



## RELATED PARTY TRANSACTION POLICY

It is the policy of Applied Industrial Technologies, Inc. (“Applied”) that all Interested Transactions with Related Parties, as those terms are defined below, will be subject to approval or ratification in accordance with these procedures.

The Corporate Governance Committee will review the material facts of all Interested Transactions and either approve or disapprove of entry into the Interested Transaction, subject to certain exceptions. The Committee may delegate to its chair or another member the authority to approve or ratify Interested Transactions between meetings. If advance Committee approval of an Interested Transaction is not feasible, then the Interested Transaction will be considered and, if the Committee determines it to be appropriate, ratified at the Committee’s next regular meeting. In considering an Interested Transaction, the Committee will take into account, among other factors it deems appropriate, whether the Interested Transaction is on terms no less favorable than terms generally available at the time to an unaffiliated third-party under the same or similar circumstances and the extent of the Related Person’s interest in the transaction.

The Corporate Governance Committee has reviewed the Interested Transactions described below in “Standing Pre-Approval for Certain Interested Transactions” and determined that they will be deemed to be pre-approved or ratified (as applicable).

No director will participate in any discussion or approval of an Interested Transaction for which he or she is a Related Party, except the director will provide all material information concerning the Interested Transaction to the Committee. If an Interested Transaction will be ongoing, the Committee will periodically review and assess ongoing relationships with the Related Party to confirm they are in compliance with the Committee’s guidelines and that the Interested Transaction remains appropriate.

## Definitions

An “*Interested Transaction*” is any transaction, arrangement or relationship or series of similar transactions, arrangements or relationships (including any indebtedness or guarantee of indebtedness) in which (1) the aggregate amount involved will or is expected to exceed \$50,000 in any fiscal year, (2) Applied or one of its subsidiaries is a participant, and (3) a Related Party has or will have a direct or indirect material interest (other than solely as a result of being a director or a less than 10 percent beneficial owner of another for-profit entity).

A “*Related Party*” is any (a) person who is or was (since the beginning of the last fiscal year for which Applied has filed a Form 10-K and proxy statement, even if they do not presently serve in that role) an executive officer, director, or nominee for election as a director, (b) greater than 5 percent beneficial owner of Applied’s common stock, or (c) immediate family member of any of the foregoing. Immediate family member includes a person’s spouse, parents, stepparents, children, stepchildren, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, and brothers- and sisters-in-law and anyone (other than a tenant or employee) sharing such person’s household.

## Standing Pre-Approval for Certain Interested Transactions

The Corporate Governance Committee has determined that each of the following Interested Transactions shall be deemed pre-approved, even if the aggregate amount involved will exceed \$50,000.

1. Employment and compensation of executive officers. Any employment by Applied of an executive officer, and compensation solely resulting from the employment relationship, if the executive officer is not an immediate family member of another executive officer or director of Applied, and the Executive

Organization & Compensation Committee approved (or recommended that the Board approve) the compensation.

2. Director compensation. Any compensation paid to a director pursuant to plans and programs previously approved by the Committee.
3. Certain transactions with other companies. Any transaction with another company at which a Related Party is an executive officer, if (a) the transaction is made in the ordinary course of business on terms no less favorable than terms generally available at the time to an unaffiliated third-party under the same or similar circumstances, and (b) the aggregate amount involved does not exceed the greater of \$1,000,000, or 2 percent of the other company's total annual revenues.
4. Certain charitable contributions. Any charitable contribution, grant or endowment by Applied to a foundation, university, charitable, or other non-profit organization at which a Related Party is an officer, director, or trustee, if the aggregate amount involved in the fiscal year does not exceed \$100,000, if the Related Party is an Applied director, nominee for director, greater than 5 percent beneficial owner of Applied's common stock, or immediate family member of any of them.
5. Transactions where all shareholders receive proportional benefits. Any transaction where the Related Party's interest arises solely from the ownership of Applied's common stock and all holders of Applied's common stock receive the same benefit on a *pro rata* basis (e.g., dividends).

6. Certain banking-related transactions.

- (a) Any transaction involving a Related Party who is an executive officer of a bank or other financial institution that is or was indebted to Applied or any of its subsidiaries, or to which Applied or any of its subsidiaries is or was indebted, and the loans or deposits are made in the ordinary course of business on terms, including interest rates and collateral, no less favorable for Applied (or its respective subsidiaries) than terms generally available at the time to an unaffiliated third-party under the same or similar circumstances; or
- (b) Any transaction involving a Related Party who is an executive officer of a bank or other financial institution that is providing services to Applied or any of its subsidiaries as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services, in the ordinary course of business on terms no less favorable for Applied (or its respective subsidiaries) than terms generally available at the time to an unaffiliated third-party under the same or similar circumstances.