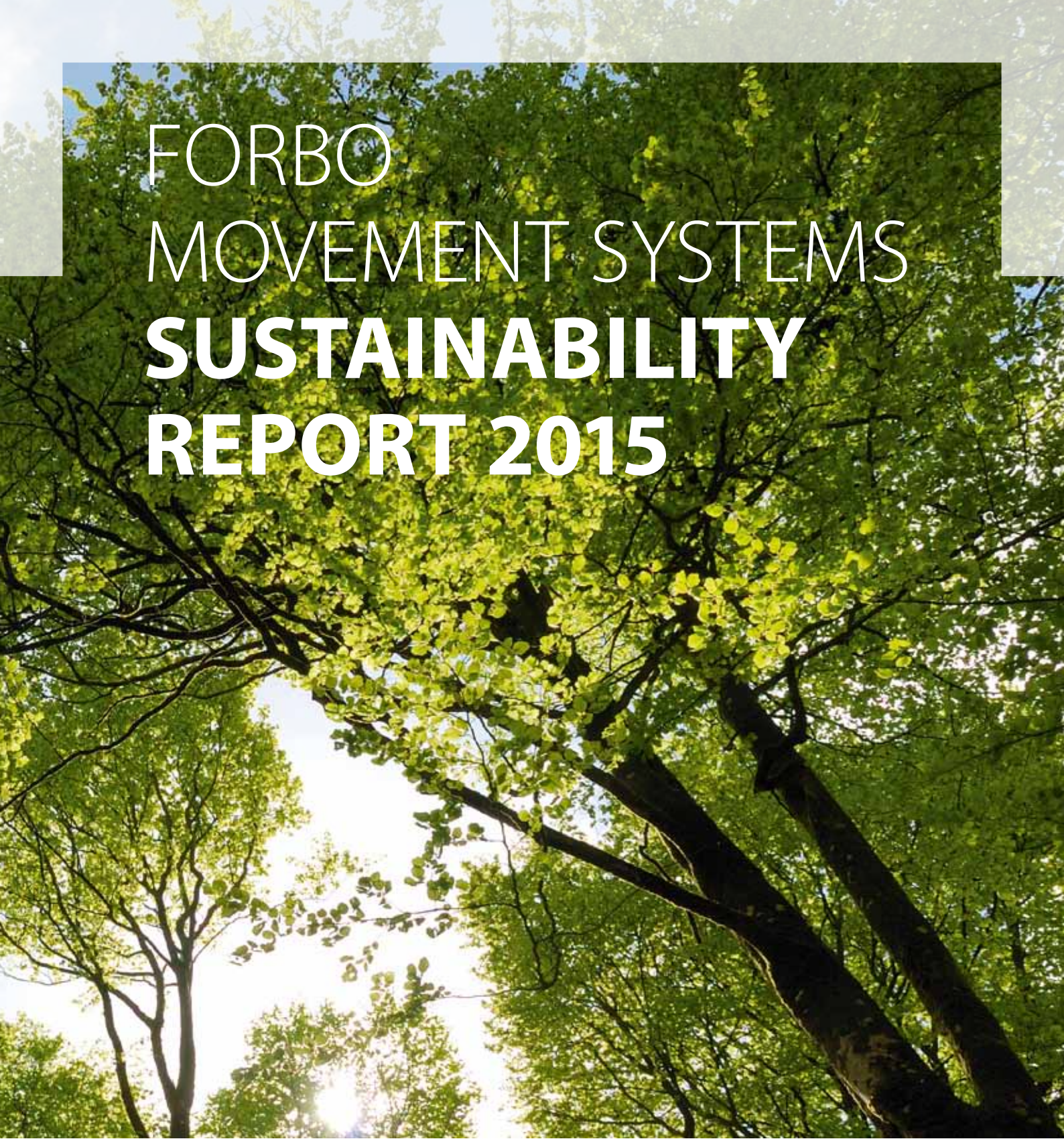
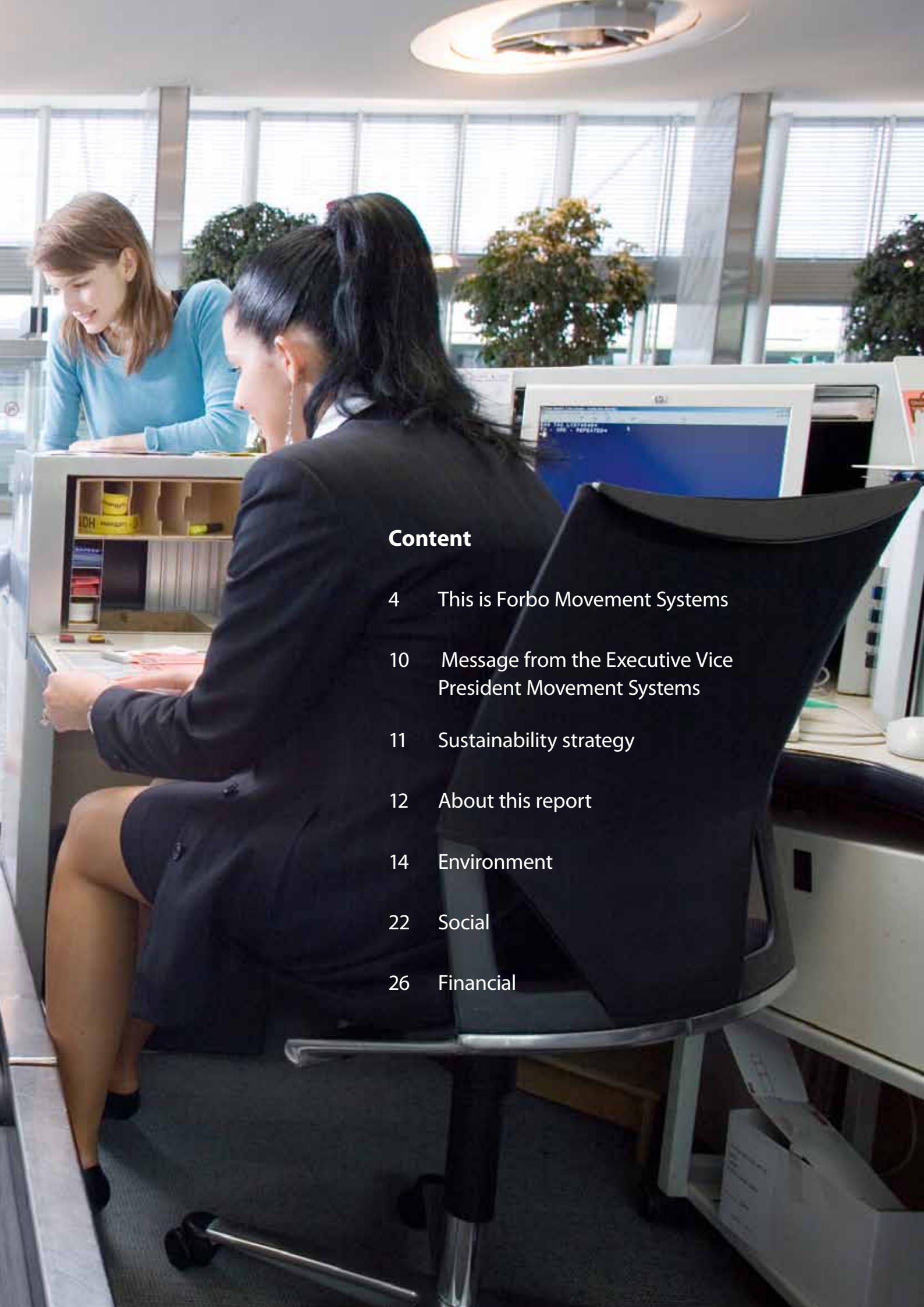


