



Social Accountability Policy



About This Policy

This Policy is based upon and has substantial similarity to the SA 8000:2008 Standard published by Social Accountability International (SAI). This Policy is not an exact copy. When self-certifying to a third party, care should be taken to only make reference to the Regal Beloit Social Accountability Policy.

This Policy is to be interpreted in conjunction with Regal Beloit values and the Code of Business Conduct and Ethics.

This Policy is adopted as of April 1, 2009 and all businesses under the management control of Regal Beloit Corporation are to be in full compliance regarding their internal activities by April 1, 2010.

A good faith effort is to be applied by each business unit to promote the Policy provisions to its supplier base through self-certifications, desk and field audits and other verification methods. This shall be the responsibility of the business leader and sourcing leader working cooperatively to accomplish during the first three years from the date first adopted or with in one year after an entity is acquired.

For the purposes of applicability, there will be a transition period for young workers. (See definitions 2.8 & 2.9.) Upon adoption all new personnel must comply with the Policy but any workers who fall under the definition of young workers will not be terminated, but will be allowed to meet the standard through the passage of time. Regardless compliance with section 3.1.1 through 3.1.4 is mandatory with the effective date of this Policy.

If questions should arise about the application of this Policy, they should be addressed to your supervisor, your Human Resources representative or your business leader.

Any concerns regarding compliance should be addressed to your Human Resources regional or country leader, your business leader or the Regal Beloit Ombudsperson.

CONTENTS

1. PURPOSE	4
2. DEFINITIONS	
2.1. Definition of company	4
2.2. Definition of personnel	4
2.3. Definition of worker	4
2.4. Definition of supplier/subcontractor	4
2.5. Definition of sub-supplier	4
2.6. Definition of corrective and preventive action	4
2.7. Definition of interested party	4
2.8. Definition of child	4
2.9. Definition of young worker	5
2.10. Definition of child labor	5
2.11. Definition of forced and compulsory labor	5
2.12. Definition of human trafficking	5
2.13. Definition of home worker	5
2.14. Definition of worker representative	5
2.15. Definition of management representative	5
2.16. Definition of worker organization	5
2.17. Definition of collective bargaining	5
3. SOCIAL ACCOUNTABILITY REQUIREMENTS	
3.1. Child Labor	5
3.2. Forced and Compulsory Labor	6
3.3. Health and Safety	6
3.4. Freedom of Association & Right to Collective Bargaining	7
3.5. Discrimination	7
3.6. Disciplinary Practices	8
3.7. Working Hours	8
3.8. Remuneration	9
3.9. Management Systems	9

1. PURPOSE AND SCOPE

- 1.1. The intent of this Policy is to provide clear guidance and direction to all Regal Beloit Corporation subsidiaries, divisions, joint ventures and partnerships.
- 1.2. It provides norms and standards to apply in defining our expectations for our various businesses and their leaders in meeting socially acceptable practices regarding personnel employed by the Company, its contractors, sub-contractors and suppliers.
- 1.3. Only the Regal Beloit Corporation CEO (Chief Executive Officer) can approve exceptions to this Policy. Those exceptions must be in writing.
- 1.4. Wherever in this document there is reference to Regal Beloit it shall mean your individual business location or unit. The Policy shall conform to, be applied by and be the responsibility of the senior business leader at that location, division or function. Regional, functional and country leaders will ensure compliance in their entire areas of responsibility.
- 1.5. In all cases where local or national law is more restrictive, the local or national law it shall control.

