




Corporate Policy

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Organizational Units Affected All Alamo Group Companies, their Employees, Directors and Officers	Approved By: Robert H. George	

Foreign Corrupt Practices Act and Anti-Corruption Law Compliance Policy

I. Introduction


The U.S. Foreign Corrupt Practices Act of 1977, as amended (the "**FCPA**") is a U.S. federal law that prohibits U.S. citizens and companies, their officers, directors, employees, agents, and representatives, and any stockholders acting on their behalf, from giving, paying, promising, offering, or authorizing payment, directly or indirectly through a third party, of anything of value to any "foreign official" for the purpose of obtaining or retaining a business benefit.

The FCPA is the most widely enforced anti-corruption law and it applies to non-U.S. companies operating in the United States as well as U.S. companies and their domestic and foreign affiliates operating anywhere in the world. The FCPA also requires business organizations to keep accurate and complete books and records and maintain proper internal accounting controls.

However, in addition to the FCPA, many countries and many local governments in the U.S. and elsewhere have enacted laws similar to the FCPA which prohibit corruption and bribery of government officials whether at the federal level or at the state, provincial, county, borough or city level. One example of this is the U.K. Bribery Act of 2010. The FCPA, the UK Bribery Act and other similar laws will hereinafter together be referred to as "**Anti-Corruption Laws.**" In general, the enforcement of Anti-Corruption Laws has stepped up significantly in the last decade along with the severity of penalties, which can run into the tens of millions of dollars for business organizations and which can include substantial fines and/or imprisonment for individuals who are found to have committed violations.

II. Statement of Policy

Alamo Group Inc., including all of its subsidiaries and affiliates (collectively, "**Alamo Group**" or "**we**" or the "**Company**"), requires adherence to the highest ethical standards and strict compliance with all Anti-Corruption Laws applicable to it in the conduct of its business. We value integrity and transparency and have zero tolerance for corrupt activities of any kind, whether committed by our employees or by third parties acting for and on behalf of the Company.

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Accordingly, it is our policy to comply with all Anti-Corruption Laws. No director, officer, employee, agent, consultant or any third-party representative acting for and on behalf of the Company may violate the Anti-Corruption Laws of any jurisdiction in which we conduct business. This policy applies to all directors, officers and employees of all Alamo Group companies based in the U.S. and Alamo Group subsidiary companies based in countries outside of the U.S.

Any violation of this Policy will result in disciplinary measures, up to and including termination of employment.

III. Prohibited Activities & Exceptions


A. General

In general, special care should be exercised when foreign or domestic government officials are involved with a transaction, whether or not the transaction is made directly by the Company or indirectly through third parties such as consultants, sales agents or dealers. Dealings with government officials should always be approached with heightened sensitivity because of the potential applicability of the FCPA and other similar Anti-Corruption Laws.

Providing payments, gifts, donations, loans, meals, lodging or other benefits to government officials must be avoided. Even the appearance of impropriety in connection with government transactions can be problematic and can create practical issues even if legal compliance can be demonstrated.

B. Prohibitions under the FCPA

The FCPA makes it a crime to offer or give anything of value to a Foreign Official (as hereinafter defined) with the intent and for the purpose of: (i) "influencing any act or decision" of any such official "in his/her official capacity"; (ii) "inducing him/her to do or omit to do any act in violation of his/her lawful duties"; or (iii) "securing any improper advantage," in each case "in order to assist in obtaining or retaining business for or with, or directing business to, any person."

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It is of critical importance to understand that the FCPA prohibits indirect bribes. Accordingly, organizations and individuals may be liable under the FCPA for making or authorizing payments to any person, while knowing that all or a portion of such money or thing of value will be offered, given or promised, directly or indirectly, to a Foreign Official for an improper purpose.

In other words, if an Alamo Group officer, director, or employee, knows that any portion of a payment he or she makes or authorizes to be made to a third party (e.g., a consultant, sales agent or dealer) will in turn be used by that third party to influence or bribe a Foreign Official for the purpose of obtaining or retaining business for the Company, or to otherwise gain an improper advantage, then both the Company and the individual involved may be found criminally liable for authorizing or making such payment. ***Under the FCPA, "knowing" does not require actual knowledge.*** Alamo Group personnel cannot consciously avoid learning about a bribe by adopting a "head in the sand" attitude. That is considered "willful blindness," and anyone in that position can still be found criminally liable under the Act.

A "Foreign Official" is defined broadly under the FCPA to include:

- (i) any officer, employee or agent of a foreign government including any department or agency of such foreign government;
- (ii) any officer, employee or agent of a company or business owned in whole or in part by a foreign government;
- (iii) any officer, employee or agent of a public international organization such as the World Bank and the United Nations;
- (iv) any officer, employee or agent of a political party or any person acting in an official capacity on behalf of a political party;
- (v) any candidate for political office; and/or
- (vi) spouses and other immediate family members of any of the above individuals or anyone acting on behalf of the above named individuals.

