

ALTRA INDUSTRIAL MOTION CORP.

U.S. EXPORT CONTROL POLICY STATEMENT

Altra Industrial Motion Corp. and each of its subsidiaries and affiliates worldwide (collectively referred to herein as “Altra” or the “Company”) are committed to conducting their business with honesty and integrity, and in full compliance with U.S. laws and regulations that control exports and govern international business activities. Altra’s management directs every officer, director, agent, employee and contractor of Altra (“Altra Personnel”), wherever located, to understand the basic elements of such laws applicable to their duties and to comply with them at all times. Altra’s compliance with these laws is a critical component of Altra’s reputation and success.

This Policy provides guidance for complying with U.S. export control laws and regulations. Altra’s policy is to comply with not only the letter, but also the spirit and intent, of all laws governing international business transactions. Under no circumstances may an export, re-export or import (whether of a service, a commodity, or technical data) or any other transaction be undertaken contrary to relevant laws and regulations or to Altra’s policies and procedures relating to U.S. export controls. To ensure Altra’s compliance, all transactions must be properly screened and licensed to the extent required before they occur. Failure to comply with U.S. export controls can result in criminal sanctions (including imprisonment), civil fines, debarment from government contracting, and loss of U.S. export/import privileges. These penalties can be levied against Altra and against its employees. Noncompliance by Altra Personnel will be met with appropriate disciplinary action, up to and including termination of employment.

Compliance with export control laws requires the coordination and cooperation of all Altra Personnel involved in export-related transactions. The Company expects all Altra Personnel to adhere to the Company’s commitment to compliance. It is every such individual’s responsibility to have a basic understanding of U.S. export controls applicable to their duties; know the requirements of this Policy where applicable to your duties; and seek appropriate guidance in a timely manner.

To ensure Altra’s commitment to compliance and to assist you as you pursue your day-to-day responsibilities, Altra’s Legal Department and Altra’s Export Compliance Administration Officers (“ECAOs”) at each of Altra’s U.S. business units, as identified in this Policy, are charged with establishing and maintaining appropriate policies and procedures. Altra’s Legal Department, in conjunction with ECAOs and local management, is also responsible for providing training opportunities for Altra personnel and providing other compliance resources as may be required from time to time.

Altra Personnel are encouraged to discuss any questions they have concerning these laws and regulations or this Policy with a Compliance Officer or Altra’s Legal Department. Thank you in advance for your support and cooperation in this important effort.

Carl Christenson

President and CEO

ALTRA INDUSTRIAL MOTION CORP.

U.S. EXPORT CONTROL POLICY

1. BACKGROUND AND PURPOSE

Altra's business units manufacture products and handle technical data restricted under U.S. export control laws and regulations. These laws and regulations restrict certain exports from the U.S. as well as exports and re-exports from other countries by any person of certain U.S.-origin goods and technical data to other countries or to foreign nationals. The nature of the restrictions depends on a combination of the sensitivity of the product and/or technical data and the ultimate end use, end user and destination.

Under these laws and regulations, a license from the U.S. government may be required before certain Altra products or technical data can be transferred overseas, even to Altra affiliates, contractors, distributors or other Altra business partners, and also before certain technical data can be shared within the United States with any foreign national, including Altra's own employees.

The purpose of this U.S. Export Control Policy (this "Policy") is to alert all Altra Personnel to the basic requirements of U.S. export control laws and regulations and to establish baseline procedures to ensure that all transactions undertaken by any Altra business comply with those laws and regulations. Altra will develop and maintain supplemental procedures for its business units as may be required to adequately address compliance with applicable export control laws and regulations.

2. WHO DOES THIS POLICY APPLY TO?

Altra is a global organization and must comply with the laws and regulations of all countries where it does business, including laws and regulations regarding exports and other trade matters. Many U.S. export control laws and regulations apply not only to Altra's U.S. subsidiaries and affiliates but also to non-U.S. subsidiaries, affiliates and permanent foreign establishments. Therefore, all Altra Personnel, wherever located, are required to comply with this Policy.

