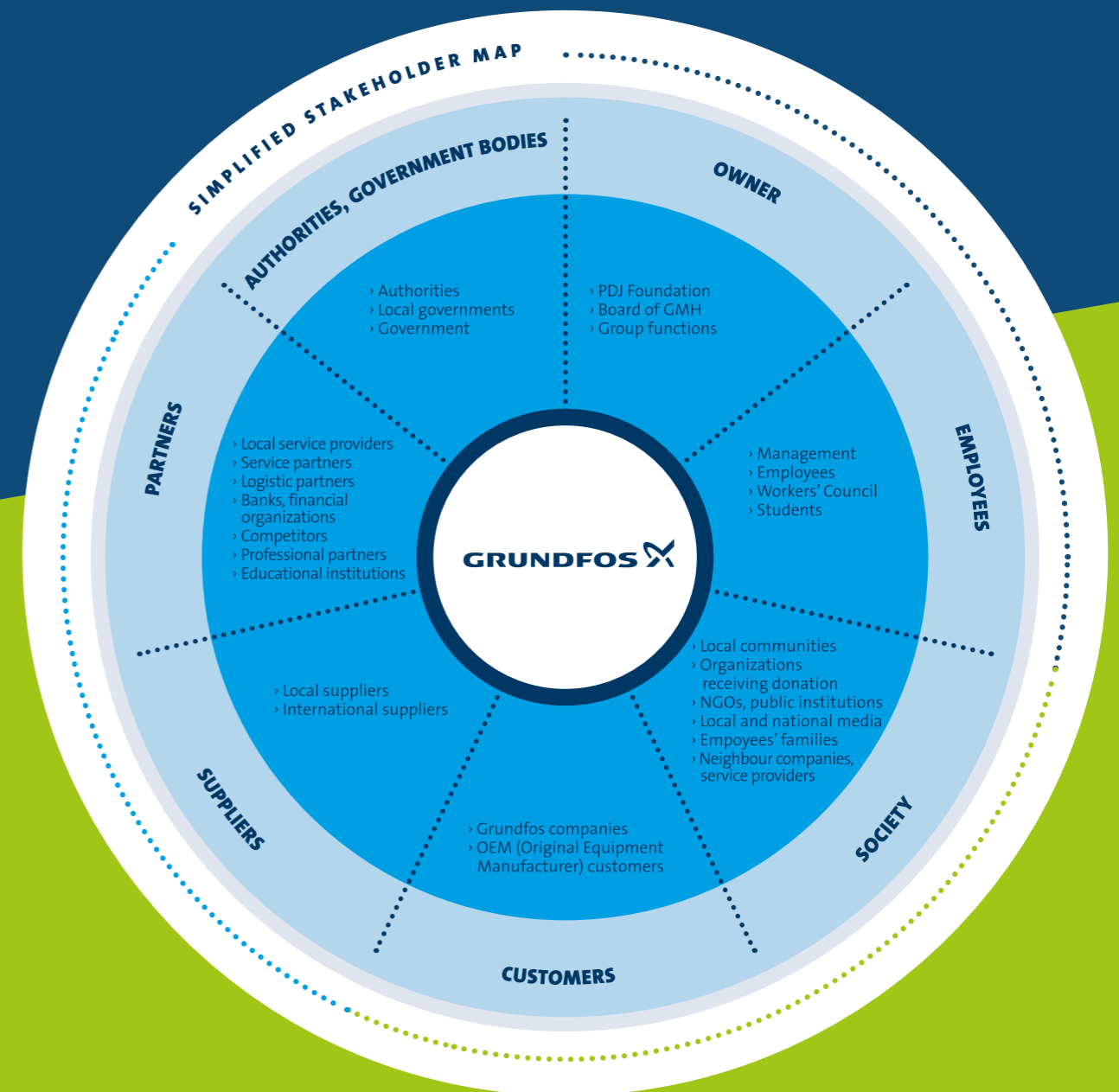
**Popularisation of technical and scientific careers among secondary school students.**

We revise our stakeholder map on a yearly basis. While interpreting the stakeholder roles, the dependence-influence-effect relations between GMH and the given stakeholders are taken into account. From the map of stakeholders presented in the diagram, our colleagues, customers, suppliers, local communities, non-governmental organizations and the authorities are the most important ones for us.

