FORBO MOVEMENT SYSTEMS SUSTAINABILITY REPORT 2020





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Not always obvious at first glance, but Forbo Movement Systems ensures that your intralogistics and production workflows run to perfection. Our solutions are very efficient, precise and reliable. As an expert in the development of industry-specific and futurefacing solutions for drives, conveyor systems and manufacturing logistics, our services are in demand all over the world.



ABOUT FORBO MOVEMENT SYSTEMS

Forbo Movement Systems is a division of the Forbo Group. 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 Forbo Movement Systems division has become a leading global 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.

Forbo Movement Systems employs around 2,300 people. Our international network of branches and service partners means we have warehouses and workshops in over 80 countries.

Forbo Movement Systems

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



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

siegling transtex conveyor belts

siegling extremultus

siegling prolink

modular belts

siegling proposition timing belts

- ... 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.
- ... are multi-layered, fabric-based belts with a particularly robust design, and are therefore the preferred solution for heavy-duty conveying.
- ... are multi-layered and fabric-based power transmission belts, or belts made from homogeneous materials. When used for power transmission and conveying, they optimize power transmission and numerous production processes.
- ... are plastic modules connected by hinge pins and with various designs. They are often ideal for combining conveying and processing.
- ... are form-fit belts made from homogenous plastics and with various tension members; they are perfect for challenging acceleration, timing and positioning processes.

Our main markets are

- Food industry
- Logistics, airports
- Industrial production
- Raw materials
- Textile industry
- Paper industry
- Printing industry
- Sport and leisure
- Tobacco industry

- Food processing, agriculture and packaging sectors
- Intralogistics, distribution centers and baggage sorting
- > Automotive, tires, chemicals, energy, steel- and metalworking industries
- Building materials, wood and stone
- > Yarn manufacturing, nonwovens and textile printing
- > Paper production and processing as well as letter sorting
- Rotary printing, sheet-fed printing, digital printing and post-press
- > Treadmill belts, belts for ski lifts and other leisure activities
- Raw tobacco and cigarette manufacturing



Production sites and sales network

Americas

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

Europe and Africa

- Austria
- Belarus
- Belgium
- Bulgaria
- Czech Republic
- Denmark
- Estonia
- Finland
- France
- Germany
- Greece
- Hungary
- Iceland
- Italy
- Latvia
- Lithuania
- Netherlands
- Norway
- Poland
- Portugal

- Romania
- Russia
- Slovakia
- Slovenia
- Spain
- Sweden
 Switzerland
- Turkey
- UK
- Ukraine
- Egypt
- Kenya
- Morocco
- Nigeria
- South Africa
- Tunisia
- New Zealand

- ▲ Production/sales/service center
- Sales/service center

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

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

Asia/Pacific

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

Australia

MESSAGE FROM MARC DEIMLING

Executive Vice President Movement Systems

Sustainability is a key component of our global corporate strategy and an aspect we're not losing sight of, despite a market shaped by the covid 19 pandemic. In addition to protecting employee health, we are still striving to increase our resource efficiency and improve our products' environmental footprint.



There is no question that Forbo Movement Systems faced enormous challenges during the 2020 financial year. Across the world, we implemented a wide range of measures to protect employee health, while maintaining production and fabrication at the same time, and reorganized the way we stay in contact with our customers.

We succeeded in providing flexible and pragmatic solutions while forging ahead with our commitment to the environment, society and development of our products.

An important aspect in terms of fairness vis à vis our employees is the high standard we maintain internationally regarding our labor standards. As a result, we were able to ensure that our workforce stayed healthy, even during the covid 19 pandemic. We offered flexible shift models, remote working options and took a number of other protective measures to prevent virus hotspots and to continue operating at all our sites. By auditing our production facilities worldwide, we can monitor energy management and environmental aspects during production. From a global standpoint, we have also achieved considerable success in using energy and water efficiently.

The sustainability council, which was set up by management internationally in 2019, started work and prepared a materiality analysis in 2020. The aspects outlined will be implemented and evaluated and indicate what other environmental and sustainability aspects are relevant to our company and its stakeholders.

You can continue to rely on the fact that social, ecological and efficiency-related aspects will continue to drive the way we do business.

Marc Deimling Executive Vice President

FORBO MOVEMENT SYSTEMS' SUSTAINABILITY STRATEGY

In an age of global warming and in which natural resources are becoming increasingly scarce, we stand by our commitment to future generations and recognize the resulting need for action. Which is why treating resources responsibly is one of Movement Systems' fundamental principles.

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.

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?

Movement Systems fosters a sustainable mindset 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 work hard towards implementing and improving it.

