

# **UN Global Compact Communication on Progress FY 2018**

## Statement of continued support

Belimo is the global market leader in the development, production and marketing of actuator solutions for controlling heating, ventilation and air conditioning systems. Actuators, control valves and sensors make up the company's core business.

Belimo's aim is to be a trusted partner across the globe for its customers, offering them the added value they expect. Research and market-relevant innovation as well as fast and customized execution are key. Commitment, credibility and reliability characterize the company's behavior.

Belimo delivers more than just products. The company supports its customers with innovative, efficient and energy-optimizing solutions and brings success to both customers and itself. Belimo is close to its customers throughout the world, speaks their language and understands them. Everything Belimo does shall reinforce the customer's conviction that they have chosen the very best.

Belimo is firmly committed to sustainability, as reflected in its values and the code of conduct. This commitment was further strengthened with the signing of the United Nations Global Compact. In doing so, Belimo has undertaken to adopt, support and implement a range of principles within its sphere of influence from the areas of human rights, labor standards, environmental protection and the fight against corruption. These principles are consistent with the values and the code of conduct of Belimo.

I am pleased to confirm that Belimo reaffirms its support of the Ten Principles of the United Nations Global Compact. This Communication on Progress describes the company's actions to integrate the Global Compact and its principles into business strategy, culture and daily operations. Belimo is committed to share this information with its stakeholders using its channels of communication.

A handwritten signature in blue ink, appearing to read "L. van der Haegen".

Lars van der Haegen  
Chief Executive Officer

## Summary of Policy, Actions and Outcomes

The table below summarizes the significant aspects related to the ten principles of the UN Global Compact. More information can be found in the referenced documents which are available for downloading at [www.belimo.com](http://www.belimo.com).

Principle	Policy, Actions and Outcomes	Reference
<b>HUMAN RIGHTS</b>		
<p><b>Principle 1:</b> Businesses should support and respect the protection of internationally proclaimed human rights.</p>	<p>Belimo's values and code of conduct convey the company's key guiding principles and fundamental values. The United Nations Global Compact principles in the area of human rights, labor standards, environmental protection and the fight against corruption are consistent with the values and the code of conduct of Belimo.</p> <p>Belimo is determined to manage its business in compliance with high ethical standards and applicable law. Employees are expected to act accordingly.</p> <p>New employees learn about the values and quality standards during their introduction to the Company. The individual employee's long-term ability to internalize and put those values into practice is also part of the annual employee performance appraisal interview.</p>	<p>-&gt; Annual Report 2018, p. 50</p>
<p><b>Principle 2:</b> Business must make sure that they are not complicit in human rights abuses.</p>	<p>The code of conduct serves as a guideline for day-to-day work. It applies to all Belimo employees worldwide and establishes parameters for ethical business practices.</p> <p>When it comes to environmental and social standards, the Belimo Group is as demanding on its suppliers as it is on its own internal service providers.</p> <p>Belimo expects its suppliers to make a clear commitment to the company's principles in the form of a binding self-declaration. By signing it the supplier undertakes to comply with Belimo's "Code of Conduct – Conduct in the working environment" which addresses corruption, human rights, child labor, health and safety, and environmental protection.</p> <p>The code of conduct for suppliers has been signed by more than 300 suppliers which equates to around 90 percent of the procurement volume.</p> <p>Belimo usually conducts about 30 audits per year, both new and existing suppliers are audited on site. Such audits include a compliance assessment with the code of conduct.</p> <p>In FY 2018 no cases of violation have been registered.</p>	<p>-&gt; Supplier Declaration, <a href="http://www.belimo.com">www.belimo.com</a></p>
<b>LABOR STANDARDS</b>		
<p><b>Principle 3:</b> Businesses should uphold the freedom of association and the effective recognition of the rights to collective bargaining.</p>	<p>Belimo recognizes employees' freedom of association. Members of employee organizations or unions are neither favored nor discriminated.</p>	<p>-&gt; Code of Conduct, <a href="http://www.belimo.com">www.belimo.com</a></p>