FORBO MOVEMENT SYSTEMS **SUSTAINABILITY REPORT 2015**

Siegling – total belting solutions

forbo MOVEMENT SYSTEMS



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Not always visible, yet present everywhere, Forbo Movement Systems makes sure that your intralogistics and production workflow run smoothly and optimally. Our solutions are characterized by a high level of efficiency, precision and reliability. As an expert partner in the development of industry-specific and future-facing solutions for drives, conveyor systems and manufacturing logistics, our services are in demand all over the world.

THIS IS FORBO MOVEMENT SYSTEMS

Forbo Movement Systems is a division of Forbo Holding AG. The company's headquarters are located in Baar, Switzerland, in the Canton of Zug. The company is listed on the SIX Swiss Exchange. Forbo is a global player whose two divisions, Forbo Flooring Systems and Forbo Movement Systems , serve a wide variety of industries.

The Movement Systems division has risen to a leading position worldwide as a provider of high-quality conveyor and processing belts, plastic modular belts, first-class power transmission belts and both timing and flat belts made of synthetic materials. These belts are used in a wide variety of applications in both industry and commercial enterprises and service companies, for instance as conveyor and processing belts in the food industry, as treadmills in gyms or as flat belts in letter sorting systems.

Movement Systems employs more than 2000 people and has an international network of companies and national branches with materials warehouses and workshops in over 80 countries.

Forbo Movement Systems

- Forbo Siegling Pty. Ltd. (Australia)
- Forbo Siegling Danmark A/S (Denmark)
- Forbo Siegling (UK) Ltd. (United Kingdom)
- Forbo Siegling Italia S.p.A. (Italy)
- Forbo Siegling SDN. BHD. (Malaysia)
- Forbo Siegling Nederland B.V. (Netherlands)
- Forbo Siegling CIS (Russia)
- Forbo Siegling s.r.o. (Slovakia)
- Forbo Siegling (Thailand) Co. Ltd.
- Forbo Siegling, LLC (USA)
- Forbo Siegling Brasil Ltda. (Brazil/50 %)
- Forbo Siegling GmbH (Germany)
- Forbo Siegling Movement Systems India Pvt. Ltd. (India)
- Forbo Siegling Japan Ltd. (Japan)
- Forbo Siegling S.A. de CV. (Mexico)
- Forbo Siegling Austria GmbH (Austria)
- Forbo Siegling Svenska AB (Sweden)
- Forbo Siegling Iberica, S.A.U. (Spain)
- Forbo Siegling Ceská Republika s.r.o. (Czech Republic)
- Forbo Shanghai Co., Ltd. (China)
- Forbo Siegling Chile S.A. (Chile/50 %)
- Forbo Siegling France S.A.S (France)
- PT Forbo Siegling Indonesia (Indonesia)
- Forbo Siegling Canada Corp. (Canada)
- Forbo Siegling Ltd. (New Zealand)
- Forbo Siegling România S.R.L. (Romania)
- Forbo International SA (Switzerland)
- Forbo Korea Ltd. (Korea)
- Forbo Hareket ve Zemin Sistemleri Ticaret Limited Şirketi (Turkey)
- Forbo Siegling (China) Co., Ltd. (China)

