



## FOREIGN CORRUPT PRACTICES ACT COMPLIANCE POLICY

### **I. Purpose**

The purpose of this Policy is to ensure compliance by Allient Inc. (the “Company”) and its directors, officers, employees, agents, consultants and representatives with the U.S. Foreign Corrupt Practices Act (“FCPA”) and related laws of other countries in which the Company does or intends to do business. The Company reserves the right to amend, rescind or replace this Policy at any time.

### **II. FCPA**

#### *1. Anti-Bribery*

The FCPA is a U.S. Federal Statute prohibiting U.S. companies and their officers, directors, employees and agents from:

- giving, promising or offering anything of value, whether directly or indirectly, to
- any foreign official (including an official of a public international organization)
- with the intention of obtaining or retaining business or obtaining an improper business advantage

#### *2. Record-Keeping and Internal Accounting Controls*

The FCPA also requires U.S. companies such as the Company to:

- keep books and records that accurately reflect transactions and dispositions of assets and to
- maintain a system of internal accounting controls

#### *3. Penalties for Breach*

Where the anti-bribery provisions of the FCPA are breached, the following penalties may be imposed:

- Fines of up to U.S. \$2 million against the company
- Prison terms of up to five years and fines of up to U.S. \$100,000 per violation for individuals involved
- The Securities and Exchange Commission (“SEC”) may seek further civil penalties.

Where the record-keeping and accounting provisions of the FCPA are breached, SEC penalties for violation of securities laws may be invoked. Willful violations of the record-keeping provisions may result in up to 20 years imprisonment and U.S. \$5 million fines for individuals and up to U.S. \$25 million for companies.

### **III. Policy**

#### *1. Prohibition of 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 to pay, or authorize the giving or payment of money or other thing of value to any foreign official or to any person while knowing or being aware of a probability that the payment or promise to pay is being made to or will be passed on to a foreign official.

#### *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 Company’s Corporate Legal Counsel or such other person designated by the Company’s Board of Directors (“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 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 Compliance Officer.

#### *5. Clarification of Uncertainty*

Without prejudice to the foregoing requirement for written approval, a Company Person must promptly contact the Compliance Officer when questions arise concerning the FCPA’s anti-bribery provisions including whether:

- a particular individual or entity must be treated as a “foreign official”
- whether something qualifies as anything of value
- whether 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.

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.

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. *Compliance Officer*

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

### **FCPA Guidelines**

The purpose of these Guidelines is to ensure that every person who is a director, officer, employee, agent, consultant or representative of the Company (each of whom is covered by the term "Company Person" herein) understands the general requirements of the U.S. Foreign Corrupt Practices Act (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 Act is available on the website of the U.S. Department of Justice at <http://www.justice.gov/criminal/fraud/fcpa>. 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 Company's Compliance Officer ("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 Nigeria, India, Venezuela, South Korea and elsewhere have been sanctioned by the U.S. Government under the FCPA.

The Company is a publicly-traded U.S. company registered with the U.S. Securities and Exchange Commission ("SEC") and is covered by the provisions of the FCPA. The Company and its subsidiaries, 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 prohibits bribery of non-U.S. public officials. The second part 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 or offering bribes to foreign officials in order to obtain or retain business, secure an improper advantage or direct business to any person. The business obtained or retained does not 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 are as follows:

- Knowingly paying, offering, promising or authorizing to pay
- Money or anything of value
- Directly or indirectly
- To any foreign official or political party
- With the intention of influencing
- The obtaining or retaining of business or otherwise securing any improper business advantage

All of the elements must exist for the FCPA to have been breached. Each element is however explained separately, for purposes of clarity, in the following part of these Guidelines.

### **Elements of FCPA Bribery**

#### 1. *Knowingly Paying, Offering, Promising or Authorizing to Pay*

The FCPA prohibits paying, 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 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
- Offer 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 or foreign political party.

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

### 4. *Foreign Official or Foreign Political Party*

The FCPA defines a “foreign official” as any officer or employee of a foreign government or any department, agency, or instrumentality of a foreign government. The term also includes any officer or employee of a public international organization such as the World Bank or the African Union. Furthermore, any person acting in an official capacity for any foreign-government agency, department or instrumentality, or for a public international organization is a ‘foreign official.’ An entity hired to review bids on behalf of a government agency would be covered by the term.

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
- Members of royal families who have proprietary or managerial interests in industries and companies owned or controlled by the government

The FCPA also prohibits bribes to foreign political parties and their officials as well as to candidates for foreign political office.

The FCPA applies to bribes or offers of bribes to the said 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. *Obtaining or retaining of business or otherwise securing any improper business advantage*

The FCPA prohibits bribes or offers of bribes made in order to assist the Company 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 Company’s Compliance Officer.

The FCPA lists the following examples of routine governmental action:

- 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
- 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 Company’s Compliance Officer. The Policy intends thereby to ensure that all circumstances are properly considered before any payment is made.

## **Penalties for Breach of Anti-Bribery Provisions**

### *1. Criminal Penalties*

The following criminal 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
- Any Company Person found in violation is subject to a fine of up to U.S. \$100,000 and imprisonment for up to five years

Under the Alternative Fines Act, higher fines may be imposed. The actual fine may be up to twice the benefit sought to be obtained by making the corrupt payment. It is forbidden for any fines imposed on a Company Person to be paid by the Company.

### *2. Civil Penalties*

The Attorney General or SEC, as the case may be, may bring civil proceedings for a fine of up to \$10,000 against the Company and any Company Person who violates the anti-bribery provisions. In a SEC enforcement action, the court may impose an additional fine not to exceed the greater of (i) the gross amount of the pecuniary gain to the defendant as a result of the violation, or (ii) a specified dollar limitation. The specified dollar limitation depends on the seriousness of the violation and will range from \$5,000 to \$100,000 for a natural person and \$50,000 to \$500,000 for any other person.

The Attorney General or SEC, as the case may be, may also bring a civil action to enjoin any activity of the Company or a Company Person which is violating or about to violate the anti-bribery provisions.

### *3. 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 Federal 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.

#### *4. 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 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
- 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 Offence in Breach*

It is a criminal offence 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, the Company is responsible for ensuring that its wholly-owned subsidiaries comply with the provisions. Where the Company owns less 50% or less of the voting power of a subsidiary, the Company 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. \$25 million for individuals
- Fines of up to U.S. \$25 million 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.