

Sustainability Report

CREATING
A BETTER
TOMORROW™...



OUR SUSTAINABILITY PROMISE

At Regal, we are committed every year to increase the impact of our handprint and reduce the impact of our footprint. Our handprint represents the benefits to our customers and society from our products and the contributions we make in our local communities. Our footprint represents the way that we make our products and the impact that has on our environment. We make this promise because it's the right thing to do for our future. Learn how we're living our sustainability promise every day, and creating a better tomorrow for the world around us.

Leadership in Action

CREATING
A BETTER
TOMORROW™...

When Regal employees get involved in our local communities, we go all in. Whether helping individuals with disabilities, building a home in a local community, cleaning a roadside or painting a school, community involvement is ingrained in our culture.



CEO LETTER 4

REGAL BY THE NUMBERS 5

REGAL ENTERPRISE STRATEGY 6

COMPANY SEGMENTS 7–9

SMARTER SOLUTIONS 10–11

OUR BRAND: ONE REGAL, ONE FOCUS 12

OUR CULTURE 13

PEOPLE & COMMUNITIES 14–23

WORKPLACE SAFETY 24–29

SUSTAINABLE MANUFACTURING 30–31

ENERGY EFFICIENCY 32

INFORMATION SECURITY 33

GLOBAL SUPPLY CHAIN 34–35

ETHICS, INTEGRITY & GOVERNANCE 36–41

PROFESSIONAL ASSOCIATIONS 42

CORPORATE INFORMATION & CONTACTS 43

GRI INDEX 44–47



SUSTAINABILITY AT REGAL:

"From the products we make to the way we make them, we are helping to create a better tomorrow."

It is with great pleasure that I share Regal's first Sustainability Report. Sustainability has been a core initiative of the company for many years. Our aspirational business purpose: "To create a better tomorrow by efficiently converting power into motion," motivates us to solve challenges and create solutions today that create a better tomorrow for all of us and our children.

At Regal, we believe that decreasing our footprint and increasing our handprint are important in creating a better tomorrow. Every year across Regal, we target decreasing our footprint by reducing our usage of energy and water and limiting the generation of waste. While we drive to reduce our footprint, we are also increasing the impact of our handprint through the development of innovative products that deliver energy efficient solutions to the world.

Maintaining a safe work environment for our employees is integral to our business purpose. Our commitment to "Zero Harm" means we want every one of our over 23,000 employees to return home safely every day. Achieving this goal requires an engaged and empowered culture. We define and track leading indicators at every facility, and every near miss creates an urgency among our employees to quickly eliminate the potential for an injury. We consider ourselves a leader in workplace safety, delivering continuous improvement every year; yet, we will not rest until we reach our goal of Zero Harm.

At Regal, we want all our stakeholders to know exactly what to expect from us, regardless of the business situation, political climate or cultural environment. Whether we are engaging with a customer, an investor, an employee or a supplier, we believe that our stakeholders want to work with people they trust. In every interaction with Regal, you can always expect the highest integrity and greatest transparency.

Every day, Regal employees all over the world are making a difference. In this report you will see that from the products we make to the way we make them, **we are helping to create a better tomorrow.**

Mark J. Gliebe, Chairman and CEO



We increase **OUR HANDPRINT**

by providing innovative, energy saving products and contributing in our communities to create a better tomorrow for our planet.



We decrease **OUR FOOTPRINT**

by reducing the waste we leave behind and the natural resources we consume.



CREATING A BETTER TOMORROW™...



\$3.4B

Net Sales



\$331M

Operating Income



\$3.4B

Market Capitalization



\$213M

Net Income



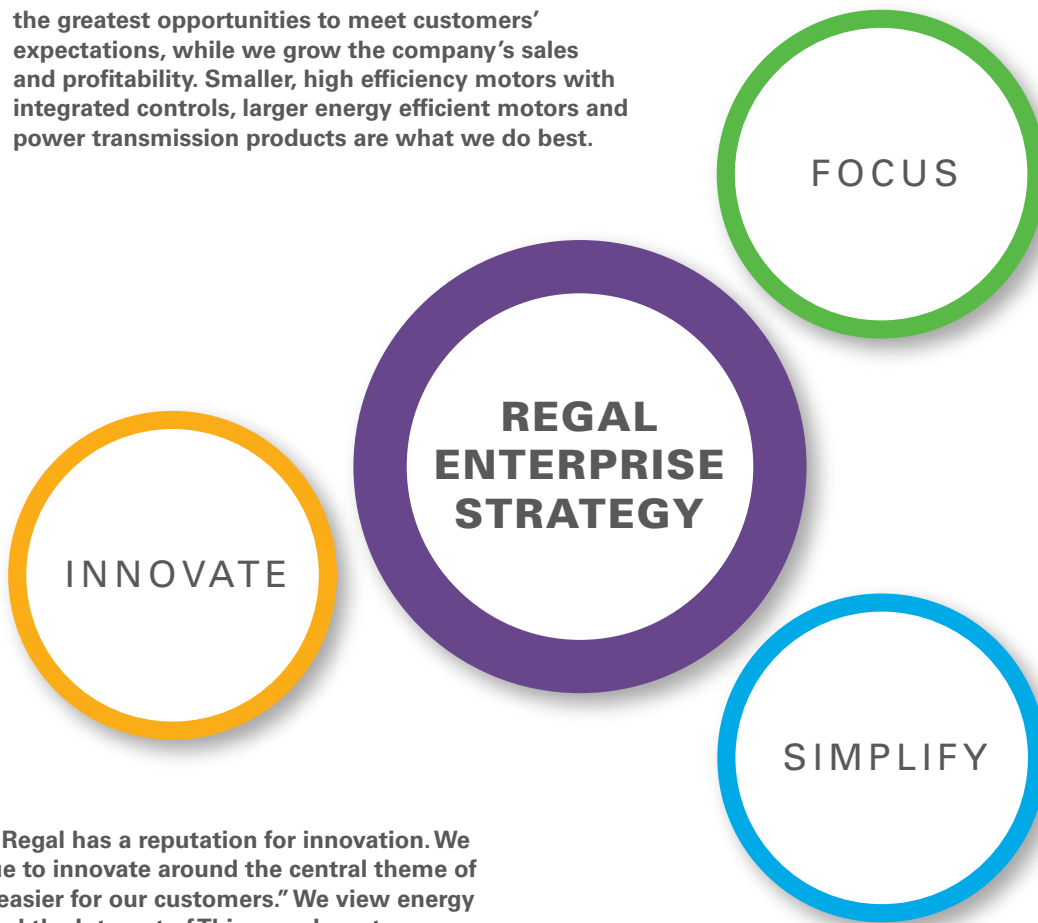
\$30M

R&D Spend

Financial data presented in this report are from fiscal year 2017 (U.S. GAAP).
Market Capitalization was calculated as of December 31, 2017.

A vision for the long-term with results in the short-term.