Products and market

The increasing globalization of markets requires an innovative approach to production, materials flow and logistics; conveyor belts, processing belts and power transmission belts often play a key role in this process. We keep the world turning with these products. We connect flows of goods and people in factories and supermarkets, in bakeries and airports, at logistics centers, print shops and other facilities.

Our products

siegling transilon®
conveyor and processing belts

… these are multi-layered and fabric-based belts, or belts made from homogeneous materials. They ensure efficient materials flow and economical process flows in all areas of light conveyor technology.

siegling transtex®
conveyor belts

… these are multi-layered, fabric-based belts with a particularly robust construction, and are therefore the preferred solution for use in the heaviest conveyor applications.

siegling extremultus®
flat belts

… these are multi-layered and fabric-based drive belts, or belts made from homogeneous materials. When used as drive and transport elements, they optimize power transmission and numerous production processes.

siegling prolink®
modular belts

… these are plastic modules connected by hinge pins and having various designs. They can often be used to combine conveyor and processing tasks with particularly good results.

siegling proposition®
timing belts

… these are formfitting drive belts made from homogeneous plastics and having various tension members; particularly well-suited for demanding applications involving acceleration, timing and positioning.

Our main markets are

Food industry	Food processing, agriculture and the packaging industry
Logistics, airports	Intralogistics, distribution centers, baggage handling
Industrial production	Automotive, tires, other industries
Raw materials	Building materials, wood and stone
Textile industry	Belts and drive belts for all areas of the textile industry
Pulp and paper industry	Paper processing and letter sorting
Printing industry	Machine belts, folding and carrier belts
Sport and leisure	Treadmills, belts for lift systems and other applications
Tobacco industry	Raw tobacco and cigarette manufacturing

Germany
Production of Siegling
Switzerland
Production of Siegling
USA (Huntersville)
Production of Siegling
Denmark
Production of Siegling Prolink
USA (Charlotte)
Production of Siegling Transtex
China
Production of Siegling
Japan
Production of Siegling Transilon, Siegling Extremultus
Mexico
Production of Siegling
Brazil
Production of Siegling Transilon, Siegling Extremultus

Production sites and sales network

Americas

- Argentina
- Bolivia
- **Brazil**
- **Chile**
- Costa Rica
- Dominican Republic
- Guatemala
- **Canada**
- Colombia
- **Mexico**
- Panama
- Peru
- Puerto Rico
- Uruguay
- **USA**
- Venezuela

Europe and Africa

- Belgium
- Bulgaria
- **Denmark**
- **Germany**
- Estonia
- Finland
- **France**
- Greece
- **UK**
- Ireland
- Iceland
- **Italy**
- Latvia
- Lithuania
- **Netherlands**
- Norway
- **Austria**
- Poland
- Portugal
- **Romania**
- **Russia**
- **Sweden**
- **Switzerland**
- **Slovakia**
- Slovenia
- **Spain**
- **Czech Republic**
- **Turkey**
- Hungary
- Ukraine
- Belarus

- Egypt
- Kenya
- Morocco
- Nigeria
- South Africa
- Tunisia

Asia/Pacific

- Bangladesh
- **China**
- Hong Kong
- **India**
- **Indonesia**
- Iran
- Israel
- **Japan**
- **Malaysia**
- Pakistan
- Philippines
- Sri Lanka
- **South Korea**
- Syria
- Taiwan
- **Thailand**
- UAE
- Vietnam

- **Australia**
- **New Zealand**

■ Production/sales/service center
● Sales/service center

Countries with their own Forbo Siegling companies are indicated in bold.

All current addresses and contact details can be found at www.forbo.com/movement/de

BOTSCHAFT JEAN-MICHEL WINS

Executive Vice President Movement Systems

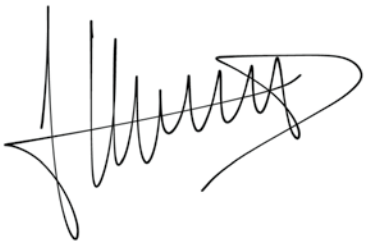
Customers today expect greater transparency. They want to know how companies manufacture their products, who they partner with, what ethical standards they apply and how they manage valuable resources and their workforce. The purpose of this sustainability report is to answer some of these questions. Because in our company, transparency and trust are important conditions for long-term success. And that's our goal.

