

2018

COMMUNICATION ON PROGRESS

Bourns, Inc. first became a member of the UN Global Compact in November 2009 and with its worldwide subsidiaries (collectively hereinafter “Bourns”) continues to embrace the ten basic principals in the areas of human rights, working conditions, the environment and anti-corruption as shown in the following pages.



Statement of Support

As Chairman of the Board and Chief Executive Officer of Bourns, Inc., a family-owned electronics manufacturer, I am pleased to confirm Bourns' abiding support of and commitment to the UN Global Compact.

Bourns, Inc. continues to apply the UN Global Compact ten principles with respect to human rights, labor, the environment and anti-corruption throughout its worldwide organization and is proud to be entering our ninth year as a member of the UN Global Compact.

Sincerely,

BOURNS, INC.



Gordon L. Bourns
Chairman of the Board and
Chief Executive Officer



About Bourns

Bourns, Inc. was founded in 1947 in a garage in Altadena, California by Marlan and Rosemary Bourns. Now, over 70 years later, the company has grown to more than 7,000 employees with fourteen facilities around the world and its headquarters in Riverside, California.

Bourns, Inc.'s original invention, the world's first trimming potentiometer, is still a mainstay of the company though the product line has expanded to include many other products such as precision potentiometers, panel controls, encoders, resistor/capacitor networks, chip resistors/arrays, inductors, transformers, resettable fuses, thyristor-based overvoltage protectors, line feed resistors, gas discharge tubes, telephone station protectors, 5-pin protectors, industrial signal, irrigation and petroleum protectors, CATV coax protectors, signal data protectors, indoor and outdoor POT splitters, network interface devices, and integrated circuits.

Human Rights

- Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2:** Make sure that they are not complicit in human rights abuses.

Bourns supports and respects the protection of internationally proclaimed human rights set forth in the United Nations' Universal Declaration of Human Rights, the International Labor Organization's fundamental conventions and the United Nations Global Compact. We confirm that Bourns has policies and procedures in place to help prevent the abuse of human rights within Bourns' facilities and the Bourns supply chain.

Bourns' Code of Ethics and Conduct (the "Bourns Code") continues to be available to Bourns employees worldwide in eight languages (Chinese, English, French, German, Hungarian, Italian, Japanese and Spanish). On an annual basis, all Bourns employees worldwide are required to confirm their understanding of the Bourns Code and the Bourns Corporate Policy on Anti-Bribery and Anti-Corruption. Additionally, Bourns and its subsidiaries require that suppliers comply with the Bourns Code which may demand higher standards than required by local law.

Pursuant to the California Transparency in Supply Chains Act, Bourns posts a statement on its website which states that direct suppliers are expected to comply with the Bourns Code. The Bourns Code is available in English at: http://www.bourns.com/docs/about-us/bourns_code_of_ethics.pdf.

Labor

- Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4:** The elimination of all forms of forced and compulsory labor;
- Principle 5:** The effective abolition of child labor; and
- Principle 6:** The elimination of discrimination in respect of employment and occupation.

Bourns (Dongguan) Electronics Co., Ltd. (“Bourns Dongguan”) held two employee communication conferences in 2018 to solicit and encourage employee opinions and to allow employees to express their workplace aspirations.

The Bourns Code continues to prohibit discrimination for reasons of age, disability, ethnic origin, gender, race, religion or sexual orientation. Bourns supports the eradication of slavery and human trafficking and the elimination of forced and child labor in violation of international standards, and such criteria are included in the Bourns Code. Consistent with the UN Global Compact initiatives, no Bourns employee is a child laborer and Bourns prohibits non-management Bourns employees from working more than 60 hours per week.

In addition to the Bourns Code, Bourns has a corporate policy that prohibits harassment, discrimination and retaliation against employees. Bourns has maintained an ombudsman program for 29 years to investigate employee complaints. Bourns also continues to provide an Ethics Hotline, which is available in five languages to most Bourns employees worldwide. The hotline provides employees with an anonymous and confidential means to report suspected violations of law, Bourns’ policies, or the Bourns Code (subject to local country restrictions on subject matter reporting). Lastly, certain Bourns facilities continue to offer employee opinion boxes and welfare committee meetings providing employees with a forum to report suspected violations.

In 2018 Bourns published on its website its Statement of Policy and Commitment to Implement North Korea Sanctions which has the goal of stopping North Korea’s exploitation of its citizens as slave laborers. A copy of this policy is available at: https://www.bourns.com/docs/Legal/Statement_of_Policy_and_Committment_to_Implement_North_Korea_Sanctions.