3. RESPONSIBILITIES

Each Altra employee is responsible for complying with this Policy and any associated procedures that may be implemented from time to time, as well as recognizing, averting and reporting any situation involving practices that may implicate U.S. export control laws and regulations. Management at each Altra business unit is responsible for communicating this Policy to Altra Personnel under their supervision. Specifically, those managers who have any operational, logistical or sales responsibilities for activities outside of the United States are expected to be aware of the U.S. export control regulatory scheme and its potential impact on Altra's operations, and to conduct their business activities consistently with this Policy.

This Policy will be administered at each business unit by the ECAO identified on Schedule A to this Policy, as such Schedule may be updated from time to time. The ECAO, along with Altra's Legal Department, is authorized to advise each Altra business unit concerning activities that may fall within the scope of this Policy. The ECAO for each Altra business unit will be responsible for

applying for required export licenses and addressing any export control questions or concerns in conjunction with Altra's Legal Department.

4. OVERVIEW OF U.S. EXPORT CONTROL LAWS AND REGULATIONS

In order to follow and implement this Policy effectively, Altra Personnel need to understand the following basic concepts about U.S. export controls.

4.1 What do U.S. Export Control Laws Govern and Where Can I Find Them?

(A) **Applicability.** U.S. export control laws and regulations apply to:

- Direct exports of goods, software and technical data from the United States;
- Re-exports from abroad to third countries of U.S. origin goods, software or technical data;
- Exports from abroad of foreign-made products with more than a *de minimis* level of controlled U.S. content by value (generally either 25% or 10% depending on the transaction);
- Releases or transfers of U.S. technical data to foreign nationals (no matter where they are located); and
- In some cases, exports from abroad of non-U.S. products that are derived from U.S. technical data.

(B) **Overview of U.S. Export Control Regulations and Regulatory Bodies.**

(1) *Export Administration Regulations.* Altra's products and technologies are generally subject to the U.S. Export Administration Regulations ("EAR"), administered by the Bureau of Industry and Security ("BIS"), U.S. Department of Commerce. Products and technology that are controlled (i.e., licensable) under the EAR are listed in the U.S. Commerce Control List ("CCL") at Supplement No. 2 to Part 774 of the EAR under certain Export Control Classification Numbers ("ECCN"). The EAR's coverage is very broad. The EAR applies to all products and technologies created in the U.S. or by U.S. persons, wherever located, that serve civil/commercial uses (i.e., non-military), as well as goods with both commercial and potential military application (i.e., dual-use items). The EAR also applies to foreign products that move through U.S. commerce and foreign products that do not enter U.S. commerce that incorporate more than a minimal ("*de minimis*") amount of U.S. parts, materials, or technologies. Despite the EAR's broad sweep, many items governed by this particular regulatory regime may be exported from the U.S. without a license issued by the BIS. The EAR can be found at:

<http://www.bis.doc.gov/index.php/regulations/export-administration-regulations-ear>

(2) *International Traffic in Arms Regulations.* The International Traffic in Arms Regulations (the "ITAR") are administered by the Directorate of Defense Trade Controls ("DDTC"), U.S. Department of State ("State"). In contrast to the EAR, the ITAR is more narrowly focused on defense articles and defense services. Almost all exports and re-exports of ITAR-designated articles (and related technical data and services) require an export license or some other form of approval issued by the DDTC. Furthermore, the ITAR imposes an embargo on exports of ITAR-controlled articles, technical data, and services to

a number of countries. Finally, these regulations also impose certain registration requirements as well as reporting requirements on fees and commissions paid to agents in promotion of defense contracts subject to the ITAR. The ITAR can be found at:

https://www.pmddtc.state.gov/regulations_laws/itar.html

(3) *The Office of Foreign Assets Control Special Sanctions Programs.* The Office of Foreign Assets Control's ("OFAC") special sanction programs are the most limited in scope in terms of targeted countries, individuals, and business entities, but the broadest in scope in terms of their impact on dealings with these jurisdictions, individuals and entities. Administered by the U.S. Department of Treasury, the OFAC regulations govern financial transactions, imports, and exports of both EAR and ITAR controlled items involving (i) named individuals and entities and (ii) countries that are subject to comprehensive trade sanctions or embargoes.¹ These rules restrict trade, investment and financial transactions by U.S. citizens, companies, foreign branches of U.S. companies, and, in some instances, U.S.-owned or controlled subsidiaries with these embargoed countries, individuals and entities. Information on the OFAC regulations can be found at:

