

# ANTICORRUPTION LAW POLICY

## I. Purpose

This policy is adopted by Rexnord and all of its US and foreign affiliates (collectively referred to as the “Company”). The purpose of this policy is to provide Company associates with the guidance necessary to comply with anticorruption laws and regulations. As Rexnord is a multinational company, with operations in numerous jurisdictions, subject to various different legal regimes, the aim of this policy is to reflect the requirements of many different legal regimes, including the US Foreign Corrupt Practices Act (“FCPA”), the U.K. Bribery Act and other local and international bribery and corruption laws. All Company associates, including officers and directors, as well as agents, third parties or other persons acting on behalf of the Company must comply with this policy, and all applicable anticorruption laws, including the FCPA.

## II. Understanding the FCPA and Related International Anticorruption Laws

Various countries in which the Company operates, including the US, have enacted laws, rules and regulations that prohibit bribery of government officials in international and national business transactions (“Anticorruption Laws”). These Anticorruption Laws generally prohibit companies and their officers, directors, employees, agents or other persons acting on behalf of the Company from corruptly providing, offering, promising or authorizing the conveyance of money or anything of value, including gifts, travel, entertainment, to a Government Official (defined below), directly or indirectly through third parties (including agents, consultants, joint venture partners or distributors), in order to influence a Government Official in his or her official capacity to obtain or retain business or obtain some other improper advantage.

Certain laws, including the U.K. Bribery Act, extend the prohibition of making improper payments in business transactions to payments made to employees of purely commercial enterprises with no affiliation with the government. This is commonly referred to as “commercial bribery” and is also prohibited by this policy. The U.K. Bribery Act also prohibits receiving or requesting an improper payment.

The FCPA also requires issuers to: (i) maintain books and records of transactions in reasonably accurate detail; and (ii) maintain an effective system of internal accounting controls. These provisions require companies to monitor transactions and prevent the concealment of bribes, as well as other improper or illegal activity. These provisions apply to the parent company, as well as to its US and non-US subsidiaries.

“Government Official” includes the following: (i) officers and employees of any foreign or domestic national, regional, local or other governmental entity or public international organization; (ii) officers and employees of companies in which a government owns an interest; (iii) any private person acting in an official capacity for or on behalf of any government or governmental entity (such as a consultant retained by a government agency); (iv) political officials, candidates or parties; and (v) officers, employees, or official representatives of public (quasi-governmental) international organizations (such as the United Nations, World Bank and International Monetary Fund).

### III. The Company's Anticorruption Policy

#### 1. No Improper Payments – Government Official and Commercial Bribery

**Government Official Bribery:** No Company officer, director, employee, agent, or other person acting on the Company's behalf may give, offer, promise, or authorize the payment or offer of money or anything of value, (i) to any Government Official; or (ii) to any person knowing that all or some portion of such money or thing of value will be offered, given or promised to a Government Official; for the purpose of:

- influencing any act, decision or failure to act by a Government Official in his or her official or employment-related capacity;
- inducing a Government Official to do or omit to do any action in violation of his or her lawful duties as a Government Official;
- inducing such Government Official to use his or her influence with a government or government entity to affect any act or decision of the government or government entity; or
- securing any improper advantage in obtaining, retaining or directing business.

**Commercial Bribery:** No Company officer, director, employee, agent, or other person acting on the Company's behalf may give, offer, promise, or authorize the payment or offer of money or anything of value to any person (including persons employed by private commercial customers, suppliers or vendors), directly or indirectly through a third party, in order to induce that person to perform or omit to perform, improperly, a function or activity within that person's duties (including employment-related duties and functions). Similarly, no Company officer, director, employee, agent, or other person acting on the Company's behalf may receive or request such a payment or thing of value in connection with the Company's business. An example of commercial bribery includes, payments to purchasing agents or engineers in order to have Company product specified into a project.

This policy prohibits the above-described payments made directly by the Company. It also prohibits payments made indirectly through Third-Party Intermediaries, where the Company knows that some or all of the payment or thing of value that it has provided to the Third-Party Intermediary will be used to make an above-described payment. For purposes of this policy "Third-Party Intermediary" means an individual or entity that the Company engages to sell, market or provide goods or services for the Company (e.g., sales agents (and distributors to the extent they are paid a sales commission)), or to otherwise act on behalf of the Company. See Section 5 of this policy for discussion of appropriate processes for handling Third-Party Intermediaries.

If you have any questions about whether a payment to a Government Official or any other person is permitted under this policy, contact the Legal Department.

#### 2. Hospitality and Gifts

While hospitality (including travel, lodging, meals and entertainment) and gifts may be appropriate in many situations, they shall not be given in violation of this policy.

Hospitality or gifts must not be provided, under any circumstances, in order to cause any person to exercise any influence or decision-making authority in his or her official capacity. Under no circumstances can hospitality or gifts be provided in the form of cash or cash equivalents (e.g., gift cards). Any payment for hospitality or gift giving to any person must comply with applicable laws

and regulations. Certain countries (including the US) expressly prohibit the payment of travel, lodging, meals and entertainment or gift giving to any Government Official. You are responsible for knowing and complying with all such laws and regulations (including those applicable to dealings with Government Officials). All hospitality and gifts provided must be accurately recorded in the Company's books and records.

Any and all hospitality and gift giving must be:

- reasonable in value (i.e., not extravagant / excessive) and appropriate to the circumstances;
- in accordance with customary courtesies; and
- related to a legitimate business purpose (i.e., directly related to the promotion, demonstration or explanation of products or services, or to the performance of a contract).