Environment

- Principle 7:** Businesses should support a precautionary approach to environmental challenges;
- Principle 8:** Undertake initiatives to promote greater environmental responsibility; and
- Principle 9:** Encourage the development and diffusion of environmentally friendly technologies.
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As part of Bourns' Environmental, Health & Safety Policy, Bourns regularly reviews its environmental management systems and product lines with a view to waste and energy-use reduction. Bourns considers the potential environmental impact of new products and processes during the design and planning phase. Specifically, in March 2018, Bourns introduced a new series of ultra-low lead content thick film chip resistors which are RoHS compliant (in accordance with RoHS Directive 2015/863, Mar 31, 2015 and Annex.) to encourage Bourns' customers' use of environmentally safe green technologies.

As an ISO 14001 certified company, Bourns strives for continual improvement in its efforts to prevent pollution and minimize waste by aggressively reviewing opportunities for recycling and reuse of materials and taking other sensible measures in these areas.

In June 2018, Trimpot Electronics Limitada ("TEL") was recognized by the Costa Rican Government with the Ecological Blue Flag Award which is given annually to companies for their effort and volunteer work in the pursuit of conservation and development in environmental protection and mitigation of climate change.

More details from Bourns facilities around the world showing how Bourns implements the above listed principles of the Global Compact in Bourns' organization and local communities are provided below.

ENERGY USAGE REDUCTION:

Bourns locations are moving from fluorescent and incandescent lighting to more efficient LED lighting where practical. This change helps reduce the possibility of mercury from fluorescent bulbs entering into the waste stream. Bourns de Mexico, Tijuana has a yearly electricity savings of 203,840 kWh; Bourns (Xiamen) Ltd. (“BXL”) has a yearly electricity savings of 287,263 kWh, and Bourns Electronics (Taiwan) Limited (“BETL”) has saved power consumption of 510,720 kWh per year and carbon emissions of 270.17 tons of CO2 per year.

Additionally in 2018, BXL made the following efforts to optimize energy usage and reduce electricity usage: added a control switch in lighting and air-conditioning systems of various parts of the plant to control usage; installed a solar energy power generation system and a solar energy lighting system on the first floor of the factory facility’s roof; and installed frequency conversion in the central air-conditioning cooling pump and exhaust fan.

After a successful Kaizen event in March 2018, the TEL facility in Costa Rica reduced its energy consumption in the manufacture of PTC terminal subassemblies, saving 112 kWh.

Another great Resin Recycling Process Improvement Kaizen event led the Bourns de Mexico, Tijuana facility to improve the resin recycling process in manufacturing resulting in a 100% reduction in hazardous waste and reducing carbon emissions by 65%.

In 2018, Bourns de Mexico, Chihuahua invested in a new compressor with a more efficient electrical conduction and a solar water heater which will overall lead to reduced energy usage at its facility.

WASTE REDUCTION:

Three Bourns facilities established concrete goals to reduce the use of paper with the following results: Bourns de Mexico, Chihuahua reduced its paper use by 13,000 sheets per year; BXL reduced its paper use by 110,000 sheets per year; and BETL reduced its paper use by 10,000 sheets per year.

Bourns de Mexico, Chihuahua reduced its freight shipments by consolidating raw materials and optimizing loads, and consequently was able to reduce shipments from five per week to three per week, thereby lowering emissions and saving on fuel.

BXL was able to reduce its use of waste water in 2018 by 1,076,064 gallons and its total actual chemical waste by 253.6 gallons.

BOURNS SCRAP REDUCTION KAIZEN HIGHLIGHTS

FACILITY	KAIZEN PROJECT	SCRAP REDUCTION
COSTA RICA	Value Stream Improvement	25%
COSTA RICA	Digi Guard Process Flow Improvements	20%
COSTA RICA	Reduce Scrap Related to Markem Issues	65%
COSTA RICA	Sample Recovery after Solder Reflow Tests	80%
DONGGUAN	CUSTOMER Project	6%
TAIWAN	Pin Improvement	90%
CHIHUAHUA	Reduced Scrap in IC Automatic Cutting Machine	50%

RECYCLING:

Bourns' facility located in Logan, Utah has an active recycling program. Examples include (i) used wooden pallets are gathered for collection to be reconditioned, instead of being disposed into the local trash and land fill; (ii) scrap material from the Bourns tool shop is segregated into steel, aluminum, and used EDM wire for recycling; and (iii) obsolete electronic devices such as computers and monitors, including those employees may bring in from home, are collected for disposal through an electronics recycling company that dismantles the device and takes proper steps to identify like materials for recycling.

