GTB-GA-041

COMPETITION LAW COMPLIANCE POLICY

The following policy was adopted on 17 November 2014 by the General Assembly of "The International Automotive Lighting and Signalling Expert Group (GTB)", an association registered in Torino, Italy, on 26 January 2011.

GTB

The International Automotive Lighting and Light Signalling Expert Group

Groupe de Travail "Bruxelles 1952"

PRESIDENT'S STATEMENT

The objectives of The International Automotive Lighting and Light Signalling Expert Group ("GTB") are:

(a) to prepare proposals for new or amended regulations and standards that permit the testing and approval/certification of vehicle lighting and light signalling systems and light sources;

(b) to support global harmonisation of such regulations and standards by participating in the work of international committees; and

(C) to consider all matters related to automotive lighting.

In pursuing these objectives GTB does not engage in any trading or other activities associated with the commercial affairs of the producers of automotive lighting components. However, the management of GTB (i.e. the Administrative Committee, as defined in Art. 8.2 and 8.3 of the GTB Statute) is conscious that industry technical groups necessarily bring together competitors and that we need policies and administrative structures which ensure that our activities do not enable breaches of competition or anti-trust law.

This policy has been adopted by our General Assembly and applies to the conduct of GTB, its member organisations and associations and its delegates (as defined in Art. 0.3 of the GTB By-laws). There is a particular responsibility on delegates to understand and comply with this policy. If you have any queries, or are uncertain whether competition law may affect your activities as a member of GTB, you should contact the Administrative Committee. Please take time to read this policy carefully.

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Geoffrey R Draper
PRESIDENT

COMPETITION LAW COMPLIANCE POLICY

1 PURPOSE OF THIS POLICY

Competition and anti-trust laws are aimed at ensuring that competitive behaviour between economic actors (undertakings) is not restricted or distorted, and apply to GTB, its members and their delegates. The laws include prohibitions on anti-competitive agreements and arrangements, and on unfair or abusive uses of market power. Examples (drawn from European Union legislation) are set out at Appendix 3 of this policy.

Breaches of competition law can have an extremely high financial cost in terms of both fines and third party claims, and other consequences can include void agreements, lengthy regulatory investigations and negative press comment.

The purpose of this policy is to help manage competition law risk, to the benefit of GTB, members and delegates. Compliance with this policy will help demonstrate that neither the activities of GTB, nor those of its delegates acting as such, will constitute breaches of competition law.

This policy is not legal advice or an exhaustive compliance manual. Any member or delegate requiring advice on their position under competition law should instruct their own legal advisers.

2 COMPETITION LAW AND INDUSTRY GROUPS

Competition laws apply to groups and associations, regardless of their structure, just as they apply to any individual company.

Industry and trade groups and associations are watched closely by competition authorities, as they create opportunities for competitors to interact formally and informally and historically they have been vehicles for cartel activity such as price-fixing and market sharing. It is however recognised that the consumer or end user can benefit from the activities of these associations, particularly when they include:

- Gathering and publishing information
- Developing industry standards
- Promoting consumer welfare

The published guidance concerning trade associations highlights various matters:

- Membership – criteria must be transparent and competitors must not be excluded
- Meetings must be for a proper purpose
- Meetings must be minuted
- The matters which can be discussed must be managed carefully
- Information sharing must be controlled carefully

The requirements of GTB regarding information sharing and the conduct of meetings are set out below.

3 INFORMATION EXCHANGE

GTB is not a forum for the systematic exchange of confidential information which could enable other delegates to see each party's share of sales, output, or the territories into which or customers to whom sales have been made.

It is, however, generally permissible to collect statistical information which provides an industry wide general overview of a sector and market trends, but without it being possible to identify the prices or volumes of an individual operator.

An exchange of information that reduces strategic uncertainty in the market is likely to be considered anti-competitive. A wide range of data may be deemed to be strategic and members and their delegates MUST NOT discuss or exchange any information that could be deemed 'strategic' in relation to:

- Actual prices
- Discounts
- Price increases and reductions
- Rebates
- Customer lists
- Production costs and quantities
- Turnovers
- Sales capacities
- Qualities
- Marketing plans
- Risks
- Investments
- Technologies
- R&D programmes and their results

Many internal documents are likely to come under scrutiny during an investigation or legal proceedings involving a third party, even those which you might believe to be confidential such as diaries, telephone call records or personal note books. Documents in this context are not limited to papers, but will include any form in which information is recorded: computer records and databases, e-mail, microfilms, tape recordings, films, videos and so on can all be examined. You must not destroy documents or records because you think they contain damaging information. If you are notified that GTB is under investigation by any competition authority, all document destruction in the areas identified by GTB's management or legal representatives must immediately cease until further notice.

4 RULES FOR MEETINGS

Take care with your language in all communication between delegates, whether in writing or in the course of telephone conversations or meetings. Careless language could be very damaging if GTB, any of its members or one of their delegates' organisations is subject to an investigation by the competition authorities or is involved in litigation with another company. A poor choice of words can make a perfectly legal activity look suspect. Accurate notes of meetings between competitors should be taken and retained.

In order to protect GTB, its members and their delegates' organisations the following rules shall apply to all meetings of GTB delegates:

1. Every meeting of GTB will have a specific purpose, with an agenda circulated to delegates prior to the meeting. This agenda will be closely followed and all meetings will be accurately recorded by minutes.

2. The minutes shall be circulated to delegates after the meeting and retained by GTB.

3. Every meeting will begin with the chairperson reading the Compliance Statement set out in Appendix 2 and this shall be recorded in the minutes.

4. All delegates shall comply with the list of Dos and Don'ts set out in Appendix 1 at all times.

These rules shall apply equally to all meetings of GTB, including the General Assembly, Administrative Committee, Technical Steering Committee, Committee of Experts and the Working Groups and Taskforces.

