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ANDRITZ CODE OF BUSINESS CONDUCT AND ETHICS

July 2010

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TABLE OF CONTENTS

1. INTRODUCTION	3
2. OUR CORE VALUES.....	5
3. THE ANDRITZ CODE OF BUSINESS CONDUCT ETHICS.....	7
3.1. In the Workplace with Our Employees.....	7
3.1.1. <i>Health and Safety</i>	7
3.1.2. <i>Diversity and Inclusion</i>	7
3.1.3. <i>Discrimination and Fair Treatment</i>	7
3.1.4. <i>Harassment</i>	7
3.1.5. <i>Use of Drugs or Alcohol</i>	8
3.1.6. <i>Personal Responsibility</i>	8
3.2. In the Marketplace with Our Customers and our Competitors.....	8
3.2.1. <i>Product Quality and Safety</i>	8
3.2.2. <i>Antitrust and Fair Competition</i>	8
3.2.3. <i>Business Gifts, Meals and Entertainment</i>	9
3.2.4. <i>Export Controls and Trade Restrictions</i>	9
3.2.5. <i>Bribery, Kickbacks, Fraud, and Corruption</i>	10
3.2.6. <i>Transactions and Relationships with Suppliers, Agents, Consultants and Third Parties</i>	10
3.3. With Our Company and Our Shareholders.....	10
3.3.1. <i>Accounting and Financial Reporting</i>	10
3.3.2. <i>Fraud and Misrepresentation</i>	11
3.3.3. <i>Conflicts of Interest</i>	11
3.3.4. <i>Insider Information and Trading in ANDRITZ Stock</i>	11
3.3.5. <i>Protecting Company Assets (property, facilities, books, records)</i>	11
3.3.6. <i>Protection of Intellectual Property and Confidential Information</i>	12
3.3.7. <i>Data Privacy and Protection</i>	12
3.3.8. <i>Use of E-mail, Voice Mail and Company Networks</i>	12
3.3.9. <i>Document Retention</i>	13
3.3.10. <i>Media and Public Inquiries</i>	13
3.4. In Our Communities.....	13
3.4.1. <i>Environmental Protection</i>	13
3.4.2. <i>Sustainability</i>	14
3.4.3. <i>Principles related to profit-making</i>	14
3.4.4. <i>Community Involvement</i>	14
3.4.5. <i>Political Activity and Contributions</i>	14
3.5. With Our Governments and the Law.....	14
3.5.1. <i>Compliance with Laws, Regulations and Customs</i>	15
3.5.2. <i>Doing Business with Governments and Public Officials</i>	15
4. RELEASE.....	16

1. INTRODUCTION

This Code of Business Conduct and Ethics (the “Code”) serves to present and promote the values and business principles that form the backbone of ANDRITZ. These values and principles of integrity, respect, reliability and sustainability apply to everyone who works for or represents ANDRITZ. Adhering to these values and principles is not just the responsibility of our Executive Board or our Division Managers, but is the responsibility of every one of us, every day.

The Code is organized into five sections that address how we at ANDRITZ conduct ourselves with the highest degree of integrity, transparency, reliability and respect:

- I. In the Workplace with Our Employees
- II. In the Marketplace with Our Customers and our Competitors
- III. With Our Company and Our Shareholders
- IV. In Our Communities
- V. With Our Governments and the Law

The last section of the Code provides information on resources available to you if you have questions or concerns.

All ANDRITZ employees must follow this Code. None of us is exempt, regardless of our position or whether we work on a full or a part-time basis. We also expect all ANDRITZ contractors, consultants, representatives, agents and others who may be temporarily assigned to work for or provide services to ANDRITZ to comply with this Code in connection with any work or services performed on our behalf.

We reserve the right to modify or revise this Code at any time, with or without notice.

Managers have a special responsibility with regard to this Code. They must lead by example and set the tone from the top of compliance.

Making the right decisions may be confusing at times, but if you are ever in doubt as to what is the right way to conduct yourself, ask yourself how you would feel if you read about your actions on the front page of the newspaper? What would your family and friends think? Did your actions demonstrate compliance to this Code and the values and principles that it represents? If you are still in doubt, you will want to consult the resources described at the end of this Code.