<p><b>Principle 4:</b> The elimination of all forms of forced and compulsory labor.</p>	<p>The Belimo code of conduct and the supplier declaration excludes implicitly all forms of forced and compulsory labor. In FY 2018 no cases of violation have been registered.</p>	<p>-&gt; Code of Conduct</p>
<p><b>Principle 5:</b> The effective abolition of child labor.</p>	<p>The Belimo code of conduct and the supplier declaration prohibits child labor. No employees are hired who have not yet reached the minimum age of 15 years. In FY 2018 no cases of violation have been registered.</p>	<p>-&gt; Code of Conduct</p>
<p><b>Principle 6:</b> Eliminate discrimination with respect to employment and occupation.</p>	<p>Belimo promotes equal opportunities and the equal treatment of its employees regardless of the color of their skin, race, nationality, social origin, disability, sexual orientation, political or religious conviction, gender or age. An employment is purely based on professional knowledge and achievement.</p> <p>The success of Belimo is only possible thanks to the shared commitment of its employees. Our workforce encompasses over 100 different nationalities and a wide range of different cultures. The Company is particularly proud of its colleagues with disabilities, who achieve outstanding performance every day and support our manufacturing processes despite difficult conditions. They include members of the Swiss residential and employment center for people with restricted mobility IWAZ in Wetzikon (Switzerland), Sonnhalde in the Zurich Oberland region (Switzerland) and Ability Beyond in Danbury (Connecticut, USA). Our many years of cooperation with these organizations are an established part of corporate culture at Belimo, providing work for more than 100 people. Components for Belimo actuators, valves or sensors are manufactured there. The production division in Hinwil has been running an additional pilot project with IWAZ employees since January 2017, involving assembling, testing and packaging actuators on an assembly line.</p> <p>Belimo conducts worldwide employee surveys every three years. Employees are asked questions anonymously on central workplace subjects such as job content, structures and procedures, collaboration, the Executive Committee, dealing with changes, management by superiors, employee promotion and remuneration. Detailed results will be analyzed by the individual teams around the world and used to implement corresponding actions.</p>	<p>-&gt; Code of Conduct</p> <p>-&gt; Annual Report 2018, p. 50</p>
<p><b>ENVIRONMENT</b></p>		
<p><b>Principle 7:</b> Businesses should support a precautionary approach to environmental challenges.</p>	<p>Environmental protection is embodied in the values, the code of conduct and the supplier declaration.</p> <p>The company strives to use resources sparingly and to avoid the use of materials that place an unnecessary strain on the environment. Belimo is mindful of energy consumption; environmental protection is taken into account in compliance with legal and international standards.</p> <p>The Belimo sites in Hinwil (Switzerland), Danbury (Connecticut, USA), and Sparks (Nevada, USA) apply the international environmental management standard ISO 14001 and also undergo regular audits by the Swiss Association for Quality and Management Systems (SQS).</p> <p>As part of Belimo's internal management reporting environmental performance metrics for water, electricity, heating, and waste used in Danbury and Hinwil are communicated regularly to the Group Executive Committee and published yearly as part of the annual report.</p>	<p>-&gt; Code of Conduct</p> <p>-&gt; Annual Report 2018, p. 41-43</p>

