



**APPLIED INDUSTRIAL TECHNOLOGIES, INC.
CORPORATE GOVERNANCE COMMITTEE CHARTER**

Primary responsibility for the governance of the Corporation is vested in the Board of Directors (the “Board”). The Corporate Governance Committee (the “Committee”) is a standing committee of the Board comprising solely such independent directors as the Board may appoint from time to time. “Independence” of Committee members will be determined by the Board according to its guidelines set from time to time and according to applicable laws and rules of the Securities and Exchange Commission (“SEC”) and the New York Stock Exchange (“NYSE”), with the goal of assuring that Committee members have no relationship to the Corporation that may interfere with the exercise of their independence from management. The members of the Committee shall be appointed, and may be removed, by the Board.

The primary purposes of the Committee are to assist the Board in the governance of the Corporation by:

- Making recommendations to the Board regarding policies affecting director succession and nominees for election as directors of the Corporation in order to (i) maintain the highest quality Board available to manage the business and affairs of the Corporation on behalf of those who invest in the Corporation, (ii) ensure diversity of background, knowledge and experience of Board members, and (iii) maintain productivity of and collegiality among Board members.
- Developing and recommending to the Board corporate governance guidelines for the Corporation.
- Advising the Board on other matters relating to the affairs or governance of the Board and the Corporation.

The Committee shall have unrestricted access to the Corporation's personnel and documents and will be given the resources necessary to discharge its responsibilities. The Committee shall meet at least once per year and may establish a schedule of additional regular meetings, as it considers appropriate. The Committee may also call special meetings as required. To assist in performing its duties, the Committee may form one or more subcommittees, composed of Committee members and/or other independent directors. The Committee shall communicate its findings, conclusions and recommendations to the Board and/or the Chief Executive Officer, as required by the Board or pursuant to its own initiative.

Annually, the Committee shall evaluate its performance and review and update this charter for consideration by the Board.

The Committee's specific responsibilities include the following:

A. Monitoring the Chief Executive Officer.

The Committee shall initiate a review and evaluation of the performance of the Chief Executive Officer. The Committee or its chair, along with the independent Board Chairman (or the chair of the Executive Organization & Compensation Committee if the independent Board Chairman and the Corporate Governance Committee chair are the same individual), will meet at least once each year with the Chief Executive Officer of the Corporation to discuss:

- The mission, vision, direction and objectives of the Chief Executive Officer, with the emphasis being on long-term, rather than short-term goals.
- The leadership of the Chief Executive Officer, including his ability to build or impact corporate culture, his team-building skills, and his ability to build morale and generate a positive dynamic direction for the Corporation.
- Organizational matters, including developments, changes and concepts.
- Management succession planning and leadership development.

The Committee shall share the results of the review and evaluation with the Board's Executive Organization & Compensation Committee for use in determining the Chief Executive Officer's compensation. In addition, the Committee shall present the results of the review and evaluation to the full Board.

B. Changes in Corporate Control.

The Committee shall review and evaluate changes or potential changes in corporate control and proposals that would affect or influence corporate control. Such proposals may be made by the Committee at its own initiative. In addition, management is expected to bring to the Committee or its chair, for pre-approval, any proposed dialogue with a third party regarding a proposal that could affect or influence control of the Corporation.

C. Board Evaluation.

The Committee shall initiate annually a review and evaluation of Board governance matters, including:

- The Board's decision-making process.
- The mix of director experience, personalities and other characteristics needed to balance the Board.
- The characteristics recommended to be sought in new director nominees.

The Committee shall present the results of the review and evaluation to the full Board.

