



FOREIGN CORRUPT PRACTICES ACT COMPLIANCE AND ANTI- CORRUPTION POLICY

I. Purpose

The purpose of this Policy is to ensure compliance by Allient Inc. and its subsidiaries (collectively the “Company”), and each of their respective directors, officers, employees, agents, consultants, and representatives, with all applicable anti-corruption laws, including the U.S. Foreign Corrupt Practices Act of 1977, as amended (“FCPA”), and related laws of other countries in which the Company does or intends to do business. This Policy contains information intended to reduce the risk of corruption and bribery from occurring in the Company's activities. The Company strictly prohibits all forms of corruption and bribery and will take all necessary steps to ensure that corruption and bribery do not occur in its business activities.

II. FCPA

1. *Anti -Bribery*

The FCPA is a U.S. Federal Statute prohibiting U.S. persons, including U.S. companies and any companies traded on a U.S. stock exchange, and their subsidiaries, directors, officers, employees, and agents, from:

- giving, promising, or offering anything of value, whether directly or indirectly,
- to any foreign official,
- with the intention of (a) influencing any act or decision of a foreign official in his or her official capacity, (b) inducing a foreign official to do or omit to do any act in violation of the lawful duty of such official, (c) securing any improper advantage, or (d) inducing a foreign official to use his or her influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality,
- to obtain or retain business for or with, or direct business to, any person.

For purposes of this Policy, “foreign official” includes (a) any officer or employee of a non-U.S. government or any department, agency, or instrumentality thereof, (b) any officer or employee of a non-U.S. public international organization, (c) any person acting in an official capacity on behalf of a government, department, agency, instrumentality, or organization described in (a) or (b), (d) any non-U.S. political party or official thereof, and (e) any candidate for non-U.S. political office.

2. *Record -Keeping and Internal Accounting Controls*

The FCPA also requires U.S. public companies, including the Company, to:

- make and keep books, records, and accounts that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets, and
- devise and maintain a system of internal accounting controls sufficient to assure management's control, authority, and responsibility over assets.

3. *Penalties for Breach*

When the FCPA is breached, the following penalties may be imposed:

- Fines of up to U.S. \$2 million (increased to U.S. \$25 million for certain willful violations or accounting violations) against each relevant business entity.
- A prison term of up to five years (increased to 20 years for certain willful violations or accounting violations) and fines of up to U.S. \$250,000 per violation (increased to U.S. \$5 million for certain willful violations or accounting violations) for individuals involved.

Additionally, in certain instances fines may be increased to twice the gain obtained by reason of the offense or twice the loss to any person. Where the record-keeping and accounting provisions of the FCPA are breached, additional SEC penalties for violation of securities laws may be invoked. The FCPA prohibits public corporations from paying any criminal or civil fines imposed on officers, directors, employees, agents, or stockholders for violations of the FCPA.

Violations of the FCPA can also result in violations of other U.S. laws, including anti-money laundering, mail and wire fraud, and conspiracy laws. The Company may also be subject to other non-U.S. anti-corruption laws, in addition to the local laws of the countries in which the Company conducts business. This Policy generally sets forth the expectations and requirements for compliance with those laws.

III. Policy

1. *Prohibition on Bribery of Foreign Official*

Under no circumstance shall any Company director, officer, employee, agent, consultant, or representative (each of whom is covered herein by the term "Company Person") give, pay, offer, promise, or authorize the giving or payment of money or other thing of value to any foreign official or to any other person to obtain business, retain business, or direct business to any person or entity. This prohibition includes payments to third parties where the Company Person knows, or has reason to know, that the third party will remit all or any portion of such payment to a foreign official to obtain business, retain business, or direct business to any person or entity.

2. *Prohibition of Payment or Gift in Violation of Local Law*

Under no circumstance shall any Company Person make, offer, promise, or authorize any payment or gift in violation of local law in any country.

3. *Prohibition of Circumvention of Law*

Under no circumstance shall any Company Person enter into any transaction that is intended or designed to circumvent the laws of any country. Any transaction that has the appearance of circumventing the laws of any country must be avoided.

