

	100.102	Anti-Corruption Policy – Global (Anti-Corruption Program - Global)		
CORPORATE LEGAL ETHICS & COMPLIANCE	Policy Owner:	Associate General Counsel - Compliance		
	Effective Date:	2015-Jun-17	Rev: 5	Page 1 of 5

1. Policy Purpose, Application and Scope

1.1. Purpose.

1.1.1. Regal, as a responsible business enterprise, has policies to guide our business, define our governance culture and objectives and foster the trust of our customers, shareholders, employees, suppliers, and the communities in which we live and work – those whose trust we must have to be successful. Regal must act with particular care with the business people and partners that we engage to do business for or on our behalf. We do not bribe - not to get business, not to keep business, not to get access, not to get anything and we expect those working on our behalf to do the same.

1.1.2. This policy requires each of us to avoid bribery and corruption in all of our business activities, in all locations and wherever we conduct business. It provides us with guidance centered around the idea that bribery and corrupt activities are **never** the right thing to do.

1.1.3. Additionally, laws all over the world prohibit bribery, corrupt acts and govern our activities with respect to contacts and relationships with governments, officials and agents. This policy guides the Company and its directors, officers, employees, agents, affiliates, subsidiaries, consultants, resellers, and representatives to avoid illegal and corrupt activities and bribery. Not only the U.S. Foreign Corrupt Practices Act of 1977, as amended (“FCPA”) and the 2010 U.K. Bribery Act, but also laws of other countries in which the Company does or intends to do business require us to be aware of and follow their requirements.

1.1.4. Each of us must act to prevent corruption from being a part of any Regal transaction and business. This includes compliance with all laws, domestic and foreign, prohibiting improper payments, gifts or inducements of any kind to and received from any person, including officials in the private or public sector, customers and suppliers.

1.2. **Application and Scope.** This Policy applies to Regal Beloit Corporation, its controlled affiliates and subsidiaries (collectively “Regal” or the “Company”). It includes all employees and anyone else associated with Regal such as its directors, agents, representatives, vendors, suppliers, joint venture partners, distributors and other business partners, people providing professional services, brokers, resellers, consultants and any other business partners or third parties that provide services or products to or for Regal.

2. Policy Provisions.

2.1. **Do not “buy” business.** Many countries in which we operate have commercial bribery laws, which prohibit any corrupt payment to anyone to obtain or retain business. Regal believes that it should compete for business based on the quality and value of its products and services, and it does not permit “paying” for business. Giving or accepting gifts, including meals and entertainment, can present the potential for corruption and look like you are trying to buy someone’s business. As a general rule, gifts, entertainment and hospitality are acceptable if they are reasonable, proportionate and made in good faith and in compliance with our company policies; corporate policies including the travel, meals and

entertainment and gift policies set forth in the Code of Business Conduct and Ethics (the “Code”) provide guidance as to how to distinguish between acceptable business courtesies and potentially corrupt payments.

2.2. **No Bribery.** A **bribe** is anything of value given in an attempt to affect a person’s actions or decisions or to gain or retain a business advantage. No one associated with Regal will offer, pay, promise to pay or authorize the payment or delivery of money, gifts or anything of value to government or public official or any employee of a state-owned or state-controlled entity or any commercial entity: (i) to influence any act or decision; (ii) to induce an employee or official to use his or her influence to affect any act or decision; or (iii) to seek any advantage to assist Regal in obtaining or retaining business. “No one associated with Regal” in this context means employees, directors, officers, agents, representatives, vendors, suppliers, distributors and all other business partners.

2.3. **Maintain accurate books and records.** We will maintain accurate and complete books and records and proper internal accounting controls. No Regal money or assets will be used, directly or indirectly, for any unlawful, improper or unethical purpose.

2.3.1. Regal will keep its books, records, and accounts in reasonable detail, accurately and such that they fairly reflect all transactions and dispositions of assets.

2.3.2. No one is permitted to mischaracterize or omit any transaction on a company’s books or any fail to maintain proper accounting controls that result in a mischaracterization or omission. Keeping detailed, accurate descriptions of all payments and expenses is crucial.

