



# **Code of ethics**

At

**AS Drives & Services GmbH**

and

**AS Maschinenbau & Hydraulik GmbH**

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## 1. Preamble

AS Drives & Services GmbH and AS Maschinenbau & Hydraulik GmbH work closely together as the "AS International" company group according to the same procedures and with the same processes.

AS Drives & Services GmbH is the service company for machine construction with customer-focussed services and workshop services, particularly in the area of mechanical and electrical drive technology. Furthermore, inspections and status assessments are carried out based on status-orientated servicing.

AS Maschinenbau & Hydraulik GmbH is a service company for machine construction with customer-focussed services and workshop services, particularly in the area of mechanical drive technology. Furthermore, inspections and status assessments are carried out based on status-orientated servicing.

Together, we consider ourselves an innovative servicing company for industrial gears made by all manufacturers. We inspect, repair, modify, improve or reconstruct gears and also offer professional installation and removal.

In addition to servicing, AS also markets its own products in the drive and lubrication technology sectors. All products are designed to the special requirements of the customers and have received numerous awards thanks to their innovative design.

The product range comprises all components (motors, thermo management, inverters, gears, lubrication systems and flow control for lubricants and coolants) required to modernise and increase the speed on a paper machine for example. Thanks to our own engineering department, we are also able to implement your entire modification projects in the drive technology area. From designing the drives and lubrication technology to implementing all drive-side modifications, we can offer everything from a single source.

"AS International" is therefore the only drive specialist that can offer modernisation of all drive systems and the corresponding lubrication technology.

The success in our sectors depends on the trust of all of our customers, employees and suppliers, as well as all people and companies that supply us with services. Other stakeholders include national authorities and regulatory authorities, competitors, the media and society as a whole.

It was and is therefore essential that both management and employees attach great importance to adhering to statutory ordinances and internal regulations, and identify and follow core values.

With this code of ethics, we are strengthening the basis for retaining and continuing to develop this trust. Furthermore, the code of ethics supports us in securing a common system of values. The values and basic principles contained in the code of ethics are reflected in the guidelines and directives for the companies and divisions of AS International. The directors, managers and employees are expected to adhere to these values and basic principles.

We are continuously striving to adapt the code of ethics to developments in the business and regulatory environments, as well as to our ethical core values. We, the management at AS International are personally behind the values described in the code of ethics.

We pledge to provide the framework conditions that provide employees and suppliers with the optimum conditions for adhering to the code of ethics in their daily work.

The managing director and the management at AS International

Reken, 11/01/2017

## 1.1. Purpose and scope

The code of ethics is intended to present the basic principles of AS International. The rules of conduct defined in the code of ethics are intended to prevent mistakes and to avoid misdemeanours or offences in particular. Furthermore, the code of ethics should promote the values and basic principles that apply in the company (Appendix 1 – Company policy).

Company guidelines, directives, instructions and manuals are only contained in the code of ethics in part, but they reflect the values and basic principles contained in this document.

Directors, management and all employees, as well as suppliers and business partners are expected to adhere to the guidelines defined in the code of ethics. The scope basically extends over all AS International companies, insofar as this is permissible according to the appropriate statutory framework conditions. In this context, we will ensure that legal positions deserving protection are preserved.

## 2. General basic principles

We expect all managers, employees and business partners to consider the applicable laws and other decisive regulations, both domestic and foreign, in all business decisions and activities.

Directors and management will exemplify ethically correct conduct. Ethically correct conduct in the workplace mainly means honesty and fairness when communicating with co-workers and customers, suppliers, competitors, authorities and the general public. The integrity and good reputation of our company are of vital importance for its success.

### 2.1. Law and standards of conduct

AS International complies with the applicable laws and other decisive regulations, both domestic and foreign. The company rejects any type of corruption, forced labour, child labour or discrimination based on race, nationality, gender, sexual orientation, religion, political views, disabilities or age.