Failure to comply with the Code can have serious consequences. It could result in disciplinary action up to and including termination of employment and in certain instances, criminal prosecution. It could mean that

more training is required. And if the failure is on the part of contractors, consultants or others providing services to ANDRITZ, ANDRITZ will terminate those services if they fail to comply with our Code.

2. OUR CORE VALUES

- **Integrity** (Ethics / Transparency / Compliance)

We are committed to maintaining high ethical standards in all of our business dealings. We are accountable to our various stakeholders (customers, shareholders, employees, business partners, authorities, competitors, the media, etc.) and towards society as a whole for achieving our goals while protecting our Company's reputation and assets. We will not sacrifice integrity for profit. We are committed to a constructive, open and transparent dialogue with our stakeholders. We recognize the importance of all applicable laws as well as internal and external regulations, guidelines and standards, and we comply with them.

- **Respect** (Responsibility / Fairness/Respect / Teamwork/Performance)

We treat all our stakeholders with respect and dignity. We respect all people's values and cultures and value the difference in people's thinking and backgrounds. We provide a safe and healthy working environment for our employees, applying the principle of equal treatment and avoiding any form of discrimination, harassment or retaliation. We believe in working in teams across divisional and geographic and cultural boundaries to achieve common goals. Our leaders embody a spirit of teamwork and support to all employees. We are committed to the development of all team members. We collaborate with each other. We help each other. We lead by example and coach those we lead to strive to attain their maximum potential. We focus our efforts on taking action and making decisions. We work to serve the needs of our customers, investors and employees. We empower our employees to seize opportunities, to take action and make decisions. We value performance and results above politics or bureaucracy. We seek to identify best practices and implement them globally.

- **Reliability** (Respect / Customer Orientation / Quality)

We fulfill our commitments and take personal responsibility for our actions. We promise only what we can deliver, and we keep our promises. In all of our work we are focused on our customers' needs. We listen to our customers, we make sure we understand their needs, and, based on this understanding, we work out the best possible solution for each application meeting the individual goals of our customers. We have a profound knowledge of all of our customers' core processes which is reflected in our products, technical support, and employee training. We are committed to providing world class quality products. We continually search for new and better ways of doing things.

- **Sustainability**

We are committed to promoting environmental, social and economic sustainability. We offer technologies that either prevent pollution or minimize waste by re-using by-products from other processes, and develop systems that make the best possible use of resources. We seek to constantly optimize utilization of energy and other resources at our own facilities and focus on the elimination of

waste and the protection of the environment. We are committed to our communities and support and nurture sustainable local development.

3. THE ANDRITZ CODE OF BUSINESS CONDUCT AND ETHICS

3.1. In the Workplace with Our Employees

We are a company that satisfies our customers, values each of our employees and performs responsibly for our shareholders. As we challenge ourselves to be the best place to work, we are mindful that it depends on how we treat and respect each other. This section of the Code describes what is expected from each of us in our personal conduct and treatment of others.

3.1.1. Health and Safety

When it comes to workplace safety, our goal is simple - we do not want injuries or accidents at any time. Safety begins with each individual employee. You should never take risks that could endanger yourself or others during their jobs. We strive to eliminate accidents in all of our facilities by ensuring a safe and healthy work environment and by looking for ways to continuously improve. We comply with all safety laws and believe that safety comes before anything else.

3.1.2. Diversity and Inclusion

We appreciate the diversity of one another in all its forms. As a global company, we come from many different walks of life, each of us bringing different perspectives and experiences to ANDRITZ. This diversity of people and ideas provides us with a competitive business advantage. We truly believe that by being more diverse and inclusive, we can make ANDRITZ more successful in the marketplace, increase our ability to innovate, be more responsive to our customers, increase shareholder value and become an even better place to work.

3.1.3. Discrimination and Fair Treatment

We do not tolerate discrimination. Our goal is to provide a positive environment where everyone is treated with respect, dignity and fairness.

3.1.4. Harassment

Each of us should be treated and is expected to treat others with respect and dignity. There is no room in our culture for harassment, bullying or violence of any kind, in any work-related setting. Harassment comes in many forms - verbal, non-verbal, physical and sexual. It is any behavior that is intended to make others feel unwelcome, uncomfortable or is intended to intimidate or prevent them from effectively performing their job. We encourage employees, who see mistreatment, to speak out and we protect them from retaliation if they do.

