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Antitrust Law Guidelines

Welser Profile Group





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Do's and Don'ts

Why these guidelines?

Transparent and fair conduct on the market ensures our interests and competitiveness in the long term. Restriction on free competition and breaches of competition and antitrust regulations are incompatible with our corporate philosophy and culture, and with our self-image.

Breaches of antitrust regulations may have serious consequences for all employees¹ of the Welser Profile Group². In particular such contraventions may result in large fines and compensation payments, and in some countries even imprisonment. As a result, the fundamental principles of antitrust law are presented below.

¹ In this text, the term “employee” is used to mean both male and female employees; other gender-specific terms also apply automatically hereinafter to both genders.

² The abbreviation “Welser” is also used hereinafter for the “Welser Profile Group”.

1. What is antitrust law and why can it be problematic?



Antitrust law is aimed at protecting functioning competition in markets.

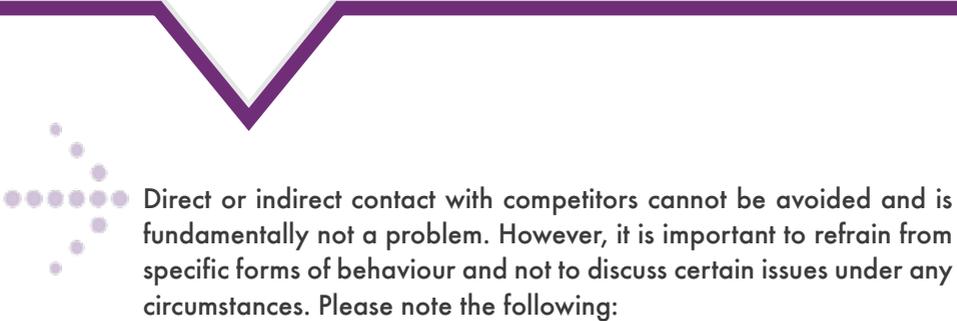
This relates to free competition and therefore the relationship between companies, between companies and suppliers, and between companies and customers. Such free competition may be damaged and circumvented through cartels in such a way that certain competitors on the market have an advantage over others. The term cartel refers to

- agreements,
- consultations or
- coordinated behaviour

by companies, which in some way want to restrict or distort competition to their benefit.

Antitrust law includes a prohibition on the misuse of a dominant market position and control of company mergers (fusions). Breaches of antitrust law may have far-reaching and serious consequences for the company, but also for the affected employees. Given that many situations arise in everyday working life, which are susceptible to – even unintended – breaches of antitrust law, the following guidelines should help you to behave correctly in sensitive situations.

2. What should I look out for at a meeting with competitors?



Direct or indirect contact with competitors cannot be avoided and is fundamentally not a problem. However, it is important to refrain from specific forms of behaviour and not to discuss certain issues under any circumstances. Please note the following:

Don'ts:

- No agreements or consultations regarding markets, customers, their distribution, etc.
- Do not speak in general terms about sensitive issues under antitrust law, such as:
 - Prices and price components, e.g. minimum and list prices, discounts, surcharges, bonuses
 - Price increases (in particular dates and extent)
 - Pricing methods
 - Distribution of markets, customers, products or suppliers
 - Orders and costs thereof
 - Strategic alignments
 - Upcoming, potential or currently ongoing invitations to tender and related applications
 - Other terms and conditions, such as warranty, discounts, guarantees, etc.

- Merely listening passively to the mentioned topics is also prohibited.
- Nor should you allow unwanted information to be forced onto you, especially if such information is sensitive under antitrust law.
- You shall neither procure information about competitors through third parties, customers or suppliers, nor initiate or hold an exchange with such parties as middlemen.

Do's:

- Interrupt or break off any discussion, which could even create the impression of consultation or an agreement.
- Interrupt or break off any discussion in which sensitive issues arise under antitrust law and clearly distance yourself from such discussions.
- If you are provided with sensitive information about a competitor – regardless of whether this comes directly from the competitor or from a third party – you should immediately object hereto in writing. Advise the sender of the breach of antitrust law and call on them to refrain from providing sensitive information in future. Document the letter of objection and destroy the information received.
- Report such events to the Compliance Manager immediately.
- If in doubt or in the event of ambiguities, always contact the Compliance Officer.

3. What to look out for when participating in associations?



Essentially it is permitted and possible to take part in association meetings without any problems. But given that there is a particularly high risk of possible breaches of antitrust law, pay special attention to the following do's and don'ts:

Don'ts:

- Do not participate in association meetings, at which the legality of agenda items is in doubt.
- Do not allow sensitive issues under antitrust law to be discussed in the course of such a meeting.
- Never take part in an exchange of information on illegal issues, even in the event of a convenient conclusion after the association meeting.
- Never take part in a boycott or exclusion of another company and never call for such actions.

