



COMPETITION LAW COMPLIANCE GUIDELINE

Adopted by the Board of Directors

1. INTRODUCTION

The competition laws are intended to preserve competition by prohibiting concerted practices that restrict competition, including agreements between undertakings and decisions by trade associations. Trade associations can provide great benefits to the marketplace and to consumers. But because they may involve groups of competitors working together on common industry issues, trade associations are subject to particular antitrust scrutiny.

It is the policy of the Forum to comply with all applicable legal requirements, including all antitrust or other competition-related laws.

The present guideline sets forth the basic competition law principles that the staff and members of the Forum will comply with when preparing, organizing and attending meetings as well as in any other Forum activities. This Guideline is mandated by the Forum's Governing Statutes and has been endorsed and adopted by the Forum's Board of Directors. It shall be explicitly and unconditionally accepted by every member and staff of the Forum.

This document sets out guidelines for the Forum and for the conduct of members within the context of Forum activities. It is the responsibility of each Forum member to comply with competition law relying on their own legal advice; it is NOT the responsibility of the Forum or its staff to ensure that its members comply with competition law in their own activities. Since competition laws are not identical throughout the world, the members of the Forum should always obtain the advice of local antitrust counsel for any specific antitrust issue.

2. GENERAL PRINCIPLES

The antitrust laws apply to trade associations just as they apply to any individual company or group of competitors. The following are the most serious infringements of competition law:

- Price Fixing, including agreeing discount or rebate levels, or resale price maintenance);
- Bid-Rigging; Group Boycotts; and Allocation of Customers or Markets.

You should also be aware that participating in certain types of association activities, if undertaken with an anticompetitive motive, may give rise to antitrust liability:

- Discussions in meetings;
- Information Exchange / Data Collection;
- Working groups and projects
- Standard-Setting and Self-Regulation; and
- Membership issues.

It is important to remember that unlawful behaviour can be found even without a written agreement or a "handshake". Tacit understandings, including responding to pressure, exerting pressure, or doing "what is expected", can be sufficient. **YOU CAN VIOLATE THE ANTITRUST LAWS BY AN INFORMAL VERBAL OR NON-VERBAL UNDERSTANDING; EVEN BY MERE COMMUNICATION OF INFORMATION. NO WRITTEN CONDUCT OR EXPRESS AGREEMENT IS REQUIRED.**

3. CONDUCT OF MEETINGS

- Every meeting shall have a specific, demonstrable purpose. An agenda will be circulated to all members before the meeting. The agenda shall be reviewed by legal counsel and shall be closely followed during the meeting.
- Each meeting shall be recorded accurately by minutes, and these shall be circulated to all members promptly after each meeting. Minutes of each meeting shall be reviewed by legal counsel prior to circulation. They will be retained permanently by the Association for its records.
- Legal counsel shall be present during all board meetings, meetings involving the members' CEOs and meetings of members' representatives with sales responsibility to monitor compliance with applicable competition laws. If the agenda of other Forum meetings makes it advisable, a competition law specialist may be invited to attend in order to ensure compliance with applicable competition laws.
- All participants attending the meetings are required to be fully familiar with the Antitrust Compliance Guidelines. Whenever new participants are present, the chairman or a legal counsel will remind them of the contents of these guidelines.
 - A set of Dos and Don'ts for participants at Forum meetings is attached in an Appendix [see separate document].

The ***Antitrust Caution shall*** be the first point of each agenda. At the start of each meeting the chairman of the meeting shall read aloud the *Antitrust Caution* and the minutes shall so record. A copy is attached as Appendix 1 to this guideline

- If a meeting participant is uncertain whether a discussion or conduct raises competition law issues, the discussion on the subject should be stopped or suspended until clearance can be obtained from legal counsel, and that fact shall be recorded in the minutes.

4. PROHIBITED SUBJECTS

Forum members should never discuss or exchange information on *commercially sensitive subjects*.

"Commercially sensitive information" is defined as company-specific information which, if exchanged, could influence competitors' future conduct. It refers to, but is not limited to the following prohibited subjects.

Prohibited subjects include, but are not limited to, the following:

Price information: selling or purchasing prices, including not only actual prices charged but also the elements of pricing and pricing policy, for example, costs, discounts, promotional terms and trade terms;

- Price changes or present or future trading conditions;
- Capacity, costs or production output;
- Plans relating to future business, investment, product, marketing and advertising strategies;
- Purchasing or bidding plans or other commercial strategies;
- Sales volumes or values, or sales quotas;
- Market shares;
- Proprietary technical development;
- Individual dealings with customers or suppliers or buying associations including the status or content of yearly negotiations; and

- Proposals for joint market conduct regarding specific companies, including customers, suppliers and other industry participants, including boycotts and blacklists.

Conduct at social events in conjunction with Forum meetings or otherwise should follow the same standards as regular meetings. Communications between members using the Forum website and the Knowledge Navigator are also subject to these guidelines.