4. *Prohibition of Lawful Payment without Prior Approval*

Under no circumstance shall any Company Person offer, pay, promise, or give any money or other thing of value to any foreign official without the prior written approval of the Chief Executive Officer of Allient Inc. or such other person designated by Allient Inc.'s Board of Directors ("Chief Compliance Officer"). While facilitating payments for routine, non-discretionary government functions are allowed by the FCPA, it is strict Company policy that no such payment shall be made without the prior written approval of the Chief Compliance Officer. Similarly, no political contribution or donation allowed by the FCPA shall be made by any Company Person without the prior written approval of the Chief Compliance Officer.

5. *Clarification of Uncertainty*

Without prejudice to the foregoing requirement for written approval, a Company Person must promptly contact the Chief Compliance Officer when any question or suspected violation arises concerning the FCPA's anti-bribery provisions, including whether:

- A particular individual or entity must be treated as a "foreign official",
- Something qualifies as anything of value, or
- A proposed payment would be made or seen to be made to obtain, retain, or direct business.

6. *Due Diligence and Third-Party Certification*

To avoid being held liable for corrupt third-party payments, the Company and any Company Person acting on its behalf must exercise due diligence at all times and take all reasonable precautions to ensure that business relationships are formed only with reputable and qualified partners, agents, and representatives. In negotiating any business relationship, it shall be recommended practice for the Company or any Company Person acting on the Company's behalf to require potential partners, agents, or representatives to provide FCPA-compliance certification. Such certification shall include a covenant by the person providing it not to make or cause to be made any unlawful offer, promise, or payment to a foreign public official and not to do anything that would cause the Company to be in violation of the FCPA or any other

applicable anti-corruption law.

7. *Record Keeping*

All transactions involving Company funds or assets should be recorded accurately and in reasonable detail. The record must completely reflect the transactions and asset dispositions of the Company wherever they take place. A Company Person must promptly contact the Chief Compliance Officer when any question or suspected violation arises concerning the FCPA's record keeping provisions.

8. *Prohibition of Improper Accounting*

Direct or indirect participation by any Company Person in any "improper transaction" or deviation from established Company accounting practices, including omitted or falsified expense reports, is strictly prohibited.

9. *Compulsory Compliance*

Every Company Person shall comply with this Policy and be familiar with the Guidelines appended hereto. The Company may require Company Persons to undergo such FCPA-compliance training or to obtain such FCPA-compliance certifications as the Company may deem necessary from time to time.

10. *Questions*

Any question regarding activities under consideration with regard to the FCPA or this Policy should be promptly directed to the Chief Compliance Officer.

11. *Sanction for Breach*

Any breach of this Policy by a Company Person may result in disciplinary action, termination, disengagement, civil proceedings, criminal prosecution, or such other remedial or punitive action as shall be appropriate in the circumstances. Such action may be taken or initiated by the Company, a governmental authority, or other competent body. The Company will not directly or indirectly pay any fine imposed on any individual as a result of breach of the FCPA or of this Policy.

12. *Zero Tolerance*

The Company will not tolerate any act by a Company Person that achieves or purports to achieve results for the Company in violation of law or by acting dishonestly. Conversely, the Company will fully support any Company Person who declines an opportunity or advantage, the securing of which would place the Company's ethical principles and reputation at risk.

13. *Applicability*

This Policy is applicable to all of the Company's operations worldwide. This Policy applies to

all of the Company's directors, officers, and employees. This Policy also applies to the Company's agents, consultants, joint venture partners, and any other third-party representatives that, on behalf of the Company, have conducted business outside of the U.S. or interacted with foreign officials or are likely to conduct business outside of the U.S. or interact with foreign officials.

14. *Revisions*

The Company reserves the right to amend, rescind, or replace this Policy at any time.

FCPA Guidelines

The purpose of these Guidelines is to ensure that every person who is a director, officer, employee, agent, consultant, or representative (each of whom is a “Company Person” herein) of Allient Inc. (“Allient”) or any of its subsidiaries (collectively the “Company”) understands the general requirements of the U.S. Foreign Corrupt Practices Act of 1977, as amended (the “FCPA”).