2.3.3. Our employees must follow applicable standards, principles, laws and Regal practices for accounting and financial reporting. In particular, employees must be timely and complete when preparing all reports and records. In connection with dealings with government or public officials and with other international transactions explained in this Policy, employees must obtain all required approvals from the responsible Regal vice president or the Legal Department and, when appropriate, from non-U.S. governmental entities.

2.3.4. Before paying or authorizing a payment to a non-U.S. government official, Regal employees or agents will verify that no part of such payment is to be made for any purpose other than that to be fully and accurately described in the Regal’s books and records.

2.3.5. No undisclosed or unrecorded accounts of Regal are to be established for any purpose.

2.3.6. False or artificial entries are not to be made in the books and records of Regal for any reason.

2.3.7. Finally, personal funds must not be used to accomplish what is otherwise prohibited by Regal policy.

2.4. **Marketing, Travel and Entertainment Expenses.** Normal business entertainment directly connected to a bona fide business purpose, as well as nominal gifts with a Regal logo, are permitted by the Code as well as this policy IF such expenditure receives all approvals required under the Code and other applicable Regal policy(ies). And, any marketing or entertainment expense expected to exceed \$100 U.S. dollars directed at a “public official” may not be made without prior express approval of the Legal Department.

2.5. **Charitable Donations.** A charitable donation made in a non-U.S. jurisdiction by or on behalf of Regal, or a charitable donation made on behalf of or solicited by a foreign official, could be seen as a form of a bribe in certain situations. Do not make

charitable donations for Regal without consulting with the responsible Regal Vice President and the Legal Department.

- 2.6. **Mergers & Acquisitions.** While the U.S. government has most notably pursued enforcement actions against purchasing corporations for the pre-merger/acquisition conduct of target corporations that violated the FCPA, other governments across the world also pursue corporations and its leaders for corrupt activities. Thus, Regal anti-corruption specific due diligence must be conducted prior to the merger or acquisition of any target company
- 2.7. **Business Partners conducting business on behalf of Regal must do so with integrity.** Each must be trustworthy, honest, candid, fair and open. Regal will not do business with a person or entity if that person or entity does not commit to doing business with integrity and without bribery and corruption
- 2.8. **Follow Business Partner Procedure.** Use of Agents, Distributors, Business Partners and other Third Parties requires due diligence. The use of agents who act on behalf of Regal and represent Regal to the outside world presents an area of substantial corruption risk. Through a proper system of due diligence, however, these risks can be largely mitigated. Understand and follow the requirements of all procedures for agents, distributors, representatives, or other business partners (collectively “Business Partners” or “Third Parties” or “3rd Parties”) to properly engage or retain them. **Appendix 1, Business Partner Engagement or Re-engagement Procedure (100.102.001)** has additional information and procedures.
- 2.9. While all of our business partners must abide by this policy, as mentioned, the use of agents, brokers, consultants, sales representatives, sales agents, distributors, attorneys, accountants, travel agents, or other business partners who act on behalf of Regal and its subsidiaries, represent Regal to the outside world, or sell Regal products presents special risk. Regal prohibits Business Partners acting on our behalf from engaging in any conduct prohibited by the FCPA, UK Bribery Act, other anti-bribery laws, anti-corruption laws or this Policy. Contact the Ethics and Compliance Office as indicated in Appendix 1, Business Partner Engagement Procedure.

3. Helpful Definitions.

- 3.1. **Bribe.** Anything of value given in an attempt to affect a person’s actions or decisions or to gain or retain a business advantage may be a bribe. Bribes are intended to influence behavior – they can be money, a privilege, an object of value, an advantage, or merely a promise to influence a person in an official or public capacity. Usually, two people are involved and both will benefit. Examples of a bribe include:
 - 3.1.1. Offer or receipt of cash in the form of a kickback, loan, fee or reward
 - 3.1.2. Giving of aid, donations or voting designed to exert improper influence
- 3.2. **Government Official.** We broadly define term “public official” or “government official” to include not only traditional government officials or individuals employed by the government, a government agency or a government ministry, but also employees of international public agencies, and political parties and employees of an entity owned or controlled by a government including a state owned enterprises or controlled (“SOEs”). Payments and gifts to as well as entertainment of public officials can be particularly problematic and must be evaluated by Legal before they occur.