ABOUT THIS REPORT

The purpose of this sustainability report from Forbo Movement Systems is to explain to both the public and all our stakeholders how we live up to our responsibility to both people and the environment. It draws on the reporting structure laid down by the Global Reporting Initiative (GRI) and provides an overview of the environmental, social and economic aspects of corporate governance.

The report is not just a way of documenting our activities but also improving our performance on an ongoing basis.

The report provides an overview of our sustainability performance until the end of 2020.

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. Over the years, we have talked to lots of stakeholder groups in order to secure support from the local community for our business.

We pick the stakeholders we talk to based on areas where our operations have a direct or indirect impact. Due to the impact of our environmental activities, we also liaise regularly 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. We communicate with our stakeholders in a number of different ways

- Internal stakeholders: regular meetings
- Customers: a variety of feedback programs
 and surveys
- Regulatory authorities (national, regional and local): participation on committees and regular liaison 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 collaboration and regular meetings
- Cities, towns and districts: 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

Our sustainability council, which was set up internationally in 2019, collaborated with external specialists and prepared a materiality analysis in 2020. A survey of the stakeholders on the relevance of various environmental and sustainability aspects is one of the things the analysis will be based on.

Scope of report

Unless otherwise stated, the environmental data in this report are limited to our ten production sites in Germany, Switzerland, Denmark, the United States, Mexico, Brazil, Japan and China. This report doesn't include any environmental data on our global sales branches and warehouses.

Our sustainability council's goal is to define and launch appropriate key performance indicators worldwide.

All the information on social aspects refers to the production, sales and warehousing sites in Germany.

Financial aspects are looked at from an international perspective. 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 efficiency of over 98% and replace less efficient gear designs at numerous points on the path from running water to the drive shaft.

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 relevant health, safety and environment regulations. We are committed to 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 thermal afterburner for heating and/or for power generation. To reduce water consumption and to avoid unnecessary consumption, we use closed loop water systems in particular. Used water can in many cases be re-used in a second production step in order to minimize consumption. Reduction and meaningful recycling of remnants are always in focus when we pursue kaizen and sustainability initiatives. For instance, in some countries, the waste produced from cutting the edges of belts we produce is sold on to other companies for re-use 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, waste from plastic modular belts and polyurethane are re-introduced into our own new production processes.

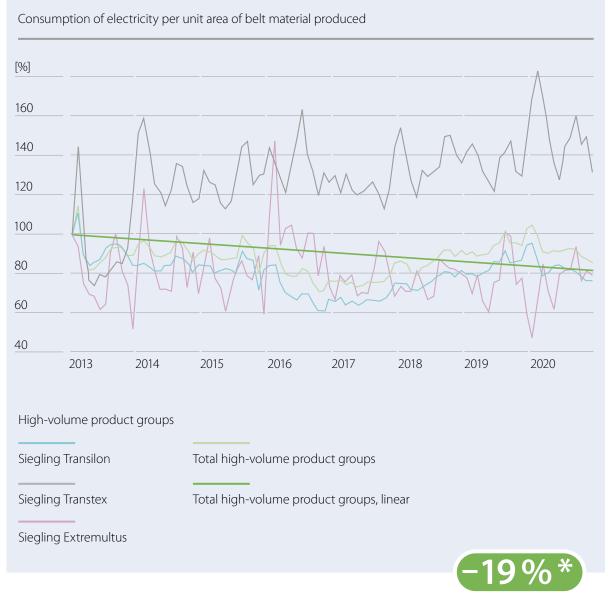
Certified environmental management system

In order to secure 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. Some key figures collected from our global operations already show that we are on the right track internationally too.

Environmental aspects of production

Energy-efficient production

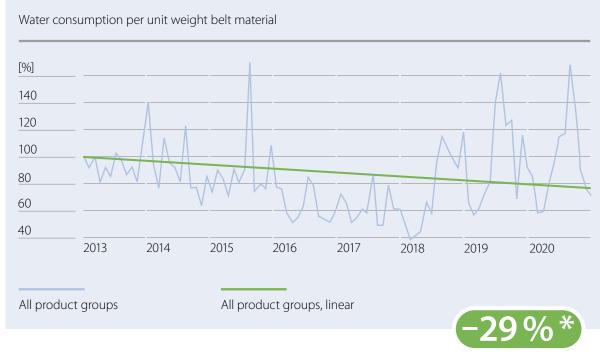
Global consumption statistics for electricity are continuously collected and monitored at all production sites and for the various high-volume product groups. > 19% reduction in specific energy consumption since 2013



* 2013 = 100 %

Water consumption

Our manufacturing processes require little water. In addition to consumption by our employees, only small quantities are required for cleaning and the cooling towers. > 29% savings in specific water consumption since 2013

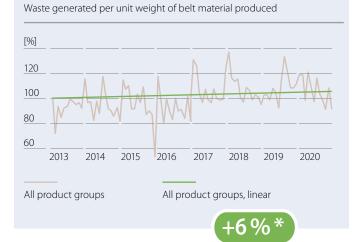


* 2013 = 100 %

Waste generated

Unavoidable waste from start-up processes in new large production plants in recent years or from cutting processes is disposed of in an environmentally friendly manner, for example via waste-to-energy applications.