First and foremost, it's our products that stand for sustainability. Not just in energy-saving Amp Miser, or biodegradable BioBelt conveyor belts, but in all our products we exclusively use high-quality materials, apply the best manufacturing methods and ensure first-class workmanship. Without doubt, these aspects have turned Forbo Movement Systems into a quality leader on the market. Due to their durability alone, our power transmission and conveyor belts are resource-friendly and particularly economical. Although they're actually expendable parts, they often last for years or even decades.

Sustainability also means handling resources responsibly. Our biggest production plant in Hanover (Germany) as well as fabrication center in neighboring Garbsen (Germany) comply with ISO 9001 (quality) and 14011 (environment), as well as BS OHSAS 18001:2007 (health and safety). Furthermore, they have also had EN ISO 50001 certification since 2012. This allows us to employ systematic energy management so that we can quickly spot and put a stop to energy consumption that's too high. To date, the steps taken have generated substantial savings. We gradually plan to certify more sites because sustainable management should not just be a domestic issue.

Sustainability also includes our workforce. In research and development, on the production line, or in offices, it's our workforce that seeks the most efficient solutions for our customers. And it's the workforce that offers customers the most efficient and therefore most sustainable products for the applications concerned. Which is why we train them regularly and also encourage a long productive relationship. Social, ecological and economic aspects govern the way we act. In the interests of people, the environment and our customers. That's a pledge for the future that you can trust.

Jean-Michel Wins
Executive Vice President



FORBO MOVEMENT SYSTEMS' SUSTAINABILITY STRATEGY

We have recognized that global warming and lack of natural resources require a rethinking of our approach in order to better fulfill our obligations to future generations. Responsible stewardship of all resources is therefore a key component of the core values we live by here at Forbo Movement Systems.

We are committed to protecting the environment and to continuously investing in a sustainable future. As a responsible manufacturer and employer, Forbo sets very high standards in terms of health, safety, the environment and quality. Sustainable development and contributing to a better environment are key components of all business activities at Forbo Movement Systems.

Forbo Movement Systems is committed to acting in accordance with the definition of sustainable development as adopted by the United Nations Commission on Sustainable Development (General Assembly Resolution) in 1987.

Under this definition, development is sustainable if it "meets the needs of the present generation without compromising the ability of future generations to meet their own needs and choose their lifestyle."
For the purposes of evaluating and enshrining accountability for these actions, the company's activities are examined from three perspectives by the Global Reporting Initiative (GRI):

The environmental dimension:
How are actions to reduce the environmental impact of the company's processes and products controlled and implemented?

The social dimension:
How are social justice and corporate governance defined and implemented at the company?

The economic dimension:
How does the company position itself as a sustainable operator in the market by harnessing its economic stability and profitability to make continuous improvements?

Forbo Movement Systems fosters sustainable behavior under all three of these headings in that its conduct is guided by the following principles at all times:

- Consideration of sustainability aspects in every business decision we take;
- Regular monitoring and verification of our sustainability performance;
- Commitment to continuous improvements;
- Promoting sustainability throughout our value chain; we expect our suppliers and customers to do the same;
- We make sure that all employees are familiar with our sustainability strategy and that they are committed to the implementation and optimization of it.

ABOUT THIS REPORT

In this initial sustainability report drawn up by Forbo Movement Systems, we wish to make transparent to both the public and to all our stakeholders the way in which we live up to our significant responsibilities to both people and the environment. It draws on the reporting structure laid down by Global Reporting Initiative (GRI) and provides an overview of the environmental, social and economic aspects of corporate governance.

For us the report is not only a means to document our activities, but is also a tool to continuously improve our performance.

The report gives an overview of our sustainability performance through the end of 2015.

Stakeholder involvement
Efficient and continuous involvement by our stakeholders forms the cornerstone of the services we offer as a company and for reporting on our sustainability performance. We have held dialogues with numerous stakeholder groups for many years in order to secure community backing for our business.

Our choice of stakeholders for this dialogue is indicative of the areas on which our daily business has a direct or indirect impact. Due to the impacts of our environmental activities, we also maintain regular exchanges with both local and national environmental protection authorities. The social and economic dimensions of our corporate governance are reflected in our dialogue with trade unions and trade associations.

Our communication with stakeholders comprises a number of different activities:

- Internal stakeholders – regular meetings
- Customers – a variety of feedback programs and surveys
- Regulatory authorities (national, regional and local) – participation on committees and regular exchanges regarding compliance with environmental and safety regulations
- Environmental and non-governmental organizations (NGOs) – meetings, participation on committees and regular contact
- Suppliers – regular meetings and audits
- Unions – constructive cooperation and regular meetings
- Cities and municipalities – participation on committees, open-house days at our production sites, plus participation in charity events and activities at schools
- Trade and industry associations – memberships and collaboration

Report limits

Unless otherwise stated, the environmental data in this report are limited to our nine production sites in Germany, Switzerland, Denmark, the United States, Mexico, Brazil, Japan and China. The report does not contain any environmental data for our worldwide sales offices and warehouse sites in Europe, North and South America, or those in Russia and Asia.

All information on social aspects is related to the production sites and sales and warehouse locations in Germany, whereas economic aspects are reported on a global basis.

The perfect partnership: Hydropower and power transmission belts from Forbo.

