



Letter from the Chief Executive

Thomas Armstrong (Holdings) Limited (“TAHL”) has a policy of absolute compliance with competition law. Our companies and their employees must strictly observe and adhere to this policy.

The Board considers compliance with competition law to be more than a legal requirement; it is core to our value of integrity and responsibility. Our reputation and long-term success are based not only on how effectively we serve our customers and how successful we are at increasing shareholder value, but also on the way we conduct our business and our competitive practices in the market place. We want it to be unmistakably clear to the outside world and to our employees alike, that we compete fairly and lawfully; and with integrity.

We operate in an economy where competition laws play an ever more important role. As a national business, we may find ourselves under scrutiny from both national and potentially supranational authorities. Breaches of competition law, even unintentional ones, can have severe consequences for the financial condition, reputation and continued viability of our company. For employees failure to comply with competition law can potentially result in loss of employment, ruined careers, fines and imprisonment. Our company values put compliance ahead of business results. Every one of our employees should be aware that his or her career will not suffer should compliance with the code of conduct, which of course includes compliance with competition law, have an adverse impact on business results. On the other hand, disciplinary action will be taken against any employee who violates competition law. Such disciplinary action may include dismissal. In this area we are “a zero tolerance company”.

Although competition laws are complex, there are fundamental rules that our employees are required to know and follow. It is essential that you are able to identify situations where competition law issues may arise and where you must seek legal advice.

Please read this policy document carefully and ensure you comply fully with the competition rules at all times. If you suspect you or any other employee of Thomas Armstrong (Holdings) Limited or any group company has infringed or may become involved in any infringement of competition law, or whenever you are considering an arrangement that gives you any doubt as to whether you would achieve your business objective in a legitimate way, you must seek timely advice from a member of the Board.

Signed:

Date: 27th October 2016



Contents

- Letter from the Chief Executive
- Introduction
- Policy
- What is competition law?
- The basics of competition law
- Trade associations
- Mergers and joint ventures
- Document creation and retention
- Powers of competition authorities
- Sanctions
- Conclusion
- List of contact details



Introduction

The purpose of this manual is to:

- Set out TAHL's policy of compliance with competition law; and
- Provide basic guidance to all TAHL employees, wherever located, with regard to competition law and to assist them in complying with it.

Competition laws (also known as "antitrust laws" and sometimes as anti-monopoly or fair trade practices laws) can apply wherever TAHL does business in the world. National competition authorities are proactive in enforcing competition laws. Penalties for breaching competition law are increasingly severe, especially in the construction sector which is unfortunately viewed as a repeat offender by the competition authorities.

Although similar in their approach, there is no single global competition statute. Thus all employees should realise that, wherever they do business in the world, they need to comply with relevant national competition laws. In this respect it is important to recognise that actions taken in one country may have an impact in others, certain actions can therefore be subject to laws of various countries.

The UK has criminal or other sanctions for individuals infringing competition laws. In addition, acts that constitute such infringements (such as creating false invoices within the context of bid rigging) may also amount to fraud, bribery or other similar crimes. Finally, it is important to note that antitrust infringements more and more frequently result in civil damages claims by customers or other interested parties.

The aim of this guide is to provide employees with essential knowledge to identify potential competition law issues. It does not attempt to provide a detailed description of UK competition law; rather it summarises the general principles that underlies competition regime in the UK and provides a practical overview of the rules likely to apply in relation to:

- interactions with suppliers, distributors and/or customers;
- contacts with competitors, including in the context of a trade association;
- mergers and joint ventures; and
- companies having market power.

Guidance is also given on the do's and don'ts of document creation, the powers of the competition authorities and the sanctions which can be imposed for breaches of the rules.

This guide does not purport to provide definitive answers to all competition law questions. If you have any concerns or questions about competition law matters, please contact a member of the Board. Any contact with any competition authority should always be handled in conjunction with our Board and external legal team. Contact details for our Board members are provided at the end of this manual.

