Competition Compliance Policy

1. Introduction

Objective and scope of this Competition Compliance Policy

AB Dynamics plc and its subsidiaries (hereinafter referred to as the Group) believes in fair competition and is committed to carrying out its business in a way that ensures compliance with all applicable competition laws globally.

The Group requires staff to comply at all times with relevant competition laws. Competition law applies to all parts of our business and, as part of their work, staff may find themselves in situations that expose the business to risk.

The purpose of this policy is to help the Group's staff to understand:

- their own responsibility in complying with competition law;
- the key areas of risk; and
- the importance of consulting with the General Counsel team in appropriate circumstances.

Contravention of applicable competition laws can have serious consequences for the business, including significant fines on the Group, expensive and lengthy investigations, risk of legal action for compensation, contracts being declared unenforceable and serious adverse PR and reputational damage.

In addition, breach of serious competition laws can result in an individual being held personally liable and can result in criminal prosecution of individuals or other personal sanctions, such as director disqualification.

In order to mitigate this risk, this policy seeks to provide a high-level overview of key areas of risk for the Group in respect of competition law and provides illustrative "dos and don'ts" for practical advice on common situations which may give rise to problems under competition law.

The examples set out in this policy are not exhaustive and so, in your dealings with customers, competitors and fellow staff members, you should remain vigilant to potential anti-competitive discussions, email exchanges, proposals and/or clauses in agreements. Seek guidance from the General Counsel if you're not sure.

This policy applies to all directors, employees, temporary contract staff, consultants, agents and third-party service providers acting on the company's behalf. At some point in the future, relevant employees may be required to certify that they have read, understood and will comply with this policy and all related policies and that they are either unaware of any possible violations or have reported such possible violations to the appropriate person.

This policy extends to all business dealings and transactions of the company and its subsidiaries.

Breach of this policy could constitute a disciplinary offence and could lead to termination of employment at the Group for misconduct.

If you are in any doubt as to whether particular conduct may give rise to competition law concerns, please speak to the General Counsel.

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Competition law compliance procedure – general points

All staff are responsible for their conduct and compliance with this policy and have a duty to act in a manner which is compliant with competition law in all dealings on behalf of the company. All staff are expected to seek legal support if uncertain about whether dealings are compliant with competition laws.

Managers have a special responsibility to monitor competition compliance in business areas that they are managing or supervising.

The Senior Leadership Team have a special responsibility to show a commitment to compliance and promote awareness and compliance within the business. Directors are at particular risk of personal responsibility for breaches of compliance and may for instance be at risk of director disqualification if they do not take adequate steps to promote compliance within the Group.

Staff whose role means that they are exposed to areas of risk in respect of anti-competitive behaviour may be allocated competition law training as part of their induction or annual training programme.

Each staff member whose job role means that that they are exposed to areas of risk in respect of anti-competitive behaviour may be expected to undergo training on competition law compliance as the company shall reasonably determine.

Any staff member who becomes aware of a breach or potential breach of this policy is required to notify the General Counsel promptly by telephone in the first instance. If you need legal advice, please bear in mind that, in certain jurisdictions, written communications with in-house lawyers may not attract legal professional privilege. In order to discuss sensitive issues, therefore, it is recommended that advice is first sought by telephone in all jurisdictions.

General guidance

Do:

- ✓ Familiarise yourself with this policy and conduct your business in accordance with this policy, complying with competition law at all times.
- ✓ Report any activity that you suspect may infringe competition law to the General Counsel, whether committed personally or by others.
- ✓ Contact the General Counsel if you have any doubt as to whether any particular conduct may infringe competition law.
- ✓ Contact the General Counsel if you are concerned that competitors may not be complying with competition law.

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2. Anti-competitive agreements

Key takeaway 1: Anti-competitive agreements are prohibited

- Agreements which prevent, restrict or distort competition are prohibited. If, for example, you arrange with a competitor to fix prices, or to allocate customers or markets, the arrangement will be prohibited. More routine commercial agreements such as distribution agreements can also be caught.
- Both agreements and behaviour are caught by the prohibition. Agreements can be either written or oral, and can be informal arrangements such as a 'gentleman's agreement'. A social meeting at which two competitors informally "agree" to share customer information and not to undercut each other's prices will be caught by the prohibition.
- An agreement caught by the prohibition on anti-competitive agreements is automatically **void** and **unenforceable**, and the parties to it may be subject to **heavy fines**.