Harnessing the power of water consistently is especially simple when using Siegling Extremultus power transmission belts. They boast an efficiency of over 98 % and replace less efficient gear designs at numerous points on the path from running water to the consumer.

THE ENVIRONMENT

COMMITTED TO THE FUTURE

At Forbo Movement Systems, we walk the walk when it comes to responsible environmental stewardship. Our environmental efforts are not limited to mere compliance with the pertinent health, safety and environment regulations. We are committed to ever minimizing both resource consumption in the production process and consumption by the products themselves, while at the same time increasing product utility.

Our resource management is based on continuously improving consumption efficiency, which we achieve by conceiving and systematically implementing measures to optimize the consumption of electricity, gas, oil and water. Another important factor besides continuous energy savings is energy recovery, i.e. harnessing energy freed by the post-combustion system for space heating and/or for power generation purposes. To reduce water consumption and to avoid unnecessary consumption, we focus heavily on closed water cycles. Used water can in many cases be reused in a second production step in order to minimize consumption. Reduction and meaningful recycling of cuttings are always in focus when we pursue kaizen and sustainability initiatives. For instance, in some countries, the edge cuttings of the belts we produce are sold on to other companies for reuse in their production workflow(s). Our sites in North America collect material using filters, which is then processed by external partners as a material for use in their production processes. In some cases, cuttings from plastic modular belts and polyurethane cutting residues are reintroduced into our own new production processes.

Certified environmental management system

In order to secure employee buy-in to environmental protection as a business objective and to systematize our environmental efforts, we have introduced an ISO 14001-certified environmental management system at our key European sites. Its functionality is verified through regular internal and external audits. The Environmental Protection Coordinator reports directly to the Managing Director. We plan to implement similar systems at all production sites in the coming years. Some key ratios collected from around our global operations already show that we are on the right track internationally.

Environmental aspects of production

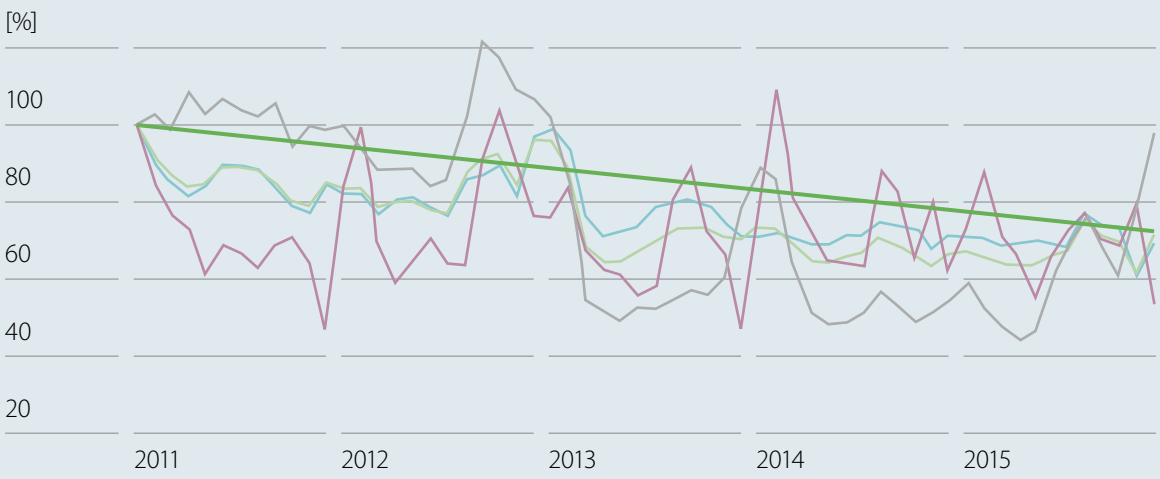
Energy-efficient production

Global consumption statistics for electrical energy are continuously collected and monitored at all production sites and for the various high-volume product groups.

A number of efficiency initiatives, from simple switch-it-off initiatives to the replacement of lamps or devices, are having an effect on the long-term averages.