## Our stakeholders

## GRUNDFOS SOCIAL INVESTMENTS POLICY

Grundfos contributes to making the settlements in its vicinity liveable and attractive to technical talents and committed workers by offering workplaces and helps the development of communities. Grundfos is known as an economically, environmentally and socially responsible company.



## Support and enhancement of local communities

Grundfos regularly gives pecuniary donations to various NGOs and public organisations. In 2012-2013 the company distributed altogether 5 953 000 HUF among organisations in need of donations. Additionally, in the scope of the "1% campaign" during the time of personal income tax reports, we compiled a brochure for our employees, in which we collected the demo materials of organisations requiring donations in 2012 to help our employees allocate 1% of their taxes.

Besides pecuniary donations, we also offered volunteer work in 2012. In the scope of their team building training, our D&E staff members painted the fence and playground of the *Táncsics Mihály Elementary School* in Székesfehérvár. Our participation in charity football championships has become a tradition over the years.

In the scope of the *Concordia project* in the end of 2011, we had the opportunity to replace old computers and laptops with new, more up-to-date laptops. Part of our used IT

equipment was purchased by our employees at a discount, the rest was offered to institutions in need. Schools, kindergartens and various foundations across Tatabánya and Székesfehérvár received our computer, monitor and printer donations.

It has become a tradition that surplus Santa Claus and Christmas packages are handed out to children and families in need with the help of different organisations in early January.

## WE HAVE ORGANISED A NUMBER OF ACTIONS IN WHICH OUR EMPLOYEES WERE A GREAT HELP:

- ▶ On the *International Day for the Eradication of Poverty*, on October 17th 2012, we published an announcement asking for donations from our employees in the form of foodstuffs. We collected altogether 144kg of food in donations. It was distributed to 25 families in crisis, in Tatabánya by the *TTKT ESZI Tatabányai Családsegítő Szolgálat* and the *Mosolygós Gyermekekért Alapítvány*, in Székesfehérvár by the *SZÉNA Egyesület a Családokért*.
- ▶ In another action in 2012 related to handing out Christmas packages, we provided an opportunity for our employees to submit and exchange unwanted toys. We expected that there would be toys left in the basket. The surplus toys left in the Tatabánya plants were passed on to the "*Children for children*" movement operating under the

local municipality, thus making 450 kindergarten, primary- and secondary school children happier. The remaining toys at the Székesfehérvár plant were sent to the *SZÉNA Egyesület*, who gave our donation to the neediest children at the Christmas celebration of big families living in the city.

▶ In December 2013 we joined the *Shoebox action*. Our staff was very active, they collected 150 shoeboxes full of toys. The gift packages were submitted at collection points in Tatabánya and Székesfehérvár, who distributed them among local disadvantaged families, making their Christmas more beautiful.

▶ We also participated in the company group's "*Water for life*" program. In the scope of the project, the active contribution of our employees helped 16 000 people in Kenya get clean water. Together with Eures, GMH employees offered €4067

in donation for helping residents of Kenya. In 2013 the project resettled in Vietnam, where the goal is to supply ten villages with clean drinking water by 2016. In the scope of the Vietnam project, the company group had launched a contest for those who donated in November, offering eight people per prize a study trip in Vietnam. During the campaign, GMH employees collected €565 in donations in less than a month. To our greatest delight, one of the winners was a Hungarian colleague, so Mrs. József Galgán is travelling to Vietnam in February 2015.