2. DEFINITIONS

- 2.1. **Definition of Company:** All Regal Beloit Corporation subsidiaries, joint ventures and partnerships in which we have a controlling interest greater than 50%. For those organizations that we have less than 50% management control, the responsible business leader will endeavor to have the organization adopt the Regal Beloit Corporation Social Accountability Policy.
- 2.2. **Definition of personnel:** All individual men and women directly employed or contracted by a company, including directors, executives, managers, supervisors, and workers.
- 2.3. **Definition of worker:** All non-management personnel.
- 2.4. **Definition of supplier/subcontractor:** An organization that provides Regal Beloit with goods and/or services integral to and utilized in or for the production of Regal Beloit's goods.
- 2.5. **Definition of sub-supplier:** A business entity in the supply chain that directly or indirectly provides the supplier with goods and/or services integral to and utilized in or for the production of the supplier's and/or Regal Beloit's goods and/or services.
- 2.6. **Definition of corrective and preventive action:** an immediate and continuing remedy to a non-conformance to the Policy.
- 2.7. **Definition of interested party:** An individual or group concerned with or affected by the social performance of Regal Beloit.
- 2.8. **Definition of child:** Any person less than 16 years of age, unless the minimum age for work or mandatory schooling is stipulated as being higher by local law, in which case the stipulated higher age applies in that locality.

- 2.9. **Definition of young worker:** Any worker over the age of a child, as defined above, and under the age of 18.
- 2.10. **Definition of child labor:** Any work performed by a child younger than the age(s) specified in the above definition of a child.
- 2.11. **Definition of forced and compulsory labor:** All work or service that a person has not offered to do voluntarily and is made to do under the threat of punishment or retaliation, or is demanded as a means of repayment of debt.
- 2.12. **Definition of human trafficking:** The recruitment, transfer, harboring or receipt of persons, by means of the use of threat, force, other forms of coercion, or deception for the purpose of exploitation.
- 2.13. **Definition of remediation of children:** All support and actions necessary to ensure the safety, health, education, and development of children who have been subjected to child labor, as defined above, and have been subsequently dismissed.
- 2.14. **Definition of home worker:** A person who is contracted by Regal Beloit or by a supplier, sub-supplier or subcontractor, but does not work on their premises.
- 2.15. **Management representative:** A member of senior management personnel appointed by Regal Beloit to ensure that the requirements of the standard are met. Each location or business unit or function shall appoint a management representative.
- 2.16. **Worker organization:** A voluntary association of workers organized on a continuing basis for the purpose of maintaining and improving their terms of employment and workplace conditions.
- 2.17. **Collective bargaining agreement:** A contract for labor negotiated between an employer or group of employers and one or more worker organizations, which specifies the terms and conditions of employment and/or services.

3. SOCIAL ACCOUNTABILITY REQUIREMENTS

3.1. CHILD LABOR:

- 3.1.1. Regal Beloit shall not engage in or support the use of child labor as defined above.
- 3.1.2. Regal Beloit may employ young workers, but where such young workers are subject to compulsory education laws, they may work only outside of school hours. Under no circumstances shall any young worker's school, work, and transportation time exceed a combined total of 10 hours per day, and in no case shall young workers work more than 8 hours a day. Young workers may not work during night hours.
- 3.1.3. Regal Beloit shall not expose children or young workers to situations that are hazardous or unsafe to their physical and mental health and development.

- 3.1.4. This section shall be interpreted to mean no or limited operation of industrial powered machinery and no use of industrial chemicals. This effectively allows young workers to work in a manufacturing environment but limits their work to the use of powered hand tools, unless part of an approved and supervised apprenticeship program. Such apprenticeship program needs to be approved by HR country leader and country business leader or equivalent.

3.2. FORCED AND COMPULSORY LABOR:

- 3.2.1. Regal Beloit shall not engage in or support the use of forced or compulsory labor, nor shall personnel be required to pay 'deposits' or lodge identification papers with Regal Beloit upon commencing employment.
- 3.2.2. Neither Regal Beloit nor any entity supplying labor to Regal Beloit shall withhold any part of any personnel's salary, benefits, property, or documents in order to force such personnel to continue working for Regal Beloit.
- 3.2.3. Personnel shall have the right to leave the workplace premises after completing the standard workday, and be free to terminate their employment provided that they give reasonable notice to their employer.
- 3.2.4. Neither Regal Beloit nor any entity supplying labor to Regal Beloit shall engage in or support trafficking of human beings.

