

# AVANCO

people. innovation. success.

THE AVANCO GROUP



PRINCIPLES OF RIGHTFUL BEHAVIOUR

# CODE OF CONDUCT

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## I. PREFACE OF THE MANAGEMENT BOARD

Dear employees and staff members,

Dear employees and staff members, we are pursuing a value-oriented company management, which accommodates the interests of our employees, but also those of our customers, owners and corporate group entities. Thereby, reliability, appreciation, motivation, innovation strength, integrity and compliance are very important for us, and key values on which we focus as a leading technology company in the field of high-end lightweight design.

The AVANCO Group's Management Board has therefore created the following code of conduct to help the you as well as the group of companies maintain the full compliance with our excellent reputation towards customers and the general public. All employees and all those who are working on behalf of our company, are obliged to comply with the code of conduct issued by the AVANCO Group.

This code is unable to cover every possible situation of the professional everyday life, however, it represents a binding guideline and behaviour orientation for all of us. Our company culture is characterized by openness and fairness requires each employee to deal with the relevant requirements. We kindly urge you to seek advice and help from the executive board concerning the correct behaviour in case of doubt.

In this manner, we should also endeavour to do everything necessary to ensure a sustainable economic success of the AVANCO Group.

Herford, December 2016

Managing Board AVANCO GmbH

## 2. COMPANY PRINCIPLES

The following principles are the foundation for our actions, and apply to all employees of the AVANCO Group:

### 1. Customer-orientation

Customers profit through our enthusiasm for lightweight design. We can fulfill your needs through our tailor-made solutions, thus providing you with competitive advantages. For us, customer satisfaction is the key indicator of our success.

### 2. Willingness to perform and personal responsibility

We're a company, where every employee gives his best every day. A willingness to assume responsibility for our own actions, and the commitment towards the achievement of the company objectives are among our characterizing traits. We contribute to the continued success of the company. We are a learning organization, which enhances itself continuously through constructive, solution-based behavior.

### 3. Innovation, technology and quality

We guarantee the highest degree of quality to our customers. As a technology leader, we combine technological excellence and outstanding product quality with high reliability. Our full potential for innovation is applied to meet the needs and requirements of our customers. Our expertise in fiber composites grows with each new customer solution, which makes us a competent partner.

### 4. Our actions are focused on the people

Outstanding team effort is created through the interaction between leadership strength and exceptional individual performance. Our interactions are characterized by honesty, fairness, reliability, understanding and appreciation. We reject discrimination and debasement of any kind. As a future-oriented company, we are committed to the promotion of our employee's well-being and their further personal development.

### 5. Responsibility for the society and environment

We are a medium-sized company with a proud tradition and a responsibility to our customers, our employees and their families, the owners and the society. We place importance on sustainable economic development which protects the environment and natural resources. We operate in full compliance with statutory regulations, and base our actions on ethical and moral principles.

## 3. COMPLIANCE GUIDELINES

The AVANCO Group is obligated to fully meet all of its social responsibilities during all of its corporate activities. The respectively applicable laws as well as other relevant provisions of the countries in which it operates must be observed during all business actions and decisions. Every employee has the obligation to observe the respectively applicable legal order. Business partners are treated fairly, and contracts are fully respected. The following guidelines apply to the daily corporate actions for the behaviour of our employees.

### 3.1 CODE OF CONDUCT FOR EMPLOYEES IN THE COMPANY

#### Rules of conduct for all employees

All employees of the AVANCO Group contribute to a company culture that is characterized by a fair and team-spirited collaboration. Tolerance as well as the respect and trust-based daily interaction is matter of course for the conviction of our management and our employees. In addition, every employee is committed to exhibit a responsible and integrity-minded behaviour. The personality and dignity of each individual must be observed. Mutual appreciation is based on inner conviction and a willingness to act. This also means that problems in the workplace are addressed, and problem solutions are developed together. Because this is the only way an environment characterized by openness, tolerance and fairness can be created. The AVANCO Group expects from its employees that they themselves contribute to a positive working atmosphere through their own conduct. The opportunity to experience other cultures and ways of thinking regarding the cooperation is an enrichment for all employees. It also contributes to the motivation and enthusiasm of the employees, and is the foundation for the sustained success of the company, as well as the value enhancement.