The competition rules work as a shield as well as a sword. Unacceptable restrictions imposed by others (for example, by a supplier of raw materials) can often be effectively counteracted by invoking these rules, such as the rules that apply to companies in a dominant position. Where a supplier or a competitor is suspected of seeking to impose unfair terms or otherwise preventing competition on the merits, the Board should be alerted.



Policy

All TAHL personnel are expected to conduct company business in a legal and ethical manner. Compliance with competition law falls within the framework of our broader code of conduct, which applies equally to all our business transactions and to the individual behaviour of employees in conducting TAHL's business. We have a policy of strict compliance with competition law wherever it operates. All our employees are required to adhere to this policy and breaches of competition law will not be tolerated.

This policy extends to all of the company's operations, without exception.

Each TAHL employee who has contact with customers, suppliers or competitors or who attends trade association meetings or trade fairs in the course of his or her employment, or who has management responsibilities in respect of any such employee (a "relevant employee"), is responsible for ensuring that he or she:

- is familiar with the fundamental principles of competition law;
- can identify situations where competition law issues may arise;
- appreciates the personal and corporate consequences of non-compliance with competition law; and
- is personally committed to achieving full compliance with TAHL's competition law compliance policy.

At least once every two years and, in the case of any person recruited or promoted to be a relevant employee, within three months of taking on his or her new role, each such employee must undertake competition law compliance training. Such training will be provided in the form of electronic on-line training programs or, where required, face to face training sessions.

Employees must seek timely advice from a Board member if they have any questions or concerns relating to competition law or if they are in any doubt about whether or not it may apply. The best way to avoid problems is by understanding the basic rules and seeking advice where appropriate. Claims of ignorance, good intentions or failure to seek timely legal advice will not be regarded as any excuse. Disciplinary action will be taken against any employee who is found to have violated competition law. Such disciplinary action may include dismissal.

It is TAHL's policy to foster a climate where employees know that they will be supported if they report suspicious or questionable activity to their line managers or to Board members. Employees are encouraged to immediately report illegal, unethical or improper conduct in their workplace.



The basics of competition law

This chapter explains the basic competition law principles which have to be taken into account:

- when dealing with competitors: so-called “horizontal” relations;
- when dealing with suppliers, distributors and customers: “vertical” relations;
- when a company has a (collective) dominant position or substantial market power in a market; and
- when granting or obtaining intellectual property rights.

Relations with competitors

Illegal ‘per se’ are arrangements that are so clearly illegal that no circumstance or explanation can justify such conduct. Examples include competitors agreeing to fix prices, dividing territories, allocating customers, jointly boycotting customers or suppliers, limiting production or engaging in bid rigging.

1. Price fixing

In all countries with a competition law regime it is illegal for competitors to agree, whether directly or indirectly (for example through distributors), the price level at which their products will be sold to third parties. Agreements or understandings that affect prices indirectly - such as on rebates or discounts, pricing methods, costs and terms of payment - are also illegal.

2. Division of territories/Market Sharing

It is illegal for competitors to allocate territories to each other and/or to agree not to compete in such territories.

3. Allocation of customers

Competitors are not allowed to agree to divide customers between them in the markets in which they compete, or where they could be expected to compete.

4. Group boycott

It is generally illegal for competitors to agree to boycott a particular customer or supplier or class of customers or suppliers. “Boycott” here means any concerted action or agreement between two or more competitors not to sell to or buy from a particular customer or supplier, or class thereof.

5. Limitation of production

It is illegal for competing companies to agree to stop production, or to limit this to a certain level, rather than allowing normal competitive forces to determine their independent production decisions.



6. Bid rigging

Agreements or understandings between competitors regarding prices or terms and conditions to be submitted in response to a bid request are generally prohibited. This includes agreeing not to bid.