The following are examples of anti-competitive agreements which are not permitted under competition law:

- **Agreements to fix prices and other business terms:** Price fixing agreements are prohibited under competition law. They are considered to be one of the most serious competition law infringements and businesses found to be operating or facilitating such agreements are regularly subjected to heavy fines. Price signalling can also be a breach, so you should consult the General Counsel prior to making any public announcement on future pricing.
- **Agreements to share customers or markets:** Any agreement among competitors to divide, share or allocate markets, whether by product, output, territory, customer (including type or size of customer) or in any other form, is illegal.
- **Information exchange with competitors:** As a rule of thumb, you should not share with your competitors directly or indirectly (e.g. through intermediaries such as customers or suppliers) any commercially sensitive information (i.e. information that you would not want your competitors to know if you were competing vigorously with them). Even the receipt of such information or the disclosure of such information in your presence can be problematic. Information sharing can raise different issues in different contexts. However, information from publicly available sources and/or properly anonymised and aggregated information from third parties such as analysts can be used for market intelligence and commercial decision making.
- **Boycotts or blacklists:** Competition Law prohibits competitors from making or giving effect to any arrangement or understanding to "blacklist" dealings with particular distributors or suppliers. This is known as a boycott.
- **Competitive bidding and tendering ("bid rigging"):** It is an essential feature of tendering procedures that prospective suppliers should prepare and submit tenders independently. Accordingly, any coordination of this process is likely to be illegal, subject to certain exceptions.

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General guidance

Do NOT:

- ✗ Jointly set or agree with competitors the method for setting prices.
- ✗ Agree to uniform discounts or price rises with competitors.
- ✗ Agree with competitors to "blacklist" or boycott certain suppliers, dealers or customers.
- ✗ Agree to divide up the market according to geography, product, customers, dealers, suppliers or any other delineation.
- ✗ Agree with competitors to refrain from bidding for a particular contract.
- ✗ Discuss, recommend, disclose information or agree with competitors in relation to the following matters:
    - Costs
    - Prices
    - Discounts, rebates or incentives in relation to prices
    - Profitability
    - Marketing plans
    - Division or allocation of customers
    - Any plan to refuse to deal with specific competitors, customers or suppliers
    - Proposed product launches or withdrawals
    - Information on the performance of developments

3. When you need to engage with competitors

Key takeaway 2: Anti-competitive agreements between competitors can constitute a criminal offence (The Cartel Offence)

- In certain jurisdictions, it is a criminal offence for individuals to enter into an agreement relating to a company's involvement in hard core cartel activity. In all cases, it is an offence for two competing companies to agree to fix prices, share markets, limit production or supply, or to rig bids.

- Staff members are exposed to particular risk of anti-competitive behaviour when engaging with competitors.
- Although it is not illegal to meet and communicate with competitors, you should be conscious that this is a high-risk situation and take care to ensure that engagement with competitors will not result in facilitation of an anti-competitive agreement as set out in Section 1.
- As a rule, meetings with competitors should be limited to:
    - Formal meetings (such as shareholder and board meetings) with respect to joint venture interests; and
    - Participation in formal trade association meetings in accordance with the guidance set out in this Policy.

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- The following "dos and don'ts" provides general guidance to follow when engaging with competitors. If in doubt as to whether any communication with a competitor is permissible you must seek advice from the General Counsel.

General guidance

Do:

- ✓ Notify General Counsel if engaging with trade associations or other situations where you will need to engage with competitors (for example working in groups or collaborations)
- ✓ Ensure all trade bodies have implemented proper competition law protocols, including reviewing and approving the proposed agenda for meetings, providing competition monitoring of meetings, and anonymising/aggregating any market information before it is shared with members.
- ✓ Remember your competition law obligations during any social contact with friends who work for competitors and make sure you never discuss confidential or competitively sensitive information
- ✓ Remember that all arrangements, including informal understandings, will be illegal if they infringe competition law, and could give rise to significant fines and potential criminal prosecution of individuals.
- ✓ In the event that you are in a meeting / discussion with a competitor which you believe to be risky in relation to competition law (i.e. a competitor has revealed their future pricing intentions) take the following steps:
    - Object. Interrupt to point out that Group Policy is never to discuss commercial matters with competitors and bring the conversation to an end. If you are at a formal meeting, ensure your objection is documented. If you receive information over email, ensure you reply to object (seek guidance from the General Counsel as to wording and do not forward or otherwise share the information received).
    - Remove yourself from the situation, e.g. leave the meeting or do not continue to engage in email correspondence.
    - Report the event to the General Counsel as soon as possible.
- ✓ In situations with competitors, err on the side of caution. Legitimate discussions can be picked up at a later stage.
- ✓ Report contact with competitors in which there was any discussion of contacts, competitors, suppliers and/or sub-contractors to General Counsel.
- ✓ Involve the General Counsel from the outset in any transactions with competitors and ensure all discussions are limited to what is necessary to facilitate the transaction.

Do NOT:

- X Remain in any meeting/ discussion with a competitor where you believe that discussions are risky in relation to Competition law.
- X Assume that your silence and lack of engagement in a discussion will protect you. Just hearing a discussion can result in an infringement. You must object and remove yourself from the situation in order to adequately distance yourself and the company.
- X Engage in benchmarking activities involving competitors without submitting the proposal to the General Counsel in advance.

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4. Conduct if the Group has a high market share

Key takeaway 3: Competition law imposes special responsibilities on companies with strong market power (referred to as a "dominant position") not to abuse that dominant position.

Generally speaking, a company will be in a dominant position if it can take business decisions without regard to its competitors. Assessing whether a company is in a dominant position depends on a variety of factors of which market share is only one. However, as a general guide, there is a high risk that companies with a market share of 40% or more would be regarded as dominant. If the market share is below 40% the company is unlikely to be dominant.

Examples of behaviour that may be abusive if carried out by a dominant company include:

- Predatory pricing (i.e. pricing below the cost of providing a service) or excessive pricing.
- Discrimination in treatment between customers or suppliers without objective justification.
- Exclusionary practices such as long-term exclusivity agreements and loyalty discounts.
- Tying, bundling or forcing customers to buy a range of products or services.

General guidance

Do:

- ✓ Recognise the risk of competition law infringement in markets where the Group's market share might be significant (e.g. over 40%).
- ✓ Consult with the General Counsel if you think this risk might arise.
- ✓ Avoid misleading power or domination vocabulary, such as "This will enable us to dominate the market", or "We have virtually eliminated the competition".

5. Internal documents

Key takeaway 4: Take care with your language in all business communications, whether in writing or in the course of telephone conversations or meetings.

Many internal documents come under scrutiny during an investigation by a competition authority or in legal proceedings - even those which you might believe to be confidential such as diaries, telephone call records or personal notebooks.

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Competition authorities can request access / seize internal or external electronic or paper-based records or communications of companies either during a dawn raid, or an investigation, or in the context of assessing a merger transaction. Records can sometimes be misleading if they are not carefully drafted or if they are incomplete. This can be especially the case if they are taken out of context.

Misleading records may lead to further investigation and to costs and disruption of business activities.

General guidance

Do:

- ✓ Speak to the General Counsel if you think an area may be sensitive before committing it to writing.
- ✓ Keep accurate notes of all meetings with competitors, including trade association meetings.

Do NOT:

- X Destroy documents or records (which would not otherwise be destroyed in accordance with the Group's usual policy) because you think they contain damaging information.
- X Use "guilty" vocabulary in documentation/ correspondence e.g. “Please destroy/delete after reading”; this gives a negative impression even though the intention behind it may be legitimate (for example, to preserve confidentiality). Instead, simply mark communications "strictly confidential".
- X Speculate in writing whether an activity is illegal or legal – always consult with the General Counsel.

If you are notified that you or the Group is under investigation by a competition authority, do NOT:

- X Destroy any documents or records in any circumstance. All document destruction in the areas identified in the scope of the investigation must immediately cease until further notice.

Annex 1: General Counsel Contact Details

Position	Contact Name	Contact Number	Contact Email Addresses
General Counsel	Felicity Jackson	+44 7725879555	felicity.jackson@abdplc.com