These Guidelines are not represented to be an exhaustive explanation of all the specific provisions or intricacies of the FCPA. The full text of the FCPA is available on the website of the U.S. Department of Justice at <https://www.justice.gov/sites/default/files/criminal-fraud/legacy/2012/11/14/fcpa-english.pdf>. Any questions regarding the applicability or effect of the FCPA with regard to any transaction or activity by the Company or by any Company Person on behalf of the Company should be directed to the person designated by the Board of Directors of Allient as the Company’s Chief Compliance Officer (“Chief Compliance Officer”). It should however be borne in mind at all times that each Company Person has direct, personal responsibility for complying with the FCPA. Each Company Person may therefore wish to seek guidance from his or her own counsel as well.

FCPA Background

The FCPA was originally enacted by the U.S. Congress in 1977 and has been amended several times since. The FCPA is aimed at preventing corrupt practices by U.S. business organizations doing or seeking business in foreign countries. In recent years, a number of large U.S. companies involved in bribery in South Africa, Qatar, India, Thailand, China, and elsewhere have been sanctioned by the U.S. Government under the FCPA.

Allient is a publicly-traded U.S. company registered with the U.S. Securities and Exchange Commission (“SEC”) and it, along with each of its subsidiaries, is covered by the provisions of the FCPA. The Company, as well as every Company Person, must therefore abide by the FCPA. Neither the complexity of the FCPA nor costs of compliance (including the loss of business) diminishes the responsibility to comply with the FCPA. It is imperative therefore that each and every Company Person becomes familiar with the FCPA’s provisions.

Anti-Bribery and Keeping of Records

The FCPA has two parts. The anti-bribery part generally prohibits bribery of non-U.S. public officials. The second part generally requires good record-keeping and internal accounting controls. The U.S. Department of Justice (“DOJ”) is responsible for the criminal enforcement of the anti-bribery provisions. The DOJ and the SEC share responsibility for administering civil penalties for breach of the anti-bribery provisions. The SEC also enforces the record-keeping and internal controls provisions.

Anti-Bribery Provisions

1. *Prohibition of Bribery of Foreign Officials*

The FCPA prohibits the Company and any Company Person, whether acting in the United States or abroad, from giving, promising, or offering anything of value, whether directly or indirectly, to any foreign official for the purpose of obtaining or retaining business for or with, or directing business to, any person. The business obtained or retained does not necessarily need to be with a foreign government or foreign government instrumentality in order for the FCPA to apply.

2. *Prohibited Conduct*

For the avoidance of doubt, the elements of forbidden conduct under the anti-bribery provisions of the FCPA are as follows:

- Giving, offering, promising, or authorizing to pay,
- Money or anything of value,
- Directly or indirectly,
- To any foreign official,
- With the intention of (a) influencing any act or decision of a foreign official in his or her official capacity, (b) inducing a foreign official to do or omit to do any act in violation of the lawful duty of such official, (c) securing any improper advantage, or (d) inducing a foreign official to use his or her influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality,
- To obtain, retain, or direct business.

All of the above elements must exist for the anti-bribery portion of the FCPA to be breached. Each element is explained separately, for purposes of clarity, in the following part of these Guidelines.

Elements of FCPA Bribery

1. *Giving, Offering, Promising or Authorizing to Pay*

The FCPA prohibits giving, offering, promising to pay, or authorizing to pay or offer money or anything of value. A mere promise or offer of money or anything of value is sufficient to breach the FCPA, whether or not the promise was kept or offer fulfilled. Furthermore, the FCPA does not require that the forbidden act succeed in its purpose. The mere fact that the act was done, with or without achievement of its purpose, is a breach of the FCPA.