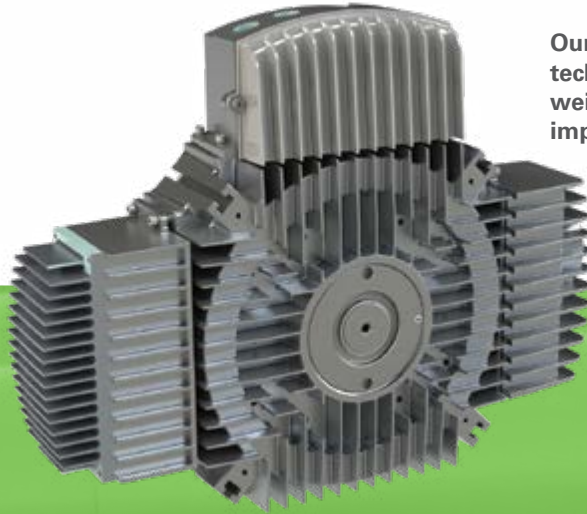
FOCUS We will focus our resources where we have the greatest opportunities to meet customers' expectations, while we grow the company's sales and profitability. Smaller, high efficiency motors with integrated controls, larger energy efficient motors and power transmission products are what we do best.



INNOVATE Regal has a reputation for innovation. We will continue to innovate around the central theme of "making it easier for our customers." We view energy efficiency and the Internet of Things as long-term growth opportunities for innovation.

SIMPLIFY We are on a continuous journey to simplify every aspect of our operations to increase speed, improve responsiveness, and reduce costs.

Regal's Enterprise Strategy—based on three themes—outlines our long-term direction. It sets forth financial targets designed to deliver increased value to customers and stronger returns for shareholders, and to create a better tomorrow for our employees and their communities. We focus resources on businesses that have the greatest opportunity to meet customer expectations while simultaneously growing profitability.



Our UlteMAX® motor uses innovative axial technology to reduce electric motor size and weight by 50–75 percent while significantly improving energy efficiency.

The **COMMERCIAL AND INDUSTRIAL SYSTEMS**

segment produces medium and large electric motors and electric generators. These products serve a broad array of commercial and industrial equipment markets including commercial HVAC applications, water systems applications and power generation applications.



NICOTRA GEBHARDT® RQM MULTIEVO FAN

RQM MultiEvo hybrid centrifugal fans are 15% more energy efficient than standard free-running fans. Ultra-compact, they install quickly, run quietly, clean easily, and may be mounted horizontally or vertically.

*2018 Commercial HVAC
Product of the Year
—H&V News*



CENTURY® VGREEN® MOTOR

The Century® VGreen® variable speed pump motor brings major efficiency and filtration improvements to the leisure water market. Combined with the VLink® app, users conveniently control their pool from anywhere in the world.



CENTURY® VLINK® APP

The VLink® interface lets you set, adjust and monitor pump motor schedules from any device. You can even manage energy consumption and set custom overrides for pool parties and the cleaning that comes after.

The **CLIMATE SOLUTIONS** segment produces small motors, controls and air moving solutions. These products serve markets including residential and light commercial HVAC, water heating and commercial refrigeration.



GENTEQ® EVERGREEN® MOTOR & INTUNE® APP

The Evergreen® motor is programmed to optimize HVAC airflow while saving homeowners money. In addition, the Evergreen® Intune® app enables technicians to program real-time motor speed adjustments while the HVAC system is running.



GENTEQ® GLACAIR® FAN

The ultra-compact Genteq® Glacair® fan uses up to 85% less energy than standard blowers. For grocery stores, it delivers ideal air flow while saving valuable refrigerated shelf space. Virtually invisible and inaudible, it can reduce food waste while saving energy.



GENTEQ® ENSITE® MOTOR AND ELECTRAND™ WAND

Genteq® Ensight® motors incorporate powerful diagnostics and Near Field Communication capabilities. Use the Electrand™ wand to communicate wirelessly, program the motor and read its Blak Box® data. At the press of a button, data can be read or written up to 10X faster than programming via cables.



Our innovative Genteq® DEC Star® blower system provides up to 35 percent energy savings while reducing size and weight.



Our patented Sealmaster® Time Saving™ Bearing can reduce our customers' maintenance costs by 50 percent.

The **POWER TRANSMISSION SOLUTIONS** segment produces gears, bearings, couplings, conveying systems and specialty mechanical components. These products serve markets including beverage packaging, bulk and unit material handling, metal processing, commercial HVAC, power generation and aerospace.



BROWNING® TOOLBOX TECHNICIAN® APP

Used by HVAC technicians, this mobile app features calculation and conversion tools as well as installation and troubleshooting guides. Its efficiency calculator enables users to compare an existing low-efficiency motor to a high-efficiency motor solution.



HUB CITY® CUSTOM GEARBOX


When Regal engineers heard the call for a better pumping solution, ideas turned into action. The team designed a compact, durable gearbox that works reliably to lift clean water to the surface more easily. We're helping transform the lives of tens of thousands of people around the world.



GEARING UP FOR SOLAR

New gearing solutions from Regal help improve the control of solar panels as they track with the sun. Continual alignment with the sun throughout the day ensures optimal energy capture.

How Regal is taking water out of brewing.

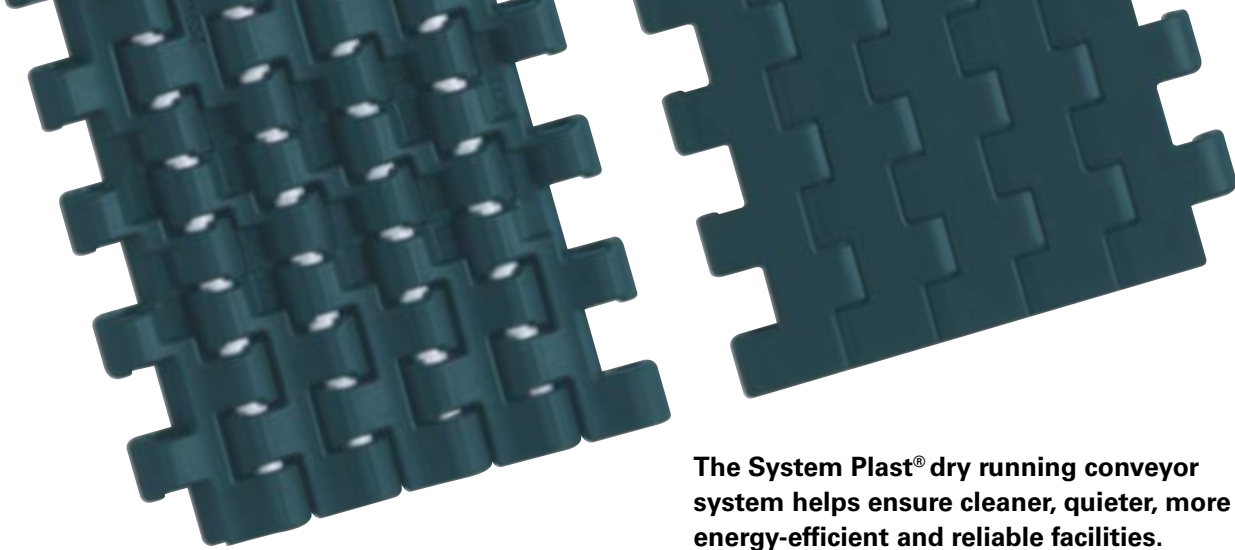


Regal's packaged solution of dry running conveyor components, bearings, and stainless steel gearboxes and motors is helping breweries all over the world reduce their water usage, energy consumption and sound levels.