The directors, each manager and each individual employee are responsible for adhering to the laws, directives and regulations, as well as the internal guidelines of AS International, including the values and basic principles contained in the code of ethics;

- knowing the guidelines, the manuals and the common business practices in the relevant field of responsibility and applying these consciously to the best of their ability;
- adhering to the laws, directives and regulations on occupational safety.
- Posing questions and intervening if standards of conduct are not being adhered to;
- working in a team and contributing your best to achieve common goals;
- contributing to a working atmosphere that promotes trust, professionalism, performance, respect and self-esteem;
- always acting in good faith, responsibly, with appropriate care and competence, and without presenting facts in an incorrect way;
- acting objectively without subordinating personal judgement;
- to protect the companies' assets, property (of a material or immaterial nature) and resources and to promote their efficient use, as well as taking suitable organisational precautions, including monitoring that they are complied with, in order to exclude responsibility on the part of AS International; no employee is permitted to make inappropriate use of AS International's property or resources, or to make this available to third parties.
- always acting in an honest and ethical way, including when handling conflicts of interest;
- treating customers, suppliers, competitors and other co-workers fairly and not deriving an unfair advantage due to unethical conduct towards third parties;
- Reporting violations of laws and other misconduct in accordance with the guidelines and procedures of AS International, so that these matters can be dealt with in an appropriate manner;
- proving management competence as a manager; do this by demonstrating clear customer focus by exemplary personal commitment, reliability and keeping promises, appropriate monitoring of the employees you manage, checking compliance and promoting a company environment in which employees can perform to the best of their abilities.

## **2.2. Communication**

The information that we submit to the authorities or the general public, both domestically and abroad, must be complete, fair, appropriate, objective, up to date and understandable in all significant aspects. When implementing, we pledge to act in accordance with the relevant laws and regulations that are applicable for the company.

Communication is based on the following basic principles:

- We communicate openly, transparently and proactively.
- We have clearly defined media spokespeople.
- As a rule, we do not provide any information on customer relationships, on matters that affect individual employees, on competitors or on ongoing research.
- We do not comment on any rumours.

## **2.3. Data protection**

In order to guarantee that personal data is protected, AS International pledges to adhere to the data protection regulations when handling personal data, in particular, the principles regarding transparency, reliability, the quality guarantee and the correctness of data.

Furthermore, AS International pledges not to pass personal data on to third parties without the agreement of the applicable person.

AS International pledges to protect the privacy of all who have contacted the company. No information may be passed on or disseminated to third parties without the agreement of the applicable person/people.

Furthermore, the company pledges to adhere to the legal provisions on data protection.

## **2.4. Avoiding conflicts of interest and second jobs**

Second jobs and employee involvement in companies, in particular, business partners and/or competitors, must be declared in writing and be approved by the directors. This obligation to declare does not apply to acquiring marketable assets or pure asset investments of an insignificant size.

The directors, each manager and each employee must avoid or report conflicts of interest between personal and family economic activities within their tasks in the internal structure or the institution to which they belong.

## **2.5. Business principles**

It is our aim to conduct our business in order to make a profit, to secure a strong financial basis and to keep our risks at an acceptable level. Making a profit must never be the justification for not adhering to laws and violating standards of conduct.

## **2.6. Confidentiality**

Operational and trade secrets must be handled confidentially. This also applies to other information for which AS International, their contractual partners and customers would require confidentiality. This information is not permitted to be disseminated to unauthorised parties without a permit from the person responsible for suspending confidentiality. This obligation continues after the working relationship or any other contractual relationship ends.

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## 2.7. Shared and social commitment

We welcome it when our employees get involved with the community where appropriate. We support selected organisations and institutions with humanitarian, social, charitable, educational or cultural aims.

## 2.8. Occupational safety

In order to guarantee physical and moral integrity of our employees, AS International pledges to adhere to the laws, directives and regulations on occupational safety. In order to reduce the number of industrial accidents and to improve employee health at the workplace, AS International has been certified according to SCC\*\*.