3.3. HEALTH AND SAFETY:

- 3.3.1. Regal Beloit shall provide a safe and healthy workplace environment and shall take effective steps to prevent potential accidents and injury to workers' health arising out of, associated with, or occurring in the course of work, by minimizing, so far as is reasonably practicable, the causes of hazards inherent in the workplace environment, and bearing in mind the prevailing knowledge of the industry and of any specific hazards.
- 3.3.2. Regal Beloit shall appoint a senior management representative at each location to be responsible for ensuring a safe and healthy workplace environment for all personnel, and for implementing the Health and Safety elements of this Policy.
- 3.3.3. Regal Beloit shall provide to personnel on a regular basis substantive health and safety instructions, including on-site instruction and, where needed, job-specific instructions. Such instructions shall be repeated for new and reassigned personnel and in cases where accidents have occurred.
- 3.3.4. Regal Beloit shall establish systems to detect, avoid, or respond to potential threats to the health and safety of personnel. Regal Beloit shall maintain written records of all accidents that occur in the workplace and in company-controlled residences and property.

- 3.3.5. Regal Beloit shall provide at its expense appropriate personal protective equipment (PPE) to personnel. In the event of a work related injury, Regal Beloit shall provide first aid and assist the worker in obtaining follow-up medical treatment.
- 3.3.6. Regal Beloit shall undertake to assess all the risks to new and expectant mothers arising out of their work activity and to ensure that all reasonable steps are taken to remove or reduce any risks to their health and safety.
- 3.3.7. Regal Beloit shall provide, for use by all personnel, access to clean toilet facilities, access to potable water and, where applicable, sanitary facilities for food storage.
- 3.3.8. Regal Beloit shall ensure that any dormitory facilities provided for personnel are clean, safe, and meet the basic needs of the personnel.
- 3.3.9. All personnel shall have the right to remove themselves from imminent serious danger without seeking permission from Regal Beloit.

3.4. FREEDOM OF ASSOCIATION & RIGHT TO COLLECTIVE BARGAINING:

- 3.4.1. All personnel shall have the right to form, join, and organize trade unions of their choice and to bargain collectively on their behalf with Regal Beloit. The Company shall respect this right, and shall effectively inform personnel that they are free to join an organization of their choosing and that their doing so will not result in any negative consequences to them, or retaliation, from Regal Beloit. The Company shall not interfere with the establishment, functioning, or administration of such workers' organizations or collective bargaining.
- 3.4.2. In situations where the right to freedom of association and collective bargaining are restricted under law, Regal Beloit shall comply with the law.
- 3.4.3. Regal Beloit shall ensure that representatives of workers and any personnel engaged in organizing workers are not subjected to discrimination, harassment, intimidation, or retaliation for reason of their being members of a union or participating in trade union activities, and that such representatives have access to their members in accordance with local law.

3.5. DISCRIMINATION:

- 3.5.1. Regal Beloit shall not engage in or support discrimination in hiring, remuneration, access to training, promotion, termination, or retirement based on race, national or social origin, caste, birth, religion, disability, gender, sexual orientation, family responsibilities, marital status, union membership, political opinions, age, or any other condition that could give rise to discrimination.
- 3.5.2. Regal Beloit shall not interfere with the exercise of personnel's rights to observe tenets or practices, or to meet needs relating to race,

national or social origin, religion, disability, gender, sexual orientation, family responsibilities, union membership, political opinions, or any other condition that could give rise to discrimination.

- 3.5.3. Regal Beloit shall not allow any behavior that is threatening, abusive, exploitative, or sexually coercive, including gestures, language, and physical contact, in the workplace and, where applicable, in residences and other facilities provided by Regal Beloit for use by personnel.
- 3.5.4. Regal Beloit shall not subject personnel to pregnancy or virginity tests under any circumstances.

3.6. DISCIPLINARY PRACTICES:

- 3.6.1. Regal Beloit shall treat all personnel with dignity and respect. Regal Beloit shall not engage in or tolerate the use of corporal punishment, mental or physical coercion, or verbal abuse of personnel. No harsh or inhumane treatment is allowed.