Breweries using the System Plast® dry running conveyor solution have **SAVED MORE THAN 240 MILLION GALLONS OF WATER.**
Enough to fill more than

3,000,000 Bath Tubs



The System Plast® dry running conveyor system helps ensure cleaner, quieter, more energy-efficient and reliable facilities.

WHY **DRY-RUNNING** MAKES SENSE.

Keep Facilities Safer and More Hygienic

with dry equipment and floors.

Simplify Maintenance

with cleaner equipment
and no drip trays.

Reduce Impact on conveyor bearings and frames.

Minimize Costs by eliminating water, lubricating chemicals and wastewater.

Reduce Energy Consumption

with low-friction components.



CREATING A BETTER TOMORROW™...




Industry leading brands
focused on sustainable solutions.

A SPIRIT OF "ONE REGAL" WORLDWIDE.

Our organization is comprised of many business entities. One Regal means we share a single cultural identity, working together to do what's best for our stakeholders.




Exceptional teams around the world focused on doing everything better.



HIGH ENERGY TEAMS work together to learn and apply problem solving skills utilizing Performance Excellence principles to continuously improve product quality, delivery and safety.



WE DONATED OVER \$690,000 IN 2017 to various charities that support the communities where we live and work. The Regal Foundation is always at work.



FOCUSING ON WELLNESS is a global initiative. Team-building events and friendly competitions make exercise fun and motivating.

Whether you are an investor, a customer, or a supplier, when you interact with Regal employees **here is what you can expect from us.**

Integrity

Integrity is what we value most.
We are honest and trustworthy.

Responsibility

We have a responsibility to keep employees safe and our environment clean. We are motivated by the fact that the products we make create a better tomorrow by reducing demands for energy. Locally, we encourage and celebrate our employees' active roles in the communities where we work and live.

Inclusion

We believe in a globally inclusive and diverse work environment. Our teams contribute their own unique skills, perspectives and experiences to develop innovative solutions for our customers.

Transparency

We have a unique culture built on the core ideas of transparency, candor and best practice sharing. Our leadership team is accessible, and open to all ideas.

Engagement

Our people are energized and engaged in their work and empowered to accomplish our objectives. Together we work as a team to make Regal successful.

Performance

Our customers, employees and shareholders all have choices. Our performance determines if they choose us. We set ambitious goals and deliver results.



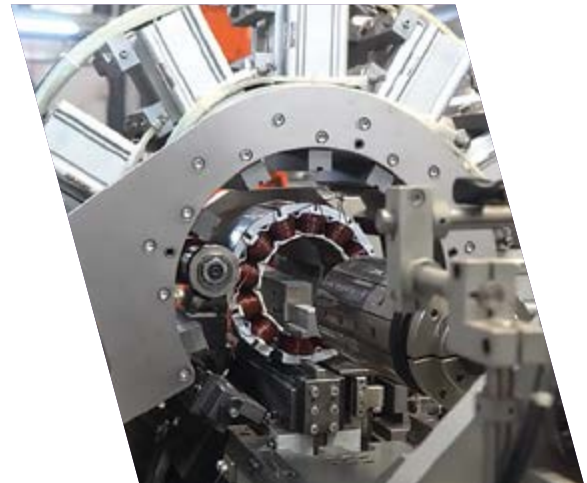
WHAT TO EXPECT FROM US was developed
by our people, for our people. This is our Culture.

REGAL IS A LEADING MANUFACTURER of electric motors and controls, power generation products and power transmission products serving customers throughout the world. Headquartered in Beloit, Wisconsin, we create a better tomorrow by developing and responsibly producing energy-efficient products and systems.

Operations in
27 COUNTRIES

73 MANUFACTURING
facilities around the world

Products sold in more than
130 COUNTRIES
across six continents

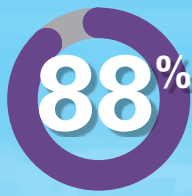


REGAL EMPLOYS more than
23,000 talented team members



We take care of our people.
And they take care of everything else.

OUR WELLNESS PROGRAMS AND ACTIVITIES are designed to help all employees meet their personal health goals. Training and education programs on meaningful wellness topics are held frequently to help employees monitor behaviors and target healthy biometric scores. Monitoring includes sleep hours, steps taken daily, as well as weight and blood pressure measurements.



88% OF OUR EMPLOYEES SAY THEY ENJOY WORKING FOR REGAL

96% OF OUR EMPLOYEES COMPLETED THE ANNUAL ENGAGEMENT SURVEY IN 2018



Through our Packard Learning Center, Regal is committed to helping all employees with comprehensive training and continuing learning opportunities. We also offer tuition reimbursement for employees pursuing additional formal education.



MARKET-BASED COMPENSATION EVERYWHERE WE OPERATE.

Regal offers competitive market-based compensation worldwide using a pay-for-performance philosophy. It's a necessary component for achieving sustainable growth. We benchmark compensation for each position against local market peers and endorse regular, constructive feedback with our employees. Salaried employees receive regular communication regarding performance versus their stated objectives. We believe our pay-for-performance philosophy is a long-term competitive advantage.

Wherever we operate, employment is not forced or compulsory. Child labor is absolutely not tolerated. We believe employees have the freedom of choice when it comes to where they work, and we strive to make our facilities among the best places to work in the world.



We continually
ENGAGE OUR STAKEHOLDERS

**CUSTOMER AND
EMPLOYEE SURVEYS**

INVESTOR CONFERENCES

WOMEN'S INITIATIVE NETWORK

INVESTOR PERCEPTION STUDIES

CUSTOMER MEETINGS

CAREER DEVELOPMENT PROGRAMS

SUPPLIER SUMMITS

**TOWNHALL MEETINGS
WITH EMPLOYEES**

**PERFORMANCE REVIEWS
WITH SUPPLIERS**

TRADE SHOWS

The employees of Regal make
better tomorrows around the world.

SUPPORTING THE COMMUNITIES WHERE WE LIVE AND WORK.

We participate in community events that improve life, health, education and welfare because a thriving community is good for our employees and good for society. Whether it is job interview training at a local high school, sponsoring a school project or partnering with a local technical college to develop the curriculum of the future, our efforts make a lasting impact on our communities and help keep Regal sustainable for future generations.

From our annual customer survey **REGAL IS RECOGNIZED FOR:**

HIGH QUALITY PRODUCTS

STRONG BRANDS

GREAT CUSTOMER SERVICE

**KNOWLEDGEABLE
FIELD SALES SUPPORT**

**ACCURATE AND
QUICK RESPONSES**



Celebrating Diversity & Inclusion

At Regal, we pride ourselves on all forms of diversity and inclusion around the world. We are many, and our focus on inclusion makes us one. Goal-oriented programs ensure we are building and continually learning from the team members of our diverse workforce.