3.1.5. Use of Drugs or Alcohol

We are required to work free from the influence of illegal drugs or alcohol. We are prohibited from possessing, selling or using illicit drugs while we are performing our work. The consumption of alcohol at our work sites is prohibited except where consistent with local culture.

3.1.6. Personal Responsibility

The way we conduct ourselves in the workplace or in any other work-related setting, including while on business trips, at business meetings and at business-related social events, directly affects the reputation of ANDRITZ. We are expected to conduct ourselves in a responsible, respectful and honest manner at all times. Care should also be taken when we are on-line and in web-based forums or networking sites to present ourselves in a manner becoming of an ANDRITZ employee. We are expected to exercise good judgment in our decisions and our actions.

3.2. In the Marketplace with Our Customers and our Competitors

We must conduct business with transparency that can stand the test of anyone's scrutiny. In addition to being the best place to work, we challenge ourselves to be the most customer-responsive company in our industry, as determined by our customers. Our products and services are aimed at meeting customer requirements and promoting the achievement of customers' targets in the best possible way. To achieve this, we compete fairly, with the highest level of integrity, in every market in which we operate. We know this is key to our long term success. This section of the Code describes what is expected from each of us to accomplish this.

3.2.1. Product Quality and Safety

To be a responsible corporate citizen means that we must provide quality products that are safe to use. The products we manufacture should meet all applicable laws, regulations and standards for use in their markets. We strive to exceed customer expectations at every opportunity.

3.2.2. Antitrust and Fair Competition

We are committed to competing honestly and fairly, and we support and comply with all antitrust and fair competition laws in all markets where we do business. These laws vary by country, but are designed to stop competitors from making agreements that prevent, restrict or distort free competition. Compliance with these laws is important to our success as they foster legitimate, fair, and open markets ensuring that business is won based on quality and merit and not on improper behavior.

All of us and any agents or third parties acting for us must adhere strictly to the letter and the spirit of these laws. To ensure this, we have implemented a Group-wide compliance policy dealing with antitrust that prohibits each of us from

- Working with competitors to fix prices or allocate markets or customers
- Setting, dictating or controlling the resale prices set by our distributors or other customers.

If we find ourselves in a situation where we may be more likely to interact with competitors, such as at trade shows or trade association meetings or other industry events, it is important that we avoid even the appearance of impropriety. Sometimes even innocent conversations can be misconstrued.

Violating antitrust laws is a serious matter and can result in significant financial penalties as well as criminal prosecution. If you have any questions about dealings with competitors, contact the Legal Department. More detailed information is also available in our '**Antitrust Policy**' posted in the Corporate Manual.

3.2.3. Business Gifts, Meals and Entertainment

To avoid conflicts of interest, we do not accept (or allow family members to accept) gifts, entertainment or preferential treatment from anyone doing business with ANDRITZ other than gifts or entertainment of such a value that the gift or entertainment could not reasonably be expected to influence our judgment or actions. In circumstances where refusing to accept a gift or offer of entertainment would be considered rude or give affront, we know to contact our immediate supervisor. Gifts of cash or securities of any amount may not be accepted. Remember, wherever we work in our company and whatever we do, we always want to avoid anything that might give even the appearance that we could be influencing someone's judgment or making the person feel obligated to give us their business in return for the business courtesy.

3.2.4. Export Controls and Trade Restrictions

Export control laws apply when we ship our equipment, parts, technology, services, software, manuals or even a gift from one country to another or when we allow visitors from another country into one of our facilities. Many countries have export control laws. The European Union has its own export control laws applicable to all EU member countries and member nations. The U.S. has trade restrictive laws in place as well that impose specific restrictions on U.S. citizens and permanent U.S. residents. Other countries in which we regularly work, such as Australia and Brazil, also have their own export laws.

Export control laws and sanctions can restrict the export of goods and services to certain countries, individuals or entities. They can restrict imports from certain countries. They can restrict travel to and investment in certain countries. And they can restrict export and re-export of goods and services where the end use may involve missile technology, nuclear devices, or other nuclear activity.