<https://www.treasury.gov/resource-center/sanctions/Pages/default.aspx>

4.2 What Constitutes an Export?

An "export" includes many more activities beyond physical shipments of products. The following is a non-exhaustive listing of the types of day-to-day transactions that may constitute an export:

- Shipments of items outside of the United States.
- Transferring possession, control or ownership of an item to a foreign national, no matter where they are located.
- Hand-carrying Altra products, samples, or technical data (on drives, laptops, etc.) outside of the United States.
- Electronic transmission (e.g., e-mail) or download of software or technical data from servers in the United States to persons or locations outside of the United States.
- Transfer or release of technical data to a foreign national in the United States (a "deemed export"). These transfers or releases can occur, by example, though verbal exchange, electronic transfer, or visual inspection of U.S. products or equipment. Please refer to Section 6 of this Policy for more specific guidelines on deemed exports.

¹ As of the date of issuance of this Policy, the following countries and regions are subject to comprehensive trade embargoes: Cuba, Iran, North Korea, Sudan, Syria and Crimea (Russian-occupied territory in the Ukraine). Please note that the political and regulatory landscape around sanctions is constantly evolving and, as such, this list is subject to change at any time. It is imperative that Altra Personnel review OFAC's website regularly for information on new sanctions programs and changes to any existing sanctions program.

No sale is required for an export to occur. Even intracompany transfers of technical data and technical assistance to foreign nationals, including co-workers, can trigger U.S. export control licensing requirements.

4.3 What Constitutes a Re-Export?

Re-exports include the following:

- A shipment, release or transfer of controlled U.S.-origin products, technical data or software already abroad.
- A shipment from locations outside of the U.S. of non-U.S. origin products that incorporate more than a *de minimis* amount of controlled U.S. content.
- In some cases, exports from abroad of non-U.S. products that are derived from U.S. technical data.
- Downloads or electronic transmissions of controlled U.S. technical data from one non-U.S. country to another.

Note that a re-export can be subject to U.S. export control laws even if carried out entirely between non-U.S. persons. The laws “attach” to the item and “follow” the item regardless of where it is, who has possession or control, or how long it has been outside of the United States.

5. U.S. EXPORT CONTROL COMPLIANCE PROCEDURES

Each Altra business unit should follow the below procedure in order to determine if an export is prohibited or if a license is required.

Step 1. Screen for Prohibited Countries/Denied Parties/Prohibited End Uses

Prior to any export, Altra’s business units must conduct due diligence of the transaction and screen for (A) Prohibited Countries, (B) Restricted Countries, (C) Denied Parties, (D) Prohibited End-Uses and (E) Red Flags in accordance with the procedures set forth below. Any positive “hits” shall be referred immediately to the applicable ECAO and Altra’s Legal Department, and the order must be placed on hold pending resolution.

(A) Prohibited Countries. U.S. export control laws and regulations prohibit U.S. persons and companies (and, in some cases, non-U.S. subsidiaries of U.S. companies) from exporting to, or otherwise doing business with, certain foreign countries that the U.S. government has determined are a threat to U.S. national security, support terrorism or the proliferation of weapons of mass destruction or other undesirable activities, or violate U.S. or international law. Such comprehensively sanctioned countries currently include Cuba, Iran, North Korea, Sudan, Syria and Crimea (Russian occupied territory in the Ukraine).

Except as otherwise expressly permitted by an Altra policy (e.g., Altra’s Policy on Doing Business with Iran), no Altra products or technical data shall be exported or re-exported to any Prohibited Country (or to nationals of any Prohibited Country), and no commitments shall be made to export or re-export to such countries/nationals, without prior written clearance by both the applicable ECAO and Altra’s Legal Department.

(B) Restricted Countries. Each of OFAC and ITAR administers partial embargoes against certain other foreign countries. Information on these partial embargoes can be found at:

<https://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx>; and https://www.pmddtc.state.gov/embargoed_countries/index.html

Altra Personnel should consult with the applicable ECAO or Altra's Legal Department if they need assistance determining the legality of an export to a Restricted Country. Altra Personnel should also consult any applicable country-specific policies and guidance issued by Altra's Legal Department (e.g., Altra's Guidance on Compliance with Russia-related Sanctions).