## NGOs and public organisations

Mosolygós Gyermekekért Alapítvány Együtt Élünk Egyesület **Ligetsori Óvoda Székesfehérvár**  
 Kölcsey Ferenc Általános Iskola, Kertvárosi ÁMK Csodás Álmodó Gyermekmentő Alapítvány Vizenjárók  
 Gyermek- és Ifjúsági Túra Egyesület Nagycsaládosok Egyesülete Sárberki Általános Iskola Tudástőke  
 Közhasznú Alapítvány Dózsa György Általános Iskola Kandó Alapítvány Magyar Labdarúgó Szövetség  
 Óvárosi Középiskola és Szakiskola Bányász Művelődési Otthon Kertvárosi ÁMK Beszédhibás Gyermek-  
 kért Közalapítvány Dózsakerti Óvoda Tatabánya Óvodásaiért Közalapítvány (kiemelten közhasznú)  
 Hébé Alapítvány a Művészetoktatásért KEM Tehetséggondozó és Léleksegítő Alapítvány Fejér Megyei  
 Szent György Kórház, Székesfehérvári Kórházépület, „Betegápolásért” Alapítvány Bárdos László  
 Gimnázium Forgórózsa Népművészeti Központ Nonprofit Kft. Összefogás Tatabányáért Egyesület  
**MTE SZ Komárom-Esztergom Megyei Szervezet Móri Napsugár Alapítvány Dózsa György Általános**  
**Iskola, premises of Váci Mihály Általános Iskola Ligetsori Óvoda Dúdoló Alapítványa**

Tatabányai Bányász Mazsorett Együttes Együtt a jövőnkért Alapítvány (Bolyai János Általános Iskola)  
 Benedek Elek Általános Iskola és Előkészítő Speciális Szakiskola Gyermekekért Közalapítvány Országos  
 Egyesület a Mosolyért Közhasznú Egyesület FEHÉRVÁR-PÓLÓ Sportegyesület AlizeticsDental Bt. Dózsa  
 György Általános Iskola Gyermekekért Alapítvány **LeanEnterprise Institute** Tatabánya Város Óvodásaiért  
 Nagycsaládosok Egyesülete Sárberki Általános Iskola / Sárberki Minerva Alapítvány Mosolygós  
 Gyermekekért Alapítvány KEM Megyei Tehetséggondozó és Léleksegítő Alapítvány Segítsd meg  
 a Gyermekeket a Kreativitásuk Fejlődésében Alapítvány A Gyermekekért, a 21. Századért Alapítvány  
 (Szt. Borbála Kórház) **Tatabányai Önkormányzat, Magyar Egészség Alapítvány, Dr. Card program**  
**SZÉNA Egyesület a Családokért Magyar Máltai Szeretetszolgálat**

- ▶ **Ligetsori Óvoda Székesfehérvár**  
 Assistance for purchasing developing toys, children's furniture and gym equipment for senior groups at the kindergarten
- ▶ **MTE SZ Komárom-Esztergom Megyei Szervezet**  
 Sponsoring an environmental and energy consciousness educational program ("Energy Club")
- ▶ **LeanEnterprise Institute**  
 Sponsoring the publication of James P. Womack: Gemba Walks on the Lean approach
- ▶ **Tatabányai Önkormányzat, Magyar Egészség Alapítvány, Dr. Card program**  
 Assistance in providing Tatabánya's population with health cards, employees of cooperating companies received health cards free of charge, the ones you found in the 2013 Christmas packages

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**GRUNDFOS EMPLOYER VALUE PROPOSITION**

Water is an essential element of life. Where there is water there is a need for Grundfos, a need for you. We run a responsible and sustainable business with a clear purpose for 2025. We are a trendsetter in water technology and leading the change to reliable and sustainable solutions in premium quality. Our company depends on our people and we provide the opportunity for you to contribute to the development of our products and processes. At Grundfos you can add value on a higher level, improving quality of life by impacting the path we are taking. We are interested in who you are because we believe that diversity drives innovation and growth. We respect people who add value to our life and work at Grundfos. Our owners believe that profit is a means to growth – not a goal in itself and therefore we are re-investing the majority of our profit to guarantee the future stability of

# GRUNDFOS ALL OVER THE WORLD.

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**POPULARIZATION OF TECHNICAL AND SCIENTIFIC CAREERS...**

Developing our employer branding strategy is closely connected to our community involvement. The connection may not be unequivocal at first glance, but technical vocational guidance, talent support, practical training support and development play a crucial role in both. During 2012-2013, involving a number of staff members, we defined what makes Grundfos unique in Hungary, and formulated our employer value proposition.