D. Director Evaluation and Nomination.

1. Evaluating Incumbent Director Performance.

The Committee shall review and evaluate the performance of incumbent directors. The Committee will meet at least once each year with each incumbent director whose term of office is scheduled to expire at the next annual meeting of shareholders to:

- Solicit input from such incumbent director with respect to his or her desire and availability to continue his or her service as a director.
- Evaluate the participation, attendance and contribution of such incumbent director in Board and committee meetings.
- Review the characteristics and qualifications of such incumbent director to continue his or her service as a director in light of (i) such director's personal circumstances, including the involvement of such director in his or her primary business activity and/or his or her community, (ii) the capacity, health and availability of such director, (iii) the developing needs of the Corporation, and (iv) the characteristics recommended to be sought in candidates for directors of the Corporation.

2. Identifying Candidates for Nomination as Directors.

The Committee shall evaluate and make recommendations to the Board regarding, and upon direction from the Board establish and maintain, a deliberate, continuous and effective process for managing director succession, including determining appropriate methods for selecting candidates for nomination as directors and employing such methods to select candidates for evaluation by and recommendation to the Board as nominees for election as directors. The process shall include consideration of the developing needs of the Corporation and the desired characteristics of director candidates, as identified by the Committee. The Committee has the sole authority to retain and to terminate any consulting or search firm to be used to identify director candidates, including the sole authority to approve the firm's fees and other retention terms.

3. Recommending Policies Affecting Director Succession.

The Committee shall evaluate and make recommendations to the Board regarding policies affecting director succession, including policies regarding

mandatory retirement of directors, the eligibility of present and former officers of the Corporation for service as directors, and the terms of office of directors.

4. Recommending Policies regarding Director Independence.

The Committee shall evaluate and make recommendations to the Board regarding policies or standards to assist in determining director independence in accordance with applicable laws and rules of the SEC and the NYSE listing standards, as well as other rules and regulations.

E. Director Compensation.

The Committee shall review and evaluate the compensation and benefits program for the directors and proposals relating thereto. Such proposals may be made by the Committee at its own initiative. As appropriate, the Committee may retain an independent consultant to provide advice with respect to the program and recommend changes. The Committee shall also administer and interpret, and make awards and grants under, the Corporation's long-term incentive compensation plans, benefit plans, and stock-related plans, in which the directors may be participants. All such powers shall be executed in the best interests of the Corporation and in keeping with the objectives of the plans.

F. Independent Board Chairman Evaluation and Nomination.

From time to time, an independent director may serve as the Chairman of the Board. In respect of the independent Board Chairman role, the Committee

- May evaluate and recommend to the Board specific responsibilities for the position.
- Shall periodically initiate an evaluation of the incumbent independent Board Chairman's performance in that role.
- Shall annually nominate a director to be elected as the independent Board Chairman by the Board of Directors. The process shall include consideration

of the developing needs of the Corporation and the desired characteristics of the independent Board Chairman, as identified by the Committee.

G. Related Party Transactions.

The Committee shall evaluate and make recommendations to the Board regarding policies or standards to assist in evaluating transactions between the Corporation and any related person. The Committee shall then review and approve transactions as required by any such policies or standards, applicable laws, rules of the SEC and the NYSE listing standards, as well as other rules and regulations.

H. Compliance with Laws.

The Committee shall review and evaluate the Corporation's policies and systems for compliance with laws, and proposals relating thereto, in order to assure a corporate culture and environment conducive to legal compliance. Such proposals may be made by the Committee at its own initiative.

I. Trading in the Corporation's Securities.

The Committee shall review and advise on questions of interpretation relative to the Corporation's Insider Trading Policy and administrative procedures (including requirements for establishing trading plans under SEC Rule 10b5-1) as applied to trading in the Corporation's securities by officers, directors, and the Corporation itself.

J. Shareholder Proposals.

The Committee shall review and evaluate all shareholder proposals submitted to the Corporation. The Committee shall counsel with the Chief Executive Officer and make recommendations to the Board as to appropriate responses.

K. Public Policy.

The Committee shall review and evaluate public policy issues or proposals materially affecting the Corporation, including issues affecting the community; the Committee will not, however, involve itself in customer, supplier or associate issues occurring in the normal course of business. Such proposals may be made by the Committee at its own initiative.

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