Bourns de Mexico, Tijuana also has an employee program allowing employees to bring electronic waste to the facility so it can be responsibly disposed of and/or recycled.

EMISSIONS REDUCTIONS:

In January 2018 the Bourns Kft. plant in Hungary introduced a free bus service to support commuting employees and to reduce emissions and traffic on the roadways. Not only do the employees appreciate the personal savings this service creates for them, but they also enjoy the opportunity to exchange information with colleagues and strengthen team spirit by commuting together.

At the Bourns facility in Riverside, California, electric car charging stations, which are free of charge to employees, were doubled due to numerous employees switching to electric or plug-in hybrid vehicles.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Annually, Bourns employees are required to complete and sign a statement of personal business interests, to help prevent conflicts of interest. As previously stated, Bourns offers a confidential, anonymous hotline which is available in five languages for most Bourns employees worldwide. In addition, Bourns has a corporate policy which addresses anti-bribery and anti-corruption.

Additionally, due to Bourns' growth in Asia over the past few years, Bourns will provide Anti-Bribery and Anti-Corruption training to its employees in that region for greater awareness and reinforcement of Bourns' core values and in September 2018, the Bourns Limited facility in Bedford assisted one of Bourns' major customers in a Corporate Responsibility Audit of one of the Bedford facility's semiconductor assemblers located in the Philippines.

Employee Wellbeing

As part of promoting employee wellbeing, Bourns encourages its worldwide facilities to celebrate local events and milestones. A few samples of these types of celebrations and events are outlined below:

The celebration of Mother's Day is an important event in the Costa Rican and Mexican culture. Accordingly, on August 14, 2018, TEL in Costa Rica celebrated Mother's Day for all the mothers working at the facility by providing food and entertainment for over 300 attendees. The Bourns de Mexico, Tijuana facility recognized its employee mothers the day before Mother's Day (which is May 10) by providing them with a delicious dinner, a small gift, as well as a Mariachi band to brighten the evening along with other entertainment and surprises.

Not to be left out, in June 2018, Bourns de Mexico, Tijuana also celebrated all the plant's fathers with an evening event full of surprises, music and fun.

On September 13, 2017, Bourns de Mexico, Tijuana commemorated the 207th anniversary of the Independence of México. Employees were encouraged to dress in traditional clothing and all enjoyed "Tostilocos," a popular Mexican snack that consists of tortilla chips topped with pork rinds, cucumber, jicama, lime juice, hot sauces, chili powder, salt and cracker nuts.

In Hungary, December 6 is the official day for Santa Clause for those celebrating Christmas. Bourns Kft. in Hungary celebrated this local tradition by inviting all employees to compete in costume competitions and all adults were given a piece of Christmas candy from Santa himself. Later in the afternoon a show called "Let's Wait for Santa" was put on for the employees' children followed by games, music, and more performances, including a visit from Santa with candy for the children.

Bourns plants also make their own traditions by organizing company picnics which promote employee camaraderie and allow employees to interact in a fun and casual manner with each other outside of the work environment.

For 14 years, Bourns Kft. in Hungary has hosted a companywide “Family Day” picnic for employees and their families. In August 2018, 568 people attended Family Day where food, sport and other fun activities and competitions were organized. Additionally, a raffle was held with over 50 prizes awarded during the picnic. Proceeds from the raffle ticket sales were donated to a local charitable foundation – Kreatív Gyermekért.

In November 2017, employees from Bourns Dongguan’s assembly line and QC department enjoyed a picnic in nearby scenic Shije, China.

On July 14, 2018, Bourns de Mexico, Tijuana held its traditional Summer Picnic at Hacienda Santa Dominga, where all plant employees and their families were invited to enjoy a summer day with food and many activities and competitions for the enjoyment of everyone in attendance.

Bourns worldwide facilities encourage physical activity and sports both on and off company premises. Such activity is not only good for employee fitness, but it also cultivates positive relationships and strengthens employee bonds.

Bourns Dongguan held a badminton tournament in August 2017 and a basketball tournament in November 2017.

Bourns Trading (Shanghai) Co., Ltd. (“Bourns Shanghai”) also has a badminton team with 10 members (which is nearly one-third of the entire office staff) who meet once a week at a nearby rented court.