7. Joint purchasing

Joint purchasing agreements between individual competitors may restrict competition and therefore be prohibited when they limit the parties' freedom and/or prevent other suppliers from supplying them to a substantial extent. Moreover, collective purchasing agreements may lead to a substantial purchasing power, which may be interpreted as a collective dominant position of the joint buyers (see "Abuse of a dominant position" below).

8. Joint commercialisation

Agreements between competitors to jointly sell, distribute or promote their products may raise competition law concerns where such agreements limit the individual participants in their freedom to determine their own commercial policy and to advertise individually.

9. Exchange of information

In general it is illegal for competing companies to exchange information which may influence the independent determination of their individual commercial policy, such as information regarding sales quantities, prices, cost structure, discounts and other trading conditions, or information relating to their individual customers and/or suppliers. However, an exchange of publicly available and/or general statistical information (for example provided by an independent third party) will in general not cause any problems under the competition rules. There should be no exchange of commercially sensitive information with a competitor without first seeking the advice of a Board member.

10. Standardisation

Whilst companies can legitimately work together in order to secure the standardisation of specific products or technologies through competent public or private bodies, such co-operation may not prohibit individual companies from developing and marketing other products and/or technologies independently, nor should it lead to agreements, in writing or tacitly agreed, to raise barriers in the market for those companies which do not participate in the standardisation process.

Relations with suppliers, distributors and customers

Care should be taken with regard to the following situations:

1. Resale price maintenance

Just as it is illegal for competitors to conclude price fixing arrangements, competition rules in most countries prohibit resale price maintenance between a supplier and its independent customers or distributors. In other words, in such countries, a supplier is not permitted under law to impose on its distributor a minimum resale price.



A supplier may recommend resale prices, but no coercion can be applied under law to a reseller who chooses to set its own prices. Similarly, it is illegal to reward resellers on the basis of their conformity with suggested resale prices. In some countries, like the USA and Germany, agreements on maximum resale prices can also be illegal. In many countries, however, if a company acts strictly as an agent (passing orders to its principal or entering into agreements on its principal's behalf, without incurring any financial or commercial risks), the principal is permitted under law to give price instructions to such company.

2. Price discrimination

Except as indicated below, and as long as it does not have market power in a specific market (see the section on abuse of a (collective) dominant position/monopolisation ahead), it is generally permissible for a company to charge the prices it wants as long as it does so unilaterally and not pursuant to any agreement with its competitors. However, price discrimination should not be used as an indirect method to coerce resellers into reselling at a certain price. [In some countries, such as the USA, Canada, Germany and France, specific rules exist which prevent suppliers from discriminating between customers regardless of whether the supplier has market power. Specific legal advice should be obtained from the Board if it is the intention to charge different prices (or use different price schedules) to customers in those countries.]

3. Restrictions on resale or use

As a general rule, TAHL may not prohibit its customers from reselling its products to whomever they wish, or otherwise impose restrictions on the use of its products. For example, it normally cannot insist that the customer will not resell but only incorporate its products.

TAHL cannot as a rule totally prevent or otherwise hinder resellers located in countries in the European Union from exporting to or importing its products from other EU countries. This includes indirect methods of preventing exports/imports. Examples of this would be limiting the validity of a warranty to end-users in the country to which the products were originally supplied or giving lower discounts in respect of exported goods. In the EU, absolute geographical resale restrictions are usually considered hardcore violations.

Whatever the country, whether inside or outside the EU, it **may be possible** to:

- appoint an exclusive reseller in a defined geographical area or for a defined class of customers;
- require the reseller not to sell competing products for a certain period of time; and
- require the reseller to purchase all its requirements of the contract product from TAHL

Before entering into an agreement imposing restrictions on resellers or customers, the agreement should be reviewed by the Board to ensure that restrictions are permissible in the countries concerned.



4. Long-term supply

Long-term supply agreements effectively blocking other suppliers from offering and selling to a customer are prohibited in a number of countries, but are allowed in exceptional cases, such as those requiring the supplier to make considerable investments.