Trade restrictions may also include boycotts. A boycott is a refusal to do business with someone as a means of protest or coercion.

The list of countries, individuals, and entities that are subject to economic sanctions or that require export licenses changes from time to time. Violations of export control laws, trade restrictions, and economic

sanctions are serious and can result in criminal prosecution, significant financial penalties, and loss of business. We adhere to all export control laws and trade restrictions.

3.2.5. Bribery, Kickbacks, Fraud, and Corruption

We are committed to competing honestly and fairly, and we support and comply with all applicable anti-corruption laws. We do not condone, under any circumstances, the offering, authorizing, receiving of bribes or kickbacks or any other improper or unlawful payments for the purpose of obtaining or retaining business or for any other reason related to our business. None of us must ever accept, give, offer or promise anything of value that could be interpreted as an attempt to improperly influence a commercial or governmental transaction. The use of intermediaries, agents, contractors, distributors, freight forwarders or other third parties, subsidiaries, joint ventures to do what ANDRITZ itself cannot do is prohibited.

Violating anti-bribery laws is a serious matter and can result in significant financial penalties as well as criminal prosecution. If you have any questions about dealings with customers, and particularly with governmental customers, contact the Legal Department. More detailed information is also available in our '**Anti-Bribery Policy**' posted in the Corporate Manual.

3.2.6. Transactions and Relationships with Suppliers, Agents, Consultants and Third Parties

We treat our business partners fairly. We act in an honest and transparent way when making up contracts and prices and in billing. We rely on qualified sub-suppliers for the procurement of less essential components for our plants and systems. These sub-suppliers are subjected to regular quality checks and performance monitoring. The sub-suppliers are expected to act in a manner consistent with this Code.

3.3. With Our Company and Our Shareholders

3.3.1. Accounting and Financial Reporting

All business transactions must be fully and clearly in accordance with legal and other regulations applicable to the ANDRITZ GROUP. We do not maintain any sub-ledgers or secondary records. All of us involved in accounting / controlling are committed to proceeding in a careful, transparent, and accurate way. Detailed information is available in the '**Accounting Policy (IAS/IFRS)**' and in the '**Transfer Pricing Policy**' posted in the Corporate Manual.

We are committed to equal treatment of shareholders as well as the provision of transparent, detailed, and simultaneous information to all market participants. We have installed a database for ANDRITZ shareholders as well as for all people interested in automatically receiving regular updates on the Group's development (registration via the ANDRITZ website). Participants are regularly sent Group information, such as press releases, links to quarterly and annual reports as well as other Group relevant information. We readily and frequently participate in road shows to provide investors with up-to-date and detailed information about the Group. We are committed to complying with the Austrian Corporate Governance Code.

3.3.2. Fraud and Misrepresentation

Fraud involves deliberate, intentional deception or misrepresentation of information. Fraudulent activity is never acceptable at ANDRITZ. Most fraud can be avoided by carefully following the systems and controls ANDRITZ has in place to prevent individuals from having total control over money, supplies or records. If any of us should learn of a potential fraud, the fastest way to stop it is to report it promptly. We should not try to cover it up. The company will be much better off confronting and correcting the problem early on than if it is hidden and discovered later.

3.3.3. Conflicts of Interest

Each of us must take care to avoid any situation that involves an actual or apparent conflict between our personal interests (or those of members of our family) and those of the Group. We are committed to conducting our business in an ethical manner that avoids all appearances of impropriety.

With regard to investments and employment, unless approved in advance by our supervisor, we understand that neither we nor any member of our immediate family may directly or indirectly have a financial interest (whether as an investor, lender, employee or other service provider) in a competitor, or in a customer or supplier if we or our subordinates deal directly or indirectly with that customer or supplier in the course of our job with ANDRITZ. An exception to this rule is an immaterial financial interest as an investor. Whether a financial interest is meaningful depends on individual circumstances. Therefore, we understand that the better decision is to disclose any such situation to our immediate supervisor and the head of the local Human Resources Department.