#### Rules of conduct for executives

With the implementation of a value-oriented management, and the necessary resulting management actions or management practice, executives support a tolerant and fair interaction. With their behaviour, our executives contribute to the respecting of the personality and dignity of all employees. Through an open-minded attitude towards their employees, they are able to create a working environment that enables an open exchange of ideas. They cultivate the respectful interaction with each other through courtesy, friendliness and mutual respect. Within the scope of their leadership task, managers execute measures against unacceptable behaviour. They act as mediator for the appropriate conflicts. Every single one of our senior executives is responsible for his employees. They must gain their recognition through an exemplary personal conduct, performance, openness and social competence. The executive has confidence in his employees and agrees upon clear, ambitious as well as realistic targets, and provides his employees with as much personal responsibility and freedom of action as possible.

The AVANCO Group has stipulated these requirements with seven fundamental management principles:

1. **Act as a role model**
2. **Establish, arrange and attain objectives**
3. **Support and manage employees**
4. **Solve conflicts intelligently and productively**
5. **Qualify and promote employees**
6. **Provide information to employees and promote the communication**
7. **Assume and bear social responsibility**

### **Rules of conduct for the interaction with third parties**

All employees, especially executives, are aware that they represent the company through their behaviour, thus shaping its reputation towards the public, as well as the internal culture. All employees will treat others in the same way as they expect to be treated by others. This will create a fair and respectful way of interacting with customers, and other partners who are associated with the company in a business relationship. This of course also applies to all, foreign company employees working for the company. Fairness and appreciation also apply to the own representation of the company in public.

## **3.2 RESPONSIBILITY TOWARDS EMPLOYEES, SOCIETY AND THE ENVIRONMENT**

The AVANCO Group ensures occupational safety and health protection at the workplace in accordance with the national statutory provisions. A constant development to improve the work environment is supported. We respect the right to a freedom of association of employees in the context of applicable rights and laws.

### **Fairness, tolerance, and equality of opportunity**

Our appreciation applies equally to all employee – regardless of nationality, culture, religion, belief, disability, ethnic origin, sex, sexual orientation and age. We respect the personal dignity of every individual. Therefore, at this point we refer to the General Equal Treatment Act (AGG) and command the compliance through every single employee. We are thereby committed to prevent all forms of discrimination within the framework of applicable rights and laws. In this respect, the company expects a cause-appropriate, friendly and fair interaction of its employees with colleagues, employees and third parties.

### **Appearance in public**

The engagement of the employees in public functions at a national or regional level is generally encouraged. If some of the activities are in a context relating to the AVANCO Group, the prior

information of the supervisor is required. The employees will ensure that their appearance in public always benefits the reputation of the company. In case private opinions are expressed, a statement regarding the own role or activity within the company should be avoided. Media communication shall only be conducted in the name of the AVANCO Group through the Corporate Communications Department, or only after a prior consultation with the same.

### **Avoidance of conflicts of interest**

It is of key importance to the AVANCO Group that its employees do not encounter interest or loyalty conflicts during their official activities. Such conflicts can occur if an employee works for another company, or owns shares in it. Therefore, the operation of a company, or a material direct or indirect interest in a company that is wholly or partially in competition with the AVANCO Group, or in a business relationship with the same, is not permitted. Exempted from this are the secondary employments and investments that have no proven influence on the activity at the AVANCO Group. Secondary employments are only permitted with the prior consent of the company.

### **Donations**

Donations must be always transparent. The recipient of the donation, and the specific use by the recipient must be known and comprehensible. It must always be possible to provide the respective accountability to the public at any time.