3.7. WORKING HOURS:

- 3.7.1. Regal Beloit shall comply with applicable laws and industry standards on working hours and public holidays. The normal work week, not including overtime, shall be defined by law, but typically will not exceed 48 hours.
- 3.7.2. Personnel shall be provided with at least one day off following every six consecutive days of working. Exceptions to this rule apply only where both of the following conditions exist:
 - (a) National law allows work time exceeding this limit; and
 - (b) The seventh day of work is completely voluntary or a collective bargaining agreement is in force that allows for the seventh day under defined and limited circumstances.
- 3.7.3. Overtime shall not exceed the applicable legal limits. When overtime is needed, the Regal Beloit guideline for total work week, including overtime, shall be the lesser of the legal limit or 60 hours. Overtime work shall be minimized. Overtime shall not be requested on a regular or continuing basis. The workweek or overtime in excess of these guidelines, where within the legal limits, shall require discussion and approval by the human resource (HR) country leader and country business leader or equivalent.
- 3.7.4. In cases where overtime work is needed in order to meet short-term business demand and Regal Beloit is party to a collective bargaining agreement representing a significant portion of its workforce, Regal Beloit may require such overtime work in accordance with such agreements. Any such agreements must comply with the requirements above.

3.8. REMUNERATION:

- 3.8.1. Regal Beloit shall respect the right of personnel to a living wage and ensure that wages paid for a normal workweek shall always meet at least legal or industry minimum standards.
- 3.8.2. Regal Beloit shall ensure that deductions from wages are not made for disciplinary purposes. Exceptions to this rule apply only when both of the following conditions exist:
 - (a) Deductions from wages for disciplinary purposes are permitted by national law; and
 - (b) A negotiated collective bargaining agreement is in force. (If no collective bargaining agreement, then a system of checks and approvals at the highest location management that assures that the deductions are non-discriminatory or arbitrary in nature is required. System must be auditable and audited frequently.)
- 3.8.3. Regal Beloit shall ensure that personnel's wages and benefits composition are detailed clearly and regularly in writing for them for each pay period. Regal Beloit shall also ensure that wages and benefits are rendered in full compliance with all applicable laws and that remuneration is rendered either in cash or check form, in a manner convenient to workers.
- 3.8.4. All overtime shall be reimbursed at a premium rate as defined by national law. In countries where a premium rate for overtime is not regulated by law or a collective bargaining agreement, personnel shall be compensated for overtime at a premium rate or equal to prevailing industry standards, whichever is more favorable to workers' interests.
- 3.8.5. Regal Beloit shall not use labor-only contracting arrangements, consecutive short term contracts, and/or false apprenticeship schemes to avoid fulfilling its obligations to personnel under applicable laws pertaining to labor and social security legislation and regulations.

3.9. MANAGEMENT SYSTEMS:

- 3.9.1. **Policy** - Location management shall define in writing, in workers' own language, Regal Beloit's policy for social accountability and labor conditions, and display this policy in a prominent, easily viewable place on Regal Beloit's premises, to inform personnel that it has chosen to comply with the requirements of the Policy. Such policy shall clearly include the following commitments:
 - (a) To conform to all requirements of this policy;
 - (b) To comply with national and other applicable laws and other requirements to which Regal Beloit subscribes;

(c) To review regularly in order to continually improve, taking into consideration changes in legislation and any other company requirements;

(d) To see that the policy is effectively documented, implemented, maintained, communicated, and made accessible in a comprehensible form to all personnel, including directors, executives, management, supervisors, and staff, whether directly employed by, contracted with, or otherwise representing Regal Beloit;

(e) To make its policy publicly available in an effective form and manner to interested parties, upon request.

3.9.2. **Management Representative** - Regal Beloit shall appoint a senior management representative who, irrespective of other responsibilities, shall ensure that the requirements of this standard are met.

3.9.3. **Worker Representative** - Regal Beloit recognizes that workplace dialogue is a key component of social accountability. Regal Beloit will endeavor to create an environment where workplace issues are openly heard and where issues receive honest and independent review. In unionized facilities, such representation shall be undertaken by recognized trade union(s).