5 MEMBERSHIP

Membership of GTB is restricted to national and international organisations and associations involved in automotive lighting. However it is the policy of GTB that no organisation should be excluded from the benefits of being a part of the group and for that reason national members must be open to applications for membership from all interested parties in the relevant country. Any organisation that does not have a national organisation or association that is a member of GTB may wish to consider forming a national organisation or association and joining GTB. It is also the policy of GTB that no members or delegates should be forced to participate in any meetings and that they remain free to make independent competitive decisions at all times.

APPENDIX 1

Do

1. Continue to co-operate and exchange information in the furtherance of GTB's objectives within the parameters set out in this policy.

2. Discuss freely all matters relating to regulation, testing, certification and global harmonisation of vehicle lighting and light signalling systems and light sources, subject to the requirements of this policy.

3. Remember that GTB, your national Association and your own organisation can all be liable for breaches of competition law, and that a breach can have both financial and reputational consequences for all involved.

4. Make sure you comply with this policy in relation to all meetings of GTB.

5. Pro-actively distance yourself from any anti-competitive discussions or conduct.

6. Report to the GTB management any discussions or correspondence you encounter where competitively sensitive information is exchanged, or you suspect may have been exchanged.

7. Comply with any additional provisions contained within any competition law compliance policies adopted by your national Association or your own organisation, in so far as they do not conflict with this policy.

Don't

1. Discuss, obtain from or exchange with a competitor (or potential competitor) competitively sensitive or confidential information in or around GTB events, including in 'unofficial' meetings or social events.

2. Exchange directly or indirectly with a competitor (or potential competitor), your national group or GTB, information on individualised intentions about future conduct regarding prices or quantities (including future sales, market shares, margins, territories or customers).

3. Publish messages suggesting that lower prices mean lower quality.

APPENDIX 2

The following statement is to be read at the start of all meetings of GTB in order to remind delegates of their requirements under competition law.

GTB Compliance Statement

"Delegates of GTB must not partake in any discussion, activity, conduct or exchange of information that may be regarded as a breach of any applicable competition law provision. All discussions must comply with GTB's Competition Compliance Policy including its list of Dos and Don'ts with which all delegates should familiarise themselves. In particular delegates must not exchange any competitively sensitive information, including information on individualised intentions about future conduct regarding prices or quantities (including future sales, market shares, margins, territories or customers)."

APPENDIX 3

Article 101 - anti-competitive arrangements

Article 101 of the Treaty on the Functioning of the European Union (set out below) prohibits any agreement or practice between two or more undertakings which affects trade between the member states of the EU and which has the object or effect of preventing, restricting or distorting competition within the EU to an appreciable extent. The effect on trade and competition can be actual or potential.

If, for example, you arrange with a competitor to fix prices, or to allocate customers or markets, the arrangement will be prohibited by Article 101. However, more routine commercial agreements such as joint ventures and distribution agreements can also be caught.

In fact all types of agreements, where the object or effect is to restrict competition, can be caught by Article 101. This includes unwritten agreements, 'gentlemen's agreements', directions by an association and any other types of informal agreement between competitors.

Even mere attendance at a meeting where a company discloses, for example, its pricing plans to its competitors can be caught by Article 101, even in the absence of an explicit agreement to raise prices.

Article 101 of the Treaty of the Functioning of the European Union

1. The following shall be prohibited as incompatible with the internal market: all agreements between undertakings, decisions by associations of undertakings and concerted practices which may affect trade between Member States and which have as their object or effect the prevention, restriction or distortion of competition within the internal market, and in particular those which:

(a) directly or indirectly fix purchase or selling prices or any other trading conditions;

(b) limit or control production, markets, technical development, or investment;

(c) share markets or sources of supply;

(d) apply dissimilar conditions to equivalent transactions with other trading parties, thereby placing them at a competitive disadvantage;

(e) make the conclusion of contracts subject to acceptance by the other parties of supplementary obligations which, by their nature or according to commercial usage, have no connection with the subject of such contracts.

2. Any agreements or decisions prohibited pursuant to this Article shall be automatically void.

3. The provisions of paragraph 1 may, however, be declared inapplicable in the case of:

- any agreement or category of agreements between undertakings,

- any decision or category of decisions by associations of undertakings,

- any concerted practice or category of concerted practices,

which contributes to improving the production or distribution of goods or to promoting technical or economic progress, while allowing consumers a fair share of the resulting benefit, and which does not:

(a) impose on the undertakings concerned restrictions which are not indispensable to the attainment of these objectives;

(b) afford such undertakings the possibility of eliminating competition in respect of a substantial part of the products in question.

Article 102 - abuse of a dominant position

Article 102 makes it illegal for companies with strong market power (referred to as a "dominant position") to exploit their position in a way which may affect trade between member states of the EU, for example, by imposing excessively high or predatorily low prices, or discriminating between customers without justification.

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 50% or more would be regarded as dominant. If the market share is below 40% the company is unlikely to be dominant.

Article 102 of the Treaty of the Functioning of the European Union

Any abuse by one or more undertakings of a dominant position within the internal market or in a substantial part of it shall be prohibited as incompatible with the internal market in so far as it may affect trade between Member States.

Such abuse may, in particular, consist in:

(a) directly or indirectly imposing unfair purchase or selling prices or other unfair trading conditions;

(b) limiting production, markets or technical development to the prejudice of consumers;

(c) applying dissimilar conditions to equivalent transactions with other trading parties, thereby placing them at a competitive disadvantage;

(d) making the conclusion of contracts subject to acceptance by the other parties of supplementary obligations which, by their nature or according to commercial usage, have no connection with the subject of such contracts.