2. *Money or Anything of Value*

The use of the phrase “anything of value” means that the FCPA forbids not only money bribes but also bribes constituting such things as:

- Stock

- Entertainment
- Gifts
- Discounts on products and services not readily available to the public
- Offers of employment
- Assumption or forgiveness of debt
- Payment of travel expenses
- Personal favors

3. *Directly or Indirectly*

The payment, offer, or promise to pay does not have to be made directly by the Company or a Company Person. It is sufficient that it was made through an intermediary such as a broker, representative (including a stockholder when acting on behalf of the Company), joint-venture partner, or subsidiary. It is also sufficient to breach the FCPA if the payment is made to an intermediary of a foreign official.

Under the FCPA, it is unlawful to make a payment to a third party, while knowing that all or any portion of the payment will go directly or indirectly to a foreign official. The term “knowing” here includes conscious disregard and deliberate ignorance.

4. *Foreign Official*

For purposes of FCPA compliance “foreign official” includes (a) any officer or employee of a non-U.S. government or any department, agency, or instrumentality thereof, (b) any officer or employee of a non-U.S. public international organization, (c) any person acting in an official capacity on behalf of a government, department, agency, instrumentality, or organization described in (a) or (b), (d) any non-U.S. political party or official thereof, and (e) any candidate for non-U.S. political office.

The DOJ has also stipulated that the following persons would be included in the definition of “foreign official”:

- Officers and employees of foreign state-owned companies;
- Uncompensated honorary officials if such officials can influence the awarding of business; and
- Members of royal families who have proprietary or managerial interests in industries and companies owned or controlled by the government.

The FCPA applies to bribes or offers of bribes to foreign officials, regardless of rank or position. The FCPA focuses on the purpose of the payment, and not the duties or powers of the official receiving the payment, offer, or promise of payment.

5. *Intent*

The gift, promise, or offer to the foreign official must be for the purpose of (a) influencing any act or decision of the foreign official in his or her official capacity, (b) inducing the foreign official to do or omit to do any act in violation of the lawful duty of such official, (c) securing any improper advantage, or (d) inducing the foreign official to use his or her influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality.

6. *Obtaining, Retaining, or Directing Business*

The FCPA prohibits bribes or offers of bribes made to assist in obtaining or retaining business for or with, or directing business to, any person. The DOJ interprets “obtaining or retaining business” broadly, to cover more than the mere award or renewal of a contract. For instance, payments made to reduce customs duties or other taxes are prohibited by the FCPA.

Permissible Payments and Affirmative Defenses

1. *Exceptions to Anti -Bribery Provisions*

The FCPA provides exceptions to the bribery prohibition. “Facilitating payments” made for “routine governmental action” do not constitute a breach of the FCPA. The FCPA also provides affirmative defenses against alleged violations of the FCPA.

2. *Facilitating Payments for Routine Governmental Actions*

The FCPA permits the payment of small sums to facilitate routine, non-discretionary government functions. However, each Company Person should always remember that under the Company’s FCPA Policy, facilitating payments cannot be made without the prior written approval of the Chief Compliance Officer.

Each of the following are generally considered routine governmental actions:

- Issuance of permits, licenses, or other official documents;
- Processing governmental papers, such as visas and work permits;
- Providing police protection and mail pick-up and delivery;
- Providing phone service, power and water supply, loading and unloading cargo, or protecting perishable products; and
- Scheduling inspections associated with contract performance or transit of goods across country.

“Routine governmental action” does not include any decision by a foreign official to award new business or to continue business with a particular party.

3. *Affirmative Defenses*

It is a defense to a charge under the FCPA that the payment was lawful under the written laws of the foreign country or that the money was a bona fide, reasonable expense for the promotion of a product or performance of a contractual obligation. These are “affirmative defenses.” It is the responsibility of any person that has made such payments to prove that the payments met the requirements for the defenses.

Whether a payment was lawful under the written laws of a foreign country or is otherwise excused by the affirmative-defense provisions may be difficult to determine. It is for this reason that the Company’s FCPA Policy expressly prohibits payments to foreign officials without the prior written approval of the Chief Compliance Officer. The Policy intends thereby to ensure that all circumstances are properly considered before any payment is made.