(C) Denied Parties. The U.S. government also maintains lists of certain Denied Parties (individuals and corporate entities) located throughout the world with whom exports, re-exports and other dealings are generally prohibited. These Denied Parties include persons who have been denied export privileges for past export violations, persons deemed to be a threat to national security, terrorists, WMD proliferators, drug traffickers, Foreign Sanctions Evaders, Transnational Criminal Organizations and other "bad actors" associated with specific regimes. Prior to any export, Altra Personnel must screen its customer, the end customer and any intermediary parties (including freight forwarders, intermediate consignees, payment parties, banks, etc.) utilizing the Denied Persons Screening software that has been made accessible to all of Altra's business units.

No export or re-export of Altra products or technologies shall be made to any Denied Party, directly or indirectly, and no transaction otherwise involving a Denied Party (e.g., as a payment intermediary or intermediate consignee) may be committed to or conducted without prior written clearance by both the applicable ECAO and Altra's Legal Department.

(D) Prohibited End-Uses. U.S. export control laws and regulations generally prohibit the export of any item to any person/country if the exporter knows, or has reason to know, that the intended end-use of the item is for activities related to nuclear, chemical or biological weapons or ballistic missiles.

Any Altra employee who suspects that our products or technologies may be intended for any Prohibited End-Use must immediately inform and seek guidance from the applicable ECAO as to whether or not a license is required.

(E) Red Flags. Proper due diligence of an export transaction includes checking the order for the presence of any potential "Red Flags" that may indicate a risk of diversion. Awareness of possible Red Flags and proper reaction to the presence of any Red Flags must be maintained throughout the life of a transaction and following its conclusion. Examples of Red Flags are included on Schedule B to this Policy.

Screening must occur at the inception of a transaction, whenever new parties are added to a transaction (including any new intermediate consignees), and again immediately prior to delivery (within the U.S. or abroad). No shipments shall occur unless and until all Red Flags are cleared by the applicable ECAO.

If the ultimate end use and/or end user with respect to any export transaction is unknown or uncertain, Altra's customer should be asked to complete an End-Use/End-User Certificate (forms of which may be obtained from Altra's Legal Department). A customer's failure or refusal to complete an End-Use/End-User Certificate constitutes a Red Flag and must be brought to the immediate attention of the applicable ECAO for appropriate action.

Step 2. Determine Regulatory Jurisdiction

Following the screening process in Step 1, Altra's business units must determine the appropriate regulatory jurisdiction for any export transaction.

(A) ITAR. ITAR controls defense articles, services and technologies that: (1) meet the criteria of a defense article or defense service identified on the United States Munitions List ("USML"), (2) provide equivalent performance capabilities of a defense article identified on the USML; or (3) provide "critical military or intelligence advantage" (even if the article is a civilian item). The USML can be found at:

<https://www.ecfr.gov/cgi-bin/text-idx?SID=86008bdffd1fb2e79cc5df41a180750a&node=22:1.0.1.13.58&rgn=div5>

(B) EAR. As noted in Section 4.1(B) of this Policy, the EAR govern most exports. If ITAR has been ruled out, then the EAR will govern. However, there may be overlapping jurisdiction with OFAC (e.g., an item is controlled under EAR but destined for a Prohibited/Restricted Country or Denied Party). **Note that OFAC trumps all other U.S. export regulatory schemes.**

Step 3. Classification of Product

Once the appropriate regulatory jurisdiction is determined, the product to be exported must be classified pursuant to the applicable regulations. Products subject to ITAR must be classified into the applicable USML category; products subject to EAR must be classified according to the CCL into the applicable ECCN. Products may be classified by (1) self-classification by the business unit, (2) the original manufacturer of the product or (3) contacting BIS or DDTC to secure a ruling.

Altra Personnel should consult with the applicable ECAO or Altra's Legal Department if they need assistance classifying a product.

Step 4. License Determination; Identification of Deemed Export Issues

Once the product has been classified, the Altra business unit must determine whether or not a license is required to export the product.

(A) ITAR. Virtually all exports of ITAR-controlled products require a license from the DDTC.