## 2.9. Environmental protection

AS International is aware that their activities affect the environment and pledges to prevent environmental contamination. In order to keep the effects on the environment as low as possible, the technologies that are best suited (for carrying out the various activities) must be used. For the aforementioned reasons, AS International works according to the DIN EN ISO 14000 standard. Furthermore, AS International is certified as a specialist company in accordance with the Federal Water Act.

## 2.10. Bribery and corruption

As part of any type of business activity, no employee or agent of the company is permitted to provide business partners, their employees, their agents or any other third party with unfair advantages, or to request them, have them promised or accept them when doing business. This must be assumed in particular if the type and scope of these advantages are suitable to affect the recipients conduct and decisions in an unfair way. Third parties (e.g. consultants or banks) must not be used to circumvent this regulation. Contraventions will be punished by terminating the working relationship or any other contractual relationship where necessary.

## 2.11. Handling gifts responsibly

It must basically be assumed that the giver of a gift intends to influence the decisions of the recipient regardless of the welfare of the company. Accepting gifts or benefits influences the recipient's ability to make objective decisions. It can put third parties in a position where they are under economic or social pressure and damages the company's overall interests even if this type of pressure is not applied. Gifts are therefore not permitted to be accepted as a rule. This also applies to gifts of low value. Travel, services, bonuses and discounts are also to be considered gifts in principle. The same basic principles as for gifts also apply to invitations and hospitality from or to business partners.

Exceptions are only permissible if the appearance of being able to influence can already be excluded and if existing special regulations such as those for dealing with authorities are observed. In all exceptional cases, approval from the supervisor is required and he/she is obliged to document this. The following must be observed when approving:

Promotional gifts must be designed so that their acceptance does not put the recipient under obligation. They must be selected according to the principle of avoiding any appearance of dishonesty and inappropriateness on the part of the giver or recipient.

## 2.12. Donations and sponsorship

Donations must be in accordance with the legal system and are only controlled by the directors. This applies particularly to sponsorship as part of shared and cultural commitment, where the basic principles of the company's approach must be considered. AS International does not permit any direct or indirect financial



support to political parties, organisations, trade unions or their representatives. Furthermore, AS International does not support any political events or conventions.

### **2.13. Adhering to competitive rules**

AS International is obliged to compete fairly and openly on the world markets. Our company, its employees or agents are not permitted to engage in illegal practices and/or practices that are liable to prosecution such as agreements with other companies or co-ordinated conduct with the aim or effect of preventing, limiting or distorting competition. We do not engage in any dishonest business practices to the detriment of competitors or other market actors for competitive purposes when doing business.

### **2.14. Rejecting illegal employment relationships**

Adhering to all occupational and social law regulations and standards is self-evident in the entire company. Furthermore, the directors and the management are instructed to demand this basic principle of suppliers and subcontractors if possible and required, and to check that it is being adhered to within the framework of the legal options. Contraventions must result in an assignment ceasing or being cancelled.

### **2.15. Rejecting any form of terrorism**

AS International rejects any form of terrorism and will initiate preventive measures within the framework of their business activities to prevent any involvement in terrorist activities. The company does not enter into any business with relationships with companies who are involved in terrorist plots in any way and will also not support these companies financially in any way.

### **2.16. Transparency of business relationships on an international level**

For all business relationships on an international level, AS International pledges to adhere to the applicable laws and regulations in order to prevent the risk of cross-border misdemeanours. For this reason, AS International pledges to check the reliability of international partners and the origin of their financial means within the framework of the legally permitted options.

### **3. Rules of conduct**

Our company impresses customers with our price, service, quality and suitability of the products offered. We treat all of our business partners fairly. All employees are obliged to remain honest and transparent when designing contracts and pricing, and when accounting. All employees exercise honesty and openness in all phases of implementation and pay attention to reliability.

#### **3.1. Towards customers**

Our services are aligned to meeting the customers' justified requirements and expectations. We live up to the market's requirements through customer focus, professionalism, innovativeness and value for money. We communicate information and experiences openly with our customers and guarantee the required amount of confidentiality and discretion. Situations in which conflicts of interest arise must be avoided when negotiating with customers.