› 28% reduction in specific energy consumption since 2011

Consumption of electrical energy per unit area of belt material produced



High-volume product groups

Siegling Transilon

Siegling Transtex

Siegling Extremultus

Total high-volume product groups

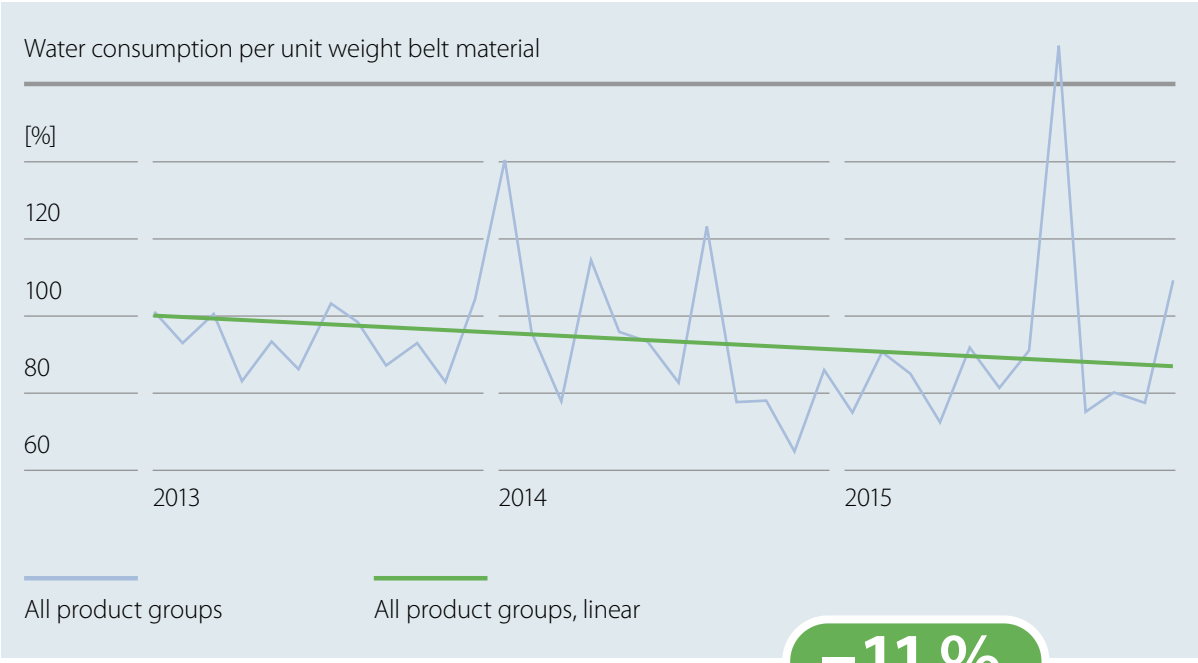
Total high-volume product groups, linear

−28 %

Water consumption

Due to the process we use, very little water is required in the manufacture of our products. Aside from staff consumption, only small quantities are required for cleaning purposes and for the cooling towers. Our monitoring shows a significant reduction from 2013 to 2015

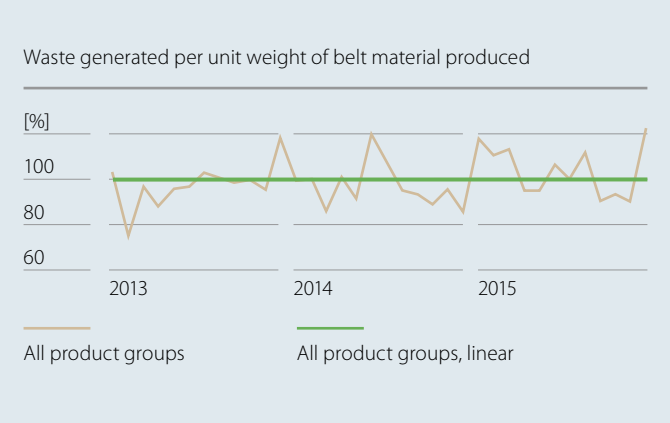
› 11 % savings in specific water consumption since 2013



Waste prevention

Sources of waste are analyzed through a variety of kaizen initiatives, waste prevention programs, or the shop floor management being pursued at the moment, and the volumes produced are then abated accordingly by means of appropriate countermeasures. Unavoidable waste generated by start-up processes or by cutting processes is disposed of in an environmentally sound manner, e.g. using waste-to-energy applications.