### **Data protection, confidentiality and protection of the rights of third parties**

The AVANCO Group commits its employees to secure and preserve business or trade secrets of the company and its business partners. Operating and/or business secrets may not be disclosed unauthorized or made accessible in any other way, unless an express authorization has been granted or it concerns publicly available information. The obligation to the secrecy of confidential information of the company is continued even after the termination of the employment relationship. The behaviour in public must also be observed, for example at the airport, on the train or in a taxi. It must also be observed that confidential conversations are not conducted on the phone, where other people could possibly listen. Do not disclose any sensitive information to unknown callers. The production of records, files and similar regarding the company's confidential information is only permitted if this is performed in the direct interest of the AVANCO Group. The protection of privacy during the use of personal data and the security of all business data must be ensured through a consideration of the respectively applicable legal requirements in all business processes. Additionally, the provisions of data protection must be observed. These provisions include the data protection as well as social, mail and telecommunications secrecy.

Patents, inventions and other expertise are of fundamental importance for the success and our future. No employee may therefore disclose newly acquired knowledge or secrets in any form to third parties, whereas official documents and data carriers must be fundamentally protected

against access by unauthorized persons. Each employee must respect the applicable protective rights of third parties, whereas their unauthorized use must be avoided. No employee may gain access or utilize unauthorized secrets of a third party. Company property may only be used for company-internal purposes.

### **Social networks**

When dealing with social networks, the same legal rules must be observed as those in the “real world”, including the regulations for data protection, confidentiality and the protection of third party rights. When publishing images, videos or information you should be aware that the Internet never forgets, and information that is used out of context, can be processed and cited elsewhere.

### **Occupational safety, health, fire and environmental protection**

It is the task of all employees, to avoid risks for people and the environment, to minimize impacts on the environment, and to use resources sparingly. Processes, manufacturing sites and facilities must comply with the applicable statutory and internal regulations regarding occupational health, fire and environmental protection. We expect our employees to follow the instructions of the employer regarding health care and work-related safety, and ensure that transport and escape routes and emergency exits are safely usable and freely accessible. The behaviour regarding health care and accident prevention is regulated in our house regulations.

### **Product quality and safety**

In our company, we strive to manufacture products of the highest quality. This demand also applies also for the increasingly complex products of our customers, for which we will thoroughly and sustainably implement the required improvements. If deficiencies occur despite all efforts, we will try to remedy them in accordance with the statutory requirements and contractual obligations.

## **3.3 BEHAVIOUR TOWARDS BUSINESS PARTNERS**

During the competition for contracts we rely on the quality and the benefits of our products and services provided to our customers, as well as on a reasonable price structure. We support the national and international efforts to avoid influencing or distorting competition through bribing. During the interaction with business partners (customers, suppliers, cooperation partners) and government institutions, the interests of the company and the private interests of employees on both sides are strictly separated. Actions and (purchase) decisions must be conducted free of irrelevant considerations and personal interests. The respectively applicable criminal corruption law must be observed and maintained.

### **Interaction with external partners**

The AVANCO Group undertakes to also convey the principles of this conduct guideline to its direct and indirect suppliers, to promote the compliance with the content of the code of conduct at its suppliers, and to urge them to also observe it.

### **Crime during foreign trade transactions**

Both national as well as international, extra territorial acting foreign trade and customs laws determine where and how we must sell our products and technology, and disclose information. In some cases, it is forbidden by law to conduct business with certain countries; in other cases, the export of goods or the provision of services and technologies is prohibited without a government authorization. Customs laws require an accurate description, complete itemization, as well as a true declaration of value of goods to be exported. Anti-boycott laws may prohibit a participation in boycott measures of other countries, and restrict the provision of information about business activities and people. You can also specify that authorities are informed about certain requirements for the disclosure of information, or for the participation in boycotts. These international trade laws are very complex. The consequences of a violation of these laws can be significant for the company and the persons, and may entail fines and imprisonment. For questions regarding the application of these laws in the own area of responsibility, the employees are encouraged to consult with their respective export control officer or customs agents.