Apart from the long term, other critical features are: automatic prolongation (so-called “evergreen” contracts), long notice periods and a stipulation enabling the supplier to match competitive offers and thereby retain the business (so-called “English” or “meet-or-release” clause).

5. Bundling

In a number of countries, like Australia, bundling goods or services with another supplier’s goods or services may be illegal.

Abuse of a (collective) dominant position/ monopolisation

An illegal restriction of competition may also occur when a company or group of companies abuses a dominant position or its substantial market power in a way that is detrimental to competition.

A dominant position exists when a company has the power to behave to an appreciable extent independently of its customers, competitors and suppliers. This is for example the case when other firms have no real alternative but to deal with this company. Although market power may be determined in different ways, most competition regulators use market shares as a starting point.

Even though market share and market power do not mean the same thing, a significant market share in the relevant market (which is the market for a product or service and the geographic market in which the product or service is sold) is a good indication that the company may have market power. Generally speaking, companies with a market share of over 40 percent in a relevant market may be considered to have market power, although certain countries may have more than one definition of market power. However, in certain circumstances, market power may exist where a company has a lower market share. Alternatively, other factors (for example, relating to the structure of the market) may mean that a company with a higher market share is not deemed to be dominant.

Having such a position is not prohibited in itself. It is the abusive behaviour of a company in that position that constitutes the violation. Therefore, if and where TAHL has market power, special care is required to ensure its behaviour in the market is not aimed at and does not result in the elimination of its competitors or exploitation of its customers. Examples of abuse of a dominant position are given below:

1. Tying

Often it is illegal for a seller, having market power or a dominant position in the market for a product, to make the sale of that product conditional upon the purchase by the customer of other products or services, which the customer might well obtain from other suppliers at similar or better terms or conditions.

It may also be illegal for a dominant seller to employ a rebate system rewarding the customer for favouring the seller with orders for both product categories together.



2. Discrimination in prices or other trading conditions

In many jurisdictions, it is illegal for a company having a dominant position in the relevant market to enforce different prices or other trading conditions upon different customers in similar situations, or discriminatory licensing conditions under intellectual property rights, without objective justification. Differentiation may be permissible if it is justified on objective grounds. For example, a lower price may be warranted where a distributor performs additional services not provided by other distributors or where larger volumes are purchased.

3. Fidelity rebates and discounts

Rebates and discounts applied by a company in a market where it has a dominant position should be the same for all (potential) customers, transparent and based on objective criteria. It is acceptable to offer a discount or rebate to a customer where the reduction is justifiable on the basis of genuine cost savings. Quantity rebates, which reflect cost savings in economies of scale, which are made available to all buyers and do not restrict the buyer's choice of supplier, are permitted. On the other hand, a dominant company may not grant fidelity (or loyalty) rebates or discounts that have the effect of tying that customer to the supplier. Such rebates are not based upon quantities, but on the percentage of its requirements purchased by the customer.

4. Refusal to supply

In general, there is no absolute obligation to supply, particularly where it concerns a potential customer with whom there has been no previous trading relationship. However, in many jurisdictions a dominant company is required to have some reasonable and fair commercial reason for cutting off or reducing supplies to an existing customer. Objective justifications might include real concerns about the customer's creditworthiness or a shortage of the relevant product. Unilateral decisions not to deal are generally not prohibited under competition laws in most jurisdictions, but as previously noted, agreements to refuse to deal based on discussions or agreements with others can often raise competition law concerns.

5. Forcing competitors out of the market (predatory behaviour)

Under most competition law regimes, a company that has a dominant position is not allowed to force competitors out of the market by means of predatory pricing: selling below average cost in order to drive a competitor out of the market, with the intent of charging higher prices and gaining larger profits once the competitor has left the market.

In a situation where purchasers are dependent on a dominant supplier and where the supplier wants to extend the scope of its activities to an area where its customers are active, the supplier is not permitted to force them out of business by cutting off supplies or by raising its prices.