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C. FCPA Exceptions


One limited exception to the FCPA relates to so-called “facilitating payments” which are payments made to expedite or secure the performance of “routine governmental actions.” “Routine governmental action(s)” include actions ordinarily and commonly performed by a foreign official in conducting their duties, for example, in obtaining permits, licenses, or other official documents to qualify a person to do business in a foreign country or to process governmental papers such as visas and work orders. ***This exception is now very narrowly construed by the U.S. Department of Justice.*** Accordingly, before any Alamo Group employee makes any facilitation payment, he or she should contact a supervisor or the Company’s Legal Department for advice and counsel.

Another limited exception to the FCPA permits providing benefits of nominal value to foreign officials in connection with demonstrating Company products or services, for instance: business meals, lodging, transportation and other business courtesies so long as such expenses are reasonable in value. Local laws, however, may not permit such benefits and local laws must be followed as the circumstances require. Please contact a member of the Legal Department before providing any such benefits.

D. Anti-Corruption Red Flags

Alamo Group employees who are exposed to situations in which Anti-Corruption Laws may apply should be aware of those circumstances that should raise a concern about a violation of those laws. If any of the “red flags” listed in Section V.C. below is identified by an Alamo Group employee, he or she must report it to his/her immediate supervisor or to Alamo Group’s Legal Department.

Alamo Group personnel should be extra vigilant when doing business in higher risk countries which have a high corruption index according to the Transparency International annual corruption perceptions index (which can be found at www.transparency.org). These countries include, for example, China, Russia, Mexico, Iraq, Afghanistan, Libya, and Venezuela.

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IV. Financial and Accounting Guidelines

Alamo Group and each of its operating companies, subsidiaries, branches, and overseas offices must maintain accurate books and records and a system of internal accounting controls sufficient to ensure compliance with the record-keeping provisions of the FCPA. All cash, accounts receivable and payable, bank accounts, investments, and other assets of the Company must always be recorded accurately on the official books of the Company. Personnel responsible for Alamo Group's financial books, records, and internal accounting controls periodically must review these books, records, and controls to ensure their compliance with the FCPA.

Anonymous accounts must not be maintained. Payments must not be made into anonymous bank accounts or other accounts not in the name of the payee or of an entity known to be controlled by the payee.


It is every employee's responsibility to make sure that documents supporting all records (e.g., receipts, disbursements, or journal entries) relating to transactions with foreign officials, foreign governments and international organizations, and with agents or representatives retained by Alamo Group to act on its behalf in potential dealings with such persons, governments and organizations, are accurate and contain wording that clearly describes the reason and purpose for each transaction. The making of any false or fictitious entries in the books and records of Alamo Group is prohibited.

V. Guidelines for Retaining Third Party Intermediaries Including Dealers & Agents

Employees of Alamo Group who propose to establish a relationship with a third party acting on behalf of Alamo Group including, but not limited to, agents, dealers, consultants, representatives, teaming partners, and joint venture partners who will act for or represent Alamo Group in or with respect to a foreign market must perform sufficient due diligence on the third party to determine that their commitment to ethical business practices is consistent with Alamo Group's commitment.



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A. Due Diligence

Before retaining a third party in a foreign location, particularly one who is based in a high risk country or region of the world, Alamo Group should evaluate their reputation. Any proposed third party who is known or suspected to have paid bribes in the past or who is known or suspected to treat such practices as normal, customary, and an acceptable way of doing business must be rejected.


The following sources provide useful information in determining the reputation of the third party and one or more of these sources should be consulted prior to engaging the third party:

- (i) Research based on publicly available information
- (ii) A report known as the International Company Profile, which may be obtained from the U.S. Department of Commerce
- (iii) The commercial section or attaché of the US Embassy based in the subject country; and
- (iv) Private investigation firms, local banks, accounting firms, and law firms.

B. Third Party Questionnaire

It is important to become familiar with each third party representative to understand its history and ownership structure in order to, for example, determine whether the third party is itself owned or controlled by the central or local government, has strong ties to a government agency or has committed violations of Anti-Corruption Laws or other criminal laws in the past.

Accordingly, prior to engaging a third party in a country outside of the U.S. and outside of the other countries in which Alamo Group has operating facilities (e.g., UK, France) the Alamo Group employee responsible for the third party relationship should complete a Third Party Questionnaire in the form attached as Exhibit A hereto. The third party relationship must also be memorialized in a written contract and the Third Party Questionnaire should be completed prior to the time of entering into the written contract. If you have any questions regarding the

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completion of the questionnaire please contact a member of the Legal Department for assistance.