3.9.4. **Management Review** - Top management will periodically review the adequacy, suitability, and continuing effectiveness of Regal Beloit's policy, procedures, and performance results. Where appropriate, system amendments and improvements shall be implemented.

3.9.5. **Planning and Implementation** - Regal Beloit shall ensure that the requirements of this Policy are understood and implemented at all levels of the organization.

3.9.6. **Control of Suppliers/Subcontractors and Sub-Suppliers**

3.9.6.1. Regal Beloit shall maintain appropriate records of social accountability commitments of suppliers, subcontractors (and, where appropriate¹, sub-suppliers), including, but not limited to, contractual agreements and/or the written commitment of those organizations to:

(a) Conform to all requirements of this Policy and to require the same of sub-suppliers;

¹ "Where appropriate" shall be defined as whenever a supplier does not manufacture substantially all of the purchased component or raw material. Applicable situations would be when supplier does only conversion, limited assembly or acts as a distributor or sales agent only, where the primary components or raw material can be identified.

- (b) Participate in monitoring activities as requested by Regal Beloit;
 - (c) Identify the root cause and promptly implement corrective and preventive action to resolve any identified non-conformance to the requirements of this policy;
 - (d) Promptly and completely inform Regal Beloit of any and all relevant business relationship(s) with other suppliers, subcontractors and sub-suppliers.
- 3.9.6.2. Regal Beloit shall establish, maintain, and document in writing appropriate procedures² to evaluate and select suppliers, subcontractors (and, where appropriate³, sub-suppliers) taking into account their performance and commitment to meet the requirements of this policy.
- 3.9.6.3. Regal Beloit shall make a reasonable effort to ensure that suppliers and subcontractors within their sphere of control and influence are meeting the requirements of this policy.
- 3.9.6.4. In addition to the requirements of Sections 3.9.7.1 through 3.9.7.3 above, where Regal Beloit receives, handles, or promotes goods and/or services from suppliers, subcontractors or sub-suppliers who are classified as home workers, Regal Beloit shall take special steps to ensure that such home workers are afforded a level of protection similar to that afforded to directly employed personnel under the requirements of this policy. Such special steps shall include, but not be limited to:
- (a) Establishing legally binding, written purchasing contracts requiring conformance to minimum criteria in accordance with the requirements of this standard;
 - (b) Ensuring that the requirements of the written purchasing contract are understood and implemented by home workers and all other parties involved in the purchasing contract;
 - (c) Maintaining, on Regal Beloit premises, comprehensive records detailing the identities of home workers, the quantities of goods produced, services provided, and/or hours worked by each home worker;
 - (d) Frequent announced and unannounced monitoring activities to verify compliance with the terms of the written purchasing contract.

3.9.7. Addressing Concerns and Taking Corrective Action

- 3.9.7.1. Regal Beloit provides confidential means for all personnel to report non-conformances with this policy to Company management. This may be done thru the same channels

² The procedure may be electronic or manual and may include self-assessments or on site assessments. On site assessments shall carry increased weight in any rating or screening system.

³ See footnote #2.

currently available for Code of Business Conduct concerns that include your supervisor, human resources, and the ombudsperson, General Counsel or the Board of Directors. Regal Beloit shall investigate, address, and respond to the concerns of personnel and other interested parties with regard to conformance/non-conformance with Regal Beloit's policies and/or the requirements of this policy. Regal Beloit shall refrain from disciplining, dismissing, or otherwise discriminating against any personnel for providing information concerning observance of the standard.

3.9.7.2. Regal Beloit shall identify the root cause, promptly implement corrective and preventive action, and allocate adequate resources appropriate to the nature and severity of any identified non-conformance with Regal Beloit's policy and/or the standard.

3.9.8. **Outside Communication and Stakeholder Engagement** - Regal Beloit shall establish and maintain procedures to communicate regularly to all interested parties data and other information regarding compliance with the requirements of this document, including, but not limited to, the results of management reviews and monitoring activities.

3.9.9. **Records** - Regal Beloit shall maintain appropriate records to demonstrate conformance to the requirements of this standard.