

## About the Report

On the webpage [fenntarthatofejlodes.hu](http://fenntarthatofejlodes.hu) you can visit the Sustainability Report of Grundfos Manufacturing Hungary on 2016. The aim of our report is to show how sustainable development is integrated into the everyday life of Grundfos in a funny and playful way. Join our colleagues for a day!

Our previous reports were all prepared according to the current version of the [GRI](#) Guidelines (Global Reporting Initiative), fulfilling its requirements. This year our primary goal was to provide easy to understand insight to the daily life of the company, and even though we actively used the fresh GRI Standards, full compliance might not be achieved in some instances. Our GRI Index can be found at the end of the “About the Report” pdf.

### Defining report content – material issues

During the process of defining report content, we considered the following aspects and sources of information:

- the result of the study from 2014 prepared for our previous report, where we received feedback from more than 300 colleagues
- sustainability strategy and focus areas of the Grundfos Group
- assessment and evaluation of the “Sustainability Report Work Group” including 10 colleagues
- Grundfos employee motivation survey results, strengths and areas for improvement based on the feedback of the employees
- interest and expectations of our target groups (present and future employees) based on the study made for the employer branding strategy

Based on the above, the “Sustainability Report Work Group” has decided on the four characters of the on-line sustainability report, created the detailed scheme for their work days incorporating the material issues derived from the above.

The four characters:



#### **Gábor, Operations Manager**

Started as a Trainee, than became Production Engineer, Group Leader and finally Operations Manager through the internal career opportunities.

During Gábor’s day you get insight to the following areas:

- introduction of Grundfos Manufacturing Hungary
- strategy and products
- structure of ownership
- employees with special needs
- production excellence (lean)
- health and safety



### **Gergő, Shopfloor Operator**

Gergő has been working at Grundfos for ten years as Operator. During his day you can get insight to the following areas:

- development opportunities
- career
- wages and benefits
- sport opportunities
- events
- communication
- employee representatives (works council)



### **Gerda, Production Engineer**

Gerda has recently returned to Grundfos after her maternity leave. During her day you can get insight to the following areas:

- products
- sustainable product solutions
- cooperation with educational institutions
- social investment: populizing engineering career
- flexible work
- training and development



### **Gellért, Environmental Engineer**

Gellért lives with a small environmental footprint, therefore it is also important for him to work for a responsible company. During his day you can get insight to the following areas:

- energy use
- water use
- waste management
- raising environmental awareness

## GRI Index

<b>Organizational profile</b>		
102-1	Name of the organization	Grundfos Manufacturing Hungary Ltd. (limited liability)
102-2	Activities, brands, products, and services	Electric motors and pumps, in detail in Gerda's day
102-3	Location of headquarters	Hungary, Tatabánya, Búzavirág u. 14.
102-4	Location of operations	Hungary, Tatabánya, Búzavirág u. 14. Hungary, Székesfehérvár, Hollanad fasor 15. Hungary, Biatorbágy, Tulipán park, Huber u. 5.
102-5	Ownership and legal form	Company with limited liability, ownership structure in Gábor's day in the presentation
102-6	Markets served	Resulting from the Group structure our direct customer is Grundfos Operations Europe. Our electric motors are used mostly by other Grundfos factories, our pumps are sold in Europe, Asia, Americas and Africa. Learn more about utilization in Gábor's day.
102-7	Scale of the organization	Gábor's day, presentation
102-8	Information on employees and other workers	Gábor's day, presentation
102-9	Supply chain	Majority of procurement is done through the central procurement company of the Grundfos Group (GCP), remaining part is handled through local procurers. Ratio of domestic suppliers is appr. 25%.
102-10	Significant changes to the organization and its supply chain	Group structure was modified in 2015, a project called FOST. We have reported about that in detail in our previous report.
102-11	Precautionary Principle or approach	Our management systems (ISO9001, ISO14001, OHSAS) and group level procedures support us to regularly assess and handle risks.
102-12	External initiatives	Proud signatory of BCSDH's „Recommendations for Business Leaders” initiative.
102-13	Membership of associations	BCSDH, MAF, MEF, National Association of Maintenance
	<b>Strategy</b>	
102-14	Statement from senior decision-maker	Welcoming words of László Török General Manager
	<b>Ethics and integrity</b>	
102-16	Values, principles, standards, and norms of behavior	Gábor's day, presentation

102-17	Mechanisms for advice and concerns about ethics	Group level anonym hotline. Reports are examined by the Ethics Committee.
	<b>Governance</b>	
102-18	Governance structure	The company is directed by the Executive Group (E-Group), consisting of the General Manager, Plant Directors, HR Director, Supply Chain Director and Technical Director. The basis is the production organization of the four factories, the supporting functions (engineering, planning, quality, EHS etc) join as a matrix organization.
	<b>Stakeholder engagement</b>	
102-40	List of stakeholder groups	Shareholders, employees, customers, suppliers, local communities/local governments, educational institutions
102-41	Collective bargaining agreements	None. The Employee Handbook summarizes employee rights and responsibilities, rules and regulations and benefits. Changes affecting employees are discussed with the Works Council according to the legal regulations.
102-42	Identifying and selecting stakeholders	The Integrated Management System sets the corresponding process.
102-43	Approach to stakeholder engagement	Gergő's day
102-44	Key topics and concerns raised	Defining report content
	Reporting practice	
102-45	Entities included in the consolidated financial statements	Grundfos Manufacturing Hungary
102-46	Defining report content and topic Boundaries	Defining report content All disclosures concern the whole company
102-47	List of material topics	Defining report content
102-48	Restatements of information	None
102-49	Changes in reporting	Biannual until recently. The new reporting strategy required more preparations than anticipated, so this is a three year cycle
102-50	Reporting period	2016
102-51	Date of most recent report	2014
102-52	Reporting cycle	Biannual until recently. The new reporting strategy required more preparations than anticipated, so this is a three year cycle
102-53	Contact point for questions regarding the report	kurban@grundfos.com

102-54	Claims of reporting in accordance with the GRI Standards	Prepared using the GRI standard. Not fully 'in accordance
102-55	GRI content index	
102-56	External assurance	No third party assurance
	<b>Material issues</b>	
	Safety	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Gábor's day
	Development programmes	
404-2	Programs for upgrading employee skills and transition assistance programs	Gábor's day
	Career	
404-3	Percentage of employees receiving regular performance and career development reviews	Gábor's day
	Wages and benefits	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Gábor's day
	Energy use	
302-1	Energy consumption within the organization	Gellért's day
302-4	Reduction of energy consumption	Gellért's day
	Water management	
303-1	Water withdrawal by source	Gellért's day
	Waste management	
306-2	Waste by type and disposal method	Gellért's day
	Community investment, raising environmental awareness	
413-1	Operations with local community engagement, impact assessments, and development programs	Gellért's day Gerda's day
	Sustainable product solutions	

<b>302-5</b>	Reductions in energy requirements of products and services	Gerda's day Gábor's day
	Products	
<b>102-2</b>	Activities, brands, products, and services	Gerda's day
	Strategy and values	
<b>102-16</b>	Values, principles, standards, and norms of behavior	Gábor's day, presentation