6. Excessive pricing

Under the competition rules of a number of jurisdictions, including the European Union, a company with market power in a specific market may not charge excessively high prices. Whether a price is "excessively high" is difficult to establish. It can be determined by comparing the economic value of the product or service with that of competitors on the market.



7. Other forms of abuse

In certain countries, other commercial practices may constitute abuses of market power. These include restrictions on customers preventing them from using competitors' products (so-called "non-compete") and exclusive dealing obligations, where customers are only permitted to deal with the company concerned ("total requirement" obligations).

8. Intellectual property rights

Rights to intellectual property – such as patents, know-how, registered designs, trademarks and copyright – can be highly valuable assets. Owners may seek to impose territorial or other restrictions on their licensees, and parties may well wish licences to be on an exclusive basis. Any such limitation may be subject to the applicable competition rules. Therefore, advice should be sought from the Company Secretary if one intends to enter into a license agreement containing such restrictions.

These guidelines also apply when considering entering into a research and development agreement.

Trade associations

TAHL and individuals within the organisation are members of several trade associations. These associations can be effective in gathering and disseminating appropriate information as well as in representing the industry to the public, government officials and agencies. Furthermore, such organisations are often responsible for enabling their members to produce better and safer products. TAHL therefore favours the activities of such groups.

However, although it is perfectly legitimate for companies to participate in trade associations, such activities are not allowed to go beyond such legitimate purpose and notably should not be used as a forum for illegal collusion between competitors, for example by facilitating price fixing, market and customer allocation arrangements.

It should be emphasised that competition authorities have a natural suspicion of trade association meetings, not least because they have in a number of cartel cases in the past provided the context for anti-competitive discussions to take place. It is our strict policy that its employees do not engage in such anti-competitive activities and remain vigilant to such discussions when attending trade association meetings.

Our Board should be informed of all trade association memberships, including the conditions of such memberships. Furthermore, the advice of the Board or external lawyers should be sought before joining any new trade association.

When a TAHL employee participates in a trade association, the following guidelines should be observed:

Matters which should never be discussed with competitors, at any official meeting or social gathering

Do not have formal or informal discussions relating to:



- territorial restrictions, allocation of customers, restrictions on types of products, or any other kind of market division;
- individual company prices, price changes, conditions of sale (including payment terms and periods of guarantee), price differentials, discounts;
- general market conditions and general industry problems, including industry pricing policies or patterns, price levels, or industry production; capacity, or inventories (including planned or anticipated changes regarding those matters), except to the extent necessary to achieve legitimate objectives of the trade association as stated above;
- individual production or distribution costs, cost accounting formulas, methods of computing costs;
- individual company figures on market shares, sources of supply, production;
- information as to future plans of individual companies concerning technology, production, marketing and sales; and
- matters relating to individual suppliers, distributors or customers.

Matters which may be discussed:

It is allowed to exchange information on non-confidential technical and promotional issues relevant to the industry, including issues relating to technology in general, health, safety and environmental matters, technical standards, transportation hazards and regulations, quality control issues and new and proposed legislation.

Trade industry statistics

To be certain that it is legal to exchange industry statistics through the medium of a trade association, the Board should be contacted to ensure that:

- an independent company, or at the very least a team of trade association staff unconnected with any of its members, collects and disseminates the information without identification of the company who submitted it;
- the participants submitting their data do not disclose that information to other participants, in order to maintain complete confidentiality of the individual data submitted;
- the data collated and disseminated is aggregated data which does not allow the identification of an individual participant; and
- any information relates to historic data only and does not include future data.