CELEBRATING INTERNATIONAL WOMEN'S DAY.

Regal celebrates International Women's Day to honor and encourage women for everything they do at work and at home. It's a celebration of inclusion and demonstrates what to expect from us. Today, more than 7,000 women work at Regal facilities around the world in all roles and functions.

DEVELOPING OUR STRONG, WOMEN LEADERS.

Our WIN team organized training sessions for women at Regal's India locations. Training programs like this help provide guidance for more fulfilling careers with limitless advancement opportunities. Practical advice teaches better communication, personal presence and how to achieve balance.



OUR WOMEN'S INITIATIVE NETWORK (WIN) provides leadership development and education to help prepare our female team members for opportunities in their careers.



Moving our communities forward starts with giving back.

OUR EMPLOYEES TAKE ACTION.

At Regal, we encourage all of our team members to be active in the communities where they live and work. Whether it is supporting our local charitable organizations or volunteering at a local school, giving back is part of who we are.

ALL HANDS ON DECK!

To improve the classroom environment, an industrious team of Regal employees cleaned, repaired and painted the Aquiles Serden Elementary School in Mexico. We're proud to help our local schools and make a real difference for the children in our communities.

REGAL AND THE RED CROSS.

In partnership with the Philippine Red Cross, employees helped victims of the war in Marawi through donations of hygiene kits. Regal representatives delivered coffee and 191 sets of hygiene kits to the Red Cross headquarters.



ROWING AGAINST CANCER.

In Germany, Regal employees participated in a charity rowing competition and donated to a local foundation that supports people battling cancer. Working together, the team had a unique opportunity to show Regal's commitment to our communities and personal wellness.

"I absolutely believe the best companies strive for a balanced and diverse workforce. We want to be that company."

– Mark J. Gliebe, Chairman and CEO

LEADING BY EXAMPLE.

At Regal headquarters in Beloit, Wisconsin, 13 executives serve on local nonprofit boards. In 2018, our total United Way contribution in Beloit surpassed \$150,000. The average individual contribution was over \$1,100.





Workplace safety. Our goal is Zero Harm.

SAFE

SAFETY AWARENESS FOR EMPLOYEES

WE'RE CONTINUALLY IMPROVING WORKPLACE SAFETY through our Zero Harm expectation. The welfare of our employees and their families starts with our commitment to personal safety. Our expectation is that everyone—employees, visitors, customers and contractors—must demonstrate a commitment to safety. Regal measures safety worldwide using DART (Days Away Restricted or Transferred) Rate and TRR (Total Recordable Rate). Regal performs in the top quartile of US manufacturing companies for safety.* More important, we will not be satisfied until we achieve Zero Harm every year.



Regal is in the top **25%**
of all US Manufacturers for Safety

	2015	2017	Reduction
DART Rate	0.66	0.54	18%
TRR	1.13	0.92	19%
	Zero Fatalities	Zero Fatalities	

OUR ISO 18001 FACILITIES

Bangkok, Thailand	Wuxi, China	Zizurkil, Spain	Zhangzhou, China
----------------------	----------------	--------------------	---------------------

OHSAS 18001 is an International Standard for Occupational Health and Safety Management Systems that covers all aspects of risk management and legal compliance.

*US Bureau of Labor Statistics.



PERFORMANCE EXCELLENCE. It is a journey of continuous improvement, and each of our facilities is challenged to reach new heights. It starts by empowering our people who collaborate in High Energy Teams (HETs). These teams learn and apply problem-solving skills using lean methodologies. The goal is gleaming, five-star facilities that continuously improve safety, quality, delivery and cost.

OUR SUCCESS ON SAFETY comes directly from engaged employees who help identify and reduce safety risks. We want all employees to actively participate in our safety programs through our employee-led HETs. These teams work to eliminate risk of injury and improve the work environment. More than 60 joint employee management safety teams at different facilities work to reduce injuries and improve health. Teams present safety improvements on a weekly basis to share best practices globally with the goal of achieving Zero Harm.

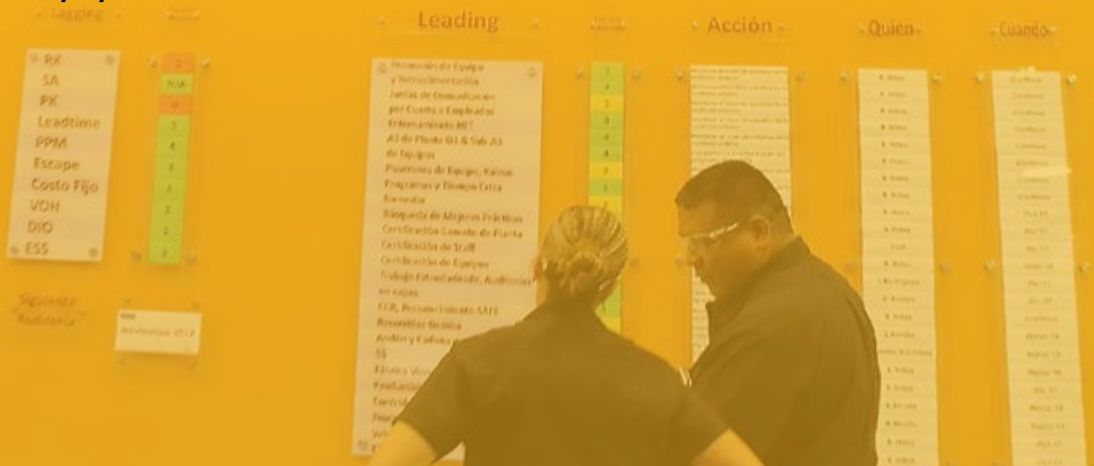


60+

Joint Employee Management
Safety Teams

WE BELIEVE OUR PEOPLE are at the core of everything we do, and their deployment of our values leads to Performance Excellence. We have invested in training over a hundred HETs that have generated significant benefits and driven improvements in safety, speed, quality, cost and sustainability.

Our **COMPLIANCE CITIZENSHIP REVIEW (CCR)** is our formal environmental, health and safety management system where we evaluate all our facilities' environmental, health, safety and sustainability program performance twice per year. The CCR process scores each team on leading and lagging indicators in the areas of compliance, safety, illness prevention, environmental impact, employee training, audits, employee engagement, sustainability initiatives and community service. Facilities with exceptional performance are eligible for the annual Regal Safety Awareness For Employees (SAFE) award, presented personally by the CEO and COO.



Safe work environments
ultimately protect what matters most.

***L'UTILIZZO
DEI GUANTI
CORRETTI AIUTA
A MANTENERE
SICURO IL MIO
PAPA'***



Merveille
9 anni

Creando un
domani migliore™ ...

REGAL®



SAFETY STARTS AT HOME.

One of our safety initiatives is to engage the families of our employees about workplace and home safety. Our facilities host employees' families at the workplace with an emphasis on training and awareness for their children and grandchildren.

What better way to remind our employees of workplace safety than featuring the little ones who need them most.



Safety is a promise we make all around the world.

CELEBRATING WORLD SAFETY DAY.