(B) EAR. If a product is classified as EAR99 (i.e., not listed under a specific ECCN on the CCL), generally a license is only required if the transaction involves an export or re-export (1) to a Prohibited Country, a Restricted Country, or a Denied Party or

(2) for a Prohibited End-Use (See Step 1). The country of ultimate destination is a key factor in determining the license requirements administered by the BIS pursuant to the EAR. The BIS maintains the Commerce Country Chart to use in conjunction with other portions of the EAR to determine if a license is required. The Commerce Country Chart can be found at:

<https://www.bis.doc.gov/index.php/forms-documents/regulations-docs/14-commerce-country-chart/file>

If the product is classified under an ECCN, the applicable ECAO should determine whether or not a license requirement is triggered under the EAR and, if so, whether any applicable license exceptions exist under the EAR that may overcome the need for a specific license.

The applicable ECAO is also responsible for determining whether a project involves any controlled technology or technical data that may give rise to deemed export issues. These issues should be evaluated and mitigated in connection with approval of the project. See Section 6 of this Policy for additional guidance in this area.

Step 5. Apply for a License Where Required

The ECAO is responsible for applying for required licenses in conjunction with Altra's Legal Department. No shipments may occur unless and until the license is received by the ECAO and its conditions are communicated to all relevant Altra Personnel.

6. TECHNICAL DATA; DEEMED EXPORTS

U.S. export control laws and regulations restrict the release or transfer of ITAR-controlled "technical data" and EAR "controlled technology" to foreign countries and to foreign nationals. This includes even transfers or releases to foreign national Altra Personnel working within the United States or overseas.

6.1 What are Technical Data and Controlled Technology?

Under the ITAR, "technical data" means any information required for the design, development, production, manufacture, assembly, operation, use, repair, testing, maintenance, or modification of a defense article. It also includes information that conveys knowledge regarding how a defense article is designed, developed, produced, operated or maintained. A transfer by a U.S. person to a foreign country or foreign national of ITAR controlled technical data is prohibited without a license from the U.S. Department of State.

Under the EAR, "controlled technology" means any specific information that is required for the development, production or use of an EAR-controlled product. This technology can take the form of "technical data" or "technical assistance". A transfer by a U.S. person to a foreign country or foreign national of controlled technology requires a license from the U.S. Department of Commerce if the underlying product would require an export license prior to shipment (i.e., non-EAR99 items).

Common examples of “technical data” and “controlled technology” include blueprints, plans, diagrams, models, formulae, tables, engineering designs and specifications, drawings, photographs, manuals, instructions, and related documentation.

For purposes of this Policy, ITAR-controlled “technical data” and EAR “controlled technology” are sometimes collectively referred to as “technical data”.

6.2 How is Technical Data and Controlled Technology Exported/Re-Exported?

Technical data and controlled technology can be exported in numerous ways, both physical and intangible, including:

- Physical shipment of technical manuals, drawings, specifications, etc.
- Electronic transfers or transmissions, such as through email, access to databases, downloads from websites, servers, etc.
- Verbal disclosure or release, such as in meetings, site visits, telephone calls, training sessions
- Visual disclosure, such as through sharing technical drawings, inspection of products and equipment, etc.
- The application to situations abroad of personal knowledge or technical expertise acquired in the U.S.

6.3 What is a Deemed Export/Re-Export of Technical Data and Controlled Technology?

The release of technical data and controlled technology to a foreign national within the U.S. is “deemed” to be an export to the home country of the foreign national. For example, a release of controlled technology to a Chinese national employee of Altra is an export to China, even if the release occurs wholly within the U.S. These deemed exports can occur in the context of engineering discussions, presentations of technical data at conferences or meetings where foreign nationals are present, and during facility tours. Altra Personnel must exercise extreme caution to prevent deemed exports of technical data or controlled technology to foreign nationals, particularly to foreign national Altra Personnel located within the U.S.

6.4 Who is a Foreign National?

A foreign national is any person who is not a (1) U.S. citizen, (2) lawful U.S. permanent resident (e.g., green card holder), or (3) “protected individual” (e.g., refugees, asylum holders). Any foreign national in the U.S. on a typical employment or study visa and even applicants for permanent residency are therefore “foreign nationals” for these purposes, regardless of how long these individuals have been within the U.S.