C. Additional Due Diligence

If initial due diligence (including completion of the Third Party Questionnaire) leads to any “red flags” that appear to indicate there are or might be problems with the business practice or reputation of the third party, those Alamo Group personnel conducting due diligence should promptly consult with the Company’s Legal Department for further guidance. Examples of such “red flags” include:

- (i) The third party lacks “the real office and staff” and the experience that would be expected of an entity involved in performing requirements of the agreement at issue;
- (ii) The third party cannot or will not provide references and/or fails to provide information concerning its business structure, history and ownership;
- (iii) The third party has a position with a foreign government or family, business or other known relationships or close ties with public officials;
- (iv) The proposed payments (or benefits) to the third party are excessive based on normal industry standards/practices or not reasonably related to the level of services being provided;
- (v) The third party requests that payments be made in cash or by an indirect route or convoluted means, or requests that the amount of payment, account details, or the name of the payee not be fully disclosed;
- (vi) The third party requests a payment to an off-the-books account; or
- (vii) The third party requests that a payment be made pursuant to an invoice that does not accurately reflect the services provided.

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D. Third Party Compensation

Under most circumstances, a request by a proposed third party for a high fee, commission, or discount is not conclusive evidence of corrupt intent. Nonetheless, a fee that is disproportionately large given the scope of the services often suggests that a portion of that money was or might have been paid by the third party to a foreign official for corrupt purposes. Accordingly, Alamo Group officers and employees should be wary of requests for unreasonably high fees or commissions and, to the extent possible, bargain aggressively for more reasonable fees.

VI. Reporting Prohibited or Suspicious Transactions

Any employee, officer or director of Alamo Group, and where necessary agents or business partners, who has information about or knowledge of any act prohibited by these policies and procedures, or of any circumstances that raise concerns about the risk of a violation of anti-bribery laws or these policies and procedures must promptly report that act or those circumstances to his/her supervisor, to the Company's Legal Department, or through the Company's whistleblower hotline as outlined in Alamo Group's Code of Business Conduct and Ethics Policy (the Code of Business Conduct and Ethics Policy can be found on the Alamo Group Website at the following address: <http://www.alamo-group.com/our-company/our-commitment/>). Potential violations should be reported immediately. Alamo Group will ensure to preserve the confidentiality of such reporting.

Reviewed & Approved by Board of Directors on August 2, 2017



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EXHIBIT A

THIRD PARTY QUESTIONNAIRE

[SEE FOLLOWING PAGE]



ALAMO GROUP ANTI-CORRUPTION THIRD PARTY QUESTIONNAIRE

Public Corporation
 Private Corporation
 Individual
 Partnership
 Joint Venture

INSTRUCTIONS

The purpose of this questionnaire (“Questionnaire”) is to obtain important background information necessary for appropriate compliance approval in connection with your company’s relationship with Alamo Group. Please complete the Questionnaire and submit it together with all related documents to **[INSERT CONTACT INFORMATION]**. Your cooperation in completing this Questionnaire is important to us and is greatly appreciated.

If a question provides a “yes” or “no” answer, please check either “yes” or “no,” not both. If “yes” or “no” is not an appropriate response, please provide an explanation in the Notes section of the Questionnaire, making reference to the relevant question.

If any space in the Questionnaire intended for your answer to any question is insufficient, please add further detail in the Notes section of the Questionnaire, making reference to the relevant question. Should there be any additional questions, please contact **[INSERT CONTACT INFORMATION]**.

QUESTIONS

1. Information About Your Company

A. Please provide your company information:

i. Company Legal Name:	
ii. Registered Office / Address:	
iii. Telephone Number:	
iv. Website:	
v. E-mail Contact:	
vi. Year your company was established:	
vii. Type of ownership (public, private, individual, partnership, joint venture, other (please explain)):	
viii. Does your company have an affiliates/related companies:	

B. Please provide each company owner’s full name and title. (Use additional sheets if necessary)

Name (List Below):	Title (List Below):

C. Please provide each company executive's full name and title. (Use additional sheets if necessary)

Name (List Below):	Title (List Below):

D. Please provide the name and address of all of your commercial locations and facilities.

Name (List Below):	Address (List Below):

E. Please, provide the following supporting documentation:

i. Company description (for example, by reference to the general information from your company website);
ii. Company Business License;
iii. Documents showing company establishment or incorporation;
iv. Company financial statements for the last three (3) years;
v. Account-certified financial statements covering the past three (3) years

2. Your Anti-Corruption Compliance Program

Does your company have a written anti-corruption policy?	Yes or No
Do your company's management/employees receive anti-corruption training?	Yes or No

3. Government Relationships

A. Is your company owned or in any way controlled by a government agency, state-owned entity, partially state-owned entity, or other instrumentality? If yes, please provide details.	Yes or No
B. Have any of your company's employees, owners, or executives ever held or currently hold a position in a government agency, state-owned entity, partially state-owned entity, or other instrumentality? If yes, please, provide details.	Yes or No
C. Do any of your company's employees, owners, or executives have personal, familial, or other relations to any employee, officer, or board member of a government agency? If yes, please, provide details.	Yes or No
D. Are any of your company's key employees (managers), owners, or executives have status of current or former political party officials, political candidates for office, or officials of public international organizations (e.g., United Nations, World Bank, European Union)? If yes, please, provide details.	Yes or No

I certify that the information provided herein is complete and accurate to the best of my knowledge, and that the above-identified company is in compliance with all applicable anti-corruption laws.

Signature: _____

Printed name: _____

Title: _____

Date: _____