In April 2018 across all of our facilities, Regal celebrated World Day for Safety and Health at Work. This included a video message from our CEO and events to promote safety at each location.



INSHARP CERTIFICATION

Regal's Monticello, Indiana facility has been certified in the Indiana Safety and Health Achievement Recognition Program (INSHARP) for the ninth time. INSHARP recognizes employers that are working toward exemplary health and safety management systems. In 2018 our Valparaiso, Indiana facility received its first INSHARP certification.





INDIA SAFETY AWARDS

Two of our facilities have been awarded the National Safety Award by the India Ministry of Labour & Employment: Kolkata (2015 & 2016), and Faridabad (2015). The Faridabad facility also received the Indian government's 2017 National Safety Council Safety Award.



Sustainable manufacturing. We're using less—and using it smarter.

As responsible corporate citizens, we are committed to being a leader in protecting the environment. Through our stewardship we create value for our stakeholders and preserve opportunities for generations to follow. Our Compliance Citizenship Review (CCR) is a formal environmental, health, safety and sustainability management system. The CCR Leadership team continually monitors environmental law, establishes Regal's environmental policies and ultimately determines if the products we make and the materials we use meet our environmental policies. The CCR Leadership team establishes our annual environmental objectives and tracks performance to determine if our measurable targets are being met.

Employee-led teams at our facilities have specific goals to reduce energy consumption, greenhouse gas emissions, water usage and waste. Progress is reviewed at each site at least two times per year as part of our ISO 14001 Environmental Management System.

REGAL FACILITIES CERTIFIED IN ISO 14001 ENVIRONMENTAL MANAGEMENT

Changzhou,
Jiangsu,
China

Mueang
Nonthaburi District,
Nonthaburi,
Thailand

Taicang,
Jiangsu,
China

Wuxi City,
Jiangsu,
China

Zhangzhou,
Fujian,
China

REGAL FACILITIES MEET VOLUNTARY CLEAN INDUSTRY STANDARDS

7 FACILITIES in Ciudad Juárez, Chihuahua, Mexico

2 FACILITIES in Piedras Negras, Coahuila, Mexico

Reynosa, Tamaulipas, Mexico

Apodaca, Nuevo Leon, Mexico

El Salto, Jalisco, Mexico

For the second year in a row, Regal's Piedras Negras, Mexico motor facility received the Environmental Recognition Award issued by the National Council of Maquiladora and Export Manufacturing Industry. This award recognizes facilities that have reduced greenhouse gas emissions, water consumption, waste and energy usage.

Regal has been disclosing emissions to the Carbon Disclosure Project since **2015**



FRESH WATER

	2015 Gallons	2015 Revenue Intensity	2017 Gallons	2017 Revenue Intensity	Gallons Reduction	Revenue Intensity Reduction
	258,224,903	73,575	221,280,437	65,851	14%	10%



CO₂ EMISSIONS

	2015 Tons *	2015 Revenue Intensity	2017 Tons	2017 Revenue Intensity	Tons Reduction	Revenue Intensity Reduction
Scope 1	3,253.3	0.9	7,461.8	2.2	-129%	-140%
Scope 2	300,978.0	85.8	259,945.0	77.4	14%	10%
Total	304,231.3	86.7	267,406.8	79.6	12%	8%

* Data revised since 2015



HAZARDOUS WASTE GENERATED

	2015 Tons	2015 Revenue Intensity	2017 Tons	2017 Revenue Intensity	Tons Reduction	Revenue Intensity Reduction
	1,247	0.36	1,229	0.37	1%	-3%



NON HAZARDOUS WASTE DISPOSED

	2015 Tons	2015 Revenue Intensity	2017 Tons	2017 Revenue Intensity	Tons Reduction	Revenue Intensity Reduction
	19,046	5.43	12,365	3.68	35%	32%

The Regal Zhangzhou, China facility recently installed a new wastewater distillation system that has reduced hazardous wastes at the site by **80%**

In the above charts, Revenue Intensity reflects usage/emissions/etc. per million U.S. dollars of revenue. The calculations are based on 2015 revenue of \$3,509.7 million and 2017 revenue of \$3,360.3 million.

The work we do at Regal profoundly impacts the world around us.


Today, we're powering essential applications worldwide with products that deliver higher energy efficiency for customers and consumers.

INNOVATIVE PRODUCTS AND WORLD-CLASS SOLUTIONS

are making a positive impact on the "handprint" we are leaving behind. Equally important, as we produce these energy efficient products, we strive to continually reduce the environmental "footprint" of our facilities.



GENTEQ® ECM motors have offset more than
100,000,000 Metric Tons
of greenhouse gas over the last 25 years.



That's the energy equivalent
of a fully loaded coal train
5,000 Miles Long.

Information Security

As we design and manufacture innovative products and services, data is a critical business asset. The security of that data is equally critical. We impress upon all employees that they are stewards of our data and the first line of defense against cyber attacks. Regal utilizes the latest security tools, techniques and training to assure the confidentiality of our company-owned data, including our intellectual property and maintaining the privacy of our customers, suppliers and employees.



ENCRYPTION

MULTI-FACTOR AUTHENTICATION

NETWORK SEGMENTATION

EVENT LOG MONITORING

CONTINUOUS AUDIT

DATA PRIVACY COMMITMENT

INFORMATION PROTECTION

EDUCATION AND AWARENESS

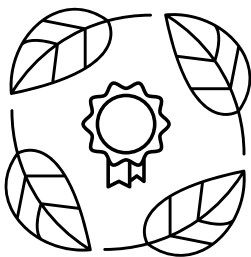
Every year, employees are required to acknowledge Regal's Electronic Resources and Communications Policy. Our security awareness program tests and trains employees on an ongoing basis.

A global supply chain built with partners committed to sustainability.

Regal's promise to provide high quality, energy efficient products increases our environmental handprint—what we give back. We're also stepping more lightly to minimize our footprint: reducing emissions, decreasing energy and water consumption, and minimizing waste production. In short, we're consuming less and leaving less behind. It's how we operate our facilities, and we expect the same from our suppliers.

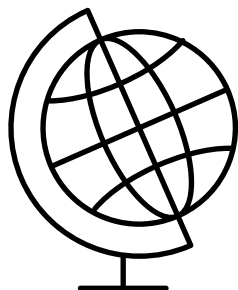


PARTNERING WITH RESPONSIBLE SUPPLIERS. Building the best supply base increases the level of compliance with global environmental and socially responsible regulations. Regal's Materials Compliance Team evaluates supplier compliance with REACH, RoHS, Conflict Minerals reporting and other state and national regulations. Suppliers are expected to follow our Global Supplier Requirements and Expectations Manual (SREM) and participate in an annual compliance verification campaign.



SUPPLIER COMMITMENTS TO ISO 14000.

In conjunction with the Regal Code of Business Conduct and Ethics, suppliers are expected to develop and enforce appropriate environmental systems that meet ISO 14000 requirements. They're expected to meet or exceed applicable local, state/provincial and national environmental laws and regulations.



ROBUST GLOBAL SUPPLY CHAINS.