Trade association meetings

The following rules apply in connection with trade association meetings:



- an agenda must be circulated for review in advance of the meeting and Legal & IP should be contacted if any doubts exist;
- the meeting must be attended only by the appropriate TAHL employees;
- a commercial employee should not attend a technical meeting;
- informal commercial discussions of any kind before or after meetings must be avoided as much as possible. Unless absolutely necessary, do not stay in the same hotel as the other participants and do not attend social gatherings like dinners;
- accurate, detailed notes of the meeting must be taken and, in case of doubt, a copy of the draft notes has to be provided to Legal & IP;
- objections should be made against any deviation from the agenda during the meeting which strays into prohibited areas. Every employee must be vigilant as to what is discussed;
- if a competitor seeks to initiate a discussion on an improper subject, objections should be made, notably by saying that it is TAHL's strict policy not to discuss such topics and by asking him to stop the discussion immediately. If such a person persists, withdraw from the meeting. Make sure that the reason for leaving and at what juncture you left are recorded in the minutes. In addition, the incident should immediately be reported to a superior and to in-house legal.

Mergers and joint ventures

The merger of companies, the acquisition and sale of businesses and the establishment of joint ventures may be subject to (prior) control by competition authorities. This is the case if certain thresholds, set under the national merger control rules, are met. Often, these thresholds are based upon sales, the monetary value of the transaction and/or the market share of the companies involved.

The main criteria applied by the authorities in reviewing mergers, acquisitions and the formation of joint ventures is that their operation must not lead to the creation or reinforcement of a dominant position or that the transaction under review should not have the potential to substantially lessen competition. In the event a dominant position is created or if competition is significantly reduced, the transaction may be prohibited. Alternatively, the authorities may clear it subject to certain conditions (also called commitments or remedies) being fulfilled, such as the divestment of certain assets.

If the parties fail to report a qualifying transaction to the authorities, they run the risk of being fined and also of having the transaction declared null and void. In the light of the above, Legal & IP must be contacted as soon as the sale or purchase of a business or the setting up of a joint venture is considered.

In assessing the effects of mergers, acquisitions or the establishment of joint ventures on the existing competitive landscape, the authorities question not only the parties directly involved but also third parties. This means that TAHL may receive questionnaires related to transactions that involve our competitors, suppliers and/or customers. Our response to such questionnaires may influence the way in which it wishes to conduct business or have serious implications on the transaction contemplated by the parties directly involved. It is therefore very important that Legal & IP be informed immediately



when such a questionnaire has been received. Any further contact with the competition authorities should be established only through the Board.

Document creation and retention

1. Creation

Careful language will not avoid liability where anti-competitive conduct is involved, but it will prevent lawful conduct being treated as suspect due to a poor choice of words.

Care should be used in drafting internal documents (e-mails, letters, faxes, memos, reports and evaluations, minutes, briefing papers, meeting notes, business plans, etc.) and in any formal or informal contacts or communications with third parties, such as competitors (including at trade association meetings), press releases, advertisements and promotional material, to avoid language which exaggerates market share positions or which could be misconstrued as suggesting an improper purpose. Again, a poor choice of words can make a perfectly legal activity look suspect.

E-mail, specifically, is a very important part of employees' day-to-day work. The convenience of e-mail, however, creates many unnecessary communications. Employees, on occasion, send spontaneous e-mails with little regard to what they say, how they say it, or what type of impression it could leave. Accordingly, please exercise caution when sending e-mails. Pay particular attention to the identity and number of individuals "cc'ed" on your e-mail and to whether you hit the "reply to all" button when responding to an e-mail. Please also refrain from using "groups" of addressees as the recipients may have moved to a different function or even have left the company.

Remember that any written evidence may be required to be shown to the competition authorities or in litigation with another company and so may be subject to future outside scrutiny. Under modern discovery procedures (see "Sanctions" ahead), all kinds of all documents, both electronic and hard copies, formal and informal (for example private notes and diaries or e-mails) may have to be submitted to competition authorities.

Communications with outside legal counsel are usually "legally privileged", which means that they need not be submitted to competition officials. For this reason, all correspondence with outside legal counsel should be kept in a separate file marked "privileged correspondence".

It is important to keep concise and accurate records of all legitimate contacts with competitors (such as at trade association meetings), so as to minimise the risk of allegations being made (for instance by customers, competitors, the press or the authorities) that the parties have some anticompetitive motive or agenda.

