

Competition Law

Introduction

The purpose of competition law is to ensure fair and effective competition in order to encourage and promote growth and innovation for the benefit of customers. In this regard, Rexel acts in compliance with all applicable laws and regulations. This includes the laws and regulations related to competition law.

– MORE PARTICULARLY, REXEL IS COMMITTED TO:

1. Take commercial decisions independently of other market stakeholders (suppliers, customers or competitors)
2. Not enter into agreements restricting competition (for example: agreements that would result in reducing or eliminating competition in a market)
3. Not to abuse a dominant position
4. Notify the competent Competition Authorities prior to any divestment or acquisition operation over pre-determined turnover thresholds.

The Competition Law Guide details these principles.

This Guide needs to be known, understood and applied by all its employees.

If you have any concern, you must notify them to your manager, the Group Legal Department or the Zone Legal Department, contact compliance@rexel.com or use the ethics alert form available at the following address:
<https://www.rexel.com/en/ethical-alert/>

Cartels

– HOW TO ACT WITH COMPETITORS

Every company must develop its own commercial strategy and act independently of its competitors, suppliers, customers, and any stakeholders.

Any agreement or understanding between competitors that has as their object or effect the restriction of free competition is prohibited. This may include agreements that:

- › Set prices or other contractual conditions (e.g. warranties, payment terms etc.);
- › Limit the freedom of other market players to compete (e.g. by limiting market access, development or investment);
- › Allocate customers, markets or sources of supply.

It does not matter what form the agreement takes, nor does it have to be in writing or formalized in any way. Even a simple spoken exchange of information can be considered a cartel.

– DO

- ✓ – Obtain information about markets and/or competitors from independent public sources
- ✓ – Discuss general and public information on the market and/or the competitors

– DON'T

✗ – Enter into an agreement, discuss or exchange sensitive commercial information (“sensitive information”) with competitors on:

- › Price, terms and conditions of sale and purchase including rebates and discounts
- › Margin, profits and cost
- › Market shares
- › Sales volumes
- › Customers (name, solvency, payment terms)
- › Details of bid tenders

✗ – Agree with competitors on pricing or other commercial conditions for their suppliers or customers

✗ – Agree with a competitor to favor or eliminate a competitor

✗ – Agree with a competitor not to do business with certain suppliers or customers

✗ – Agree with a competitor to share sales, products, territories, customers or suppliers

Trade associations & other interactions

Organising and participating in trade fairs and exhibitions and professional associations, with competitors can be legitimate and useful for daily business.

– PLEASE NOTE

Trade and professional associations may be used as a front for anticompetitive practices and lead to sanctions by Competition Authorities.

[As such, you must be very careful when attending these meetings and comply with competition law.](#)

– DO

- ✓ – Obtain prior internal approval before joining a trade association and ensure that there is a code of conduct in place for its members
- ✓ – Obtain and review the agenda in advance of any trade association meeting
- ✓ – Obtain and review a copy of the meeting minutes following the event
- ✓ – Discuss permitted topics at trade association meetings, such as information in the public domain, historical information, new technical standards, innovation techniques and other topics concerning legislative or regulatory projects
- ✓ – Record any gap between the agenda and the content of the meeting, in writing, and leave a meeting if sensitive Information is exchanged
- ✓ – If the association shares statistical information, ensure that such information is broad, aggregated, historical and does not allow the individual companies to be identified

– DON'T

✗ – Discuss and share sensitive information

✗ – Attend “side-meetings” that take place before or after the meeting and discuss sensitive information (coffee breaks,

lunches, break out discussions conversations)

Abuse of a dominant position

– HOW TO ACT WHEN IN A DOMINANT POSITION?

Competition law prohibits abusive behaviour by companies in a dominant market position.

