



# Competition/Anti-Trust Compliance Code

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# 1 Competition/Anti-Trust Compliance Code

## 1.1 Introduction and Code objectives

*CRH believes in operating in a free open market. We are fully committed to complying with competition law applicable in those countries where we are present. By following this principle we will be more effectively driven by the need to be both efficient and innovative. To ensure compliance with the relevant legislation and effective application of this principle, CRH requires operating companies to adopt, as a minimum, the policy and guidelines set out in this document. For further advice and support please refer to the compliance or legal areas of the Group's intranet sites or contact:*

- *your manager*
- *your Country Compliance Coordinator (CCC)*
- *the General Counsel for the Division or other internal legal officer*
- *the Head of Group Compliance & Ethics.*

## 1.2 Statement of Policy

No CRH Group company or its employees shall engage in any activity which is prohibited by applicable local or international competition law. At a minimum, employees and companies are specifically prohibited from engaging in any form of communication, whether written, electronic or verbal, with a competitor which attempts to:

- *Fix, stabilise or control prices, credit terms, discounts or rebates*
- *Allocate contracts, markets, customers or territories*
- *Boycott certain customers or suppliers, or*
- *Refrain from or limit the manufacture or sale of any product or service*

Companies must ensure that they do not use commercial strategies which could violate competition law regarding dominant positions, or constitute attempts to monopolise or abuse a dominant position in any market. If there is any doubt regarding the appropriateness of any communication, contract or commercial strategy in the context of competition law then legal advice should be obtained. Some general guidelines on competition law issues are set out in Section 2. However, any employee who has concerns in this area should talk to his/her manager, any of the contacts referred to in Section 1.1, or use the hotline as set out in Appendix II.

## 1.3 Training & Communication

The Compliance & Ethics team will work with local lawyers to provide training programmes, both in person and on-line and in the appropriate local language as required, to ensure that relevant employees are sufficiently educated on the Code. "Relevant Employees" include officers authorised to act for the company; senior management; HR, development and procurement executives; financial controllers or equivalent; anyone involved in a meaningful way in bidding, estimating, pricing, credit decisions, sales and marketing; those having commercial interaction with governments/regulatory agencies and those with any contact with competitors or trade associations.

A "classroom-based" training programme will be provided at minimum every three years and for new employees as part of their induction programme and complemented by an annual on-line training module. The training programmes will be delivered via the CCC network in conjunction with local lawyers and in the US by the Oldcastle Law Group, working closely with Company MDs/Presidents to ensure Relevant Employees are appropriately trained on a timely basis. A copy of this Code must be provided to the Employee during the training session and a "Received, Read and Understood" letter should be retained within the Employee's personnel file (see standard letter in Appendix I).

## 1.4 "Dawn Raids"

Dawn raids are surprise inspections carried out by national or international competition/anti-trust authorities at company offices, potentially across multiple locations simultaneously. The aim of these visits is to investigate possible evidence of anti-competitive conduct. It is critical that each site is equipped to respond appropriately should a competition authority conduct a dawn raid. The CCC will ensure that written instructions are in place at each location within their jurisdiction, that the nominated company representatives, security and reception staff are appropriately trained and that a local law firm, or internal counsel, has been appointed to assist in such investigations. Further guidelines are set out in Section 2.2. In addition to the local lawyer or internal counsel, the Company MD/President, CFO/FD and the CCC should be notified in the event of a dawn raid. The CCC should in turn notify the Divisional CFO, Divisional Compliance Coordinator and Head of Group Compliance & Ethics who can notify the Group FD and Investor Relations.

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## 1.5 Acquisitions

A Compliance & Ethics Due Diligence and Integration programme is being formalised to ensure the risk of successor liability is mitigated by effective and comprehensive mergers, acquisitions and joint venture due diligence and that acquired business units are appropriately integrated to ensure they comply with this Competition/Anti-Trust Code. This will be communicated separately. In summary:

- *the formal acquisition proposal should outline the due diligence work carried out to assess the acquisition target for compliance with the Code*
- *the integration plan should include a clear programme for the introduction of the Code, including training, to ensure the acquisition is fully compliant within 6 months of acquisition.*

## 1.6 Monitoring, Assurance and Reporting

The Management Board of each operating company must annually review the operational status of this Competition/Anti-Trust Code. The MD/President should complete a compliance report annually to his/her CCC comprising a certificate and questionnaire including at a minimum the information set out in Appendix III, in a format to be prescribed annually at the start of the certification process. The CCC sends the reports to the Divisional Compliance Coordinator who in turn sends the collated information to the Head of Internal Audit and Head of Group Compliance & Ethics who prepare a report for the Audit Committee on the overall operation of the Code.