When communicating, the following rules should be observed in order to avoid a perfectly legal activity looking suspect due to a poor choice of words:

- Do not use vocabulary which could be misconstrued as suggesting guilty purpose, such as "please destroy/delete after reading" or "no copies". Such phrases suggest the possibility of wrongdoing even though the objective being pursued in using such words is simply to preserve the confidential nature of a document. Wording such as "strictly confidential" or "company secret – restricted circulation" is preferable.



- Avoid power or domination vocabulary. Examples are “we will dominate the market”, “we have virtually eliminated competition” and words like destroy, kill, squeeze, damage, price control, prevention of parallel trade. Such words may be interpreted as implying the use of market power to drive out competitors. Instead, refer to TAHL as having a “significant” position or being one of the “leading” companies.
- Because the term “market” has legal significance (in both determining if a company has a dominant position and in merger analysis), it is better to avoid references to “market” where possible. It is better to say that TAHL has a 20 percent share of sales of a particular product or that TAHL is one of the leading producers of a product, without saying or implying that the market is necessarily limited to that product.
- Avoid loose or “macho” language with regard to intentions, such as, when contemplating a merger “the main purpose of this acquisition is to take an important competitor out of the market”. Such statements are usually exaggerated and fail to focus on the legitimate competitive benefits of the transaction. Where possible, try to show that the merger will lead to efficiencies or have other consumer benefits, such as new products or technologies, or lower prices.
- Exercise caution when talking about competition and prices. Examples are phrases that suggest that competitors or distributors will certainly follow a price rise or stick to an agreed price, such as “status quo”, “orderly marketing”, “managing the brand”, “gentlemen’s agreement”, “similar prices”, and “this transaction will enable us to improve pricing”.
- Do not speculate as to the legal nature or consequences of conduct. For example: “These arrangements may well breach competition law so discretion is required”. This is not to condone efforts to cover-up potentially illegal conduct, but rather to recognise that such language implies a legal conclusion about the legality of certain arrangements, which is best determined by the Board.
- State clearly the source of any price information (so it does not give a false impression that it came from discussions with competitors).
- Avoid any suggestion that an industry view has been reached on a particular issue (such as price levels).

2. Retention

As regards the retention of documents, it is essential they are kept in accordance with statutory requirements applicable in the relevant country. In-house legal should be consulted as to the document retention requirements of particular jurisdictions. Destroying, altering or falsifying documents and records may be illegal and have serious consequences, such as personal criminal sanctions. Legal advice from our legal team should be sought about this. This is particularly relevant when an investigation or litigation has commenced or is anticipated, as this will be regarded as obstruction of justice.

Powers of competition authorities

In the UK, the Competition and Markets Authority has powers to conduct on-the-spot investigations at company premises, sometimes called “dawn raids”. Under the competition rules of the European



Union, the European Commission is entitled to carry out searches at the homes of company employees. In certain countries (for example, in the USA, the UK, Ireland, The Netherlands and Norway), national competition authorities also have this right. Such investigations can be prompted by complaints from competitors or disgruntled customers or employees, from the authorities' own economic analysis of the practices in a particular industry, or from a competitor who has admitted to a violation and is seeking amnesty or leniency in return for co-operation.

Officials may arrive unannounced to search and copy digital or hard-copy files and to question company representatives. Companies are required by law to give investigators full access to everything on the premises, including confidential (computer) files and records. Legally privileged and private (not related to business activities) documents do not have to be submitted to the competition authorities.

In the event of a dawn raid, officials should be treated courteously but firmly. It should be explained to them that the company has every intention of co-operating with the investigation. [To assist management, we have distributed guidelines explaining the rights and obligations held by companies and competition authorities in the event of such an investigation to specifically trained employees at all sites.]

The authorities can also send formal letters requiring companies to provide information on particular agreements or markets. If ever such a request for information is received, a Board member must be informed without delay. Any further contact with the competition authorities should be established only our Board or external lawyers.