#### **3.2. Towards co-workers**

We rely on the performance and competence of our employees to achieve our company aims. We expand the knowledge in the company through training and further education, support personal development of employees, and ensure appropriate information and suitable working conditions. The individual employee obtains information actively. He/she brings his/her own aims in line with those of the company and gives priority to company interests.

#### **3.3. Towards suppliers and subcontractors**

Within the framework of quality and value for money of our services, we also rely on the experience and capacities of selected suppliers and subcontractors. They must adhere to applicable laws and the guidelines stipulated in this code of ethics. For economic reasons, a company should ensure that they obtain several quotations on a regular basis. This counteracts one-sided dependencies effectively. Suppliers that operate outside of ethical standards of conduct will cease to be contractual partners.

#### **3.4. Towards regulatory and government authorities, and ministries**

We strictly adhere to the applicable laws, regulations, directives, standards and customs in all countries in which we trade. The employees of AS International and the external employees whose conduct can be associated with AS International must maintain reasonable, transparent and comprehensible manners when communicating with regulatory and government authorities, and with ministries. This communication is strictly limited to the departments and people responsible.

#### **3.5. Towards public bodies, corporations and public offices**

In any relationship to public bodies, corporations and public offices, all internal and external employees are strictly prohibited to influence the decisions of the third party to their benefit using inappropriate means such as bribery. Furthermore, establishing a personal relationship with the representatives or employees of public bodies, which results in preferential treatment from the public body.

#### **3.6. Towards financial institutions**

Financial institutions contribute to increasing the company's value by financing various company activities. In conjunction with the financial institutions, AS International pledges to provide the financial institutions with the

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information requested, to guarantee a comprehensive representation of the company's economic situation and to enable informed financial decisions.

### **3.7. Towards the media**

We recognise the functions of the media, maintain dialogues with journalists and support them in their task to report on our company objectively.

### **3.8. Staff**

AS International recognises the necessity of protecting individual personalities and individual freedom. The company rejects any conduct that promotes prostitution and/or contributes to child pornography. We always pay attention to adherence to the law for the protection of the youth and neither employ children nor force anybody to work for us. We have been SCC\*\* certified since 1997 for adherence to health and safety aspects, and are re-certified every year. This also includes regular visits to a company doctor who checks the health of the employees. The examinations are voluntary for the employee. Each of our employees is able to come together in an organisation. No employee will be disadvantaged due to his/her origin, religion, gender or for any other reason. Furthermore, none of our employees will be subjected to physical or psychological punishment. We always comply with the German Working Hours Act, which also sets exactly these requirements. We guarantee to pay the legally prescribed minimum wage as required in Germany.

#### **3.8.1. Performance and competence of our employees**

We rely on the performance and competence of our employees to achieve our company aims. We therefore promote personal and professional development of employees through regular employee meetings and open communication, and ensure appropriate information and suitable working conditions. Furthermore, the health and safety of our employees is a core concern of ours. The relationship between employer and employee is based on the following principles:

- joint awareness that adhering to ethical and legal standards when doing business is in the interests of the company and the employee;
- an environment that draws well qualified employees, fosters them and connects them to our company; equal opportunities regardless of race, nationality, gender, sexual orientation, religion, disability or age;
- a working environment without discrimination, harassment or reprisals;
- an "open doors" policy that provides all employees with access to management;
- a performance-based culture with a competitive remuneration system and periodical, fair and objective evaluations that consider the individual contribution to achieving aims and team performance, as well as adherence to the values and basic principles of the code of ethics.

#### **3.8.2. Respect and honesty towards superiors, colleagues and co-workers**

The quality of co-operation between superiors, colleagues and co-workers is of vital importance to the company's success. Impeccable conduct when interacting with each other that is shaped by respect and openness towards the relevant person and that avoids unfair behaviour does not just ensure communication and the quality of the company culture but also has a significant influence of the company's image in the public perception. Behaviour that is guaranteed by suitable institutional measures results in trust. We therefore pledge to resolve conflicts objectively, with respect and with consideration for the people involved, in a manner that builds trust and as defined by the corporate philosophy.