5. COLLATION AND DISSEMINATION OF INFORMATION

- In some strictly defined cases, information may be collected and aggregated and then shared anonymously by an independent third party in such a way that individual company information is not identifiable. This will only happen in accordance with strictly controlled procedures supervised by legal counsel.
- Members must under no circumstances share confidential or commercially sensitive information from or about other members.

6. WORKING GROUPS / PILOT SCHEMES /PROJECTS

Working groups, pilot schemes, projects and all other focus groups set up within the Forum framework remain fully subject to antitrust law. Therefore, such groups are required to follow these guidelines in the conduct of their meetings and related activities.

All working groups, pilots and projects are to be approved by legal counsel before they are started. No results may be circulated to members until reviewed and approved by legal counsel.

7. STANDARD-SETTING AND SELF-REGULATION ("CODES OF ETHICS")

Trade associations sometimes adopt industry "codes of ethics" or engage in standard-setting programmes that have legitimate purposes and benefit the marketplace and consumers. Such initiatives must not, however, unduly restrict competition. Any association codes or standards must be based on sound, objective justifications. They must be based on an open and transparent process, allowing participation by all. Any Forum standards should be set on a non-discriminatory basis and should be objectively necessary to achieve the aims of the Forum.

Standard-setting, codes of ethics and self-regulation must be subject to prior legal review.

8. MEMBERSHIP

- Participation in the Forum is voluntary. No one should be pressured to participate in it or penalised for not doing so;
- Participants in the Forum shall remain free at all times to join other initiatives;
- Membership of the Forum shall be open to all companies within the industry on a non-discriminatory basis as set forth in the Forum's Statutes;
- Participants in the Forum shall not be restricted in any respect in the ways they decide to conduct their businesses. All actions of members remain voluntary. Each individual member remains free to make independent, competitive business decisions.

9. MANAGING DIRECTOR AND STAFF

The Managing Director and Staff of the Forum will be given regular specific training on compliance with competition law.

The Forum employment contracts require the Managing Director and Staff to comply with competition law in general and these guidelines in particular.

10. SANCTIONS

Any member or representative of a member who does not conform with any competition law provision and, in particular, with any of the principles set forth in the present guidelines may be asked by any other member(s) to leave the meeting where the infringement occurs. Any such member or representative may be temporarily or definitively excluded from participating in the meetings.

Any staff member who does not conform to any competition law provision and, in particular, with any of the principles set forth in the present guidelines may be liable to be dismissed in accordance with Forum employment contracts and procedures.

APPENDIX 1 ANTITRUST CAUTION

INTRODUCTION

Set out below is the caution to be included in all Forum agendas and to be read at the start of each Forum meeting. The aim of this is to serve as a reminder to all participants of the antitrust law requirements. The statement should also be recorded in the minutes as indicated below.

THE CONSUMER GOODS FORUM - ANTITRUST CAUTION

"The Forum shall not enter into any discussion, activity or conduct that may infringe, on its part or on the part of its members, any applicable competition law. By way of example, members shall not discuss, communicate or exchange any commercially sensitive information, including information relating to prices, marketing and advertising strategy, costs and revenues, trading terms and conditions with third parties, including purchasing strategy, terms of supply, trade programmes, or distribution strategy."

MESSAGE TO NEW MEMBERS OR PEOPLE TAKING PART FOR THE FIRST TIME:

"Please take note that taking part in the Forum is subject to having read and understood the Forum's competition guidelines and list of Do's and Don'ts. If you have not yet done so, please do so now."

PROCEDURE

1. Every agenda shall contain, as its first item, a statement in the terms set out above. The chairman of the meeting shall read such statement at the start of each meeting, and the minutes shall so record.
2. Full minutes of all meetings shall be taken.
3. Minutes shall be circulated to all members after the meeting. Any comment or request for amendment shall be notified to the chairman without delay.

APPENDIX 2 ANTITRUST CAUTION

Competition Law “Dos and Don’ts” for members attending Forum meetings

The Forum has an unwavering policy of complying with competition law in all its activities. The key principle is that no agreement as to trading matters is to be discussed at Forum meetings. Furthermore, no matter what is discussed at any Forum meeting, it is always up to each member to decide individually on its individual trading terms with every business partner.

DO:

- Promote the interests of the consumer goods sector for the benefit of consumers
- Feel free to discuss technological and market developments or planned changes in the law and regulations.

DO NOT:

- Discuss prices charged to any customer or paid to any supplier.
- Discuss details of trading terms with any customer or supplier.
- Discuss current stock levels, volumes, recent or planned sales figures, shelf positioning, promotions, allocation of sales territories or markets or customers.
- Engage in discussions that could lead to a boycott of a supplier or customer or to an understanding that a named supplier or customer is not a suitable business partner.

The general rule is: do not exchange any confidential or commercially sensitive information that would reduce uncertainties in commercial negotiations.

BE CAUTIOUS ABOUT:

- Referring to particular customers or suppliers by name.