Penalties and Governmental Action for Breach of Anti-Bribery Provisions

1. *Criminal and Civil Penalties*

The following penalties may be imposed for violations of the FCPA’s anti-bribery provisions:

- The Company may be fined up to U.S. \$2,000,000 (increased to U.S. \$25,000,000 for certain willful violations); and
- Any Company Person found in violation is subject to a fine of up to U.S. \$250,000 (increased to \$5,000,000 for certain willful violations) and imprisonment for up to five years (increased to 20 years for certain willful violations).

Under the Alternative Fines Act, higher fines may be imposed. The actual fine may be up to twice the benefit sought to be obtained or loss incurred by making the corrupt payment. Where the record-keeping and accounting provisions of the FCPA are breached, additional SEC penalties for violation of securities laws may be invoked. It is forbidden for any fines imposed on a Company Person to be paid by the Company.

2. *Other Governmental Action*

The Office of Management and Budget (“OMB”) has guidelines under which any person or entity found in violation of the FCPA may be barred from doing business with the U.S. government. The mere fact of indictment can lead to suspension of the right to do business with the U.S. government.

In addition, a person or firm found guilty of violating the FCPA may be declared ineligible for export licenses. The SEC may suspend or bar persons in violation of the FCPA from the securities business and impose civil penalties. The Commodity Futures Trading Commission and the Overseas Private Investment Corporation may impose suspension or debarment from

agency programs for violation of the FCPA. Any payment that violates the FCPA cannot be deducted as a business expense for tax purposes.

Violations of the FCPA can also result in violations of other U.S. laws, including anti-money laundering, mail and wire fraud, and conspiracy laws. The Company may also be subject to other non-U.S. anti-corruption laws, in addition to the local laws of the countries in which the Company conducts business.

3. *Private Cause of Action*

Violating the FCPA may also form the basis for a private cause of action for treble damages under the Racketeer Influenced and Corrupt Organizations Act (“RICO”). It may also give rise to actions under other federal or state laws. For example, a competitor may bring an action under RICO on the ground that the defendant won a foreign contract in violation of RICO.

Internal Accounting Controls and Record Keeping

1. *Maintenance of Books and Controls*

Apart from the compliance with its anti-bribery provisions, the FCPA requires the Company to abide by the provisions of the FCPA that require:

- Maintenance of books and records which in reasonable detail, accurately and fairly reflect each transaction and disposition of Company assets; and
- Maintenance of a system of internal accounting controls sufficient to provide reasonable assurances that, among other things, transactions have been executed in accordance with management’s specific authorization and recorded in accordance with generally accepted accounting principles (“GAAP”).

2. *Criminal Offense for Breach*

It is a criminal offense for any person to knowingly circumvent or fail to maintain a system of internal accounting controls. It is also a crime to knowingly falsify any books or records pertaining to Company transactions. These provisions are intended to discourage fraudulent accounting practices and to prevent the concealment of bribes to foreign public officials.

3. *Responsibility for Subsidiaries*

Under the FCPA, Allient is responsible for ensuring that its direct and indirect wholly-owned subsidiaries comply with the FCPA. Where Allient owns less than 50% or less of the voting power of a subsidiary, Allient must in good faith use its influence to the extent reasonable in the circumstances to cause the subsidiary to maintain proper records and accounting control.

4. *Reasonable Detail and Assurance*

“Reasonable detail” and “reasonable assurance” mean such level of detail and degree of assurance as would satisfy prudent officials in the conduct of their own business.

5. *Penalties for Breach*

Breach of the record-keeping and accounting provisions of the FCPA are currently punishable as follows:

- Imprisonment of up to 20 years and fines of up to U.S. \$5,000,000 for individuals; and
- Fines of up to U.S. \$25,000,000 for companies

The Sarbanes-Oxley Act (“SOX”) also provides fines and up to 20 years imprisonment for certain acts connected with record-keeping failures. SOX prohibits criminally altering, destroying, or concealing any record with intent to obstruct the investigation or administration of any matter within the jurisdiction of the U.S. government.