To meet local, regional and global needs, our suppliers provide materials, components and complete product assemblies to Regal's stringent specifications. Our supplier quality and compliance process is executed consistently worldwide.

Multiplying our environmental impact with our supply base.

We're proud of our continual efforts to rate suppliers based on evidence of their programs and processes. Since our sustainability impact is multiplied by that of our supply base, Regal will continue to align with suppliers that share our focus of creating a better tomorrow.

RECYCLED AND RECLAIMED MATERIALS MAKE GOOD ENVIRONMENTAL AND BUSINESS SENSE.

Recycled Material

accounts for 16% of our steel consumption, an increase of 20% over the past three years.

Recycled Aluminum Accounts for Over 80% of Our Usage

and is 92% more energy efficient to produce than primary aluminum.

Plastic Regrind

is specified with the majority of our plastic parts suppliers.

Use of machined castings enables suppliers to

Remelt and Reutilize Aluminum

and other metals at the point of manufacture.

Freight consolidation programs have decreased shipments by increasing trailer utilization.

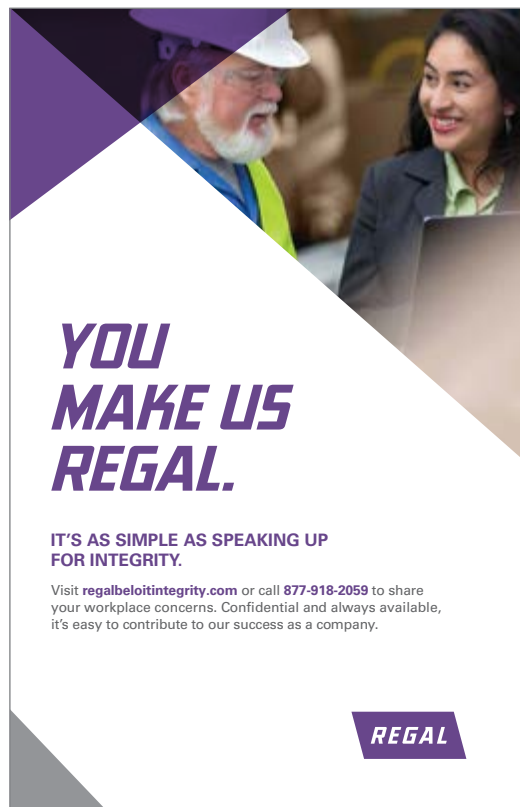
Ethics & Integrity in everything we do.

REGAL TEAM MEMBERS STRIVE TO CONDUCT BUSINESS ETHICALLY,

honestly and in full compliance with all laws and regulations in every business decision, in every group and in every location worldwide. Regal's Code of Business Conduct and Ethics makes clear our core operating principles, sets standards and behaviors, and explains how our values should guide our decisions.

Each new employee receives Code of Conduct training during the onboarding process. Annually, all employees are required to certify they comply with Regal's Code of Conduct as well as our Conflicts of Interest Policy. To enhance their understanding of the Code of Conduct, all employees participate in mandatory training on numerous ethics and compliance subjects. In 2017, this comprehensive training included specific modules on insider trading, fair competition, health/safety/environment, contributing to our communities, honest marketing, conflicts of interest, discrimination and harassment, and speaking up about workplace violence.

Regal's Code of Conduct manual and Integrity Line posters are distributed in 17 languages.



AT REGAL, INTEGRITY MATTERS.

Our Code of Conduct emphasizes that integrity matters in all our endeavors. We encourage anyone with a concern about our business ethics to raise it without fear of retaliation. Numerous contacts and communication channels are available, from business leaders to the Board of Directors, to the Audit Committee, as well as anonymous reporting through our Integrity Line.

ANNUAL EMPLOYEE ENGAGEMENT SURVEYS.

In 2018, 96% of Regal employees took the time to complete our annual engagement survey—not because they were forced to do it, but because they know their voice will be heard. Inclusion, dignity and respect all start by listening.

DEVELOPING LEADERS IS KEY TO OUR SUCCESS.

People with ambition, commitment, creativity and energy flourish at Regal. They're the foundation of our competitive advantage and the force behind exceptional products and manufacturing practices. Regal is a place where people treat each other with mutual respect and dignity.

COMMITTED TO A DIVERSE AND INCLUSIVE WORKFORCE.

Regal is an Equal Opportunity and Affirmative Action Employer. Qualified applicants will receive consideration for employment without regard to race, color, religion, sexual orientation, gender identity, age, ancestry, national origin, marital status, citizenship status (unless required by the applicable law or government contract), disability or protected veteran status or any other status or characteristic protected by law.

GLOBAL ANTI-CORRUPTION AND THIRD-PARTY ENGAGEMENT POLICIES.

Our commitment to integrity means we avoid corruption in any form. As detailed in our Global Anti-Corruption and Third-Party Engagement Policies (distributed online in multiple languages), we prohibit all forms of bribery and expect the same of our business partners. Regular audits and assessments are conducted based on management priorities, relying upon a variety of sources including employee engagement survey responses, conflict of interest certifications, related party reporting and our Integrity Line.

Governance founded upon experience.

THE REGAL BOARD IS COMPRISED OF TEN DIRECTORS

whose terms expire annually. There are eight independent directors including two women and six men. Collectively, they possess an impressive blend of personal and professional attributes.

Experience in
global markets

Experience as a current
or former CEO or COO,
or significant operations
experience

Business development/
M&A experience

Knowledge of
investment banking
and/or capital markets

Experience as a
current or former
chief financial officer

Expertise in matters of
public accounting

WE SEEK PERSONAL AND PROFESSIONAL DIVERSITY IN OUR BOARD

Public company
board experience

Knowledgeable in
corporate governance

Knowledge and
experience in our
industry

Current or past
experience with
manufacturing

Experience in
driving growth with
innovative products,
systems or services

Entrepreneurial
experience

Regal's Corporate Governance and Director Affairs Committee recommends the qualities, skills and attributes desired in our directors to reflect the unique challenges facing our company. Our annual Proxy Statement provides a detailed look at each director candidate's skills and attributes.

Our Board decides whether to vest the responsibilities of the Regal CEO and Chairman of the Board in different individuals or in the same individual based on the Board's judgment of what is in the best interest of Regal and all our stakeholders. In recent years, the Board has determined that Regal functions most effectively with a combined Chairman and CEO.

To supplement the combined Chairman and CEO position, our Board includes a Presiding Director whose duties are further outlined in our Governance Guidelines.

THE BOARD HAS THREE STANDING COMMITTEES: Audit, Compensation & Human Resources, and Corporate Governance & Director Affairs. They play critical roles in decision-making on matters pertaining to economic, environmental and social topics. These committees are appointed by and report to the Board, which has adopted a written charter for each. The charter for each committee is available on our website: regalbeloit.com. On occasion, ad hoc committees are formed for specific Board purposes. Regular reviews of the performance of the Board, committees and individual directors are administered by the Corporate Governance & Director Affairs Committee.

STRATEGIC DIRECTION AND EXECUTION.