Bourns Asia Pacific, Inc. (“BAPI”) has a variety of sports clubs (jogging clubs, yoga clubs and dancing clubs). The jogging club members usually train in the evenings after work and have participated in several 12K or 21K marathons to-date. When employees compete in such runs, they bring small Bourns flags to promote Bourns during the contests. Some individual jogging club members have also attempted some challenging 42K marathons. Dancing club members practice during break time on Fridays. The dancing classes are led by qualified instructors and the location of the dance classroom is around the corner from the Taipei office. Dance club members have extra energy and smiles after their practice sessions.

In 2018, BXL invested in exercise equipment for employees to use during their free time and organized a companywide walk along the scenic Circular Road of Amoy in which almost 450 employees and their families participated.

Bourns de Mexico, Tijuana also has an employee softball team and sponsors several employee runners’ and cyclists’ participation in local races and competitions.

TEL in Costa Rica is perhaps the most sporting facility that Bourns has. In addition to the men and women's soccer leagues and aerobics and yoga classes offered before and after shifts, in November 2017 a cycling team of TEL employees participated in the Carrera Relevos-Puntarenas CR and the BLT Classic 2017 bicycle races.

Bourns supports on-the-job health education, testing and wellness seminars to help build its employee's knowledge, skills, and positive attitudes about health with the goal of motivating employees to improve and maintain their health, prevent disease, and reduce unhealthy behaviors. A few examples of how Bourns accomplishes this are shown below:

Bourns Shanghai and BAPI provide employees with a free annual health check-up program aimed at physical well-being and disease prevention. Because many of the staff are in sales and often traveling, this check-up is offered on a flexible basis to accommodate all employees.

Bourns Shanghai also provides fresh fruit and herbal tea for all employees in the morning to provide a fresh and healthy start to their working day. On a similar note, BAPI provides slices of lemon or lime to employees without charge.

Bourns Kft. in Ajka, Hungary also places great emphasis on the health of its staff, including the prevention of illness and injuries. This facility provides free flu vaccinations each year for employees. Vaccinations for flu are particularly important as more and more virulent flu strains have been circulating. Two other Bourns facilities, Bourns Limited located in Bedford, England and Bourns de Mexico, Tijuana, also provided free flu immunizations to employees in September 2018 and October 2018, respectively.

In January 2018, as part of the integral Wellness Program for Bourns de Mexico, Tijuana employees, an outside consultant led a stress management workshop for employees based on the practice of mindfulness. The goal of the workshop was to allow employees to monitor their wellbeing, by finding a balance between the physical, mental and social demands to generate personal growth through the awareness of how one moves, feels and responds or reacts to each moment in life.

Bourns de Mexico, Tijuana also offers several disease prevention screenings to its employees free of charge, such as pap smears, prostate antigen testing and HIV testing.

At BXL in 2018, the plant Health Specialist carried out BMI management, blood glucose test and blood pressure monitor for the managers and employees and provided lifestyle counseling and disease prevention advice.

BETL provided regularly scheduled health care seminars over the course of the year. Examples included a lecture in January on the introduction of the disease of gastrointestinal tract, a talk on the prevention of cardiovascular disease in March, AED and CPR training in June, urinary tract health care in August, and liver protection in October.

For most employees, a large part of their waking hours are spent at work which is why it is important that the ergonomics of the workplace be constantly evolving and improving.

In May 2018, BXL demonstrated to its employees a five-minute cervical vertebra care exercise to encourage employees to be concerned about cervical vertebra health and to prevent cervical vertebra disease. BXL encourages employees to do this exercise during their break time each workday.

At the Bourns de Mexico, Chihuahua plant, over 50 ergonomic studies were performed at various work stations with the goal of improving the safety and comfort of employees, avoiding injury and improving the posture of the worker.

Bourns Dongguan also modified work places to protect employee posture and comfort throughout 2018.

Keeping with other Bourns facilities which already have similar rooms for nursing mothers, in March 2018 BETL added a breast-feeding room to give nursing employees privacy and implemented special protocols to protect pregnant employees on the job.

An important part of health care is preventative measures which include employee safety. Below are some examples of how safety is promulgated throughout Bourns facilities worldwide.

In July 2018, over 40 qualified first aid providers at BXL took part in first aid training to review their first-aid knowledge and skills and to help them to better handle the potential challenges they may face in an emergency.

At Bourns de Mexico, Tijuana in November 2017, a safety program “ALTO por tu seguridad” was implemented in the production areas of Molding and Metal Fabrication. Under this program the employees identified potential risks in their work area to increase awareness, strengthen safe work practices, correct reported conditions and reduce accidents. This program is an important part of the plant’s overall goal of zero accidents in 2018.

