

	100.102.003	Anti-Corruption Program - Global Appendix 3, FREQUENTLY ASKED QUESTIONS AND PUBLIC RESOURCES		
CORPORATE LEGAL ETHICS & COMPLIANCE	Policy Owner:	Associate General Counsel – Compliance		
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Frequently Asked Questions

1. What are the Foreign Corrupt Practices Act and the UK Bribery Act, and how do they apply to Regal?

A: The Foreign Corrupt Practices Act (“FCPA”) is a law that the United States Congress passed in 1977 to punish bribery intended to influence the decisions of foreign officials. It also prohibits using books and records to hide corrupt payments. Violations are punishable by criminal and civil penalties that can be applied against both Regal and its employees. The UK Bribery Act was passed in 2010 and is the United Kingdom’s counterpart to the FCPA. Since the UK Bribery Act covers both commercial and governmental bribery and applies to affiliated companies of an entity that operates in the UK (as Regal does).

2. Are the United States and United Kingdom the only countries that prohibit bribery and corruption?

A: No. No country in the world permits bribery or corruption and enforcement occurs in more places. **For example,** Mexico's Federal Law Against Corruption in Public Procurement (*Ley Federal Anticorrupción en Contrataciones Públicas*), which took effect on June 12, 2012, is similar in many ways to the FCPA. It holds individuals and companies accountable for offering money or gifts to obtain or maintain a business advantage in the procurement of public contracts with the Mexican government. Violators are subject to heavy administrative sanctions, including the imposition of significant monetary fines and the prohibition of future participation in federal procurement contracts for **up to a decade.**

3. Where are antibribery compliance and corruption risks present?

A: Corrupt practices occur in every country. While many countries seem extremely corrupt based on [Transparency International's Corruption Perception Index](#) and what we hear or see in the media, anti-bribery non-compliance and corrupt activity can and does occur in every country. In fact, enforcement actions have impacted business activity in countries where Regal does business such as Germany, Australia, Canada, United States and China. For this reason, we must be alert for corrupt activity and bribery in all international locations in which we do business, not just those locations perceived to be high risk markets or locations.

4. If I pay a small bribe to a foreign official or business person, I will be able to meet my deadline and either save Regal a significant amount of money or make Regal money. Can I pay the bribe?

A: No. You are not saving Regal money. In fact, your participation in an illegal activity may cost Regal millions of dollars and loss of reputation and you may lose your job. It is the view of Regal management that if a “business opportunity” involves or requires activity that violates the FCPA, the UK Bribery Act, or any other applicable anticorruption law, then any such “business opportunity” did not exist in the first place and therefore should not be pursued.

5. Can I be prosecuted by countries where I neither live nor do business?

A: Yes. Under well established principles of national and international law, governments have jurisdiction over any person – including corporations – that do business within their borders, or who take actions that have an impact on the commerce of the country. This means that violations of Regal compliance requirements potentially can lead to violations of U.S. and UK law, including potential criminal violations. Many governments have in place extraditing treaties and have other means of enforcing their laws on persons who are not within the physical borders of the countries, including through the use of watch lists designed to detain any person traveling within their borders.

6. If an Entity is an SOE, who do I need to be careful about interacting with under the FCPA?

A: If an entity is deemed an State Owned Enterprise (“SOE”), every employee of the entity, from an administrative assistant to the chief executive officer, may be considered a “foreign official” or public official for purposes of the FCPA (and other anti-corruption laws). Consider that while employees of SOEs may not be considered an official under local law and may not think of themselves as foreign officials, yet can be considered a covered “official” under the FCPA and anti-corruption laws. If you learn anything that makes you suspect, or if you have any reason to believe, that an individual you are dealing with is an employee of an SOE, contact the Ethics & Compliance Office for guidance.

7. A foreign official has suggested that he would like to visit Regal to inspect its operations prior to approval of a permit. Are we allowed to pay for his trip?

A: It depends. Under the FCPA, it is permissible to pay for a foreign official to make a bona fide trip of this nature. But extreme care must be taken with regard to how the expenses are paid and how much is paid. When trips like this are involved, Regal should, wherever possible, make all payments directly to the airline and hotel, impose restrictions on the amount of expenses that can be paid and obtain assurances that the foreign government is aware of the trip. Also, the amount of outside entertaining should be strictly limited and related to the business purpose of the trip. Any such trips and requests must be pre-approved by the Ethics & Compliance Office and possibly also by the company’s Vice_President, General Counsel and Secretary.

8. Are distributors subject to the Business Partner Engagement and Re-Engagement Procedure if we are just renewing an agreement?

A: Yes. Distributors sell Regal products to others and thus represent us externally. Therefore, when we engage or renew distributor relationships, we need to follow the Business Partner procedures and make sure we complete that process with the Ethics & Compliance Office.

9. We contract with engineers to help with design work. Do we have to contact Ethics & Compliance before we engage them?

A: No. Generally, engineers and other independent contractors who work on design, conversion or similar matters are really internal resources and do not represent the company to the outside world. They need to be screened as required by current Human Resources policies and procedures. **However**, if we ask the person to work with a customer or to interface with a project end user, he or she would be covered by the Business Partner Procedures.

10. What about our travel agency? Or our customs broker?

A. If the travel agency is arranging bookings for distributors, representatives, customers, government officials, or other non-Regal persons, then yes, it would be subject to the Business Partner Procedures that require the Regal Ethics & Compliance Office to be involved because it is representing Regal to the outside world. Customs brokers will inevitably interact with government agencies on the company's behalf and thus are always subject to the procedures (as well as the requirements in place for Global Trade Compliance).

11. Who should I contact with questions or concerns?

A: The Legal Department is the best choice for questions relating to anti-corruption laws and our Regal requirements. If you learn anything that makes you suspect a bribe is being offered or required, or if you have any reason to believe that an individual you are dealing with is acting in a corrupt or fraudulent way, contact the Legal Department (legal@regalbeloit.com) or the Ethics & Compliance office at headquarters (integrity@regalbeloit.com) for further guidance.

Additional Public Information Resources. Publicly available resources provide additional information regarding anti-corruption laws and international conventions. Agencies' websites change and documents are updated or removed from time to time so some of the listed resources may not be available or be in different locations.

Council of Europe Convention on Corruption (January 1999, 15 languages)
<http://conventions.coe.int/treaty/en/treaties/html/173.htm>

Organization for Economic Cooperation and Development (OECD) Anti-Bribery Convention
 As of August 2014, 34 OECD member countries and several non-member countries have adopted this Convention. Unofficial translations also available in Arabic, Chinese & Spanish.
 English - http://www.oecd.org/daf/anti-bribery/ConvCombatBribery_ENG.pdf
 French - http://www.oecd.org/fr/daf/anti-corruption/ConvCombatBribery_FR.pdf

(United Kingdom) UK Bribery Act of 2010 <http://www.legislation.gov.uk/ukpga/2010/23/contents>

U.S. Department of Justice (DOJ) Fraud Section FCPA webpage
<http://www.justice.gov/criminal/fraud/fcpa/>

The Foreign Corrupt Practices Act (unofficial translations available in 50 languages)
<http://www.justice.gov/criminal/fraud/fcpa/statutes/regulations.html>

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