Do's:

- Only take part in association meetings following the prior disclosure and review of agenda items and only discuss these items.
- In the event of a discussion of different or sensitive issues under antitrust law, raise an objection immediately and make sure this is documented. Moreover, demand an end to the discussion of these issues.
- Leave the meeting if sensitive issues under antitrust law are discussed.
- Please note that passively staying at a meeting, at which sensitive issues under antitrust law are discussed, is deemed participation. Always actively oppose such critical or prohibited forms of behaviour.
- Always review the minutes of a meeting for their correctness.

4. What to look out for when handling commercially sensitive information



Antitrust law essentially prohibits the transfer of commercially sensitive data to competitors, even if transfer is implemented indirectly through third parties, such as trade associations or market research institutions. This applies in particular to strategically important data, such as individual sales or purchase prices, product-specific costs, production volumes, etc.

Irrespective of antitrust law, such commercially sensitive data must also be handled confidentially because Welser Profile could suffer significant competitive disadvantages if competitors had access to such data. Disclosure of sensitive data to market research institutions or industry directories, which use such data for market reporting (so-called “market information procedures”), is however permitted if data from all participating companies are handled confidentially.

The organizer of a market information procedure may only use data to compute and publish statistical information on the market as a whole (e.g. market volumes, price index), which do not allow for conclusions to be drawn on the individual data of individual participants.

Please note the following:

Don'ts:

- Do not participate in a market information procedure without having obtained relevant approval from the Management Board.
- Do not take part in a market information procedure if you know or suspect that individual data reported by you will be published or made available to other companies.
- Do not take part in a market information procedure if you know or suspect that individual data reported by you will have an excessive influence on the market report (four or fewer participants).
- Do not accept any confidential information about competitors from market research institutions or industry directories.
Make it clear that you do not wish to receive such information.
- Do not provide deliberately false or misleading data.

Do's:

- Make sure the organizer of the market information procedure handles data from Welser Profile confidentially.
- Document the information that you disclose. Where possible, answer questions in writing and keep a copy of your reply. Record your verbal statements in an internal memorandum immediately after the discussion.
- Only answer questions that go beyond the usual scope or are otherwise unusual following consultation with the Compliance Officer.





5. Does antitrust law prohibit anything else apart from the formation of cartels?



Yes, in addition to the formation of cartels adversely affecting competition, antitrust law prohibits the misuse of a position of market dominance and the control of mergers.

A company essentially holds a position of market dominance if it is able to take decisions and make other arrangements without its competitors. The existence of a position of market dominance is assumed in case of a market share of 30 %.

A market-dominant company misuses its position in particular if it:

- enforces inappropriate purchase or sales prices;
- restricts the sale or generation of products to the detriment of consumers;
- handles identical trading partners differently;
- imposes additional purchase obligations, which are not specifically related to the subject of the contract, on trading partners.

But excessively low and high prices may also constitute misuse of a dominant market position.



6. What should market-dominant companies look out for?



Companies in a position of market dominance shall comply with a greater standard of care in their business relationships. As a result, they must proceed very judiciously, in particular when dealing with customers and suppliers. Please observe the following points at all times:

Don'ts:

- Do not grant any loyalty or target discounts.
- Do not give different prices or terms of sale to the same customers under the same conditions.
- Do not allow any prices which are below the acquisition price.
- Make sure the purchase of product is possible not only in combination with the purchase of another product (so-called package deal).
- Do not allow excessively high or excessively low prices.

Do's:

- You are allowed to give quantity discounts.
- Only ever refuse a business relationship on objective grounds, e.g. lack of economic or technical capacities.
- In case of doubt, always confirm with the Compliance Officer.



7. What is the procedure for house searches?



Given that in practice house searches are carried out early in the mornings and without prior notice, it is extremely important to act quickly and correctly in such a situation.

Don'ts:

- Do not impede investigators in the house search.
- Don't panic and keep calm.
- Do not destroy or delete documents and data.
- Do not spread news of the house search externally.
- Only respond to the questions asked and do not give any further explanation.

Do's:

- Always remain calm and follow the investigators' instructions.
- Receiving employees should inform the Management Board, the in-house lawyer and Compliance Officer without delay.
- When the investigators arrive, the receiving employees must ask for the investigators' ID cards and the search warrant and inspect them. In the event of a house search warrant, always pay attention to the scope of the house search, and its justification.
- Make sure that employees designated as secretaries ("shadows") continually accompany the investigators during the house search and record written minutes of which offices, desks and workstations are searched, which documents and computers are searched, with whom discussions are held, the questions that are asked and the replies given (what/who/when/where/how).
- Answer all the investigators' questions truthfully.
- Arrange for a copy of the minutes to be distributed.

Please also observe the emergency plan for house searches, in which recommended actions and behaviour in such situations are again presented clearly and distinctly.



We take responsibility
for our employees