At Bourns, Inc. in Riverside, California, in keeping up with employee health and emergency procedures, four automated external defibrillators (AEDs) have been placed in four strategic

locations at this facility for emergencies in the event someone is having a sudden cardiac arrest. First Responders have been trained in the use of the AEDs and training was offered to any other Riverside employees who wanted such training. The availability of an AED with a trained user can save a life in the time between the person's cardiac arrest and the arrival of emergency services.

Safety equipment is also an integral part of employee wellness and part of Bourns' continuous improvement goals. In 2018, BETL reduced the size of the diesel oil storage tank for the backup generator from 6,000L to 2,000L and added a seismic sensing system. These actions reduces hazardous materials storage risk and upgrades plant area emergency response time. The plant also added LFL/LEL (Lower Flammable Limit/Lower Explosive Limit) detectors to detect any abnormal operating environment for better risk control.

Community Outreach

Bourns is pleased to actively support its local communities in the countries in which it operates. A few examples of Bourns' community outreach activities in the past twelve months are shown below:

BETL organized two blood donation drives in February and October 2018, respectively. A total of 178 employees donated almost 90 pints of lifesaving blood for the Taiwan Blood Services Foundation for use in local hospitals.

Similarly, Bourns Kft. in Hungary held four blood donation drives in 2018 with more than 140 employees generously donating a total of over 65 liters of blood for the Hungarian Red Cross.

In September 2017 and in June 2018, Bourns de Mexico employees and their families helped clean the beaches of Delegation Playas de Tijuana, thereby minimizing the pollution generated by visitors and encouraging teamwork and environmental responsibility.

A country wide charity fundraiser (Telethon) takes place in Costa Rica annually. In December 2017, TEL employees generously raised and donated over USD \$6,000 to the Costa Rica Telethon, a charity dedicated to the support of El Hospital Nacional de Niños (Children's National Hospital) and other medical centers specializing in pediatric care.

Bourns de Mexico, Tijuana provided support for a local conference on muscular dystrophy in September 2018 and hosted an open house for 400 children in April 2018.

Bourns is particularly supportive of working with local education institutions by encouraging young people to seek education and by providing work opportunities in science and engineering sectors.

In September 2017, TEL in Costa Rica hosted students from a local Technical High School who have limited opportunities for jobs locally because they live and study in rural areas. The students were given a tour of the manufacturing facility and received a hands-on look at how they can apply their knowledge of industrial electronic engineering in a manufacturing

company. TEL also donated a lathe machine to a local technical college for the benefit of the students to use in their course work.

For the eighth year in a row, Bourns Limited in Bedford, England supported the annual Careers Event held in June at Bedford Modern School by speaking to students about careers in engineering, providing advice on the drafting of their resumes, and tips to help prepare for job interviews in the future.

In February 2018, Bourns Kft. in Hungary welcomed students from Bánki Donát Vocational School. The students were able to observe the plant's logistics processes with a short presentation and warehouse visit. A few days later, students of Molnár Gábor Special Vocational School visited the plant as part of their career orientation. During this visit, they were introduced to the various employment opportunities afforded at the plant.

Also, in November 2017 and in March 2018, students from local institutions, Industrial Engineering Career of CETYS University and the University of Technology, Tijuana visited the Bourns de Mexico, Tijuana manufacturing plant to observe and learn about production processes and real-world applications of logistics and quality management systems.

Many Bourns facilities such as Bourns, Inc. facilities in Logan, Utah and in Riverside, California, and Bourns de Mexico facility in Tijuana, have active internship programs in cooperation with local universities to give engineering students the opportunity to work alongside of our engineering team on real life issues. Interns who join Bourns learn how to apply newly studied principles and acquired knowledge on actual projects with the coaching of experienced mentors.

One of Bourns' most time honored educational events is its participation in the Annual STEP Conference in Riverside County California. This event is focused on exciting grade school and high school level students to pursue educations and careers in STEM subjects (Science, Technology, Engineering and Math).

On October 3 and 4, 2018, the Bourns, Inc. headquarters in Riverside, California hosted a total of 5,000 students from fourth grade through high school for the 19th STEP Conference. Coming from all over Riverside and nearby San Bernardino Counties, the students attended one of four half-day sessions, each of which included participating in a fantastic science show conducted by General Atomics, San Diego. During their stay, students could visit over 40 booths showcasing the products, technologies and jobs available from local companies as well as the technical degrees available from the local universities and community colleges. Many Bourns employees and retirees volunteer at this event, helping at display booths and interacting with the students.