> 6% increase in the specific waste generated since 2013



* 2013 = 100 %

Emission of air pollutants

Alongside electricity, natural gas is another major resource we require to operate our production lines. When planning optimization measures, these consumption levels are at the forefront of our considerations. Our main production site in Hanover consumes the most.

> 1% increase of specific CO₂ emissions since 2013



 $\mathrm{CO}_{\!2}$ emissions per unit weight of belt material produced at the production site in Hanover

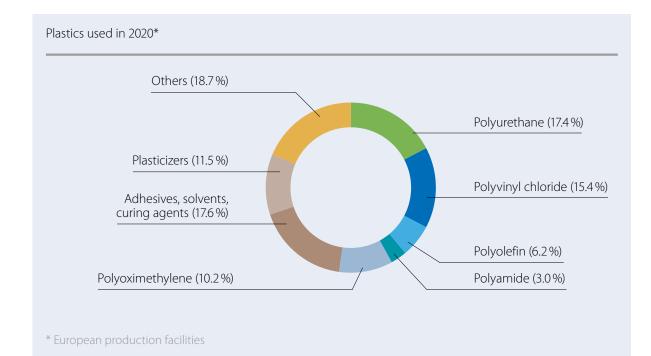
* 2013 = 100 %

Raw materials used

As a company in the plastics processing segment, Forbo Movement Systems places top priority on handling chemicals responsibly. We comply with legal stipulations and regulations at both a state and regional level. For example, in Europe, only REACH-compliant products are processed, whose defined quality is checked and continuously corroborated by physical/chemical inspections in our laboratory on incoming batches.

Opportunities to substitute hazardous materials and feedstock with lower risk ones are looked at consistently and questioned and documented in regular external audits.

In terms of harmful emissions, our production facilities are inspected by national supervisory authorities regularly to ensure compliance with legal thresholds. Our Bio Belt[™] conveyor belts already offer a patented alternative to belts made exclusively of synthetic materials. To manufacture them, petroleum-based raw materials and synthetic materials have largely been replaced by materials from renewable plant-based feedstock. Due to subsequent biodegration, these belts even create one of the essential prerequisites for fulfillment of the cradle-to-cradle principle.



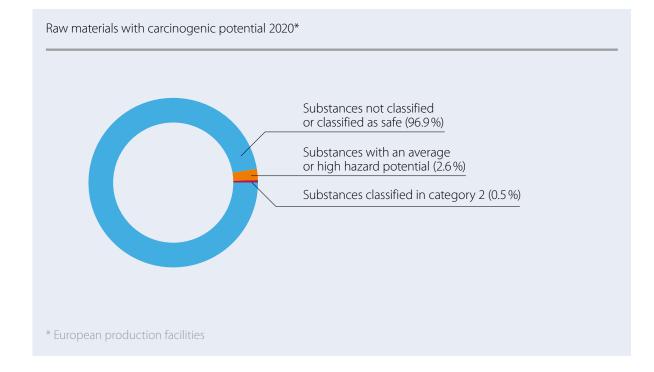
The EU's regulation on chemical substances (CLP) divides substances classified as carcinogenic into three categories:

- Category 1A: Substances known to be carcinogenic to human beings
- Category 1B: Substances that are probably carcinogenic in human beings

Forbo Movement Systems does not use category 1A and 1B substances (known to be or probably carcinogenic). Category 2: Substances that are suspected of being carcinogenic in human beings (without any proven causal link);

Only very small quantities of substances in this category are used. They are only used if their properties are absolutely vital for production reasons or the belt material is not fit for purpose in any other way.

We are constantly examining whether we can substitute critical materials and feedstock for those with a lower risk and scrutinizing and documenting these through regular external audits.



Environmental aspects of belt use

Forbo Movement Systems' conveyor belts and power transmission belts are used in countless applications worldwide. Due to their long service lives and the energy-efficient way they function, they save on resources in many of the places they operate. At the same time, choosing them allows often more compact machinery designs so that these can be made by using fewer materials and less 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: Federal Institute for Materials Research and Testing (BAM), Berlin

Amp Miser[™] 2.0 – energy-saving conveyor belts

Due to 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 slider bed. Equipping the underside fabric with our patented Texglide results in a low friction 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% were measured in total for conveying systems like these.

> up to 50% savings in operating power



Energy consumption (measured in watts) in real-life operation at a European airport

A motivated workforce guarantees quality

At Forbo, fairness is part of the corporate culture we actively engage in. It is one of the reasons why our products and services consistently achieve such high standards. After all, quality cannot be assured merely by controlling processes or final testing.