Our surveys have shown that the name of Grundfos as an employer is little known among skilled and graduate career starters and experts. Those, however, who are familiar with the company's name, speak highly of the company culture, the values represented internally as well as externally, and the engagement of responsibility.

**... IN COLLABORATION WITH EDUCATIONAL INSTITUTIONS**

More and more acknowledged production companies are bringing their operation to Hungary, and in the past years they began establishing research and development departments and knowledge centres. This has considerably increased the demand for talented engineers, especially, electrical and mechanical engineers, as well as experts with technical qualifications, but the number of people opting for such career paths is on the decrease, many of them rather trying their luck abroad.

Therefore, our goal in the past two years has been to demonstrate the career opportunities offered by technical occupations at as many professional events, science popularising events and educational relations as possible, motivating more and more young people to choose this career, while at the same time introducing ourselves, popularising Grundfos and the job and career opportunities available at us.

# Programmes promoting technical sciences



## HIGHER EDUCATION INSTITUTIONS

- BUDAPEST UNIVERSITY OF TECHNOLOGY AND ECONOMICS
- UNIVERSITY OF ÓBUDA
- PANNON UNIVERSITY
- EDUTUS COLLEGE
- CORVINUS UNIVERSITY

- ▶ receiving interns and students writing their thesis
- ▶ renovation of classrooms and labs: BME library, Stokes lab
- ▶ organising factory visits
- ▶ cooperation with colleges for advanced studies
- ▶ Grundfos Competency Academy at Corvinus University
- ▶ university events, career days
- ▶ career expo



## PRIMARY AND SECONDARY SCHOOLS

- ▶ "Hand in hand" program with Bárdos László High School
- ▶ career events Young Europe, World of Work exhibition, Career Expo
- ▶ Scientific-Useful-Human program
- ▶ factory visits



## BROADER SOCIETY

- ▶ "Bridge of Sciences"
- ▶ "Garden of Talents"
- ▶ "Night of Researchers"
- ▶ conferences
- ▶ "Future leaders" program



### GARDEN OF TALENTS AND BRIDGE OF FUTURE

In order for career starting youth to see the opportunities in the profession, it is important that they meet successful researchers, entrepreneurs and representatives of knowledge-intensive industries. From 10AM until 10PM, exhibitors could demonstrate their innovative solutions, their endeavours for a sustainable future at the event, in an interactive and easily understandable way – engaging young and old. Visitors had the opportunity to participate in scientific lectures, spectacular physical experiments. We also presented our energy bicycle at the event. The bicycle demonstrates how renewable resources (solar energy, wind energy and muscle energy) can operate pump systems. This is of great significance in regions where neither drinking water supply, nor an electrical grid is available.



### STOKES LAB – BME – 2013

In 2013 BME opened the renovated and expanded hydraulics and process engineering laboratory of its Department of Building Service Engineering and Process Engineering, sponsored by Grundfos Manufacturing Hungary Ltd. and Grundfos Hungary Ltd. The new laboratory demonstrates a number of service engineering solutions, such as heating and water supply circulation systems, pressure boost, sewage treatment and lifting facilities. New process engineering meters were also installed.



### NIGHT OF RESEARCHERS

The goal of the event was to show the broad public what researchers do during their daily work. The researchers, engineers and experts of Grundfos welcomed visitors in the renovated Stokes lab at BME. Nearly 700 visitors participated in intriguing and interactive lectures, got acquainted with the work of the Grundfos research & development department, the advantages of the Alpha2 and Magna3 pumps, our Water for Life program, the applications of our pumps and our 2020 energy strategy.



### SCIENTIFIC, USEFUL, HUMAN

The goal of the “Scientific, Useful, Human” Talent Scout and Science Popularisation Program is to make secondary school students interested in technical and natural sciences. During the program, representatives of the Center of Scientific Wonders as well as research institutes



► D&E image video

and companies told students about the beauties and challenges of the engineering profession, and how colourful and exciting their career would be if they chose the technical sciences. Grundfos gave presentations in five secondary schools.