### **3.9. Documenting business transactions, correct accounting and invoicing**

All business transactions must be documented completely, transparently and properly in accordance with the legal regulations and also the regulations that apply at AS International. No subledgers or subrecords will be kept. Furthermore, all employees involved with compiling the financial accounts and cost accounting are obliged to compile documents transparently and according to cause with consideration of the cost transparency principle. Particular attention should be paid to truthfulness, accuracy and completeness when compiling the annual reports.

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## 4. Implementing and checking the code of ethics

Directors and management ensure that the employees adhere to the relevant laws and regulations. These and the basic principles contained in this code of ethics in particular are communicated to all employees in the company through regular information. Adherence to the basic principles is demanded. Each employee of AS International is obliged to co-operate with checks as part of his/her work and to provide the checking body with the requested information.

### 4.1. Concrete measures for imparting the contents of the code of ethics

The code of ethics is communicated openly on the AS International homepage with the aim of imparting it to all employees, business partners and the general public, as well as to ensure as well as possible that the rules of the code of ethics are adhered to.

### 4.2. Internal organisational measures

We use suitable procedures for adherence to the code of ethics.

#### 4.2.1. Double check principle and function separation

Using the double check principle and separating unrelated tasks are appropriate measures to prevent irregularities, in order and delivery management in particular. As part of function separation, ensure that the decision, implementation, inspection and reporting tasks are separated. To this effect, there is a regulated system as part of the internal regulations within the companies of AS International, in which different hierarchical levels are to be included accordingly through obligations to give consent, depending on the size and relevance of the decision.

### 4.3. Special areas of responsibility

The directors, management and employees of the company are responsibly for adhering to the regulations in the code of ethics.

### 4.4. Risk management

The active risk management system is used for early detection, avoidance and reduction of those risks in particular that may endanger the company's assets or its development significantly or that point to severe violations of laws or ordinances and internal regulations for the administration and supervisory boards. This also includes preventing corruption.

### 4.5. Reporting violations – people of trust

Our reputation for integrity and fair behaviour is our most important asset. In accordance with our company policy, employees report violations of laws, regulations, directives and the code of ethics, so that appropriate measures can be taken. Data protection and labour relations regulations must be adhered to when doing this. In order to encourage disclosure and to limit damages, within the framework of the applicable laws, employees will not be subjected to disciplinary and occupational legal measures as long as they contact the people of trust and were only involved in the misconduct in a minor way themselves. Employees who act upon the report in good faith are also safeguarded against any reprisals or discrimination.

Every addressee is obliged to report any violations of the organisational model and the code of ethics at AS International in writing or verbally:

to the directors. The report can also be made in writing to:

AS International, FAO Heinrich Schrudde, Industriestraße 17, 48734 Reken, Germany  
or by e-mail to: [info@as-drives.com](mailto:info@as-drives.com),  
the superior and the internal people of trust, i.e. the superiors responsible.

#### **4.6. Checks and sanctions**

Experience with people shows that organisational basic principles are only successful if they are accompanied by corresponding checks. These take the form of appropriate checks and plausibility checks carried out by the company and by external people and institutions.

##### **4.6.1. Check system**

In addition to our operational check mechanisms and, in particular, to detect and deal with relevant issues relating to accounting and year-end audits, we pledge to comprehensive, independent, external checks. Our management will co-operate unreservedly with the test institutions to contribute to solutions and to implement these in good time.

##### **4.6.2. Sanctions**

If there are violations of the rules of conduct that apply in the company and those listed in the code of ethics, as well as violations of legal regulations, disciplinary and (occupational) legal measures will be taken, from written warnings to dismissals, in order, regardless of any penal consequences, to react appropriately to the contraventions discovered and to counteract future contraventions.

#### **4.7. Continuous development**

Although this code of ethics founds neither legal obligations for AS International nor grants employees or other people entitlements, we check it and our past conduct regularly and evaluate our experience, in order to always be able to improve with regard to adherence to the basic principles and values defined in this code of ethics.

## 5. Appendices

### Appendix 1: Company policy