<p><b>Principle 8:</b> Businesses should undertake initiatives to promote greater environmental responsibility.</p>	<p>Ecological aspects are given high priority in the regular review and adjustment of logistics processes. The consolidation of deliveries from suppliers, internal transfers within the Company and direct deliveries to customers reduce transport distances. The switch to a new provider of integrated logistics solutions will lead to further optimization of logistics processes. Standardized reusable packages are increasingly being used for deliveries between Belimo sites, allowing for automatic storage or further processing without any need for repackaging.</p> <p>A new project aims to increase comfort, energy efficiency and safety by means of technical building measures. The integration of Belimo components is intended to increase energy and load transparency. A rough concept was drawn up, and the first stage will be implemented in 2019.</p> <p>The existing photovoltaic plant in Hinwil is being expanded in stages. In 2018, the decision was taken to extend it by a further 464 square meters (5 000 square feet) to a total area of 640 square meters (6890 square feet). The solar project will increase solar power production from 29.3 MWh/year to around 118 MWh/year. 100 percent of the electricity produced is consumed in-house.</p> <p>The loading ramps in Hinwil have been provided with façade cladding, insulation and gates. This has significantly improved the climate in the logistics sector and increased the energy efficiency of the building.</p> <p>The buildings in Danbury and Sparks (USA) as well as Grassobbio (Italy) are certified according to the LEED gold standard for sustainable construction.</p>	<p>-&gt; Annual Report 2018, p. 42-43</p>
<p><b>Principle 9:</b> Businesses should encourage the development and diffusion of environmentally friendly technologies.</p>	<p>Belimo strives to design products that contribute to increased energy efficiency in its customer's applications.</p> <p>Environmental responsibility at Belimo already starts with product design. The focus is on a sustainable and eco-efficient product development process that takes into account the entire useful life and customers' compliance requirements. This means optimization of used materials, taking into account the recognized guidelines and standards, minimum power consumption of the actuators during operation, increased service life due to the application of state-of-the-art technologies as well as low pollution levels during disposal. The optimization of current products leads to some considerable material and energy savings during production.</p> <p>As part of the company-wide CESIM (Comfort, Energy, Safety, Installation and Maintenance) method approach for developing products and solution concepts in the field of building technology, the various customer segments and partners are involved in the development process at an early stage. This allows Belimo, together with its stakeholders, to find and verify innovative approaches and ideas.</p> <p>With its customer-oriented method CESIM, Belimo focuses, among other things, on greater comfort and energy savings and, with smart devices, ensures both optimum indoor air quality and higher energy efficiency. In addition, the method guarantees safety for people and animals as well as protection of property while ensuring easy installation and commissioning of its products with low maintenance requirements. In 2018, numerous employees worldwide were trained in CESIM.</p>	<p>-&gt; Mission, <a href="http://www.belimo.com">www.belimo.com</a></p> <p>-&gt; Annual Report 2018, p. 41</p>

	<p>Innovative Application Solutions ensure a solution benefit for Belimo customers for optimum operation of HVAC systems:</p> <ul style="list-style-type: none"> <li>• Precise measurement of room climate and energy flows using Belimo sensors</li> <li>• Minimum power consumption of Belimo actuators for all applications</li> <li>• Prevention of circulation losses in water applications thanks to tight-closing characterized control valve technology and fast reactions of Belimo actuators when opening and closing</li> <li>• Increased plant efficiency through intelligent use of actuator and sensor technology. Examples are the Belimo Energy Valve™ or the ZIP Economizer™</li> <li>• Simplified installation of actuators for variable volumetric flows thanks to preconfiguration in the Belimo Cloud and subsequent commissioning via smartphone</li> <li>• Easier maintenance and automatic operational optimization thanks to cloud connections</li> </ul> <p>For more details about Belimo's innovative solutions reference is made to the annual report or <a href="http://www.belimo.com">www.belimo.com</a>.</p> <p>The enormous savings potential in the building sector has prompted legislators worldwide to continuously adapt the standards and laws on indoor air quality and efficiency of HVAC systems. Belimo actively participates to shape these changes and constantly further develops building technology. The Company is an active member of numerous professional associations including REHVA (Federation of European Heating, Ventilation and Air Conditioning Associations) and ASHRAE (American Society of Heating, Refrigerating and Air-Conditioning Engineers). These organizations aim to develop sustainable, energy-efficient building technology and corresponding standards.</p>	
<b>ANTI-CORRUPTION</b>		
<p><b>Principle 10:</b> Businesses should work against corruption in all its forms, including extortion and bribery.</p>	<p>Corruption and bribery of any kind are not tolerated, nor is it permissible to become involved in such acts in any way, including any offers of illegal payments or similar gifts, for the purpose influencing the decision making.</p> <p>In FY 2018 Belimo has not been involved in any legal cases, rulings or other events related to corruption and bribery.</p>	<p>-&gt; Code of Conduct</p>