

## Competition Law Policy for the Rottneros Group

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As decided by Rottneros AB's board on 26 August 2020



## 1. Introduction

Rottneros supports and strives to achieve fair competition in all of its operations. Employees at the Rottneros group shall therefore adhere to all applicable competition regulations and refrain from entering into illegal anticompetitive agreements and exchanging illegal pricing and/or market information with competitors. All employees shall observe this Fair Competition Policy and contact their immediate superior or the Company's whistle-blower function if they suspect breaches.

All employees of Rottneros shall be expected to:

- Refrain from performing actions that may be in conflict with prohibitions under competition law.
- Consult their immediate superior if they are uncertain.
- Report to their immediate superior as soon as they suspect a conflict with prohibitions under competition law.
- Immediately contact their immediate superior in case the EU Commission or Competition Authority makes enquiries.

## 2. Prohibitions by competition law

The purpose of the following agreements between competitors is to limit competition and thus they are prohibited:<sup>1</sup>

- Price agreements, e.g. agreements that directly or indirectly set prices (also including minimum prices). Agreements concerning parts of a price are also covered by the prohibition.
- Price recommendations, guidelines and discounts.
- Agreements concerning production, e.g. agreements that limit production and deliveries.
- Agreements on geographical market division or distribution of customers.
- Collaboration in tendering, referred to as 'tender cartels'. This applies to both public and private procurement. This is a form of market division in which potential tenderers agree about who will win the contract.

Exchange of information between competitors can also be prohibited; this primarily applies to information on future price setting or other detailed information concerning a company's business strategy.

The starting point should be for each company to independently take a decision on future strategies and price setting.

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<sup>1</sup> For these types of contracts, it is not possible to obtain so-called exemptions.





The following agreements with distributors and suppliers are prohibited:

- Price management, i.e. an attempt to compel retailers to apply a certain price. An agreement between a supplier and a retailer that actually forces or influences the retailer to adopt a fixed price or not to go below a certain minimum price is considered to be in conflict with the prohibition.
- Market or customer division, e.g. an agreement whereby the supplier appoints a retailer for a specific territory. This agreement may be exempt from the prohibition under certain circumstances. It is presumed, however, that the potential for 'passive sales'<sup>2</sup> exists.

## Abuse of dominant position

Rottneros must recognise the prohibition in its business negotiations with dominant counterparties.

Abuse: The following acts or procedures in particular are prohibited for a dominant operator:

- Refusal of delivery
- Discrimination
- Overcharging
- Undercharging
- Loyalty discounts

## 3. Relationships with competitors

Contacts with competitors constitute the greatest risk. It is therefore of utmost importance that all employees undertake to take decisions on price, discounts, volumes, customers and geographical markets without coordination or contacts with competitors.

If an employee intends to participate in a meeting involving competitors (trade fairs, industry days, etc.), the immediate superior, who will approve participation, must be notified.

If, at such a meeting, a competitor begins to discuss prices, volumes, customers, or any of the other competition law prohibitions in point 2, the employee shall attempt to interrupt such discussions and/or leave the meeting. The employee shall then notify his or her immediate supervisor of the incident via email.

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<sup>2</sup> Passive sales involve the fulfilment of orders initiated by individual customers, including delivery of goods or services to such customers. As a rule, a retailer's use of a website for sales purposes is considered a form of passive sales, because it is a legitimate means of enabling customers to reach the retailer. If a customer visits a retailer's website and contacts the distributor and if this contact leads to a sale, including delivery, this is considered a passive sale.





The following rules shall be observed:

- Never agree a price, either directly or indirectly, with a competitor.
- Never coordinate price increases, price reductions, price recommendations, minimum prices, maximum prices, discounts, margins or delivery terms with competitors.
- Never discuss prices, margins or price structures, or other information with competitors.
- Never ask a competitor about prices or price structures that have not been published, or receive such information from a competitor.
- Never take part in meetings with competitors where discussions on prices are held.
- Never talk with your competitors about capacity restrictions or “armistices”.
- Do not coordinate discriminatory actions or boycotts with competitors against other competitors.
- Do not agree to a decrease in volume (to give the appearance of a shortfall in supply) with competitors.
- Do not divide geographical markets, product markets, or customers.
- Do not perform joint measures with competitors (for example, joint marketing or other sales promotion acts) without first speaking with your immediate superior.

## 4. Verbal and written communication

Always show caution in all your business contacts. An inappropriate choice of word can lead to interest from the competition authorities. There have been cases that were initiated due to an employee using ambiguous or unclear language.

## 5. Activities in other countries

Rottneros conducts activities in many countries outside Sweden, primarily within the EU. The provisions in the EU's and EU member states' national competition law largely conform to those stated in this Policy. Countries and states outside the EU also have competition legislation that is similar to the EU's. This Policy shall therefore provide the basis for Rottneros' national and international business activities.

It should also be noted that breaches of prohibitions under competition law in for example Norway, the UK and the US are criminal acts and may lead to imprisonment and/or fines.

## 6. Unannounced inspections

If Rottneros is the subject of an “unannounced inspection”, i.e. a visit without prior warning from an official from the Competition Authority or EU Commission, established routines shall be carefully followed.