Sanctions

1. Public

In most countries enforcement of the competition rules is a matter of administrative law. Heavy fines (in the EU for instance up to ten percent of the company worldwide consolidated annual sales) may be imposed on companies involved in infringing the competition laws.

In certain jurisdictions, however, infringing companies and individuals may also be prosecuted under criminal law. In countries such as the USA, the UK, the Netherlands, Ireland, Canada, Australia, Japan, Brazil, the Russian Federation and Germany, (national and foreign) employees of companies violating antitrust law can be prosecuted and fined and/or imprisoned, in addition to the often severe sanctions imposed upon their companies. There are other potential consequences for individuals too: in the UK for example a company director may be liable to disqualification where the company of which he or she was a director at the time has infringed competition law.

Companies may be faced with so-called "debarment": semi-governmental and governmental organisations refusing to do business with companies which in their view do not act as good corporate citizens, for example because they participated in a price cartel.

An investigation may involve high costs of outside legal counsel and will require significant management input, even if ultimately TAHL is found not guilty.

It is important to note that a company which has taken adequate steps to achieve compliance, but has nonetheless committed an infringement of competition law, may have the fine reduced.



2. Private

Apart from the above, the number of claims by private parties under the rules of civil law, for damages suffered as a result of antitrust law violations such as a price cartel, is growing. In the UK, the rules have recently been changed to make such “follow-on” or “stand alone” civil claims for compensation, much easier and more cost-effective.

In a number of countries, a company may be faced with the so-called discovery procedure, which means that it may be subject to the mandatory production of all documents (including those electronically stored, such as e-mails), wherever located, relating to the claim (including internal and even personal files). Such production of documents poses a very severe administrative burden upon a company having to comply with such an order.

Another aspect of litigation procedures in a number of countries is the deposition of witnesses, in which employees can be ordered to give evidence and to answer questions put by the lawyers of the other party.

A third aspect involves interrogatories, which are generally highly detailed written questions requiring mandatory responses.

In addition, an agreement which infringes competition rules may become unenforceable, leaving a business relationship without a legal basis.

Finally, the standing, reputation and trading position of TAHL may be severely damaged as a result of antitrust investigations and litigation.

Leniency programmes and whistle-blowing

Many competition authorities encourage companies to tell them of competition law infringements by means of leniency programs. A company that has participated in a cartel may receive a reduction in a fine, or no fine at all, if it tells the competition authorities about the cartel, stops participating, cooperates fully with the authorities and gives them incriminating evidence against the other participants. This can generally only benefit a company if it gives the authorities in that country information that the authorities do not already have and which is instrumental in enabling them to stop the cartel's activities.

Conclusion

This manual describes the general principles which underlie most competition laws around the world. As mentioned earlier, it does not purport to cover comprehensively the competition laws of any particular country. Although many of the basic legal principles are similar, there are important differences between the competition laws of various jurisdictions. It should therefore be regarded as a tool which raises awareness among all TAHL employees.

If doubts exist, or if more specific information is needed concerning the precise legislation applicable to any particular action, the Board must be contacted. Every employee should be aware that it is TAHL's strict policy to ensure that its practices throughout all its operations around the world are in full compliance with all applicable competition laws.



TAHL corporate complaints procedure

If you need to report an incident, the first step is to contact your manager and discuss the incident with him/her. If for various reasons this is not possible, you can report the incident using the appropriate telephone number of a member of the Board (all contact details are set out below and are also available on the company's website in the Group Policies Section).

Contact Details

Paul Armstrong	Financial Director/ Company Secretary
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Direct line:	01900 842010
Mobile:	07788 438935



Contents

- Letter from the Chief Executive
- Introduction
- Policy
- What is competition law?
- The basics of competition law
- Trade associations
- Mergers and joint ventures
- Document creation and retention
- Powers of competition authorities
- Sanctions
- Conclusion
- List of contact details