Furthermore, Internal Audit will, as part of their normal audit programme, report back to the companies on any area of concern regarding the Code implementation.

Please note the compliance report above (comprising the questionnaire and certificate) will also document compliance with the CRH Code of Business Conduct, as outlined further in that Code.

## 1.7 Breaches of the Code

A breach of this Competition/Anti-Trust Code poses a risk of serious financial penalty being levied on the company. In addition the person(s) responsible for such action expose themselves to civil and, in some jurisdictions, criminal liability resulting in fines, imprisonment and/or disqualification from acting as an officer of a company. A breach therefore will be regarded as a grave offence and disciplinary procedures will be fully enforced up to and including termination of employment.

## 2 Guidelines

This section is provided to familiarise employees with some basic principles of competition law. Information is provided in general only and is not intended as a substitute for the in-depth and country-specific analysis that is provided to employees through the training programme. In particular, it is important to note that the examples below are intended only to introduce potential competition law red flags and the laws of a particular country may differ from what is noted here. Employees are responsible for bringing any competition law questions or any concerns about competitive practices to an appropriate contact referred to in Section 1.1.

### 2.1 Overview of Competition/Anti-Trust law

Anti-trust/competition laws are designed to encourage competition in the marketplace to ensure the best allocation of economic resources, the lowest prices and the highest quality and to preserve and foster the free enterprise system. In general, the laws cover the following:

- **bid rigging:** any agreement between competitors that has potential to affect competition on a bid. Examples:
  - *letting a competitor win a job in return for him letting you win a different job*
  - *agreeing with a competitor that one of you bid intentionally high or low on a bid*
- **Price fixing:** an agreement between competitors to work together or share information to make pricing decisions including price increases or fixing the price at which customers re-sell products. Examples:
  - *agreeing with a competitor to charge the same price, eliminate discounts or refuse to go below a minimum price*
  - *fixing customer resale prices or restricting to whom or where the customer resells the product (export bans)*
- **market Allocation:** an agreement to divide customers or markets. Example:
  - *only soliciting a particular type of customer (e.g. residential) or region (e.g. North of the country) while the competitor only solicits another (e.g. commercial or in the South)*
- **discrimination:** charging different prices to different customers without legitimate reason.
- **Abuse of a dominant Position** i.e. abusing a position of significant market share. Examples:
  - *setting artificially low, below-cost prices to reduce competition ("predatory pricing")*
  - *refusing to supply products to a certain customer or class of customer ("boycotting")*
  - *agreeing to sell to a buyer if they buy only from you ("exclusivity")*
  - *forcing a customer to purchase one product before supplying another ("tying")*
- **exchange of Confidential Information:** sharing information on future prices, margins, discounts or other credit terms and/or commercial or marketing strategies.

#### Points to watch:

- Competitors for the purposes of the law include both actual or potential competitors.
- Agreements can be explicit or implicit and take any form of understanding either verbal or in writing (including letters, e-mail, internal memos, social media networks, etc) or may be implied from recommendations issued by a trade association if followed by members. Furthermore, agreements do not have to be effective – the intent to distort competition is sufficient.
- An effective way to manage competition risk is to identify communications which may present a danger of appearing improper and to document the legitimate business reason for them. If you have good reason to communicate with a competitor do so only at a competitively neutral time – take precautions near the time of a bid or pricing proposal.

## 2.2 Do's and Don'ts: Customers & Competitors

Remember that the “Do's and Don'ts” set out below are general descriptions of common international competition laws only. The laws may differ in your country but, at a minimum, situations such as those highlighted should lead an employee to question his/her CCC to ensure that local companies are in compliance with local competition laws.