Our Board of Directors and management periodically set and review our strategic direction. On occasion, the Company seeks advice from outside consultants to get a fresh perspective on the portfolio and on the core businesses. Annually, business teams create and refine a long-range three-year plan. We operate the company and measure performance against objectives and targets established by management in an annual operating plan.

MANAGING RISK.

Regal's Annual Report provides extensive information on risks and opportunities in our businesses. The Regal Board is responsible for operational and strategic risk management oversight. To further the Board's risk management oversight goals, we formed a Risk and Compliance Committee comprised of senior management and key managers from our business units and functional teams. The committee is charged with identifying, assessing and developing a mitigation strategy for significant risks that could impact Regal's ability to meet objectives and execute strategies. The committee's work addresses risk comprehensively, giving consideration to economic, environmental and social topics, among others. The Board regularly reviews the committee's processes and progress.

CORPORATE GOVERNANCE GUIDELINES, in conjunction with the Board committee charters, establish processes and procedures to help ensure effective and responsive governance by the Board. Our Corporate Governance Guidelines and other governance materials are available on our website: regalbeloit.com.

IMPORTANT GOVERNANCE MATTERS.

Proxy advisors have consistently acknowledged that Regal has established a governance structure that enables solid risk management and performance-based focus. Highlights of Regal's corporate governance structure, as described in our 2018 Proxy Statement, are noted below.

BOARD ITEMS:

Total Directors:

10 (including CEO/Chair)

Independent Directors:

Two women and six men

Average Age:

61

Average Tenure:

12 years

Mandatory Retirement Age:

72

Independent Presiding Director

All Directors Stand for Annual Election

Annual Evaluation of Board and Committees

Cyclical Individual Director Evaluations

Shareholder Interest:

Majority Voting Standard

Proxy Access

Right to call special meetings

No 'poison pill'

Compensation Committee Oversight:

Pay-for-performance culture

Stock ownership requirements

Clawback policy

Double trigger change-in-control

No future excise tax gross-up

Anti-hedging and anti-pledging policies

Annual and long-term incentive metrics



In October 2017, the Regal Board of Directors convened one of its meetings in our Monterrey, Mexico facility. This hands-on approach immerses our Board in the Regal culture.



Our Vision for The Future

OUR VISION 2020 STATEMENTS describe our business purpose, represent our culture, and define our initiatives for all of our stakeholders.

1

Our Business Purpose... "To create a better tomorrow by efficiently converting power into motion."

2

What to Expect From Us...

Integrity

Responsibility

Inclusion

Transparency

Engagement

Performance

3

Our Initiatives...

Customer Care

Pursuit of New Opportunities

Performance Excellence

Innovation

Simplification

Sustainability

CREATING A BETTER TOMORROW™...

Our connections ensure the voice of Regal is heard around the world.

PROFESSIONAL ASSOCIATIONS & MEMBERSHIPS.

Products

- ABMA (American Bearing Manufacturers Association)
- AGMA (American Gear Manufacturing Association)
- MPTA (Mechanical Power Transmission Association)
- NEMA (National Electrical Manufacturers Association)
- WBA (World Bearing Manufacturers Association)

Industries

- ABS (American Board of Shipping)
- AHRI (Air Conditioning, Heating, and Refrigeration Institute)
- AISI (American Iron and Steel Institute)
- AIST (Association for Iron and Steel Technology)
- AMCA (Air Movement and Control Association International, Inc.)
- ANFIR (Asociación Nacional de Fabricantes de la industria de la refrigeración)
- ASHRAE (American Society of Heating, Refrigerating and Air Conditioning Engineers)
- Assoclima (Association of Manufacturers of Air Conditioning Systems)
- BISSC (Baking Industry Sanitation Standards Committee)
- BSA (Bearing Specialist Association)
- CEMA (Conveyor Equipment Manufacturers Association)
- DCD (Data Center Dynamics)
- EASA (Electrical Apparatus Service Association)
- EPTDA (Europe Power Transmission Distributor Association)
- FSPA (Florida Swimming Pool Association)
- GEAPS (Grain Elevator and Processing Society)
- HARDI (Heating Air Conditioning Refrigeration Distributors International)
- HI (Hydraulic Institute)
- IEEE (Institute of Electrical and Electronics Engineers)
- IEEMA (Indian Electrical and Electronics Manufacturers Association)
- IPSSA (Independent Pool & Spa Service Association)
- MHI (Material Handling Industry)
- PTDA (Power Transmission Distributor Association)

Standards

- ANSI (National Standards and Technology)
- ASME (American Society of Mechanical Engineers)
- CEN (European Committee for Standardization)
- CSA (Canadian Standards Association)
- DOE (US Government, Department of Energy)
- IECEE (IEC Conformity Assessment for Electrotechnical Equipment and Components)
- ISO (International Organization for Standardization)
- NFPA (National Fire Protection Association)
- NGWA (National Ground Water Association)
- NOM (Norma Oficial Mexicana)
- UL (Underwriters Laboratory)

Councils

- 7x24 Exchange International
- Conference Board
- IEC (International Electrotechnical Commission)
- KAM (Kentucky Association of Manufacturers)
- MAPI (Manufacturers Alliance for Productivity and Innovation)
- NAM (National Association of Manufacturers)
- NIST (National Institute of Standards and Technology)
- WAM (Wisconsin Association of Manufacturers)

REGAL BELOIT CORPORATION is a publicly traded company listed on the New York Stock Exchange (NYSE: RBC) and is incorporated in the state of Wisconsin, USA. Regal's financial reporting follows U.S. Securities and Exchange Commission (SEC) regulations, and our Annual Reports on Form 10-K are available on our corporate website. All entities included in our consolidated SEC financial statements are covered in this report.

CONTACTS REGARDING THIS REPORT

Rob Cherry
VP Business Development & Investor Relations
robert.cherry@regalbeloit.com

Paul Goldman
VP Marketing & Communications
paul.goldman@regalbeloit.com

This report is informed by the GRI Standards (issued in 2016). It has not been prepared to a specific GRI in-accordance level.

CAUTIONARY STATEMENT

The following is a cautionary statement made under the Private Securities Litigation Reform Act of 1995: With the exception of historical facts, the statements contained in this report may be forward-looking statements. Forward-looking statements represent our management's judgment regarding future events. In many cases, you can identify forward-looking statements by terminology such as "may," "will," "expect," "intend," "estimate," "forecast," "anticipate," "believe," "should," "project" or "plan" or the negative of these terms or other similar words. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties, assumptions and other factors, some of which are beyond our control, which could cause actual results to differ materially from those expressed or implied by such forward-looking statements due to a number of factors, including but not limited to risks and uncertainties described in "Item 1A-Risk Factors" of the Company's Annual Report on Form 10-K filed on February 27, 2018 and from time to time in our reports filed with the U.S. Securities and Exchange Commission. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the applicable cautionary statements. This report was completed in January 2019 and relies on the Company's fiscal year 2017 results with some references to actions and developments during 2018. The forward-looking statements included in this report are made only as of their respective dates, and we undertake no obligation to update these statements to reflect subsequent events or circumstances.