› Constant specific waste generated since 2013

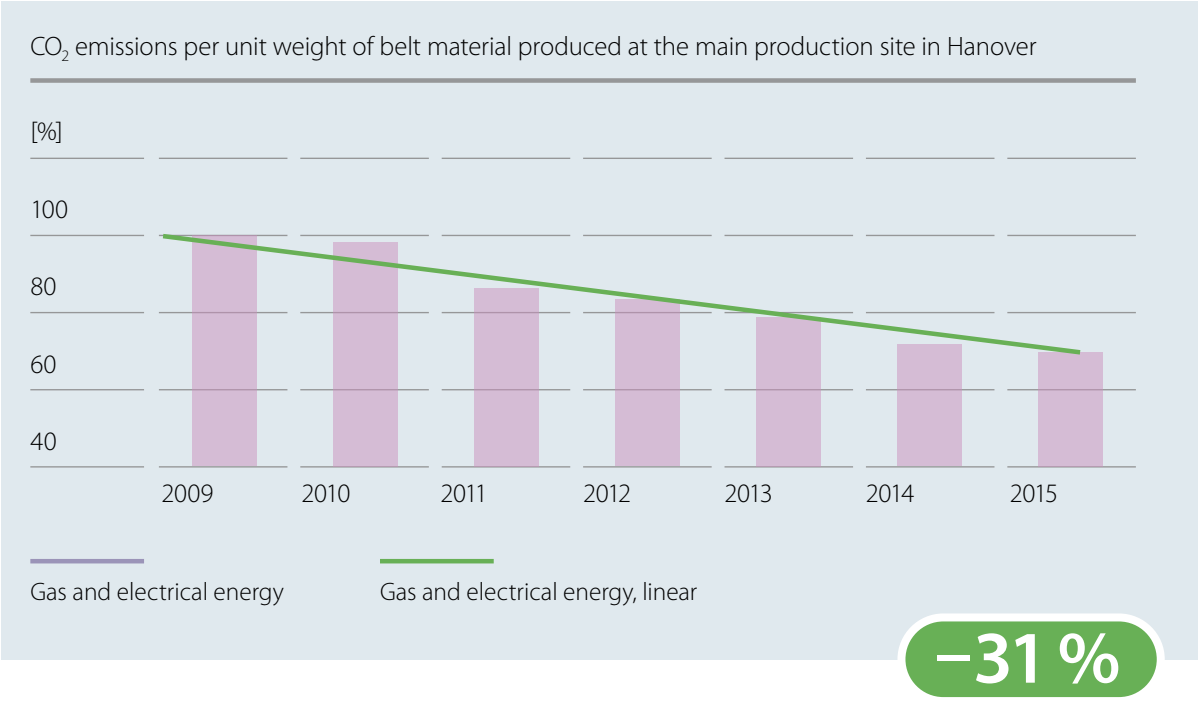


Emission of air pollutants

In addition to electrical energy, the company requires natural gas in particular in order to operate its production facilities.
When planning optimization measures, these consumption quantities are at the forefront of our considerations. Our main production site in Hanover accounts for the greatest consumption quantities.

By pursuing continuous improvements in all units, through energy coupling of exhaust streams and through the separation of exhaust air volumes for combustion or filtration, we are able to significantly reduce energy quantities used, and therefore our CO_2 emissions as well.

› 31 % reduction of specific CO_2 emissions since 2009



Bio Belt™

In our Bio Belt™ conveyor belts, we have largely replaced petroleum-based raw materials and synthetic plastics with renewable raw materials derived from plants. Thanks to the possibility of subsequent biodegradation, these belts even create one of the essential prerequisites for fulfillment of the "Cradle to Cradle" principle.

› the patented alternative to 100 % synthetic belts

Environmental aspects of use

Forbo Movement Systems' conveyor belts and power transmission belts are used in countless applications worldwide. Thanks to their long service life and energy-efficient operation, they have a resource-conserving effect in many of the places where they are used. At the same time, their use frequently facilitates more compact system designs, allowing the systems to be built with less material and energy.

Energy-efficient flat belts

Among other benefits, flat belts are characterized by the considerably greater efficiency that they offer compared to V-belts.

In V-belts, energy losses are caused by flexing action in the material, by edge friction and by other design-related properties.

› Efficiency > 98 % at high drive power

Source: Bundesanstalt für Materialprüfung, Berlin

Amp Miser™ 2.0 –
energy-saving conveyor belts

With its significantly reduced coefficient of friction, the Amp Miser™ 2.0 belt design comes into play at the point where the energy losses of a conveyor system are usually greatest – at the friction pairing between the underside of the belt and the slide table. Equipping the machine side fabric with our patented Texglide results in a sliding layer that provides permanent dry lubricating action, thereby also minimizing energy needs.

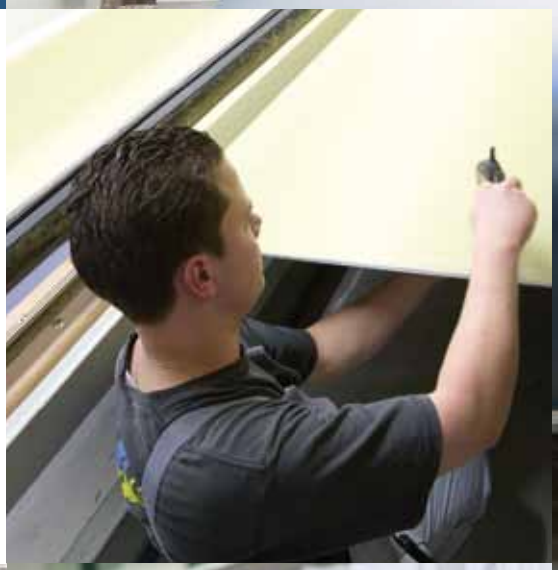
Amp Miser™ 2.0 conveyor belts provide maximum benefit in applications where materials are conveyed continuously and where many belts are in operation: at airports and in logistics or distribution centers. Energy savings of up to 50 % can be demonstrated for the overall plant in applications like these.

› up to 50 % savings in operating power

Energy consumption in real-life operation at a European airport
(single conveyor in the loading condition)

Our most important quality guarantees: Committed employees

At Forbo, fair dealing is part of our corporate culture, and we practice what we preach. It's one of the reasons our products and services consistently achieve such high standards. Quality cannot be ensured by process control alone or by "testing quality into" the product at the end.



SOCIAL

PEOPLE IN FOCUS

Employees at Forbo Movement Systems have a fundamental role to play in determining our company's success. Their health and safety are a valuable asset for us, as are their education and continuing training. Forbo is committed to the fair treatment of all employees, and strives to abide by internationally recognized standards of fairness, honesty and integrity. Not only that, we also strive to make a positive contribution to the welfare of society at large, and to the local communities where our company operates.

Health
Forbo Movement Systems attaches great importance to the health and safety of its employees and of those otherwise affected by the company's business activities or its products. We follow both the letter and the spirit of health and safety regulations everywhere we operate. Humane working conditions are a matter of course at Forbo Movement Systems.