- 3.3. **Obtain or retain business.** Likewise, “obtain or retain business” is broadly defined to include conduct that not only leads to specific government business, but also conduct that assists Regal in conducting business in the general sense, such as obtaining government issued licenses or permits.
- 3.4. **State Owned Enterprises.** SOE’s are present in several countries in which we operate and globally may be perceived as more closely associated with corruption. We must pay particular attention to carefully structure Regal’s relationships and contracts with SOE’s to avoid corruption. SOE’s include entities that are wholly owned or only partially owned by a country or government or “state.”
- 3.5. **Anything of Value.** The term “anything of value” is defined broadly to include much more than just cash or cash equivalents. “Anything of value” can include the payment of travel expenses, providing services, golf outings or other entertainment that is excessive or not customary to a particular business transaction, assumption or forgiveness of debt, personal favors, offers of employment, and even charitable donations.

4. **Reporting Incidents or Concerns.** Every Regal employee is encouraged to ask questions regarding this policy and procedure. Employees must report any actual or suspected bribe, solicitation or offer of an improper payment or advantage immediately to a local manager or supervisor, Human Resources, the Ethics & Compliance Office (integrity@regalbeloit.com 608-361-7416 or 800-833-7901), the Legal Department (legal@regalbeloit.com) or the [Regal Integrity Alert Line](#) using a method described in the next paragraph.

Employees and Business Partners, including customers may report concerns by contacting [Regal’s Integrity Alert Line](#). There are two primary methods – phone or web portal. The telephone numbers and access codes (where needed) as well as web addresses are available by visiting the [Regal Governance website](#) or looking in the Regal Code of Business Conduct and Ethics.

Where permitted by law, a reporter may remain anonymous if he or she chooses to do so.

6. **Regal Resources and Questions.** To assist with any questions, we have created a **Frequently Asked Questions (“FAQ”)** document. That document is **Appendix 3**. Direct your Business Partner approval questions to the Ethics & Compliance Office.

If you have any questions about what this policy or any of the appendices or procedures mean, **before you act**, ask for clarification and guidance. Do not try to resolve uncertainties on your own. Participate in training and complete assessments and certifications provided to you. Not following this policy and the associated procedures will be looked at seriously and may be grounds for discipline up to and including termination with cause.

5. **Associated Policies and Procedures with additional requirements.**
 - Code of Business Conduct and Ethics
 - Appendix 1, Business Partner Engagement and Re-Engagement Procedure
 - Appendix 2, Initial Intake (Regal Employee Report)
 - Appendix 3, Frequently Asked Questions (FAQs) and Public Resources
 - Appendix 4, Business Partner Annual Certification
 - Appendix 5, Business Partner Anti-Corruption Questionnaire
 - Appendix 6, Mandatory Contract Terms
 - Appendix 7, Recommended Contract Terms
 - Appendix 8, Warning Signs



Policy Author(s):	Laurel Burke, Assoc General Counsel - Compliance	laurel.burke@regalbeloit.com +1 608-361-7416
Legal Advisor:	Outside Counsel (David Simon, Foley & Lardner)	
Function/Business :	Legal	
Approvers:	<input type="checkbox"/> Risk & Compliance Committee <input checked="" type="checkbox"/> CEO <input type="checkbox"/> COO <input type="checkbox"/> CFO <input type="checkbox"/> Corp HR VP <input checked="" type="checkbox"/> GC	Doc Storage info: 2014-00120: 0000006420
Languages:	Arabic, Chinese (simplified), Dutch, French, German, Hebrew, Hindi, Italian, Malay, Portuguese, Romanian, Russian, Slovakian, Spanish, Thai	
Revision History:	5:corrected languages translated into 4: made consistent with App 1 Procedure for Business Partners, updated format 3: more inclusive 2: add translations 1	2015-Jun-17 2015-Jun-12 2012-Aug-24 2011- July