Indicator	Brief Description	Location of Information (pages of this report; other documents)
Organizational Profile		
102-1	Name of organization	Page 43
102-2	Activities, brands, products and services	Page 7–12; 2017 Annual Report
102-3	Location of headquarters	Page 15
102-4	Location of operations	Page 15-16
102-5	Ownership and legal form	Page 43
102-6	Markets served	Page 15-16
102-7	Scale of the organization	Page 5, 15-16
102-8	Information on employees and other workers	Page 13–14, 16–23, 25, 27, 33, 36-37
102-9	Supply chain	Page 34–35
102-11	Precautionary principle or approach	Page 30
102-13	Membership of associations	Page 42
Strategy		
102-14	Statement from senior decision-maker	Page 4
102-15	Key impacts, risks, and opportunities	Page 39; 2017 Annual Report
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behavior	Page 14, 36-37, 41; Regal Code of Conduct
102-17	Mechanisms for advice and concerns about ethics	Page 36-37; Regal Code of Conduct, 2018 Proxy Statement
Governance		
102-18	Governance structure	Page 38-41; 2018 Proxy Statement
102-19	Delegating authority	Page 25, 38-39; 2018 Proxy Statement
102-20	Executive-level responsibility for economic, environmental, and social topics	Page 38, 41
102-21	Consulting stakeholders on economic, environmental, and social topics	Page 41
102-22	Composition of the highest governance body and its committees	Page 38-40; 2018 Proxy Statement
102-23	Chair of the highest governance body	Page 38-40; 2018 Proxy Statement
102-24	Nominating and selecting the highest governance body	Page 38-40; 2018 Proxy Statement
102-25	Conflicts of interest	Page 36-37; Regal Code of Conduct, 2018 Proxy Statement
102-26	Role of highest governance body in setting purpose, values, and strategy	Page 38-41; 2018 Proxy Statement
102-27	Collective knowledge of highest governance body	Page 38; 2018 Proxy Statement
102-28	Evaluating the highest governance body's performance	Page 39; 2018 Proxy Statement
102-29	Identifying and managing economic, environmental, and social impacts	Page 30-32, 34, 37, 39
102-30	Effectiveness of risk management processes	Page 39; 2017 Annual Report
102-31	Review of economic, environmental, and social topics	Page 39
102-32	Highest governance body's role in sustainability reporting	Page 39, 41

Indicator	Brief Description	Location of Information (pages of this report; other documents)
102-33	Communicating critical concerns	2018 Proxy Statement
102-34	Nature and total number of critical concerns	No concerns were communicated
102-35	Remuneration policies	2018 Proxy Statement
102-36	Process for determining remuneration	2018 Proxy Statement
102-37	Stakeholders' involvement in remuneration	Page 40; 2018 Proxy statement
102-38	Annual total compensation ratio	2018 Proxy statement
Stakeholder Engagement		
102-40	List of stakeholder groups	Page 18
102-42	Identifying and selecting stakeholders	Page 2, 4, 12, 18
102-43	Approach to stakeholder engagement	Page 2, 4, 12, 18
Reporting Practice		
102-45	Entities included in the consolidated financial statements	Page 43; 2017 Annual Report
102-46	Defining report content and topic boundaries	Page 43
102-47	List of material topics	Page 3
102-50	Reporting period	Page 43
102-51	Date of most recent report	January 2019
102-53	Contact point for questions regarding the report	Page 43
102-54	Claims of reporting in accordance with the GRI standards	Page 43
102-55	GRI content index	Page 44–47

Economic Disclosures

Economic Performance		
103	Management approach—economic performance	2017 Annual Report
201-1	Direct economic value generated and distributed	Page 5
Procurement Practices		
103	Management approach—procurement practice	Page 34–35
204	Procurement practices	Page 34–35
Anti-Corruption		
103	Management approach—anti-corruption	Page 36-37; Regal Code of Conduct
205-1	Operations assessed for risks related to corruption.	Page 36-37; Regal Code of Conduct
205-2	Communications & training about anti-corruption policies & procedures	Page 36-37; Regal Code of Conduct
205-3	Confirmed incidents of corruption & actions taken	No incidents reported or confirmed
Anti-Competitive Behavior		
103	Management approach—anti-competitive behavior	Page 36-37 ; Regal Code of Conduct

GRI INDEX

Indicator	Brief Description	Location of Information (pages of this report; other documents)
Environmental Disclosures		
Materials		
301	Materials	Page 30, 34–35
Energy		
103	Management approach—energy	Page 2, 4, 6–11, 14–15, 30–32, 34–35
302-1	Energy consumption within the organization	Page 2, 4, 14, 30–31
302-2	Energy consumption outside of the organization	Page 34–35
302-4	Reduction of energy consumption	Page 2, 4, 14, 30–31
302-5	Reductions in energy requirements of products and services	Page 2, 4, 6–11, 14–15, 32, 34–35
Water		
103	Management approach—water	Page 4, 7–11, 30–31, 34
303-1	Water withdrawal by source	Page 31
Emissions		
103	Management approach—emissions	Page 2, 4, 25, 30–32, 34–35
305-1	Direct (scope 1) GHG emissions	Page 31
305-2	Energy indirect (scope 2) GHG emissions	Page 31
305-3	Other indirect (scope 3) GHG emissions	Page 34–35
Waste		
103	Management approach—effluents and waste	Page 2, 8, 11, 25, 30–31, 34–35
306-2	Waste by type and disposal method	Page 31
Environmental Compliance		
307	Environmental compliance	Page 25, 30, 34–36
Supplier Environmental Assessment		
103	Management approach—supplier environmental assessment	Page 34–35
308	Supplier environmental assessment	Page 34–35

Indicator	Brief Description	Location of Information (pages of this report; other documents)
Social Disclosures		
Employment		
103	Management approach—employment	Page 16–23
Occupational Health and Safety		
103	Management approach—occupational health and safety	Page 4, 13–14, 24–29, 36
403-1	Occupational health and safety management system	Page 4, 14, 24–29, 36
403-2	Hazard identification, risk assessment, and incident investigation	Page 24–29, 39
403-3	Occupational health services	Page 24–29
403-4	Worker participation, consultation, and communication on occupational health and safety	Page 24–29
403-5	Worker training on occupational health and safety	Page 24–29
403-6	Promotion of worker health	Page 13, 16, 23–29
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 24–29, 39
403-8	Workers covered by an occupational health and safety management system	Page 24–29
403-9	Work related injuries	Page 24–29
Training and Education		
103	Management approach—training and education	Page 17
404-2	Programs for upgrading employee skills and transition assistance programs	Page 17
Diversity and Equal Opportunity		
103	Management approach—diversity and equal opportunity	Page 14, 20–21, 38
Local Communities		
103	Management approach—local communities	Page 2, 4, 6, 13–14, 19, 22–23
Forced or Compulsory Labor		
409	Forced or compulsory labor	Page 17
Supplier Social Assessment		
414	Supplier social assessment	Page 34–35
Customer Privacy		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 33 No such complaints have been received—no such breach or loss

REGAL[®]

Regal Beloit Corporation

200 State Street

Beloit, Wisconsin 53511

regalbeloit.com