Labor law
Forbo complies with all domestic and international labor laws and conventions. Forbo recognizes the right of employees to join labor unions and similar associations. The representatives of these trade unions or associations are not discriminated against. There is no forced or compulsory labor at Forbo. Employees receive regular employment contracts, their working hours are limited, and they receive appropriate compensation.
Forbo refrains from utilizing any form of child labor.

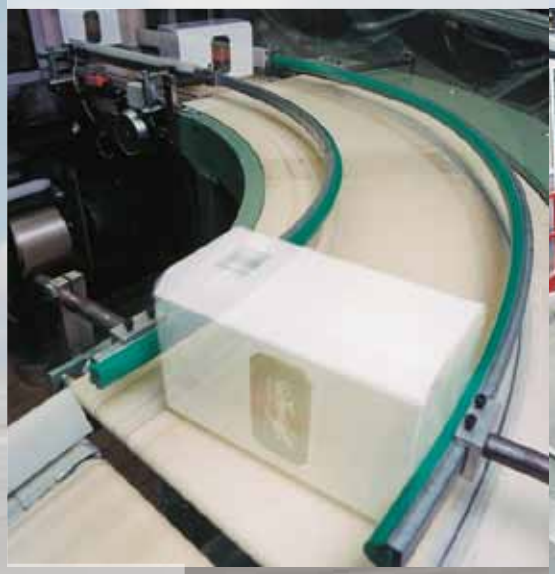
Discrimination and harassment
Forbo is committed to keeping its work environment free from discrimination and harassment. Forbo does not tolerate any form of discrimination based on race, gender, creed, religion, origin, disability, age, sexual orientation, political views or similar personal attributes.

Professional development
Forbo promotes the career advancement of its employees, in particular by offering continuing personnel training, job enrichment, job rotation and continuing education for managers.

The company founded Forbo Movement Systems Academy as part of its human resources development initiative. The Academy teaches both specialized technical knowledge and general skills. Specialized training courses are provided through an e-learning platform to which employees have continuous access. Each training course has the same structure. In addition to a synopsis and the training materials themselves, each course also contains a test that the participant must pass in order to successfully complete the course. The courses are currently offered in five different languages. Working in collaboration with an online language school, in 2015 we launched a successful pilot program to provide training in foreign language skills. This pilot program has now been established on a permanent basis due to popular demand. Additional training sessions are currently being planned.

Innovations at Forbo Movement Systems: Environmentally friendly and economically successful

Consider, for example, Amp Miser™ conveyor belts. In logistical processes where a lot of material needs to be moved, these belts provide up to 50 % savings in energy consumption and CO_2 emissions.



ECONOMICS

ENSURING ECONOMIC SUCCESS

Having a strong economic base is a prerequisite for developing a sustainable organization. We plan to continue building on this base by producing continuous innovations and by optimizing the design, service level, performance, range and quality of our services for all stakeholders. In pursuit of this objective, we will act responsibly and within the framework set by our guidelines for corporate governance, risk and crisis management, our Code of Conduct, and by international laws and regulations.

Business integrity
Forbo Movement Systems stands for values like integrity, honesty and equality in all areas of its business, and expects the same of its business partners – direct and indirect ones alike.

Forbo's Code of Conduct applies to all our employees, and clearly stipulates that the company does not engage in any dubious or corrupt business practices, nor does it tolerate such practices. The Code of Conduct is included in Forbo's training program, in which all employees are required to participate.

Risk assessment and management
Risk assessment and management form an integral part of the organizational processes at Forbo Movement Systems, and are taken into account in all decision-making processes. Periodic risks, financial risks and specific hazards are identified and evaluated internally by third parties. After identifying and evaluating the risks, we apply risk management methods from one or more of the following main categories:

- Avoid (eliminate)
- Reduce (mitigate)
- Spread (outsource or insure)
- Accept (accept and budget)

Power of innovation
Not only does Forbo Movement Systems offer many different kinds of conveyor and drive belts, but its specialist know-how makes it a reliable partner for real solutions, making it an outstanding innovation partner for systems builders and end customers alike. When developing new products, small details often play a decisive role through their interaction with application characteristics and the materials used. We are constantly investing significant resources in expanding our product portfolio and in building specific applications for complex systems.

The Movement Systems Academy has allowed us to strengthen our procedural and product know-how. At the same time, this year we have also introduced forward-thinking, application-specific product innovations with characteristics that add value in our customers' production and logistics workflows across a variety of industries.
These include the new generation of Amp Miser™ conveyor belts, the silicone-free High-Grip and Medium-Grip Extremultus flat belt and the roller-top series at Prolink, to name just a few examples. Our redoubled focus this year on expanding the market penetration of the Extremultus power transmission belt is showing its first signs of success in some markets. In addition, the strategic development of Prolink plastic modular belts is continuing to show strong growth, and has now gained a foothold in the Asia-Pacific region with a compelling product offering

Financial position
Our strong global presence, our solid balance sheet and our consistently implemented strategy allow us to push ahead with our expansion in growth markets.

Siegling – total belting solutions

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MOVEMENT SYSTEMS

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