PEOPLE AND CSR

PEOPLE IN FOCUS

Employees at Forbo Movement Systems are pivotal to our company's success. Their health and safety are a valuable asset for us, as vocational training and upskilling programs. 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

It goes without saying that people-friendly working conditions are a given at Forbo Movement Systems. Keeping our employees, business partners or anyone involved with our company's products fit and healthy is one of our top priorities.

We comply with local health and safety legislation. This is particularly important during the covid 19 pandemic and it is an enormous responsibility for us as a company. Our employees were given regularly updated guidelines and instructions to keep them informed about national and regional regulations. In organizational terms, we responded flexibly and pragmatically to situations and regulations regarding working hours and geographies. By offering options such as remote working, staggered shifts, providing protective face masks, issuing sanitizers and taking other organizational steps, we were able to protect employee health successfully.

Labor law

Forbo complies with all German 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 standard employment contracts, their working hours are limited, and they receive appropriate compensation. Forbo never employs children.

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 encourages personal development of its employees, in particular by offering upskilling courses, additional challenges to increase job satisfaction, job rotation and training for all levels in the organization.

The company founded the Forbo Movement Systems Academy as part of its human resources development initiative. Within this program, specialized technical knowledge and general skills are tought through an e-learning platform to which the employees have access at all times. 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.

Selecting suppliers

The process and levels of responsibility when selecting suppliers are governed by the binding rules set out in our supplier selection policy. In addition to standard criteria such as price, quality and service, ethical criteria are also questioned and evaluated. We expect partners in our supply chain (and their upstream suppliers, subcontractors and service providers) to comply with the minimum social standards that apply in their country and with the principles of the United Nations Global Compact Initiative. These include workers' rights to collective bargaining, equal opportunities in terms of recruitment and employment, no forced and child labor and a responsible approach to the environment.

Child labor, violations of human rights, local laws and regulations or breaches of compliance policy, such as corruption, are just some of the things that rule out any collaboration. Environmentally friendly innovations at Forbo Movement Systems that bring financial rewards too

Amp MiserTM 2.0 conveyor belts are one example. 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.

BUSINESS ASPECTS

ENSURING COMMERCIAL SUCCESS

Having a strong commercial 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 portfolio 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 part of the Forbo training program and is mandatory for all employees who participate in this program.

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 pinpointing 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 for)



Power of innovation

Not only does Forbo Movement Systems offer many different kinds of conveyor and power transmission belts, but its specialist expertise makes it a reliable partner for integrated solutions, making it an outstanding innovation partner for systems builders and end customers alike. Minute details and the way these interact with a particular application and the materials applied often play a key role when developing new products. We are constantly investing significant resources in expanding our product portfolio and in building specific applications for complex systems.

Because we are always updating product groups, we launched new products that generated added value and better efficiency in many of our customers' production and processing operations.

The new series 18 of our Prolink plastic modular belts is lightweight and ideal for both straight and curved processing lines. These belts come with large open areas, making them ideal for unpackaged and packaged foodstuffs, such as bread, cookies and sweet baked goods on packaging lines, or when processing meat, vegetables and seafood. Small products are also conveyed reliably.

Two new Transilon belt types with semi-elastic fabric and different surface patterns were developed for conveying unpackaged foodstuffs. These belts have lots of benefits, particularly in large bakeries during dough processing for baked goods and bread. The belt material can withstand hot water and frequent cleaning. In the electronics industry, a new, highly conductive green belt prevents electrostatic discharge during the production of flat screens, smartphones or chip assemblies. As a result, components are protected from voltage damage and dust accumulating. The color contrast to the usually small and dark components puts less strain on the eyes during quality control.

Two, exceptionally incision-resistant, beige belts have a good track record in various production processes, such as in the steel, automotive and recycling industries.

A particularly robust belt with a thick polyurethane surface is used in ultrasonic cutting machines to cut composite materials, flooring and leather. Another belt is used to convey sharpedged punching waste or pressed parts.

The Forbo Movement Systems Academy upskilled our global workforce by teaching new process and product expertise.

Business view

Although sales rose in a few markets in the year under review, all sales regions experienced a drop in sales. This was particularly noticeable in America, less so in Europe and least so in Asia/ Pacific. The food segment, which is least susceptible to downturns in the economy, grew slightly. Sales in the logistics segment remained at the previous year's level.

Based on the diverse range of substantial investments we made (both in the year under review and the previous years), we are launching innovative products for growing customer segments and expanding our service portfolio, even in a currently tough market environment. At the same time, we need to plan our operations efficiently and well, enhance material flows and exercise strict cost management.

Siegling – total belting solutions

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