## **3.4 ACCEPTANCE AND GRANTING OF GIFTS AND BENEFITS**

“Gifts”, “rewards” and “other benefits” within the meaning of this principle are all gratuities from or to business partners or other business relevant persons, that are free of charge for the recipient, to which the beneficiary is not entitled, and which materially or immaterially objectively profit the beneficiaries. A “other advantage” exists even if there is a consideration, which is not in a reasonable relation to the performance (e.g. the granting of unusual special market conditions, discounts or a favoring of individual employees of the AVANCO Group or the business partner).

Personal advantages in return for a favored treatment throughout the course of business may not be offered, promised, granted, approved or accepted. The AVANCO Group prohibits its employees to accept promises regarding the corresponding benefits. Gifts, payments, invitations or services may neither be offered, promised, requested, granted or accepted, which are granted with the intention of affecting a business relationship in an incorrect manner, or those which entail the danger to endanger the professional independence of the business partner. This is generally not the case with gifts and invitations which are in the scope of hospitality, custom and courtesy.

### **Offering and granting of advantages**

Grants of any kind by employees of the AVANCO Group to officials or employees of private companies with the aim of obtaining orders or undue benefits are not permitted. Courtesy gifts that correspond to generally accepted business practices to a certain extent, must be treated pursuant to the laws applicable for us. In any case, they must be structured in such a manner that the recipient must not conceal its acceptance, and is thereby not pressured into a mandatory dependency. Business and project-related travel expenses of officials and non-officials will be refunded only up to an objectively reasonable extent. The respectively applicable legal regulations must be observed. Refunds must be structured in such a manner that they do not need to be kept secret by the recipient (“publicity test”).

### **Requesting and accepting advantages**

Gifts from business partners comply with the generally accepted business practices to a certain degree. However, their adoption can lead to conflicts of interest and jeopardize the good reputation of our company. No employee may use his position or function within the company to request, accept or to gain personal benefits. The acceptance of opportunity gifts of little value is permitted. Any additional gifts and other benefits granted for yourself and closely affiliated persons must be refused fundamentally. In such cases, the employees are obligated to inform their superiors about the offer of gifts or amenities for them in such cases. Granting of intangible advantages (e.g. personal progress, transportation) or the mere promise of such benefits is punishable by law, without the benefit being intended as a consideration for an actual rule violation. Thereby, the advantage can benefit both the employee as well as third parties (“nepotism”).

### **Gifts and advantages associated with public officials**

Anti-corruption laws prohibit granting gifts to domestic and foreign government officials, officer, political or military authorities or representatives of international organizations (such as the United Nations and the World Bank), in order to obtain contracts or other advantages for the AVANCO Group. The granting of personal advantages (including benefits in kind such as payments and loans, including the granting of smaller gifts) to officials (such as civil servants or employees in the public sector) are not allowed. Gifts, services, payments and loans, which are granted by the AVANCO Group to political parties, committees, elected officials or candidates, are only permissible if they comply with the applicable laws and local regulations, and they have been previously approved by the executive board.

## **3.5 PRINCIPLES OF BEHAVIOUR REGARDING COMPETITION**

### **Antitrust law**

National and international regulations governing how the AVANCO Group may sell its products and technologies or come into contact with competitors. The respective regulations are binding for us. Every single employee is obliged to fully comply. The AVANCO Group and its

employees aim to conduct a fair competition. The company shall comply with the applicable laws, which protect and promote the competition, in particular the applicable antitrust laws and other laws for the regulation of competition. When interacting with competitors, these regulations particularly prohibit agreements and other activities that affect prices or conditions, assign sales territories or customers, or impede the free and open competition in an incorrect manner. In addition, these regulations prohibit agreements with customers and suppliers, with which customers should be restricted in their freedom to specify their prices and other conditions regarding the autonomous resale (so-called price and condition determination). Only in a fair competition, can the market participants develop freely. Therefore, the commandment of integrity applies for us regarding the competition for market shares. Every employee is obliged to observe and comply with the rules of fair competition. In particular, employees may not conduct any conversations with competitors where prices or capacities, or price and capacity-related information is exchanged. Agreements with competitors about a competition waiver, regarding the submission of sham bids for tenders, or regarding the allocation of customers, territories or production programs are not permitted.

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