3.3.4. Insider Information and Trading in ANDRITZ Stock

The shares of ANDRITZ AG are listed for official trading on the Vienna Stock Exchange. As a publicly listed company, our company is subject to several laws and stock exchange regulations affecting the disclosure of information to the public. Certain of us have access from time to time to information that, if it became public, may affect the value of ANDRITZ shares, options or other securities. Such information is considered 'inside information' and, pursuant to the ANDRITZ Policy prohibiting the misuse of insider information, we are required to keep such information confidential until it is made public by ANDRITZ AG. Similarly, we are forbidden from trading or otherwise taking improper advantage of such inside information. Buying or selling ANDRITZ stock based on information that has not been made public, but that you have access to as an 'insider', is against the law. Detailed information is available in the '**ANDRITZ GROUP Insider Trading Policy**' in the Corporate Manual.

3.3.5. Protecting Company Assets (property, facilities, books, records)

We are all responsible for protecting Company assets against loss, theft, damage or misuse. Company assets include cash and other financial assets, facilities, equipment, and supplies. We should also always treat Company assets with care and respect and guard against waste and abuse.

3.3.6. Protection of Intellectual Property and Confidential Information

We are constantly engaged in actions to safeguard our proprietary technology and know-how through patents, trademarks, trade secrets and other intellectual property rights. Similarly, we respect the intellectual property rights of others, including the proper treatment of confidential and proprietary information. All of us are responsible for the proper use of ANDRITZ's proprietary and other confidential information. Any of us who comes into possession of confidential proprietary information must keep such information confidential and use it only for authorized purposes. Detailed information is available in the '**Intellectual Property Protection Policy**' in the Corporate Manual.

3.3.7. Data Privacy and Protection

ANDRITZ respects the privacy of its employees' personal data and will collect and retain personal data only as required to operate efficiently or as required by law. Access to personal data is restricted to employees who have appropriate authorization and a legitimate business need.

Many countries where we do business have privacy or data protection laws requiring the responsible handling of personally identifiable information, including the transmission of data across country borders or to third parties. ANDRITZ is committed to handling personal data with care and to safeguarding and protecting such information to ensure it is not lost, misused, accessed without authorization, disclosed, altered or destroyed.

3.3.8. Use of E-mail, Voice Mail and Company Networks

As ANDRITZ employees, we have many means of communication available to us, such as e-mail, voice mail, internet, telephone (including mobile phone) and other information technology assets (the 'IT System') that are the property of ANDRITZ. Subject to rules or procedures issued for individual companies or the applicable IT Policies, incidental use for private purposes is allowed as being beneficial to both ANDRITZ and us, provided that such use is limited to what is reasonable and is not used for any of the following improper purposes:

- Soliciting for commercial, charitable, religious or political causes
- Sending chain mail letters or broadcast personal messages
- Sending inappropriate, offensive or disruptive messages
- Gaining unauthorized access to databases or information sources at ANDRITZ or any other site
- Damaging computer equipment, software or data
- Interfering with or disrupting network users, services or equipment
- Sexually-related or pornographic messages or material
- Violent or hate-related messages or material
- Bigoted, racist or other offensive messages aimed at a particular group or individual
- Malicious, libelous or slanderous messages or material
- Subversive or other messages or material related to illegal activities

We understand that ANDRITZ reserves the right to periodically monitor, access, and disclose the contents of the IT System to block access to non-business related Internet sites, all in accordance with applicable law. Additional information is available in the '**IT Usage Policy**' and other IT Policies posted in the Corporate Manual.

3.3.9. Document Retention

There are many laws that specify how long we need to keep certain documents, including paper documents, audio and video tapes, microfilm, voice mail, computer-based information such as e-mail, computer files on disks, servers or tape, and on any other medium that has information about the Company or its business activities. We strive to comply with all applicable record retention laws and regulations. Before any record or document is thrown away, it is important to check whether there is an ANDRITZ record retention policy that may be applicable. Also, whenever it becomes apparent that documents will be required in a government investigation or a lawsuit, all documents must be preserved and all ordinary disposal of documents that may pertain to the litigation or investigation in any way must be suspended.

3.3.10. Media and Public Inquiries

We acknowledge the importance of the media and are committed to providing fast and complete information to journalists to support them in their duty to report objectively about our Group. In order to promote consistency and transparency, we understand that all contact with the media is to be made exclusively with the involvement of the Corporate Communications & Investor Relations Department.

