

# **AUDITONE COMPETITION LAW COMPLIANCE POLICY**

Effective November 1, 2016

RJS Legacy, dba AuditOne (AUDITONE) takes very seriously its obligations in respect of competition law or, as it is more commonly referred to in the United States, antitrust law. The purpose of this Policy is to help ensure that AUDITONE and its officers, directors, employees, and members do not breach competition law and are aware of the potential consequences of a breach. This Policy applies to all areas of AUDITONE's business and to all activities and programs sponsored or conducted by or within AUDITONE. All officers, directors, employees (permanent and fixed term), members, and any persons who perform services for AUDITONE (i.e. contractors and temporary workers) must comply with this Policy and any relevant guidance or standards provided (including the standards below made part of this document).

The consequences of breaching competition law can be severe, regardless of the jurisdiction, and can include substantial fines for AUDITONE and/or any of its members, as well as criminal investigations and sanctions against individuals, including imprisonment. Furthermore, failure to comply with this Policy may result in disciplinary action being taken against staff or expulsion of members from AUDITONE. It may also result in civil litigation being brought against the persons responsible for the breach.

Competition law prohibits any agreement or behavior between businesses that restricts competition and/or has a detrimental effect (or potential effect) on trade. Illustrative examples include an agreement between two companies to price the same services/products at the same level, or a direct or indirect exchange of strategically sensitive information (e.g. future quantities or prices) between competitors. If AUDITONE is deemed to be facilitating unlawful behavior amongst its members by, for example, arranging meetings at which unlawful discussions take place, then AUDITONE, its members, and the individuals attending the meeting all could face liability.

If you are at all unclear as to how competition law applies, seek immediate advice from your compliance or legal department.

## **STANDARDS**

### **General Standards for AUDITONE Activities**

The following general standards shall apply to all AUDITONE-sponsored meetings, events and activities:

1. The AUDITONE Competition Law Compliance Policy and these Standards (the "Policy") will be made available to all AUDITONE members and others involved in AUDITONE meetings, activities, and events by publication on the AUDITONE website and, when appropriate, will be referred to in program announcements, materials, surveys and other publications.

2. Membership in AUDITONE shall be open to any CPG industry participant with a legitimate business interest in the organization.
3. All AUDITONE meetings shall be scheduled meetings. A detailed agenda shall be prepared and made available to attendees in advance and will be reviewed by legal counsel when necessary. Minutes of meetings shall be retained for at least seven (7) years. In general, subjects not included on the agenda should not be discussed at meetings.
4. A statement should be read aloud at the beginning of every meeting of members reminding them that all conversations in and outside of the meeting are subject to competition law and that they must comply with this Policy.
5. Where necessary, legal counsel will be present at AUDITONE meetings and events to ensure that attendees comply with this Policy.
6. Where necessary, minutes of AUDITONE meetings will be reviewed by legal counsel.
7. Where necessary, legal counsel will approve new AUDITONE programs and changes in existing programs.
8. Discussion of the following is strictly prohibited at all AUDITONE meetings (including at breakout sessions, meals, and social events organized by AUDITONE and/or during informal discussions held before or after meetings):
  - Current or future prices.
  - Possible future increases or decreases in prices.
  - Standardization or stabilization of prices.
  - Pricing procedures.
  - Discounts and rebates.
  - Credit terms.
  - What constitutes “fair” profits.
  - Allocation of markets, sales territories and freight allowances.
  - Plans or strategies to award or remove business from a particular supplier.
  - Confidential information or trade secrets.
9. All participants at any AUDITONE meeting should promptly object to any question, comment, or discussion that they believe is not appropriate. If the discussion persists, the meeting shall be halted, if necessary.
10. Participation in any program, survey, or benchmarking activity and adoption of any recommendation, standard, “best practice” or reporting template shall be voluntary and solely within the discretion of the individual member or participant. All recommendations, standards, “best practices,” reporting templates and the like shall be available to all members on a nondiscriminatory basis.

## **Standards for Conduct and Use of Surveys and Benchmarking**

Legal counsel should provide advice before AUDITONE organizes any information exchange/benchmarking exercise to ensure that the exchange conforms to the governing laws and regulations of the applicable competition authority(ies). Following are general principles that all surveys and/or data aggregated for benchmarking should adhere to:

1. Participation in or responding to the survey must be voluntary.
2. The purposes of the survey are to be well defined, and the possible use of the survey or statistical program identified in advance.
3. Survey questions and compilation of data are to be formulated in a simple, concise manner.
4. Forward-looking data will not be requested or provided as part of any information exchange.
5. Any historical price or cost data provided in response to a survey shall be sufficiently old that it complies with the guidelines of the relevant competition authority.
6. Data will be collected and analyzed by a party independent of those furnishing information.
7. Information disseminated shall be sufficiently aggregated such that it will not allow recipients to identify the data provided by individual respondents. The number of participants providing data upon which each disseminated statistic is based shall be sufficiently large that it complies with the guidelines of the relevant competition authority.
8. AUDITONE shall maintain and preserve the confidentiality of the original information collected and participants in a survey shall not have access to the raw data submitted and compiled.
9. AUDITONE shall not disclose trade secrets or other confidential proprietary information of survey respondents which would ordinarily be withheld from competitors or others.
10. All surveys shall comply with applicable guidelines and regulations of the relevant competition authority.

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