### CAREER EXPO

In 2012 and 2013 we participated at career expos at a number of universities in Budapest and in the country, where we could make direct contact with youth looking for internships and first jobs. Our communication strategy at the expo was based on the fact that everyone wants to be part of something big. Therefore, we collected some exciting, internationally famous buildings that operate the Grundfos pumps manufactured by our company and we connected them with such talents who, as Grundfos employees, had successfully contributed to realising these projects.



## STOKES LAB – BUDAPEST UNIVERSITY OF TECHNOLOGY AND ECONOMICS

"Almost two years passed from the conception of the idea to its practical realisation, most of it with planning and getting permits. Besides installing state-of-the-art engineering systems, our goal was to create a work environment for students, researchers and visitors, which is not only aesthetic, but also characteristic of Grundfos."



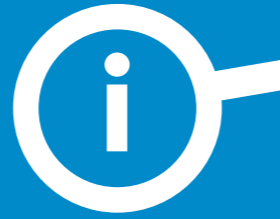
**Zsolt Nyeste, Chief Engineer**

### ORGANIZATIONAL MEMBERSHIPS

Our company has been a member of several professional organizations in order to convey the represented values more consciously. We also aim to improve our knowledge of other member organizations through exchange of experience. Benchmarking data available through organizations provide us opportunity to assess the situation of our company among similar manufacturing companies, giving ground for taking the right directions for development.

GMH is member of the following professional organizations:

- Business Council for Sustainable Development Hungary (BCSDH),
- Hungarian Donors Forum (MAF),
- Joint Venture Association (JVSZ),
- Hungarian Association for Excellence (SZKKE),
- SO 9000 Forum,
- Hungarian National Committee for EOQ,
- KÖVET Association for Sustainable Economies,
- Lean Enterprise Institute Hungary,
- Association of Hungarian Industrial Maintainers (MIKSZ),
- Hungarian Vehicle Engineering Cluster, Benchmarking Club (MAJÁK),
- Hungarian association of Logistics, Purchasing and Inventory Management (MLBKT)
- Hungarian Standards Institute (MSZT)



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The report fulfils the requirements of the GRI G4 Guidelines “core” level.

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#### SUSTAINABILITY REPORT, 2012–2013

Published by Grundfos Manufacturing Hungary Ltd.  
H-2800 Tatabánya, Búzavirág street 14.  
Tel.: +36 34/520-100  
H-8000 Székesfehérvár, Holland alley 15.  
Tel.: +36 22/801-801

[www.grundfos.hu](http://www.grundfos.hu) | [www.grundfos.com](http://www.grundfos.com)

Responsible publisher: **László Török**, General Manager

Reporting period: 2012-2013

Reporting period of recent report: 2010-2011

Thanks to our employees for their contribution to the report!

More information:

**Katalin Urbán**, CSR and Communication Chief Specialist  
e-mail: [kurban@grundfos.com](mailto:kurban@grundfos.com)

Staff, involved in compiling this report:

Tünde Moós Bicsákné, Klaudia Bódi, Mónika Bucsi,  
Zsuzsanna Csengeri, Mihály Farkas, Ágnes Takács Farkasné,  
Mónika Stugner Fülöpné, Gábor Hafner, Dávid Heller,  
Ildikó Orbán Herbertné, Anikó Endes Kifferné, Virág Kiss,  
Péter László, Anikó Bozóky-Szeszich Lökösháziné,  
Zoltán Makai, Balázs Meskó, Zsófia Mikolai,  
Andrea Molnár-Nagy, Krisztián Németh, Zsolt Nyeste,  
Szilárd Papp, Bálint Pozsonyi, Sára Schiffer,  
Anita Schmidt-Szeredi, Károly Simon, Dóra Szepesi,  
Olivér Szundy, Balázs Takács, Dénes Tárkány-Szücs,  
László Török, Tamás Török, Anita Urbán, Katalin Urbán,  
Dóra Závori, Eszter Zsólyomi

Photography & 3D post-production: Krisztina Lahucsky

Proofreading: Anderson Communications Ltd.

Layout, preparation of graphics: Walk! Studio

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