3.4. In Our Communities

3.4.1. Environmental Protection

We are committed to promoting environmental protection and conserving natural resources. We provide technologies that maximize generation of energy from renewable sources; approximately 50% of our total sales are derived from technologies and systems that generate energy from water power and biomass. This supports international efforts for climate protection. All of our business areas support their customers in their sustainability efforts by providing products and services that reduce consumption of energy and other raw materials to the lowest possible levels, and minimize emissions and waste. Our research and development activities, often in cooperation with our customers or other partners, also focus on continuously enhancing the environmental performance and energy efficiency of our products. Also, in our operations worldwide, we strive to constantly improve environmental sustainability by reducing waste and emissions, saving energy and raw materials, and reducing traffic load.

We are good global, national, and local citizens. We are committed to full compliance with both the spirit and the letter of all environmental laws and regulations in every country in which we operate. Our commitment to protecting the environment is a responsibility shared by each of us.

3.4.2. Sustainability

We are committed to a sustainable development, in the sense of meeting the needs of the present without compromising the ability of future generations to meet their needs. We aim to achieve economic growth while promoting environmental sustainability through the efficient use of energy and other resources as well as minimization of emissions and waste, both within the plants supplied to our customers and in our manufacturing facilities. We respect human rights and support the principle of equal opportunities regardless of race, nationality, gender, sexual orientation, religion, disability, or age.

3.4.3. Principles related to profit-making

We aim to conduct our business to achieve a sustainable profitability, to maintain a strong financial basis and to keep risks at an appropriate level. Achieving profits can, however, never justify the violation of a law, regulation, or principle of conduct.

3.4.4. Community Involvement

We are privileged to do business in over 125 communities around the world. As citizens of those communities, we must always act responsibly. This means conducting our operations safely and being prepared for any emergencies that may occur. When we make our communities a better place, we make our business a better place.

In general, as a company, we do not engage in donations or sponsoring. Requests for exceptions for special cases can be directed to the Executive Board and must follow legal regulations.

3.4.5. Political Activity and Contributions

We respect the right of each of us to participate in political activities; however, any decision to be involved in is entirely a personal and voluntary one. We understand that we must at all times make it clear that our views are our own and not those of the Company.

Strict limits on corporate political activity mean that employees may not make any direct or indirect political contribution on behalf of ANDRITZ or with company funds unless authorized in advance.

3.5. With Our Governments and the Law

We conduct business in many countries around the world. As a result, our operations are subject to the laws of many countries, provinces, states, municipalities and organizations, such as the European Union. It is important for us to understand how these laws apply to our operations.

3.5.1. Compliance with Laws, Regulations and Customs

We are committed to operating with the highest level of ethical behaviour and to complying with both the spirit and letter of all applicable laws and regulations of our home countries and of the other countries where we do business. We will not engage in unlawful conduct or fraud through third parties. To make sure that we do not violate any such laws, we have implemented Group-wide compliance policies to ensure that employees are aware of, understand, and act in conformity with various laws including anti-bribery and antitrust laws.

3.5.2. Doing Business with Governments and Public Officials

Operating with integrity also applies to our dealings with public officials. We do not make, promise or authorize payments or the giving of anything of value, directly or indirectly, to any public official without the prior written approval of the Compliance Officer. Who is a 'public official' is broadly defined and includes, for example, employees of government agencies and state-owned entities, any person acting in an official government capacity, employees of joint ventures in which the government is a partner, a political appointee, and family members of public officials.

When third parties, such as sales agents, distributors, brokers, and freight forwarders, work with public officials on our behalf, liability may result to us from the actions of these third parties. Due diligence about a third party's ownership and reputation must be conducted and documented before we enter into a new business relationship with any such third party intermediary.

Laws concerning appropriate gifts and business courtesies with respect to government and public officials can vary from country to country, and even within a country as between local and national laws. Violations of these laws can have serious consequences, including possible criminal prosecution and/or fines. Therefore, the Compliance Officer must pre-approve, in writing, providing or agreeing to provide gifts, hospitality or other business courtesies to public officials.

4. RELEASE

This Group Policy was released by the entire ANDRITZ GROUP Executive Board.



(Dr. W. Leitner)

(F. Papst)

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