Customers		
don't	Consult with management before	do
<ul style="list-style-type: none"> <li>• Try to restrict customers from importing goods or exporting outside their territory</li> <li>• Insist on a resale price (in the US you may establish a minimum resale price as long as it does not unreasonably restrain competition)</li> <li>• Prevent customers from stocking alternative products</li> </ul>	<ul style="list-style-type: none"> <li>• Entering an exclusive supply agreement</li> <li>• Applying different terms &amp; conditions without objective, legitimate, commercial justification</li> <li>• Refusing to supply a customer or terminating an existing agreement</li> <li>• Obliging a customer to purchase one product in advance of supplying another (these “tying” arrangements may be illegal where they constrain free competition)</li> </ul>	<ul style="list-style-type: none"> <li>• Vigorously promote your products and services</li> <li>• Recommend a resale price (but do not insist)</li> <li>• Require customers to sell a product under a specific trademark</li> </ul>

Competitors		
don't	Consult with management before	do
<ul style="list-style-type: none"> <li>• Fix prices directly or indirectly</li> <li>• Allocate or carve up customers or markets</li> <li>• Fix any other terms and conditions</li> <li>• Discuss any aspect of pricing (credit terms, discounts, margins, rebates)</li> <li>• Control or limit production</li> <li>• Discuss tender offers or customer quotes</li> <li>• Agree with a competitor not to supply certain customers</li> <li>• Reach any “understanding” re any of the above</li> </ul>	<ul style="list-style-type: none"> <li>• Participating in or submitting information to a trade association</li> <li>• Accepting invitations from or offering invitations to competitors outside normal business contact</li> <li>• Entering into any form of information exchange</li> </ul>	<ul style="list-style-type: none"> <li>• Compete vigorously</li> <li>• Discuss general industry wide matters if appropriate, ensuring that no company/customer sensitive information is disclosed</li> <li>• Find out as much as you can about competitors from public or independent third party sources (always note the source)</li> </ul>

## Do's and Don'ts: Trade associations and dawn raids

### Trade Associations

Don'ts	Do's
<ul style="list-style-type: none"> <li>• Discuss current or future prices with other trade association members (be careful with past prices especially recent ones)</li> <li>• Discuss standardising or stabilising prices, pricing procedures, discounts, credit terms, controlling sales or allocating markets with other trade association members</li> <li>• Discuss refusing to deal with a company because of its pricing or distribution practices with other trade association members</li> <li>• Attend informal sessions in which any of the above subjects are discussed</li> </ul>	<ul style="list-style-type: none"> <li>• Participate in trade associations where they are appropriate</li> <li>• Share general and historical information if appropriate, ensuring that no company/customer sensitive information is disclosed</li> <li>• Ensure trade association meetings have an agenda and are minuted</li> <li>• Leave a trade association meeting if the discussion becomes anti-competitive and have your departure and your reason for leaving minuted</li> <li>• Be careful when describing the company as a "market leader" or other aggressive terms</li> </ul>

Note: If you believe that continued membership of a trade association could compromise you or the company's reputation in relation to competition/anti-trust law you should withdraw your membership. This action should be discussed with the Company MD/President, the Country Compliance Coordinator and the Division General Counsel or other internal legal contact.

### Dawn Raids

don't	do
<ul style="list-style-type: none"> <li>• Panic or respond aggressively</li> <li>• Deny entry to investigating officials</li> <li>• Withhold, conceal, destroy or amend any records</li> <li>• Provide false or misleading information</li> <li>• Volunteer additional information</li> <li>• Speculate or give views or opinions</li> <li>• Be rushed into answering difficult or incriminating questions</li> <li>• Inform anyone external to the company of the inspection</li> </ul>	<ul style="list-style-type: none"> <li>• Be calm, polite, cooperative and firm</li> <li>• Check the identification of the officials</li> <li>• Alert the nominated representatives at your site and your external legal team</li> <li>• Make copies of all documents seen, copied or seized</li> <li>• Seek advice if you are unsure of your/the inspector's rights</li> <li>• Keep notes of all questions asked and answers given</li> <li>• Shadow the officials at all times</li> <li>• Refer to the full dawn raid guidelines on site</li> <li>• Have a lawyer present for all interviews</li> </ul>