If any doubt exists about whether a course of action fits within the guidelines of this policy, contact the Legal Department.

### **3. Charitable and Political Contributions**

Making or offering charitable contributions on behalf of the Company to an organization from which a Government Official or commercial customer may derive a personal benefit implicates the FCPA and other anticorruption laws. As such, charitable contributions must be lawful under applicable local laws and regulations. Political contributions on behalf of the Company are prohibited by this policy.

### **4. Facilitation Payments**

Certain laws, including the FCPA, permit small payments to Government Officials or other persons to expedite the performance of routine nondiscretionary governmental actions. These payments are commonly known as "facilitation", "expediting" or "grease" payments. These payments, however, may be unlawful under the anticorruption laws of other countries. Because of the legal complexities surrounding facilitation payments, facilitation payments are prohibited by this policy unless approved in advance and in writing by the Legal Department. In all events, any facilitation payment must be completely and accurately recorded in Company books and records.

### **5. Third-Party Intermediaries**

The Company may also be held responsible for improper payments made by Third-Party Intermediaries on behalf of the Company if Company associates knew, or were aware of a high probability that improper payments would be made. As such, Company associates must inquire where circumstances indicate that a Third-Party Intermediary acted or is likely to act unlawfully. You may not ignore indications that improper payments are likely to be made or have already been made.

In order to help reduce the likelihood that a Third-Party Intermediary will engage in illegal or improper conduct on behalf of the Company, including the payment of bribes, the following steps must be taken prior to engaging or retaining a Third-Party Intermediary.

#### ***a. Agreements and Standard Anticorruption Clauses***

A written agreement must be in place in all situations wherein a commission or finder's fee is to be paid. All such contracts or agreements with Third-Party Intermediaries must contain standard

anticorruption provisions including, anticorruption representations and warranties, audit rights and termination rights for violations of the FCPA or other applicable anticorruption laws. Contact the Legal Department to obtain a model agreement for use with your Third-Party Intermediaries.

***b. Anticorruption Review Process***

The Company maintains an anticorruption review process (“Anticorruption Review Process”) for screening new Third-Party Intermediaries. The extent of the screening process is dependent upon the countries involved in the transaction and the type of transaction in which the Third-Party Intermediary will engage. Prior to engaging a Third-Party Intermediary you must undertake the steps set forth in the Anticorruption Review Process.

The Anticorruption Review Process is available on the Company’s iView site. Third-Party Intermediaries who may be subject to the Anticorruption Review Process include, but are not limited to, sales agents (including distributors acting as a sales agent (i.e., receiving a sales commission)), customs brokers and freight forwarders, and in certain cases contractors. Existing relationships that meet the criteria set forth in the Anticorruption Review Process must be screened when such relationships come up for renewal.

The Company associate responsible for requesting the retention of the Third-Party Intermediary is responsible for conducting the Anticorruption Review Process. The associate must determine whether any warning signs of corruption exist. All warning signs of corruption discovered during the Anticorruption Review Process must be investigated. In such cases, a Third-Party Intermediary may be retained only if the investigation provides a full explanation of why the Third-Party Intermediary does not present a risk of corruption.

**Heightened Review:** If, after review of these materials, the Legal Department determines that questions about potential compliance risks have not been adequately addressed, additional steps may be undertaken, including issuing additional requests to the Third-Party Intermediary, engaging a third party due diligence service provider to conduct a review of the Third-Party Intermediary, or any other steps that are deemed reasonable.

Any questions regarding these processes should be directed to the Legal Department.

***c. Monitoring Third-Party Intermediaries***

To minimize the risk of corruption presented by Third-Party Intermediaries, Company associates who requested the retention of a Third-party Intermediary or who are involved in managing or compensating such Third-party Intermediary must closely monitor and review its activities. All instances of potential illegal or unethical conduct by a Third-Party Intermediary that become known to Company associates must be immediately reported to the Legal Department.

**6. Conducting Business with Government Officials or Entities Owned by Government Officials**

Company associates are prohibited from conducting business or entering into any direct or indirect business relationship with any Government Official in his or her individual capacity or with an entity owned by that Government Official (e.g., a Government Official personally owns a business – Company associates are prohibited from doing business with that entity), without prior approval from the Legal Department.

## 7. Complying with the Books and Records Provisions of the FCPA

All associates must help ensure that Company books and records are accurate, and that the Company's accounting controls are adequate and up-to-date in light of legal requirements. All associates whose job activities have an impact on sales, finance and accounting must be aware of, and abide by, relevant regional and local financial and accounting policies.

Examples of prohibited record-keeping activities that must be reported immediately include, but are not limited to:

- Making records that appear to show a payment to one person, when, in fact, the payment was made to, or intended for, someone else;
- Submitting false or inaccurate expense account reports;
- Claiming a deduction for services or merchandise never received;
- Establishing or maintaining bank accounts that contain Company funds, but are held in the names of individuals;
- Creating or maintaining any unrecorded fund or asset of the company, such as a "slush fund" or an unrecorded petty cash or "black box" fund;
- Approving or making any payment on behalf of the Company with the intention or understanding that any part of the payment is to be used for any purpose other than that described by the documents supporting the payment; and
- Directly or indirectly using Company funds or other assets for any unlawful purpose.

Any deficiencies, unrecorded or mischaracterized assets or funds, or any false, misleading, or artificial entries in the Company's books or records can lead to significant damages and fines for the Company. Therefore, associates with information or knowledge of such issues must immediately report the matter to the Legal Department. **The Company will not tolerate any retaliation whatsoever by any director, officer, or other employee or by any outside vendor or contractor, for any such report that was provided in good faith.**