6.5 How to Prevent Inadvertent Exports of Technical Data and Controlled Technology?

Altra’s business units must implement the following restrictions in order to prevent inadvertent exports of technical data and controlled technology to foreign nationals:

- *Electronically Stored Data:* Access to technical data or controlled technology stored on Altra's server must be restricted by password or other appropriate security measure so that foreign nationals cannot access such data.
- *Physical Data:* Foreign nationals (including Altra Personnel) must be escorted in areas housing technical data or controlled technology in a manner to prevent such persons from having visual access to such data.
- *Electronic Transmission of Data:* Altra Personnel should share technical data and controlled technology internally via secured shared folders rather than email. Altra Personnel may not email technical data or controlled technology outside of Altra's network unless the data is encrypted or password protected. Altra Personnel should advise customers and business partners to employ similar safeguards when transmitting technical data or controlled technology to Altra.

7. **RECORD KEEPING**

All records concerning export transactions must be retained in accordance with Altra's Record Retention Policy, and in any case for a minimum of five years from the date of shipment/transfer as required by law. This applies to order inquiries, acknowledgments, purchase orders, invoices, shipping and payment documents, export compliance screening checklists, and all internal and external e-mail and other correspondence relating to an export order or export transaction. **Failure to maintain accurate and complete records is itself a violation of U.S. export control laws subject to the same civil and criminal penalties.**

8. **REPORTING SUSPICIONS**

Altra Personnel have a duty to report any potential or suspected violations of applicable export control laws or this Policy to (i) the ECAO and Altra's Legal Department or (ii) pursuant to the Compliance and Ethics Hotline reporting system set forth in the Altra's Code of Business Conduct and Ethics. In accordance with the Altra's Open and Direct Communication Policy, no employee will be reprimanded, or otherwise punished, for raising legitimate questions related to any export transaction. Compliance with the provisions and requirements of this Policy will be evaluated by Altra's Legal Department.

April 17, 2018

SCHEDULE A

Altra’s Export Compliance Administration Officers

<u>Company and Facility Location</u>	<u>Export Compliance Administration Officer(s) (“ECAOs”)</u>
Ameridrives International, LLC Erie, PA	Jim Paluh
Boston Gear LLC Charlotte, NC	Cliff Gilbert
Bauer Gear Motor LLC Middlesex, NJ	Cliff Gilbert
Formprag LLC Warren, MI	Dave Stoltze John Dunstone
Guardian Couplings LLC Michigan City, IN	Eric Stachowiak
Inertia Dynamics LLC New Hartford, CT	Dick Perry
Kilian Manufacturing Corporation Syracuse, NY	Don Wierbinski
Nuttall Gear LLC Niagara Falls, NY	Cliff Gilbert
Warner Electric LLC Wichita Falls, TX	Brent Bluhm
Warner Electric LLC South Beloit, IL	Dick Perry
Warner Electric LLC New Hartford, CT	Dick Perry
Warner Electric LLC Columbia City, IN	Dick Perry
TB Wood’s Incorporated Chambersburg, PA	Lew Crist
TB Wood’s Incorporated San Marcos, TX	John Malik

SCHEDULE B

Examples of Potential Red Flags

- Customer or its address is similar to one of the Prohibited Countries or Restricted/Denied Parties
- Customer/purchasing agent is reluctant to identify end-use, end-user or end-destination
- Product's capabilities do not fit buyer's line of business
- Item ordered is incompatible with technical level of destination
- Customer will pay cash for expensive item
- Customer has little or no business background
- Customer is unfamiliar with product's performance characteristics
- Routine installation, training or maintenance services are declined
- Delivery date is vague, or deliveries are planned for out of the way destinations
- Freight forwarder address is listed as the product's final destination
- Shipping route is abnormal for product/destination
- Packaging is inconsistent with stated shipment method/destination
- Buyer is evasive/unclear about whether product is for domestic use, export, or re-export
- Point of sale list refers to military end-uses

***Awareness of possible red flags and proper reaction to the presence of any red flags must be maintained throughout the life of a transaction and following its conclusion.**