A dominant position is not defined merely by market share, but by classification as a market leader. Typically, a company is considered to hold a dominant position if it has a market share of more than 40%, but even a market share of 15% may be considered dominant if it is the largest player in a fragmented market. Determining the market dominance of any given company requires detailed and in-depth analysis in close collaboration with the Legal Department.

It is not illegal to be in a dominant position, but it is illegal to abuse one's market power in order to prevent or restrict competition.

Behavior considered lawful for a company not in a dominant position may be illegal when carried out by a company in a dominant market position.

– DO

✓ – Refuse to sell to a customer if you have an objective and justified reason for the refusal.

– DON'T

✗ – Offer loyalty rebates which put pressure on the customer to purchase products

✗ – Use "tying" sales, i.e. the practice of selling one product only under the condition that the buyer purchases another product

✗ – Offer unequal service to similar customers with no objective justifications

✗ – Impose obligations of exclusivity on suppliers and customers.

Mergers and acquisitions

In situations where two or more previously independent companies merge, acquire or divest, or where they create a joint venture, the legal department should be consulted to check the applicable competition law.

– SURVEILLANCE

Competition authorities monitor these operations as they may disrupt competition across a market by creating or strengthening a dominant position.

Above certain turnover thresholds, it is necessary to notify the relevant Competition Authorities to obtain prior authorization for the implementation of these activities.

Failure to notify can lead to fines and reversal of the decision to merge, acquire or divest.

– DO

✓ – Inform and collaborate with the Legal Department before any key decision is taken regarding mergers and acquisitions

✓ – Evaluate the competition risks relating to the targeted company (current or previous litigations, fines, penalties, or former merger and acquisition authorizations granted to the target company, and copies of any previous merger and acquisition or divestment operations, etc.),

✓ – Notify the competent Competition Authorities prior to any divestment or acquisition operation over predetermined turnover thresholds.

✓ – Respect commitments with the Competition Authorities.

– **DON'T**

✗ – Start a merger, acquisition or divestment process without involving the Legal Department

✗ – Disclose or give access to sensitive information during the due diligence process prior to a merger, acquisition or divestment without prior authorization from the Legal Department

✗ – In the event of notification to a competition authority, exchange sensitive information before formal approval by that authority

Risks and sanctions

Fines for violations of competition law are substantial and can apply to individuals as well as to companies. Good faith or ignorance will not be considered as a justification or excuse for the violation of competition law.

– **PENALTIES AND CONSEQUENCES FOR COMPANIES**

› Fines of up to 10% of Group turnover

› Negative impact on the company image and reputation

› Any agreement which violates competition rules will be null and void

› The company will no longer be able to participate in bids for public sector work

› Victims of anticompetitive behaviour can claim damages

› Other costs may include litigation costs, business interruption, potential obstacles to business opportunities and acquisitions

– **CRIMINAL PENALTIES APPLICABLE TO THE INDIVIDUALS INVOLVED**

Individuals found guilty of anticompetitive conduct may face lengthy imprisonment or a financial penalty.

Communicating with competition authorities

It is imperative to reply to any enquiry from the Competition Authorities within the allocated deadline and to always seek the assistance from the Group Legal Department and your Legal Department.

– **WHEN TO CONTACT THE LEGAL DEPARTMENT**

1. In the event of any contact or communication (oral, written or electronic) with a Competition Authority concerning the following requests:

2. › Dawn-Raids

3. › Investigations

4. › Questionnaires

5. [› Mergers and acquisitions](#)

6. Please contact IMMEDIATELY the Group Legal Department or your Legal Department.

Contacts

Rexel is attentive to any legitimate concern regarding competition law

– YOUR QUESTIONS

For any question, if you believe that laws and regulations are not respected in competition law:

Talk to your manager, the Group Legal Department or the Zone Legal Department, contact compliance@rexel.com or use the ethics alert form available at the following address: <https://www.rexel.com/en/ethical-alert/>

All measures are taken to respect the confidentiality and security of the information communicated, in accordance with the conditions described in the [Ethics Guide](#).