

UN Global Compact Communication on Progress FY 2019

Statement of continued support

Belimo with its headquarters in Switzerland is the global market leader in the development, production, and sales of field devices for controlling heating, ventilation and air conditioning systems. Sensors, control valves and damper actuators make up the Company's core business.

We offer our customers more value than they expect and more than others can offer. We can only achieve this if our solutions continue to set new market standards and remain one step ahead of the competition. This is why we deliver top performance in everything we do and invest on average 7 percent of sales in research and development. The basis for this leading position is a unique corporate culture based on credibility and trust.

Belimo delivers more than just products. We support our customers with innovative, efficient and energy-optimizing solutions. We are close to our customers throughout the world, we speak their language and we understand them. Everything we do gives customers the continuous reassurance that they have chosen the very best.

Belimo is committed to sustainability and makes this part of its policy. Belimo directly contributes to the Sustainable Development Goals (SDG). By incorporating the UN Global Compact principles into strategies, policies, and procedures, Belimo not only upholds its basic responsibilities to people and the planet, but also sets the stage for the long term success of our industry. The principles in the areas of human rights, labor standards, environmental protection and anti-corruption 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 "Lars 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/sustainability

Principle	Policy, Actions and Outcomes	Reference
HUMAN RIGHTS		
<p>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.</p>	<p>The values and Code of Conduct of Belimo 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.</p> <p>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>Annual Report 2019, page 38</p> <p>Annual Report 2019, page 25</p> <p>Annual Report 2019, page 30 to 31</p>
<p>Principle 2: 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, Belimo 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 has been signed by more than 80 percent of the A-suppliers. These A-suppliers incur 80 percent of the procurement volume.</p> <p>Of its supplier base, about 10 percent are audited every 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 2019 no cases of violation have been registered.</p>	<p>Annual Report 2019, page 38</p> <p>Code of Conduct, Declaration from the Supplier, www.belimo.com</p> <p>Annual Report 2019, page 68 to 71</p>
LABOR STANDARDS		
<p>Principle 3: 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>Code of Conduct of the Belimo Group, www.belimo.com</p>

<p>Principle 4: 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 2019 no cases of violation have been registered.</p>	<p>Code of Conduct</p>
<p>Principle 5: 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 2019 no cases of violation have been registered.</p>	<p>Code of Conduct</p>
<p>Principle 6: 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>Belimo attaches great importance to ensuring that women and men receive equal pay for work of equal value. Special attention is also paid to gender equality in salary adjustments.</p> <p>Moreover, the Company is particularly proud of its integration of people with physical or mental disabilities. Ability Beyond in Danbury (Connecticut, USA), Sonnhalde in the Zurich Oberland region (Switzerland), Foundation Brändi in Willisau (Switzerland) as well as the Swiss residential and employment center for people with restricted mobility (IWAZ) in Switzerland are examples for schemes Belimo is involved in to find gainful employment for individuals with disabilities. Our many years of cooperation with these organizations are an established part of corporate culture at Belimo, providing work for roughly 120 people (approx. 6 percent of workforce). 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 measures.</p>	<p>Code of Conduct Annual Report 2019, page 39</p> <p>Annual Report 2019, page 38 to 39.</p> <p>Annual Report 2019, page 30 to 31.</p>
<p>ENVIRONMENT</p>		
<p>Principle 7: 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), Sparks (Nevada, USA), and Shanghai (China) 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 the Company'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 in the Annual Report.</p>	<p>Code of Conduct</p> <p>Annual Report 2019, page 75</p> <p>Annual Report 2019, page 73 to 74</p>

<p>Principle 8: 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. 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>In 2019, Belimo achieved progress in the area of energy consumption at its premises. In the reporting period, new and highly efficient chillers were installed in the Longus building in Hinwil (Switzerland). Furthermore, the entire building was retrofitted with Belimo Energy Valves™ to improve comfort and increase energy efficiency.</p> <p>Also the solar plant in Hinwil was expanded in the reporting period, increasing solar power production in 2019 from 31 MWh/year to around 61 MWh/year. 100 percent of the electricity produced is consumed in-house. Furthermore, Belimo is going to install a photovoltaic system in Danbury (Connecticut, USA), with a peak output of 900 kW.</p>	<p>Annual Report 2019, page 76</p> <p>Annual Report 2019, page 75</p>
<p>Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.</p>	<p>Optimizing the energy use of buildings offers huge energy savings potential, as buildings are responsible for some 40 percent of worldwide energy consumption and climate-damaging CO₂ emissions. HVAC systems account for 40 percent of all energy used in buildings – research showing that 30 percent thereof is lost due to insufficiently controlled systems. Smart control of HVAC systems has a major impact on the energy efficiency of buildings. With its products, Belimo actively contributes to sustainable development. Exerting leadership in this area also promises to be a competitive advantage for Belimo.</p> <p>The products manufactured by Belimo facilitate application solutions for creating measurable sustainability benefits to save energy in buildings' HVAC systems. With the aim of achieving excellent comfort in buildings and in rooms, these systems consume energy. The HVAC control system, in which Belimo field devices are integrated, is designed to accurately control comfort parameters (temperature, humidity, CO₂ level) but also to operate the HVAC processes in the most energy efficient manner possible. Belimo sets the standard when it comes to energy efficient control components, for example with its low power consumption actuators, tight-closing ball-valves with no leakage or Belimo Energy Valves™ for optimizing thermal energy-flows in buildings.</p> <p>In order to quantify positive energy leverage, Belimo has established a model that assesses the impact of its field devices over their lifecycle in a typical HVAC system.</p> <p>The energy-saving impact of a Belimo valve and actuator is 21 (air-side) to 32 (water-side) times higher than the impact from all input factors, with a weighted average of 24. This results in a net CO₂ prevention impact of 1 068.3 kg CO₂e per valve and actuator over a 15 year lifecycle. For air-side actuators, this value is 1 051.7 kg CO₂e per device. With 5.2 million new air-side actuators and 2.0 million valves and actuators shipped in 2019, these devices will help prevent 7.6 million tons of CO₂e over their coming lifecycle.</p> <p>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>	<p>Mission, www.belimo.com</p> <p>Annual Report 2019, page 58 to 61.</p>

ANTI-CORRUPTION		
<p>Principle 10: 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 2019 Belimo has not been involved in any legal cases, rulings or other events related to corruption and bribery.</p>	<p>Code of Conduct</p>